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兩岸經貿交流提升與台灣科技人才：機會與衝擊  
The Rising Cross-Taiwan Strait Economic Exchange and  
Taiwan's Science & Technology Talents: Opportunity and  
Challenge

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## Abstract

Globalization helps cross-strait economic exchange. China is transitioning from just being a “world-factory” to also being a “world-market.” Foreign investments have been flowing into China; foreign companies set up branches and factories in China. When Taiwanese enterprises move their production lines to China, Taiwanese S&T talent needs to play roles in communications, training and skill transfers. Taiwanese investors and companies, however, have the advantage over their global competitors of sharing the same language and culture with China, which affords Taiwanese enterprises and talent (skilled workers) more opportunities than other countries. At the same time, there are some challenges that Taiwanese science and technology talent needs to face. The author will first describe the patterns of economic globalization in the world, especially between Taiwan and China. The author will then present some of the reasons that Taiwanese enterprises invest in China engage in science and technology work in China. The author will supplement the trend analysis with details from in-depth interviews with some Taiwanese industry S&T workers to propose suggestions to Taiwanese professionals, to human resource management and for trans-national labor policy -- with a particular eye towards retention of talent and know-how and to avoid “brain-drain”.

**Key words:** Globalization, Cross-Taiwan Strait Relations, Talent’s Dispatch, Kunshan, Science & Technology Talents

## 摘要

全球化趨勢帶動兩岸經貿交流互動，中國大陸從世界工廠成為世界市場，外資紛紛轉往中國大陸投資設廠。然而，因為台灣與中國大陸擁有相同語言及文化背景，也使得台灣企業及科技人才比其它企業擁有更多的優勢及機會。台灣企業大舉投資中國大陸並在中國設立生產基地，台灣科技人才必需扮演中間溝通、技術移轉的角色。而台灣科技人才也將面臨因此現況帶來的機會與挑戰。作者將提出經濟全球化與全球及對兩岸的影響、台灣企業投資大陸設廠及台灣科技人才到中國大陸工作的原因;並透過深度訪談了解台灣科技人才的想法及意見及提出在就業上的建議給台灣科技人才及台灣企業人力資源管理政策上的建議以留住人才、減少因產業外移中國大陸而造成人才流失。

關鍵詞：全球化、兩岸關係、人才外派、昆山、科技人才



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## List of Acronyms

ARATS	Association for Relation across the Taiwan Strait
ASEAN	Association of Southeast Asian Nations
CAGR	Compound Annual Growth Rate
CIER	Chung-Hua Institution for Economic Research
ECFA	Economic Cooperation Framework Agreement
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
HRST	Human Resources for Science and Technology
ISCED	International Standard Classification of Education
ISCO	International Standard Classification of Occupations
IT	Information Technology
MAC	Mainland Affairs Council
MOEA	Ministry of Economic Affairs, R.O.C.
NAFTA	North American Free Trade Area
OECD	Organization for Economic Co-operation and Development
PRC	People's Republic of China
PC	Personal Computer
R&D	Research and Development
SMEs	Small-Medium Enterprises
S&T	Science and Technology
SOEs	State-Owned Enterprises
TPP	Trans-Pacific Strategic Economic Partnership Agreement
SEF	Strait Exchange Foundation
WTO	World Trade Organization

# Chapter I

## Introduction

### 1.1 Research Motivation and Background

In recent years, because of the trend of economic globalization, enterprises from around the world have been competing with both their own domestic enterprises as well as foreign enterprises.<sup>1</sup> The economic exchange between the cross-strait countries has been growing since the late 1980s. The Mainland Chinese government opened and reformed its economy in 1979. After that both China and Taiwan lifted the ban on visiting relatives in each other's countries in 1987.<sup>2</sup> Both sides' exchanges have been extended to economic exchanges, cultural exchanges, political negotiation and so on.<sup>3</sup>

In order to promote the economic exchange between China and Taiwan, both sides officially opened "Three direct links"- having trade relations, postal communication and air/navigation traffic in 2008 and implemented "Economic Cooperation Framework Agreement (ECFA)." On Sep.12th, 2010 in order to make both sides' exchanges operate more smoothly, direct flights were established between both sides on Dec. 15th, 2008.

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<sup>1</sup> Szu-Min Weng, *The Labor Right of Expatriates in China* (MA Thesis for Institute for Labour Research, Taipei: National Chengchi University, 2010), p. 1.

<sup>2</sup> Fu-Bell Lee, "Encyclopedia of Taiwan: Lifting the Ban on Visiting the Relatives in China Mainland," Ministry of Culture, September 24, 2009, <http://taiwanpedia.culture.tw/web/content?ID=3890>

<sup>3</sup> Chong-Hai Shaw, "The Analysis of the Cross-Strait Political Definition Basing upon the Historical Development of Cross-Strait Relations (I)," *Prospect Quarterly*, Vol.4, No. 4, 2003, pp. 10-11.

The Economic Cooperation Framework Agreement (ECFA) makes the economic cooperation and exchange between Taiwan and China more frequent and enhances the willingness to invest. The “Three direct links” direct flight brings the convenience of traffic between both sides<sup>4</sup> and increases the frequency of workers going to China from Taiwan for business trips. Because of increased investment,<sup>5</sup> the opportunities for staff who travels to China for work will increase<sup>6</sup> and that in turn will make parent-subsidiary communications faster, more direct and efficient. At the same time, it will grow the exchange of both sides staffs,<sup>7</sup> cooperation and division in industry,<sup>8</sup> foreign companies’ investment and competition leading to more effective impact. Also, it will accelerate funding and the movement of science and technology (S&T) skills and talent to Mainland China.<sup>9</sup>

Taiwan and China share the same language, culture, background and the advantages of proximity. With China’s numerous low-cost workers, Taiwanese enterprises continue to set up factories and branches in China in order to promote their own competitiveness and to create even more global economic advantages for themselves.<sup>10</sup> “Globalization” has widely influenced many different areas. In terms of the economy, it causes resource redistribution and integration; enterprises divide work tasks (specialization), the trade patterns between business partners and their countries, restructure commercial activities and change patterns of

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<sup>4</sup> Chao-Ping Li, *The Impact of Cross-Strait Direct Flight on Taiwan Airlines Industry ---- A Case Study of China Airlines Company* (MA Thesis for Eminent Public Administrators, Taipei: National Chengchi University, 2009), pp. 13-17.

<sup>5</sup> Jing-Ming Lin and Ping-Lung Hsin, *The Estimate of the Population of the Taiwanese People who Work in Mainland China*, Unpublished, 2007; Ping-Lung Hsin, “The Influences and Response of Taiwan Labor Market by the Sign of ECFA across the Taiwan Strait,” December 26, 2012, <http://www.npf.org.tw/post/2/11806>

<sup>6</sup> Ping-Lung Hsin, *Ibid.*

<sup>7</sup> Chu-Chia Lin, “Taiwan Chengchi University Chu-Chia Lin: The Imperative Investment of Taiwan Enterprises Invest to Mainland China,” Xinhuanet, April 10, 2006, [http://big5.xinhuanet.com/gate/big5/news.xinhuanet.com/tai\\_gang\\_ao/2006-04/10/content\\_4406118.htm](http://big5.xinhuanet.com/gate/big5/news.xinhuanet.com/tai_gang_ao/2006-04/10/content_4406118.htm)

<sup>8</sup> Chien-Kuo Pang, “The Prospects for Industrial Cooperation across Taiwan Strait in the Post-ECFA Era: A Political Economy Analysis,” *Journal of National Development Studies*, Vol. 11, No.1, 2011, pp. 45-46.

<sup>9</sup> Chu-Chia Lin, *op. cit.*, “Taiwan Chengchi University Chu-Chia Lin: The Imperative Investment of Taiwan Enterprises Invest to Mainland China,” [http://big5.xinhuanet.com/gate/big5/news.xinhuanet.com/tai\\_gang\\_ao/2006-04/10/content\\_4406118.htm](http://big5.xinhuanet.com/gate/big5/news.xinhuanet.com/tai_gang_ao/2006-04/10/content_4406118.htm).

<sup>10</sup> Szu-Min Weng, *op. cit.*, p. 1.

enterprises production. Because Taiwan and China have opened trade exchange with each other starting in the late 1980s, the relationship between both sides is becoming closer. The exchanges with each other include inter-countries exchange, inter-enterprise exchange and inter-employee exchange. Taiwanese enterprises have been establishing a production base in China, which changes the working model for Taiwanese employees. The author will probe the opportunities for and the effects on Taiwanese S&T talent that results from the always-changing and growing cross-strait economic exchange.

## 1.2 Research Purpose

After the cross-strait economic exchange began between the two countries, there have emerged some dynamics and effects on Taiwanese technologies and on both employment and working conditions for both Chinese and Taiwanese workers. The goals of this thesis are summarized below:

- 1) To understand, from the Taiwanese S&T talents' point-of-view, their opinions and thoughts about the new world of work and employment.
- 2) To understand, the effects and new realities of employment on Taiwanese S&T talents.
- 3) To propose a set of suggestions with respect to on employment to Taiwanese S&T talents.
- 4) To propose a set of suggestions to Taiwanese enterprises for adjusting and adopting their policies for human resource management and how to respond to the continuously evolving Taiwanese S&T talents' working model.

## 1.3 Literature Review

Since the development of globalization and during the growth of globalization, countries have been trading and cooperating, investing in other countries, engaging in cultural

exchange, and increasing interdependence. The net effect of the combination of these has triggered a new/modern migration of human-beings. Ravenstein proposed that the reasons why human-beings migrate are primarily due to economic factors, especially the intense desire to increase personal well-being, material wealth and ability to require desired goods. Generally, population migration is from a place which has fewer opportunities to places with more opportunities.<sup>11</sup> This chapter is divided into four parts, each of which describes theories related to this research. The first part is the definitions of “Globalization.” The second part defines “S&T talents.” The third part describes “Push and Pull Theory.” And, the forth part describes “The Law of Migration.”

### 1.3.1 Globalization

The phrase of “Globalization” is an umbrella term that has been in common use since the 1980s. The definition of “Globalization” involves several different aspects.<sup>12</sup> Globalization theorists have different descriptions for “Globalization.” It is described as a “condition,”<sup>13</sup> a “phenomenon,”<sup>14</sup> a “stage,”<sup>15</sup> a “phase,”<sup>16</sup> a “discourse,”<sup>17</sup> “an ideology”<sup>18</sup> or a series of waves, much like we know consider the evolution of the industrial revolution.”<sup>19</sup>

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<sup>11</sup> E. G. Ravenstein, “The Laws of Migration,” *Journal of the Statistical Society of London*, Vol. 48, No. 2, 1885, pp. 198-199.

<sup>12</sup> Al-Rodhan, R.F. Nayef and Gérard Stoudmann, *Definitions of Globalization: A Comprehensive Overview and a Proposed Definition* (Switzerland: Geneva Centre for Security Policy, GCSP Press, 2006), p. 3.

<sup>13</sup> M. Albrow et al., *Living the Global City* (New York and London: Routledge press, 1997), p. 20.

<sup>14</sup> A. S. Bhalla, *Globalization, Growth and Marginalization* (Ottawa: IDRC Press, 1998), p. 1.

<sup>15</sup> Richard Langhorne, *The Coming of Globalization: Its Evolution and Contemporary Consequences* (UK: Palgrave Macmillan Press, 2001), p. 2.

<sup>16</sup> A. S. Bhalla, *op. cit.*, p. 1.

<sup>17</sup> Robert Spich, “Globalization Folklore: Problems of Myth and Ideology in the Discourse on Globalization,” *Journal of Organizational Change Management*, Vol. 8, No. 4, 1995, pp. 6-29; C. Walck and D. Bilimoria, “Editorial: Challenging ‘Globalization’ Discourses,” *Journal of Organizational Change Management*, Vol. 8, No. 4, 1995, pp. 3-5; P. Kelly, “The Geographies and Politics of Globalization,” *Progress in Human Geography*, Vol. 23, No. 3, 1999, pp. 379-400.

<sup>18</sup> Robert W. Cox, *Globalization: Critical Reflections* (Boulder: Lynne Rienner Press, 1996), p. 23.

<sup>19</sup> John Micklethwait and Adrian Wooldridge, *A Future Perfect: The Challenge and Hidden Promise of Globalization* (NY: Random House Trade Paperbacks; Revised and Updated Edition, 2000), p. xvi.

Globalization involves the causes, the course of, and the consequences of trans-national and transcultural integration of human and non-human activities. Thus, the sum of these activities encompass economic integration, coordination and transfer of policies across borders, transfer of knowledge, increased cultural stability, mass manufacture of products, enhanced international relationships and changes in the discourses of power. It also includes a multitude of hidden agendas, such as how to determine the definition of “Globalization,” which is often decided by the background of an individual’s political ideology, geographic location, social status, cultural background and ethnic and religious affiliation.<sup>20</sup>

“It is the process of world shrinkage, of distances getting shorter, things moving closer. It pertains to the increasing ease with which somebody on one side of the world can interact, to mutual benefit, with somebody on the other side of the world.”<sup>21</sup>

“Globalization is reflecting technological advances that have made it easier and quicker to complete international transactions - both trade and financial flows. Markets promote efficiency through competition and the division of labor.”<sup>22</sup> The global market brings the opportunity for people to enter the larger markets of the world. What this means is that these people can enter into more capital flows, more technology exchanges, have access to cheaper imports and access to larger export markets.<sup>23</sup> “Globalization” is a set of continuous evolutionary adaptations and innovations, which involves the causes, course and consequences of many kinds of activities. It accelerates technologically advanced, “complete international transactions - both trade and financial flows” and further affects labors flows internationally. In recent years, the global market brings opportunities to workers, but on the other hand, it also brings challenges to those same workers who now face increased competition with others. “Globalization” makes countries without borders, which are now

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<sup>20</sup> Al-Rodhan, *op. cit.*, p. 3.

<sup>21</sup> T. Larsson, *The Race to the Top: The Real Story of Globalization* (U.S.: Cato Institute Press, 2001), p. 9.

<sup>22</sup> *Ibid.*

<sup>23</sup> Al-Rodhan, *op. cit.*, p. 3.

forced to both share resources and to compete with each other.

I-Hsin Hung conducted Probit regression analysis and analyzed the data - “Taiwan manufacturing firms’ survey data to understand firms’ foreign direct investment (FDI) location choice” from the Ministry of Economic Affairs (MOEA), R.O.C. to prove that if the percentage of small-medium enterprises (SMEs) that receive orders in Taiwan and produce in China are high, it will cause negative effects with regards to the ability to recruit low cost labor. This shows that the interaction between China and Taiwan is increasingly part of the globalization trend and as countries from around the world have been investing in China it will affect the agreements with and influence the Taiwanese markets.<sup>24</sup>

There are many ways to define “Globalization” that may be determined from different angles or through various lenses. As stated previously, “Globalization” might be a condition, a phenomenon, a stage, a phase, a discourse, an ideology or even a revolution. In the author’s opinion, these interpretations are interrelated and results in the recent situations Taiwan now faces, affecting international trade and cross-border labor flows. On the way to defining “Globalization,” the author would assert that it is an integration of “everything,” including the challenges to and opportunities for labor that are the main topics of this research. Globalization changes the world, shrinks distances and speeds up the transfer of information, but it also brings different challenges and opportunities to people. Later, the author will more deeply investigate Globalization’s influences on China, on Taiwan and between them each.

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<sup>24</sup> I-Hsin Hung, *The Impacts of Outward Foreign Direct Investment on Employment in Manufacturing Industry in Taiwan* (MA Thesis for Master for Eminent Public Administrators, Taipei: National Chengchi University, 2009), p. 12.



### 1.3.2 Definition of Science and Technology and Science and Technology Talent

#### 1. Definition of Science and Technology (S&T)

“In general, S&T is the abbreviated term for science and technology; in particular, S&T emphasize the utilization of innovation to bring about technological applications.” The Organization for Economic Co-operation and Development (OECD) proposed that the field of Science and Technology (S&T) includes natural sciences, engineering and technology, medical sciences, agricultural sciences, social sciences and humanities.<sup>25</sup> The classification of the Science and Technology (S&T) industry includes the semiconductor industry, the electro-optical industry, the communications industry, the information service industry, the computer hardware and information appliance industry, the machine industry, the aerospace industry, the electronic parts and components industry, the crucial materials industry and the energy industry.<sup>26</sup>

#### 2. Definition of Science and Technology (S&T) Talent

“Science and Technology (S&T) Talent,” in general, means engineers, scientists and skilled worker or the people who have the professional skills and background in information, sciences and engineering.<sup>27</sup> “Human Resources for Science and Technology (HRST) cover all personnel engaged in scientific or technological activities. HRST are defined in terms of qualifications or current occupation.”<sup>28</sup> The classification of qualifications is by the International Standard Classification of Education (ISCED) and the classification of

<sup>25</sup> National Science Council, “Definitions of Science and Technology Statistics Terminology Brochure,” [http://cdnet.stpi.org.tw/course/OECD/S&T\\_terms\\_NSC\\_2004.pdf](http://cdnet.stpi.org.tw/course/OECD/S&T_terms_NSC_2004.pdf)

<sup>26</sup> Ministry of Economic Affairs, R.O.C, “Categories of Science and Technology industry,” [http://hirecruit.nat.gov.tw/chinese/html/taiwan\\_08.asp](http://hirecruit.nat.gov.tw/chinese/html/taiwan_08.asp)

<sup>27</sup> Yi-fan Lin, *Investigation of the Career Development and Career Needs of the Female Human Resources in Science and Technology* (MA Thesis for Department of Business Administration, Taichung: Tunghai University, 2010), pp. 8-9.

<sup>28</sup> National Science Council, *op. cit.*, “Definitions of Science and Technology Statistics Terminology Brochure,” [http://cdnet.stpi.org.tw/course/OECD/S&T\\_terms\\_NSC\\_2004.pdf](http://cdnet.stpi.org.tw/course/OECD/S&T_terms_NSC_2004.pdf)



occupation is by the International Standard Classification of Occupations (ISCO).<sup>29</sup>

### 1.3.3 The Law of Migration

Closely related to the phenomenon of Globalization are theories of “Migration,” such as proposed by Ravenstein, who proposed both “The Law of Migration” and “Push and Pull Theory.”<sup>30</sup> Later, Lee also proposed the definition of and reasons for mass migration. Lee proposed that “Migration is defined broadly as a permanent or semi-permanent change of residence”<sup>31</sup> and that there are seven factors which cause such migration, which are listed below. There is no restriction on movement based upon distance, the voluntary or involuntary nature of the act, or external or internal migration. Ravenstein assumed the initiation of a move and consequences of the move are vastly different for the different models of movement.<sup>32</sup>

“1) Most migrants proceed a short distance towards centres of commerce and industry; 2) Most migrants move from rural areas to urban areas; 3) The process of dispersion is the inverse of that of absorption, and exhibits similar features; 4) Each main current of migration produces a compensating counter-current; 5) Migrants proceeding long distances generally go by preference to one of the great centres of commerce or industry; 6) The natives of towns are less migratory than those of the rural parts of the country; 7) Females are more migratory than males.”

From 1990 to 1997, migrant workers of OECD countries increased significantly.<sup>33</sup> The migrant workers’ income was just 9% of the per-capita income of high-income countries.<sup>34</sup> The numbers of workers on production lines (labor-intensive, low-skilled manufacturing) are

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<sup>29</sup> *Ibid.*

<sup>30</sup> E. G. Ravenstein, *op. cit.*, pp. 198-199.

<sup>31</sup> E.S. Lee, “A Theory of Migration,” *Demography*, Vol. 3, No. 1, 1966, pp. 49-50.

<sup>32</sup> E. G. Ravenstein, *op. cit.*, pp. 198-199.

<sup>33</sup> ILO (International Labor Organization), “Facts on Labor Migration,” 2006, [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_067570.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_067570.pdf)

<sup>34</sup> ILO, World Bank, *Migration News*, Vol. 13, No. 3, 2006, <http://migration.ucdavis.edu/mn/more.php?id=3217050>

decreasing, but the numbers of high-tech and professional workers are increasing.<sup>35</sup>

For the entire existence of human-beings, migratory activity has been continuous. There are many factors that cause this migration, but the foremost reason for it is prevailing relative economic conditions. People try to find ways to improve their lives and one of the ways is to migrate to other places which have more opportunities and relative high income potential and better working conditions.

#### 1.3.4 Push and Pull Theory

“Push-and-Pull Theory” is one of the most important theories for migration and immigration.<sup>36</sup> It is the most widely held neoclassical models on base studies of migration and immigration.<sup>37</sup> The theory was the first presented in “The Laws of Migration” by E. G. Ravenstein.<sup>38</sup> Ravenstein proposed that there were many factors which caused migration. These factors include, for instance, tyranny, heavy taxation, bad climate and poor living conditions. Nonetheless, the intense desire to improve one’s and one’s family’s material conditions, thus simply economic motives are the main and most important factors. Ravenstein also stated that migration is typically from low to high opportunities locations<sup>39</sup> and all other things being equal, from high-density to low-density locations.

<sup>35</sup> Jien-Tsz Yu, “The Impact of International Migration to Country’s Society of Immigration under the Globalization Wave – The Comparison of Germany and Taiwan’s Migrate Worker, Immigration Policies and the Impacts,” *Gong Gong Zheng Ce Yu Di Fang Zhi Li –Di Fang Zi Zhi Lun Wen Ji* (公共事務地方自治-地方自治治理文集), Vol. 2009, 2010, p. 325.

<sup>36</sup> Qiang, Li, “An Analysis of Push and Pull Factors in the Migration of Rural Workers in China,” *Social Sciences in China*, Vol. 1, 2003, p.126.

<sup>37</sup> Cheng-Chan Lee, *The Safety Border Management of Global People Movement* (MA Thesis for Institute of China and Asia-Pacific Studies, Kaohsiung: National Sun Yat-Sen University, 2009), p. 19; Ming-huan Li, “An Overview of the Western Theories of International Migration in the 20th Century,” *Journal of Xiamen University*, No. 4, 2000, pp. 13-14; Shih-Chieh Sung, *A Comparative Study on the Factors of Immigration Policy-Making in Taiwan and in Singapore* (MA Thesis for Graduate School of Southeast Asian Studies, Nantou: National Chinan University, 2000), pp. 10-11.

<sup>38</sup> E. G. Ravenstein, *op. cit.*, pp. 198-199.

<sup>39</sup> Ching-Yao Yang, *Analysis of Taiwan and China’s Opening on High Education and the Population Migration of High Education Asia*, Paper on the Cultural and Educational Academy Meeting of Tamkang University (Graduate Institute of China Studies, Taipei: Tamkang University Press, 2010); Jhong-Wun Shih, *The Professionals and Skilled Migration from the Philippines* (MA for Graduate Institute of Asian Studies, Taipei: Tamkang University, 2012), pp. 62-63.

According to related research, “Push” means away from the social and economic conditions which are not conducive to people’s well-being, which includes factors with general influence such as war, turmoil, natural disaster and ecological environmental deterioration. “Pull means attraction to locations which are relatively attractive with respect to the aforementioned factors or provide new opportunities to improve people’s lives.”<sup>40</sup>

During this process, there may be interfering factors which slow migration. These are called “intervening obstacles.”<sup>41</sup> In the original model, Lee summarized four factors that cause mass migration and developed a chart (figure 1.1) shown below. “In every area there are countless factors which act to hold people within the area or attract people to it, and there are others which tend to repel them.” The “+,” “-” and “0” signs indicate positive influence (pull), negative influence (push) and indifference to the condition (neither push, nor pull) respectively.<sup>42</sup> Hao Duan arrives at the same conclusions as Lee’s “Push and Pull theory” that: “the negative factors in origins encourage residents to move out and positive factors in destinations attract people to move in. If the push factors in origins and pull factors in destinations are strong enough to overcome the obstacles to moving, migration happens.”<sup>43</sup> “In the original model, Lee classifies all factors influencing migration into four categories: “1) Factors associated with the area of origin; 2) Factors associated with the area of destination; 3) Intervening obstacles; 4) Personal factors.”<sup>44</sup>

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<sup>40</sup> Jhong-Wun Shih, *op. cit.*, pp. 62-63.

<sup>41</sup> Qiang, Li, *op. cit.*, p. 126.

<sup>42</sup> E.S. Lee, *op. cit.*, pp. 49-50.

<sup>43</sup> Hao Duan, *Embodied Migration: An Affective Understanding of the Push-pull Theory* (Ph.D. Dissertation for School of Physical, Environmental and Mathematical Science, Sydney, AU: University of New South Wales, 2012), pp. 9-10; E.S. Lee, *op. cit.*, pp. 49-50.

<sup>44</sup> *Ibid.*

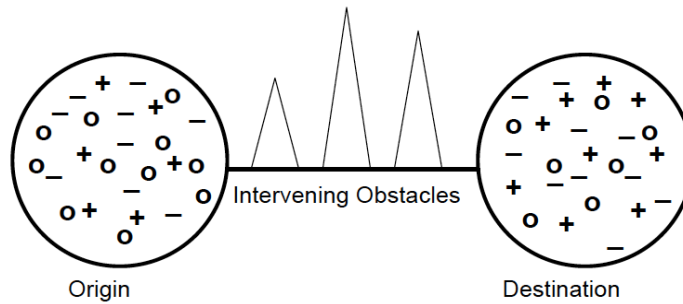


Figure 1.1 The Push-Pull Model

Source: E.S. Lee's push-pull model, *Demography*, 1966, p. 50.

We know that migration is for finding a better environment. It means that people will move to another place when that new place is better than their original place/environment. The velocity of migration is determined by “pull” factor intensity, “push” factor intensity and “intervening obstacles”, which are impediments to a flow velocity that would otherwise be determined solely by push and pull factors and their respective intensities. “Push” factors include a bad local situation such as a bad climate, a bad employment environment, a bad economic environment, a bad political environment, and so on. Conversely, “pull” factors include the incentives that are of opposite polarity to the “push” factors. They include a good employment environment, a good or competitive wage regime and so on. The factors of “push” and “pull” determine migration activity and velocity, which is then impeded if during migration there are any significant obstacles. If applying this theory to the cross-strait employment situation, China is the “pull” and Taiwan is the “push” and the obstacles may include personal factors which affect Taiwanese employees with respect to their employment opportunities.

