

研究紀要

## Utilizing Multiethnic Resources in Multinational Corporations: Taiwan-based Firms in Silicon Valley\*

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## Abstract

Using Adler and Kwon's concept of social capital, the author explains how Taiwan-based firms operating in California's Silicon Valley are making full use of multiethnic resources to break into mainstream American markets. According to information gathered through interviews with representatives from 38 Taiwan-based firms, these companies employ Chinese Americans or contract Chinese-led service firms for "back room" operations (e.g., business logistics) while hiring Caucasian Americans or contracting Caucasian-led firms for "front room" positions (e.g., management, marketing, and sales). In Adler and Kwon's terminology, these companies are using bonding social capital for daily operations and bridging social capital to enter the mainstream American economy. The research also asserts that a) Chinese-American employees are increasingly capable of providing bridging social capital due to their bilingual and bicultural skills; b) Taiwan-based firms in Silicon Valley tend to use personal networks to identify potential Caucasian employees, favoring candidates with previous experience working with Asians or those who are older and more mature in order to ensure a certain degree of bonding social capital; and c) the ethnic compositions of employee bases and the ethnic backgrounds of executives in individual Taiwan-based firms in Silicon Valley are evolving. This reflects changing patterns in social networks and the willingness and ability of companies to accept multiethnic management as a potential asset leading to greater profitability.

Key Words: social capital, embeddedness, *guanxi* (interpersonal networks), multinational corporations

## Introduction

Taiwan is the world's largest producer of notebook computers, computer components, and peripherals, including power supplies, cases, monitors, mice, keyboards, scanners, motherboards, sound cards and graphic cards.<sup>1</sup> It is the third largest exporter of computers and peripherals<sup>2</sup> and the fourth largest producer of semiconductors (Institute for Information Industry 1999). Taiwan has long been the primary supplier of personal computers and computer parts to the United States, its biggest export market. More than half of all computer-related products manufactured in Taiwan carry American brand names; they are sold as original equipment manufactured (OEM) products by IBM, Dell, Compaq and many other large American corporations (Angel and Engstrom 1995).

The most important American geographic center for semiconductor production is Silicon Valley, home to over 20 percent of the world's software and hardware companies.<sup>3</sup> According to Saxenian and Hsu (2001), Silicon Valley and the industrial city of Hsinchu in Taiwan are becoming increasingly interdependent in terms of capital, personnel and information exchange. They report that approximately 40 percent of the 284 companies operating in the Hsinchu Science-based Industrial Park (HSIP) in 1999 were started by

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<sup>1</sup> The information on notebook computers was taken from [http://www.trade.gov.tw/boft/89report/year\\_8904.htm](http://www.trade.gov.tw/boft/89report/year_8904.htm). All other information was taken from <http://www.itis.org.tw/information/indanaD-a.html>.

<sup>2</sup> From [http://www.asiawired.com/startups/stratup/startup\\_tech\\_Taiwan.asp](http://www.asiawired.com/startups/stratup/startup_tech_Taiwan.asp).

<sup>3</sup> From [http://www.asiawired.com/startups/startup/startup\\_tech\\_sv.asp](http://www.asiawired.com/startups/startup/startup_tech_sv.asp).

American-educated Chinese (mostly Taiwanese) engineers. That same year, at least 67 Taiwan-based technology firms (from startups to large, established companies) were operating administrative, sales or research and development (R&D) facilities in Silicon Valley as a means of establishing or maintaining close relationships with American customers.

Although considerable research has been conducted on how Chinese immigrant-established (again, mostly Taiwanese) firms in the US have facilitated transnational economic activity via coethnic networks (Saxenian 2000; Tseng 2000; Zhou 1998, 2000), little information is available on Taiwan-based firms operating in the US. Their increasing participation in the Silicon Valley economy as subcontractors and suppliers for US multinational companies is one result of global production networks. However, in this research I will apply the concept of social capital as defined by Adler and Kwon (2002) to demonstrate how the economic actions of small<sup>4</sup> Taiwanese multinational corporations are becoming embedded in the American social structure (Granovetter 1985) by utilizing the multiethnic resources of their employees to establish themselves in US markets.

## Social Capital, *Guanxi*, and Multinational Corporations

As defined by Coleman (1988), social capital is a facilitating resource

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<sup>4</sup> All of the Taiwan-based firms that participated in this research are considered large corporations in Taiwan, but are quite small when compared with western multinational corporations.

that emerges from social ties; he asserted that the greater the closure in social structure, the higher the yield in terms of social capital. In Chinese society, *guanxi* refers to extended obligation networks (kin and non-kin)—a form of social capital that facilitates the mobilization of resources (Bian 2001). Recognized as one of the most important factors in Chinese business transactions,<sup>5</sup> the effects of *guanxi* on international business cooperation through coethnic networks have been at the center of several studies on investment patterns among overseas Chinese in Southeast Asia (Yeung 1998, 2000; Zhang and Bulcke 2000). Kao (1993) calls the globalized Chinese economy “the Chinese Commonwealth.”

Although the concepts of coupling and decoupling can be used to explain the successes of ethnic Chinese business networks in closure communities (Granovetter 1995), such a view limits Chinese business activities to a single ethnic circle. In their study of the Silicon Valley-Hsinchu connection, Hsu and Saxenian (2000) noted the limiting potential of focusing too much on *guanxi* and coethnic networks when discussing Chinese businesses. To further demonstrate that Taiwanese multinational corporations are not limited to ethnic enclaves and utilize multiethnic resources of their employees well, I will expand on Coleman’s view of social capital by adapting Adler and Kwon’s (2002) definition.

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<sup>5</sup> Although family-centered ownership and management styles have long been considered cornerstones of Chinese business operations, most Taiwanese firms in Silicon Valley are not family-run. To my knowledge, only two have owner-manager family members working in their US offices. One has a son-in-law working as president and the other a sister acting as chief financial officer.

While Coleman's view of social capital emphasized dense networks (or strong ties) as a necessary condition for the emergence of social capital, Burt (1992) highlights the importance of "structural holes," similar to the notion of weak ties (Granovetter 1973) but referring to a competitive actor who is situated between two other actors with complementary resources or information. Most researchers consider these two camps of arguments contradictory (Portes 1998), but Adler and Kwon (2002) integrated the two arguments following their review of important research existing in this area. Unlike previous researchers who had vaguely defined social capital as resources, Adler and Kwon identified two forms of social capital: bridging and bonding. Either one can be associated with individual or collective actors. The bonding form develops from an actor's internal collective ties, while the bridging form results from external ties (i.e., direct and indirect links to other actors). Adler and Kwon's bonding form is similar to Coleman's (1988) concept of social capital whereas their bridging form is comparable to Burt's (1992) concept of the structural hole. Bonding forms of social capital focus on the internal characteristics of collective actors while bridging forms emphasize the egocentric variants of network analysis (Adler and Kwon 2002).

