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Bamboo Networks: Chinese Business Owners and Co-Ethnic Networks in Auckland, New Zealand

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Abstract

As part of a larger research project examining the settlement of immigrant business owners in Auckland, New Zealand, this research examines the nature of the connections that these Chinese business owners have with their employees, suppliers and customers. The results suggest a significant reliance on networks that involve co-ethnics, especially for the China-born but even for those Chinese business owners who were New Zealand-born. Overall, the research indicates the key role that relational embeddedness plays in the establishment and development of migrant businesses.

Keywords

Chinese business networks, Relational embeddedness, Auckland

Introduction

New Zealand is one of several settler societies that has used immigration as a key part of a nation-building project although there are two aspects that mark it out as different from others, such as Canada and Australia. First, there is a significant indigenous population, Maori, who signed a treaty of settlement in 1840 and who have gained social and political recognition of this indigenous status since the 1970s. Second, during the colonial period, from 1840 through to the 1960s, nearly all of the immigrants who arrived in New Zealand were either British, mostly English, or Irish. Chinese were the largest non-British group and they arrived in the 1860s during the gold rush but were systematically discriminated against. Many came as sojourners and did not stay but for those who did, the rights of New Zealand residents were denied to them

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until a reforming Labour Government came to power in the 1930s and it was not until 1951 that Chinese could be granted New Zealand citizenship (Ip 2003).

In 1986/87, New Zealand finally abandoned its discriminatory immigration policy and adopted the points system of Canada and Australia (Bedford, Ho, and Lidgard 2001; 2005). This rapidly opened New Zealand to new immigrant sources, especially Asia. In the 1990s, these Asian immigrants initially came from Hong Kong, Taiwan and Korea but after 2000, three groups dominated immigrant arrivals: British, Chinese and Indians. The Chinese now come primarily from the People's Republic of China (PRC) and the numbers are such that they dominate certain residential and business areas of the gateway city of Auckland (Meares, Ho, Peace, and Spoonley 2010).

We have adopted the "mixed embeddedness" approach developed by Kloosterman and Rath (2001; 2003) to explore the settlement of these Chinese immigrants, especially in relation to business establishment. As a conceptual tool, mixed embeddedness is useful for considering social (both private and professional) connections and the resultant generation and exchange of social, cultural and economic capital. It also invites researchers to consider the structural dimensions and political economy of the receiving society or city economy. The New Zealand points system privileges skilled, often tertiary-qualified and experienced immigrants so that the characteristics of contemporary Chinese immigrants are very different from those involved in earlier migration. However, these new immigrants also enter a regulatory and business environment that is influenced by neo-liberalism, specifically the belief that skilled immigrants do not require government intervention in their settlement and that business policies and regulation should privilege the free market and not distort market processes by the recognition of ethnicity (Spoonley and Meares 2011). The result is that the "relational embeddedness" (Portes 1995; Portes and Sensenbrenner 1993) associated with immigrant agency plays a particularly significant role. Dense co-ethnic networks provide key support and information, as well as employees, suppliers and customers. This project explores the nature of the relational embeddedness amongst a sample of Chinese business owners in Auckland.

Chinese Auckland

The growth of Chinese communities in Auckland is demonstrated in Table 1. The early wave of Hong Kong Chinese, Taiwanese and Koreans during the 1990s is still apparent but two things stand out: the growth of ethnic Chinese

Table 1: Auckland's Resident Chinese Population by Birthplace, 1986-2006

| Year | Birthplace | | | | | | Total |
|------|------------|-----------|--------|----------|--------|---------|--------|
| | China | Hong Kong | Taiwan | Malaysia | NZ | Others* | |
| 1986 | 1,668 | 561 | 39 | 597 | 5,250 | 2,433 | 10,548 |
| 1991 | 4,110 | 2,850 | 2,838 | 3,681 | 6,306 | 3,891 | 23,676 |
| 1996 | 12,054 | 8,868 | 7,965 | 4,596 | 10,293 | 5,928 | 49,704 |
| 2001 | 26,547 | 8,406 | 8,562 | 4,953 | 13,203 | 6,459 | 68,130 |
| 2006 | 53,694 | 5,280 | 7,323 | 6,003 | 17,682 | 7,443 | 97,425 |

