

Refereed article

Discerning Transnational Flows: The Formation and Development of Chinese Newcomers' Transnational Businesses in Japan

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Summary

The success of overseas Chinese entrepreneurs' transnational businesses has long been attributed to these immigrants' dual embeddedness between China and their countries of settlement in cultural, social capital, and institutional terms. However, the embeddedness approach focuses mainly on opportunity structures, and less so on resources and commodity flows in transnational businesses. This empirical study will hence turn to the Chinese newcomer entrepreneurs who arrived and set up businesses in Japan from the 1990s, investigating how these immigrants' transnational enterprises developed step by step with different transnational flows. Based on my fieldwork in Tokyo in 2019 and digital interviews in 2020, the study shows that the development of Chinese newcomers' transnational businesses includes three phases characterized respectively by uni-/bidirectional transnational flows of financial support, social capital, and commodities. Moreover, it also illustrates that the various noncommercial factors emerging between China and Japan have the potential to cause instability in transnational businesses. The paper aims herewith to provide empirical data aiding our understanding of the establishment of overseas Chinese entrepreneurs' transnational businesses.

Keywords: Chinese in Japan; transnational business; transnational flow; entrepreneurship

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Introduction

With the increasing attention paid to transnational entrepreneurship (Portes, Guarnizo, and Haller 2002; Drori, Honig, and Wright 2009), the activities of overseas Chinese entrepreneurs have been positioned as empirical evidence for the emergence of transnational social and economic phenomena in the Chinese context too (Wong and Ng 2002; Wong 2006; Nyíri 2011; Lin and Tao 2012; Liu 2012; Zhou and Liu 2015; Ren and Liu 2015, 2019; Quan et al. 2019). This paper thus focuses on the Chinese newcomer entrepreneurs who moved to Japan from the 1990s. It investigates specifically the unidirectional or bidirectional flows at different stages of their transnational businesses.

Interest in Chinese transnational businesses first started in the 1990s, when the “bamboo networks” of overseas Chinese entrepreneurs started attracting academic attention (Weidenbaum and Hughes 1996). These bamboo networks, based on familism and Confucianism principles, are indicative of the transnational connections existing between overseas Chinese communities in Southeast Asia. Moreover, the globalization processes playing out in the past few decades have turned scholars toward the Chinese “transmigrants” who adopt bicultural backgrounds, mobilize international sociocultural capital for their transnational businesses, and live cosmopolitan lifestyles (Light 2007). For instance, in the ethnographic work on the high-tech Chinese transnational entrepreneurs of Silicon Valley, Bernard Wong discovered that their entrepreneurial pursuits are based on local knowledge of opportunity structures (2006) of both their homeland and of the country of destination.

Drawing on the earlier concept of “embeddedness” (Granovetter 1985), the “mixed embeddedness” framework (Kloosterman and Rath 2001) that highlights the opportunity structures at the national, regional/urban, and neighborhood levels has become the main theory used in analyzing immigrant entrepreneurship. Much research has been done in expanding this analytic framework to the investigation of immigrants’ transnational businesses (Wahlbeck 2018; Quan et al. 2019; Giacomo 2020). For instance, Na Ren and Hong Liu (2015) put forward the idea of the “dual embeddedness” of Chinese transnational entrepreneurs in Singapore. According to these two authors, the “dual embedded social process” in China and Singapore has become a critical livelihood strategy to accumulate favorable economic and social resources for immigrants’ entrepreneurial practices.

In a comparative study, meanwhile, Min Zhou and Hong Liu (2015) stressed the importance of contextualization in understanding Chinese transnational entrepreneurs. Specifically, differences in migration histories, policies, and sociocultural milieus in sending and receiving countries may generate divergent patterns of economic transnationalism. As for Chinese immigrants in Japan, although their ethnic businesses have long been discussed (Ito 1995; Higuchi 2010, 2012), there has so far been only limited research emphasizing transnational entrepreneurship and the development of related businesses. Gracia Liu-Farrer’s

(2007, 2011) works have been among the most important here. Focusing on transnationalism from below, she pointed out the positive roles of Chinese transnational entrepreneurs in China's and Japan's globalized economies by these individuals' linking of local businesses and organizations on both sides (Liu-Farrer 2007).

Overall, the existing literature has viewed the transnationalism of overseas Chinese businesses as representing a setting in which these entrepreneurs can constantly and concurrently mobilize different social networks, cultural values, and financial resources between the homeland and the host countries. Meanwhile, being involved in transnational business landscapes, overseas Chinese entrepreneurs tend to live a lifestyle that further strengthens the "practice in enabling transnational entrepreneurship" (Drori, Honig, and Ginsberg 2010, 6). However, "fuzziness" (Razin 2002) and ambiguity remain here, because these works fail to investigate the formation process and stability of such transnational businesses.

