

## Asian Diaspora Advantage in the changing Australian economy

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That the Australian economy is now inextricably tied to Asia is a fact that can no longer be contested. Our economic future clearly lies within the Asian region. Over the past four decades, a number of reports, dating back to the Fitzgerald Report (1978) and the Garnaut Report (1989), have shown how this is so. These reports have not only provided many examples of the growing links in trade and investment between Australia and Asia but have also pointed to their considerable potentialities. In 2012, the Henry White Paper, *Australia in the Asian Century*, described the growing footprint of Australian businesses, investors and entrepreneurs across the region, and explored how Australia might further take advantage of the opportunities associated with the so-called ‘Asian century’. The current Government has similarly spoken of the importance of deepening our economic, political and cultural ties with Asia, and has established several initiatives to enhance these ties, including free trade treaties and the New Colombo Plan.

Every section of the Australian community has been encouraged to better understand and develop its links with Asia. What is now beginning to be also widely recognized is that Australia’s growing Asian communities are uniquely placed to play a leading role in strengthening Asia-Australia relations. A

deal of evidence now exists to show how Asian-Australian business communities are helping to expand Australia’s relations of trade, investment and collaborations with Asia. Lacking, however, is an understanding of how this contribution might be better recognized, supported and expanded. This is the subject of a report that I recently co-wrote with Professor Kam Louie and Dr Julia Evans for the Australian Council of Learned Academies (ACOLA) for the Securing Australia’s Future (SAF) Project, commissioned by the Australian Chief Scientists Office and the Commonwealth Science Council. In this talk, I want to discuss briefly some of our key findings.

The report, *Australia’s Diaspora Advantage* (2016), was commissioned to investigate how Australia might take advantage of the language skills, cultural understanding and transnational networks that the Asian-Australian business communities clearly have. To fail to fully appreciate and utilize the multiple and diverse resources that these communities possess, it was assumed, was to risk throwing away a major advantage that Australia enjoys. We were asked therefore not only to provide an account that was helpful in understanding the nature and scope of the Asian-Australian business contribution but also suggest policy settings for boosting it. To do this work, our research was steered

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and supported by an Expert Working Group (EWG) representing each of Australia's learned academies.

### **Diaspora Perspective**

The Expert Working Group began its task by first attempting to locate relevant statistical data, but almost immediately faced the challenge of determining how to define the category of 'Asian-Australians'. It soon realized that, traditionally, much of the discussion relating to Australians of Asian backgrounds had been couched in terms of either ethnicity or migration; and that neither of these was entirely appropriate in exploring relations of international trade. The *ethnicity perspective*, for example, focuses on issues of identity and cultural traditions that Australians born in an Asian country continue to cherish. On the other hand, the *migration perspective* centres on the issues of settlement upon their arrival in Australia. It encourages analyses of the challenges that Asian-Australians face in attempts to 'integrate' into the Australian society. From a policy perspective, the migration perspective seeks to identify ways in which settlement might be better assisted by public policies and programs.

The main problem with both of these perspectives is that they assume a spatial logic that is based on a fundamental binary between an Asia that is 'there' and an Australia that is 'here'. In an era of globalization, in particular, such a binary does not work, for it fails to account for the continuing cultural, political and economic links that are now possible to be maintained across vast geographical distances. To overlook the importance of transnational experiences is to render an understanding of the contemporary Asian-Australian experiences that is at best limited. Furthermore, the migration perspective does not pay adequate attention

to the lives of Asian-Australians of the second and subsequent generations, permanent residents, work visa holders, and those of mixed cultural backgrounds, who nonetheless view themselves as having an Asian background, and who believe that they therefore have a contribution to make in strengthening Asia-Australia relations. So, when statistical data are collected simply around the narrow categories of place of birth, migration and migrant settlement, it is necessarily incomplete, and is unable to provide a more thorough demographic account of the Australian society. In popular imagination, moreover, the idea of migration continues to be associated with deficit notions of marginalization and disadvantage. It pays little attention to the more economically productive aspects of Australia's cultural diversity.

Nor do the traditional sociological analyses centred on the notion of migration adequately capture the nature and growing significance of the transnational experiences and networks that many Asian-Australians are now able to access. It is clear that migrant experiences are not what they used to be, in a number of significant ways. For example, immigration no longer necessarily involves an expectation of permanent detachment from an immigrant's country of origin. Dual and even multiple citizenships have now become available to many Australians. Furthermore, an increasing proportion of immigrants to Australia from Asia are highly skilled, often at a very high level. Many come to Australia not only with intellectual but also financial resources, prepared to invest in both local and global enterprises. And, of course, the path from international education to migration has now become a well-trodden one. The decision of many Asians to migrate to Australia is also now

much better informed than ever before, as indeed is the ability of immigrants to remain connected with friends and family at home and elsewhere, using new communication and transport technologies. Many Chinese-Australians, for example, spend an average of two to three hours each day on WeChat or Weibo. This enables them to keep up with social trends and remain in touch with economic and political developments in China. Their familiarity with the shifting attitudes and customs at 'home' is thus much greater now than ever before.

