#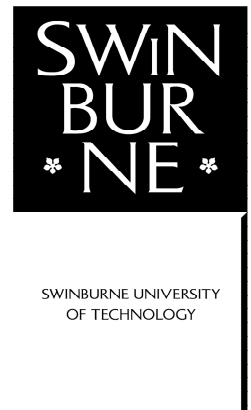 Using multiple business networks (co-ethnic, other ethnic and non-immigrant) in Australia – an approach in ethnic entrepreneurship networking

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Abstract

Based on evidence adduced from previous studies conducted in different countries and modifying the network framework for ethnic entrepreneurs developed by Menzies and colleagues (2000) for the Australian context, several *research gaps* were identified for the present study. These included the effect of personal networking attributes of the ethnic entrepreneur, his/her human and social capital and the host environment's parameters on utilizing the network functions inside or outside the ethnic entrepreneur's community in the Australian context, with a focus on the larger Melbourne area. It also included the level of trust in participating in a business network outside the ethnic community.

Based on the identified gaps, the *objectives* of the current research were to explore the currently used and potential benefits of business networking across co-ethnic, other ethnic and non-immigrant communities in Melbourne, Australia; investigate the correlation of human capital of ethnic entrepreneurs and their tendencies to join networks outside their own communities, and examine the place of trust when ethnic entrepreneurs participated in networks outside their communities.

According to Witt (2004), sociologists use and develop many quantitative measurements to explain a network's structure, players, and attributes such as 'density', 'connectedness', and 'diversity'; also, that networking 'must use quantitative measures to estimate information' (Witt 2004, p. 393). Some independent variables, such as 'network activities' which refers to time spent on networking and frequency of communication with actual and potential network partners are more suitably measured by quantitative methods. Therefore, the present research followed the *quantitative approach* and used questionnaires to find answers to set research questions that addressed the objectives. The survey questionnaire was administered in the larger Melbourne area among different ethnic/immigrant entrepreneurs to ascertain the characteristics of ethnic business networks as well as their relationships with Australian business associations and government bodies. The survey targeted a variety of ethnic

businesses, mainly small, within the service sector. In total, 130 completed questionnaires were collected after eleven months of intensive data collection.

Of the three types of business networks studied, the co-ethnic network had momentous roles in the ethnic entrepreneurship process. It facilitated the processes of hiring co-ethnic employees (through the social network), generating demand for ethnic-based commodities or services (mainly in ethnic ghettoes) and supplying those goods and services (through connections to the ethnic origin sources). The co-ethnic community/network provided information to ethnic business owners when they faced problems. It was also deemed to be a rich source of role models and mentors (or '*old brothers*', a term used by Anna Lee Saxenian (2006)) which, together with family and friends, formed sources of emotional support for ethnic entrepreneurs.

In terms of finance, the participants used all available options within the three types of networks. The participants preferred non-immigrant networks (Australian bodies) for potential benefits such as 'solicitor support', 'arranging meetings with different groups', 'training courses' and 'protection from social threats'. The level of awareness of availability of those potential benefits from other ethnic communities or networks was the lowest compared with co-ethnic community/network and non-immigrant (Australian) networks. Mutual trust appeared to be the catalyst that assisted not only co-ethnic communications and relationships in business activities, but also communication in other networks as well.

One *implication* was that government bodies and non-immigrant business groups should assist ethnic entrepreneurs in developing their business plans, as the importance of having a good business plan was recognized by the participants. Another was that, since ethnic business owners preferred them as sources of loans, banks should be pro-active in supporting ethnic businesses. It was also implied that non-immigrant and government bodies should be more active in providing relevant information to ethnic business owners as well as inviting ethnic entrepreneurs to engage with them and, since multiple business networks have the propensity to provide multiple benefits/support, ways to make those available to ethnic entrepreneurs need to be investigated.

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good works, for his facilitation in helping me overcome barriers and
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Declaration

I, Kourosh Dini declare that the thesis:

- 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

- 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

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

Signature:

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Contents

Figures

Tables

Chapter One

The research project in context and content

1.1 Introduction

Migration is a traditional process that enables people to change their lifestyle into better circumstances. McKeown (2004) found that the movement of citizens across international borders, that is, long-distance migration, has been a main characteristic of modern world history for the last two centuries. Undoubtedly, McKeown wrote, it has been one of the causes of changes in global economies, population configuration and social attitudes. Hugo (2005) pointed out some key features of the new international migration phenomenon. These include features such as an increasing amount of movements between nations, a broader diversity of ethnic groups, the increasing significance of the diasporas, the importance of global cities, the significant proliferation of social networks among immigrants in both receiving and sending countries, an increasing involvement of women in migration and the proliferation of global immigration industry. Chiswick and Miller (2005) predicted that the migration phenomenon would continue well into the 21st Century, with some small changes in patterns. For example, previous migration has been mostly from 'East' to 'West' or from 'South' to 'North.' Whereas now the destinations of migrants are spread around all regions, depending on what opportunities are available and the level of globalisation that exists in a particular area.

The massive flows of migrants and their effect on policy, society and the economy have interested some researchers in the business perspective of this phenomenon. As a result, 'immigrant entrepreneurs are thus an important research topic from any number of perspectives' (Kloosterman & Rath 2003, p. 3). They found that the initial and most predominant perspective of socio-economy science which viewed migrants as 'cheap low-skilled workers' has shifted recently to another relevant concept - ethnic or immigrant entrepreneurship. Greene and Chaganti (2004) nominated five primary reasons why many researchers, policy makers and practitioners have focused on immigrant or ethnic entrepreneurship. The first raised questions about the potential impact of immigrants' acculturation and assimilation, and their effect on the host economies. Secondly was that the entrepreneurial methods used by ethnic entrepreneurs such as rotating credit systems, have been adapted to support entrepreneurial

development in non-ethnically based milieus. Thirdly, understanding the concept of ethnic entrepreneurship would help governments to plan and implement urban development schemes efficiently. Another reason was the relationship between the perceived positive values of community in ethnic communities and the general social costs of the host society. Finally, in several societies, the increased number of ethnic business owners and their value has motivated entrepreneurial behaviours among different ethnic or immigrant groups. Therefore, the attempts of scholars from political, social and economic disciplines to analyse the factors that influence ethnic or immigrant entrepreneurial behaviours and the outcomes of their studies have been significant. According to Kloosterman and Rath (2003), more than 1,700 books, reports, conference papers and journal articles have been published since the early 1970s.

Australia has been a well-known destination for immigrants since the late 18th Century. Historically, before the first group of white people touched Australian seashores in the late 1780s, aboriginal people had lived in this territory. However, by 2001 the indigenous population were just 2.2 per cent of the Australian population (ABS 2001). This immigrant patterns is a main reason why many people believe that almost all non-indigenous Australians can trace their ancestry to people who migrated here since late 1780s.

While in the United States and other advanced economies research on immigrant and ethnic entrepreneurship has expanded since early 1970s, relatively little research has been conducted in Australia before the late 1980s (Strahan and Williams in Collins 2003a). According to Collins (2003a), whilst studies have been conducted in the last two decades, some gaps remain in our knowledge of immigrant and ethnic entrepreneurship in Australia.

Research in other countries could be regarded only as a pointer for researchers in a specific region. Therefore, the massive studies in the United States, Europe and Canada do not draw an accurate picture of ethnic entrepreneurship in Australia. Socio-cultural and demographic features are different from country to country. Light and Gold (2000, p. 106) observed, 'every ethnic setting is in some ways unique', and pointed out that empirical observation, for instance, can explain why 'Chinatown in New York is certainly different from San Francisco's in several ways like historically, economically,

culturally, and politically' (Light & Gold 2000, p. 106). Therefore, an investigation into immigrant and ethnic entrepreneurship in Australia is valuable, noteworthy, sensible and defensible.

The next section provides a brief background of the present study. It delineates the particular issue that forms the focus of study in this thesis, having recognized various gaps in extant knowledge within immigrant/ethnic entrepreneurship in Australia.

1.2 Background of the study

Immigrants and ethnic entrepreneurs have influenced the economy of the host societies in a wide range of effects (Zhou 2004). Kloosterman and Rath (2001) and Sanders (2002), pointed out that, during the post-World War II period, the growth of international migration and foreign-born populations in several host societies had significant impact on the global economy. According to Morris (2000), statistics revealed that recent numbers of immigrant and ethnic entrepreneurs in the United States have risen dramatically. Other advanced economy countries that are major destinations of migration flows have experienced similar patterns as the United States. Agrawal and Chavan (1997) stated that establishment of businesses by ethnic groups in Australia is expanding. Kruiderink (in Masurel *et al.* 2004) explained that the number of ethnic entrepreneurs in the Netherlands rose from 9,400 in 1986 to approximately 19,000 in 1992 and reached around 27,000 in 1997. Therefore, as Zhou (2004) mentioned, many sociologists and scholars from different academic disciplines have focused their studies and research on immigrant and ethnic entrepreneurship from various angles, such as by geographic or specific location (Baths 1994; Yoo 2000), or the economic (Head and Ries, in Perreault *et al.* 2003), social (Kloosterman & Rath 2001; Zhou 2004) and political (Alici 2005).

Before focusing on immigrant and ethnic entrepreneurship, it is worthwhile to consider the broader 'Migration phenomenon'. Bonacich (1993) believed that there have been several push and pull factors that influence migration, and declared that the result of interaction between push (in the home country) and pull factors (in the host society) described the migration occurrence. Some 'push factors', such as political, economic and social threats, repression, war, natural disasters and obstacles in home countries encouraged people to seek to fulfil their life ambitions in another country/society (Piore,

Portes and Bach in Butler & Greene 1997). In addition, 'pull factors' like the enormous potential for social and economic development overseas, including huge opportunities and hopes in new environments, motivated many citizens from diverse nationalities or races to undertake migration (Sequeira & Rasheed 2004).

After completing the migration process and during the settling-in period, there are few options available to the immigrant for economic survival. One option is to enter the labour market in the mainstream economy, whilst another is to become self-employed, or follow the entrepreneurial path and start a small business that has growth potential. Zhou (2004) declared that many researches seek to explain why immigrants have a greater tendency for self-employment as an alternative path to survival in new economic conditions. Discrimination, language barriers and a lack of information are examples of factors that persuade immigrants to either take jobs that natives do not like, or be self-employed, sometimes targeting a particular market niche and meeting the potential demands for specific goods or services. Although the percentage of start-up businesses among immigrants and ethnic minorities is higher than for their native-born counterparts, the failure rate is also much higher. In other words, according to Masurel *et al.* (2004), the survival rate of immigrant and ethnic starters is relatively low. They pointed out reasons such as low educational and professional preparation including insufficient business experience, lack of entrepreneurial qualifications, including the poor design of a business plan explained these low survival rates among immigrant and ethnic minority starters.

Even though the survival rates of start-up businesses by immigrants are low, they have some positive consequences. Zhou (2004) acknowledged five of these main consequences. First, ethnic businesses not only create jobs for owners and unpaid family members, but also for co-ethnic workers who would otherwise be excluded by mainstream labour markets. Second, Zhou stated that 'ethnic entrepreneurship serves as a buffer in relieving sources of potential competition with native-born workers in the large labour market' (Zhou 2004, p. 1051). Third, ethnic entrepreneurs become role models among co-ethnic people and can train them as future entrepreneurs. Fourth, and an arguable point, is that the earning advantage of self-employment is more likely higher than other forms of employment. Finally, ethnic entrepreneurship influences the economic outlooks of in-group members as well as out-group members. The effects

were sometimes negative such as for the African-Americans self-employed (Fairlie & Meyer in Zhou 2004) and sometimes positive, such as for Mexicans (Spener & Bean in Zhou 2004).

Another point recent research has emphasised is the significance of ethnic networks and their permanent and strong ties to ethnicity and the countries of origin. As networks assist with the process of migration and settlement, and lower the risks and costs of the initial journey, they also engage in an essential role of facilitating entrepreneurship and supporting its growth.

The present investigation is within the area of immigrant and ethnic entrepreneurship and networking. There are several schools of thought on how to classify and categorize the various concepts in this topical area. Some scholars such as Menzies and colleagues (2000) used the specific terminology of *'theoretical frameworks'* to describe different features and patterns of the immigrant and ethnic entrepreneurship phenomenon. Zhou (2004) suggested that the term *'schools of thought'* could be used to classify different approaches in the immigrant and ethnic entrepreneurship phenomenon. In the present thesis, the term *'schools of thought'* is used when considering these different approaches. Although several schools of thought look at ethnic entrepreneurship from different views, *they all mention that networking for ethnic entrepreneurs is a vital part in their entrepreneurial processes*. Each approach differs in terms of how and why ethnic entrepreneurs use networking; however, *they all accept that using networks is one of the main strategies that ethnic entrepreneurs apply to overcome obstacles* (Bates 1996; Deakins & Freel 2003; Light & Gold 2000; Waldinger *et al.* 1990).

A review of the literature on networking as a specific concept in ethnic entrepreneurship indicates that most studies in this area focus on networking between ethnic entrepreneurs *inside* their communities (co-ethnic networks) and on 'co-ethnic network' functions (Bates 1994; Chu 1993; Menzies *et al.* 2000; Mitchell 2003; Perreault *et al.* 2003; Salaff *et al.* 2003; Sandberg & Logan 1997; Teixeira 2001; Witt 2004; Yoo 2000). There is very little research on relationships *across ethnic groups* such as Tsui-Auch (2005) conducted in Singapore. Interestingly, Tsui-Auch introduced two specific terminologies, intra-community homogeneity and inter-community heterogeneity, to

describe and understand the different approaches to networking among different ethnic communities in her case study.

Social capital has been defined as the capacity of individuals to control and secure scarce resources through their membership in networks or broader social structures (Portes 1995). Human capital, an aspect related to networking and social capital, has been studied by some scholars. Greene and Chaganti (2004) investigated the relationship between human capital resources, the levels of involvement in an ethnic community, and the performance of an ethnic business among different ethnic communities in the United States. The research focused on the human capital resources of the ethnic entrepreneurs, particularly their educational background, language skills (English) and previous business experience.

Other researchers, such as Menzies and colleagues (2000), Saxenian (2000; 2001) focused on the type of functions provided by ethnic networks for ethnic entrepreneurs. Menzies *et al.* (2000) identified four main functions of the ethnic network - using the co-ethnic market, having co-ethnic suppliers, employing co-ethnic workers and asking for co-ethnic financial support. When investigating ethnic business networks in Silicon Valley in the United States, Saxenian (2000; 2001), identified support such as mentoring, business planning assistance, providing role models and informal advice at as networking function.

A review of the related literature, and consideration of several aspects of immigrant and ethnic business networks, enabled the rationale of this study to be addressed in the following section. More details regarding the literature review, particularly on the aspects of ethnic entrepreneurship, social capital, networking, and ethnic entrepreneurship in Australia are described separately in Chapter Two.

1.3 The rationale and objectives of the study

According to Ehrehalt (in Perreault *et al.* 2007), immigrants represents an essential and prospective economic force, especially those who are younger, more innovative and more entrepreneurially minded. Perreault *et al.* (2007) emphasised that a number of academic, theoretical and practical studies have observed the economic and social

impact and responsibility of ethnic entrepreneurs. They also declared that ethnic entrepreneurship has gained a progressively more important place in the economies of developed nations such as OECD countries. As an example of economic impact, Head and Ries (in Perreault *et al.* 2007) reported that, in Canada, immigrant/ethnic entrepreneurs raised exports to their countries of origin ten times quicker than Canadian entrepreneurs, thanks to their information about the markets and their ease of access using their own networks (please also see Chung 2004 in regards to the importance of migrants' links in trade between the host and home courtiers). An earlier study conducted by Collins (1997) reported a similar trend among immigrant/ethnic entrepreneurs in Australia, revealing that ethnic businesses involved themselves appreciably in export and import activities and added significant value to Australian exports (please also see Stromback & Malhotra 1994).

Australian demographic patterns confirm that Australia is one of the key immigrant settlement countries in the world. The Australian multicultural environment is the consequence of different people migrating from all around the world. This environment continues to attract many people hoping to better their lifestyle. According to Dini and Thandi (2008), Australian ethnic small businesses possess to a certain extent distinctive characteristics and features. Statistics figures indicated that, in 2004, some 30.2 per cent of small business operators in Australia were born overseas. This signified that they were the first generation of immigrants. Despite the enormous economic and social impact of ethnic/immigrant entrepreneurs on the Australian economy and society, before 1980, few researchers had carried out studies on immigrant and ethnic entrepreneurs in Australia (Collins 2003a). In contrast, Collins pointed out that in other main destination countries, such as the United States, Canada and the United Kingdom, which the migration intake is large, sociologists, economists and anthropologists have scrutinised the migration phenomenon for decades.

After 1980, several Australian researchers have expressed their concern to clarify the ethnic business phenomenon. The outcomes of the research previously conducted in Australia on ethnic businesses showed logical ethnic group intra-relationships, such as recruiting co-ethnic employees, family partnership structure and family resources. However, a review of the Australian research on ethnic entrepreneurship revealed that

there was a gap in exploring the concept of networking among ethnic entrepreneurs. Based on the identified gaps, the first objective of the current research was to:

◆ *explore the currently used and potential benefits of business networking across co-ethnic, other ethnic and non-immigrant communities in Melbourne, Australia*

Networking has a vital role in the entrepreneurship process. Aldrich and Zimmer (1986) observed that entrepreneurs are able to recognize opportunities by using their personal networks and business networks. Bolton and Thompson (2004) said that one of the ten key action roles regarding entrepreneurship is about utilising networks in a perfect and efficient way. Hence, the use of business networks appears to be dependant upon an entrepreneur's personal network as well as the entrepreneur's personal attributes. In relation to ethnic entrepreneurship, Menzies and colleagues (2000) believed that most scholars, regardless of their approaches, could justify that the ethnic community was one main source of providing 'Co-ethnic markets', 'Co-ethnic suppliers', 'Co-ethnic employees', and 'Finance' for ethnic entrepreneurs. Salaff *et al.* (2003) were of the view that ethnic communities provided resources such as information, business ideas, customers, suppliers and employees. It is noteworthy that each network exists in a particular social, economic and political environment and is affected significantly by the environment surrounding it (Aldrich & Zimmer 1986). In other words, when studying particular network/s, the researcher or scholar should bear in mind the nature of the environment in which the study was being conducted. That environment has certain features, such as community and social capital, which are integral to the research.

In addition, the community has been well known as a source of social capital (see works of Coleman, Bourdieu, Portes and Sensenbrenner in Greene & Chaganti (2004)) which has led to the conceptualisation of the relationship and networking matters among people within the community. Those concepts relate to reciprocity transactions, value injection, bounded solidarity, and enforceable trust. Greene and Chaganti (2004) took into account the correlation between the level of human capital and the level of involvement in the co-ethnic community as social capital for ethnic entrepreneurs.

Several studies, mostly from the United States, Canada and the United Kingdom have focused on ethnic entrepreneurs and analysed co-ethnic network functions. This study complements their research by focusing on ethnic entrepreneurs in Melbourne,

Australia. The model developed by Menzies and colleagues (2000) was used in the current research. This model was utilised to justify that, for ethnic entrepreneurs, the co-ethnic community was the main source of their businesses' markets, suppliers, employees and finance. To modify the above model, and in order to further knowledge of the ethnic entrepreneurship phenomenon, the work done by Salaff *et al.* (2003) was also reviewed. This work established that ethnic communities provided resources such as information, business ideas, customers, suppliers and employees. It is worth noting that the *provision* of support by any network is a separate concept than the *use and employment* of those types of support by the members of a network. Therefore, the current research attempted to ascertain to what extent ethnic entrepreneurs possessing different human capital (such as education and English language skills) employed a network function to overcome barriers to their businesses. It also attempted to discover the relationship between the level of human capital of ethnic entrepreneurs and their usage of co-ethnic network functions as well as other network benefits. Based on the identified gaps, the second objective of the current research was to:

◆ *investigate the correlation of human capital of ethnic entrepreneurs and their tendencies to join networks outside their own communities*

Moreover, as Breton (2003) pointed out, in addition to *'social obligation'*, *'mutually beneficial transactions'*, and *'community of fate'*, *'trust'* is another major elements that encourage people to join a network; there is a need to figure out the level of trust among ethnic entrepreneurs when they utilised the network functions. Based on the identified gaps, the third objective of the current research was to:

◆ *examine the place of trust when ethnic entrepreneurs participated in networks outside their communities*

In order to establish a strong foundation for this research, a combination of existing models developed by Menzies *et al.* (2000) and Greene and Chaganti (2004) were as applied; however, other aspects such as trust and motivation were also taken into consideration. Moreover, a gap was found in relation to networking across ethnic and other business groups in Australia. As a result, this research also focused on networking across the various business groups in the larger Melbourne area.

1.4 Benefits of the study

The outcomes of this research provide a clear perspective of how ethnic business networks perform and facilitate entrepreneurship in Australia, with particular focus on Melbourne. Hence, ethnic business owners will benefit from the recommendations made by this research on how to develop ethnic business networks and utilise the functions of existing networks. Hopefully, too, individual participants may be able to influence the boards of ethnic communities to relate to these networks in a proactive way. Therefore, through their ethnic communities, participants may receive additional benefits. This also poses the way for ethnic entrepreneurs exploring areas and processes to expand the sources of opportunities beyond their co-ethnic networks. This in turn may help them to buttress their business plans and ensure business success and growth. This research also could initiate the development of ties between different ethnic business networks.

It is also intended that a pilot project to help ethnic entrepreneurs in one selected region in the larger Melbourne area to make use of benefits that come from being a member of non co-ethnic networks be prepared. These benefits include 'mentoring', 'role models', 'training courses and workshops', 'protecting from social threats' and 'utilising new technologies'. Several groups such as the vested interest ethnic groups, area council members, members of state/federal government bodies and other business community leaders should be involved in the pilot project to map out an appropriate strategy for all parties involved.

The research findings may enable the present researcher to function as a consultant to ethnic businesses to help them develop a network or a set of connections with other ethnic communities in Victoria, Australia. The industry and the governments in Australia (the host country) might benefits from this research based on increasing new opportunities through gathering various type of values, knowledge and capabilities of groups from different cultures and backgrounds (ethnicity) under one non-government organisation, including non-for-profit organisations (multiple business network). In addition, there may be a potential benefit for academia if a new perspective could be developed in networking for entrepreneurs, particularly those that are immigrant and

ethnic. The research also provided information for publishing articles in the relevant journals.

1.5 Scope of the research

The current study covered only ethnic or immigrant business owners from different ethnicities who employed others in their businesses. In regards to geographical coverage, this research focused on the larger Melbourne area as it is one of the biggest multicultural and cosmopolitan capital cities in Australia. Also, areas such as Sydney and South Australia had already been researched (Chavan 2000, Lapugnani and Holton 1991). Information for those researches formed a useful base to inform the present research on Melbourne.

This study targeted both male and female ethnic business owners, from a wide age range from 20 year olds to older than 60 year olds. Therefore, no gender focused or age limitation was applied. The responding businesses were small or medium size, involved in a wide range of activities in the service and manufacturing sectors; however, the vast majority of businesses were in the service sector. There were no restrictions in relation to the type of business and included activities such as restaurants, retail shops, café lounges, fashion shops, information technology and business consultancy firms.

To delimit the boundaries further, this study did not address the effect of cultural differences in facilitating or utilising the network benefits across different ethnicities. As this research was not conducted on non-immigrant entrepreneurs, there was no comparison group to discover the differences between the attributes of ethnic entrepreneurs and non-immigrants in regards to their networking approaches.

1.6 Method and the current conceptual framework

The foundations of this research were based on networking aspects. This research mainly sought to review the relationships between ethnic entrepreneurs and various types of individuals and organisations within or outside an ethnic community/network. Network functions, ethnic entrepreneurs' human capital and parameters in relation to the multiculturalism phenomenon were among those aspects that were considered while examining the relationships between players either inside or outside an ethnic

community/network. Due to a need for quantitative measurements to explain a network's structure, players and the network's attributes; this research was a quantitative research and used the questionnaire to respond to the set research questions. In regards to the conceptual framework of the current research, describing to what extent ethnic entrepreneurs used network functions was fundamental to discovering the associations between the human capital of ethnic entrepreneurs and their usages of network functions. The impact of certain aspects (such as a multicultural environment, trust and human capital) on the ethnic entrepreneur's preference to participate in a network to obtain benefits was another criterion in the current conceptual framework, which is investigated in the current research. More details in relation to the methodology and the conceptual framework are explained in Chapter Three.

1.7 Structure of the study

The content of this study is separated into seven chapters. The first chapter, being introductory, provides the general overview and purpose of the study, comprised of background, rationale, objectives, benefits and scope of the study.

Chapter Two discusses the literature review. The chapter contains five subdivisions with each section focusing on one of following aspects: entrepreneurship, ethnic entrepreneurship, social capital, networking and finally, immigrant and ethnic enterprises in Australia. In the first section on entrepreneurship, the definitions of entrepreneurship and entrepreneurs from psychological and sociological perspectives are reviewed. The section also reviews the motivation for entrepreneurial activities and the significant effects of entrepreneurship. In the second section on ethnic entrepreneurship, the conceptualisation of the ethnic entrepreneurship phenomenon and main terminologies are considered. Moreover, four schools of thought in this field are discussed. Those include: *'the middleman minority'*, *'the interactive model'*, *'class resources and ethnic resources'*, and *'assimilation and acculturation'*. In the third and fourth sections, aspects in relation to social capital and networking are covered. Those include definitions of terms and some theoretical frameworks which are useful to employ or consider for work such as the current research. In the final section of Chapter Two, which focuses on immigrant and ethnic enterprises in Australia, aspects such as

historical trace, economic, social and demographic patterns of ethnic entrepreneurship in the Australian context are presented.

Chapter Three explains the methodology and conceptual framework of the current research. This chapter contains the conceptual framework, as well as the research approach and stages, followed by the design of the research for the purposes of this study. The latter covers: research questions and related hypotheses, development of the data collection instrument, population definition and the research sample, data analysis procedure and ethical issues in relation to the current research.

Chapter Four describes the demographic findings of this study. This includes: demographic patterns of participants and general information of their businesses, personal networking attributes of participants, characteristics of ethnic networks based on an adapted model developed by Menzies and colleagues (Menzies *et al.* 2000), additional benefits or support for ethnic entrepreneurs, the level of trust to facilitate network functions and finally, participants' perspectives in relation to multiculturalism in the Australian context.

Chapter Five covers the findings of testing related hypotheses which lead to answer the set of research questions. There are six research questions and except for research question four and six, where no hypotheses are posed for those questions, there are several related hypotheses for other research questions. For the first research question, there are six related hypotheses. Twelve hypotheses are posed for the second and third research questions, being six hypotheses each. For the fifth research question, there are four related hypotheses. One additional relevant question and nine related hypotheses are analysed at the end of Chapter Five.

Chapter Six discusses the potential implementations of the model developed, based on the outcomes of the current research. Six types of co-ethnic network benefits are discussed in detail. In addition, factors that affect ethnic entrepreneurs' decision to join or participate in a business network outside the co-ethnic community are also discussed. Chapter Seven summarises the whole study and provides recommendations for developing co-ethnic networks and further research.

1.8 Limitations of the present research

It is not easy to find the perfect research even if a definition of it was available. Sometimes researchers face unexpected problems and encounter limitations that impact on the overall quality of a research. Although researchers try to reduce problems and limitations by planning for robust research as best as they can difficulties and limitations do appear during the actual conduct of the research. In terms of the current research, the limitations could be classified in two categories, the nature of research and the personal circumstances of the researcher. The aspects regarding the nature of the research included the need for reasonable responses from various ethnic groups as the research tried to examine cross-ethnic networking aspects. It could not guarantee whether the respondents from different communities responded in adequate numbers. Using the quantitative method only also has its own limitations to precisely determine some networking aspects such as the level of importance felt by contributing to a network or time spent on a specific networking purpose. This factor may influence the results of the research as it is possible that participants with different interpretations of involvement might be confused by the terminology used, especially when English is not their first language. There were limitations for the research team to translate the questionnaire into several different languages. It was also considered that cultural perspectives might affect the results of the current research, something which the researcher could not control. Moreover, in terms of the concepts of trust, mentoring and role modeling; there was a possibility of participants misunderstanding or misinterpreting those concepts. In addition, the size and type of businesses in this research vary in a wide range; therefore, it is impossible to examine the effect of these characteristics on networking approach of ethnic business owners.

In regards to the personal circumstances of the researcher, not having lived long in Australia, the researcher could not establish a strong network of different people around him. Therefore, he found it difficult to contact different communities to draw up the list of ethnic business owners, for instance, from Greek, Korean and Lebanese communities. Time and budget, in general, were other limitations that the researcher faced in this research.

1.9 Conclusion

This study intends to fill some gaps in the knowledge of characteristics of ethnic business networks in the Australian context, with a focus on the larger Melbourne area. In this introductory chapter, an overview of the content of this thesis was provided. A brief background of the study, the rationale for, objectives and benefits of the study were explained in this chapter; followed by scope of the study, method and the conceptual framework used in the study. Finally, limitations of the present research were explained. Reviewing the relevant literature is discussed in the next chapter.

Chapter Two

Review of the relevant literature

2.1 Introduction

This chapter draws on different related concepts that were deemed valuable and fruitful for the current research. As this research is about ethnic entrepreneurs and the networking aspects among them, this chapter starts by briefly explaining entrepreneurship, and mainly seeks sociological and psychological perspectives of the entrepreneur and entrepreneurship, including motivations and traits of entrepreneurs. This is followed by the concept of ethnic entrepreneurship, which includes definitions of the main related terms such as: ethnic entrepreneurs, ethnicity, community, immigrant entrepreneurs and minority entrepreneurs as used in the present research. It also includes a search on the ethnic entrepreneurship phenomenon, conceptualising this field of study from various perspectives such as the migration phenomenon in a broad view and sociological and economic perspectives from a focused view. This work is followed by critically reviewing four schools of thought in this field: *the middleman minority*, *the interactive model*, *class resources/ethnic resources* and *assimilation/acculturation*. These four schools of thought, when taken in concert, were deemed to give a more compressive understanding of the ethnic entrepreneurship phenomenon than when taken individually. The third section of the literature review focuses on social capital as a source and base of the networking concept, which is an essential part of this study. Therefore, relative aspects of social capital such as: definition of terms, the explanation of different approaches through experts' opinion in this field, consideration of multidimensional perspectives of social capital and looking at the ethnic entrepreneurship phenomenon from the social capital's perspective are discussed in this section. The fourth section covers aspects regarding the networking concept that including definitions, explanations of several dimensions and network structures and some frameworks which are used in this research to analyse the networks in general and particularly the ethnic entrepreneurs' networks. The final section is focused on the ethnic entrepreneurship phenomenon in the Australian context. This section includes aspects such as a brief historical trace of immigration in Australia, demographic patterns, economic and social aspects of ethnic businesses in Australia,

some facets regarding the Australian multicultural society and the need to form networks such as the multiple business networks.

In addition, the literature reviewed in each section helps to highlight the paucity of research which enabled clear gaps in the existing research to be identified, particularly in terms of ethnic entrepreneurship in Australia with a focus on ethnic business networking. This is an important finding as this assisted with framing of the research questions. Views of existing research, both Australian and international, expressed in this chapter helped to underpin the hypotheses in Chapter Three.

2.2 Entrepreneurship

Today, in the age of globalisation and uncertainty, there is much evidence that 'entrepreneurship' is drawing the attention of several groups of professionals and scholars including economists, sociologists, politicians, businessmen/ businesswomen and even journalists. Ordinary people, particularly the younger generations, have also been affected by this concept. There are numerous indications of this entrepreneurial trend which is affecting the population. These indicators include an increase in the number of businesses being established (Thurik and Wennekers 2004; Plummer *et al.* 2007; Cornelius *et al.* 2006). Furthermore, that there is normally sustained low level of unemployment in many developed and wealthy countries such as the United States, despite the huge downsizing of large companies and the consequential large cuts of numbers of jobs and careers (Baron & Shan 2005). In addition, a large number of books have been written and various types of courses, workshops and conferences on entrepreneurship have been supported by institutions, companies and governments. For example, the Texas Entrepreneurship Summit: Expanding Economic Opportunity; 2008 Conference on Entrepreneurship, Stanford Graduate School of Business; Babson College Entrepreneurship Research Conference and the AGSE International Entrepreneurship Research Exchange.

There are several initial arguments and questions about entrepreneurship that come to mind, such as: What characteristics and motivations do entrepreneurs have? Why are entrepreneurs essential to our economies and societies? And, why do some of them fail and others gain success? In the following sections, some recent definitions and responses to these questions are discussed.

2.2.1 Definition of entrepreneurship and the entrepreneur

It is noticed that there are four distinguishable terms related to the concept of entrepreneurship. Virtanen (1997) categorised these as 1) 'entrepreneur' as a person, 2) 'entrepreneurial' as a behavioural concept, 3) 'entrepreneurship' as a combination of personality and behavioural action in the market, and finally, 4) 'entrepreneurial process' as a blend of the time dimension and behaviour in the market. In this argument, Virtanen (1997) examined different theories such as psychological and sociological. He pointed out some psychological aspects such as the need for achievement and an internal locus of control, and that scholars often pay attention to personal traits, motives and incentives. Using sociological theories, Virtanen (1997) gathered related aspects regarding the relationship between entrepreneurial opportunities and social contexts, such as the social network, life route, and population situation, and declared that an individual's sociological background is one of a decisive 'push' factors to become an entrepreneur. Although there is a great emphasis on the definitions of entrepreneur-(ship) by scholars, Virtanen (1997) asserted that no commonly accepted definitions of the entrepreneur, entrepreneurial or entrepreneurship exist.

From a perspective different to Virtanen (1997), Ward (2005) classified the definitions of entrepreneur-(ship) into three main perspectives – economic, sociological and psychological. From the economic perspective, economists take into account the role of the entrepreneur in the economic improvement of local, national, regional or global situations. In the sociological perspective, the entrepreneurs are members of the social system and influence mutually. Finally, the psychological perspective allows us to consider personal characteristics and beliefs of entrepreneurs and match these to entrepreneurial behaviours and activities. Although Ward (2005) considered these three perspectives as drawing a complete image of entrepreneurs, an earlier statement by Aldrich and Zimmer (1986), had intimated that none of them could completely capture the notion of entrepreneurship. Aldrich and Zimmer (1986) gave examples of the limited nature of the psychological or personality perspective. They mentioned that some researchers often chose only successful people for their research subjects, without paying attention to a comparison group, thus causing bias in the research. Even if those researchers used suitable comparison groups, they often found unpredictable and feeble relationships between personality traits and entrepreneurial behaviours.

Hisrich *et al.* (2005) asserted that reviewing the literature on the concept of entrepreneurship leads us to believe that most definitions of an entrepreneur include three main behavioural characteristics: initiative taking; organising social and economic resources in a practical way; and taking calculated risks and recognising any failure/s. To this list of characteristics, some scholars/professionals added some novel components such as honesty, integrity, the need to achieve (Bolton & Thompson 2004), and recognising an opportunity (Baron & Shane 2005; Bolton & Thompson 2004). Weber (cited in Richtermeyer 2002) considered the term *'disadvantages in the capitalist system'* particularly in the labour market. Moreover, in some cases, scholars/professionals slightly restructured other definitions by emphasising one or more criteria which they thought should be taken into more consideration. One criterion is the capability to ingeniously transform a potential business idea into a feasible business (Barringer & Ireland 2006). Another criterion is to habitually start new businesses (Bolton & Thompson 2004). The diversity of definitions of an entrepreneur is also a consequence of the phenomena that entrepreneurs are not unique and they cannot be classified in one set of personal traits (Bolton & Thompson 2004).

After considering all aspects mentioned above, it is obvious that although there are several complexities in these concepts, in practical research, scholars should be more precise in recognising, gathering and combining data and need to carefully select an appropriate definition and concept/s for their particular research.

2.2.2 Motivations and traits of an entrepreneur

After examining the definitions of an entrepreneur/entrepreneurship from various perspectives, characteristics and motivation are considered. In the literature, the terms 'motivation' and 'characteristics' have of times been used interchangeably and with equal weight, as well as having been closely linked.

Similar to other concepts, the characteristics and motivation of entrepreneurs have been approached differently by different professionals. For instance, Bolton and Thompson (2004) attempted to investigate entrepreneurs' characteristics and motivations by asking two main questions, which were:

1) What are entrepreneurs like?

2) Where do entrepreneurs come from?

The first question focuses on personality factors and the second concentrates on environmental factors.

In another approach, Ward (2005) reviewed several theories regarding personal traits and pointed out that 'entrepreneurial skills' or 'technical skills' should be added to the psychological perspective and declared that entrepreneurs should have those skills when they want to start their own businesses. Ward (2005) collected expressions that defined the difference between 'entrepreneurial skills' and 'managerial skills'. For instance, regarding 'entrepreneurial skills,' Ward (2005) listed skills that included: an understanding of small business forms, considering intellectual property rights and protection, having capability to make a business plan and knowing legal issues including insurance. In regard to 'managerial skills', Ward (2005) listed some aspects such as: knowing marketing and financial management, human resource management, production or service management, quality and logistics management and customer/supplier relationship management.

Ward (2005) also called attention to several psychological characteristics. These included: risk tolerance, uncertainty tolerance, creativity and innovation, high internal locus of control, emotional stability, resilience and tenacity, self confidence, high energy, achievement orientation, being proactive, flexibility, initiative, assertiveness, commitment to others, self awareness, desire for autonomy and capacity to inspire and have a vision. It is a long list of characteristics, however some scholars ignored some and added others, such as: a desire for independence (Bolton & Thompson 2004; Timmons, cited in Ward 2005), dealing with failure (Timmons 1999), and the capability to build good networks quickly (Clifton & Harding cited in Bolton & Thompson 2004). Salaff *et al.* (2003) added that good networking and using social relationships efficiently are vital attributes of elements of entrepreneurs, which gives them great advantages to sustain their businesses. They explained that effective entrepreneurs, in order to fit their enterprise's needs, collect effective people, information, capital and other useful resources and use them in their businesses.

The endless list of characteristics also includes the ability to learn from problem solving and from previous business experience (Deakins & Freel 2003) and honesty (Bolton & Thompson, 2004). As expressed by Dollinger (2003, p. 15), 'one of the most important

responsibilities of the entrepreneur as an individual is the establishment of the *ethical climate* for the new venture'.

Another valuable and demographic aspect in this discussion has been given by Hisrich *et al.* (2005) and Bolton and Thompson (2004). They considered some factors like family background, education and age as secondary factors which can influence the characteristics of entrepreneurs. These factors, and the environment, are considered by some to be more important than personal traits. As Deakins and Freel (2003, p. 20) stated:

> Concentrating on personality characteristics means that we are in danger of ignoring environmental and cultural influences which can be just as, if not more, important than any set of personality traits.

It is to be noted that not all of the psychological characteristics mentioned above are present in any one individual. Ward (2005) and Deakins and Freel (2003) also believed that the personal traits of an entrepreneur are not constant and could vary over time.

2.2.3 The significance of the entrepreneur

In the introduction to this chapter, the question was asked: Why are entrepreneurs essential to our economics and societies? Historically, the response to this question was firstly articulated by Schumpter's great work, *Theory of Economic Development* (Schumpter, cited in Thurik & Wennekers 2004; Barringer & Ireland 2006) who pointed to the function of entrepreneurship as a premier source of economic development. Schmpter called the process of developing new products or technologies, or even new methods and approaches to business by entrepreneurs, as 'creative destruction' (Schumpter, cited in Barringer & Ireland 2006). Based on this point of view, scholars have endeavoured to expand Schumpter's main indication and have investigated the importance of small businesses, particularly new and innovative ones, as a driving force to grow the economy and to develop better societies (Thurik & Wennekers 2004; Timmons, cited in Barringer & Ireland 2006). Barringer and Ireland (2006) gathered evidence to prove how small entrepreneurial firms affect the economy through job creation and raising GDP. They also asserted that the impact of entrepreneurial activities in the globalisation phenomenon increases the number of exporters/importers in each region. The impact on the society is also considerable, as lives become easier through the supply of new goods/services, health improvements are seen and more

entertainment is provided. To support these points, Henderson and Robertson (in Davies *et al.* 2002, p. 407) claimed that:

> Within the EU 99.8 percent of all enterprises qualify as an SME providing 66.52 percent of all jobs and 64.85 percent of turnover, emphasising the importance of small and medium-sized enterprises to the future of EU economic development.

In brief, it is noteworthy that entrepreneurship is a very broad-spectrum concept. Many aspects of entrepreneurship have drawn the attention of experts and professionals. There are numerous ways to investigate entrepreneurship. By focusing on a specific facet or criterion of the entrepreneurship concept; scholars build new fields of study including the women entrepreneur, nascent entrepreneur, corporate entrepreneur and indigenous entrepreneur. The next section of this chapter focused on groups of entrepreneurs who are categorised as ethnic, immigrant or minority entrepreneurs, with emphasis on ethnic and immigrant entrepreneurs as the main field of this study.

2.3 Ethnic entrepreneurship

In the previous section, the concept of entrepreneurship was presented and entrepreneurial traits, motivations and processes were outlined and discussed. Studies in the field of entrepreneurship are on the increase. The present section concentrates on a particular type of entrepreneur, termed the ethnic entrepreneur or immigrant entrepreneur. While these categories of entrepreneurs have different attributes, due to a huge overlap in the use of these concepts and their interchangeable usage (Richetermeyer 2002; Greene & Chaganti 2004; Sequeira & Rasheed 2004); scholars are able to examine them in one discipline without ignoring dissimilarities unless studies are much specified.

The present section therefore provides definitions of 'ethnic entrepreneur', 'immigrant entrepreneur' and 'minority entrepreneur' to provide a definite set of boundaries between the related concepts. The literature review helped to ascertain traits and characteristics that are necessary attributes for these three types of entrepreneurs.

2.3.1 Terminology - Ethnic entrepreneurship and related terms

In the ground-breaking *Ethnic Entrepreneurs, Immigrant business in industrial Societies* (SAGE Publications, 1990), Roger Waldinger, Howard Aldrich, Robin Ward and their associates attempted to define, explain and interpret the ethnic entrepreneurship phenomenon. They do so by identifying the term '*ethnicity'* as a basic construct for realising this phenomenon. In this book, the term used to identify ethnic entrepreneurs is widely accepted among sociologists, economists and anthropologists (Aldrich & Waldinger 1990; Light & Gold 2000; Chaganti & Greene 2002; Richetermeyer 2002; Greene & Chaganti 2004; Zhou 2004). Referring to their original work, Aldrich and Waldinger (1990; p. 112) stated: 'what is ethnic about ethnic entrepreneurs may be no more than a set of connections and regular patterns of interaction among people sharing common national background or migration experiences'. The awareness of commonality exists when 'ethnic' is linked to the 'group'; therefore, Aldrich and Waldinger (1990) accentuated the sub-cultural dimension of ethnicity, the social affiliation within ethnic groups, who are connected to one another and the patterns in which these social structures are used. In an earlier clarification of the definition of *ethnicity* in a work by Bonacich and Modell (1980), *ethnicity* was defined as a communal form of social affiliation, which hinges on the assumption of a unique bond between people of common origins or a disrespect for people of dissimilar origins. McCall and colleagues (1985) developed the previous definition and pointed out five characteristics of ethnic groups related to ethnicity as solidarity, common origin, language, history and beliefs for action (see also Iyer & Shapiro, 1999 for a definition of 'ethnic group'). According to McCall and colleagues (in Vasta 2003; p. 16), ethnicity represented a 'claim for recognition of groups which are not based on class, occupation, organized economic interest or sexual dimorphism'. As '*ethnicity'* is a group consideration, this concept has a fair relationship with the concept of *'community'* with respect to social structure. Among three commonly accepted definitions of *'community'*, Vasta (2004) believed that for ethnic groups, community exists as a type of relationship or a sense of identity among people with similar characteristics such as language, migration experiences and cultural beliefs.

The ethnic community has a major role in influencing ethnic entrepreneurship particularly through community based resources (Greene & Chaganti 2004). The effects

of the community in entrepreneurial behaviours are commonly recognised in two directions, whether the ethnic business was located inside the community or outside. Greene and Chaganti (2004) explained that, in the first instance, a community enclave is an environment in which ethnic businesses are geographically surrounded by a community where they are clustered together. Ethnic business owners mostly deal with co-ethnic people regarding business functions such as hiring co-ethnic labourers, using co-ethnic suppliers, selling products and providing services to co-ethnic clients such as is seen in Little Havana in Miami or Boston's Chinatown. According to Masurel *et al.* (2004), such business environments could have advantages from an economic perspective and disadvantages from such things as intensive competition in identical market niches with low access barriers and a low opportunity for market growth.

The second instance is when ethnic businesses are located outside the community. Although ethnic owners might also use some community resources (Greene & Chaganti 2004), the opportunities existing outside the community are major driving forces to establish a business to meet a generated demand such as Korean shopkeepers as middleman minorities in non-Korean neighbourhoods in the United States (Min 1996). Meanwhile, Zhou (2004) declared that such a location of ethnic businesses might cause unanticipated consequences of heavier social costs such as inter-ethnic variances or disagreements.

To elucidate the differences between ethnic entrepreneurs and owners of businesses, referring to Aldrich and Waldinger (1990), neither economists nor sociologists have made a comprehensible contrast between ethnic entrepreneurs and owners of ethnic businesses or even the self-employed. Therefore, in the present research, *ethnic entrepreneurs are considered to be owners or operators of ethnic enterprises as well as the self-employed who recruit family members or outsiders.*

To differentiate between the entrepreneurial dimensions of ethnic entrepreneurs and their native counterparts, two main aspects should be taken into account, namely, innovation and risk (Aldrich & Waldinger 1990). Unlike innovative native entrepreneurs who introduce and implement new ideas either regarding goods/services or procedure/administrative forms, most ethnic entrepreneurs simply duplicate and imitate old business forms mainly in the retail and service sectors (Aldrich & Waldinger

1990) or in the hospitality sector such as restaurants and cafés (Masurel *et al.* 2004). This is particularly common with businesses that are of a high liquid nature and have low barriers to entry (Chaganti & Greene 2002). In terms of risks, however, for most businesses whether ethnic or not and regardless of the innovation level, the degree of risks are excessive. Parameters such as novelty and smallness could affect all types of businesses whether ethnic or not. Generally speaking, ethnic businesses are often small. Regarding the differentiation between entrepreneurs and small business owners', Carland *et al.* (1984) pointed out that entrepreneurs pursue profit and growth and are characterised by innovative behaviour while engaging in strategic management practices. On the other hand, small business owners are those who rely for most of their income on businesses that require most of their time and other resources. This situation indicates that these small business owners have little or no time or resources to engage in innovative practices.

As mentioned previously, often the categories of ethnic entrepreneurship, immigrant and minority entrepreneurship are merged or treated interchangeably in social research. While the definition of ethnic entrepreneurship refers to the entrepreneurial activities of those as described by Waldinger *et al.* (1990), according to Butler and Greene (1997), immigrant entrepreneurship refers to the person who arrived in the host country and started a business as a means of economic survival. Greene and Chaganti (2004) applied this definition of immigrant entrepreneurship to the situational context, implying that changing one's geographical position encourages one to act entrepreneurially. Minority entrepreneurship, which is often used in the American context, refers to the individuals who run a business and do not belong to the majority population, according to a report from the U.S. Department of Commerce (1997). For instance, in the United States, the federal government categorises minorities as Blacks, Hispanics, Latin Americans, Asians, Pacific Islanders, American Indians, or Alaskans of Native descent. Greene and Chaganti (2004) inferred from this definition that it is a policy matter and mentioned that minority entrepreneurship is commonly associated with the policy setting and refers to business owners who are distinguished from the majority population by race or ethnicity, and sometimes even gender.

To study the immigrant phenomenon in general and immigrant entrepreneurship in particular, the differences between the characteristics of first generation and second

generation and the effects of those attributes in their entrepreneurial behaviours also need to be considered. To distinguish the first generation of immigrants from the second, the definition used by the Australian Bureau of Statistics (ABS) is applied in this study. According to the ABS (1999), the first generation of immigrants are people who were born overseas and the second generation are people who were born in Australia, but at least one of their parents was born overseas. Chavan and Agrawal (2002) used this concept, the place of birth, and developed the definition of the third generation. In their study, the first generation included people who themselves as well as their parents were born in the country of origin. The second generation was comprised of people who were born in Australia, but at least one of their parents was born overseas. The third generation was comprised of people who themselves as well as their parents were born in Australia. Although first generation immigrants are defined the same as above in various studies, the definition of the second generation is slightly different from a scholar's point of view. The argument was raised when scholars such as Chiswick and Miller (in Masural and Nijkman 2003), who considered what role the age at arrival may play in shaping the personality of immigrants, particularly in the stage of the immigrant's adjustment process. In other words, an immigrant at an age younger than six, before starting elementary school and while growing up in the host society is more likely to have a similar personality as a native born individual (see also Rusinovic 2008). According to Veenman (in Masural and Nijkman 2003), the most important question is not where one was born, formation and education are at least evenly valuable. Therefore, some scholars defined the second generation as people who were either born in the host society or arrived in the host country at an age younger than six.

In the section above, the main terms regarding ethnic and immigrant entrepreneurship concepts were briefly defined and considered to be pathfinders to this study. In the following part, the ethnic entrepreneurship concept is discussed in more detail.

2.3.2 Conceptualising the ethnic entrepreneurship phenomenon

Referring to the ample and myriad of studies on ethnic entrepreneurship such as Aldrich and Waldinger (1990), Deakins (1999), Light and Gold (2000), Masural and Nijkman (2003), Ndoen *et al.* (2002), Zhou (2004), ethnic entrepreneurship is a multifaceted and intricate phenomenon that has at least as many sides as there are different groups. Ndoen and colleagues (2002) explored, from both social and economic perspectives, the

variables that affect entrepreneurial migration and developed a simple model that could cover many factors which influenced ethnic or immigrant entrepreneurship. Figure 2.1 shows factors that determine entrepreneurial migration based on Ndoen and colleagues' (2002) framework.

Figure 2.1: Factors that determine entrepreneurial migration
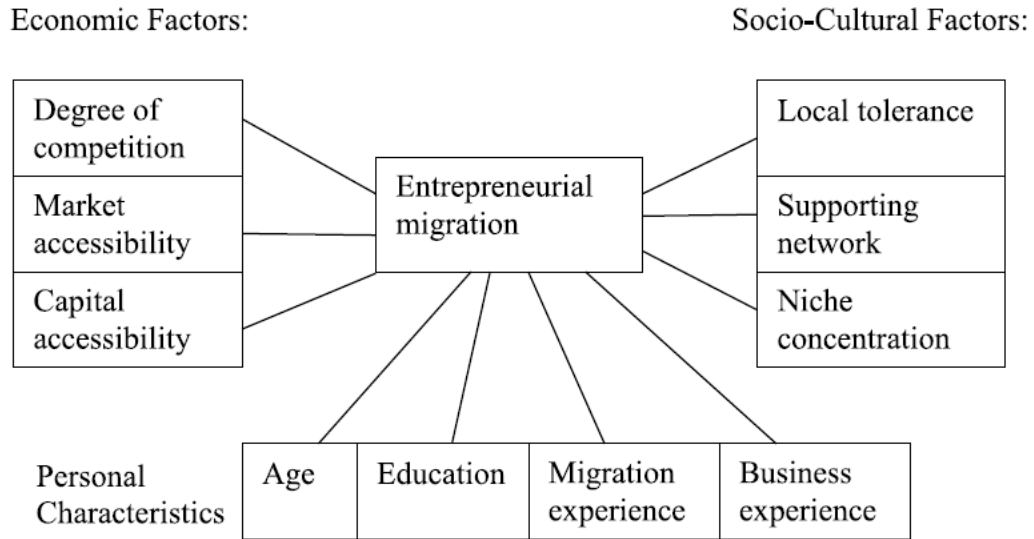
Source: Ndoen, ML, Gorter, K, Nijkamp, P & Rietveld, P 2002, 'Entrepreneurial migration and regional opportunities in developing countries', *The Annals Regional Science*, vol. 36, no. 3, pp. 421-436

In this model, Ndoen *et al.* (2002) put parameters such as degree of competition, market accessibility and capital accessibility into economic factors. In regard to socio-cultural factors, they considered a supporting network, local tolerance and niche concentration. Also personal characteristics such as age, education, migration experience and business experience were considered in their model.

'Ethnic entrepreneurship' is definitely not a new concept in our world and it could be the result of migration flows of potential business people. According to Masurel *et al.* (2004), earlier studies on this phenomenon could be found in works by Light in 1972, Bonacich in 1973, Ward and Jenkins in 1984 and Waldinger and colleagues in 1990. Those studies provided a starting point for more research that has been conducted by anthropologists, sociologists, economists and other scholars to answer questions about issues such as the type of entrepreneurship, its financing, its growth potential or the role

of ethnic cultural patterns. The rise of ethnic entrepreneurship around the world has been the result of attention to this phenomenon. Masural and Nijkman (2003) believed that the literature persuasively demonstrated that it is impossible to model ethnic entrepreneurship in one single pattern or type, even within one given ethnic group. As a result, researchers tend to deal with just a few aspects of the broad concept of ethnic and immigrant entrepreneurship. For instance, aspects such as motivation or driving forces, community support and networking, cultural issues and social capital resources, generation and characteristics of ethnic groups have been focused on by researchers from time to time (see Alici 2005; Bates 1994; Butler & Greene 1997; Deakins 1999; Dollinger 2003; Grey *et al.* 2004; Greve & Salaff 2005; Greene & Chaganti 2004; Kloosterman & Rath 2003; Kloosterman *et al.* 1999; Levie 2007; Masural & Nijkman 2003; Masural *et al.* 2002; Menzies *et al.* 2000; Min 1996; Tusi-Auch 2005; Yoo 2000; Zhou 2004).

As mentioned earlier, ethnic entrepreneurship has a close relationship with the migration phenomenon. According to Hugo (2005), migration is the process where different groups with a diversity of language, ethnicity, culture and religion move to and contact a host society, which is almost a selective destination. This movement which increases exponentially not only in scale but also in the types of mobility and cultural diversity of groups causes many challenges for both migrants and host communities (Hugo 2005). The migration phenomenon is an outcome of a range of factors including, social, political and economic circumstances in both the home and host countries. According to the OECD annual report (2005), this phenomenon has gained strength over a few decades in many countries, particularly in developed countries such as the United States, Canada, Australia and most of the European countries. Migrants, however, face some major initial issues. They are more likely to face various challenges and difficulties such as being in prolonged unemployment and confronting tough circumstances in getting into the labour market (Alici 2005; Raijman & Tienda 2000). While immigrants experience more hardship and frustration in the mainstream economy, it is more likely that they will seek substitute opportunities through self-employment and develop stronger economic and social bonds within their own ethnic community. Moreover, Kloosterman and Rath (2003) said that immigrants might not be capable of easily linking to appropriate social networks within the host society for sharing information on vacancies. As Levie (2007) pointed out, people who are new to a

host society may not be able to easily identify sources of resources such as labour, capital, non-capital assets and regulations. As a result and according to Salaff *et al.* (2003), linking to mainstream society is one of the first goals that immigrants must achieve. Most unemployed immigrants turn to entrepreneurship if they become frustrated at not being able to achieve a link with mainstream society. Dollinger (2003) believed that immigrants who have the necessary personal attributes and social motivation are more likely to become entrepreneurs. Dollinger (2003) stated that when people find that they cannot be involved in society, they feel they are 'not fitting in' (Dollinger 2003, p. 41) and will therefore have a stronger motivation to become entrepreneurs or self-employed. In addition, to deal with these problems, migrants try to use several sources based on the availability of those resources, mainly within their communities, and utilising different strategies based on their talents and capabilities.

While there are some pull and push factors that motivate many citizens from diverse nationalities to deal with the migration process (Bonacich 1993; Sequeira & Rasheed 2004), after settling in the host country, there are some driving forces that inspire some to establish their own businesses. These factors can be labelled 'push' and 'pull' factors. Chavan and Agrawal (2002) have categorised these traits into three groups namely 'push', 'pull' and 'productive diversity' factors. 'Push' factors such as blocked mobility in the labour market because of language barriers or *accent ceiling* (Jock Collins' expression), high levels of unemployment (see Kloosterman *et al.* 1999), discrimination and disadvantage (see Deakins 1999), economic necessity (see van Delft *et al.* 2000), not recognising an immigrant's qualifications (see Masural & Nijkman 2003) and redundancy (Chavan & Agrawal 2002). Such experiences have led immigrant and ethnic groups into concentrating on establishing their own businesses, particularly among the first generation of immigrants (see also Masural & Nijkman 2003). On the other hand, 'pull' factors include factors such as striving for independence, the need for economic achievement (see Masural & Nijkman 2003), new market opportunities such as a demand for ethnic products or an existence of the fragmentation of consumer markets (see Kloosterman *et al.* 1999 and Levie 2007); using their special talents, status and prestige have particularly prompted the second generation of immigrants to pursue the entrepreneurial path in their careers. There are some factors that cannot be labelled as 'push' or 'pull' factors. These include links to the country of origin, cultural diversity, ethnic networks (see also Masural *et al.* 2002), having an experience in

running a business in the country of origin and overseas capital. These factors are considered to be 'productive diversity', and are factors that inspire both first and second generation immigrants (Chavan & Agrawal 2002).

Levie (2007) conducted a study that focused on immigrants, ethnic minority and native entrepreneurs, including those known as *in-migrants,* who have re-located their home from another region in the United Kingdom. In this study, Levie (2007) examined the influence of migrant status and ethnicity on the tendency to engage in entrepreneurial activities compared with their native entrepreneur and in-migrant counterparts. Levie (2007) took into account the factors mentioned above such as discrimination and barriers to enter the labour market, difficulties to marshal the resources needed to develop a market opportunity, an awareness of market opportunities, regardless of any particular categorisation such as 'push' or 'pull' factors. In addition, Levie (2007) considered some new factors in his research such as the settlement time of immigrants - recent immigrants versus established migrants. He found that in terms of the time of settlement, recent migrants showed a higher propensity to start new businesses compared to individuals, whether immigrant or native, who had settled longer than five years. The length of stay is an important factor not only when establishing a business, but also in terms of its survival. According to another study conducted by Ndoen *et al.* (2002), the decision to stay in a specific place is reliant on the migrant's opinion about the continuing security of their entrepreneurial activities after establishing a business. When a location provides very little security, migrants think about other potential locations. Another factor in Levie's study, labelled migration intensity or churn rate in the region, had a significant positive correlation on the rate of entrepreneurial activities among immigrant entrepreneurs. This indicates that, in Levie's research, the proposition 'The higher the population churn in a region, the higher the entrepreneurial activity' was supported (Levie 2007). This outcome can also support the quote cited by Markusen (in Masurel *et al.* 2004, p. 78) that 'cities appear to offer promising breeding places for new business activities of individuals of various ethnic origins and different cultures'. It could also be part of the evidence supporting the notion that the external environment plays a vital role in attracting immigrant and ethnic groups towards entrepreneurship. This perspective is known as the *structuralist* approach in earlier literature. The *culturalist* approach at the same era focused on internal factors, instead of external, to explicate ethnic entrepreneurial behaviour. In a latter approach, ethnic people and

immigrants were believed to possess cultural features which assisted them to gain economic success in their entrepreneurial path way. Those features included a devotion to work, membership of a durable social network mainly within the community, acceptance of risk, solidarity and loyalty and obedience with social value patterns (Masurel *et al.* 2004).

When theorising the ethnic entrepreneurship phenomenon, several experts have sought evidence that prove the approaches described above to develop a clear and precise argument. There were, however, other approaches that have been brought to light. One was the combination of approaches developed by Bonacich in the earlier work of 1973 known as the *Middleman minority* approach. Another was an endeavour to offer a synthesis between those approaches which were composed and launched by Waldinger, Aldrich and Ward in 1990, known as the *Interactive model*. This model contains three classes of factors, known as *opportunity structure, group characteristics* and *ethnic strategies*. These and other relevant approaches will be revisited later in this section to build the current research framework.

