CHAPTER 18

Immigrant Entrepreneurship and Diasporic Development: The Case of New Chinese Migrants in the USA

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From the very beginning of Chinese emigration, entrepreneurship has been a defining characteristic of overseas Chinese communities and a central force for diasporic development (Wang 1991; Zhou and Benton, this volume; Zhou and Liu 2015). In this chapter we contrast past and present trends of Chinese immigration to examine the link between ethnic entrepreneurship and diasporic development in the USA.

In our analysis, we use the concept of "diaspora" to refer to extraterritorial populations, including temporary, permanent and circular migrants, as well as their native-born descendants (Gamlen 2008). However, we are mindful that diasporas are not fixed in time and space and that they differ in changing contexts of exit and reception. We center our analysis on the role of ethnic entrepreneurship in diasporic formation and community development. We draw on data collected from two parallel research projects by us between 2008 and 2012 that included multisite fieldwork in the USA and China.[1] We argue that ethnic entrepreneurship enhances both an

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individual's economic and their sociocultural opportunities in diasporic communities. We first discuss the gaps in existing research and propose an alternative framework for analysis. Next we offer a historical overview of Chinese immigration into the USA. We then examine the effects of immigrant entrepreneurship on diasporic formation and development. We conclude by discussing the bearing that entrepreneurship has on migrant integration.

Causes and Consequences of Entrepreneurship: An Alternative Framework for Analysis

Existing research has identified cultural traits, ethnic solidarity, ethnic organization and a sojourning orientation as important cultural factors, and discrimination in the mainstream labor market, disadvantages associated with immigrant status (including lack of proficiency in the host society's dominant language and lack of transferable professional skills and educational credentials) and the availability of unpaid family labor or low-paid coethnic labor as key structural factors (Bates 1998; Bonacich 1973; Evans 1989; Light 1972; Portes and Zhou 1992; Waldinger 1986). Other macrostructural factors, such as market conditions (size of coethnic and non-coethnic consumer markets) and access to ownership, are also determining factors, even when host societies outlaw racism and racial discrimination (Aldrich and Waldinger 1990).

While the literature has generated more consensus than controversies on what causes ethnic entrepreneurship, there are disagreements. One point of difference is the preference for coethnic labor. Many contemporary ethnic entrepreneurs depend on non-coethnic immigrant workers. Another point of disagreement concerns opportunity structures. Instead of responding to existing host market conditions, many contemporary ethnic entrepreneurs proactively create new opportunities. For example, the availability of low-skilled immigrant labor allows prospective entrepreneurs to develop new businesses in the lines of work that have already been outsourced abroad, such as the garment industry, or previously taken up by unpaid family labor, such as gardening, housecleaning and childcare. The availability of highly skilled immigrant labor has also become a new source of entrepreneurship in the growing high-tech sector that redefines the mainstream economy (Saxenian 2006).

Regarding the effects, existing research addresses how ethnic entrepreneurship is associated with outcomes, most notably economic returns. Yet the findings are mixed. Some researchers demonstrate strong empirical evidence that ethnic entrepreneurship yields a significant earnings advantage over other forms of employment controlling for observable human capital and demographic characteristics among ethnic minorities (Goldscheider 1986; Portes and Bach 1985; Portes and Zhou 1996).[2] Others find that returns to human capital are significantly lower especially for immigrant groups that are highly skilled and more resourceful but lack English proficiency (Bates 1998; Borjas 1990). Nevertheless, there has been growing consensus on the findings about other positive effects. First, ethnic entrepreneurship creates job opportunities for the self-employed as well as for coethnic workers who would otherwise be excluded from the mainstream labor market (Butler 1991; Light 1972; Portes and Zhou 1992; Spener and Bean 1999; Zhou 1992). Second, ethnic entrepreneurship fosters an entrepreneurial spirit, sets up role models and offers training opportunities for prospective entrepreneurs within an ethnic community (Bailey and Waldinger 1991). Third, ethnic entrepreneurship buffers its impact on the larger labor market, relieving sources of potential competition among native-born workers and enhancing the economic prospects of group members as well as of out-group members (Portes 1994; Portes et al. 1999; Portes and Zhou 1996; Spener and Bean 1999; Zhou 2004a).