To define the concept of social capital as two forms is especially useful in the study of business organizations at the firm level because companies often hire individuals for the purpose of mobilizing their social capital to achieve organizational goals. Bonding social capital has been shown to have high explanatory power in terms of labor turnover rates (Krackhardt and Hanson 1993), while bridging social capital has been demonstrated to

increase organizational survival rates (Pennings et al. 1998; Uzzi 1996) and recruiting pools (Fernandez et al. 2000). The lack of distinction between the two forms under the more general term of “social capital” in different studies has often led to a misleading emphasis of the strengths of social capital while overlooking its potential weaknesses (Portes and Landolt 1996). By further discriminating two different forms of social capital, Adler and Kwon’s (2002) definitions respond to this criticism since neither form stands alone as a perfect resource and employees with bonding social capital often lack bridging form and vice versa.

However, there has been little empirical research regarding social capital in studies of multinational corporations. Only two theoretically-oriented papers have been found so far which propose some hypotheses based on literature reviews. Both papers, however, used a general term of social capital even though they recognized the two different forms exist. Kostova and Roth (2003) hypothesized that the social capital of an individual boundary spanner (individual employees who have direct interactions with headquarters) in a sub-unit will be positively related to the extent and efficacy of the individual’s interactions with headquarters. They also contend that the role of a subunit’s boundary spanners becomes critical when direct interpersonal interactions are impeded by distance, language and cultural barriers. While Kostova and Roth speculated on the importance of social capital toward internal ties of multinational corporations, Hitt et al. (2002) put forth propositions on how social capital influences the external networks of multinational corporations with other firms. Hitt and his colleagues believe that Asian firms may have a competitive advantage over Western firms in the formation of alliances with

outside firms in their domestic or regional markets since Asian cultures emphasize relationships much more strongly than their Western counterparts. However, they also argue that Asian firms may also be partially constrained in establishing global networks because of their strong domestic ties.

In this paper, I will apply the two forms of social capital identified by Adler and Kwon (2002) to analyze how Taiwanese firms in Silicon Valley effectively integrate internal business with their headquarters and establish a business with external American firms. Since employers are increasingly interested in finding employees with talent and both forms of social capital, they strategically search for and manage workers to achieve a proper mix of skills and bonding/bridging social capital. As foreign companies in US, these Taiwan-based firms must deal with the diversity of employee ethnic background and make good use of the accompanying resources (trust, cultural assumptions, language, entrepreneurial values and attitudes, social networks, ethnic solidarity etc. [Light and Karageorgis 1994]) when making hiring decisions and allocating tasks to facilitate business transactions that allow them to enter the mainstream American economy. I argue that the ethnic enclave view of globalized Chinese business relationships has over-emphasized the bonding form of social capital bore by Chinese employees at the expense of the bridging form expressed by both Chinese and non-Chinese employees in Chinese-owned and managed firms. Finally, based on the available data from my fieldwork, I will also propose some hypotheses at the end of this paper of how the organizational nature of Taiwanese multinational firms influences their utilization of multiethnic resources.



## Taiwan-based Firms in Silicon Valley

Taiwan's Industrial Development and Investment Center (part of the Republic of China's [ROC's] Ministry of Economic Affairs) does not maintain a general list of Taiwanese firms investing or operating in Silicon Valley. The list from the HSIP administrative office was very much out of date, as was the 1999 list of 70 firms provided on the AsiaWired web site.<sup>6</sup> Furthermore, the second list included American firms with offices in both countries, which were not considered within the scope of this study. I combined these lists and visited several Taiwanese business associations in Silicon Valley between July and September of 2001. Consequently, I was able to identify 75 Taiwan-based high-tech firms — primarily semiconductor and computer/peripheral manufacturers.<sup>7</sup> Of these, 17 could not be contacted

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<sup>6</sup> [http://www.asiawired.com/startups/startup/startup\\_research\\_company\\_svhc.asp](http://www.asiawired.com/startups/startup/startup_research_company_svhc.asp).

<sup>7</sup> Companies from Taiwan with offices in Silicon Valley are primarily focused on semiconductors (including integrated circuit design, photo-masking, manufacturing, packaging and testing); computers/peripherals; and venture capital (VC). Companies in the last category were not included in this study because they made their initial American investments much later, with many still at the beginning stage of network building. Moreover, Taiwan-based VCs in Silicon Valley have problems recruiting Caucasian Americans because their organizations are very different from the US norm (corporate versus partnership format), and therefore were not considered compatible for this research. In the US, limited partners provide funds and general partners manage them throughout an investment period, after which profits are shared with the investor. In Taiwan, fund managers are employees empowered to manage a fund at any stage. Therefore, they do not carry full responsibility for a single fund, nor do they share in eventual profits.

due to inaccurate addresses or telephone numbers, or because they failed to reply to voice mail messages. Seven were identified when it was too late to arrange interviews during my research stay in California. One interview was cancelled as a result of the 9/11 terrorist attack, which prevented my contact from returning to the US from Taiwan; and twelve refused to be interviewed because of time restrictions, lack of interest, or the perceived need to get permission from their home offices.<sup>8</sup> The final list of interviewees included a combination of 38 general managers, vice presidents, presidents, vice chairmen, marketing or sales directors, and financial directors of Taiwan-based companies (Table 1). The interviews, which lasted from 30 minutes to 2 hours each, focused on the managers' work experiences and company operations.

The large majority of the interviewees' companies had their home headquarters in Hsinchu. Most of the companies had been established in the early 1980s and had opened branches or subsidiaries in Silicon Valley in the later part of that decade. A majority of the firms reported managing factories in Taiwan, Southeast Asia, and China while maintaining offices in North America, Europe and Asia. A breakdown of the individuals responsible for establishing the original firms shows that 27 were created by indigenous Taiwanese, 9 by Chinese returning from the US and 2 had split off from Taiwanese firms that had started in Silicon Valley but later moved to Taiwan

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<sup>8</sup> Even though I stressed my concern with protecting the identities of participating firms and individuals, several Taiwanese managers felt pressured to observe their companies' iron-clad restrictions on discussing business practices with outsiders.

