Western Immigrants Opening Western Restaurants in Taiwan: Beyond Ethnic Economy

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Abstract

Immigrant restaurants are often viewed as parts of ethnic economies that utilise co-ethnic resources and networks, but immigrant restaurants in Taiwan established by Westerners represent a new phenomenon. My goals for this paper are to provide historical and macro-institutional analyses of this phenomenon, and to examine whether it is representative of an ethnic economy. Data are from a literature review and interviews with Western immigrant entrepreneurs in the restaurant business in Taiwan. In this paper I review the history of the privileged position of Western cuisine in Taiwan, and the aspects of status, class, and lifestyle that encourage Westerners to set up immigrant restaurants. My conclusion is that Western immigrant restaurants in Taiwan are not an example of an ethnic economy because their owners rarely use ethnic resources or networks. Since they are not concentrated in specific areas, they cannot be viewed as forming an ethnic enclave.

Keywords: Ethnic Economy, Immigrant Restaurants, White Immigrants, Entrepreneurship, Taiwan,

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Introduction

The general flow of international migration is from less- to more-developed countries, with the primary motivation being access to better economic opportunities. However, with Asian countries such as China, South Korea, India, Singapore, and Taiwan experiencing dynamic economic growth, we are witnessing a reversal of this movement. The bulk of research on this reverse flow focuses on Asians who are returning to this region, thus neglecting the movement of non-indigenous individuals—especially Westerners who arrange their own moves instead of accepting relocation offers from multinational corporations. The study of Westerners emigrating to the developing countries can open up a new perspective for the current study of white diaspora in the Western countries (Walter, 2011).

Tzeng (2006a, 2010a, 2010b) has looked at reasons why Western professionals move independently to Taiwan to work for Taiwanese firms, and how they develop cross-border careers. One of the career paths for these Western professional immigrants in Taiwan is to establish their own businesses in Taiwan (Tzeng, 2010b). In this paper I will focus on the restaurant sector—the largest industry in which Western immigrant entrepreneurs are engaged in Taiwan (Tzeng, 2009). Restaurants have long been one of the most common businesses for self-employed immigrants, since the entry barrier is relatively low—small amounts of beginning capital, the most basic qualifications and simple technology (Leung, 2003).

Ethnic economy researchers have made significant contributions to our understanding of the behaviours of immigrants who move from less- to more-developed countries such as the United States, Canada, and EU nations. The term “ethnic” is generally used to describe minority and immigrant groups, but Light and Gold (2000) note that all ethnic groups have their separate economies, including white ethnic groups. Ethnic business researchers tend to neglect these groups because the concept of “ethnic economy” is based on North Americans being at the centre of control (Nederveen Pieterse, 2003). In the same manner that the ethnic economy concept is utilised to describe immigrant restaurants (Wahlbeck, 2007), I will look at whether the concept can be used to analyse immigrant restaurants owned and operated by Westerners in Taiwan.

Please note that the large majority of Western immigrants that I have studied have lived in Taiwan for many years, and generally intend to live here for their entire lives, but without applying for permanent resident cards or Taiwanese citizenship. As most of them marry Taiwanese, they have few legal problems living in this country.

Macro Structure and Ethnic Economy

Many sociologists have tried to explain why immigrants have greater propensity for self-employment. Research on immigrant entrepreneurs has
focused on the independent or interactive effects of structural factors and individual characteristics that either exist prior to immigration or are adopted upon arrival in a host country (Zhou, 2004). Immigrants clearly differ from host country residents in terms of human, financial, social, and cultural capital. Many immigrants are driven to entrepreneurship because they cannot compete in regular job markets (Pang, 2003); they either do not have the necessary qualifications, or are excluded due to discriminatory practices despite having the required qualifications (Watson, Keasey & Baker, 2000). Discrimination can also affect career development at a later stage. Even highly educated immigrants in the US are frequently forced to start their own businesses when they come up against glass ceilings or lack of training opportunities for high-paying jobs (Saxenian, 2000; Tseng, 2000). Furthermore, very few immigrants have access to the kinds of mainstream social networks that can help them find jobs.

With less access to formal capital markets, immigrant entrepreneurs are more likely to use family and co-ethnic networks for financial and labour support, which explains why immigrant firms are primarily viewed as “ethnic businesses.” Ethnic economies exist wherever immigrant or ethnic groups have controlling ownership in businesses; in many cases, their employees are either in the same ethnic group, or unpaid family workers. Light and Gold (2000) specifically view certain economies as ethnic when employees are co-ethnics. A related concept—ethnic enclave economy—is defined as an ethnic ownership economy clustered around a territorial core, usually in immigrant neighbourhoods (ibid.; see also Wilson & Portes, 1980). An ethnic economy is not necessarily an ethnic enclave.