In seeking the theoretical approaches for ethnic entrepreneurship, it is worth considering why some ethnic and immigrant groups are more willing to be involved in entrepreneurial activities than others. Evidence shows that in some areas, different ethnic groups engage in particular businesses at a high rate. An example can be seen in the era of anti-Semitism and legal exclusion in Europe. During this time, Jewish people often participated as middlemen, trading as peddlers, shopkeepers and money lenders (Bonacich in Zhou 2004). Collins (1996; 2003b) mentioned that some groups such as the Koreans, Taiwanese, Italians and Greeks were over-represented in businesses compared to Australian-born people, whereas a much lower percentage of Japanese and Sri Lankans had started their own businesses compared to Australian-born. Moreover, according to Ekwulugo (2006), Asian people are twice as likely to be engaged in an independent start-up compared to white people in the United Kingdom. Meanwhile, other related questions have been raised such as which factors enable some groups to take on entrepreneurship and ensure their success? Is ethnic entrepreneurship an effective means for social mobility (Zhou 2004)? To deal with the issue of inter-group variation in ethnic entrepreneurship and to find some answers to the questions above, Zhou (2004) reviewed one of the earlier analytical frameworks developed by Portes and

Rumbaut in 1990. In the Portes and Rumbaut framework, two contexts, namely *exit* and *reception,* were considered. In the *exit* context, parameters such as what resources immigrants bring with them, e.g. human capital or financial, how they come, (that is legal versus undocumented), and under what conditions they left their home countries could be taken into account. In the *reception* context, parameters such as pre-existing ethnic communities, government policies and societal reception could be taken into account. The outcomes of the various interactions between those different contexts can build unique and particular social environments and cultural conditions that might offer opportunities and encourage groups of ethnic minorities to act entrepreneurially. Moreover, Zhou (2004) referred to recent empirical research and mentioned that racial exclusion and discrimination could be categorised as a societal reception in the framework above. Discrimination and exclusion based on race could accelerate and accentuate difficulties that ethnic groups and immigrants face while they approach the labour market in the mainstream economy. Different ethnic groups react differently regarding these issues; for instance, Korean business owners in the United States often consider entrepreneurship as a strategy to deal with difficulties associated with blocked mobility. However, unlike their Hispanic counterparts, Korean entrepreneurs do not want their children to take over their businesses (Raijiman and Tienda in Zhou 2004). Similar to the findings of Koreans in the United States, Agrawal and Chavan (1997) found comparable findings among ethnic entrepreneurs in Sydney, where first generation ethnic entrepreneurs would encourage and help the second generation to be capable enough to enter the labour market in the mainstream economy. Furthermore, that in this environment, where the second generation of an ethnic minority choose an entrepreneurial path, 'pull' factors were the main reasons unlike 'push' factors for the first generation.

Portes and Rambaut's framework (1990) was somehow close to the approach developed by Waldinger *et al.* (1990) known as the *Interactive model*. However, in the latter's work, parameters in the *exit* and *reception* contexts of Portes and Rambaut's framework (1990) were rearranged and combined with other parameters such as non-ethnic or open market, competition for vacancies and close ties to co-ethnics. In the *Interactive model,* two sets of factors shape the framework, namely *group characteristics* and *opportunity structure.*

Some scholars attempted to classify the different interpretation of the ethnic entrepreneurship concept. For instance, Menzies and colleagues (2000) stated that there are three theoretical frameworks – enclave theory, middleman theory, and theories of immigrants. These frameworks were historically the basis for many studies; however, Marger and Hoffman (cited in Menzies *et al.* 2000) suggested that these theories should be expanded upon to explain the new phenomena of recent times. Sanders (2002) reviewed ample relevant literature about ethnic boundaries and identities and drew a new perspective on ethnic entrepreneurship. Sanders (2002) focused on 'assimilation' and 'acculturation' concepts and concluded that assimilation is a result of a social-psychological process.

Zhou (2004) later suggested that the outcomes of studies on ethnic entrepreneurship over several decades could be classified into different schools of thought. Zhou (2004) thereby revisited the concept of ethnic entrepreneurship, which were categorised into three sections: middleman minority, ethnic economy, and enclave economy. She also brought attention to bear on a new category that became known as 'Transnational entrepreneurs'. These different classifications prove that ethnic entrepreneurship is a comprehensive and intricate multidisciplinary phenomenon.

2.3.3 Schools of thought – Key features

After reviewing the literature, it is evident that theories of ethnic entrepreneurship hinge on four schools of thought (presented here not necessarily in the chronological order of development). These schools of thought include *the middleman minority, the interactive model* based on Aldrich and Waldinger's approach, *class resources and ethnic resources* based on Light and Resenstein's approach and *Assimilation and Acculturation* approach. In the following parts, these schools of thought are scrutinised.

2.3.3.1 The middleman minority

For several decades, the *middleman minority* approach has influenced the explanations of the immigrant and ethnic entrepreneurship phenomenon. In the study of the ethnic economy (Cobas & DeOllos 1989), some scholars such as Becker in 1956, Rinder in 1958, Stryker in 1958 and Blalock in 1967 initiated a new approach in their works regarding some minority groups and named them *"middleman minorities"*. This school of thought is concerned about how ethnic groups act as middlemen in the movement of

goods and services by being labour contractors, agents, money lenders and brokers (Bonacich 1973; 1993; Cahnman in Cobas & DeOllos 1989). Bonacich (1973) advanced the *middleman minority* approach by arguing that the *middleman minority* can be conceptualized in three ways (see also Bonacich & Modell 1980; Bonacich 1993). Firstly, that the *middleman minorities* serve as buffers between the dominant class and oppressed minority communities, playing roles as middleman lines or shopkeepers to the majorities regardless of their ethnicities and distribute the products of the elites. Min (1996) provided evidence in this matter by examining the Korean communities in New York and Los Angeles. Koreans played the middleman roles between low-income minority customers and large corporate suppliers. Secondly, these groups often act as an economic interchange between producers and consumers and thus serve as intermediaries – as Bonacich (1993, p.689) stated: *'pursing the goals of the oppressor and bearing the burnt of the hostility of the oppressed'*. Finally, as *petit bourgeois*, they are often involved in trade and services. Bonacich (1993) concluded that tough circumstances for the *middleman minorities* included occupations that were in the front lines of an unfair socioeconomic system in capitalist societies. According to Cobas and DeOllos (1989), the socioeconomic status of these groups is neither high or low. Tusi-Auch (2005) described them as 'working-class immigrants'.

Referring to the conceptualising above, Light (2000) explained that the middleman minorities were groups of trivial trading people who settled in some areas and continued their old fashioned commercial style, despite facing strong competition created by a modern capitalist environment. Zhou (2004) portrayed them as 'sojourners', who wanted to achieve a rapid benefit from their convenient and easily liquidated businesses. Grey *et al.* (2004) declared that Zhou's above comment refers particularly to those immigrants who want to earn money very fast to either send back home to their families or for them when they returned to their countries to invest that money into a business. What factors influenced them to act like 'sojourners'? Tusi-Auch (2005) believed that issues such as host community hostility, race discrimination and limited opportunities for raising their social classes were core reasons for them to become 'sojourners'. It seems that this pattern was one choice for some immigrants/minorities to create wealth based on their capabilities and barriers. Portes and Manning (cited in Cobas & DeOllos 1989) believed that the middleman minorities chose this strategy in some circumstances when they were able to play a particular role to mediate commercial and financial

transactions. Grey *et al.* (2004) believed that these immigrants were often involved in industries in which start-up costs were fairly low, the competition inside the industry was negligible and/or capital could be raised quickly (see also Greve & Salaff 2005).

Despite benefits for the *middleman minorities* in their roles, they might face very tough conditions. Min (1996) raised the issues of ethnic conflicts and racial dynamics between Korean merchants, the African American communities and white Americans. Min (1996) demonstrated how these conflicts have brought the Korean community together and strengthened community ties for these Korean middlemen. The *middleman minorities* were successful in their roles because of their close ethnic ties. The Korean case could be one example to illustrate how a successful middleman role relies on networking. To prove this argument, Tusi-Auch (2005) pointed out that *middleman minorities* strongly depend on their family and ethnic networks to access the necessary labour market (co-workers), capital and information.

Bonacich (1973) revealed some reasons why the *middleman minorities*, in addition to their challenging conditions, often became isolated from the broader host society. Bonacich (1973) stated that these groups of immigrants had little or no reason to set roots in the host community or develop relationships with people outside their co-ethnic communities, except for economic reasons; because they had plans to return to their home countries. Local people from the host society might view them as people who wanted to simply remove money from the community. Moreover, these immigrant entrepreneurs maintained a strong sense of cultural identity. They often lived in ethnic neighbourhoods. Sometimes they established language and cultural schools and mainly they did not attempt to participate in politics. The outcome of these actions, as Bonacich (1973) explained, was to be isolated from mainstream society. It is noteworthy that the above circumstances were not the case for all immigrants, particularly those who began to adjust their situations with the host society, set down roots, assimilate and also open businesses. This is one reason other theories developed to challenge the *middleman minorities* approach (Grey *et al.* 2004).

Compared to other entrepreneurial activities inside the ethnic community, the size of middleman minority businesses is often smaller. The middleman minority approach does not have a special advantage to explain the characteristics of the ethnic economy

because this approach can coexist with other approaches in a particular ethnic economy (Zhou 2004). Zhou explained that a Korean shopkeeper in the Latino area in Los Angeles had a role as a *middleman minority*. However, if his/her shop was located in 'Korean town' in Los Angeles, he/she would be involved in an *ethnic enclave*.

Light (2000) argued that this approach had three major problems in identifying or distinguishing the ethnic economy from the mainstream economy. Firstly, this model focused on a traditional style of commercial trading which did not influence the modern economy effectively. Secondly, this model could not justify or express other types of business activities except trading. Finally, this approach was useful in developing countries, but not for advanced countries.

In summary, although the middleman minority approach appears to have many weaknesses, the approach might help scholars to identify different strategies which are utilised by ethnic entrepreneurs, particularly in small/family businesses or even in a self-employment situation.

2.3.3.2 The interactive model

According to Aldrich and Waldinger (1990), to recognise the pattern of ethnic business growth and sustainability, three major interactive elements should be considered: *Opportunity structures*, *Group characteristics*, and *Strategies*. In this approach, known as the interactive model, two groups of factors, opportunity structures and group characteristics, interact with each other and influence the decision/s which ethnic entrepreneurs would like to make to overcome their business problems, whether when establishing a venture or growing the current one. Grey *et al.* (2004, p. 21) stated that: 'within this approach, immigrants become entrepreneurs in order to find alternatives to traditional employment options for immigrants in unattractive industries'. The third group of factors, ethnic strategies, is the result of this interaction between two sets of factors. Each of these three groups of factors has a few subdivisions. For instance, opportunity structures are comprised of market conditions and access to ownership. They put ethnic and non-ethnic consumer products in market conditions (see also Zhou 2004) and some parameters like government policies, which may attempt to determine where immigrants are able to settle, thus restricting the possibilities for business

opportunities, business vacancies, and the competition for vacancies to achieve ownership.

In terms of market conditions, Kloosterman and Rath (2001) believed that different times and locations would cause diverse sorts of market openings, which ethnic/immigrant and local entrepreneurs might face in their business plans (see also Grey *et al.* 2004). In addition, they pointed out that in the process of social mobility of ethnic/immigrant entrepreneurs, market accessibility for newcomers is essential to establish businesses. This is followed by a consideration of the growth potential in particular market that was the focus of the ethnic/immigrants. According to Grey *et al.* (2004), the ethnic consumer market is naturally the preliminary market accessible to immigrant entrepreneurs and this type of market often arises when non-immigrant businesses cannot meet the consumer demands of an ethnic group for particular ethnic goods and services. To emphasise the effect of market conditions on ethnic entrepreneurship, Waldinger (1993) remarked that market mechanisms were vital in social structures that influenced the choices, resources, and behaviours of people in the community. There were also some other issues regarding market conditions, as Grey *et al.* (2004) described. They mentioned that immigrant entrepreneurs often entered non-ethnic or open markets when there were underserved or abandoned markets. These were markets with low economies of scale which had low entry costs and involved working long hours such as taxi driving or working for the sale of ethnic goods.

The second part of the opportunity structures, according to Aldrich and Waldinger (1990) has the access to ownership for immigrants who were dependent on the supply of business vacancies and on government policies. An example of business vacancies exists when native business owners relocate, close or sell their businesses to immigrants; particularly when there are demographic shifts in some areas. According to Waldinger *et al.* (1990), another example occurs when children of the first generation assimilated into mainstream society and often had higher levels of education and skills which helped them to enter the primary labour market. Therefore, first generation immigrants would often sell their businesses, when they wanted to retire, to recently arrived immigrants. Government policies obviously vary from country to country and those policies have an impact on the opportunities available to immigrants. In terms of a positive impact, programs offered by federal or local government such as the *New*

Enterprise Incentive Scheme (NEIS) in Australia encourage ethnic and immigrant groups to start and develop their businesses. An example of this can be seen in the United States in the low interest loan program offered by the Small Business Administration. Regarding the negative impact, some government regulations dramatically increase the start-up costs for particular types of businesses, according to Grey *et al.* (2004).

In the approach described above, group characteristics include two main subdivisions, resource mobilisation and predisposing factors. In resource mobilisation, concepts such as close ties to co-ethnic and ethnic social networks are brought to notice. Immigrants endeavour to rely on their family and friends and other connections inside their communities, and apply those links to obtain valuable information. Parameters like blocked mobility that may be due to language barriers, discrimination or lack of skills, selective migration and settlement characteristics, a fulfilment of living in an area with co-ethnic and cultural ties and levels of aspiration are all predisposing factors. The risk tolerance of many immigrants is typically higher than for residents of the host society.

According to Waldinger and his associates (1990), ethnic strategies are identified in a wide range of alternatives such as acquiring training and skills to run the business, recruiting and managing efficient and honest workers, protecting ethnic entrepreneurs from political attacks as well as managing relations with customers and suppliers. Teixeira (2001) declared that this approach was launched to address some unidentified aspects in two previous theories, the disadvantage or blocked mobility theory and the cultural theory. By merging these two theories into a united model (the interactive model), the whole perspective of ethnic entrepreneurs and their businesses can be seen. In the disadvantage theory, Light and Gold (2000) investigated the behaviour of immigrants who faced disadvantage in the general labour market. They explained the association between this situation and the tendency of immigrants to start their own businesses. The cultural theory, as Teixeira (2001) referred to it, is based on the fact that in some ethnic groups, people have a cultural tendency to be entrepreneurial or the percentage of self-employment within their original societies is higher than for other groups. Referring to cultural effects, for instance, Light *et al.* (1993) investigated the attributes of South Asian migrants in the United States and stated that inter-group variation in entrepreneurial efficiency was reflected by the traditional position in their

homeland. In other words, migrants from '*commercial cultures'* such as Gujarati groups dominated trade and commerce more than the '*non mercantile groups'* in Britain and the United States. In addition, cultural recognition by an ethnic enclave is an essential factor of this theory.

Greve and Salaff (2005) reviewed ample studies about ethnic enclaves and their impacts on ethnic entrepreneurship. They revealed that enclaves are the social systems of families, neighbours, friends, and acquaintances that engage in ethnic employment and consumption and encourage ethnic people to become entrepreneurs. By sharing the same culture, ethnic enclaves enforce trust and business norms among ethnic groups and help business owners to use co-ethnic networks for economic support and other resources.

Despite good contributions of the *interactive model* to ethnic entrepreneurship, Bonacich (1993) believed that this model cannot depict the whole picture of ethnic entrepreneurship. There is a missing aspect that should be considered, which she pointed out as (Bonacich 1993, pp. 691-692):

> The ruling class in capitalist societies wants ethnic enterprise, and they try to create conditions for both its supply and demand. Institutions are constructed which rule out alternative economic forms…If we do not consider this large political and institutional setting, we miss the significance of the phenomenon

Responding to Bonacich's controversial argument, Waldinger (1993) provided evidence from European countries like Germany, the Netherlands, and the United Kingdom and illustrated that there has been no support for ethnic businesses from government agencies or departments, even in the United States where there seems to have been a tendency to support ethnic businesses from a long time ago. There have been many cases in which governments either local or federal have caused problems for different ethnic businesses. Waldinger (1993, p. 697) concluded that: 'immigrant business development is a natural outcome of the migration process itself.' From this point of view, ethnic communities and their networks play vital roles in the success of ethnic entrepreneurship.

Bonacich (1993) argued that 'opportunity structures' in this model has the role of 'demand' and 'group characteristics' has a role of 'supply' in the neoclassical economic

approach to ethnic entrepreneurship. Ethnic enterprise is the outcome of intersecting the demand and supply sides. Interestingly, similar ideas to this discussion can be found in the work of Verheul *et al.* (2001). Although they tried to introduce an eclectic theory of entrepreneurship in general, their findings illustrated the distinction between the supply side and the demand side of entrepreneurship. Their theory could match the *interactive model* in part. For instance, one element of the supply side in their framework is the demographic composition of the population which is close to the concept of selective migration in predisposing factors, or a subdivision of group characteristics in the *interactive model*. Resources available to entrepreneurs and their attitudes towards entrepreneurship are other aspects of the supply side. These are close to concepts of resource mobilisation and aspiration levels, factors in group characteristics. On the demand side, with the Verheul and associates' framework, opportunities exist through the differentiation of consumer demand. Likewise market conditions in opportunity structures and the industrial structure of the economy, approximates the concept of access to ownership in the *interactive model*. Figure 2.2 shows the interactive model based on the approach of Waldinger and associates. Considering ethnic strategies and challenges in ethnic business is essential and forms the central focus in the interactive model; this focus is explained in Figure 2.2.

Figure 2.2: Interactive model for ethnic business concept
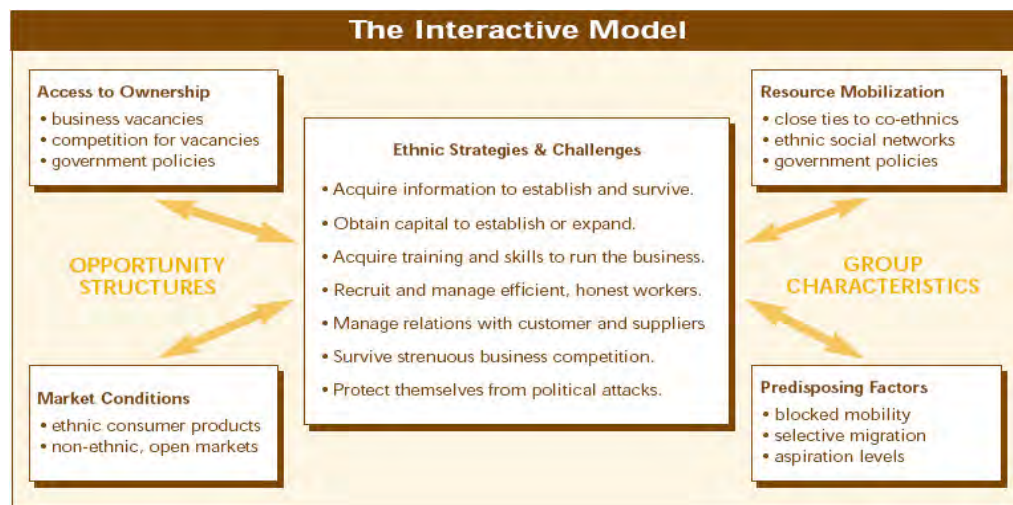
Source: 'Immigrant Entrepreneurs' 1997, *Research Perspectives on Migration*, vol. 1, no. 2, Washington DC, p. 5.

Kloosterman and Rath (2001) discussed opportunity structures. They inserted three levels to analyse the characteristics and parameters of opportunity structures. These levels included 'National', 'Regional/urban', and 'Local or Neighbourhood'. Different patterns of ethnic/immigrant entrepreneurship and dissimilar regulations for establishing new ventures among various countries, for instance, should be explored in the way that opportunity structures are formed at the 'National' level. Cities and regions might have different effects in entrepreneurial behaviours of ethnic/immigrant business owners which relate to the opportunity structures of a particular country. Moreover, opportunity structures could vary from neighbourhood to neighbourhood within cities (Kloosterman & Rath 2001).

In terms of networking and the type of ties that ethnic entrepreneurs would like to apply to their business plans, Waldinger and colleagues (1990) put two relative aspects, close ties to co-ethnics and ethnic social networks, in the *resource mobilisation* sub category of 'group characteristics'. Although they mentioned that networking had a vital impact on ethnic entrepreneurship, they mainly focused on intra ethnic group inter-relationship.

2.3.3.3 Class resources and ethnic resources

In this approach, scholars such as Light, Bonacich, Rosenstein, Gold and Modell considered the effect of a specific aspect, *the social class*, on social behaviour and the economic and performance criteria of ethnic entrepreneurs. For instance, Light and Gold (2000) believed that *the social class* of each ethnic entrepreneur is an essential element in mobilizing other resources. They considered that aspects of cultural and human capital, such as customs, beliefs, educational background and work experience influenced *the social class* of ethnic entrepreneurs. These traits may give them the capability to seek entrepreneurial opportunities even when they do not have the sufficient financial capital in the host country to start their own businesses. As an example of the effect of human capital on entrepreneurial behaviour, Yoo (2000) conducted research on Korean immigrants in the Atlanta (United States) area. In this case study, she found that Korean immigrants with higher educational backgrounds were not only mostly successful in forming great social networks to mobilise resources, but they also established a high quality business. This was achieved by utilising resources efficiently like business information and even money often immediately after the immigration occurred. Greene and Chaganti (2004) studied the correlation between

the ethnic entrepreneur's level of human capital and their level of involvement in the ethnic community (regarded as part of social capital for ethnic entrepreneurs). In this particular study, they considered human capital as consisting of the level of education, industry experience and experience as business managers. The results showed that ethnic entrepreneurs with lower levels of human capital seemed to demonstrate higher levels of involvement with their ethnic community (Greene & Chaganti 2004). Based on Greene and Chaganti's work in 2002 and 2004 regarding the relationship between human capital and involvement in an ethnic community (the latter being social capital), Menzies and colleagues (2007) developed the *Ethnic Involvement* index (EI) and considered not only personal but also the business characteristics of five ethnic groups in Canada. Their initial findings proved that the EI was related to parameters such as gender, education, years of work experience prior to immigration, immigration status and parents owning a business. They (Menzies *et al.* 2007) also found that the EI was related to business characteristics such as business age and type of business. For example, a lower EI was found in manufacturing and construction sectors. Such studies show that a considerable number of scholars in this field of study have focused on the human and social capitals of ethnic entrepreneurs. No such studies were found to have been conducted in Australia.

Another terminology, *class resources*, is often employed in this approach. Light and Gold (2000) considered that class resources are not only financial resources which people of high socio-economic status can provide, but they are also 'occupationally relevant and supportive of value, attitudes, knowledge and skills transmitted in the course of socialisation from one generation to another' (p. 84). In another study, conducted by Ley (2006), in Canada among three ethnic groups from Hong Kong, Taiwan and Korea, the relationships between human capital and class resources at arrival, and the use of ethnic resources in the business performance of entrepreneurs was investigated. Ley (2006) also considered other variables in the analysis, such as the location of business and industrial sector. He concluded (p. 760) that 'human capital was clearly important, with post-secondary education and some competence in English leading positively to better incomes.' Interestingly, Ley (2006, p. 760) found that 'a class resource as a scale of available financial capital was not a predictor of success.'

It is highly noticeable that in this approach, Light and Gold (2000) also paid attention to ethnic resources as another key factor of success for ethnic entrepreneurs. These ethnic resources were defined as (p. 102) 'Socio-cultural and demographic features of the whole group that co-ethnic entrepreneurs actively use in business or from which their business passively benefits'. According to Light and Gold (2000), ethnic entrepreneurs often set up their ethnic resources in the form of knowledge about the tastes and cultural practices of the group and they establish businesses to sell their specific cultural products such as *halal* meat to their co-ethnic communities. Based on empirical observations, Light and Gold (2000) pointed out that 'every ethnic setting is in some ways unique' (p. 106). For example, Chinatown in New York is certainly different from San Francisco's in several ways – historically, economically, culturally and politically.

Regarding 'social capital' Light and Gold (2000) differentiated class-derived social capital from ethnic-derived social capital which is already discussed above. In their definition of class-derived, they claimed that (p. 94): '*Class-derived social capital* is ownership of class-derived social relationship that facilitates entrepreneurship'. They believed that this type of social capital was inherited or acquired. Even entrepreneurs who inherited class resources from parents or close relatives had to create their own acquired social capital due to the need to use it for a lifetime. In these circumstances, social capital was formed by a social network of strong and weak ties. They also stated that (p. 94) 'the contribution of social networks to entrepreneurship is the most important research discovery in the last generation'. Although social networks are vital, Ng (in Ley 2006) and Park (in Ley 2006) believed that these networks provided resources like labour from a co-ethnic network, or financing from family members or via a rotating credit association in the co-ethnic community. In the c*lass resources* approach, it seems that in most cases ethnic communities do not provide help for those that are not co-ethnic.

Through the investigation of ethnic businesses and ethnic entrepreneurs, Light and Gold (2000) categorised the ethnic economy, which broadly includes any self-employed immigrant or ethnic group, employers and co-ethnic employees into three main categories, an ethnic ownership economy, ethnic enclave economy and an ethnic controlled economy. The ethnic ownership economy includes the self-employed, employers, employees of co-ethnic employers and unpaid family members. In an ethnic

enclave, the group of ethnic business owners are concentrated in a particular geographic area or territory and have a strong business relationship inside the area. Businesses supply the immigrant community within the enclave as well as the broader economy. According to Grey *et al.* (2004), the enclave provides markets for commercialising goods and services that are often not available in the mainstream economy. On the other hand, sometimes due to the power of an ethnic cluster (as when huge numbers of the same ethnic people are located in a special geographic district such as Mexicans in the United States) or the existence of an efficient authoritative organization, particular ethnic groups experience considerable market power. In this circumstance, Light and Gold (2000) nominated this group as an 'Ethnic-Controlled economy'. With this type of classification, they examined the social and economic constituents of each ethnic group in the three different types of ethnic economies mentioned above. Zhou (2004) asserted that this classification allowed researchers to analyse ethnic entrepreneurship from two different directions. The first direction was to take into account the variations in mobility outcomes among ethnic groups who generated employment opportunities for themselves and their co-ethnic workers, whether in ethnic ownership or in ethnic enclave economy. The second direction was to take into account the variations in the level of economic integration of group members who entered the mainstream labour market, either through co-ethnic employment networks or through the individual approach. The latter direction is related to ethnic-controlled economy classification.

To cast an evaluation perspective on these two approaches – *the interactive model* and *class resources and ethnic resources* – related controversial arguments are now posed. As mentioned in the *interactive model*, group characteristics as one of three major interactive elements, consists of close ties to co-ethnics, ethnic social networks and government policies. The first two factors reveal the convincing tendency for ethnic entrepreneurs to form strong relationships with co-ethnics inside the ethnic community. This model, however, does not explain how other social or economic concepts influence these relationships and entrepreneurial performance at a later stage. For instance, Collins (2000) declared that the particular argument raised by other sociologists, such as Light and Rosenstein (in Collins 2000) against this model and they stated that the *interactive model* does not provide an adequate or reasonable emphasis on issues such as social class or class resources. Light and Rosenstein (in Collins 2000) also claimed that the beneficial aspects of middle class culture and the greater accessibility to

sufficient human sources; for example, a higher education or skills and capital sources, such as enough family investment or previous savings, can affect the entrepreneurial path of ethnic entrepreneurs from middle class origins. Another argument against the *interactive model* was raised by Tsui-Auch (2005). In the *interactive model* approach, there has been an assumption of 'ethnic homogeneity' in the ethnic community. In other words, there has been no attention given to 'intra-ethnic diversity' within an ethnic community. According to Tusi-Auch (2005), the diversity of ethnic people in one community should be classified through various aspects such as educational level, social class, and religion/region. However, in this discussion, Tusi-Auch (2005) has not referred to the *class resources and ethnic resources* approach.

In another challenge for popularising the *interactive model*, Collins (2003a) discussed issues of this model to address difficulties of the ethnic entrepreneurship phenomenon. The main six points that Collins addressed were: 1) There has been no tendency to compare ethnic entrepreneurship and non-ethnic entrepreneurship strategies; 2) there has not been enough concentration on clarifying the various rates of ethnic entrepreneurship among different ethnicities in different countries; 3) there has been no significant attention paid to the gender aspect in ethnic entrepreneurship; 4) how could this model address diversity of patterns to entrepreneurship for different ethnic groups? 5) The relationship between benefits or results of running a business for ethnic entrepreneurs and the influence of the state has not been clearly elucidated and finally 6) there has not been enough emphasis on understanding the effect of globalisation and racism in the ethnic entrepreneurship phenomenon. These arguments are related to the *interactive model*.

Turning to Tsui-Auch's (2005) notion of the benefits of intra-ethnic diversity, using *class resources and ethnic resources* of the ethnic enclave is a worthy strategy (for many ethnic entrepreneurs) to start up and run a business. The main aspect in this case is location, which is in close proximity to other co-ethnic businesses to overcome distance-related barriers. Evidence shows that some ethnic entrepreneurs can garner benefits from this strategy in particular circumstances, yet not at all times or for every ethnic group. For instance, Ley (2006) when studying this feature among Koreans, Taiwanese and entrepreneurs from Hong Kong in Canada revealed that only Korean entrepreneurs have had a tendency to locate their businesses in non-enclave districts and

planned to work with the mainstream market in Canada. The business performances of Koreans were far better than of the other two groups. In Ley's study, in the same period of running a business, over 80 per cent of Korean enterprises turned a profit, compared with Taiwanese and Hong Kong businesses, which were forty and ten per cent respectively.

Using the *class resources and ethnic resources* approach to analyse the behaviour of ethnic communities is too complicated to generalise a specific pattern for being successful in ethnic businesses. Although in this approach social capital and social networks are essential, some studies raised particular questions regarding the validity of using social networks such as loyal co-ethnic employees and protected markets, in an ethnic enclave to explain the success of ethnic businesses. For instance, Bates (1994) when studying Asian entrepreneurs in the United States found that when ethnic entrepreneurs relied on minority employees and clients most heavily, (like the Vietnamese in this case) the rate of failure in business was higher than for other ethnic business owners who did not heavily rely on an ethnic enclave. On the other hand, human capital resources such as a higher education, language proficiency or good financial investments can better describe patterns of viability for ethnic businesses.

2.3.3.4 Assimilation and Acculturation

After migrating to the host country, a particular phenomenon might happen to immigrants, known as immigrant-adaptation (Sanders & Nee 1987). This phenomenon may vary from one immigrant to another in terms of the timing and degree of adaptation. The variation depends on several factors such as the initial characteristics and the response of the host society (Hirschman, cited in Sanders & Nee 1987). According to Sanders & Nee (1987), the most popular view of this phenomenon belonged to Park and Burgess's works (Park & Burgess, cited in Sanders & Nee 1987; Sanders 2002; Park, cited in Fong & Ooka 2006) and included four stages, 'Contacts', 'Competition', 'Accommodation', and eventual 'Assimilation'. Therefore, in their point of view, assimilation was a result of social-psychological processes. The blending and sharing of different experiences through the connections among immigrant communities and host societies facilitated immigrant-adaptation and helped to reduce the social-structural barriers they encountered (Sanders & Nee 1987). Although there was evidence that proved these issues existed in several communities/societies, some

scholars such as Portes and Zhou (cited in Fong & Ooka 2006) contended that the studies on the second generation illustrates that some children of immigrants could not follow the same patterns to integrate completely into the host society. This means that the assimilation phenomenon was not formed and fully supplemented. In addition, another study by Zhou and Bankston (cited in Fong & Ooka 2006) supported the previous argument. This argument involves the concept of 'socioeconomic resources' and Portes; Zhou; Landale *et al.* (cited in Fong & Ooka 2006) believed that immigrants with a lower level of socioeconomic resources face more problems to integrate into the host society. In other words, less human capital resources might hinder the integration process in some communities.

Understanding the characteristics of the internal and external relationships of each in-group member with insiders (a co-ethnic) and outsiders (the host society or other ethnic communities) drew the attention of many scholars to study and identify elements of ethnicity regarding boundaries, identities and the social behaviour of ethnic groups in host societies. For instance, Sanders (2002) reviewed a large amount of relevant literature on ethnic boundaries and identities. Based on his literature review, two related theories, assimilation and acculturation have been expanded. Sanders (2002) gathered information on the social concept relating to different ethnic groups in the United States and focused on different components of ethnic boundaries and identities. The study examined cultural and social concepts such as: ethnic solidarity, networking, the roles of religious beliefs in the process of acculturation, education and skill training of first and second generation immigrants, the family behaviours and marriage status, particularly in second and third generation immigrants, as well as regional and neighbourhood concentrations of different groups. He stated that (Sanders 2002, p. 349):

> Relatively intense feelings of ethnic identity and serious involvement in the ethnic community are most likely to obtain when ethnic networks have the capacity to supply social goods that are otherwise in short supply. Under such conditions, ethnic boundaries are likely to be maintained because they protect valuable forms of association.

However, in contrast to the above, Sanders also mentioned that (20002, p. 349) 'weaker and more symbolic forms of ethnic identity and community involvement are likely to result when ethnic networks fail to supply scarce social goods.'

In terms of the boundary perspective in ethnicity, Alba and Nee (cited in Alba 2005) defined assimilation as the 'decline of an ethnic distinction and its corollary cultural and social differences' (p. 23). Alba (2005) in the literature review drew attention to the nature of ethnic boundaries and divided boundaries into two main categories – bright and blurry. In Alba's (2005) point of view, when the distinction involved is explicit, the boundary is bright and therefore, ethnic people recognise which side of the boundary they stay on. On the other hand, in the blurry position, self-presentation and social representation is involved. This allows ethnic people to consider the boundaries they face variously and individually. In order to bring a clear explanation for these two categories of boundaries, Alba (2005) studied three ethnic groups, Mexicans in the United States, the Turkish in Germany and the Moroccans in France. The criteria investigated in his research include citizenship, religion, language, and race. Alba (2005) concluded that the boundary that Mexicans face is blurry and Turkish and Moroccans have a bright boundary between their communities and the host society.

The emphasis on the *assimilation and acculturation* approach turned vital when sociologists focused on the characteristics and social behaviours of second or further generations of immigrants in host societies. Breton (2003) discussed some of the results of several researches which had been carried out in Canada and declared that some factors, such as in-group interaction and involvement in organized group activities, declines in second and third generations. Also, Breton (2003) reviewed the outcomes of a particular study, *The Ethnic Pluralism Study*, which showed that the responsibility to help group members to find a job and to support the group needs of the group reduces in later generations across several ethnic groups except among Jewish people. It is an interesting point that in the same study the percentage of Jewish respondents regarded the acceptance of assimilation as the lowest desired attribute when compared to the Chinese, German, Italian, Portuguese, Ukrainian, and West Indian.

In a similar concept, research has been conducted on Turkish immigrants in the Netherlands. The research analysed the differentiation between first and second generations of ethnic entrepreneurs, in terms of motivation to start-up ethnic businesses, and find some implications to enable better policies that support their development (Masurel & Nijkamp 2003). In this research, Masurel and Nijkamp (2003) tried to

define very clearly who could be nominated as a first or second generation in ethnic or immigrant communities. Masurel and Nijkamp (2003) tested some hypotheses through first and second generations. These hypotheses were divided into two main groups representing push (five hypotheses) and pull factors (four hypotheses). The results showed that the first generation was driven more by push factors like discrimination, non-transferability of their qualifications and the inability to obtain a position. The second generation seemed however to be more motivated by pull factors like using their special talents and new market opportunities. These generations decided to start up their businesses voluntarily. The empirical results, however, have not shown any significant differences in some factors such as the 'need for achievement', 'being unemployed', and 'striving for independence' among different generations. In their research, one aspect that Masurel and Nijkamp (2003) focused on was networking.

In terms of considering identity and entrepreneurial behaviour among the second generation, Fernandez-Kelly and Konczal (2005) conducted a qualitative research among Cubans, West Indians and Central Americans in Miami. In their research, Fernandez-Kelly and Konczal (2005) highlighted three very important parameters, social class, culture and race when ethnic groups formed an identity. In this study, some interviewees, particularly Cubans who were born in America, have a similar feeling about being American and Cuban at the same time. The cultural effect and the way that children grow up in a family seem to be the main reasons for this self-regard as fully Cuban and fully American. Fernandez-Kelly and Konczal (2005) also underlined the fact that among the second generation of ethnic groups in their study, there were some intentions and motivations to escape the limitation of the labour market and seek meaningful paths to entrepreneurship or even simply self-employment.

In the *assimilation and acculturation* approach, as discussed earlier, the behaviour of second or later generations of ethnic groups is more likely to be similar to people in the host society. Furthermore, that the connections between who were born, or at least grew up, in the host country with their co-ethnic communities was weaker than their parents or older generations. Many scholars have investigated this issue (e.g. see Breton 2003; Fong & Ooka 2006; Janjuha-Jivraj 2003). Outcomes, however, have not been exactly similar. Their findings depended on a variety of ethnicities and the host countries socio-economic environment; and showed slight differences. It is obvious that nobody can

explain any social phenomenon undoubtedly without some considerations and exceptions. Therefore, in the following part, some relevant case studies are discussed to evaluate the different attributes of two generations of ethnic entrepreneurs in terms of networking either within co-ethnic groups or outside of their communities, and their social involvement. In addition, the integration process of ethnic groups in the host society, and factors influencing this process, are kept in mind.

In the first case study, Janjuha-Jivraj (2003) conducted research on two Asian ethnic groups in London to emphasise the interactions of two generations within their communities. She investigated twelve ethnic businesses and interviewed parents as the first generation and their next generations actively involved in businesses to explore their relationships within co-ethnic networks. The outcomes of this research described the varied relationships with embedded networks across both generations. For instance, when concluding, Janjuha-Jivraj (2003; pp. 40-41) stated that 'as the younger generation becomes more integrated with the [host] society, their needs to rely on the community decrease.' Moreover, for business purposes, younger generations intentionally have diminished their contributions to ethnic communities. They, however, have retained their relationships with ethnic networks for particular social needs and the holding of their identities.

In her studies, Janjuha-Jivraj (2003) found that, the first generation of ethnic entrepreneurs were highly involved in external organizations. There were two main reasons for this involvement. Firstly, their ethnic communities could not offer efficient business support to the first generation as well as to the second. The second reason was an individual decision to expand their networks. Therefore, there was no substantial difference between the two generations in terms of participating in external networks or organisations.

In the second case study, Fong and Ooka (2006) investigated the dominated patterns of Chinese immigrants integrating into social activities, mainly informal, in Toronto, Canada. They focused on Chinese immigrants who had recently settled in Toronto and attempted to find the dominant level of participation in informal social activities within their ethnic community and in wider society. In their study they also considered two main concepts, the role of human capital resources and the duration of their stay in

Canada. The study also looked at three main integration patterns, 'Zero-sum', 'Pluralist', and 'Selective'. A brief explanation of each pattern was pointed out as follows:

In the 'Zero-sum' pattern, sociologists believe that:

> As immigrants accumulate human capital resources and stay in the country longer, they begin to participate in the social, economic, and political activities of the larger community. At the same time, they begin to lose their close ties with their ethnic friends and community. (Fong & Ooka 2006, p. 351)

In the 'Pluralist' pattern, Fong and Ooka (2006, p. 353) stated:

> Immigrants do not give up their ethnic ties even when they are well settled in the host country. On the contrary, they actively maintain close social linkages with their home countries and local ethnic groups while participating in activities in the wider society.

In the 'Selective' pattern, Fong and Ooka (2006, p. 354) stated:

> Individuals actively choose to define their ethnic boundaries by choosing their own preferred levels of social participation in both the ethnic community and the wider society in order to maintain certain aspects of their social distinctiveness.

In their study, Fong and Ooka (2006) tested three hypotheses regarding these three patterns. Each pattern has one hypothesis. In the 'Zero-sum' pattern the hypothesis was: *A high level of participation in informal social activities in the ethnic community and a low level of participation in informal social activities in the larger society are negatively related to immigrants' human capital resources and length of stay in the host country*. The result of this study showed no significant effect of either human capital resources or duration in the country.

In the 'Pluralist' pattern the hypothesis was: *The same level of participation in informal social activities in the ethnic community and in the wider society is positively related to the human capital of immigrants, but not to their length of stay in the country*. The results showed that this pattern dominates the Chinese immigrants in Toronto and that human capital did not have a significant effect.

The last hypothesis was: *There is no specific relationship of human capital resources and length of stay in the country with participation in informal social activities in the ethnic community and in the wider society*. The result showed no significant relationship in this matter.

It is noteworthy that this study focused on one ethnic community, the Chinese in Toronto, and would require further studies in order to generalise the whole concept about the relationship of human capital resources and duration of stay with level of social integration for ethnic communities in the host society. Despite these results, many scholars have tried to analyse the ethnic behaviours in different circumstances and have considered many factors such as occupation, income and other social and economic factors. The significant result of the previous study showed that the process of integrating ethnic groups is multidimensional and these dimensions are independent and may not be related.

In summary, in the above sections of this chapter, the outcomes of the literature review are gathered and categorized into four schools of thought: *the middleman minority, the interactive model*, the *class resources and ethnic resources* and the a*ssimilation and acculturation*. There is, however, a belief that these schools are not the only schools that exist. In each school or approach, some criteria have been highlighted more considerably than others; however, other factors have not been denied.

As mentioned before, there are many studies, research and case studies on ethnic entrepreneurship in different societies in the literature. It seems that in almost all of this work, researchers attempt to categorise the ethnic entrepreneurship phenomenon in several theoretical frameworks. They often use special model/s or framework/s and then tried to justify and describe the results of their studies based on the chosen model/s. The outcomes could support or prove the model/s or might restructure it dramatically or only slightly.

Looking at the literature on ethnic entrepreneurship, Fong and Ooka (2002) also mentioned that scholars use various aspects in their studies such as: the issue of ethnic employees concentrated in certain industries focused by Zhou and Logan in 1989 as

well as the aspect of ethnic language used in the workplace conducted by Reitz in 1980. Iyer and Shapiro (1999) looked at the criteria such as working as an employee, being self-employed or owning a business, either large or small, to explain the entrepreneurial process for ethnic entrepreneurs. All these aspects have some overlaps with others and should be considered. Attention should also be paid to the influence of each side to other areas.

In the following section of the literature review, the concept of social capital and networking will be elucidated briefly.

2.4 Social Capital

Social capital has been defined as the capacity of individuals to control and secure scarce resources through their membership in networks or broader social structures (Portes 1995). Portes and Landolt (2000) attested that this definition is the most widely accepted definition of social capital. According to Portes and Landolt's work (2000), the concept of social capital, as developed by French sociologist Bourdieu and American sociologist Coleman, considered that the benefits of ties and relationships are among several actors. In Bourdieu's approach, an individual is in the centre of several relationships and connections that are intentionally formed to gain advantages in the future. These relationships also include some intangible values and styles which mainly refer to cultural issues (Portes & Landolt 2000, see also Janjuha-Jivraj 2003). On the other hand, Coleman's approach, focused on sources of social control as a specific use of social capital. In this approach, community ties are essential to control the norms of society and to protect society from weakening (see also Portes 1998). In other words, a community is located at the centre of many connections and not the individual as in Bourdieu's definition.

Coleman (1988) declared that when an actor, either an individual or an organisation, has control over certain resources and fascinates in specific resources, then social capital is a particular kind of resource that is available to an actor. Furthermore, Coleman (1988) pointed out that social capital contains two main elements which are social structure/s and certain action/s of actors. Equally to this point, Adler and Kwon (2002) stated that

social capital's sources stay within the social structure where the actor is located. They defined social capital as (p. 23):

> Social capital is the goodwill available to individuals or groups. Its source lies in the structure and content of the actor's social relations. Its effects flow from the information, influence, and solidarity it makes available to the actor.

When comparing social capital to other types of capital, Coleman (1988) stated that similar to other forms of capital, social capital is productive and unlike others, social capital is inherent to the structure of relations between actors (see also Alder & Kwon 2002). Furthermore, Liao and Welsch (2005) believed that social capital differs to other forms of capital as it increases rather than decreases the more that it is used. Alder and Kwon (2002) also viewed the perspectives on the similarities of social capital to other forms of capital. These similarities include 1) that social capital is a long-lived asset and can expand when developing external and internal relationships among actors; 2) social capital is appropriable and convertible, which means that can be used for different purposes and is able to be exchanged to other forms of capital such as economic capital or human capital; 3) social capital can either be a substitute for other resources or supplement other resources. There are however, some dissimilarity between social capital and other forms of capital. According to Alder and Kwon (2002), social capital is not easy to measure quantitatively and that social capital is not the private property of those who receive its benefit. In other words, while one person uses it, social capital does not reduce its availability for others.

As social capital contains several relationships among individuals and institutes, the numerous benefits of social capital could be considered. For example, as Adler and Kwon (2002) pointed out social capital provides access to broader and higher quality sources of information. Social capital also gives some sort of power or control to individuals for them to achieve their goals (see also Coleman 1988 regarding an example of 'Senate Club' and its power to get legislation passed). Generating the strong solidarity inside the community or among individuals is another benefit of social capital. Although the literature emphasises its positive effects on social ties, at least four negative consequences are revealed from several studies (Portes & Landolt 2000). The negative outcomes include (Portes & Landolt 2000, p. 531): 'exclusive of outsiders,

excess claims on group members, restrictions on individual freedoms, and downward levelling norms'.

Liao and Welsch (2005) revealed that scholars have recently extended the theory of social capital to the field of entrepreneurship. They pointed out that, at the company level, research on entrepreneurship has emphasised the consequence of social capital in understanding how firms generate and mange a network and the desired outcomes. In terms of the individuals' point of view, literature shows that entrepreneurs' personal networks permit them to access resources that they do not own personally (Ostgaard & Birly in Liao & Welsch 2005) and let entrepreneurs with a high level of social capital to survive and grow their new ventures. Although the researchers sought the effects of social capital in the entrepreneurial process, most scholars focused only on the networking aspects in social capital (Liao & Welsch 2005) and often did not consider other issues such as values and beliefs, social ties and trusting relationship.

In order to consider the multidimensional perspective of social capital, Liao and Welsch (2005) implemented a view of social capital which consists of three categorised relationship attributes/dimensions namely the structural, relational, and cognitive dimensions. The structural dimension is referred to as the overall pattern of connections between actors, the network ties and its configurations. In other words, businesses are not lonely issues and entrepreneurs need to have several kinds of relationships with customers, suppliers, employees and 'outsiders' in general to run their business successfully. Establishing these relationships, according to Larson cited in Salaff *et al.* (2003), is part of providing the social capital required by entrepreneurs. The relational dimension is focused on issues such as respect, trust and friendliness. According to Coleman (in Sequeira & Rasheed 2004), trust is a very important issue in relationships between members of a social network and is one aspect of social capital which is known as 'obligations and expectations'. This dimension is strongly depended upon the trustworthiness of social capital (see also Portes 1998). The cognitive dimension is defined by Nahapiet and Ghoshal (in Liao & Welsch 2005, p. 350) as 'those resources that providing shared representations, interpretations and systems of meaning among parties.' Simplifying the earlier point, the sharing of norms, values and beliefs among actors can impact on their relationships and developing trust.

In terms of entrepreneurial activities, the use of social relationships efficiently and adeptly assists entrepreneurs to receive substantial returns on their social capital and enhances the possibility of their businesses to succeed. In social concepts, a relationship can be defined either as a direct tie or an indirect tie. In direct ties, people are known to others on a face to face basis. On the other hand, if an individual is known through the third person within a network, then, this type of relationship is known an indirect tie. In other words, if an individual 'A' has relationship with individual 'B' and 'B' has relationship with 'C', then 'A' has indirect tie with 'C'. Regarding the importance of direct and indirect ties, Kim and Aldrich (2005) attested that the true value of social capital arises from the individuals' ability to make use of indirect ties. They stated that (p. 18):

> Eeven though investigators have spent a great deal of time examining the strength of direct ties, the real significance of social networks lies in the role of indirect ties that play in giving people access to social capital.

The type of relationships among people could be categorised into three clusters (Aldrich *et al.* 1997), strong ties, weak ties and contacts with strangers. Strong ties are usually of a long duration and are based on an attitude of implicit reciprocity. Strong ties are typically more reliable than other ties and involve trust and emotional closeness (see also Ibarra in Sequeira & Rasheed 2004; Granovetter 1973). Kim and Aldrich (2005) pointed out that these ties require intense investments of time and resources. Granovetter (1973) defined the strong tie as (p. 1,361) 'a combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterise the tie' then, Granovetter gave examples for this type of tie as relations to family and friends. On the other hand, weak ties are of a much shorter duration and involve a lower frequency of contact. Ibarra (in Sequeira & Rasheed 2004) believed that weak ties are more superficial. Granovetter (1973) believed that weak ties are often based on rationally dominated relations such as affiliations with colleagues, employers and so on. He believed that weak ties are less reliable, but provide better links to new information. Granovetter (1973) also argued that entrepreneurs with many weak ties and relatively few strong ones have better access to information and a wider range of opportunities to establish a venture than entrepreneurs with fairly few weak ties and, in relative terms, many strong ones. Finally, the third cluster – contacts with strangers - is about relationships that are fleeting in duration, are used for pragmatic purposes and express little or no emotional involvement. This type of relationships

might be best described as 'contacts' rather than 'ties'. The elements of relationships that make these types of ties can be classified separately into four dimensions. Based on Granovetter's works in 1973 and 1983, Kim and Aldrich (2005) nominated those dimensions as 1) time spent in the relationship; 2) its emotional intensity; 3) the extent of mutual confiding of information and 4) the degree of reciprocity between the two individuals. Reciprocity might be based on family membership or on ethnic group connections. According to Valdez (2002), reciprocal relationships expand from symmetrical relationships as they are based on recognition, identification and investments in a collective activity. Reciprocal relationships, via bounded solidarity and trust, may provide resources that facilitate entrepreneurship.

Ties differ in their strength and length and affect how resources and information are transferred between actors. For instance, in trustworthy relationships, indicated by frequent interactions, emotional investment, or reciprocity, both parties enjoy opportunities to discuss business issues and swap significant information (Kim & Aldrich 2005). Evald *et al.* (2006) referred to Krackhardt's work in 1992 and mentioned that a type of information that requires trustworthiness could be defined as sensitive information and for the purpose of obtaining sensitive and comprehensive information, entrepreneurs should have strong ties. Having strong ties is also the rationale for getting emotional support and encouragement.

To elucidate which group of people have strong ties with an entrepreneur and which ones have weak ties, Evald *et al.* (2006) considered four areas. These four areas also help scholars to analyse precisely how strong and weak ties influence the entrepreneurial process. These areas include the 1) type of association between two actors, usually include a wide rang from family members to strangers; 2) consideration of the area of the life where the relationship exists, from social field in one extreme to business field in the other extreme; 3) the length of the relationship, usually it is considered a wide rang from long lasting to very new relationships or one-shot exchange, and 4) the frequency of interaction between two actors from one extreme, known as high frequent interaction, to another, known as low interaction. Although scholars such as Granovetter (1973), Krackhardt (1992), Burt (2000), Johannisson *et al.* (1994) have different explanations on who has a strong tie and who has a weak tie, the majority of scholars bring their arguments to the stage that the type of association (first

area from above categories) and the duration of knowing another person (third area) are most popular and common used by scholars to define the groups that have a strong tie and which ones have weak tie. The outcomes revealed that family members, friends and relatives who have a long relationship with an actor, here an entrepreneur, could be categorised within strong ties. Acquaintances, club members, friendships between business people, bankers and lawyers for instance could be categorised as weak ties.

Examining the social capital concept within an ethnic community, based on elements such as obligation via exchanges and the power of community, revealed that an ethnic enclave is formed by ethnic people or immigrants who lived and worked within a close neighbourhood network that have strong ties and are controlled by community's convention (Janjuha-Jivraj 2003). Also, an ethnic enclave offers various forms of support to community members which varied from temporary dwelling to short-term loans. Most of the time this was without expecting a direct repayment; instead benefits may be accrued through indirect offerings, such as improved status amongst the collective (Janjuha-Jivraj 2003).

Looking into the ethnic entrepreneurship phenomenon from the social capital perspective, Sequeira and Rasheed (2004) revealed that strong and weak ties have several impacts on establishing a venture and growing it by an ethnic or immigrant entrepreneur. Sequeira and Rasheed (2004) developed a model which explained the correlation between the types of ties, stage of business life cycle and types of connections for ethnic businesses. This model was the outcome of adapting two previous models, one was Iyer and Shapiro's stages in an ethnic business (Iyer & Shapiro 1999) and another was Morris' stages of exchange (Morris 2001). The model developed by Sequeira and Rasheed (2004) is shown in Table 2.1.

Table 2.1: Life Cycle Stage, type of exchange & prevalent ties regarding ethnic businesses

Stages in ethnic business & Life Cycle Stage	Stages of exchange	Type of ties and their usage
Pre-Start up stage Employee in an ethnic enclave	Person to person	**Weak ties** Environment familiarity Creation social capital Learn business skills Improve language Gain legitimacy
Start up stage Self-employment in an ethnic enclave	Person to person	**Strong ties** Using social capital Sponsorship Financial capital Family support Co-ethnic labour
Growth Horizontal expansion to non-ethnic market	Person to person Person to organization	**Weak ties** Outside financing Develop contacts Develop professional ties Learning new market

Source: Sequeira, JM & Rasheed, AA 2004, 'The Role of Social and Human Capital in the start-up and Growth of Immigrant Business ', in CH Stiles, and CS Galabraith, (eds), *Ethnic Entrepreneurship: Structure and Process*, Elsevier Ltd, Oxford, England, pp. 77-94.

As illustrated in Table 2.1, Sequeira and Rasheed (2004) believed that ethnic entrepreneurs, often before establishing their own businesses, became employees in businesses inside the ethnic enclave and they used weak ties to be familiar with the new environment, learn business skills and to improve their language. This stage is known as the 'Pre start-up' stage. Then, in next stage, known as the 'Start-up' stage, ethnic entrepreneurs used their social capital and human capital to establish businesses. These businesses are often located inside ethnic enclaves at the early stage of running, and ethnic entrepreneurs often used their strong ties with co-ethnic fellows. In the stage of 'Growth', ethnic entrepreneurs used their weak ties to expand their business to the non-ethnic market.

In the early stages of entering to the labour market, ethnic people or immigrants, rely more on personal information flows inside their community and the networks of kin, friends and pre-settled immigrants. Similar cultural and several social connections to an ethnic enclave help ethnic groups to enter the labour market, generally speaking, and the secondary labour market which is located inside the ethnic enclave or economy. The

information about jobs or opportunities, however, may not be available to everyone. To overcome this problem, ethnic people should expand their relationships and links to various sectors outside their community or to the host society. In the early stages, ethnic entrepreneurs often try to use their co-ethnic networks, through trustworthy relationships and strong ties with people inside their communities. Ethnic entrepreneurs often hire co-ethnic employees; create a value chain inside their communities – supplier, provider goods and services, distributors, and customers. There are often tough competitions inside their communities due to the similarity of businesses and the size of the market inside the ethnic community. Therefore, ethnic entrepreneurs who would like to grow and develop their businesses, should seek markets outside their ethnic community and then need to expand their relationships to the mainstream society through their weak ties. Furthermore, they can go internationally as Tung and Chung (2009) reviewed the literature in this area and argued that social networks both in the host and home countries can be perform as a tool to reduce the pressure of entering into the target market.

The impact of educational background for ethnic business owners to utilise their ties in both the start-up and growth stages was investigated by Sequeira and Rasheed (2004). They considered the outcomes of the research regarding the relationship between the size of entrepreneur's network and the level of educational background, conducted by Fischer, Marsden and Burt; which declared that (in Sequeira & Rasheed 2004, p. 88): '..the more educated a person is, the larger his or her network and the more likely he or she is to include in a discussion network people who are weak ties.'

Then, Sequeira and Rasheed (2004) in their investigation concluded the following two important statements about the effect of human capital on the ties (both strong and weak) in terms of start up and growth stage of ethnic business (p. 88):

1. *An immigrant entrepreneur's human capital moderates the relationship between strong ties and business start up. The positive effect of strong ties on start-ups is weakened, and the negative effect of weak ties on start-ups is lessened.*

2. *An immigrant entrepreneur's human capital moderates the relationship between strong ties and business growth. The negative effect of strong ties on growth is weakened, and the positive effect of weak ties on growth is strengthened.*

In terms of the entrepreneurial process, it is worthwhile to look at the conceptual framework developed by Evald, Klyver, and Svendsen in 2006 through an intensive review of the literature on the importance of strong and weak ties during the entrepreneurial process. Although this framework paid attention to the entrepreneur's ties, regardless of the ethnicity of the entrepreneur, there were three stages in the entrepreneurial process which were very close to Sequeira and Rasheed's model (2004). According to Evald *et al.* (2006), stages in an entrepreneurial process included firm emergence, newly established firm and mature firm, which could be very similar to pre start-up, start-up and growth in Sequeira and Rasheed's model. Evald and colleagues (2006) were concerned that in the first stage, strong ties such as family, friends and close business contacts play an essential role compared to weak ties; while for the stage of a newly established firm, they believed a mix of strong and weak ties would be preferred by entrepreneurs. In the second stage, the newly established firm, new business contacts as weak ties seemed to be vital in regards to expanding the business. In the last stage, the mature firm in Evald *et al.* (2006)'s framework, entrepreneurs preferred to have mixed ties; however, each type of tie has different components compared to other stages. Strong ties include special and close business contacts, while weak ties include one shot business contacts (Evald *et al.* 2006).

The social capital concept has been briefly explored in the above section. The following part of this chapter further explores social capital and the related concepts, in this case the networking concept. To do so it considers some aspects of the networking concept, which include networks structures and elements, the definition and frameworks for analysing networks.

2.5 Networking

Broadly the network concept comprises two main components as affirmed by Darven (in O'Donnell *e. al.* 2001). These elements include *nodes* and *connections* in general; however, in the context of social science, *nodes* are referred to as actors, either individuals or an aggregation of individuals and *connections* are replaced with social relationships or ties. Depending upon the type of tie, strong or weak, direct or indirect, formal or informal and the attributes of actors, the various types of a network can be classified. For instance, *personal* networks with strong ties and informal links versus *inter-organisational* networks with mainly formal ties (Brown & Butter, in O'Donnell

et al. 2001) or *social (personal)* networks versus *business focused* networks (Butler *et al.* 2003). There are all examples of categorising different networks. Meanwhile, Burt (2000) studied and reviewed the literature regarding network structures and examined two different types of network. The first is *'Network closure'* in which all connections and interactions occur inside a group and second is *'Structural holes'* in which at least one actor has the connection/s outside the group. In the latter category, Burt (2000) used the term 'hole' for any connection between separated groups. In other words, this classification is based on intra- or inter-relationships or connections between groups. According to Kim and Aldrich (2005), in *'Structural holes'* it is important to consider how people employ indirect ties to reach distant relations. They also mentioned that *'Structural holes'* represent an efficient configuration for linking many actors with few ties.

Although each network in social context contains actors and bonds, according to Mitchell (in O'Donnell *et al.* 2001) there are several dimensions named as structural and inter-actinal inside networks. From his perspective, the structural dimensions include *density*, defined as the extent to which actors in the network are connected to one another (see also Witt 2004), *reach-ability*, defined as the ease with which players in the network can contact one another and *range* which is related to *diversity*. Kim and Aldrich (2005) stated that regarding *diversity*, the individual's networks often do not have noteworthy diversity and are homogenous in regard to key elements such as race, age, sex or language. This means that individuals with similar backgrounds and interests are more likely to associate with one another, rather than with people with dissimilar backgrounds. In a study completed by Kim and Aldrich (2005), they defined another factor in the structural dimension of a network as *centrality,* related to how close to the centre an actor is a network (see also Witt 2004). Centrally located actors can see more of the network, reside on many paths that connect people with different sources of information and can mobilise collective action quickly and efficiently. From the entrepreneurial point of view, forming entrepreneurial teams, investment syndicates, and other collective commercial activities are examples of being in the centre of networks. Witt (2004) considered several factors regarding a central person in a network. These factors are *connectedness,* or how many direct connections an individual has, *closeness* or ability to reach other members quickly and the need to use no or few in-between persons, and *betweenness,* or the location on an information path

between other persons. Another dimension that has been considered by Sequeira and Rasheed (2004) was the *size* of the network, which refers to the number of people or organisations involved in the network. These structural dimensions address the role of actors and focus on their characteristics.

On the other hand, inter-actinal dimensions, which contain *intensity*, *frequency*, *durability*, *direction* and *content* represent the network process and are dependent upon the attributes of bonds (Mitchell in O'Donnell *et. al* 2001). *Intensity* is defined as the extent to which individuals honour their obligations to others in the network, while *frequency* is referred to the number and length of times the various actors spent interacting in relationships. Nijkamp (2003) affirmed that to build up and operate an efficient network, actors are required to spend time and effort. *Durability* is defined by the length of time a relationship has lasted and *direction* refers to a relationship's orientation. Network *content*, as Burt (2000) simplified, is about the substance of people's relationship and can be distinguished by factors such as friendship, business relationship or an authorised relationship. In other words, *content* means an understanding of the implications for those involved in people's relationships.

Both structural and inter-actinal dimensions affect how actors utilise the performance of networks. As Burt (2000) revealed, the impact of some dimensions like density and content affect the performance of networks in '*Network closure'* and '*Structural holes'*. For instance, he stated (p. 35) that 'in Network closure, performance should have a positive association with network density and on the other side, in Structural holes; performance should have a negative association with network density'.

The entrepreneurial process and the earlier classification of the network, raised a question: is '*Network closure'* more useful for entrepreneurs than '*Structural holes'* or vice versa? If the definition of an entrepreneur's network by Gilmore and Carson (1999) is considered here, it seems that the answer for prior question is closer to '*Structural holes'*. They defined a network as (p. 31):

> A collection of individuals who may or may not be known to each other and who, in some way contribute something to the entrepreneur, either passively, reactively or proactively whether specially elicited or not.