*Note: This category includes all those born in countries other than those listed in the table.
Source: New Zealand Census of Population and Dwellings, 1986, 1991, 1996, 2001 and 2006.

in Auckland after 2001; and the dominance of those born in the PRC in this growth. By 2006, out of almost 100,000 Chinese in Auckland, easily the largest group is the China-born and 77 percent of these have arrived in the decade prior to 2006. Arrival information since 2006 indicates that this dominance by PRC immigrants continues, as does the growth of the Chinese community — both permanent settlers and large numbers of temporary immigrants on study and work visas. The businesses that we discuss below are a product of the growth in the size of the Chinese population, both in terms of a now more substantial demand for certain products and services by co-ethnics but also in terms of the arrival of Chinese entrepreneurs and the establishment of their businesses.

A Survey of Chinese Businesses in Auckland

The Integration of Immigrants Programme (IIP)¹ was approached by the Asia: New Zealand Foundation to carry out research with the aim of better understanding the experiences of Chinese business owners in Auckland, New Zealand. There were three broad areas of interest in the survey: biographical information about the business owner; the generation of a business profile;

¹ The Integration of Immigrants Programme is funded by the Ministry of Science and Innovation (NZ\$3.2 million) to research the settlement of five key immigrant groups in Auckland. It involves researchers from Massey University and the University of Waikato (see <http://integrationofimmigrants.massey.ac.nz>).

and an understanding of the business networks employed by the owner.² There was also an interest in discovering whether Chinese business owners from different origins used networks differently. Of the 39 business owners interviewed, ten were New Zealand-born Chinese, eleven were Chinese immigrants born in Asia (from Pakistan to Indonesia) or the Pacific and a further eighteen immigrant business owners were from the PRC. Participants in the New Zealand-born and the Asia Pacific-born groups were selected on the basis of ethnicity and their ownership and/or operation of a business in Auckland. China-born participants were selected according to more specific criteria, including receiving their permanent residency in New Zealand in 2003 or later, the employment of at least one paid or unpaid employee, and ownership of a business in the retail industry or in food and accommodation.³

Participants were recruited in a number of ways. Email and printed flyers (in both English and Mandarin) were delivered to key businesses in ethnic precincts⁴ throughout Auckland, as well as business and professional organizations and local government. Notices about the project were posted on a range of electronic mailing lists and requests were made for participants in *The New Zealand Herald* and on *World TV*.⁵ However, the key factor in recruiting participants was the involvement of local Chinese communities.

The interviews comprised a face-to-face survey that took approximately an hour. Interviews were conducted in the participant's preferred language (either Mandarin or English), audio-recorded with his/her consent,⁶ and transcribed and/or translated. Although the sample is not representative of Chinese business owners in Auckland, it nonetheless provides a useful snapshot of Chinese business ownership and the nature of their networks.

² The report is available at <http://www.asianz.org.nz/> and <http://integrationofimmigrants.massey.ac.nz>.

³ These criteria were selected because immigrants born in the PRC are concentrated in these industries.

⁴ Ethnic precincts are defined by the "co-location of businesses that are owned by members of the same ethnic/immigrant group" (Meares, Cain, Spoonley, and Peace 2011: 7).

⁵ A private firm based in Auckland that offers television and radio stations broadcasting in Mandarin, Cantonese and Korean.

⁶ In cases where participants declined permission to audio-record the interview (often due to concerns about the use of the data), interviewers made considerable notes and later transcribed them into English.

A Demographic Profile of the Participants

The participants came from diverse personal and professional backgrounds and ranged in age from 25 to 70 years. The Asia Pacific-born and the China-born had an average age of early to mid-forties, while the New Zealand-born were slightly older with an average age of 51 years.

Ethnic identification varied among the participants. New Zealand-born Chinese generally defined themselves as both Chinese and “New Zealander,” or “Kiwi,” although for some, one ethnic identity took precedence:

I see myself as a New Zealander first, and as a Chinese, second.

