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SYDNEY



Asian business in Australia

Research Report

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Foreword

Australia’s diverse cultural make-up enriches our society and is a competitive advantage in business. It provides us with greater cultural awareness and understanding of our trading partners around the world. Our geographical proximity to the Asia-Pacific, one of the world’s most dynamic and fastest growing regions, is also advantageous to Australian businesses.

People of Asian heritage – most notably Chinese, Indian, Filipino, Vietnamese, Korean and Sri Lankan – represent 17 percent of the Australian population. Every day, through our many relationships with Australian businesses, we can see that Asian businesses in Australia bring immense vibrancy to our small- and medium-sized business sector. Additionally, through their complex business ecosystems, they provide valuable linkages to the Asian economy.

This research report, written by the University of Sydney Business School, has three objectives. Firstly, to map the regional and global networks of Australia’s Asian businesses and better understand and appreciate their contribution to Australia’s economic growth. It also sought to identify the potential of their transnational business ecosystems to create new products, services, digital technologies and markets. Finally, it wanted to gauge the nature and extent of their plans for change as they emerge from the pandemic after demonstrating resilience and agility.

Greater collaboration by Australian businesses with our nation’s diverse Asian business

community has the potential to further embed Australia in the region’s value chains and open our economy more to the wider world. Innovation and resource mobilisation are occurring through the transfer of market know-how and adaptation of products and services between the Asian and Australian markets.

Currently our openness as an economy comes predominantly through our integration into the Asia-Pacific region and is concentrated in the resources sector. A huge opportunity therefore exists for Australia to invest in value-added activities including advanced manufacturing and services, such as professional, scientific and technical activities, and financial services. This would create long-term opportunities for Australia to bring its knowledge and practice to the Asian region, openly compete, and expand geographically into Asia.

The report highlights the opportunity to collaborate with Australia’s Asian businesses as they are deeply integrated into the Asia-Pacific value chains in the aforementioned sectors. Of all Asian businesses in Australia that were surveyed for this report, the main activity of 30 percent is in professional, scientific and technical services and wholesale trade. This is followed by other services (11 percent) and accommodation and food services (10 percent). CommBank has specialist expertise in many of these sectors and is keen to support businesses in these sectors to achieve their growth ambitions.

We believe this is the first report in Australia to present a snapshot of the new generation of Asian-Australian entrepreneurs and their businesses and offer lessons for the integration of migrant entrepreneurs in Australia. Our sponsorship of the University of Sydney Business School’s report and assistance with the distribution of the survey and sourcing contacts for interviews, are examples of how we help support Australian businesses and their communities and, in turn, enhance financial well-being and build a better Australia.

Tim Browne
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Key findings



1. **Australia’s business links with Asia are expanding in new ways.** Traditionally driven by the resources sector, Australia’s business links with Asia are diversifying into new industries and transferring market knowledge and technologies from advanced Asian markets. A new generation of Asian-Australian entrepreneurs are looking for opportunities in their ancestral countries and pioneering transnational collaboration in areas such as manufacturing, digitalisation and e-commerce.
2. **Australia’s integration into Asia is its main pathway to openness to the world.** Australia is more deeply integrated into Asian value chains than into North American or European value chains in value-added terms. Regional economic dynamics drive this integration into complex regional value chains. The value chains involve mainly China and other economies like Japan, India, Korea, and to a lesser extent, Malaysia, Taiwan, and Thailand.

3. **Our quantitative analysis of indirect trade linkages shows Australia is increasingly dependent on the Asia Pacific region.** In 2018, the Australian industries with the greatest links to the Asia Pacific region in value-added terms were resources and related services industries such as Mining, Quarry, Non-energy producing products; Mining, Extraction, and Energy producing products; Basic metals; Mining support service; Coke and Refined petroleum products. These resource industries contribute most to Australia’s openness toward the Asia Pacific region. Indirect linkages in Mining, Quarry, and Non-energy producing products have increased more than 50 percent, from 101 in 2008 to 153 in 2018. These supply chains in the Asia-Pacific region are stepping stones for Australian resources exports into global markets.

4. **Mobilising entrepreneurship and investing in high value-added manufacturing and services will open new Asian markets for Australian businesses.** Australian manufacturing and services, such as Professional, Scientific, Technical, and Financial Services, are the industries Australia can look to for diversification. Asian-Australian businesses are well-placed to open these markets and create long-term opportunities for Australia to become a service hub and manufacturing outpost of the Asia Pacific region.
5. **The Asian-Australian businesses we surveyed in our sample have moved from the traditional diaspora-based business model to targeting regional markets with Asian partners.**¹ Conventional diaspora businesses serve their local migrant communities and maintain family links to their place of origin. In contrast, our Asian-Australian entrepreneurs operate in mainstream markets and pursue business in new industries and across local, national, and regional borders.

6. **Our surveyed Asian-Australian entrepreneurs are culturally integrated, highly educated, and have mainstream professional work experience.** The cliché of migrant entrepreneurs as outsiders with low formal qualifications and poor language skills has made way to generational change. The Asian-Australian entrepreneurs we surveyed are confident members of Australia’s multicultural society. Nearly one-third (29 percent) of our sample are younger than forty years, and another third (30 percent) are in their forties. Their education level is high. All surveyed entrepreneurs have at least one local or overseas tertiary qualification. Another notable characteristic is that most have gained corporate work experience in professional or managerial positions before starting their businesses.
7. **Asian-Australian businesses value regular cross-border communication as a competitive advantage.** They interact with family networks at least every month on average. In recent years, the frequency of interaction with international suppliers has increased

- from monthly to weekly to manage risk in supply chains. Other network partners with whom Asian businesses engage at least once a month are local banks, professional associations and contacts, and business chambers and associations.
8. **Asian-Australian businesses have adopted online commerce as a mode of buying and selling.** Sixty-five percent of the Asian businesses we surveyed are using online commerce for buying and selling, and eleven percent intend to do so. Many of them are pulled into online commerce by their network partners in Asia who depend on vibrant e-commerce ecosystems.
9. **Asian-Australian businesses have performed comparatively well in employment creation and retention during the COVID-19 pandemic.** While COVID-19 has adversely affected sales volumes and cash flow, twenty-five percent of respondents reported an increase in employees, and 44 percent said that their number of employees had remained the same. According to a survey by the Australian

- Bureau of Statistics, only around 10 percent of Australian businesses reported an increase in the number of employees.
10. **Family support made Asian-Australian business entrepreneurs less vulnerable to cash flow crises brought about by COVID-19.** Four in five (78 percent) business owners in our survey reported that they have more than AUD 100,000 in personal wealth that can be liquidated at short notice for business purposes. One in two (46 percent) of respondents said to have more than AUD 1 million ready to be liquidated if necessary.
11. **Asian-Australian businesses’ supply chains have proven generally resilient during the COVID-19 pandemic.** Two thirds of respondents reported that they did not change their suppliers between September 2020 and September 2021. One-third said they made adjustments by reducing or increasing the number of suppliers or changing to suppliers from other countries.

¹ Survey Sample Size: 72 Asian-Australian businesses

12. **In general, Asian-Australian businesses are optimistic about their business recovery in 2022.** Sixty-three percent of the Asian businesses surveyed expect their business turnover to grow in the 2021–2022 financial year, whereas 9 percent expect it to shrink. Sixty-four percent of the businesses agree that they are very optimistic about their business prospects in Australia for the next 3 years, whereas 12 percent disagree.

13. **The principal contribution of Asian-Australian business to the Australia economy lies in their transnational business ecosystems.** Our survey findings indicate that they can mobilise unique resources for the expansion of Australian businesses into Asia. They can help Australian businesses diversify their products, services, suppliers, technologies, and markets, which will increase the overall openness and resilience of the Australian economy.

14. **Our interviews* with Australian entrepreneurs from diverse Asian backgrounds show that immigrant entrepreneurs from Asia have distinct social, technological, and entrepreneurial characteristics that add diversity and vibrancy to Australian small and medium-size enterprises (SMEs).²** The trifecta of generational change, high educational achievement, and the combination of strong and weak social ties enlivens the domestic economy and opens up pathways to overseas markets and suppliers for mainstream Australian businesses.

15. **Innovation and resource mobilisation occur through the transfer of market know-how, technologies, and new products and services from Asia.** Asian-Australian entrepreneurs draw on market innovations in their original home markets to introduce new products and services into Australia to diversify their original businesses or create new markets.

16. **Small and medium-size enterprises (SMEs) with Asian backgrounds act as global intermediaries for Asian companies using Australia as a pilot market for entering Western markets with mature institutions.** This is a pathway to globalisation for Chinese companies but also for Japanese firms that want to test consumer behaviours in a new environment where their global reputations are not at stake.

² A total of 23 Chinese, Indian, Japanese, South Korean, Filipino, and Vietnamese Australian entrepreneurs were interviewed.

Background

According to Diversity Council Australia (2015), people of Asian cultural background constitute 17 percent of the Australian working population. Many of them run businesses. They use their local and overseas business networks to act as intermediaries for a two-way exchange of knowledge, goods, and services between Australia and Asian countries. This report profiles a new generation of Asian-Australian entrepreneurs who are well educated and possess mainstream technical and professional skills.

"Asian-Australian entrepreneurs" refers to people born in Asia and migrated to Australia, born in Australia to immigrant parents, or who identify as members of an Asian ethnic community who have established their own business. The enterprises in our study are Australian business entities founded by Asian-Australian entrepreneurs and registered with the Australian Securities and Investment Commission (ASIC) and the Australian Tax Office (ATO).

Globalisation and the economic integration of Australia and Asia over the past two decades have brought social, cultural, and economic changes and facilitated a rapid increase of Asian migration into Australia and cross-border business. This migration, especially among the younger and more skilled generation, directly and indirectly, impacts economic growth, mainly where

migrants actively engage in business and transnational entrepreneurial activities. Our report builds on the anecdotal evidence that entrepreneurial individuals of Asian origin strengthen Australia's economic integration into Asia by examining their cross-border business ecosystems. At this time of rapid transformation of Australia's economic links in the Asian region, Australia can and should rely more on its Asian business communities (Asia Taskforce, 2020).

This report examines how Asian-Australian entrepreneurs contribute to Australia's economic integration into Asia and explores the potential for leveraging their capabilities and links with Asian economies. We highlight the contribution of Asian-Australian entrepreneurs to the post-COVID economic recovery and export diversification. The report

- presents new data on Australia's integration into Asian and global value chains;
- explores the role of Asian-Australian entrepreneurs in the flow of knowledge between Australia and Asian economies, including Australia's access to new markets, industries, and technologies; and
- profiles the new generation of Asian-Australian entrepreneurs and their modus operandi in Australia.

We approach Australia's Asian businesses through the lens of regional value chains and transnational networks. First, we analyse Australia's openness to global value chains using a novel "high order trade" (HOT) measure developed at the University of Sydney Business School. Applying this measure to the latest 2021 Organisation for Economic Co-operation and Development (OECD) Inter-Country Input-Output (ICIO) Tables, we show Australia's increasing integration into Asian value chains.

Second, focusing on immigrants' participation in cross-border entrepreneurial activities, our report contributes to network theory and the growing body of literature on transnational entrepreneurship and its micro-foundations (Lever-Tracy and Ip, 2005; Chen and Tan, 2009). Existing research on Asian migrant entrepreneurs and their businesses mainly emphasises sociocultural integration, conflicts, and interactions between migrant entrepreneurs and the host country from a general sociological perspective. Advancing regionalisation and the changing global economic dynamics are underrepresented in studies on migrant entrepreneurship (Chen and Tan, 2009; Drori, Honig, and Wright, 2009; Urbano et al., 2011). Our report adds the experience of Asian-Australian entrepreneurship to the knowledge of transnational entrepreneurial ecosystems (Duan, Koey, and Sandhu, 2020).

Australia's integration into Asian value chains



2.1 Australia’s openness to the world

A global value chain perspective

With increasingly fragmented global production, economic integration reaches deeper than measured by national export statistics. Shocks in overseas markets affect industries involved in global value chains even if they do not export overseas directly. If a sector only sells domestically, but its customers down the line do export, it will still feel the repercussions of its customers losing their markets abroad.

To capture Australia’s exposure to Asian value chains, we use a measure developed at the University of Sydney Business School and New York University Abu Dhabi by Imbs and Pauwels (2020) called “high order trade” (HOT). By decomposing output and identifying the fraction that is subject to foreign shocks of any order, HOT measures the exposure of each industry to downstream shocks, including shocks to non-traded components such as services.

We construct the HOT measures at the industry level for each country included in the 2021 edition of the OECD’s Inter-Country Input-Output Tables. These input-output data cover 66 major economies, including 18 economies in the Asia Pacific region and 45 industries including agriculture, mining, manufacturing, and services from 1995 until 2018. HOT measures take a value between 0 and 1. The higher the value, the more exposed or open an industry is to global value chains.

2.2 Australia’s industries in the Asia Pacific region

The rapid rise of indirect linkages

The increased openness of Australia’s industries to the Asia Pacific region

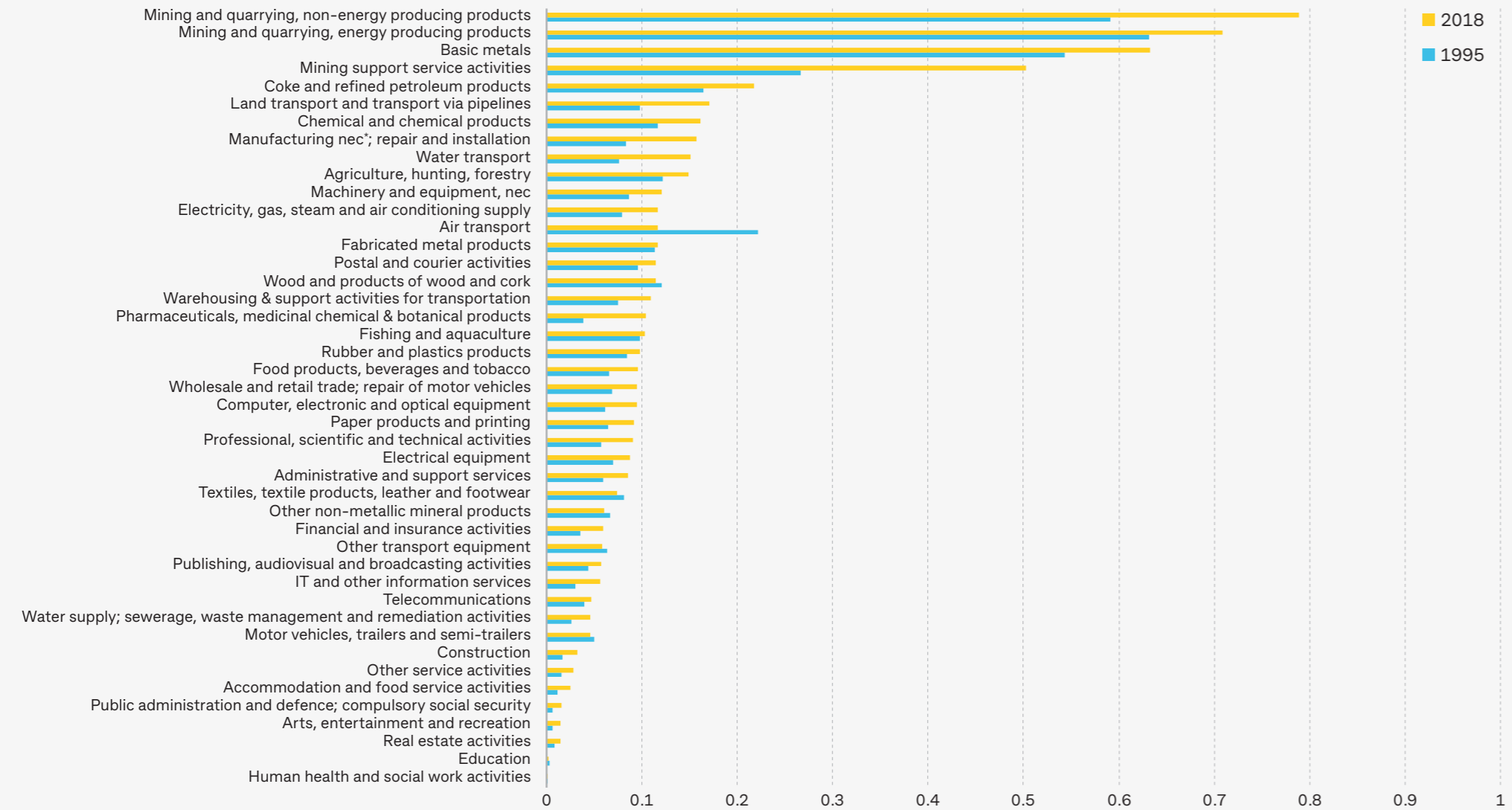
According to HOT measures, Australia became increasingly open to the Asia Pacific region, across most industries, between 1995 and 2018 (see Figure 1).

The increase was mostly in the traditionally large export industries. Among the top 20 most open industries only Air Transport and Wood and Products of Wood and Cork failed to increase their exposure.

The level of openness in other industries, including agriculture, manufacturing, and services, has remained low in comparison to resources.

In 2018, the Australian industries with the greatest openness to the Asia Pacific region were resources and related services industries such as Mining, Quarry, Non-energy products; Mining, Extraction and Energy products; Basic metals; Mining support service; Coke and Refined petroleum products. These resource industries contribute most to Australia’s exposure to the Asia Pacific. As economies in Asia Pacific develop, their increasing investment in infrastructure and manufacturing creates additional demand for Australian mining resources. Note that Mining and Quarrying of Non-energy products has overtaken Mining and Quarrying of Energy products to become the Australian industry most open to the Asia Pacific region, with HOT values changing from 0.59 to 0.79. In addition, industries such as Land transport (from 0.10 to 0.17), Manufacturing, Repair and Installation (from 0.08 to 0.16), and Chemical and Chemical products (0.16) are increasingly open to the Asia Pacific region.