An interpretation of the above quote reveals that bringing together separate pieces in order to find perfect matches for completing the puzzle of establishing the new venture, leads entrepreneurs to build bridges across *'Structure holes'* in their networks and asks either known or unknown people to contribute in entrepreneurial activity.

Supporting the above points, Bolton and Thompson (2004) believed that one of the ten key action roles regarding entrepreneurship is about efficiently utilising networks in a perfect way by entrepreneurs. They stated that (p. 29) 'entrepreneurs are quick to build up networks of people that they know can help them.' In other words, when entrepreneurs want to make a team to start or run a new venture, they know who to approach. Moreover, earlier literature supported the above points. Aldrich and Zimmer (1986) declared that developing personal networks can illustrate why some individuals can start firms and other can not. They also pointed out that each network exists in a particular social, economic and political environment and is significantly affected by the personal attributes of the actors and the environment surrounding the network (Aldrich & Zimmer 1986). On the other hand, there are some controversial arguments related to the advantages of networking. For instance, Nijkamp (2003) asserted that although networking may be a popular or necessary condition for entrepreneurs, there is no guarantee it will help them establish a successful new venture. Nijkamp (2003) also mentioned that networking may encourage uniformity, which may contradict the entrepreneurial spirit.

In a very popular and basic framework for analysing networking, Aldrich and Zimmer (1986) designed a three-level framework to express and categorize the type of relationships inside a network. These three levels include *role-set*, *action-set*, and *network*. In short, a *role-set* is formed by all direct relations with a particular person who is in the centre of the relationship. In terms of entrepreneurs, Aldrich and Zimmer (1986, p. 12) thought that this 'could be partners, suppliers, customers, venture capitalists . . . and family members'. An *action-set* is formed when a particular group of people has a temporary relationship with a person o meet a specific objective, here an entrepreneur. Finally, in their framework, a network is defined as (p. 12) 'the totality of all persons connected by a certain type of relationship and is constructed by finding the ties between all persons in a population under study.'

By considering the type and characteristics of actors at the *role-set* level, it is obviously clear that this level has an important impact on the entrepreneurial process. O'Donnell (2004), in her marketing point of view, nominated the actors in the role-set as *'marketing networks'*. The terminology, *'marketing networks'*, refers to similar attributes of *role-set* as in Aldrich and Zimmer's (1986) conceptualisation. O'Donnell (2004) mentioned that *'marketing networks'* comprises the following groups of people; customers (both potential and existing), suppliers, competitors (both inside and outside the firm's initial market), business friends and colleagues, government and business agencies or associations and finally employees (inside the business as the internal network).

Butler and colleagues (2003) nominated the above groups as the entrepreneur's business-focused network and considered that personal networks and business focused networks together, provide an enormous source of information for entrepreneurs to exploit opportunities and run businesses successfully. Butler *et al.* (2003) pointed out that business networks are more focused after the business has commenced. Personal networks including family, friends, acquaintances and individuals with weak and non-reinforcing ties are however key entrepreneurial components to seek and test ideas or opportunities, provide valuable information and obtain financial resources.

Passing on information is one example of exchanging economic benefits through the relationship between actors inside a network. This is one reason why networking has become so popular among entrepreneurs in particular and business people in general.

The research on the impacts of entrepreneurs' networks on start-up businesses has grown enormously in the last two decades. Scholars such as Aldrich, Reese, Johannisson and Cooper have investigated the relationship between independent variables in entrepreneurs' networks and the success of start-up activities. Independent variables include network structures, network activities and benefits from the network. Witt (2004) gathered the outcomes of previous research and mentioned that although it is generally accepted that there was a positive correlation between independent variables and the success of start-up businesses, there were some empirical findings that showed no significant correlation between independent variables and start-up success.

The reason for the earlier statement could be a variation in the knowledge of entrepreneurs and their capability of absorbing information. Another reason might be that entrepreneurs may differ largely in terms of their personal resources and the availability of useful resources available in the network.

Looking at a network, whether personal or business, and its benefits to entrepreneurs, brought some attention to scholars, such as Breton (2003) to examine the situations in which entrepreneurs decide to join a network and the extent of their participation. Breton (2003) considered four major elements that encourage people in general and entrepreneurs in particular, to join a network. First, if there is *'social obligation'* in the network (see definition of *intensity* dimension), where members pay more attention to the interests of the whole group instead of their own self-interest. Then, as the result, people will be encouraged to enter and participate in the network. To explain the reason behind this decision, he mentioned that people could rely on other participants to receive some kinds of help and support which are the initial expectations of social obligation behaviour. Second, the *'mutually beneficial transactions'* factor is another element to keep the relationships of members with network/s better and stronger. Witt (2004) pointed out that network ties are based on reciprocity. Two of the criteria, 'Reciprocity' and 'Fairness', are necessary in this aspect. He stated that, in the long run, the exchanges between two partners needs to be balanced. According to Breton (2003), facing similar challenges or opportunities is the third element, which is called the *'community of fate'* or as Seigel (in Breton 2003) named it, *'defensive structuring'*. Finally, *'trust'* is the fourth factor in connecting to the network. Smith and Holmes (1997) argued that the concept of trust has a vital role in network outcomes and they express this aspect as (Smith and Holmes 1997, p. 220): 'in the presence of a trusting environment network goals are more likely to be achieved'.

As mentioned in the previous section, ethnic entrepreneurship, ethnic business owners may face many challenges and discriminations while they are looking for resources to start up their businesses, particularly in regards to finance and advice. They may also have problems in sourcing customers and suppliers. Therefore, as Mitchell (2003) expected, ethnic entrepreneurs rely heavily on ethnic community networks, especially the networks of family and friends to develop their businesses. Ram in Mitchell (2003) argued that due to disadvantages that ethnic businesses often faced, ethnic entrepreneurs

utilise their powerful ethnic resources to fight difficulties and employ their cultural resources to capture opportunities. Nijkamp (2003) reviewed several studies and declared that the importance of social bonds and kinship relationships has been highlighted by several researchers. Earlier literature confirmed the same argument on employing ethnic networks. For instance, Menzies and colleagues (2000) believed that most scholars, regardless of their approach, argue that the ethnic community is the main source of providing, 'Co-ethnic markets', 'Co-ethnic suppliers', 'Co-ethnic employees', and 'Finance' for ethnic business owners. In terms of finance, Butler and Greene (1997) observed that the members of the family and entrepreneur, himself/herself, are the main providers of funds for establishing and running a business by ethnic entrepreneurs. In a study conducted by Perreault and colleagues (2003) in Canada, more than 60 per cent of the start-up financing among the sample population was granted by the entrepreneurs themselves. It is noteworthy that the availability and usage of each of the above categories are varied among different ethnic groups. Later in this section, more details on the variety of utilising sources inside the community will be briefly discussed.

Salaff *et al.* (2003) claimed that ethnic communities provide resources like information and getting a business idea, as well as finding customers, suppliers and employees. Regarding the information sources, Mitchell (2003) referred to empirical studies and pointed out that entrepreneurs use contacts such as family, friends as an informal network more than lawyers, accountants, bankers and so on as a formal network to obtain information. Menzies and colleagues (2000) believed that in the context of ethnic entrepreneurship, the *role-set* in framework designed by Aldrich and Zimmer (1986) might be influenced by some parameters such as a particular form of an ethnic enclave, an individual personality or the particular culture of the group. The *action-set* could be similar for entrepreneurs regardless of their ethnicities and include all formal and informal organisational relationships that ethnic business owners often have. Finally, a network could involve all people known by the entrepreneur that might be interested in his or her business.

Referring to the four major resources inside the ethnic community, Perreault and colleagues (2003) investigated the conditions of four ethnic groups, Chinese, Italian, Sikh, and Jewish in Canada regarding the usage of resources available inside their communities. In their study, Chinese business owners seemed to rely more on ethnic

resources such as employees, suppliers, customers and finance. Other groups had strong relationships to access resources, but not all four categories. For example, Jewish people had very good contacts to hire employees and finance inside the community, but relied less on other ethnic resources. The Sikh community had moderate advantages for providing those above resources for Sikh entrepreneurs. In contrast, regarding resources for employees, however, an earlier research by Bates in 1994 in the United States revealed that Vietnamese business owners had a lower rate of success when they relied on co-ethnic employees (Bates 1994).

Another case study in the field of ethnic community network belonged to Saxenian's works on highly educated entrepreneurs in Silicon Valley (Saxenian 2000; Saxenian 2001). Those entrepreneurs include Chinese (mostly from Taiwan) and East Indian entrepreneurs, who have started new high technology ventures and have formed several informal and formal networks. Those ethnic entrepreneurs have developed many businesses - both local and internationally - by utilizing network facilitators which included mentoring, business plan assistance, informal advice, and providing role models. Interestingly, in the study among different ethnic networks in Silicon Valley, Saxenian (2001) found that the Chinese associations in Silicon Valley were very exclusive; however, on the other hand, Indians had an association called 'The Indus Entrepreneur (TiE)' which also included South Asian immigrants. She also mentioned that although these groups joined mainstream organisations, they were not so active in these networks; preferring their own associations. Those ethnic entrepreneurs also have worked with native engineers and native business owners. Saxenian claimed (2000, p. 82) 'there is growing recognition within these communities that although a start-up might be spawned with the support of the ethnic networks, it needs to become part of the mainstream to grow.' This study allowed scholars to understand the behaviour of highly professional entrepreneurs and that, unlike some traditional ethnic entrepreneurs, have high levels of human capital.

As the current research was conducted in the larger Melbourne area, it is time to review the immigrant and ethnic entrepreneurship concept in the Australian context. The following section of this chapter re-examines the concept in the Australian context. This section includes details on the historical trace, demographic patterns, business-related aspects and social-related aspects on ethnic entrepreneurs in Australian society.

2.6 Immigrant and Ethnic Enterprises in Australia

(Adapted from Dini and Thandi 2008)

> Immigrant workers in Australia dreamed of freedom: to have no boss or foreman above them, to be able to set their own work rhythms … They also dreamed of freedom from racism and prejudice in the workplace …. For NESB *(non English speaking background)* ethnic groups in Australia, a small business such as corner shop, a small factory, taxi or building firm promised dreams of independence, of freedom and financial security , if not fabulous wealth (Collins *et al.* 1995, p. 9).

The Australian condition on the subject of immigrants and ethnic groups is somehow a unique one compared to other OECD countries. Australia has been settled by immigrants and the Australian economy is strongly dependent on immigrants. Australia has a larger and more diverse immigrant population than most western countries and it appears that Canada and New Zealand also have similar social and demographic patterns to Australia. According to Liebig (2007) about 25% of the work force is foreign-born. Immigrants and ethnic groups not only participate in the labour market as employees, but also contribute to the economy as being self-employed or employers. This contribution creates value for society as well as individuals. Agrawal and Chavan (1997) stated that in Australia during the past few decades many immigrants and ethnic minorities established businesses and the number of ethnic businesses expanded with upward trend. It is significantly worthwhile to examine the influence of immigrants and ethnic groups in Australia, both economically and socially. This section focuses partially on the Australian ethnic entrepreneurship phenomenon, highlighting demographic patterns of ethnic groups and their major economic and social features. The uniqueness of those features has encouraged economists, policy makers and sociologists to take into account the potential advantages of immigration flows. Collins (1993; 1996) believed that, in order to understand the ethnic entrepreneurship phenomenon in Australia, it is necessary to bear in mind that several changes in Australian history and global macro-environment have significantly moulded the current economic and social patterns of immigrant and ethnic groups. Therefore, it is valuable to look back at Australian history and its impacts on the Australian population as antecedents to explain how ethnic enterprises participated and affected the Australian

economy. The existing Australian research and OECD and ABS official reports also helped to highlight and study these economic and social features of immigrant and ethnic entrepreneurs in Australia. The historical trace is briefly described, followed by demographic patterns which are a consequence of the changing macro environment in Australia. This leads to an exposition on ethnic enterprises from both economic and social perspectives.

2.6.1 Historical trace

According to Collins (1993), the recorded history of Australian immigration started with first group of white people landing on Australian seashores in 1788; however, Donaldson (2006), via gathering an enormous amount of evidence, explained that the Dutch explorers such as Capitan Willem Jansz and his crows sailed his ship in 1606 along the southern coast of New Guinea and reached the northern east of the Australian sea shore. Donaldson (2006) pointed out that Jansz plotted a part of the Australian coastline and was the first European that contacted the Australian aborigines. White and Mulvaney (in Collins 1993) mentioned that when British explorers landed on Australian seashores in the late 1780's, they estimated that the Aboriginal people numbered about 700,000. In 2001, aborigines comprised only about 2.2 per cent (Census 2001) of the almost 21 million Australian people. Thus, most Australians could trace their ancestry to people who immigrated to Australia after 1788. The patterns of migration have varied many times since early white settlement and have affected the economic, political and geographical milieus of Australia. Collins (1993) stated that, for a long time, migration to Australia was focused on 'family migration', which encouraged immigrants to become permanent residents of the country. These immigration patterns were similar to those of Canada, New Zealand and the United States. The immigration patterns were however significantly different from those in Western European countries, where foreign workers were not expected to domicile permanently.

In terms of economic circumstances, during the early nineteenth century, many people from the British Isles migrated to Australia in response to the economic boom occurring at that time. However, in the 1850s, the discovery of gold in parts of the South East Australia (such as Victoria) changed the face of migration. The flows from mainly the British Isles gave way to one from all around the world, including Chinese, who came to work in the gold mines. The economic explosion did not last long and, when

economic growth faltered and declined, many anti-Chinese riots erupted and the Australian honeymoon with Chinese ended badly. This led to the introduction of immigrant legislation that banned especially the Chinese from entering Victoria and New South Wales in 1857 and 1861 respectively (Price in Collins 1993; 2002).

This legislation was the first stage of grounding the 'White Australia Policy', which was promulgated in 1901, that encouraged European immigrants and precluded non-white counterparts to arrive in Australia. Foreigners were required, at the time of arrival, to take a dictation test in a European language (Morgan 2006). This policy not only prevented non-white immigrants from coming to Australia, but also formed a racist environment that coerced 'coloured immigrants' to move out of the country. For instance, a report revealed that the numbers of Chinese in Australia dropped from 30,000 in 1901 to 9,000 in 1947 (Choi in Collins 1993; 2002).

The 'White Australia Policy' underwent some minor variations in terms of immigration. Collins (2003b; 2006) reviewed those and mentioned that in several periods, before and after the mid-1970s, the Australian Government has adjusted its immigration policy in response to the economic and social issues of each period. For instance, in 1947, the Australian policy had two main aims: increasing the number of immigrants to grow the Australian population and maintaining the socio-demographic pattern of Australia as a 'white country'. Many South and Eastern European's came to Australia in this period to fill the labour shortage. They were considered 'white' but were certainly not British. Sherington in (Peters 2001, p. 8) cited the ministerial speech of Arthur Calwell – Minister for Immigration – in 1946 which addressed the Australian population issue as:

> We must populate or we will perish. We must fill this country or we
> will lose it. We need to protect ourselves against the yellow peril from
> the north. Our current population of 7, 391,000 (about one person per
> square mile) leaves a land as vast as Australian under-protected.

Morgan (2006) stated that the proportion of British foreign-born people reduced from about 72% in 1947 to 42% in 1971. In the same period, immigrants from Southern European countries grew from 7% to nearly 21%. This trend continued until the early 1970s, when the economic boom gave way to an economic crisis due to international capitalist recessions (Collins 2003c). This situationresulted in Australian immigration

sources shifting from mainly Britain (till about the 1850s) to countries around the globe, especially in the post-World War II era (Morgan 2006).

The 'White Australia Policy' was replaced by the 'Non- discriminatory immigrant and multicultural policy', which has been in effect since 1972 (Agrawal & Chavan 1997; Collins 1993, 1997, 2003a, 2003b, 2003c, 2003d, 2006). This policy has received some incremental changes over time in response to the changes in the macro-environment as well as the needs of the country. Global investments restructuring in the late 1970s and the early 1980s caused several major changes in the Australian economy, such as manufacturing plants being moved from Australia to developing countries mainly in Asia. More investments were and still are needed in new and high technology in order to compete with imports and the need for unskilled manual labour has declined sharply. Collins (2003c, 2006) argued that the former reasons pushed the Australian Government (1975-1982) to introduce the 'points test' in the immigrant selection criteria and to launch a new migrant category - the 'Business Migrant'. This resulted in attracting immigrants with high education and skills background mainly from Asia. Statistics show that over 100,000 immigrants settled annually in Australia in 1981 and 1982, which was the highest immigration rate since the late 1960s (Collins 1996). A later variation of Australian immigration policy came after the election of the Howard coalition government in 1996 (Collins 2003c, 2006). The Howard government introduced two changes: decreasing the family component of immigrants and increasing the independent and skilled component of Australian immigration policy.

The previous policies and their tweaking over time indicate that Australian immigration policies have been predicated upon both domestic and international economic, socio-demographic, and geopolitical situations. Those policies have impacted upon Australian demographic patterns, and the development of a significant, and broad-spectrum, ethnic small business sector which has added value to the Australian economy. The demographic patterns are discussed below, followed by the characteristics of the ethnic small business sector in Australia.

2.6.2 Demographic patterns

As a consequence of the country's immigration policies, Australians live in one of the most multicultural societies in the world. Statistics (OECD 2004, p. 120) show that the

country's proportion of foreign-born population was second only to Luxembourg's among OECD countries. In 2004, about 23 per cent of Australians were born overseas, compared to 19.3 and 12.3 per cent respectively of overseas-born reported in Canada and the United States. The OECD (2004, p. 154) also reported that, of the foreign-born population in Australia, about 33 per cent were born in North West Europe (mainly the United Kingdom and Ireland), about 19 per cent in Southern and Eastern Europe and approximately 12 per cent in South East Asian countries. The British and Irish comprise the two main groups of immigrants since 1788. According to Peters (2001), until World War II, migration had been concentrated on the United Kingdom, therefore, British mores and principles dominated Australian society. It was guesstimated that 90 per cent of Australian population was originally British and Irish at that time, Australia had strong trade and financial links Britain. Table 2.2 shows that net migration was on the increase between 2002 and 2005, with the highest intake being in 2004, an increase of nearly 34 per cent over 2003 (OECD 2007).

Table 2.2: Australian net migration inflows and percentage changes, 2002-2005

	2002	2003	2004	2005
Total Net Migration inflows	110,600	125,300	167,300	179,800
Percentage Changes from previous year		13%	33.5%	7%

Sources: OECD 2004 & OECD 2007

Agrawal and Chavan's study (1997) indicated that immigrants from other regions came to Australia in successive massive waves. The study identified three main periods when other nationalities migrated to Australia. In what was termed 'Pre-World War II' period, the first wave included Germans, as the first European people with non-English speaking background, and Chinese and Jews who settled in Australia in 19th Century. In the second period, called 'Post-World War II', immigrants came mainly from Greece, Italy, Netherlands, and some East European countries such as Poland, Hungry, and Yugoslav Republic. This was as a consequence of the 'White Australia Policy' being conscientiously applied. The third period comprised the 1960s to date, when Australia became the host country for a wide range of immigrants that has included Turkish, Indian, Sri Lankans, Vietnamese, Africans and Middle Eastern people. In this last era, major international conflicts such as the Vietnam War and Israel-Palestinian conflict

provided the impetus for people to seek safer havens such as Australia, either via humanitarian programs or via immigrant self-decision processes.

The Australian Bureau of Statistics data of 2006, revealed other features.

- Due to the addition of more than 100,000 new Australian residents annually (see Table 2.2), thanks to the positive average Net Overseas Migration per annum, in 2005 almost one quarter (24%) of Australian population was born overseas (see Table 2.3), an increase of 3% over the Census 2001 figure. Of the overseas-born component, the majority came from European countries (11.4%), and Asian countries (6.1%).

- In terms of age group, the largest number of overseas born Australian people was in the age group 40-44 years, both for males and females. The proportion declined for the 60+ age groups.

- The source countries of the overseas-born Australians comprised the following (ABS 2006b):

  1) North-West European, including British, Irish, Western European and Northern European
  2) Southern and Eastern European, including Southern European, South Eastern European and Eastern European
  3) South East Asian, including Vietnamese, Indonesian and others
  4) North East Asian, including Chinese
  5) Southern and Central Asian, including Indian, Pakistani and Central Asian
  6) North African and Middle Eastern
  7) Sub-Saharan African
  8) American, including North American and South American

Together with Australian born people and Australian Aborigines, New Zealanders were classified in the Oceania and Antarctica region. Table 2.3 (see the next page) presents the number of overseas-born people in Australia from each major contributing region in 2005.

Collins (2000) found that the first and second generations of immigrants comprised almost fifty per cent of the population in the four major cities (Melbourne, Sydney,

Brisbane and Perth) in Australia. The majority of those immigrants was involved in running small businesses.

Table 2-3: Estimated Australian resident population based on regions of country of birth, 2005

Major regions / Country	Estimated population in 2005	Proportion (% of total)*
North-West Europe	1,487,741	7.31%[†]
Southern and Eastern EU	834, 997	4.10%
South East Asia	613,995	3.02%
North East Asia	375,974	1.84%
Southern and Central Asia	262,200	1.29%
North Africa and Middle East	284,998	1.4%
Sub-Saharan Africa	204,955	1.00%
American (both North and South)	187,612	0.92%
United Kingdom	1,137,374	5.59%[†]
New Zealand	455,105	2.23%[†]
Australia (Oceania and Antarctica)	15,499,108	76%
Total	20,328,609	

Notes: *The proportion total does not add up to 100% due to representation in more than one category.
[†] Some double counting
Source: Australian Bureau of Statistics 2006b, 'Migration Australia 2004-5'

Chavan and Agrawal (2002) used various data sources to infer Australian demographic patterns. Some features of these were:

- One-third of people who lived in two major cosmopolitan cities in Australia, namely, Sydney and Melbourne spoke a language other than English at home.
- Of the 79% of the people who were born in Australia, 25% had at least one parent born overseas.
- Approximately 40% of Australians had direct international links, either commercial or cultural and family ties.

This specific demographic pattern described above would exemplify a concept of multiculturalism which acknowledges the ethnic and cultural diversity of Australia. This multiculturalism concept became part of the national agenda for the Australian

government. It is noteworthy to have a briefly review the different ethnic groups in Australia in the following part.

➤ *Chinese in Australia*

Of all the momentous groups of non-European pioneers in Australia, the Chinese have the longest history of contact. According to statistics, it was estimated that 2,000 Chinese-born people were living in Australia in 1854 as the result of wars, floods and population pressures in China. With a rapid increase in numbers during the gold rush period, it was estimated more than 35,000 Chinese were living in Australia in 1861, and most of them sought wealth on the goldfields. When the gold rush ended in the 1860s most of the Chinese workers returned to China or went elsewhere. As a result of the white Australian policy, only a few Chinese were considered to remain in Australia. As a matter of fact, the census data revealed that in 1986 only 1881 Victorians of third, or later, generation were of Chinese ethnicity, comprising the successors of those who entered to Australia during the gold rush (Chavan 2000).

According to recent statistics (Victorian multicultural commission 2006a) the total people in Australia who were born in China is approximately 206,000, which 55.2% lived in New South Wales, 27.4% lived in Victoria and the rest lived in other states and territory. In 2006, about 594,000 people in Australia said that their both parents were born in China; around 12,800 claimed that only their fathers were born in China and roughly 15,000 stated that only their mothers were born in China (ABS 2006a).

In related to economic perspective, Cohen (cited in Tung & Chung 2009) pointed out that Chinese people in Australia could be known as a *trade diaspore* because they has been involving in trading activities in a huge number for several decades. Tung and Chung (2009) in their study on ethnic Chinese diaspore in Australia mentioned that there are four important reasons that Chinese entrepreneurs have played main role in trade between China and Australia and other western economies through Australian trade partners. Firstly, having natural resources and small population combined with a large landscape encourage Australians to deal with other countries and develop the economic relationship with countries such as China. Secondly, being a member of British Commonwealth, help Australia to link Asian countries to United State, the United Kingdom and European counties. Chinese entrepreneurs have boosted this link.

Thirdly, as Australia has welcomed immigrants from all around the world after ending the "White only Policy" in 1973, Chinese migrants has emerged as one of the top five source of migrants. Finally, in order to support domestic economic development in China, Australia has a valuable position to serve Chine with its natural resources and therefore, economic trade between China and Australia is booming nowadays.

➢ *The Italians in Australia*

Italian migration dates back to the 19th Century when many arrived during the 1850s gold rushes from northern Italy, however, arrived in Australia in significant groups, particularly in the late 1940s and early 1950s. This was due to the poverty in the rural south of Italy (Chavan 2000). The Italy-born is one of the most well established ethnic communities and the largest non-English speaking birthplace group in Australia, particularly in Victoria, where 41.6% of the national total residents are Italian. According to statistics (Victorian multicultural commission 2006b), after Victoria, the most popular place for Italian-borns in Australia is New South Wales with 27.7% of the total Italian-born in Australia. In Victoria, a total of about 308,000 people claimed that they have an Italian ancestry, which is more than 190,000 people in Victoria, who claimed that they have a Chinese ancestry. From census data in 2006, about 435,000 people claimed that both of their parents were born in Italy, around 103,000 had a father who was born in Italy, approximately 38,000 had a mother who born in Italy, and about 255,000 claimed that they are Italian; however, their parents were born in Australia (ABS 2006a).

➢ *Greeks in Australia*

It was not until the gold rush era in the 1850s that Greeks had arrived to Australia, providing some services and catering to the miners (Chavan 2000). The Greek migrant community have grown based on a chain migration process as the result of the fact that the majority of Greek migrants did not have a good financial background. This indicates that when a successful Greek migrant had settled, then relatives and friends from same original area followed him or her. According to Chavan (2000), during post World War II, more than seventy per cent of assisted migrants from Greece came from a rural area and was neither highly educated nor skilled. During the 1950s and 1960s many Greek migrants came to Australia to meet the labour shortage. Catering and food supplying

remained the most popular alternative to access to the labour market. In 2006, approximately 235,000 people claimed that their both parents were born in Greece, while near 71,000 declared that both their parents were born in Australia, however they claimed they were Greek (ABS 2006a). From 109,000 Greece-born who lived in Australia, about 50 per cent of them lived in Victoria. The Greek community in Melbourne is one of the largest communities outside of Greece and they participate widely in Victorian life, in fields such as hospitality, food processing and small business (Victorian multicultural commission 2006c). One of significant aspects related to the Greek community is that they have had very strong language retention among themselves, for instance, 86.4 per cent of them spoke Greek at home and 3.9 per cent spoke Macedonian (Victorian multicultural commission 2006c).

➢ *Vietnamese in Australia*

Before 1975, few numbers of Vietnamese had lived in Australia. However, between 1975 and the early 1990s there were huge waves of migration from Vietnam to Australia based particularly on refugee and humanitarian programs. The Vietnamese community also welcomed many Vietnamese through family reunion during the above period (Victorian multicultural commission 2006d). According to census data in 2006, about 162,000 people claimed that their both parents were born in Vietnam (ABS 2006a). Also, around 159,000 claimed that they were born in Vietnam, while just 36.8 per cent lived in Victoria. One significant aspect relating to Vietnamese migration is that most of Vietnamese claimed that they had Chinese ancestry (Victorian multicultural commission 2006d).

➢ *Indians in Australia*

The White Australian Policy did not allow Indians to come to Australia in large numbers until India was recognised through Commonwealth with same political level of top Commonwealth members (Chavan 2000). Considerable numbers of Indian migrants came to Australia after World War II and worked in farms and mainly in agricultural industry. They also worked as hawkers and pedlars. However, recent migrants have been skilled migrants and have been working as professionals in different industries. In 2006, about 212,000 people in Australia claimed that their both parents were born in India and about 147,000 said that they were born in India. Around 36 per cent of India-born settled in Victoria which is the second state after New South Wales. The India-

born population is the fastest growing community in Victoria (Victorian multicultural commission 2006e). Indian people spoke serval languages at home including Hindi, Punjabi, Mali and English, however just only about three per cent claimed that their English is not well or not at all.

➢ *Other major large communities*

Except British, Irish, Scottish, Welsh people and those mentioned above, other major large communities based on census data in 2006 were German with about 811,000 in population including the first, second and later generations. Dutch people, with all generations together reached about 310,000, followed by Lebanese with around 180,000 and Polish with roughly 163,000 people (ABS 2006a).

Although people who were born in more than 200 countries lived in Victoria and spoke about 200 languages at home only, the top 74 communities are active in Victoria and have their own networks. The networks are both social and business such as Chinese Association of Victoria, Kurdish association of Victoria, Danish Australian cultural society, Australian Thailand association of Victoria, and Australian Turkish Cultural Platform.

2.6.3 Ethnic small businesses in Australia

The Australian ethnic small business possesses quite unique characteristics and features. Figure 2.3, shown in next page and developed by using ABS (2004) data, shows the percentages of first generation of business operators - owners - in Australia by state and territory in 2003 and 2004. This indicates that, in 2004, some 30.2 per cent of small business operators in Australia were born overseas. In other words, they were the first generation of immigrants.

In terms of geographical distribution, the highest percentage was in Western Australia with 38.7 per cent, followed by Northern Territory and New South Wales with 34.5 per cent and 31 per cent respectively. The lowest percentage was in Tasmania with 22.2 per cent. The figures below, which are supported by several studies and research, have led economists, politicians and sociologists to state that the Australian ethnic small business

sector has a significant responsibility in the current economy. For instance, Collins (1997) believed that ethnic businesses contributed significantly to the value and quantum of Australian exports. Ethnic business owners have maintained a strong relationship with their home countries and have several commercial and cultural links to their home countries.

In addition, ethnic business is capable of playing a vital role in the globalisation of the Australian economy through its dealings with others countries, mainly with the home country of the ethnic business owners. For example, one-third of the 45 South-Asian businesses surveyed in Western Australia were involved in the import or export of goods or services from or to the country of origin of the business persons (Stromback & Malhotra 1994).

Figure 2.3: First generation immigrant business operators as a percentage of all small business, Australia and by state and territory, 2003 and 2004
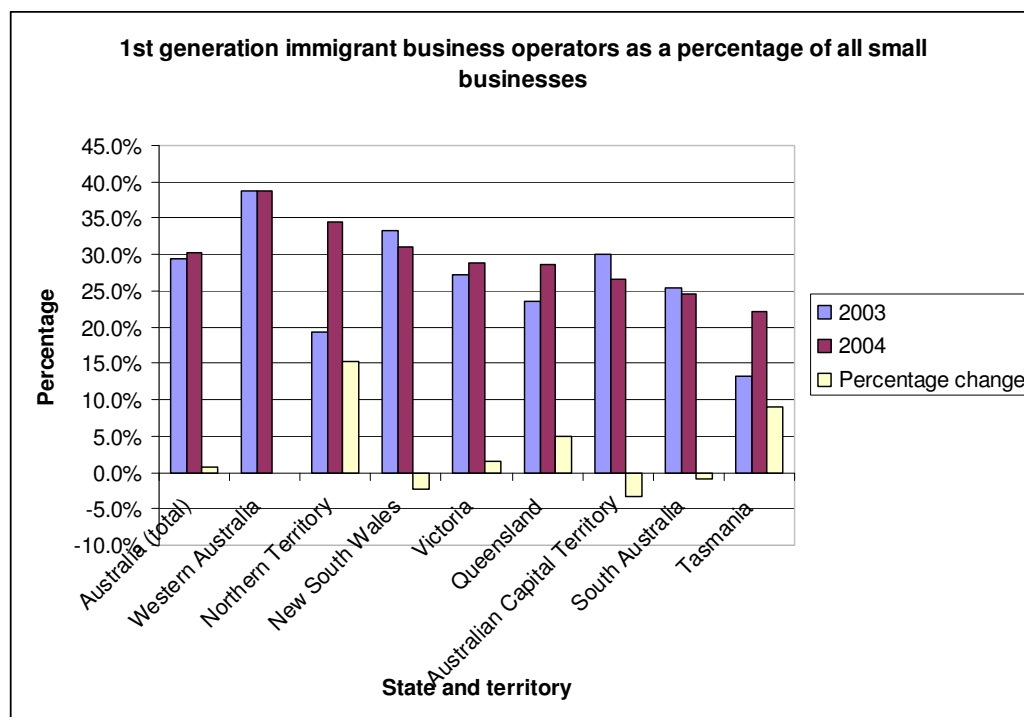
Source: Based on data obtained from Australian Bureau of Statistics 2004, Characteristics of Small Business, Australia, pp. 23-25.

The same research (Stromback & Malhotra 1994) showed that as many as 35 of the 45 businesses surveyed provided ethnicity-based goods and services and/or exploited links

with country of origin. This pattern could be generalised to other ethnic groups as well because those business owners were either born overseas or had at least one parent born overseas. For instance, Chavan & Agrawal (2002) cited the examples of a refugee from Vietnam who developed a partnership with a local law firm in Vietnam and took to Vietnam the combination of professional skills and cultural understanding needed to unlock the market. Another example is an Italian who was involved in importing pasta from a factory which his cousins operated in Italy.

In other main destination countries for migration flows such as the United States, Canada and the United Kingdom, sociologists, economists and anthropologists have investigated the migration phenomenon for decades. However, up to 1980, there were very little research on immigration and ethnicities in Australia (Collins 2003a, 2006). After 1980, several Australian studies have stood out in clarifying the ethnic business phenomenon. These studies include Collins' three surveys, known as Sydney survey, National survey, and the TAFE survey, between 1988 and 1996; an entrepreneurship development research on ethnic business in Sydney - which was a PhD research conducted by Meena Chavan during 1997;   research conducted in Perth by Western Australian Labour Market Research Centre among South Asians (Stomback & Malhotra 1994); a PhD thesis written by Nanja Peters regarding Greek, Italian, Dutch and Vietnamese enterprises in Western Australia in 1999 as well as a study of Italian business owners in South Australia by Lampugnani and Holton in 1991. Some of these studies, such as the Sydney, National and TAFE surveys used 'Control groups' with non-immigrant business owners and/or English Speaking Background (ESB) immigrant counterparts. In broad brush, these studies have focused on aspects such as social class, employment and unemployment rates in the labour market, and the effects on the economy and population distribution patterns. The economic aspects and the social aspects are described below.

2.6.4 Economic aspects

One feature of *'ethnic small businesses'* in the Australian context is that the pattern of business starts-up is not the same across different ethnic groups. Based on three surveys conducted by Collins (1996; 2003c), some groups such as the Korean, Taiwanese, Italian and Greek, were over-represented in business when compared to Australian-born. Some other groups such as the Indian, Sri Lankan and Japanese had a much lower

proportion of business starts-up than the Australian-born. The Chinese, Malaysian, Singaporean and Lebanese had a similar level of starts-up compared to Australian-born. They tended to conglomerate in the services industry in the first instance such as South-Asians in Western Australia (Stromback & Malhotra 1994) or Italian in South Australia (Lampugnani & Holton 1991). The other major industry focus for ethnic enterprises was wholesale and retail. Their employee recruitment strategy favoured family members and co-ethnics (Collins 1996; 1997; 2000), resulting in a high rate of recruiting co-ethnic employees. Hence, the impact of ethnic small businesses on reducing unemployment rates of ethnic groups was very high. Through creating jobs for co-ethnic people, ethnic businesses reduce the unemployment rates among ethnic groups significantly. It is also predictable that, as the existing ethnic businesses grow and as new businesses are established, the employment rate of ethnic groups by ethnic entrepreneurs will also increase.

Another important attribute of ethnic small business owners is the willingness to work longer hours than their non-immigrant counterparts. Collin's Sydney survey revealed that the average opening hours per week for ethnic businessmen and women were, respectively, three and ten hours more than their non-immigrant counterparts (Collins 2000). The longer working hours may be attributed to the ethnic small business owners use of family members and relatives as employees. In fact, Collin's national survey showed that more than 40 per cent of ethnic business owners and their employees migrated to Australia under a 'Family reunion' category. The next migration category was 'Independent', which represented about 20 per cent of ethnic business owners. These results also support the findings of Stromback and Malhotra's study in Western Australia, who found that the common ownership structure of 49 ethnic businesses surveyed was family partnership arrangement (Stromback and Malhotra 1994). They believed that the family exercised an essential impact on those ethnic businesses and noted the importance of family labour, the trustworthiness of family members and family financial supports. Some evidence in this regard comes from research conducted in South Australia among 98 Italian/Australian business owners. Lampugnani and Holton (1991) considered several resources in their research, such as financial, employment, supplier resources and business advice. Categorising resource providers for Italian business owners into three clusters, namely individual, family and ethnic community, Lampugnani and Holton (1991) concluded that, except for finance, family

resources were more important to support their businesses, such as by providing the employee resource. The majority of those Italian business owners relied on banks to finance their businesses.

Another characteristic of ethnic enterprises was the surprisingly great rate of survival for ethnic business owners compared to their non-immigrant counterparts, as mentioned by Neals (in Collins 1993). This finding could be explained by the phenomenon that small immigrant and ethnic businesses have a 'collective' characteristic compared to the 'individualism' that characterises the non-immigrant small businesses (Collins 1993). Two features of the 'collective' pattern for immigrant ethnic businesses are the use of family/co-ethnic members and also their savings to help those businesses run successfully.

2.6.5 Social aspects

Collin's 'Sydney Survey' and 'National Survey' showed that there was no big difference in upward social class mobility between ethnic entrepreneurs and non-immigrant business owners. Both groups had mostly working class backgrounds prior to running a business; however, most ethnic entrepreneurs came from the lower level working class compared to their non-immigrant counterparts (Collins 2000). Ethnic groups, mostly from a Non English Speaking Background (NESB), faced more difficulties entering the primary labour market in Australia, a phenomenon known as 'blocked mobility'. Blocked mobility was therefore the major motivation that pushed ethnic entrepreneurs to start a business whereas, in the case of non-immigrant entrepreneurs, 'independency' and 'wealth creation' comprised the two pull factors that motivated them.

In order to determine the driving (motivational) factors that influenced ethnic business owners to start up a business, Chavan and Agrawal (2002) conducted a survey of 209 ethnic small businesses and identified three categories of motivational factors. *Push factors* (Chavan and Agrawal 2002) included unemployment, qualifications not recognized, discrimination, redundancy and economic necessity. Chavan and Agrawal (2002) related the cases of an Indian grocery and fast food store owner with a Mechanical Engineering background who had failed to secure a job for three years due to not having any local experience in Australia. Another example is an Egyptian doctor

who had failed to pass the medical examination to obtain a license to practise in Australia who ended up buying a garment factory with financial support from his father-in-law. He and his wife together ran the business successfully.

Pull factors, on the other hand, included parameters such as desiring to be independent, recognising the opportunity, having technical skills, support from family and friends and job satisfaction (Chavan and Agrawal 2002). The role of pull factors was highlighted by another researcher, Peters (2002), who cited cases of Italian and Greek pioneers who arrived in Western Australia around the turn of the 20th Century. Peters (2002) told the story of an Italian immigrant, Ezio Luisini who, after working in mines, bush and in timber mills (Strano in Peters 2002), made a decision to stay in Western Australia and bought a wine saloon, followed by buying a vine farm out of the city and a clothing shop next to the wine saloon. Ezio grew his business and not only became the largest Italian clothing merchant and vigneron, but also the largest land owner in the district of Wanneroo. Peters (2002) also reviewed the biography of a Greek migrant, Athanasios Auguste, who arrived in Western Australia in 1891 and later moved to South Australia and worked as a seaman and fisherman. On his return to Perth, based on his experience in South Australia and pearl fields in Broome, he started up oyster beds in Fremantle and a fish and oyster saloon in the city. Auguste also sponsored ten relatives and friends of his to migrate to Western Australia via the migration chain (Gilchrist in Peters 2002). In fact, pull factor roles had been researched much earlier, with an instance being Lampugnani and Holton (1991) who had found that among 98 Italian/Australian business owners, there was great emphasis on 'independency' followed by 'economic improvement'.

The third category, *productive diversity* (Chavan and Agrawal 2002), comprises items such as overseas capital, links to country of origin, existence of good ethnic networks, having owned a business in the country of origin and cultural and language advantages. For instance, Collins *et al.* (1995) cited stories about the Karanges family, Greek migrants, who left their small village of Vlahokerasia in Greece, and came to Australia, after Angelo Burgess (Karanges) spent some time in the United States. In Australia, they started the Niagara Café and branched out into milk bars, cafés and fish shops. Their relatives and friends from the same village came to Australia and worked in Karanges' businesses or ran separate businesses of their own. Now, after about 90

years, the fourth and fifth generations of the Karanges family can look back with pride at the entrepreneurial path set by their forebear, Angelo Burgess.

The three categories of driving (motivational) factors are reflected differently in the different generations of ethnic immigrant entrepreneurs. The results of Chavan and Agrawal's (2002) survey showed that the first generation of ethnic business owners was affected by push factors and productive diversity factors, while the second and third generations were affected by pull factors and productive diversity factors. It was clear that all generations were affected by productive diversity factors. The reason proffered for this last finding was that (Chavan and Agrawal 2002, p. 179) 'the ethnic business operators did make use of their culture, language, ethnic skills and ethnic resources to be in business right from the start.' In addition, the results for the first generation revealed that economic necessity and unemployment (push factors) were more important to encouraging them to start a business rather than other factors. On the other hand, the second and third generation ethnic business owners claimed that opportunities (a pull factor) and links to the country of origin (a productive diversity factor) were more important in persuading them to establish a business in Australia. Besides those factors, the existence of ethnic networks was also a main factor for the third generation ethnic business owners embarking on their entrepreneurial path (Chavan & Agrawal 2002).

Another social aspect is *class resources*. Light and Gold (2000) believed that class resources were not only financial resources that people of high socio-economic status could provide, but also the (Light & Gold 2000, p. 84) 'occupationally relevant and supportive value, attitudes, knowledge and skills transmitted in the course of socialisation from one generation to another'. Collins (2000) revealed that class resources have ample impacts on ethnic entrepreneurs in Australia. Though ethnic business owners came from different class backgrounds, they tried to apply their class advantages or resources to assist them to gain success in their entrepreneurial lives. Ethnic business owners developed networks, skills and knowledge to lift their social classes to a higher level than prior to embarking on entrepreneurship.

Regarding socioeconomic impacts of immigrants in Australia, Haller (2004) compared the human capital and socioeconomic status of immigrants among ten advanced

industrial societies, eight of which were located in Europe and the other two being Australia and the United States. According to his cross-national study, Australia had a fairly good level of human capital among immigrants, which was indicated by the level of education of immigrant households compared to the native-born population. This was mainly because of special migration processes that allow the Australian government to select skilled migrants through the 'points test' which was introduced in 1979 (Collins 2003c; Liebig 2007). The higher level of skills and education among immigrants gave them a greater potential to fill the gap in the Australian labour market. Despite some issues such as the *accent ceiling* and partial discrimination or racism in some areas, immigrants and ethnic groups participated fairly in the Australian labour market. Liebig (2007) showed that, among the OECD countries, the overall employment rate in Australia for male immigrants was 75.5%, surpassed only by America and Canada (80.2% and 77.7% respectively).

Some major economic and social features of immigrants and ethnic groups in Australia are revealed in the sections above. Those features will lead people who are interested in the ethnic entrepreneurship phenomenon in Australia to consider the relationships between several variables such as globalization, domestic and international economic circumstances, Australian policies particularly with respect to immigration in order to clarify the benefits and disadvantages of immigrants and the contribution of ethnic groups to Australian society. In the following section, major points that are as a consequence of the interaction among various factors in Australia with respect to migration phenomenon, are discussed and concluded.

2.6.6 Australian multicultural society

According to the OECD (2007), the number of permanent migrants who settled in Australia during 2005-2006 was the largest in over a decade. Two thirds of those migrants were skilled migrants, a fact that reflects the multicultural policy statement that was updated and renewed by the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) in 2003. In that statement (DIMIA 2003a in Liebig 2007), multiculturalism was deemed to be not only about an individual's cultural identity and equality of treatment and opportunity, but also about providing a platform to maintain and effectively utilise the skills and talents of all Australians, regardless of background.

One consequence of this policy was the huge positive contribution of the multicultural population to the Australian economy (Liebig 2007). The growing diversity of the migration intake has prompted the Australian government to build upon and extend, the supporting services for migrants, such as the Adult English Migrant Programme (AMEP) and Translating and Interpreting Services (TIS). At the same time, some Australian government departments such as the New Enterprise Incentive Scheme (NEIS) and AUSTRADE are focusing on developing small businesses run by both Australian-born and immigrants to Australia. NEIS provides training programs in management particularly for small businesses to assist them to reach the break-even point and help them to grow via a properly drawn-up business plan, together with financing and marketing advice (Chavan and Agrawal 2002). AUSTRADE and NEIS help immigrants and ethnic business owners as well as those that are Australian-born to gain success. However, due to ethnic businesses having a fair degree of contact with the country of origin, AUSTRADE and NEIS encourage the Australian ethnic business sector to further internationalize their businesses. The large number of countries where Australian immigrants originate (see Table 2.3) allows for a broader global connection to those Australian ethnic businesses. This wide range of commercial contacts all around the globe results in an upward growth rate of the Australian economy. This is because unexpected crises in particular regions of the globe tend to have less effect on the Australian economy. On the other side, the various cultures, beliefs and life styles coming together in one society warrants a harmonised society that copes with the diversity. Hence, Australian regulations regarding the establishment of business are applied evenly, regardless of the ethnicity of the business owner. However, this does not preclude or obviate the fact that different nationalities do have different rates of business starts.

The outcomes of the research conducted previously in Australia on ethnic businesses showed logical ethnic group intra-relationships, such as recruiting co-ethnic employees, a family partnership structure and family resources. This bears out *resource mobilisation,* a part of 'group characteristics' in *Interactive model* defined and developed by Waldinger, Aldrich and colleagues (Waldinger *et al.* 1990; Aldrich and Waldinger 1990) to explain the attributes of ethnic businesses. Another part of 'group characteristics' known as *predisposing factors,* which relate to the blocked mobility and aspiration level, also matches the attributes of ethnic business owners, especially for the

first generation. *Market condition*, an aspect of 'opportunity structure' within the *Interactive model,* has been borne out by findings that the majority of ethnic business customers were from their own ethnic background (Agrawal and Chavan 1997). The above findings, when taken collectively, indicate that the *Interactive model* can explain attributes of ethnic entrepreneurs in Australia. However, what it omits is how the inter-relationships among the different ethnic groups can help them grow their businesses.

Although there was evidence to support both sides of the *Interactive model* in Australian research, Collins (2000; 2003a) strongly believed that the *interactive model* could not complete the whole range of Australian ethnic entrepreneurship. That model left some major aspects unaddressed, such as the influence on the entrepreneurial path of ethnic entrepreneurs as proficient human sources (e.g. with higher education or skills) and access to capital sources. Also, it is unclear how the *Interactive model* addresses either the diversity of entrepreneurship patterns of different ethnic groups or how different ethnic businesses cooperate. Collins (2000) argued that the *social class and resources* approach based on the Light and Gold (2000) conceptualisation was more suitable to explain the attributes of Australian ethnic businesses. In addition to Collins' (2000) three surveys (see above), there is a need to study other variables that affect the ethnic entrepreneurial path. This includes the impact of the level of human capital of ethnic entrepreneurs on their tendency to participate in networks outside their own communities to gain economic benefits or support, as well as to reciprocate.

In summary, statistics and research also reveal major economic and social contributions of immigrant and ethnic groups in Australian society. The Greek fish & chip shop, Italian confectionery, Thai restaurant, Vietnamese hot bread shop and the Indian grocery are omnipresent examples. The growth of ethnic businesses is continuing and it seems that the Australian government and people, regardless of their background, enjoy the consequences of cultural diversity and economic expansion that are attributable to immigrant and ethnic businesses. To build upon this economic prosperity, Australia needs, and should seek more, highly skilled migrants, especially those who want to start up businesses outside their home countries. Although several studies have been conducted to highlight ethnic business attributes in Australia, there are other significant issues that need to be addressed which policy makers need to take into account.

It is worthwhile considering that generalizing a particular model or approach to study ethnic businesses in Australia is not wholly acceptable to explain this phenomenon., Totally different approaches could be taken to describe particular attributes and characteristics of Australian ethnic businesses owners, depending on geographical and economic circumstances as well as different ethnicities and backgrounds. There is thus a need to clarify the interaction among various variables in regards to social class, human capital resources, social resources, and networking advantages.

2.7 Conclusion

Although the concept of Entrepreneurship was defined and developed in early 20th Century by scholars such as Schumpter, the ethnic entrepreneurship phenomenon has been considered by scholars since early 1950s. Their attention was gained intensively after the massive movement of citizens across international borders since the post World War II period. Studies and evidence show that ethnic entrepreneurship contains a multi-factors or multi-disciplines concept that occurs differently in different situations. Therefore, since this phenomenon brought the attention to many scholars in different disciplines, several schools of thought were developed and each school has had its own supporters among scholars. Different research outcomes and evidence observed around the world demonstrated that it is not easy to explain ethnic entrepreneurship in one model as there are enormous aspects that affect this phenomenon. Thus, researchers have been forced to concentrate on just a few aspects when they have undertaken research on ethnic entrepreneurs. As the area of this research relates to ethnic entrepreneurship, social capital and networking concepts, it has also covered main facets in those concepts. Research overseas helped to identify gaps in Australian based research on ethnic entrepreneurship as well as helping to pose the hypotheses in Chapter Three. Based on the evidence of previous studies conducted in different countries, and modifying network's framework for ethnic entrepreneurs developed by Menzies and colleagues (2000) with an extension of information support (Salaff *et al.* 2003, Saxenian 2000) and emotional support (Bosma *et al.* 2004) for the Australian context with, several gaps were identified. These gaps, which this research examines, include the effect of personal networking attributes of ethnic entrepreneur, his/her human and social capital as well as the host environment's parameters on utilising the network functions inside or outside the ethnic entrepreneur's community. It is noteworthy that as it was

necessary to scope the study to ensure greater focus on the research are; hence, two of schools of thought - Class resources and Assimilation/Acculturation - which related directly to human and social capital and the host society were selected as a suitable domain; and the interactive model and middleman minority were omitted. This is in the Australian context with a focus on the larger Melbourne area. It also includes the role of trust in participating in a business network outside the ethnic community. The facets, which are covered in the literature review also helped to highlight the findings and underpin the interpretation of the findings. These are the basis for the model that is developed in this study and is illustrated in Chapter Six. The details of the conceptual framework, research design/approach and methodology are explained in Chapter Three followed by presenting the findings of the research in Chapters Four and Five.

Chapter Three

Methodology and Conceptual Framework

3.1 Introduction

This chapter broadly presents the research process and design that were developed exclusively for this research project. This chapter also provides the conceptual framework and a brief explanation of the methodology used in this research.

Regarding the research process, aspects such as what data were needed, how and where this data were collected, and how this data were analysed are considered and presented in this chapter. In addition, ethical concerns are explained.

The literature review in Chapter Two, and the intent to identify some gaps in the knowledge of characteristics of ethnic business networks in *Australia (with focus on the larger Melbourne area)* provided a flow of logic to achieve the research outcomes. This was achieved by establishing the inter-relationships between the theoretical concepts explained in Chapter Two. It also needed to highlight selected ethnic networking issues. The character of this research is descriptive and exploratory with an aim of ascertaining the relationships between various concepts related to the research scope/objectives. The intent of this research includes establishing to what extent ethnic networks provide and facilitate several business functions and support, such as finance, for their communities. Also, this research attempts to ascertain to what extent ethnic entrepreneurs employ network functions to overcome their business barriers, what support is lacking and how ethnic communities could add that support to their networks (as proposed later in Figure 7.1). Therefore, as this research describes how different ethnic groups use their co-ethnic network functions, it could be classified as 'descriptive research'. However in terms of establishing in what circumstances ethnic entrepreneurs from different ethnicities would like to participate in networks outside their co-ethnic communities, this research could be categorised as 'exploratory research'.

3.2 Conceptual framework

Figure 3.1 illustrates the conceptual framework guiding the present research on *using multiple business networks in Australia.* The conceptual framework contains three distinct stages of the research journey - consideration of previous research, examination of selected variables, and the outcomes of research. The following sections describe each stage.

1) Consideration of previous research

For the first stage of this research, literature on ethnic entrepreneurship was reviewed. To distinguish between ethnic and native entrepreneurs, the concept of entrepreneurship as a general theme was examined and commented upon in Chapter Two.

First, aspects of the concept of the ethnic entrepreneurship phenomenon were explored at this stage. These included the attributes and motivations of ethnic entrepreneurs, the obstacles that they might face during establishing or running their businesses, different strategies that they could employ, and social capital and networking. These aspects are comprised of important factors for ethnic entrepreneurs.

Secondly, different schools of thought in the ethnic entrepreneurship phenomenon were scrutinised to develop a clear and precise argument. To enable an understanding of the ethnic entrepreneurship phenomenon, four *schools of thought* were examined. These included *the interactive model, class resources approach, middle-man minorities* and *assimilation /acculturation* approaches. The literature review (Chapter Two) provided the grounding of the study - the antecedents - and confirmed the dearth of research on networking among ethnic entrepreneurs in Australia.

To fill the gaps in research on ethnic entrepreneur networking in Australia, the four approaches mentioned above were examined for suitability and applicability in terms of the networking aspects. Only two approaches, *class resources* mainly focused on human capital and *assimilation/acculturation* or multiculturalism approaches were considered in the next stage of research.

Figure 3.1: the conceptual framework for the research on using multiple business networks in Australia
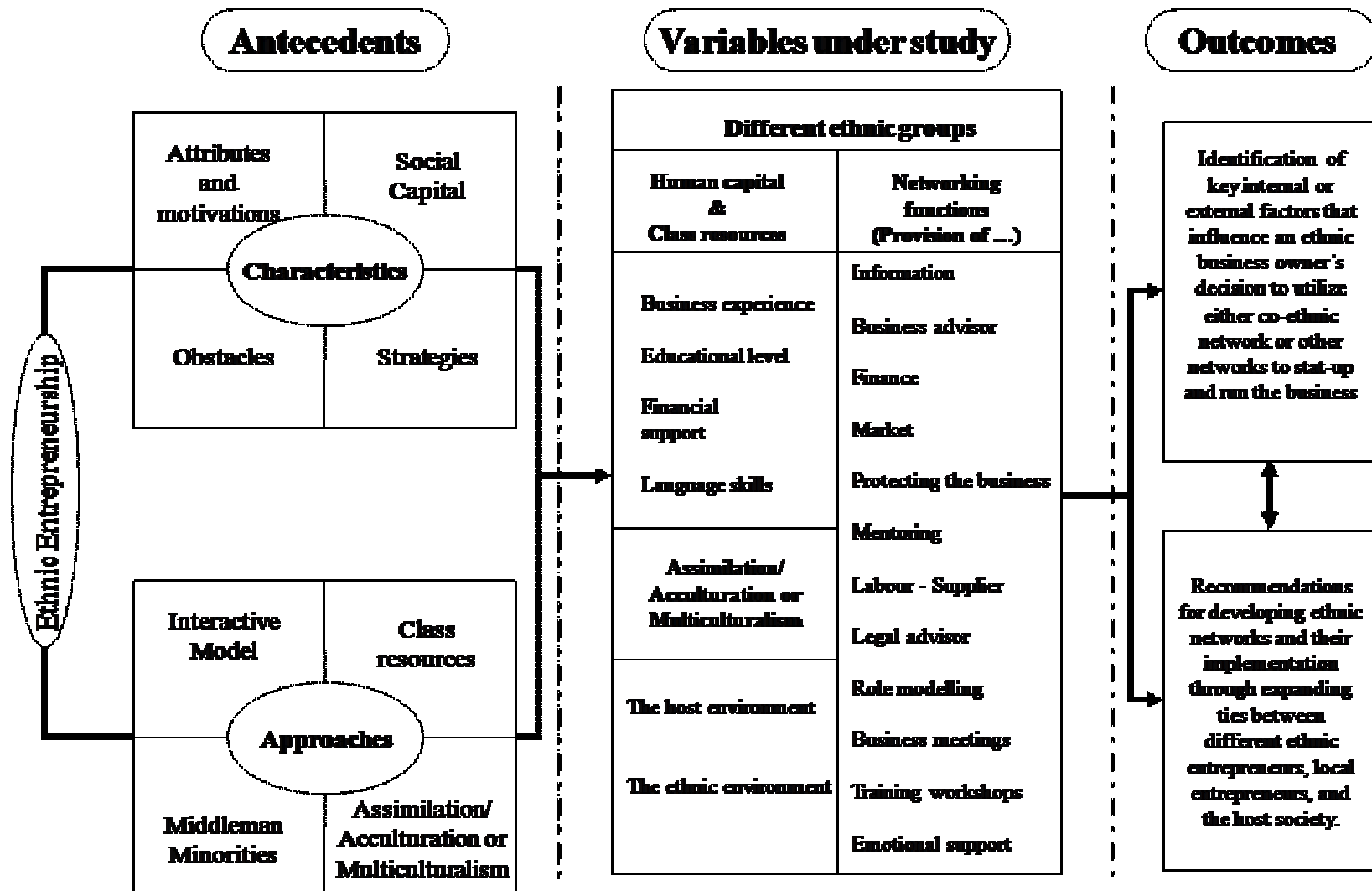
2) Examination of selected variables

In the main section of the research journey, several factors, which vary to some extent among ethnic groups, were examined. These variables were categorised into three main groups of characteristics and factors. These included network functions, class resources with a focus on human capital, and the assimilation/acculturation or multiculturalism factors.

This stage of the research was divided into two parts. A survey was used to find out associations/correlations; firstly, between human capital/class resources and network functions in different ethnic groups in the larger Melbourne area, Australia. The human capital/class resources comprised the education level, language skills, business experience and good financial support. Networking functions included items such as information support, business advisor, finance providers, access to the market, protecting the business, mentoring, providing labours and suppliers, legal advisor, role modelling, arranging business meetings, providing training courses and emotional supports. These network functions were selected from various research papers such as Menzies *et al.* (2000), Salaff *et al.* (2003), Saxenian (2001) and Bosma *et al.* (2004). These network functions have been presented as variables under study in Figure 3.1. Secondly, the impact of certain issues on ethnic entrepreneurs' decisions to use or ask for help or support, either from co-ethnic networks or networks outside the co-ethnic community, was determined. These issues included the host society environment in terms of economic, political, and entrepreneurial attractions on using any support or help from various networks and the internal environment of an ethnic community regarding the availability of business support and help inside an ethnic community.

The analysis of these two parts, led to the exploration of circumstances in which ethnic entrepreneurs would prefer to participate or join other networks outside their communities in order to gain the extra support they might need. In addition, some functions that should be added to a given ethnic network, from outside its network, in order to improve or develop the performance of that ethnic business network were also explored.

3) The Outcomes

The research endeavoured to identify the key internal and external factors that affect an ethnic entrepreneur's decisions to participate or join any business network, belonging to either a co-ethnic community or an outside community in order to overcome the problems encountered when starting-up and running a business. The research also endeavoured to provide some guidance for ethnic entrepreneurs and the host society to expand on the current ethnic network functions.

3.3 Research approach/stages

A research approach entails a chain of stages. According to Neuman (2000), various approaches need different stages; however, there are seven main stages that most researchers often follow. They include choosing a topic, focusing on a research question, designing a study, collecting the data, analysing the data, interpreting the data and informing others. Based on the nature of each stage, the whole process of research could have a pattern similar to an hour-glass. Figure 3.2 shows the steps in the research approach adapted from Neuman's model (2000, p. 145) and modified to use in the present research.

Figure 3.2: Stages in research process
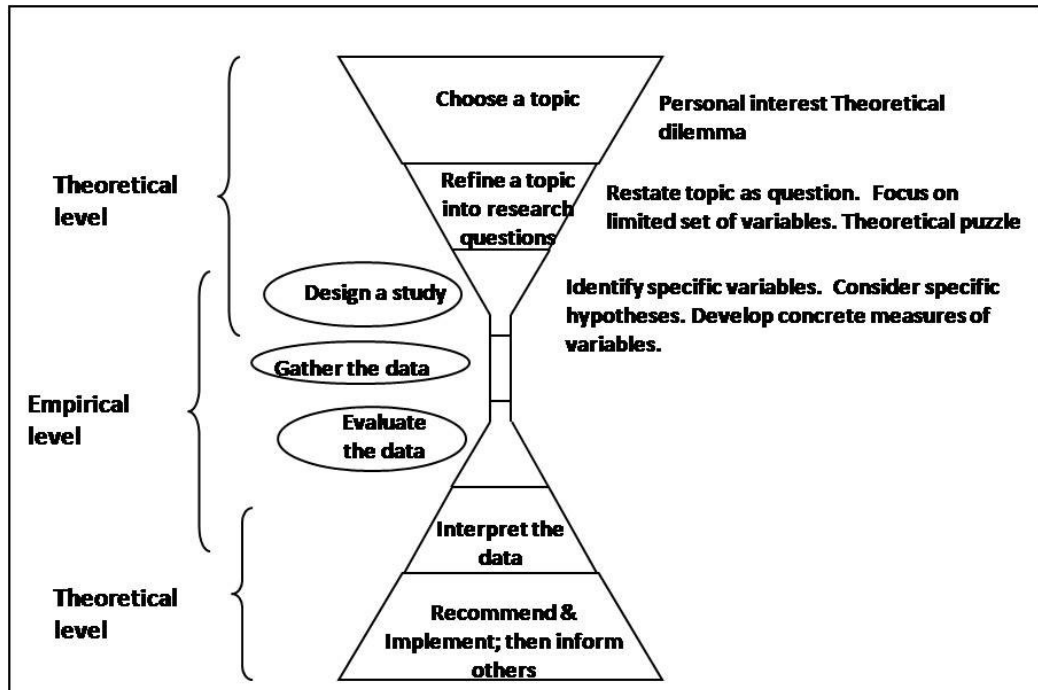
Source: Adapted from Neuman, WL 2000, *Social Research Methods: qualitative and quantitative approaches,* 4th edn*.,* Allyn and Bacon, Needham Heights, MA. p. 145

Choosing the topic is a wide area or a broad concept. In the stage of designing a study and collecting the data, researchers should focus on a very specific design and method to narrow the range. Then, when moving on to analyse the data, develop knowledge and make some interpretations or identify any patterns, dependant upon the outcomes of the research, a broader field would be opened. Finally, in terms of informing others, there are various ways to present the outcomes such as journal articles, conference papers, a chapter of a relevant book or whole research project to fulfil requirement of achieving a research degree. These stages are replicated in the research approach developed for the present study. Figure 3.3 shows the present research approach.