## 1.4 Methodology

This research will first gather case-related information and then conduct in-depth interviews. Finally, using the collected information and interview results, the author will

analyze these data. Instead of simply quantifying statistical data, the author has chosen to further rely upon Qualitative Research Methods and apply in-depth interviews — which, here are using semi-structured interviews as the basis for the research and then drawing qualitative conclusions. First, the author will gather case-related information, including website information, research reports, academic journals, news and other textual sources. Secondly, the author hopes to conduct in-depth interviews with (primarily) mechanical engineers and human resource managers. Finally, this study will analyze the statistical data, summarize the interview results through systematic coding and content analysis of the interview data and propose summary conclusions and recommendations to practitioners. The author will also propose follow-up studies to generalize and refine the initial conclusions. The author will introduce the concept of the in-depth interview technique that was adopted its operating methods and processes, the interviewees and the designed interview questions.

#### 1.4.1 In-depth Interview

In-depth interviewing is a method of face-to-face communication by which the interviewees and researchers discuss with each other the research topics within the research scope to extract the information the researcher needs, including the interviewees' own experiences, thoughts, opinions and ideas. An in-depth interview is applied broadly in a variety of qualitative research studies. With respect to the selection of interviewees, the author has chosen two human resources managers, two mechanical engineers and two mechanical engineering managers. Essentially, all of the interviewees have experience in working for note-book computer design and manufacturing enterprises. With respect to the mechanical engineers and the engineering managers, the interviewees need to have worked and travelled back-and-forth between China and Taiwan or are Taiwanese people having had the experiences of working in China. Otherwise, the interviewees include a cross-section of

single, married, male, female and other varied social backgrounds to compare and contrast the different influences that may have affected the interviewees' experience, as summarized below.

Object	Department	Position	Experience (Year)	Married Status / Gender
Ms. HJ	Human Resource	Manager	18	Single Female
Ms. HE	Human Resource	Manager	15	Single Female
Mr. MT	Mechanical Department	Manager	25	Married Male
Ms. MA		Manager	16	Single Female
Mrs. EJ		Engineer	12	Married Female
Mr. EB		Engineer	5	Single Male

#### 1.4.2 Case Study

This study will be conducted over multiple sessions to study and analyze the interviewees and to reach any the conclusions, suggestions or opinions. The interview will be conducted with questions to relational people and the results based on the content interviews. The verbatim transcription of the sessions will be appended to this study. Based on the results or differences between and across interviews, the author will conduct case-analysis on each interview to discover any interviewees' unique responses and any complexity that arises from the interview set. The author will then re-sort the interviewees' stated thoughts, voiced suggestions and/or opinions, from which the author will propose provisional conclusions and suggestions for HR and management policy and procedure and for individual S&T workers in Taiwanese enterprises.

### 1.4.3 Interview Questions

The author will refer to “Push and Pull Theory” and the retention and recruiting policies of typical Taiwanese enterprises to design the interview questions. The author will integrate several relevant aspects, theory and representative policies to frame and determine the questions with which the in-depth interview will be conducted.

“Globalization” has caused trade, worker migration and economic policies to be changed or modified by many countries over time, at the same time. It makes enterprises, workers and professionals need to face not only internal (domestic) competition, but also external (foreign) competition for resources, wages, skills and jobs. The direction of the interview questions include the potential personal factors contributing to worker and professional migration and suggest ways for enterprises to retain talent and modify recruiting policies in response to their competitors and suggest ways the workers and professionals can respond to the effects of globalization to maintain or enhance control over their own opportunities. There will be two types of questionnaires: one for each Mechanical Engineers and Human Resource Managers respectively. For different positions and roles, determining their points-of-view, opinions and practical experience will be accomplished with different questions during each interview. The questionnaires are detailed within Appendix 1.1.

The purpose of this research is to probe under the trend of growing cross-strait trade and economic exchange for a notebook industrial mechanical engineer’s impact and opportunities. Based on the Push-Pull theory (Push and Pull forces and obstacles), the researcher will conduct analysis and research to investigate possible policies and solutions for the future. Each question in the questionnaire is coded by an interviewee’s unique code and the response content. There are two-character question-type codes, two-digit question sequence codes, two-character interviewee identification codes and two-digit response content codes. The set

of interviewees include mechanical design managers, mechanical engineers and human resource managers whose coding of the title are as below. For example, in an interview with mechanical engineer Mr. B who answers question type “push” in the first paragraph of the first question, the coding would be PS-01-EB-01.

- Mechanical engineer - “E”+ Interviewee-name-code-character
- Mechanical design manager - “M”+ Interviewee-name-code-character
- Human resource manager - “H”+ Interviewee-name-code-character

The coding of the type of questions are:

- Push - “PS”
- Pull - “PL”
- Obstacle - “OB”

## 1.5 Research Limitations and Scope

Many various Taiwanese trans-national industries enterprises have established factories or branches in different areas in mainland China. Many Taiwanese employees are now required to travel back-and-forth between Taiwan and China. In order to attain accuracy in this study, the author will limit the scope for the type of Taiwanese enterprise and type of S&T talent, the type of product and the location of the enterprise. The research scope is listed as below three items.

- 1) This research will focus on the notebook computer (Laptop) OEM design and manufacturing industry, because the characters of notebook computers are: high but rapidly decreasing prices and that the notebook computer design and manufacturing enterprises have adopted global logistics management in order to satisfy their clients’ needs. This means that the enterprise fitting this profile receives orders in Taiwan,



produces and assembles the product in China, and then ships the manufactured product to its clients, often in, for example, the United States. At the time of this writing, the growth rate of the PC (Personal Computers) market is 6~8% Compound annual growth rate (CAGR) and that of the notebook computers is 20% CAGR. Some argue that this shows that the PC as a product is gradually replaced by notebook computers. In a few years, it is projected that notebook computer shipments will exceed that of PC shipment volumes.<sup>45</sup>

- 2) The technology industry is widely distributed throughout China, so the author has chosen the cluster - Kunshan, Jiangsu Province which has the most Notebook computer factories.
- 3) As the author mentioned in point #1 above, the notebook computers as a product have the characteristics of high, but rapidly decreasing price and that the requirements to participate in the market are increasingly high, there are massive demands for S&T talent, in particular for electrical and mechanical engineers. Further, there are also many different types of skilled technology workers that are needed to travel back-and-forth between Taiwan and China for business trips. Therefore, this research will focus on mechanical engineers who have been working in or have experience with the notebook computer industry.

The research objective requires that the author focuses on technology talent that has innovation, creative abilities, and advanced skills in their field. Mechanical engineering designers need to design systems that meet the requirements of the market for appearance, interior layout, accommodating the newest components and in which combinations culminating into entire mechanical design options until one of the options is chosen for development for mass production. Further, the interviewees need to have experience with

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<sup>45</sup> Ding-Yi Shen, *The Case Study of Notebook Sub-contractors for the Commercial Value of Global Enterprises' Information Strategy and Science and Technology* (MA Thesis for Department of Information Management, Taoyuan: National Central University, 2005), p. 22.

working in the enterprises that have branches or production lines in China. Because the notebook computer production cycle is around four months (one month for design and the last month is from trial run to mass production), another requirement of the interviewee is a person who has business trips totaling at least three, but ideally nine months per year.

## 1.6 Organization of the Thesis

This thesis is organized as follows: first, there is a discussion on “Globalization.” The second to forth chapter focuses on the study of the status of economic exchange between the two cross-strait countries, China and Taiwan. This chapter includes the emergence, evolution and growth of the economic exchange, both sides’ policies before and after opening free economic exchange (trade and finance liberalization) and the status of Taiwanese enterprises that have been investing in other countries. The fifth chapter focuses on the status of Taiwanese people who have migrated to China. This will specifically focus on the Taiwanese technology talent that works between Taiwan and China and the Taiwanese technology talent employment situation in China. Finally, the author will elicit and discuss the reasons that Taiwanese technology talent choose to work in China. The last two chapters detail the data analysis, draw conclusions from that analysis and make provisional suggestions for national economic policy, corporate procedures and policies and enhancing opportunities for the Taiwanese S&T worker. This research is organized as follows:

### I. Introduction

This chapter introduces the research motivation, background, purpose, limitation of method and scope. The author will summarize the related literature and theories and propose our research methodology.

## II. Globalization in Taiwan and China

This chapter summarizes the relations between economic globalization and the world and its effects on our Chinese-Taiwanese cross-strait relations.

## III. The Cross-Strait Economic Exchange

This chapter will describe the evolution of Taiwanese policies towards China and our respective relations, exchange and development over the various Taiwanese presidential administrations.. It will also summarize the evolution of Taiwanese enterprise investment into China over these different periods of economic policies by each president.

## IV. Status of Taiwanese Enterprises in China

This chapter will focus on the reasons and motivation for Taiwanese enterprises to invest in China; and the challenges when they invest in overseas operations, such as the necessary human resource challenges.

## V. The Reasons of Taiwanese S&T Talents Work in China

This chapter will focus on the reasons for Taiwanese S&T talent to choose to work in China, the status of manpower movement after cross-strait trade and finance liberalization. Further, the author will summarize some of the opportunities and challenges they can expect to face.

## VI. Case Study and Data Analysis

Utilizing the data from our in-depth interview methodology, the author will re-sort the interviewee various responses into three categories -- the push, pull and intervening obstacles that are from push-pull theory. With the data thus re-sorted, the researcher will analyze the data and present select case study elements.

## VII. Conclusion

Based on the results of analysis, the author will summarize the apparent effects, opportunities and challenges to the Taiwanese S&T worker navigating the changing landscape driven by respective Taiwanese-Chinese economic relations.. The author will

finally propose some modest suggestions for Taiwanese S&T workers on employment, for trans-national Taiwanese enterprises' human resource management policies and for the Taiwanese government with respect to policies that will maximize benefits for the Taiwanese people and maintain or enhance future competitiveness of the Taiwanese enterprise.

## 1.7 Findings

“Globalization” has brought and continues to bring a series changes and developments with different areas of influences. Globalization is a consequence of trans-national and trans-cultural integration of human and non-human activities.<sup>46</sup> “Countries share and distribute their resources and activities in finance, trade and capital flows with each other. Globalization reflects technological advances that have made it easier and faster to complete international transactions - both trade and financial flows. Markets promote efficiency through competition and the division of labor.”<sup>47</sup>

With the example of Taiwan and China, the rise of the economic exchange between the two changes the situation and environment for both sides, including the operation of their respective enterprises. Taiwanese enterprises have comparative advantages over China in research and development (R&D). China has a comparative advantage over Taiwan in low-cost raw materials, land and unskilled labor. This drives both sides to cooperate with each other to jointly become more efficient and to jointly attain greater benefit from and within the global marketplace. The operations of Taiwanese enterprises have changed their employees' working patterns, especially those of the technological professionals. Those employees play the role of a bridge between the parent companies (in Taiwan) and the

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<sup>46</sup> Al-Rodhan, *op. cit.*, p. 3.

<sup>47</sup> *Ibid.*

subsidiaries (in China) to transfer information and to transfer skills. Since we know that Taiwan has more skilled employees and workers, this will ideally help Taiwanese enterprises succeed. Many countries establish recruiting policies to attract excellent talent domestically and from overseas. These related policies and their associated results affect everyone. Taiwanese enterprises need to decide how to adjust their policies towards better recruiting success and employee retention. Employees now need to compete with people from around the world. This situation provides opportunities, but there can be negative consequences for unprepared individuals that are now suddenly part of a global labor marketplace. This new employment environment affects everyone. This is one of the motivating factors for conducting this research.

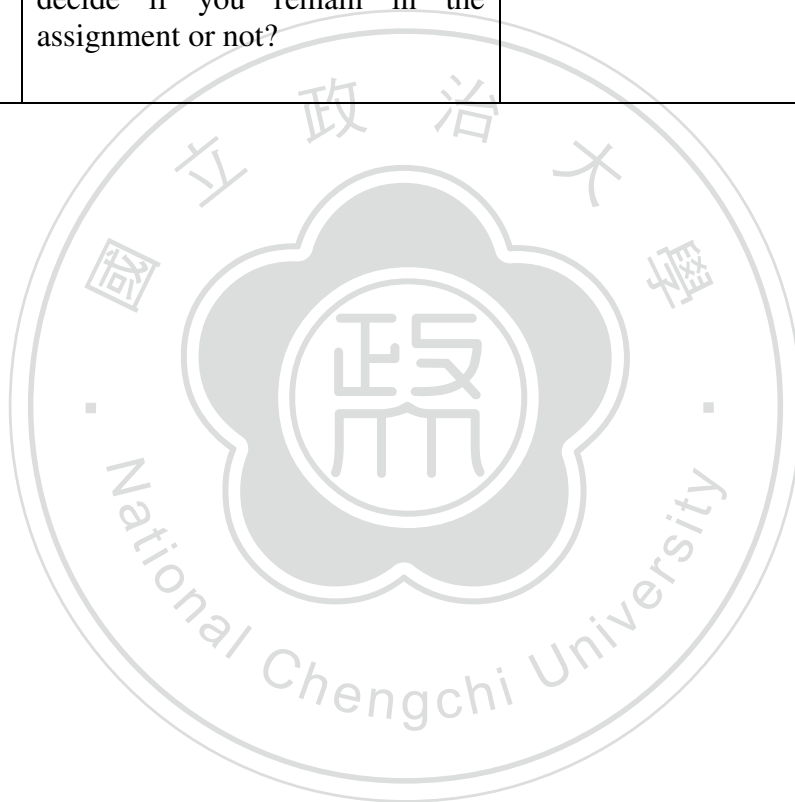
The author plans to conduct face-to-face in-depth interviews with different types of employees within an industry to attempt to discover the points of view of the modern global employee from different angles. The research will further try to discover hidden agendas or biases that people may not recognize and their impacts on everyone. The most important result of the research is to hopefully bring information to people for their reference and to provide a list of suggestions for consideration at the national policy level, the corporate policy level and some ideas on how to best adapt to these new realities.

Table 1.1 Questionnaire

	Retention	Recruiting
Push	<p>HR:</p> <ol style="list-style-type: none"> <li>1. What is your company's compensation or motivation system for your talents who are willing to go to China for work?</li> <li>2. What percentage of the flow of the talents in your company are because of dispatching to work in Mainland</li> </ol>	<p>HR:</p> <ol style="list-style-type: none"> <li>1. What is your company's policy for recruiting professional talent? What are the differences of policies between recruiting domestic and overseas talent?</li> </ol>

	<p>China?</p> <p>3. What is your company's compensation for it?</p> <p>Engineer:</p> <p>1. What is your company's policy for employees who are dispatched to work in Mainland China? What is important to you about the policy? Why?</p>	<p>Engineer:</p> <p>1. What kind of factors would affect your job selection personally?</p> <p>2. On the side of enterprise, what kind of policy would you prefer, when you consider a transnational enterprise?</p> <p>3. Every country has been recruiting domestic and overseas talents. Does it affect your employment situation in Taiwan or even overseas? Does it present opportunities or challenges to you?</p>
Pull	<p>HR/ Engineer:</p> <p>1. Compared with other enterprises, what are your advantages with regards to retention?</p> <p>2. What are your company's policies compared with other companies' to avoid or decrease "brain drain"?</p> <p>3. In your opinion, does your company have advantages that would appeal to overseas professional talents? What are they?</p>	
Intervening Obstacles	<p>HR:</p> <p>1. What's your company's policy to provide a security and comfortable environment to the employees who are dispatched to work in China?</p> <p>2. What is your company's policy to accommodate the families of single or married dispatched talents?</p>	<p>HR:</p> <p>1. As we know, every country has been conducting recruiting, have you ever had handicap with other corporations or countries when you are recruiting?</p>

	<p>Engineer:</p> <p>1. If being dispatched to work in China, how do you manage the family, health, career plan issues and so on, to be able to accept this job? Or does your company have any policies for you to solve or overcome these issues?</p> <p>2. What are the issues that need to be solved urgently when you are dispatched to work in China? And what are the factors which will decide if you remain in the assignment or not?</p>	<p>Engineer:</p> <p>1. As every country has been recruiting talents from around the world, are there any factors that influence your job selection?</p>
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## Chapter II

### Globalization in Taiwan and China

#### 2.1 Economic Globalization

Originally, when people talked about “globalization,” it was mainly from the point-of-view of the economy.<sup>1</sup> Economic globalization is one of the major features of the present world and it has a very important influence on the 21st century’s international economic trade patterns.<sup>2</sup> Indeed, economics is the main power driven “globalization.” “Economic globalization” is the main content and expression of “globalization.”<sup>3</sup> “Economic globalization” is a historical process, the result of human innovation and technological progress. It refers to the increasing integration of economies around the world, particularly through the movement of goods, services, and capital across borders.<sup>4</sup> “It is the process of increasing economic integration between countries, leading to the emergence of a global marketplace or a single world market.”<sup>5</sup> This term sometimes also refers to the movement of people (labor) and knowledge (technology) across international borders. There are also

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<sup>1</sup> Le-Xian Fang, “The Multidimensionality of Globalization Connotation: Debate and Reflect,” *Forum of World Economics & Politics*, Vol. 2, 2010, p. 68.

<sup>2</sup> Wei-Ping Huang, “The Study of the New Pattern of International Trade and Cross-Strait Economic Trade Cooperation under the Conditions of Economic Globalization,” *Forum of Globalization and Cross-Strait Exchange*, 2006, p. 20,  
[http://webcache.googleusercontent.com/search?q=cache:d8Ha\\_H7gsdMJ:ct100.chihlee.edu.tw/ezfiles/11/1011/img/107/paper1-11.doc+&cd=1&hl=zh-TW&ct=clnk&gl=tw](http://webcache.googleusercontent.com/search?q=cache:d8Ha_H7gsdMJ:ct100.chihlee.edu.tw/ezfiles/11/1011/img/107/paper1-11.doc+&cd=1&hl=zh-TW&ct=clnk&gl=tw)

<sup>3</sup> Le-Xian Fang, *op. cit.*, p. 68.

<sup>4</sup> IMF, “Globalization: A Brief Overview,” May 2008, <http://www.imf.org/external/np/exr/ib/2008/053008.htm>

<sup>5</sup> Tim, Riley, *Year 12 Economics* (Tim Riley Publications Press, 2005), p. 9.



broader cultural, political, and environmental dimensions of globalization.”<sup>6</sup>

Nobel laureate Joseph E. Stiglitz defines economic globalization as “the closer integration of the countries and peoples of the world which has been brought about by the enormous reduction of costs of transportation and communication,<sup>7</sup> and the breaking down of artificial barriers to the flows of goods, services, capital, knowledge, and (to a lesser extent) people across borders.”<sup>8</sup> “Economic globalization is the increasing economic interdependence of national economies across the world through a rapid increase in cross-border movement of goods, service, technology and capital.”<sup>9</sup> “Economic globalization promotes the international division of labor and in cross-border cooperation on IT design, production, and management.”<sup>10</sup> If we were to offer a summary, economic globalization would be the “integration of national economies in the international economy through trade, direct foreign investment (by corporations and multinationals), short-term capital flows, international flows of workers and humanity generally, and flows of technology.”<sup>11</sup>

## 2.2 Economic Globalization and the World

Economic Globalization is much related to the global countries’ integration of what is ultimately the result of world development of productive forces. “And the driving force is that pursuit profit and gain competitive advantage and strives for economic development.”<sup>12</sup>

<sup>6</sup> IMF, *op. cit.*, “Globalization: A Brief Overview,” <http://www.imf.org/external/np/exr/ib/2008/053008.htm>

<sup>7</sup> J. E. Stiglitz, *Globalization and Its Discontents* (New York: W.W. Norton and Co. Press, 2002), p. 9.  
Wei-Ping Huang, *op. cit.*, p. 20.

<sup>8</sup> J. E. Stiglitz, *op. cit.*, p. 9.

<sup>9</sup> Rakesh Mohan, Joshi, *International Business* (New Delhi and New York: Oxford University Press, 2009), p. 4; Wei-Ping Huang, *op. cit.*, p. 20.

<sup>10</sup> Tse-Kang Leng, “Economic Globalization and IT Talent Flows across the Taiwan Strait,” *Asian Survey*, Vol. XLII, 2002, p. 249.

<sup>11</sup> J. Bhagwati, *In Defense of Globalization* (UK: Oxford University Press, 2009), p. 103.

<sup>12</sup> Fu-Lin Pan and Ling-Xia Wu, “Proceedings of the 2010 International Symposium -Technical Innovation of

What this has been bringing to the world are “the globalization of production activities, the gradual formation of world’s multilateral trading system, the increasing integration of countries’ finances, the investment activities of corporations throughout the world, the flourishing development of multinational corporations and the globalization, the multimedia network over the world characterized by globalization and individual.”<sup>13</sup> The impacts of economic globalization to trans-national management include the interdependence of national economies; the reinforcement and emergence of concepts to facilitate trade power, trans-national management systems, optimization and adjusting their respective economies to become more closely linked with businesses becoming active participants. Trade theory and the theory of international investment companies gradually become more integrated.<sup>14</sup>

Economic globalization creates opportunities for trans-national management, but at the same time, it also has some negative effects. The acceleration of economic opening between countries strengthens the linkages between those national economies, but it also increases business cycle instability risks and the risks accompanying foreign investment and business environment uncertainty. For instance, the opportunities and challenges of coexistence with Chinese enterprises and the resulting imbalances of economic development can be aggravated. Enterprises will face greater competition and stress. To China, trans-national management is an important step to greater participation in globalization, but is also a way to avoid the associated disadvantages.<sup>15</sup>

Economic globalization also forms another global division system. Since World War II, the global economy has been developing rapidly; the globalization of trade leads to enterprises from around the world to be always expanding outward. To break the trading

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Industrial Transformation and Structural Adjustment,” *Analysis of Transnational Management of Chinese Enterprises under the Background of Economic Globalization*, 2010, p. 481.

<sup>13</sup> *Ibid.*

<sup>14</sup> *Ibid.*

<sup>15</sup> *Ibid.*

barriers between countries, there has been the emergence of various regional and international economic organizations, such as the European Union (“EU”), the North American Free Trade Area (“NAFTA”), the Asia Pacific economic cooperation and the emerging Trans-Pacific Strategic Economic Partnership Agreement (“TPP”). Thus every country’s dependence on foreign trade must decrease. Trans-national cooperation along inter-enterprise and investment pattern lines will decide industry’s competitiveness.<sup>16</sup> The global economic manufacturing system has resulted in an “OEM basement” in South-East Asia, especially China.<sup>17</sup>

As part of the process of globalization, enterprises can divide manufacturing processes to choose the most appropriate countries or areas to conduct manufacturing which leads to even more extreme competition between enterprises.<sup>18</sup> The competition doesn’t only occur between countries and enterprises, but also between workers. Workers make up the group which is ultimately the most affected and make the most sacrifices under this arrangement.<sup>19</sup> Under this economic globalization, capital flows across borders freely, which brings more choices to enterprise and capital owners. Therefore, enterprises or capital owners can choose to manufacture in the areas which have low costs of manpower coupled with low trading barriers. In fits and starts and unevenly it ultimately further develops the economy and creates more aggregate employment opportunities.<sup>20</sup>

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<sup>16</sup> Cheng-Tai Huang, “Under the Globalization, Cross-Strait Economic and Trade Policy and Taiwan’s Competitiveness,” 2001, <http://old.npf.org.tw/PUBLICATION/TE/090/TE-R-090-015.htm>

<sup>17</sup> Tsu-Lung Chou, “Economic Flows across Strait, Globalization and Restructuring Imagination of Taiwan’s Economic Areas,” 2006, p. 5,

<http://web.ntpu.edu.tw/~choutl/Referred%20paper-chinese/Referred%20paper-Economic%20flows.pdf>

<sup>18</sup> Alice Lin, “The Effects of Economic Globalization on Workers’ Rights in Taiwan, 2000-2008,” 2009, <http://www.npf.org.tw/post/2/6323>

<sup>19</sup> Shih-Wei Pan, “Economic Globalization and Union’s Movement- Taiwan Experience (Not Finalized),” 2008, <http://www.npf.org.tw/post/2/6323>

<sup>20</sup> Alice Lin, *op. cit.*, “The Effects of Economic Globalization on Workers’ Rights in Taiwan, 2000-2008,” <http://www.npf.org.tw/printfriendly/6323>

Table 2.1 States Dependence on Foreign Trade

Unit: %

Country \ Year	1970	1980	1998
Whole world	28	39	45
U.S.A	11	17	25
British	45	43	55
France	31	36	51
Italy	-	39	51
Canada	43	45	81
Australia	-	26	43
Japan	20	25	23
Korea	37	63	94
Taiwan	40	95	96
Singapore	-	370	306
Hong Kong	181	147	255
Thailand	-	49	83
Indonesia	43	42	103
Philippines	-	33	139
India	-	11	25
Brazil	-	19	18

Note: Dependence on foreign trade = (Export + Import) / GDP.

Source: Council for Economic Planning and Development, Taiwan Statistical Data Book.

## 2.3 Economic Globalization and Taiwan

Two of the mainly external forces to affect Taiwan's development are globalization and the cross-strait political and economical relations.<sup>21</sup> The trend of economic globalization promotes regional economic integration in East Asia. Taiwan's main national business model and policies are export-oriented and Taiwan has been aggressively committed to internationalization and economic liberalization, which strengthens economic and trade relations between partners and industrial division (specialization). The result is interdependence between cross-strait partners. Over past few years, cross-strait political relations have been tense and seemed to not ease, which leads to concerns of marginalization on economic aspects, especially since Taiwan wasn't allowed to join the FTA (Free Trade

<sup>21</sup> Tsu-Lung Chou, *op. cit.*, p. 2.