Table 1. Demographics of Interviewed Taiwan-based Firms with Offices/Operations in Silicon Valley

Company Number	Product Type	Year Started	Employees Worldwide	Branch/Subsidiary in Silicon Valley					Ethnicity of Top Manager (Director, GM, VP, President, or Vice Chairman)
				Year Established	Branch Employees	Employee Ethnicity(%)			
						Chinese	Caucasian	Other	
※ 1	Computers/Peripherals	1974	10,000	1980	40	90%	10%	0%	Chinese (Expatriate)
2	Computers/Peripherals	1980	509	1984	25	96%	0%	4%	Chinese (Expatriate)
3	Computers/Peripherals	1971	30,000	1985	80	80%	--	--	Chinese (Expatriate)
4	Computers/Peripherals	1982	805	1986	25	100%	0%	0%	Chinese (Expatriate)
5	Computers/Peripherals	1974	40,000	1988	150	90%	10%	0%	Chinese (Expatriate)
6	Computers/Peripherals	1987	8,000	1988	160	--	--	--	Chinese (Expatriate)
※ 7	Computers/Peripherals	1980	4,500	1989	50	75%	--	--	Chinese (Immigrant)
8	Computers/Peripherals	1984	750	1989	7	70%	0%	30%	Chinese (Expatriate)
9	Computers/Peripherals	1993	1,043	* 1993	700	10%	--	--	Caucasian
10	Computers/Peripherals	1974	8,400	1993	35	--	--	--	Indian
11	Computers/Peripherals	1984	1,000	1993	50	50%	6%	44%	Caucasian
12	Computers/Peripherals	1996	712	1996	50	100%	0%	0%	Chinese (Expatriate)
13	IC (Packaging)	1984	16,000	1984	55	42%	18%	40%	Chinese (Immigrant)
※ 14	IC (Manufacturing)	1989	3,700	** 1989	23	39%	52%	9%	Caucasian
15	IC (Design)	1993	600	** 1993	23	83%	9%	9%	Chinese (Immigrant)
※ 16	IC (Manufacturing)	1987	14,500	1988	150	60%	30%	10%	Caucasian
17	IC (Manufacturing)	1987	4,500	1990	115	60%	22%	18%	Chinese (Expatriate)
18	IC (Design)	1987	400	1991	3	100%	0%	0%	Chinese (Expatriate)
19	IC (Design)	1986	280	1993	7	100%	0%	0%	Chinese (Expatriate)
※ 20	IC (Design)	1991	250	1993	6	67%	33%	0%	Chinese (Immigrant)
21	IC (Design)	1996	260	** 1996	20	100%	0%	0%	Chinese (Immigrant)
22	IC (Packaging)	1984	5,267	1995	35	70%	--	--	Chinese (Expatriate)
※ 23	IC (Manufacturing)	1995	1,795	1995	2.5	60%	40%	0%	Caucasian
24	IC (Design)	2000	120	*** 2000	29	100%	0%	0%	Chinese (Immigrant)
25	IC (Manufacturing)	1994	2,000	1997	12	58%	42%	0%	Caucasian
※ 26	IC (Design)	1996	155	1997	46	89%	11%	0%	Caucasian
27	IC (Packaging, Testing)	1996	160	1997	9	89%	11%	0%	Chinese (Immigrant)
28	IC (Design)	1996	115	1997	22	73%	0%	27%	Chinese (Immigrant)
※ 29	IC (Testing)	1980	4,500	1998	3	100%	0%	0%	Chinese (Immigrant)
30	IC (Photo-masking)	1988	200	1998	4	100%	0%	0%	Chinese (Immigrant)
31	IC (Packaging, Testing)	1995	2,000	1998	3	67%	33%	0%	Chinese (Expatriate)
32	IC (Testing)	1995	2,285	**** 1999	450	36%	21%	43%	Chinese (Expatriate)
※ 33	IC (Packaging, Testing)	1986	1,219	2001	2	50%	0%	50%	Japanese
34	IC (Design)	1991	80	2001	4	100%	0%	0%	Chinese (Immigrant)
35	Software	1999	60	*** 1999	22	73%	9%	18%	Chinese (Immigrant)
36	Communication	1989	2,000	1995	12	100%	0%	0%	Chinese (Expatriate)
37	Communication	1998	90	2001	2	50%	50%	0%	Chinese (Immigrant)
38	Precision Machinery	1988	450	1993	6	83%	17%	0%	Chinese (Expatriate)
Total		(12.9)	166,165	(7.8)	2,437.5	*** 62%	*** 17%	*** 21%	Chinese (Expatriate)
(Average)						*** 75%	*** 11%	*** 15%	Chinese (Immigrant)
									13 (34%)
									Caucasian 7 (18%)
									Others 2 (5%)

## Notes:

※ : The headquarters were established by returning Chinese.

\* : Office in Silicon Valley was acquired from an American firm with a factory.

\*\* : Office in Silicon Valley was acquired from a Taiwanese immigrant firm. Two acquired firms (14, 15) were established in 1987 and another (21) in 1993.

\*\*\* : Moved headquarters from USA to Taiwan. One (24) was initially established in 1996, and the other (35) in 1990.

\*\*\*\* : Office in Silicon Valley was acquired from an Iranian firm.

-- : Ethnic composition of employees were mixed.

※※ : Only 32 cases were tabulated. Companies with missing data on the ethnic composition of their employees (3, 6, 7, 9, 10, 22) were not included in the calculations.

※※※ : Only 31 cases were tabulated, excluding the company established by non-Chinese (32) from above calculations.

(mostly due to the demands of Taiwanese sources of capital or in order to go public<sup>9</sup>).

The Taiwan-based firms in Silicon Valley also have diverse origins. As mentioned earlier, two firms shifted their headquarters from Silicon Valley to Taiwan to accommodate Taiwanese capital holders, and 5 were acquired from other companies (one American firm with a manufacturing facility, one Iranian firm, and three Chinese immigrant firms). In all, 31 of the 38 interviewed organizations were originally established by Taiwanese parent companies.<sup>10</sup>

Many of the computer/peripheral manufacturing companies that were interviewed maintain warehouses, but only a handful are willing to pay the high American labor costs required to operate assembly lines in the US. They all do OEM for large American firms and some also look to other small and medium firms to sale their own brand name products. As to the interviewed integrated circuit (IC) companies, they were subcontractors for large American firms and also did business with American start-up companies due to their talent for developing new technology and lack of capital,

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<sup>9</sup> Companies owned by Chinese immigrants living in the US often hire professional managers (usually Caucasians) with close ties to Wall Street before going public. However, some Taiwanese firms do not want to give up any control of their companies, and therefore move their headquarters to Taiwan in order to take advantage of that country's capital markets.

<sup>10</sup> In a few cases, more than one firm belonged to the same conglomerate. A few had offices in other states but preferred having the center of their American operations (engineering, customer service, marketing and sales, finance, and administration) in Silicon Valley.

manufacturing facilities or sales channels. The rest of the interviewed software, communication and precision machinery companies held business clients similar to that of the computer and IC companies. Because of the costs involved, most of all the interviewees' companies were doing the bulk of their R&D work in Taiwan and tended to focus on mature rather than new products. But most of the IC design firms maintained R&D departments in Silicon Valley for product licensing, ease of partner/customer communication, and the availability of expertise that might not easily found in Taiwan.