There are several gaps in the existing literature. First, it has often assumed that entrepreneurship is a forced choice for immigrants who have resettled in another country. We suggest that ethnic entrepreneurs, low- and highly skilled alike, do not react merely to constraints on the individual in the host country or unfavorable circumstances in the context of reception but also to multilayered opportunities in the diaspora, the homeland and the transnational social fields. Those with bicultural literacy, binational work experiences and access to transnational networks are more likely than others to act as agents to initiate and structure global transactions (Mata and Pendakur 1999; Popkin 1999; Portes and Guarnizo 1991). Second, the existing literature has focused on the role of entrepreneurship in individual outcomes but overlooked its effect on community formation and development. We suggest that ethnic businesses constitute the economic basis of the diasporic community and that immigrant entrepreneurs contribute to further strengthening that basis by growing the ethnic economy within and beyond the ethnic enclave. Third, the existing literature has overlooked the effect of diasporic development by way of entrepreneurship on migrants' integration

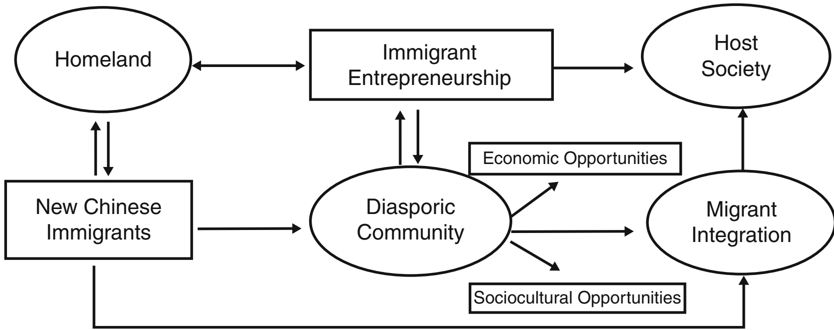

Fig. 18.1 Immigrant entrepreneurship and diasporic development: a framework for analysis

into the host society. Immigrants' active involvement with their homelands and sending states' enthusiastic promotion of transnational entrepreneurship among compatriots are regarded as creating barriers to integration.

We aim to address the gaps in the existing research by analyzing Chinese immigrant entrepreneurship in the USA. Figure 18.1 presents an alternative framework for analysis. We consider immigrant entrepreneurship to be an important driver for diasporic development, on which structural circumstances in both sending and receiving countries have an impact. Entrepreneurship, facilitated by transnational practice and promoted by homeland states, affects diasporic development both directly and indirectly. In turn, diasporic development positively affects migrant integration into the host society by generating economic and sociocultural opportunities.

Past and Present Trends in Chinese Immigration

The Old-Timers

The USA is home to the largest concentration of people of Chinese descent outside Southeast Asia. Size aside, it is an ethnically diverse but highly racialized society dominated by a white Anglo-Saxon Protestant culture with European Americans on top, African Americans and Native Americans at the bottom, and Latino and Asian Americans in between. Although assimilation was expected of immigrants from diverse backgrounds, Chinese

immigrants were excluded from assimilation for much of the period before World War II.

The history of Chinese immigration to the USA dates back to the late 1840s, initially as part of the global Chinese labor migration of the mid-nineteenth century. The trans-Pacific journey of Chinese laborers was largely financed by the credit-ticket system. Most of the old-timers hailed from villages of the Si Yi (Sze Yap) region, speaking Taishanese (a local dialect incomprehensible even to other Cantonese) in south Guangdong Province. In Hawaii, contract laborers worked on plantations (Chan 1994; McKeown 2001). In the US West, they first worked in mining, then on the transcontinental railroads and, subsequently, in select manufacturing industries (Chan 1994; Saxton 1971). A small group of merchants rose out of the labor migration process (Zhou and Kim 2001). Those who migrated to the USA mainly responded to the ethnic-specific demands for goods and services from coethnic laborers. This small merchant class nonetheless played an important role in diasporic formation in the USA (Wong 1988).

Chinese immigrants originally moved to the USA with the intention of staying for a limited time, but many could not afford to go home after their labor contracts ended because their low wages were barely enough to pay off debts while remitting to support families back home. They encountered a hostile host society. When mines were depleted, railroads were built and recession hit, they became easy scapegoats for economic distress. In the 1870s, "white" workers who experienced labor market insecurities and exploitation channeled their frustrations into racist attacks on the Chinese (Saxton 1971). The anti-Chinese movement contributed to Congress passing the Chinese Exclusion Act in 1882 (the exclusion of Chinese immigrant women stipulated in the Page Law had been implemented seven years earlier) (Chan 1994). The act prohibited the importation of Chinese labor for ten years and was subsequently extended indefinitely until it was repealed in 1943. The number of new immigrants from China plunged from 133,000 in the 1870s to a historic low of 5800 in the 1930s.