Specifically, it is still unclear whether the transnational social, cultural, and economic capitals favoring transnational businesses appear simultaneously or conversely emerge stepwise. One challenge in figuring out the processes and outcomes of transnationalism is that they are "multiple and messy" in reality because the "scales, spaces and mechanisms of globalization and transnationalism are just too entangled" (Vertovec 2009, 3). The categories of transnationalism from above and from below (Guarnizo and Smith 1998), as well as Steve Vertovec's (2009) different takes on transnationalism associated with sociocultural, political, economic, and religious transformations, cannot fully explain the matter. This is not only because transnational businesses refer to interrelated aspects both from above and from below but also because not all resources required for developing such businesses are always in order. Second, the existing literature stresses dual embeddedness here and paid more attention to well-developed transnational businesses. However, whether ideal and stable uni-/bidirectional flows indeed exist throughout needs more discussion, particularly in zooming in on different phases in these businesses' development processes.

This paper thus aims to remove the fuzziness around overseas Chinese transnational businesses. To resolve the identified research puzzles, it will draw attention to the flows within the transnational business landscapes existing between China and Japan. "Flows" refers to the continuous movement of resources, people, and commodities from one country to another in specific directions. Flows between the two countries are, as noted, both unidirectional and bidirectional, and the contents of them characterize transnational businesses' different development stages. In this sense, instead of simply acquiring a sense of the favorable factors here and depicting static opportunity structures, this paper pays more attention to long-term development processes and looks at how Chinese newcomers' transnational businesses formed stepwise. Moreover, it also examines these individuals' transnational entrepreneurship beyond just fully fledged and bidirectional business

practices. Instead, it highlights the unidirectional flows occurring in the initial stages of these businesses' formation as well as the overall instability of such transnational flows.

The paper aims to answer the following key research question: How did Chinese newcomer entrepreneurs' transnational businesses spanning China and Japan develop step by step with different transnational flows? It first introduces the various characteristics of Chinese newcomers in Japan and the advantages of conducting transnational business between the two countries. After presenting my methodology and data, I then dig into the three development stages of transnational flows as featuring financial support, social capital, and commodities. I explicate further how natural disasters, social discourses, and political conflicts affect the stability of these transnational flows, too.

Chinese newcomers in Japan and their transnational businesses

The history of Sino-Japanese cultural exchange dates back to the seventh century. Starting with the Tang dynasty (618–907), China would make significant contributions to Japanese civilization during the next millennium (Vogel 2019). However, after Japan's Meiji Restoration from 1868 and the defeat of China in the First Sino-Japanese War (1894–1895), the Qing dynasty (1644–1912) realized that Japan had surpassed China in political and military power, which impelled government-sponsored Chinese student migration to Japan (Liu-Farrer 2013). Chinese migration to Japan stopped after the latter invaded the former in 1937 (the Second Sino-Japanese War, lasting until 1945). Migration from mainland China to Japan did not resume until 1972, when the People's Republic of China and Japan finally reestablished diplomatic relations after a long hiatus. Overall, then, China's and Japan's cultural and economic exchange were long unstable due to the wars and political turmoil of the nineteenth and twentieth centuries.

Chinese migrants in Japan can be categorized into two groups: the older generations and the newcomers. The first refers to the migrants arriving from mainland China, Hong Kong, Macau, and Taiwan before the 1970s. The second mainly denotes, meanwhile, those who migrated from mainland China to Japan after China's economic reform in 1978 (Tan and Liu 2008). According to the statistics of Japan's Immigration Services Agency, the rapid growth of Chinese newcomers started at the end of the 1980s. The total number of Chinese nationals in Japan has since reached 786,241 (Immigration Services Agency 2019),¹ accounting for approximately 28 percent of the latter's foreign population.

Compared to the older generations, the Chinese newcomers have two significant differences to them. First, the latter are highly educated. Liu-Farrer (2011) pointed

1 In this paper, I use the numbers as of 2019. In 2020 and 2021, the COVID-19 pandemic strongly influenced foreign migration to Japan, but this decrease does not represent general trends therein.

out that the migration of Chinese newcomers to Japan has been characterized by education-based migration channels. In 2019, those from mainland China accounted for approximately 40 percent of Japan's total international students (Japan Student Services Organization 2020). Several studies (Zhu 2003; Tsuboya 2008) identified that the number of Chinese immigrants there who receive bachelor's and master's degrees has increased in recent years. Their education in Japan and good language abilities give them subsequent competence in the latter's labor market. Second, compared to the older generations who were mainly engaged in the "three knives" (cook, tailor, and hairdresser) businesses in ethnic enclaves (Tan and Liu 2008), the newcomers are contrariwise active in a range of fields: from traditional ethnic businesses such as Chinese restaurants and acupuncture stores, to the information technology industry, to new media. More importantly, as skilled laborers, these newcomers play a key role in the transnational economies of both China and Japan (Liu-Farrer 2011).