Agreement).<sup>22</sup>

With the trend of globalization, the biggest and most direct effect on industry is the Taiwanese industrial investments in China which further causes more outward-facing tendencies in Taiwanese industry. The effects on Taiwan's economy include "capital drain" and "industry hollowing-out." This hollowing-out of industry leads to: 1) structural imbalance of the labor market in Taiwan;<sup>23</sup> 2) A new Taiwanese trans-national industry economic network connection and development model. The Taiwanese manufacturing system has expanded to South-East Asia and China via this trans-national production network;<sup>24</sup> 3) A new global labor division that has created and sustains Taiwan's primary model of "Receiving orders in Taiwan and producing overseas."<sup>25</sup>

Ultimately, this has led to structural imbalances in the labor market in Taiwan. During the process of the hollowing-out of industry, the original mass employed population have been released from labor-intensive subcontractors and haven't been completely reabsorbed, due to the changed needs for basic levels of manpower in emerging industry. Unskilled labor has had the most difficulty finding new employment or switching jobs.<sup>26</sup>

The Taiwanese manufacturing system expands to South-East Asia and China via the trans-national production network. Since 1987, the social, economic and political environment has been changing; local production costs have been increasing in Taiwan which makes Taiwanese enterprises continue to move more of their manufacturing lines to South-East Asia and China. Simultaneously, the low cost of Chinese real-estate, together with

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<sup>22</sup> Ai Wei, "The Strategic Choice of Cross-Strait Economic and Trade Relations under the Economic Globalization," *Haixiainfo*, Vol. 217, No. Jan., 2009, p. 8, <http://www.haixiainfo.com.tw/217-7409.html>

<sup>23</sup> Cheng-Tai Huang, *op. cit.*, "Under the Globalization, Cross-Strait Economic and Trade Policy and Taiwan's Competitiveness," <http://old.npf.org.tw/PUBLICATION/TE/090/TE-R-090-015.htm>

<sup>24</sup> Tsu-Lung Chou, *op. cit.*, p. 4.

<sup>25</sup> Tsu-Lung Chou, *op. cit.*, p. 5.

<sup>26</sup> Cheng-Tai, Huang, *op. cit.*, "Under the Globalization, Cross-Strait Economic and Trade Policy and Taiwan's Competitiveness," <http://old.npf.org.tw/PUBLICATION/TE/090/TE-R-090-015.htm>

low-cost labor create a closed loop of value to Taiwanese manufacturers.<sup>27</sup>

In this trend of more globalization, Taiwan has some advantages that can't be easily replicated by other countries, since: 1) Taiwan and China have the same culture and come from the same ethnicity, the international trans-national enterprise is not as easy for others to enter and negotiate investments in the Chinese market; 2) Technological development in the United States relies on cooperation with Taiwan on technology, brand marketing and production experiments; 3) Most private Taiwanese enterprises invest in and can apply China's huge market and work force to promote and change their own industrial structure.<sup>28</sup>

As an effect of the "hollowing-out" of industry, more and more Taiwanese citizens travel to China for work.<sup>29</sup> The Taiwanese government's policy of paying attention to technology and belittling traditional industry, for instance the food industry, the textile industry, and so on is becoming serious enough that traditional industries have been moving to China and domestic unemployment problems are even further exacerbated.<sup>30</sup> People who travel to China for work mostly have high educations, which accounts for 58% of that traffic. Most of them work on Electronic Parts and Components Manufacturing, Leather, Communication Equipment Manufacturing, Computers, Electronic and Optical Products Manufacturing and the like. These industries all have major Taiwanese enterprises that invest in China. The Electronic Parts and Components Manufacturing is the main industry to make these changes at a large scale. We can't ignore Chinese influences on Taiwanese talent (workers).<sup>31</sup> As many Taiwanese industries continue to hollow-out domestically and hire and

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<sup>27</sup> Ping-Lung Hsin, "The Impact of Taiwanese Labor Market from Globalization," p. 5, [www.cy.gov.tw/dl.asp?fileName=0113010254471](http://www.cy.gov.tw/dl.asp?fileName=0113010254471)

<sup>28</sup> Ping-Lung Hsin, *op. cit.*, "The Impact of Taiwanese Labor Market from Globalization," p. 10, [www.cy.gov.tw/dl.asp?fileName=0113010254471](http://www.cy.gov.tw/dl.asp?fileName=0113010254471)

<sup>29</sup> Ping-Lung Hsin, *op. cit.*, "The Impact of Taiwanese Labor Market from Globalization," p. 11, [www.cy.gov.tw/dl.asp?fileName=0113010254471](http://www.cy.gov.tw/dl.asp?fileName=0113010254471)

<sup>30</sup> Ping-Lung Hsin, *op. cit.*, "The Impact of Taiwanese Labor Market from Globalization," p. 13, [www.cy.gov.tw/dl.asp?fileName=0113010254471](http://www.cy.gov.tw/dl.asp?fileName=0113010254471)

<sup>31</sup> Ping-Lung Hsin, *op. cit.*, "The Impact of Taiwanese Labor Market from Globalization," p. 10,

expanding in China, the Taiwanese people have fewer opportunities to work in Taiwan, but more employment opportunities to work in China.<sup>32</sup>

Globalization works through economic, financial and/or professional specialization in industries that can be operated effectively through the Internet. For those enterprises in this kind of situation, globalization is accelerated for competitive reasons within the affected industry. In Taiwan, the following are the forces and characteristics apparent in this situation.

- 1) Marketing risk is enhanced and growing: Taiwan grows more dependent on foreign trade, which thus means increasingly Taiwan will face more and more local single markets, while the traditional markets shrink through global competition.
- 2) Loss of competitiveness and marginalization: in order to continuously pursue higher profits, enterprises must move to other countries that have lower labor costs, lower land costs and lower raw material costs. Since the resources and enterprises become seriously hollow-out, and as capital flows outward, Taiwan has fewer domestic resources and loses the energy or power for re-development of these capabilities. Eventually when Taiwan is replaced or excelled by other countries' advantages, the issues resulting from this marginalization will become apparent.
- 3) Industries are hollowing-out: the employment (especially in the unskilled labor) market domestically is shrinking and the problems of unemployment grow more and more severe.
- 4) Present industries will be impacted, when with globally trading commodities, Taiwanese are competing with one another. Commodities originating from different areas usually don't make a large difference on end-use price, but there will often be differences in production costs. Therefore, some vendors try to produce these commodity parts themselves, but their production costs are higher than purchasing those parts from overseas. This goes

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[www.cy.gov.tw/dl.asp?fileName=0113010254471](http://www.cy.gov.tw/dl.asp?fileName=0113010254471)

<sup>32</sup> Wei-An Wang, *A study on Turnover Intention for Taiwanese Dispatches in China — The Impact of Changes in Remoteness due to Cross-Strait Direct Flights* (MA Thesis for Department of Information Management, Taoyuan: National Central University, 2009), p. 2.



hand-in-hand with the employment issues.

5) Brain drain: corporately, in order to obtain larger profits, enterprises must sometimes eliminate educated, trained and experienced talent. This causes shrinkage of the aggregate employment market, and thus of course, increased unemployment.

6) Taiwan becomes more highly affected by financial crises: global capital is more tightly connected. With financial liberalization, Taiwan is more heavily influenced by any international (or even just regional) economic emergencies. Two well-known examples are the Asian financial crisis in 1997 (triggered in Thailand) and that of 2008.<sup>33</sup>

## 2.4 Economic Globalization and China

“An increase in the process of globalization in China has made almost all international investors invest in the country. This has led to continuous flow of foreign capital into China, boosting up its economic development to large extents.”<sup>34</sup> Globalization has been covered heavily in the news recently, with special focus on the rise of Chinese economic influence in the United States.<sup>35</sup> Globalization adds Chinese export production’s value through the use of foreign talent, technology and capital. Light industrial market share in the world is sharply increasing and capital-intensive industrial products, like chemical, plastic, iron and the like are also increasing as well. What is needed is to further drive Taiwanese related components.<sup>36</sup>

China’s gross domestic product (GDP) has been growing and its annual growth rate of

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<sup>33</sup> Jiun-Yi Hsu, “Under the Globalization, the Considering of the Possibility of Taiwan Economic,” 2011, pp. 3-5, <http://www.npf.org.tw/post/2/6323>

<sup>34</sup> EconomicWatch, “Globalization in China,” 2010, <http://economywatch.com/economics-theory/globalization/china.html>

<sup>35</sup> Bob Davis et al., “Globalization’s Gains Come with A Price,” 2007, <http://online.wsj.com/news/articles/SB117994581454912387>

<sup>36</sup> Fei Lee, *Cross-Strait Economic Integration* (Taipei: BoYoung Cultural Enterprise, Inc. Press, 2003), p. 87.



9.7% over the past 20 years, of which 2.7% was from FDI. The statistic shows the impact of globalization on the Chinese economy is “instrumental to improving the Chinese economic structure, speeding up the establishment of the market economy, raising the level of corporate governance and technological capability, as well as optimizing its human resources.”<sup>37</sup> The process of transformation by Globalization are summed up as below:

- 1) Chinese innovation of methods for its existing national conditions has led China’s development on the path of economic affluence. “Following this path, the nation today claims itself to be the 6th largest economy and the 5th largest commercial nation across the globe.”<sup>38</sup>
- 2) “Promotion of collaboration on regional levels consolidates the economic strength of the Chinese provinces, this mutual effort in turn, intensifies their abilities to resist and handle risky situations related to regional economy.”<sup>39</sup>
- 3) China is alert towards possible economic crises and risks of globalization. Also, China has avoided financial emergencies and re-organized, consolidated and stabilized its economy.
- 4) Globalization of the Chinese Economy encourages the establishment of a fresh and rational economic order, involving systematic collaborations and regulations. It also emphasizes the nation’s participation in worldwide economic trends to bring about prosperity in the life of the Chinese population.<sup>40</sup>

Chinese government has implemented a set of policies to address the challenges of economic globalization. “These include readjustment of the economic structure by speeding up the development of the high technology sector and the western region; transformation of the pattern of economic growth by strengthening information technology (IT) education and

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<sup>37</sup> Jian-Yong Yue, “What does Globalization Mean for China’s Economic Development?” 2012, <http://www.globalpolicyjournal.com/blog/24/05/2012/what-does-globalization-mean-china%E2%80%99s-economic-development>

<sup>38</sup> EconomicWatch, *op. cit.*, <http://economywatch.com/economics-theory/globalization/china.html>

<sup>39</sup> *Ibid.*

<sup>40</sup> *Ibid.*

sustainable development as well as further development of the outward-oriented economy by implementing “come in” and “go out” strategies. Besides, the government is consolidating reform in State-owned Enterprises (SOEs) and government administration with a view to establish a governing mechanism in compliance with international rules and practices. These policies obviously facilitate China’s further integration into the global economy. ”<sup>41</sup> The Tenth Five-Year Plan was the expression of the China’s attitude towards economic globalization. China’s participation in the wave of globalization that drives the global supply of manpower is increasing, the cost of production is decreasing, and commodity prices have gone down. During the process of resource integration, international capital is moving towards China and promotes rapid economic growth.<sup>42</sup>

## 2.5 Economic Globalization and Cross-Strait Relations

Globalization promotes Taiwan’s competitive attributes, and in the future Taiwan and China will become more and more connected in interdisciplinary, trans-nation and inter-continent practices. The development of cross-strait relations will form some opportunities as well as some constraints for Taiwan, because of the transformation of the country’s role in the relationship and its concurrent re-structuring.<sup>43</sup>

Because China, India and other countries are rising that leads to global market changes that will bring opportunity and risk to Taiwanese economic development. But the cross-strait economic and trade development has both advantages and disadvantages. Taiwanese

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<sup>41</sup> Jian-Yong Yue, “What does Globalization Mean for China’s Economic Development?” *op. cit.*, <http://www.globalpolicyjournal.com/blog/24/05/2012/what-does-globalization-mean-china%E2%80%99s-economic-development>

<sup>42</sup> Tain-Jy Chen, “Globalization and Cross-Strait Economic Relations,” *Taiwan Economic review*, Vol. 31, No. 3, 2003, p. 331.

<sup>43</sup> Gwo-Hua Chu, “New Vision of China-Taiwan Relation under Globalization,” *Mainland China Studies*, Vol. 51, No. 4, 2008, p. 92.

enterprises conduct the cross-strait industrial specialization that drives the investment boom in China and cross-strait trade development. This will bring contributions to Taiwanese economic development continuously. Conversely, though, cross-strait economics and trade lead Taiwan to rely on Chinese people (skill/talent), technology and capital, which are some of the effects that can't be ignored.<sup>44</sup>

Globalization speeds up the integration of the Taiwanese and Chinese economies. The cooperation between Taiwan and China has become more smooth and effective, since both sides have opened direct flights, three-links and the Economic Cooperation Framework Agreement (ECFA).<sup>45</sup> As it also deepens Taiwan's economic dependence on China, Taiwan must respond to this situation and the associated challenges.<sup>46</sup>

In the year 2005, the percentage of Taiwanese enterprise investments in China accounted for 53.5% of Taiwanese total foreign investments. In the same year, the percentage of Taiwanese exports to China accounted for 28.4% of China's total import.<sup>47</sup>

The implementation of the three-links helps the cross-strait relations and brings new circumstances and opportunities.<sup>48</sup> The innovations of cross-strait cooperation by Taiwanese enterprises are to apply Chinese resources and to conduct joint research and development

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<sup>44</sup> Taiwan Chamber of Commerce, "Global Arrangement and Cross-Strait Economy and Trade," 2006, p. 3, [http://theme.cepd.gov.tw/tesg/reports/0728%E5%85%A9%E5%B2%B8%E7%B5%84%E5%88%86%E7%B5%84%E5%A0%B1%E5%91%8A\(final\).pdf](http://theme.cepd.gov.tw/tesg/reports/0728%E5%85%A9%E5%B2%B8%E7%B5%84%E5%88%86%E7%B5%84%E5%A0%B1%E5%91%8A(final).pdf)

<sup>45</sup> Taiwan Chamber of Commerce, *op. cit.*, "Global Arrangement and Cross-Strait Economy and Trade," pp. 3-4, [http://theme.cepd.gov.tw/tesg/reports/0728%E5%85%A9%E5%B2%B8%E7%B5%84%E5%88%86%E7%B5%84%E5%A0%B1%E5%91%8A\(final\).pdf](http://theme.cepd.gov.tw/tesg/reports/0728%E5%85%A9%E5%B2%B8%E7%B5%84%E5%88%86%E7%B5%84%E5%A0%B1%E5%91%8A(final).pdf); Wong Wang, "Globalization of Taiwan's R&D and Its Impact on Cross-Strait Innovative Cooperation," [http://hk.crntt.com/doc/1026/3/7/7/102637753\\_2.html?coluid=63&kindid=0&docid=102637753&mdate=0719101859](http://hk.crntt.com/doc/1026/3/7/7/102637753_2.html?coluid=63&kindid=0&docid=102637753&mdate=0719101859)

<sup>46</sup> Taiwan Chamber of Commerce, *op. cit.*, "Global Arrangement and Cross-Strait Economy and Trade," pp. 3-4, [http://theme.cepd.gov.tw/tesg/reports/0728%E5%85%A9%E5%B2%B8%E7%B5%84%E5%88%86%E7%B5%84%E5%A0%B1%E5%91%8A\(final\).pdf](http://theme.cepd.gov.tw/tesg/reports/0728%E5%85%A9%E5%B2%B8%E7%B5%84%E5%88%86%E7%B5%84%E5%A0%B1%E5%91%8A(final).pdf)

<sup>47</sup> *Ibid.*

<sup>48</sup> Ai Wei, *op. cit.*, "The Strategic Choice of Cross-Strait Economic and Trade Relations under the Economic Globalization," <http://www.haixiainfo.com.tw/217-7409.html>

(R&D).<sup>49</sup> The cross-strait compliments and dependencies are continually enhanced. The Taiwanese enterprises form many industrial clusters throughout China and the relationships with local industries are continually deepened. The cross-strait specialization model has changed the nature of R&D in both Taiwan and China. China has a large market and sufficient high quality of low-cost human resource which becomes a draw for Taiwanese enterprises. Companies such as ASUS, Inventec, Quanta, BenQ and the like have all been setting up R&D centers in China.<sup>50</sup> The following characterize the cross-strait challenge and opportunity under the present situation.

- 1) The cross-strait interaction will be more and more close.<sup>51</sup>
- 2) The transformation through cross-strait industrial specialization
- 3) The shift of industrial structure from labor-intensive to capital-and technology- intensive.

Before 1996, Taiwanese enterprise investments in China were based on labor-intensive of downstream and low-level and technology industries. Recently, however, the top 5 industries investing in China are electronic parts and components manufacturing, appliances manufacturing, basic metal manufacturing, fabricated metal products manufacturing, chemical products manufacturing, accurate apparatus manufacturing and plastic products manufacturing. By the 11th Five-Year Plan (2006- 2010) that had been the main target for economic development and expansion of domestic demand to stimulate consumption.

- 4) Funding will move to the north of coastal area and towards second and third tier cities.
- 5) Industrial specialization is shifting from horizontal integration to vertical integration.

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<sup>49</sup> Wong Wang, "Globalization of Taiwan's R&D and Its Impact on Cross-Strait Innovative Cooperation," *op. cit.*, [http://hk.crntt.com/doc/1026/3/7/7/102637753\\_2.html?coluid=63&kindid=0&docid=102637753&mdate=0719101859](http://hk.crntt.com/doc/1026/3/7/7/102637753_2.html?coluid=63&kindid=0&docid=102637753&mdate=0719101859)

<sup>50</sup> *Ibid.*

<sup>51</sup> Min-Hsiung Huang, "Global Labor Market and Innovative Vocational Training Strategies," *City Development*, Vol. 7, 2013, pp. 104-105.

With this globalization trend, Taiwanese enterprise motivations for investing in China are dominated by developing the Chinese domestic market. The cross-strait industrial specialization has changed; R&D, marketing and financing occur in Taiwan and product manufacturing and vertical integration occurs in China.

- 6) Localization becomes the management strategy for Taiwanese enterprises: due to the competitive stresses, Taiwanese enterprises have been using China's low cost of land, labor, and the cost and the convenient supply of raw materials to obtain benefits. Further, Chinese government provides policies to encourage foreign investment in China, but the desire for foreign investment is not the main motivating driver for China. Currently, as the Chinese market represent the potential to meet foreigner clients' demand, Taiwanese enterprises invest in China and promote the competitive capability of export, which becomes the primary motivation of investing in China by Taiwan. China's capabilities are expanding which leads Taiwanese enterprises to conduct more global integration. These reasons also lead to the phenomenon of local Chinese managers replacing Taiwanese manager in those Chinese manufacturing operations.<sup>52</sup>

## 2.6 Conclusion

Globalization breaks down barriers on the flows of goods, services, capital, knowledge and people across border. Economic globalization results in competition that does not only occur between countries and their enterprise, but also between employees in a now increasingly global labor market. Employees (labors) are the group who are the most directly affected in this situation.<sup>53</sup>

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<sup>52</sup> Ai Wei, *op. cit.*, "The Strategic Choice of Cross-Strait Economic and Trade Relations under the Economic Globalization," <http://www.haixiainfo.com.tw/217-7409.html>

<sup>53</sup> Shih-Wei Pan, "Economic Globalization and Union's Movement - Taiwan Experience (Not Finalized)," 2008, <http://www.npf.org.tw/post/2/6323>

Globalization caused China's rapidly rise and its attraction to countries from around the world as a target for investment. "An increase in the process of Globalization in China has made almost all international investors invest in the country. This has led to continuous flow of foreign capital into China, boosting up its economic development to large extents."<sup>54</sup> We also find that China's GDP has been growing and its annual growth rate is over 9.7% over the past 20 years, of which 2.7% was from FDI.<sup>55</sup>

The effects on Taiwan's economy have included "capital drain" and "industry hollowing-out."<sup>56</sup> The direct effect on Taiwan's workers are: the new global division of labor characterized by "Receiving orders in Taiwan and producing overseas."<sup>57</sup> It has further led directly to the structural imbalance in the labor market in Taiwan.<sup>58</sup> It has also brought opportunities to Taiwan, because of Taiwan's advantages in working with China that are difficult to be replicated by other countries. For instance, Taiwan and China have the same language, similar culture and shared history that leads to Taiwanese enterprise capturing more opportunities than other countries to develop business in China. Taiwan also has the comparative advantage over China in technology, brand marketing and production experience,<sup>59</sup> Taiwanese employees have more opportunities accruing from these advantages to work in China to expand their work experience and develop themselves.

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<sup>54</sup> EconomicWatch, "Globalization in China," 2010,

<http://economywatch.com/economics-theory/globalization/china.html>

<sup>55</sup> Jian-Yong Yue, *op. cit.*, "What does Globalization Mean for China's Economic Development?"

<http://www.globalpolicyjournal.com/blog/24/05/2012/what-does-globalization-mean-china%E2%80%99s-economic-development>

<sup>56</sup> Ping-Lung Hsin, *op. cit.*, "The Impact of Taiwanese Labor Market from Globalization," p. 10,

[www.cy.gov.tw/dl.asp?fileName=0113010254471](http://www.cy.gov.tw/dl.asp?fileName=0113010254471)

<sup>57</sup> Tsu-Lung Chou, *op. cit.*, p. 5.

<sup>58</sup> Cheng-Tai Huang, *op. cit.*, "Under the Globalization, Cross-Strait Economic and Trade Policy and Taiwan's Competitiveness," <http://old.npf.org.tw/PUBLICATION/TE/090/TE-R-090-015.htm>

<sup>59</sup> Ping-Lung Hsin, *op. cit.*, "The Impact of Taiwanese Labor Market from Globalization," p. 10, [www.cy.gov.tw/dl.asp?fileName=0113010254471](http://www.cy.gov.tw/dl.asp?fileName=0113010254471)

## Chapter III

### The Cross-Strait Economic Exchange

#### 3.1 Policies before and after Opening the Economic Exchange

Before abolishing Taiwan's Martial Law, the cross-strait citizens were strictly prohibited to have interaction and contact to each other.<sup>1</sup> After abolishing Martial Law<sup>2</sup> in 1987, Taiwan and China started to have economic exchanges with each other and lifted the ban on visit relatives in China which helped the interactions with each other. Meanwhile, China opened many items of imports of Chinese agricultural and industrial materials indirectly through Hong Kong.<sup>3</sup> In 1990, the Taiwanese government opened up Taiwanese enterprises' investment and trading indirectly to China. It meant that Taiwanese enterprises needed to invest in China indirectly through Hong Kong, Macau and various third places.<sup>4</sup> Therefore, the percentage of Taiwanese enterprise that invested and set up factories in China was increased and obviously enhanced Taiwan's export growth. By 2011, China became Taiwan's

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<sup>1</sup> Rong-I Wu, "Taiwan's China Policy and the Asia-Pacific Regional Peace," 2012, <http://www.wufi.org.tw/%E5%8F%B0%E7%81%A3%E7%9A%84%E4%B8%AD%E5%9C%8B%E6%94%BF%E7%AD%96%E8%88%87%E4%BA%9E%E5%A4%AA%E5%8D%80%E5%9F%9F%E5%92%8C%E5%B9%B3/>

<sup>2</sup> Hua-Yuan Hsueh, "Encyclopedia of Taiwan: Abolished Martial Law," Ministry of Culture, July 14, 2010, <http://taiwanpedia.culture.tw/web/content?ID=3889>

<sup>3</sup> Rong-I Wu, "Taiwan's China Policy and the Asia-Pacific Regional Peace," *op.cit.*, <http://www.wufi.org.tw/%E5%8F%B0%E7%81%A3%E7%9A%84%E4%B8%AD%E5%9C%8B%E6%94%BF%E7%AD%96%E8%88%87%E4%BA%9E%E5%A4%AA%E5%8D%80%E5%9F%9F%E5%92%8C%E5%B9%B3/>

<sup>4</sup> Kai-Chen Hu, *A Study of Influences Caused by the China-ASEAN Free Trade Area on Taiwan's Political and Economic Development* (MA Thesis for Graduate Institute of China Studies, Taipei: Tamkang University, 2012), p. 113.



biggest export market which accounted for 40% of Taiwan's total exports.<sup>5</sup>

Responding to China policies towards Taiwan, Taiwan has developed various economic policies towards China at different times. Some of these are as follows:<sup>6</sup>

1) Chiang Ching-Kuo period (before 1988)

President Chiang announced the abolishment of Martial Law and restrictive bans on newspaper publications and political parties in July, 1987. Before abolishing Martial Law, there were tough restrictions in Taiwan towards China. For instance, the Taiwanese people were forbidden to have interaction and contact with the people of China and it meant that neither side had any economic exchange during that time. After abolishing Martial Law, the Taiwanese government opened its policies on visiting relatives and the opportunities for Taiwanese enterprises to invest in China. Taiwanese liberalization and internationalization of economic policies have been influenced directly by abolishing Martial Law.<sup>7</sup>

2) Lee Teng-Hui period (1988-2000)

The Taiwanese government established a set of institutions to deal with cross-strait economic development and citizens' related affairs. For instance, it established the Mainland Affairs Council, Straits Exchange Foundation (SEF) and announced "Act Governing Relations between the People of the Taiwan Area and the Mainland Area" on July, 31th, 1992 to the people of both cross-strait countries on economic, trade and cultural exchange.<sup>8</sup>

3) Chen Shui-Bian period (2000-2008)

The Taiwanese government discarded the "no haste, be patient" policy and shifted to "proactive liberalization with effective management" and "proactive management with effective liberalization" policies. This was in order to decrease Taiwanese economic

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<sup>5</sup> Rong-I Wu, "Taiwan's China Policy and the Asia-Pacific Regional Peace," *op.cit.*, <http://www.wufi.org.tw/%E5%8F%B0%E7%81%A3%E7%9A%84%E4%B8%AD%E5%9C%8B%E6%94%BF%E7%AD%96%E8%88%87%E4%BA%9E%E5%A4%AA%E5%8D%80%E5%9F%9F%E5%92%8C%E5%B9%B3/>

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*

<sup>8</sup> *Ibid.*



dependency on China but even so, now, obviously Taiwan has become overly dependent on China. President Chen adjusted his policy for “proactive management with effective liberalization” in response to this situation of over-reliance on China for the health of the Taiwanese economy.<sup>9</sup>

#### 4) Ma Ying-jeou period (2008 — )

Since his election to the presidency, Ma Ying-jeou followed immediately with the resumption of official talks with the People’s Republic of China (PRC) through the institutions of SEF for Taiwan and the Association for Relation across the Taiwan Strait (ARATS) for China.<sup>10</sup> Intense negotiations have also been held over a cross-strait economic and free trade agreement under the name Economic Cooperation Framework Agreement (ECFA) that was finally signed at the end of June 2010 and became effective on September, 12 of the same year.<sup>11</sup> Meanwhile, he accelerated opening up both sides’ economic trade policies, grew Chinese tourist traffic to Taiwan, opened up China’s investments into Taiwan and signed related agreements such as Economic Cooperation Framework Agreement (ECFA), and on the like.<sup>12</sup>

After Ma Ying-jeou’s election, Kuomintang/Chinese Nationalist Party’s (KMT’s) main political issue vis-a-vis Taiwanese-Chinese relations was how to improve those respective relations and how to coordinate effectively on bilateral economic policy. He devoted his efforts towards the “Three direct link” program and achieved it in a very short time. The MOEA established economic policies, such as the “Bridge-building Project Office” and

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<sup>9</sup> Kai-Chen Hu, *op.cit.*, p. 113.