Figure 1: Australia’s openness to Asia Pacific by industry in 1995 and 2018 measured by HOT

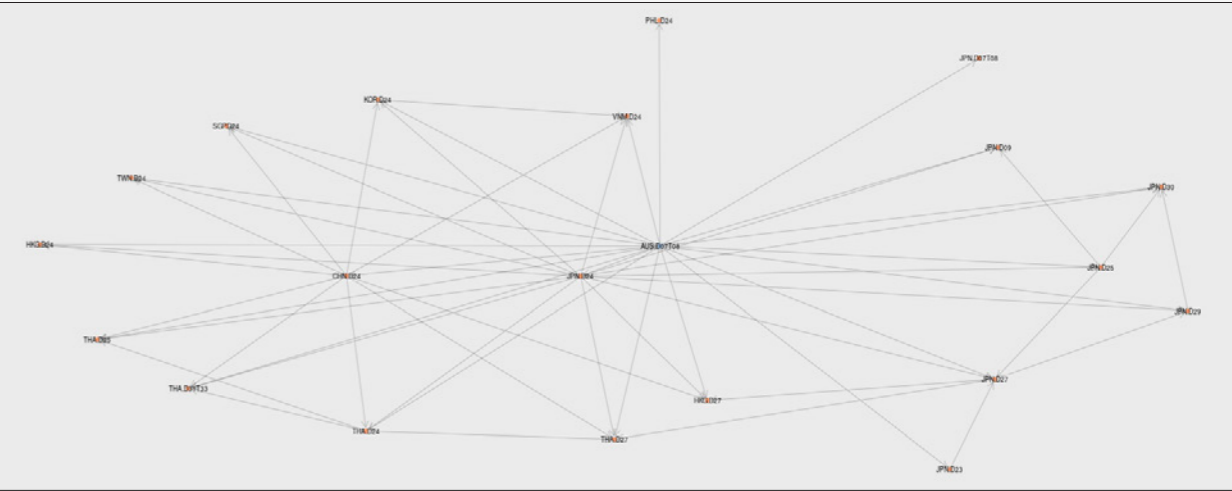


*nec stands for not elsewhere classified.

Resource industry openness to the Asia Pacific region is diverse

HOT measures that capture higher-order linkages, including indirect ones, show how deeply Australian resources are integrated in the Asia-Pacific region, contrary to conventional views. A comparison of linkages between first-order and second-order trade for Australia's Mining and Quarrying of non-energy producing products to Asia Pacific region shows the complexity of global value chains. Direct export linkages in Figure 2 indicate that Australia's exposure to Asia-Pacific economies is limited. Direct exports went to eight industries in Japan (e.g., Electrical equipment, Basic metals, and Motor vehicles, Trailers and Semi-trailers), four industries in Thailand (Basic metals, Fabricated metal products, Electrical equipment, and Manufacturing nec), two industries in Hong Kong (Basic metals and Electrical equipment), one in Korea (Basic metals), one in the Philippines (Basic metals), one in Singapore (Basic metals), one in Taiwan (Basic metals), and one in Vietnam (Basic metals).

Figure 2: 2018 Australian Mining and Quarrying of non-energy producing products to the Asia Pacific region: first-order trade linkages



Note: Country and industry code information can be accessed via <https://www.oecd.org/sti/ind/inter-country-input-output-tables.htm>

In contrast, indirect exports through second-order linkages shown in Figure 3 illustrate that Australia's integration in Asian economies is much deeper, especially in the case of China. Australia's indirect trade, that is trade through other countries, comprised linkages with thirty-two industries in China, twenty industries in Japan, ten in Thailand, ten in Vietnam, and eight in Korea. In 2018, the two key buyers of Australia's intermediate inputs were China and Japan.

These overlapping first and second-order supply chains in Asia have become stepping stones for Australia's global resources exports. Over the past ten years, these supply chain linkages have become increasingly complex. Figure 4 shows that between 2008 and 2018, indirect linkages for Australian Mining and Quarrying of non-energy producing products increased more than 50 percent, from 101 in 2008 to 153 in 2018.

Figure 3: 2018 Australian Mining and Quarrying of non-energy producing products to the Asia Pacific region: second-order trade linkages

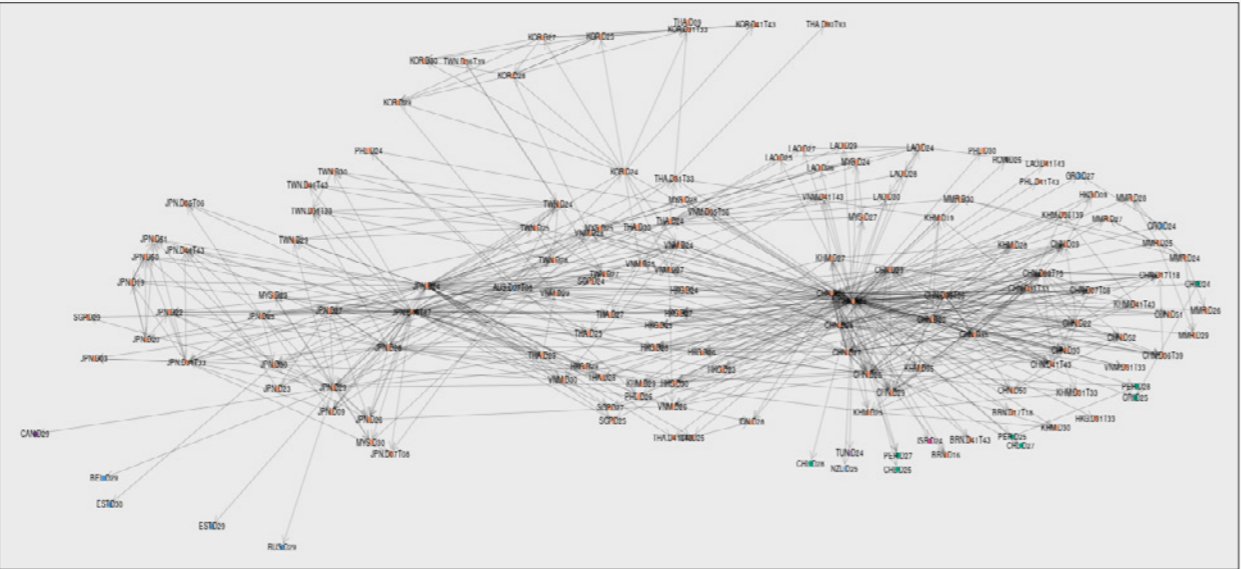
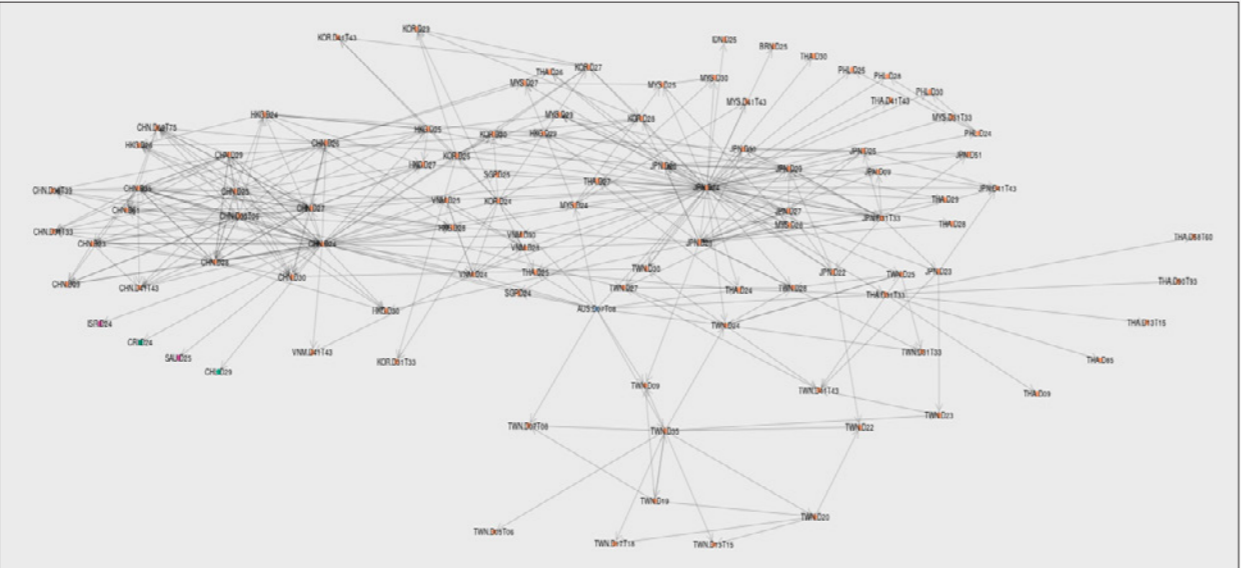


Figure 4: 2008 Australian Mining and Quarrying of non-energy producing products to the Asia Pacific region: second-order trade linkages



2.3 Australia’s integration into complex regional value chains

Driven by a more integrated Asia

Most of Australia’s openness comes from the Asia Pacific region

Australia’s economic openness derives more from its integration into the Asia Pacific region than interaction with the European Economic Area or the United States. Australia’s Asian integration is primarily driven by economic growth in China but also in other economies such as Japan, India, and Korea and to a lesser extent Malaysia, Taiwan, and Thailand. Figures 5–10 illustrate the international integration of key Australian industries.

Figure 5: Mining, Quarrying and Non-energy Products in 2018. HOT, high order trade

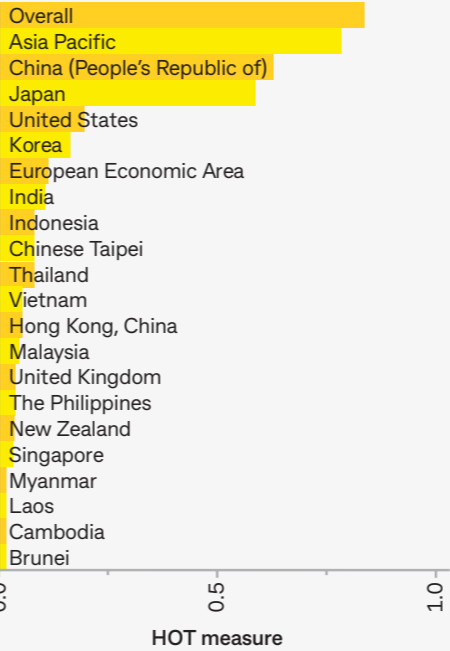


Figure 6: Mining, Extraction, and Energy product in 2018. HOT, high order trade

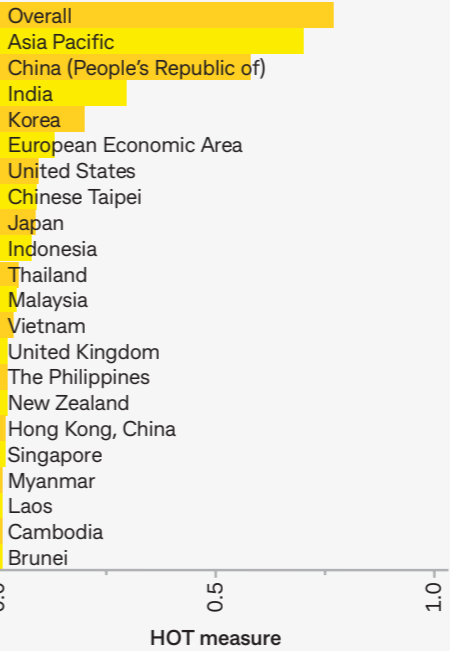
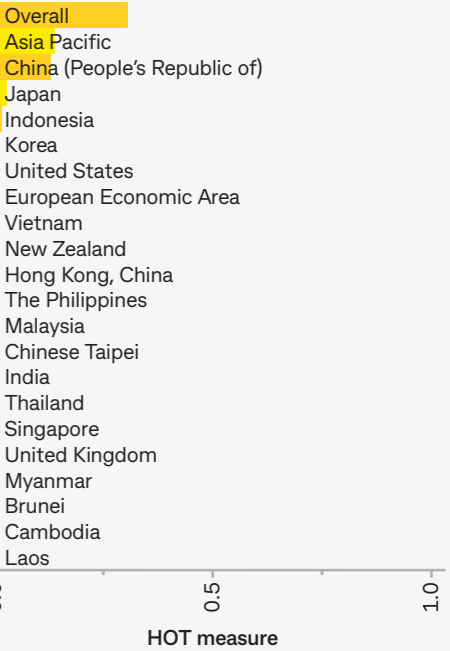


Figure 7: Basic Metals in 2018. HOT, high order trade



Figure 8: Agriculture, Hunting, Forestry in 2018. HOT, high order trade



Between 1995 and 2018, Australia’s supply chain linkages with Asia grew and diversified

In 1995, Australia relied on Japan and Korea for export. Take Mining, Quarrying, and Non-energy Producing Products as an example: In 1995, Australia was most open to Japan (HOT = 0.41) and Korea (HOT = 0.25), which imported substantial mining resources from Australia and other resource-rich countries to feed their domestic industries. The European Economic Area and the United States also relied on Australian resources (Figure 11). In the early 2000s, China began to emerge as a hub for regional value chains absorbing substantial output from all countries involved in production networks in the Asia Pacific region, including Australia. By 2002, Australia’s Mining, Quarrying and Non-energy Producing Products industry had become more reliant on China than on Korea, the United States, or the European Economic Area (Figure 12). In 2003, China overtook Japan as the biggest user of Australian Mining, Quarrying, and Non-energy Producing Products for processing into final consumption goods exported to the United States and European markets.

Figure 9: Chemical and Chemical products in 2018. HOT, high order trade

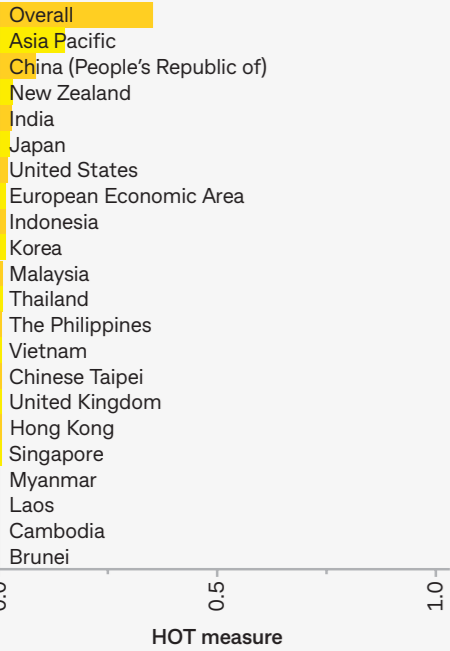


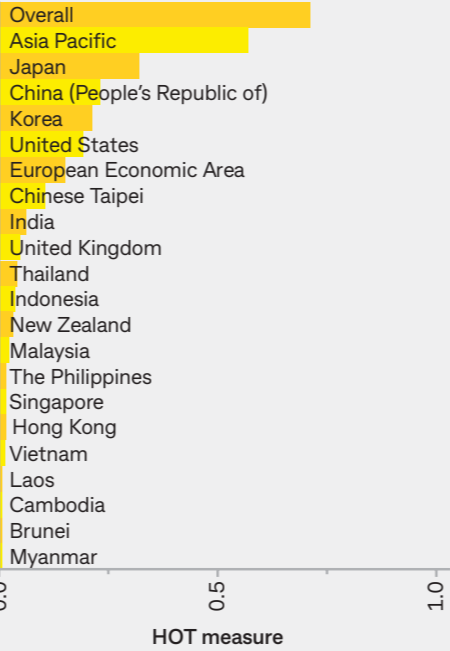
Figure 10: Manufacturing; Repair and Installation of Machinery and Equipment in 2018. HOT, high order trade



Figure 11: Mining, Quarrying and Non-energy Producing Products in 1995. HOT, high order trade



Figure 12: Mining, Quarrying and Non-energy Producing Products in 2002. HOT, high order trade



2.4 Moving forward

A coordinated strategy for Australia to become a hub of the Asia Pacific region

Australia’s openness to the Asia Pacific region ranks in the lower middle range among its key trade partners, making Australia a relatively closed economy. The HOT measure for Australia’s overall openness to the Asia Pacific region is 0.13 (Figure 13), which comprises the dominant part of its openness to the world (0.20). Australia’s exposure to the world is below New Zealand (0.23) and the United Kingdom (0.22) (Figure 14).

Although Australia has benefitted from the growth of Asian economies, the openness of its industries toward regional trade partners is lower than Brunei, Singapore, Taiwan, Malaysia, Vietnam, Thailand, and South Korea, except for crucial resources industries.

Figure 13: Countries’ openness (high order trade) to the Asia Pacific region

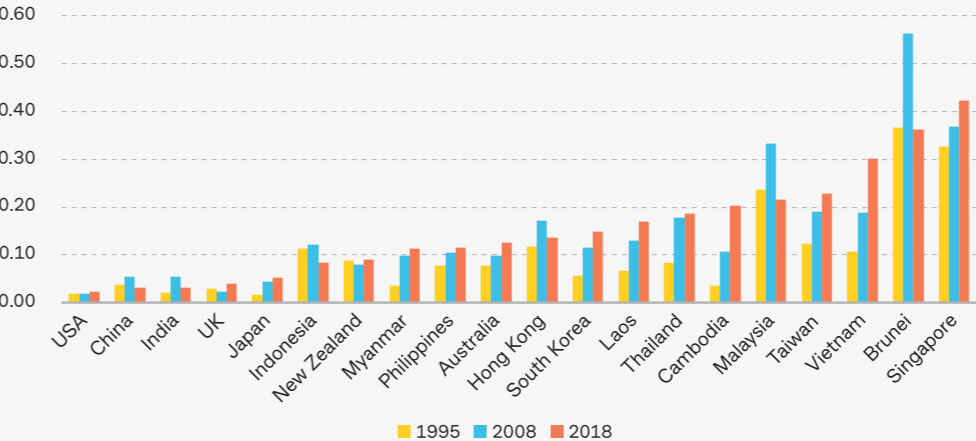
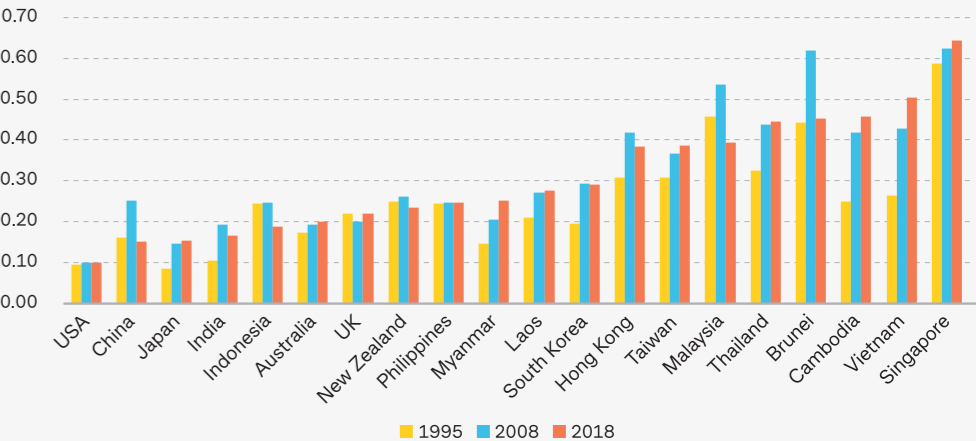


Figure 14: Countries’ openness (high order trade) to the world



Advantages of Asian-Australian businesses:

Insights from the survey



3.1 About the survey

Between September and November 2021, the University of Sydney Business School conducted an online survey in Australia to learn about the characteristics of Asian-Australian businesses in Australia and understand how they expected to come out of the COVID-19 pandemic. For the survey, we defined Asian-Australian businesses as entities registered with ASIC and ATO and founded or owned by people of Asian heritage.