These two defining characteristics of Chinese newcomer immigrants to Japan relate to their careers in developing transnational businesses. The latter does not necessarily refer to setting up offices in the two countries, although some of my research participants tend to do so. Compared with other ethnic businesses focusing on co-ethnic markets and resources in the receiving society, theirs rely rather on the mobilization of transnational resources and transnational commodities/services flows. Quantitative research has proved that a higher education level correlates with immigrant entrepreneurs' greater transnational involvement (Lin and Tao 2012). Chinese newcomers' experiences of working in Japanese companies are also helpful in training fully fledged entrepreneurs because the former can learn local business culture and skills and build up social networks for their future businesses (Liu-Farrer 2011). Overall, the status quo of Chinese newcomers in Japan favors their developing of transnational entrepreneurship.

Methodology and data

In this study, I apply qualitative methodology based on in-depth semi-structured and unstructured interviews with 20 Chinese newcomer entrepreneurs engaged in transnational business between China and Japan. The data was gathered during my fieldwork in Tokyo, from April to November 2019. The follow-up fieldwork was interrupted due to the COVID-19 pandemic hitting in 2020. During this period, I held online interviews with five of these entrepreneurs instead.

As Table 1 below shows, research participants match the characteristics of Chinese newcomers in Japan. The sampled entrepreneurs are all individuals who migrated to Japan in the 1990s and first decade of the new century, running businesses in Tokyo. There are seven female and 13 male entrepreneurs among my research participants. Eleven had obtained Japanese citizenship and four had permanent residency at the time of interview. The majority of the sampled entrepreneurs moved to Japan through the education channel. Three female entrepreneurs came to Japan on

dependent visas because their husbands were employed by companies there at the time. Eight have bachelor's degrees, 11 master's degrees. The entrepreneurs usually started businesses several years after their arrival. Most of them had work experience in local or Chinese companies in Japan.

Their businesses are diverse in nature, and can be regarded as transnational ones in several regards. The largest group here is intermediary agencies providing transnational services in the realms of labor dispatch, study abroad, and of import and export trade. In addition, another large group is transnational chain stores, such as beauty salons or restaurants. Although not providing intermediary services between China and Japan, they should also be seen as such businesses because of their continuous transnational material supplies and business strategies. It is important to note that some sampled entrepreneurs were involved in more than one transnational business.

Aside from a few pre-prepared guiding questions, I left much space for research participants to interpret and narrate the development of their respective transnational businesses. To ensure the richness of the data, I interviewed these Chinese entrepreneurs multiple times during the fieldwork. Each interview lasted about one hour. For data analysis, the interviews were transcribed into Mandarin. I coded the original data using the software ATLAS.ti and identified three development stages to Chinese entrepreneurs' transnational businesses, as characterized by different transnational flows.²

Table 1: Basic information of the sampled entrepreneurs

	Pseudonym	Gender	Nationality	Arrival year	Migration channel	Educational background	Time of starting business	Nature of main business
1	Chensen	M	Japan	1992	Study	Bachelor's (China)	2000	Labor-dispatch agency
2	Cindy	F	China (PR)	2012	Dependent	Master's (China)	2018	Digital marketing
3	Hoshi	M	Japan	1998	Study	Master's (Japan)	2006	Software development / digital marketing
4	Jianwei	M	Japan	2009	Study	Master's (Japan)	2013	Trade / cosmetic store
5	Jiaying	M	China (PR)	2004	Study	Bachelor's (Japan)	2010	Educational agency
6	Jingwei	M	China	2012	Study	Master's (China)	2015	Educational agency / real estate agency
7	Kenji	M	Japan	2010	Study	Master's (Japan)	2014	Trade

² For privacy, I refer to the research participants only by pseudonyms in the paper. They acknowledged and agreed with the information disclosure taking place. No financial responsibility and commercial transactions exist between the research participants and the author. The fieldwork was funded by the German Academic Exchange Service (DAAD).

