

# SIX

## THE STATE REALLY DOES MATTER

### APPLIED CASE STUDY

China has been strongly featured in the business literature, due to its increasing importance as a global political and economic power. This case study focuses on one of the less-discussed aspects of China's rise to economic prominence: the existence of the Chinese diaspora.

A diaspora is defined by Cohen as an expatriate minority community which has been dispersed from an original centre to two or more other regions, whose members retain an idealized collective memory of the 'homeland', to which they hope to return; who remain separate from the host community, although this may not always be voluntary on the part of diaspora members; and who maintain group consciousness (1997: 23, 19, 26). The Chinese diaspora is a well-known example, with many large North American and European cities featuring so-called 'Chinatowns' as well as there being well-established communities in South East Asia, the Caribbean and Africa. We will here consider the role of the Chinese diaspora in creating a global Chinese business community.

In Europe, Chinese history since 1949 generally focuses on the closure of the country to outside influences (apart from periodic contacts with fellow communist nations), and that, following the death of Chairman Mao and the succession of Chairman Deng in the late 1970s, a period of economic and, increasingly, cultural openness began. In fact China has seen many waves of migration over the past 200 years, fuelled by a number of different political and social situations, with the most recent substantial migration taking place following the return of Hong Kong to the PRC in 1997. There are also different degrees of openness and closure throughout Chinese history, with diaspora members providing connections to China even during isolationist periods, and the present 'openness' nonetheless

including restrictions on Internet activity and political activism. China's history as a global actor is thus far from straightforward.

The nature of Chinese migration has also changed over the years. Lu points out that migrants in the nineteenth and early twentieth centuries were often unskilled labourers, whereas since 1965 most migrants have been entrepreneurs or skilled professionals. This has led to different social, educational and residential profiles among the different waves, with earlier waves of migrants focusing around urban ethnic enclaves and later ones being more dispersed and suburban. What all waves have in common is maintaining connections with the mainland and other groups of overseas Chinese, an emphasis on regional identity, and the building of ethnic business and social networks. However, the differences between diasporas, and also the strong collective identities of hybridized groups (such as the Malay Chinese or the Jamaican Chinese) as distinct from 'Chinese' in general, complicate the idea of a unified and uniform 'Chinese diaspora'.

Shared ethnic connections are often cited as a reason for the success of the Chinese diaspora. Lu notes that activities aimed at maintaining ethnic identity, such as the establishment of Chinese schools, also lead to networking, and the Canadian government has actively encouraged the immigration of Chinese businesspeople in the hope that this will create closer informal ties with businesses in China. However, Dahles, studying the Chinese in Singapore, questions the extent to which these networks are in fact based on shared ethnicity, familial ties, and such concepts as *guanxi* (loosely, a system of giving gifts and favours to further alliances) and *qiaozing* ('home town', or maintaining connections with the ancestral area). She points out that, in fact, the strong regional differences between Chinese mean that cooperative efforts between regional groups are rare, and also that the state plays a key role in encouraging or hindering the development of such networks. The existence of diasporas is currently treated as an economic asset by the Chinese government; however, it can also be a liability, as with the case of diasporic Chinese in Canada assisting their contacts in Mainland China to circumvent government restrictions on Internet access. Diasporas can thus be a mixed blessing, as well as less straightforward in their organization than they might at first glance seem.

More recently, the issue of returnees and multi-generation diasporas has been coming to the fore. Selmer notes that while many US companies like to utilize US-born Chinese managers as expatriates in their Chinese ventures, these managers may actually face more difficulties in a Chinese context, due to being Chinese in appearance but culturally American, and thus failing to live up to the expectations of both their employers and their local contacts.

The case of the Chinese diaspora, in its various iterations, thus indicates that there are many ways in which states can act globally outside of formal policy making and economic activity, and that even isolationism can be a globalizing action. Diasporas, furthermore, are complex global networks with complicated relationships to their home and host communities, and to other networks of diaspora members. Diasporic activity thus indicates the complexity of the involvement of states, or state-identified groups, in globalizing activities.

## QUESTIONS

1. How might a state encourage economic and social connections on the part of diaspora members?
2. If someone from the Chinese diaspora can be an active participant in Chinese economic activities, and can be considered 'Chinese', does this mean that the concept of China as a distinct 'nation' with a bounded 'national culture' is wrong? Justify your answer.
3. How important is shared ethnicity as a means of building economic networks? Justify your answer using the Chinese example.
4. How can a diaspora be seen as the furtherance of a state's economic interests in the global sphere, and how can it be seen as an obstacle to these?

## FURTHER READING

- Cohen, Robin (1997) *Global Diasporas: An Introduction*. London: UCL Press.
- Dahles, Heidi (2002) Culture, capitalism and political entrepreneurship: transnational ventures of the Singapore-Chinese in China. *Culture and Organization*, 11 (1): 45–58.
- Lu, Xing (2001) Bicultural identity development and Chinese community formation: an ethnographic study of Chinese schools in Chicago. *The Howard Journal of Communications*, 12: 203–220.
- Selmer, Jan (2002) The Chinese connection? Adjustment of Western vs. overseas Chinese expatriate managers in China. *Journal of Business Research*, 55: 41–50.