

AMERICAN CHINESE BUSINESS NETWORKS AND THE ECONOMIC GROWTH OF CHINA

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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 transnational linkages are predominantly based on familial, language and cultural factors and provide a foundation upon which business is conducted, often with reduced transaction costs and with resilience to major shifts in the financial markets. A growing literature documents the characteristics of the so-called 'bamboo network', the tightly woven communities of ethnic Chinese doing business around the world. While the Chinese have migrated to all corners of the earth, most academic attention has focused on the economies of Southeast Asia, where the largest overseas Chinese populations reside and where the impact of strong family dominated businesses has been the most pronounced. Familial, cultural and linguistic ties notwithstanding, the overseas Chinese business community might not be as homogenous as previously thought. The development of business networks in different host countries vary depending on the effects of a wide assortment of environmental factors. Relatively little has been written specifically addressing the American Chinese business experience, which differs in several important ways from that of other groups in the Chinese diaspora.

This paper draws on secondary data sources to paint a picture of the contemporary American Chinese business network, defining the key characteristics that differentiate this group from other overseas Chinese communities. Factors such as industry type, policy, legal systems, foreign investment, and voluntary organizations will be explored. One key area that differentiates the American Chinese from other groups is education. The American Chinese community has the highest level of education of all the overseas Chinese communities, allowing it to depart from traditional businesses and to participate in the most advanced science and technology areas (e.g. microelectronics, biotechnology, etc.). Ethnic Chinese, for example, currently account for at least 20% of the scientists and technicians in Silicon Valley (Peng, 2002). This paper will also analyze newer networking patterns that have emerged in the high tech sector, many of which deviate from the traditional pillars of family, language and culture. As China positions itself to become a major player in the knowledge-based economy, it has strategically sought to become an innovation leader. A number of deliberate policy decisions have been implemented to foster innovation via increased transnational knowledge flows and technology transfer. This article explores recent policies of the PRC, for example, the TORCH program which is responsible for building a technology incubator infrastructure to leverage knowledge from returning Chinese students, engineers and scientists.