Figure 3.3: Flow of action steps developed for the present research
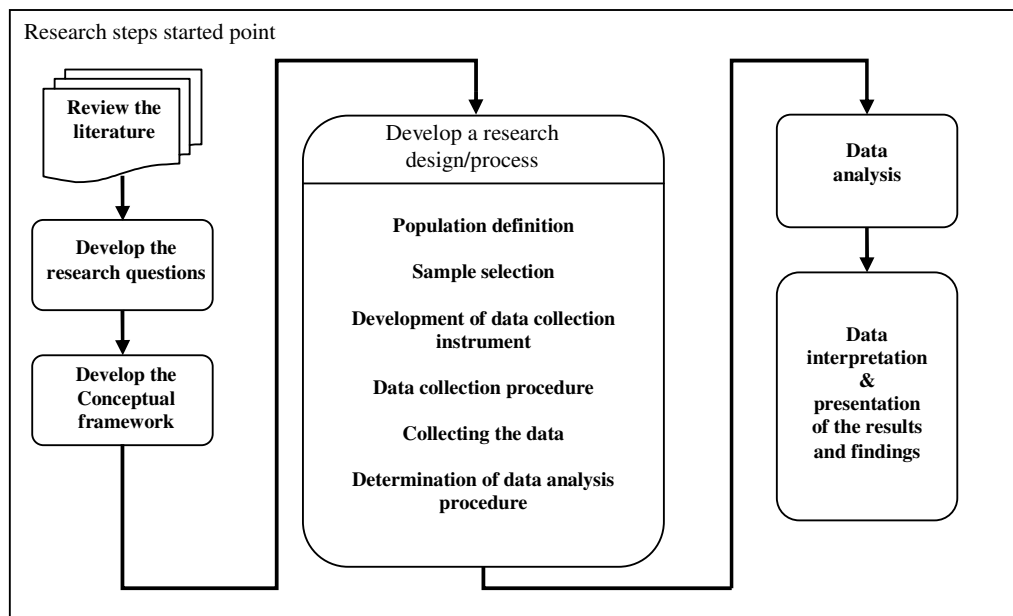
Source: Author

3.4 Research design

One main aspect of designing research is to choose an appropriate data collection technique for the specific research. For primary data, which is the information collected for the first time, explicitly for the research needs, Neuman (2000) believed that there are two main groups of techniques, quantitative and qualitative. The former technique is collecting data in the form of numbers, while the latter technique is collecting data in the form of words. Ticehurst and Veal (2000) nominated some techniques – both

qualitative and quantitative – for gathering primary data. These included experimental methods, observation, questionnaire-based surveys, and in-depth interview or groups interviews. Both qualitative and quantitative techniques, however, could be used for secondary data which, on the other hand, is already published for purposes other than the specific research needs.

In the current research, the main focus was on gathering primary data rather than secondary data. However, in terms of finding information regarding demographic patterns of research population and samples, it was worthwhile considering some secondary data particularly from government's bodies such as the Australian Bureau of Statistics (ABS) or Victorian Multicultural Commission.

To make a decision about which technique was suitable for the present research, two main groups of techniques were briefly compared. According to Ragin (cited in Neuman 2000, p. 17), 'most quantitative data techniques are data condensers. They condense data in order to see the big picture…. qualitative methods, by contrast, are best understood as data enhancers. When data are enhanced, it is possible to see key aspects of cases more clearly.' Leedy and Ormrod (2001) affirmed that qualitative data were often used to respond to questions about the complex nature of the phenomenon and led researchers to explore detailed issues in-depth. From their point of view, observations, in-depth interviews and group interviews are categorises as qualitative techniques. On the other hand, Leedy and Ormrod (2001) believed that quantitative data is used to answer questions about relationships among measured variables with the aim of explaining, predicting and controlling phenomenon. Methods used to collect quantitative data rely on numerical evidence to reach the conclusions and involve statistical analysis.

According to Ticehurst and Veal (2000), advantages of quantitative methods such as questionnaire-based surveys include less time consuming, allowing surveying a large number of people and limit the subjectivity of interpretation and the researcher's bias as questions have already been predefined. On the other hand, disadvantages include issues such as response rate can be low, might lead to validity problems as respondents may tend to exaggerate or understate their responses. Advantages of qualitative methods such as in-depth interview include allowing the researcher to gather a great deal of

information about small number of people. On the other hand, disadvantages include issues such as time consuming, the evaluation of these methods being subject to researcher's interpretation and the possibility of bias and indirect influence of the interviewer during interview cannot be completely eliminated. In the current research, although the researcher considered that low response rate might be one problem, based on comparing advantages and disadvantages of quantitative and qualitative methods; the questionnaire-based survey was chosen.

3.4.1 Research questions and related hypotheses

As also highlighted in the previous chapter, ethnic entrepreneurship has been usually recognised to be the commitment of foreign migrants in business activities, predominantly of a small or medium size (van Delft *et al.* 2000). These small and medium size businesses often cater to the socio-economic needs of other immigrants from either the same or other ethnicities/socio-cultural classes. Ethnic entrepreneurial businesses may also benefit from the increased use of co-ethnic and especially host-country networks. Several schools of thought consider that *networking for ethnic entrepreneurs is a vital part in their entrepreneurial processes* (see for example *the interactive model* developed by Waldinger and Aldrich).

Several scholars such as Bates (1996), Deakins and Freel (2003) as well as Light and Gold (2000) also believed that using networks is one of the main strategies that ethnic entrepreneurs would apply to overcome obstacles. Although it seems that ethnic entrepreneurs already rely on co-ethnic networks for their business success, there is evidence which shows that the relationships across ethnic groups are noteworthy. There are several studies mostly from the United States and Canada, focused on networking among one or two groups of ethnic entrepreneurs, which analyse the functions of the co-ethnic network (Bates 1994; Chu 1993; Menzies *et al.* 2000; Mitchell 2003; Perreault *et al.* 2003; Salaff *et al.* 2003; Sandberg & Logan 1997; Teixeira 1998, 2001; Witt 2004; Yoo 2000). However, they contain no discussion about the cross-ethnic network relationships.

Although much is known about ethnic entrepreneurship networks, generalising a particular model or approach to study ethnic business networks in Australia cannot wholly explain the Australian phenomenon. Depending upon geographical and

economic circumstances as well as different ethnicities and backgrounds, totally different approaches could be taken to describe the attributes and characteristics of Australian ethnic business networks. There is thus a need to clarify the interaction among various variables related to social class, human capital resources, social resources, and networking advantages. There is also a need to contribute to the knowledge of ethnic entrepreneurship in Australia and to fill gaps in knowledge on business networking. Hence, this research is defensible in addressing issues regarding business networking across different ethnic groups in Australia, with a focus on the larger Melbourne area.

Therefore, this research firstly attempts to determine and compare the characteristics of different ethnic networks within the larger Melbourne area, by addressing the following questions and testing related hypotheses:

1) What are the current benefits of ethnic networks in Australia that facilitate the ethnic entrepreneurial process?

The literature review brought several facilitating aspects into consideration with respect to the ethnic community. Those aspects include targeting co-ethnic customers, providing finance, hiring co-ethnic labour and co-ethnic suppliers, obtaining information and offering emotional support. To answer the above question, a number of hypotheses were posed as follows:

- ✓ Q1-1H: Ethnic businesses have (had) customers from both co-ethnic and other (non co-ethnic and non-immigrant) backgrounds.
- ✓ Q1-2H: Ethnic businesses utilise significantly more financial providers from co-ethnic person/community than from non co-ethnic financial providers.
- ✓ Q1-3H: Ethnic businesses have (had) suppliers from both co-ethnic and other (non co-ethnic and non-immigrant) backgrounds.
- ✓ Q1-4H: Ethnic businesses have significantly more employees from their own ethnic community (co-ethnic community/network) than from other groups.

- ✓ Q1-5H: Ethnic businesses utilise significantly more business information providers from co-ethnic person/community than from non co-ethnic providers.
- ✓ Q1-6H: Ethnic businesses receive more emotional support from the co-ethnic person/community than from other communities.

2) To what extent do ethnic entrepreneurs in Australia use resources inside their ethnic networks?

Since network resources are varied among different ethnic communities, several hypotheses were posed as follows to establish the extent of their usage. The different ethnicities of participants entailed categorising them into five clusters, Chinese, Thai, Vietnamese, South Asian and others. These clusters were used to test the following hypotheses:

- ✓ Q2-1H: There is a significant difference among different ethnic groups in ways they use co-ethnic customers/markets.
- ✓ Q2-2H: There is a significant difference among different ethnic groups in ways they use co-ethnic financial providers.
- ✓ Q2-3H: There is a significant difference among different ethnic groups in ways they use co-ethnic suppliers.
- ✓ Q2-4H: There is a significant difference among different ethnic groups in ways they exploit co-ethnic employees.
- ✓ Q2-5H: There is a significant difference among different ethnic groups in ways they use co-ethnic business information provider.
- ✓ Q2-6H: There is a significant difference among different ethnic groups in ways they utilise co-ethnic emotional support.

3) What internal (ethnic network related) and external (environment related to the host society and globalization) factors influence the utilisation of an ethnic network?

This question led to the formation of the following hypotheses:

- ✓ Q3-1H: The ethnic entrepreneur's utilisation of the co-ethnic network resources is positively associated with the ethnic entrepreneur's level of involvement inside the co-ethnic community/network.

- ✓ Q3-2H: The ethnic entrepreneur's utilisation of the co-ethnic network resources is negatively associated with the diversity of the ethnic entrepreneur's personal network.
- ✓ Q3-3H: The ethnic entrepreneur's utilisation of the co-ethnic information source is negatively associated with the usage of information sources available from an Australian business network.
- ✓ Q3-4H: The ethnic entrepreneur's utilisation of co-ethnic emotional support is negatively associated with the usage of emotional support from an Australian business network.
- ✓ Q3-5H: The ethnic entrepreneur's utilisation of co-ethnic information source is negatively associated with the usage of information sources from the Australian government.
- ✓ Q3-6H: The ethnic entrepreneur's utilisation of co-ethnic emotional support is negatively associated with the usage of emotional support from the Australian government.

4) What benefits should be introduced into a given ethnic network from outside their communities to improve the value of the network?

No hypotheses were required to address this research question.

Secondly, this research investigated the effect of human capital/class resources and assimilation/acculturation factors in utilising the functions of co-ethnic business networks by ethnic entrepreneurs. The research also determined to what extent ethnic entrepreneurs with different levels of human capital would *prefer* to access business networks outside their own communities. Therefore, the following questions and related hypotheses were posed:

5) Which factors influence ethnic entrepreneurs' decisions to join/participate in a business network outside their ethnic communities?

- ✓ Q5-1H: Ethnic entrepreneurs with high education background tend to join/participate in a business network outside their co-ethnic communities.

✓ Q5-2H: Ethnic entrepreneurs with a high level of English skills tend to join/participate in a business network outside their co-ethnic communities.

✓ Q5-3H: Ethnic entrepreneurs with more business experience tend to join/participate in a business network outside their co-ethnic networks.

✓ Q5-4H: Ethnic entrepreneurs' tendency to join a business network outside their co-ethnic network is positively associated with them living longer in a multicultural environment.

6) What is the level of trust in participating in networks outside the ethnic community?

No hypotheses were required to answer research question six.

Answering the set of first four questions above and testing the 18 related hypotheses satisfy the first objective of this research which was:

◆ explore the existing and potential benefits of ethnic networking (both co-ethnic and cross-ethnic) in Melbourne, Australia

Answering question five and testing the four related hypotheses help to achieve the second research objective which was:

◆ investigate the correlation of human capital of ethnic entrepreneurs and their tendencies to join networks outside their own communities

Finally, answering question six satisfied the third research objective which was:

◆ examine the level of trust for ethnic entrepreneurs, participating in networks outside their communities

3.4.2 Development of data collection instrument

a) Implications of data collection for the present research

This research relied on network theory. According to Witt (2004), sociologists use and develop many quantitative measurements to explain a network's structure, players, and attributes such as 'density', 'connectedness', and 'diversity'. Also, he mentioned that empirical studies in networking 'must use quantitative measures to estimate information' (Witt 2004, p. 393). Some independent variables, like 'network activities' which refers to the time spent on networking, and the frequency of communication with

actual and potential network partners, should be measured by quantitative methods. Therefore, this research is quantitative and has used questionnaires to find out answers to the set research questions. Research papers written by Bates (1994), Smith and Holmes (1997), Aldrich *et al.* (1997), Sandberg and Logan (1997), Perreault *et al.* (2003), Brenner *et al.* (2000), Menzies *et al.* (2003), and Mitchell (2003) were consulted to justify the suitability of the methods adopted for the present research. However, Blackburn *et al.*'s view (in O'Donnell 2004) that indicated that quantitative methods sometimes cause confusion, especially when the aim of research is to explain a phenomenon rather than predict it, was also borne in mind.

In the application of the quantitative method, the questionnaire was developed and administered to obtain data on:

- Demographic aspects of the business owner and the business itself
- Aspects of personal networking of the business owner
- Benefits currently accruing to ethnic businesses from ethnic networks
- Additional benefits for ethnic businesses from all business networks
- The level of trust among ethnic business owners regarding business communications with outsiders
- Business owners' opinions that related to aspects of multiculturalism and/or assimilation/acculturation

The following part describes the pattern of the questionnaire and the questions involved. Details are also provided to show the connections between the literature and the design of the questionnaire.

b) Description of data collection instrument for the present research

Researchers usually ask many things at one time in survey questionnaires and measure several variables or test numerous hypotheses in a single survey. Therefore, in the current research, the questionnaire was divided into five parts. Part A sought to collect general data on the ethnic business owner and the business itself. Part B focused on some aspects of personal networking of the business owner. Part C asked about how

ethnic business networks facilitated and supported ethnic businesses. Part D sought information on how ethnic business networks could provide more benefits to business owners. Finally part E explored circumstances in which ethnic entrepreneurs would prefer to participate in a business network *outside* their ethnic communities. To overcome the tendency of participants not responding, which might lead to non-response bias, no sensitive questions were included.

In total, 63 questions were asked; however, the majority of them had several sub-questions. Except for three open-ended questions regarding nationality and ethnicity of respondents, all other questions were closed questions. As desirable of a survey questionnaire, the large sample was surveyed at a reasonable cost and the data, where possible, was analysed statistically. The survey was confidential and *did not capture any identifying information regarding business owners*. The anonymity in the present research was assured as questionnaires were distributed by either the mail or by intermediaries rather than by the researcher personally.

The components of the questionnaire are expressed as follows:

Part A) General information about the ethnic business owner and the business itself – demographic/personal data

To obtain the demographic data for the purposes of the current research, personal information was requested from each respondent including nationality, nationality at birth (if different), ethnicity, gender, education, marital status, age, duration of stay in Australia, language skills and level of English skills. Several variables such as educational level, duration of stay in Australia and level of English skills were assumed to influence the networking attributes of business owners. This group of questions is common and can be found in many types of surveys. In this research, however, a few studies were used to obtain those questions. Those studies included Mitchell (2003) for questions such as: 'gender', 'education', 'age', 'marital status' and similar demographic questions, Brenner *et al.* (2000) for question of 'duration of stay in Australia' and Ley (2006) for alternative responses in regards to migration mode.

Regarding the business itself, several questions were asked such as 'How many businesses are the business owner running?'(adapted from Mitchell 2003), and 'When

did the business start?'(adapted from Borges-Mendez *et al.* 2005). In addition, questions related to type of business (adapted from Brenner *et al.* 2000), number of employees, relevant business experience (adapted from Collins 2000) and using English or ethnic language in business (adapted from Johnson 2000) were asked to provide a perspective on ethnic business conditions in this current research.

Part B) Information about personal networking attributes of business owner

Few questions were asked in order to figure out the various structural dimensions and networking characteristics of a business owner's personal networking and the level of his or her involvement in personal networking. They included some questions regarding the type and diversity of friends (adapted from Greene & Chaganti 2004), the time spent establishing and maintaining relationships (adapted from Mitchell 2003), membership to any network and the reasons behind joining a network (adapted from Borges-Mendez *et al.* 2005), the level of importance given to contribute to the ethnic community (adapted from Greene & Chaganti 2004). In addition, two questions were asked on whether the business owner had any discussion, about the pre start-up business plan, with people around him/her (adapted from Brenner *et al.* 2000 and Mitchell 2003). All questions in this part were multiple choice and closed answers. However, in three questions participants could choose more than one choice due to the nature of questions. These included the type of networks that the participant was a member of, the reason to join a network and finally type of people who were solicited or consulted about a pre start-up business plan.

Part C) Information about business support and facilitating through business networks

Based on the initial model developed by Menzies *et al.* (2000), this part of the questionnaire contained several aspects related to the use of business networks. Those aspects included capitalizing of the business, the market for the business including competition issues, employees in the business, suppliers to the business, obtaining the information needed and finally the emotional aspects including decision-making factors.

In the first sub-section of this part, three questions were asked in order to find out how ethnic business owners financed their business and, if they needed more money, from whom they would prefer to ask. To prevent any anxieties or worries from participants

when they filled in the questionnaire, there were no questions asked that revealed any capital investments or financial figures such as profit or loss. Participants were not asked to declare any financial statements.

In the second section regarding the market condition in which the business operated, questions were asked on which customer groups their businesses have/had from the ethnicity point of view (adapted from Borges-Mendez *et al.* 2005) and which group of customers, again from ethnicity point of view, that the business owners preferred. Also, a question was asked of who their main competitors were with their current business.

For the third and fourth sub-sections of this part, the questionnaire sought information about which group of employees, regarding their ethnicity, the business owner hired and which group of suppliers, concerning their ethnicity, he or she has/had (adapted from Borges-Mendez *et al.* 2005 and Brenner *et al.* 2000). This part also asked which group of employees and suppliers the business owner would prefer to have. The aspect of trust in regards to hiring employees and suppliers were also investigated.

Questions relating to the sources of information that business owners needed for running the business either in the start-up or operation stages, comprised the fifth section. Also included was a question on the level of trust of the sources. The emotional support aspect was the final section and questions such as 'from who have you received emotional support to start up the business or during running the business?' were asked. Moreover, a question was asked to identify the factors that influenced the decision of business owners to act entrepreneurially (adapted from Alici 2005).

Part D) Information about additional business support and facilitating through business networks either inside the ethnic community or outside

Questions were asked to find out whether or not the business owner previously sought additional business support as listed below. The questions also determined whether the business owner was aware of additional business support being available in his/her ethnic community/network or in other ethnic communities including Australian networks. In addition, if the business owner needed to obtain some support, which type of networks he/she would prefer to approach and trust. Those additional business supports are listed as follows:

1) Mentoring

2) Business plan, formal or informal advice

3) Role models

4) Providing easy access to international market

5) Providing solicitor support/ legal advice

6) Protecting businesses from adverse government policy or social threats

7) Providing some business training courses, workshops, or seminars

8) Providing funds to finance the new investment

9) Arranging business meetings with other ethnic groups or Australians

10) Providing managerial accreditation or recognizing the participants' business reputation

11) Helping to utilise new technology in the business

The reasons for choosing the above list of types of support are described in Chapter Four. Also, some articles such as Mitchell (2003), Saxienans (2000; 2001), Chavan (2003) and Menzies *et al.* (2003, 2007) were used to decide the items chosen.

Part E) Information about the involvement of business owners in a network outside co-ethnic community and related circumstances

There were ten questions in this part to consider business owner's opinion regarding blending into host society. Those included questions such as 'to what extent do you agree with this statement: Immigrants and members of minority groups should try to blend into the Australian society', or 'to what extent do you agree with this statement: It is better for immigrants to be encouraged to maintain their distinct cultures and ways'. There were two questions asked to examine the level of interest of business owners to be a member of local social and business networks, considering the fact that participant was either a migrant or belonged to an ethnic community. Two questions on the assimilation and acculturation phenomenon referred to the effect of living for a long time in a multicultural environment encouraging immigrants and ethnic groups to involve themselves in social and business networks. One question was asked to find out the respondent's opinion about the effect of joining business networks outside an ethnic community. This question was focused particularly on developing and growing a business either nationally or internationally and to gain the advantages of participation

in a wide range of business networks. Two questions were then asked to examine the respondent's opinion about the relationship between the level of education of migrants and their tendency to join social and business networks outside their ethnic community. Finally, a question was asked to reveal, if a multiple business network formed or existed, what the respondent's opinion would be regarding joining that type of network.

c) Pilot testing of the questionnaire, reliability and validity of the questionnaire

The questionnaire was subjected only to a notional testing for reliability and validity (face and content) using a panel of experts. Five researchers well versed in quantitative methods helped review each of the five sections of the questionnaire. Then, each commented on the observation of the others. Changes were made to the draft questionnaire. The finalised questionnaire based on the consensual agreement was the version that was administered. This procedure was adopted due to time and financial constraints faced by the researcher.

3.4.3 Population definition

The population of this research was defined to be ethnic business owners from different ethnicities who employed others in their businesses. The businesses were small as well as medium sized (SMEs) and located in the larger Melbourne area, Victoria – Australia. There were no limitations regarding the type of business and included a wide range of businesses in the service and manufacturing sectors. To find and recruit the participants, different methods were utilised. However, all of the methods were used to obtain lists of businesses only. These methods included researching Yellow Pages (books and online), in some circumstances White Pages (books), local versions of Yellow Pages and sources available from 'the New Enterprise Incentive Scheme' (NEIS). In addition, personal networks, and friends' networks were tapped to contact several ethnic businesses. In addition, searching through cluster areas in different suburbs in the larger Melbourne areas such as Box Hill (Chinese clusters), Richmond and Springvale (Vietnamese), Bruwnswick (Lebanese and Turkish), Carlton-Lygon (Italian), Dandenong (Indian and African) was another way to enlist ethnic small businesses. Moreover, to obtain more information about ethnic businesses in Melbourne, the present researcher tried to contact some ethnic organisations/communities and government organizations that deal with ethnic businesses. Unfortunately, little information was forthcoming from those sources.

3.4.4 Sample of respondents

Two procedures, *Stratified and Snow-ball sampling*, were employed simultaneously to select respondents. In *Stratified sampling*, the research population was grouped into several subgroups such as Chinese, Thai, Vietnamese and South Asian and then random sampling was applied within each group. In total, three hundreds and eighty five questionnaires were administered to ethnic businesses. Of these questionnaires, three hundred were sent by mail with a prepaid return envelope enclosed. Eighty five questionnaires were personally handed to business owners by the researcher's representatives. In the latter approach, S*now-ball sampling* (where a volunteer participant introduces a new participant) was used efficiently. During eleven months of data collection, 130 usable questionnaires were obtained, indicating a total 34 per cent return rate. An initial analysis of the returned questionnaires indicated a reasonably fair sample with all categories of respondents regarding criteria such as ethnicity, type of business, age, gender, educational background, post migration time in Australia and level of English language skills. A detailed description of the respondents is covered in chapter four under 'Demographic patterns of ethnic business owners and general information on their businesses'.

3.4.5 Data analysis procedures

The SPSS was employed to analyse the data in the current research. By using SPSS functions, the research questions were addressed and hypotheses tested. This included, for example, using the Chi-square test for goodness of fit and binomial test for testing hypotheses in relation to network functions inside the co-ethnic community. Both of the above methods measured whether the proportion of two categorical dependent variables (in this case, using network's function inside the co-ethnic community or outside) differed significantly from a hypothesised proportion. These methods were used because the data were nominal (categorical) type. Employing the Chi-square test for independence in establishing whether there were significant differences among different ethnic groups in the ways they utilised co-ethnic network's functions, was another example of SPSS technique used. Another technique, one-way between groups ANOVA with Post-hoc tests, was used to find out whether there were significant differences in the mean scores on the dependent variable (e.g. the preference to use network functions) across different groups. Post-hoc tests then helped to discover where

the differences lay. This method was used when the data was measured as ordinal (ranked) type. By using SPSS functions, the strengths and weaknesses of ethnic networks were also investigated in terms of providing business support for their co-ethnic groups. It was intended that the strengths and weaknesses would provide guidelines for developing ethnic networks and enhancing their performances. In the case of missing data, in order to reduce the non-response bias, the researcher included Missing Value Analysis available in SPSS called.

3.4.6 Ethics approval

Ethical aspects generally occur in the design and conduct of research on human subjects and in reporting the results. Referring to Ticehurst and Veal (2000), the general values stated in codes of research ethics include issues such as that participation in the research must be entirely voluntary and no harm should come to the research subjects. It indicated the necessity of protecting the respondents' anonymity and avoiding stressful experiences or conditions for respondents. Moreover, the respondent should be informed as fully as possible, as was indeed the respondent's right. The present researcher acknowledged the above points and applied for ethics approval from the Human Research Ethics Committee of the Swinburne University of Technology. This approval was obtained on 1st December 2006 (Appendix I). Proper action was taken by the researcher to explain to the respondents their rights and to ensure that all the data collected was, and is, handled confidentially during the whole period relating to the research.

3.5 Conclusion

In this chapter the conceptual framework and the current research plan were discussed. Between the two main methods often used by researchers, the quantitative method was employed. Details of the questionnaire, designed to address the research questions were explained. Three main research objectives and five related research questions were also explained in this chapter. In addition, 22 hypotheses which were posed to address research questions one, two, three and five were explained. The next two chapters will cover the outcomes of survey, demographic findings and the results of testing the related hypotheses.

Chapter Four

Demographic data

4.1 Introduction

As explained in the research methodology presented in Chapter Three, the survey questionnaire was administered in the larger Melbourne area among different ethnic/immigrant entrepreneurs. The questionnaire (Appendix II) sought to ascertain the characteristics of ethnic business networks as well as their relationships with Australian (non-immigrant Anglo-Saxon) business associations and government bodies. The survey targeted a variety of ethnic businesses, mainly small, within the service sector. In total, 130 completed questionnaires were collected after eleven months of intensive data collection. Then, the responses to the survey were analysed to establish the demographic information needed to buttress the findings that are presented in Chapter Five.

In order to facilitate explaining and interpreting outcomes and findings, the demographic information was split into several sections, as follows:

1. Demographic patterns of ethnic business owners and general information on their businesses
2. General characteristics of personal networking of ethnic business owners
3. Network-facilitated benefits and support for ethnic entrepreneurs
4. Potential benefits and support for ethnic entrepreneurs from all business networks and government bodies
5. The level of trust in facilitating the business network's support for both ethnic and non-ethnic business networks
6. Ethnic entrepreneurs' perspectives regarding aspects of operating in a multicultural environment.

This chapter presents the demographic and other critical information accompanied by relevant interpretation and explanation. This ties up with the next chapters on the major findings and related recommendations.

4.2 Demographic patterns of ethnic business owners and general information on their businesses

The first section of the questionnaire sought to collect general data on the business owners and their businesses. This included ten questions about personal information on ethnic business owners and seven questions regarding ethnic businesses. To identify the nationality and ethnicity of the participants, three open questions were asked including nationality, nationality at birth (if it was different) and ethnicity. General questions were asked regarding gender, education, age, marital status, mode of migration, post-migration time in Australia, types of languages spoken and the level of English proficiency to discover the demographic patterns of participants. The responses to questions regarding education and level of English proficiency will also be used later in this thesis to analyse the influence of the human capital of participants in their approaches to co-ethnic and non-ethnic/other ethnic business networks. Post-migration time in Australia will be used to consider the influence of the assimilation phenomenon on participants' approaches to co-ethnic and non-ethnic/other ethnic business networks as well.

Questions were asked in the first section of the survey to gather general information on ethnic businesses. These included the number of businesses run by participants, the duration of running the business, number of employees, types of business, the existence of relevant business experience before establishing the venture, and the extent to which ethnic business owners used their own ethnic language and English in their businesses. The existence of relevant business experience is considered as one factor related to human capital and is used in the present research to analyse the influence of human capital of participants in their approaches to co-ethnic and non-ethnic/other ethnic business networks. The following section presents the responses to the above questions.

4.2.1 Current Nationality, nationality at birth and ethnicity of participants

The diversity of responses to the above questions was enormous. Due to the self-estimated response of participants to the question of 'Nationality', and their perception of current nationality, it was not easy to separate participants in clusters based on their responses. Therefore, two other questions, nationality at birth and ethnicity, were used

to split participants into clusters. Table 4.1 shows the diversity of ethnicity of participants in this study. At a glance, 55% (72 respondents) claimed that they were Chinese, including one Filipino/Chinese, about 17% (22 respondents) were Thai, including one Chinese/Thai, 8% (11 respondents) were Vietnamese and the rest were from Asian countries except for two Italians, one Ghanaian and one Chilean. Only two participants (less than 2%) did not indicate their ethnicity. The current researcher is aware that this survey could not cover all groups of ethnic communities. There are some reasons/limitations of the survey approach that could explain why the current research could not reach a wider diversity of ethnicities, as could research such as the 'Sydney survey', 'National survey' and 'TAFE survey', conducted by Jock Collins between 1988 and 1996, or the entrepreneurship development research on ethnic business in Sydney conducted by Chavan during 1997 (Chavan 2000). Those reasons/limitations include not having access to some communities such as Lebanese and Greek, using snowball sampling as part of the data collection procedure and limited to access to the NEIS sources. However, some responses such as from Chilean, Iraqi and Ghanaian entrepreneurs were obtained from data available by NEIS.

4.2.2 Gender, age and marital status of participants

Male business owners dominated the number of participants, by about 62% (80 respondents) to 35% (46) females (some data was missing). Close to 37% of participants were younger than 40 years old and just about five per cent of them were older than 60 years. Those aged 40-49 years and 50-56 years comprised 39% and 17.5%, respectively. Almost 83% (108 respondents) were married and only 12% never married (see Table 4.1). All of these patterns are to some extent similar to the demographic patterns of many surveys conducted in this field (e.g. see Collins 2000; Mausurel *et al.* 2002).

4.2.3 Education and the level of English proficiency of participants

The majority (61.5%) of participants claimed that they possessed a diploma or university degree. Business owners with a post graduate degree comprised 16% and those with high school or 12th grade qualification comprised 15% of participants. Nine participants (7%) did not provide their educational background. Regarding the level of English they had attained, 54.7% (71 participants) claimed that their level of English was moderate while 33% (43 participants) claimed having high English skills (see Table

4.1). The pattern of education level of the current survey once again is similar to that of many studies conducted in this field. The responses indicate a wide range of educational level among participants (e.g. see Collins 2000; Mausurel *et al.* 2002).

Table 4.1: General personal and business information on participating ethnic entrepreneurs (the Melbourne study 2007-8)[*]

Ethnicity		Gender		Age		Education		Marital status		Mode of Migration		Post-migration time in Australia	
Chinese	71	Male	80	20-29	13	High school or 12th grade	20	Never married	16	Born in Australia	3	5 years or less	28
Filipino/Chinese	1	Female	46	30-39	35			Married	108				
Ghanaian	1	Missing	4	40-49	51	Degree or diploma	80	Divorced	2	Migrated with parents	14	6 – 10 years	32
Indian	3			50-59	23	Post graduate	21	Widowed	1			11 – 15 years	22
Iranian	10			60 or over	6	Missing	9	Missing	3	Migrated independently	113	16 – 20 years	23
Iraqi	1												
Italian	2			Missing	2							21 years or more	15
Japanese	1												
Latin	1											Missing	10
Pakistani	1												
Punjabi	1												
Sinhalese	1												
Thai-Chinese	1												
Thai	21												
Turkish	1												
Vietnamese	11												
Not mentioned	2												

Level of English skills		Number of businesses owned		Relevant business experience		Type of current business		Number of employees	
Low	2	One	103	Yes	50	Restaurant	34	0	1
Moderate	71	Two	14	NO	78	Grocery	8	1	25
High	43	More than two	12	Missing	2	Food Supplier	6	2	22
Very high	12	Missing	1			Information technology	10	3	16
Missing	2					Retailing	18	4	15
						Fashion shop	6	5	6
						Cleaning service	2	6	12
						Coffee lounge	7	7	2
						Manufacturing	3	9	3
						Consultant business	5	10 – 15	15
						Other	31	16 – 20	8
								Missing	4

[*]- Note: figures represent numbers of participants in each category.
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

4.2.4 Participants' mode of migration and post-migration time in Australia

Regarding mode of migration, about 87% of participants have migrated independently, 11% have migrated with their parents, and only two per cent (three ethnic business owners) of the participants was born in Australia. Out of 127 participants who migrated to Australia, 60 participants (47.2%) had settled in Australia since ten years ago, 17.3% had come to Australia between 11 and 15 years ago, and 30% had stayed in Australia for more than 16 years (see Table 4.1). It is therefore noticeable that survey participants were mainly the first generation of immigrants as, except for three, they were born in other countries than Australia. Similar to other demographic patterns (e.g. see Collins 2000; Chavan 2000), the responses to the current survey showed a wide range of time post migration for participants.

4.2.5 Number of businesses, types of businesses and number of employees in the business

The survey data revealed that about 80% of participants were currently running just one business, about 11% (14 respondents) claimed they had two businesses, and 9% (12 respondents) said they had more than two businesses. The vast majority of the participants had small businesses in service sectors such as restaurants (26%), retailing (14%), grocery (6%), and information technology (7%). Only three of them (2%) owned manufacturing firms. Forty-eight businesses (37%) were being run by a maximum of two employees, excluding the owner, 15 businesses had 10-15 employees (11.5%) and only eight businesses had between 16-20 employees (see Table 4.1). Evidence from several studies shows similar patterns in the above categories among participants (e.g. see Collins 2000; Mausurel *et al.* 2002; Chavan 2000)

4.2.6 Duration of running the business and participants' relevant business experience

The survey also revealed that the majority of ethnic businesses (64 or about 52%) had been established since five years ago, whereas 18 businesses (about 15%) were established between six to ten years ago followed by 21 businesses (17%) that were established between 11 to 16 years ago. Six participants (about 5%) did not respond to the question, "When did you establish your business?" Figure 4.1 shows the histogram related to this question. Regarding business-related experience of participants, seventy-eight participants (61%) were running their businesses without pre-migration business

experience, compared to 50 business owners (39%) who ran businesses similar to those they had in their home countries (see Table 4.1).

Figure 4.1: Histogram showing participants' duration of running their businesses
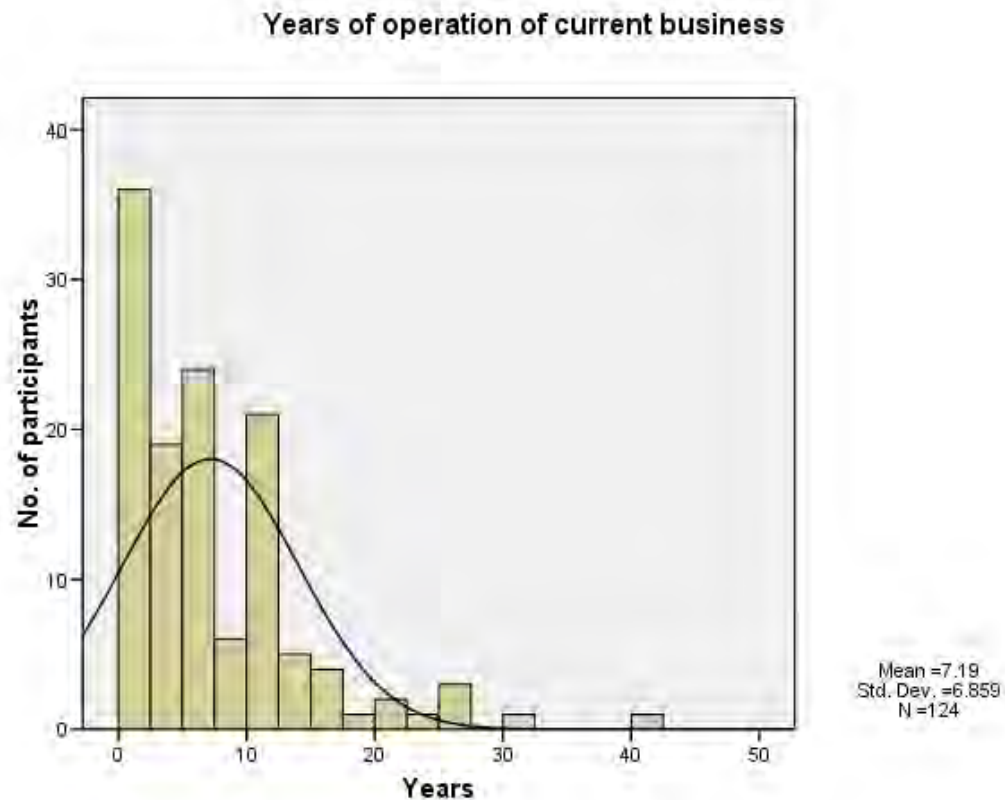
Years of operation of current business

Mean =7.19
Std. Dev. =6.859
N =124

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

4.2.7 Participants' use of English and own ethnicity language in the business

The majority of ethnic entrepreneurs (82 or 63% of participants) in this survey claimed they often or always spoke English in their businesses and only two participants claimed that they rarely spoke English in their businesses. On the other hand, 37% of participants (48 respondents) also claimed they often or always used their own ethnicity language in their businesses, indicating that ethnic entrepreneurs were willing to use both English and their own ethnicity language in their businesses. Johnson (2000) in research among Southeast Asian refugees in Canada found that the majority of participants used English in their businesses. Table 4.2 reveals to what extent ethnic entrepreneurs used language in their businesses.

116

Table 4.2: Frequencies of Language used in the business by participating ethnic entrepreneurs (the Melbourne study 2007-8)

Language used in business	Rarely	Sometimes	Usually	Often	Always
English	2	11	35	42	40
Own ethnicity language	21	30	31	31	17

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

4.3 General characteristics of the ethnic business owner's personal networking

The second section of the questionnaire focused on some aspects of the personal networking of the business owner, and included questions relating to being a member of any network, reasons to join the network, how important were their contributions to the co-ethnic network, their attendances at social and business meetings inside the co-ethnic network/community, how ethnic entrepreneurs spent time to establish or maintain business contacts within the business network and how ethnic entrepreneurs approached people around them to obtain some advice for their business plan.

According to Mitchell (in O'Donnell *et al.* 2001), to comprehend the characteristics of a network, business or personal, two main aspects of the network should be considered and examined. Those include *the structure of network* and *interactive dimensions or the network processes*.

4.3.1 Structure of the participants' personal networks

Participants were asked for information on 'business plan advice before starting-up' in order to explore the structural dimension of ethnic entrepreneurs' networks. Table 4.3 shows with whom ethnic entrepreneurs discussed their business plan before starting-up. Of 128 valid responses, only about eight per cent of participants never asked for business advice nor discussed their business plan with people they knew. However, the majority (59.3%) had discussed their business plan with different people (up to a

117

maximum of five persons) before starting their business. Of the 128 participants, 32.8% (42 business owners) claimed they had had discussions with more than five persons about their plan to run a business.

A question was posed to help identify which group of people was approached by business owners to discuss the business plan. The data revealed that 'family members' comprised the group with the highest percentage (84.4%) involved in pre-discussion. The next group was 'close friends from the same ethnicity' with 71%, followed by 'acquaintance or member of same ethnic community' with 34.4%.

Ethnic entrepreneurs who asked a wide range of people to help them in their business plan were deemed to have high diversity network structure. The data showed that only 20 participants (15.5%) that comprised twelve Chinese, six Thai, one Japanese entrepreneur and one Latin had discussed their business plan with a wide range of people that included 'family members', 'relatives', and 'close friends either from the same ethnicity or from other ethnicities'. These twenty were deemed to have a high diversity network structure. When it came to soliciting advice from Australian (non-immigrant) business associations or government bodies, only 14% of participants had done so, indicating that such associations or bodies were underutilized (see Table 4.3 in next page).

Another question was asked to establish the 'range' or the extent to which an ethnic business owner had diverse relationships with others inside his/her network. Figure 4.2 shows the response to the question, 'what percentage of friends is from the ethnic community'. This indicated that only 4.6% of them had less than ten per cent of their friends from their own ethnicity (implying a large range) while 62.3% claimed that more than 50% of their friends belonged to their own ethnicity (indicating a small range). The rest of the participants (33.1%) professed between 10-50% of their friends from same ethnic community (implying a moderate range).

Table 4.3: Ethnic entrepreneurs' pre start-up discussion with various people (the Melbourne study 2007-8)

Discuss the business plan before starting-up with people	Frequency	Discuss the business plan with [b]	Frequency [a]
None	10	Family	106
Fewer than five	76	Relatives	41
More than five	42	Close co-ethnic friends	90
Missing	2	Close friend from other ethnic communities	33
		Acquaintance of same ethnicity	25
		Acquaintance of other ethnicities	11
		Members of ethnic community	19
		Members of Australian business association (s)	9
		Members of Local/State/Federal Government	9
Discuss the business plan with [c]	Frequency [a]	Discuss the business plan with [d]	Frequency
Family & Relatives	10	Family	19
Family & Relatives & Close co-ethnic friends	10	Close co-ethnic friends	8
Family & Close co-ethnic friends	35	Acquaintance of other ethnicities	1
Family & Relatives & Close co-ethnic friends & Close friends from other ethnic communities	20		
Family & Members of Australian business association (s) & Members of Local/State/Federal Government	4		
Members of Australian business association (s) & Members of Local/State/Federal Government	4		

Note: a- The numbers do not add up to 130 due to multiple choices
     b- The business plan was discussed *at least* with
     c- The combination of different groups
     d- The business plan was discussed with *only*
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Figure 4.2: Percentage of friends from co-ethnic community (the Melbourne study 2007-8)
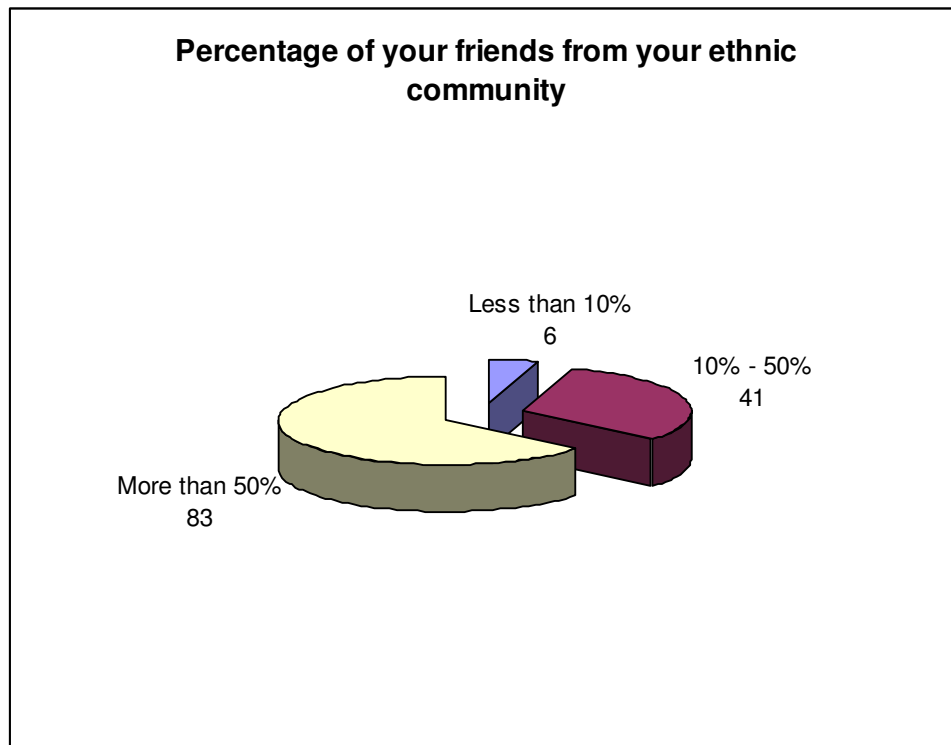
Percentage of your friends from your ethnic community

Less than 10%
6

10% - 50%
41

More than 50%
83

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Having described above the *structure of business/personal network* of the participants, attention is now turned to aspects of the *network process* that were employed by the participants.

4.3.2 The network process

Being a member of a network or association was the first aspect of the network process that was reviewed. Table 4.4 illustrates the membership attributes of participants. Sixty-nine (about 53%) participants claimed they were members of a network or an association. Of these, some 35 ethnic entrepreneurs (about 51%) participated actively in at least their own ethnic community for both social and business purposes, 16 participants (23%) participated in at least one co-ethnic business association, and 12 of them (17.3%) were members of an Australian (non-immigrant) association. The reasons that participants joined networks were varied, such as for having a social activity and

fun, finding information, meeting different people and overcoming/solving business problems. 'Finding the solution(s) for their business problems' (at 53.6%) and 'having fun and social activity' (at about 51%) were the main reasons cited to join the network by those participants who were members of a network. This compares with 'finding information' (23%), and 'meeting different people' (17.3%).

Table 4.4: Types of network or association and reasons to join those networks by participants (the Melbourne study 2007-8)

Being a member of network or association	Frequency	Type of network or association	Frequency [a]
Yes NO	69 61	Member of ethnic community	35
Reason(s) to join a network or an association	Frequency [a]	Member of co-ethnic business association	16
Have a social activity and fun	56	Member of Australian business association	12
Find information that you need	44		
Meet different people regularly	42	Member of other social network or association	37
Have opportunities to overcome or solve business problems	30		

Note: a - The numbers do not add up to 69 due to multiple choices,

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

An assumption was made that the more often an ethnic entrepreneur had meetings with members of the co-ethnic community, the greatest the importance he/she placed on such meetings and thus placed an importance on their contributions thereto. Regarding the participant's perception of the importance of their contributions to their ethnic community, (an indicator of their intensity inside the co-ethnic network), Figure 4.3 illustrates to what extent each entrepreneur believed their contribution was to their community.

Figure 4.3: Network-member participants' perception of the importance of their contribution to their ethnic community (the Melbourne study 2007-8)
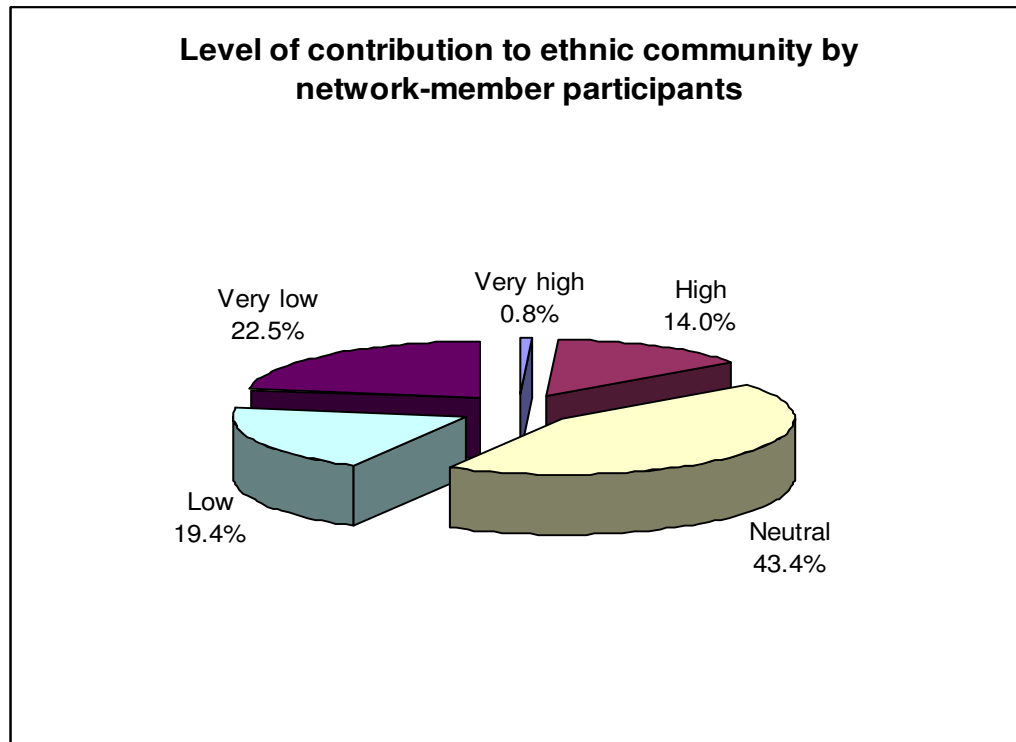
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Only about 15% of network-member participants believed that participating in their ethnic community was at least important for them, with the rest indicating neutrality or low-very low level of importance. This is borne out by the low numbers of network-member participants (15%) reporting attendance at more than ten meetings within their ethnic community for business or social purposes within the last year (see Table 4.5). More than half the network-member participants had never attended any business or social meetings inside their community within the last year. Hence, only few participants considered that their contributions to their ethnic community were important and that their involvement in the ethnic community was significant.

Table 4.5: Attending business or social meetings inside the ethnic community within the last year (the Melbourne study 2007-8)

Attending social or business meetings inside the ethnic community	Frequency	Number of times attending	Frequency
Never	70	None	70
Sometimes	60	1-5 6-10 More than 10	41 10 9

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Another aspect investigated in the survey was the ethnic entrepreneur's focus on the business networks, both inside and outside the co-ethnic community. One dimension of network process looked at was frequency, which is the time spent establishing and maintaining contacts within the business network. Table 4.6 illustrates the dimensions of frequency in this survey. About 29% of participants spent less than 10% of their time establishing relationships with other business people, while 30.1% spent more than 50% of their time doing so. Time spent maintaining business relationships shows similar patterns. About one-quarter of participants spent less than one hour per week to maintain business relationships while 29.4 % spent more than five hours. These figures indicate that only about one-third of the participants frequently engaged with other business persons.

Table 4.6: Time spend for establishing contacts and hours for maintaining contacts within the business network (the Melbourne study 2007-8)

Time spent for establishing contacts within the business network	Frequency	Hours per week spent maintaining contacts within the business network	Frequency
Less than 10%	36	less than one hour	31
10%-50%	52	1-5 hours	57
More than 50%	38	More than 5 hours	38
Missing	4	**Missing**	4

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

4.4 Network-facilitated benefits and support for ethnic entrepreneurs

Menzies *et al.* (2000, 2003) believed that the ethnic community is an initial network for ethnic entrepreneurs and wrote on how it facilitated support and provided benefits. The support included pools of financial sources, ethnic customers, ethnic employees, and suppliers. In addition to the above support, the information and emotional sources require consideration. Similar benefits/support might also be available from the mainstream society for the ethnic entrepreneurs. This section presented the empirical findings, based on the third part of survey questionnaire, regarding network-facilitated benefits and support.

4.4.1 Financial support

There are several ways to provide funds for starting-up businesses. Three methods including using own savings, using loans from different sources and using credit were included in this survey. Not surprisingly, similar to figures cited in Smallbone *et al.* (2003), in the current research, from 128 responses, about 80% claimed that they at least used their own savings to start up their businesses, while 83.5% said that they at least used loans from different sources (due to multiple responses the total does not add up to 100%). Sources for a loan varied from 'family', 'relatives' and 'friends' to 'financial agencies' and 'business partnerships'. However, in this survey the first source for borrowing money was 'family' (53.5%), a not surprising finding (see also *Immigrant Entrepreneurs* 1997 and Dhaliwal and Kangis 2006). The surprising result was that the next source was 'financial agencies' which were at odds with findings in Hussain and Matlay (2007) that indicated that among ethnic business owners in the West midland of the United Kingdom, bank financing was the next option after borrowing from family and friends. However, in the current research, Chinese participants were the majority of ethnic entrepreneurs that used loans from 'financial agencies'. There is no explanation why 'financial agencies' are popular among Chinese.

The outcomes of the survey showed that among various sources, borrowing from 'banks' (63.5%), 'family' (42%), and 'business partners' (12.8%) are sequentially more preferred alternatives for ethnic entrepreneurs, if they needed more funds. On the other hand, 62.2% of respondents never wanted to borrow money from 'their own ethnic

community' and from 'financial agencies' (58%) if they required more funds. Tables 4.7 and 4.8 show aspects of finance used by participants in their businesses.

Table 4.7: Aspects of finance used by participants (the Melbourne study 2007-8)

Source of finance	Frequency*
Used loan from different sources	107
Family	68
Relatives	8
Friends	23
Ethnic community	4
Banks	32
Agencies	59
Business partnership	2
Used own saving	102
Used Credit	28

Note: * – The numbers do not add up to 130 due to multiple choices,
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area.

Table 4.8: Ethnic participants' preference to borrow from different sources

Preferred loan sources if the business needed more funds						
Source	Never	Rarely	Sometime	Usually	Always	Not sure
Family	10	19	34	30	20	6
Relatives	44	32	28	6	-	6
Friends	43	24	28	15	-	7
Ethnic community	69	22	9	-	-	11
Banks	11	6	25	57	23	4
Agencies	65	25	8	1	-	13
Business partnership	55	11	19	18	3	8

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area.

4.4.2 Customers in the business

All types of customers were welcome from the ethnic entrepreneur's point of view. From 130 responses, 83 claimed they had customers from all ethnic or non-immigrant groups. At the same time, 33 participants said that they had co-ethnic customers mainly (see Table 4.9). In addition, 75.5% said that they 'usually'/'always' preferred to have customers regardless of their ethnicity (see Table 4.10).

Table 4.9: The overall pattern of primary customers (the Melbourne study 2007-8)

Primary customers	
Ethnicity Type	Frequency[*]
Own ethnic group	33
Other ethnicities	14
All groups	83

Note: *- The numbers do not add up to 130 due to multiple choices,
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Table 4.10: The overall pattern of preference of having customers (the Melbourne study 2007-8)

Preference of having customers based on ethnicity						
Ethnicity Type	Never	Rarely	Sometimes	Usually	Always	Not sure
Own ethnicity	-	9	15	19	50	17
Other ethnicities	-	5	16	21	50	14
Non-immigrant	2	4	17	22	40	21
All groups	-	-	12	24	59	15

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

On the other hand, only eight per cent said that they rarely liked to have customers from their own ethnicity. In regards to change of primary customers, 109 participants claimed their primary customers did not change over time. Tables 4.9 and 4.10 illustrate the overall pattern of participants' customers.

A question was also asked to identify the ethnic entrepreneurs' perspective on the level of competition in their business category. The question focused on which ethnic or non-ethnic group of business people would be their main business competitors. From Table 4.11, it can be seen that about 63% of participants agreed (36 participants agreed and 35 strongly agreed out of 112 valid responses) that major competitors existed in their own ethnic community; however, they also believed that other ethnicities and non-immigrant businesses were able to compete to some extent in their businesses.

Table 4.11: Main types of business competitors of participants' (the Melbourne study 2007-8)

Ethnic business owners' main competitors, based on ethnicity						
Ethnicity Type	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Don't know
Own ethnicity	5	3	21	36	35	12
Other ethnicities	4	4	31	38	17	12
Non-immigrant	7	6	29	20	14	29
All groups	4	1	26	28	20	20

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

4.4.3 Employees in the business

Majority of participants (93%) currently hired employees from their own ethnicity, indicating that the ethnic community was the major source of employees for the ethnic entrepreneurs (Table 4.12). This approach of hiring co-ethnics hasn't changed

significantly over time for 84% of total participants. The survey also revealed that the majority of participants would prefer to recruit co-ethnic workers in the future. About 73 per cent of participants said that they 'usually' or 'always' preferred to hire co-ethnic employees whereas only 14% 'usually' or 'always' preferred to hire from other ethnicities. Only 13% of participants 'usually' or 'always' considered hiring non-immigrants (see Table 4.13 for 13 responses for 'usually' and 2 responses for 'always').

Table 4.12: The ethnographical pattern of employees in participants' businesses (the Melbourne study 2007-8)

The majority of employees in the business	
Ethnicity Type	Frequency[*]
Own ethnic group	122
Other ethnicities	34
Non-immigrants	39

Note: *- The numbers do not add up to 130 due to multiple choices,
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Table 4.13: Preference of recruiting employees (the Melbourne study 2007-8)

Employees' recruiting preference based on ethnicity						
Ethnicity Type	Never	Rarely	Sometimes	Usually	Always	Not sure
Own ethnicity	1	2	16	49	38	14
Other ethnicities	17	22	39	10	7	15
Non-immigrant	17	24	29	13	2	27
All groups	12	18	16	15	15	26

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

4.4.4 Suppliers for businesses

An exploration was carried out to identify any dissonance regarding the preferences of participants regarding the supplier source-pool (see Figure 4.4) and the current reality of supplier usage. Though about 62% of participants preferred to use co-ethnic suppliers, only 22% of them claimed they currently used only co-ethnic suppliers. Preferences for use of other-ethnicity suppliers stood at about 38% whereas actual usage showed 11%. Non-immigrant suppliers were preferred by about 40% of participants, while actual usage was only seven per cent. Preference for using a mix of all groups was 51% whereas about 60 per cent of participants currently used suppliers regardless of ethnicity of the supplier. The significant dissonance between preferences and actual use requires further investigation.

Figure 4.4: Ethnic entrepreneurs' preferred and actual suppliers (the Melbourne study 2007-8)
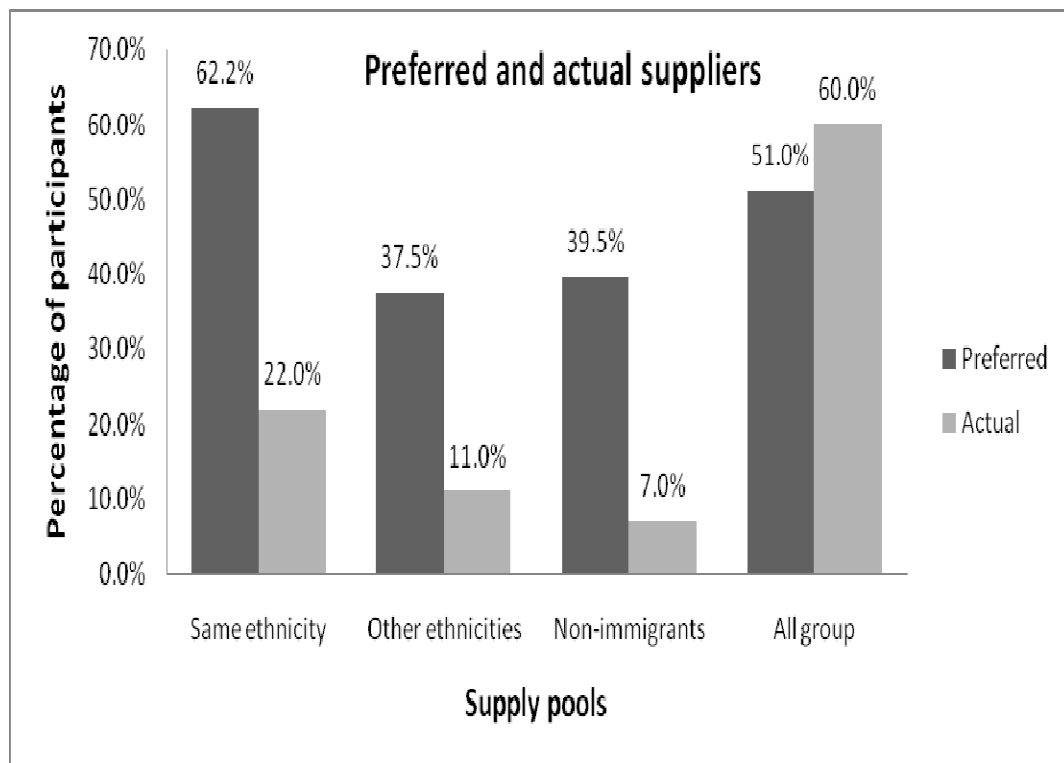
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

4.4.5 Information support

Similar to financial sources, participants used various information sources, before establishing and while running, their business. Findings from the survey show that 'friends from the same ethnicity' was the largest source of information before establishing the business (74.6%) and the second largest source was 'family' (41.5%). 'Ethnic business networks' provided information to 30.1% of respondents to help them established their businesses, while Australian counterparts provided information to 13.1% of respondents. Only 11.5% of respondents said that they received information from Australian government bodies. During the stage of running the business, the first source of information was friends from the same ethnicity (76%) and the second largest source was friends from other ethnicities (32.6%). Interestingly, during the stage of running the business, Australian (non-immigrant) business associations and government bodies helped more ethnic business owners with information they needed.