Just under one-half (18) of the interviewed firms had fewer than 1,000 employees worldwide (a range of 60 to 40,000) while the total number of employees in the 38 Silicon Valley offices was 2,438 (a range of 3 [2 full-time, 1 part-time] to 700). Approximately 2/3 of the interviewed firms (27) contained fewer than 50 employees and 1/2 (13) of these small firms had fewer than 10 employees.

Many small Taiwan-based firms consider the United States to be such a large market that any "crumbs" left to them by large American competitors are viewed as sufficient for their survival. Some also do business with medium and small American firms which have a hard time establishing transactions with the large American firms. The larger Taiwan-based firms tend to do business with global companies, mostly American multinationals. It takes persistence to gain global status; one executive told me that his company was rejected six times by a prestigious American firm before one of its bids was accepted. Following that initial success, his company has consistently outperformed its competitors in new product development.<sup>11</sup> During my interview, this executive explained,

Your best customer is your long-term partner, not just a single-order customer. You provide a solution to your customer's problem, which brings in more business for them, which in turn brings you more business. This is the type of partnership that builds up a network. Most importantly, we try to pick customers who are market leaders. We ask our sales persons to spend time in the engineering and marketing departments of our big OEM customers in order to become familiar with their future products so our engineers can develop something in response. This is much better than thinking about or reading a magazine article about future products. Once a market leader uses our products, other companies will follow and place orders. To do business with the market leader is the best way of marketing, and there is no need for advertising.

Regardless of size, the reasons most frequently cited for establishing an office or subsidiary in Silicon Valley are to develop new products and new customers, provide service, improve communication, maintain close contact with existing customers and build partnerships.<sup>12</sup> As Taiwan-based firms in Silicon Valley are engaged in low-end technology, established relationships

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<sup>11</sup> The American firm eventually had enough confidence to offer the Taiwanese company the required capital for expanding its production scale as a grant, but the Taiwanese company preferred accepting the funds as a loan.

<sup>12</sup> The one exception I found was a precision machinery manufacturing company, whose managing director claimed that she had opened an office in Silicon Valley because of the shorter flight time between the Pacific coast and Taiwan, the pool of available talent, and the fact that her sister lived in the area.

are crucial to fulfilling these goals, and building such relationships with foreign customers is not an easy task for Taiwanese firms. As one manager told me, "In the beginning, I didn't understand why we should study the organizational charts of our [American] clients. Later, I realized it could provide knowledge of whom to talk to in order to establish productive relationships."

## The Silicon Valley Labor Market

In the late 1990s, Silicon Valley's ethnic composition was 49% white, 23% Asian/Pacific Islander, 24% Hispanic, and 4% African American, and nearly 40% of the Valley's workforce was employed in technology-related industries—for instance, computers/communications, semiconductors/semiconductor equipment, software, bio-science, defense/space and professional services (Joint Venture 1999). In 1998, 17 percent (approximately 2,000) of all Silicon Valley-based technology firms were operated by ethnic Chinese; this figure did not include firms started by Chinese but managed by non-Chinese CEOs. In addition, 20% (809) of the Valley's high-tech startups established between 1995 and 1998 were run by Chinese (Saxenian 1999). The vast majority of Chinese-owned and operated companies dealt in computer and electronic hardware manufacturing, software and business services and computer wholesaling. Furthermore, foreign-born engineers accounted for almost one-third of Silicon Valley's technical workforce (Hsu and Saxenian 2000); in 2000, approximately 9,000 US-educated Taiwanese engineers and scientists were working in Silicon Valley (Saxenian and Hsu

2001).

Between 1995 and 2000, employment in Silicon Valley grew much faster than the local labor force, resulting in a gap between skilled labor resources and regional demand.<sup>13</sup> Only two-thirds (63 to 69%) of the Valley's high-tech jobs were filled by local residents or workers who had voluntarily moved to the area to find employment; all other positions were filled by outside recruits and long-distance commuters, or remained vacant. Joint Venture identified the primary reasons for the labor shortage as a limited supply of qualified candidates and high Silicon Valley housing costs. Moreover, during this period, the turnover rate in Silicon Valley was twice the national average because firms took a short-term approach to recruitment by "poaching" each other's trained employees. From the perspective of small and mid-sized companies, the high wages demanded by workers in the region (salaries were approximately 10% above the national average after adjusting for cost-of-living) were major roadblocks to establishing a foothold in the industry.

In the tight, expensive labor market dominated by large, prestigious American firms, Taiwan-based companies operating in Silicon Valley faced serious disadvantages in attracting talented Caucasian American employees, most of whom preferred working for Intel, CISCO, Sun Microsystems and other companies that could afford to pay higher salaries or offer stock options as part of their compensation packages.<sup>14</sup> Furthermore, large American corporations had the R&D resources to work on new, challenging, high-end

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<sup>13</sup> The economic slump that started in 2001 has resulted in a larger pool of available workers in Silicon Valley.



and high-profit products that small, cost-conscious Taiwan-based companies could not afford. Compared to well-established Asian firms (e.g., NEC and Sony from Japan and Samsung and Lucky Goldstar from Korea), smaller Taiwanese firms also found it hard to attract Caucasian-American employees.

Fortunately, Taiwan-based firms in Silicon Valley had access to a considerable number of talented Chinese-American employees. According to a 1999 AsiaWired survey of firms with offices in both Hsinchu and Silicon Valley, just over one-third (37.8%) reported that at least 80% of their employees were ethnic Chinese (Kao 1999). This figure may be an underestimation, since the survey included some American companies with subsidiary offices in the HSIP. Of the 38 firms in the present research, 50% had ethnic Chinese (mostly Taiwanese) in at least 80% of their positions at the time my interviews took place. In total, ethnic Chinese accounted for 62% of all employees in the interviewed firms in 2001, Caucasians 17%, and other ethnicities 21% (75%, 11% and 15%, respectively, if not including the acquired offices by Taiwanese firms). In terms of topmost management positions, 42% of the interviewed firms appointed Taiwanese, 34% purposefully searched for and hired local Chinese Americans, 18%

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<sup>14</sup> No such system of company stock options existed in Taiwan until very recently, although the practice of giving stock as employee bonuses is quite common. Of Taiwanese offices in Silicon Valley, Taiwanese employees still receive stock bonuses because they are more likely to follow the Taiwanese stock market but non-Taiwanese employees get cash bonuses. With the decline in international stock markets over the past three years, stock options have been de-emphasized in employee compensation packages and as lures for recruiting purposes.

Caucasians, and 5% Americans from other ethnic backgrounds (Table 1).