The ethnic economy concept focuses attention on the ethnic resources and social networks used to establish and run small businesses. Many of those businesses are in labour-intensive sectors that sit at the edge of mainstream labour markets. Ethnic economies are more likely to be based on trust and to provide flexible and reliable co-ethnic employees, but they also tend to support paternalistic and obligation-based employment practices that can resemble sweatshops in terms of long hours and low pay. In sum, ethnic economies can serve as stepping stones for immigrants to achieve individual economic advancement, or as traps that keep them in marginal business sector jobs (Wahlbeck, 2007).

Discrimination in mainstream labour markets is not the only motivation for immigrants to become self-employed. Other institutional settings that constrain or empower entrepreneurship are important structural factors that make self-employment more (or less) viable and attractive to newcomers. The extent of self-employment varies among countries due to different levels of development and economic modernization, as well as variation in institutional arrangements, capital requirements, rules and procedures for establishing new businesses, tax policies, requirements for retirement and pension contributions, and labour market regulations (Arum & Muller, 2004). Yu and Su (2004) argue that the relatively high self-employment rates in Taiwan are partly a reaction to a weakly regulated labour market associated with a laissez faire regulatory
approach. In general, it is difficult for the state to force predominantly small firms in Taiwan to provide employment benefits for fear of inducing bankruptcies; furthermore, Taiwanese labour unions are inactive in terms of providing protection for private sector employees. It is much easier to set up a business in Taiwan compared to other countries. Tzeng (2009) notes that Western immigrants are fully aware of Taiwan’s entrepreneurial spirit, lack of rules for new business setups, relaxed regulatory environment, and wealth of economic opportunities.

Leung (2003) argues that self-employment among immigrants (as it is among non-immigrants) is viewed not only as a way to avoid unemployment, but also as a way to achieve greater autonomy, social mobility, and personal satisfaction. Trade-offs between working for others and self-employment frequently involve subjective preferences—for instance, independence versus dependency, and stable income versus higher risk and/or longer work hours (Arum & Muller, 2004). Zhou (2004) contends that highly educated immigrants sometimes quit their high-paying salaried jobs with American companies to pursue entrepreneurship because they want to better utilise their skills, bicultural literacy, and transnational networks to reap material gains; she points to Israelis, Chinese, Taiwanese, and Colombians as examples.

Based on this review, I will examine the extent to which the ethnic economy concept can explain Western immigrant restaurants in Taiwan. Questions I will address include: why do Westerner immigrants choose to set up restaurants in Taiwan? What kinds of institutional settings facilitate or impede them setting up restaurants in Taiwan? Do Western immigrants rely on co-ethnic capital and labour when setting up their restaurants?

Method and Data Collection

No statistical data is available on immigrant businesses in Taiwan, let alone specific data on the narrow topic of restaurants owned and run by Western immigrants. I have collected data from public media reports, company websites, customer blogs, and interviews with Western immigrant entrepreneurs and related individuals. In the food sector, Western immigrants in Taiwan are currently operating music and sports pubs, coffee shops, and bakeries, among other Western-style food and beverage businesses. Other related food business that are not included in this paper are ice cream makers and wholesalers, Internet sales of popcorn, sausage and vegetarian dishes, organic vegetable production and sales, and agencies that promotes Western cuisine and wines in Taiwan. I have identified 70 Western immigrant restaurants in this country: 42 in Taipei, 11 in New Taipei, 12 in Taichung, three in Kaohsiung, and one each in I-lan and Pon-hui. I have obtained data on owner nationalities for all but one Western immigrant restaurants. According to my data, 73 Westerners own or co-own 69 restaurants in Taiwan: 11 each of French, Americans, and Canadians, eight Britons, seven Germans, five Australians, four Spanish, three each of Italians and white South Africans, two
each of Irish and New Zealanders, and one Swede, Australian, Belgian, and Bulgarian.

I interviewed 20 owners of 18 restaurants in Taipei and New Taipei between September and early December 2010. Each interview lasted for one to three hours. Topics included past work histories, reasons for coming to Taiwan and setting up a restaurant, the challenges of starting and running a restaurant in Taiwan, and future business visions. Due to space limit, I only present part of interviews result in this paper.