<sup>10</sup> Frank Muyard, “Mid-Term Analysis of the Ma Ying-Jeou Administration,” *China Perspectives*, Vol.3, 2010, p. 6; Rong-I Wu, *op.cit.*,  
<http://www.wufi.org.tw/%E5%8F%B0%E7%81%A3%E7%9A%84%E4%B8%AD%E5%9C%8B%E6%94%BF%E7%AD%96%E8%88%87%E4%BA%9E%E5%A4%AA%E5%8D%80%E5%9F%9F%E5%92%8C%E5%B9%B3/>

<sup>11</sup> Frank Muyard, *op.cit.*, p. 7.

<sup>12</sup> Kai-Chen Hu, *op.cit.*, p. 113.

signed Economic Cooperation Framework Agreement (ECFA) to promote cross-strait exchanges and cooperation in various industries. Signing Economic Cooperation Framework Agreement (ECFA) to accomplish the following three goals: 1) Normalization of cross-strait economic trade; 2) Avoiding the marginalization of Taiwan: avoiding the marginalization of Taiwan after executing the “Association of Southeast Asian Nations (ASEAN) plus one free trade zone” or “Association of Southeast Asian Nations (ASEAN) plus three free trade zone” and 3) Promotion of internationalization.<sup>13</sup>

### 3.2 Status of the Development of the Cross-Strait Economic Exchange

Since 1950, different leaders have had different economic policies toward China that have effected different results and created new situations. Below Table 3.1 is the comparison table outlining the policies and their effects during the different periods of leaderships.<sup>14</sup>

Table 3.1 The Cross-Strait Economic and Trade Relations Prior to 2008

Item Year	Leader (President)	Taiwan's cross-strait policy	Taiwanese enterprise' reaction to policy	Economic growth (Year) rate %
1950~1977	Chiang Kai-Shek	1. National presentation of legally constituted authority of dispute. 2. Moratorium on cross-strait exchange.	The cross-strait countries enterprises had no reaction.	9.22
1978~1987	Chiang Ching-Kuo	1. “Three Nos”: no-contacting, no-negotiation, no-compromise. 2. Maintain the moratorium of cross-strait exchange. 3. In 1987, a new policy allowing visits to/from relatives in China.	1. New trans-shipment trade and trade on the sea. 2. A few business men developed business in China.	8.74
1988~1994	Lee	1. Formulated the National	1. Growing trans-shipment	7.42

<sup>13</sup> *Ibid.*

<sup>14</sup> Feng-Shou Liu, “Cross-Strait Economy and Trade Policy and Kaohsiung Development,” 2006, p. 47, <http://nccur.lib.nccu.edu.tw/bitstream/140.119/33850/9/102509.pdf>; Chu-Chia Lin et al., *Twenty Years of Cross-Strait Experiences – Cross-Strait Economic Cooperation and Development from 1986* (Taipei: Commonwealth Publishing Group Press, 2006), p. 41, p. 54.

	Teng-hui	Unification Guidelines. 2. Restrictions further relaxed.	trade. 2. Movement towards the west for trading.	
1995~1999	Lee Teng-hui	1. "No haste, go slow" policy. 2. Encourage to trade more towards the north of China.	1. Trans-shipment trade. 2. More trade with the west, but with more restrictions.	5.94
2000~2005	Chen Shui-bian	1. Proactive management with effective trade and relationship liberalization. 2. Encourage development towards the south and east of China.	1. Trans-shipment trade. 2. Moving toward Mainland China for trading, but restrictions that caused the pain and helpless.	3.56
2006~	Chen Shui-bian	1. Strict policy of proactive management with more effective liberalization than before. 2. Global logic management	1. Trans-shipment trade. 2. Moving toward the west for trading, but restrictions that prevent Taiwanese enterprises from being able to walk away from Chinese relationships.	4.39 (2006)

Source: Lin, Chu-Chia et al., *Twenty Years of the Cross-Strait Experience Cross – Strait Economic Cooperation and Development from 1986* (Taipei: Commonwealth Publishing Group Press, 2006), p. 41, p. 54.

The special geo-advantage, culture and language relations that boost the cross-strait investment and personnel exchange constantly. For the reason of why Taiwanese enterprise who have been depending on China's economy and trade include: Taiwanese investment in mainland China led trade effects, China becomes the manufacturing basement to be the resource of Taiwan's raw material needs, Chinese purchasing power promote import needs, the cross-strait joined to World Trade Organization (WTO) that drives trading effects and etc. These reasons makes during the process of the cross-strait development, Taiwan and China's economic relations exist the competitive and complementary phenomenon.

China is currently the top foreign investor in Taiwan. In 2006, the amount of Taiwanese investment in China was 7.64 billion US dollars which was 27.0% higher than in the same period of 2005. The total sum of the amount Taiwan has invested in China from 1991 to 2006 was totally 54.9 billion US dollars which accounted for over 50% of Taiwan's total foreign investment. According to Chinese compiled data, from 1991 to 2006, Taiwan represented one eighth of foreign investment in China. China has become the largest market for exports and source for trade surplus for Taiwan.

Taiwanese enterprises investing in China focus in the Jiangsu and Guangdong Provinces and the primary industries for investment are electronics and appliances, basic metal, food and beverage, plastic and chemical parts manufacturing. After 1990, electronic manufacturing became the first industry from Taiwan to invest to China. Trading structure changed from the traditional industry and subcontractor to electronics and information technology components and raw materials. This forms a new wave of cross-strait economic and trade integration of globalization and the Taiwanese initiation of modern policy promotes cross-strait bilateral trade. Through the processes of globalization, specialization and integration, China plays a competitive role in manufacturing and materials processing. Likewise, Taiwan provides the equipment, expertise and raw materials to sell jointly designed and manufactured products to Europe, America and other developed nations. Due to the long term of the cross-strait economy and trade exchange, “Taiwanese experience” has become a model to be learned by China to make progress in developing expertise in marketing and economic development. Taiwanese enterprises apply the methods of “global logistic arrangement” to use their knowledge of the Chinese market and utilization of China’s local semi-skilled technological manpower to expand the supply and the production capacity of global partnerships and logistic capacity to promote and expand Taiwan’s potential influence on the world economy.<sup>15</sup> According to *The Global Competitiveness Report*, professor Jean-Pierre Lehmann pointed out that Taiwan must accept the fact that the Chinese economy is large and growing quickly and that Taiwan must create its own competitive advantage by opening its platform of globalization and commercialization. He also mentioned that the cross-strait direct flight is one of the necessary conditions to create such competitive advantages. The entire world has been surprised by Chinese accomplishments in economic development. Now China has become a new and growing productive power and a market in its

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<sup>15</sup> Feng-Shou Liu, *op. cit.*, “Cross-Strait Economy and Trade Policy and Kaohsiung Development,” pp. 58-59, <http://nccur.lib.nccu.edu.tw/bitstream/140.119/33850/9/102509.pdf>

own right bringing large consumption demand and market opportunities that include fulfilling aggregate consumer demand and aggregate service industry demand. To global enterprises from around the world, China represents great potential and seemingly infinite opportunities for investment and development.<sup>16</sup>

Influenced heavily by domestic and foreign politics, local economic conditions and driven by the marketing economy, cross-strait relations have developed and continue to develop quickly. Cross-strait industrial integration and specialization transformations and changes are obvious reflections of the changes in Taiwanese investment patterns in China.<sup>17</sup>

### 3.3 Status of the Taiwan Enterprises that have been Investing in Countries

The data (Table 3.1) compiled by the Mainland Affairs Council (MAC) shows Taiwan's cumulative total investment of US dollars 202.45 billion from 1991 to the end of 2013 worldwide and US dollars 126.885 billion into China during the same timeframe, which accounts for 62.7% of Taiwan's total worldwide investment amount. From this data, it is clear that China has become the target for Taiwan's biggest investments in the world.<sup>18</sup>

Table 3.2 shows the distribution of Taiwan's investment by industry in China,<sup>19</sup> from 1991 through March 2013, the manufacturing industry accounts for 73.8% of the investments

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<sup>16</sup> Asia Industrial and Economic Roundtable, *China Times*, Version A4, Dec. 9, 2002; Feng-Shou Liu, *op. cit.*, "Cross-Strait Economy and Trade Policy and Kaohsiung Development," p. 66, <http://nccur.lib.nccu.edu.tw/bitstream/140.119/33850/9/102509.pdf>

<sup>17</sup> Ai Wei, *op. cit.*, "The Strategic Choice of Cross-Strait Economic and Trade Relations under the Economic Globalization," <http://www.haixiainfo.com.tw/217-7409.html>

<sup>18</sup> Investment Commission, MOEA, ROC., "Taiwan Approved Outward Investment by Country (Area)," *Cross-Strait Economic Statistics Monthly*, No. 241, 2013. <http://www.mac.gov.tw/public/Attachment/352817281137.pdf>

<sup>19</sup> Investment Commission, MOEA, ROC., *op.cit.*, "Taiwan Approved in Mainland China by Industry."

and the rest of 26.2% is into non-manufacturing industries.<sup>20</sup>

Table 3.2 Taiwan's Foreign Investment by Country

Unit: US\$ million),%

Period Area	Feb. 2013			Mar. 2013			Jan.-Mar. 2013			Accumulation (1991-Mar. 2013)		
	Cases	Amount	Percent	Cases	Amount	Percent	Cases	Amount	Percent	Cases	Amount	Percent
China	44	805	58.2	59	924	79.3	168	2,395	65.7	40,376	126,885	62.7
Vietnam	0	173	12.5	3	100	8.6	8	455	12.5	455	4,871	2.4
H.K.	3	3	0.2	7	75	6.5	15	207	5.7	1,211	4,249	2.1
Japan	3	32	2.3	1	16	1.4	9	92	2.5	557	2,749	1.4
USA	5	12	0.9	4	16	1.4	13	33	0.9	4,849	11,887	5.9
Singapore	0	0	0.0	0	0	0.0	2	15	0.4	461	10,401	5.1
Philippines	0	1	0.1	1	3	0.2	1	13	0.4	132	630	0.3
British Caribbean	5	9	0.7	4	4	0.3	9	13	0.3	2,080	23,815	11.8
Korea	1	1	0.1	1	0	0.0	2	5	0.1	161	552	0.3
Thailand	0	0	0.0	0	4	0.4	1	4	0.1	304	1,815	0.9
Germany	0	0	0.0	0	0	0.0	2	4	0.1	155	191	0.1
Panama	0	0	0.0	1	0	0.0	1	0	0.0	71	1,461	0.7
Others	8	346	25.0	5	22	1.9	22	409	11.2	2,252	12,945	6.4
Total	69	1,383	100.0	86	1,165	100.0	253	3,644	100.0	53,064	202,450	100

Note: 1. The figures do not add up to the total because of rounding errors.

2. Up-to-date investment amounts are in order of cumulative amount.

Source: Investment Commission, MOEA, ROC., "Taiwan Approved Outward Investment by Country (Area)," *Cross-Strait Economic Statistics Monthly*, No. 241, 2013,  
<http://www.mac.gov.tw/public/Attachment/352817281137.pdf>

<sup>20</sup> *Ibid.*

Table 3.3 Taiwanese Investment in China by Industry

Unit: US\$ million), (%; case)

Period Industry	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 Jan.-Apr.	Accumulation 1991- Mar. 2014 (Case; %)
Computers, Electronic and Optical Products Manufacturing	976.45	1139.98	1243.5	1472.13	1688.39	1783.3	1019.4	1235.37	1,550.55	1,522.42	1,026.73	207.00	18,474.0 (2,798; 13.5%)
Wholesale and Retail Trade	175.40	183.07	274.29	312.78	411.90	499.11	743.15	1,115.49	1,232.72	1,271.79	1,035.94	396.29	8,340.3 (2,773; 6.1%)
Electronic Parts and Components Manufacturing	815.82	1482.23	850.11	1618.57	2426.29	2051.92	1801.29	4854.42	3,467.20	1,948.06	1,026.73	299.00	25,783.4 (2,766; 18.9%)
Chemical Material Manufacturing	105.11	77.42	60.29	138.37	107.61	31.24	79.13	56.81	832.68	1,171.11	341.18	561.43	6,518.5 (849; 4.8%)
Basic Metal Manufacturing	548.71	638.21	542.22	442.48	309.44	297.79	215.95	407.25	293.87	243.31	310.46	158.32	3,532.4 (689; 2.6%)
Machinery and Equipment Manufacturing	328.09	213.73	352.94	214.73	504.2	473.59	394.52	502.68	534.32	446.26	314.91	131.72	5,497.0 (2,050; 4.0%)
Financial and Insurance	82.61	69.88	35.06	84.43	118.05	255.62	48.717	500.38	1,255.83	1,725.72	1,900.97	481.24	6,529.8 (282; 4.8%)
Food Manufacturing	296.4	71.39	46.95	71.59	63.62	188.75	336.96	198.22	1202.93	145.3	-	54.4	3,013.0 (2,358; 2.2%)
Plastic Products Manufacturing	389.17	260.09	249.47	219.76	583.75	496.52	360.98	415.05	374.93	184.1	186.4	-	-
Fabricated Metal Products Manufacturing	548.71	638.21	542.22	442.48	309.44	297.79	215.95	407.25	396.99	203.6	168.9	11.72	-
Electrical Equipment Manufacturing	742.07	593.25	560.71	664.73	1,047.01	1,065.87	462.680	682.822	644.25	437.6	460.1	85.6	9,865.4
Non-metallic Mineral Products Manufacturing	451.42	421.31	179.58	386.83	231.45	223.749	194.146	791.772	555.18	357.4	190.4	526.9	5,781.9
Others	330.65	274.73	259.95	336.93	409.68	541.533	309.54	439.045	2,969.62	2,576.2	1,394.3	244.3	34,685.8
Total	5615.21	5880.43	4923.0	6008.60	7798.93	7707.68	5439.26	10491.07	11695.12	7841.91	7330.28	2596.50	128021.5

Note: 1. Figures include lagged reports and approvals.

2. An approved case number of 0 indicates the capital-raising of a past case, therefore only indicates the amount.

3. Financial Holding Companies is calculated as part of Financial and Insurance sector from 2003.

4. Up-to-date investment amounts are in order of cumulative amount.

Source: Investment Commission, MOEA, ROC. "Taiwan Approved in Mainland China by Industry,"

Cross-Strait Economic Statistics Monthly,

[http://www.mac.gov.tw/lp.asp?CtNode=5720&CtUnit=3996&BaseDSD=7&mp=1&xq\\_xCat=2012](http://www.mac.gov.tw/lp.asp?CtNode=5720&CtUnit=3996&BaseDSD=7&mp=1&xq_xCat=2012)

### 3.4 Conclusion

Taiwan has had different economic policies towards China during different periods of presidential administration. China and Taiwan each have their own comparative advantages for their respective division and integration roles in new cooperative business ventures.

China has low-cost raw materials, labors and land. Taiwan has technical, management, operations and professional skills and trains China to play a role in manufacturing and processing. Taiwan often provides equipment, especially that of advanced technological nature .

Taiwanese enterprises apply the methods of “global logistic arrangement” to use their knowledge of Chinese markets and have sufficient local technological manpower to expand the supply of integrated production capacity to the global market. It’s logistic capacity is used to promote and expand Taiwanese power on the economy and relationship.<sup>21</sup> Through the division and integration of roles between Taiwan and China, China has become the top foreign investment and development target of Taiwan. From the finding of this research, the author has concluded that government’s policy is very important in its effects on Taiwanese enterprise’s outward investment and industrial development. Government policy also affects worker’s on employment opportunities and choices.

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<sup>21</sup> *Ibid.*



## Chapter IV

### Status of Taiwanese Enterprise in China

From the perspective of trade, the first reason that the Taiwanese economy leans towards China is the geographical proximity. According to the gravity model of trading theory,<sup>22</sup> all other variables being equal, the frequency of any two countries' trade event will be inversely proportional to their respective distances. A close geographical distance between two countries' shipping hubs reduce transportation costs, creates for opportunity for interaction between the people and finding appropriate business pattern is done more easily. Although China has been opening its markets, there have still been some limitations which include their import quotas, visa restrictions, and other administration interventions that make it difficult to engage in commerce with China by foreign countries. The second reason that Taiwan has an advantage in trading with China is its history, language and cultural alignment and heritage shared with China.

The third reason is that Taiwan's massive investments drives the finance capabilities and supplies components to export to China. After the finished products are manufactured in China for export to Europe, America, Japan and other markets, this forms a "triangle", a three-way relationship between Taiwan, China and the Western Hemisphere. Further, literature claims that similar language, culture and psychological outlook are important factors in rapid decisions about where to invest.<sup>23</sup> Still, it should be noted that Taiwanese

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<sup>22</sup> N. D. Aitken, "The Effect of the EEC and EFTA on European Trade: A Temporal Cross-Section Analysis," *American Economic Review*, Vol. 63, No. 5, 1973, pp. 881- 892; J. Anderson, "The Theoretical Foundation for the Gravity Equation," *The American Economic Review*, Vol. 69, pp. 106-116; Tain-Jy Chen, "Globalization and Cross-Strait Economic Relations," *Taiwan Economic review*, Vol. 31, No. 3, 2003, p. 331.

<sup>23</sup> Tain-Jy Chen, *op. cit.*, p. 331.

trade (over) dependency on China may cause some issues to Taiwan; the first issue would be the risk to Taiwan and Taiwan's enterprises of "hollowing-out."<sup>24</sup>

In addition to consideration of the variables that go into an investment decision, the sense of affinity between potential partners influences these investment decisions.<sup>25</sup> China has devoting considerable energy on economic development and has, as a result, become the largest current potential future market for Taiwan. In the future, China has the possibility to lead massive economic integration in East-Asia and like the European Union model; it has the strength to become the core of an economic system to compete with North America. Enterprises from the around world have been entering China's market to obtain more opportunities - Shanghai has become the most important location in the world for high-tech enterprises to set up their branches or factories. The changes of Chin's role in the international order have caused the world's international structure to be re-aligned and Taiwan's key advantages are thus affected and its enterprises now face ever stronger international competition.<sup>26</sup>

#### 4.1 Reasons for Taiwanese Enterprises to Invest in China

The reasons that Taiwanese enterprises are driven to invest in China include:

1) Taiwan's regional investment circumstances have changed:

- The lack of labor supply
- Increasing employee salaries
- Environmental protection requirements

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<sup>24</sup> *Ibid.*

<sup>25</sup> *Ibid.*; J. H. Dunning, S. Bansal, "The Cultural Sensitivity of the Eclectic Paradigm," *Multinational Business Review*, Vol. 5, No. 1, 1997, pp. 1-16.

<sup>26</sup> Cheng-Tai Huang, *op. cit.*, "Under the Globalization, Cross-Strait Economic and Trade Policy and Taiwan's Competitiveness," <http://old.npf.org.tw/PUBLICATION/TE/090/TE-R-090-015.htm>

- Increased cost of real estate
- Deteriorating economic conditions and faltering social security program funding
- Insufficient public infrastructure
- Unstable political environment and
- Various social reasons

## 2) Competitive stress of international market:

Coupled with the NT dollar's appreciation, tariff and non-tariff international trade barriers, especially in Korea, Hong Kong and other developed countries, stress Taiwan's ability to export large volumes at a profit.

## 3) The attraction of China's reformed new openness

After 1978, China changed to the new economic policy of "domestic economic reform and open the door to foreign trade," its economy is gradually moving towards market development and has become more attractive to foreigner investors in China. Both soft and hard infrastructure is improving leading to greater efficiency, which leads to more national income and more FDI. This in turn has attracted the notice of Taiwanese enterprises.

## 4) China's preferential policies to attract Taiwan

In addition to reforms opening China to foreign trade, China has implemented policies to encourage the Taiwanese people, government and enterprises to invest in China and it provides flexible strategies and options to attract that Taiwanese investment.<sup>27</sup>

# 4.2 The Motivating Drivers for Taiwanese Enterprises to Invest in China

The interaction between and the effect of these preceding four conditions (see 4.1)

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<sup>27</sup> Charng Kao, "Management Localization Influences of Taiwanese Manufacturing Industry Invests to China," *Economic Situation and Common*, Vol. 7, No. 1, 2001, p. 142; Chin-Ching Lin, *The Effect of FDI in Domestic Employment-Research of Taiwanese Investors in Mainland China* (MA Thesis for Institute of Economics, Kaohsiung: National Sun Yat-sen University, 2004), p. 36.

create the background for Taiwanese enterprise investments in China.<sup>28</sup> According to MOEA's data for Taiwanese enterprises who have invested overseas in 2000, 47.98% of those enterprises were motivated by the opportunity to expand into the local Chinese market, 18.35% considered local Chinese manufacturing because of low relative cost and the other 17.53% set up their branches or factories in China to coordinate with international brand companies' requirements. Further, up to 96.7% of Taiwanese enterprises investing in China, were not able to export raw materials, semi-manufacturing goods and end products back to Taiwan. Those enterprises aggregate exports from China to Taiwan that didn't even reach 20% of Taiwanese imports.

This indicates Taiwanese enterprises' motivations overseas were primary driven by the desire to expand local markets (in the target country; in this case, China) and that this expansion was coordinated with international brand companies. This shows that Taiwan's own domestic manufacturing and production environment couldn't satisfy the volume and cost demands of international brand companies.<sup>29</sup>

According to the data of "Manufacturing Industry Foreign Investment Status Investigation" in 2002 by MOEA as shown in Table 4.1, the primary motivation for Taiwanese enterprises to invest in China included: cheap and sufficient man-power resources, the fact that China has potentials markets to develop business into and that Taiwan's domestic market for its own products is deteriorating together with its labor market for its own citizens. Further, the fact that Taiwan and China share the same language helps with bi-lateral communicates with each other, which is also a very important consideration.<sup>30</sup>

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<sup>28</sup> Charng Kao, *op. cit.*, p. 142; Chin-Ching Lin, *op. cit.*, p. 36.

<sup>29</sup> Jui-Chen Chang, *A Study of Foreign Direction Investment Motivation and International Strategy* (MA Thesis for Department of MBA, Yunlin: National Yunlin Univeristy of Science and Technology, 2003), pp. 1-2.

<sup>30</sup> Charng Kao, *op. cit.*, p. 142; Chin-Ching Lin, *op. cit.*, p. 36.

Over time, these motivational drivers have changed, Let us compare that data of 2002 with the data from 2006. Ministry of Economic Affairs (MOEA) shows that at this time, the primary motivation of Taiwanese enterprises' investment in China was that the enterprises saw that "Local Market Has Potential Development Power (61.25%)," that they saw that "Applying Local Low Cost of Manpower, Land and Sufficient Manpower (53.75%)", and that they saw that "Following to Taiwanese' firms requirement to invest to China" accounted for 29.09% which was the highest percentage score from 2004 to 2006.<sup>31</sup>

Table 4.1 The Motivations for Taiwanese Enterprise Investments Overseas- in Left-to-Right Order of the Top 10 Main Investment Area

Unit: %

	China	U.S.A.	Hong Kong	Malaysia	Vietnam	Thailand	Indonesia	Philippine	Japan	Singapore
Local market has larger development potential	65.68	76.17	65.00	56.06	46.77	53.70	41.67	37.50	64.29	66.67
Cheap and sufficient local manpower	74.35	21.50	30.00	56.06	74.19	74.07	80.56	65.63	28.57	23.81
Domestic business environment deterioration	42.00	10.28	15.00	37.88	50.00	46.30	58.33	43.75	25.00	23.81
Coordinate with foreign firm's requirement	32.14	45.79	41.00	36.36	12.90	37.04	25.00	15.63	42.86	19.05
With the Taiwanese firm to go to local investment	33.83	7.48	28.00	25.76	19.35	22.22	13.89	6.25	7.14	4.76
Local land is easy to acquire	22.55	4.21	5.00	22.73	20.97	27.78	36.11	6.25	14.29	9.52
Cheap and plentiful raw material supply	16.98	7.48	7.00	15.15	17.74	16.67	27.78	9.38	14.29	14.29
Access to local capital and skills	12.47	11.21	13.00	12.12	11.29	14.81	16.67	15.63	21.43	9.52
Local government	10.71	5.14	5.00	19.70	21.19	18.52	16.67	15.63	7.14	19.05

<sup>31</sup> Feng-Shou Liu, *Study on the Selection of An Optimal Cross-Strait Development Strategy of Taiwan - Application of Analytic Hierarchy Process* (MA Thesis for International Affairs, Taipei: National ChengChi University, 2006), p. 183; MOEA, "2007 Small and Medium Enterprises Document: Small and Medium's Enterprise Motivation of Investing Overseas," 2007, p. 110, <http://www.moeasmea.gov.tw/public/Attachment/791213314771.pdf>

encourage foreigners to invest										
Apply for the most favored nation treatment and tariffs locally	4.44	1.87	6.00	9.09	16.13	3.70	5.56	9.38	0.00	0.00
Access to technology and skill	2.75	19.16	8.00	1.52	3.23	0.00	0.00	0.00	14.29	9.52
Avoid the local high tariff or trading barriers	2.61	3.74	2.00	3.03	1.61	1.85	2.78	3.13	7.14	9.52
Use of local export quotas	1.41	1.40	1.00	0.00	6.45	0.00	5.56	18.75	0.00	0.00
Minimize exchange rate risk.	0.99	4.21	4.00	3.03	3.23	1.85	0.00	6.25	7.14	0.00
Others	1.34	5.14	8.00	0.00	3.23	1.85	0.00	3.13	3.57	14.29

Source: Department of Statistics, MOEA, ROC., "Report on Foreign Investment Strategies of the Manufacturing Industry in Taiwan Areas," 2002.<sup>32</sup>

Table 4.2 shows how Taiwanese enterprises' motivations have changed on investing in China. Comparing this investigative report and some other previous related reports, we find that the Taiwanese enterprises' motivations for investing in China are similar to those of the earlier period. Some of their considerations are very similar. But vendors focus more and care more about the consideration "Local Market Has Larger Development Potential" than previously. In the earlier period, the vendors investing in China mostly belonged to labor-intensive manufacturing industries and used to the low cost of foreign labor to sustain Taiwanese export competitiveness. However, in the latest period, the Taiwanese enterprises focused more on opening the Chinese market, which is clearly related to the Chinese government's policy to open the Chinese market gradually.<sup>33</sup> Considering that the "Profits Go Down" driver motivates 15.96% of investing Taiwanese enterprises,<sup>34</sup> the question for Taiwan, then, is how to enhance their domestic vendor's competitive advantages and build

<sup>32</sup> Charng Kao, *op. cit.*, p. 142.

