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TAIWAN

Taiwan, unlike other Asian countries, has managed to create an environment in which Silicon Valley-type start-ups can succeed. In contrast, innovation in Japan and South Korea is generally channeled into branches of massive industrial and trading firms. **Business Week** (August 1, 1983) reports, "In contrast to the lifetime loyalty of many Japanese to their employers, most Chinese aspire to be their own bosses."

Most Taiwanese start-ups, such as Microtek, Mitak, and Advanced Devices Technology, were founded by engineers who returned to Taiwan after working for high-tech firms in the United States. Some, such as Mitak and Multitech International, have relied on importing and marketing U.S.-made components to earn early profits. Operating costs are low, however, since salaries as well as wages are well below the American norm.

Taiwan, however, does not have a developed equity market, so start-ups look to friends and families for financing. The government has invested in some high tech ventures, and it may increase its venture capital activities.

The government and the ruling Kuomintang (KMT) Party also play a role in the operations of larger, established foreign firms. Linda Gail Arrigo ("Economic and Political Control of Women Workers in Multinational Electronics Factories in Taiwan," May, 1983) found, "... upper-level management in the U.S.-owned factories, those directly below the few American managers and over the native Taiwanese laborers, is predominantly Chinese military managers retired from liaison service with the United States Military Assistance Advisory Group. . . . A large foreign company must provide the salaries and offices for four to five 'security agents.' Virtually all of these retired military men and 'security officers' are substantive, not merely nominal members of the ruling party, the Kuomintang."

Arrigo also determined that the government

promotes company unions at foreign-owned plants but not at Taiwanese facilities. She concluded. "First, the exemplary labor regulations on the books do not allow excessive overtime work, do not permit women to work past 10:00 p.m., require paid sick leave and vacations, etc., 'except with the consent of the union.' Secondly, the unions - in-house unions whose main officers are the upper-echelon Chinese managers themselves - are extensions of the ruling party itself." Through the unions, the government can exercise direct control over the policies of the multinational corporations.