Figure 4.5: Sources of information for ethnic participants (the Melbourne study 2007-8)
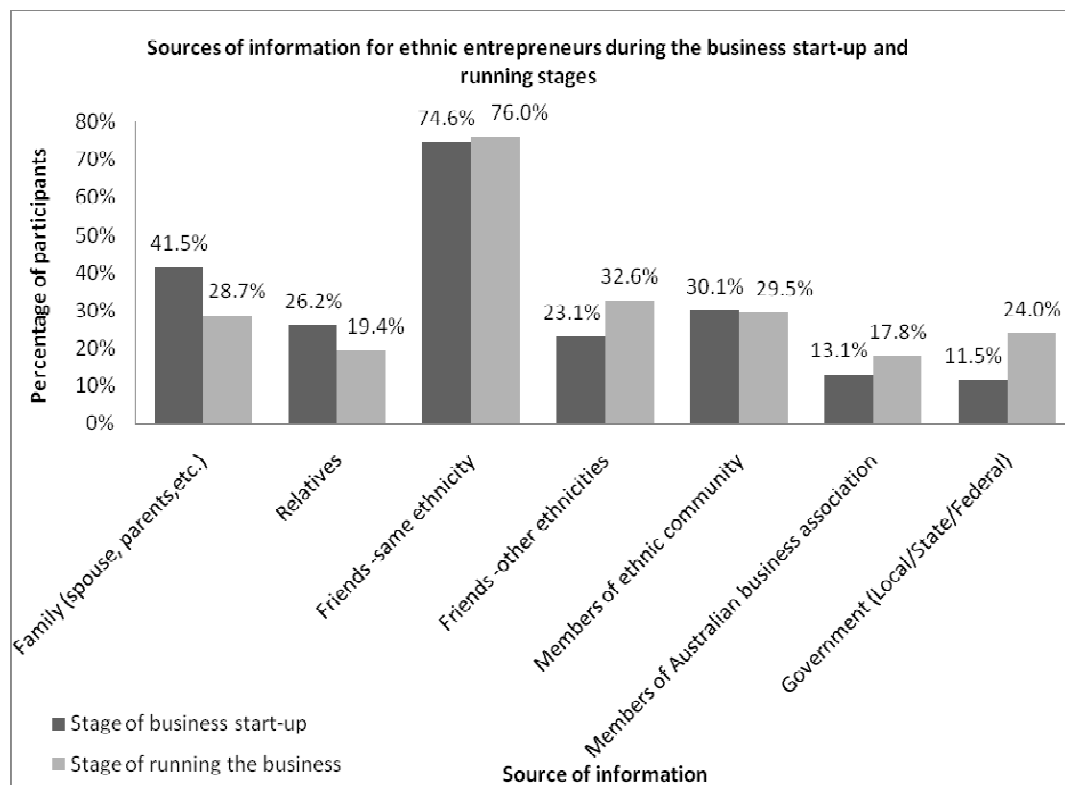
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

In this survey, 17.8% of respondents acknowledged that they had received information from Australian (non-immigrant) business associations and 24% of them said that government bodies had gave them information they needed. The difference in the provision of information by the co-ethnic community during the start-up and running the business stages was negligible (29.5% and 30.1% respectively). Figure 4.5 shows sources of information provided to ethnic entrepreneurs in the Melbourne study, 2007-8.

4.4.6 Emotional support

A question was asked in this survey to identify the ethnic entrepreneurs' motivation for starting their businesses. The question focused on eight criteria, namely: 'being unemployed/not able to find appropriate job', 'having a business plan', 'having pre-migration business experience', 'wishing to be independent', 'encouragement from family/relatives or close friends', 'being encouraged by business successes in Australia', 'promotion by Australian government', and 'knowing a successful business person as a role model'. The outcomes revealed that 'wishing to be independent' had the highest influence on participants, with 74.3 % (both high and very high), to start up a business. The next factor was 'having a business idea' with 68.9% and the third was 'encouragement from family and friends' with 58%. About fifty eight per cent of the participants claimed that the factor which had the lowest influence on them to start up a business was 'promotion by Australian government (State/Federal)' (see Table 4.14). Although it seems that Australian government pays attention to small businesses and in Federal and State levels, there are ministerial departments that look after small businesses; participants could not feel that government bodies focus on ethnic businesses intentionally. In other words, if there is a promotion for small businesses delivered by government bodies, this will be regardless of the ethnicity of the owners. Therefore, it is time for further research to find out whether Australian governments consider ethnic businesses to be one of the vital elements of growing the economy of ethnic communities in particular and the Australian economy overall. Further research also needs to find out how countries such as Canada and the United States encourage immigrant and ethnic people to run a business and help them to overcome their business problems.

Table 4.14: Factors influencing ethnic entrepreneurs to start up a business (the Melbourne study 2007-8)

Factors	Level of influence in starting up a business				
	Very low	Low	Neutral	High	Very high
Unemployment or could not get an appropriate job	28 (23.5%)	29 (24.3%)	37 (31%)	15 (12.6%)	10 (8.4%)
A business idea	3 (2.6%)	6 (5.2%)	27 (23.3%)	53 (45.7%)	27 (23.2%)
Pre-migration experience	17 (14.5%)	10 (8.5%)	44 (37.6%)	33 (28.3%)	13 (11.1%)
Wishing to be independent	5 (4.3%)	1 (0.8%)	24 (20.5%)	50 (42.7%)	37 (31.6%)
Encouragements from family, relatives, friends	5 (4.2%)	7 (5.9%)	38 (31.9%)	52 (43.7%)	17 (14.3%)
Encouraged by business successes in Australia	15 (12.7%)	24 (20.3%)	38 (32.2%)	25 (21.2%)	16 (13.6%)
Promotion by Australian government (State/Federal)	27 (22.9%)	41 (34.7%)	35 (29.7%)	9 (7.9%)	6 (5.1%)
A successful business owner or role model	21 (18.5%)	25 (21.9%)	31 (27.2%)	25 (21.9%)	12 (10.5%)

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Ethnic entrepreneurs received some sort of emotional support from different sources in order to start their business (see Table 4.15). About 88% of participants (114 out of 130) acknowledged that people around them supported them emotionally. 'Family' was the main source that encouraged ethnic entrepreneurs to start their businesses, as claimed by 84.2% of participants. This was followed by 'friends from the same ethnicity' with this being 54.3% responses. In terms of groups that exercised minimum emotional support for entrepreneurs to start up their businesses, participants acknowledged these following groups. These were, in order of least emotional support, 'government', 'members of Australian businesses' and 'members of ethnic community' with 87.9%, 78.8%, and 69% not supporting respectively (see Table 4.15 the next page).

The role of emotional support was also studied during the running of the business. In this stage, 86.3% of research participants acknowledged that 'family' was the main source to encourage them to overcome their business problems. The next valuable source was 'friends from the same ethnicity' at 55.1% responses. Ethnic business networks, the Australian business association and government bodies were the least sources to encourage ethnic business owners to overcome their problems with just only 8.4% (5.6% plus 2.8%), 2.8% and 2.8% of responses received emotional support from those above groups respectively (see Table 4.16 the next page).

Table 4.15: **G**roups providing ethnic entrepreneurs' emotional support during the start-up stage (the Melbourne study 2007-8)

Group	To what extent providing emotional support				
	Not at all	A little	Some	A lot	Very much so
Family (spouse, parents, etc)	2 (1.7%)	-	16 (14%)	53 (46.5%)	43 (37.7%)
Relatives	7 (7.2%)	11 (11.3%)	44 (45.4%)	25 (25.8%)	10 (10.3%)
Friends Same ethnicity	7 (6.8%)	3 (2.9%)	37 (35.9%)	42 (40.8%)	14 (13.6%)
Friends Other ethnicities	22 (22.2%)	21 (21.2%)	41 (41.4%)	13 (13.1%)	2 (2.1%)
Members of ethnic community	24 (24.7%)	43 (44.3%)	25 (25.8%)	1 (1%)	4 (4.1%)
Members of Australian business	39 (39.4%)	39 (39.4%)	12 (12.2%)	3 (3%)	6 (6%)
Government (Local/State/Federal)	53 (53.6%)	34 (34.3%)	5 (5.1%)	3 (3%)	4 (4%)

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Table 4.16: **G**roups providing ethnic entrepreneurs' emotional support to overcome business problems during the running of the business (the Melbourne study 2007-8)

Group	To what extent providing emotional support				
	Not at all	A little	Some	A lot	Very much so
Family (spouse, parents, etc)	1 (0.8%)	1 (0.8%)	15 (12.1%)	56 (45.2%)	51 (41.1%)
Relatives	15 (13.4%)	15 (13.4%)	39 (34.8%)	31 (27.6%)	12 (10.8%)
Friends Same ethnicity	13 (11%)	3 (2.5%)	37 (31.4%)	48 (40.7%)	17 (14.4%)
Friends Other ethnicities	24 (22.8%)	33 (31.4%)	36 (34.4%)	8 (7.6%)	4 (3.8%)
Members of ethnic community	32 (29.9%)	44 (41.1%)	22 (20.6%)	6 (5.6%)	3 (2.8%)
Members of Australian business	51 (47.2%)	40 (37%)	14 (13%)	3 (2.8%)	-
Government (Local/State/Federal)	60 (55%)	40 (36.7%)	6 (5.5%)	3 (2.8%)	-

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

4.5 Potential benefits and support for ethnic entrepreneurs from all business networks and government bodies

In addition to the benefits identified by Menzies *et al.* (2000; 2003), other research suggested additional networking benefits. Saxenian's study (published in two papers in 2000 and 2001) on highly educated ethnic entrepreneurs in Silicon Valley and their informal and formal networks indicated several types of potential support. They were included in the present research: mentoring, business plan assistance, informal advice and providing role models. In addition to those types of potential support, a few others were derived from Mitchell's study (2003) on ethnic entrepreneurs in South Africa. Mitchell (2003) focused on obstacles and overall constraints that ethnic businesses faced in their businesses and pointed out several aspects such as violence (crime/theft/corruption and terrorism) in the business environment, instability in regulations on foreign trade and currency and tax regulations/policy instability. In the current research, however, those aspects were restated and categorized as 'protection from social and political threats', 'easy access to overseas markets' which was also considered as *market entry mode* by Chung (2004) - in his study among Chinese entrepreneurs in Australia and New Zealand - and 'solicitor support'.

Chavan (2003) pointed out that ethnic entrepreneurs in Australia required training courses, particularly those which were related to finance, business law and tax planning. Therefore, 'providing training courses' was considered another networking benefit/support in the current research. Moreover, after a long discussion with experts in the field of networking, benefits such as 'arranging meetings with other groups', 'managerial accreditation', 'utilising new technology' and 'access to new funds' were added to the list of potential support and benefits.

In this section, the empirical findings, based on the fourth part of survey questionnaire, regarding potential benefits and support from all business networks are presented. Eleven potential benefits/support that ethnic entrepreneurs might receive or ask from various business networks either inside their own ethnic community or outside were canvassed. These were 'mentoring', 'business plan advice', 'role model', 'easy access to overseas markets', 'solicitor support', 'protection from social and political threats', 'training courses', 'new funds', 'arranging meetings with other groups', 'managerial

134

accreditation', and 'utilising new technology'. Among those, business plan advice (40%), solicitor support (39.2%), and new funds (36.9%) comprised main support and benefits that participants asked for or received from their own ethnic community. Generally speaking, fewer participants asked for those above benefits/support from other ethnic communities. This was particularly so for 'new funds' (8.9% from other ethnic communities and ten per cent from Australian non-immigrant networks).

Benefits that the majority of participants claimed were that they did not need from their own ethnicities were 'role model' (50.4%), 'training courses' (50%), and 'mentoring' (49.6%). To prove the above comments, those benefits mentioned earlier – 'role model', 'training courses' and 'mentoring' - were asked for or received by fewer participants (26%, 16.1% and 24.4% respectively) from their own ethnic communities. Although around forty per cent of participants claimed that they did not need 'access to overseas markets', only close to twenty two per cent of participants acknowledged that they either asked for, or received, this benefit from their own ethnic communities. In addition to the above point, about one quarter of the participants was not aware of this benefit existing inside their own communities. Thus, it is deemed that as ethnic entrepreneurs pre-assumed that a better way for obtaining support to access overseas markets would be approaching other ethnic communities or Australian (non-immigrant) business networks (24.8% of them were not aware if this benefit existing inside their own communities); a multiple business network would provide a very good environment for ethnic business owners who would like to expand their niche markets internationally. A similar pattern was revealed in regards to the benefit known as 'protection the business from social threats'. Approximately 40% of participants claimed that they did not need this benefit from their own ethnic communities and more than 20% of them acknowledged that they were not aware of existence of this benefit within their own ethnic communities. A multiple business network could provide an environment where ethnic entrepreneurs raise their requests to protect their businesses from social threats.

It was revealed that not only majority of ethnic entrepreneurs (participated in the current research) did not need to source all above benefits from their co-ethnic communities, but also there was no need to source all above benefits either from Australian networks or from other ethnic groups (see Tables 4.17, 4.18 and 4.19). One reason to explain why these outcomes revealed this finding may be because the majority of participants owned

very small businesses in the service sectors. Further research is therefore needed to investigate the relationships between types of business and the needs for above benefits.

Table 4.17 reveals the outcomes of the survey regarding the benefits/support aspects. Information available in Tables 4.17, 4.18 and 4.19 also reveals that the awareness of the availability of those benefits from either other ethnic communities or Australian business networks was very low. Thus, a multiple business network could provide an environment to share information about those benefits, and their availability, within the multiple business network.

Table 4.17: Support and benefits that ethnic entrepreneurs could obtain from their own ethnic communities (the Melbourne study 2007-8)

Benefits/support from own ethnic community	Aspects related to the benefits/support			
	Asked for or received	Not needed	Not available	Not aware if it was available
Mentoring	24.4%	49.6%	10.2%	15.7%
Business plan advice	40%	32.8%	10.4%	16.8%
Role model	26%	50.4%	11.8%	11.8%
Easy access to overseas markets	22.4%	38.4%	14.4%	24.8%
Solicitor support	39.2%	36%	13.6%	11.2%
Protect from social threats	25.8%	39.5%	14.5%	20.2%
Training courses	16.1%	50%	12.9%	21%
New funds	36.9%	39.3%	9.8%	14%
Arranging meetings with other groups	14.8%	48.4%	9.8%	27%
Managerial accreditation	15.6%	44.3%	13.9%	26.2%
Utilise new Technology	26.2%	42.6%	10.7%	20.5%

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

In terms of using other ethnic communities/networks, the highest percentage of support (22.3%) that participants claimed that they used or received was 'business plan advice' followed by 'solicitor support' with 21.1%. The next benefits were 'arranging meetings

with other groups' followed by 'utilising new technology' which 20% and 19.7% of participants respectively acknowledged that they received or asked for. Table 4.18 reveals the outcomes of the survey regarding the benefits/support received from *other ethnic communities*.

Table 4.18: Support and benefits that ethnic entrepreneurs could obtain from other ethnic communities (the Melbourne study 2007-8)

Benefits/support from other ethnic communities	Aspects related to the benefits/support			
	Asked for or received	Not needed	Not available	Not aware if it was available
Mentoring	16.4%	45.9%	12.3%	25.4%
Business plan advice	22.3%	37.2%	13.2%	27.3%
Role model	14.3%	47.6%	11.9%	26.2%
Easy access to overseas market	18.5%	39.5%	14.5%	27.5%
Solicitor support	21.1%	37.4%	13.8%	27.7%
Protect from social threats	17.1%	37.4%	17.1%	28.4%
Training courses	8.9%	48.8%	13.8%	28.5%
New funds	8.9%	52.1%	12.2%	26.8%
Arranging meetings with other groups	20%	38.4%	13.3%	28.3%
Managerial accreditation	15.6%	41%	13.1%	30.3%
Utilise new Technology	19.7%	40.1%	11.5%	28.7%

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Close to 50% of participants claimed that they did need 'training courses' support from other ethnic communities and more than half of them (52.1%) acknowledged that they did not need to ask for 'new funds' from other ethnic communities. To prove the earlier point, Table 4.18 reveals that only 8.9% of participants had already asked for or received those two benefits discussed earlier from other ethnic communities.

Between 11% and 15% of participants believed that the benefits and support mentioned above were not available for those who are not within the co-ethnic communities.

Interestingly, Table 4.18 also shows that around 30% of participants claimed that they were not aware if any of the above support or benefits were available from other ethnic communities.

Responses on asking Australian business associations for support/benefits mentioned earlier were varied among participants. Table 4.19 reveals the outcomes of the survey regarding aspects related to benefits/support received through *Australian business associations*.

Table 4.19: Support and benefits that ethnic entrepreneurs could obtain from Australian business associations (the Melbourne study 2007-8)

Benefits/support from Australian business networks	Aspects related to the benefits/support			
	Asked for or received	Not needed	Not available	Not aware if it was available
Mentoring	15.8%	49.6%	11.6%	23.1%
Business plan advice	20.7%	43%	14%	22.3%
Role model	10.7%	52.5%	13.1%	23.7%
Easy access to overseas market	18%	42.6%	14.8%	24.6%
Solicitor support	33.3%	36.6%	12.2%	17.9%
Protect from social threats	22.5%	40.9%	13.3%	23.3%
Training courses	13.3%	55%	13.3%	18.4%
New funds	10%	53.3%	15%	21.7%
Arranging meetings with other groups	21%	40.3%	15.1%	23.6%
Managerial accreditation	14.3%	46.2%	13.4%	26.1%
Utilise new Technology	21.7%	43.3%	13.3%	21.7%

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Around one third of participants acknowledged that they asked for 'solicitor support' from Australian (non-immigrant) business associations which was the highest percentage among participants in the current research. This was followed by 'protection

from social threats' which 22.5% of participants had already asked for or received. 'Utilising new technology', 'arranging meetings with other groups' and 'business plan advice' were also asked by fair enough of participants (21.7%, 21% and 20.7% respectively) from Australian business associations. On the other hand, more than half of participants acknowledged that they did not need to ask for support/benefits such as 'training courses', 'new funds' and 'role model' from Australian business associations. Close to 50% of the participants also claimed that they did not need to solicit for 'mentoring'.

Examining Tables 4.17, 4.18 and 4.19 regarding type of benefits/support that participants claimed that they did not need to solicit from any type of networks reveals that support or benefits such as 'training courses', 'role model' and 'mentoring' were not asked by around 50% of participants from either co-ethnic community, other ethnic communities or Australian business associations. Asking for 'new funds' was another support that more than 50% of participants acknowledged that they did need to ask for from either other ethnic communities or Australian business associations. It seems that in the current research, among participants, the aspects such as using a role model, having a mentor or attending training courses were underutilised. The reason behind this finding might be that participants could not recognize the usefulness of being mentored and having a role model. Via a multiple network, there may be a chance to provide many real successful cases in this regards. Surprisingly, the current findings related to aspect of 'training courses' are not supported by Chavan's findings (2003), therefore, there is a need for further research to find out why there is a discrepancy between these two studies.

Scanning through Table 4.19 also reveals that the participants' level of awareness about the availability of those above support and benefits provided by Australian business associations varied from one benefit to another. In general however in general, the level of awareness was fair enough (the lack of awareness varied between 18% and 27% for different benefits). Through comparing different types of networks (see Tables 4.17, 4.18 and 4.19), a lack of awareness about the availability of those benefits from other ethnic communities (varied between 25% and 30% for different benefits) was higher than from co-ethnic community (varied between 11% and 27% for different benefits) and from Australian business associations (discussed earlier).

Participants were asked for their preference in sourcing those benefits and support from either their own ethnic community, other ethnic communities or Australian networks. Table 4.20 shows that the majority of participants acknowledged that for 'mentoring', 'business plan advice', 'role model', 'new funds', 'managerial accreditation', and 'utilising new technology'; they preferred to approach their own ethnic communities.

Table 4.20: Ethnic entrepreneur's preferences in soliciting extra benefits/support from different sources (the Melbourne study 2007-8)

Types of benefits/support	Ethnic entrepreneur's preference for the source of that benefit/support		
	Own ethnicity	Other ethnicities	Australian business associations
Mentoring	70%	5%	25%
Business plan advice	59.9%	5.1%	35%
Role model	63.1%	3.3%	33.6%
Easy access to overseas market	38.3%	9.6%	52.1%
Solicitor support	41.3%	3.3%	55.3%
Protect from social threats	41.4%	2.6%	56%
Training courses	48.3%	4.2%	47.5%
New funds	61.5%	3.4%	35.1%
Arranging meetings with other groups	36%	9%	55%
Managerial accreditation	55.5%	6.5%	38%
Utilise new Technology	58.9%	3.6%	37.5%

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Only for 'solicitor support', 'protection from social and political threats' and 'arranging meetings with other groups', that the majority of participants preferred to approach Australian networks or associations. In fact, by looking at those eleven benefits/support in Table 4.20, it shows that the participants' preference was to ask for the four benefits

mentioned earlier from Australian business associations were complement those sources for other six benefits which participants preferred to solicit from their own ethnic communities. There also was a similar tendency to approach either own ethnic community or Australian networks for accessing 'training courses' (see Table 4.20). None of those benefits and support were preferred to be obtained from other ethnic communities.

4.6 The level of trust in facilitating the business network's support for both ethnic and non-ethnic business networks

Smith and Holmes (1997, p. 220) argued that the concept of trust has a vital role in network outcomes and they expressed this idea as 'in the presence of a trusting environment network goals are more likely to be achieved'. Luhmann (in Welter & Smallbone 2006) believed that trust could be an alternative for the risks that might be existing in business relationships because trust is built on an initial knowledge about the business partner in particular or about outsiders in general. This indicates that not all business relationships must be regulated via contracts or legal documents as both sides know each other and assume that the partner/second party will not behave in a way that causes detriment to their relationship. According to Welter and Smallbone (2006), although trust depends upon the characteristics of a group, such as an ethnic group, it is also governed via norms, values and a code of conduct inherent in a business environment. To elucidate the pattern of trust among ethnic entrepreneurs in this research, and to what extent ethnic entrepreneurs trusted different groups in their businesses, three questions were asked of participants regarding trust related to employees, suppliers and source of information they might receive. The outcomes reveal that the majority of participants (about 85%) 'usually' or 'always' trusted employees from the same ethnicity, while only approximately 36% 'usually' or 'always' trusted employees from other ethnicities. About 38% of participants 'usually' or 'always' trusted non-immigrant workers (see Table 4.21).

In terms of level of trust in suppliers from different ethnicities, the outcomes of this research showed that there was no big difference between the participants' opinions about trusting suppliers, regardless of their ethnicities, (about 67% of participants 'usually' or 'always' trusted) and trusting suppliers from their own ethnicity (about

55%). It also reveals that there is no big difference between the proportion of participants who trusted specifically non-immigrant suppliers (around 45%) and those (around 47%), who trusted suppliers from other ethnicities. The absolute numbers of participants who trusted different ethnic groups of employees and suppliers are shown in Tables 4.21 and 4.22 respectively.

Table 4.21: Participants' opinion in respect of trusting employees from different ethnicities (the Melbourne study 2007-8)

Target group	Participants' level of trust of target group				
	Never	Rarely	Sometimes	Usually	Always
Own ethnicity	-	3	15	73	25
Other ethnicities	11	18	39	33	5
Non-immigrant	17	26	20	33	6
All groups	14	19	30	35	6

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Table 4.22: Participants' opinion in respect of trusting suppliers from different ethnicities (the Melbourne study 2007-8)

Target group	Participants' level of trust of target group				
	Never	Rarely	Sometimes	Usually	Always
Own ethnicity	2	9	24	58	13
Other ethnicities	3	13	38	45	4
Non-immigrant	4	22	32	39	9
All groups	1	13	28	41	10

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

In terms of trusting different sources of information, the data revealed that the main source of information that participants trusted most was 'family' with approximately 77% of participants according them trust 'usually' or 'always'. The next two sources which had very close rates were 'friends from the same ethnicity' and 'relatives' (56% and 55% responses respectively). Among three organisational sources, (namely the

ethnic community, Australian business networks/associations and government bodies)
the highest rate of trust was given to government bodies, with about 44% of participants
'usually' or 'always' trusting them. This was followed by trust in Australian business
networks/associations, with 42% of responses. Table 4.23 reveals the data regarding
participants' trust in various sources of information.

Table 4.23: Participants' opinion in respect of trusting different information sources (the
Melbourne study 2007-8)

Target group	Participants' level of trust of target group				
	Never	Rarely	Sometimes	Usually	Always
Family (spouse, parents, etc)	2	2	22	48	40
Relatives	7	15	27	43	18
Friends Same ethnicity	10	5	38	57	11
Friends Other ethnicities	9	23	49	27	-
Members of ethnic community	11	19	48	25	6
Members of Australian business	11	22	33	33	15
Government (Local/State/Federal)	12	23	28	31	20

Source: Survey on multiple business networks in Australia, focusing on the larger
Melbourne area

As discussed earlier in this chapter, ethnic entrepreneurs might seek some extra business
help/support from all types of business networks. A question was asked on which of the
different types of networks, namely own ethnicity networks, other ethnicity networks
and Australian business networks, participants trusted more in order to obtain those
benefits mentioned earlier. The data illustrated that in 'role modeling', 'mentoring' and
'business plan advice', participants trusted their own ethnic community/network more
than other types of networks. The ratios were approximately 64%, 63% and 55%
respectively. On the other hand, regarding 'solicitor support', 'protection from social
threats' and 'training course', a number of participants trusted Australian networks to
obtain these types of support (58%, 57%, and 56% respectively). 'Easy access to
overseas markets' was another support for which more participants placed trust (around
55%) on Australian networks than on other types. Referring to data in Table 4.24,
nearly an equal number of participants trusted both their own ethnic

community/network and Australian business networks to gain support such as 'providing new funds to develop the business', 'managerial accreditation' and 'utilising new technology'. Table 4.24 also clearly shows that other ethnic networks were accorded a very low level of trust in the provision of all benefits/support sought, except 'arranging meetings with other groups' for which the other ethnic networks was trusted by 13% of participants.

Table 4.24: Percentage of participants trusting different networks to obtain benefits or support (the Melbourne study 2007-8)

Types of benefit/support	Trusting business network to obtain the specified benefit/support		
	Own ethnicity	Other ethnicities	Australian business associations
Mentoring	63%	3%	34%
Business plan advice	55%	4%	41%
Role model	64%	2%	34%
Easy access to overseas markets	37%	8%	55%
Solicitor support	40%	2%	58%
Protect from social threats	39%	4%	57%
Training courses	40%	4%	56%
New funds	58%	3%	48%
Arranging meetings with other groups	34%	13%	53%
Managerial accreditation	49%	4%	47%
Utilise new Technology	50%	4%	46%

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

4.7 Ethnic entrepreneurs' perspective regarding aspects of operating in a multicultural environment

Questions were asked regarding immigrant/ethnic entrepreneurs operating in a multicultural environment (see Table 4.25 in the next page). About 60% of participants at least agreed that it is better for immigrants to be encouraged to maintain their distinct cultures and ways, while about 78% of them at least agreed that Immigrants and members of minority groups should try to blend into the Australian society. This finding seems to indicate that views of ethnic/immigrant entrepreneurs reflect the Australian government's interpretation of multiculturalism. Table 4.25 shows the outcomes of the current research in regards to assimilation/acculturation or multiculturalism phenomenon.

Some aspects of the multicultural environment were further explored. Participating ethnic/immigrant entrepreneurs were asked whether they were interested in being part of related local business network/s (that included the co-ethnic network, other ethnic networks and non-immigrant or Anglo-Saxon networks). About 45% of them at least agreed that they would. More than 61% of all participants at least agreed that they would join a multiple business network (a network of all ethnic groups), if one existed or was formed.

Three questions were posed regarding other ethnic and non-immigrant (Anglo-Saxon) business networks. Seventy per cent of all participants at least agreed that living for a long time in a multicultural environment encourages immigrants and members of minority groups to participate in business network/s outside their ethnic communities. This seems to imply the inevitability of ethnic/immigrant entrepreneurs meeting and interacting with either non-immigrant entrepreneurs or entrepreneurs from other ethnic communities. Also, at least of 72% of participants at least agreed that a desire to develop business (nationally/internationally) encourages immigrants and members of minority groups to participate in business network/s outside their ethnic communities. About three quarters (74%) of all participants viewed that possessing higher educational qualifications by immigrants was an element that encouraged them to join business network/s outside their ethnic communities.

Table 4.25: Ethnic entrepreneurs' perspective regarding assimilation/acculturation or multiculturalism aspects (the Melbourne study 2007-8)

Blending into the host society	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Don't know
If a multi-ethnic business network forms or exists, I will join it	1.5%	0.7%	33.1%	45.4%	16.2%	3.1%
Immigrants and members of minority groups should try to blend into the Australian society	1.5%	1.5%	16.9%	50%	27.7%	2.4%
It is better for immigrants to be encouraged to maintain their distinct cultures and ways	3.9%	2.3%	30.5%	43.7%	17.3%	2.3%
Interested in being a part of the related local social network/s	1.6%	8%	42.1%	25.4%	19.1%	3.8%
Interested in being a part of the related local business network/s	2.4%	4.8%	42.4%	29.6%	15.2%	5.6%
Living for a long time in multicultural environment encourages immigrants and members of minority groups to participate in social network/s outside their ethnic communities	-	0.8%	21.8%	39%	34.4%	4%
Living for a long time in multicultural environment encourages immigrants and members of minority groups to participate in business network/s outside their ethnic communities.	-	-	24.7%	47.6%	23%	4.7%
Desire to develop business (nationally/ internationally) encourages immigrants and members of minority groups to participate in business network/s outside their ethnic communities.	-	0.7%	23.8%	38.5%	33.9%	3.1%
Immigrants or members of minority groups with higher education have a tendency to join social network/s outside their ethnic communities	0.8%	1.6%	30.2%	38.1%	24.6%	4.7%
Immigrants or members of minority groups with higher education have a tendency to join business network/s outside their ethnic communities	0.8%	1.6%	19%	42.9%	31%	4.7%

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

In regards to social networks and involvement of participants in those types of networks, three questions were asked. First, it was investigated whether participants were interested in being part of a related local social network/s. As was the case for business network/s, about 45% of participants at least agreed that they would be

146

interested in being part of the related local social network/s. Second, it was found that living for a long time in a multicultural environment, from participants' point of view (around 73%), could encourage immigrants and members of minority groups to participate in social networks outside their ethnic communities. Third, the outcomes of the current research show that at least 63% of participants supposed that possession of higher educational qualifications by immigrants was a parameter that persuaded them to join social network/s outside their ethnic communities.

4.8 Conclusion

Demographic patterns of ethnic business owners presented in the current research covered a wide range of attributes including ethnicity, gender, age, education, English proficiency, mode of migration and post-migration time in Australia. It was also revealed that the average of time that the participants operated their own businesses was about seven years and businesses run by participants were mainly in the service sector and were small businesses with a maximum of two employees, excluding the owners. In regards to personal networking attributes, discussing the business plan before starting the business was common among the majority of participants; however, it was 'family members' with whom participants mostly discussed their business plan. Few participants had a high diversity of relationships with people from different ethnicities. Close to 15% of participants thought that it was essential for them to be effectively involved in their own ethnic community. More than one third of them spent 10%-50% of their valuable time to establish contacts within the business network/s and close to 40% of them spent between one to five hours per week for maintaining contacts within business network(s). It is therefore deemed that only a minority of participants in the current research were *'network people'*.

Regarding ethnic network characteristics, it was found that 'family members' and 'close friends from the same ethnicity' played significant roles to aid ethnic/immigrant entrepreneurs to run their businesses. This group of people has offered various types of support such as financial and emotional. This group also helped participants to obtain information and find employees, especially co-ethnic ones.

Among eleven types of support/benefits that ethnic entrepreneurs might obtain or ask from different business networks, 'business plan advice', 'solicitor support' and 'new

funds' were the main support/benefits that participants asked for, or received from, their co-ethnic business network. The first two types of support mentioned above were also claimed by the highest percentage of ethnic business owners as being asked from other ethnic communities. However, in terms of asking for such support from Australian business associations, only 'solicitor support' was sought by the majority of participants. There was a lack of awareness of whether the extra facilitating aspects would be available from other ethnic communities. However, the level of awareness of the availability by the Australian business association was higher than the level of awareness of the availability from other ethnic communities.

The outcomes of the research also showed that when soliciting some types of support/benefits participants preferred to ask non-immigrant (Anglo-Saxon) business associations than their own ethnic business networks. These support/benefits included 'easy access to new markets (overseas)', 'solicitor support', 'protection from social threats' and 'arranging meetings with other groups'.

In regards to the concept of trust, participants accorded more trust to co-ethnic employees and family source of information. There was no significant difference between trusting suppliers from different ethnicities and co-ethnic suppliers. There was also no big difference between trusting non-immigrant (Anglo-Saxon) business associations compared to co-ethnic business networks in regards to asking for those extra benefits.

Blending into the host society was the concept on which participants had varied responses. For instance, close to 45% of participants at least agreed that migrants should continue and maintain their own cultures and life styles. They agreed to some extent that a multicultural environment would encourage immigrants to participate in networks outside their co-ethnic communities. When comparing business networks and social networks outside their co-ethnic communities, participants believed that business networks outside the co-ethnic community are more attractive than social networks. Interestingly, participants showed their willingness to join a multiple network. Nearly 45% agreed, and approximately 16% strongly agreed to join this type of network if it was formed or existed.

Chapter Five

Findings – answering research questions and testing related hypotheses

5.1 Introduction

In this chapter the research questions are answered and the outcomes of testing the related hypotheses are presented. The differing nature of some hypotheses required some consideration of their basic underlying assumptions, and these are mentioned for each case while testing the hypotheses. For some hypotheses, there was more than one analytical technique that was applied. These are mentioned case by case. For each hypothesis, the related question/s in the questionnaire is specified. For the purpose of referring to a hypothesis in other chapters, the specific 'hypothesis identification' was set. As each hypothesis was related to a particular question, the 'hypothesis identification' was divided in two parts. The first part starts with "Q" followed by a number, indicating the number of research questions which the hypothesis was related. The second part starts with a number followed by "H", indicating the sequence of hypothesis to the particular research question. For instance, "Q1-2H" is referred to second hypothesis for first research question.

5.2 Research questions and related hypotheses

As mentioned in Chapter Three, the first research question considered was:

> **5.2.1** What are the current benefits of ethnic networks in Australia that facilitate the ethnic entrepreneurial process?

The literature review conducted earlier for the current research had uncovered several facilitating aspects that the ethnic community provided which helped or supported the ethnic entrepreneurial process. These aspects included: providing customer/markets, finance, labour, suppliers, information and emotional support (for more details please see section 2.5). For each of these facilitating aspects, a related hypothesis was posed to

establish if that aspect also held true in the Australian context for the present study. The results of testing those hypotheses are now presented.

> *Facilitating aspect: Co-ethnic customer/market*

Generally speaking, business owners can have a variety of customers regardless of their ethnic background. Are businesses' customers mainly belonged to a particular ethnic group or not? To find out, the following hypothesis was posed:

✓ Q1-1H: Ethnic businesses have (had) customers from both co-ethnic and other (non co-ethnic and non-immigrant) backgrounds.

Specific questions were posed to the respondents. One question - Who were your primary customers at the start-up stage? - was asked of participants to address the above issue in the stage of start-up of the businesses and two questions: 'Have they changed over time?' and 'Who are most of your customers now?' were asked to address the above issue in the running of the business stage. To identify the ethnic patterns of customers, four options for answering related questions were set in the questionnaire – your ethnic group, other ethnicities, non-immigrants and mix of all groups. As it was assumed that businesses would have a variety of customers, participants were given the choice to select more than one option.

Therefore, above categories were collapsed into three categories: 'co-ethnic only'; 'non co-ethnic groups only' and 'mix of all groups'. The analytical technique that suited testing this hypothesis was the Chi-Square test for goodness of fit. The results [χ^2= 58.63, df= 2, ρ = 0.000] showed that the null hypothesis was rejected (ρ <.05) at the start-up stage, therefore, ethnic businesses did not have particular ethnic type of customers. The analysis (χ^2= 52.49, df= 2, ρ = 0.000) indicated that participants, in both the start-up and running of the business stages, welcome customers regardless of their ethnicities. Therefore, hypothesis Q1-1H cannot be rejected.

It is considerable that although the majority of participants (83 out of 130) claimed that they had variety of customers (mix of all groups). This result could indicate that they also had customers from their own communities. Therefore, these participants together with those who claimed they had only 'co-ethnic customers' (33 participants) could

indicate that co-ethnic communities/networks tried harder to support co-ethnic businesses in order to facilitate customers for ethnic businesses. In other words, co-ethnic communities/networks were a rich resource for the providing co-ethnic customers. As a matter of fact, however, ethnic businesses often would prefer not to refuse any types of customers who knock on their doors (see Table 4.10).

Comparing two stages of business activities in regards to hypothesis Q1-1H showed that the outcomes were statistically close. This was proved by 109 (84%) of ethnic businesses which continued enjoying the custom from the same groups that they started of with during the start-up stage. Of 21 (16%) ethnic businesses which experience changes in their custom, only three businesses indicated that they now have non-immigrants customers.

➢ *Facilitation aspect: Co-ethnic financial providers*

In terms of the sources for borrowing money to finance the business, there are several alternatives available for ethnic business owners. These include a loan from 'family', 'relatives', 'friends', 'ethnic community', 'banks', 'agencies' (private financial providers excluded banks) and 'business partnership'. Among these options, the current research considered that 'family', 'relatives' and 'ethnic community' could be categorised as one group named 'co-ethnic person/community'. Friends were excluded from the group mentioned earlier, because friends could be either from co-ethnic community or other ethnicities (and non-immigrants). Therefore, the following hypothesis was tested.

✓ Q1-2H: Ethnic businesses utilise significantly more financial providers from co-ethnic person/community than from non co-ethnic financial providers.

A null hypothesis was: *there was no significant difference between the ethnicity of financial providers of ethnic businesses.* The question was asked from participants to find out from whom, the ethnic business owners borrowed money to finance their businesses. The hypothesised proportions for testing this hypothesis is initially 50% of financial providers are from co-ethnic person/community and 50% are non co-ethnic financial providers. This means no significant difference between the ethnicity of their financial providers. Testing this hypothesis using binomial test showed that the

distribution of sample population was close (Asymp. Sig. for binomial was 0.063) to the hypothesised proportion of 50% - 50%. Furthermore, this indicated that the ethnicity of financial providers was not a significant factor when ethnic business owners chose those financial providers to finance their businesses. Table 5.1 shows the outcomes of binomial analysis for testing the above hypothesis.

The result of testing the null hypothesis above showed that the null hypothesise could not be rejected. Therefore, it indicated that there was no significant difference between the ethnicity of financial providers of ethnic businesses in the current research and the original hypothesis Q1-2H was rejected (ρ<0.05).

Table 5.1: The results of testing the related hypothesis in regard to financial provider of ethnic businesses in the Melbourne study 2007-8

The result of binomial test	Test proportion		Category		Observed proportion		Asymp. Sig. (1 tailed)	Exact Sig. (1 tailed)
	Co-ethnic	Non co-ethnic	Yes[†]	No	Yes	No		
	50%	50%	75	53	0.59	0.41	0.063	0.063

Note: †- the number includes all participants that point out family or relatives or ethnic community in order to answer the related questions regarding the ethnicity of financial providers.
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

In addition, if considering only family members as financial providers and testing the related hypothesise to find out whether there was a significant difference between those who were financially supported by their family members and those who were not; the outcomes of the current research showed that there was no significant difference between ethnic businesses in this matter. Table 5.2 shows the results of using binominal test to examine the similar hypothesis just for family members.
Tthe null hypothesise was considered and tested as follows:

- *There is no significant difference between ethnic businesses owners who were financially supported by their family members and those who were not.*

Based on the outcome of testing the null hypothesis (see Table 5.2), it showed that the above null hypothesis could not be rejected.

Table 5.2: The results of testing related hypothesis in regard to financial provider by family members of ethnic business owners in the Melbourne study 2007-8

The result of binomial test	Test proportion		Category		Observed proportion		Asymp. Sig. (1 tailed)	Exact Sig. (1 tailed)
	Co-ethnic	Non co-ethnic	Yes[†]	No	Yes	No		
	50%	50%	68	60	0.53	0.47	0.536	0.536

Note: †-the number includes all participants that point out family in order to answer the related questions regarding the ethnicity of financial providers.
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

➢ *Facilitating aspect: Co-ethnic suppliers*

For this aspect, the following hypothesis was posed:

✓ Q1-3H: Ethnic businesses have (had) suppliers from both co-ethnic and other (non co-ethnic and non-immigrant) backgrounds.

A null hypothesis which considered testing hypothesis Q1-3H was: *Ethnic businesses had particular ethnic type of suppliers.* The question was asked from participants as 'At the business start up stage, which type of supplier/s was your first supplier/s?' to address the above issue in the start up stage and one question, 'now, majority of suppliers are:' was asked to address the issue of whether businesses had a particular ethnic supplier in the start of running businesses. To identify the ethnic patterns of suppliers, four options for answering the related questions were set in the questionnaire – your ethnic group, other ethnicities, non-immigrants and mix of all groups. As it was assumed that businesses would have a variety of suppliers, participants were given the choice to select more than one option.

Therefore, the above categories were collapsed into three categories: 'co-ethnic only'; 'non co-ethnic groups only' and 'mix of all groups'. The analytical technique that suited testing this hypothesis was the Chi-Square test for goodness of fit. The results [χ^2= 9.708, df= 2, ρ = 0.008] showed that the null hypothesis was rejected (ρ <.05) at the

start-up stage, therefore, ethnic businesses did not have particular ethnic type of suppliers. Regarding the running of the business stage and the testing the null hypothesis also revealed that the null hypothesis, *Ethnic businesses have particular ethnic type of suppliers,* was rejected as [χ^2= 41.43, df= 2, ρ = 0.000]. This indicated that participants, in both the start-up and running of the business stages, used suppliers regardless of their ethnicities. Therefore, hypothesis Q1-3H cannot be rejected.

In regards to supplier's orientation of participants in the current research, the question raised whether there was a significant difference between having suppliers (either mainly co-ethnic suppliers, other ethnic suppliers or non-immigrant suppliers) in two stages, namely the start-up and running of the business. The outcomes of the Chi-square test revealed that there was a significant difference between having suppliers in the start-up and running of the business stages. For having co-ethnic suppliers, statistics showed that [χ^2 (1, n=124) = 36.07, ρ = 0.00, Phi= 0.56]. For having other ethnic suppliers the value of Chi-square was [χ^2 (1, n=124) = 72.82, ρ = 0.00, Phi= 0.80] and for having non-immigrant suppliers in the business statistics were [χ^2 (1, n=124) = 69.15, ρ =0.00, Phi= 0.802]. These figures showed that the ethnography of the participants' suppliers has changed while running of the business. Looking at absolute figures revealed (please see Chapter Four) that, instead of focusing on particular ethnic or non ethnic suppliers, there was a trend to have more suppliers regardless of their ethnicities in the stage of running the business than the start-up stage.

➢ *Facilitating aspect: Co-ethnic employees*

For this aspect, the following hypothesis was posed:

> ✓ Q1-4H: Ethnic businesses have significantly more employees from their own ethnic community (co-ethnic community/network) than from other groups.

The null hypothesis, that *there was no significant difference between ethnicity of employees hired by ethnic businesses*, was considered and tested by the Chi-square for goodness of fit technique to find whether there was no significant difference between the ethnicity of employees in the current research. The question was asked from participants as 'Now the majority of your employees belong to' to address the above issue in the stage of running the business two questions were asked, 'Have they changed over time?' and 'Who were the majority of your employees?' to address this issue in the

154

start-up stage. Similarly to the previous section regarding suppliers, in order to identify the ethnic patterns of employees, four options for answering related questions were set in the questionnaire - your ethnic group, other ethnicities, non-immigrants and mix of all groups. As it was assumed that businesses would have a variety of employees, participants were given the choice to select more than one option.

Thus, the above categories were collapsed into three categories: 'co-ethnic only'; 'non co-ethnic groups only' and 'mix of all groups'. The results [χ^2= 85.02, df= 2, ρ = 0.000] showed that the null hypothesis was rejected (ρ <.05) at the start-up stage. Therefore, there was a significant difference between ethnicity of employees at the start-up stage. This was proved as 71% of participants (91 out of 129) had 'co-ethnic employees only' when they started their businesses. Regarding the stage of running the business (current time), the statistics showed that the null hypothesis was also rejected [χ^2= 81.67, df= 2, ρ = 0.000]. Thus, there was a significant difference between ethnicity of employees at the stage of running the business. This was also proved as 69% of participants (89 out of 129) still have 'co-ethnic employees only'. According to the outcomes of testing the above null hypothesis, it is clear that the hypothesis Q1-4H cannot be rejected. This indicated that the co-ethnic communities/networks were a rich resource in relation to the provision of co-ethnic employees.

> *Co-ethnic business information providers*

Similarly to financial providers, there are several sources available for ethnic business owners to receive the information they needed. Those include family, relatives, friends from same ethnicity, friends from other ethnicities, the ethnic community/network, Australian business network/association and government bodies (Federal, State or Local). Among those above sources, in the present research, it was considered that family, relatives, friends from the same ethnicity and the ethnic community can be categorised as one group named 'co-ethnic person/community'. Therefore, the following hypothesis was posed.

✓ Q1-5H: Ethnic businesses utilise significantly more business information providers from co-ethnic person/community than from non co-ethnic providers.

The question, 'To start up your business, who gave you information you needed?' was asked from participants to find out the information sources available for ethnic business

155

owners at the start-up stage. Another similar question was asked to find out when the business was running from whom ethnic business owners received information that they needed. The hypothesised proportion for testing this hypothesis was: 50% of information providers are from co-ethnic person/community and 50% are/were non co-ethnic information providers, which indicating no significant difference between ethnicity of their sources of information. The Chi-square for goodness of fit, were used to test the hypothesis Q1-5H. The outcome indicated that there was a significant difference ($\rho<0.001$) between the ethnicity of people who provided information to participants at the start-up and running of the business stages. Ethnic business owners, in the current research, relied on co-ethnic person/community to provide information. Therefore, the hypothesis Q1-5H was accepted. Tables 5.3 shows the results of testing hypothesis based on Chi-square analysis.

Table 5.3: the outcome of testing hypothesis regarding the ethnicity of information providers both in start-up stage and the running the business; using Chi-square test technique in the current Melbourne study 2007-8

| | Test Proportion | | Category | | | | |
	Co-ethnic Person	Non co-ethnic Person	Yes[†]	No	Chi-square	df	Asymp Sig.
Start-up	50%	50%	120	10	93.1	1	0.000
Running the business	50%	50%	115	14	79.1	1	0.000

Note: †-the number includes all participants that point out family or relatives or friends from same ethnicity or ethnic community, in order to answer the related questions regarding the ethnicity of information providers.
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

> *Facilitating aspect: Co-ethnic emotional support*

To deal with business requirements, and overcome difficulties, in the stage of forming the business or while business owners are facing challenges during running the business, they might receive some encouragement or emotional support from who they know. For instance, they may receive support from their family, relatives, friends –

either from same ethnicity or not – from members of ethnic community, from member of the Australian business association or from government bodies – local, state or federal. All groups of people who can provide emotional support can be divided in two groups, co-ethnic or non co-ethnic. Therefore, the question raised is: 'Are co-ethnic people more likely to be supportive than non co-ethnic people in regards to emotional support?' Thus, the following hypothesis was posed.

✓ Q1-6H: Ethnic businesses receive more emotional support from the co-ethnic person/community than from other communities.

In this case, family members, relatives, friends from same ethnicity and members of ethnic community were categorised as 'co-ethnic people' and friends from other ethnicities, members of Australian business associations and government bodies were categorized as 'non co-ethnic people'. The Chi-square test for independence was applied to test the above hypothesis. If either co-ethnic people or non co-ethnic people 'never' or 'a little' did support, they were classified as non-supportive. If to some extent they supported ethnic business owners, they were classified as neutral. When they supported 'a lot' or 'very much so', they were classified as supportive. The result of testing the above hypothesis showed that there was no significant association between ethnicity and supportive behaviour [χ^2 (2, n=99) = 7.48, ρ= 0.112, Cramer's V= 0.194] at the stage of start-up the business. Testing above hypothesis for the stage of running the business also revealed that there was no significant association between ethnicity and supportive behaviour. The Chi-square test result for the stage of running the business was: [χ^2 (2, n=109) = 3.45, ρ= 0.174, Cramer's V= 0.179]. Therefore, the hypothesis Q1-6H was rejected.

In brief, to answer the first research question which was 'what are the current benefits of ethnic networks in Australia that facilitate the ethnic entrepreneurial process?' and considering aspects developed by Menzies *et al.* (2000), it could be concluded that co-ethnic community/network can provide some type of benefits/support to ethnic business owners. Those included co-ethnic customers (although ethnic businesses would be happy to serve all type of customers regardless of their ethnicities), employees and information sources. In this research, 'family members', 'relatives', 'friends from the

same ethnicity', and 'members of the ethnic community' were categorised as one group named *co-ethnic person/community,* or interchangeably, *co-ethnic community/network.* The summary of results for the several hypotheses tested in this section is shown in Table 5.4.

Table 5.4: To what extent co-ethnic networks facilitate support/help to ethnic business owners in the Melbourne study 2007-8

Facilitating aspects in co-ethnic network	Stage of the business process	Result of testing related hypotheses
Customers	Start-up stage	Welcome customers regardless of their ethnicities
	Running the business	Welcome customers regardless of their ethnicities
Financial providers	Start-up stage	No significant difference between ethnicity of financial providers
Suppliers	Start-up stage	Ethnic businesses used suppliers regardless of their ethnicities
	Running the business	Ethnic businesses used suppliers regardless of their ethnicities
Employees	Start-up stage	A significant difference between ethnicity of employees, more co-ethnic employees were hired
	Running the business	A significant difference between ethnicity of employees, more co-ethnic employees are hired
Information providers	Start-up stage	A significant difference between ethnicity of people who provided information, co-ethnic person and/or community provide more information
	Running the business	
Emotional support	Start-up stage	No association between ethnicity and supportive behaviours
	Running the business	

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

The first research question attempted to find out how ethnic business owners, as one cluster, use network functions/facilitating aspects inside the ethnic community/network. The second research question attempted to find out whether there was a significant difference between different ethnic groups (named clusters in the current research) in utilizing co-ethnic network functions to overcome the business problems. Therefore, as mentioned in Chapter Three, the second research question was:

5.2.2 To what extent do ethnic entrepreneurs in Australia use resources inside their ethnic networks?

Answering this research question helps to compare the usage of ethnic networks among different ethnic groups. Based on responses to the current survey, all participants were categorized into five clusters namely; Chinese, Thai, Vietnamese, South Asian included Iranian and a cluster for other ethnicities. The benefits or support provided by the ethnic community/network might vary from one ethnic group to another. This research question addressed that and similar to the first research question, several related hypotheses were posed for this research question as follows:

> ✓ Q2-1H: There is a significant difference among different ethnic groups in ways they use co-ethnic customers/markets.

A null hypothesis was: *there is no significant difference among different groups in ways they exploit co-ethnic customer/markets.* Hypothesis Q2-1H is referred to providing customers from the same ethnicity by ethnic community and developing a special market that offers ethnic products/services. The above hypothesis was tested by using the Chi-square test for independence method. The results revealed that there was a difference among various ethnic groups to use ethnic community/network for targeting co-ethnic customers. However, it was not a significant difference between different clusters as the value of Cramer's V was small. Statistics for the start-up stage [χ^2 (4, n=130) = 10.58, ρ= 0.032, Cramer's V= 0.285] and for the stage of running the business [χ^2 (4, n=130) = 12.17, ρ= 0.016, Cramer's V= 0.306] indicated that the null hypothesis was rejected; therefore, Hypothesis Q2-1H cannot be rejected.

In Chapter Four the results of all responses to the current survey in regards to the above aspect were illustrated. However, in order to reveal the data based on different clusters, Table 5.5 (next page) shows the responses of different ethnic business owners in this regard.

Table 5.5: Classification of customers served by participants from various ethnic clusters in both start-up and running the business stages in the Melbourne study 2007-8

Respondents Ethnic Cluster	Customers in start-up	N	%	Customers in current stage	N	%
Chinese	Had co-ethnic customers	64	88.9	Have co-ethnic customers	62	86.1
	Had other ethnic customers	52	72.2	Have other ethnic customers	56	77.8
	Had non-immigrants customers	44	61.1	Have non-immigrants customers	50	69.4
Thai	Had co-ethnic customers	16	72.7	Have co-ethnic customers	14	63.6
	Had other ethnic customers	15	68.2	Have other ethnic customers	15	68.2
	Had non-immigrants customers	9	40.9	Have non-immigrants customers	9	40.9
Vietnamese	Had co-ethnic customers	11	100	Have co-ethnic customers	9	81.8
	Had other ethnic customers	8	72.7	Have other ethnic customers	6	54.5
	Had non-immigrants customers	8	72.7	Have non-immigrants customers	4	36.4
South Asian	Had co-ethnic customers	16	100	Have co-ethnic customers	16	100
	Had other ethnic customers	13	81.2	Have other ethnic customers	13	81.2
	Had non-immigrants customers	13	81.2	Have non-immigrants customers	13	81.2
Others	Had co-ethnic customers	9	100	Have co-ethnic customers	9	100
	Had other ethnic customers	9	100	Have other ethnic customers	9	100
	Had non-immigrants customers	9	100	Have non-immigrants customers	9	100

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

As illustrated in Table 5.5, all Vietnamese, South Asian and ethnic business owners, who were classified as 'others' in the current research, claimed that in start-up stage they had mainly co-ethnic customers. On the other hand, about 89% of Chinese participants and about 73% of Thai participants claimed that they had mainly co-ethnic customers in their start-up stage. After running the business for a while, the percentages of Chinese, Thai and Vietnamese participants who claimed that they have mainly co-ethnic customers in their businesses reduced from 89% to 86% for Chinese and from 73% to 64% for Thai and from 100% to 82% for Vietnamese.

Regarding financial providers there is a related hypothesis which is similar to the hypothesis for the first research question. The related hypothesis was posed as follows:

✓ Q2-2H: There is a significant difference among different ethnic groups in ways they use co-ethnic financial providers.

The analytical technique used for testing this hypothesis was the Chi-square test for independence and the results revealed that there was no significant difference between various ethnic groups as [χ^2 (4, n=128) = 4.125, ρ= .389, Cramer's V= 0.18]. In other words, the related null hypothesis, which was: *there is no significant difference among different ethnic groups in ways they exploit co-ethnic financial providers*, could not be rejected. Table 5.67 (please see the next page) shows the data for different clusters according the usage of financial providers from co-ethnic person or community.

If ethnic business owners needed to borrow money while they were running their businesses, there were several sources that they could approach. Their preferences on borrowing from different sources were asked in the present research. To compare different ethnic clusters in regards to their preference to borrow money from different sources namely 'family', 'relatives', 'friends', 'ethnic community', 'banks', 'agencies' and 'business partnership'; a one-way between groups analysis of variance (ANOVA) was conducted. To borrow money from 'family', there was a statistically difference in participants' preference at the $p < .05$ as [F (4, 114) = 4.265, p = .003]. To borrow money from 'relatives', there was also a statistically difference at the $p < .05$ as [F (4, 111) = 3.608, p = .008].

Table 5.6: The frequency of co-ethnic financial providers for different ethnic clusters in the Melbourne study 2007-8

Ethnic Clusters	Whether had Co-ethnic financial providers	N	%
Chinese	Yes	41	56.9
	No	31	43.1
Thai	Yes	13	65
	No	7	35
Vietnamese	Yes	4	36.4
	No	7	63.6
South Asian	Yes	10	62.5
	No	6	37.5
Others	Yes	7	77.8
	No	2	22.2

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

The preference to borrow from 'friends' was statistically difference as [F (4, 112) = 6.96, p = .000]. In regards to borrow from the 'ethnic community', there was also a statistically difference between groups as [F (4, 106) = 3.988, p = .005]. The statistics showed that there was no significant difference between groups regarding their preference to borrow from 'banks' [F (4, 121) =2.371, p = .056] or 'agencies' [F (4, 107) =1.046, p = .387].

Post-hoc comparisons using the Turkey HSD test indicated that mean scores for South Asians (M=4.5, SD= .905) was significantly different from Chinese (M=2.96, SD=1.33) Thai (M=2.82, SD=1.29) and Vietnamese (M=2.8, SD=1.47) in regards to the preference to borrow from 'family'. Post-hoc comparisons also revealed that the mean scores for Thai (M= 2.43, SD= .746) was significantly different from Chinese (M=1.7, SD=1.08) and Vietnamese (M=1.3, SD= .483) in regards to the preference to borrow from 'relatives'. Regarding participants' preference to borrow from 'friends', South

Asians had mean scores (M=3.33, SD=1.15) that were significantly different from Chinese (M=1.95, SD=1.14), Thai (M=1.9, SD= .99) and Vietnamese (M=1.00, SD= 0.0). the preference to borrow from the 'ethnic community' among Thai participants was statistically different from Chinese, Vietnamese and South Asians. Mean scores for Thai participants was 1.84 with a standard deviation of 0.765 compared to Chinese (M=1.17, SD= .752), Vietnamese (M=1.0, SD= 0.0) and South Asians (M=1.09, SD= .701).

A comparison among different ethnic groups in regards to use suppliers from same ethnicity is the next part of this section and the related hypothesis was posed as follows:

✓ Q2-3H: There is a significant difference among different ethnic groups in ways they use co-ethnic suppliers.

The outcomes of using the Chi-square test for independence to test the above hypothesis revealed that there was a difference between different ethnic groups to use co-ethnic suppliers; however, it was not a significant difference. Statistics for the start-up stage [χ^2 (4, n=130) = 12.497, ρ= 0.014, Cramer's V= 0.310] and for the stage of running the business [χ^2 (4, n=130) = 16.512, ρ= 0.002, Cramer's V= 0.368] indicated that the related null hypothesis which was: *there is no significant difference among different ethnic groups in ways they exploit co-ethnic suppliers*, could not be accepted. Table 5.7 (please see the next page) shows the detail of the responses to related questions in survey, regarding ethnicity of suppliers and based on different clusters for both start-up stage and the stage of running the business. As illustrated in Table 5.8, in the start-up stage, around 85% of Chinese, 59% of Thai, 55% of Vietnamese and 75% of South Asian participants claimed that they had mainly co-ethnic suppliers. In the stage of running the business, the percentages of participants who claimed that they have mainly co-ethnic suppliers increased except for Vietnamese and ethnic business owners, classified as 'others'. The percentage of Vietnamese who claimed that they have mainly co-ethnic suppliers declined and for 'others' the response did not change.

Table 5.7: Classification of suppliers used by participants from various ethnic clusters in both start-up and running the business stages in the Melbourne study 2007-8

Respondents Ethnic Cluster	Suppliers in start-up	N	%	Suppliers in current stage	N	%
Chinese	Had co-ethnic suppliers	61	84.7	Have co-ethnic suppliers	61	85.9
	Had other ethnic suppliers	37	51.4	Have other ethnic suppliers	48	67.6
	Had non-immigrants suppliers	40	55.6	Have non-immigrants suppliers	52	73.2
Thai	Had co-ethnic suppliers	13	59.1	Have co-ethnic suppliers	17	85
	Had other ethnic suppliers	16	72.7	Have other ethnic suppliers	18	90
	Had non-immigrants suppliers	9	40.9	Have non-immigrants suppliers	15	75
Vietnamese	Had co-ethnic suppliers	6	54.5	Have co-ethnic suppliers	4	40
	Had other ethnic suppliers	6	54.5	Have other ethnic suppliers	8	80
	Had non-immigrants suppliers	1	9.1	Have non-immigrants suppliers	2	20
South Asian	Had co-ethnic suppliers	12	75	Have co-ethnic suppliers	11	91.7
	Had other ethnic suppliers	8	50	Have other ethnic suppliers	4	33.3
	Had non-immigrants suppliers	12	75	Have non-immigrants suppliers	5	41.7
Others	Had co-ethnic suppliers	9	100	Have co-ethnic suppliers	9	100
	Had other ethnic suppliers	8	88.9	Have other ethnic suppliers	9	100
	Had non-immigrants suppliers	8	88.9	Have non-immigrants suppliers	9	100

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Another benefit or support from ethnic community/network is to help business owners to hire employees from the same ethnicity. Therefore, to compare different ethnic groups in this matter, the following related hypothesis was posed.

✓ Q2-4H: There is a significant difference among different ethnic groups in ways they employ co-ethnic employees.