We promoted the survey with the help of local Asian-Australian business chambers, industry associations, and social media platforms. In total, we received 72 valid responses. Participant recruitment complied with University of Sydney ethics guidelines for human research, and the Human Research Ethics Committee approved the study under protocol number 2021/600.

We would like to specifically acknowledge support from local Asian-Australian business chambers, including the Australia Japan Business Co-operation Committee, the Australia India Business Council, the Malaysia Australian Business Council, the Australia China Business Council, the Australia Korea Business Council, the Australia-ASEAN Business Council, and the Australian Dongbei Chinese Chamber of Commerce.

3.2 Survey demographics

Of all Asian-Australian businesses that completed the survey, 61 percent reside in New South Wales, 22 percent in Victoria, and six percent each in Queensland, South Australia, and Western Australia. In terms of size, 37 percent registered annual revenue below AUD 2 million, 31 percent between AUD 2 million and AUD 10 million, and 32 percent above AUD 10 million. The majority of respondents (69 percent) employ fewer than 20 people, and 19 percent employ between 20 and 49 people.

More than 46 percent of the companies have existed for less than 10 years, 33 percent between 10 and 20 years, and 21 percent more than 20 years.

Because of rounding and multiple-choice answers, some percentages in the charts throughout this report may not add up to 100 percent.

Figure 15: In which Australian state or territory is your business registered? NSW, New South Wales; VIC, Victoria; QLD, Queensland; SA, South Australia; WA, Western Australia

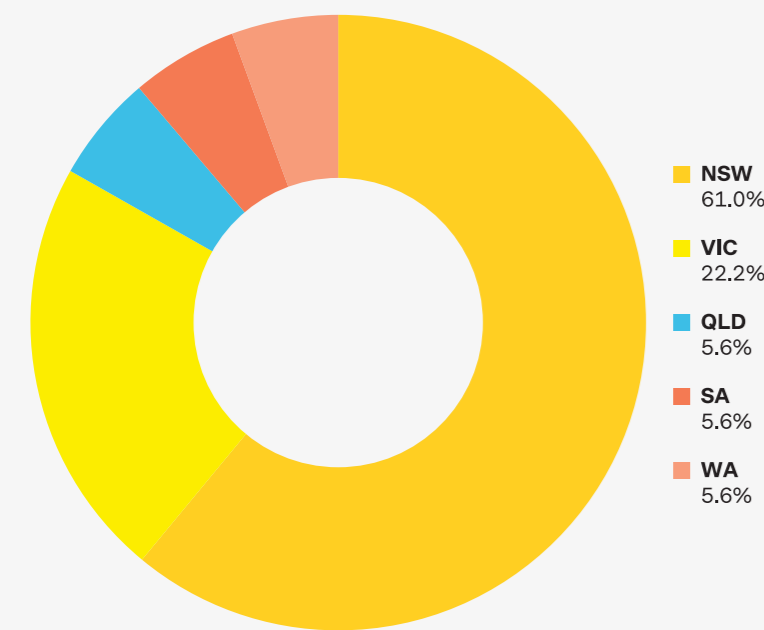


Figure 16: What is the size of your company by annual turnover in 2020–2021?

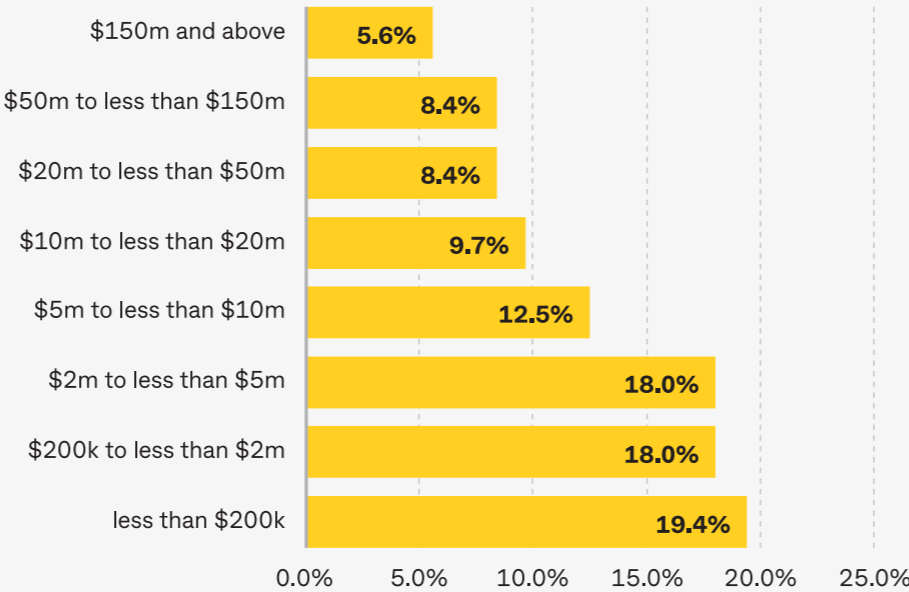


Figure 17: What is the growth stage of your business?

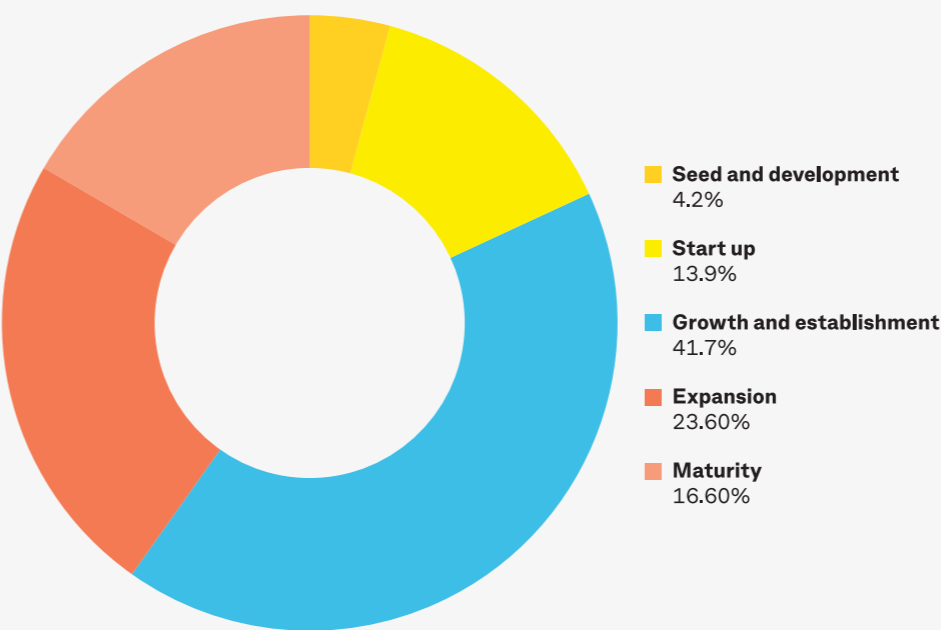
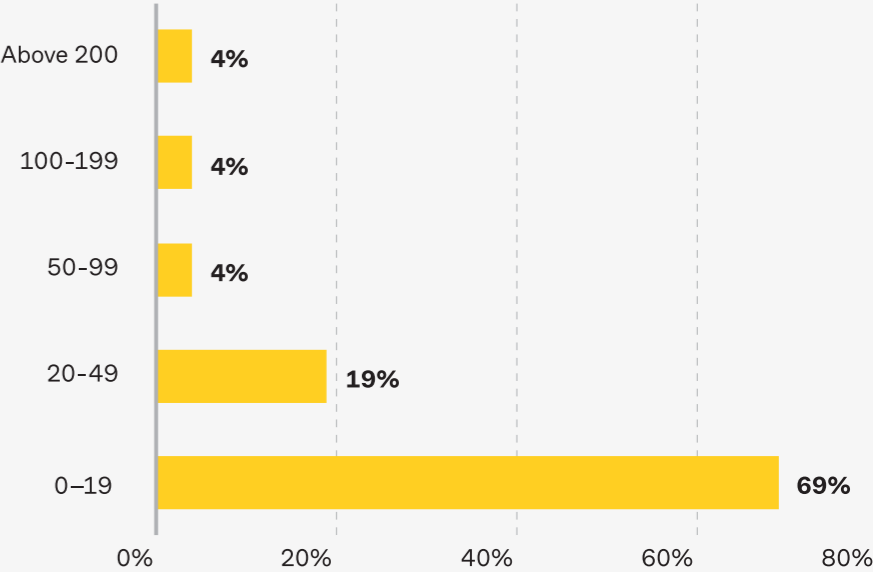


Figure 18: How many people do you employ as of July 2021?



3.3 Asian-Australian businesses in Australia

In rapid transition

Traditionally, many Asian-Australian businesses, mainly small and medium-size enterprises (SMEs) owned by members of Asian ethnic communities (e.g., Chinese, Malaysian, Korean, Indian, or Vietnamese), either found ready markets in which they would have an advantage over mainstream providers or supplied their own ethnic communities with translated goods and services that were not normally available from mainstream providers (Lever-Tracy and Ip, 1996). The growth of Asian economies, digital technologies, and greater connectivity, opened new ways for Asian businesses to create value through networking, collaboration, and interdependence.

More than community-based businesses

The overall picture that emerges from our survey is that Asian-Australian businesses are in rapid transition.

In contrast to most traditional Asian-Australian businesses, which are community-based and engage in simple import and export activities, our group of Asian-Australian businesses are diverse and operate across local, regional, and global markets.

Today's evolving Asian-Australian businesses have expanded into new areas (Figure 19).

Around one third (30 percent) of their main activity is in professional, scientific, and technical services and wholesale trade. This is followed by other services including personal services and machinery repair services (11 percent).

Ten percent of the respondents operate in accommodation and food services and 8 percent in retail trade. In total, 24 percent of the respondents' main activities are in four sectors: agriculture, forestry and fishing; construction; education and training; and manufacturing. In addition, these Asian businesses take advantages of Australia's international openness (Figure 20).

One in two (58 percent) businesses of Asian background we surveyed have foreign suppliers, two in seven have foreign partnerships in research and development (29 percent), and one in four (24 percent) have foreign sales.

Figure 19: In which industry is your main business activity?

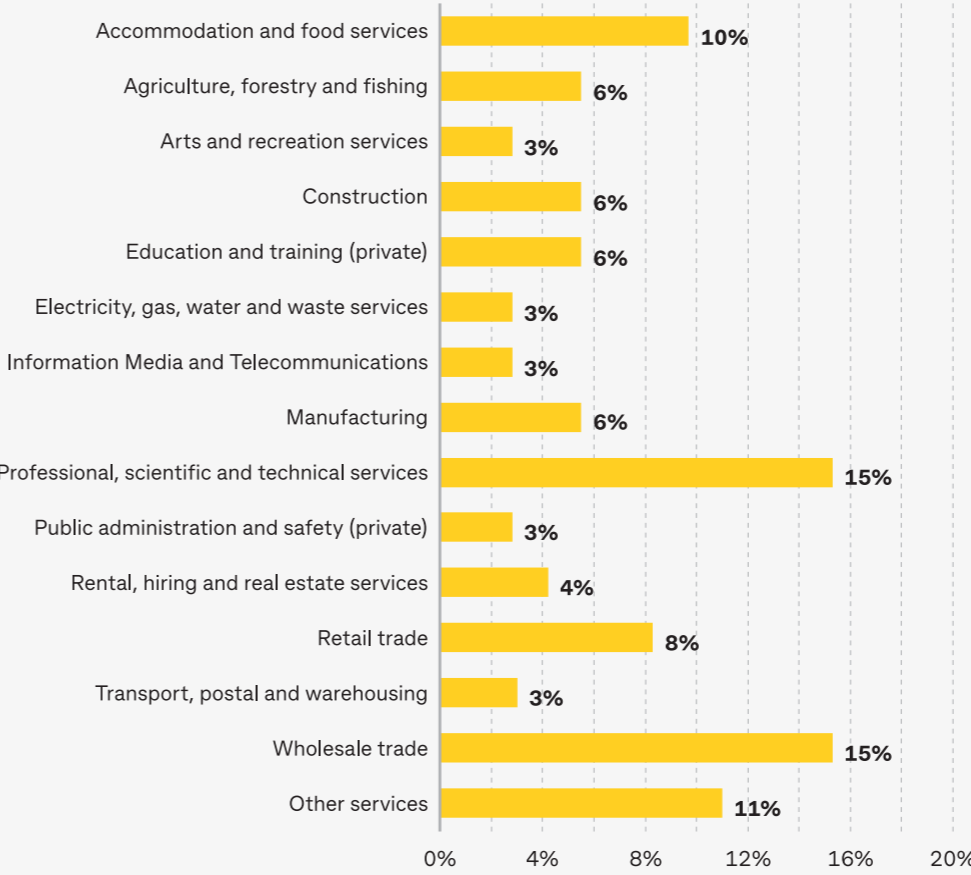
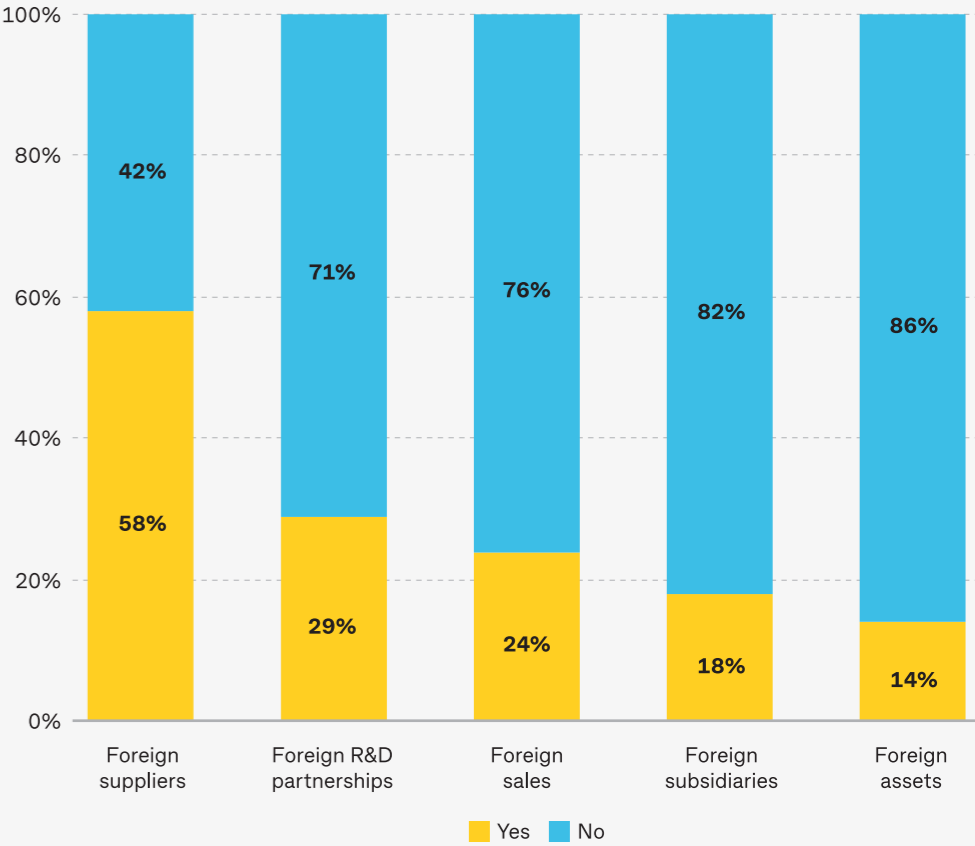


Figure 20: Foreign operations and partnerships. R&D (research and development)



3.4 Asian-Australian entrepreneurs

Skills and experience transfer

In the past, Asian-Australian entrepreneurs were sometimes viewed as low-skilled workers with few educational qualifications and poor language skills. Yet the real picture is very different.

As a high-immigration country, Australia has experienced rapid growth in the number of SMEs with the increasing influx of permanent immigrants (Collins, 2008; Collins & Low, 2010). The majority of Australian immigrant entrepreneurs, including Chinese, Malaysians, Koreans, Indians, and Vietnamese, started out in SMEs (Collins & Low, 2010). They may even innovate at a faster pace and contribute more to Australian economic successes through their Asian-origin resources and heritage in Australia (Aliaga-Isla & Rialp, 2013).

The Asian-Australian businesses we surveyed were founded or are owned by people of diverse cultural backgrounds and life experiences. Only 4 percent of entrepreneurs reported that they were born in Australia (Figure 21). Ninety-six percent of respondents are first-generation Asian Australian entrepreneurs born overseas. The majority were born in China (69 percent), followed by Singapore (8 percent), India (4 percent), Indonesia (3 percent), Japan (3 percent), Korea (3 percent), Thailand (3 percent), and Vietnam (3 percent). In addition, these Asian-Australian entrepreneurs are young: 29 percent are younger than 40 years, another 30 percent are in their 40s, 32 percent are in their 50s, and only 9 percent are older than 60 (Figure 23).

Figure 21: What is your country of birth?

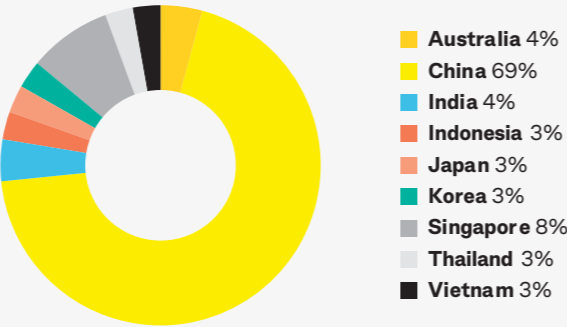


Figure 22: What is your gender?