These transformations demand a new way of looking at the Asian-Australian communities and their contribution to Australia. In our report, we refer to this new way of looking as the *diaspora perspective*. In our view, the term 'diaspora' better captures the transnational experiences of the people of Asian origins living and working in Australia, who are nonetheless able to remain in touch with their 'home' communities in a whole range of new ways, often in a manner that is organic and on an on-going basis, and in real time. For them, mobility across national boundaries does not mean abandoning cultural traditions and links. Their understanding of cultural and economic trends in their home country is no longer necessarily framed through ethnic nostalgia but through regular engagement. They are often active participants in the formation of these trends, even while they live in Australia. They are also able to access the global diaspora networks. In this way, their life experiences and aspirations are often located in transnational spaces.

The term 'diaspora' is of course quite old—at least 2,000 years—and was once used to refer to the Jewish communities living in exile, often under brutally harsh

conditions. The modern use of diaspora, however, is much broader and more inclusive. It is widely applied to a whole range of communities, focusing not so much on displacement and assimilation, but on transnational connectivities and relationships that can now be maintained across vast differences, facilitated greatly by the new information and communication technologies and enhanced greatly by social media. Contemporary diasporas are characterised as groups of people belonging to a community who are dispersed across the globe, but remain connected to each other. They self-identify as being a member of the diaspora and choose to maintain ongoing links to a common place of shared family origin. Their leaving or arriving is never complete, but involves continuing processes of identity construction and reconstruction based on shifting historical, political and economic conditions.

If this is so, then the focus of sociological analysis must necessarily shift from issues of ethnicity and migration to transnational networks, the ability of people to have a sense of belonging to more than one place, and to regard their ethnic networks as having the potential to be politically and economically useful and productive. In this way, the diaspora perspective encourages an examination of the diversity, dynamism and mobility of Asian-Australian communities in ways that do not overlook their capacity to be 'embedded' simultaneously within Australia, their country of origin and across the globe. Our research attempted to understand the nature and scope of this 'embeddedness', in order to examine how the transnational networks that Australia's Asian business diasporas enjoy might have the potential to be a rich source of innovation, enterprise and

entrepreneurialism. It sought to provide an account of Australia's Asian business communities, the ways in which they utilized their transnational networks, enterprise and innovation, the opportunities they had, and the challenges they faced.

### **Diaspora Advantage**

To develop a deeper understanding of Asian-Australian business communities, our research focused on Australia's Chinese and Indian communities as case studies. We recognized, of course, that China and India are complex and contested constructs. Neither is a homogenous nation. Both encompass vast cultural, linguistic and regional differences. Just the same, they denote entities that are meaningful to both the broader Australian community and to the Chinese- and Indian-Australians themselves. We chose China and India as case studies because they are now the largest Asian communities in Australia, with numbers that are growing rapidly. China is now Australia's largest trading partner and India's commercial significance to Australia is also growing. Our case studies involved analysis of the available data and commentaries, as well as interviews with over 100 Chinese- and Indian-Australians engaged in various business enterprises. We used these data not only to map the contribution of the Asian-Australian business communities to Australia but also to identify the challenges they confront.

The Diversity Council of Australia estimates that Australia's Asian communities now constitute over 17 % of its population, and are growing rapidly. Chinese and Indian are the largest Asian-Australian communities. The Chinese community in Australia is nearly 1.2 million people, while the Indian diaspora is over 650,000. Each of these communities is well represented in knowledge-

intensive service-orientated industries. Each possesses strengths and expertise in the areas of professional service and in fields that are greatly assisting Australia's transition from an economy based on resources to a more diversified economy. In a whole range of ways, both communities are helping to stimulate economic growth in most areas of the Australian economy. Significantly, they are driving new developments in international education, tourism, professional and technical services, the creative industries, and the retail trade of cultural goods.

While most Chinese- and Indian-Australians work in enterprises that are local, all our interviewees indicated that they had given a great deal of thought to the potential of their transnational networks, and how these might be harnessed to develop enterprise and innovation. Many had already established initiatives to drive export activities. Almost all interviewees believed that the contribution of the Asian business diaspora communities to the Australian economy could be greatly boosted through greater use of their cultural knowledge and skills and their ethnic networks across the globe. They regarded their networks to be a kind of 'diaspora advantage'. For them, the idea of 'diaspora advantage' suggests that the linguistic skills, cultural knowledge, transnational networks and the diversity of perspectives that they bring to Australia constitute an advantage that not only benefits them personally but also has the potential to help Australia more broadly, to maximise its attempt to extend its innovation and economic links with Asia.