Similarly to above hypotheses, the method used to test this hypothesis was the Chi-square test for independence and the outcomes illustrated that there was a difference between different ethnic groups in the current study; however, it was not a significant difference. Statistics for the start-up stage [χ^2 (4, n=129) = 10.918, ρ= 0.028, Cramer's V= 0.291] and for the stage of running the business [χ^2 (4, n=129) = 15.347, ρ= 0.004, Cramer's V= 0.345] indicated that the related null hypothesis which was: *there is no significant difference among different ethnic groups in ways they employ co-ethnic employees*, could not be accepted. As illustrated in Table 5.8 (please see the next page), all Thai and Vietnamese participants claimed that they had mainly co-ethnic employees in their business. On the other hand, 75% of South Asian and about 95% of Chinese participants claimed that they had mainly co-ethnic employees in their businesses. When comparing two stages - start-up and running of the business - the only change that occurred in hiring co-ethnic employees belonged to the Chinese and the percentage was slightly increased from 95% to 97%.

Information sources are one part of the resources that an ethnic community can provide to business owners in order to help them to start up and to support them when they are running the business. Is there a difference between various ethnic groups to provide information to their community? The following hypothesis helps to answer the earlier question.

✓ Q2-5H: There is a significant difference among different ethnic groups in ways they use co-ethnic business information provider.

The Chi-square test was used to test the above hypothesis in start-up stage and during the running of the business. The outcomes reveal that there was a difference but that was not significant, between different groups in regards to the information that was provided to ethnic business owners.

Table 5.8: Classification of employees hired by participants from various ethnic clusters in both start-up and running the business stages in the Melbourne study 2007-8

Ethnic Clusters	Employees in start-up	N	%	Employees in current stage	N	%
Chinese	Had co-ethnic employees	67	94.4	Have co-ethnic employees	69	97.2
	Had other ethnic employees	14	19.7	Have other ethnic employees	19	26.8
	Had non-immigrants employees	18	25.4	Have non-immigrants employees	21	29.6
Thai	Had co-ethnic employees	22	100	Have co-ethnic employees	22	100
	Had other ethnic employees	1	4.5	Have other ethnic employees	1	4.5
	Had non-immigrants employees	1	4.5	Have non-immigrants employees	1	4.5
Vietnamese	Had co-ethnic employees	11	100	Have co-ethnic employees	11	100
	Had other ethnic employees	4	36.4	Have other ethnic employees	4	36.4
	Had non-immigrants employees	4	36.4	Have non-immigrants employees	4	36.4
South Asian	Had co-ethnic employees	12	75	Have co-ethnic employees	12	75
	Had other ethnic employees	4	25	Have other ethnic employees	4	25
	Had non-immigrants employees	8	50	Have non-immigrants employees	8	50
Others	Had co-ethnic employees	8	88.9	Have co-ethnic employees	8	88.9
	Had other ethnic employees	7	77.8	Have other ethnic employees	6	66.7
	Had non-immigrants employees	6	66.7	Have non-immigrants employees	5	55.6

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Statistics for the start-up stage [χ^2 (4, n=130) = 11.012, ρ= 0.026, Cramer's V= 0.291] and for the stage of running the business [χ^2 (4, n=129) = 26.234, ρ= 0.000, Cramer's V= 0.451] indicate that the null hypothesis could not be accepted. As the value of Cramer's V is slightly higher for the stage of running the business compared to the start-

up stage, it indicated that the difference between the groups was stronger for stage of running the business than the start-up stage. Table 5.9 shows the details of the responses to related questions, based on different ethnic groups, in both stages of the business process.

Table 5.9: Respondents in each ethnic category acknowledging receipt of information from co-ethnic person/community in both stages of the business process in the Melbourne study 2007-8

	Respondent ethnic Cluster									
	Chinese		Thai		Vietnamese		South Asian		Others	
	N	%	N	%	N	%	N	%	N	%
Start-up	69	96	21	96	8	73	13	81	9	100
Running the business	68	94	21	100	6	55	11	69	9	100

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

In terms of emotional support, similar to classifications have been grouped for the first research question, people who might emotionally support ethnic business owners were categorised into non supportive, natural and supportive and also into two groups, co-ethnic person/community and non co-ethnic people. Regarding to the second research question and to compare different ethnic groups in aspect of emotional support the following hypothesis was posed.

✓ Q2-6H: There is a significant difference among different ethnic groups in ways they utilize co-ethnic emotional support.

The statistical technique that was used was the one-way between groups ANOVA to test whether there was a significant difference between the mean scores of receiving emotional support in the start-up stage. The outcomes revealed that this only related to receiving emotional support by friends from the same ethnicity and there was a

167

significant difference between Vietnamese (M= 1.67, SD= 0.577), Thai (M= 4.05, SD= 0.844), Chinese (M= 3.44, SD= 0.92) and 'others' (M= 3.57, SD= 0.535).

If considering other groups of people and testing whether there was a significant difference between the mean scores for receiving the emotional support, the statistical analysis, using the one-way between groups ANOVA, revealed the following findings. In relation to receiving emotional support from 'non co-ethnic friends', there was a significant difference between Vietnamese (M= 1.0, SD=0.0), Thai (M= 2.77, SD=0.685) and South Asians (M= 3.25, SD= 0.463). It also revealed that in relation to receiving emotional support from 'Australian business associations', there was a significant difference between South Asians (M= 3.25, SD= 1.48), Vietnamese (M= 1.0, SD= 0.0), Thai (M= 1.77, SD= 0.52) and Chinese (M= 1.93, SD= 1.1). South Asians (M= 2.75, SD= 1.1) were also different in regards to receiving emotional support by 'government bodies' compared to Chinese (M= 1.71, SD= 1.08) and Thai (M= 1.41, SD= 0.5).

During the running of the business, by using the same method as above, it was revealed that there was a significant difference between the mean scores for Vietnamese (M= 1.57, SD= 1.5), Thai (M= 3.68, SD= 0.78), Chinese (M= 3.11, SD= 1.1) and 'others' (M= 3.25, SD= 1.0) when receiving emotional support from 'relatives'. Vietnamese (M= 1.0, SD= 0.0) had also a significant difference in terms of receiving emotional support from 'co-ethnic friends' compared to Chinese (M= 3.44, SD= 1.0), Thai (M= 4.09, SD= 0.75) and 'others' (M= 3.56, SD= 1.2). In relation to receiving emotional support from 'non co-ethnic friends', Chinese (M= 2.17, SD= 0.9) had a significant difference compared to South Asians (M=3.09, SD= 0.7) and Vietnamese (M= 1.0, SD= 0.0). Finally, when receiving emotional support from 'government bodies', there was a significant difference between South Asians (M= 2.73, SD= 0.6) and Chinese (M=1.59, SD= 0.76).

In brief, to answer the second question, testing several related hypotheses revealed that in relation to co-ethnic customers, co-ethnic employees, co-ethnic suppliers, information providers and emotional support, there was a difference among several ethnic groups. This difference however was not significant, except for emotional

support. Table 5.10 shows the outcomes of several related hypotheses regarding the second research question.

Table 5.10: Facilitating aspects from co-ethnic community/network used by different clusters in the Melbourne study 2007-8

Facilitating aspects in co-ethnic network	Stage of the business process	Result of testing related hypotheses in regard to the difference between clusters
Customers	Start-up stage	There was a difference, but *not significant* among different ethnic groups
	Running the business	There was a difference, but *not significant* among different ethnic groups
Financial providers	Start-up stage	There was no significant difference between various ethnic groups
Suppliers	Start-up stage	There was a difference, but *not significant* among different ethnic groups
	Running the business	There was a difference, but *not significant* among different ethnic groups
Employees	Start-up stage	There was a difference, but *not significant* among different ethnic groups
	Running the business	There was a difference, but *not significant* among different ethnic groups
Information providers	Start-up stage	There was a difference, but *not significant* among different ethnic groups
	Running the business	There was a difference, but *not significant* among different ethnic groups
Emotional support	Start-up stage	There was significant difference between various ethnic groups
	Running the business	There was significant difference between various ethnic groups

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

As mentioned in Chapter Three, the third research question was:

5.2.3 What internal (ethnic network related) and external (environment related to the host society and globalization) factors influence the utilisation of an ethnic network?

The third research question attempted to find which factors influence the ethnic entrepreneurs to use co-ethnic network support/benefits. Some factors are related to ethnic entrepreneurs' level of involvement with the co-ethnic community and ethnic entrepreneurs' personal networking. This was named in this research as internal or

ethnic network related factors. Some other factors related to the host society/environment or in broad view the globalisation factors which were named as external factors in the present research. The third research question and related hypotheses are discussed as follows:

As stated previously on the usage of the ethnic network, this was divided into six subsections named co-ethnic customers, co-ethnic employees, co-ethnic suppliers, co-ethnic financial support, co-ethnic information providers and co-ethnic emotional support (adapted from model developed by Menzies *et al.* (2000)). Therefore, to test the related hypothesis, each support or benefit was considered individually and the related hypothesis was tested for each support/benefit independently. There are two related hypotheses focused on internal factors and the next four focused on external factors. The first hypothesis in this regard is posed and tested as follows:

> ✓ Q3-1H: The ethnic entrepreneur's utilisation of the co-ethnic network resources is positively associated with the ethnic entrepreneur's level of involvement inside the co-ethnic community/network.

To ascertain the ethnic entrepreneur's level of involvement within the co-ethnic community, a question was asked on whether the research participant attended social or business meetings inside his/her own ethnic community during the preceding year. This question was adapted from research conducted by Greene and Chaganti in the United States, while they wanted to find out the relationship between the level of involvement into ethnic community and ethnic entrepreneur's human capital (Greene & Chaganti 2004). The Chi-square test for independence was used to test this hypothesis,. Each benefit was considered independently in two separate stages, the start-up and running of the business. Table 5.11 presents the outcomes of testing the above hypothesis. The ρ value was higher than 0.05 in all categories nominated for support or benefit, except for employees in the start-up and suppliers in running the business stage. Then, the null hypothesis could not be rejected and indicated that there was no association between the usage of support/benefit provided by co-ethnic network/community and the ethnic entrepreneur's level of involvement within the co-ethnic community. However, in two categories: employees in the start-up and suppliers in running the business, as the hypothesis could not be rejected; there was an association between the usage of those

types of support and the ethnic entrepreneur's level of involvement within the co-ethnic community (see Table 5.12).

Table 5.11: The statistical outcomes of testing the association between utilization of co-ethnic network benefits as per Menzies *et al.* (2000) and the level of involvement of participants in the co-ethnic network in the Melbourne study in 2007-8

Network's Benefits used	Stage of Business	Chi-square (χ^2 - n)	df	Asymp. Sig. (ρ)	Approx. Sig.	Phi	Result
Co-ethnic customers	Start-up	1.254 - 130	2	0.534	0.534	0.098	Rejected
	Running the business	3.55 -130	2	0.169	0.169	0.165	Rejected
Co-ethnic employees	Start-up	7.432 - 129	2	0.024	0.024	0.24	Cannot reject
	Running the business	3.785 -129	2	0.151	0.151	0.171	Rejected
Co-ethnic suppliers	Start-up	1.13 - 130	2	0.567	0.567	0.093	Rejected
	Running the business	6.12 - 124	2	0.047	0.047	0.222	Cannot reject
Information	Start-up	0.542 - 130	1	0.461	0.288	-.094	Rejected
	Running the business	0.00 - 129	1	0.995	0.772	-.026	Rejected
Emotional support	Start-up	1.732 - 114	2	0.421	0.421	0.123	Rejected
	Running the business	0.353 - 126	1	0.552	0.369	-.08	Rejected
Financial support	Start-up	2.44 - 128	1	0.118	0.082	-.154	Rejected

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

The next hypothesis related to the diversity of ethnic entrepreneur's personal networking. To test the below hypothesis, a question was asked to find out what percentage of the participant's friends was from inside their co-ethnic community (adapted from Greene & Chaganti 2004). The implication was that the more friends from the co-ethnic community, the less diversity of personal networking that the participant had. Similarly to hypothesis Q3-H1, for testing the following hypothesis, six criteria were considered separately and independently tested.

✓ Q3-2H: The ethnic entrepreneur's utilisation of the co-ethnic network resources is negatively associated with the diversity of the ethnic entrepreneur's personal network.

As one variable, the percentage of friends from the same ethnicity is nominated as ordinal in the current research. Therefore, to analyse the outcomes of the Chi-square test, the value of Gamma (γ) instead of the value of Phi, was used. Table 5.12 shows the

171

results of testing hypothesis Q3-2H. To accept the above hypothesis, the ρ value must be smaller than 0.05 and the value of Gamma must be negative (negatively associated). By examining the results, it is noticeable that the above hypothesis cannot be rejected only in two of the criteria. Firstly, it indicated that ethnic businesses had more co-ethnic customers in the stage of running the business (current stage) while ethnic business owners had less diversity in personal networking. Secondly, it indicated that at the stage of the start-up, ethnic business had more co-ethnic suppliers while ethnic business owners had less diversity in personal networking.

Table 5.12: The statistical outcomes of testing the association between utilisation of co-ethnic network and the diversity of participants' personal network in the Melbourne study in 2007-8

Network's Benefits used	Stages of Business	Chi-square (χ^2 - n)	df	Asymp. Sig. (ρ)	Approx. Sig.	(γ)	Result
Co-ethnic customers	Start-up	3.779 - 130	2	0.151	0.21	-.613	Rejected
	Running the business	7.805 - 130	2	0.02	0.001	-.744	Cannot reject
Co-ethnic employees	Start-up	19.3 - 129	2	.00	.001	.860	Rejected *
	Running the business	14.803 - 129	2	0.001	0.005	.860	Rejected *
Co-ethnic suppliers	Start-up	7.058 - 130	2	0.029	.002	-.584	Cannot reject
	Running the business	1.324 - 122	2	.516	0.412	-.193	Rejected
Information provided	Start-up	6.578 - 130	2	.037	.133	-.484	Rejected
	Running the business	1.116 - 129	2	.572	.742	-.09	Rejected
Emotional support	Start-up	23.158 - 114	4	.000	.852	.055	Rejected †
	Running the business	.620 - 126	2	.733	.859	-.054	Rejected
Financial support	Start-up	1.630 - 128	2	.443	.714	.064	Rejected

Note: * - Although ρ was smaller than 0.05, the value of γ was positive, therefore, hypothesis was rejected.
† - Hypothesis was rejected in this case because the value of Gamma was close to zero.
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

As states in the research question, it attempted to examine the external factors that influence the utilization of co-ethnic networks by ethnic entrepreneurs. In terms of external factors or environmental factors, it was chosen that two types of organisations related to the host society. The first type, in general, was any type of business

associations/networks formed and run by non-immigrant Australians (Angle-Saxon) as the main and dominated networks in the host society. These types of business associations/networks were named 'Australian business associations/networks'. The second type was Australian government bodies in all levels (Federal to Local). The next four related hypotheses focused on just two criteria among network's support or benefits, which were informational and emotional support. It is believed (from the present researcher's point of view) that among several network's benefits mentioned earlier, these two above benefits could be influenced by external factors, in this case, Australian business associations/networks and Australian government bodies. In addition, informational support could help business owners to overcome difficulties related to finance, and other related business issues such as hiring employees, finding suppliers and targeting markets. Therefore, the following four hypotheses were posed to examine the effect of external factors on using co- ethnic network.

- ✓ Q3-3H: The ethnic entrepreneur's utilization of the co-ethnic information source is negatively associated with the usage of information sources from an Australian business network.

The above hypothesis sought to examine the relationship between similar criterion (providing information) in two types of network, one co-ethnic and another non co-ethnic network in both stages of running the business (the current stage) and the start-up. To test the above hypothesis, the Chi-square test was used and the outcomes were as follows. In the start-up stage, the statistics figures were [χ^2 (1, n=130) = 0.0, ρ= 1.0, Phi= 0.026], and in the stage of running the business, statistics figures were [χ^2 (1, n=129) = 0.0, ρ= 0.998, Phi= -0.033]. According to the statistical results, the above hypothesis was rejected and indicated that there was no association between using information sources provided by co-ethnic network and Australian business associations.

Hypothesis Q3-4H was posed to find out the relationship/association between the provision of emotional support by the co-ethnic network and by Australian Business associations.

✓ Q3-4H: The ethnic entrepreneur's utilization of co-ethnic emotional support is negatively associated with the usage of emotional support from an Australian business network.

The outcomes of the Chi-square test were as follows. In the stage of start-up, statistics figures were [χ^2 (4, n=99) = 11.06, ρ= 0.026, Cramer's V= 0.236] and in the stage of running the business the statistics figures were [χ^2 (2, n=108) = 2.522, ρ= 0.283, Cramer's V= 0.153]. Although the ρ value was smaller than 0.05 in the start-up stage, the hypothesis was rejected because Cramer's V was positive, indicated that there was a positive association between the variables. In the stage of running the business, the hypothesis was rejected because the ρ value was bigger than 0.05. Based on the results of testing, hypothesis Q3-4H was rejected and indicated that there was no negative association between the variables.

Hypotheses Q3-5H and Q3-6H were posed to examine the relationship between the usage of informational and the emotional support provided by co-ethnic network/community and Australian government bodies.

✓ Q3-5H: The ethnic entrepreneur's utilization of co-ethnic information source is negatively associated with the usage of informational sources from the Australian government.

✓ Q3-6H: The ethnic entrepreneur's utilization of co-ethnic emotional support is negatively associated with the usage of emotional support from the Australian government.

The same analytical method, the Chi-square test for interdependence, was used for both hypotheses. The outcomes of testing hypothesis Q3-5H were as follows. Statistics figures in the start-up stage were [χ^2 (1, n=130) = 0.0, ρ= 1.0, Phi= 0.014] and in the stage of running the business were [χ^2 (1, n=129) = 11.57, ρ= 0.001, Phi= -0.329]. Therefore, hypothesis Q3-5H could not be rejected only in the stage of running the business (current stage), which indicated that ethnic entrepreneurs used more information sources provided by ethnic network/community; if Australian governments could not provide them the information they needed.

The outcomes of testing hypothesis Q3-6H were as follows. The statistics for the start-up stage were [χ^2 (4, n=99) = 15.06, ρ= 0.005, Cramer's V= 0.276] and in the stage of running the business these were [χ^2 (2, n=108) = 1.214, ρ= 0.545, Cramer's V= 0.106]. Although ρ value was smaller than 0.05 in the start-up stage, the hypothesis was rejected because Cramer's V was positive, which indicated that there was positive association between variables. In the stage of running the business, the hypothesis was rejected because the ρ value was larger than 0.05. Based on the results of testing, hypothesis Q3-6H was rejected and indicated that there was no negative association between the variables in regards to emotional support.

The following section seeks to establish which benefits or support could be brought into the co-ethnic network/community to add value to the network. Based on the literature review and explanations in Chapters Three and Four, several alternatives for potential benefit were chosen and then asked of the research participants. Based on the data gathered from the current survey, the fourth research question sought to answer the following:

5.2.4 What benefits should be introduced into a given ethnic network from outside their communities to improve the value of the network?

The descriptive figures of all respondents regarding the additional benefits to the Menzies *et al.*'s (2000) model, that the research participants have already used or might use in the future, are explained in Chapter Four (see section 4.5). In this part of Chapter Five, the data of different groups are illustrated and classified in order to compare how different ethnic groups approached receiving the above additional needs or benefits for growing the businesses and developing network functions. In current research, although there are five clusters, namely Chinese, Thai, Vietnamese, South Asians and other ethnicities, only the first three clusters were analysed. The South Asians and other ethnicities clusters were represented by different ethnic groups, for example, South Asians represented business owners from India, Seri Lanka, Pakistan and Iran. In another cluster, business people from countries such as Italy, Turkey, Japan, Chile and Indonesia were represented. The two clusters earlier mentioned were more heterogenous compared to Chinese, Thai and Vietnamese which were more homogenous groups. Therefore, only three ethnic communities, Chinese, Thai and Vietnamese were

compared in terms of seeking additional benefits/support (to Menzies *et al.*'s (2000) model) in the current research.

Table 5.13 illustrates to what extent Chinese participants asked or received those additional benefits from their own ethnic community. As observable from Table 5.14, the highest percentage of Chinese participants sought legal advice ('solicitor support') from their community (46.3%) followed by the need for a 'role model' and 'new funds' (39.1%) and help for 'business plan advice' (35.8%). Among Chinese participants, 48.4% (31 responses) of them stated that they did not require any help from the Chinese community to 'arrange the meetings with other groups' followed by 'easy access to overseas markets' (47.8%) and help for 'using (installing) new technology' (45.3%).

Table 5.13: Descriptions of Chinese participants who asked for/received benefits from their own community in the Melbourne study 2007-8

Networking Benefits	Responses to aspects of usage of the benefits			
	Yes	Not needed	Not available	Not aware if it is available
Mentoring	22 (31.9%)	29 (42%)	7 (10.1%)	11 (15.9%)
Business plan advice	24 (35.8%)	24 (35.8%)	5 (7.5%)	14 (20.9%)
Role model	27 (39.1%)	27 (39.1%)	6 (8.7%)	9 (13%)
Easy access to overseas market	10 (14.9%)	32 (47.8%)	7 (10.4%)	18 (26.9%)
Solicitor support	31 (46.3%)	18 (26.9%)	8 (11.9%)	10 (14.9%)
Protect from social threats	22 (33.3%)	21 (31.8%)	9 (13.6%)	14 (21.2%)
Training courses	14 (21.2%)	26 (39.4%)	6 (9.1%)	20 (30.3%)
New funds	25 (39.1%)	28 (43.8%)	5 (7.8%)	6 (9.4%)
Arranging meetings with other groups	11 (17.2%)	31 (48.4%)	7 (10.9%)	15 (23.4%)
Managerial accreditation	11 (17.2%)	26 (40.6%)	9 (14.1%)	18 (28.1%)
Utilise new Technology	15 (23.4%)	29 (45.3%)	5 (7.8%)	15 (23.4%)

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

176

In regards to Thai participants, the highest percentage of Thai business owners in the current research which sought for 'business plan advice' was 81.8% followed by the need for 'new funds' from the Thai community (63.6%) and help for 'easy access to overseas markets'. 'Role modelling' and 'training courses' were types of help that the majority of Thai participants said that they did not need (68.2%) followed by two another types of assistance 'protecting the business from social threats' and 'managerial accreditation' (54.5%). Table 5.14 shows the responses of Thai participants regarding the usage of the benefits from their own community.

Table 5.14: Descriptions of Thai participants who asked for/received benefits from their own community in the Melbourne study 2007-8

Networking Benefits	Responses to aspects of usage of the benefits			
	Yes	Not needed	Not available	Not aware if it is available
Mentoring	4 (18.2%)	16 (72.7%)	0 (0%)	2 (9.1%)
Business plan advice	18 (81.8%)	3 (13.6%)	0 (0%)	1 (4.5%)
Role model	2 (9.1%)	15 (68.2%)	2 (9.1%)	3 (13.6%)
Easy access to overseas market	13 (59.1%)	2 (9.1%)	4 (18.2%)	3 (13.6%)
Solicitor support	8 (36.4%)	11 (50%)	0 (0%)	3 (13.6%)
Protect from social threats	5 (22.7%)	12 (54.5%)	1 (4.5%)	4 (18.2%)
Training courses	1 (4.5%)	15 (68.2%)	3 (13.6%)	3 (13.6%)
New funds	14 (63.6%)	4 (18.2%)	0 (0%)	4 (18.2%)
Arranging meetings with other groups	4 (18.2%)	8 (38.4%)	0 (0%)	10 (45.5%)
Managerial accreditation	1 (4.5%)	12 (54.5%)	0 (0%)	9 (40.9%)
Utilise new Technology	12 (54.5%)	4 (18.2%)	0 (0%)	6 (27.3%)

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Among Vietnamese, on the other hand, only 27.3 % of Vietnamese participants stated that they asked or received help for 'protecting them from social threats' which was the highest percentage of Vietnamese business owners that asked for any type of help from

their community, followed by asking for 'business plan advice' (18.2%). Table 5.15 reveals to what extent Vietnamese participants used or received extra benefits from their own community. The very low figures of using/asking help from the Vietnamese community were due to evidence that the majority of business owners believed that those types of help were not available inside the Vietnamese community. Out of 11 responses of Vietnamese, six participants (54.5%) believed that not only the assistance mentioned earlier ('protection the business from social threats' and 'business plan advice') were not available in the Vietnamese community, but also that other types of support or help such as 'role modelling', 'solicitor support', 'training courses' and help for 'using new technology' were not available.

Table 5.15: Descriptions of Vietnamese participants who asked for/received benefits from their own community in the Melbourne study 2007-8

Networking Benefits	Responses to aspects of usage of the benefits			
	Yes	Not needed	Not available	Not aware if it is available
Mentoring	1 (9.1%)	2 (18.2%)	6 (54.5%)	2 (18.2%)
Business plan advice	2 (18.2%)	3 (27.3%)	6 (54.5%)	0 (0%)
Role model	0 (0%)	5 (45.5%)	6 (54.5%)	0 (0%)
Easy access to overseas market	1 (9.1%)	2 (18.2%)	6 (54.5%)	2 (18.2%)
Solicitor support	1 (9.1%)	4 (36.4%)	6 (54.5%)	0 (0%)
Protect from social threats	3 (27.3%)	2 (18.2%)	6 (54.5%)	0 (0%)
Training courses	1 (9.1%)	4 (36.4%)	6 (54.5%)	0 (0%)
New funds	0 (0%)	5 (45.5%)	4 (36.4%)	2 (18.2%)
Arranging meetings with other groups	0 (0%)	3 (27.3%)	4 (36.4%)	4 (36.4%)
Managerial accreditation	1 (9.1%)	2 (18.2%)	6 (54.5%)	2 (18.2%)
Utilise new Technology	1 (9.1%)	4 (36.4%)	6 (54.5%)	0 (0%)

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

In addition, the evidence shows that the number of participants that pointed out their awareness of availability of those types of support or help inside the ethnic community was very low. In this case, none of the Vietnamese participants chose the option 'not aware if it is available' for those types of help mentioned earlier. This indicated that participants were sure that those benefits were not available from their community. Table 5.15 also reveals that nearly half of the Vietnamese participants (45.5%) did not need 'role modelling' and 'new funds' provided by their own ethnic community followed by 'solicitor advice' and help for 'utilising new technology' (36.4%) from their own ethnic community.

In regards to the fourth research question, as presented by the data in the above Tables, it appears that Chinese participants have already used all the benefits covered in Table 5.13 varied between 14.9% and 46.3%. Also, only very few participants (varied between 7.5% and 14.1%) believed that those types of help or support were not available. Therefore, it appears that the Chinese community has already attempted to provide several benefits to the members of its community. It also indicated that there is no need to introduce those above benefits to the Chinese community as Chinese business people were already familiar with those benefits.

Although the numbers of Thai and Vietnamese participants were very small, making it difficult to have a strong statement on how they approached the above benefits, the current research sought to interpret some findings available from Tables 5.14 and 5.15. This was achieved by looking at the lowest and the highest percentages of participants that claimed that they either used any support or they did not need those types of support. Meanwhile, consideration was given to whether those benefits were available for participants or not (based on their points of view). Among Thai participants, very few people used 'managerial accreditation' any type of 'training course' (4.5%) or 'role modelling' (9.1%). In regards to the benefits mentioned earlier, the majority of Thai participants claimed that they did not need. For instance, 68.2% said that they did not need 'training courses' or 'role modelling' and 54.5 % claimed that they did not need 'managerial accreditation'. Meanwhile, 40.9 % of the Thai were not sure if the benefit (managerial accreditation) was available from their community. The benefits that the highest percentages of Thai have already used were 'business plan advice' (81.8%)

followed by help for 'new funds' (63.6%) and help for 'accessing to overseas markets' (59.1%).

To conclude, and make a statement for Thai community in regard to those above benefits, almost all Thai participants claimed that benefits such as 'mentoring', 'business plan advice', 'solicitor support', help for 'installing new technology', 'new funds' and 'arranging meetings with other groups' were available in some extent inside the Thai community. It is therefore believed that there is no need to introduce the benefits to the Thai community. It is believed, however, that for those benefits that few participants have already used such as 'mentoring' (18.2%) and providing 'training course' or 'managerial accreditation' (4.5%) there is a room for improvement inside the Thai community.

Regarding Vietnamese community, from the present researcher's perspective, it would be beneficial for the Vietnamese community to work harder to introduce those above benefits precisely and clearly. As a result, Vietnamese business owners could receive advantages from using those benefits inside the community. As a few Vietnamese participants claimed that they did not need those benefits, there will be an option for the Vietnamese community to provide those types of help to the wide range of business owners inside their community. As a brief to answer the fourth research question, Chinese and Thai communities have already practiced, to some extent, offering several types of support to business owners inside their communities. Vietnamese participants, however, have not received those benefits in any significance from their community. The following part of this chapter seeks to answer the fifth research question.

As mentioned in Chapter Three, the current research sought to establish the effects of human capital and multiculturalism aspects in using network functions inside a co-ethnic community/network or when looking to join a network outside their communities. The fifth research question, including several related hypotheses, was also posed to address those issues. The fifth research question was:

5.2.5 Which factors influence ethnic entrepreneurs' decisions to join/participate in a business network outside their ethnic communities?

This research question did not attempt to compare different clusters with each other and it considered all participants as one group because the variables, such as human capital and multiculturalism, are independents variables and do not have any relationships with ethnicity. In this regard, the first hypothesis was related to human capital and tendency to join the network outside the co-ethnic community was:

✓ Q5-1H: Ethnic entrepreneurs with high education background tend to join/participate in a business network outside their co-ethnic communities.

A question was asked on whether the participant would like to join the network outside his/her own ethnic community and by considering the educational level of participants (one of human capital factors), the above hypothesis was tested. The outcomes of the Chi-square test revealed that there was no association between the level of education of ethnic entrepreneurs and their tendency to join business networks outside their co-ethnic communities. Based on the statistics parameters [χ^2 (10, n=118) = 7.4, ρ= 0.688, γ= 0.071], the hypothesis Q5-1H, was rejected.

The level of English skills is one of human capital parameters and the next hypothesis sought to establish association between this parameters and the ethnic entrepreneur's tendency to join business networks outside their co-ethnic community.

✓ Q5-2H: Ethnic entrepreneurs with high level of English skills tend to join/participate in a business network outside their co-ethnic communities.

The testing the above hypothesis revealed that there was a positive association between the English skills of ethnic entrepreneurs and their tendency to join a business network outside their communities. This association, however, was moderate as [χ^2 (10, n=123) = 26.54, ρ= 0.003, γ= 0.45]. Therefore, hypothesis Q5-2H was deemed to hold. The analysis indicated that the higher level of English skills that ethnic entrepreneur has, the more likely that he/she would prefer to join a business outside his/her co-ethnic community.

181

Another parameter of human capital that was considered was the 'pre-migration business experience' of ethnic entrepreneurs before running the business in Australia. The following hypothesis was posed:

- ✓ Q5-3H: Ethnic entrepreneurs with more business experience tend to join/participate in a business network outside their co-ethnic networks.

This hypothesis was rejected as the Chi-square test [χ^2 (5, n=123) = 1.843, ρ= 0.87, Phi = 0.112], showed that there was no association between business experience of ethnic entrepreneurs and their tendency to join the business networks outside their co-ethnic communities.

Regarding multiculturalism phenomenon, the association between the period of living in the host society and the tendency to join the business network outside the co-ethnic community/network was considered. The hypothesis below was therefore posed:

- ✓ Q5-4H: Ethnic entrepreneurs' tendency to join a business network outside their co-ethnic network is positively associated with them living longer in a multicultural environment.

The outcome of the Chi-square test revealed that there was no association between those variables in current research as [χ^2 (10, n=115) = 16.23, ρ= 0.093, γ= 0.12]. This indicated that staying longer in a multicultural environment does not affect the ethnic entrepreneurs' decision to join a business network outside their own ethnic community.

Regarding the fifth research question, only one factor related to human capital, namely that the level of English skills was associated with the ethnic entrepreneurs' decision to join a business network outside their own ethnic community, as outlined in Table 5.16 (see the next page).

Table 5.16: Summary of findings of the association between aspects of human capital and multicultural environment and tendency to join a business network outside co-ethnic network

Variables	Factor	Association sought	Association found
Human capital	Educational background	Educational background and tendency to join a business network outside co-ethnic network	No association
	English skills	English skills and tendency to join a business network outside co-ethnic network	A moderate positive association
	Business experience	Business experience and tendency to join a business network outside co-ethnic network	No association
Multicultural environment	Period lived in the host society	Tendency to join a business network outside co-ethnic network and period lived in the host society	No association

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

The final research question for the current study related to the aspect of trust. It attempted to seek to what extent ethnic entrepreneurs trust different groups to receive the support/benefits such as information, to hire suppliers, employees as well as obtain the additional benefits mentioned earlier in regards to the fourth research question. The final research question was:

5.2.6 What is the participant's level of trust when participating in networks outside the co-ethnic community?

To answer this question, all possible business networks were divided into three categories: co-ethnic network/community including business subgroup, other ethnic networks/communities including business subgroup and Australian business networks including government bodies and non-immigrant groups. Regarding the network functions, there is no point to consider the aspect of trust for having a co-ethnic customer, however there is an option of preference that could be taken into account.

Therefore, there was a question asked on the ethnic entrepreneur's preference to examine whether they preferred co-ethnic customers or other types of customers. It was taken into consideration that these two aspects, preference and trust, are not 100% similar to each other. In relation to financial providers, the question was asked for just preference and not for trust. It was assumed that when someone asked for the fund/capital to run the business, he or she has initially taken into account the aspect of trust with the provider of the funds. In the present research, however, when there was a need for new funds to develop the business and an ethnic business owner asked the community as an aggregated organisation for providing the capital, the researcher considered the aspect of trust and preference separately (see option of 'new funds' related to the additional benefits in the current survey). The outcomes of the current survey regarding the preferences for using various types of support and help were outlined in Chapter Four separately for each type of help or support. Please see Tables 4.10, 4.13, 4.20 and Figure 4.4 for more details. The following section discusses aspects of trust in relation to hiring employees, seeking suppliers and using different sources of information.

In order to differentiate the level of trust among different groups, people were categorised (regardless their ethnicities) as either: 'not trusted', 'neutral' and 'trusted'. If participants claimed that they 'never' or 'rarely' trust a special group, then that group was categorised as 'not trusted'. If participants claimed they 'sometimes' trust special group that group was categorised as 'neutral' and if participants claimed that either 'usually' or 'always' they trust a special group, then that group was categorised as 'trusted'. Regarding the trust of employees from different ethnic groups, Table 5.18 illustrates the difference between several ethnic groups on this issue.

As it is noticeable from Table 5.17 the highest percentage of trusted employees belonged to the participant's own ethnic group. Except for Thai and Vietnamese business owners, the rest of the participants claimed that the second high percentage of trusted employees belonged to non-immigrants or employees of Australian Anglo-Saxon background.

Table 5.17: Participants' responses relating to the levels of trust on employees from different ethnicities in the Melbourne study 2007-8

Ethnic clusters	Employee target groups	Percentage of respondents reporting the trust level		
		Not trusted	Neutral	Trusted
Chinese	Own ethnicity	0.0%	13.8%	86.2%
	Other ethnicity	16.4%	41.8%	41.8%
	Non-immigrants	27.3%	21.8%	50.9%
Thai	Own ethnicity	0.0%	4.5%	95.5%
	Other ethnicity	40.9%	27.3%	31.8%
	Non-immigrants	90.9%	9.1%	0.0%
Vietnamese	Own ethnicity	0.0%	20%	80%
	Other ethnicity	30%	50%	20%
	Non-immigrants	50%	50%	0.0%
South Asian	Own ethnicity	27.3%	27.3%	45.5%
	Other ethnicity	63.6%	27.3%	9.1%
	Non-immigrants	36.4%	18.2%	45.5%
Others	Own ethnicity	0.0%	0.0%	100%
	Other ethnicity	12.5%	25%	62.5%
	Non-immigrants	12.5%	12.5%	75%
Total research population	Own ethnicity	2.6%	12.9%	84.5%
	Other ethnicity	27.4%	36.8%	35.8%
	Non-immigrants	42.2%	49.6%	38.2%

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

The same approach was used for finding the participant's point of view regarding the aspect of trust among business suppliers. Table 5.18 (see the next page) illustrates the participant's opinions about classifying trustfulness of business suppliers.

Similarly to the aspect of trust in employees, all participants regardless their ethnicities claimed that they had more trust in suppliers from same ethnicity. Alternatively, the highest percentage of suppliers that could not be trusted for Chinese participants was suppliers from other ethnic groups and for Thai and Vietnamese participants were non-immigrants suppliers.

Table 5.18: Participants' responses relating to the levels of trust on suppliers from different ethnicities in the Melbourne study 2007-8

Ethnicity Cluster	Supplier target groups	Percentage of respondents reporting the trust level		
		Not trusted	Neutral	Trusted
Chinese	Own ethnicity	9.8%	23%	67.2%
	Other ethnicity	16.9%	33.9%	49.2%
	Non-immigrants	10.5%	31.6%	57.9%
Thai	Own ethnicity	5%	20%	75%
	Other ethnicity	5%	35%	60%
	Non-immigrants	59.1%	27.3%	13.6%
Vietnamese	Own ethnicity	22.2%	22.2%	55.6%
	Other ethnicity	0.0%	62.5%	37.5%
	Non-immigrants	37.5%	37.5%	25%
South Asian	Own ethnicity	12.5%	37.5%	50%
	Other ethnicity	62.5%	37.5%	0.0%
	Non-immigrants	36.4%	27.3%	36.4%
Others	Own ethnicity	12.5%	12.5%	75%
	Other ethnicity	0.0%	37.5%	62.5%
	Non-immigrants	0.0%	25%	75%
Total research population	Own ethnicity	10.4%	22.6%	67%
	Other ethnicity	15.5%	36.9%	47.6%
	Non-immigrants	24.5%	30.2%	45.3%

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

In terms of trusting sources of information, as there were several sources available for ethnic entrepreneurs, in the current survey, the questions were asked to find out to what extent ethnic business owners have trust in different sources. The outcomes of the survey are shown in the following tables numbered from 5.19 to 5.24 regarding different clusters.

Table 5.19: Chinese participants' responses relating to the levels of trust on information providers from different sources in the Melbourne study 2007-8

Ethnicity	Sources of information	Percentage of respondents reporting the trust level		
		Not trusted	Neutral	Trusted
Chinese	Family	6.3%	25%	68.7%
	Relatives	21.7%	26.7%	51.7%
	Friends from same ethnicity	8.6%	38.65	52.9%
	Friends from other ethnicities	32.2%	42.4%	25.4%
	Members of ethnic community	29.3%	39.7%	31%
	Members of Australian business networks	35.6%	27.1%	37.3%
	Government bodies	41.4%	29.3%	29.3%

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Table 5.20: Thai participants' responses relating to the levels of trust on information providers from different sources in the Melbourne study 2007-8

Ethnicity	Sources of information	Percentage of respondents reporting the trust level		
		Not trusted	Neutral	Trusted
Thai	Family	0.0%	0.0%	100%
	Relatives	0.0%	0.0%	100%
	Friends from same ethnicity	0.0%	4.5%	95.5%
	Friends from other ethnicities	5%	55%	40%
	Members of ethnic community	13.6%	40.9%	45.5%
	Members of Australian business networks	10%	30%	60%
	Government bodies	10%	10%	80%

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Table 5.21: Vietnamese participants' responses relating to the levels of trust on information providers from different sources in the Melbourne study 2007-8

Ethnicity	Sources of information	Percentage of respondents reporting the trust level		
		Not trusted	Neutral	Trusted
Vietnamese	Family	0.0%	40%	60%
	Relatives	60%	20%	20%
	Friends from same ethnicity	80%	20%	0.0%
	Friends from other ethnicities	60%	40%	0.0%
	Members of ethnic community	40%	60%	0.0%
	Members of Australian business networks	30%	60%	10%
	Government bodies	9.1%	72.7%	18.2%

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Table 5.22: South Asian participants' responses relating to the levels of trust on information providers from different sources in the Melbourne study 2007-8

Cluster	Sources of information	Percentage of respondents reporting the trust level		
		Not trusted	Neutral	Trusted
South Asian	Family	0.0%	8.3%	91.7%
	Relatives	16.7%	41.7%	41.7%
	Friends from same ethnicity	0.0%	45.5%	54.5%
	Friends from other ethnicities	27.3%	63.6%	9.1%
	Members of ethnic community	45.5%	45.5%	9.1%
	Members of Australian business networks	25%	25%	50%
	Government bodies	25%	0.0%	75%

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Table 5.23: Other participants' responses relating to the levels of trust on information providers from different sources in the Melbourne study 2007-8

Cluster	Sources of information	Percentage of respondents reporting the trust level		
		Not trusted	Neutral	Trusted
Other ethnic groups	Family	0.0%	12.5%	87.5%
	Relatives	12.5%	50%	37.5%
	Friends from same ethnicity	12.5%	37.5%	50%
	Friends from other ethnicities	37.5%	25%	37.5%
	Members of ethnic community	12.5%	62.5%	25%
	Members of Australian business networks	33.3%	11.1%	55.6%
	Government bodies	44.4%	11.1%	44.4%

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Table 5.24: The responses of total participants (percentage) related to the aspect of trust on information providers from different sources in the Melbourne study 2007-8

Ethnicity	Sources of information	Percentage of respondents reporting the trust level		
		Not trusted	Neutral	Trusted
All research participants	Family	3.5%	19.3%	77.2%
	Relatives	20%	24.5%	55.5%
	Friends from same ethnicity	12.4%	31.4%	56.2%
	Friends from other ethnicities	29.6%	45.4%	25%
	Members of ethnic community	27.5%	44%	28.4%
	Members of Australian business networks	28.9%	28.9%	42.2%
	Government bodies	30.7%	24.6%	44.7%

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

According to Tables 5.19 to 5.24, it indicated that all participants trust in their families as sources of information in the highest level, but for the second most trustful sources, there were a variety of responses among different ethnic groups. For instance, Chinese entrepreneurs trusted their Chinese friends as the second highest trustable source of information (52.9%), but for South Asian entrepreneurs, the second trustable source of information was government bodies (75%). Likewise Chinese, Thai entrepreneurs also claimed that the second most trustable source of information were friends from the same ethnicity (95.5%). Meanwhile, about 40 % of Chinese business owners claimed that they would not trust sources from government bodies, which was the highest percentage among various sources available for Chinese business owners. Overall, the total research population had the same opinion as the Chinese about sources available from government bodies. This finding indicated that among different sources of information such as family, friends, members of Australian business networks and government bodies, the latter source had highest percentage of not being trusted.

In regards to the additional benefits that ethnic entrepreneurs might receive either from their own community or outside, a question was asked to find out to what extent participants trusted different networks to obtain those benefits. The figures for all participants were illustrated in Table 4.24 in Chapter Four. In the following section the figures for each cluster are separately explained.

In Table 5.25, the Chinese participants claimed that they would not trust other ethnic communities for obtaining those additional benefits except in two fields, 'training courses' and 'arranging meetings with other groups'; however, in a very low percentage. In this case, just three per cent of participants would trust other communities for 'training courses' and just four per cent for 'arranging meetings with other groups'. The majority of Chinese participants would trust the Chinese community to provide 'roll modelling' (83%) and 'mentoring' (78%) and 'new funds' (74%). Close to forty per centof Chinese participants would trust Australian business networks to provide 'training courses' (42%) and legal advice or 'solicitor support' (38%). Also, in terms of 'protecting the business from social and political threats', about 36% of participants would trust Australian networks and about 37% of Chinese participants would trust Australian networks provide help to 'utilise new technology'.

Table 5.25: Chinese participants' responses to which business network they trusted more for the provision of specified additional network benefits in the Melbourne study 2007-8

Network benefits	Participants acknowledging the business network they trusted more the provision of the network benefits		
	Own ethnicity	Other ethnicities	Australian business networks
Mentoring	49 (78%)	0 (0.0%)	14 (22%)
Business plan advice	49 (75%)	0 (0.0%)	16 (25%)
Role model	54 (83%)	0 (0.0%)	11 (17%)
Easy access to overseas market	42 (68%)	0 (0.0%)	19 (31%)
Solicitor support	39 (62%)	0 (0.0%)	24 (38%)
Protect from social threats	39 (64%)	0 (0.0%)	22 (36%)
Training courses	33 (55%)	2 (3%)	25 (42%)
New funds	45 (74%)	0 (0.0%)	16 (26%)
Arranging meetings with other groups	35 (62%)	2 (4%)	19 (34%)
Managerial accreditation	38 (70%)	0 (0.0%)	16 (30%)
Utilize new Technology	15 (23.4%)	0 (0.0%)	21 (37%)

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Table 5.26 shows the results for Thai participants. It is noticeable that the total number of Thai participants was twenty two business owners in the current research and the percentages shown in the table was out of this total number of participants. Unlike Chinese participants, Thai counterparts, to some extent, would trust other ethnic communities to provide serveral types of support and help; especially for 'easy access to overseas markets' (32%) and 'arranging meetings with other groups' (36%). Similarly to the Chinese participants, Thai business owners would trust the Thai community to provide 'role models' and 'mentors' (73%). The next field of support that Thai

participants would trust their own community more than other networks was in providing help to 'use new technology'. In regards to trust on Australian networks, the majority of Thai participants would trust in 'solicitor support' and the 'protection the business from social and political threats' (86%) followed by trust for helping them to obtain 'easy access to overseas markets' (68%) and 'new funds' (64%).

Table 5.26: Thai participants' responses to which business network they trusted more for the provision of specified additional network benefits in the Melbourne study 2007-8

Network benefits	Participants acknowledging the business network they trusted more the provision of the network benefits		
	Own ethnicity	Other ethnicities	Australian business networks
Mentoring	16 (73%)	2 (9%)	4 (18%)
Business plan advice	14 (64%)	3 (13%)	5 (23%)
Role model	16 (73%)	1 (5%)	5 (22%)
Easy access to overseas market	0 (0.0%)	7 (32%)	15 (68%)
Solicitor support	2 (9%)	1 (5%)	19 (86%)
Protect from social threats	1 (5%)	2 (9%)	19 (86%)
Training courses	11 (50%)	1 (5%)	10 (45%)
New funds	7 (31%)	1 (5%)	14 (64%)
Arranging meetings with other groups	1 (5%)	8 (36%)	13 (59%)
Managerial accreditation	7 (32%)	4 (18%)	11 (50%)
Utilize new Technology	15 (68%)	1 (5%)	6 (27%)

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

The Table 5.27 illustrates the responses of Vietnamese participants in the current research. As it is observable from Table 5.28, unlike Chinese and Thai participants, Vietnamese business owners would rarely trust their own community for those

additional benefits. The majority of Vietnamese participants would trust Australian networks for almost all of the additional benefits mentioned in this research.

Table 5.27: Vietnamese participants' responses to which business network they trusted more for the provision of specified additional network benefits in the Melbourne study 2007-8

Network benefits	Participants acknowledging the business network they trusted more the provision of the network benefits		
	Own ethnicity	Other ethnicities	Australian business networks
Mentoring	2 (18%)	2 (18%)	7 (64%)
Business plan advice	0 (0.0%)	2 (18%)	9 (82%)
Role model	0 (0.0%)	2 (18%)	9 (82%)
Easy access to overseas market	0 (0.0%)	2 (25%)	6 (75%)
Solicitor support	1 (9%)	2 (18%)	8 (73%)
Protect from social threats	0 (0.0%)	2 (18%)	9 (82%)
Training courses	0 (0.0%)	2 (18%)	9 (82%)
New funds	7 (31%)	2 (18%)	8 (73%)
Arranging meetings with other groups	0 (0.0%)	2 (29%)	5 (71%)
Managerial accreditation	0 (0.0%)	2 (29%)	5 (71%)
Utilize new Technology	0 (0.0%)	2 (29%)	5 (71%)

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

As is evident from Table 5.27, Vietnamese business owners, to some extent, would trust other ethnic communities for the additional network benefits. The percentages of Vietnamese participants varied from eighteen per cent for 'role modelling', 'mentoring' and 'training courses' to twenty nine per cent for 'arranging meetings with other ethnic groups' and helping with 'utilising new technology'.

Table 5.28 provides information about South Asian participants in the aspect of trust in different networks. It is observable from Table 5.29 that South Asian business owners, similar to Chinese participants, would not trust other ethnic communities for those benefits mentioned in Table 5.29. They would trust Australian networks, similar to Vietnamese, for almost all types of benefits and support; however, the percentages varied from Vietnamese respondents. For instance, all the South Asian participants (100%) trust Australian networks for obtaining 'easy access to overseas markets', 'business plan advice', 'training courses' and 'arranging meetings with other ethnic groups'.

Table 5.28: South Asian participants' responses to which business network they trusted more for the provision of specified additional network benefits in the Melbourne study 2007-8

Network benefits	Participants acknowledging the business network they trusted more the provision of the network benefits		
	Own ethnicity	Other ethnicities	Australian business networks
Mentoring	3 (19%)	0 (0.0%)	13 (81%)
Business plan advice	0 (0.0%)	0 (0.0%)	16 (100%)
Role model	3 (19%)	0 (0.0%)	13 (81%)
Easy access to overseas market	0 (0.0%)	0 (0.0%)	16 (100%)
Solicitor support	3 (19%)	0 (0.0%)	13 (81%)
Protect from social threats	3 (19%)	0 (0.0%)	13 (81%)
Training courses	0 (0.0%)	0 (0.0%)	16 (100%)
New funds	3 (19%)	0 (0.0%)	13 (81%)
Arranging meetings with other groups	0 (0.0%)	0 (0.0%)	16 (100%)
Managerial accreditation	3 (19%)	0 (0.0%)	13 (81%)
Utilise new Technology	3 (19%)	0 (0.0%)	13 (81%)

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Table 5.29 provides information about the responses of other ethnic business owners in regards to the aspect of trust. The current researcher cannot make any comment for this table as participants from different counties such as Italy, Japan, and Turkey were in this cluster.

Table 5.29: Other participants' responses to which business network they trusted more for the provision of specified additional network benefits (the Melbourne study 2007-8)

Benefits	Trust on different networks in regard to benefits		
	Own ethnicity	Other ethnicities	Australian business networks
Mentoring	5 (63%)	0 (0.0%)	3 (37%)
Business plan advice	4 (50%)	0 (0.0%)	4 (50%)
Role model	4 (57%)	0 (0.0%)	3 (43%)
Easy access to overseas market	1 (12%)	0 (0.0%)	7 (88%)
Solicitor support	2 (25%)	0 (0.0%)	6 (75%)
Protect from social threats	3 (38%)	0 (0.0%)	5 (62%)
Training courses	2 (25%)	0 (0.0%)	6 (75%)
New funds	2 (25%)	1 (12%)	5 (63%)
Arranging meetings with other groups	1 (12%)	2 (25%)	5 (63%)
Managerial accreditation	3 (38%)	1 (12%)	4 (50%)
Utilise new Technology	2 (25%)	1 (12%)	5 (63%)

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

5.3 Additional question and related hypotheses

In the previous section of this chapter, several methods were employed, both statistically and descriptively, to answer six research questions and achieve the set of research objectives of the current research. Despite all research hypotheses being tested in this chapter and based on the data available from the current survey, it is likely that another question could be raised, and a related hypothesis tested. The following part covers additional findings based on a question and several related hypotheses which

were relevant to the current research and presented in an article (Thandi & Dini 2009) submitted to the fifth AGSE International Entrepreneurship Research Exchange, Adelaide Australia, 2009.

(Adapted from Thandi & Dini 2009)

In relation to the effect of an ethnic entrepreneur's human capital on their personal networking attributes, the following question was posed and related hypotheses tested:

- How is the level of ethnic entrepreneurs' personal networking associated with their human capital?

Regarding human capital of ethnic entrepreneurs, three aspects were considered. These included education, level of English skills and the previous business experience of ethnic entrepreneurs. In terms of the personal networking attributes of ethnic entrepreneurs, the level of contribution to the co-ethnic community/network, numbers of friends they have from their co-ethnic community and the time spent with their business contacts were considered in this matter. Therefore, in total, nine related hypotheses were presented and tested as follows:

- 1) Ethnic entrepreneur's level of contribution to the co-ethnic community is significantly associated with education level of ethnic entrepreneur.
- 2) Ethnic entrepreneur's number of friends from their own ethnic community is significantly associated with education level of ethnic entrepreneur.
- 3) Time spent with their business contacts is significantly associated with education level of the ethnic entrepreneur.
- 4) Ethnic entrepreneur's level of contribution to the co-ethnic community is associated significantly with the level of the ethnic entrepreneur's English skills.
- 5) Numbers of friends from the entrepreneur's own ethnic community is associated significantly with the level of the ethnic entrepreneur's English skills.
- 6) Time spent with business contacts is significantly associated with the level of the ethnic entrepreneur's English skills.
- 7) The level of the entrepreneur's contribution to the co-ethnic community is significantly associated with the ethnic entrepreneur's previous business experience.
- 8) The number of friends from their own ethnic community is significantly associated with the ethnic entrepreneur's previous business experience.

196

⬤ 9) Time spent with business contacts is significantly associated with the ethnic entrepreneur's previous business experience.

The Chi square test for independence was used to test the first hypothesis. The outcomes indicated that, across all respondent groups, a significant relationship existed between the variables [χ^2 (8, n=120) = 16.162, ρ=.04, Phi= 0.36]. Thus, the first related hypothesis in this case cannot be rejected. For the second related hypothesis, the Chi-square test for independence across all respondent groups indicated that there was no significant association between the variables [χ^2 (4, n=121) = 2.41, ρ= 0.66, Phi= 0.14].

Testing the hypothesis across different ethnicities, however, showed that there was a negative significant association between the variables among South Asian entrepreneurs [χ^2 (4, n=121) = 12.71, ρ= 0.013, γ= -0.44]. This indicated that South Asian entrepreneurs with higher education levels had fewer friends from their co-ethnic community. In other words, South Asian entrepreneurs with high educational background tended to have more friends from outside their community, including Australians.

The results of the Chi-square test used for the third hypothesis showed no association between the two variables across all respondent groups [χ^2 (4, n=117) = 7.86, ρ= 0.097, Phi= 0.259].

The next three hypotheses related to the level of English skills and the three variables in relation to personal networking attributes mentioned earlier. Of the three hypothesises, only hypothesis five held [χ^2 (6, n=128) = 28.61, ρ= 0.000, γ= - 0.64] across all respondent groups. In this case, the level of English skills was negatively associated with the percentage of friends from own ethnic community, implying that entrepreneurs with lower level English skills tended to have more friends from their own ethnic community.

The hypotheses numbered seven to nine focused on the ethnic entrepreneur's previous business experience. Hypothesis seven assumed a relationship existed between ethnic entrepreneur's previous business experience and his or her contribution to the co-ethnic community. The Chi-square test revealed that, across all respondent groups, there was a significant positive association between prior business experience and the level of the

ethnic entrepreneur's contribution to the co-ethnic community [χ^2 (4, n=127) = 29.26, ρ= 0.000, Phi= 0.48]. Similarly, hypothesis nine was held [χ^2 (2, n=124) = 10.38, ρ= 0.006, Phi= 0.29], indicating that the more the entrepreneur had prior business experience, the greater the time the entrepreneur spent establishing business contacts. Hypothesis eight was not held as [χ^2 (2, n=124) =0.26, ρ= 0.877, Phi= 0.045].

Of the nine hypotheses, four hypotheses, numbered one, five, seven and nine could not be rejected and the others were rejected. The above findings on the testing of the nine hypotheses relating to the additional research question which indicated that there was limited association between the ethnic entrepreneurs' human capital and aspects of the ethnic entrepreneur's personal networking attributes.

5.4 Conclusion

In brief, this chapter attempted to answer the set of research questions. The first and second research questions focused on exploring the co-ethnic network functions using the conceptual framework developed by Menzies and colleagues (2000, 2003 and 2007); named Menzies *et al.*'s (2000) model in the current research. Functional aspects of the co-ethnic network were examined in both the start-up and running the business stages of the ethnic entrepreneurship process, except for provision of finance which was only considered in the start-up stage. Figure 5.1 summarises the above points.

Figure 5.1: The schematic outline of answering the first and the second research questions
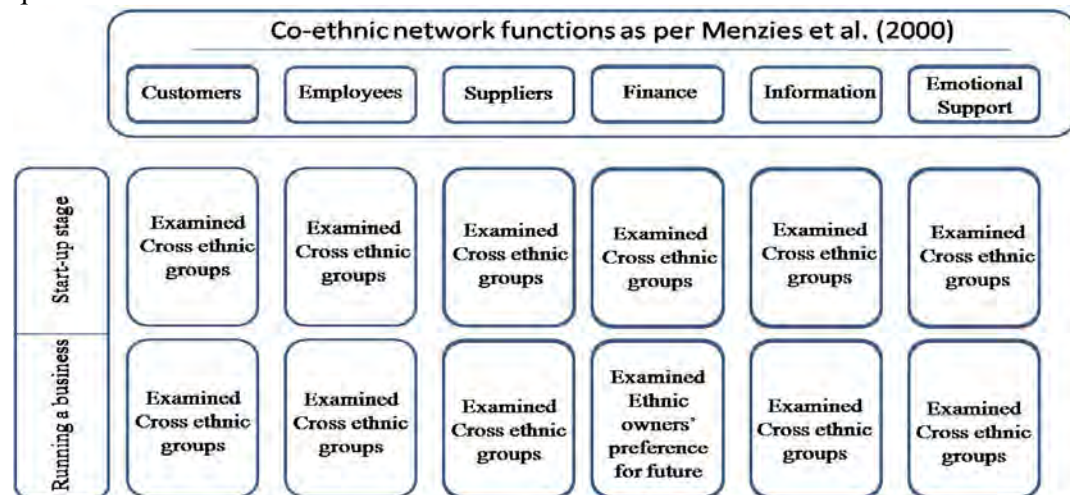
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

Responses to the third research question were released and Figure 5.2 summarised the outline.

Figure 5.2: The schematic outline of answering the third research question
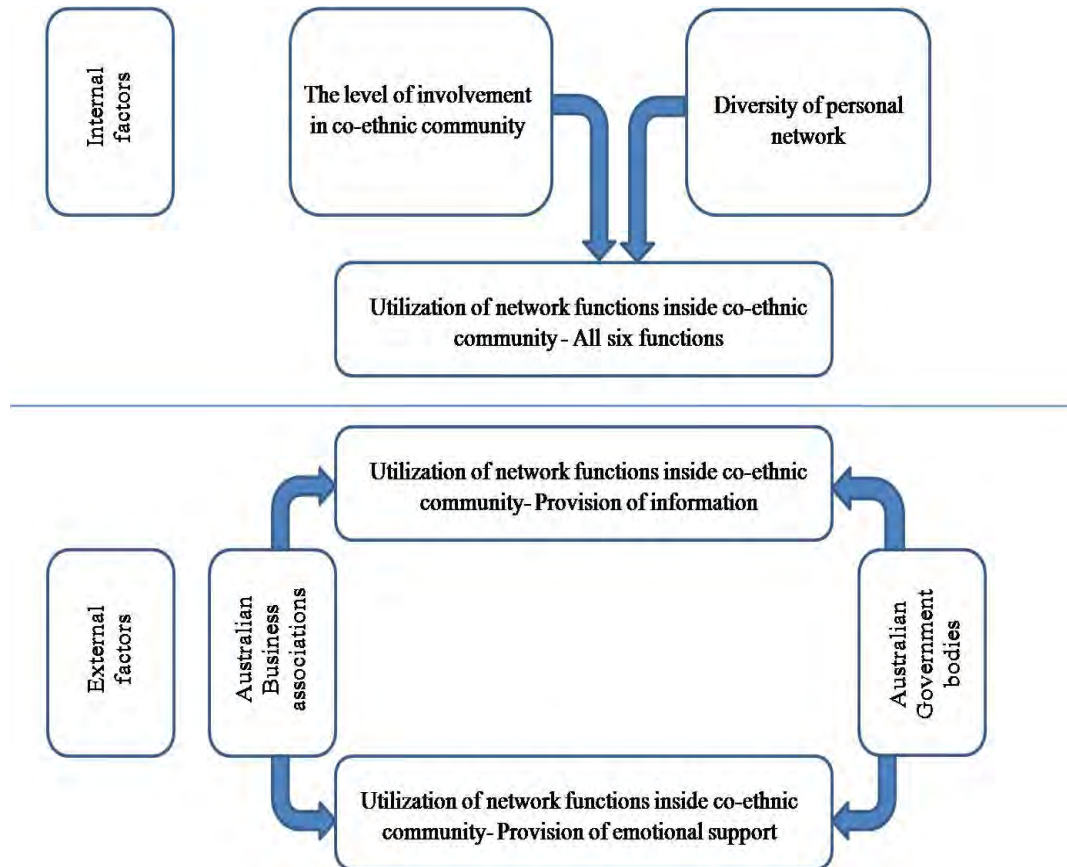
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

This chapter also explained the differentiations of Chinese, Thai and Vietnamese communities in regards to providing additional types of benefits or support that ethnic business owners might need to overcome their business problems or grow their businesses. These issues were discovered when answering the fourth research question.

The effects of ethnic entrepreneurs' human capital and the multicultural environment on the tendency of ethnic entrepreneurs to join a business network outside their own ethnic communities were examined by addressing the fifth research question. Figure 5.3 shows the schematic outline of the above points.