Others described the way their identities shifted over time and in particular contexts. However, the importance of maintaining Chinese culture, customs and language was emphasized by many among this group. This is illustrated by the fact that, despite their long residency in New Zealand, almost all the New Zealand-born participants were still able to hold a conversation in either Mandarin (30%) or Cantonese (90%). The majority of Asia Pacific-born participants and all of those born in China described themselves as Chinese although, like the New Zealand-born, several of the former group also claimed two identities (usually Chinese together with their country or region of origin).

The Asia Pacific-born spoke a broad range of languages at home including English, Mandarin and Cantonese. With respect to their English language skills, 63 percent of this group claimed that they spoke English “well” or “very well” and all could read a newspaper or hold an everyday conversation in English. In contrast to the range of languages spoken by the Asia Pacific-born participants, the majority (94.4%) of those born in the People’s Republic of China spoke Mandarin best. While 22.2 percent of China-born participants spoke English “well,” the same proportion of respondents said they spoke English “very poorly,” and only 60 percent claimed they could have a conversation in English about everyday things.

These results are perhaps explained by the significant differences between the three groups with respect to the number of years the interviewees had been in New Zealand. China-born participants had lived in New Zealand on an average of six years, Asia Pacific-born participants an average of 20 years, and the families of the New Zealand-born for 117 years. There were also differences in the way that immigrants gained permanent residence. The majority of those born in the Asia Pacific region entered as skilled principal immigrants (45.5%), while those born in China gained permanent residence across three

Table 2: Industries of Participant Businesses

| Industries | Number of Participants' Businesses ⁷ |
|--|---|
| Professional, Scientific and Technical | 11 |
| Retail Trade | 17 |
| Agriculture, Forestry and Fishing | 3 |
| Accommodation and Food Services | 20 |
| Wholesale Trade | 3 |
| Rental, Hiring and Real Estate | 3 |
| Construction | 1 |

categories: as skilled principal immigrants (27.8%); in business categories (33.3%); and as family sponsored (27.8%).⁷

Chinese Business Owners and Their Experiences

The participants were involved in a range of businesses, as demonstrated in Table 2. There were differences across the three groups in the number of hours spent on paid work each week. New Zealand-born participants worked an average of 47.5 hours, those born in the Asia Pacific region worked 54 hours, and China-born participants worked, on average, 67.5 hours per week.

(i) Employees, Suppliers and Customers

The Chinese business owners interviewed for this research, particularly those who were born in China, rely extensively on the co-ethnic (Chinese) community as a source of employees, suppliers and customers.

The reliance on co-ethnics is apparent in the workers employed by these businesses. Over half of the New Zealand-born, 80 percent of the Asia Pacific-born and almost all China-born business owners had Chinese employees. These proportions are also reflected in participants' responses to questions about the languages spoken by their workers. Over 50 percent of New Zealand-born interviewees' businesses had employees who spoke Chinese. Many of these employers had recognized a potential market in newly arrived immigrants from mainland China and had developed a strategy of employing

⁷ The total number of businesses exceeds the number of participants because some participants owned more than one business.

Mandarin speakers to cater for their particular needs. The following quote is illustrative.

We realized that there was room in Auckland...for a practice that was specifically targeted at the Chinese population. We wanted to set up a firm where people who did not speak English could communicate with people in the office, right from the receptionist through to the [professional] who were talking their own language.

Language was also a key factor in Asia Pacific-born and China-born business owners' decision to employ Chinese workers although the needs were qualitatively different. These interviewees tended to employ bilingual speakers of Chinese and English so that the workers could communicate with Chinese and English-speaking customers and suppliers, as well as act as interpreters for their employers when necessary. This was particularly important for China-born interviewees, many of whom had difficulty communicating in English.

Co-ethnic links and relationships were also apparent when it came to suppliers for these businesses. Although 30 percent of New Zealand-born and 40 percent of Asia Pacific-born employers did business with Chinese providers, all China-born participants had at least one supplier of Chinese ethnicity. Moreover, Chinese suppliers constituted the greatest proportion of providers for China-born employers. Language was again the key to understanding the reliance of China-born employers on Chinese suppliers. As one participant explained, "the reason for using Chinese suppliers is that it is easier for me to communicate with them." In addition, because many of the China-born employers operated Chinese restaurants or sold goods sourced in China, the suppliers of these goods were more likely to be Chinese-owned and Chinese-operated wholesalers.