Informal networks (referrals from friends, word of mouth, or as an American informant called it, “the Chinese grapevine” ) are considered more effective recruiting channels for ethnic Chinese employees than advertisements in the Chinese-language *Shi-Jie-Ri-Bau* (World Journal) published in the US. Recruiting announcements tend to be disseminated quickly and widely via Taiwanese professional organizations inside and outside of Silicon Valley. Other standard referral sources are personal contacts among customers, distributors and suppliers. Chinese-American employees in large American companies are also known for approaching Chinese suppliers and subcontractors about job opportunities. These channels reduce the pressure on companies to import employees from Taiwan; the number of Taiwanese expatriates working for Taiwan-based firms in Silicon Valley is quite small.<sup>15</sup>

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<sup>15</sup> Most Taiwanese expatriates prefer changing their status to local staff. Unlike expatriates in American multinational corporations who tend to work on a rotating basis between their domestic headquarters and overseas offices, most Taiwanese expatriates prefer long-term, permanent assignments in the US. Reasons that are commonly cited for this preference are a desire to avoid the growing political tensions between Taiwan and Mainland China and a preference for educating their children in America. If they obtain and maintain their green cards for five years, they become eligible for American citizenship. For the most part, Taiwan-based companies are happy to accommodate requests for long-term assignments and assistance with Permanent Resident Card applications for the sake of maintaining a stable work force.

## Social Capital Provided by Multiethnic Employees

### 1. Internal Bonds

Many of the Taiwanese American engineers working in Taiwan-based Silicon Valley firms had previous experience working for American companies. Because of their sense of personal and professional isolation and lack of opportunities for advancement, they eventually searched for jobs with Taiwan-based businesses that could provide them with a “sense of belonging.” I heard the following comments from two informants:

“I just wanted to change my work environment at that time and was happy to have the chance to visit Taiwan again. I also knew about Taiwan’s high economic growth in the 1980s, so I knew it offered good opportunities. Now when I look back, I feel it has been a nice experience. In a small Taiwanese company, you can see and learn many things. The division of labor is too detailed in a large American corporation; you just work on a very tiny part of a large project, like a single nut or bolt in a large structure.”

“I feel comfortable and close to people who can speak my own ‘mother tongue,’ and I feel a sense of warmth in this Taiwanese company. I wanted an opportunity to be closer to Taiwan, where I come from. Other Taiwanese who joined the company at the same time I did had the same feeling. We were scared of the glass ceiling and the layoffs in American companies. But we felt we could trust a Taiwanese company; Taiwanese

companies rarely lay off their employees.”

Their comments attest to the idea that shared language and culture (and the trust that is consequently generated) can be as important as career advancement for ethnic Chinese employees looking for long-term employment—the same motivating factors for Taiwan-based firms to hire Chinese employees.

With few exceptions (e.g., Cantonese Chinese and American-born Chinese), Taiwan-based firms in Silicon Valley are dominated by Mandarin Chinese speakers. The obvious reason for this is the need for smooth communication between American and Taiwanese corporate offices. As one Caucasian managing director explained,

English is a second language in Taiwan, and the skill in English varies depending on the individual. All the top-level people are pretty fluent. As you go down into the engineering ranks and the manufacturing, customer service people, the skill gets less and less.... We have a lot of communication between the finance departments in Taiwan and our CPA here, so it's just easier. I don't participate in the financial phone calls because they're all in Chinese. Linda [his Taiwanese assistant] tells me ahead of time where she needs my input or my judgment, and I give it to her.... If two applicants' qualifications were equal, we would hire the one who speaks Chinese, because we are a Chinese company and because of need and function.

A Singaporean marketing director described instances of miscommunication between offices because of linguistic limitations, which made the collection of simple information in English from her home office a challenge. However, she was able to get very detailed oral and written responses in Chinese. Another interviewee, a Chinese executive, admitted that some company employees in Taiwan were reluctant to participate in conference calls conducted in English. Even when a Taiwanese employee's English is at a fairly high level, misunderstandings are known to occur because of cultural differences and other extralingual factors — that is, subtleties and hidden messages that were frequently missed by one side or the other. Resolving such problems is wasteful in terms of time and resources.

Cultural differences between Taiwanese and American business practices were also cited by some interviewees as a primary reason for Taiwan-based firms to hire ethnic Chinese. As the same Caucasian manager stated,

Most of the people that we interact with in Taiwan have only had experience in Taiwan. They haven't had any experience outside of Taiwan. But the Taiwanese we hired here certainly were culturally acclimated to the way business is done in factories there.

In general, Chinese emphasize hierarchical relationships and Americans emphasize individuality. Several Chinese managers pointed out that Caucasian employees are more likely to demand regular 8-10 hour workdays and high salaries, whereas ethnic Chinese employees demand fewer individual rights, are more receptive to directives from their superiors, and are

willing to work instead for *ren ching* (“personal favors”). Differences in spending habits between Caucasian and Chinese Americans were also cited during several interviews: the former are accustomed to buying on credit, while the latter prefer waiting until they have the required amount on hand to make a purchase. Thus, Chinese often rent a small, simple, inexpensive office when starting a new business venture, but Caucasians prefer renting a large, prominent office space as a means of attracting business. Similar stories were told regarding sales and marketing departments — Caucasian sales representatives prefer business class flights and large advertising budgets, while Chinese are more willing to fly coach and to utilize telemarketing techniques.<sup>16</sup>

Shared language and culture indeed serve as bonding forms of social capital that can help smooth daily operations between headquarters and its subsidiaries. Again, the willingness of ethnic Chinese to accept long work hours and heavy workloads serves as a good example. Depending on the time of year, Taiwan is 15 or 16 hours ahead of Silicon Valley. I was told by several informants that ethnic Chinese were more willing to work longer hours in order to maintain contact with their home headquarters. A Chinese finance director told me that it was not unusual for her to hold telephone

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<sup>16</sup> Most of the Taiwanese managers I interviewed believe that advertising is too expensive, especially since there is no guarantee that it will work for any specific product. However, one Taiwan-based company made a very large and successful advertising investment in a major computer magazine. The magazine promised to write several positive reviews of the company and its products in return for the purchase of advertising space.

conversations with her Taiwan office at 11:00 p.m. from her own home.

Perhaps most importantly, I learned that ethnic Chinese are willing to accept lower salaries in order to work for Taiwan-based firms. As even a Caucasian manager of a Taiwan-based firm told me,<sup>17</sup>

There's no doubt, if we found a Chinese engineer at another company [American], we could hire him at almost the same salary or even lower salary than what he is making at the other company.

Another Chinese executive's comment underscored the belief that cultural fit is more likely to ensure an employee's commitment to a particular company:

We don't mean to hire only Chinese, and have been thinking of hiring Caucasians. But because of culture, whenever we hold interviews, we end up thinking that ethnic Chinese are a better fit in terms of culture, salary base, and workload.