Figure 5.3: The schematic outline of answering the fifth research question
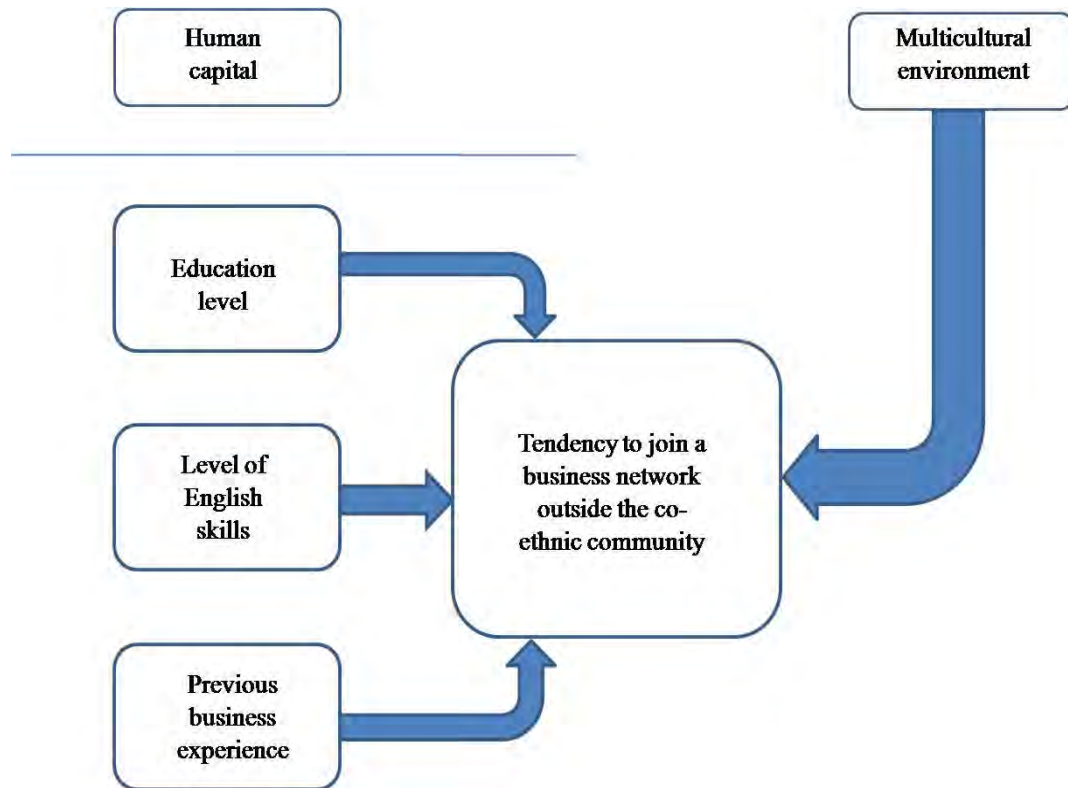
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

In addition, this chapter provided the descriptive figures in relation to the levels of trust among different ethnic groups on using network functions within various networks (co-ethnic, other ethnics or non-immigrants/Australian). In the following chapter, all findings of the current research are compared with the literature and the model which was developed for the current study is discussed.

Chapter Six

Discussions and implementations
Developing a model to explain the usage of networks in the ethnic entrepreneurship process

6.1 Introduction

This chapter attempts to employ all information resulting from the data analyses that were illustrated in Chapters Four and Five to develop a model which explains how networks might be used by ethnic entrepreneurs in their ethnic entrepreneurship process during two periods: the start-up of a business and while running the business.

At the outset, it should be noted that the entrepreneurship process is defined and modelled in different ways by several scholars such as Ward (2005), Thompson (in Davies *et al.* 2002) and Bolton and Thompson (2004). For the purpose of this research, the definition of the entrepreneurship process was adapted and simplified from the model used by Bolton and Thompson (2004) which only focused on using networks during both periods of the process mentioned above. In Bolton and Thompson's (2004) model, the starting point of the process was the entrepreneur's motivation, which has also been considered in the present research, and posed a question regarding the factors that motivated ethnic entrepreneurs (see pages 128 and 129 for the survey results). Other steps in their model included exploiting an opportunity, finding the required resources, using networks, managing risk, controlling the business and growing the enterprise. Growth reaches the stage of recognising value by creating financial, social and aesthetic capital. Although using networks is the main aspect that is focused on in the current research, there are similarities between finding the required resources and using networks to develop ethnic entrepreneurship. This concept of ethnic networking will be explained later in this chapter.

The model to explain the usage of networks in the ethnic entrepreneurship process, developed in the current research, is explained in the following section. This model has

several parts and each part is supported by the ideas that have been developed by experts in the field of ethnic entrepreneurship and networking such as Saxenian (2000, 2001, 2006), Mitchell (2003) and Menzies *et al.* (2000, 2003).

6.2 Explanation of the model on the usage of networks in the ethnic entrepreneurship process

This model (Figure 6.1) was developed to conceptualise how several variables have associations or relationships with ethnic networking features in regard to the ethnic entrepreneurship process in two stages of business activities: start-up and running the business. This model is based on the outcomes of the current investigation on ethnic entrepreneurs from different ethnicities in the larger Melbourne area conducted between 2007 and 2008. Although the model represents all ethnic groups surveyed in the current research, for each ethnic group the details of how the variables have associations with the ethnic networking features vary slightly. Some of differences regarding Chinese, Thai and Vietnamese are explained in Chapter Five, especially when answering research question two in the current research. In addition, there is a need for further investigations to find whether or not there are more differences between those above groups regarding the variables mentioned in this model.

Figure 6.1 shows the model developed for this study. The thick downward arrow depicts the ethnic entrepreneurship process, comprising the three main stages in the ethnic entrepreneurial process: start-up of a business; running the business which dominates the longest period of the entrepreneurship process and finally the exit strategy which will happen when the business owners seek to shut down the business or have the business taken over by a third party. Around the large central thick big arrow, there are five numbered boxes containing parameters, or factors that relate to the five research questions which the current research has attempted to answer. To the right and left of the big arrow, there are two boxes numbered one and four which represent aspects of the first and the fourth research questions in this study. Each of these boxes is connected by thick arrows to two little boxes inside the big arrow, named 'start-up' and 'running the business'. The thick arrows indicate that a network's benefits influence to some extent these two stages. The influence and how the functions of the ethnic network

impact on these stages are parts of the investigation in this study and are discussed later in this chapter.

Figure 6.1: A model developed to explain how ethnic networks are used by ethnic entrepreneurship in the Melbourne study 2007-8
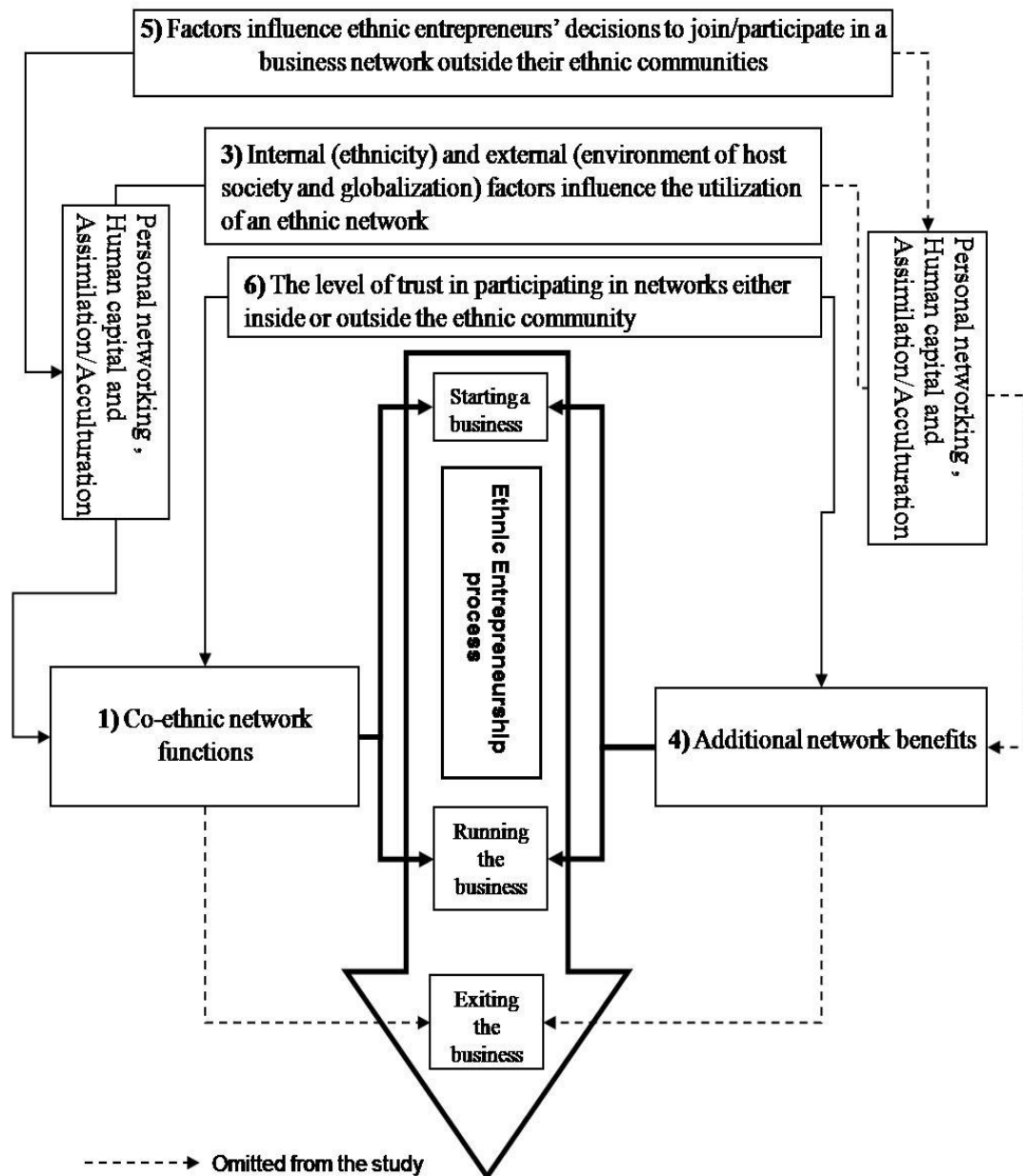
Source: Author

Above of the big thick arrow there are three long boxes numbered three, five and six representing aspects that relate to the third, fifth and sixth research questions in this study. Two of these boxes (three and five), are connected to boxes one and four through an intermediary box named 'Personal networking, Human capital and Assimilation/Acculturation'. This box indicates that this research investigates how those factors/variables mentioned influence the ethnic entrepreneur's utilisation of networks. As shown in Figure 6.1, the investigation focused only on box one. The investigation of how factors/variables nominated in the intermediary box influence the usage of additional network's benefits by ethnic entrepreneurs (box four) was omitted from the study. More details and a further discussion about those aspects are presented later in this chapter. Box six has direct connections to boxes one and four, resulting in an investigation of the level of trust in participating networks either inside or outside the ethnic community to use a network by ethnic entrepreneurs. More details and discussion for this box are also included later in this chapter.

The following five sub-sections discuss each of the five numbered boxes in Figure 6.1 using various experts' opinions, outcomes of testing related hypotheses in this study and previous research conducted in Australia and elsewhere. Sections 6.2.1, 6.2.2, 6.2.3, 6.2.4 and 6.2.5 are discussed issues in boxes numbered one, three, four, five and six respectively.

6.2.1 Co-ethnic network functions - benefits

A model developed by Menzies *et al.* (2000) in regards to the networking concept among ethnic people (see section networking in Chapter Two) was used in the current research. Four functions of that model, namely: providing co-ethnic customers, employees, suppliers and co-ethnic financial support were used in the current model as a foundation for exploring the benefits of a co-ethnic network. However, to add value to the Menzies and colleagues' model, two extra functions were added. The first function (informational support) was based on a concept from Saxenian (2000, 2001, and 2006) which noted the information support function when studying ethnic entrepreneurs in Silicon Valley. The second function (emotional support) was based on an idea nominated by Bosma *et al.* (2004) in their study. Therefore, the current model resulted in six types of support or help that any ethnic network/community could provide to

people (either business owners or not) inside that community. These include providing: customers (co-ethnic customers), financial support, suppliers, employees, information and emotional support. This provision helps all people inside the community in two ways: as receivers and as providers. For instance, recommending a supplier for a business also means providing a customer for another business; or hiring workers inside the community has benefits not only for business owners, but could also be an emotional help for co-ethnic people who are excluded from primary mainstream labour markets (see Zhou 2004). In the following sections, based on outcomes from this current research and the literature, each function is discussed and compared with ideas considered in the literature review.

6.2.1.1 Co-ethnic customers

Having customers is a vital feature of any business and every business owner bears in mind that a various goods or services should be offered to the target market/s. Ethnic groups share some customs, cultural and historical aspects among themselves and to some extent have similar life styles; for instance, eating a particular cuisine and/or speaking the same language. There are several opportunities available to potential ethnic entrepreneurs to serve their own community by providing goods and services that suit them. In other words, the initial market for those businesses depends on the fact that while a particular group has a special taste or need, someone can start and run a business which satisfies that need or taste.

Having briefly explained the reasons behind targeting customers inside an ethnic community as one available option for ethnic entrepreneurs, the focus is now on the outcomes of the current research. Digging into the literature would help to evaluate or interpret the current situation among ethnic entrepreneurs and their communities in the Australian context.

In the start-up stage of the business, the result of testing the first related hypothesis for the first research question discussed in Chapter Five showed that ethnic entrepreneurs in the current research claimed that they had co-ethnic and non co-ethnic customers in their businesses. However, the number of non co-ethnic customers increased slightly during the stage of running their businesses. This indicates that, after a period of time

the business owners focus on the market outside their co-ethnic community and started to expand their market to the mainstream. Having customers mainly from the same ethnicity does not mean that the business owners refuse to serve other ethnicities or non-immigrants (Australian Anglo-Celtic background). As mentioned in Chapter Four, about 64% of the sample population in this survey declared that they offered goods and services to different ethnicities and non-immigrants as well. As it is understandable from a business perspective, all types of customers are welcome. To prove the above point, in this research, more than three quarters of the participants (75.5%) affirmed that they 'usually' or 'always' preferred to have customers regardless of their ethnicity and only a small percentage (8%) did not like to have co-ethnic customers in their businesses.

Searching through studies conducted in Australia revealed similar patterns. For instance, a research has been conducted by Meena Chavan in Sydney in the late 1990's showed that close to forty per cent of 210 participants declared that more than 50% of their customers were from the same ethnicity as the owners (Chavan 2000). Some businesses had many customers from a similar ethnicity to the owner. They were often involved in particular services or provided ethnic-specific goods which were used by special ethnic groups. Examples of such businesses were Indian clothes shops or restaurants, Chinese grocery and vegetable shops and these comprised the majority of that research population. The next category in the above research (Chavan 2000) belonged to those businesses that had co-ethnic customers between 30% and 40% with 35.2% of total research population. Chavan (2000) concluded that the majority of respondents not only catered for their own ethnic groups, but also served the mainstream society. On the other hand, another study which was conducted in South Australia among Italian business owners (Lampugani & Holton 1991) demonstrated that less than 20% of 98 participants had more than 50% Italian clients. The researchers believed that the reason behind this figure was the multicultural environment that exists in Australia and reflects the broadening of Australian tastes. For example, nowadays, the customers of Italian restaurants and cafés are mostly non-Italians. Lampugani and Holton (1991) also concluded that ethnic businesses have broken through in a number of ways to enter the mainstream market as their owners looked for more opportunities outside their communities.

Although different results have been presented in various geographical conditions, experts in ethnic entrepreneurship such as Light and Gold (2000, p. 120) argued that the uniqueness of the needs for ethnic consumers (e.g. Saris for Indians) created a protected markets for ethnic entrepreneurs who know about things that their co-ethnic people wanted. In other words, serving ethnic consumers is illustrated by the fact that special ethnic groups concentrate on satisfying the unmet consumer demands of the others. Ethnic entrepreneurs use their linguistic and cultural knowledge to import and bring consumer items requested by ethnic customers. At the same time, there is an argument that because the ethnic populations are too small in number, and too limited in spending money for supporting the ethnic businesses, to survive in the business environment, ethnic business owners should target the open market and look for customers from different ethnic groups or the host society (Light & Gold 2000, p. 120). Furthermore, Masurel *et al.* (2002) pointed out that there were special connections between ethnic firms and their co-ethnic customers; for instance, the study was conducted by Dyer and Ross (in Masural *et al.* 2002) showed that loyalty within ethnic groups and highly intensive communication patterns inside community enhanced potential competitive advantages for ethnic firms. It appears that there are ambivalent indicators of firm–client relationship in Dyer and Ross' study and also in a study conducted by Donthu and Cherian (in Masural *et al.* 2002) among Hispanic entrepreneurs and their clients in the United States. Masural and colleagues (2002) pointed out that socio-cultural links seemed to establish a loyalty, more than average, between ethnic firms and their clients and ethnic culture looked to form specific customer relationships.

In summary, it seems that in some circumstances, such as the Melbournian research population, ethnic entrepreneurs served more co-ethnic customers during the start-up phase of the business than the stage of running the business. In other areas, such as Sydney, South Australia or the United States; ethnic entrepreneurs not only focused on customers from the same ethnicity, but were also willing to serve clients from the host society regardless of their ethnicity. It is to be noted that in those above studies, researchers did not provide figures for two stages: the start-up and running of the business. The reasons behind the different approaches by ethnic businesses in relation to target ethnic based customers are varied. Those include the influence of the multicultural environment and the power of the ethnic community that supports the

ethnic business. The latter factor is affected by the population size of the ethnic community in the enclave or ghetto, and the spending power of those people.

6.2.1.2 Co-ethnic financial providers

Start-up capital comes mostly from both equity and debt sources. Equity is mostly based on personal wealth or savings. Bates and Bradford (in Bates 1997) claimed only two per cent of small business start-ups in their study magnetized equity from outside investors. Debt includes several types of loan and credit. The sources for loans are varied. They include family and relatives, friends and acquaintance, banks and financial institutions and for immigrant and some ethnic groups, also rotating credit associations or RCAs (Bates 1997; Mitchell 2003). Hussain and Matlay (2007) pointed out that most recent research showed that owners/managers of small businesses (the majority of ethnic businesses could be categorised as small businesses) had a tendency to arrange their capital debt and equity ratio in a controllable and manageable value in order to facilitate their small businesses and help them to maintain their control in running their businesses. Cosh and Hughes (in Hussain & Matlay 2007) indicated that under most conditions owners of small businesses have the following options for their financing decisions and preferences:

      a) A personal source of finance

      b) A short-term borrowing opportunity

      c) Longer-term debt

      d) (least preferred) Equity finance that might destructively affect their control of their businesses.

According to Hussain and Matlay (2007), when owners of small businesses are looking for external finance, one of their primary choices is bank loans; however, there is a strong argument that the financial limitations of ethnic and non-ethnic owners are significantly different. In this regard, they stated that:

> Specifically, small business owners of ethnic origins claimed that they were treated adversely by banks and other financial institutions and that related funding difficulties affected their businesses negatively and constrained potential growth and expansion of the business (Hussain & Matlay 2007, p. 491).

In addition to the above point, Deakins, Hussain and Ram (in Menzies *et al.* 2000) revealed that ethnic entrepreneurs often provide insufficient information to banks (e.g.

no business plan) and therefore, they could not be expected to obtain finance. Reflecting on the above points, Menzies *et al.* (2000) gathered outcomes of previous research and pointed out that ethnic entrepreneurs sometimes used informal mechanisms to provide sources of finance. The most common informal source is rotating credit associations; however, not all ethnic groups have access to such informal lending associations.

Regarding the results of the current research in the larger Melbourne area, 82 participants (63%) used both their own savings and loans from different sources; however, as mentioned in Chapter Four, among participants (53.5%) the first resource for borrowing was 'family'. By grouping different sources as co-ethnic resources and non co-ethnic resources in Chapter Five and testing the related hypothesis, it was found that in contrast to evidence from the literature, participants chose different sources for borrowing money, regardless of the ethnic background of providers. Although 'family' source was the first choice of finance, other sources were almost as highly ranked for borrowing money among participants in the current research.

To compare the outcomes of the current research with other studies, previous research was reviewed, such as a study in South Australia among Italian business owners (Lampugani & Holton 1991), which showed that the majority of the research population used banks for start–up finance (87 out of 98). For additional funds, most of the participants also preferred to approach banks. In this research, 'family' was only a minor resource for financing the business in the start-up stage as well as in the stage of running the business.

Other studies provided slightly different figures; for instance, in a study among Asians in the United Kingdom, Dhaliwal and Kangis (2006) found out that among the research population, private and family funds dominated the sources of financing the business. In their study, however, male participants provided very negative perspectives about the banks when they approached them in order to grow their businesses. Female respondents did not approach the banks at all.

Another study (Hussain & Matlay 2007) showed that among ethnic business owners in the West midland region of the United Kingdom, for the start-up situation, the next financing preference after personal saving was 'family and friends', and 'bank

financing' was in the fourth ranking order after 'trade creditors'. After a period of running the business, the owner's preferences for sources of finance changed slightly; in this case, 'trade credit' and 'bank financing' were the second and third preferences after 'personal sources'. 'Family and friends' had the ranking order of six, dropping four levels from the start-up situation. 'Venture capital' remained in the same level (ranking order seven) in both the start-up and running of the business circumstances. Hussain and Matlay (2007) concluded that 'family and close associate networks, friends' and 'trade creditors', were very important for the financial support of ethnic businesses, particularly in the start-up stage. Ethnic business owners in their study, however, asked for loans from the banks and other financial institutions, both at the start-up stage and whilst running the business. Personal sources or savings were significantly used by ethnic business owners during both these stages.

From the present researcher's perspective, although the ethnic business owners' savings and family members were important to finance the businesses, they were not significantly vital for running the business. Participants in the current research also sought finance from other sources, such as banks and other financial agencies. The majority (80 out of 128) 'usually' or 'always' preferred to ask banks for further funds. In addition to the above comment, ethnic entrepreneurs never refused a good financial offer from organizations or individuals irrespective of their ethnic background. In other words, financing a business in the larger Melbourne area does not count "ethnicity" as a necessary parameter to be considered.

6.2.1.3 Co-ethnic suppliers

Menzies and colleagues (2000) mentioned that besides co-ethnic markets, researchers should take into account co-ethnic suppliers (suppliers from same ethnicity background) especially when there is a considerable vertical integration within a group as a part of social capital. They also reviewed several studies among different groups such as Cubans (Peterson & Roquebert in Menzies *et al.* 2000) and Taiwanese (Saxenian in Menzies *et al.* 2000) in the United States or a study across Jewish, Vietnamese, Sri Lankan and some Asian nationalities in Canada (Juteau & Pare in Menzies *et al.* 2000). Cubans in the United States are a good example of vertical integration among ethnic groups; Wilson and Martin's work (in Raijman and Tienda 2003) showed that internal trading among Cubans vertically linked suppliers, producers and distributors inside the

Cuban community and generated significant advantages for Cubans inside that community. Raijman and Tienda (2003) believed that this vertical integration positively affected the ethnic entrepreneurial process at both the community and firm level. In terms of the community level, economic transactions remained inside the community and all members gained benefits from those transactions. At the firm level, because transaction costs are often low inside an ethnic community, where market outlets are secured among co-ethnic people, ethnic entrepreneurs can implement these advantages both for the start-up of a new enterprise and the extension of an existing business.

According to the data in the present research, although close to 60 per cent of participants used suppliers from different ethnic backgrounds, there were about 62% of participants who would prefer to use co-ethnic suppliers. Through the testing related hypothesis, it was proved that participants had a great proportion of suppliers from their co-ethnic community than from outside. Although in the current Melbourne study, ethnic participants may potentially be advantaged by links with co-ethnic businesses in the area of supply of goods and services, the outcomes of Lampugnani and Holton's work (1991) in South Australia, among Italian entrepreneurs, showed that there was a limited connection between business owners and their co-ethnic suppliers. Their findings indicated that over half the Italian respondents had some connection with Italian suppliers, but only 18.3% of them traded mostly with Italian suppliers. There might be a reason why such a low percentage of businesses relied heavily on Italian suppliers: those businesses concentrated on the import sectors such as importing Italian foodstuffs, beverages, jewellery and furniture in Australia. Other types of business utilised a mixture of Italian and Australian suppliers with extra attention to Italian suppliers for catering purposes (Lampugnani & Holton 1991).

In a study in Sydney, Chavan (2000) found that approximately 35% of participants had main suppliers from their country of origin, 7.5% had suppliers from other countries; and approximately 56% had suppliers from Australia. She did not categorise suppliers based on ethnicity, so it was not clear to what extent Australian suppliers belonged to the same ethnicity as the business owners. Based on the category of 'country of origin', both the Sydney survey and South Australian study showed that co-ethnic suppliers were used by respective co-ethnic businesses in Australia. The percentage, however, were different: 35% for the Sydney survey, but only 18.3% for the Italian ethnic

businesses in the South Australian study. This could indicate that the ethnic businesses in Sydney tried harder to have more co-ethnic suppliers compared with Italian businesses in South Australia.

To support the proposition that having co-ethnic suppliers is a potential advantage in an ethnic business, Raijman and Tienda (2003) investigated this aspect among two ethnic groups in Chicago - Koreans and Mexicans. Among service providers to the businesses, Korean entrepreneurs used 89% of co-ethnic suppliers and Mexicans used nearly 73%. Regarding product suppliers, 81% of Koreans relied on co-ethnic suppliers compared to 50% of their Mexican counterparts. Raijman and Tienda (2003) declared that the reasons why the business owners preferred co-ethnic suppliers might be that it is easy to communicate and establish trust. Also, having co-ethnic suppliers resulted in beneficial credit terms to business owners. Approximately 83% of Koreans claimed that they received credit from co-ethnic suppliers where as for Mexican business owners; only 50% declared that they received credit from their co-ethnic suppliers. There was a difference between these two groups, however, to some extent, when both groups were seen to gain benefits from having co-ethnic suppliers.

It deems that ethnic networks/communities are willing to provide help and support to the ethnic business owners by supplying goods and services. This is supported by the evidence from the Melbourne research and other previously mentioned studies such as Raijman and Tienda (2003) with the exception of the Italian business survey in South Australia. It is understandable that the type of business (Italian businesses for example) and the size of ethnic community (Mexican businesses for example) are two main factors that affect the decision made by entrepreneurs to choose their suppliers from their own community.

6.2.1.4 Co-ethnic employees

One of the key elements of the network relationship between co-ethnic people is the use of co-ethnic labour, either family members or people inside the community. Menzies *et al.* (2000) believed that hiring co-ethnic employees has obvious advantages for ethnic business owners. For instance, as they can speak similar languages or dialects, they might share the same customs and co-ethnic employees can deal better with co-ethnic customers. There are ample studies that support the above comments such as those by

Chung (2004), Iyer and Shapiro (1999), Masurel *et al.* (2002), Tung and Chung (2009) and van Delft *et al.* (2000). In the latter work, the authors believed that co-ethnic social networks helped co-ethnic business owners to gain a considerable competitive advantage when undertaking a new venture. The social networks allow the flexible and efficient recruiting of co-ethnic employees. According to Masurel *et al.* (2002), the ethnic businesses they studied relied heavily on workers from co-ethnic communities in general and family members in particular. Family members might be paid or not, but they were often vital in the start-up stage of a business.

The current Melbourne survey revealed that the majority of participants (89 out of 129) had already had co-ethnic employees in their businesses and about 85% of participants claimed that their approach to recruiting co-ethnic employees did not change over time. For 73% of participants, the preference for hiring co-ethnic employees was high ('usually' or 'always' preferred). Testing related hypothesis revealed that, in both start-up and running the business stages, ethnic entrepreneurs in the Melbourne larger area had co-ethnic employees in their businesses.

In the survey conducted by Chavan (2000) in Sydney, she asked a question about family members as employees. She did not investigate to what extent her participants hired employees from different ethnicities or the mainstream labour pool. Around 92% of her participants had at least one member of the family or relatives as employee and only 6.7% (14 participants) did not use any members of the family or relatives. For those who did not recruit family members, it was not clear whether business owners had co-ethnic employees or not. Therefore, at least 92% of participants in Chavan's survey had co-ethnic employees although all were family members and relatives. In addition, 29% of participants claimed that they asked ethnic community groups to help in recruiting employees (Chavan 2000). This indicates that there was a trend to hire co-ethnic employees among Sydney's participants. Among Italian entrepreneurs in South Australia, on the other hand, only 64.3% (33 out of 98) of participants claimed that they had family members in their businesses (Lampugnani & Holton 1991).

The above points could strongly support the idea that co-ethnic communities/networks provide opportunities for ethnic businesses to hire co-ethnic employees in order to gain competitive advantages during the ethnic entrepreneurial process. There was, however,

some argument and evidence that some groups such as Vietnamese in the United States (Bates 1994) were disadvantaged and lost business profits by hiring co-ethnic employees.

6.2.1.5 Co-ethnic information providers

According to Werbner (in Ibrahim & Galt 2003), social networks provide various and essential alternatives for the exchanging of information based on trust among members of the network or community. Information is a vital element for running a business and obtaining information and keeping it up-to-date is a costly and time consuming aspect. Therefore, the cost for searching for and finding information, which is often considered as hidden, affects the performance of businesses regardless of the ethnicity of the owners. Dahlman (in Ibrahim & Galt 2003) put these information costs into a bigger category, namely transaction costs, and believed that ethnic entrepreneurs prefer to have exchange relations with members of the same ethnic group to reduce transaction costs. Based on this attribute and approach, ethnic entrepreneurs not only reduce the information cost, but can also reduce the bargaining and decision costs related to market conditions. Providing information is also considered as giving advice to a person; therefore, in a Dutch study, Masurel *et al.* (2002) gathered data regarding resources for both information and advice which were available to ethnic business owners, either from co-ethnic communities or from outside before establishing their businesses. In their study, approximately 18% of participants claimed that they received information/advice from 'family members' and nearly 23% acknowledged that they received information/advice from 'friends', 'acquaintances' and 'fellow countrymen'. Approximately five per cent of the participants received help from 'banks and/or accountants' and only 2.6% of them obtained information or advice from 'chamber of commerce', 'small business institute' or 'town council'.

In the current Melbourne study, it was found that the first source of information was 'friends from the same ethnic group' followed by 'family members'. The 'Ethnic community' was nominated as the third main source of information. The testing of a related hypothesis (Q1-5H) also showed that co-ethnic information sources dominated the type of sources available for ethnic entrepreneurs. In the stage of running the business, the tendency of usage of co-ethnic information sources reduced slightly compared to the start-up stage (the percentage of participants used co-ethnic sources

declined). This indicated that ethnic entrepreneurs got more confident to search for information from outside their communities after running the business for a while. The current research lent support to the idea that co-ethnic community/network helps co-ethnic entrepreneurs in relation to the provision of information.

In their study, Heilbrunn and Kushnirovich (2008) found that among 216 immigrant entrepreneurs surveyed from all regions of Israel, the 'lack of availability of information' was ranked the fourth problem they faced after 'competition', 'macro-economic' issues and a 'lack of financial capital'. They also found that the government supported those who faced problems such as a 'lack of availability of information'. The immigrant entrepreneurs were helped to resolve their problems via programs and business advice, or the provision of guidelines.

6.2.1.6 Co-ethnic emotional support

Establishing a business needs motivation and encouragement. Motivation is an internal factor for entrepreneurs; however, encouragement often takes effect from the outside. In this research, both aspects were considered in one category named 'emotional support'. Therefore, in regards to emotional support, there were two types of questions in the Melbourne survey - one related to motivations (factors which influenced decision-making in starting up a business) and the other related to receiving any emotional support (encouragement) from people known to the entrepreneurs. In a study of Dutch entrepreneurs, Bosma *et al.* (2004) considered emotional support as one of the social capital variables that influence business performance. Other social capital aspects in their study included the way information was gathered and contact with other entrepreneurs in networks. According to the results of this study (Bosma *et al.* 2004), it seemed that emotional support had an important role to make their businesses succeed. Bosma *et al.* (2004) pointed out that those business owners who had received emotional support earned about 40% more than those who had not.

In the current Melbourne study, it was found that close to 90% of participants claimed that they received some sort of emotional support from people around them. Not surprisingly, 'family' was the key source of emotional support and the next group was 'friends from the same ethnic community'. Both 'family' and such co-ethnic friends were supportive in the start-up stage and when the businesses were running. On the

other hand, 'ethnic networks', 'Australian business associations' and 'Australian government bodies' were lesser sources of encouragement to ethnic business owners. Although several government bodies or associations, such as AusIndustry, and Business Victoria, are active in the business environment in Australia, it seems that the participants in the current research have not seen them as encouraging organisations. By categorising people as co-ethnic people and non co-ethnic, however, the result of testing hypothesis (Q1-6H) showed that there was no significant association between ethnicity and supportive behaviour of people around the ethnic entrepreneurs in the current Melbourne study. Thus, in this research, although the vast majority of participants received emotional support, the ethnicity of the supportive persons had no major role in this matter.

To sum up those six areas of support (as per Menzies *et al.* (2000)) that might be available in co-ethnic communities for ethnic business owners, Figure 6.2 shows which types of support and help inside the co-ethnic community seem to be active and facilitate the ethnic entrepreneurial process.

Figure 6.2: Sources (co-ethnic/multiple) of six benefits of ethnic business networking
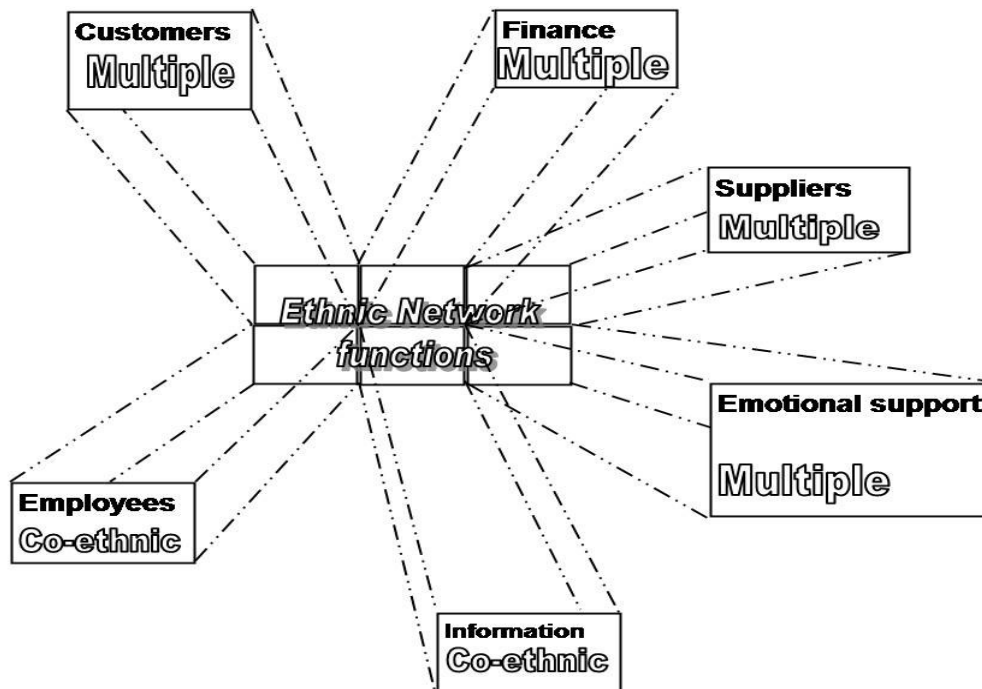
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

6.2.2 Internal and external factors affecting the utilization of the ethnic network

As mentioned in Chapter Five, the internal factors that can influence the utilisation of co-ethnic network functions are nominated in this research as: ethnic entrepreneurs' level of involvement in the co-ethnic community; and the personal networking attributes of ethnic entrepreneurs. On the other hand, external factors are: globalization factors and aspects that related to the host society/environment (assimilation and acculturation and/or multiculturalism). In the following section, the outcomes of the current research are compared with those of other studies elsewhere.

Greene and Chaganti (2004) believed that ethnic entrepreneurs with higher levels of involvement in their ethnic communities have lower levels of personal resources and, therefore, their businesses are more reliant on support from their ethnic communities. Greene and Chaganti (2004) declared that the greater involvement in an ethnic community means the more numerous and diverse the entrepreneur's personal linkages to the ethnic community. As a result, they considered some issues in this regard, such as how many of the ethnic entrepreneurs' friends were from the same ethnic community, how important were their contributions to their ethnic communities, and how many times they attended meetings inside their co-ethnic communities. Although Greene and Chaganti (2004) examined the relationships between levels of involvement in ethnic communities (social capital/human capital) and their business success (growth) and owner satisfaction, they did not mention how ethnic entrepreneurs used the resources available within their co-ethnic communities. In other words, they did not categorize the usage of ethnic communities/networks as Menzies *et al.* (2000) did. Therefore, it is not easy to compare the results of Greene and Chaganti's study with the current Melbourne study; however, the results of Greene and Chaganti's study could be used when the relationships between human capital and the levels of involvement of ethnic entrepreneurs within the community were analysed in the current research. They offered three propositions regarding the relationships between human capital aspects and level of involvement and in all three propositions there were negative relationships between the variables, indicating that entrepreneurs with higher levels of involvement within their ethnic communities had lower levels of human capital.

Based on the interpretation of earlier comments from Greene and Chaganti (2004) regarding the negative relationship between personal resources (human capital) and the level of involvement of ethnic entrepreneur in ethnic community, a relevant hypothesis was posed (please see Q3-1H in Chapter Three and Five). Unlike Greene and Chaganti's findings, in the current research, there was no relationship between the level of involvement and usage of ethnic network functions (please see Table 5.12 for more details). One interpretation could be that the majority of ethnic entrepreneurs used different ethnic network functions such as providing co-ethnic customers, suppliers, employees and information resources, regardless of their level of involvement within their ethnic communities. It could be concluded that the level of involvement has no significant effect on whether ethnic entrepreneurs use co-ethnic communities for providing customers, suppliers, employees or information or for providing finance and emotional support. The importance of location was not studied *per se*.

Meanwhile, another internal factor, namely the diversity of the personal network, has a significant negative effect on using two network functions: providing co-ethnic customers when the business is running; and providing co-ethnic suppliers in the start-up stage (please see Table 5.13 for more details). The results of another hypothesis tested (Q3-2H) indicated that when ethnic entrepreneurs have a variety of friends from ethnic and non ethnic people, they do not use their own ethnic community to obtain co-ethnic customers and suppliers in those particular stages of business activities. On the other aspects of network functions, the diversity of an ethnic entrepreneur's friends has no significant effect on whether he/she uses those functions or not. In relation to internal factors (related to an ethnic entrepreneur's personality), how the human capital of an ethnic entrepreneur can influence the level of involvement in an ethnic community needs to be considered. The results of testing the nine related hypotheses outlined in section 5.3 showed that the 'educational level' (the first aspect of human capital considered in the current research) had statistically a positive significant association with the 'level of involvement in ethnic community'. The 'level of English skills' of entrepreneurs (the second aspect of human capital) had a positive and significant association with the diversity of entrepreneur's friends, and 'previous business experience' (the third aspect of human capital) had a positive significant association with 'time spent for business contacts'. 'Previous business experience' also had a positive significant association with the 'level of involvement in ethnic community'.

Regarding the external factors, in this research, the host society and its effects were firstly considered and then, in relation to globalisation, the need for accessing overseas markets was taken into account while considering extra network support from the co-ethnic community and outsiders. Regarding the effects of the host society on utilising co-ethnic network functions, the provision of information and emotional support were considered in relation to two sources: the Australian business networks, and Australian governments. The reason behind the selection of only two functions was that the effects of Australian business networks and government bodies were considered within the category named 'non-immigrant groups' in relation to other functions such as providing customers, suppliers and employees. Therefore, it was not possible to analyse the effects of Australian business networks and Australian government bodies separately from the category of 'non-immigrant'. Other aspects in relation to the host society such as social confliction, racism issues, social exclusion, and other social threats were omitted from the current study.

Providing information and receiving it from Australian business networks has no relationship with the extent of information provided by the ethnic community. The related hypotheses regarding the effects of Australian business networks were rejected. This indicated that when ethnic business owners needed information, they would seek any available sources through their ethnic community or Australian business networks. Similar to providing information, there was no relationship between providing emotional support to ethnic business owners by Australian business networks and co-ethnic communities. Therefore, it could be concluded that Australian business networks have no effect on utilising particular network functions (providing information needed and emotional support) by ethnic business owners within their ethnic communities.

Meanwhile, regarding support from Australian government bodies in those network functions, as the results of testing related hypothesis Q3-5H showed, only in the stage of running the business, the information provided by Australian government bodies could influence the usage of this network function within their ethnic communities. This indicated that when Australian government bodies provided information to ethnic business owners, the latter would ask less from their co-ethnic communities for information they might need.

In regard to emotional support, Australian government bodies have no effect on whether ethnic business owners used emotional support from their co-ethnic communities, as the results of related hypothesis Q3-6H showed. One reason behind this finding might be that the majority of research participants received some sort of emotional support from people with whom they have strong ties, such as family and close friends. The size and type of the business are two characteristics that could affect the usage of emotional support from the Australian government; however, these factors are not examined in this current research. It is presumed that medium and large businesses often have stronger relationships with government bodies because their success or failure can have enormous effects on society, and government bodies would like to monitor them. It is also presumed that export and import businesses often have stronger relationships with government for a similar reason. Another reason why the outcomes of this research illustrate that the Australian government had no effect on using emotional support might be that the participants were mainly small businesses and mainly retailers, cafés and restaurants.

The results of the current research illustrate the low levels of providing emotional support by Australian government bodies. This might lead to the conclusion that the Australian government does not attempt to encourage ethnic businesses. In contrast with this conclusion, Collins (2003b) believed that the changing of Australian policies in taxation and also in immigration and settlement has impacted, and will impact, indirectly on the rates of formation, growth and expansion of ethnic businesses. There is evidence that the Australian government is willing to assist and encourage small businesses in general, and ethnic businesses in particular, to become sustainable and have reasonable growth. The Australian government supports programs such as NEIS, and Australian government bodies such as AusIndustry and Austrade provide various types of help and support to businesses, regardless of the ethnicity of business owners. These initiatives incubate small and medium size businesses, including ethnic businesses. Thandi and Dini (2007) applied the term *'immigrant entrepreneur-government interdependency'* to address the relationship between immigrant entrepreneurs and government. They have reviewed the literature and pointed out that through job creation, ethnic entrepreneurs revitalise the economy and contribute to the country's economic prosperity. Therefore, given these national benefits, government should act to reciprocate those benefits by shoring up ethnic businesses. In relation to

the Australian government policy, Thandi and Dini (2007) focused on NEIS and AusIndustry and declared that those programs and organisations which target Australian businesses to become more pioneering and globally competitive show that the Australian government is on the right track to boost small businesses. Thandi and Dini (2007) recommended other governments, especially European governments, to follow such co-ordinated schemes and target ethnic businesses because European countries face increasing numbers of immigrants in their own countries and this presents many socio-economic problems to policy-makers.

In regards to the globalisation issue and the nominated aspect - support for 'accessing overseas markets'- more details are explained later when the outcomes of this research on the additional benefits from either co-ethnic, other ethnic or Australian business networks are illustrated. The current research also examined whether or not ethnic businesses accessed overseas markets through either their co-ethnic communities or through other business networks (other ethnic networks/communities or Australian business networks). The levels of awareness on the existence of this benefit inside their communities or elsewhere (other ethnic communities or Australian business networks) were also studied. 'Accessing overseas markets' is a very important issue for those ethnic entrepreneurs who would like to either import products from their home countries or export products elsewhere. Import and export activities have permeated global activity into the supply chains of the social networks in different countries. Dana (cited in Thandi & Dini 2007) believed that the globalisation phenomenon is targeting the removal of traditional barriers and allowing firms of all sizes to join international networks. The benefits that should be added to a particular ethnic community to improve its performance and functions will be discussed later.

To sum up this section, it was found that regarding internal factors, only one attribute of the ethnic entrepreneurs' personal networking (diversity of personal network) has had an influence on particular network functions; such as providing co-ethnic customers when the business is running; and providing co-ethnic suppliers in the start-up stage. It was also found that, regarding particular nominated aspects related to the external factors; only Australian government bodies can influence the usage of the particular network function, the provision of information, and only in the stage of running the

business. There were no external factors nominated in this research that influence the usage of ethnic network functions within the co-ethnic community.

6.2.3 Additional benefits that can help entrepreneurs to overcome their business problems

In addition to the six benefits of co-ethnic network functions covered in section 6.2.1, other types of benefits may help ethnic entrepreneurs to overcome their business problems. Several studies investigated these. They included 'informal advice' (business plan advice), 'mentoring', 'role modelling' (Menzies *et al.* 2000, Saxenian 2000, 2001, and 2006), 'protection from social threats', and 'accessing new funds' (Mitchell 2003). In the current research, those above benefits were examined to find out whether or not they were used or available inside the ethnic community. In addition to those, there were some additional benefits that were considered such as 'solicitor support', 'easy access to overseas markets' (globalisation aspect), 'training courses' (see also Chavan 2003), 'arranging meetings with other groups' (collaboration with other groups), and 'utilising new technology'.

As mentioned earlier, Saxenian (2000; 2001, and 2006) examined benefits such as informal advice and mentoring among two ethnic networks - Chinese and South Asians - in Silicon Valley in the United States. She found that among high tech entrepreneurs from China and Taiwan (Chinese community/network) and South Asian entrepreneurs, it was common that each group helped new entrepreneurs inside their own community by providing the types of support described above. Those networks also had strong connections with mainstream networks and obtained these types of help, or support, from mainstream networks. It is noticeable that, in Silicon Valley, the level of competition was high and it seems that entrepreneurs without these types of help or support had little chance of survival.

In the current Melbourne research, however, 'mentoring' and 'role modelling' were not very important among participants as about 50% of them claimed that they did not need those types of help or support from either their own communities or outside (for instance from other ethnic communities and Australian networks). The results showed that about 25% of participants have already had 'mentors' and 'role models' within their

own community and about 15% of participants claimed that they had 'mentors' and 'role models' from other ethnic communities and Australian networks (mainly through their own friends from other ethnicities). The Melbourne research also showed that participants used 'business plan advice' from different networks (40% from their own communities, 25% from other ethnic communities and 20% from Australian networks). One reason why there were no significant needs for 'mentoring' and 'role modelling' and 'business plan advice' in the Melbourne study compared to those in Silicon Valley might be attributed to the type of ethnic businesses in the Melbourne study run by participants are small and uncomplicated compared to the businesses run by high tech entrepreneurs in Silicon Valley. There is, however, a need for further investigation as to why there was a difference between asking for business plan advice and the other two above mentioned support in the Melbourne study.

Regarding another two benefits, namely the 'protection of the business from social threats' and 'accessing new funds', Mitchell (2003) looked at the obstacles that ethnic entrepreneurs faced in their businesses in South Africa. His study was conducted with two groups: Indian and African entrepreneurs in South Africa. The study found that there was a significant difference between the obstacles faced by Indian entrepreneurs compared to their African counterparts. Those obstacles included having problems in regard to violence, crime and theft. Thus, in order to protect their businesses from social threats, Indians needed more help because they faced more problems compared to their African counterparts. Although, in the Melbourne study, few participants had already asked their own community to help them in relation to social threats, more than half of the participants preferred to ask Australian networks (or government bodies) to protect them from potential social threats. This indicates that the Australian society provides a safe environment for running businesses as the need for protection from social threats were low. If potential threats occur, Australian government bodies and networks are the best organisations to ask for protection and help (preferences for asking Australian networks/government bodies are higher than preferences for other networks).

In addition, in Mitchell's study, as Indians had fewer problems accessing funds compared to African entrepreneurs, Indians might not need financial support as much as African business owners. There was a significant difference between Indians and Africans accessing funds, however, Mitchell (2003) did not clearly explain whether or

not Indians used their own community to access funds. Only in terms of 'own savings', Mitchell (2003) found that Indians used less of their own savings compared to Africans.

In regards to additional benefits, as it was explained in Chapters Four and Five, the responses varied from community to community. For instance, the Chinese community provided almost all benefits to some extent to Chinese entrepreneurs. On the other hand, the Vietnamese community faced problems to provide those benefits to any great extent to Vietnamese entrepreneurs. Collaboration and integration of different ethnic communities are the main attentions of this research in order to improve an ethnic network's functions. Then, for further improvements of the ethnic entrepreneurship process, attention should be paid to two aspects in relation to those additional benefits. First, the level of awareness of availability of those benefits inside the ethnic community, other ethnic communities, and Australian business networks; and secondly, the participants' preference to ask for those benefits from networks either co-ethnic or non co-ethnic.

In terms of the levels awareness about the availability of benefits from three different types of networks (co-ethnic community, other ethnic communities and Australian networks), the highest level of awareness was of co-ethnic community, followed by Australian networks and other ethnic communities was the lowest rank. It seems that if Australian networks can act as intermediators between different ethnic communities through arranging meetings with different communities, this would be helpful for those ethnic communities that suffered from a lack of resources available to ethnic entrepreneurs inside their own communities. 'Arranging meetings with other groups', as one additional benefit, was also preferred by participants to be initiated by Australian networks. If Australian networks formed and managed a multiple business network, which comprised members from different ethnic communities and non-immigrants as well, it could provide opportunities to all ethnic entrepreneurs, to some extent, to develop and grow their businesses. It is noticeable that gathering different groups under one organization could help members to easily access overseas markets by sharing information and using cross-country networks (see Light *et al.* 1993 to provide an example of Indian and Taiwanese entrepreneurs who worked together to reduce the cost of product and make more profit in their businesses).

The Melbourne research suggested that the main aims of a potential multiple business network initially formed and managed by Australian bodies could focus on the benefits preferred by the participants. These were 'protection from social threats', 'solicitor support' (mainly related to business issues such as tax regulations, business registration, employee rules and tariff issues), 'arranging meetings with different groups', 'easy access to overseas markets' and 'training courses' from Australian networks. The role of Australian bodies is important because Australia is the host society in this case and every business owner should follow social and business regulations and norms. The Australian economy and government policy also affect all businesses including ethnic businesses; therefore, as Australian bodies have more responsibilities regarding regulations and norms; from the present researcher's point of view, Australian bodies would be better choices to govern any potential multiple business network.

6.2.4 Factors that affect ethnic entrepreneurs' decisions to join/participate in a business outside their co-ethnic communities

This section is to address issues related to box five in Figure 6.1. Among the various factors that affect entrepreneurs' decisions to join networks are those listed by Breton (2003): the sense of 'social obligation', the availability of 'mutually beneficial transaction', the sense of 'community of fate' and the 'level of trust'. In addition to the above list, others factors have also been taken into account such as human capital (Greene & Chaganti 2004; Sequeira & Rasheed 2004) and strong or weak ties (Sequeira & Rasheed 2004). In multi-cultural societies, the effect of the host social environment is also important, as shown by Breton (2003). He divided those environmental issues into two categories: obstacles and supportive. Cultural differences, racial factors, particular events like the 9/11 attack and the immigrant condition were categorised as obstacles; and the wish to integrate into the host society and the actual experience of integration were categorised as supportive. In the present research, none of the obstacles were examined. Of the supportive factors, only the period of living in the host society and the tendency to join networks outside the co-ethnic community (the wish to integrate in the host society) were taken into account. Therefore, among the various factors mentioned earlier, only human capital, the level of trust and some of the supportive environmental factors were examined in the present research. The aspect of trust – part six of the model – is discussed separately in section 6.2.5 of this chapter.

Greene and Chaganti (2004) pointed out that if ethnic entrepreneurs possess a lower level of human capital, they will likely be more involved inside their co-ethnic community. Therefore, from their point of view, it seems that entrepreneurs with a lower level of human capital do not really want to join/participate in a network outside their co-ethnic communities. Sequeira and Rasheed (2004) believed that the human capital of entrepreneurs moderates the usage of strong ties and weak ties, both in the start-up and business growth stages. They declared that entrepreneurs with high levels of human capital are more likely to use not only strong ties in their start-up stage, but also weak ties. Comparing two types of networks, a co-ethnic network and a network outside the co-ethnic community and considering the definitions of strong and weak ties explained in Chapter Two, a co-ethnic community/network comprises more strong ties than weak ties. Conversely, a network outside the co-ethnic community comprises weak ties more than strong ties. Thus, from Sequeira and Rasheed's point of view (2004), possessing higher levels of the human capital, helps ethnic entrepreneurs to participate in networks outside their own community more easily than those who have lower levels of the human capital.

In the present research, however, it was found that educational background (as one aspect of human capital) had no relationships with entrepreneurs' tendency to join a network outside their co-ethnic community, indicating that this aspect was not an effective aspect to influence their decisions to join or participate in a network outside of their co-ethnic communities. English skills (as another aspect of human capital) had a moderately positive association/relationship with the tendency of participants joining a network outside their co-ethnic community. This indicates that this was an effective aspect. Business experience, similar to education background, had no association with joining a network outside the co-ethnic community; therefore, it was not an effective aspect. Because two out of three aspects of human capital were not effective to influence ethnic entrepreneurs' decision to join or be involved in a network outside the co-ethnic community, it cannot be concluded that either the human capital of entrepreneurs influences this concept or not.

In brief, the Melbourne study showed different results from studies done by Breton (2003), Greene and Chaganti (2004) and Sequeira and Rasheed (2004). The present research revealed that there was no association between periods lived in Australia and

the entrepreneurs' decisions to join a network outside the co-ethnic community, which differs from Breton's (2003) results. Other variables listed by Breton (2003) - and discussed in Chapter Two - such as: 'social obligation', 'mutually beneficial transaction' and 'community of fate' should be investigated in this matter

6.2.5 The level of trust and participation in a network

In their approach to the concept of trust, Hohmann and Malieva (in Welter & Smallbone 2006) discovered that most disciplines try to investigate how trust decreases risk and uncertainty. Also, they recognised that the need for having control in complex situations encourages people to consider trust in their relationships. This is another role of trust from Hohmann and Malieva's point of view. In the context of ethnic environments, however, Breton (2003) expected that having a similar ethnicity would be a basis for the emergence of trust between individuals and he pointed out that compared with acquaintances and those who share a common identity, values and characteristics, trust of strangers may not occur easily. This argument, however, was not supported by a study conducted in Canada known as *The Social Fabric Study* (Breton 2003). Breton declared that it was found that the level of trust within ethnic groups seemed relatively low, as only 11% of the participants said that they trusted members of their own ethnic community "a lot". *The Social Fabric Study* suggested that trust was not mainly based on ethnicity, but formed during the day-to-day interaction with others.

In regards to involvement in a network and obtaining mutual benefits, the present research investigated the level of trust in three network functions namely: providing co-ethnic employees; accessing co-ethnic suppliers; and obtaining necessary information from the co-ethnic community. Furthermore, the level of trust regarding all eleven additional types of benefits or support was investigated within networks, both co-ethnic community/networks and non co-ethnic networks. It was assumed that when the level of trust is high among ethnic entrepreneurs in using those functions, there is a willingness of ethnic entrepreneurs to be involved in a network and obtain mutual benefits from it. As the outcomes revealed, the majority of participants claimed that their own community is trustworthy regarding providing co-employees and co-suppliers; however, for providing suppliers, the differences between the level of trust among co-ethnic community and Australian networks are not so significant except for Thai participants. People who are close to entrepreneurs from the same ethnicity are more trustworthy for

provision of information, compared to other ethnic groups and Australian/government bodies. Therefore, trust had a role to encourage ethnic entrepreneurs to be involved in co-ethnic communities to receive or ask for types of help related to employee issues, supplier issues the business and information needed.

In regard to the level of trust on eleven additional types of benefits and support which could be provided by either co-ethnic communities or other networks, the responses of the research population were varied. For instance, participants will have more trust in Australian networks on aspects such as 'access to overseas markets', 'solicitor support', 'training courses' and 'arranging meetings with other groups'; however, each ethnic group, individually had different voices. The majority of Chinese trust the Chinese community first and then Australian networks for all aspects. Percentages ranged from 55% for 'training courses' to 83% for 'role modelling'. Thai and Vietnamese, on the other hand, trust Australian networks more than their own communities on aspects such as: 'protecting the business from social threats' and 'providing new funds'. Their percentages were from 86% for 'protecting the business from social threats' to 64% for 'providing new funds'. Because the responses vary, it is impossible to conclude that the higher level of trust on some aspects encourages the entrepreneurs to join a network; however, if a particular network was formed and contained several active, enthusiastic, and charismatic members from different ethnicities, including Australians (could be named a multiple network), the level of trust on those eleven additional benefits could play a big role in encouraging entrepreneurs to join or participate in that network.

In brief, to some extent, trust has a particular role to encourage entrepreneurs to join a network either inside a co-ethnic community or outside. The current research can support the comment from Breton (2003) that trust is an important factor in joining a network, however, it should not be ignored that other factors (nominated earlier in section 6.2.4) can adversely affect the decision to join a network and as a consequence of that the level of contribution and the involvement of entrepreneurs in their communities may decline.

6.3 Statistical details of the model developed

In the previous sections, all six parts of the model were discussed. To make the model more precise and illustrate the details of network functions, two parts of the developed model were redesigned with more detail (see Figures 6.3 and 6.4). Figure 6.3 uses information from the current study and is related to co-ethnic network functions and statistical information, including the outcome of testing related hypotheses about personal networking attributes, while Figure 6.4 is related to the usage of additional benefits either from the co-ethnic network or outside the co-ethnic community by the participants of this study.

In the middle of Figure 6.3, there are six network functions that ethnic entrepreneurs can use for their business purposes. Each function is connected to 'Co-ethnic network/community' (see boxes on both the right and left sides of the figure). The box on the left side is connected to the box called 'Business start-up' inside the big arrow (at the bottom), refers to the types of help and support from the co-ethnic network in the start-up stage. The box on the right is connected to the box called 'Running the business' inside the big arrow, and refers to the types of help and support from the co-ethnic network in the stage of running the business.

Between each function and long boxes, there are three rectangular boxes presenting the outcomes of: 1) testing the related hypotheses in regards to usage of the function in their own community, 2) testing the hypothesis related to the association between using the network function and the level of involvement of an ethnic entrepreneur within the ethnic community as one attribute of personal networking and 3) testing the hypothesis related to the association between using the network function and the diversity of ethnic entrepreneur's friends as the other attribute of personal networking considered in the current research.

Figure 6.3: Different functions of co-ethnic network and statistical information of their usage within ethnic community, during both start-up and running the business, by participants in the Melbourne study 2007-8.
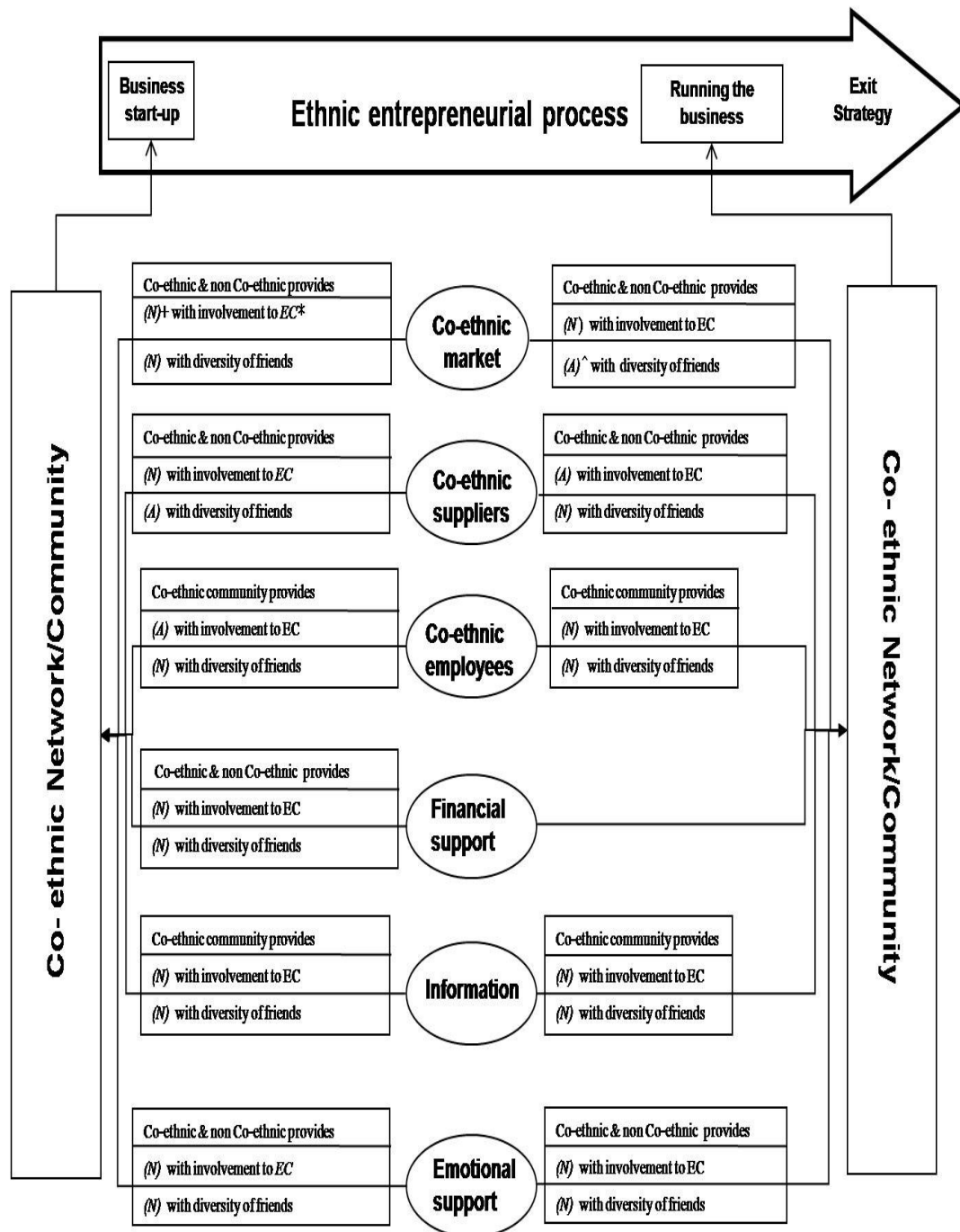
+ *(N)* indicates No Association between the function and the variable mentioned
* *EC* stands for Ethnic community
^ *(A)* indicates an Association between the function and the variable mentioned
Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

In Figure 6.4, the percentages of participants in the current research that used each additional benefit through three types of networks (co-ethnic network, other ethnicities network and Australian networks) are presented. Those additional benefits were used by the ethnic entrepreneurs either in the start-up or running the business stages. It is noticeable that some participants claimed that they used those benefits through several networks, not just only through one network. It is also noticeable that in regards to the question about using those additional benefits, some participants claimed that they did not need those benefits. Some participants claimed that either those benefits were not available to them or they were not aware of the availability. Therefore, the total percentages do not total 100% for each benefit.