During the exclusion era, Chinese laborers and merchants were forced into an uneasy bond that transcended class. Anti-Chinese agitation, violence and legal exclusion pushed the Chinese into Chinatowns in major immigrant gateway cities such as San Francisco, Los Angeles, New York and Chicago. Chinese merchants, in contrast, continued to migrate legally because they were not excluded by law. However, they too were residentially segregated in urban Chinatowns and socially excluded from participating in the wider US economy and society, just like their working-class

coethnics. They used Chinatowns as a platform to launch their ethnic businesses, contributing to the formation of the ethnic enclave economy. They and their fellow workers were bonded by relationships aimed at securing mutual survival. Because US immigration laws allowed merchants to move transnationally, these individuals depended on transnational practices to grow their businesses.

The earlier diasporic Chinese community followed an organizational pattern similar to that of the diasporic communities in Southeast Asia, the center of the Chinese diaspora that concentrates three-quarters of the people of Chinese descent around the world outside China. In diasporic Chinese communities, one remarkable characteristic is the dominance of ethnic businesses, serving as the organizational base on which a range of ethnic associations (including family and kin associations, hometown associations and merchant-labor associations, or *tong*), the Chinese-language press and Chinese schools were established (Wong 1988; Zhou and Lee 2013). In the era of Chinese exclusion, the diasporic Chinese community in the USA displayed several distinctive features: (1) a small merchant class established a firm foothold at the outset of a Chinatown's formation; (2) organizations and interpersonal relations were based primarily on blood, kin or place of origin; (3) ethnic businesses were interconnected through a range of interlocking ethnic institutions that guided and controlled interpersonal and interorganizational relations; and (4) the ethnic enclave as a whole operated on the basis of ethnic solidarity internally and social exclusion by external forces (Zhou 2009). The century-old diasporic Chinese community in the USA was self-governed by an overarching organization called the Chinese Consolidated Benevolent Association.

Some 60 years of legal exclusion, between 1882 and 1943, turned Chinatowns into bachelor societies of adult males who were either single, or married with spouses who had remained in China. The shortage of Chinese women and the anti-miscegenation law that prohibited Chinese men from marrying white and other women stifled the formation of conjugal families and the natural reproduction of the ethnic population (Wong 2005). However, the contraction of immigration, combined with the "paper son" phenomenon,[3] gave rise to a small second generation, many of whom were children of merchants, that grew and became visible in Chinatown and came of age before World War II. Like their adult counterparts, the children of immigrants were also socially and culturally isolated from the larger society. Even those who had obtained a college education

experienced labor market discrimination and had to find jobs in their own ethnic enclaves (Chun 2004).

The Chinese Exclusion Act was repealed during World War II, but Chinese immigration remained insignificant because it was then subjected to an annual quota of 105, as stipulated in the National Origins Act of 1924. However, two groups of Chinese immigrants had entered in considerable numbers after the war and during the 1950s: 10,000 Chinese women who were the wives of US servicemen and more than 5000 political refugees (Daniels 2006). Chinese immigration did not pick up again until Congress passed the Hart–Celler Act in 1965. In the post-War and Cold War periods, Chinese Americans were cut off from all ties to their ancestral homeland. At the point of no return, the diasporic community gradually adjusted its sojourning orientation to become an ethnic community, and Chinese immigrants and their children were quietly assimilating into US life at the time of the immigration hiatus and the civil rights movements.

The New Arrivals

New Chinese immigration to the USA is a post-1979 phenomenon. From 1924 to 1965, US immigration was subject to the National Origins Act, which applied a per-country immigration quota based on the populations of the existing national-origins groups. The Act aimed to restrict immigration from Southern and Eastern Europe at the time when Asian exclusion legislation was already in place. With the lifting of legal barriers to Chinese immigration after World War II and the enactment of a series of liberal immigration laws after the passage of the Immigration and Nationality Act Amendments of 1965 (also called the Hart–Celler Act), the Chinese American community had increased by 15 times, from 237,000 in 1960 to more than 3.8 million in 2010. As of 2015 the ethnic Chinese population (excluding the Taiwanese) grew further, reaching 4.76 million by official estimate.[4]