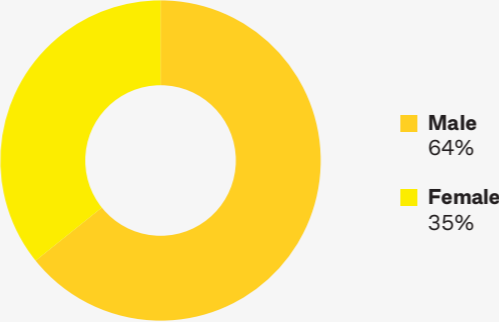
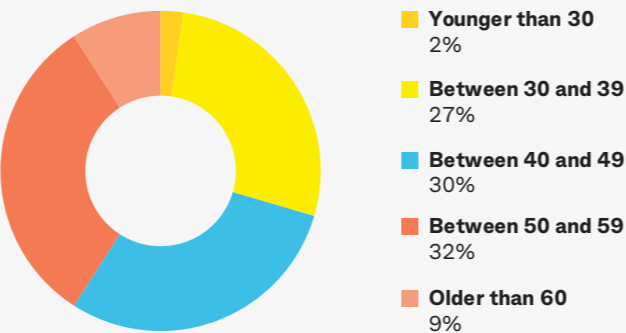


Figure 23: What is your age?



The Asian-Australian entrepreneurs we surveyed are well educated (Figure 24).

All entrepreneurs have obtained at least an advanced diploma or diploma, 41 percent have a postgraduate degree or graduate diploma, and 50 percent have a bachelor’s degree.

Nearly two thirds (64 percent) received their highest degree in Australia (Figure 25). Besides their considerable economic value, these diaspora groups also bring intangible benefits, such as various ways of thinking, skills, and innovation, to bear to enrich the Australian business landscape (Duan, Kotey, & Sandhu, 2020).

Figure 24: What is your highest level of education?

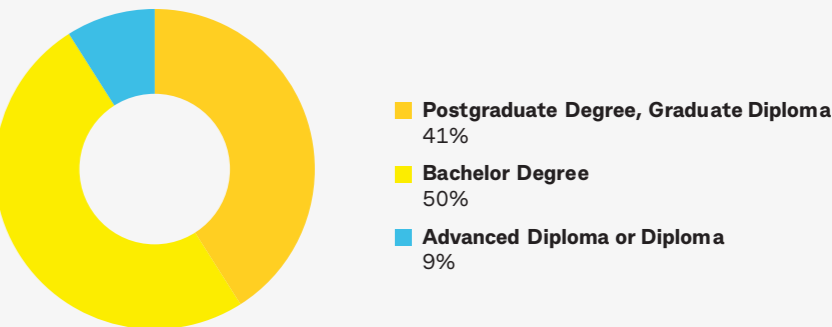


Figure 25: Where did you receive your highest degree?

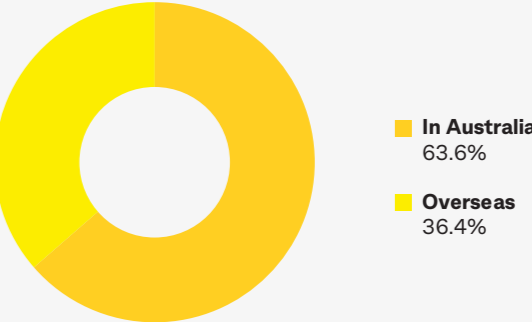
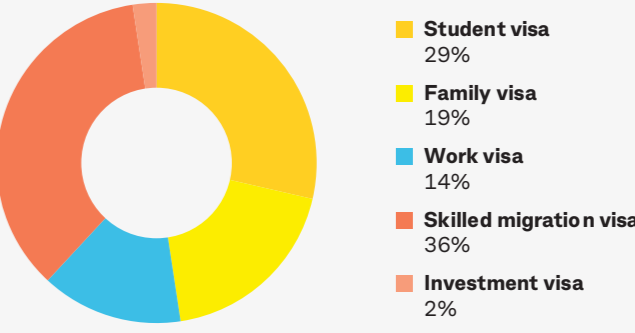


Figure 26: How did you first migrate to Australia?



Another notable characteristic of the Asian-Australian entrepreneurs is that the majority of them had corporate work experience before they started their businesses (Figure 27).

More than half worked in Australia (Figure 28). They held professional positions and had extensive managerial and business experience before they started their businesses: 44 percent were managers, 27 percent were professionals, and 15 percent worked in sales (Figure 29). This work experience provides them with access to wider networks, often outside their own ethnicity, that can later help them launch entrepreneurial ventures.

Figure 27: Did you have work experience before you started your business?

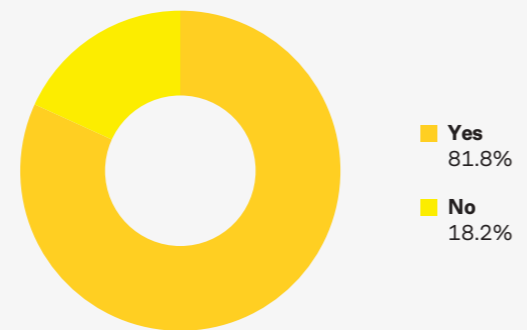


Figure 28: In which country(ies) did you work before you started your business?

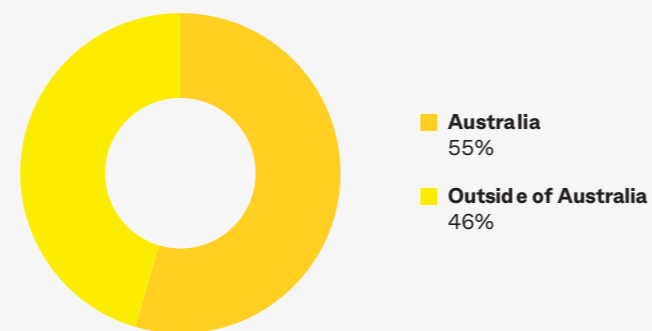
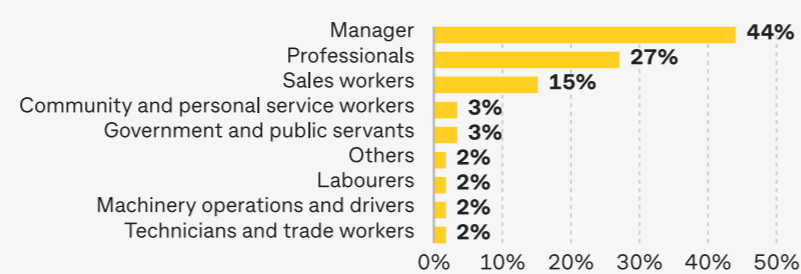


Figure 29: What was your profession before you started your business?



3.5 Combining business, social, and family networks

An accelerating ecosystem opportunity

Business ecosystem

A business ecosystem is a dynamic organisational form in which network effects and interoperability are seen as prerequisites for market creation (Moore, 1996). A business ecosystem is defined as a number of firms that work together (and also compete) to create and sustain new markets and new products (Iansiti and Levien, 2004). This includes entrepreneurs and businesses, stakeholders, organisations, and governments involved in exchanges, production, business functions, and cross-border trade through both marketplace competition and cooperation.

Asian businesses’ entrepreneurial networks provide updated and little-known market information, making significant contributions to decision making, which further allows these firms to unlock and take advantage of exclusive business opportunities (Lund, Woods, Hibbins & Barker, 2006; Zhang et al., 2021). These trusted networks and their strong cultural heritage are a competitive advantage for many. Although network linkages are not a new concept for Asian businesses, we find that during the pandemic Asian businesses’ interactions are increasingly based on a combination of family, professional, and business networks, which help them to cope with business risks and crisis.

Increased ecosystem interactions during the pandemic

COVID-19 has brought deep challenges to local and global economies, disrupting international business networks and opportunities for networking. Asian businesses’ well-managed social capital is of great help in coping with disruptions, maintaining operational continuity, managing cash, and coordinating with suppliers. It has played an ever more important part in Asian businesses’ evolving business ecosystems.

Our respondents reported that compared to early 2019 they have increased interactions with a range of local organisations (including Australian national government bodies, venture capitalists in Australia, and local politicians) as well as international organisations (including international suppliers and international venture capitalists; Figure 30).

They also reported that compared to early 2019 they have increased interactions with other business partners for business purposes, including alumni networks, professional associations and contacts, and local ethnic communities (Figure 31).

Asian businesses use a mixture of family, business, and social networks to create local business ecosystems. On average, Asian businesses interact most frequently with family networks, with respondents saying that they do so on a monthly basis on average. It is interesting that the frequency of interactions with international suppliers has increased from every month to every week. This could be an indication that Asian businesses engage in repeated exchanges to manage risk in supply chains (Figure 30). Other network partners with whom Asian businesses engage frequently include local banks (every month), professional associations and contacts (every month), and business chambers and associations (every month).

Figure 30: Average frequency of interactions with organisations (0 = no/little interaction, 1 = annually, 2 = every 6 months, 3 = monthly, 4 = weekly, 5 = daily)

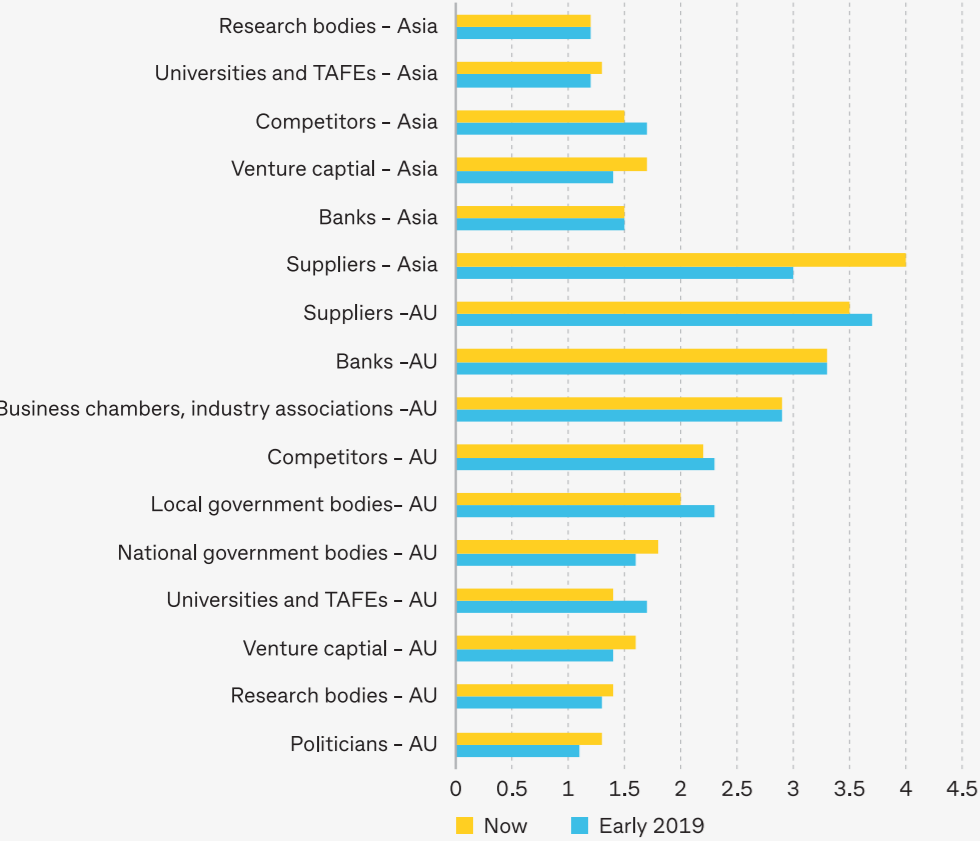
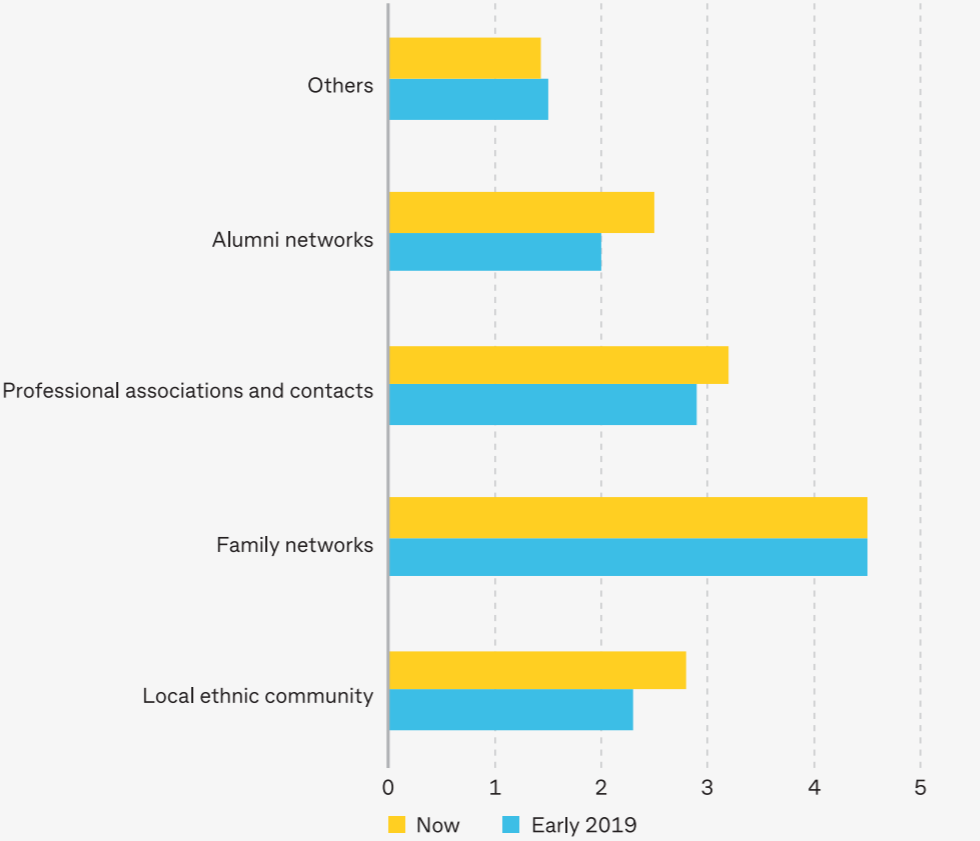


Figure 31: Average frequency of interactions with other network partners for business purposes (0 = no/little interaction, 1 = annually, 2 = every 6 months, 3 = monthly, 4 = weekly, 5 = daily)



Maintaining links with the Asian region for future expansion

Asian-Australian businesses consider regular cross-border cooperation with partners in both Australia and Asia as their competitive advantage. Our survey respondents reported that they interact with, and use resources from, both Australia and Asia but are more active in Australia.

The widespread adoption of social media as a tool for personal and professional communication has made interacting easier and faster.

Seventy-four percent of Asian businesses reported that they interact with the members of their family networks for business purposes on a weekly basis (Figure 32). Nearly all (95 percent) do so at least once a year.

The speed of social media communication has created a need to share information among people and provided an inside perspective on faraway places.

Besides maintaining their family links, the Asian businesses we surveyed reported that they regularly cultivate ties in the Asian region and understand the strength of weak

ties to grow their businesses. Seventy-two percent the Asian businesses we surveyed interact with suppliers at least once a year, 60 percent interact with competitors at least once a year, and 46 percent interact with venture capitalists at least once a year. One third of them interact with banks in Asia at least once a year. One in six (18 percent) interact with research bodies and universities in Asia at least once a year.

According to our survey, the key reasons to cultivate ties with Asian regions are to reduce costs, to access resources, to enter new geographic markets, and to access innovation.

Asia is quickly emerging as not just a global manufacturing powerhouse but also a vibrant regional economy that is growing many times faster than developed Western economies. South Korea and Singapore are the top two countries leading innovation in the world according to the Bloomberg 2021 innovation index³.

Asian businesses’ participation in the economy is increasingly predicated upon an ecosystem approach. Their networks with their home countries are cemented in personal trust and deep cultural links. In

the midst of disruptions and uncertainties, entrepreneurs are able to expand and reconfigure their business ecosystems to maintain access to knowledge for innovation, clues as to business opportunities, and security for supply chains and inputs through increased exchanges among interested parties. Agility and speed of response are now key dynamics. This stands in contrast to the stable and socially oriented ties to their home country that many older generations of Asian businesses maintain.

³<https://www.bloomberg.com/news/articles/2021-02-03/south-korea-leads-world-in-innovation-u-s-drops-out-of-top-10>



Figure 32: Interaction frequency for business purpose by share.



3.6 Resilience and adaptation

Surviving and thriving amid complexity and uncertainty

COVID-19 has hit Small and Medium sized Enterprise (SMEs) particularly hard, adversely affecting sales volumes and cash flows as well as the ability to serve customers and manage business. Asian businesses, especially those that have international links through trade and investment, are no exception.