When it comes to doing business between Australia and Asia, the value of this advantage is immense. It has the potential both to assist Australia's attempts to become better integrated into the region's economy, and

to help its transition from its reliance on resources to knowledge-based industries. Many of Australia's Asian diasporas are already engaged in business and trading activities across Australia and Asia. Many are involved in key knowledge-based service industries as creators of knowledge, products and services and as consumers of them. They are playing an increasingly significant role as investors, creators, mediators and consumers. With mobile phones, the Internet and the likes of Skype and Facebook speeding up the flow of information and ideas, Asian business diasporas have been able to occupy the space here, there and everywhere more easily, and have been enabled to accelerate the establishment of trusted people-to-people links and obtain knowledge of the local culture, emerging markets and business opportunities. Through their transnational 'embeddedness', the business diasporas have capabilities to establish links both more quickly and efficiently. They are not constrained by having to organise relationships through hierarchical models of social and economic organisation allowing for the transformation of relationships, resources and business activities in a highly responsive way, where and when needed.

As the world's most populous region, Asia is expected to become the world's largest economic zone for both production and consumption. Indeed, Asia already has the largest middle class, with its consumption patterns increasingly shaping the world economy. While global problems such as rising income disparities, social instability and environmental risks will clearly also affect their political and economic institutions in most Asian countries, they appear relatively stable, enabling rising long-term income trends to continue. These trends are

supported by the rising educational aspirations throughout Asia and the preparedness of many governments in Asia to invest heavily in education, training and research, and innovation and entrepreneurialism. With Asia becoming an engine of the world economy, the flow of ideas, capital and people will accelerate and result in new modes of investment, production, distribution and consumption. These transformations are likely to produce new trade opportunities for Australia, signalling a shift from an economic reliance on resources, such as minerals and energy, towards a global demand for culturally-modulated knowledge-based products and services, many involving sound and reliable cultural relationships.

With the emerging Asian middle class demanding new cultural goods and services, Australia will clearly have further opportunities, but will only be able to realise them if it relies upon all of its human resources, especially those people who have deeper understanding of the region and the dynamic changes that are transforming most parts of Asia. For Australian services to become more cost-efficient and productive, intercultural skills will become increasingly important because with such capabilities come greater business agility, adaptability and creativity. This underlines the importance of people who are locally embedded in Australia but globally stretched and adept at negotiating the transnational economic space. The diaspora advantage is linked to these factors, and has already proved helpful in driving trade and entrepreneurialism.

### **Innovation and Enterprise**

A demographic analysis of the contemporary Chinese and Indian communities in Australia indicates that they are generally highly motivated, with a great proportion

possessing a university degree and engaged in high-skills industries that often require a predisposition towards innovation, entrepreneurialism and the commercialisation of knowledge. Their business activities include employment in the corporate sector, networked business activity (such as franchising and licensing models), representing overseas business interests, and business ownership and investment. Also evident over the last decade are marked increases in business ownership and investment visa applications in Australia by Chinese and Indian diasporas. In 2011, an estimated 45,500 business were owned and operated by Australia's China- and India-born populations. Between 2006 and 2011, businesses owned by Australia's China-born population rose 40 per cent and 72 per cent by those born in India (mostly small to medium enterprises, SMEs). Between 2012 and 2015, China was the largest source country for the *Business Innovation and Investment Visa* program, accounting for around 90 per cent of applications, nearly all being granted.

What these quantitative data reveal is that the Chinese and Indian business diasporas have now become highly active in the business space in Australia. The qualitative interviews, however, indicate a more nuanced picture, of how many of their businesses are in fact in areas that involve either a joint transnational operation or a service provided to other members of the diaspora within Australia. They are deeply conscious of their diaspora advantage. They believe that their language and cultural capabilities, along with their transnational connectivities, equip them to seize new opportunities in the transnational economic space. As a result, simultaneous involvement in multiple businesses is often common within the business. Examples of

their entrepreneurial energy are best illustrated in their ability to establish start-ups, often emerging from opportunities provided through their networks. They also benefit from the mentoring provided by experienced entrepreneurs within their own community who have often overseen the development of their own business operations. Chinese and Indian business diasporas are also involved in investing in transnational companies, and in holding board directorships.

