



Business networks, “brain circulation”, and the American Chinese diaspora

American
Chinese
diaspora

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Abstract

Purpose – Overseas Chinese business networks have had a profound effect on the economic development of mainland China and on the global economy as a whole. Such networks are based predominantly on familial, language and cultural factors and provide a foundation on which business is conducted, often with reduced transaction costs and with resilience to major shifts in the financial markets. This paper aims to explore business networks in the US Chinese diaspora.

Design/methodology/approach – The paper begins with a brief introduction to the concept of ethnic business networks. Subsequent sections provide historical background on the Chinese diaspora and the role Chinese business networks have played around the world. An examination of how such networks have evolved in the US context follows. Finally, implications are discussed and a research agenda is suggested.

Findings – It is suggested that a different type of business networking pattern has evolved in the US context, one that is less reliant on the traditional pillars of family, language and culture and more on intellectual capital.

Research limitations/implications – No empirical evidence is presented here. However, a research agenda is specified.

Originality/value – Relatively little has been written that specifically addresses the US Chinese business experience, which differs in several important ways from other groups in the Chinese diaspora. This paper examines this branch of the Chinese diaspora, focusing on the networking behaviors among professionals, including those that have most recently emerged in the high tech sector.

Keywords Social networks, Business environment, Knowledge management, China

Paper type Conceptual paper

Introduction

In today's global business environment, knowledge is considered to be the most important driver behind sustained competitive advantage (Stewart, 1997). Success in the “knowledge economy” depends primarily on leveraging intellectual assets, as opposed to the traditional factors of production (i.e. land, labor, and capital) of the industrial age. Such knowledge-based assets are composed of much more than explicit data and information. Especially relevant in the global economy is the tacit component of knowledge, one which is intangible in nature and which defies easy codification and quantification. As opposed to explicit knowledge that can be captured easily, tacit knowledge lies beneath the surface and is often intuitive, unstructured and transmitted informally via social networks of human actors (Nonaka and Takeuchi, 1995).

Scholars have examined the role of social networks for decades. Social network research examines the nodes (e.g. individuals or organizations) that are linked together through different types of interdependencies, such as common interests, value systems and trade. A specific type of social network, the ethnic business network (EBN), has



received much attention in recent years. Such networks transcend national boundaries, and are dependant on the lineage, language and culture associated with a particular ethnic group. Much power has been attributed to these transnational networks, particularly among a few select ethnic groups due to their disproportionate commercial success. Kotkin (1994) suggests that there are a small number of quintessential tribal clusters in the world, the Chinese being among them, that have had a profound impact on the global economy by spreading innovation, entrepreneurialism, and wealth across borders. Perhaps no other group has received greater attention than the Chinese, the world's largest ethnic diasporic group and one that has achieved notable commercial success. The ethnic Chinese in Southeast Asia, for example, have dominated the economies of Malaysia, Indonesia, Thailand and Vietnam, while constituting relatively small percentages of their respective populations. One prevailing view attributes the commercial success of the Chinese across the world to traditional cultural values that are perpetuated via networks and professional organizations. Indeed, there is a mystique surrounding the Chinese and their apparent acumen for doing business (in many ways similar to the stereotypes surrounding other groups or "tribes", such as the Indians and Jews). There has been a trend to depict a homogenous diasporic Chinese community, a tightly knit and impenetrable group tied together by strong family, linguistic and cultural ties. Such terms as the "bamboo network" (Weidenbaum and Hughes, 1996), "new Asian emperors" (Haley *et al.*, 1998), "lords of the Rim" (Seagrave, 1995) and "Jews of the East" (Pan, 1994) have been used to portray this closely bound ethnic group possessing an extraordinary propensity for doing business and making money.

While it is tempting to treat the Chinese diaspora as one homogeneous entity, it is important to understand that its communities have developed differently around the world, depending on the circumstances surrounding migration and the local context within the host environment. The networking patterns, used to facilitate and conduct business, have also evolved in diverse ways. This paper examines the characteristics of overseas Chinese business networks, with specific attention to the more recent communities that have immigrated to North America. These groups tend to have higher levels of education and more global world views than earlier communities of Chinese immigrants. It is argued that Chinese business networks in this context are becoming less reliant on social capital built on the traditional pillars of culture, lineage, and language, and more on intellectual capital. In other words, "what you know", rather than "who you know", has become the most critical element in today's hypercompetitive business environment, reflecting the new realities brought on by globalization. It is of particular interest to couch this discussion in the context of China's ascension on the world stage and its transition to an innovation-based economy. A continuing interplay between the diaspora and the motherland has facilitated the flow of knowledge and has played a significant role in China's transformation.