Much of this tremendous growth is the result of international migration. In 2013, China replaced Mexico as the top country of origin for immigrants to the USA. The rapid rise in Chinese immigration is due partly to US immigration policy reform and partly to China's open-door policy. Immigration from the People's Republic of China occurred only after December 1978 when the USA normalized diplomatic relations with China, and this accelerated after 1980. According to US immigration statistics, 314,896 immigrants were admitted to the USA from mainland China, Hong Kong

and Taiwan as permanent residents between 1960 and 1979. Only 10 % were from mainland China. In contrast, 1,813,312 were admitted between 1980 and 2010, nearly two-thirds (65 %) of them from mainland China. The total number admitted from 1960 to 2010 was almost five times the sum total admitted from 1850 to 1959. The 2013 American Community Survey (ACS) data also attest to the large part played by immigration. As of 2013, foreign-born Chinese accounted for nearly half of the ethnic Chinese population, 53 % of the foreign born who arrived after 2000, and 54 % of the foreign born who were naturalized American citizens (Hooper and Batalova 2015).

Post-1980 Chinese immigrants to the USA have diverse origins, unlike their earlier counterparts. Post-1980 Chinese immigrants are also much more diverse in their socioeconomic backgrounds than the old-timers. Some arrived in the USA with little money, minimum education and few job skills, which forced them to take low-wage jobs and settle in urban Chinatowns. Others came with family savings, education and skills far above the levels of the average American. The immigration of highly skilled Chinese is remarkable, especially along the student-turned-immigrant route. However, it is US businesses, rather than the government, that have been instrumental in pushing highly skilled migration. The path to permanent residency is more stringent in the USA as graduates must first secure employment there and have their employers sponsor their immigration. China sent more than 755,000 students abroad between 1978 and 2008, half of them to the USA. Less than 15 % returned. The events in Tiananmen Square in 1989 prompted the US Congress to authorize about 60,000 Chinese students and their families already in the USA to stay permanently (Zhou 2009). Passage of the H-1B legislation in the 1990s facilitating the hiring of highly skilled technicians and professionals by US firms further accelerated the flow. In 2002, for example, close to 19,000 temporary H-1B visas were granted to Chinese college graduates. They joined an additional 18,000 professionals and highly skilled workers admitted for permanent residence (Portes and Rumbaut 2006). Most highly skilled Chinese immigrants were former students studying in the USA. When they obtain their immigration visas through their US employers, most have already been in the USA for five years or more counting their time in graduate school.

Nationwide, levels of educational achievement among Chinese Americans have been significantly higher than those of the general US population since 1980 because of immigration selectivity. The 2009 ACS data showed

that half of Chinese Americans aged 25 and over had at least a college degree (25 % held postgraduate degrees), compared with 31 % of non-Hispanic whites; that 53 % of Chinese Americans aged 16 and over had a professional occupation compared with 40 % of non-Hispanic whites; and that median family income for Chinese American families was USD80,643, compared with USD69,531 for non-Hispanic white families. New Chinese migrants of diverse socioeconomic backgrounds tend to be spread out residentially. While major urban Chinatowns continue to receive new migrants, new Chinese communities have sprung up in suburbs to form ethnoburbs (Li 1997; Zhou et al. 2008).[5]

Immigrant Entrepreneurship and Diasporic Development

Demographic diversity and a more open host society allow new Chinese migrants to go beyond their traditional ethnic enclave to seek new routes to upward social mobility. While low-skilled immigrants and those without English proficiency continue to take the time-honored path of toiling at low-wage jobs in the ethnic enclave economy and moving up gradually into mainstream America, many highly educated Chinese immigrants have bypassed Chinatowns to obtain professional occupations and become incorporated into the US middle class. A significant proportion of the immigrants, both low skilled and highly skilled, have pursued entrepreneurship as their chief, or alternative, means of social mobility. The self-employment rate for adult Chinese parallels that of non-Hispanic whites. According to reports from the 2007 survey of business owners in the USA, Chinese-owned businesses there numbered 423,650, up 60 % from 1997. For every 1000 Chinese there were 140 Chinese-owned firms (compared with only 68 Filipino-owned firms, 52 African American-owned firms and 32 Mexican-owned firms for every 1000 coethnics). Chinese-owned firms, while mostly found in ethnic enclaves or ethnoburbs, offer professional services in law, finance, real estate, medicine and so forth, and are engaged in capital- and knowledge-intensive research and development in telecommunications, computer science, pharmaceuticals, biochemistry and biotechnology. For example, Yahoo! Inc., Computer Associates International (a Fortune 500 public firm specializing in computer technologies based in New York) and Watson Pharmaceuticals (a large public firm based in Los Angeles) were owned or founded by ethnic Chinese but are rarely considered ethnic businesses because the immigrant entrepreneurs successfully shed their ethnic distinctiveness and incorporated their businesses into the core of the mainstream economy. Both old

Chinatowns and new Chinese ethnoburbs serve as important centers for entrepreneurial development and ethnic life.