<sup>33</sup> *Ibid.*

<sup>34</sup> Feng-Shou Liu, *op. cit.*, p. 183; MOEA, *op. cit.*, "2007 Small and Medium Enterprises Document: Small and Medium's Enterprise Motivation of Investing Overseas," p. 110, <http://www.moeasmea.gov.tw/public/Attachment/791213314771.pdf>

and maintain a good domestic business environment. Both are very important to promoting the domestic economy.

Because the Taiwanese domestic manufacturing environment has changed, global competition has changed, and customer requirements have changed, Taiwanese vendors have not been able to meet international brand companies' product's requirements, demand or cost-targets. Further, Taiwanese enterprises need to move closer to their international clients and invest overseas. Other reasons for Taiwanese enterprises to aggressively pursue internationalization are: to be closer to their international clients, acquisition of technological "know how," taking advantage of the low costs of local manufacturing labor, land and resources and to acquire new and expanded local leadership. From the facts and trends given above, we can conclude that Taiwanese enterprises are losing their strategic autonomy – developing potentially dangerous dependency on China that limits its flexibility and options in the future.<sup>35</sup>

Table 4.2 The Transform of Taiwanese Enterprise's Motivation of Investing to China

Unit: %

	1	2	3	4	5	6	7	8	9
Investment motivation	Local market has development potential	Sufficient low-cost local labor	Satisfy a foreign customer's requirement	With the Taiwanese firm to go to local investment [??]	Domestic business environment deterioration	Easy to acquire low-cost local land	Low cost and availability of raw materials.	Local government encourages foreigners to invest	Access to local capital and skill effectively
1999	41.35	54.61	25.60	17.31	28.91	19.27	24.25	12.44	18.13
2003	65.34	63.77	37.79	31.22	26.06	18.31	16.51	11.82	8.84
200	64.19	61.13	37.43	34.00	28.41	16.68	18.60	9.10	9.10
2005	62.45	60.48	35.99	35.41	-	15.78	18.98	9.29	8.30

Source: Manufacturing Industry Foreign Investment Status Investigation<sup>36</sup>

<sup>35</sup> Jui-Chen Chang, *op. cit.*, pp. 1-2.

<sup>36</sup> MOEA, "The Transform of Taiwanese Enterprise's Motivation of Investing to China," <http://www.moeasmea.gov.tw/>

### 4.3 The Challenges of Taiwanese Enterprises that Invest Overseas

Market competition is the most difficult for Taiwanese enterprises that invest overseas and it accounts for difficulties for 58.91% of Taiwanese enterprises that invest overseas.<sup>37</sup> Secondly, the cost of local labor is decreased which accounts for difficulties for 30.65% of the Taiwanese enterprises investing overseas.<sup>38</sup> The third primary difficulties is rapid response to sudden funding requirements – cash flow - which accounts for difficulties in 28.25% of the Taiwanese enterprises investing in expansion overseas.<sup>39</sup> The primary investment areas are, in large part, areas that have the difficulty of “Intense Market Competition” with countries such as those in Western Europe, Hong Kong and Malaysia. The percentage of Taiwanese companies investing and expanding abroad are as much as 70.7%.<sup>40</sup>

The challenge represented by “Decreased Cost of Local Labor” is the most intense in Malaysia and China and accounts for 30.3% of the enterprises involved. Over 80.5% of enterprise investors think that “The Unstable Local Economy and Political Situation” is the most challenging difficulty when investing in Indonesia. When investing in Vietnam, a common challenge for 30.8% of Taiwanese enterprise investors is “Intense (Local) Market Competition” and, of course, the “Difficulty of Communication and Language.”<sup>41</sup>

According to Ministry of Economic Affairs (MOEA's) research report, Taiwanese enterprises have been facing various issues when investing overseas as following six items.

- 1) With respect to manufacturing: the stocking cost of raw material (inventory) is too high and production efficiency must be improved.
- 2) With marketing: there are competitors in the same business locally and it is difficult to

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<sup>37</sup> Feng-Shou Liu, *op. cit.*, p. 183.

<sup>38</sup> *Ibid.*

<sup>39</sup> *Ibid.*

<sup>40</sup> *Ibid.*

<sup>41</sup> *Ibid.*



open the domestic market. There is a general lack of global or local marketing skills on the part of Taiwanese enterprises.

- 3) Human resources: it is not easy to train workers. There may be high turnover rates and labor costs keep rising.
- 4) Research and development R&D: product development and worker and organizational skill development are not simple or easy, and cost a lot of money and time. This leads to an environment where there may be a lot of fake products that take advantage of the enterprises' research and development (R&D) efforts.
- 5) Financing: obtaining financing is not easy. Products exported from expanded production in China may not be easy to export profitably, making it difficult to repay loans.
- 6) The local investment environment: the local government does not have good governance efficiency, import/export customs processing is complicated, there is insufficient soft and hard infrastructure and the related investment rules are not transparent.<sup>42</sup>

#### 4.4 Taiwan's Opportunities and Challenges Arising from China's Rapid Growth

The World Bank has pointed out that the Chinese economy's growth has triggered many opportunities for the global development. China's rapid growth has driven world economic and trade growth.<sup>43</sup> From the New York Times: China's vigorous development has led to large amounts of FDI, export and import demands are such that it has become Asia's engines of economic growth.<sup>44</sup> "For China, swift growth and structural change, while resolving many

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<sup>42</sup> MOEA, "The United Service Center of Taiwanese Investment Enterprise," 2011, p. 8,

<http://twbusiness.nat.gov.tw/files/201110/1013/1013-1thppt1-1.pdf>

<sup>43</sup> Feng-Shou Liu, *op. cit.*, p. 56; The World Bank, "China 2020: Development Challenges in the New Century (English)," 1997,

<http://documents.worldbank.org/curated/en/1997/09/694610/china-2020-development-challenges-new-century>

<sup>44</sup> Charng Kao, "Changes in China's Economy and Global Trends on Trade and Economic Growth and Decline

problems, have created new challenges: employment insecurity, growing inequality, stubborn poverty, mounting environmental pressures, and periods of macroeconomic instability stemming from incomplete reforms.”<sup>45</sup>

China’s rapid growth, has affected Taiwan in different ways. In politics, because Taiwan is located near to China, China has changed its policy towards Taiwan as one part of its changing geo-political strategy. China’s stance towards Taiwan has shifted from the threat of using military force to creating a situation of Taiwanese economic dependence on China. Some say that China’s purpose is to slowly capture Taiwan in a peaceful, slow and quiet unification by absorption. Opening direct flights and charter flight, and the “four related projects, for instance, 1992 Consensus that is to implement the cross-strait peaceful development relations” boosts the cross-strait exchange and cooperation on politics and economic issues.<sup>46</sup>

On the economic side, the cross-strait mutual dependency has been expanding and both sides’ capabilities are complementary; mutual benefit and economic integration proceed apace. There are two different points-of-view by Taiwanese domestic scholars. One group of scholars advocates tighter regulation of the cross-strait economic relations. They think that the Chinese economic system is vastly larger than Taiwan’s, and that if the cross-strait economy and trade relations are too close, that would cause a “Magnet Effect” on Taiwan. Taiwanese government should regulate Taiwanese investments in China to avoid Taiwanese economic dependency which would increasingly harm Taiwanese economic autonomy and further affect national security and overall domestic interests. They also consider it possible

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Territory,” 2004, <http://www.ndc.gov.tw/>

<sup>45</sup> The World Bank, “China 2020: Development Challenges in the New Century (English),” *op. cit.*, <http://documents.worldbank.org/curated/en/1997/09/694610/china-2020-development-challenges-new-centur>

<sup>46</sup> Feng-Shou Liu, *op. cit.*, p. 56.

that these situations might lead to economic or political unification of Taiwan and China.<sup>47</sup>

The other group advocates strengthening the cross-strait economic developments. The reason is that China has now become the largest factory in the world and that this is now Taiwan's opportunity to develop its domestic economy by leveraging China. If Taiwanese enterprises don't strengthen investments in China now to develop closer economic and trade relations, once losing this window of opportunity, Taiwan will be marginalized in the future. And they believe that being in this kind of situation, that each of the governments would know that military conflict would inflict loss on both. Therefore, these advocates think that China will strengthen the cross-strait development in harmony and that this creates the foundation for a more stable balance of power in East Asia and other Asia areas.<sup>48</sup>

For over 20 years, China's rapid economic growth rate has increased the supply of products to international markets. Meanwhile, it has expanded the international demand for capital and manufacturing that has had some not insignificant contribution to the world economy. China's continuous stable growth, sufficient and its cheap supply of manufacturing are factors that prove attractive when finding a location to invest.<sup>49</sup> Trans-national companies endure China's roles of "world factory," "world market" and "consumer market," while China's rise also brings many commercial opportunities to Taiwan.<sup>50</sup> Table 4.3 shows the amounts of trade between Taiwan and China from 1990 to 2012. We find here that Taiwan and China have closely linked and inseparable relations with one other.<sup>51</sup>

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<sup>47</sup> Feng-Shou Liu, *op. cit.*, p. 55.

<sup>48</sup> *Ibid.*

<sup>49</sup> Feng-Shou Liu, *op. cit.*, p. 56.

<sup>50</sup> Kao, Charng. "Under China's Macro-Control, Cross-Strait Economic Development Strategy," Paper on the Vision and Strategy Development on Taiwan's Economy in 2005 for Academic Meeting (Taipei: Chung-Hua Institution for Economic Research Press, 2005).

<sup>51</sup> Mainland Affairs Council, "Trade between Taiwan and Mainland China," 2013, <http://www.mac.gov.tw/public/Attachment/322015413549.pdf>

Table 4.3 Trade between Taiwan and Mainland China

Unit: US\$ million

Period	Taiwan Customs Statistics			Mainland China Customs Statistics		
	Exports	Imports	Total	Exports	Imports	Total
1990-1993	17.4	2,055.8	2,073.2	24,708.1	3,074.3	27,782.4
1994	131.6	1,858.7	1,990.3	14,084.8	2,242.2	16,327.0
1995	376.6	3,091.3	3,467.9	14,783.9	3,098.1	17,882.0
1996	623.4	3,059.9	3,683.2	16,182.2	2,802.7	18,984.9
1997	626.5	3,915.3	4,541.8	16,441.7	3,396.5	19,838.2
1998	914.9	4,113.9	5,028.8	16,629.6	3,869.6	20,499.2
1999	2,602.1	4,528.9	7,131.0	19,537.5	3,951.7	23,489.2
2000	4,391.5	6,229.3	10,620.8	25,497.1	4,994.9	30,492.1
2001	4,895.4	5,903.0	10,798.3	27,339.5	5,000.2	32,339.7
2002	10,526.9	7,968.6	18,495.5	38,063.1	6,585.9	44,649.0
2003	22,890.8	11,017.9	33,908.6	49,362.3	9,004.7	58,367.0
2004	36,349.4	16,792.3	53,141.6	64,778.6	13,545.2	78,323.8
2005	43,643.7	20,093.7	63,737.4	74,684.4	16,549.6	91,234.0
2006	51,808.6	24,783.1	76,591.6	87,109.0	20,735.2	107,844.2
2007	62,416.8	28,015.0	90,431.7	101,021.7	23,458.3	124,480.0
2008	66,883.5	31,391.3	98,274.8	103,339.6	25,877.9	129,217.5
2009	54,248.7	24,423.5	78,672.2	85,722.9	20,505.3	106,228.2
2010	76,935.1	35,946.0	112,881.1	115,693.9	29,676.6	145,370.5
2011	83,960.0	43,596.5	127,556.5	124,919.9	35,111.9	160,031.8
2012						
Jan.	5,261.2	3,069.9	8,331.1	7,769.8	2,070.2	9,840.0
Feb.	6,485.9	2,820.0	9,305.8	9,183.7	2,269.4	11,453.2
Mar.	7,113.8	3,733.6	10,847.4	10,794.4	3,034.6	13,829.1
Apr.	6,822.0	3,671.9	10,493.9	9,658.6	2,853.3	12,512.0
May	6,921.7	3,771.8	10,693.6	10,784.6	3,060.9	13,845.5
Jun.	6,527.8	3,285.9	9,813.7	10,329.7	3,218.0	13,547.7
Jul.	6,761.6	3,602.6	10,364.2	11,370.1	2,975.8	14,345.9
Aug.	6,673.1	3,174.4	9,847.4	12,351.2	2,833.4	15,184.5
Sep.	7,221.2	3,584.6	10,805.7	13,223.5	3,437.6	16,661.1
Oct.	7,166.1	3,462.2	10,628.3	11,309.8	3,168.3	14,478.1
Nov.	6,740.3	3,199.0	9,939.3	12,722.4	3,667.9	16,390.3
Dec.	7,034.6	3,534.1	10,568.8	12,702.8	4,199.2	16,902.0
Jan.-Dec.	80,729.2	40,910.0	121,639.2	132,200.6	36,788.6	168,989.2

Note: Exports indicates the amount of exportation from Taiwan to Mainland China, and Imports indicates the amount of importation from Mainland China to Taiwan.

Source: Mainland Affairs Council, "Trade between Taiwan and Mainland China," 2013,  
<http://www.mac.gov.tw/public/Attachment/322015413549.pdf>

#### 4.5 Human Resource Challenges for Taiwanese Enterprises

In the era of knowledge and economics of globalization, talent is the root of any country's competitive advantage; research & development and innovation is the motive power of national development. So, in *Fight 2008: The Emphasis of National Development Plan*, "developing talent" is one of the four primary investment emphases.<sup>52</sup>

<sup>52</sup> Bor-Hong Han, *Study on Taiwan's Policy on Technology Talent Recruitment from Mainland China* (MA

Driven by foreign and Taiwanese enterprises' investment, Chinese cheap products have been flooded the global market and Chinese exports obviously crowd out other exports from East-Asian countries, including those of Taiwan. The investments from Taiwan have been gradually growing and funding, talent and skills flow to China, causing concerns about potential "hollowing-out" of Taiwanese industry. China's rapid rise in the most recent ten years has caused Taiwanese industry to move more towards China. Sixty thousand (60,000) Taiwanese enterprises have led to the loss of Taiwanese jobs and employment opportunities – and created the need to find ways to create new jobs. The demand for domestic workers has dropped; those workers need more robust domestic employment opportunities and job market. Taiwan's society and government need to face these two top issues: 1) Taiwanese enterprises have been moving to China and 2) Taiwan continues to lose domestic employment opportunities because of this.<sup>53</sup>

Morris Chang pointed out in a speech that Taiwan is now facing three human resource issues: 1) Enterprises can't find proper junior technology talent, 2) enterprises' lack of innovative and creative talent and 3) enterprises lack experienced high-level leaders. The lack of innovative talent and leadership means that enterprise can't upgrade successfully. They are stuck floundering and failing. Taiwanese enterprises' current executive leadership appears to have no hope in their own future domestically in Taiwan and has led the migration to China. Because the executive leadership also thinks that China has potential for large domestic market development, expanding Taiwanese industry into China might be their chances to find their place and success in the world. M. Chang expressed the lack of Taiwanese talent as being due to "Economic Globalization." and that emerging countries represent a threat, especially intense in the case of China. In recent years, Taiwanese enterprises don't internally

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Thesis for Graduate Institute of Asia Studies, Taipei: Tamkang University, 2010), p. 2; National Development Council, "Fight 2008: The Emphasis of National Development Plan (2002-2007)," 2003, p. 6, <http://www.ndc.gov.tw/ml.aspx?sNo=0001570>

<sup>53</sup> Feng-Shou Liu, *op. cit.*, p. 59.

promote their best talent nor upgrade their abilities (training). This ultimately leads to “brain drain”. Capable and motivated employees become discouraged and leave.

M. Chang gave as an example, China’s President Xiaoping Deng’s policy of reformation and opening. Deng thought that regardless of the system, talent and funding must fully open. Only by opening up competition can we improve Taiwanese talent’s level. Whenever we discuss anything, the only way to promote and improve is competition. With respect to talent’s professional level promotion, M. Chang has the same idea as well.<sup>54</sup>

Chang also advised that educational background is not enough for employment, students must learn what is interesting and use the job to learn and study, and not only rely on academia. That we must also develop entire learning methods with system, plan and discipline.<sup>55</sup> The president of National Taiwan University— Dr. Pan-Chyr Yang agreed with Chang’s ideas about learning for employment as well. He also pointed out that if enterprises focus on ability, not just academic qualifications and grades that these three issues that Chang has mentioned would change very quickly.<sup>56</sup> The president of National Tsing Hua University —Dr. Lih J. Chen thought that basic level of skill talent can’t be developed solely at, or by the school, and that the Taiwanese enterprises have the corporate social responsibility.<sup>57</sup>

## 4.6 Conclusion

China devotion to on economic development has lead it to become the biggest potential market. In the near future, China will become the second largest economic system in the world and may have the potential to compete with the North American market in common.

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<sup>54</sup> Morris Chang, “On Talent, Morris Chang: Opening Competition will Progress,” 2014, [http://news.rti.org.tw/index\\_newsContent.aspx?nid=476604](http://news.rti.org.tw/index_newsContent.aspx?nid=476604)

<sup>55</sup> *Ibid.*

<sup>56</sup> *Ibid.*

<sup>57</sup> *Ibid.*

Taiwanese investment capital continues to flow into China. Shanghai has become the most important location for high-tech enterprises to set up their branches or factories in. The opportunities that working with China represent, coupled with the fear of losing global competitiveness if not partnering with China drives the new Taiwanese regional investment analysis and decision framework. China's preferential policies and continued economic reform attracts Taiwanese enterprises to invest to China. Chinese market is more-and-more developed and with cheap and sufficient local manpower, continues to be attractive to Taiwanese enterprises.



## Chapter V

### The Reasons for Taiwanese S&T Talents Work in China

Under the intense competition arising under the development of an efficient globalized and specialized marketplace, essentially talent is the most critical factor in keeping core economic competitiveness in this era of the knowledge-based economy. In recognition of this, many countries have been creating policies and measures intended to recruit, develop and retain science and technology (S&T) talent. Global knowledge and skill/technology flow is speeding up continuously and science and technology (S&T) workers' personal activities sphere cover more area and more industries in their countries continuously.<sup>58</sup> International population migration policies have become one of the developing countries' primary policies to promote their competitiveness and utilize (or to productively displace or channel) their complement of youthful manpower. Various countries continue to have increasing professional needs and these countries will satisfy these needs through the strategy of recruiting overseas.<sup>59</sup>

From this, the model of expatriate workers develops. Expatriates become the bridge for communication, coordination and control between parent and subsidiary companies. These expatriates can help the host country's subsidiary follow parent company's national culture, policy and goals<sup>60</sup> to reduce unnecessary mistakes or losses through miscommunication, and make coordinated action for all business functions operate more smoothly. There are several

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<sup>58</sup> Bor-Hong Han, *op. cit.*, p. 89.

<sup>59</sup> Yuet-Yi Lau, *The Comparison of Personnel Policy among Cross-Strait (China, Hong Kong & Taiwan) --- The Case Studies of Quality Migrants Admission Schemes* (Graduate Institute of China Studies, Taipei: Tamkang University, 2012), p. 3.

<sup>60</sup> Szu-Min Weng, *op. cit.*, p. 13.



different, but similar, definitions for the term expatriate, including:

“People that are living and working in a non-native country,”<sup>61</sup>

“Any employee that is working outside his/her home country,”<sup>62</sup> and

“An employee who is working and temporarily residing in a foreign country.”<sup>63</sup>

Dowling & Welch based on the duration of foreign residence, classify ‘expatriates’ as below:<sup>64</sup>

- 1) Short term: under three months, to solve issues or project supervision.
- 2) Extended term: under one year, the mission is same as short term expatriate.
- 3) Long term: between one and five year duration; this is the typical expatriate assignment.
- 4) Commuting term: returning to expatriate the host countries every two weeks or similar frequencies.
- 5) Rotation term: short term of expatriate assignment in host country and then return to home country for periodically and for vacation.
- 6) Contract term: a professional talent hired specifically to participate in a foreign/domestic project team assignment; includes working overseas from six month to one year.

## 5.1 The Reasons of Taiwanese S&T Talents Work in China

There are a few reasons why Taiwanese science and technology (S&T) talent works in China. Firstly, the trend of globalization changes everything. Taking advantage of the effects of the trends surrounding globalization, including governmental and enterprise policy responses, employees have more opportunities to work outside of Taiwan. Globalization has

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<sup>61</sup> P. Lasserre, *Global Strategic Management* (New York: Palgrave Macmillan Press, 2003), p. 313.

<sup>62</sup> A. W. Harzing and J. V. Ruysseveldt, *International Human Resource Management (2nd ed.)* (London: Sage Publications Ltd. Press, 2004), p. 252.

<sup>63</sup> P. J. Dowling, and D. E. Welch, *International Human Resource Management: Managing people in An International Context (4th ed.)* (London: Thompson Learning Press, 2004), p. 5.

<sup>64</sup> Hsiao-Yu Huang, *The Relationship of the Involvement, Work-Family Conflict and Quality of Work Life among the Three Different Expatriate Types* (MA Thesis for Department of International Business, Taipei: Soochow University, 2007), p. 7.

promoted China's rapid growth which further attracts industries from around the world that move to China. As everyone knows for certain, Taiwanese funding, talent, skilled workers and technology have been replicated in or transferring to China.<sup>65</sup> There are many medium and small Taiwanese traditional enterprises that have started to invest to areas around the world, especially in China, where there is access to low cost labor, land and raw materials. These enterprises when considering whether to expand internationally and where to expand internationally consider such factors as language, geographical proximity, infrastructure, culture and that countries potential for its own internal market growth.<sup>66</sup> When these factors are considered, China is usually the most common country selected by Taiwanese enterprises.

Earlier in this chapter, it discussed why and how expatriation works and the expatriate's roles and missions. According to human resource experts' analyses, there are fewer phases utilized by Taiwanese employees who work in China. The first wave of job seekers who are mostly unemployed have no choice but to seek a job in China. The second wave of job-seekers is mainly mid-level and upper-level management. Their reason to seek employment in China is that they are optimistic about the booming of industry opportunities in China. The third wave of job-seekers expands to include more mid-level managers and also professional employees.<sup>67</sup> When enterprises terminate or decrease their demand of human resources, those people will flow to the places where they are needed. Recently, China has become the largest place for Taiwanese enterprise investment and expansion. According to Taiwanese Human Resource Bank 1111's survey, Taiwanese who are willing to work in China has increased from 77% in 2011 to 94.92% in 2013. This clearly shows that Taiwanese are increasingly willing to work in China. There are several reasons that

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<sup>65</sup> Feng-Shou Liu, *op. cit.*, p. 59.

<sup>66</sup> Siao-Yun Peng, *Research of Family Adaption Process of the Employee Assigned to Foreign Countries - A Example of Mainland China* (MA Thesis for Department of Social Work, Taipei: Soochow University, 2006), p. 2.

<sup>67</sup> Jian-Xing Chen, "Survey Shows There are over 60% of Main Employees Who are Considering to Work in China," 2008, <http://magazine.sina.com/bg/globe/20080502/2008-04-22/053511436.html>

Taiwanese employee may be driven to want to work in China. 64.88% of all Taiwanese employees are optimistic about the Chinese market's potential. 40.26% of them want to increase their working experience in China. 32.55% of them want to improve their own competitiveness in the labor market to help their own future career development.<sup>68</sup>

"1) 69% of surveyed employers cite professionals are likely to leave Taiwan to work in another Asian country during 2013, with most (67%) identifying China as the main destination for expats."<sup>69</sup>

"2) The majority of respondents (58%) believe a skills shortage is likely in their sector over the next 12 months and more than half (55%) indicate this will result in the development of more targeted attraction strategies."<sup>70</sup>

"3) The skills shortage will cause salaries to rise above inflation according to most employers surveyed (44%), while 80% of respondents indicate salary increases over 2013 will be based on performance."<sup>71</sup>

The survey of "The Cross-Strait New Era in 2008 of Employee's Point-of-View of Working in China" by Human Resource Bank 104 and the Taiwanese magazine *Global View Monthly* discover that over 60% of Taiwanese employees have considered working in China; 18.6% of them have had experience working in China; 16.9% of them are currently looking for opportunities to work in China; and that 45.1% of them have considered working in China, but haven't moved to China yet for some reason. Only 19.4% of them have never considered working in China.<sup>72</sup>

The main reasons that Taiwanese workers in their 30s or 40s want to work in China are that they are optimistic about Chinese market development potential, and their belief that the

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<sup>68</sup> Xin Lee, "2014 Cross-Strait Interaction and Exchange will be Frequently and over 90% of Taiwanese Employees are Willing to Work in China," 2013, <http://big5.huaxia.com/tslj/lasq/2013/02/3197753.html>

<sup>69</sup> Michael Page Salary & Employment Forecast, Taiwan, "Workforce Mobility and Skill Shortages to Increase Employer Focus on Talent Attraction," 2013, <http://www.michaelpage.com.tw/ContentArticle/page/8540/title/Workforce-mobility-and-skill-shortages-to-increase-employer-focus-on-talent.html>

<sup>70</sup> *Ibid.*

<sup>71</sup> *Ibid.*

<sup>72</sup> Jian-Xing Chen, *op. cit.*, "Survey Shows There are over 60% of Main Employees Who are Considering to Work in China," <http://magazine.sina.com/bg/globe/20080502/2008-04-22/053511436.html>

cross-strait talent will compete for similar positions, and so they try to jockey for position.<sup>73</sup>

## 5.2 The Status of Manpower Movement after the Cross-Strait Economic and Trade Exchange

With regards to Taiwanese employees going back and forth between Taiwan and China for work and emigration, there is very little data that indicates the actual number of Taiwanese that choose to work in and/or migrate to China. After opening up the economic and trade exchange, Taiwan's enterprises invest and set up production lines in China, continuing a trend of cross-strait cooperation. Both sides' exchange with each other grows increasingly frequent. According to Mainland Affairs Council's (MAC's) data as shown in Table 5.1, the Taiwanese visitor arrivals in China totals 7.68 million from 1987 to 2013. 1.19 million Chinese people have visited Taiwan from 1988 through 2013. As apparent from this table, the cross-strait traveler exchange has been being growing more frequent since the opening of the bans.<sup>74</sup> There is no official data about Taiwanese emigration to China, but according to the Chinese National Tourism Administration's data, the short duration travel of the business population increased from 1,730,000 in 1996 to 4,627,811 in 2013. Figure 5.1 shows the MAC statistics on Taiwanese who enter to China.