The paper begins with a brief introduction to the concept of ethnic business networks, stressing the advantages such informal systems provide over more formal methods of international integration. Subsequent sections provide historical background on the Chinese diaspora and the role Chinese business networks have played around the world. An examination of how such networks have evolved in the American context follows, calling attention to a number of differences, particularly in

the high tech sector. Newer modes of knowledge transfer have emerged and these are discussed in the context of China's current economic development. Finally, implications are discussed and a research agenda is suggested.

The ethnic business network as an economic driver

The study of human networks has a long tradition in academic research, spanning disciplines as diverse as sociology, anthropology, organizational behavior and management. While such inquiry is not new, there has been an increasing interest in the role of social networks as it pertains to business and economic activities. Ethnic business networks, while not formally institutionalized, can serve important functions in reducing barriers to international trade and in facilitating transnational knowledge flows. Peng (2000, 2002) uses the term "informal integration" to distinguish this phenomenon from formal integration mechanisms (i.e. free trade areas, customs unions, common markets, and economic unions) which center on removing trade barriers via political mechanisms. Informal economic integration is accomplished by more natural means, such as geographic proximity and ethnic ties. Although not typically considered a traditional subject in international business, informal integration has played a significant role in fostering innovation, facilitating knowledge flows, and lubricating business transactions around the world. Several important advantages may accrue from business networks, among them that they enable free and unfettered communications with out fear, they enrich the quality and speed of decision making, they allow members to build trust, they alleviate problems inherent in contract enforcement, they reduce transaction costs, they provide information about trading opportunities and they build customer satisfaction (Charan, 1991; Yanagida, 1992; Rauch, 2001). There is a considerable theoretical foundation that might explain the underlying functioning of such informal integration mechanisms. Social capital theory, for example, stresses the role of "embeddedness", i.e. that economic interactions are embedded in social relations (Granovetter, 1985). Social enclave theory incorporates ethnicity, promoting the idea that newly arrived immigrants in a society can draw on a pre-existing ethnic economy, obtaining advantages not readily available in the mainstream society (Greve and Salaff, 2005).

Access to information has always been a critical aspect of doing business. At the most elemental level, the primary advantage of ethnic business networks is the transfer of tacit knowledge within the group. There is an emerging body of research dealing specifically with knowledge aspects of ethnic business networks, particularly those relating to diasporic groups. New terms have entered into the vernacular (e.g. intellectual diaspora networks (Brown, 2002), diaspora knowledge networks (Meyer and Wattiaux, 2006), knowledge transfer networks (Mahroum *et al.*, 2006) and knowledge networks abroad (Kuznetsov, 2006), all essentially dealing with the phenomenon of skilled knowledge workers emigrating to new countries, working and advancing the body of knowledge in their selected fields and the manner in which knowledge is spread among the diasporic community and back to the motherland. Whereas much of the early discussion viewed emigrant knowledge transfer as being unidirectional in nature (i.e. "brain drain" or "brain gain"), there is growing evidence that in today's global economy knowledge is increasingly flowing in both directions. Saxenian (2002), who studied the linkages between Taiwanese high tech professionals in Silicon Valley and those in Taiwan's Hsinchu area, coined the term "brain

circulation” to describe a more dynamic pattern of knowledge flow, coming and going in a continuous fashion. Establishing a model of brain circulation, as opposed to brain drain, has become an important priority as emerging nations make the transition to the knowledge economy. It is of utmost concern to China, who has made the commitment to embrace innovation as a key part of its competitiveness strategy. Increasingly, overseas Chinese communities around the world are making an impact on the economic growth of China. The following sections will provide background and further expansion of this concept.