Entrepreneurship and Ethnic Organization

Immigrant entrepreneurship has served as the basis from which ethnic organizations emerge and grow. In the past, entrepreneurship was a force-choice strategy aiming at survival in a host society that excluded the Chinese. Old Chinatowns in the USA were dominated by an entrepreneurial class and a coethnic working class whose members were interdependent and bound up in tightly knit ethnic organizations. Traditional ethnic organizations, including family and kin associations, hometown associations and merchant-labor associations were originally developed as mutual aid societies (Liu 1998; Wong 1988; Zhou and Kim 2001).

New waves of Chinese immigration have grown and diversified the entrepreneurial class in the diasporic Chinese community. Particularly noteworthy is that a changing ancestral homeland has facilitated entrepreneurial growth beyond national boundaries. Since the late 1970s, the Chinese state has not only created an open and welcoming institutional environment but has also been proactively involved in transnational social fields. Some of the state-sponsored activities include building infrastructure to attract foreign capital investment, facilitate joint ventures and economic cooperation, and advance scientific, technological and scholarly exchange (Zhou and Lee 2013). For example, the Chinese government set up four special economic zones (SEZs) in 1980 in Guangdong and Fujian, home provinces to the majority of the people of Chinese descent all over the world, in order to tap into diasporic Chinese resources, and with great success. Between 1979 and 1987, 90 % of foreign capital investment in SEZs, mostly in labor-intensive manufacturing, came from the Chinese diaspora.[6] Since 2000 the Chinese state and local governments have changed the SEZ model to a knowledge-intensive development model, building hi-tech industrial development parks, science, technology, engineering, and mathematics laboratories, and other research and development facilities and crucibles to attract new generations of diasporic Chinese to invest in China. The hi-tech investors and technopreneurs have been disproportionately new Chinese migrants who have resettled in the USA and other economically advanced Western countries. The Chinese state has also attempted to reverse the brain drain through innovative programs and initiatives. Policy toward students abroad, which initially emphasized "return," was relaxed in the 1990s to recognize

that returning to China is not the only way to serve the country. The Chinese government now considers returned students and scholars a leading force in areas such as education, science and technology, high-tech industries, finance, insurance, trade and management, and a driving force for the country's economic and social development (Zhou and Lee 2013).

Changes in contemporary Chinese immigration and homeland circumstances give rise to new patterns of ethnic entrepreneurship vastly different from those of the past. Although the ethnic Chinese economy in the USA is still marginal to the mainstream economy, ethnic entrepreneurs can capitalize on economic reform in China and the opportunities that come with it by way of transnational activities (Zhou 1992; Zhou and Lee 2013).

Entrepreneurial development results in the expanding and strengthening of the diasporic Chinese community. The arrival of new Chinese migrants of diverse socioeconomic backgrounds has not only replenished the membership of traditional Chinatown organizations in the USA but also given rise to a proliferation of new Chinese immigrant organizations in burgeoning ethnoburbs. Most of the ethnic Chinese organizations are transnational in outlook and practice. Although the Chinese government has become increasingly involved in transnational social fields, the vast majority of Chinese organizations have been created by immigrants' own initiatives (Zhou and Lee 2013).

Organizational development is distinct from that of the past. Three types of new organization are particularly remarkable: extended hometown associations, professional organizations and alumni associations. New Chinese immigrant organizations, regardless of type, tend to be more inclusive, recruiting members from diverse geographical and socioeconomic backgrounds. As such, their constituency is not bounded by primordial ties such as locality and kinship. For instance, new Chinese associations in the USA tend to be bicultural and take the form of a "unique hybrid" with a membership that is "resourceful, educated and literate in both Chinese and American cultures, and fluent in both languages" (Zhou and Kim 2001). The extended "hometown" associations are inclusive, with members who may have originated from all over China. The age-old concept of the "hometown" has been deterritorialized and transformed from representing a specific locality (e.g., a sending village or township) to being a cultural/ethnic symbol representing the Chinese from the mainland collectively and China as a nation-state (Liu 1998, 2012). Professional organizations are based on various professions, including science, engineering, medicine, law, and humanities and social sciences. Alumni associations are formed on the

basis of the colleges and universities and, to a lesser extent, high schools from which immigrants graduated in China.