<sup>73</sup> *Ibid.*; Kathy Cha, "More than 50% of 30s and Middle Age of Taiwanese Want to Work in China, They are Optimistic Chinese Development Potential," 2009,

<http://news.cnyes.com/Content/20090623/KAPE0CWPRYNPE.shtml>

<sup>74</sup> Mainland Affairs Council, Executive Yuan, "Preliminary Statistics of Cross-Strait Economic Relations," 2014, <http://www.mac.gov.tw/public/Data/421314165371.pdf>

Table 5.1 Preliminary MAC Statistics on Cross-Strait Economic Relations Dec., 2013

Item	Current Month	Year to Date	Cumulation	Source
<b>The Cross-Strait Indirect Trade</b>	<b>Dec., 2013</b>	<b>Jan.~Dec., 2013</b>	<b>1992~Dec., 2013</b>	Ministry of Finance (ROC)
Total(US\$100 million)	111.1 (5.1%)	1,243.8 (2.3%)	10,487.4	
Exports	72.0 (2.3%)	817.9 (1.3%)	6,867.5	
Imports	39.1 (10.5%)	425.9 (4.1%)	3,619.9	
Trade Balance	32.9 (-6.0%)	392.0 (-1.5%)	3,247.6	
<b>Indirect Investment to Mainland</b>	<b>Dec., 2013</b>	<b>Jan.~Dec., 2013</b>	<b>1991~Dec., 2013</b>	Investment Commission, Ministry of Economic Affairs (ROC)  Ministry of Commerce (PRC)
Cases	46 (76.9%)	440 (-3.1%)	40,762	
Amount (US\$100 million)	10.5 (-4.6%)	86.8 (-20.5%)	1336.8	
Reference: Statistic by Mainland Items	<b>Dec., 2013</b>	<b>Jan.~Dec., 2013</b>	<b>Accumulated to Dec., 2013</b>	
Realized Amount (US\$100 million)	2,339 (-3.4%*)	22,773 (-8.6%)	786,051	
	120.8 (3.3%*)	1,175.9 (5.3%)	13,936.9	
<b>Exchange of Visits</b>	<b>Dec., 2013</b>	<b>Jan.~Dec., 2013</b>	<b>1987~Dec., 2013</b>	China National Tourism Administration  National Immigration Agency, Ministry of The Interior (ROC)
Taiwan Visitors Arrivals in Mainland (1000 persons)	401.6 (0.3%*)	5,162.5 (-3.3%)	76,814.8	
Mainland People (1000 persons)	<b>Dec., 2013</b>	<b>Jan.~Dec., 2013</b>	<b>1988~Dec., 2013</b>	
	234.1 (-2.2%)	2,848.6 (12.3%)	11,909.7	

Note: 1. Numbers in ( ) stand for growth rate compared with the same period of the last year.

2. Numbers with \* stand for growth rate compared with the last month.

Source: Mainland Affairs Council, Executive Yuan, Feb. 10, 2014.

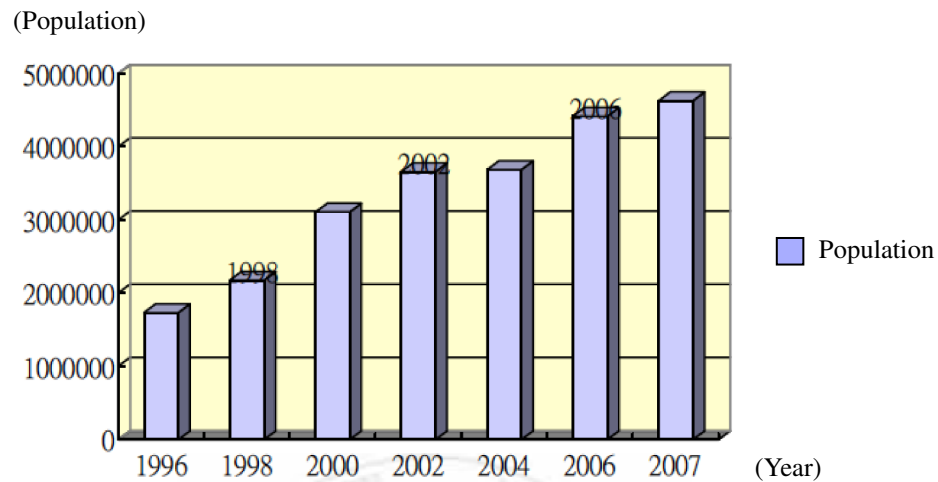


Figure 5.1 Statistic of Taiwanese Population Enter to China

Source: Mainland Affairs Council, Executive Yuan.

For the “Status of Taiwanese People who Work in China,” there are no criteria via which to recognize the actual number of Taiwanese who work in China; the cross-strait

governments have no data about it. However, with the increasing number and volume of cross-strait exchanges, the numbers of Taiwanese who work in China must also have been increasing and continue to increase.<sup>75</sup> SEF statistics indicate that easily over 500,000 Taiwanese people work in China and it is estimated by the magazine.

### 5.3 Opportunities and Challenges

China's rapidly rise brings opportunities and challenges to Taiwan's economy and has further impacts in other areas. Driven by Taiwanese enterprises' investment and other FDI, the low cost of domestic labor, the low cost of land and the low cost of raw materials, China's low price of production has allowed it to develop a massive position the global market. Investments in China have been growing and had led to Taiwan's funding, talent and know-how to flow towards China. It is inevitable that this will cause concern in Taiwan's industry of the prospect, possibility or high-certainty of "hollowing-out".<sup>76</sup> Further, there are 60,000 Taiwan enterprises that have move to or towards China, which means that of all of the issues surrounding the current situation, the most severe is the dramatic and continuing curtailing of employment opportunities for Taiwanese workers. Taiwan needs a robust labor market for its people; it must be rebuilt quickly and maintained in perpetuity. Taiwan must address the drain in domestic employment demand and its attendant drain of opportunities for the Taiwanese people. One element of any solution should solve other economic issues as well – and that is to clearly define and differentiate Taiwan's and China's industrial capabilities and those of their respective workers.<sup>77</sup>

Ministry of Economic Affair (MOEA) entrusts Chung-Hua Institution for Economic

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<sup>75</sup> Szu-Min Weng, *op. cit.*, p. 29.

<sup>76</sup> Feng-Shou Liu, *op. cit.*, p. 59.

<sup>77</sup> Feng-Shou Liu, *op. cit.*, p. 117.

Research (CIER) with conducting research into Taiwan's challenges and opportunities caused by China's meteoric rise. Below are some recommendations resulting from research.<sup>78</sup>

1) Challenges:

- Policy aspect: Reduction of structural taxation, increasing support for large and small enterprise.
- Domestic market: Enlarge business opportunities with domestic policy, consumer finance and wealth management.
- Industry market: Enlarge business opportunities for the service industry, for the seven (7) emerging industries of strategic importance, for the physical distribution industry, and for the medical service industry.<sup>79</sup>
- Need many adjustments in policy directions. One is the need for enhancing environmental protection criteria. The prices of manufactured products (factory prices) are ultimately determined by the market. When there is manufacturing over-capacity, the prices can (and often will) drop below the costs of manufacturing. This race-to-the-bottom is not sustainable.<sup>80</sup> Increased cost of and insufficient amounts of manpower to meet the aggregate needs of Taiwanese enterprises.
- Attempt to stabilize real-estate prices and minimize the frequency and severity of bubbles.<sup>81</sup>
- Talented, skilled and experience professionals and management are necessary (but not sufficient) keys for industrial innovation and competitiveness.<sup>82</sup>

After opening direct flights or Economic Cooperation Framework Agreement (ECFA) that led to Taiwan's economic transformation and structural unemployment, these issues

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<sup>78</sup> MOEA Entrusts CIER, Evaluation of China's Economic Trend and Its Challenge and Opportunity to Taiwan," 2012. pp.III-IV, [http://www.moea.gov.tw/Mns/cord/content/wHandMenuFile.ashx?menu\\_id=8778](http://www.moea.gov.tw/Mns/cord/content/wHandMenuFile.ashx?menu_id=8778)

<sup>79</sup> *Ibid.*

<sup>80</sup> *Ibid.*

<sup>81</sup> *Ibid.*

<sup>82</sup> Yuet-Yi Lau, *op. cit.*, p. 1.



might increase even more. Domestic manpower, especially middle-to-high skill manpower and talent go to China to seek good opportunities for their own careers. As Taiwanese enterprise invests more in China, the numbers of Taiwanese who work for or go working in China will increase. Further, family dependents and the number of Taiwanese managers who will remain and live in China will increase.<sup>83</sup>

Ing-Wen Tsai emphasizes in her speech that the cross-strait economic relationship should become more complementary rather than so competitive as it is now. Cross-strait investment, talent and know-how movement create imbalances and duplicate investments make these issues become even more severe.<sup>84</sup> The rise of China does bring opportunities to Taiwan's economy and enterprises. But it also brings challenges, as discussed, and these must be dealt with face-on. Globalization has brought a series changes. China's domestic employment market and income have been growing continuously, but Taiwan has had the opposite. This reversal of national fortunes is one of the main motivations for a Taiwanese citizen to work in China.<sup>85</sup> In table 5.2, using data published by *Business Today*, the author re-organized the average salaries in the top four (4) regions in China. Shanghai remains after these years the region with the highest average salary and Shenzhen has the second highest average salary. These areas characterized by high average salaries and expensive real-estate are popular areas for Taiwanese enterprises to invest in.

Table 5.2 China's Average Monthly White-Collar Employee Salaries in Four Different Regions

Location	Shanghai	Shenzhen	Dalian	Suzhou
Salary (RMB)	7,112	6,787	> 4,000	> 4,000

Source: *Business Today*, 2013, <http://www.ettoday.net/news/20130410/190400.htm>

<sup>83</sup> National Policy Foundation, "The Medium and Small Enterprise's Influence and Resolution for Cross-Strait Opening," <http://www.moeasmea.gov.tw/dl.asp?filename=8123020175771.doc>

<sup>84</sup> Ing-Wen Tsai, "Cross-Strait Economic Thinking of Hypocritical and Trap," 2013, <http://hk.huaxia.com/tslj/jjsp/2013/11/3618265.html>

<sup>85</sup> Xin Lee, *op. cit.*, "2014 Cross-Strait Interaction and Exchange will be Frequently and over 90% of Taiwanese Employees are Willing to Work in China," <http://big5.huaxia.com/tslj/lasq/2013/02/3197753.html>



However, there still are many challenges and to working in China. During the first two years, migrant workers need not only adapt to physical working stress, but also to life quality and related stress. 72% of Taiwanese employees who choose to work in China do not reach the two years point before turning back from China. Only about 3% of those migrant workers choose to stay in China for more than five years. In response to the apparent lack of longevity in a position or the lack of fortitude of a Taiwanese citizen when facing the challenges of living in China, Taiwanese enterprises must hire local workers to stanch turnover in their core operations.<sup>86</sup> There are many reasons that Taiwanese employees have difficulty adapting to working and living in China. Some of these reasons are summarized below in Table 5.3.

Table 5.3 Reasons of In-adaption for Working in China

Reason	Not easily adapted to the living environment	Unaccustomed to the Chinese style of working.	Feel discriminated against
Percentage	42.7%	37.3%	3.3%

Source: *Business Today*, “72% of Employees Can’t Work till 2 years in China,”

<http://www.ettoday.net/news/20130410/190400.htm>

ET today, “4 Times of Income Difference ! 500,000 Taiwanese Labors Who will have No Warranty When They Come Back from China,” <http://www.ettoday.net/news/20120604/52669.htm>

Fully 42% of Taiwanese employees in China express that if they could get the same income in Taiwan as in China, they would be willing to go back to Taiwan to work. 33.3% of Taiwanese employees in China express that they would come back to Taiwan, if they were able to get more pay than they get in China. There are, however, 34.7% who express that regardless of any income level, that they will never go back to work in China. From this report, we also find that almost 9.3% of Taiwanese employees have Chinese bosses. In aggregate, this indicates that Taiwanese enterprises in China have started a trend towards hiring local Chinese workers.<sup>87</sup>

<sup>86</sup> Xin Lee, *op. cit.*, “2014 Cross-Strait Interaction and Exchange will be Frequently and over 90% of Taiwanese Employees are Willing to Work in China,” <http://big5.huaxia.com/tslj/lasq/2013/02/3197753.html>

<sup>87</sup> ET today, *op. cit.*, “4 Times of Income Difference! 500,000 Taiwanese Labors Who will have No Warranty

For the Taiwanese who have experiences for working in China, what are their thinking? 40% of respondents are honestly to admit that only get more money, after their professionals might be learned by others, they lost employment opportunities. There are 24% of respondents expressed that there are no any addition.<sup>88</sup> According to Human Resource Company 104's Taiwanese investigation, these respondents have different current working statuses and opinions about their experiences with working in China and have developed some personal reasons for why they would want to work in China or contrary-wise, why they would prefer to not work in China. The author summarizes these survey results in the table 5.4 below.<sup>89</sup>

Some experts worry about Taiwanese workers who end up working in China for reasons that include: 1) these employees working in China don't have Taiwan's labor insurance. Therefore, when they retire, they won't have any Pension. 2) If the Taiwanese who are working in China are not able or willing to return to Taiwan in the future, this will weaken domestic consumption.<sup>90</sup>

Table 5.4 The Experience, Current Situation and Opinions about Working in China by Taiwanese Workers

	Status / Experience	Percentage	Reasons		Reasons
Status and thoughts about working in China	Have had experience working in China.	27.2%	-	Why want to work in China?	1. China has potential for big development
	Currently seeking a job in China.	13.8%	-		2. More intense competition between Taiwan and China. Therefore, some Taiwanese want to pre-emptively attain a future position.

When They Come Back from China," <http://www.ettoday.net/news/20120604/52669.htm>

<sup>88</sup> Business Today, *op. cit.*, "72% of Employees Can't Work till 2 years in China," <http://www.ettoday.net/news/20130410/190400.htm>

<sup>89</sup> Kathy Cha, *op. cit.*, "More than 50% of 30s and Middle Age of Taiwanese Want to Work in China, They are Optimistic Chinese Development Potential," <http://news.cnyes.com/Content/20090623/KAPE0CWPRYNPE.shtml>

<sup>90</sup> ET today, *op. cit.*, "4 Times of Income Difference! 500,000 Taiwanese Labors Who will have No Warranty When They Come Back from China," <http://www.ettoday.net/news/20120604/52669.htm>

	Considering working in China, but have without not taken action on it because of these concerns.	38.6%	1. Family and friends are in Taiwan. 2. No 'proper' jobs in China. 3. Can't control China's workplace information		3. It's hard to find a job in Taiwan and are willing to find a job in China.
	Have never considered working in China	Account for 1/5 of returning samples	-		

Source: Refer to below information to make this table.

Kathy Cha, *op. cit.*, More than 50% of 30s and Middle Age of Taiwanese Want to Work in China, They are Optimistic Chinese Development Potential,”

<http://news.cnyes.com/Content/20090623/KAPE0CWPRYNPE.shtml>

## 5.4 Conclusion

Talent is the critical factor to develop and maintain core competitiveness in the knowledge economy.<sup>91</sup> Taiwanese trans-national enterprise formation makes the role of the professional worker critical in communication, coordination and operational control between parent and its subsidiary companies. These key professional need to work, travelling back-and-forth between Taiwan and China. On-demand dispatch by the corporation becomes one of their primary working patterns.

Almost 65% of employees are optimistic about the Chinese market's potential. 40.26% of them want to increase their time building work experience in China. 32.55% of them want to promote competition on working to help their career development.<sup>92</sup> For these and other reasons, Taiwanese workers in their 30s and 40s who want to work in China are optimistic about the future potential development of China. And as Chinese talent enters the market, there will be increased competition, and those Taiwanese workers strive to jockey for

<sup>91</sup> Bor-Hong Han, *op. cit.*, p. 89.

<sup>92</sup> Xin Lee, *op. cit.*, “2014 Cross-Strait Interaction and Exchange will be Frequently and over 90% of Taiwanese Employees are Willing to Work in China,” <http://big5.huaxia.com/tslj/lasq/2013/02/3197753.html>

position in that emergent world.<sup>93</sup>

It turns out that Taiwan doesn't have any official (or even unofficial accurate) data about how many Taiwanese employees travel back-and-forth regularly between Taiwan and China. However, according to China National Tourism Administration's data, short-duration business travel has increased from 1,730,000 passenger-trips in 1996 to 4,627,811 passenger-trips in 2007.<sup>94</sup> It shows there are many Taiwanese workers travelling between Taiwan and China regularly. The rise of China brings opportunity and challenges to Taiwan. Any employee or enterprise who decides to move forward with China is due to its high potential for further market development. Further, the average salary in a large city such as Shanghai is (at the time of this writing) nearly RMB 7,000 - compared to Taiwan's NTD 22K; approximately 50% higher. This may be one reason that the young people in their 20s are willing to work in China. The on-demand dispatch work pattern of dispatch creates some potential issues, for instance: family, health, competition and adaptation to this working model. Taiwanese employees don't only get these exciting new opportunities, but also need to face the impact on other facets of their lives.

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<sup>93</sup> *Ibid.*; Kathy Cha, *op. cit.*, More than 50% of 30s and Middle Age of Taiwanese Want to Work in China, They are Optimistic Chinese Development Potential,"

<http://news.cnyes.com/Content/20090623/KAPE0CWPRYNPE.shtml>

<sup>94</sup> SEF: Strait Exchange Foundation.

## **Chapter VI**

### **Case Study and Data Analysis**

This study adopt case interview to conduct in-depth interview and according to the interview contents to do the qualitative data analysis. Base on three aspects - push, pull and intervening obstacles of Push and Pull Theory to conduct data analysis. I conduct interviews to the interviewees of Mechanical Engineer, Mechanical Manager and Human Resource Manager who have experiences of working in laptop-computer companies. And to probe and analyze what are the influences, opportunity and impact to the Taiwanese S&T talent from the cross-strait economic exchange. For the chapter organization is classified the type of Push in section 6.1, Pull in section 6.2 and the intervening obstacles in section 6.3.

#### **6.1 Push**

This section is to coordinate the related questions and interviewees' answers of the type of push and there are totally six-type-push questions here. The tough working environment in Taiwan and further cause influences to Taiwanese S&T talents that include: imbalanced working pattern, welfare, working time and income, influences on personal life, family care and health, the working pattern cause them no more time to promote profession abilities, the related dispatch issues and the like. Above are the top few factors that belong to factor of push to lead employees' movement.

##### **1. "The incentive and compensation measures to short-term of dispatch."**

Our company's short-term of dispatch policy is same as the same character of

enterprises.<sup>95</sup> For instance, Mechanical Engineer has the highest rate of traveling in China and the company pays for the daily allowance, the actual expenditure of transportation, hotel and other cost.<sup>96</sup> But the long-term dispatch management who are got more incentives by the enterprise, because they helped for building the system in the initial stage.<sup>97</sup> For instance, no matter the dispatch employee who is married or single, enterprise will according to different dispatch location, to provide different allowances that include renting, basic insurance (national health insurance, medical insurance, and so on.).<sup>98</sup> Besides, enterprise also provide free flight ticket to dispatched employee and whose dependences to a fixed amount of subsidy<sup>99</sup> and to their children to education subsidy.<sup>100</sup>

## 2. “The dispatch of working model causes the worker mobility percentage and remedy.”

The percentage of the short-term business trip or dispatch is around 25%~35%.<sup>101</sup> Some of them quit after working for two cases in a year, because can't adapt to the dispatch.<sup>102</sup> For the high contribution talents whom we would try to find some ways to retain them. For instance, for the manager level or professional talents, we would find if there is any department that have requirement of recruiting<sup>103</sup> and assess the overall condition<sup>104</sup> to rotation of jobs<sup>105</sup> to change the working model to further decrease the dispatch frequency.<sup>106</sup> Besides, to implement some policies to the recruiting and retaining workers.<sup>107</sup> Initiating to the exact dispatch condition, requirement and dispatch frequency when HR interviews.<sup>108</sup>

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<sup>95</sup> PS-01-HE-01

<sup>96</sup> PS-01-HE-02, PS-01-HE-03, PS-01-HJ-01

<sup>97</sup> PS-01-HE-06, PS-01-HJ-03

<sup>98</sup> PS-01-HJ-04

<sup>99</sup> PS-01-HJ-05

<sup>100</sup> PS-01-HJ-06

<sup>101</sup> PS-02-HJ-01, PS-02-HE-01

<sup>102</sup> PS-02-HJ-01, PS-02-HE-01

<sup>103</sup> PS-02-HE-03

<sup>104</sup> PS-02-HE-05

<sup>105</sup> PS-02-HE-03

<sup>106</sup> PS-02-HE-04

<sup>107</sup> PS-02-HJ-03

<sup>108</sup> PS-02-HJ-04

From the end of 2012, we have a questionnaire about dispatching, dispatching location and training program to the retain employees.<sup>109</sup> We want to pick the proper employees who have willing to be expatriated overseas or dispatch between Taiwan and China.<sup>110</sup> For the part of China, we started to recruit professional talent and manager in China.<sup>111</sup> We hope to promote the communication quality<sup>112</sup> by the local employees.<sup>113</sup>

### 3. “Enterprise’s dispatch policy and which are the more important to employees?”

The enterprise’s policies of dispatch that include: daily and various allowance (daily allowance, food, transportation<sup>114</sup>, phone fee, and so on.<sup>115</sup>)<sup>116</sup> living needs and transportation arrangement.<sup>117</sup> For the living needs, such as, to provide the food that is close to Taiwanese taste of food<sup>118</sup> and basic equipment, such as washing machine, air-conditioner and heater.<sup>119</sup> Besides, to living arrangement<sup>120</sup> and choose direct flight to decrease traveling time and fatigue.<sup>121</sup> The rule of dispatch is not to over 1 month of staying in China, unless there is some specific condition<sup>122</sup> and each time for being back to Taiwan for a week.<sup>123</sup> Besides, to build the skill transfer and division of working pattern to enhance working efficiency rate, decrease producing issues and producing successful and smoothly.<sup>124</sup>

According to interviewees reply to know what are the more important dispatch policies and the reasons as below:

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<sup>109</sup> PS-02-HJ-05

<sup>110</sup> PS-02-HJ-06

<sup>111</sup> PS-02-HJ-07

<sup>112</sup> PS-02-HJ-09

<sup>113</sup> PS-02-HJ-08

<sup>114</sup> PS-03-MT-06

<sup>115</sup> PS-03-EJ-07,PS-03-EB-02

<sup>116</sup> PS-03-MA-07,PS-03-EJ-06,PS-03-EB-01,PS-03-MT-01

<sup>117</sup> PS-03-MA-06, PS-03-MT-03

<sup>118</sup> PS-03-MA-05,PS-03-MT-04

<sup>119</sup> PS-03-EJ-02,PS-03-EB-04

<sup>120</sup> PS-03-EJ-05,PS-03-EB-03, PS-03-MT-05

<sup>121</sup> PS-03-MA-06, PS-03-MT-03

<sup>122</sup> PS-03-MA-01,PS-03-EJ-01, PS-03-MT-02

<sup>123</sup> PS-03-MA-02

<sup>124</sup> PS-03-MA-08

- 1) Dispatch time<sup>125</sup> and frequency:<sup>126</sup> if staying in China too long that would affect dispatched employee's morale.<sup>127</sup> For the married female Mechanical Engineer and male manager, their centric is family and they expect to have other way to balance between working and family. For instance, to take turns for business trip to decrease dispatch frequency<sup>128</sup> or division of working<sup>129</sup> and to spend more time with family.<sup>130</sup>
- 2) Daily living arrangement and convenience:<sup>131</sup> to expect to adapt local life in the shortest time to avoid it affects job.<sup>132</sup> Also one of the interviewees who expresses that he need assist with doing laundry, because he hasn't have time to do it.<sup>133</sup>
- 3) Traveling with direct flight: decreasing the fatigue.<sup>134</sup>
- 4) Allowance of business trip and other expense allowance:<sup>135</sup> when working in China that is 24 hours stand by that is tired than overtime working in Taiwan. So, if increasing the allowance of business trip that would enhance the dispatch willing.<sup>136</sup>
- 5) The skill transfer and its division of working pattern:<sup>137</sup> parent-subsidiary division of working that can promote working efficiency and decrease producing issues.<sup>138</sup>
- 6) Rational schedule: irrational schedule would squeeze the working time and need to work long for each day, also increase burdens or stress.<sup>139</sup>
- 7) The difference between domestic recruiting and recruiting overseas: whatever domestic or foreign recruiting are the same.<sup>140</sup> HR is according to the market salary criterion to

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<sup>125</sup> PS-03-MA-01,PS-03-MT-09,PS-03-EB-07,PS-03-EJ-08

<sup>126</sup> PS-03-MT-10, PS-03-EB-06,PS-03-EJ-09

<sup>127</sup> PS-03-MA-03

<sup>128</sup> PS-03-EJ-10

<sup>129</sup> PS-03-MT-10

<sup>130</sup> PS-03-EJ-10,PS-03-MT-10

<sup>131</sup> PS-03-MA-05,PS-03-MT-07

<sup>132</sup> PS-03-MA-05,PS-03-MT-07

<sup>133</sup> PS-03-MT-07

<sup>134</sup> PS-03-MA-06

<sup>135</sup> PS-03-MA-07,PS-03-MT-08,PS-03-EB-05

<sup>136</sup> PS-03-MA-07, PS-03-EB-05

<sup>137</sup> PS-03-MA-08

<sup>138</sup> PS-03-MA-08

<sup>139</sup> PS-03-EB-08

<sup>140</sup> PS-04-HE-01



approve the salary that is higher than the market's P50~P75.<sup>141</sup> The only difference of recruiting is to provide the tax compensation to foreigner employees in Taiwan.<sup>142</sup> If recruiting in China, we don't provide the salary that is higher than 50%~75% of the general level, and only to provide the basic salary that is according to province. We verify different salary to different provinces.<sup>143</sup> There is no any salary verification criterion in China, we only provide higher raise salary.<sup>144</sup> For the professional talent recruiting, almost the policies are same as other enterprises. For instance, to provide at least 13 months of salary guarantee, vacation and basic welfares.<sup>145</sup> According to KPI (Key performance indications) to provide bonus every year.<sup>146</sup> For the recruiting, whatever Chinese manager or Taiwanese manager whom we provide training programs to them<sup>147</sup> and sometimes might send Chinese manager to Taiwan for manage training and innovation programs training.<sup>148</sup> To the recruiting in China, we would ask for sign a contract that asks for working in the company at least 3 years to avoid the turnover. If they don't work in the company more than 3 years, they need to pay the penalty. The purpose of signing the contract is due to Chinese working attitude, stability and the lacking of coherence toward to enterprise.<sup>149</sup> Enterprise expects to promote the guarantee.<sup>150</sup> And enterprise will follow Chinese government's policy of employees.<sup>151</sup>

#### 4. "What are the factors that would affect to the job selection?"

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<sup>141</sup> PS-04-HE-02

P50~70: it's a verified criterion of salary in the market and according to the ranking from 20%~25% to verified salary.