With respect to customers, 70 percent of New Zealand-born interviewees had Chinese customers with whom they spoke Chinese. Some of the businesses concerned had developed a deliberate strategy to cater for the newly arrived China-born community but for other employers, the Chinese component was a by-product of their target market. For example, one participant explained that her business targeted the top end of the market, some of whom happened to be Chinese.

An even greater proportion (90% or more) of the China- and Asia Pacific-born participants had Chinese customers with whom they spoke Chinese. Although this can be attributed to some extent to ease of communication, it was also because the conversation was about the provision of familiar or culturally appropriate products and/or services. It is important to note that China- and Asia Pacific-born participants differed considerably with respect to

the ethnicity of their customers, despite having similarly high percentages of Chinese clients.⁸ Some catered predominantly or exclusively for the Chinese community; others had a customer base of a range of ethnicities while a small number had a predominantly local (non-Chinese) clientele. These proportions depended largely on the nature of the business and the inclination of individual business owners.

(ii) Settlement and Local Support

Clearly, co-ethnic networks were important to immigrant business owners. However, we were also interested in understanding the role non-Chinese networks played while immigrants were settling in Auckland and establishing a business. In this regard, settlement trajectories varied. Some immigrant employers felt very positive about their migration to New Zealand and their experience of starting a business in Auckland. Several interviewees from this group identified mindsets or strategies they felt had been critical in their successful settlement, such as being willing to start from scratch, being open to local people and cultures and investing in the establishment of new networks.

Other participants, however, communicated a sense of frustration and unhappiness about the difficulties they had experienced post-migration. Many said that they did not feel that they belonged in New Zealand, despite the fact that they had lived there for an average of either six (for the China-born) or 20 (for those born in the Asia Pacific region) years. The problems encountered in operating in the different business environment of New Zealand, participants explained, was an important cause of these negative sentiments.

When participants were asked which organizations, if any, had provided assistance during the start-up phase of their businesses, the most common response was “friends and family,” thereby reinforcing the importance of co-ethnic relational embeddedness. The kind of assistance provided by these friends and family included advice, labor, information, language assistance and financial support, including the initial investment required to set up the business.

Although a small number of interviewees identified their membership of business or professional organizations as helpful, what was most noticeable was the absence of positive comments about such organizations, especially by immigrant business owners from China, suggesting that they were not seen as

⁸ This is because participants could select more than one response to the question about their customers' ethnicity.

relevant or welcoming. While half of the New Zealand-born participants and 60 percent of those born in the Asia Pacific region were members of business or professional organizations, only six percent of China-born participants belonged to a relevant industry group.

(iii) Contacts and Networks

Most of the interviewees considered Chinese contacts and networks important for their businesses practice. Half of the New Zealand-born group claimed they were an important part of their business, rising to 63 percent and 78 percent for the Asia Pacific group and the China-born group respectively. The importance of these networks played out in different ways. For New Zealand-born Chinese who had lived in New Zealand for some time, the existing New Zealand-based networks provided an invaluable resource. The following illustrates how existing local networks could create possibilities for doing business.

My Mum suggested that I speak to the person who owned this business because he was thinking of going overseas. When I asked if he would like to sell the business, he jumped at the opportunity.

I finished a contract with the Ministry of [] and I didn't have employment for a few months and someone rang and said 'could I do this [work] for them?' So I started at [firm] and I loved it.

Networking provides opportunities to take advantage of existing relationships, both personal and professional. Clearly, this was easier for those who had lived in New Zealand for a longer period of time. For recently arrived China-born interviewees, these local networks were not always readily accessible or apparent. That said, the smaller population size of New Zealand was understood to be an advantage in generating new businesses contacts on arrival.

Networking is not the same for new migrants. They come from large populations ... who are they going to know in a city of 50 million? [But] New Zealanders will know somebody I went to school with... or a teacher... New Zealanders work the network thing.