The new Chinese organizations have the explicit dual goals of assisting immigrants to integrate into the host society and to maintain diaspora–homeland ties. However, even though many new ethnic Chinese organizations are not lodged in Chinatown or Chinese ethnoburbs, they remain distinctly ethnic. Moreover, we find that first-generation immigrants are more likely than US-born Chinese Americans to practice transnationalism across national borders, and that only a small number of new Chinese migrants routinely engage in entrepreneurial activities. Those who actively participate in transnational social fields tend to be the socioeconomically mobile—immigrant entrepreneurs in particular—who look to the ancestral homeland for *better* opportunities that would take them to a *higher* ground. Immigrant entrepreneurship, especially encouraged and enabled by economic opportunities in the homeland, becomes a choice among many and serves as one of the most effective alternative means to status attainment for those who choose it.

As in the past, community development is based on a complex array of business enterprises and organizations whose leadership is taken up by the entrepreneurial class. Responding to China's open door and economic reform, entrepreneurs are better positioned than individual migrants to engage in transnationalism because of their well-established and longstanding institutional position in the diasporic community. In turn, these entrepreneurs play an important role in community development.

Migrant Integration through Ethnicization

Migrant integration, or assimilation, refers to the process by which the characteristics of immigrant group members come to resemble those of natives in host societies. The USA is one of the largest countries in the world in terms of population and has the absolute dominance in global geopolitics and economy. It is founded in large part on the moral and philosophical wisdom of Christianity. At the founding of the nation, white Anglo-Saxon Protestants and their language and culture defined the national identity and the mainstream. For a long time in US history, the American nation promoted assimilation, or the severing of ethnic ties, among immigrants of different cultural backgrounds. However, racial minorities of non-European origins were excluded from the process.

Owing to major structural changes in the USA, such as civil rights movements, immigration reform and multiculturalism, the US mainstream is now redefined as one that encompasses "a core set of interrelated institutional structures and organizations regulated by rules and practices that weaken, even undermine, the influence of ethnic origins per se," that may include members of formerly excluded ethnic or racial groups, and that may contain not just the middle class or affluent suburbanites but the working class or the central-city poor (Alba and Nee 2003: 12). Even though the US mainstream is segmented by class, successful integration entails incorporation into the middle-class core, not into the segments of the mainstream occupied by the lower classes.

The US immigration reform of the 1960s brought about a massive influx of non-Europeans, but the state has implemented few policies to help integrate the country's newcomers. Integration is left entirely to market forces and immigrants' own efforts. Chinese immigrants and their US-born and US-raised children are experiencing a paradox in the process of integrating into US society. From my interviews with new Chinese migrants and organizational leaders, and from participant observation, I found that the majority of new Chinese migrants in the USA strive to get settled in US society and aspire to push themselves and their children to integrate. As time goes by and as the host society becomes more receptive to them, they grow roots in their new homeland, even if they retain strong ethnic identities. Mr. Zhang, one of the interviewees, who had been in Los Angeles for 25 years and worked in a software firm as an engineer, reported that, after both his parents passed away in China, he changed the verb *hui* (return) to *qu* (go) when he told people that he was going to China. He said:

> After my mother passed away [father had passed away a year earlier], I came to the realization that America is home. All these years, I grabbed, and created, any opportunity to go to China from work and spent most of my vacation time visiting my parents in China, and I went at least twice a year. … Now I can start planning our vacation trips to places around the world where my wife and I have never been to. And at work now, I'd try find excuses not to go China. It's a very long trip.

For Zhang, China suddenly became far away. Several other respondents whom I interviewed reported that, after their parents had passed away, they stopped making trips to their hometowns altogether. The experience of

growing roots in the hostland is not unique but shared by many with or without the intention of engaging in the transnational social field.