8	Liu	M	China	2012	Study	Master's (Japan)	2015	Restaurant
9	Miyasaki	F	Japan	1999	Dependent	Bachelor's (China)	2005	Educational agency
10	Nishikawa	F	Japan	1995	Study	Master's (Japan)	2007	Restaurant / entertainment
11	Oda	F	Japan	1991	Study	Master's (Japan)	1998	Restaurant / real estate agency
12	Qiu	M	China	2011	Study	Master's (Japan)	2013	Educational agency / restaurant
13	Sato	M	Japan	2005	Study	Bachelor's (Japan)	2016	Labor-dispatch agency
14	Sayuri	F	Japan	2003	Dependent	Bachelor's (China)	2014	IT / labor-dispatch agency
15	Shizuko	F	Japan	1996	Study	Bachelor's (Japan)	2002	Trade / manufacture
16	Sugiyama	M	Japan	1998	Study	Bachelor's (China)	2002	Factory / trade
17	Sun	M	China	2013	Skilled Labor	Vocational School (Korea)	2015	Beauty salon
18	Sunjian	M	China	2009	Study	Master's (Japan)	2012	Hotel / study-abroad agency
19	Yubing	F	China (PR)	2007	Study	Bachelor's (Japan)	2012	Trade
20	Zixiao	M	China (PR)	2008	Study	Master's (Japan)	2015	Trade

Note: China (PR) denotes those who have both Chinese passports and Japanese permanent residency.

Three types of transnational flows

This section will focus on the aforementioned three development stages in these Chinese newcomers' transnational businesses. The first stage features the initial financial flows from China to Japan, the second emphasizes social-capital flows in the other direction. These two stages play an indispensable role in the subsequent bidirectional commodity flows that characterize the third and final stage. I will also show the unpredictability of these transnational businesses. Political conflicts, changes in social discourses, and natural disasters are all likely to cause such uncertainty.

Initial financial flows from China to Japan

Transnational remittances are one of the most critical components to the formation of Chinese immigrant businesses. The early Chinese migration channels indicate that the sending societies, particularly inside villages, pool money together to support continuous migration. Chinese immigrants who achieved economic success abroad have an obligation to send money back to the society of origin through donations or

investments (Kuhn 2009). Although this model has weakened among Chinese newcomers in Japan, transnational financial flows are still imperative— particularly for the initial phase of their entrepreneurial careers.

Self-financing is a common strategy for Chinese newcomer entrepreneurs in Japan (Liu-Farrer 2007). One reason for receiving financial support from family members is that the nascent entrepreneurs had difficulty applying for loans from Japan's financial institutions. Among research participants, nine of them tried to set up their first businesses by applying for related loans. However, only two ultimately obtained them — and for amounts less than expected. Zixiao (case 20), a young male entrepreneur running a firm selling Japanese secondhand musical instruments to China, recounted that his loan application submitted in 2016 was rejected because of, as he was told, his lack of business experience. However, Zixiao and many other research participants pointed out that although it would generally not be explicitly said, whether they could obtain loans, and the amounts involved, depended on their nationality, how long they have had Japanese citizenship or permanent residency, and if they were engaged in the preferred IT-related businesses or not.

Due to these difficulties, most of my research participants resorted to self-financing. Although the majority of interviewees had work experience in Japan and some personal savings, few could scrape together enough money to go ahead with their plans without others' help. As Liu-Farrer's (2007) study showed, instead of relying on local financial institutions Chinese newcomer entrepreneurs tended to start with co-ownership, pooling money together from friends or former colleagues in Japan. My study shows that remittances from family members in China are also crucial financial resources supporting Chinese newcomers' prospective transnational businesses. Nishikawa (case 10) is a successful female entrepreneur running several transnational chain restaurants. At the start of her entrepreneurial career, she took over a small Chinese restaurant in Tokyo from the former owner. The transfer fee was around JPY 20 million (approximately EUR 150,000). She raised the money mainly in three ways: personal savings, borrowing money from multiple friends in Japan, and receiving financial support from her parents, among which transnational financial support comprised approximately half of the total requested transfer fee. These are the typical three ways in which Chinese newcomer entrepreneurs obtain their initial financing.

Compared to pooling money together at the outset through partnership, the entrepreneurs preferred to receive remittances from their family members instead. One reason is that financial support from the latter, particularly parents, is characteristic of quasi-altruism. In other words, their parents offered financial support not for future reward but on the basis of familial affection. For example, Sato (case 13), a young male entrepreneur running a labor-dispatch agency in Tokyo, told me:

My parents never said that they could “lend” me money. Instead, they said they could use the money to support my career in Japan. It gave me less pressure. I

will, of course, pay them back but it may not be in the form of money and not within a specific time limit [...]. Borrowing money from friends or starting with co-ownership is different. Although you and your friends are very close, you have to reach an agreement on when and how much you should pay back. I had co-ownership for my first business, an izakaya [informal Japanese bar]. But it failed in one year. One reason, I think, is that we did not have an agreement about our business strategy. We were both investors, so I had limited independence in the business. But my parents will never judge or interfere with my current business. (Interview on May 14, 2019, Tokyo)

Although not related to pecuniary reward, their parents' financial support did often indicate certain expectations at least. Thus, aside from acknowledging the preference to receive financing via remittances from family members back home, it is also necessary to look at the parents' wish to offer financial support to their children in setting up businesses abroad, too. From the interviewees' narratives, I discovered that their parents' unconditional financial support was related to high expectations regarding their children's "success" in Japan. As a number of studies have showed, there is a complex nexus between Chinese migrants' perceptions of going abroad, family expectations, and the social discourse of migration (Fong 2004; Nyíri 2010; Coates 2019). Many Chinese youth went abroad in the 1990s to fulfill not only their dreams of living in an imagined advanced country but also "filial dreams," since they were recognized as "the vanguard of modernization in their family and society" (Fong 2004, 632).