## 2. Reaching Out

In addition to providing bonding social capital for facilitating daily operations between Taiwan-based firms in Silicon Valley and their headquarters, Chinese American employees are also helpful in terms of their knowledge of American cultural values and their existing American

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<sup>17</sup> These and similar comments made during my interviews lend support to the findings reported by Sanders et al. (2002).

networks. One retired Caucasian chief executive gave this succinct summary of the benefits of hiring Chinese-American employees in a Taiwan-based firm:

The people we hired were basically Taiwan-born and US-educated, with five to ten years' experience in American integrated circuit companies. They are very Americanized and bilingual, so they know how to do business in American culture. And they also had contacts with their old companies. We couldn't find any Caucasians that were bilingual.

One of the things that made my company so successful was opening the US office as a US entity and hiring people who, even though they were ethnic Chinese, were very Americanized. So most of the customers that we dealt with perceived us as a US company with factories in Taiwan, as opposed to a Taiwan company with some sales people in the US. One of the reasons for our success is this rich blend of Chinese engineers, managers, and VPs with American experience.

For similar reasons, many top Taiwanese managers (mostly company owners and/or founders) prefer to hire experienced Taiwanese Americans who are personal friends, or have been referred by personal friends, to be in charge of their US operations. For the most part, these particular Chinese Americans have between 15 and 20 years' experience working in American companies with products similar to those made by the Taiwanese firms that hire them. Some had already succeeded in becoming top managers in



American firms, and a few had entrepreneurial experience; they are mostly looking for new career challenges in Taiwan-based firms and making a contribution to their home country.

In addition to their knowledge of local environments, laws, organizations, and resources, these successful Taiwanese American employees have established networks with colleagues, customers, distributors, suppliers and consultants, and are more skilled at hiring experienced and trustworthy Caucasian Americans. Thus the hiring of Taiwanese American executives (and some Caucasian American executives, as I will discuss in next section) supports Erickson's (2001) argument that companies not only hire through networks but for the purpose of accessing networks, thus adding greater value to a potential employee's bridging form of social capital than his or her human capital in the form of education or work experience. More experienced Taiwanese American managers know how to combine coethnic and mainstream resources.

In contrast, top managers who are transferred from their Taiwanese offices are less likely to have much in the way of bridging social capital because of their lack of international experience (such as being educated at American universities and having some work experience in the US). However, they probably have much higher levels of bonding social capital compared to locally hired Taiwanese Americans, since they tend to have been hand-picked by their Taiwanese superiors based on their established relationships in the ROC, their proven commitment to the company, and their willingness to enforce edicts from corporate headquarters.

Just over one-fourth (27%) of the interviewed firms were completely

ethnic Chinese in their employee base; the rest reported a mix of ethnicities. The companies with the greatest mix have Caucasian and African Americans working alongside Japanese, Koreans, Vietnamese, Indians, Hispanics, and Iranians. Caucasians tend to be hired primarily for positions that require high levels of public interaction such as executives, sales, marketing, receptionists and secretaries. Hispanics are more likely to be found working on assembly lines or in low-level administrative positions (e.g., receptionists and clerks), while Vietnamese tend to be responsible for the warehouses. Chinese, Japanese, Korean, Indian and Iranian employees are most likely to work as engineers. These observations match those reported by Zhou (1996) for computer firms owned by Chinese immigrants in Los Angeles—that is, whites are more likely to work “in the front” and Chinese (and other minorities in this research) are more likely to work “in the back.” Ethnic Chinese employees who work in the back filling client orders highlight the solidarity and cohesiveness of bonding social capital whereas Caucasian employees in the front use the external ties of bridging social capital to attract customers.

The retired Caucasian executive I interviewed speculated that “the only place that Caucasians seem to have an edge in experience is in marketing and sales management. There are more experienced high-level Caucasians available for marketing and sales jobs than there are ethnic Chinese.” Sales and marketing jobs require excellent oral presentation, writing, and networking skills—all tremendous challenges for non-native speakers of any language, as well as for anyone from a foreign culture. Limitations that Chinese managers frequently acknowledge include the inability to have

informal conversations or to feel comfortable in the informal environments that many Americans prefer for doing business. Furthermore, the rules for interacting with personal networks differ between Caucasians and Chinese, and it takes time to recognize and master the subtleties required to simultaneously establish business relationships in both cultures.

One Chinese executive described his thinking on performing background checks when hiring sales and marketing staff:

The guys [Caucasians] I hired had 20-25 years of marketing sales experience dealing with US customers. I couldn't find any Chinese guys who had that kind of experience or contacts. The main thing was contacts and knowing customers so they could call the VP or the president of Intel or AMD, or IBM, or AT&T, and they knew you and you knew them from past experience. If you want to do business with CISCO, you need someone who used to work in CISCO. This person knows the organizational structure and many employees in that company, and knows how to make the right contacts.

Another informant added,

If you have a close relationship with engineers in the large American firms, they can answer your questions over the phone and save you several months figuring out a new technology.

It appears as though Taiwan-based firms operating in Silicon Valley use

the bridging form of social capital that Caucasian employees bring with them for establishing new and reinforcing old outside connections. Some Chinese executives told me that their Taiwanese founders had somehow made and secured American business contacts on their own without the help of Caucasian sales personnel — primarily because it was very difficult to attract qualified Caucasian American employees in the early stages of establishing their companies. As those same companies grew and stabilized, they were in better positions to hire Caucasian sales representatives for the specific purposes of contacting and maintaining relationships with American customers. Some companies have gone so far as to create ethnic divisions within their sales departments to ensure compatibility between sales representatives and customers. In a few cases, the stratification includes sales representatives with Indian backgrounds in order to establish contacts with the rapidly increasing number of ethnic Indian IT startups.

Appointing an experienced Caucasian American with extensive networks to lead a Taiwan-based company's US operations is considered an excellent tactic for increasing bridging social capital. An American executive can establish the image of a company being an American firm, assist in localizing business operations, open US markets using his or her networks, and otherwise help a firm tap into the mainstream US economy. In the words of one Caucasian managing director I interviewed,

This is a Taiwanese company, but all of the policies and procedures we follow in the US are American. When you look at our company in detail, it looks like an American company. I think that because we've always had

Caucasian Americans running the company, the Caucasians feel comfortable. At the same time the Chinese feel comfortable because they know this company is owned by Taiwanese.

During my field work, I occasionally heard doubts that any Caucasian could overcome language and cultural barriers in order to achieve true success in a Taiwan-based firm. However, the evidence shows that such pessimism is unfounded. I learned of several situations in which Caucasian sales representatives had been promoted to the position of “President of US Operations,” as well as one case each of an Indian American and Japanese American being promoted to upper management posts. In all cases, non-Chinese Americans appeared to clearly understand the culture of the Taiwanese companies they worked for. Although Taiwan-based firms in Silicon Valley are more likely to emphasize bridging social capital when searching for Caucasian employees, these stories indicate that Taiwan-based firms also value the bonding social capital potential of non-Chinese candidates.