The impact of COVID-19 on business operations and resilience

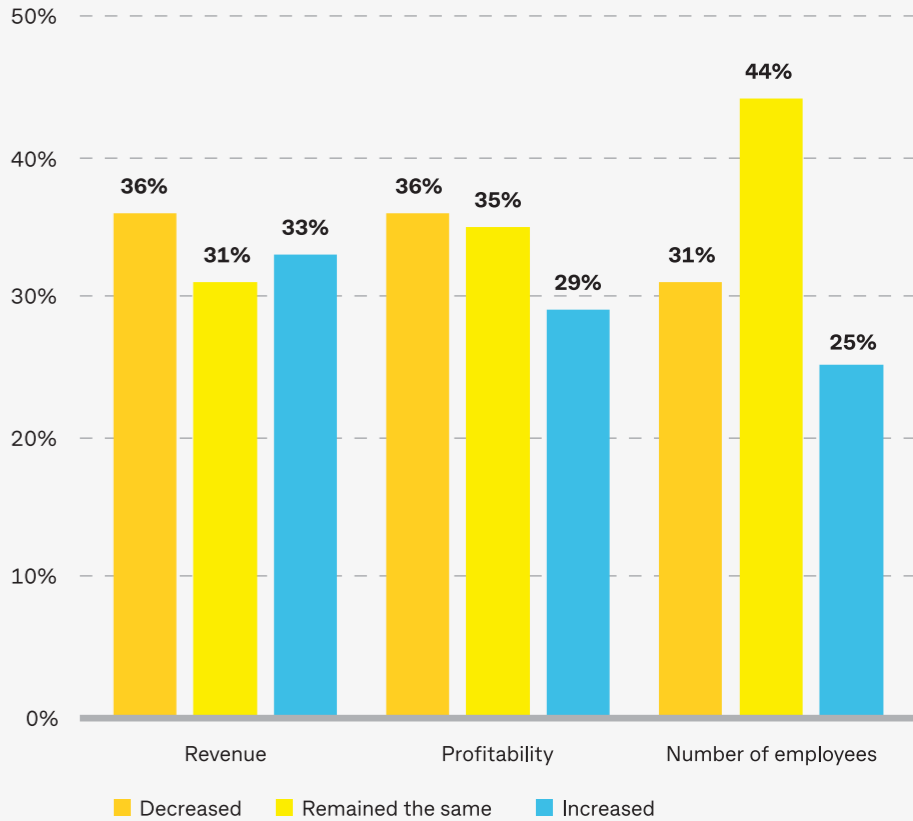
Business revenue and profitability have been especially affected by recent lockdowns in New South Wales and Victoria. Although the availability of government aid has helped, our results suggest that the pandemic has caused massive dislocation among Asian businesses. Asian businesses reported a drop in revenue and profitability during the 2020–2021 financial year (Figure 33).

Thirty-six percent of businesses reported a drop in revenue, and the same percentage reported a drop in profitability.

The impact on the drop in revenue and profitability is of a similar magnitude to that experienced by average Australian businesses, according to survey results from the Australian Bureau of Statistics.⁴

⁴ <https://www.abs.gov.au/statistics/economy/business-indicators/business-conditions-and-sentiments/latest-release>

Figure 33: The impact of COVID-19 on business operations for the 2020–2021 financial year



It is interesting that the Asian businesses we surveyed performed better in terms of employment creation and retention compared to the average Australian business during the 2020–2021 financial year.

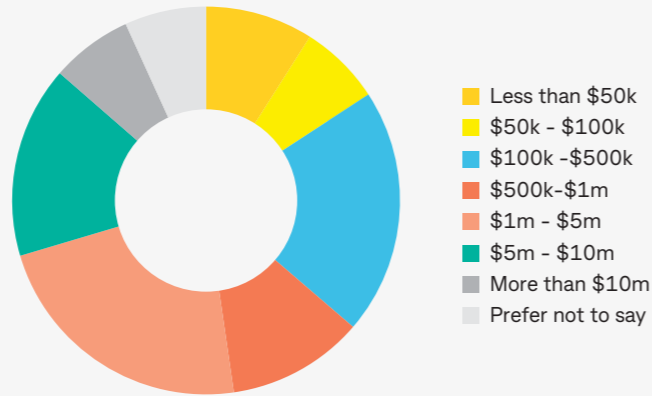
Twenty-five percent of the Asian businesses surveyed reported an increase in their number of employees, and 44 percent reported that their number of employees remained the same.

In comparison, according to an Australian Bureau of Statistics survey, only around 10 percent of Australian businesses surveyed reported an increase in their number of employees.

Employee and workplace resilience could be an indication of business resilience. Support from Asian business ecosystems with links to family networks, local ethnic communities, and business chambers has undoubtedly helped to ensure a sense of employee belonging and well-being. In addition, the personal wealth and savings of Asian business entrepreneurs could mean that they are less vulnerable to cash flow crises brought about by COVID-19-related slowdowns. Asian businesses have an impressive amount of personal wealth that can be liquidated in the short term for business purposes (Figure 34).

Four in five (78 percent) Asian business owners in our survey reported that they have more than \$100,000 AUD in personal wealth that can be liquidated in the short term for business purposes, and almost one in two (46 percent) reported more than \$1 million AUD in personal wealth that can be liquidated in this way.

Figure 34: What is your personal wealth that can be liquidated in the short term for business purposes, in AUD?



Supply chain and digital adaptations

Asian businesses’ supply chains have proven generally resilient in response to the COVID-19 pandemic.

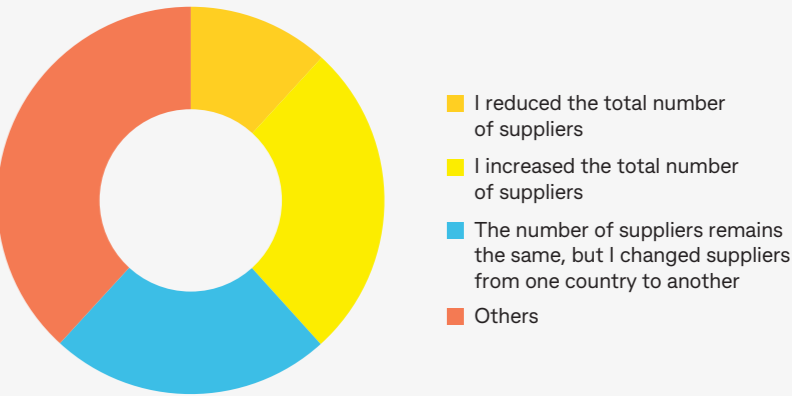
Of the Asian businesses in our survey, two thirds reported that they did not change their suppliers between September 2020 and September 2021 (Figure 35). One third reported that they made adjustments. Moreover, 12 percent reduced the number of suppliers, 27 percent increased the number of suppliers, and 24 percent changed suppliers from one country to another (Figure 36).

This finding, combined with businesses’ increased interactions with suppliers, suggests that Asian businesses feel the networks and interactions help them gain visibility across the processes in their supply chains and build resilience into their businesses.

Figure 35: Have you changed your suppliers over the past 12 months?



Figure 36: What has changed with your suppliers over the past 12 months?



One of the major changes brought about by COVID-19 is the growing adoption of online commerce for business. Asian businesses have adopted online commerce as a mode of buying and selling.

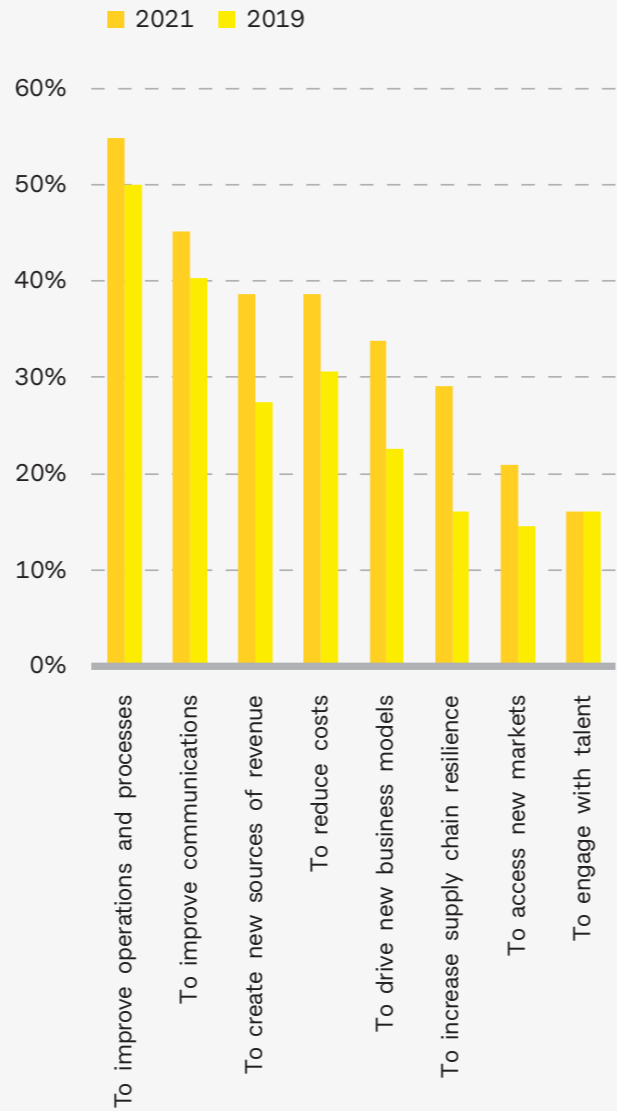
Sixty-five percent of the Asian businesses we surveyed are adding online commerce as a mode of buying and selling, and 11 percent intend to do so. Many of them can be pulled into online commerce by their ecosystem network partners in Asia.

Asia has developed vibrant e-commerce ecosystems. Southeast Asia in particular has led the digital transformation in the region. According to a report from Facebook and Bain & Company, an estimated 70 million more people in six Southeast Asian countries shop online now than before the pandemic began.⁵

Digital technologies play a central role in not only the creation of marketplaces for customers but also the optimisation of production processes, information management, distribution and trade, and communications. Asian businesses increasingly see the broader benefits of digital technologies compared to 2 years ago (Figure 37). In addition, they engage with digital technologies primarily to improve operations and processes, improve communications, and create new sources of revenue, which indicates that many businesses see digitisation as tool for improving operations as well as an opportunity for creating new revenue.

⁵ <https://www.facebook.com/business/news/southeast-asia-the-home-for-digital-transformation>

Figure 37: What drove your business to apply digital technologies (you may select multiple answers)?



3.7 Going forward

In general, Asian-Australian businesses are optimistic about their business recovery in 2022. Sixty-three of the Asian-Australian businesses surveyed expect their business turnover to grow in the 2021–2022 financial year, whereas 9 percent expect it to shrink (Figure 38). Sixty-four percent of the businesses agree that they are very optimistic about their business prospects in Australia for the next 3 years, whereas 12 percent disagree (Figure 39).

In sum, our survey findings indicate that better engagement and collaboration with Asian-Australian business communities could be crucial for the expansion of Australian businesses. Asian-Australian business communities’ well-managed social capital can greatly help Australian enterprises effectively alleviate the barriers and difficulties around business growth and ongoing operation in the Asian markets (Export Council of Australia, 2019). More important, Asian-Australian businesses participate in dynamic and complex ecosystems linked to non-resource sectors such as services and manufacturing in Asia, and

they continuously develop these links through reliable and repeated exchanges among interested parties.

Unlike the long-term stable relationships of many traditional Asian businesses, these modern ecosystems involve larger numbers of participants, and the roles of the participants can shift, sometimes rapidly, as their interests and objectives change. They are also widely known to provide access to innovation, resources, international expansion, and opportunity.

Thus, Asian-Australian businesses provide a potential entry point for other businesses in Australia into these dynamic ecosystems. This can help Australian businesses diversify their products, services, suppliers, technologies, and markets, which will increase the overall openness and resilience of the Australian economy.

Figure 38: I expect my business(es) turnover in the 2021–2022 financial year will:

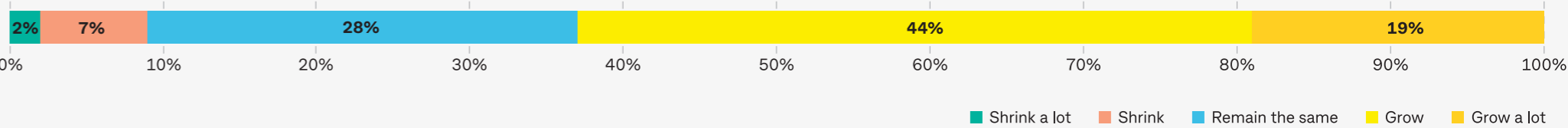
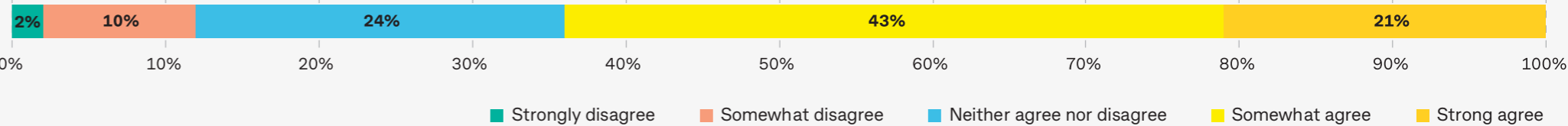


Figure 39: I am very optimistic about our business prospects in Australia for the next 3 years



The strength of weak ties:

Insights from Asian businesses in Australia



4.1 About the interviews

To build a deeper and more nuanced understanding of the critical drivers of success among Asian-Australian entrepreneurs, we conducted in-depth interviews with Asian-Australian entrepreneurs via Zoom and by telephone in November and December 2021. We used a standardised questionnaire that included open-ended questions.

We identified the participating entrepreneurs through consultation with chambers of commerce and local Asian business councils who routinely engage with Asian-background entrepreneurs. Our recruitment process complied with University of Sydney human research ethics guidelines. We thank the local chambers of commerce and business councils for their support.

We believe this is the first report to present a snapshot of the new generation of Asian-Australian entrepreneurs and of the opportunities their activities create for Australian businesses in Asia. The data collected reflect the diversity of Asian-Australian entrepreneurs in terms of industry, know-how, community links, and embeddedness in Australian and Asian markets. Our results are skewed toward more established and successful Asian-Australian entrepreneurs.

4.2 Diverse profiles

In total, we interviewed 23 Asian-Australian entrepreneurs operating across a range of industries and geographic locations to reflect the variety of businesses. The largest group of entrepreneurs we interviewed have companies registered in New South Wales and Victoria; a smaller number are from Western Australia and Queensland.

The Strength of Weak Ties

In 1973, Mark Granovetter, a sociology professor at Stanford University, published a paper titled “The Strength of Weak Ties.”⁶ It went on to become one of the most influential sociology papers of all time. Until then, scholars had assumed that an individual’s well-being depended mainly on the quality of relationships with close friends and family. Granovetter showed that quantity matters too.

One way to think about your social world is that you have an inner circle of people with whom you often talk and feel close and an outer circle of acquaintances whom you see infrequently or fleetingly. Granovetter called these “strong ties” and “weak ties,” respectively. His central insight was that for new information and ideas, weak ties are more important than strong ones.⁷

⁶ https://www.cse.wustl.edu/~m.neumann/fl2017/cse316/materials/strength_of_weak_ties.pdf

⁷ <https://www.bbc.com/worklife/article/20200701-why-your-weak-tie-friendships-may-mean-more-than-you-think>

Transnational activities of Asian-Australian businesses are under-recognised

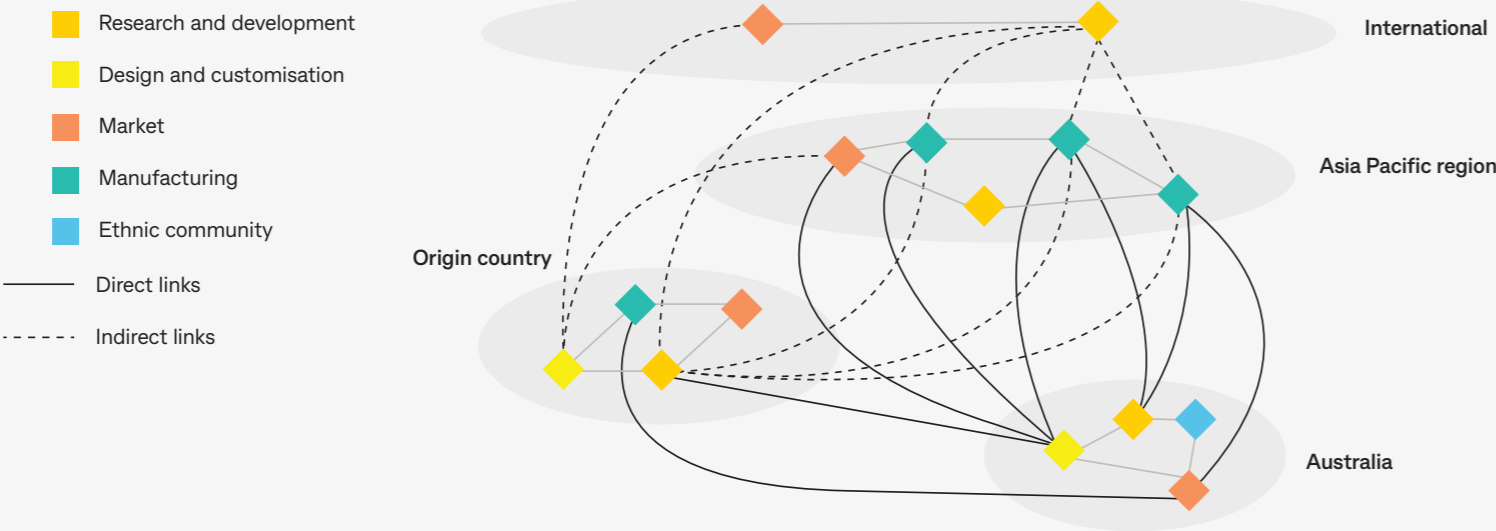
The traditional image of Asian entrepreneurs serving their diaspora communities in retail, catering, and small-scale import and export business dates back to earlier generations of immigrants who arrived in Australia to escape poverty and a lack of opportunities in their countries of origin. These early immigrants congregated in closely-knit communities held together by the languages and traditions of the home country. Language and cultural barriers excluded them from mainstream opportunities and left them no choice but to become entrepreneurs (Collins, 2003).

Understanding the new generation of Asian-Australian entrepreneurs requires a transnational perspective (Tan et al., 2018) with a focus on the ‘multiple ties and interactions linking people or institutions across

the borders of nation-states’ (Vertovec, 2009) and their impact on economic development (Faist, et al., 2013) in origin and destination countries.

Our interviews with 23 Australian entrepreneurs from diverse Asian backgrounds show that the new generation Asian-Australian entrepreneurs have distinct social, technological, and entrepreneurial characteristics that add diversity and vibrancy to Australia’s SME sector. Their participation in multiple regional and international markets and industries is under-recognised (Figure 40). We find a trifecta of transnational economic integration, mainstream professional and technical expertise, and entrepreneurial networks that open pathways to multiple Asian markets and industries.

Figure 40: Generic ecosystem structure in Asian business in Australia based on interviews



Commonalties across ethnic, cultural, and linguistic divides

A striking feature of the new generation of Asian-Australian entrepreneurs are the commonalties across ethnic, cultural, and linguistic divides. Chinese students running their businesses have less in common with their parents’ generation than with young Vietnamese software entrepreneurs who want to go back and help build up the country their parents fled decades ago. The generations live in different worlds, but both have found their respective place in Australia's multicultural society.