<sup>142</sup> PS-04-HE-03

<sup>143</sup> PS-04-HE-04,PS-04-HE-05

<sup>144</sup> PS-04-HE-06

<sup>145</sup> PS-04-HJ-01

<sup>146</sup> PS-04-HJ-02

<sup>147</sup> PS-04-HE-08

<sup>148</sup> PS-04-HE-09,PS-04-HE-10

<sup>149</sup> PS-04-HJ-03

<sup>150</sup> PS-04-HJ-04

<sup>151</sup> PS-02-HJ-05

- 1) The aspect of enterprise: enterprise's foresight, development<sup>152</sup> and the selection of industry.<sup>153</sup>
  - 2) Job contents and promotion: the personal development and foresight,<sup>154</sup> job contents,<sup>155</sup> promotion opportunity,<sup>156</sup> the success on working,<sup>157</sup> opportunity of internal shifting job.<sup>158</sup>
  - 3) Dispatching policy: the chance of dispatch,<sup>159</sup> dispatching frequency,<sup>160</sup> the time of business trip,<sup>161</sup> dispatching policy,<sup>162</sup> working location.<sup>163</sup>
  - 4) Welfare and salary.<sup>164</sup>
  - 5) The balancing of working and personal life: the balancing of health and life,<sup>165</sup> if they can leave company on time for taking care of their kids?<sup>166</sup> The time of working<sup>167</sup> and stress on working.<sup>168</sup>
5. "What are the selection that Mechanical Engineer / Manager would consider for on policy and welfare?"
- 1) Enterprise policy:<sup>169</sup> parent-subsidiary working pattern and the centric between parent-subsidiary,<sup>170</sup> policy of enterprise's management strategy,<sup>171</sup> recruiting.<sup>172</sup> The

<sup>152</sup> PS-05-MA-02,PS-05-EB-05,PS-05-MT-08

<sup>153</sup> PS-05-MT-10

<sup>154</sup> PS-05-MT-09

<sup>155</sup> PS-05-MA-08,PS-05-EB-01

<sup>156</sup> PS-05-MA-05

<sup>157</sup> PS-05-MA-01

<sup>158</sup> PS-05-MA-06

<sup>159</sup> PS-05-MA-03

<sup>160</sup> PS-05-EB-08,PS-05-MT-03

<sup>161</sup> PS-05-EB-07, PS-05-MT-04

<sup>162</sup> PS-05-MA-04

<sup>163</sup> PS-05-EB-03,PS-05-MT-05

<sup>164</sup> PS-05-MA-07,PS-05-EB-04,PS-05-EJ-01,PS-05-MT-01, PS-05-EB-06,PS-05-MT-02

<sup>165</sup> PS-05-MA-09

<sup>166</sup> PS-05-EJ-03

<sup>167</sup> PS-05-MT-06,PS-06-EJ-01,PS-06-MT-03

<sup>168</sup> PS-05-MT-07

<sup>169</sup> PS-06-MA-01

<sup>170</sup> PS-06-MA-02,PS-06-MA-03

<sup>171</sup> PS-06-MA-04

<sup>172</sup> PS-06-MA-05

recruiting policy is to recruit Chinese to work in Taiwan that will be further to affect Taiwanese employment, for instance, salary, welfare, work-time, employment opportunity.<sup>173</sup> If recruiting the employee who is from non-mandarin country that will bring challenge to Taiwanese language.<sup>174</sup>

2) Working environment atmosphere<sup>175</sup>

3) The frequency of dispatch<sup>176</sup> and dispatching allowance.<sup>177</sup>

4) Salary, welfare and project bonus.<sup>178</sup>

5) Location and local culture of the branch of trans-national company.<sup>179</sup>

6. “Countries from the world recruiting excellent talent, what are the influence (opportunity and impact) to profession talent to domestic employment?”

For this topic, interview MT thinks it is an opportunity to him,<sup>180</sup> interviewee EA thinks it is impact<sup>181</sup> and interviewee EB thinks it is opportunity and impact to her.<sup>182</sup>

1) Impact

- As for decreasing the cost of producing and operation to choose the low salary talent who are from the country of low income.<sup>183</sup>
- As for maintaining the competitiveness and have more chance to choose excellent job to promote their professional skills and knowledge.<sup>184</sup>
- Female married Mechanical Engineer whose centric is family,<sup>185</sup> but not chasing for the

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<sup>173</sup> PS-06-MA-07

<sup>174</sup> PS-06-MA-08

<sup>175</sup> PS-06-EB-01

<sup>176</sup> PS-06-EB-02, PS-06-EJ-02

<sup>177</sup> PS-06-EB-03

<sup>178</sup> PS-06-EJ-03, PS-06-MT-04, PS-06-MT-05

<sup>179</sup> PS-06-MT-01, PS-06-MT-06, PS-06-MT-02

<sup>180</sup> PS-07-MT-01

<sup>181</sup> PS-07-MA-01

<sup>182</sup> PS-07-EB-06

<sup>183</sup> PS-07-MA-02

<sup>184</sup> PS-07-MA-04, PS-07-MA-05, PS-07-MA-06

<sup>185</sup> PS-07-EJ-02

accomplishment from job<sup>186</sup> that would decrease her competitiveness on working.<sup>187</sup>

## 2) Opportunity

- If recruiting foreign talent who might have adaption issues that would have relevant turnover rate that is not good for a project and cause influence. This would be a advantage to Taiwanese talent.<sup>188</sup>
- The stress of competing with other talents that is right to help to promote talent's ability<sup>189</sup> and create personal value.<sup>190</sup> Meantime, because Taiwanese employee who is familiar Taiwan's working environment and has different point-of-view and senses of issues that becomes their advantage and opportunity to compare with foreign employees.<sup>191</sup>
- To increase talent's competitiveness internationally: <sup>192</sup> there are many different characters of job opportunities<sup>193</sup> and connect to world internationally.<sup>194</sup>
- Competitiveness between the countries in the world that can inspire and promote Taiwanese domestic employment environment and improve labor dispute issues.<sup>195</sup>

## 6.2 Pull

This section includes three-pull-questions and interviewees' in-depth interview answers. Globalization breaks the barrier and across borders that brings many job opportunities to employees from the world and employees. Since working environment in Taiwan is not very good, some Taiwanese S&T talents are willing to move to the places where have better

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<sup>186</sup> PS-07-EJ-01

<sup>187</sup> PS-07-EJ-03

<sup>188</sup> PS-07-MT-02

<sup>189</sup> PS-07-MT-03

<sup>190</sup> PS-07-MT-04

<sup>191</sup> PS-07-MT-05

<sup>192</sup> PS-07-EB-01

<sup>193</sup> PS-07-EB-02

<sup>194</sup> PS-07-EB-03

<sup>195</sup> PS-07-EB-05

conditions to satisfy their needs.

1. “Comparing with other enterprises, what is your enterprise’s superiority of retention?”

- 1) The enterprise’s foresight:<sup>196</sup> systemize,<sup>197</sup> stable growth of sales,<sup>198</sup> the top big NB computer brand company.<sup>199</sup>
- 2) Guarantee of salary,<sup>200</sup> encourage for good performance by bonus.<sup>201</sup>
- 3) Welfare<sup>202</sup> and vacation (30 days of personal leave with paying salary).<sup>203</sup>
- 4) Sufficient resource: various professional programs online learning that including profession, language and books.<sup>204</sup> These resources can help employees to promote the latest professional skill/knowledge and implement the lacking parts.<sup>205</sup> Also there are many groups for learning/developing different hobbies and relaxing.<sup>206</sup>
- 5) Flexible working pattern:<sup>207</sup> the computer for working is laptop that can make employee work at home.<sup>208</sup>
- 6) Retention policy: opening internal vacancy to employees to apply to shift other jobs. For enterprise, they can remain good talent and employee has more chances of opportunity for job.<sup>209</sup> Besides, enterprise awards bonus to excellent Engineer with contract and Engineer can’t quit in 3 three years.<sup>210</sup> This policy is for employee’s stability, decrease turnover rate<sup>211</sup> to remain excellent talents.<sup>212</sup>

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<sup>196</sup> PL-01-EJ-04

<sup>197</sup> PL-01-EJ-05,PL-01-MA-09

<sup>198</sup> PL-01-EJ-02,PL-01-MA-08

<sup>199</sup> PL-01-EJ-01,PL-01-HE-01

<sup>200</sup> PL-01-MA-02, PL-01-EB-01,PL-01-HE-02,PL-01-HE-03,PL-01-HJ-01,PL-01-HJ-06

<sup>201</sup> PL-01-HE-02,PL-01-MA-03,PL-01-EB-07,PL-01-MT-01,PL-01-HJ-07

<sup>202</sup> PL-01-MA-01,PL-01-EB-02,PL-01-HJ-03,PL-01-HJ-10

<sup>203</sup> PL-01-MA-04,PL-01-MT-02,PL-01-HJ-02

<sup>204</sup> PL-01-MA-05, PL-01-EB-03,PL-01-MT-04, PL-01-HJ-08)

<sup>205</sup> PL-01-MA-07, PL-01-EB-04,PL-01-EJ-06,PL-01-EJ-07,PL-01-MT-05

<sup>206</sup> PL-01-MA-06,PL-01-EB-05, PL-01-EB-06,PL-01-EJ-08

<sup>207</sup> PL-01-EB-08,PL-01-MT-03,PL-01-MT-07,PL-02-MT-02

<sup>208</sup> PL-01-MT-08

<sup>209</sup> PL-01-EJ-08,PL-02-EJ-07

<sup>210</sup> PL-02-MA-02,PL-01-HJ-11,PL-02-MA-03

<sup>211</sup> PL-02-EJ-06

<sup>212</sup> PL-01-EJ-10

7) Enterprise's culture and policy: emphasize overwork<sup>213</sup> and to develop long schedule of project<sup>214</sup> to decrease the irrational schedule and concern more about engineer's demands.<sup>215</sup> Mostly, we work with the clients who we have a long business cooperation that help us for the schedule negotiation.<sup>216</sup>

2. "What is your company's policy to avoid and decrease the turnover rate and to against other enterprise?"

1) Salary and welfare: according to personal yearly performance to award bonus,<sup>217</sup> increase yearly salary,<sup>218</sup> welfare<sup>219</sup> and the salary criterion is higher than the same scale of enterprise.<sup>220</sup>

2) Dispatch: dispatching allowance and transportation that conform with the basic criterion.<sup>221</sup> The working stress is less than the same enterprise's,<sup>222</sup> the dispatching time and less frequency.<sup>223</sup> Because our enterprise has foresight, the stock lists on the market and high shipments that has more bargain power and resource.<sup>224</sup>

3) Retention with bonus: base on HIPO (high performance) program<sup>225</sup> to identify high performance talent<sup>226</sup> to retention. With the top 15% of HIPO and top 5% of KPI who would put on observing.<sup>227</sup>

4) Creating good working environment atmosphere.<sup>228</sup>

5) Never having the crisis of laying-off staff, even the financial crisis in 2008.<sup>229</sup>

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<sup>213</sup> PL-01-HE-05

<sup>214</sup> PL-01-HE-06

<sup>215</sup> PL-01-HE-07

<sup>216</sup> PL-01-HE-08

<sup>217</sup> PL-02-MA-04,PL-02-EJ-02,PL-02-MT-01,PL-02-HJ-02

<sup>218</sup> PL-02-EB-01

<sup>219</sup> PL-02-EB-04,PL-02-HJ-05

<sup>220</sup> PL-02-EB-05

<sup>221</sup> PL-02-MA-01,PL-02-HJ-04

<sup>222</sup> PL-02-EB-02

<sup>223</sup> PL-02-EB-03

<sup>224</sup> PL-02-MT-04

<sup>225</sup> PL-02-HE-02)

<sup>226</sup> PL-02-HE-01

<sup>227</sup> PL-02-HE-02

<sup>228</sup> PL-02-HJ-01,PL-02-HJ-03

### 3. “Enterprise itself attractive for the overseas professional talent.”

- 1) Enterprise’s foresight and stability that is the guarantee to employees.<sup>230</sup> For instance, these years, the enterprise has overall good performance.<sup>231</sup> Besides, we are the rank of top fifth of OEM company<sup>232</sup> and have own brand<sup>233</sup> that are the advantages to recruit.
- 2) Perfecting of procedure,<sup>234</sup> software and hardware equipment<sup>235</sup> that can accumulate experiences and professional skill.<sup>236</sup> Besides, for the staffs who have experience working in the company (have experience of working in big company, employee’s ability is affirmative<sup>237</sup>) that increases the opportunity for changing to other jobs.<sup>238</sup>
- 3) Salary and welfare are better than other enterprises.<sup>239</sup>
- 4) Providing dormitory to employee who is from other place.<sup>240</sup>
- 5) Increase employees coherence by taking place travel activities and parties,<sup>241</sup> and flexible and un-coercion management.<sup>242</sup>

### 6.3 Intervening Obstacle

In this section, there are six-intervening obstacle questions and interviewees’ in-depth interview answers. However, during the movement from the local place to other places where have more opportunities to Taiwanese S&T talents, but there still are some difficulties they need to conquer, such as, personal aspect (family care, health, working pattern, and the like),

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<sup>229</sup> PL-02-HJ-06

<sup>230</sup> PL-03-EB-01

<sup>231</sup> PL-03-HE-01

<sup>232</sup> PL-03-HJ-01

<sup>233</sup> PL-03-HJ-02

<sup>234</sup> PL-03-EJ-01, PL-03-MT-01, PL-03-HJ-03

<sup>235</sup> PL-03-MA-02

<sup>236</sup> PL-03-EJ-03, PL-03-MT-05 PL-03-EJ-09, PL-03-HJ-04, PL-03-HJ-06

<sup>237</sup> PL-03-EJ-05

<sup>238</sup> PL-03-EJ-04, PL-03-MT-02, PL-03-EJ-06, PL-03-MA-01, PL-03-EJ-02, PL-03-HJ-05

<sup>239</sup> PL-03-EB-02, PL-03-MT-04, PL-03-HE-02, PL-03-MA-03, PL-03-EJ-07, PL-03-MT-03

<sup>240</sup> PL-03-EB-03

<sup>241</sup> PL-03-EB-04

<sup>242</sup> PL-03-HE-03, PL-03-HE-04, PL-03-HE-05

enterprises' future, personal employment development and so on.

1. "What are your company policies for dispatching employees to make them have comfortable environment and focus on working?"

The points are on food,<sup>243</sup> living needs,<sup>244</sup> security,<sup>245</sup> overworking issues,<sup>246</sup> complete equipment, medical service<sup>247</sup> and local manager's assistant to help dispatching employee to adapt local life in the shortest time.<sup>248</sup> We strengthen the guidance with team leader for taking turns on working on holiday that avoids overworking and employee can have time to rest.<sup>249</sup> Besides, we arrange local managers to help dispatching employee to adapt the local life. We hope that employee wouldn't resist to dispatch, because of daily needs, like food or living.<sup>250</sup>

2. "Policy for dispatching overseas employee's dependent."

There is no any policy for the short-term dispatch employee's dependents,<sup>251</sup> but only to long-term employee's dependent. For instance, depending on different dispatching location to provide different quantity of flight tickets to dependents.<sup>252</sup> If taking dependents to dispatch overseas, enterprise provides traveling allowance, medical insurance, children's education allowance, living allowance, bank loan allowance for buying a house<sup>253</sup> and so on.<sup>254</sup> Dependents have the preference to get a job, if the company has recruiting request that is to avoid the dispatching employee's turnover.<sup>255</sup>

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<sup>243</sup> OB-01-HE-01

<sup>244</sup> OB-01-HJ-01,OB-01-HJ-04

<sup>245</sup> OB-01-HE-02,OB-01-HE-03

<sup>246</sup> OB-01-HE-05

<sup>247</sup> OB-01-HE-04

<sup>248</sup> OB-01-HE-01

<sup>249</sup> OB-01-HE-06

<sup>250</sup> OB-01-HJ-06

<sup>251</sup> OB-02-HE-01, OB-02-HJ-01

<sup>252</sup> OB-02-HE-02, OB-02-HE-03,OB-02-HJ-02

<sup>253</sup> OB-02-HE-06,OB-02-HJ-03

<sup>254</sup> OB-02-HE-04,OB-02-HJ-03

<sup>255</sup> OB-02-HE-05,OB-02-HJ-04,OB-02-HJ-05



3. How to conquer your personal issues, such as: life balancing, family, health issues to accept this job that includes dispatch overseas frequently? Or does your company have any policy to help employee to conquer these issues?

1) Married male engineer manager MT

To him, it has no choice to think if he accepts for dispatching job or not, so he only accepts what job needs.<sup>256</sup> But recently, he changes to another job that is same character of job, products, smaller scale than the original job and clients that make the working temple is slower (stress is less). For the reasons of changing to another job, due to he sees some actual examples around him, considers of parents care and wife's concern.<sup>257</sup> On the present job, the owner of company who wishes that he can take care of employee's need and practical CSR (Corporate Social Responsibility).<sup>258</sup> So here, we take turns for dispatch and division jobs to support each other, when there is anyone who is on business trip what decrease a half of dispatch times. It solves my personal family care, health issue and I can spend time with family and promote my professional knowledge/skills.<sup>259</sup>

2) Single male mechanical engineer EB

Family supports what my decision,<sup>260</sup> there is nothing I need to conquer.<sup>261</sup> To me, the factory in China locates in Taiwanese enterprises cluster where has complete living function.<sup>262</sup> For example, there are Taiwanese grocery and restaurant to choose<sup>263</sup> and complete dormitory equipment<sup>264</sup> that has no difference as working in Taiwan. But the only different thing is separate with family and need to 24 hours support in China.<sup>265</sup>

3) Married female mechanical engineer and has a child EJ

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<sup>256</sup> OB-03-MT-01

<sup>257</sup> OB-03-MT-03

<sup>258</sup> OB-03-MT-04

<sup>259</sup> OB-03-MT-05

<sup>260</sup> OB-03-EB-01

<sup>261</sup> OB-03-EB-02

<sup>262</sup> OB-03-EB-03

<sup>263</sup> OB-03-EB-04

<sup>264</sup> OB-03-EB-06

<sup>265</sup> OB-03-EB-07

She meets family care,<sup>266</sup> health<sup>267</sup> and stress<sup>268</sup> issues that are connected to each other. To her, dispatch is unavoidable and can't change,<sup>269</sup> so she changes her situation to adapt it.<sup>270</sup> She communicates with family to get consensus and overcomes the family issue to decrease stress, so that she can concentrate on working.<sup>271</sup> For the part of enterprise policy on dispatch, enterprise wouldn't change for personal reasons or sexual.<sup>272</sup>

#### 4) Single female mechanical manager MA:

She has healthy issue and career plans that conflict with the dispatching working pattern.<sup>273</sup> The frequency dispatches that causes the healthy issue and can't take care of both job and study ( she wanted to study MBA degree ) . Finally, she chose to study MBA degree and quit job.<sup>274</sup> She was convinced by company for having half a year to restore health, later to decide if going back to work?<sup>275</sup> However, she knows what she met on job that is normal in Taiwanese employment condition, so she decided to change herself to fit the situation. She changed to different position of job that doesn't need to have dispatch, because the factory locates in Taiwan. This is her way to overcome the situation.<sup>276</sup>

4. "What kind of issues you think that need to be solved immediately? If not, they would affect your decision of job?"

1) Dispatch issue: dispatching frequency,<sup>277</sup> working time when dispatching,<sup>278</sup> environment of dispatch location<sup>279</sup> and daily needs arrangement.<sup>280</sup> An interviewee who expresses

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<sup>266</sup> OB-03-EJ-01

<sup>267</sup> OB-03-EJ-02

<sup>268</sup> OB-03-EJ-03

<sup>269</sup> OB-03-EJ-04

<sup>270</sup> OB-03-EJ-05

<sup>271</sup> OB-03-EJ-06

<sup>272</sup> OB-03-EJ-07

<sup>273</sup> OB-03-MA-01

<sup>274</sup> OB-03-MA-02

<sup>275</sup> OB-03-MA-03

<sup>276</sup> OB-03-MA-04

<sup>277</sup> OB-04-MA-01,OB-04-EJ-01, OB-04-MT-01

<sup>278</sup> OB-04-MA-02,OB-04-MA-03,OB-04-EJ-02,OB-04-MT-01,OB-04-MT-02

<sup>279</sup> OB-04-MA-04

that worst experience is can't adapt the Chinese food.<sup>281</sup> Also, for female dispatching employee who concerns about the security and safety.<sup>282</sup>

2) As getting old, can't afford physically of dispatching between Taiwan and China for long.<sup>283</sup>

3) Affecting to personal health<sup>284</sup> or family care.<sup>285</sup>

4) The dispatching allowance can't support the daily needs in China that would decrease employee's coherence to enterprise.<sup>286</sup>

5. "Countries from the world are trying for excellent talent, what do you meet when HR recruiting?"

1) Recruiting in China

The lacking of loyalty:<sup>287</sup> whomever blue-collar or white-collar employees who have very low loyalty, the priority of job selection is salary.<sup>288</sup> They are easy to quit by the difference of salary<sup>289</sup> that is hard to expect the turnover rate.<sup>290</sup> We can't real realize their thoughts, enthusiasm or coherence for job.<sup>291</sup>

- Labor shortage: after every Chinese Lunar New Year, there is labor shortage after employees come back their hometown and we can't find ways to solve this issue.<sup>292</sup>
- Excellent talent who goes to foreign enterprises: <sup>293</sup> It is more stressful, working very long and toilsome for working in OEM, so most of employees who are willing to work in

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<sup>280</sup> OB-04-MA-04

<sup>281</sup> OB-04-MA-07

<sup>282</sup> OB-04-MA-11,OB-04-EB-04

<sup>283</sup> OB-04-MA-05

<sup>284</sup> OB-04-MA-08,OB-04-MT-05

<sup>285</sup> OB-04-MA-09,OB-04-EJ-03,OB-04-EJ-04,OB-04-EJ-05,OB-04-MT-04,OB-04-MT-05

<sup>286</sup> OB-04-EB-01,OB-04-EB-02

<sup>287</sup> OB-05-HE-01

<sup>288</sup> OB-05-HE-02,OB-05-HJ-01

<sup>289</sup> OB-05-HJ-02

<sup>290</sup> OB-05-HJ-03

<sup>291</sup> OB-05-HJ-04

<sup>292</sup> OB-05-HJ-05,OB-05-HJ-06

<sup>293</sup> OB-05-HJ-10

foreign enterprises.<sup>294</sup> And we need to compete with foreign enterprises for recruiting.<sup>295</sup>

## 2) Recruiting in Taiwan

- Taiwan needs more high level of white-collar talents, but Taiwanese enterprises don't want to spend a lot of cost on them.<sup>296</sup> But now Chinese enterprises are willing to pay a lot for recruiting white-collar talents that leads Taiwanese white-collar talents who move to China to work. If they work in Taiwan, they are difficult to promote or have better career development.<sup>297</sup>
- For the engineers who need to dispatch between Taiwan and China that has a small of them exclude for dispatching frequently.<sup>298</sup> Married employee or 50s~60s employee who can't afford the working pattern of dispatching by their situation.<sup>299</sup> Some of them are very excellent talents and very open to tell us that they don't want to dispatch to China that causes we lose the chance to recruiting good experiences professional talents.<sup>300</sup>

6. "Countries from the world recruiting excellent talents, what kind of influences for employee's job selection?"