**High Status of Western Foods and Restaurants in Taiwan**

Teng (2002) believes that the launching of Western restaurants in Taiwan was due to a fawning attitude toward Western culture during and immediately following the Japanese colonial period (1895-1945). The first Western restaurant, named *Bolero*, was started in Taipei in 1934 (Ho, 2011). The restaurant owner was a Taiwanese who learned Western cooking in a Western restaurant in Japan, and who created a fusion Taiwanese-Japanese-Western cuisine. For the time period it was considered a luxurious gathering place for wealthy individuals, celebrities, and artists. Customers could listen to Western classical music while sipping coffee and engaging in intellectual conversation. Similar Western restaurants could be found in China (especially Shanghai) during the late Qin Dynasty and into the 1920s, and they became a popular social place for businessmen, diplomats, movie stars, and youth from rich families. These Western restaurants symbolised health, hygiene, and civilization (Chen, 2008) since Western culture was highly praised as a way for China’s modernization.

*Bolero* and other Western restaurants maintained their high status when the Japanese gave up control and were replaced by Chiang Kai-Shek and the Kuomintang government. According to an article in the Taiwanese newspaper (Ho, 2011), in the 1950s one modest meal at *Bolero* cost approximately one-half of a typical worker’s monthly salary. Another example is the Café Astoria Confectionary, which was originally established and owned by Russians living in Shanghai; the business moved to Taiwan with the Kuomintang government in 1949. It was the very first Western restaurant owned and managed by Westerners in Taiwan and quickly became a popular gathering place for local celebrities.

As American military bases expanded during the Korean War in the 1950s and the Vietnam War in the 1960s, American popular culture—including music, food and fashion—started to exert a strong influence on Taiwanese youth (Wu, 1997). As a designated rest and recreation centre for American soldiers serving in Asia, Taipei became a centre for numerous bars owned by Taiwanese near the office of the U.S. Military Assistance and Advisory Group.

As an anti-communist bastion, a politically secure and economically prosperous Taiwan produced an educated and Westernised middle class in the latter part of the twentieth century (Rubinstein, 1994). Economic growth in the
1970s resulted in many examples of conspicuous consumption for showing status. Middle class Taiwanese with growing disposable incomes wanted new lifestyles, demanded greater diversity in food products, and enthusiastically sought new restaurants that served exotic foods. The economic boom of the 1970s created an increasingly cosmopolitan Taipei. Since the Taiwan government prohibited foreign enterprises from operating food or food-processing businesses, Western restaurants were primarily owned and managed by Taiwanese, with some hiring Westerners to work in their kitchens.

In 1984, McDonald’s became the first foreign food company allowed to operate in Taiwan, although hamburgers were previously available in Western style restaurants or tourist hotels in Taipei. According to Wu (1997), the company was given permission to enter the country because of its hygiene and production standards. The company targeted members of a growing Taiwanese middle class who were either well-exposed to international culture, or had studied or worked in North America and Europe. The Golden Arches arrived just as Taiwan was taking off as a major player in global electronics and computer markets. In addition, as married Taiwanese women were increasingly accepted in the labour market, eating out became more acceptable and frequent. As older forms of childhood socialization that emphasised filiality and obedience were de-emphasised in favour of consumerism, Taiwanese youth embraced McDonald’s as a symbol of their new lifestyle (Watson, 1997). Eating a hamburger was perceived as a way to connect with the world beyond Taiwan. In 1992, a McDonald’s franchise in Taiwan was recognised as one of the most profitable in the world; in 1994, Taiwan’s McDonald’s restaurants had the highest growth rate internationally (Wu, 1997).

From 1950 to the late 1980s, the large majority of foreign professional workers in Taiwan were employed by multinational corporations; few had the time required to participate in restaurants in any other capacity than as investors. The number of self-initiated foreign professional workers in Taiwan (mainly from Western countries) increased dramatically after a law addressing various aspects of foreigner employment was passed in 1993. Many of these self-initiated individuals started their own businesses after working for Taiwanese firms for several years, with restaurants being one of the most common sectors for their investments (Tzeng, 2009).

The market for Western fast food restaurants in Taiwan is now very competitive: McDonald’s, Burger King, Pizza Hut, Domino’s, Kentucky Fried Chicken, Sizzler, Starbuck, Subway, and T.G.I. Friday all have strong presence in Taiwan. Also, as Taiwan’s population has become increasingly affluent, luxury French restaurants such as de Joël Robuchon are also doing business in Taipei. In March 2011, W Hotels Worldwide opened W Taipei near the Taipei 101 Tower, which only recently lost its position as the world’s tallest building. The menu of the hotel’s Woobar restaurant contains a Million Dollar Burger consisting of wagyu (Kobe-style beef), seared foie gras, brioche, frites, and truffle mayonnaise. Each one costs $2,200 New Taiwan (NT) dollars, compared to $40NT for a basic McDonald’s hamburger.
Western Immigrants in Restaurant Business in Taiwan