Overseas Chinese business networks

The Chinese diaspora is considered to be largest in the world, with an estimated population of between 52 and 60 million (Tung, 2008). Waves of Chinese migration took place in three distinct periods:

- (1) between the early nineteenth century and 1949, this group consisted primarily of peasants from Guangdong and Fujian provinces in South China immigrating to Southeast Asia as laborers, traders and farmers;
- (2) between the 1950s and the early 1990s, a large group migrated due to political instability. During this time, many ethnic Chinese left Greater China (i.e. mainland China, Taiwan, Hong Kong and Macau) and Southeast Asia for North America, Europe and Oceania; and most recently
- (3) ethnic Chinese have become part of global migration patterns, resulting from changes in technological, economic and immigration policies in the west.

A major part of this group comes from mainland China with North America as its destination (Ding, 2007).

By far, the greatest concentration of the Chinese diaspora resides in Southeast Asia, where there is a disproportionate level of power and ownership. While ethnic Chinese make up 3.5 percent of Indonesia’s population, 29 percent of Malaysia’s, 2 percent of the Philippines’, 10 percent of Thailand’s, and 77 percent of Singapore’s, they control 73, 69, 50-60, and 81 percent of listed firms by market capitalization in those countries (Vatiliotis, 1998). In spite of the wide geographic spread of the overseas Chinese, much has been made of the apparent cohesion and cooperativeness that makes these disparate groups behave as a unified entity. A popular Chinese saying states that “All Chinese under the heavens belong to one family” (Tung, 2008). While perhaps a bit exaggerated, the tribal nature of the overseas Chinese is a recurrent theme in the literature on Chinese business networks and one that cannot be overlooked. Redding (1995, p. 62) referring to the diaspora in Southeast Asia, states that it is:

... psychologically one region if not legally one country, and it is permeated by networks of co-operation which ignore national boundaries, and which increasingly ignore the radical contrast in political philosophy which still characterizes China.

To a large extent, the origin and character of such bonds can be attributed to Confucianism, a belief system in which human relations play a central role. The following passage, attributed to a Chinese scholar, describes the system as an expanding pattern of concentric circles, with the family as the center and social connections as the radius:

The whole ethnic Chinese network consists of numerous such circles. A Chinese businessman would seek a business partner from the nearest circle. The circle will expand as the business expands (Peng, 2000, p. 232).

In the broadest sense, overseas Chinese business networks can be viewed as but one variant of Asian capitalism, with the Japanese and South Korean systems comprising the other two major forms (Redding, 1995; Gipouloux, 2000). Unlike the hierarchical and well-defined structures inherent in the Japanese *keiretsu* and Korean *chaebol*, the overseas Chinese network pattern is still enigmatic in many ways, defying easy classification. Peng (2002) describes the “invisible” nature of overseas Chinese networks, lamenting the fact that there is relatively little data on investment patterns and trade flows, preventing a deep understanding of the impact this group has on the world economy. Similarly, de Vienne (2004) points to the vast disparity among sources measuring the economic weight of the Chinese diaspora and calls for the development of new and more meaningful metrics.

Haley *et al.* (1998) describes how Chinese networks function to facilitate business transactions:

- They empower the discussion and sharing of important information without fear of reprisals or embarrassment. This is due to the close nature of the network’s members, i.e. family and friendship relationships (based on clan, locality, dialect or guild).
- They enhance the decision-making process. Members of the network may transmit information along with the contextual meanings and implications of that information. Often times this level of tacit knowledge, which is less readily available in the Asian context, can enable informed decision making and provide a competitive advantage.
- They test members’ motives and build trust. In the Chinese context, trust is not necessarily a transferable asset; it often needs to be established and tested individually.
- They encourage members to evaluate problems from the perspective of what is right for the customer and company, rather than from a narrow departmental or functional perspective.

This mutuality of interest is an essential aspect of Chinese business relationships made up of people who have common experiences and worldviews. Other benefits of overseas Chinese business networks have been documented in the literature, including: reduction of risk, resistance to fluctuation in financial markets, lowering transactions costs, discovering trading opportunities, overcoming bureaucratic and trade barriers, obtaining political support, dealing with uncertainty, centralizing decision making, transferring capital and other resources across national borders, and facilitating prompt reaction to fluctuations in world markets (Redding, 1995; Liu, 1998; Gipouloux, 2000; Peng, 2000).