The story of Shizuko (case 15) supports these views. A female entrepreneur born in Shandong Province, China, she started her entrepreneurial career with a food firm exporting sugar from her native country to Japan. Shizuko said she became an entrepreneur primarily because of her parents' "push." Since moving to Japan in 1996, her parents had been telling her how much they expected her to be successful there. They also expressed how they would emotionally and financially support her. The high expectations of Shizuko's parents encouraged her to start the business independently. Shizuko said her parents did not want the money they gave her back and the best reward they expected was her successful career in Japan.

Overall, the first type of flows involved in establishing Chinese entrepreneurs' transnational businesses in Japan is primarily characterized, then, by financial support from one's family. Such transnational financial support in the initial phases could be easily overlooked because we tend to pay more attention to established businesses here. However, financial support from family members is critical because of the difficulty in obtaining it from the host society's financial institutions. Moreover, these Chinese newcomer entrepreneurs were more likely to use the money from parents to start their businesses than that borrowed from or pooled with friends, because it gave them the freedom to decide on their business ventures independently. In this sense, I argue that transnational financial flows from China to Japan are an indispensable stepping stone in the future development of their transnational businesses.

The backflows of social capital

In the discussions regarding immigrant entrepreneurship in Anthropology and Sociology, social embeddedness may have received more scrutiny than economic transactions to date. For Chinese entrepreneurs of the older generations, intense emotional and social attachments to their hometowns ensured the success of their transnational economic activities (Kuhn 2009). Chinese newcomer entrepreneurs nowadays rely on their social networks and connections in both host and home countries meanwhile (Wong 2006). The ones that I interviewed indeed have various personal connections in both China and Japan. However, not all such personal social networks can be defined as “social capital” because, in entrepreneurship studies, only those networks that help entrepreneurs identify business opportunities, access financial resources and tacit knowledge, and recruit employees are considered to be so (Stuart and Sorenson 2005). My study shows that social capital favoring these individuals’ entrepreneurship primarily emerged in the host country, and they needed to revert to previous or develop new social capital in the homeland to build transnational businesses.

When talking about the initiation of their businesses, many Chinese newcomer entrepreneurs thought that remaining well-connected in Japan was imperative. The increasing influence of social capital in the country of settlement on their entrepreneurial activities derived first from the expansion of their social networks in Japan. The entrepreneurial success of overseas Chinese was previously thought to benefit from self-enclosed and self-sustaining ethnic enclaves, specifically the early Chinatowns in host countries (Min Zhou and Logan 1989; Zhou 1992). Although nowadays there are still geographical concentrations of Chinese newcomers in Japan (Yamashita 2010, 2013), compared with their predecessors the newcomers can socially integrate into the host society better and build various ethnic and non-ethnic social networks based on changes in residency status (Zhu 2003).

Moreover, the expanding nature of social networks in Japan is also related to the newcomer entrepreneurs’ initial business orientations. For instance, Chensen (case 1), born to a family in Shanghai that held beliefs about traditional Chinese medicine (TCM), moved to Japan in the early 1990s. He opened his first acupuncture and massage store after his study with a TCM practitioner in Japan. Thanks to regular both Chinese and Japanese clients, it only took a few years to expand to seven stores in the center of Tokyo. Chensen told me that at the beginning his ambition was not to conduct transnational business but only to take root in Japan. Therefore, he was deeply conscious of the importance of integrating in Japan not only in his business life but also his private one, too.

However, with the competition having become increasingly fierce in recent years, Chensen realized that he must cast his eyes on other industries. After discovering that Tai Chi was becoming increasingly popular in Japan, he started a new business introducing professional trainers therein to the latter’s gyms. After living in Japan for 20 years, renouncing his Chinese citizenship, and marrying a Japanese wife, he

had to confront the difficulty of searching for social capital in China to support his transnational labor-dispatch agency. Chensen's case demonstrates that despite transnational tendencies, Chinese newcomer entrepreneurs mainly initiated businesses requiring deep social interaction with and integration into the host society. However, the lack of favorable social capital in their country of origin was a tough nut to crack.