All of the 20 immigrant restaurant owners interviewed were white male. Breakdown by country was France: four; Spain: three; UK, Germany, Canada, New Zealand, South Africa: two each; Italy, Sweden and the US, one each. Average age was 39.2 (26 to 58), with the majority in their 30s (nine) and 40s (six). Average length of residency in Taiwan was 12.2 years (four to 32). Average age at restaurant opening was 33.5 (24 to 48). Average length of restaurant operation at the time of our interviews was six years (one to 30), with seven operating for less than three years and 11 for four years or more. The majority (15) were established after 2000; the oldest opened its doors in 1980.

All but one restaurant served strictly Western style foods of their home countries; the exception is a vegetarian restaurant that serves a combination of Western and Chinese foods. Many of the interviewees claimed that they make authentic Western dishes from scratch (unlike those provided by Taiwanese restaurant owners, which are either modified or made from pre-packaged products), and that they were introducing Western dishes and new cooking that had not existed before in Taiwan—for example, British fish and chips, New Zealand burgers and pies, and molecular gastronomy. They also believe that they are introducing Western culture via restaurant décor, customer interaction, music, or art displays.

Most (15) of the interviewed Western entrepreneurs were married to or living with Taiwanese; majorities of their Taiwanese wives help with logistics and/or cooking. Regarding ownership, 12 of the 18 restaurants are solely owned (including spousal ownership), one jointly owned by Westerners, and five jointly owned with Taiwanese business partners. In terms of registration, nine of 18 restaurants are registered under the names of Taiwanese wives or domestic partners, two under the names of Taiwanese friends, and seven under their own names, including two that were recently transferred following a divorce or the end of a relationship. Reasons given for the low percentage of restaurants registered under the Western owner’s name included linguistic challenges (11 described their Chinese as “poor,” five as “medium,” three as “good,” and one as “excellent”) and not understanding official Taiwanese procedures. Most of Westerners who registered their restaurants under their own names paid for assistance from Taiwanese lawyers, accountants, or foreign lawyers with offices in Taiwan.

The majority of the interviewees were well-educated: 13 with undergraduate college degrees, three with graduate degrees, one with a two-year cooking vocational school certificate, one with some college, and two with high school diplomas. Of the 16 with university degrees, nine graduated in a restaurant-related subject such as cooking, hospitality management, or tourism. Of the five interviewees without any prior work experiences in Taiwan, one owned and operated a restaurant in his home country before moving to Taiwan. Of the 15 with work experience in Taiwan before opening
their restaurants, their jobs included chef/cook (four), restaurant manager (one), English teacher (seven), regional manager in a multinational corporation in Taiwan (one), salesman in a Taiwanese company (one), and musician (one). Reasons cited by interviewees who had restaurant-related educations or experience to start restaurants in Taiwan included presenting authentic Western food, working in an autonomous capacity, earning more money, or accepting invitations from Taiwanese business partners. Most of the interviewees without restaurant-related degrees or work experience stated that they loved to cook. The English teachers said that they became restaurant owners because they were tired of teaching and wanted more prestigious careers; the same reason was given by the interviewee with experience working for a non-restaurant-related Taiwanese company. The musician was invited by his co-ethnic (Spanish) friend to work in his restaurant, and one left his multinational company for reasons he did not want to discuss.

All of the interviewed Westerners set up their restaurants by themselves or with their wives and/or foreign or Taiwanese partners; the one exception was a restaurant acquired from a foreign friend. When starting out, all but two interviewees also served as main chefs; since then, several have hired chefs and other kitchen helpers in order to focus their energy on restaurant management, but they still retain control over menu items and product development.

Initial capital for starting their restaurants mostly ranged from $100,000NT to $300,000NT. The restaurant owners found low-rent spaces, bought basic kitchen equipment, and decorated dining areas on their own, contracting out plumbing and electric work. Most of the restaurants were established as proprietary (eight) or limited companies (seven); two were started as limited share businesses, and one (a luxury restaurant located near the Taipei 101 Tower) is a branch of a holding company registered in the Virgin Islands. It has a team of 13 cooks, and is financed by an anonymous Taiwanese banker. In contrast, majority (14) financed their restaurants with their own savings, a few (four) received support from their parents, and one used a bank loan in his wife’s name. Foreigners find it very hard to get business loans in Taiwan. A few of the restaurants interviewed in this research have grown into medium-to-large operations, and their owners have used their profits for remodelling, professional interior design, imported furniture, and modern kitchen equipment, usually imported from their home countries. Three have grown into chain operations.