International contacts and networks were important for many of the respondents and doing business in or with China was considered particularly so. Forty percent of the businesses owned by New Zealand-born respondents and 27 percent of businesses owned by those born in the Asia Pacific region operate internationally. Of these, half the New Zealand-born respondents and

66 percent of the Asia Pacific-born were operating in China.⁹ Although those participants born in China were not asked about their international business operations, the extensive level of international travel is perhaps indicative of their international networking activities (half of the China-born interviewees travel internationally to support their business and 90 percent of these participants travel to China).

Maintaining overseas Chinese contacts was an important facet of business practice. Of the New Zealand-born group, 30 percent had business relationships with overseas Chinese communities and a quarter of them considered these relationships important. Eighty-one percent of the Asia Pacific group had similar networks and 63 percent considered them important.

My Chinese business company must import Chinese medicine from China... if I lost my business contact in China, my business will not be able to continue running.

Although overseas contacts were mostly maintained by email and phone, an extensive number of personal visits — both visits from these contacts to New Zealand as well as overseas travel by the participant — supplemented this. Forty percent of those born in New Zealand used international travel to maintain these contacts rising to 50 percent for the China-born and 90 percent for Asia Pacific-born owners. In each case, these owners had made between one and four trips in the last 12 months.

Those operating internationally talked about the advantages of language fluency and a familiarity with culture and markets as reasons for these international connections. These relationships also provided avenues for developing the range of goods and services on offer in their businesses. A China-born restaurateur described the importance of maintaining connections with China in the following way:

I need to learn any new dish in China so I can provide it to my customer here [in a] very short time. The other reason is that some materials [I] can only get from China.

Through nurturing existing networks with overseas Chinese communities, businesses are ready to respond to the rapid development of goods and services that local consumers may demand. This was especially important given that many of the respondents' business operations were aimed at a Chinese market, either selling to Chinese customers and clients or selling Chinese goods.

⁹ Respondents were also doing business in Australia, the United Kingdom, the United States, Malaysia, Hong Kong, Taiwan, Vietnam, Indonesia and Singapore.

Chinese contacts, both in New Zealand and overseas, were not the only important resource for the respondents. All of the groups acknowledged that developing non-Chinese contacts was crucial to the success of their business.

Our niche is the Asian or Chinese population, but within that we have tried to diversify ourselves and broaden our base. Having said that, it was part of our strategy to have a significant number of our clients as non-Asian, so we've tried to diversify from that point of view [too].

This suggests that while there is currently a strong reliance on co-ethnics by Chinese business owners, no matter where they have come from, there is at least an ambition to move beyond this reliance and to appeal to non-Chinese customers as a way of growing their businesses.

Conclusion

The relational embeddedness of Chinese business owners in Auckland is apparent from the interview material — although there are differences. The New Zealand-born and those from the Asia Pacific region are not as reliant as those business owners who were born in China on these co-ethnic networks. However, this is a product of the recent arrival of China-born respondents compounded by their lack of local networks, their limited understanding of local business requirements and practices and their often limited English language ability. The density and reliance of this group on co-ethnic networks is understandable given their stage in migrant settlement although other interesting dynamics are apparent. One is that the recent and rapid growth of all Chinese communities in Auckland has produced new opportunities for business development. Even those business owners who are New Zealand-born recognize the significance of the Chinese customer and client base that now exists.

We have demonstrated something of the nature and extent of co-ethnic networks for Chinese business owners in Auckland. The privileging of the neo-liberal influenced notion of the individualized entrepreneur operating in a free market — and conversely the lack of recognition of ethnic-specific dynamics — has emphasized immigrant agency. The utilization of co-ethnic networks are one dimension of this agency, hence our use of the notion of relational embeddedness. However, we would also note that we have not canvassed other aspects of business settlement, especially the question of whether self-employment and business establishment is the forced result of discouraged labor market entry, whether businesses that are significantly reliant on

co-ethnics are vulnerable in terms of being confined to a smaller customer/client pool, and whether establishing a business reliant on co-ethnics traps the business owner so that the long term growth options are limited.

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