However, Caucasian candidates who truly understand Chinese/Taiwanese culture are exceptions to the rule, therefore managing multicultural staff to prevent misunderstandings and resolve conflicts remains a major challenge for many Taiwan-based firms. Some interviewees cited this issue when explaining why they only hire ethnic-Chinese and prefer to contract out a certain percentage of their sales responsibilities to Caucasians willing to work on a commission basis. These companies contend that they can succeed on the basis of product quality, competitive pricing and good

service alone, despite acknowledging that their American customers prefer a more straightforward style of negotiating compared to the extended, back-and-forth Chinese style. Furthermore, these companies assert that they often gain business through the recommendation of ethnic Chinese engineers working in American firms. Tseng (1997) described a similar situation in which Chinese engineers working for TRW Inc. and Hughes Electronics Corporation often helped their suppliers (Chinese immigrant firms in Los Angeles) to gain business contracts.

Taiwan-based firms also distribute their business between Taiwanese and American firms. They take advantage of Taiwanese banks with Silicon Valley branches for transactions with their parent companies, but rely on American banks for customer transactions. They use ethnic Chinese lawyers with expertise in immigration issues to apply for green cards or H-1 visas for their employees, as well as for applying for patent licenses, because of their ability to communicate with Chinese engineers. However, they prefer to use Caucasian lawyers if they become involved in lawsuits with American companies. These decisions also reflect the tendency of Chinese to use Chinese firms for backstage operations that maintain internal bonds and Caucasian firms for front stage tasks involving mainstream US markets.

### 3. Organizational Nature and Utilizing Multiethnic Resources

Since Caucasian employees are important for Taiwan-based firms in Silicon Valley to make their way into the American market, how do they recruit them? Like their Chinese/Taiwanese counterparts, Caucasian employees tend to be recruited through personal contacts. This process is

especially true when a company decides to recruit a Caucasian executive. A retired Caucasian president told me about his own hiring experiences:

Alex Chen [the founder of a Taiwanese company, BPC, a fictional name] was working at IBM as a division manager, so we got to know each other. The main reason for my coming here was Alex. Alex had a vision. We knew each other's style. He knew he could trust me in running a remote location. The key is that BPC USA is a US company incorporated in California, a separate entity. That's how we started. No customers other than the factory; we started out basically from zero. Since he understands American management style in great depth, we never had a difficult time dealing with the cultural interface. We did sometimes on a day-to-day basis, but overall, it wasn't a difficult interface.

A small number of companies were willing to contact "headhunter" firms to find Caucasian executives, but my Chinese informants suggested that the existing networks of most top executives were effective enough that they could avoid dealing with outside and unknown entities. Some also expressed the opinion that people in need of help from headhunters may indicate weaker social networks and that headhunter referrals are less likely to understand Chinese culture, thus making them poor candidates for upper management positions.

Caucasian employees in Taiwan-based firms in Silicon Valley could also be hired through advertisements placed in the San Jose Mercury newspaper and trade publications. However, I was told several times that recruiting the

first one or two Caucasians was often very hard for a Chinese company. Some candidates who had first responded positively to an ad eventually rejected a company's offer once they found themselves sitting in an interview room full of Asians. Some who accept offers quit after a short while because they realize that they do not fit in well with a predominantly Chinese environment and Asian management style. Thus, the first Caucasians are usually hired through personal contacts, ensuring a degree of mutual trust. If these initial hires work out well, it becomes increasingly easier to find other suitable Caucasian employees; those hired often introduce former colleagues, and even candidates who respond to newspaper or trade publication advertisements are then likely to accept an offer and stay long.

Regardless of the method used to identify suitable candidates, candidates with prior work experience with Asians or Asian companies and who have verifiable track records of adapting well to predominantly Asian environments are the most likely to succeed. If a Taiwan-based firm fails to find Caucasian applicants with such experience, their second choice is to hire older, more mature Caucasian employees, with the belief that they will have more patience dealing with linguistic and cultural differences.

I have shown that many Taiwan-based firms in Silicon Valley try to hire Caucasian employees to break into the mainstream American economy which contradicts previous studies that view Chinese multinational corporations as ethnic enclaves. As this study focuses on the firm level, an additional question to ask is how the organizational nature of Taiwanese firms is associated with the utilization of multiethnic resources (using "hiring Caucasian employees or not" as an indicator in this paper). As the sample



size of the present study was 38 (and even smaller when excluding cases which did not provide complete information), the following hypotheses derived from the cross-tabular calculations are suggestive in nature and still require further research.

From the interviews, I learned that the Taiwan-based firms established by returning Chinese had better access to hire Caucasians through the founder's social network. Therefore, I identify Taiwan-based firms in Silicon Valley into two groups: those with American networks and those without. Those with American networks should include companies whose headquarters were established by returning Chinese and whose subsidiaries in Silicon Valley were acquired but not set up by the home company. Table 2 shows that Taiwan-based firms in Silicon Valley with American networks are more likely (22% different) to utilize multiethnic resources.

Taiwanese firms in the IC industry are more likely to hire Caucasian employees than those in the computers/peripherals industry. Although I do not know why this happened, the percentage differences (14%) are smaller when compared with the previous one (22%). These results appear to suggest that the type of industry a firm belongs to is not a critical factor in determining the use of multiethnic resources. Such findings, however, may be a product of the small sample size in the current study or may be diminished as the industries observed were all highly-similar industries within the high tech sector. It is possible that industries between different sectors (i.e., high-tech vs. traditional sectors) may show a more marked effect in the use of multiethnic resources.

The size of a firm in term of its number of employees also appears to be

Table 2. Organizational Nature of Interviewed Companies and Utilization of Multiethnic Resources

Utilization of Multiethnic Resources	Organizational Nature											Total	
	With American Networks		Computers/ peripherals	Industry	Number of Employees in Silicon Valley			Years of Operation: Home Companies		Years of Operation: Silicon Valley offices			
	Yes **	No			IC***	Others ****	≥ 40	< 40	≥ 12	< 12	≥ 6		< 6
Hiring whites	9( 69%)	9( 47%)	3( 43%)	12( 57%)	3( 75%)	8( 89%)	10( 43%)	8( 47%)	10( 67%)	11( 65%)	7( 47%)	18 ( 56%)	
Not hiring whites	4( 31%)	10( 53%)	4( 57%)	9( 43%)	1( 25%)	1( 11%)	13( 57%)	9( 53%)	5( 33%)	6( 35%)	8( 53%)	14 ( 44%)	
Total	13(100%)	19(100%)	7(100%)	21(100%)	4(100%)	9(100%)	23(100%)	17(100%)	15(100%)	17(100%)	15(100%)	32 *(100%)	

Notes:

\* :32 cases(excluding 6 companies with missing data on ethnic composition of employees).

\*\* :Includes firms' home companies that were established by returning Chinese and acquired Silicon Valley offices.

\*\*\* :Includes IC design, manufacturing, packaging, testing and photo-masking industries.