Although new Chinese migrants no longer look to China as a place to which they will eventually return, they are still drawn to the diasporic community for ethnic life. For them, their integration is intertwined with ethnicization. Zhang lived in a white middle-class suburb but would frequently go to Monterey Park, a Chinese ethnoburb less than ten miles away from downtown Los Angeles. He would also regularly participate in activities in his Chinese alumni association and professional association. He said he did so just to meet old friends and to "have a good time." Ethnic organizations offer alternative social spaces for immigrants in the USA, and organizational participation helps immigrants maintain their symbolic ties to their homeland and a sense of ethnic, rather than diasporic, Chinese identity, regardless of their occupation and the level of transnationalism (Zhou and Lee 2015).

Immigrant entrepreneurs play an important role in community-building. First, successful entrepreneurs or established professionals aspiring to become entrepreneurs are more actively involved in diasporic development through organization-building and participation (Portes et al. 2007; Portes and Zhou 2012). Leaders, rather than members, tend to use ethnic organizations as a means of building business partnerships or acting as "go-betweens" to better capitalize on economic opportunities. In many cases, leaders voluntarily form ethnic organizations and claim leadership roles in order to advance these self-interests (Zhou and Lee 2013). Once they firmly establish a foothold or reputation in the diasporic community, and earn the trust of Chinese government officials and entrepreneurs in China, they enter into partnerships with businesses on both shores to further promote entrepreneurial growth in the community. A member of an alumni association put it succinctly:

> You think they [the leaders] spend so much time and money for nothing? Oh no. An organizational leadership is a short-cut to power in China. With an organizational title and some legwork, you can get to meet high-ranking Chinese officials up close and personal. Otherwise, you cannot even make an appointment with the secretary of a local official.[7]

Second, immigrant entrepreneurship across national borders can open up better economic opportunities for immigrant entrepreneurs, contributing to local economic development by expanding existing businesses. It also

facilitates the flow of Chinese capital, making the enclave economy both local (linking to regional economies in the USA) and global (linking to the Chinese economy and beyond) (Zhou 2009; Zhou and Cho 2010).

Third, Chinese immigrant organizations are intrinsically linked to an ethnic enclave or ethnoburb—the physical or symbolic location of an American ethnic community. Growing entrepreneurship can stimulate organizational development as immigrants utilize organizations to advance their individual economic interests and meet their entrepreneurial aspirations. The proliferation of organizations in turn provides additional building blocks to reinforce the ethnic community's foundation and reaffirm a sense of ethnic identity among group members (Zhou and Lee 2013). For example, San Francisco's Chinatown, located in a low-income immigrant neighborhood, has continued to serve as a focal point for coethnic interorganizational and transnational engagement because of its longstanding institutional basis. When the Chinese government sends delegations to the USA, immigrant Chinese organizations serve as local hosts to Chinese guests by holding welcoming banquets in Chinatown or a Chinese ethnoburb that draw organizations and their members who may or may not lodge in the physical community. Likewise, Chinese professional organizations or extended homeland associations will hold regular meetings in Chinatown or a Chinese ethnoburb. Organizational involvement thus increases the basis for social capital formation beyond the physical community.

Members of the second generation, despite having attained levels of education, occupation and income equal to or even surpassing those of non-Hispanic whites and having, in many cases, moved near to or even married whites, still feel that they are not fully "American." As a Chinese American woman pointed out from her own experience,

> The truth is, no matter how American you think you are or try to be, if you have almond-shaped eyes, straight black hair, and a yellow complexion, you are a foreigner by default ... You can certainly be as good as or even better than whites, but you will never become accepted as white (cited in Zhou 2004b).

This remark echoes a commonly felt frustration among US-born Chinese Americans who detest being treated as immigrants or foreigners. Their experience suggests that the USA racializes its own people. Speaking perfect English, effortlessly adopting mainstream cultural values and even marrying

members of the dominant group may help reduce this “otherness” at the individual level but it has little effect on the group as a whole, which is associated with the foreigner image.

The China factor affects Chinese Americans. Transnational activities in Chinese America are very much a first-generation phenomenon. This is not merely because the members of the second generation have been thoroughly assimilated and lack bicultural and bilingual skills, but also because of the possible ramifications of delicate USA–China relations. The historical stereotypes, such as the “yellow peril” and the “Chinese threat,” have found their way into contemporary US life, as revealed in the highly publicized incident regarding the trial of Wen Ho Lee, a Taiwanese-born nuclear scientist suspected of spying for the Chinese government in the mid-1990s (eventually proven innocent). Ironically, the ambivalent and conditional acceptance by US society has prompted Chinese Americans to align with other Asian Americans to organize pan-ethnically to fight back, which consequently heightens their racial distinctiveness while simultaneously distancing them from their ancestral homeland. But they must consciously prove that they are truly loyal Americans, especially in times when USA–China relations are in the spotlight. The pan-ethnic identity “Asian American” is invoked to distinguish themselves from their parent generation on the one hand and to assert themselves in US society on the other (Zhou 2004b).

