

Diaspora and trade facilitation: The case of ethnic Chinese in Australia

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Abstract Using a sample of 135 Australian firms with operations in Greater China (Mainland China, Hong Kong, and Taiwan), this paper seeks to examine whether members of an ethnic diaspora can facilitate trade between Australia and their countries of origin. Specifically, it found that companies that are owned by immigrants and/or hired immigrants in key decision making positions (immigrant effect or IE, in short) were (a) more likely to resort to a higher resource commitment when entering into the target market; and (b) used more extensively in target markets where there are greater variations in customer behavior. There was no significant difference (a) in the deployment of immigrants between Australian firms operating in Mainland China vis-à-vis those in Hong Kong/Taiwan; (b) where there were variations in product life cycle stages between the home and target markets; (c) based on the length of operations in the target market; and (d) in performance between firms with IE and those without in the target markets. The influence of firm size, overall international business experience, variations in political-legal, economic, and competitive environments between the home and target markets, and industry type were also examined. The findings of the study with implications for theory and practice are discussed.

Keywords Ethnic Chinese · Diaspora · Australia · Immigrant effect · Trade facilitation · Foreign market entry · Performance

“Diaspora” is derived from two Greek words that mean “a scattering or sowing of seeds” and refers to the displacement or dispersion of members of an ethnic group

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