\*\*\*\* :Includes precision machinery, software and communication industries.

positively related to the use of multiethnic resources although the reason for such an effect is unclear. An interesting finding is that the longer the home companies have been established, the less likely its Silicon Valley office will hire Caucasians. However, the longer the Silicon Valley office has been established, the greater the likelihood of hiring Caucasians.

As some interviewed firms stated that they intentionally hire only ethnic Chinese and subcontract out some sales tasks to Caucasians in order to avoid management difficulties resulting from having multiethnic employees, a firm's preference in management style (preferring a monocultural or multicultural management) appears to be an important predictor for whether it will utilize multiethnic resources. More data is needed, however, before definitive conclusions can be made. Furthermore, the current analyses are limited to individual organizational factors given the restrictions on valid statistical analyses that could be used with the small sample size.

## Conclusion and Discussion

Many Taiwan-based high-tech firms (primarily involved in semiconductor, computer and computer peripherals manufacturing) have established branch offices or subsidiaries in California's Silicon Valley to serve as subcontractors for large American companies to further expand their markets with small- and medium-sized American firms, and to develop new products. In this paper, I relied on the definition of social capital offered by Adler and Kwon (2002) to explain how these firms are transcending their traditional reliance on coethnic relationships to take advantage of multiethnic

resources for facilitating their American business transactions and for breaking into the mainstream US economy.

Because of their linguistic and cultural ties, many ethnic Chinese (mostly Taiwanese) living in the US prefer working for Taiwanese firms with offices in Silicon Valley. When explaining their willingness to give up short-term monetary rewards for better job opportunities, they cite such reasons as feeling a greater sense of ethnic solidarity with other Taiwanese, a desire to make a contribution to their home country, recognition of a restrictive glass ceiling in US firms, and fear being laid off by US companies. Taiwanese firms are therefore less susceptible than their American counterparts to problems tied to the area's high labor costs and labor shortages. Ethnic Chinese employees not only provide their companies with bonding social capital, but are increasingly bringing with them increased bridging social capital because of their bilingual and bicultural skills.

Taiwan-based firms in Silicon Valley are aware of the drawbacks of being locked into coethnic relationships and the limits of the bridging form of social capital provided by ethnic Chinese employees. Therefore, they are continuing their efforts to hire Caucasians for the purpose of extending their employee bases. To ensure that the Caucasian employees they hire also bring bonding social capital in order to fit into company culture, Taiwan-based firms prefer to a) hire them through personal networks, b) hire candidates with experience working with Asians, or c) hire older and more mature employees.

Chinese employees tend to bring more bonding social capital to Taiwan-based firms in Silicon Valley, while Caucasians contribute more bridging

social capital. Therefore, Taiwan-based firms with diversified work forces generally employ Chinese for “back room” jobs as engineers and Caucasian Americans for “front room” jobs in top management or as marketing directors and sales representatives. Similarly, they also tend to contract Chinese-led business service firms for back stage operations and Caucasian-led firms for front stage performance tasks. They are increasingly relying on both Chinese and other ethnic networks to break into the mainstream US economy; those networks are by no means limited to personal networks based on family ties or friendships, but also include professional networks built through prior work experience. The ethnic compositions of employee bases and the ethnic backgrounds of executives in individual Taiwan-based firms in Silicon Valley are evolving. This reflects changing patterns in social networks and the willingness and ability of companies to accept multiethnic management as a potential asset leading to greater profitability.

Much research has suggested globalized Chinese businesses are ethnic enclaves because of their exclusive reliance on ethnic Chinese. However, Taiwanese firms in Silicon Valley do appear to utilize multiethnic resources in order to break into the US mainstream economy. Although there has been little research into the use of multiethnic resources in multinational corporations of other nationalities, I would speculate that Japanese and Korean firms in Silicon Valley probably do not need to hire Caucasians to break into American markets because their companies are already well established and their cultures are less likely to include foreigners at the workplace.

On the other hand, when European and American multinational

corporations invest in the developing countries, they often succeed in these new markets by prestige and oligopolistic power alone, without having to resort to mobilizing multiethnic resources. Nevertheless, as suggested in Tzeng's (1995) research, although American multinational corporations primarily send Caucasian American expatriates to its offices in Taiwan, Chinese American expatriates are increasingly hired to such posts in order to help their American owners better understand the local market and smooth communication between the headquarters and its subsidiaries. As European countries have significantly fewer Chinese immigrants, it is much more difficult to find such multiethnic resources being utilized in European companies in Taiwan.

Lastly, I would like to make a final note of ethnicity as a form of social capital. As most Chinese employees in Taiwan-based firms in Silicon Valley are Taiwanese, not Hong Kong Chinese, Singaporean Chinese or Mainlanders, ethnicity with a common social experience may be a more important factor in forming social capital than a purely biological definition. This is consistent with Kung's research (2002) that showed Taiwanese multinational corporations preferred to hire Malaysian Chinese with Taiwanese experiences (those were educated in Taiwan) in their Malaccan office over any other ethnic Chinese. For people with different ethnic backgrounds, social capital can be gained through social relationships established through a common social affiliation such as being colleagues. That is why Taiwanese multinational firms are able to utilize multiethnic resources through Taiwanese employees who have previously worked with Caucasians.

### Biographical Note

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# 跨國企業對跨族群資源之運用： 矽谷台商之研究

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## 中文摘要

過去的研究認為華人的跨國事業只是侷限於華人圈的族裔經濟活動。然而此研究應用Adler與Kwon所提的社會資本概念，分析38家矽谷受訪台商，發現他們擅於運用跨族裔網絡的資源，打入美國經濟的主流市場。這些受訪廠商雇用華裔美人從事「後台」工作如工程師，雇用白人從事「前台」工作，如負責人與行銷經理。同樣的，這些廠商通常將類似「後台」工作外包華人所經營的公司，而將類似「前台」工作外包白人所經營的公司。這些發現顯示，矽谷台商擅於運用華人員工或華人公司所具有的內聚功能的（bonding form）社會資本，從事運籌帷幄的後勤營運工作；以及運用白人員工或白人公司所具有的聯外功能的（bridging form）社會資本，從事拓疆拉生意的工作以便打入美國市場。

此外，此研究有三點發現：（1）由於具有雙語及瞭解雙文化的技能，華裔美人對矽谷台商也能發揮聯外功能的社會資本。（2）矽谷台商通常透過個人網絡來雇用美國白人，或者傾向於雇用年長穩重、有與亞洲人共事經驗的白人，因為這些白人可能具有符合台商文化的內聚功能的社會資本，較能適應台商文化。（3）矽谷台商內部員工的族裔組合比例，以及最高負責人的族裔屬性不但是鑲嵌於公司的社會網絡中，也受公司對於多元文化管理的態度與能力所影響。

關鍵詞：社會資本、鑲嵌、關係（人際網絡）、跨國企業