Beatrice Zani (2018) discovered that Chinese female migrants in Taiwan who had established transnational economies needed to reactivate and redeploy emotional and social networks in China to prosper. The development of their transnational businesses is also accompanied by the rebuilding of and transitions in previous social capital. Because of the difficulties of finding appropriate business partners in China who could help ensure the continued growth of their transnational businesses, many research participants relied on overseas Chinese associations in Japan. For instance, Sayuri (case 14) moved to the latter as a dependent with her husband, who was employed as an IT engineer in a Japanese company. After being a housewife for a few years, she set up an IT consulting firm with her husband. Being aware of the business opportunities arising from Japan's enormous demand for IT talent and the large population of such engineers in China, they decided to change their business focus to the labor dispatch of transnational IT professionals. Although they are well-connected in Japan's own IT industry, due to their lack of close connections with China's they could not initially find proper cooperative partners to help introduce them to Chinese IT talents and professionals. Afterward, they joined the overseas Chinese IT Enterprises Credit Association, which connects Chinese domestic IT enterprises, overseas Chinese IT companies in Japan, and Japanese IT companies. Sayuri admitted that without the channel provided by the association, their transnational business could not have thrived: they needed a platform for (re)building social connections with the individuals and agencies working in China's IT industry.

Overseas Chinese associations, particularly the fellow provincial/hometown ones prominent in the past, were vital for continued migration because they provided essential public services for the older generations of overseas Chinese and protected the common interests of these migrant communities in their host societies (Kuhn 2009). Nowadays, many of the overseas Chinese newcomer associations in Japan that I visited during my fieldwork are not necessarily based on compatriotism principles but specialize rather in various transnational economic and investment activities. In this respect, these associations can provide transnational platforms for Chinese newcomer entrepreneurs to build business connections with domestic partners back home and help solve the problem of a lack of favorable social capital there.

Apart from searching for new business partners in China through overseas Chinese associations, the flows of returning Chinese migrants from Japan constitute another way to develop the social capital these newcomers' transnational businesses need if

they are to flourish. According to my research participants, these returnees are mainly comprised of two groups: family members and former employees respectively. While those I interviewed expressed their preference to continue living and running businesses in Japan in the future, the latter is not the final place of settlement for many Chinese newcomers. Instead, many of them decided to return home (Achenbach 2017).

As one of the earliest Chinese newcomers I spoke to, Oda (case 11) came to Japan as an international student in 1991. Because she had a strong wish to be self-employed, she and her brother, who also studied in Japan, opened a Chinese restaurant in Ikebukuro, Tokyo, after graduation. Her business thrived. After a few years, she owned three restaurants in Tokyo's main commercial areas. Since her brother's wife and child both live in China, he decided to return home to be with his family. After discussing the issue, Oda and her brother found that it was possible to develop their business into a transnational restaurant chain. Therefore, after returning, her brother started taking charge of the new restaurants in their hometown, Dalian, Liaoning Province. Oda said that, like many Chinese newcomer entrepreneurs taking root in Japan, she had been living there for decades, and most of her personal connections were concentrated in the host country. Except for her parents, she had very few close connections in China, let alone social capital for developing a transnational business. In her view, her brother's decision to return brought the opportunity to expand her business back in China.

Besides this, returning former employees can also benefit the development of transnational businesses. For instance, Jianwei's (case 4) first venture was a cosmetic store in Tokyo targeting Chinese tourists. With the increasing demand for transnational procurement services in China from the 2010s, he started considering exporting Japanese cosmetics there. Since founding a cosmetics firm in 2013, his full-time employees (all Chinese migrants) have changed several times. Nevertheless, Jianwei did not see these frequent personnel changes as a crisis but as a chance for his transnational trade to prosper because some of his former employees who returned home became the first dealer group in China. "Doing transnational business needs the support of stable and reliable social networks," said Jianwei, "my former employees are trustworthy and familiar with the cosmetic industry. They are the right persons to help us expand the business transnationally" (Interview on July 17, 2019, Tokyo). The case at hand demonstrates that the backflows of Chinese newcomers from Japan to China might change former employer-employee relationships into business partnerships when one's trade goes transnational.

As the initial flows involve financial support from the homeland as a key stepping stone in Chinese newcomers' transnational businesses, the backflows from Japan to China — characterized by the rebuilding and relocating of social capital in the homeland — provide the channels for this. After taking root in Japan, Chinese entrepreneurs confronted the difficulty of (re)building social capital back home. To provide for intense transnational commercial engagement, these entrepreneurs need

to create channels with the aid of overseas Chinese associations and as based on the return migrant flows between the two countries.