In short, overseas Chinese business networks allow for a personalized and informal style of capitalism, one that is agile and able to react quickly to unforeseen circumstances. For this to work, solid personal relationships, built on trust, are critical. In Chinese societies, personal trust, social capital and regional affiliations play a major role in providing predictable and stable economic transactions. With its core values

stemming from Confucian thought, the term *guanxi* encapsulates the notions of social capital, relationship and connection. Although in some ways similar to the concept of social networking in western cultures, *guanxi* is more complex, incorporating a number of traits and serving several important societal functions. Trust is typically confined to very specific social circles, consisting primarily of family and kinship groups, close friends and those from the same place of origin (Li, 2004). Membership in these restricted groups brings with it an implicit system of mutual obligation and allegiance. This serves not only a cultural adhesive but as a structural one. Historically, *guanxi* was maintained as a way to facilitate the flow of scarce resources in an environment lacking in strong legal mechanisms and well-defined rights (Li, 2004; Gipouloux, 2000).

Heterogeneity of the Chinese diaspora: the American experience

Up until this point one might get the impression that the overseas Chinese community is a homogenous entity, one that transcends national boundaries and that is impervious to national politics. However, there is significant contention on this point among scholars, many of whom feel that the tribal view has been overstated. The notion of a global Chinese tribe is nothing but an “imagined community” according to Menkhoff and Gerke (2002), who downplay the role of kinship and warn that prevailing stereotypes can lead to inter-ethnic strife (the backlash against ethnic Chinese in Indonesia in 1998, being just one example). Similarly, Mackie (2003) cautions against the wholesale acceptance of the rhetoric surrounding the Chinese diaspora, dismissing the overly romanticized conceptions of overseas Chinese business practice as being “triumphant capitalism”, only achievable through some covert form of “secret alchemy”.

There are several predominant clusters of Chinese around the world, each differing with regard to their history, migratory patterns, level of education, business activities, etc. Mackie (2003) breaks them down into the following groups:

- Those residing in the countries of Southeast Asia. With a population exceeding 20 million, this is the largest group and also the most entrenched, having been established the longest period of time.
- Those in the USA, Canada, Australia and New Zealand. This group, numbering at around 3 million, is composed mostly of more recent immigrants. Approximately two thirds reside in the USA.
- Those residing in western Europe and the rest of the world, a much more diverse group with a total of about 1 million.

With such geographic spread, it is not surprising that the Chinese diaspora should be complex and multi-faceted. Young and Shih (2003) emphasize this point, stating that the diaspora:

... includes established communities with second, third, even fourth and fifth generations: some of these are figuratively as well as literally remote from their ancestral home (as in Africa and Latin America), but others (as in Singapore and elsewhere in Asia) have retained or renewed ties with the mainland. It includes people who left China as refugees from communism and a new wave of – often entrepreneurial and well educated-*émigrés* who have left over the last 20 years. It includes people who are perhaps not “diasporan” as much as Chinese members of a global transnational class; and it also includes migrants of more modest means who continue to make their way overseas illegally.

A closer look at the American landscape provides an opportunity to examine how one branch of the Chinese diaspora has evolved, driven by the unique economic and cultural circumstances in the environment as well the more encompassing forces of globalization. The Chinese have been in the US for over 150 years with the community growing steadily over time. In 2006, the population of Chinese Americans was approximately 3.5 million, around 1.2 percent of the general US population, constituting the largest of all Asian ethnic groups. About 60 percent of Chinese Americans have origins in mainland China; 16 percent from Taiwan, 9 percent from Hong Kong, and about 15 percent from other parts of the world (Shinagawa and Kim, 2006). In recent years, the number of immigrants from mainland China gaining American permanent residence status has increased from 58.5 to 74.5 percent of the total coming from the mainland (Ding, 2007).

Chang (2003) describes three major waves of Chinese migration to the US. In the mid-nineteenth century, thousands of Chinese laborers, mostly from one province in the south, made their way to America to make their fortunes in the California gold rush. Many in this group eventually wound up in the Chinatowns of large US cities. A second major wave of migration followed the communist revolution, a time when many Chinese left their homelands for America. As opposed to the first wave of “coolie” laborers, this group was more highly educated and successful, consisting of bureaucrats, professionals, academics, and businessmen. A third wave of Chinese immigrants, consisting of people from all socio-economic groups, has been entering the US over the last two decades, as US-China relations have improved and as China has started to transition to a market economy. Among the newest immigrants to the States, many are from northern China (e.g. Shanghai) as opposed to the earlier waves who came from Fujian and Guangdong provinces.