Three features characterise the new entrepreneurs we interviewed for our study.

- First, generational change has brought these entrepreneurs into mainstream Australian society. They operate in transnational markets and cater to ethnic communities out of choice rather than necessity.
- Second, these entrepreneurs are tertiary educated in Australia and overseas and have professional and technological skills that open local and global avenues for business expansion. Some use their professional skills to transform and upgrade traditional family businesses.
- Third, the strength of weak ties is a cultural advantage these entrepreneurs have acquired from their families and their socialisation. They activate strong family ties when they need support in crises, for example, during the COVID-19 pandemic. They rely on weak ties through many local and international contacts to explore new entrepreneurial opportunities and open new markets.

We use brief case studies to illustrate how Asian-Australian businesses address challenges by drawing on their specific skills and networks in the following sections.

Table 1: List of case studies

Company	Name	Title	Industry	Community link
Harbour Guidance PTY Ltd (Jeanswest)	George Yeung	Managing Director	Textile, Apparel	Hong Kong
YEH's Group	Johnson Yeh	CTO	Hospitality	Taiwan
Happytel Retail Group	Elizabeth Ryu	Director	Phone accessories	South Korea
Panmi Pty Ltd	Daniel Wang	CEO	E-scooters	China
WBS Technology	Simon Yu	Director of Sales and Marketing	Lighting	China
Technology Development & Equipment Supply (TDES)	Karl Qin	CEO	Mining Equipment	China
Whealth Inc,	Albert M G Garcia	Chairman	Health Food	Philippines
A&C Paper	Jian LIU	Director	Import/wholesale	China
Verity Consulting	Dr. Sandy Chong	Founder	Consulting	Singapore
doq®	Yoshinori Sakuno	Managing Director	Consulting, Communication	Japan
X Nihilo	Jenny Hsieh	Managing Director	Fashion	Taiwan
Austlink Education Group Pty Ltd	Jimmy Lim	Marketing Director	Education services	Malaysia
All Asian Foods Pty Ltd	Akaash Sharma	Owner	Asian food	India
Eastwood Tonyon Supermarket	Jian Feng LI	Director	Retail, grocery	China
QND Chemist	Sandra Huynh	Co-owner	Pharmacy	Vietnam
Aushen Corporate Merchandise	John Jiang, ADCCC Board	Managing Director	Apparel, promotion services	China
Modern Construction & Development	Tony Wang, ADCCC Board	Director	Real estate development	China
Hard Rock Enterprises	Jim Jia, ADCCC Board	Director	Apparel, sports wear	China
Everstone	John Zeng, ADCCC Board	Director	Decorative construction materials	China
Watson Glass	Chris Tao, ADCCC Board	Managing Director	Glass production and processing	China
Guantao & CS Lawyers	Shun Cheng ADCCC Board	Managing Partner	Legal services	China
Australia Korea Business Council (AKBC)	Simon Yoo	Director	Business council	Korea
Haymarket HQ	Duco van Breemen	CEO	Incubator	Pan-Asian



George Yeung
Managing Director
Harbour Guidance Pty Ltd



Johnson Yeh
CTO
YEH's Group



Elizabeth Ryu
Director
Happytel Retail Group



Simon Yu
Director of Sales and Marketing
WBS Technology



Karl Qin
CEO
Technology Development &
Equipment Supply (TDES)



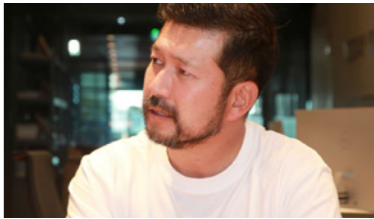
Albert M G Garcia
Chairman
Whealth Inc.



Jian LIU
Director
A&C Paper



Dr. Sandy Chong
Founder
Verity Consulting



Yoshinori Sakuno
Managing Director
doq®



Jenny Hsieh
Managing Director
X Nihilo



Jimmy Lim
Marketing Director
Austlink Education Group



Jian Feng LI
Director
Eastwood Tonyon Supermarket



John Jiang, ADCCC Board
Managing Director
Aushen Corporate Merchandise



Tony Wang, ADCCC Board
Director, Modern Construction
& Development



Jim Jia, ADCCC Board
Director
Hard Rock Enterprises



John Zeng, ADCCC Board
Director
Everstone



Chris Tao, ADCCC Board
Managing Director
Watson Glass



Shun Cheng ADCCC Board
Managing Partner
Guantao & CS Lawyers



Simon Yoo
Director
Australia Korea Business Council



Duco van Breemen
CEO
Haymarket HQ

4.3 Insights from Asian business cases

Our interviews and case studies illustrate the multitude of business opportunities arising for Asian-Australian businesses with connections to Asia. Most of our interviewees pursue professional links to experiment with knowledge spillovers, transfer of technologies, manufacturing cooperation, and localisation of products and services for Australian or Asian markets. These SMEs are serving a useful exploratory role in staying abreast of innovations in Asian markets that are redefining established industries and redrawing economic borders.



Upgrading family businesses

Family businesses change with new generations. We find that highly educated and professionally qualified family members use the family firm as an entry into entrepreneurship. Digitalisation is one of the avenues for upgrading existing enterprises and scaling up business networks. Simultaneously, the new generation of Asian entrepreneurs continues family traditions and draws on family and community networks to overcome shortages of capital or crises such as the COVID-19 pandemic. Community networks provide resilience through arrangements of mutual support with other community businesses.



George Yeung

Managing Director,
Harbour Guidance PTY LTD
(Jeanswest)

Network features

- Draws on Hong Kong’s pioneering role in textile-apparel industry
- Deep family business network links with textile-apparel supply chains in China and Asia.
- Mainstream integration in Australia through involvement in multiple industries - commercial real estate, agriculture and retail.

George Yeung is the Managing Director of Harbour Guidance Pty Ltd that operates the “Jeanswest” chain of stores in Australia, New Zealand and the South Pacific. Born in Hong Kong, George attended Melbourne Grammar School, the University of Melbourne, and Monash University, specializing in supply chain management. After his graduation, he went back to Hong Kong and worked in the textile-apparel industry before returning to Australia in 2015. Since relocating back to Australia, George was the director of Hong Kong Australia Business Association (Victoria) Inc between 2017 and 2020, Executive Committee Member of Australia China Business Council (Victoria) since 2018 and Vice President since 2021, member of the Melbourne Humanities Foundation Board of the Arts Faculty at the University of Melbourne since 2019, member of the Asian Advisory Board of The University of Melbourne since 2016.

Before taking full ownership of Jeanswest in 2020, George’s parents invested in Australian commercial real estate and agriculture with live cattle export to Indonesia. George reoriented Jeanswest toward denim products, invested over 1.5 million AUD in a program of work for digital transformation for the ERP (enterprise resource planning) system, BI (Business Intelligence) stack and eCommerce platform providing single pane view of the business and customer, as well as integrating customer feedback into the product development process in a more frequent manner. Using Hong Kong’s competitive advantage in textile supply chains, Jeanswest has diversified its supply chain to suppliers in multiple provinces within Mainland China, and further afield in Vietnam, and Bangladesh.

The COVID-19 pandemic disrupted Jeanswest’s supply chains, but the flexible network of suppliers enabled Jeanswest to reduce the negative impact through earlier ordering, deeper personalisation, and modular products. Despite not qualifying for job-keeper, Jeanswest’s commitment to the Australian market has remained unchanged.

Johnson Yeh

Board Director,
CTO, YEH’s Group

Network features

- Family networks in Asia and local community networks
- Professional and business networks in the Australian IT industry

Johnson Yeh is a second-generation entrepreneur of Taiwanese background. He arrived in Australia as a child and was raised and educated in Sydney. He graduated from UTS with a Bachelor of Science specialising in IT and recently completed an MBA degree at UTS. He worked for over ten years in the IT industry, last as a Technical Project Manager with Optus, before joining his father’s family business.

His father had gone through several entrepreneurial iterations before settling down on real estate business buying commercial properties and converting them into hotels. Johnson joined the family business when he felt he could make use of his technical expertise in running hotels.

Johnson enjoyed the challenge of using his IT expertise to make things a lot more streamlined, more technologically advanced and more automated. Asked about his Asian heritage, Johnson says: I think it’s just the people that have heritage links rather than the business itself. I have been here since I was nine years old, so I find Australia more of a home than Asia. But the thought process and the influence of my father is the biggest heritage that I have infused into the business. My background of having worked in the large corporate world enables me to fit the larger operational experience into a smaller scale. That’s something linked to my Asian background.

Johnson is currently Vice-President of the Taiwanese Chamber of Commerce and has been involved in running business seminars and activities to help members get over the disruptions caused by COVID-19.

Knowledge spillovers

The strength of weak ties is a feature of exploratory networks that are outward looking and constantly on the search for new contacts able to provide new ideas. Asian businesses use these exploratory networks as a source of diverse external knowledge. One of the key benefits of diversity in external knowledge is that it fosters innovation. Extant research has shown that diversity in external knowledge has a positive impact on exploratory innovation in Asian firms (Yu and Chen, 2018). This is facilitated by matchmaking opportunities and targeted activities that allow Asian businesses to deploy their innovative products and to expand into new markets and industries.



Network features

- Actively bringing South Korean consumer innovation into Australian markets
- Effective business links with supply chains in China and South Korea
- Maintaining a stable source of skilled labour via local community links

Elizabeth Ryu

Director,
Happytel Retail Group

Elizabeth Ryu’s parents migrated to Australia from South Korea and founded Happytel in 1996 when her mother realized a gap in the mobile phone accessory market. Elizabeth studied Economics and Law in Australia. She completed an MBA degree studying in the United States, the United Kingdom and France during her career at Happytel. When she joined Happytel in 2004, they had less than 10 stores. Now, Happytel is the largest retailer of smart phones, smart device accessories and smart device repairs with 60 stores in every capital city and major shopping centre in Australia and New Zealand.

Elizabeth identifies early knowledge of consumer trends as a significant strength of Asian companies in Australia. Happytel analyses emerging consumer trends in South Korea and introduces them to Australia. While South Korea is leading in consumer trends, Elizabeth finds it more cost efficient to retain long-term manufacturing partners in China. Happytel is anticipating that shopping centers will become “lifestyle hubs” with more utilities that address consumers’ increasing awareness of healthy lifestyles. This trend is advanced in South Korea and will influence future consumption in Australia, as well as Happytel’s new business ventures.

Happytel promotes a sense of community through building personal relations with their customers. The same applies to their employees many of whom are of South Korean and other cultural backgrounds. This sense of community helped Happytel retain staff during the COVID pandemic.

Daniel Wang

Founder, Panmi

Daniel graduated in 1990 with a computer software engineering degree in China. He worked for Intel China for 15 years before migrating to Australia. His work at Intel China involved product planning and market creation for new products. He is passionate about introducing cutting-edge technologies to young entrepreneurs and helping them develop unique business models.

In 2018, Daniel founded PANMI with some investor funding from China, initially specialising in electric scooters (e-scooters). PANMI operates as a business development partner for e-scooter product brands,

Network features

- Business and professional links with technology product suppliers and investors in China and other countries in Asia
- Localized Australian operation team and distribution networks
- Long-term relationships with customers and regulators to promote e-scooter safety standards

including Xiaomi. Daniel's involvement in venture capital incubation during the early stage of China's IT growth gave him industry credentials and personal links with Chinese technology suppliers and investors. Within three years, PANMI achieved over 50 million USD revenue and became the leading supplier of e-scooter in Australia.

While major suppliers in Asia don't see Australia as a big enough market for customisation, PANMI sees its unique role in collaborating with suppliers in Asia for Australian product localization and customisation. Daniel sees that the first generation of globalising Chinese

companies failed in developed markets because they failed to localize. He believes that Chinese tech companies must build up a brand and local channels and partnerships to succeed in developed markets.

During COVID-19 pandemic, PANMI diversified its supply chain by increasing suppliers in response to supply chain risks. According to Daniel, while diversification will take time, ASEAN countries such as Vietnam, Malaysia, Philippines, Indonesia are promising. Daniel sees Australia's competitiveness in expanding its role in Asian value chains through R&D integration.

Transnational manufacturing networks

Our interviewees are well integrated in local and overseas manufacturing networks. Their links go beyond their country of origin. Many have degrees in engineering and science and previous work experience in Asia, and they manage to link their manufacturing plants with the complex supply chain networks in Asia and source intermediary or final products predominantly through organic expansion of regional supply chains. This involves the integration of both manufacturing material flows and information flows. As a result of their strong supply chain resilience in Asia, these Asian-Australian entrepreneurs can invest in high value-added activities in Australia, including R&D, quality improvement, as well as sales and marketing.



Simon Yu

Co-founder, WBS Technology

Network features

- Strong links to Asia allows for manufacturing capacity that cannot be achieved by others
- Allows for diversification into new products and new markets
- High end manufacturing potential for Australia

Simon graduated with a degree in Computer Science and started his career in China as a website developer before moving into marketing and online sales. He emigrated to Australia in 2007 and launched an e-commerce marketplace. He started WBS Technology with two business partners when they saw emerging demand for LED lighting technology.

WBS Technology started importing lighting equipment from China and soon found they needed greater oversight over quality control. They acquired one of their supplier’s

manufacturing plant in China and appointed a trusted friend as general manager. With full control over the manufacturing process and a factory staff of over forty, WBS Technology soon started to design their own products for the Australian market.

WBS Technology’s focus on smart and interconnected lighting means that global value chains and supply chains are extremely important as they rely on components and chips from Europe, the United States, and Asia. Faced with the disruptions brought about by COVID-19

and the global shortage of computer chips, the Australian WBS R&D team adjusted their product design to accommodate changes and successfully diversified their global supply chain, including increased investment in Australia. Partnering with the NSW Government and the University of New South Wales, WBS won numerous grants, including an ARC Linkage Project grant from the Australian Research Council.

Karl Lijun Qin

Founder, Technology Development & Equipment Supply (TDES)

Network features

- Integrating leading mining equipment technologies with Chinese manufacturing
- Working with Australian and Chinese universities for product commercialisation

As a mechanical engineer by training, Karl Qin first migrated to New Zealand and studied an MBA degree at Massey University. He has extensive managerial experience in Australia, including being the CEO of Haier Australia before he established his own business.

In 2010, Karl established TDES (Technology Development Equipment Supply), initially specializing in sourcing and procuring mining engineering products from China. The business expanded quickly, and Karl decided to build his own factory in China and sign supply agreements with leading global mining companies. He saw the opportunity to specialize in manufacturing mining equipment with innovative technologies and international standards.

Karl chose Dongying City as the location for his factory because it is the production base for the Shengli Oilfield, the second largest petroleum industry base in China. Over time, he introduced Australian Quality Assurance and Quality Control processes into his factory. Two thirds of the members of his management team have received training in Oceania and Europe. During the first ten years, Karl’s core staff members spent one month a year in Australia working and training with their Australian counterparts every year.

Karl’s competitors are international firms from Finland and South Africa. Karl invested in R&D to advance in trend-matching and market participation. He engaged with professors from Shandong University in China on R&D including robotic technologies and filed several innovation patents in China. Karl is also involved with the CSIRO in an innovation incubator.

Transnational trading partnerships

The dividing line between cross-border manufacturing and trade is fluid ranging from localising products to suit Australian or Asian markets to pure trading arrangements. Asian-Australian businesspeople pioneered Asian food imports into mainstream Australian retail. Business modes range from spot market trading to long-term partnerships that can withstand, or provide resilience against, crises such as the Covid-19 pandemic.

Albert M G Garcia

Chairman, Wheath Inc.

Network features

- Supplier networks in multiple Asian countries
- Mainstream integration in Australia

Albert M G Garcia is one of veterans of Australian trade with Asia who started food imports and national distribution for Asian communities as Asian immigration into Australia took off in the 1970s.

He pioneered Asian foods in Sydney, Melbourne, Adelaide, and Brisbane, paving the way for ethnic foods entering Australian mainstream markets.

Arriving in Sydney in 1971 to escape the impending martial law regime in the Philippines, fluent in English and Spanish, with a university degree in commerce and the confidence of an Olympic-level, Philippine national football player, he had no problems finding employment in Australia. He became an entrepreneur

when he realised Australia’s growing Asian communities had no access to their traditional food items.

From imports for his own Filipino community, he expanded into food imports from Thailand, Indonesia, Korea, and through Hong Kong from China. As Vietnam and other countries opened their doors to foreign investment, he built and grew his own brands such as Lasang Pinoy, Dragon Bowl, Palm Tree, Hanggul, Wayang and other brands that targeted specific Asian communities and sold in retail stores in shopping centres. He also established a chain of retail stores under Mr. Wong’s Asian & Oriental Groceries located in mainstream shopping centres.

Albert M G Garcia as a former Chairman of the Philippines Australia Business Council (PABC) sees mainstream integration in Australia as one of the competitive advantages of Filipino business people.

Jian LIU

Director,
A&C Paper Group

Mr Jian LIU was in his forties when he arrived in Australia in 2001, keen to make his luck and aware that he had to become an entrepreneur as he was not qualified for any jobs that required English language skills and formal qualifications. During his first year in Australia, he worked as a cleaner while preparing himself to make use of his professional background as a purchasing manager for a large hotel in China. As a result of his market research, he decided to import hygiene paper products to Australia because there was a big price gap between Australia and China, and he had contacts

Network features

- Traditional long-term trust relationship with overseas suppliers
- Local long-term trust relationship with local buyers

with Chinese suppliers. With three to four of his former suppliers, he set up a network to import products of higher quality and lower price compared to best products available in the Australian market.

Mr Liu concentrated on these long-time suppliers with whom he cultivated close personal relations to create trust and become their preferred client. For his own clients in Australia, Mr Liu used the same approach of establishing close personal links and becoming their preferred supplier. Price alone did not guarantee this status,

additional criteria are reliability and stable supply. Mr Liu further grants above standard payment terms of 60 to 80 days. He only deals with large Australian mainstream clients which offer larger business volume that Chinese community businesses.

His business approach paid off during the Covid pandemic when he could secure preferential supplies from his Chinese suppliers and avoid supply chain disruptions for his Australian clients.

Cross-border consulting

Asian-Australian businesses act as intermediaries for Asia-based companies wanting to enter Western markets. They use Australia as a pilot market to gain familiarity with Western legal institutions before exposing themselves to the large North American or European markets where their global reputation is at stake. Australian firms use these intermediaries when they want to test consumer behaviours in new environments.