Regarding staff size, 12 of the restaurants have ten or fewer full-time employees; two have only part-time workers, and the others employ 14, 15, 30 and 100 workers. Only four of the 18 immigrant restaurants hired other foreigners to work for them: an Argentinean chef works in the Spanish restaurant, a German restaurant has a German chef, and an Italian restaurant has an Italian chef, plus a Malaysian-Singaporean sommelier who worked in overseas hotels before meeting his future Taiwanese spouse. One pizza restaurant owner hires American students from the Taipei-American school to work as part-time waitresses and waiters. Several Western immigrant restaurants have hired overseas Chinese (from countries such as India or the
Philippines) who hold Taiwanese passports to work as chefs/cooks or managers, mostly due to their bilingual talents and past experience working in large, established restaurants or hotels that emphasise service quality. Most of these overseas Chinese are in their 30s and 40s, and are therefore more mature and stable. All of the interviewees said that it is very difficult to find local Taiwanese who are interested in restaurant service careers, since such positions are considered low-status.

The average cost per meal per person is $1,052.5 NT ($275 to $3,000 NT); five average below $500 NT per customer, six between $500 NT and $600 NT, and seven at $750 NT or higher. This indicates that most (13) of the Western immigrant restaurants whose owners I interviewed are considered expensive for middle-class Taiwanese. The restaurants at the high end of the scale target expatriate Westerners and affluent Taiwanese. The high-end luxury restaurants have much higher prices. One restaurant mainly serves dinners for private parties at a minimum of $25,000 NT for total cost and thus reservations are absolutely required.

Most of the interviewees believe that they could not have started their own restaurants in their home countries due to high taxes and labour costs, as well as strict health and safety regulations. Several stated that citizens in their home countries are not oriented toward eating out or trying new foods. I was told by some that their status as white restaurant owners and main chefs regularly attracts attention from Taiwanese news media, resulting in free exposure and customers interested in meeting immigrant restaurateurs. Furthermore, some Western immigrants have received help to promote their restaurants from economic and cultural offices representing their home countries in Taiwan.

Conclusion and Implications

Despite major differences between Chinese/Taiwanese and Western cuisines and food cultures (rice/tea versus bread/potato/coffee), Western style restaurants in Taiwan established during the Japanese colonial period symbolised modernization, status, and sophistication. During the Cold War period, the anti-Communist Asian outpost of Taiwan became home to American restaurants and bars. However, with few exceptions, Western style restaurants before 1984 (when the first McDonald’s opened) were fully owned and operated by Taiwanese, some of whom hired Western chefs or cooks when it was convenient for them. McDonald’s represented Taiwan’s transformation into a prosperous and open society, one that could afford Western food on a regular basis.

Although there is a full history of Western immigrants owning and managing restaurants in Taiwan since 1949, my data indicate that this did not become an easily observed phenomenon until 2000. From 1950 to the late 1980s, the large majority of foreign professional workers in Taiwan were employed by multinational corporations. The number of self-initiated foreign professional workers in Taiwan (mainly from Western countries) increased
dramatically after a law addressing various aspects of foreigner employment was passed in 1993; the situation for foreign workers is now considered stable. Similar to the situation in Western countries, people who move to Taiwan tend to work for others while they explore their new environment, and then search for self-employment opportunities.

While most Taiwanese consider restaurant work low-status, Westerners view eating out and trying foreign cuisines as an important lifestyle activity. Most of the Westerners owning restaurants in Taiwan are well educated or experienced; they had college degrees or professional restaurant training and/or experience. They did not feel pressured to establish restaurants in Taiwan because they could not find other forms of employment, lacked credentials, or suffered from racial discrimination. Several owners I spoke with perceived a niche for presenting authentic Western food in a developing Asian country. For those who started out as English teachers, they were motivated to become more autonomous or to pursue what they perceived as more prestigious jobs by operating their own restaurants. However, Western immigrant restaurants in Taiwan cannot be analysed as part of an ethnic economy, since they use very few co-ethnic resources and networks—most rely on their own savings, and hire Taiwanese employees. They do not represent an ethnic enclave, since their restaurants are not concentrated in any particular area. Unlike immigrant restaurants in Western countries, many Western immigrant restaurants in Taiwan target wealthy members of the host country in addition to expatriates who enjoy higher salaries than those earned by local residents. Furthermore, instead of encountering discrimination, Western immigrant restaurant owners can take advantage of long-held images of Western culture as having higher status and/or quality compared to local culture, regardless of the truth of such perceptions.

References