Conclusion

Historically, Chinese immigrant entrepreneurship and Chinese diasporic communities were interconnected. Ethnic businesses and ethnic organizations constitute a key mesoinstitutional means of creating intraethnic and transnational links. These diasporic links have continued to be relevant in the age of globalization (Liu 2012). Based on the case of new Chinese migrants in the USA, we examine the relationships between immigrant entrepreneurship and diasporic development, and between diasporic development and migrant integration. We show that, while entrepreneurship has been a key defining characteristic of the Chinese diaspora, it is shaped by different circumstances of emigration in the sending country and migrant reception in the host country. We also show that immigrant entrepreneurship not only enhances an individual’s economic opportunities but also creates sociocultural opportunities by way of diasporic development.

Immigrant entrepreneurship, as in the case of the Chinese in the USA, does not necessarily affect the group or the ethnic community in the same way as it does individuals or individual families, even when it boosts the rate of self-employment for the group. However, when entrepreneurship is linked to an existing enclave economy, the effect on the group becomes even more significant. On the one hand, entrepreneurship opens up international capital, labor and consumer markets beyond the constraints imposed by the host society and economy, and thus expands the economic base by diversifying industries, thereby creating potential for the enclave economy to integrate both horizontally and vertically and making it more competitive and viable. On the other hand, the expanded enclave economy provides greater material support for existing social structures of the ethnic community, which in turn strengthen the basis for social-capital formation. However, the access to social-capital resources for transnational entrepreneurship may not be the same for all group members. Networks that pivot around family or kin relations are manifested in strong trust-based ties. These may be less beneficial and of less value than the occupationally based weak ties.

Furthermore, even though immigrant entrepreneurs may conduct their routine activities across national borders, they often simultaneously maintain a sojourning orientation in terms of their economic activity on the one side and a settler's orientation in terms of host-society integration on the other. Examining two industrial sectors—hi-tech firms and accounting firms—in Los Angeles' Chinese "ethnoburb," Zhou and Tseng (2001) found that Chinese transnational activities based economically in Los Angeles stimulated the growth of other traditional low-wage, low-tech businesses in the ethnoburb. They concluded that transnational entrepreneurship necessitated deeper localization rather than deterritorialization and contributed to strengthening the economic base of the existing ethnic enclave. When immigrant entrepreneurs orient toward their ancestral homeland, they play an important role in building and strengthening social structures that help to enhance their future wellbeing in the host country.

Notes

1. Both projects relied on mixed methods that combined an in-depth survey of online listing of Chinese immigrant organizations, interviews with organizational leaders in diasporic communities and with government officials in China, participatory observations, and content analysis of major local and

community newspapers. This chapter draws from two of my published journal articles on the theme (for more detail, see Zhou and Liu 2015, 2016).

2. Portes and Zhou (1996) addressed the contradictory findings by examining how the choice of functional forms—loglinear (relative returns) versus linear (absolute dollar values)—of the earnings equations produced contradictory outcomes concerning the superior or inferior earnings of the self-employed relative to wage/salaried workers. When the loglinear form was used there was a negative, but statistically insignificant, earnings effect on self-employment. However, when the linear form was used, the effect became significantly positive. They also found that the preponderance of the self-employed was among positive outliers and thus argued that the use of the loglinear form, which was favored by most economists, sacrificed substantive knowledge about the ethnic entrepreneurship because it excluded all the outliers and evened out the earnings of the most successful entrepreneurs.
3. The "paper son" phenomenon is known as a phenomemon of illegal Chinese migration during the era of Chinese exclusion, in which young Chinese migrants entered the USA in a false identity of someone else's US-born child.
4. US Census Bureau, 2015 American Community Survey 1-Year Estimates, http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk, accessed on December 1, 2016.
5. Referred to middle-class suburbs with high concentrations of immigrant groups of racial or ethnic minority status.
6. See "Overseas Chinese Guanxi and Open-Door Reform in Guangdong" (in Chinese) http://qwgzyj.gqb.gov.cn/qwhg/146/1346.shtml, accessed on December 1, 2016.
7. Interview with Mr. Wang in Los Angeles, January 2010, in Chinese, translated by Zhou.

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