The results of these migratory patterns, along with the impacts of economic change occurring in the US over the past few decades, have helped define the attributes of the American Chinese diaspora and shape its unique character. According to Chang (2003) a schism in the American Chinese community has caused a two-tiered society to emerge. One tier is an underclass made up primarily of illegal immigrants and refugees, working in servile positions (“low tech”) and the other, an elite group of highly visible and educated people, many of whom are professionals, educators, and entrepreneurs (“high tech”). It is this latter group, the so-called high-tech Chinese, who are changing the rules of international business and whose business networks are morphing into a hybrid form.

As stated previously, a large percentage of Chinese immigrants had high levels of education when they came to America. Education continues to be a highly valued trait. Indeed, the percentage of Chinese American who completed a college education is twice as much as that of Caucasian Americans (Yin and Lan, 2004). Chinese students make up the largest and fastest growing group of foreign-born students in US universities (Welch and Zhen, 2005). Higher educational levels bring with it greater prosperity and higher levels of mobility. A large number of Chinese Americans are professionals or have well-paying positions in hi-tech industries, property management and financial services. This is true to a much greater extent than in Southeast Asia where many more are engaged in petty commerce. According to the 2000 census, the annual median household income of Chinese Americans is 20 percent higher than the general population (Yin and Lan, 2004).

As with other ethnic groups in America, the Chinese have assimilated into mainstream society to a large degree. Mackie (2003) compares this to Southeast Asia experience, stating that there is:

... not the same degree of ethnic separateness and consequent resentment or downright hostility toward them as an economically dominant group, which still poses a seriously unresolved problem in parts of Southeast Asia ... their acceptance and integration into their local societies in the USA ... poses nothing like such formidable difficulties as it does in several Southeast Asian countries.

This may be due in part to the multicultural and pluralistic society of America (as opposed to Southeast Asia), where there is a tendency for new immigrant groups to gain acceptance and eventually merge with the society after several generations. That is not to say that American Chinese have relinquished their Chinese culture or have forgotten their homeland. On the contrary, many have maintained strong ties to their culture and to mainland China.

Since the opening up of China in the late 1970s, overseas Chinese have resumed their relations with the homeland. This can be attributed to the Chinese government's attitude towards overseas capital and knowledge, and also to the country's rapidly expanding economy. Overseas Chinese were seen as an important source of remittances and donations. Over the last 30 years there has been a significant increase in contributions from Chinese Americans to their ancestral land. While donations and remittances are indeed important, the overseas Chinese contribute in other, less tangible ways. A major element of America's overseas Chinese professional community is composed of students and scholars. Recognizing the importance of innovation and technology transfer to the continuing growth of China, the government has escalated attempts to placate overseas Chinese professionals and to draw them back into the bosom of the motherland. Policy started to reflect this realization. Between 1978 and 1990 the government implemented more than 50 laws and regulations, targeting overseas Chinese, many of which encouraged them to return. Several exchanges and agreements were implemented which sent selected researchers to the west for study. Over 3,000 students were sent overseas in 1978 alone (Biao, 2008). As the pace continued during the mid-1980s, it became apparent that many were choosing not to return to China upon graduation, preferring to stay overseas. Shortly after the Tiananmen Square incident in 1989, the US government granted Chinese students permanent residency via an executive order. This was followed, in 1992, by the Chinese Students Protection Act, the immediate impact of which being that 70,000 Chinese students and scholars (including family members) obtained permanent residency in one fell swoop (Biao, 2008). Rather than clamping down, the Chinese government took these events as a signal to shift its policy even further, i.e. from castigating students who stayed on overseas, to encouraging them to return, regardless of previous disagreements with the state. The following passage, for example, was circulated by the State Council in 1992:

No further investigation shall be made about those who had made incorrect statements or committed incorrect activities when they were overseas. Even those who had participated in organizations that are against the Chinese government, and had damaged the state's security, interests and honour shall also be welcomed as long as they have withdrawn from these organizations and no longer commit unconstitutional and illegal anti-governmental activities.

This conciliatory approach, which essentially supported overseas study, encouraged returns, and guaranteed freedom of movement, set the tone for more measures issued by the Chinese government over the next two decades. While the fear of “brain drain” existed, the government took the view that migration was in fact a way to store brain power overseas to be used in the future, as opposed to a permanent loss.