Dr. Sandy Chong

Founder,
Verity Consulting

Network features

- Leverage Australia’s role to engage with the ASEAN region
- Using Singapore as a hub to link the ASEAN region with Australia’s small and medium-size enterprises (SMEs)

Originally from Singapore and educated in Australia, Dr. Sandy Chong started her own consulting business, Verity Consulting, at the height of the global financial crisis in 2009. She worked with Singaporean trade agencies and focused on entry strategies for foreign firms in Asian markets. Sandy is the winner of Asia’s Top Sustainability Woman of the Year Award, Executive of the Year for US Stevie International Business Award, and Singapore Management Consultant of the Year.

Dr. Chong highlights that understanding how decisions are made by business leaders remains key for those intending to expand market outreach internationally. Hence, very

often Singapore has become a focal point for foreign enterprises that aim to learn about and engage with Asia.

Beyond her work in Verity Consulting, Dr. Chong devotes 70 percent of her time serving in the not-for-profit sector. She is currently the Chair of the Association of South-East Asian Nations (ASEAN) Business Alliance and is a National Board Member at the United Nations Association of Australia (UNAA). The work she does is closely linked with promoting trade in South-East Asian countries, specifically representing ASEAN’s economic interests in Australia. Dr. Chong suggests that peak

bodies such as ASEAN Business Alliance not only supports a wider level of business engagement between the regions, it also serves as an ongoing commitment for connecting Australian key industries with the rest of the world.

Yoshinori Sakuno

Founder, doq®

Network features

- Enabling Japanese companies to excel in Australia and assisting Australian companies to enter the Japanese market
- Elaborating on the digital, traditional, and social media platforms
- Consolidating resources for Japanese communities to build cross cultural communities in Australia

Raised in Japan before launching his career in Leo Burnett’s Tokyo office and Chicago HQ, Yoshi established doq® in 2009 after settling in Australia and completing an EMBA degree. With over 20 years of international experience specialising in building enduring brands, he continues to develop his marketing acumen, recently obtaining a second master’s degree in Digital Media Management at Hyper Island Singapore.

Yoshi started his company doq in Sydney as a ‘docking place’ for Japanese companies adapting to the unfamiliar Australian environment. doq has become a unique “one-stop service” to many Japanese clients who treat doq as if it was an internally-hired

marketing team based outside of Japan. Their working relationships are strong and last from three to nine years. To Yoshi, cross-cultural business is embedded in cultural literacy and competency. Understanding the languages and cultural backgrounds of Japan and Australia enabled him to view businesses from both sides.

Australia plays a role both of a testing market, as well as a stable, and mid-to-long term investment market for Japanese companies. The ageing population and market in Japan is increasingly becoming a push factor that encourages Japanese companies to diversify their investments and expand their portfolios outside of Japan. Yoshi sees his mission in

consolidating resources for the Japanese communities and build cross cultural communities in Australia. He acquired Nichigo Press, Australia’s oldest Japanese language publication, and transformed it into a digital media platform. During the Covid-19 pandemic it has attracted strong interest as his Japanese clients were not able to travel to Australia and relied on it for current information about Australia.

E-commerce and digital marketing

Contrary to traditional diaspora entrepreneurs, the new generation of Asian community-oriented businesses are serving increasingly affluent Asian consumers in Australia and Asian markets whose preferences are merging with global consumer trends.

We find that Asian community-oriented businesses have responded to the growing affluence of their customers by focusing on value-added activities such as aligning assets with new industry features, building strategic relationships with local and foreign partners, upgrading capabilities and resources, and focusing on deeper social, culture and economic embeddedness within the communities while expanding into global markets via e-commerce platforms.

Some Asian-Australian entrepreneurs we interviewed rely greatly on social media marketing and e-commerce. Social e-commerce and influencing are attracting growing attention in Asian markets such as China and Korea.



Network features

- Professional links with fashion brands and Asian digital marketing agencies in Australia
- Established relationships with manufacturers in China
- Links with local business chambers

Jenny Hsieh

Founder,
CEO, X Nihilo

Jenny’s parents migrated from Taiwan to New Zealand and then to Australia. Jenny studied design at university and worked for a few major fashion brands in Australia before starting her own handbag fashion business. Whilst not a newcomer to the fashion scene, Jenny ’s decision to enter the world of fashion design was spurred by her own desire to put out quality products that she felt were missing in the current scene.

Diversification has occurred in the marketing aspect of business, and digitalisation is the most cost-efficient, in the way that it allows maximum utility of financial resources spent on marketing and branding that generates more sales, rather

than spending resources on renting, and managing stores and human resources.

Jenny points out that the branding of X Nihilo aligns with global trends and aims for recognition as a global designer brand rather than a local Australian brand. This was primarily done through adapting to influencer marketing trends, and social media marketing strategies. Jenny suggests that aligning the brand with transnational phenomena such as age, gender, demographics, and body shapes eliminates ‘barriers’ between consumers from different locations and cultural identities, and thereby assists in expanding the business.

X Nihilo was relatively little impacted by the COVID-19 pandemic, as Jenny established the brand as an online business. The challenge during the pandemic was to translate the new norm of remote working culture into the brand itself. Also, X Nihilo has done well coping with the challenges caused by geopolitical tensions, primarily because its branding strategy consistently emphasises globality and universality.

Jimmy Lim

Marketing Director,
Austlink Education Group

Originally from Malaysia, Jimmy came to Australia to study civil engineering as his family owns a construction business back in Malaysia. After graduating from university, Jimmy worked for an international engineering firm in Australia for a couple of years. Noticing that his experience as an overseas student helped him identify market gaps in the overseas student service industry, he founded education consultancy and language training companies and eventually merged with Austlink, holding the Marketing Director's position for the group.

Austlink Education Group is an international education consulting company integrating professional services such as study abroad, immigration, and employment. Founded in 2004, its headquarters is located in Sydney,

Network features

- Constant communication with partners and stakeholders in China via digital platform
- Strong network links with schools in second-tiered cities and education bureaucracy in China and expand into new markets
- Leverage alumni connections and partnerships with Australia universities

with branches in Beijing, Changsha, Wuhan, and Kuala Lumpur, Malaysia. Austlink initially set up a China office in Shanghai but soon shifted its focus to multiple smaller and inland cities with less contested education markets and invested in building long-term cooperative relationships with local public middle schools and universities. Jimmy relies on integrating family, social and business networks to overcome cultural barriers, manage regulatory changes, and establish new additional ties.

In response to COVID-19 disruptions, geopolitical tensions, and policy changes, Austlink has been diversifying its product offerings and company strategy. For example, it acquired a training institute in China to provide language and academic

training service to better prepare students before they arrive in Australia. In addition, professional services such as immigration and employment now complement its core business in study abroad programs. New diversified study destinations now include universities in the UK and New Zealand. It has devised a 'China Plus' strategy by transferring its business model to emerging markets in Southeast Asia.

Organisational resilience of community-oriented businesses

When it comes to internal organisation, we find in Australian-Asian businesses a tendency to preserve traditional attitudes toward taking care of employees in a personalised manner that originates in family enterprises and Asian culture. The combination of continuous organisational innovation and traditional attitudes towards employees helps retain employees and respond to disruptions and challenges such as the Covid-19 pandemic.



Akaash Sharma

Owner,
All Asian Foods

Network features

- Supplying local Indian restaurants and community shops in Australia
- Expand along the food processing value chain by acquiring distribution business
- Links with the Indian community helps with obtaining workforce

Akaash Sharma is a second-generation entrepreneur. Born in Australia, Akaash’s first job was working in the warehouse of his family’s food distribution business. He worked on the shop floor for a year, he started managing the warehouse operations. From there, he moved to the main office and within six months took over the full operation of the distribution business.

Having grown from a small producer and manufacturer of Indian style cheeses for local ethnic communities, All Asian Foods extended its range of products beyond dairy products and is now expanding its reach into mainstream Australian markets while building a new factory to meet increased demand. Many of their customers place importance on the freshness and purity of

their ingredients. ‘Made in Australia’ is held in high regard in the local Indian and other ethnic communities because of the high standards and reputation of their locally made products.

From the beginning, All Asian Foods relied on the local community to support their business growth. Local communities are well connected, and word of mouth helped them grow steadily. Other forms of communication such as local community newsletters and community radio stations also strengthened their community links. These links have helped them overcome challenges along the way, most recently securing staffing levels during the COVID restrictions.

All Asian Foods are looking to expand and export their products to overseas

markets from their Australian base. Due to the restrictions on exporting dairy products, these regions would need to be geographically close, such as New Zealand and Fiji. Because of these restrictions, All Asian Foods has already established a production base in Europe to serve European and UK markets.

Jian Feng LI

Director,
Eastwood Tonyon
Supermarket

Network features

- Established relationships with banks, local suppliers and foreign suppliers
- Business links with local catering and restaurant industry
- Local community links for employee support and social license

Founded in 1991 as a family business, Tonyon Supermarket was the first Asian supermarket in Eastwood offering a wide variety of Asian foods and groceries. Besides its retail shops, Tonyon also supplies businesses and restaurants across NSW and ACT.

Tonyon Supermarket has grown into a mature, stable and high-quality business since it opened in 1991. Tonyon has established and maintained good relationships with several important strategic partners, such as banks, suppliers, customers, and employees.

The owners applied for loans from the local bank when they first started their business. Since then, the local bank has provided

commercial and personal banking services for Tonyon and its owners. The relationship has allowed the owners to purchase the commercial property where they operate their store and set up a warehouse space. Because of this, Tonyon was able to implement cost control measures while still ensuring they could provide high-quality services to the community during the Covid pandemic.

Based on good personal relationships with their local and overseas suppliers, Tonyon enjoys preferential supplies and deliveries. This allowed Tonyon to ensure that it had sufficient stock during the pandemic. Tonyon Supermarket’s team of long-serving

employees provided regular operation during the pandemic. It established a WeChat channel with over 10,000 local subscribers.

Tonyon Supermarket actively engages in community activities and contributes to the local community as a community-based business. Tonyon has also actively responded to community activities organised by the local council and continues to donate to the Eastwood Elderly Associations and local primary schools.

Sandra Huynh

Co-owner,
QND Chemist

The daughter of Vietnamese refugees, Sandra grew up in Sydney's Southwest. After graduating with a degree in finance from Macquarie University, she interned at PwC and subsequently worked at KPMG while she qualified as a Chartered Accountant.

Her husband Nguyen has a degree in pharmacy and worked across Australia with a large pharmacy group evaluating and acquiring local pharmacies. Together, they own and operate two community pharmacies, one in regional Queensland and the other in Sydney.

Network features

- Deep social, cultural and business embeddedness in the local community
- Family links and support for business expansion

Sandra and Nguyen's pharmacy operates like a traditional family enterprise. They relied on their families to provide collateral for a loan when they bought their first pharmacy in regional Queensland. To Sandra and Nguyen, the staff who work for them are like their extended family. They mobilised their family and community ties to help them renovate their Cabramatta pharmacy.

They play an active role in local community affairs, including philanthropic activities and cultural events. When the COVID-19 pandemic hit, their Cabramatta pharmacy became a community hub. Having staff able

to speak different ethnic languages made them a trusted source of information for many of their customers.

They see their business growing into two directions. Sandra is studying pharmacy as an additional academic qualification, which will enable them to expand their activities beyond their two pharmacies. Separately, through their community links they have become aware that there are also new opportunities to promote Australian pharmaceutical brands and products into Southeast Asian markets.

Support from chambers of commerce, business councils, and incubators

We find that Asian-Australian businesses prefer building up social capital through local business chambers with a diverse membership representing different industries. This contrasts with networking through industry associations which specialize in industry expertise. Chambers of Commerce play an important role for community building across all Asian business communities. They provide the social network for the older generation of Asian-Australian entrepreneurs and a pathway to integrating younger members. Business Councils, such as the Australia Korea Business Council, provide links to government bodies in Australia and the home country of different communities.

Australian Dongbei
Chinese Chamber of
Commerce (ADCCC)

Founded in 2016, ADCCC is a regional Chinese Chamber of Commerce organized by some 230 full members who mainly hail from China’s Northeastern provinces Liaoning, Jilin, Heilongjiang, and Inner Mongolia. The members are engaged in different business activities or provide professional services in Australia.

ADCCC has a democratic governance structure and minimal engagement in politics. The Chamber is business-oriented and focuses on building networks and creating opportunities for its members. The Chamber is committed to a social mission and corporate social responsibility by giving back to Australian and Chinese communities. During the COVID-19 pandemic, ADCCC has donated medical supplies to hospitals in China and Australia. Members raised more than twenty thousand Australian dollars to support local communities in China during the initial outbreak.

Network features

- Exploratory platform to identify new business opportunities
- Social network for mutual support in crises such as Covid-19
- Two-way knowledge transfer with Asian industrial partners

ADCCC features strong family and social networks, advocating cultural and trade exchange within and outside the Chamber. With members’ expertise across various industries and sectors, the Chamber has generated a strong culture of mutual support within the community. All members treat the Chamber as a big family. Senior members passionately share their experience and support and mentor younger entrepreneurs.

Given that many members face challenges when their traditional practices do not conform with local customs and procedures, the Chamber also helps membership companies redesign their approaches to the local context. Community support and mutual trust help cultivate collaboration and entrepreneurial initiatives among members and create opportunities and new business ideas.

John Jiang, founder of Aushen Corporate Merchandise Pty Ltd and founding member of ADCCC. He had a background in textile

engineering when he came to Australia in 1988. His company Aushen has expanded from producing work clothing and safety supplies to providing promotional items and services for large corporate clients. He is now a senior member of the Chinese business community and sees his role in supporting young entrepreneurs and new arrivals. He relates how chamber members helped one entrepreneur to cope with the Covid-19 pandemic. “After the outbreak, his business was hit very hard. All of us here are senior entrepreneurs, so we told him bluntly, don’t wait now, hurry up and find a new business opportunity that’s right. Hurry up and change career to keep you going. Once the resources are good, you can still go back. After the new business was launched, the veterans of our chambers all reached out to buy his goods on their own initiative. He made a good profit in the first months of the first year of starting the new business, so this is a relatively successful case.”

Tony Wang, founder of Sydney real estate developer Modern Construction & Development Pty Ltd, says about the Chamber “the chamber of commerce has set up a very good platform for us. If we are in the sales area, in fact, we have Chamber members, who may come to me directly and ask if they can look at the projects I am working on or buy some apartments, so the platform of the Chamber of Commerce here actually has a lot of support for our enterprise.

Jim Jia, founder of Hard Rock Enterprises Pty Ltd, produces sports apparel for promotional purposes and counts many universities among his clients. His expertise is in supply chains as he attempted to diversify away from China only to discover that this was not easy as, for ex-ample, Bangladesh heavily relies on Chinese input for its textile industry. Of the Chamber, he says “The Chamber of Commerce does provide us with a very good interaction between our members. There is no utilitarian purpose, that is, we can share our experience with everyone without reservation, no matter whether it is big or small or whether you hear it or not, we are willing to listen. I have also learned a lot from the members. In particular, I will say that it has provided us with a lot of help in many aspects.

John Zeng, founder of Everstone Pty Ltd, which specializes in decorative building materials, came to Australia in early 1989 from Dalian as a student on borrowed money. About the chamber, he says “we really need to study its characteristics, not just see it as a few people getting together. Does the Chamber of Commerce have its core, its culture, or its inheritance? Whether there is a core basis, I think, it is the most important feature of a chamber of commerce’s sustainable development and whether it can continue to develop. From the perspective of our business communication, this is actually very important. It’s good to appreciate and encourage each other, because everyone has their own characteristics in each industry. Maybe we don’t necessarily participate in this industry, but when everyone gets together, we have made contributions in different positions from different perspectives. In fact, other are actually responsible for your own business model development or business development. Effort, it is mutually reinforcing, isn’t it?”

Chris Tao is the Managing Director of Watson Glass Pty Ltd, which from humble beginnings has grown over twenty years to be one of the leading glass processing companies in Sydney. Watson Glass was originally manufacturing glass in China and Malaysia but has now moved production to Australia with the share of Australian

manufacturing rising from ten to about ninety percent. However, the onshoring of manufacturing to Australia was not without challenges. There is an ongoing shortage of raw materials, labour inputs, and glass manufacturing technologies in the Australian market. Chris Tao points out that although manufacturing has moved away from China it still relies on China for manufacturing techniques, technologies, machinery, and talent. For instance, Watson Glass periodically invites technicians from China to train their staff. Australia’s glass manufacturing capabilities remain limited compared with other Asian countries.

Shun Cheng, Managing Partner at Guantao & CS Lawyers, came to Australia in 1998. With his background in Chinese law, he completed his Australian law degree within four years. After working for some large Australian law firms, he set up his firm CS Lawyers and in 2017 merged with Beijing-based Guantao Law Firm to better serve Chinese clients in Australia and vice versa. For Shun Cheng this type of service integration is a necessary stage in developing business cooperation between Australia and China which remain linked by the complementarity of their economies. His role in the Chamber is to support professionalisation and localisation among its members.

Simon Yoo

Director
Australia Korea
Business Council



Business Councils provide links to government bodies in Australia and the countries of origin of different communities.

Simon Yoo received his Bachelor of Economics degree from Macquarie University and Master of Risk Management degree from the University of New South Wales and is deeply familiar with Australia-Korea business relations from decades working in both countries with major accounting and finance corporations.

In his position as a Partner in Advisory services of BDO Australia, Global Top 5 Accounting and Consulting Firm, and as Director of the Australia Korea Business Council (AKBC), Simon Yoo has been an advocate for increased mutual knowledge and promotion of trade & investment between Australia and South Korea. Even though South Korea is the fourth largest trading partner of Australia, it has never quite received the same spotlight as China or Japan. In Australia, there is relatively little knowledge or interest in the massive global following of “K-POP Culture” and its associated industries, such as the arts,

fashion, cosmetics, music, entertainment, food and culture. South Korea dominance in some of the globally critical industries such as semiconductors with flow on effects to smart phones, consumer electronic goods, and motor vehicles; batteries for electronic vehicles and other solar energy applications, hydrogen fuel cells and its wide end-user applications, advanced manufacturing in ship construction, bio and pharmaceutical, receive little coverage in the Australian media. In South Korea, the situation is not much different. South Korea does not see Australia as a market for big investments. Rather, the perception of Australia is somewhat limited to being a supplier of raw materials, energy, beef, wine, and few other categories of food and beverage – although that perception is slowly changing.