Bidirectional transnational flows of commodities

After introducing the “stepping stone” and “channel” aspects of these transnational businesses, we proceed now to the “backbone”: transnational flows of commodities. In Chinese newcomers’ transnational businesses, the latter flows are bidirectional and include both goods and services. These transnational commodity flows do not necessarily require the newcomer entrepreneurs’ frequent movement between China and Japan. Thanks to advanced communication technologies and benefiting from their established transnational business networks, these individuals are not forced to become commercial “high-flying astronauts” (Wong 2006, 167) if they wish to prosper.

One feature of this third type of flows is that research participants tended to establish correlated transnational businesses instead of only playing roles as intermediary agencies in transnational economies. Sugiyama (case 16) is a good example here. His initial such business, for instance, exported chestnuts from China to Japan. Not content to be a broker, he set up a chestnut-processing plant in Japan and established a transnational industrial chain, including raw-material planting, export trade, food processing, and online/offline food stores. These circumstances are not exceptional. Sayuri’s (case 14) labor-dispatch agency not only provides services vis-à-vis introducing Chinese IT professionals to Japan but also IT consultancy. For most, their vision was not only to export commodities and services from one country to another. To explore further business opportunities, these entrepreneurs had, rather, incorporated transnational commodities into broader economic activities in the two countries.

Apart from the transnational-business ecosystem, we cannot overlook the important role of new social media in this final kind of flows. With the progress of digital technology, online marketing strategies through Internet use and mobile applications have received increasing attention in transnational entrepreneurship studies (Chen 2006; Sirkeci 2013; Zani 2018; 2020). For instance, Yubing (case 19) is the owner of a firm exporting popular Japanese cosmetics, electronic household appliances, and game machines to China. However, with the increase of competitors in this field, she realized that the business would slump if she could not find something new besides these traditional items of trade. On a trip to a village near Kyoto in 2017, she was attracted to traditional Japanese lacquerware and thought they would also prove popular in China. She had by now established stable supply chains and sales channels for the items already being sold. However, to introduce and promote new commodities, she needed to be innovative. Yubing and her team started using social media as the main marketing channel for the new goods. On her TikTok account, she posted many short videos introducing traditional Japanese lacquerware and gained 10,000 followers. The new marketing channel brought potential customers to

her transnational business. Whether live webcasts or short videos, many Chinese entrepreneurs admitted that online marketing had become indispensable to their transnational businesses because it increases not only their overall volume of trade but also helps diversify the commodities traded between China and Japan.

While broad market prospects and fast-developing technologies seem to foresee a promising future for the transnational businesses operating between China and Japan, some entrepreneurs pointed out that transnational commodity flows were more vulnerable than people thought. Depending on the nature of their business, these transnational commodity flows are influenced by different factors such as trade policies, import and export duties, and marketing conditions, among which the China-Japan relationship was one of the most frequently mentioned factors during our talks. However, in the narratives of my research participants, the circumstances influencing their transnational commodity flows here did not refer to the two countries' diplomatic relations but rather to the contemporary social discourses on the other country. For example, when I talked with Shizuko (case 15), a female entrepreneur running a food business, about the most significant crisis in her entrepreneurial career to date she told me that her sales performance suffered a disastrous decline in 2008 and 2009 due to the "poisoned dumpling incident." In 2008, a batch of frozen dumplings imported from China were revealed to include poisonous substances. The incident incurred broad subsequent public concern and hostility toward goods imported to Japan from China, which caused extensive damage to those entrepreneurs running food and catering businesses.

Shizuko's firm mainly brought Chinese candy to Japan, but due to the baneful social influences her volume of trade decreased by approximately 80 percent in the space of two years. She told me that almost all food businesses dealing with China-Japan transnational goods were influenced because local clients tended to shun foodstuffs from China at the time. It made her realize that transnational trade was not as stable as expected. In 2012, meanwhile, a surge of anti-Japanese sentiment caused mass strikes and demonstrations in mainland China. Whether in services or goods, the businesses that these entrepreneurs ran in China related to Japan — be they restaurants with Japanese decoration styles or Japanese training schools. However, anything related to Japan and Japanese commodities would cause deep hatred at the time, with such extreme sentiment casting a heavy shadow over transnational commodities flows.

Apart from China-Japan relations, some research participants pointed out also the considerable influence of natural disasters on these transnational commodity flows. One representative example is the 2011 Tōhoku earthquake. According to the statistics of the Immigration Services Agency of Japan (2019), compared with the preceding year, the number of new arrivals from mainland China (all visa types) in 2011 saw an approximate 40 percent reduction in numbers. Less willingness to come to Japan influenced many transnational businesses providing study-abroad, labor-dispatch, and tourism services here.