In recent years, there has been a new emphasis on R&D in information technology, biotechnology, new materials technology, energy efficiency and energy protection in China. China’s leaders understand that in order to become a truly innovation-oriented economy, its strategy will need to focus more on opening up communication and global knowledge flows. At a recent conference on science and technology, President Hu Jintao referred to the type of changes that will be required over the next decade to implement this strategy. Much of what the President described focused on issues such as human capital, collaboration and communication. Some of the goals articulated were sharing of scientific and technological resources between various departments within government, development and leveraging of people’s talents, greater levels of international collaboration on scientific projects, attracting overseas Chinese graduates back to start businesses in China, reaching out to absorb the advantages of the cultures of other countries and joining of international scientific organizations (www.Gov.cn).

There has been a concerted effort on the part of the Chinese government to support technology development and to provide sources of innovation. To this end, many new technology parks have been established over the last few decades. In 2000, there were a total of 53 high-tech parks in China, housing 16,000 companies and employing over 1.8 million people (Sun, 2003). Many of these have introduced incentives designed to attract western-trained researchers, engineers and scientists back home. With the new opportunities afforded by the economic boom in China, the idea of returning home has become more attractive. Much has been made of the “sea turtle” phenomenon, particularly in the popular media, which emphasizes the trend of young Chinese professionals returning to take advantage of the multitude of opportunities (Wang, 2005; Hennock, 2008).

The potential effect of continued brain drain could indeed be significant, considering that a large percentage of the outgoing talent flow consists of students and researchers from the best universities and research institutions in China (Welch and Zhen, 2005). Perhaps it is no longer relevant in the global age, however, where physical location is becoming increasingly less important. Even with most Chinese staying overseas, the flow of knowledge back to China is considerable.

Chinese American business networks in the knowledge economy

A number of qualities characterize America’s Chinese diasporic business community, especially as it adapts to the forces of a globalized, knowledge economy. Business networks have also changed, reflecting the new environment. There is a belief, for example, that *guanxi* in the American context is starting to take on a different level of significance. Hsu and Saxenian (2000) assert that *guanxi*, while still important, is no longer sufficient among Chinese American professionals. Skill and technological competence, increasingly important in the knowledge economy, is not guaranteed through such networks. Indeed, the *guanxi* system can at times be counterproductive:

Close ties will sometimes become blind trust, and make firms unconscious of exterior technological breakthroughs or new business opportunities. To make things worse, the

guanxi-embedded system occasionally compels people to compete more on the basis of the thickness of the ties than on the depth of the capability. In other words, a *guanxi*-rich industrial world without cautious monitoring might lead to an unproductive situation, rather than a healthy and efficient production system (Hsu and Saxenian, 2000, p. 2001).

Guanxi is the lubricant, not the glue according to Smart and Hsu (2004), who make the point that the role of ethnicity in social networks has taken on less importance in the high tech sector. In the past, ethnic social capital was critical to reduce transaction costs, to enhance mutual trust and made investment easier. As the high tech environment developed, ethnic ties became more important as a way to recruit talented overseas Chinese professionals in the US and in Taiwan. Social ties in this context are no longer exclusively built upon kinship, home town ties, or common dialects, since this type of connection is unlikely to provide the specific knowledge and skills that are needed to be at the cutting edge of technological competition. In many cases, the most useful links are made through weaker ties among classmates and memberships in technological associations.

Wong (2006) also stresses that in high-tech areas, like Silicon Valley, networks are composed of both ethnic and interethnic members. The idea of kinship has grown beyond the family; friends, classmates and colleagues may also gain entry, as long as the element of trust is present:

... foreigners can be insiders and partners. In fact, the social networks of the Chinese in Silicon Valley include Indians, white-Americans, Filipinos, Japanese, and others. It is a kind of interethnic cooperation that differs significantly from that in enclave Chinese businesses, where interethnic cooperation is not common (p. 95).

The role of professional associations has taken on a major role in the high tech American Chinese diaspora. According to Saxenian (2002), associations mix socializing with support for professional and technical advancement. They offer first generation immigrants professional contacts and networks within the local technology community, serve as recruitment channels, and provide role models of successful immigrant entrepreneurs and managers. Typical activities include the sponsorship of speakers and conferences on technology, English language, and business related topics. Socializing via these networks play an important role in helping startup companies get off the ground. In order to grow, however, companies ultimately need to enter the mainstream. The insularity typical of more traditional Chinese ethnic networks is less useful in this context. Most successful entrepreneurs in Silicon Valley appear to be those who have drawn on ethnic resources while at the same time integrating into conventional technology and business networks.