One bright spot recently has been in the areas of hydrogen, critical minerals, and defence contracts, which have been the major themes for AKBC and recent bilateral

interactions, mainly the presidential visit to Australia by President Moon Jae In. It is hoped that this would be a catalyst for quantum leap in bilateral trade and investments, number of international students, cross cultural exchanges, and tourism between the two countries. This will hugely benefit the 170,000 strong South Korea population in Australia and the South Korea business community who in their many ways have positively contributed to the Australian economy and multiculturalism. South Korea and Australia have huge potential to become close strategic partners in the areas of economics and defence where the South Korea Chaebols play a dominant role.

Haymarket HQ

Duco van Breemen,
CEO



A new form of intermediaries which play an increasing role for Asian-Australian economic integration are incubators which target emerging enterprises and the youngest generation of Asian-Australian entrepreneurs. We interviewed the CEO of a Sydney-based incubator that supports start-up entrepreneurs with Asian community backgrounds.

Duco van Breemen is the CEO of Haymarket HQ, a start-up hub that connects Australian companies with investors, mentors, supporting organisations, and the start-up ecosystem in Asia. Duco studied at Chinese and British universities in Hangzhou and Ningbo and lived in China for eight years. After working with foreign direct investors and managing an incubator in China, he left China in 2016 for Australia to help set up Haymarket HQ, founded by Brad Chan and his family.

Haymarket HQ provides tech companies with go-to-market programs, global connections to mentors and investors and co-working space in the heart of Sydney.

Duco finds the new generation of Asian-Australian entrepreneurs highly diverse and different from their parents’ generation. In particular, he makes a distinction between first and second-generation Asian

entrepreneurs in Australia. Furthermore, he notes that within Asia, there are also significant differences between countries, regions and their respective business practices.

As a result of Asia’s burgeoning middle class, second-generation Asian entrepreneurs are in a unique position to act as a bridge and take advantage of Asia’s growth because of their skills, such as language, (in)direct networks, and access to advanced Australian products and services that are in demand in countries such as Vietnam and Thailand. Whereas Australia is an attractive location to live and work from, global companies may find regional hubs in Asia, such as Singapore, which are home to a high concentration of talent, multinational companies and provide financial incentives and easy access to surrounding ASEAN markets, to be more favourable for their regional HQ.

These case studies outline the breadth of Asian-Australian business ecosystems that combine migrant and diaspora traditions with connectivity, digitalization and new modes of collaboration across opening regional borders. These business networks and ecosystems provide passageways and opportunities for Australian businesses in Asia.



Opportunities for Australian business



Opportunity 1: The social e-commerce reach into Asia

The Asian-Australian business ecosystem provides links for Australian businesses to tap into social e-commerce in Asia. According to McKinsey & Company, more than half of the world’s consumption growth in the next decade will be in Asia.⁸

“We try to align with global trends and identify as a global designer brand, instead of solely an Australian brand. This was primarily done through adapting to influencer marketing trends, and social media marketing strategies.”
Jenny Hsieh, X Nihilo

“We are still trying to be as digital as we can. Being engaged in Asian countries is all about network ... The region is integrating.”
Jimmy Lim, Austlink

Social e-commerce, in which goods are sold through social media platforms and social networks, has picked up immensely in Asia. With the penetration of mobile forms of payment, social e-commerce is expected to continue to develop rapidly. It is already well established in China and South Korea. Indonesia, Thailand and Vietnam are the Asian countries that are enjoying the most rapid development in social e-commerce. Social e-commerce platforms such as group buying platforms (Pinduoduo and Xiaohongsu) and live e-commerce (Alibaba’s Taobao Live and TikTok) use social groups for high-volume transactions as opposed to just making intermittent sales.

⁸ <https://www.mckinsey.com/featured-insights/future-of-asia/meet-your-future-asian-consumer>

Opportunity 2: Connecting Australian manufacturing with Asia

The Asian-Australian business ecosystem also provides links for Australian businesses to tap into Asia’s manufacturing powerhouses and supply chain networks. Our global value chain analysis shows that sophisticated and complex supply chains are an advantage for the Asia Pacific region. These supply chains not only are critical for the openness of Australia’s resource industries but also could enable Australian technology and service industries to increase their openness and competitiveness in local and global markets.

“We can make the products locally here, with R&D and manufacturing here in Sydney... that’s what makes the process much more efficient ... The networks play a big role... you need to find the right person to get the whole supply chain working with your products ... If you don’t have any background in China and want to build a product from scratch, it will probably be very difficult.”
Simon Yu, WBS Technology

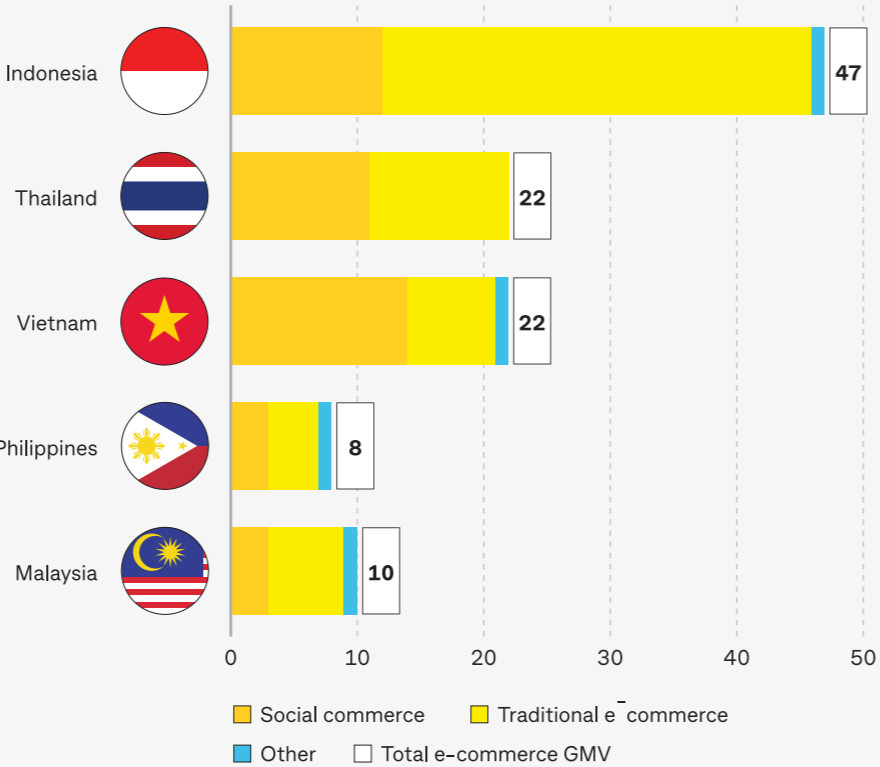
“Australian researchers are cutting edge. When it comes to commercialization, they need a big chunk of money ... I built a factory in China managed in the Australian way and a global market ... Although my business has been affected by the pandemic, but I did not stop in investing in R&D. I will be the number one in the world.”
Karl Lijun Qin, TDES

Our case studies show that the geographic proximity of Australia to Asia opens up opportunities for Australian companies to participate in collaborative models of innovation, to export manufacturing-related services, and to benefit from automation platforms in advanced manufacturing. As costs rise in China and its economy shifts to knowledge-intensive services and manufacturing, other Asian economies are taking over China’s role as the world’s factory. Countries are leapfrogging into more advanced technologies. Investment in manufacturing technology and automation is on the rise in Asia as the region moves into advanced manufacturing. Firms are also buying more services as inputs into manufacturing than before and selling and exporting these services as integrated activities.

Figure 41: Social commerce captures online markets in Asia

Social Commerce Captures Online Markets in Asia

E-commerce gross merchandise volume and components in selected Asian countries in 2020 (in billion U.S. dollars)



Source: <https://www.statista.com/chart/24825/social-commerce-country-comparison/>

Opportunity 3: Upgrading Australia’s industrial base

The Asian business ecosystem provides links for Australian businesses to add diversity to products and services in Australia. Driven by high growth and high market competition, some of Asia’s industry clusters have caught up in terms of competitiveness and are producing products and services of the highest standard. Examples include the information and communication technology (ICT) industry in India; the logistics industry in Singapore; the finance and insurance industries in Hong Kong; the electronics industry in Japan, Korea, and Vietnam; and the e-commerce and electric vehicle industries in China. According to the International Federation of Robotics, the Asia Pacific region is catching up rapidly in terms of robot density.

“I want to bridge Australia consumers with the latest consumer electronics or consumer technology products.”
Daniel Wang, PANMI

“We leverage our strength here and our strength in Asia, to meet the demand in the Australian market...if you are good in sourcing products, you can do good business...”
Elizabeth Ryu, Happytel

Manufacturers in these industries commonly invest in customisation for large U.S. and European markets. Through their linkages with these industrial ecosystems, Asian-Australian businesses can customise products and services produced in Asia and bring diversity into the Australian market. Innovation and resource mobilisation take place through the transfer of market know-how and the adaptation of products and services between Asian and Australian markets. Asian-Australian entrepreneurs draw on market innovations in their original home markets to introduce new products and services into Australia to diversify their original businesses or create new markets

Opportunity 4:
Attracting Asia-based firms to Australia

Small and medium-size enterprises (SMEs) with Asian backgrounds act as global intermediaries for Asian companies using Australia as a pilot market for entering Western markets with mature institutions.

“Not many people can see what is happening in Australia without being here... Australia remains an isolated geographical location – so it would make sense for companies to use this as a test market, so their test results do not spill over to the another market next door...”
Yoshinori Sakuno, Doq®

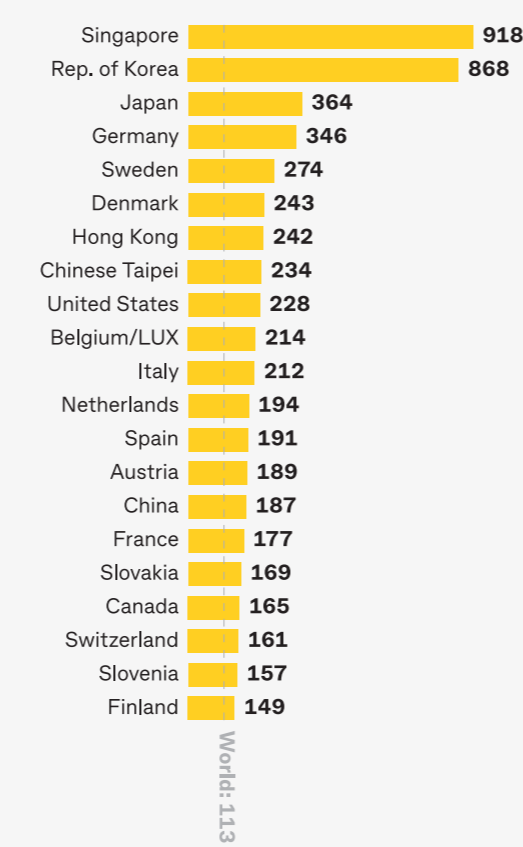
“I think trade and education are pathways to peace and prosperity, particularly trade. The need for people to understand cultures, demographics, and languages of others are essential. The need to better understand how decisions are made in Asia on innovation and market strategies remains vital for businesses to succeed in the region.”
Dr. Sandy Chong, Verity Consulting

Our case studies show that some Asian-Australian businesses see themselves as regional and global connectors that link the Asia Pacific region and Australia’s SMEs. Diversification of supply chain networks has occurred at both the macroeconomic and micro-business levels. At the macro level, economies are coming to realise the need to diversify their supply chains into and across different regions in order to minimise the impact of unforeseen shocks to in the global economy. Indeed, diversification is also occurring at the corporate level, as companies are becoming more aware of the value of diversifying their partnerships into different industries through collaboration. This highlights the need for people to understand the culture, demographics, and language of others to better make decisions on innovation and entrepreneurial strategies.

Figure 42: Robot density in the manufacturing industry, 2019

Robot density in the manufacturing industry 2019

Robots installed per 10,000 employees



Source: <https://ifr.org/ifr-press-releases/news/robot-race-the-worlds-top-10-automated-countries>

Opportunity 5: Learning from Asian small and medium-size enterprises (SMEs)

"Ten years ago, Italy had really good quality machinery [for manufacturing], but in the recent five years or so, manufacturing machinery imported from China have been continuously improving in quality, whereas the Italian ones have been deteriorating in quality..."

Chris Tao, Watson Glass

"Before migrating to Australia, I had more than ten years of sourcing experience in China. Our suppliers in China produce tissue products of various specifications and often recommend new products to us. We provide Australian businesses with high quality and affordable tissue products. My price has not changed during the Covid-19 pandemic."

Jian Liu, A&C Paper

Asian-Australian businesses understand one of their competitive strengths in Australia is to be able to actively manage supply chain risks and reduce costs. The COVID-19 pandemic and trade tensions between the United States and China have disrupted supply chains for many businesses. The scale and pace of Asia's transformation is unprecedented, and the implications for Australia are profound. Asian businesses are leveraging their diverse cultural backgrounds and understanding of Asia to take advantage of these supply chain disruptions. They are quietly developing new products and services, connecting Australia with Asia, and deepening people-to-people links across a broad sweep of commercial activities to decrease the burden for Australian businesses.

Opportunity 6: Growing with Australian Asian communities

"A lot of the local community want Australian products... they want to know they are getting the best products."

Akaash Sharma, All Asian Foods

"We always see our staff as our family – we work for them, they don't work for us...Just care about the community and people can see that."

Sandra Huynh, QND Chemist

"I have diversified supply channels and built good relationships with the supplier...We treat our customers as friends and hope that they can feel the warmth when they come to our supermarket."

James & Kim, Eastwood Tonyon Supermarket

As a high-immigration country, Australia has experienced rapid growth in the number of permanent immigrants from Asian countries. According to the 2016 census, 2,665,814 persons claimed one of the six most common Asian ancestries, namely, Chinese, Indian, Filipino, Vietnamese, Korean, or Sri Lankan. The growth of local Asian communities increases unique demand for reliable, high-quality products and services and indicates great commercial opportunities for Australian businesses.

Opportunity 7: Diversifying into Asia with Asian partners

"Hong Kong has a long-standing global position as a pioneer in global textile-apparel supply chain management. Through digitalisation of supply chains, use of standardised global software, and modularised products, Hong Kong has been able to maintain a competitive advantage over its competitions. Jeanswest's exclusive reliance on manufacturers based in Southern China has gradually expanded to multiples provinces within the Mainland, and further afield in Vietnam and Bangladesh."

George Yeung, Harbour Guidance PTY Ltd (Jeanswest)

Asian-Australian SMEs are aware of the need to diversify beyond a single major client or country and implement a "China Plus" strategy in various industrial settings, including services. They also understand the complexity in supply chain diversification, such as the requirements for new investment, good understanding of local production and labour markets, and trustworthy local partners. The businesses we interviewed have either already diversified their supply chains and markets or are strategically collaborating with their Asia business partners on diversification, including a broad network of new or alternative suppliers.

Opportunity 8:
Nurturing Asian-Australian entrepreneurship

Chambers of Commerce and incubators are places for promoting entrepreneurship. Local Asian chambers of commerce promote interests in Asian-Australian businesses and are instrumental driving forward business growth in the Australian Asian business community. Through our interviews, we find that Asian-Australian businesses rely on local Asian chamber of commerce more than professional industry associations because of the entrepreneurial and exploratory nature of the Asian business ecosystems.

While incubators are highly specialised and technology-focused, Chambers of Commerce are exploratory and reflect the strength of weak ties. They promote entrepreneurship through group solidarity and personal trust among SMEs. Asian-Australian entrepreneurs are among the unknown market leaders in their areas of specialisation. They absorb and spread knowledge about markets and technologies at the grassroot level through constant interaction and exchange that is driven by the search for entrepreneurial opportunities and resources that can be mobilised. Their activities form a bedrock for Australia’s integration into Asian markets.

“Our Chamber of Commerce is a platform for communication and mutual assistance. In principle, our Chamber of Commerce is a non-profit chamber of commerce and we are not allowed to do business on the platform of the chamber, but it is not ruled out that when people know each other through the platform, they can do business together.

ADCCC is different from other chambers of commerce. We charge membership fees and our threshold is relatively high, and members must be business people. Our operations mainly revolve around business activities and services for members, paving the way for members to do business. We hold many large and small business events and cover many special topics, such as large-scale finance, transgenic technology, 3D printing, and 5G technology transition.”

John Jiang, ADCCC

“For example, I am the same as Mr. Tao. We have a lot of things to discuss about some business. He makes glass and I make ingredients, and then I have some things that he can process and negotiate the price. No need to worry about any further discussions. This is a communication that everyone can trust.

Does my company contribute to Australian business? Actually, it does. Because we sell everything we produced in China to all over the world, all our charges are received from Australia, and all taxes paid are paid in Australia. In fact, what we sell to the Middle East, what we sell to in the United States, is far more than our sales in Australia. I am proud of making these contributions. In return, the Australian Government is supporting me to go to international exhibitions”.

John Zeng, ADCCC

We also find that these local chambers of commerce are under transformation themselves. Some are combining the strength of family and social networks, cultural and entrepreneurial activities and moving into formal governance and memberships frameworks (e.g. Australian Dongbei Chinese Chamber of Commerce). Some are expanding their functions into not just promoting bilateral trade and investment, but also building up links and capabilities within the local Asian business community (e.g. Australia Japan Business Co-operation Committee). Others have a transnational focus and are leveraging the increased connectivity in the Asia-Pacific region (e.g. Australia-ASEAN Business Council).

Final words

The new generation of Asian-Australian entrepreneurs are confident members of Australia’s society and business environment even though their diverse businesses, mainly SMEs, differ from their mainstream Australian counterparts in terms of demographic characteristics, business behaviours, social embeddedness in family and social networks, and financial approaches.

Their businesses have been increasingly shaped by the openness of Asia Pacific regional cross-border networks and their integration into

Australian society and mainstream business. More than their parents, this new generation of entrepreneurs are intermediaries between Australia and regional economies. They complement the skill set of mainstream SMEs in Australia’s regional economic integration. Our findings show that their contribution to the Australian economy is highly differentiated and justifies nuanced support to fully utilise their potential and resilience.

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