For instance, Sunjian's (case 18) early transnational businesses had two aspects to them. In China, he opened a travel agency helping Chinese tourists apply for visas and suggesting travel plans. In Japan, he managed two guesthouses in Tokyo, and many of his travel-agency customers liked to stay in his guesthouses at a discounted rate. This project went well until the 2011 earthquake. Sunjian told me that many customers who had plans to come to Japan canceled their trip because they were concerned about the aftershocks and nuclear disasters. To keep the company running, he put this project on hold for a few years and started undertaking the outsourcing of hotel housekeeping services instead. With the number of Chinese tourists willing to visit Japan reviving a few years later, he restarted his two earlier transnational businesses from 2015 onward. However, another unexpected incident came as a terrible blow to his business in 2020.

The latter was another challenging year for these entrepreneurs. With the ongoing COVID-19 pandemic, many of them have suffered traumatic shocks. For instance, Sato (case 13), a young male entrepreneur running a transnational labor-dispatch agency, told me that the impact was so overwhelming that he might have to reconsider his line of business as it relies on the transnational movement of labor — something the pandemic has hit hard. Not only related strict entry and exit policies but also people's unwillingness to work abroad could not have come as a worse time for the transnational service provider. Although having focused on labor dispatch for several years now, Sato admitted that he currently felt at a loss about what to do and intended to shift his business focus to a café that he invested in a few years ago in Japan.

In short, promoting transnational commodity flows between China and Japan has become the focus of these entrepreneurs. Based on broad transnational commercial networks, favorable trade policies, and extensive market demand, transnationalism has become one of the most promising pathways to commercial development. On the other hand, however, as many entrepreneurs who have rich experience in conducting transnational business pointed out, trading across borders could also be fraught with uncertainty. Many of them either temporarily stopped their trade or directly found other business opportunities unrelated to transnational goods or services. Therefore, I argue that we should not presume that going transnational is the ultimate objective of overseas Chinese entrepreneurs. Confronting different situations and challenges, these individuals must adjust their business strategies accordingly; their transnational endeavors may, in consequence, be only one phase in their long entrepreneurial careers.

Concluding remarks and future perspectives

This paper has aimed to explicate how transnational businesses operating between China and Japan formed and developed step by step. It identified three phases herein, as based on three types of transnational flows. The first phase is characterized by transnational financial flows from China to Japan. Due to the difficulties of obtaining

support from Japan's financial institutions, Chinese entrepreneurs viewed receiving it instead from family members in China as being the most appreciated means of funding. The second phase features backflows of social capital for the establishment of transnational business channels. The lack of stable and trustworthy business networks in China was a common difficulty confronting these transnational entrepreneurs. With the aid of overseas Chinese associations and returning Chinese migrants, they managed to activate and locate social capital again in the homeland. The third and final phase, meanwhile, is transnational commodity flows. The establishment of transnational-business ecosystems and the increased trend of using social media for marketing have largely expanded the variety, amount, and depth of these third kinds of flows.

The cases presented here illustrated the three core characteristics of transnational flows. First, the existence of three phases here — starting from financial support, then comes social capital, afterward commodities and services — indicates that these transnational flows are staged. That is not to say that each phase refers exclusively to only one transnational flow. Admittedly, many entrepreneurs interviewed kept expanding their transnational networks after their related businesses had gotten on the right track. However, as has been shown, the transnational flows of financial support, social capital, and commodities/services are characteristic of each phase of their business development. Second, the empirical study also indicated that transnational flows could be both unidirectional and bidirectional. The financial support from China to Japan and the backflows of social capital in the opposite direction were unidirectional, whereas the commodity and services flows happened both ways.

Moreover, the paper also showed that even fully fledged transnational businesses were repeatedly confronted with great uncertainty, too. Entrepreneurs being able to mobilize constant flows of resources in different development stages constitutes the foundation of their transnational endeavors. However, this does not mean that these transnational flows are always steady. Despite the great market potential, such flows between China and Japan can also be affected by noneconomic factors such as political conflicts and natural disasters. In this respect, “flows” stands for both continuity and instability in transnational businesses.

The implication of all this is to draw attention to the necessity of reconsidering the embeddedness approach traditionally taken to transnational business. That approach stresses static opportunity structures between homeland and country of settlement. However, this study shifted the focus instead to dynamic transnational flows and dissected the formation and development of transnational businesses operating between China and Japan by pointing out the different phases, natures, and directions of related flows. Focus on transnational flows remedies the ambiguity of the embeddedness approach and help us better understand how transnational businesses form and develop. Given that the current empirical study focused only on Chinese immigrants' transnational ventures between Japan and their homeland, further

investigations could look at whether newcomer entrepreneurs in other countries of settlement also went through similar processes and whether the related transnational flows involve more than two countries. Besides, quantitative research could also further verify the correlations between such flows' stages, contents, and directions by quantifying those of various other capitals and commodities.

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