In regard to the co-ethnic network, 'business plan advice' was the most used by participants (40%) compared to other benefits. However, of all the benefits that could be obtained from other ethnic networks, 'business plan advice' was also the one most asked for or used from (at 22.3%). For 'solicitor advice' was the second most benefit asked for and used via co-ethnic network (39.2%) and other ethnic networks (21.1%). However, 'solicitor advice' was the benefit most asked for or used from Australian networks compared to other benefits (33.3%). Asking for 'extra funds' was the third highest sought benefit through co-ethnic network (36.9%). Other benefits from a co-ethnic network varied from 14.8% for 'arranging business meetings' to 26.2% for 'utilising new technology' (the fourth highest per cent). Although the benefit of 'arranging the business meetings' had the lowest percentage of usage via a co-ethnic network, asking for this benefit from other ethnic networks comprised the third highest percentage of using those additional benefits (20%).

Figure 6.4: Participants' use of different ethnic business networks to obtain additional benefits in the Melbourne study 2007-8

	Australian Networks	Other ethnicities network	Co-ethnic network
Mentoring	15.8%	16.4%	24.4%
Business plan	20.7%	22.3%	40%
Role model	10.7%	14.3%	26%
Global market	18%	18.5%	22.4%
Solicitor advice	33.3%	21.1%	39.2%
Business protection	22.5%	17.1%	25.8%
Training courses	13.3%	8.9%	16.1%
Extra funds	10%	8.9%	36.9%
Business meetings	21%	20%	14.8%
Managerial accreditation	14.3%	15.6%	15.6%
Utilizing new Technology	21.7%	19.7%	26.2%

Ethnic entrepreneurial process

Note: the total percentage does not add up 100% due to either using those benefits through several networks or not using the benefits through any of networks.

Source: Survey on multiple business networks in Australia, focusing on the larger Melbourne area

6.4 Interpretation of the developed model

The main purposes of designing and developing the model were to understand: how the ethnic networks functioned in the Australian context; the main network functions; the differences between ethnic groups in relation to the use of ethnic networks as well as

other networks; the types of benefit which should be considered and/or added to develop the ethnic network; aspects affecting the usage of the network (either co-ethnic or non co-ethnic) and the level of trust in joining or being involved in a network. Digging into the literature review, it was believed that by considering several variables such as the level of human capital, personal networking attributes and the environmental aspects (the host society conditions and globalisation); the current research would be able to draw a comprehensible and clear picture of ethnic networks in the Australian context. It was also hoped that the research would be able to guide the formation of a multiple business network where several different ethnic groups and Australian networks could collaborate to provide more support and opportunities to grow the businesses regardless of the ethnicity of the owners. Forming a multiple business network can be based on the concept of mixed embeddedness developed by Kloosterman and Rath in their work (2000; 2001). They considered the immigrant/ethnic entrepreneurship phenomenon as a supply and demand phenomenon. In 'mixed embeddedness', the resources of immigrant/ethnic entrepreneurs were part of the supply side, and the opportunities existing for potential entrepreneurs were part of the demand side. The matching process between the supply and demand sides is considered by them as ethnic entrepreneurship. A multiple business network can add value to the supply side through enhancing the resources available for members of a multiple business network. At the same time, by creating more opportunities through opening new markets, it can enhance the demand side of ethnic entrepreneurship. The outcomes of the current research reveal that there is a possibility of forming multiple business networks with success.

The outcomes of the current research have revealed that although similar aspects and variables were investigated in other countries, because ethnic entrepreneurship and networking are multi-dimensional concepts, various additional environmental factors could influence networking attributes among ethnic entrepreneurs. Thus, some outcomes were similar to those in previous studies, conducted either in Australia or overseas and some were not. As ethnic entrepreneurship is a multi-dimensional concept, it should be taken into account that if the outcomes of the research are different from the findings of the literature, this will show that other factors and variables can affect the results and there is a need for further investigation. The outcomes of the current research have also revealed that living in a multicultural environment could have both

positive and negative effects on the lives of ethnic and non-ethnic people in general, and on their businesses in particular. Gathering different ethnic business people under one organisation (a multiple business network) is similar to living in a multicultural society and means that forming a multiple business network has its own difficulties or challenges on the one side and advantages or opportunities on the other.

In regard to difficulties, as the majority of ethnic groups have their own co-ethnic networks, it will be challenging to persuade ethnic entrepreneurs, who are often so busy, to be involved in another network which, initially, might not show or promise obvious benefits for its participants/members. Another challenge is the diversity of languages in which different ethnicities dialogue. This might cause formation of several small sub-groups within the whole network. Cultural differences and the issue of trust are other challenges that might be faced during the formation of a multiple business network. Some research in Victoria (Bakalis & Joiner 2006) showed that several communities have different approaches to helping business within their communities. Therefore, encouraging those communities' leaders to adapt their approaches to facilitate ethnic businesses, to include at least one multi-dimensional and multi-purpose approach would be a very difficult task for those advocating a multiple business network. In addition, as Castles (cited in Hugo 2005) declared that in examining the incorporation of migrants into the main society - such as via joining a multiple business network in the current research, it is vital that policy makers and community leaders should consider many factors. Theses include government policy, and aspects such as: the degree and nature of migrant participation in societal institutions; a range of social processes related to integration into society; economic and political structures and the appearance of various forms of inequality among different groups. Dealing with those aspects, from the present researcher's perspective, is not an easy task.

In regard to advantages or opportunities that might be delivered to ethnic communities through a multiple business network, the present research reflects some comments by Hugo (2005). According to Hugo (2005), the host government can facilitate the development of networks of business people between nations and can also facilitate the development of markets for the products of the origin country in the destination country. He believes that those networks, both social and business, have essential roles in the economy of the home country of immigrants as well as their host country. The

outcomes of the current research in relation to additional benefits show that providing those benefits could provide guidelines for starting a multiple business network. Although the attraction of those extra benefits varied among different ethnic networks/communities based on the results of the current research, if a multiple business network focuses on some of those benefits such as 'solicitor advice', 'business plan advice', 'protecting the businesses from threats', 'accessing overseas markets' (opening new markets) and 'mentoring', the chance of being successful and becoming more active will be high. Hugo (2005) pointed out another advantage that affected ethnic people in general and entrepreneurs in particular. The host government can encourage potential business people, regardless of their ethnicities, to invest in businesses either overseas or within the host country. Therefore, the role of Australian networks or government bodies will be very important in forming and controlling a multiple business network. This type of network could also help to improve communications between immigrant/ethnic entrepreneurs and Australian government institutions as well as native entrepreneurs.

6.5 Conclusion

In regard to the functions of co-ethnic networks in the Australian context, six functions taken from the work of Menzies *et al.* (2000), Sequeira and Rasheed (2004), Saxenian (2000; 2001) and Bosma *et al.* (2004). These were provision of: co-ethnic customers, co-ethnic employees, co-suppliers, finance, information and emotional support. They were analysed and compared with the literature to provide a picture of how co-ethnic networks work in the Australian context. In addition, three clusters of variables related to human capital, some aspects of personal networking attributes and one aspect regarding the host society were taken into account to find out how these influence the usage of ethnic networks in the Australian context. Although the outcomes were different, from those studies found in the literature on some aspects such as human capital and personal networking attributes, they showed that other variables such as cultural issues, individual interests/preferences and immigrant/ethnic conditions were as important as the three cluster variables considered in the present research. The results could help ethnic communities and Australian bodies to identify the areas that need to be considered to mutually support the business environment more efficiently and to gradually grow their businesses.

Chapter Seven

Conclusions and recommendations

7.1 Introduction

In regard to the ethnic entrepreneurship process, two elements of the model developed by Bolton and Thompson (2004) - finding the required resources and using networks - were considered in the current research. Then, in relation to the networking aspects among ethnic entrepreneurs, the model explained in Chapter Six was developed based on studies conducted in several countries such as Canada (Menzies *et al.* 2000; 2003 and 2007, Perreault *et al.* 2003; 2007), the United States (Greene & Chagani 2004, Saxienian 2000; 2001), and South Africa (Mitchell 2003). Now, this chapter aggregates all of the outcomes and findings of the current research and presents conclusions, along with some recommendations for both industry and academia.

Reviewing the literature showed that having information is a vital aspect for an entrepreneur. The information gives an entrepreneur the chance to recognise or predict and then capture opportunities, as well as to seek/find resources and overcome business problems. It is not surprising that networks are one of considerable and significant media that an entrepreneur should take into account in his/her entrepreneurial activities to obtain the information that is needed (e.g. see Bolton & Thompson 2004). Networks can guide an entrepreneur to that information. Regarding immigrant and ethnic entrepreneurs, as mentioned before (e.g. see Greene & Chaganti 2004; Menzies *et al.* 2000), ethnic community/network has a significant role to support immigrant and ethnic entrepreneurs inside the community as well as fellow co-ethnic people. As one of the main purposes of this study was to find out how an ethnic community in the Australian context supports ethnic businesses and how those types of support could be improved to enhance the effect of ethnic community/network in regards to business activities, the contents of this chapter follow a specific flow chart (see Figure 7.1). That flow chart is designed to depict the processes in Chapters Four to Six that guided this research to provide some recommendations to both industry in Australia and academia in general for further investigations and/or action.

Figure 7.1: Activities to reach the conclusions and recommendations for the Melbourne study 2007-8
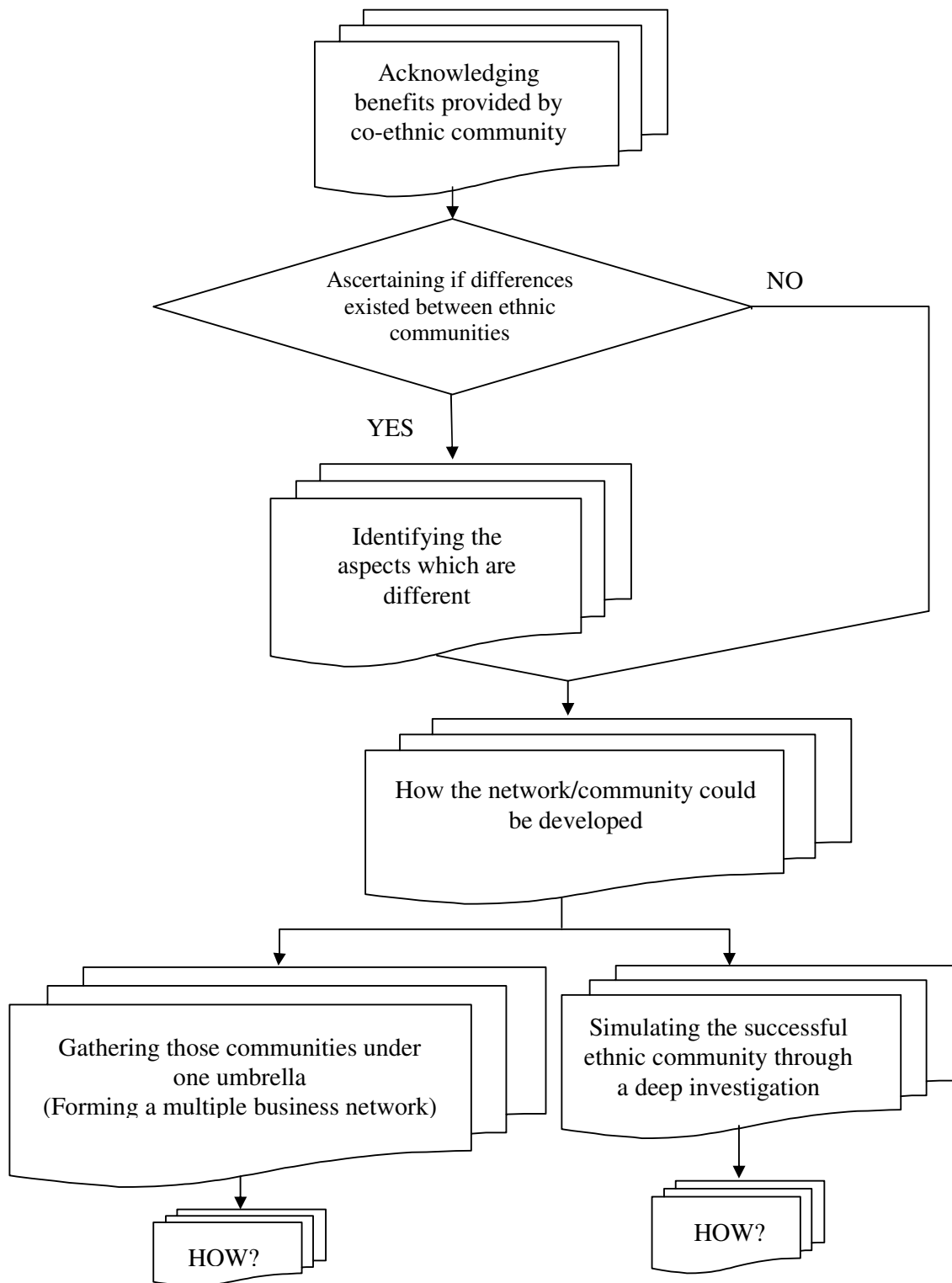
Source: Author

Co-ethnic networks have momentous roles in the ethnic entrepreneurship process. The ethnic community/network is often a rich source of offering co-ethnic customers to ethnic businesses (e.g. see Deakins *et al.* 2007; Menzies *et al.* 2000). Thandi and Dini (2007) pointed out that ethnic entrepreneurs are often interested in targeting customers from their own ethnic or cultural groups. The outcomes of the current research, however, cannot prove the above comments. Other roles of co-ethnic community or network include aspects such as facilitating the process of hiring co-ethnic employees through the social network (e.g. see Deakins *et al.* 2007; Menzies *et al.* 2000; Thandi & Dini 2007), generating demand for ethnic-based commodities or services mainly in ethnic ghettoes and accelerating the supply process of those goods and services through connections to the ethnic origin sources. The results of the current research also support the above points. Obtaining and accessing capital via a social network is another attribute of the co-ethnic community/network realised by several studies (e.g. see Deakins *et al.* 2007; Dhaliwal and Kangis 2006; Hussain and Matlay 2007; Smallbone *et al.* 2003). However, in studies such as on Italian businesses in South Australia (Lampugani & Holton 1991) and the current Melbourne study, co-ethnic communities were not the main sources of financing. This indicated that, in studies mentioned earlier, there was no significant difference between the use of non co-ethnic financial sources (mainstream ones such as banks and financial agencies) and co-ethnic financial sources. Providing information to ethnic business owners, who often have problems to access formal and mainstream sources, was one facilitating aspect of co-ethnic community or network confirmed by the current research. The co-ethnic community/network is deemed to be a rich source of role models and mentors or 'o*ld brothers*', the term used by Anna Lee Saxenian (2006) which, with family and friends together, were sources of emotional support for ethnic entrepreneurs. In the current research, however, participants received emotional support from not only co-ethnic people close to them, but also from non co-ethnic people.

Besides the networking benefits discussed above that stimulate business start-ups through the involvement of the co-ethnic community or network, other business-related benefits were also considered in the present study. These included advice for developing strong business plan, soliciting/legal advice, helping to access new markets (both internationally and domestically) and protecting the business from social threats. The research outcomes indicated that, to some extent, the co-ethnic community provided

those additional benefits to ethnic entrepreneurs within the community. Mutual trust appeared to be the catalyst that assisted co-ethnic communications and relationships in regards to business activities. In brief, it is deemed that the co-ethnic community or network is a fact of life and plays a main role in securing the achievements of newly established and on-going ethnic businesses by smoothing the progress of entrepreneurial activities through offering business-related benefits (see also Thandi & Dini 2007).

In the current research, it was also sought to confirm whether or not there was a difference between different ethnic communities in regards to supporting ethnic businesses. According to the outcomes of the current research, regarding facilitating aspects such as providing customers, suppliers, employees and information, there was a difference among Chinese, Thai, Vietnamese and South Asian in supporting ethnic entrepreneurs through their communities for the above mentioned aspects. However, regarding emotional support and financial support, there was no difference among different ethnic clusters mentioned earlier (please see section 5.2.2 for more details). For those additional benefits nominated in the current research, there was also a difference between different ethnic clusters in relation to providing ethnic entrepreneurs those additional benefits (for more details on those benefits and how they were different, please see section 5.2.4).

As pointed out above, regarding some aspects, there was no difference and for some others there was a difference between different ethnic clusters. As shown in Figure 7.1, there are two responses regarding ascertaining the difference between ethnic communities. One response is 'no', indicating there was no difference for particular aspects, such as financing the businesses. Another response is 'yes', indicating that there was a difference among different ethnic clusters for other aspects, such as asking for solicitor support from own community, providing information, asking for protection of the business from social threats or easy access to new markets, providing suppliers and employees. For those facilitating aspects that were different it is deemed that, dependent upon the power and capability of the ethnic community to offer scarce resources to co-ethnic businesses owners, an ethnic entrepreneur might have a choice to either approach outside his/her community to obtain benefits (e.g. see Janjuha-Jivraj 2003) or seek those benefits from within the co-ethnic community (e.g. see Selvarajah *et al.* 2005).

7.2 Recommendations to develop an ethnic community/network

When there is lack of resources in a given ethnic community or the capability of that ethnic community is low to generate the support for co-ethnic people, there are two initial approaches to boost the power of the ethnic community. These two approaches are described below.

The first approach relates to the enhancement of social capital within the ethnic community. It is deemed that in this approach, the success of upgrading the community's capabilities to serve co-ethnic people is dependant on the extent to which the community recognises the need to improve. Then, how the ethnic community addresses those needs and takes steps to solve the related issues needs to be addressed. In other words, this approach is internal and it is based on intra-relationships between co-ethnic people to maximise their own social and human capital to boost the capacity of the ethnic community.

Enhancement of the social capital within an ethnic community should be instigated by leaders through internal processes. However, there is an option to seek better social capital outside the community, by studying and emulating successful ethnic communities. Thus, via simulating and adopting their successful patterns, the ethnic community can find best approach/s that matches its own capabilities to enhance the strengths/capabilities of co-ethnic people. This also provides opportunities for researchers to conduct detailed investigations into a particular ethnic community to discover either its social (network) strengths or its social (network) weaknesses. The best alternative studies are comparison studies among different ethnic groups; such as studies that have been conducted by a group of scholars including Professor Teresa V. Menzies, Professor Louis Jacques Filion and Associate Professor Gabrielle A. Brenner in Canada among Chinese, Italian, Jewish, Sikh, and Vietnamese, sponsored by Social Sciences and Humanities Research Council of Canada (SSHRC). The currently reported research is only a pioneer and pathfinder for conducting similar research in the Australian context.

The second approach is to gather those communities under one umbrella, this implying support of all ethnic groups by the host society (in this case, Australian organisations or government bodies). Although there are some existing organizations such as the Federation of Ethnic Communities' Councils of Australia Inc. (FECCA) or Ethnic Chambers of Commerce, they mainly focus on social and cultural issues (e.g. FECCA or the Australian Chinese community Association,- ACCA) or look at economic aspects between each individual ethnic group and the host country (Australia), such as the Thai-Australian Chamber of Commerce or Chinese Chamber of Commerce South Australia Inc.

To implement the second approach, forming a multiple business network is one alternative to boost the capacity of the ethnic community/network. The outcomes of the current research can provide only guidelines for ethnic communities' leaders, Australian business people and policy makers on how this type of network should be formed, which criteria should be used and what aspects influence the success of this network. It is to be emphasised that as the current research has limitations, to guarantee the success of a multiple business network, there is a need for further detailed investigations in some areas. Those areas of investigation are discussed later.

The results of the current research show that an ethnic community facilitates co-ethnic businesses, to some extent mainly through social capital within social network and there is a difference between ethnic communities in this regard. Figure 7.2 depicts this issue by representing ethnic communities as circles. The size of the circle represents the capacity of that ethnic community to facilitate ethnic business, with the larger size implying greater capacity. Inside each circle there are several nodes and double direction arrows representing co-ethnic people (including ethnic entrepreneurs - dark nodes) and their respective ties with each either. Some nodes are drawn outside the circles represent non-immigrant people (including entrepreneurs or business owners - dark nodes) in this context. The number of nodes either inside the circle or outside *does not represent* the population of each group. There are some double direction arrows between the nodes in different circles representing the relationships between different ethnic people. As well, there are some double direction arrows connecting nodes inside circles to nodes outside the circles. This indicates that there are relationships between ethnic people and non-immigrant people. The number of double direction arrows and

how they connect to other nodes inside or outside the circle represent the density and centrality of a personal network. Some nodes do not have any connections with other nodes. In this case, this means their ties with other people are not active at the moment and might/might not be active in the future. In fact, this figure attempts to represent almost all network structure and network process aspects; however, it is impossible to cover *all* aspects. Therefore, it is assumed that Figure 7.2 shows the diversity of network's patterns among ethnic communities and non-immigrants in the context of the present study. In this figure, the size of circle denotes the amount of networking.

Figure 7.2: Network's patterns (connections) among different ethnic groups and non-immigrants
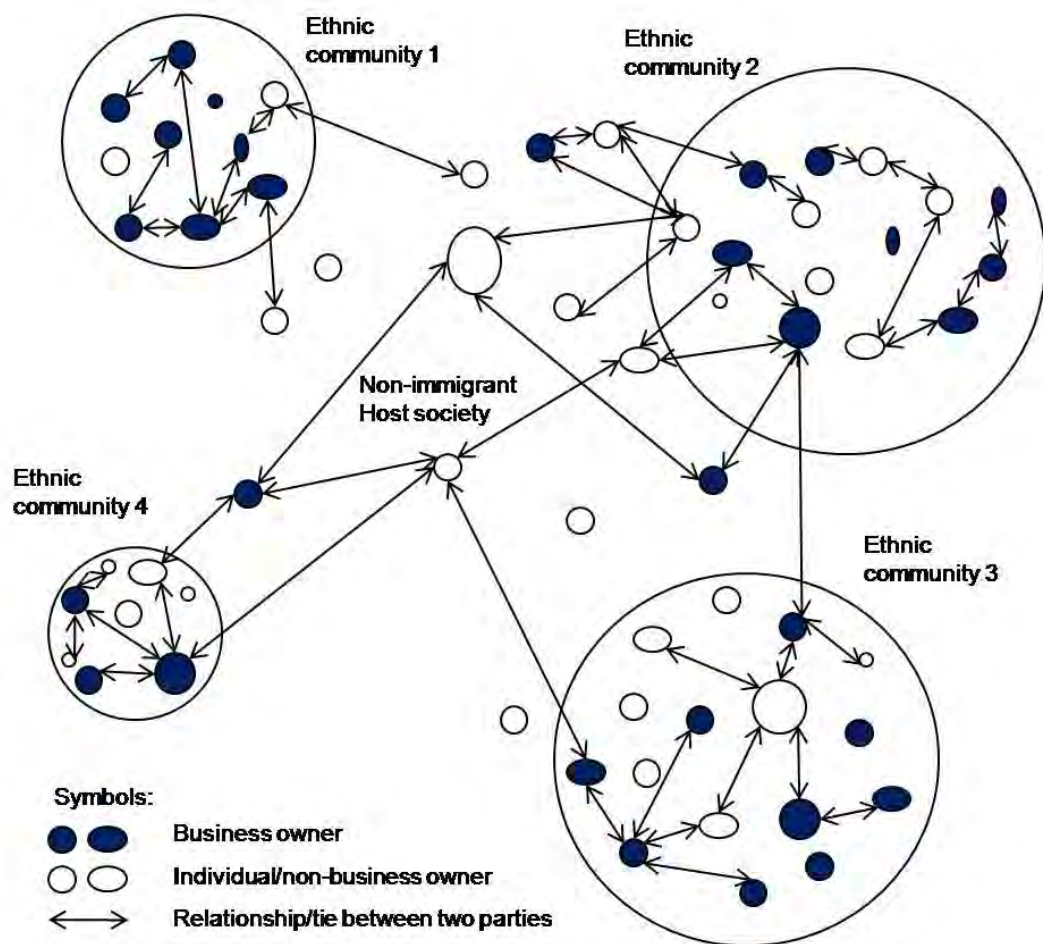
Source: Author

As seen in Figure 7.2, the business relationships among each ethnic community, non-immigrant people and other ethnic communities are limited or controlled by just few connections made by particular individuals. To boost the capacity of the ethnic community/network in relation to business aspects, a mechanism should be developed to enlarge the social network (social capital) via developing further the extra weak ties or enhancing the existing strong ties between people. Forming a multiple business network could provide that mechanism through connecting people from different ethnicities (i.e. by becoming a member of the multiple business network). This network can provide the environment to recognize opportunities to cooperate with other ethnic people, and to offer a wider channel to distribute information among different business people (either ethnic business owners or Australians). Being a member of a multiple business network would help to develop at least weak ties where there had not been any tie between members previously. It would also create strong ties where there were weak ties previously. Distributing information also enhances the social capital. Figure 7.3 shows how a multiple business network can include different ethnic communities and non-immigrants as well.

Figure 7.3: A multiple business network serving different ethnic people and making new ties among members
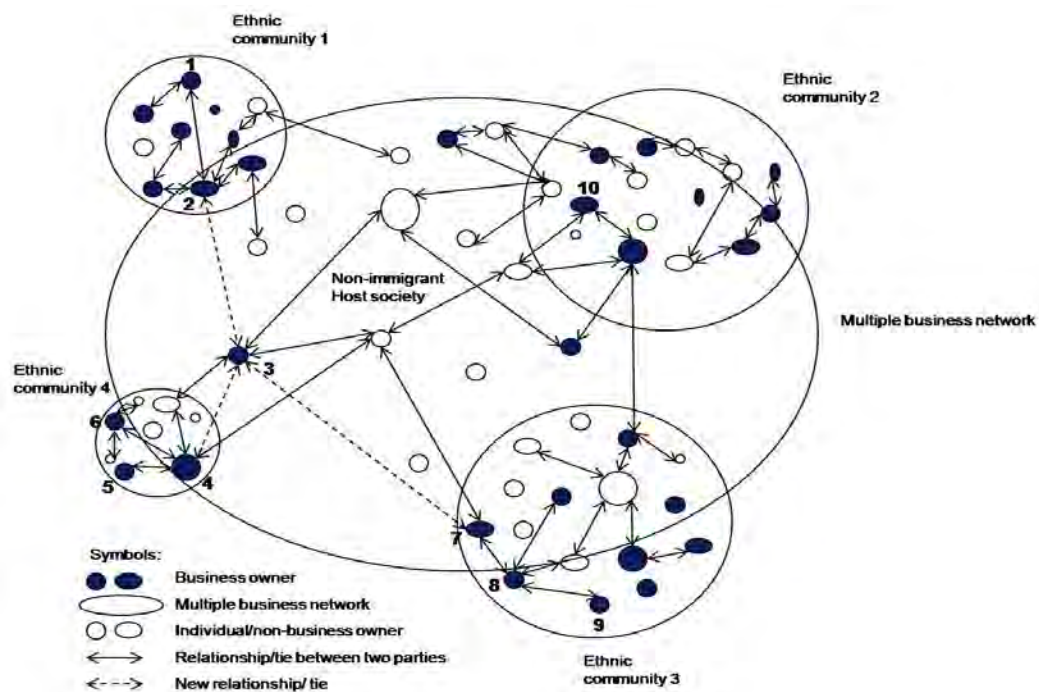
Source: Author

As shown in Figure 7.3, inside the big oval (a multiple business network), there are possibilities to form new ties, even weak ones, that did not exist before (new dashed arrows between nodes 2, 3, 4 and 7). These ties can provide opportunities not only for persons 2, 3, 4, 7, but also for people numbered 1, 5, 6, 8, 9 and 10 through enhancing their social and business networks. Then, the chance becomes greater to develop the businesses ran by any of the people numbered and to grow it.

Figure 7.4 shows how the capability of a personal network might increase in this regard. For example, ethnic entrepreneur numbered 1 (outside the multiple business network) through the new network can connect to other ethnic networks as well as to a non-immigrant network and try to establish business contacts with other entrepreneurs numbered 3 to 10. Before the existence of a multiple business network, ethnic entrepreneur numbered 1 had only two connections with ethnic entrepreneur numbered 2 and another one inside his/her own community.

Figure 7.4: Establishment of new ties among different business people from different ethnicities and non-immigrant within a multiple business network
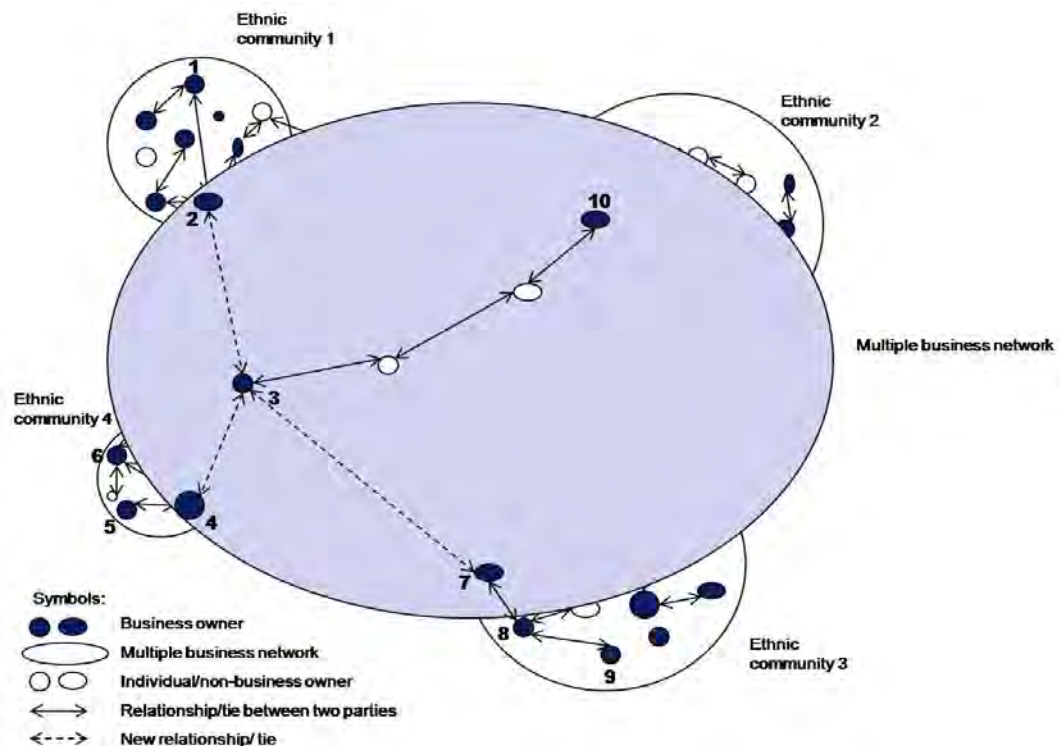
Source: Author

Figure 7.4 shows that by using their strong ties in first instance, (such as ties between 1 and 2, 4 and 5, 4 and 6 or 7 and 8), and then using weak ties through a multiple business network, (such as ties between 2, 3, 4, 7 and 10) ethnic entrepreneurs can obtain the benefits of a multiple business network even they are not officially a member of that network (please see entrepreneurs 1, 5, 6, 8 and 9 in Figure 7.4). The outcomes of the current research revealed that about 61% of participants agreed/strongly agreed to join a multiple business network if it exited or were formed. Although it shows that the tendency to join a multiple business network was high, the type of support this network could offer to members and how this network could attract different ethnic groups to be involved and be active requires further investigation. This is because the outcomes of the current research revealed that only a few participants were more active in their own ethnic communities, indicating that the majority of participants were not '*networking people*'.

To address the above points, it is worthwhile looking at the results of the current Melbourne study in regards to extra benefits and support that any network can provide. The study revealed that participants preferred to ask for benefits or support such as: 'easy access to overseas markets or new markets', 'solicitor support', 'arranging meetings with other groups', 'protecting the business from social threats' and 'training courses (workshops)' from Australian (non-immigrant) business networks. As that multiple business network should be governed by Australian bodies (initial pre-assumption), then the provision of those benefits or support can be considered as initial steps of facilitation by the multiple business network. Easy access to new markets or overseas markets provides opportunities for collaboration between two or among more parties from different ethnic backgrounds. Arranging meetings can build weak ties or develop strong ties between different parties. Workshops and training courses can help ethnic entrepreneurs not only solve their business problems, but also recognise various opportunities that exist either in the host society or overseas.

How this network can attract different ethnic groups to be active and involved is a matter that needs further research; however, there are some organisations that provide government interaction with Victoria's ethnic business communities. Those organisations, such as the Victorian Multicultural Business Advisory Council

(VMBAC) or Ethnic Enterprise Advisory Council, both as part of Department of Innovation Industry and Regional Development (DIIRD) Victoria government, can provide a pathway to how a new network should approach different ethnic communities.

7.3 Recommendations for further research

As mentioned previously, this research is only a gateway to understanding ethnic business networks in the Australian context. There are some areas that need to be investigated further. These are categorised in four sections: investigation on aspects of personal networking, deep investigation on differences between ethnic groups in terms of network facilitating aspects, the success of ethnic community in provision of benefits to co-ethnic businesses and forming a multiple business network.

Regarding aspects of personal networking, about half of the participants were not a member of any network. Among those who were a member of a network, only 12 participants claimed that they were a member of Australian (non-immigrant) networks. This prompts one to ask the following questions: why would not ethnic business owners like to join any Australian networks (preferably business networks)? Are there any barriers for non immigrant business owners to join the Australian networks? Does the aspect of having a non English speaking background affect the decisions of ethnic business owners whether to join any Australian business networks? Does any emotion affect ethnic business owners preferring not to join any Australian business networks? Do the Australian business networks focus on or target specific ethnic business groups only? In addition to above points, because the research found that only about 15% of participants were involved in their ethnic communities with 'high' and 'very high' levels of contribution, a question is raised whether running the business was very time consuming for ethnic business owners so much so that it affected their contributions to their own ethnic community. If not, what is/are the reason/s behind the low levels of ethnic business owners' contributions to their co-ethnic communities?

In regard to personal attributes of participants and their relations with the host society, this research did not consider variables listed by Breton (2003) such as: 'social obligation', 'mutually beneficial transaction', and 'community of fate'. These variables

might affect the use of network functions and the level of contribution by participants inside their own ethnic community and, hence, need further research.

In relation to network facilitating aspects, there are some areas that need to be investigated further. As mentioned in section 4.4.4, there was a significant difference between the preferred and actual suppliers (in terms of ethnic background of suppliers) that the research participants used. Further investigation into why there was a significant difference could assist the leaders of ethnic communities to find ways to improve the relationships between ethnic businesses within the co-ethnic community, as the research participants' preferences to have suppliers from the same ethnicity were about three times than actual figures. In regards to financial aspects, it was found that Chinese participants, more than other ethnic groups, used financial agencies to borrow money in the start-up stage. The reasons behind this need further investigation. Moreover, banks should be pro-active in supporting ethnic businesses, based on the fact that ethnic business owners preferred them. This is another area where further investigation should be conducted. In terms of emotional support and encouragement from the Australian government, as mentioned in section 4.4.6, there is a need for further investigation to find out to what extent, Australian government bodies encouraged ethnic groups to establish businesses. It is also worth pursuing how Australian government and business bodies could encourage ethnic groups. Also, a comparison study conducted to find out how countries such as Canada and the United States deal with ethnic businesses and how Canadian and American government bodies encourage ethnic groups to run businesses would help to pinpoint examples of practice for emulation in the Australian context.

In regards to the eleven additional network benefits that ethnic business owners might ask for or receive from different networks, based on the outcomes of the current research, a question is raised - Are there any relationships between types of business and the needs for those eleven types of benefits? An investigation which focuses on special types of business, such as import and export or manufacturing, can lead us to explore what types of benefits might be needed by ethnic businesses in those various sectors. In terms of 'training courses' (which was one of eleven additional benefits), there is a need for further research to find out what the responses of ethnic business owners would be in relation to specific type of training courses, such as regulations and

legal aspects of establishing a business, managing and technical or operational aspects. Discussing the business plan was common practice among the research participants. The importance of having business plan was recognised by participants, implying that government bodies and non-immigrant business networks should provide help to ethnic groups in developing reasonable business plans. Initiatives need to be considered on how this help can be made available to the ethnic groups. On the other hand, not having a good business plan could cause several problems. One problem might be that it is difficult for ethnic business owners who do not have a good business plan to secure a bank loan. These questions and comments could be the main research questions for another study. There is also a need for further investigation to find out the relationships between aspects such as: personal networking attributes, human capital and multiculturalism; and the needs of those eleven additional benefits which are omitted from the current study.

It is worth noting that cultural differences between different ethnic groups might play a big role in the use of network benefits. The current research did not take cultural aspects into account; so, a comparison study between two different cultures can add fruitful knowledge to this field of study.

This research investigated how ethnic businesses owners approached their co-ethnic community to facilitate their ethnic entrepreneurial processes. This investigation was from ethnic entrepreneurs' perspectives. There is a need, however, to investigate the facilitating of the entrepreneurial process from the perspective of ethnic communities' leaders. This could be conducted through several ethnic business networks such as chambers of commerce of different ethnic groups. Through this type of investigation, the success of an ethnic community in the provision of benefits would be clarified.

In relation to forming a multiple business network comprising business owners from different ethnic backgrounds, there is a need to conduct further research to identify how such a network can encourage different ethnic entrepreneurs to be involved network and to contribute actively. The present research sought to nominate some facilitating aspects that a multiple business network could provide to its members.

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251

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Appendix I

The approval confirmation letter from Swinburne's Human Research Ethics Committee in relation to the ethics application for the present research submitted to the committee.

To: Dr Harch Thandi/Mr Kourosh Dini, AGSE, FBE

Dear Harch and Kourosh

SUHREC Project 0607/096 Multi-ethnic business networks in Australia - an approach in ethnic entrepreneurship networking
Dr H Thandi AGSE FBE Mr Kourosh Dini
Approved Duration: 01/02/2007 To 31/12/2007

Ethical review of the above project was carried out on behalf of Swinburne's Human Research Ethics Committee (SUHREC) by a SUHREC Subcommittee (SHESC4) on Friday 1 December 2006.

I am pleased to advise that the project has been given standard ethics clearance as submitted. However, the Subcommittee members would suggest that the time participants take to complete the detailed questionnaire may be longer than the 20 minutes allowed for, particular with participants whose first language is not English. You may need to revisit this matter on the consent statement accordingly. (Additionally, please note that whilst the Subcommittee considered that the application was overall well written, it voiced its view that A2 could have been written in less detail.)

The standard on-going ethics clearance conditions are:

- All human research activity undertaken under Swinburne auspices must conform to Swinburne and external regulatory standards, including the current *National Statement on Ethical Conduct in Research Involving Humans* and with respect to secure data use, retention and disposal.

- The named Swinburne Chief Investigator/Supervisor remains responsible for any personnel appointed to or associated with the project being made aware of ethics clearance conditions, including research and consent procedures or instruments approved. Any change in chief investigator/supervisor requires timely notification and SUHREC endorsement.

- The above project has been approved as submitted for ethical review by or on behalf of SUHREC. Amendments to approved procedures or instruments ordinarily require prior ethical appraisal/ clearance. SUHREC must be notified immediately or as soon as possible thereafter of (a) any serious or unexpected adverse effects on participants and any redress measures; (b) proposed changes in protocols; and (c) unforeseen events which might affect continued ethical acceptability of the project.

- At a minimum, an annual report on the progress of the project is required as well as at the conclusion (or abandonment) of the project.

- A duly authorised external or internal audit of the project may be undertaken at any time.

Please contact me if you have any concerns or queries about on-going ethics clearance and if you need a signed ethics clearance certificate. The SUHREC project number should be cited in communication.

Best wishes for the project.

Yours sincerely

Keith Wilkins
Secretary, SHESC4

All conditions pertaining to the clearance were properly met, and annual/final report has been submitted.

Appendix II

Approval for change of thesis title
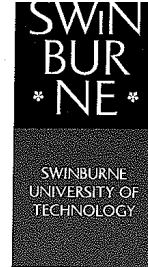
Mr Kourosh Dini
Unit 11 No. 16 Auburn Grove
Hawthorn East
VIC 3123
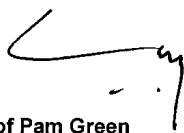
03 June, 2009

Dear Mr Dini,

RE: CHANGE OF THESIS TITLE

At its meeting held on 27/05/2009 the Research Higher Degrees
Executive Committee approved your application to change your thesis
title to "*Using multiple business networks (co-ethnic, other ethnic and
non-immigrant) in Australia - an approach in ethnic entrepreneurship
networking*"

Yours sincerely,

Prof Pam Green
Director for Graduate Studies
Swinburne Research
Tel: 9214 5224
Email: pamgreen@swin.edu.au

c.c.   Dr Harchand Singh Thandi
         Prof. Louise Kloot [H23]

Appendix III

Cover letter and the questionnaire which was sent to the research participants

Swinburne University of Technology
Australian Graduate school of Entrepreneurship

Multi-ethnic business networks in Australia - an approach in ethnic entrepreneurship networking

Principal Investigator: Dr Harch Thandi, Australian Graduate School of Entrepreneurship
Associate Investigator: Kourosh Dini

This is a survey on ethnic business networks. It seeks to determine what benefits are provided by existing ethnic networking in Australia and to investigate what other benefits could be provided by ethnic business networks. It also seeks to understand how individual business owners relate to such networks as well as to describe the situations in which ethnic entrepreneurs from different ethnicities tend to join a business network outside their communities. The research team hopes that the outcomes of this research will provide a clear perspective of how ethnic business networks perform and facilitate ethnic businesses in Australia. The results of the research will be used for a PhD thesis and for related publications.

The questionnaire is divided into five parts. Part A seeks to collect general data on the business owner and the business itself. Part B concerns some aspects of personal networking of the business owner. Part C asks about how ethnic business networks facilitate and support ethnic businesses. Part D seeks information on how ethnic business networks could provide more benefits to business owners. Part E explores circumstances in which ethnic entrepreneurs would prefer to participate in a business network *outside* their ethnic communities.

This survey is confidential and *does not capture any identifying information regarding business owners*. Subsequent reports based on this research will only present aggregate data in statistical form without identifying individual responses.

Please note that your participation in this survey is entirely voluntary. Thus, while your contribution is highly valuable to us, you may withdraw it at any time. We hope that you will help us by anonymously returning the completed questionnaire in the stamped self-addressed envelope provided. As stated earlier, all information that you provide will be completely anonymous and confidential. The results of the survey will only appear in processed (grouped) form.

You will need about 25 minutes to complete the questionnaire. Completing it in one sitting in a quiet private setting is highly recommended.

Questions regarding this project entitled '*Multi-ethnic business networks in Australia - an approach in ethnic entrepreneurship networking*' can be directed to the principal investigator, Dr Harch Thandi, at the Australian Graduate School of Entrepreneurship, Swinburne University of Technology, on (03) 9214 5285.

In the event that you have any complaint about the way you have been treated during this study, or have a query that the principal investigator has been unable to satisfy, please call (03) 9214 5223 or write to:

The Chair
Human Research Ethics Committee
Swinburne University of Technology
PO Box 218
Hawthorn VIC 3122

Thank you very much for your time and valued contribution.

Dr Harch Thandi
Kourosh Dini

Australian Graduate
School of Entrepreneurship

Swinburne
University of Technology
John St. Hawthorn
VIC 3122 Australia.

Tel No: +61 3 9214 5285

Fax: +61 3 9214 8381

Section A: Please indicate the following general information about you as the participant. Please fill in the blanks or tick the appropriate response, as applicable.

Nationality	Nationality at birth (if different)	Ethnicity	Gender	○ Male ○ Female
_____	_____	_____	**Education**	○ Primary school or lower ○ High school/ 12th grade ○ Degree/ Diploma ○ Post graduate
Marital status	○ Never married ○ Married ○ Divorced ○ Widowed		**Age(years)**	○ 20-29 ○ 30-39 ○ 40-49 ○ 50-59 ○ 60 or over
Duration of stay in Australia	○ Born in Australia ○ Migrated to Australia with my parents _____ years ago ○ Migrated to Australia independently _____ years ago			
Which language skills do you have?	○ My ethnicity language _____		○ English	○ Other_____
Level of English language skills you have	○ Very low	○ Low	○ Moderate	○ High ○ Very high

Please provide the following general information about your business

How many businesses are you running?	○ One ○ Two ○ more than 2
Did you have relevant business experience before establishing your current business (es)?	○ Yes ○ No
When did you establish your first business?	_____ years ago
What is your *main* business?	○ Restaurant ○ Grocery ○ Food supplier ○ Information Technology ○ Retailing ○ Fashion shop ○ Cleaning services ○ Coffee lounge ○ Manufacturing ○ Dry cleaning ○ Consultant business ○ Pharmacy ○ Other please specify _____
Number of employees (excluding yourself) in your *main* business	_____ employees
Extent to which English is used in your main business	○ Rarely ○ Sometimes ○ Usually ○ Often ○ Always
Extent to which your ethnicity language is used in your main business	○ Rarely ○ Sometimes ○ Usually ○ Often ○ Always

271

Section B: The following is about your involvement in personal networking.

What percentage of your friends is from your ethnic community?	○ Less than 10%	○ 10% -50%	○ More than 50%
With how many people did you discuss your business plan before starting up?	○ None	○ Fewer than 5	○ More than 5

If you discussed your business idea with people before starting up, who were they? (You may select more than one)	○ Family (spouse, parents, brother/sister, children) ○ Relatives ○ Close friends of same ethnicity ○ Close friends of other ethnicities ○ Acquaintance (not close friends) of same ethnicity ○ Acquaintance (not close friends) of other ethnicities ○ Members of ethnic community/networks ○ Members of the Australian Business association (s) ○ Member of Local /State/ Federal government
Are you a member of any networks/ associations? (You may select more than one)	○ No ○ A member of ethnic community ○ A member of co-ethnic business association (inside ethnic community) ○ A member of an Australian business association ○ A member of other associations (e.g., social clubs, sports club, etc.)
If you are a member of any network/association, what is/are your reason(s) to join them? (You may select more than one)	○ Have social activity and fun ○ Find information that you need ○ Meet different people regularly ○ Have opportunities to overcome/ solve business problems ○ Other - Please specify _____

How many times did you attend *social or business meetings* in your ethnic community during last year?	○ Never		○ _____ times (about)		
What importance for you is contribution to your ethnic community?	Very low	Low	Neutral	High	Very High
	○	○	○	○	○

What percentage of time do you spend establishing contacts within the business network(s)?	○ Less than 10% ○ 10-50% ○ More than 50%
How many hours per week do you spend maintaining contacts within the business network(s)?	○ Less than one hour ○ 1-5 hours ○ More than 5 hours

Section C: Please help us to establish how the business networks have been used to you in the area shown in bold.

- **Capitalizing of your business**

To finance your business you used: (You may select more than one)	○ Own Savings ○ Loan from different sources ○ Your Credit		
If you used a loan, you borrowed money from: (You may select more than one)	○ Family (Spouse, Parents) ○ Friends (either close or not) ○ Ethnic community (Credit) ○ Business Partnership	○ Relatives ○ Agencies ○ Banks	

If you need more money to develop your business, you would *prefer* to ask from :

1) Family (Spouse, Parents)	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
2) Relatives	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
3) Friends (either close or not)	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
4) Ethnic community (Credit)	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
5) Banks	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
6) Agencies	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
7) Business Partnership	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure

- **Market of your business**

Who are your primary customers? (You may select more than one)	○ Your ethnic group	○ Other ethnicities	○ Non-immigrants	○ Mix of all groups
If customers change over time, who are most of your customers now?	○ No change	○ Your ethnic group	○ Other ethnicities	○ Non-immigrants ○ Mix of all groups

Which group of customers do you *prefer* to have more in your business?

1) Your ethnic group	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
2) Other ethnicities	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
3) Non-immigrants	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
4) All groups	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure

Mostly which group of business owners are your competitors?

1) Your ethnic group	○ Strongly disagree	○ Disagree	○ Neutral	○ Agree	○ Strongly agree	○ Don't know
2) Other ethnicities	○ Strongly disagree	○ Disagree	○ Neutral	○ Agree	○ Strongly agree	○ Don't know
3) Non-immigrants	○ Strongly disagree	○ Disagree	○ Neutral	○ Agree	○ Strongly agree	○ Don't know
4) All groups	○ Strongly disagree	○ Disagree	○ Neutral	○ Agree	○ Strongly agree	○ Don't know

- **Employees in your business**

Now, majority of your employees belong to:		○ Your ethnic group	○ Other ethnicities	○ Non-immigrants	○ Mix of all groups
Previously, who were the majority of your employees?	○ No change	○ Your ethnic group	○ Other ethnicities	○ Non-immigrants	○ Mix of all groups

Which group of employees do you *prefer* to recruit?

1) Your ethnic group	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
2) Other ethnicities	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
3) Non-immigrants	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
4) All groups	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure

Which group of employees do you *trust* more?

1) Your ethnic group	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always
2) Other ethnicities	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always
3) Non-immigrants	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always
4) All groups	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always

- **Business suppliers**

At the business start up stage, which supplier(s) was/were your first supplier(s)? (You may select more than one)	○ Your ethnic group	○ Other ethnicities	○ Non-immigrants	○ Mix of all groups
Now, majority of your suppliers are:	○ Your ethnic group	○ Other ethnicities	○ Non-immigrants	○ Mix of all groups

Which group of suppliers do you *prefer* to have more in your business?

1) Your ethnic group	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
2) Other ethnicities	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
3) Non-immigrants	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure
4) All groups	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always	○ Not sure

Which group of suppliers do you *trust* more?

1) Your ethnic group	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always
2) Other ethnicities	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always
3) Non-immigrants	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always
4) All groups	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always

- **Information you need for running your business**

To start up your business, who gave you information you needed? (You may select more than one)	○ Family (spouse, parents, brother/sister, children) ○ Relatives ○ Friend (s) *[either close or not]* of same ethnicity ○ Friend (s) *[either close or not]* of other ethnicities ○ Member(s) of ethnic community/business networks ○ Members of the Australian Business association(s) ○ Local/ State/ Federal Government(s)

When running your business from whom do you often receive information that you need? (You may select more than one)	○ Family (spouse, parents, brother/sister, children) ○ Relatives ○ Friend (s) *[either close or not]* of same ethnicity ○ Friend (s) *[either close or not]* of other ethnicities ○ Member(s) of ethnic community/ business networks ○ Members of the Australian business association(s) ○ Local/ State/ Federal Government(s)

Which source of information do you *trust* more?

	Never	Rarely	Sometimes	Usually	Always
1) Family (spouse, parents, brother/sister, children)	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always
2) Relatives	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always
3) Friend (s) *[either close or not]* of same ethnic group	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always
4) Friend (s) *[either close or not]* of other ethnicities	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always
5) Members(s) of ethnic community/ business	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always
6) Members(s) of the Australian business association(s)	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always
7) Local/ State/ Federal Government(s)	○ Never	○ Rarely	○ Sometimes	○ Usually	○ Always

- **Emotional support for establishing business and running it**

What factors influenced your decision-making in starting up a business?

	Very low	Low	Neutral	High	Very high
1) Unemployment or could not get an appropriate job.	○ Very low	○ Low	○ Neutral	○ High	○ Very high
2) A business idea	○ Very low	○ Low	○ Neutral	○ High	○ Very high
3) Pre-migration experiences	○ Very low	○ Low	○ Neutral	○ High	○ Very high
4) Wishing to be independent	○ Very low	○ Low	○ Neutral	○ High	○ Very high
5) Encouragement(s) from family, relatives or close friends	○ Very low	○ Low	○ Neutral	○ High	○ Very high
6) Encouraged by business successes in Australia	○ Very low	○ Low	○ Neutral	○ High	○ Very high
7) Promotion by Australian government (State or Federal)	○ Very low	○ Low	○ Neutral	○ High	○ Very high
8) A successful business owner as a role model	○ Very low	○ Low	○ Neutral	○ High	○ Very high

- **Emotional support for establishing business and running it**

Have you received any *emotional support* from people around you to start up a business?	○ Yes	○ No

If yes, from whom did you receive emotional support to *start up* your own business?

1) Family (spouse, parents, brother/sister, children)	○ Not at all	○ A little	○ Some	○ A lot	○ Very much so
2) Relatives	○ Not at all	○ A little	○ Some	○ A lot	○ Very much so
3) Friend (s) *[either close or not]* of same ethnicity	○ Not at all	○ A little	○ Some	○ A lot	○ Very much so
4) Friend (s) *[either close or not]* of other ethnicities	○ Not at all	○ A little	○ Some	○ A lot	○ Very much so
5) Member(s) of ethnic community/ business	○ Not at all	○ A little	○ Some	○ A lot	○ Very much so
6) Member(s) of the Australian business association(s)	○ Not at all	○ A little	○ Some	○ A lot	○ Very much so
7) Local/State/ Federal Government(s)	○ Not at all	○ A little	○ Some	○ A lot	○ Very much so

If you faced challenges *during running your business*, from whom did you have emotional support to overcome your business problems?

1) Family (spouse, parents, brother/sister, children)	○ Not at all	○ A little	○ Some	○ A lot	○ Very much so
2) Relatives	○ Not at all	○ A little	○ Some	○ A lot	○ Very much so
3) Friend (s) *[either close or not]* of same ethnicity	○ Not at all	○ A little	○ Some	○ A lot	○ Very much so
4) Friend (s) *[either close or not]* of other ethnicities	○ Not at all	○ A little	○ Some	○ A lot	○ Very much so
5) Member(s) of ethnic community/ business	○ Not at all	○ A little	○ Some	○ A lot	○ Very much so
6) Member(s) of the Australian business association(s)	○ Not at all	○ A little	○ Some	○ A lot	○ Very much so
7) Local/State/ Federal Government(s)	○ Not at all	○ A little	○ Some	○ A lot	○ Very much so

Section D: Business networks may provide other benefits than those mentioned earlier. Please indicate your responses to these other benefits.

• Other benefits from Ethnic Business Networking				
Have you ever asked for or received any *other benefits* (see list below) from your *ethnic community or ethnic business network(s)*?				
1) Mentoring	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
2) Business plan, formal or informal advice	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
3) Role models	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
4) Providing easy access to international market	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
5) Providing solicitor support/ legal advice	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
6) Protecting Businesses from adverse Government policy or social threats	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
7) Providing some business training courses, workshops, or seminars	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
8) Providing funds to finance your new Investment	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
9) Arranging business meetings with other ethnic groups or Australians	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
10) Providing managerial accreditation or recognizing my business reputation	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
11) Helping you to utilize new technology in your Business	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available

• Other benefits from other ethnic business networks				
Have you ever asked for or received any *other benefits* (see list below) from *other ethnic business network(s)*?				
1) Mentoring	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
2) Business plan, formal or informal advice	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
3) Role models	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
4) Providing easy access to international market	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
5) Providing solicitor support/ legal advice	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
6) Protecting Businesses from adverse government policy or social threats	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
7) Providing some business training courses, workshops, or seminars	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
8) Providing funds to finance your new investment	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
9) Arranging business meetings with other ethnic groups or Australians	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
10) Providing managerial accreditation or recognizing my business reputation	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
11) Helping you to utilize new technology in your Business	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available

- **Other benefits from Australian business networks**

Have you ever asked for or received any *other benefits* (see list below) from *Australian business network(s)*?

1) Mentoring	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
2) Business plan, formal or informal advice	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
3) Role models	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
4) Providing easy access to international market	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
5) Providing solicitor support/ legal advice	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
6) Protecting Businesses from adverse government policy or social threats	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
7) Providing some business training courses, workshops, or seminars	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
8) Providing funds to finance your new investment	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
9) Arranging business meetings with other ethnic groups or Australians	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
10) Providing managerial accreditation or recognizing my business reputation	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available
11) Helping you to utilize new technology in your business	○ Yes	○ Not needed	○ Not available	○ Not aware if this help is available

If you need any *other benefits* (see list below), which business network(s) would you *prefer* to ask?

1) Mentoring	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
2) Business plan, formal or informal advice	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
3) Role models	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
4) Providing easy access to international market	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
5) Providing solicitor support/ legal advice	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
6) Protecting Businesses from adverse government policy or social threats	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
7) Providing some business training courses, workshops, or seminars	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
8) Providing funds to finance your new investment	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
9) Arranging business meetings with other ethnic groups or Australians	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
10) Providing managerial accreditation or recognizing my business reputation	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
11) Providing some help to utilize new technology in your business	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)

If you need to ask any *other benefits* (see list below), which business network(s) will you *trust* more?			
1) Mentoring	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
2) Business plan, formal or informal advice	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
3) Role models	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
4) Providing easy access to international market	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
5) Providing solicitor support/ legal advice	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
6) Protecting Businesses from adverse government policy or social threats	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
7) Providing some business training courses, workshops, or seminars	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
8) Providing funds to finance your new investment	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
9) Arranging business meetings with other ethnic groups or Australians	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
10) Providing managerial accreditation or recognizing my business reputation	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)
11) Providing some help to utilize new technology in your business	○ Own ethnic community or business networks	○ Other ethnic business networks	○ The Australian business network (s)

Section E: Please indicate how you agree with the following statements. They refer to your participation in a network *outside* your ethnic community.

• Blending into the host society	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Don't know
If a Multi-ethnic business network forms or exists, I will join it.	○	○	○	○	○	○
Immigrants and members of minority groups should try to blend into the Australian society.	○	○	○	○	○	○
It is better for immigrants to be encouraged to maintain their distinct cultures and ways.	○	○	○	○	○	○
I have interest in being a part of the related *local social network(s)*.	○	○	○	○	○	○
I have interest in being a part of the related *local business network(s)*.	○	○	○	○	○	○
Living for a long time in multicultural environment encourages immigrants and members of minority groups to participate in *social network(s)* outside their ethnic communities.	○	○	○	○	○	○
Living for a long time in multicultural environment encourages immigrants and members of minority groups to participate in *business network(s)* outside their ethnic communities.	○	○	○	○	○	○
Desire to develop business (nationally/ internationally) encourages immigrants and members of minority groups to participate in *business network(s)* outside their ethnic communities.	○	○	○	○	○	○
Immigrants or members of minority groups with higher education have a tendency to join *social network(s)* outside their ethnic communities.	○	○	○	○	○	○
Immigrants or members of minority groups with higher education have a tendency to join *business network(s)* outside their ethnic communities.	○	○	○	○	○	○

Thank you very much for your participation

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Let's get on with it.

List of publications emanating from the thesis

1. Thandi, HS & Dini, K 2007, 'Entrepreneur Interdependence - Unpacking the Ethnic/Immigrant Entrepreneur Network Context' , *4th Conference "Theory and Practice of Entrepreneurship": Entrepreneurship in a Changing Europe*, Department of Innovation Management and entrepreneurship, Klagenfurt University.

2. Dini, K & Thandi, HS 2008, 'The Economic and Social Features of Immigrant and Ethnic Enterprises in Australia', *5th AGSE International Entrepreneurship Research Exchange*, Melbourne, Australia.

3. Thandi, HS & Dini, K 2009, 'Milking the immigrant/ethnic entrepreneur's human capital – an Australian experience', *6th AGSE International Entrepreneurship Research Exchange,* Adelaide, Australia.

4. Thandi, HS & Dini, K 2009, 'Unleashing Ethnic Entrepreneurship: Proactive Policy-making in a Changing Europe'*, International Journal of Business and Globalisation,* Forthcoming (special issue due in October/November 2009)