In today's world, location has become less important. The fact that many overseas Chinese choose to stay in the US does not preclude the transfer of knowledge back to the homeland. An important enabler of "brain circulation" has been information and communication technology (ICT). Better economic and social status, along with a ubiquitous digital infrastructure, has enabled the new generation of overseas Chinese to take full advantage of the global information age. Using the term "digital diaspora", Ding (2007) describes how this new connectivity is having a major impact on national image building and economic development in China. The author sites a study conducted by Pew Internet and American Life Project in 2001. It found that English speaking Asian Americans had significantly higher levels of Internet usage than the

general population (66 compared to 50 percent). They are also the youngest, most highly educated and generally wealthier than other ethnic groups online. The Chinese represent the largest segment of Asian-Americans, with a growing number (24 percent as of 2004) coming from mainland China (Ding, 2007).

The internet has become a major networking platform for the new generation of the Chinese diaspora. Many of the newer immigrants, especially those from mainland China, have the sojourner mentality and a strong desire to stay connected to China. This has had a profound effect not only on foreign policy but on the economic development of China. In many ways, ICT helps overseas Chinese in America to preserve their Chinese ethnic identity. Biao (2008) discusses the preponderance of government websites geared towards the overseas professional community. Some examples are: the China Scholar Abroad (www.chisa.edu.cn), set up by the Ministry of Education, the China Diaspora Web (www.hsllmw.com), Liuxue.net (www.liuxue.net), China Overseas Talents (www.chinatalents.gov.cn) and CAS Overseas Study and Continuing Education (www.castalents.ac.cn).

Social networking has also become an important medium. The Overseas Chinese Network (OCN) website (www.overseaschinesenetwork.com) includes sections for blogs, discussion forums, listings of events and job opportunities. OCN also maintains a presence on such social networking platforms as Facebook, LinkedIn, Xing and Plaxo. It is interesting that social networking via the internet has also been embraced by the government to connect not only with overseas Chinese but also with the international business community at large. Grossman (2008) describes a platform called iBridge, recently launched by the Administrative office of Beijing's Zuonguancun Science and Technology Park, that contains Web 2.0 features such as blogs and user communities, to foster global knowledge sharing and collaboration.

The power of networking via ICT has also played an important role in the academic world. Welch and Zhen (2005) speak of an emerging "Chinese knowledge diaspora" that allows researchers to participate in transnational "collaboratories". In their words:

The scale, intensity and rapidity of cross-border flows of information, capital, labor and services . . . is broaching national boundaries on an unprecedented scale.

Mahroum *et al.* (2006) use the term "digital knowledge networks" to refer to highly skilled overseas Chinese professionals, academics, and scientists transferring knowledge to the home country via ICT.

Reflections and proposed research agenda

Several themes have emerged in this examination of American Chinese business networks. First, it is evident that previous conceptions of ethnic networks based strictly on lineage, language and culture no longer appear to be valid in today's fast-paced global environment. While ethnic networks are clearly still important, they now include inter-ethnic links and are more dependent on intellectual capital. It appears that Chinese American professionals rely on a more subdued version of *guanxi* to establish connections and to enable business transactions. While professional organizations are still a critical element in the American context, they are not the only means in which networking and knowledge transfer occurs. The Internet has provided a more far-reaching medium for networking, collaboration, and the circulation of

intellectual capital. Web 2.0 technologies are playing an increasingly important role in enabling the emergent digital diaspora.

Many opportunities for future empirical research present themselves as these characteristics are considered. Survey instruments and questionnaires should be employed to gain a better understanding of the American Chinese business context, to include: the role of *guanxi*, the role of professional organizations and their impact on Chinese economic development, the circumstances and experiences surrounding the community of “sea turtles” who have returned to China. In addition, secondary data from social networking sites, blogs, etc. might be mined to determine the way in which knowledge is being shared via the Internet. Social Network Analysis (SNA) tools might also be employed to discern the interrelationships between diasporic elements and China.

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