The interviews also indicate how diaspora networks are helpful in establishing new businesses in fields as diverse as science and technology, retail, tourism and international education. For example, in the field of cultural consumption, Australians of Chinese background, based in Adelaide, are developing Chinese tastes in and markets for Australian wine, while many Indian Australians have been enormously successful in positioning Australia as a major site of Bollywood films, whose audiences number in the hundreds of millions. In the areas of healthcare and social assistance, Indian- and Chinese-Australians are also active, creating new modes of production of goods, such as hybridized forms of medicine and services, including aged care. These examples show how transnational economic space is a site for much creativity and innovation, not least because it involves new conditions of cultural exchange and transformations.

Furthermore, through their networks, Australia's Asian diasporas make it possible for other Australian enterprises to become informed of the vibrancy and multifaceted growth that characterise a changing Asia. Australia stands to benefit from the diasporas' transnational stimuli and productivity in fields as varied as business, research commercialisation, education, and the cultural

and creative industries. While there are some major differences between the ways Australia's Chinese and Indian diasporas take advantage of the fast-emerging transnational economic space, there is a growing recognition among these communities of the opportunities inherent in this space. Both diasporas are continuing to explore its potential, with every indication that economic exchange through their networks will increase in the future. Much will depend on a prevailing economic climate that is supportive, and the extent to which rules and regulations govern business collaboration and exchange. Free trade policies will clearly help, but also necessary is a commitment to overcome the more informal cultural and political barriers faced by the business diasporas.

These barriers are multiple and arise at various levels, and in various ways. Within Australia, of key concern is the underrepresentation of Australia's Chinese and Indian business diasporas across government, institutions and industry in an era that not only demands the creation and diffusion of technical knowledge and research, but also cultural knowledge. Also important is the greater recognition and celebration of the leadership roles that Australians of Asian origin can play in driving more effective engagement with Asia. The Asian business diasporas also face issues in their own countries of origin, where their citizenship status is often ambiguous, and where they are frequently subjected to regulations that are unexpected and arbitrary, even if the government policies in China and India are broadly supportive of the commercial activities of their diasporas abroad.

### **Realising the Diaspora Advantage**

Australia is, of course, not the only country that has recognized the importance of its diaspora advantage in the fast-changing transnational economic space. Other countries too have begun to address the challenge of recognising and utilising the resources of their own diasporas. The Chinese and Indian governments are deeply conscious of their global diasporas and have a desire to continue to utilise the knowledge and skills of their emigrants who have now settled elsewhere. In recent years they have begun to explore ways of using the resources that their diasporas abroad represent in forging and sustaining links for economic development and increased knowledge transfer and innovation collaboration. Chinese and Indian governments are therefore working on strategies to ensure that long-standing legal, political and administrative barriers to the participation of their diasporas abroad for the benefit of the Chinese and Indian economies respectively are overcome.

The policies of Canada, Germany and Singapore have also recognized the value of skilled diasporas. These nations have developed programs to attract highly skilled migrants and investors who have extensive business networks in Asia. However, much of the data that these national governments collect are inevitably based on the traditional categories of inbound and outbound migrants. As a result, these nations appear to be slow to develop a systematic evidence-based approach to engaging their Asian diasporas that contribute simultaneously to their own national interests but also assist the economies of the diasporas' countries of origin.

In looking at both China's and India's strategies, and policy programs of key advanced economies from around the world, it is clear that opportunities exist for Australia to lead the world in developing business diaspora initiatives, and to suggest a road map for maximising the economic potential for diasporas, namely, mobilising wealth via capital markets, facilitating diaspora investments, and transferring human capital. Elements of this road map align with aspects of the *National Innovation and Science Agenda* and similar initiatives, and we highlight the potential role of the Australian Asian business diasporas' involvement in them. But a piecemeal approach is not sufficient. What is required is a coordinated national approach to diaspora policy.

Such a policy might consider ways in which the increased representation of Australia's Asian business diasporas could support national business programs and research collaborations and assist with advancing Asian capabilities within agencies and organisations that provide advice on doing business in Asia. Ways in which we can groom Asian capabilities in Australian students and early career professionals, as well as pathways for attracting talent, might also be considered. Also requiring attention are ways in which trade delegations might be able to improve their relevance and return on investment. Such a response might consider the conditions for Australia's Asian diasporas and the social, economic and political conditions that can further realise the advantage

they represent. This suggests a step forward from previous notions of migration towards diaspora as a more apt concept with which to make sense of the ways in which people of Asian origins live and work in Australia. What is needed is a vision for Australia in Asia, which recognises the complexities of Asia and seeks a deeper understanding of its regionality and diverse interests. In doing so, fertile conditions for fluid engagement between people, policy and place will better position Australia to anticipate, and swiftly respond to, opportunities in Asia in a highly nuanced, Asia-capable way.

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