- 1) Working overseas: There are different aspects of influences for positive, negative and neutral.<sup>301</sup>
- Positive: the personal professional ability, knowledge and practice experiences that increase the opportunity for working overseas.<sup>302</sup> Since countries from the world recruiting overseas, we can choose both domestic and foreign jobs.<sup>303</sup> And we have more

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<sup>294</sup> OB-05-HJ-08

<sup>295</sup> OB-05-HJ-09

<sup>296</sup> OB-05-HE-03

<sup>297</sup> OB-05-HE-04

<sup>298</sup> OB-05-HJ-11

<sup>299</sup> OB-05-HJ-12

<sup>300</sup> OB-05-HJ-13

<sup>301</sup> OB-06-MA-01

<sup>302</sup> OB-06-MA-02

<sup>303</sup> OB-06-MA-03,OB-06-EB-04,OB-06-EB-02,OB-06-EB-03

chances to choose suitable and competitive enterprises to enterprises.<sup>304</sup>

- Negative: if choosing English language countries of job that the baffle to me would be language.<sup>305</sup>
- Neutral: for married employee who doesn't consider to work in other countries, there is no any influences to them for countries from the world that recruiting talent.<sup>306</sup>

## 2) Working in Taiwan

- Positive: Taiwanese working attitude that would be a advantage, if the enterprises care a lot about it and ignore the difference on salary.<sup>307</sup> Besides, government and enterprise's are very important to works' employment. How government to build rules to guarantee Taiwanese basic working rights that would help a lot for working in Taiwan.<sup>308</sup>
- Negative: The influence includes salary,<sup>309</sup> intense competitiveness and job opportunity.<sup>310</sup> Enterprises can hire Chinese with less money with the same job contents that cause Taiwanese employee needs to accept the bad salary and welfare to get job. Also, Taiwanese have less bargain power and more intensive competition with Chinese.<sup>311</sup> Besides, Taiwanese will be easy to be replaced by Chinese, because Taiwanese now care more about their leisure time, life, working conditions, such working time.<sup>312</sup> If enterprise hires Chinese, they can avoid these kinds of issues.<sup>313</sup> For the married employee who thinks that she/he loses the advantage with the marriage condition for asking higher salary and job opportunity selection.<sup>314</sup>

## 3) No difference of domestic or foreign jobs

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<sup>304</sup> OB-06-EB-01

<sup>305</sup> OB-06-MA-04

<sup>306</sup> OB-06-EJ-07

<sup>307</sup> OB-06-MA-07

<sup>308</sup> OB-06-MA-08

<sup>309</sup> OB-06-EB-06,OB-06-EB-07,OB-06-MT-04,OB-06-EJ-02

<sup>310</sup> OB-06-EB-08,OB-06-EB-07,OB-06-MT-04,OB-06-EJ-02

<sup>311</sup> OB-06-EB-09,OB-06-EB-10,OB-06-EJ-03

<sup>312</sup> OB-06-MA-05,OB-06-EB-05

<sup>313</sup> OB-06-MA-06

<sup>314</sup> OB-06-EJ-04,OB-06-EJ-05,OB-06-EJ-06

For having a sufficient practice experiences of engineer manager who isn't affected by the situation of countries from the world recruit talents and compete with them.<sup>315</sup> He thought foreign excellent talents would have adaption issues on job, culture and life in Taiwan that might be his advantage. To him, he will choose Taiwanese or foreign enterprise, but not Chinese enterprise.<sup>316</sup> Because he is accustomed of Taiwanese working pattern, consider the priority of family and stability,<sup>317</sup> he doesn't consider of choosing to work overseas or dispatch.<sup>318</sup>



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<sup>315</sup> OB-06-MT-01

<sup>316</sup> OB-06-MT-07

<sup>317</sup> OB-06-MT-02

<sup>318</sup> OB-06-MT-03

## **Chapter VII**

### **Findings and Suggestion**

To probe the conclusion from two ways of the first hand of information that is the mainly information and supplement the literature. Under the globalization, the cross-strait exchange and interaction become frequently, Taiwanese funding and talents are moving toward to China, what are the influences? To Taiwanese S&T talent, is it an opportunity or challenge? How do they overcome? What are their points- of- views? Author accords to below research purpose to find the answer.

- 1) To understand, from the Taiwanese S&T talents' point-of-view, their opinions and thoughts about the new world of work and employment.
- 2) To understand, the effects and new realities of employment on Taiwanese S&T talents.
- 3) To propose a set of suggestions with respect to on employment to Taiwanese S&T talents.
- 4) To propose a set of suggestions to Taiwanese enterprises for adjusting and adopting their policies for human resource management and how to respond to the continuously evolving Taiwanese S&T talents' working model.

The globalization trend breaks out the border and without boundary between countries. It accelerates the trans-national and trans-cultural integration of human and non-human activities. It also helps China's rising and brings opportunities to China. China has massive labor markets and the cheaper lands to be developed by trans-national subsidiary to builds. Also China's domestic demand becomes its other potential factor to job seekers and

enterprises to move to. China becomes the world factory and world market. After the cross-strait government lifted the ban on visiting relatives to each other, both sides' economic exchanges and activities were opening up. Both sides government started to establish some policies for economic activities to help industry's development. It provides Chinese more job opportunities to improve the gap between rich and poor issue in China and Taiwanese enterprises can get more profit/benefit by hiring Chinese and setting factories in China. Most of Taiwanese industrial types belong to original equipment manufacturer (OEM) and original design manufacturer (ODM). The trend of globalization and China's rapid growth/rising what help the cross-strait economic exchange and changes Taiwanese enterprises' operation patterns. And Taiwanese worker' working pattern changes, either.

In the early 1980's, for the dispatch workers who got offers much. However, since more and more Taiwanese enterprises have moving their factories in China, dispatch is a basic request to employees who work in trans-national enterprises, especially for S&T talents. The rising across Taiwan-strait and economic exchanges that brings influences that including opportunities, impact and no influences that depends on different background of people. To junior and single male engineer who has less influences. Author thought because the junior engineer who has energy and needs to accurate his experiences to promote his value added and has more competitiveness. To senior professional talents, they have more obligations and need to pay attentions to their family. Besides, the present Note-book industrial pattern that affects the balance of job, health and family care. Also, they need other additional time to promote their professional skills/knowledge. The consumer electrical products have short life cycling that is difficult to have extra time themselves. Base on the thesis purpose, to integrate the in-depth interview and case-related information, including website information, research reports, academic journals, news and other textual sources.)



## 7.1 Influence / Impact to S&T Talent

For the influence and impact to S&T talents including:

- 1) Dispatch (go- and- forth) between Taiwan and China: for the part of issues that dispatch employees who would have like:
  - Dispatch working model cause the influences for the imbalance of personal health and professional ability promotion and family care.
  - Turnover / quit.
  - Dispatch (go- and- forth) Taiwan and China becomes the basic job request, if can't fit this requirement, employees need to downgrade their criterion for job seeking. As for the prior demand of dispatch, they must sacrifice the other job requirement.
  - Young and junior experience of S&T talents who don't have much loading on family and young, energetic, they are not influenced by dispatch. But for senior, older and married S&T talents who would be constrained by family, personal health and career plan to change jobs for avoiding dispatch jobs.
  - Dispatch location environments need to conquer. Most of dispatch employees who need to adapt the local environment. For instance, they might have adapting issues of food, besides, the busy schedule leads them have no time to even do laundries.
- 2) To compete with talents from the world and need to keep promoting professional experiences, knowledge and practical experience.
- 3) To decrease the job requirement, such as, salary and welfare to strive for job opportunity.
- 4) The influence from Taiwanese enterprises type
  - Most of Taiwanese enterprises belong to OEM/ODM and consumer product producing that make professional talents stressful, overtime working and get off work instability. They don't have time to promote themselves and also have low life quality.
  - Brain drain: high-tech of industries move to China that cause brain drain.

- Hollowing-out to Taiwanese industries: high-tech of industries move to China that causes industry hollowing-out.
- Localization: Taiwanese enterprise starts to hire local manage level of talents to manage local workers/labors.
- Replacement: Junior engineer has less practical working experiences and enterprises can hire Chinese employees with less salary to replace them. But for senior engineer have practical professional working experiences that has in-replacement.

## 7.2 Taiwanese S&T Talent's Opportunity

For Taiwanese S&T talent's opportunity including:

- 1) Taiwanese S&T employment opportunity increasing: globalization breaks out the barrier of the borders that raises many opportunities to not Taiwanese talents job selections, but also talents from the world. As we know that China's raising and release many jobs. Also, Chinese enterprises start to cross the Taiwan-strait to hire excellent Taiwanese S&T talents. For instance, Chinese internet-shopping store- Taobao releases jobs to hire Taiwanese employees.<sup>1</sup>
- 2) Opportunity to executive leadership: many Chinese start their business, they need executive leadership to manage the enterprise operation. It's a good opportunity to Taiwanese leadership.
- 3) Enhancing the admission rate: having the experiences in working China to help them for domestic and overseas jobs.

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<sup>1</sup> CTV, "Taobao Recruits Taiwanese Employees Who are Exceeds Expectations," 2014, <https://www.youtube.com/watch?v=qt-pOAm1fA4>

### 7.3 Suggestions

For the suggestions to Taiwan's employment, as we know the Taiwan's employment environment is getting worse, S&T talents must find respond resolutions. There are many ways that would help to solve present situation. First, they must keep promote their professional skills/knowledge and ability to compete with talents from the world and ir-replacement. Secondly, trying to find ways to respond the impacts from job, such as, health, family care and stress. Eventually, need to increase other additional value to be a multi-function of talents.

Suggestion on human resource management including:

1) Enterprise to develop own branding & Manufacturing (OBM), not to be cheaper Taiwanese workers: As for receiving more orders, OEM/ODM decrease prices, but to decrease the cost on salary to employees, less salary with the biggest coordination to enterprises. Taiwanese employees reduced to cheaper employees. If Taiwanese enterprises develop OBM to get more profits and control schedule that can provide employees better working conditions and welfare. It can attract more job seekers to candidate.

2) Dispatch policy adjustment to decrease brain drain:

- From the data shows by HR, the turnover rate reaches over than 25% and the main reason is due to dispatch working pattern. Author thought there are more different ways instead of.
- These ways also can reduce the cost on transportation.
- Applying internet and S&T devices to communicate with the subsidiary branches/factories, for instance, web-cam, web-telecom and the like.
- Taking turns for dispatch.
- Building the division of job to parent-subsidiary company.
- Increasing dispatch allowance and project bonus to enhance employee's willing to dispatch.

- Attaching importance to S&T talents: to attach importance to S&T talents to be the biggest property, not squeeze them as a tool for making money that would lose employees' centripetal force. Besides, to comprehend their needs to adjust policies on HR management properly.
- Increasing items of policies to remain talents: Taiwanese per capita is low and working time seems the longest, both of them can't balance.<sup>2</sup> Competitive professional talents will look for good jobs outwards.<sup>3</sup> Taiwanese enterprises must to increase their competitive advantage to recruit excellent talents.
- Improving working environment.

#### 7.4 Findings

The rising across Taiwan-strait economic exchange brings positive and negative influences to Taiwan and China. Also, China's rising has been bringing many opportunities to the world. To Taiwanese, the advantages of geo, language and similar culture that makes Taiwan enterprise and Taiwanese employees have more advantages than other foreigners. In the early period of 1980s, it does bring many investments and develop industries opportunities to Taiwanese enterprises. But Taiwanese governments don't consider completely on every aspect and controls industries moving out that is further to cause brain drain, bad employment environment and industrial hollowing-out. Now we are facing these bad consequences. The working-time and salary are disproportionate; and imbalance of supply and demand job market that makes the freshmen who can't find job in Taiwan and apply for working holiday overseas to get more salary. Taiwanese employees lose confident

<sup>2</sup> Labor Affairs, Executive Yuan, "The Key Factor of Taiwanese Brain Drain is Salary too Low," <http://wenku.baidu.com/view/5e5778a1f524ccbff1218453.html>

<sup>3</sup> CNYES, "Brain Drain, can't Save Taiwan's Economic Crisis by Cross-Strait Service Trade Agreement," 2014, <http://news.msn.com.tw/news3626562.aspx>

in Taiwanese working environment to find better job to improve what they face bad situation in Taiwan. White-collar of employees spend a lot time with less money that also increase many derivative issues, for instance, can't afford to buy a house, having babies and the like. In my opinion, the employment issue is really serious and must to solve/improve in time. From the in-depth interviews, some interviewees also shared some serious situation from the dispatch that make marriage issues/crisis, healthy problems and the like. Table 7.1 shows Taiwanese brain drain is very serious and the imbalance of supply and demand of talents is almost the last one among the 42 economic systems.<sup>4</sup> Taiwanese government should decrease the dependent on China and create Taiwanese industrial advantage and opportunity to solve recent industrial hollowing-out and brain drain issues/crisis.

Table 7.1 The Supply and Demand of Global Talents in 2015

Country	Indication of supply and demand talent
China	0
USA	-0.8
Korea	-0.9
Taiwan	-1.5

Source: Sisy's World News, In 2012, "Taiwanese Brain Drain was Higher than China, Japan and Korea," <https://www.youtube.com/watch?v=Oy9h6JcJ4eU>

In light of the foregoing analysis, a number of suggestions may be of help to government policy-making. First, to boost demand for labor, the best short-term approach is to encourage more private investment, including those by domestic, foreign, mainland Chinese and overseas Taiwanese businesses. Investment is the most powerful engine of job creation. Vis-a-vis local/domestic investment, after two decades of TW's investments in China, it may be time to see how Chinese investments in TW industry would fare as well. Second, the government should provide a better platform to enable businesses and job seekers to come together more easily. Alternately, it can subsidize an already-existing private employment platform to

<sup>4</sup> Sisy's World News, In 2012, "Taiwanese Brain Drain was Higher than China, Japan and Korea," <https://www.youtube.com/watch?v=Oy9h6JcJ4eU>

provide more labor market information. Third, the government should provide more vocational training programs to help colleges meet the demands of businesses.

At the very least, the government could provide tax-breaks to companies hiring recently graduated college students for the months or even up to a year that this training requires. Fourth, legislation should be swiftly passed to make employment of dispatch workers more flexible while ensuring greater job security for them. Fifth, steps must be taken to promote flexibility of mergers of university departments with the aim of effectively responding to changes and long-standing imbalances in job market supply and demand. Finally, to create consummate working environment to guarantee employees' rights and interests. It including, the salary structure adjustment. Sixth, Taiwanese and Chinese enterprises have many industries are overlapping, government must to help enterprises to create creative and possess developing potential industries.

Besides, Taiwanese enterprises must to comprehend that Taiwanese have high loyalty and creation than Chinese that are no doubt. Taiwanese enterprises shouldn't only see the benefits ostensibly, invest in China have many potential issues that might finally don't get more benefit than hire Taiwanese employees and set producing line in Taiwan. For instance, the saving on transportation to dispatch employees, the products and workers/employees qualities might bring more expenses for remedy. These issues not to sign any agreement can solve.

# Appendixes

## 1. Appendix A

Dear interviewees,

I am studying International Master's Program in Asia-Pacific Studies in National Chengchi University. Under Professor Lee Ming's instruction to conduct thesis research. The topic of thesis is: "The Rising Cross-Taiwan Strait Economic Exchange Taiwan's Science & Technology Talents: Opportunity and Challenge." I hope to invite you to provide your personal valuable opinion and experience to my thesis research.

This thesis adopts in-depth interview and it will take around 60 minutes to conduct interview. Base on the protecting to interviewees, I won't publish your name in my thesis. I hope that you can provide the practical opinion to help for discovering the accurate and correct results.

You have rights to quit this interview during this interview and no obligation to express your reason, and return your interview data to you. If you have any questions, please don't hesitate to let me know. I am sincerely to invite you to participate to the thesis research.

Best Regards,

Jialing Huang

Advisor: Dr. Ming Lee

Present Job: Teaching in IMAS, National Chengchi University

Student: Jialing Huang

Present Job: Studying in IMAS, National Chengchi University

## 2. Appendix B

Interviewee: Human Resource Manager

Gender: Female

Marriage: Single

Working Experience: 18 years experiences of human resource

1. What is your company's compensation or motivation system for your talents who are willing to go to China for work? (PS-01)

My company doesn't have any special incentives or compensation measures short-term dispatch, because it is normal and basic need for trans-national company. I know for the early 1980s, for dispatch employees, my company paid a lot for the travel allowance. But now, short-term dispatch is common and basic need, we only pay for daily allowance for US dollars 20 and reimburse for the actual amount of transportation, telephone fees and others.<sup>5</sup> To compare with long term dispatch that has more and various welfare than short term dispatch.<sup>6</sup> For instance, according to different dispatch location to provide different rental and dispatch allowance,<sup>7</sup> basic insurances (eg., medical insurance, labor and national health insurance.). Besides, whatever single, married employees or take dependents for long term dispatch,<sup>8</sup> we provide free tickets to employees and quota subsidy to their dependents.<sup>9</sup> If they have children and take them to long term dispatch, we provide educational quota subsidy.<sup>10</sup>

2. What percentage of the flow of the talents in your company are because of dispatching to work in Mainland China? What is your company's compensation for it? (PS-02)

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<sup>5</sup> PS-01-HJ-01

<sup>6</sup> PS-01-HJ-03

<sup>7</sup> PS-01-HJ-02

<sup>8</sup> PS-01-HJ-04

<sup>9</sup> PS-01-HJ-05

<sup>10</sup> PS-01-HJ-06



Because short term or long term dispatch cause turnover around over than 25%.<sup>11</sup> We make remedy for the turnover rate for new recruiting and remain employees.<sup>12</sup> The remedy for recruiting, when we interview job seekers, we take the initiative to them for the dispatch demand and its details, such as, dispatch frequent, location, allowance and so on.<sup>13</sup> It is for decreasing the turnover by dispatch. Besides, since the end of 2012, we conducted questionnaire for dispatch relevant investigation and training plan to know employees' thoughts.<sup>14</sup> And we pick / send proper employees for dispatch and go- and- forth Taiwan and China.<sup>15</sup>

On the other hand, we started to recruit local professional talents and executive leadership to manage factory in China.<sup>16</sup> We thought Chinese R&D ability is promotion and hire localization that can solve our Taiwanese employees turnover rate from dispatch issues.<sup>17</sup> Besides, in the earlier initial period, we sent Taiwanese executive leadership to build systems and train local workers, now the factory's operation is stable, so we can hire local executive leadership to manage local workers/labors<sup>18</sup> that would be less communication, difference of culture and value issues occur than Taiwanese executive leadership does.<sup>19</sup>

3. What is your company's policy for recruiting professional talent? What are the differences of policies between recruiting domestic and overseas talent? (PS-04)

On the part of professional talents recruiting are almost same as the same characters of enterprises. They include the guarantee of less 13 months of salary for a year, vacation and basic welfare.<sup>20</sup> Because our company is consumer electrical manufactory and have the

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<sup>11</sup> PS-02-HJ-01

<sup>12</sup> PS-02-HJ-03

<sup>13</sup> PS-02-HJ-04

<sup>14</sup> PS-02-HJ-05

<sup>15</sup> PS-02-HJ-06

<sup>16</sup> PS-02-HJ-07

<sup>17</sup> PS-02-HJ-07

<sup>18</sup> PS-02-HJ-08

<sup>19</sup> PS-02-HJ-09

<sup>20</sup> PS-04-HJ-01

larger stress than other types of enterprises. Professional talents need to co-operate for overtime working and dispatch demand, so we will accord to the personal annual performance for bonus. The said are the domestic relevant policies.<sup>21</sup> The part of overseas, our biggest branch and producing location is still in China, Chinese attitude on working, stability and centripetal force to enterprise are not enough. Sometimes, just the difference of hundreds of RMB dollars would cause turnover. So, we according to their demands, we adjust their salary every year. For the professional talents, such as engineer, we ask them to sign a contract once for three year to avoid the sudden turnover.<sup>22</sup> If they quit before the sign of three years, we would ask them pay back the default fine that is kind of the guarantee to enterprises for manage the turnover.<sup>23</sup> Besides, we know Chinese government make some items to guarantee workers basic working rights and to follow their rules.<sup>24</sup>

4. Compared with other enterprises, what are your advantages with regards to retention?  
(PL-01)

To compare with other same type of enterprises, my company provides more welfare than others. To divide into few parts, on the welfare we have many vacations. The new entered of employee whom owns the welfare of vacation when they service in company over than three years. The vacation includes 14 days of paid personal leaves, 7 days of paid sick leaves, 7 days of paid family care with pay and annual paid leaves. Besides, we have extra national holidays that other companies don't offer.<sup>25</sup> Also, there are NT 55 dollars for lunch allowance to everyone, if overtime working till 7:30PM we provide NTD 70 dollars for dinner.<sup>26</sup> For the hardware equipment, we have a food street, convenient store, coffee-shop

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<sup>21</sup> PS-04-HJ-02

<sup>22</sup> PS-04-HJ-03

<sup>23</sup> PS-04-HJ-04

<sup>24</sup> PS-04-HJ-05

<sup>25</sup> PL-01-HJ-02

<sup>26</sup> PL-01-HJ-03

and restaurant where employees can go for food or a cup of coffee when they need.<sup>27</sup> On the part of salary,<sup>28</sup> promising for paying 13 months of salary at least.<sup>29</sup> During every Q4 (quarter 4 of a year) to pay for bonus that is according to everyone's annual KPI and performance.<sup>30</sup> Also, we provide many on-line training programs that including professional knowledge, language and other the latest technologic information to help employees to promote themselves always.<sup>31</sup> There are also many groups to develop employees' hobbies for cheaper tuition, such as, yoga, ballroom dancing, photograph and the like. There are also work gym, swimming pool and the like of equipment to employees for work out.<sup>32</sup> On the aspect of medical care, we hire family physician doctor for out-patient clinic every Monday, Wednesday and Friday.<sup>33</sup> For the remain talents, every year we ask for executive leadership to recommend professional R&D talents who have been working in company at least 3 years and has very excellent professional skills and working. Enterprise will provide bonus and sign a contract to them, but they can't quit less than 3 years.<sup>34</sup>

5. What are your company's policies compared with other companies' to avoid or decrease "brain drain"? (PL-02)

The answers are almost same as question 4. We do many efforts on working environment and atmosphere, and welfare policies,<sup>35</sup> because all we know employees care the most on welfare,<sup>36</sup> working environment and atmosphere.<sup>37</sup> On the aspect of dispatch, we do our best to fulfill employees' needs, such as to decrease the tired and save time on traveling and we arrange for direct flight and taxi for transfer to other destination. Also, to

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<sup>27</sup> PL-01-HJ-04

<sup>28</sup> PL-01-HJ-05

<sup>29</sup> PL-01-HJ-06

<sup>30</sup> PL-01-HJ-07

<sup>31</sup> PL-01-HJ-08

<sup>32</sup> PL-01-HJ-09

<sup>33</sup> PL-01-HJ-10

<sup>34</sup> PL-01-HJ-11

<sup>35</sup> PL-02-HJ-01

<sup>36</sup> PL-02-HJ-02

<sup>37</sup> PL-02-HJ-03

provide the basic dispatch allowances when they are in business trips in China.<sup>38</sup> To be honestly, for dispatch to China, there are not many encouragement policies than dispatch to Europe, US or other western countries. Also, as I mentioned, before 1995, there were more allowances for dispatch, nowadays, everything for dispatch is getting less and less. But the only thing to content against to the other same types of companies and attract to job seekers is company's proactive and stable growth.<sup>39</sup> The recent years, Taiwan's overall industrial environment is not good, especially after the financial crisis in 2008 and Leman case. Many enterprises started laying-off employees after the financial crisis in 2008, but we haven't executed it and had less influence that can enhance job seekers and employees' confident. From human resource's- points of- view that is one of the advantages to content against other enterprises.<sup>40</sup>

6. In your opinion, does your company have advantages that would appeal to overseas professional talents? What are they? (PL-02)

To foreign professional talents, we are ranking the top five of OEMs<sup>41</sup> and OBM.<sup>42</sup> Our company provides competed and systemize of working procedure and producing procedure<sup>43</sup> that help employees can rapidly learn and get experience from working.<sup>44</sup> Make the example of China, Chinese workers who are expected to enter in big enterprises, such as, F company, C company or A company this kind of enterprises. If they have experiences on working in big company who will have more competitive and bargain power to get jobs.<sup>45</sup>

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<sup>38</sup> PL-02-HJ-04

<sup>39</sup> PL-02-HJ-05

<sup>40</sup> PL-02-HJ-06

<sup>41</sup> PL-03-HJ-01

<sup>42</sup> PL-03-HJ-02

<sup>43</sup> PL-03-HJ-03

<sup>44</sup> PL-03-HJ-04

<sup>45</sup> PL-03-HJ-05

Besides, on the part of job division that is more specific, so that everyone can focus on their owned job contents and be more specification.<sup>46</sup>

7. What's your company's policy to provide a security and comfortable environment to the employees who are dispatched to work in China? (For example: different culture, medication, food from home, adaptable working model...) (OB-01)

To China, we have many factories in China and there are massive professional talents who need to go- and- forth between Taiwan and China, we built residential type of dormitory with the basic equipment, such as, washing machine, kitchen, air-heater conditioner and the like to fulfill employees' basic needs.<sup>47</sup> On the aspect of food, we set a restaurant to provide food<sup>48</sup> that are almost close to Taiwanese dishes and tastes.<sup>49</sup> The main goal is to decrease the adaption of daily needs to influence working.<sup>50</sup> We also arrange the long term dispatch Taiwanese executive leadership to help the first dispatch employees to adapt the local life quickly.<sup>51</sup> We hope that employees don't quit due to the in-adaption of food, living or local life to lose any excellent talents.<sup>52</sup>

8. What is your company's policy to accommodate the families of single or married dispatched talents? (OB-02)

For the short term dispatch employees' dependents that we don't have any policies to them,<sup>53</sup> but only providing the relevant welfare measures to their dependents.<sup>54</sup> For instance, allowance for quota subsidiary for flight ticket, dormitory, rental, education, insurance,

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<sup>46</sup> PL-03-HJ-06

<sup>47</sup> OB-01-HJ-01

<sup>48</sup> OB-01-HJ-02

<sup>49</sup> OB-01-HJ-03

<sup>50</sup> OB-01-HJ-04

<sup>51</sup> OB-01-HJ-05

<sup>52</sup> OB-01-HJ-06

<sup>53</sup> OB-02-HJ-01

<sup>54</sup> OB-02-HJ-02

medical fees and the like.<sup>55</sup> We also had some special cases to assist employees to solve some difficult and issues,<sup>56</sup> such as, arranging jobs to their dependents in Chinese branches.<sup>57</sup> Some positions of executive leaderships in China are very important and can't be in charge of local leaderships. So we do our best to remain these important leaderships to be the agency between the parent-subsidiary companies.

9. As we know, every country has been conducting recruiting, have you ever had handicap vs other corporations or countries when you are recruiting? (OB-05)

To China, wage is the first consideration to local workers,<sup>58</sup> although, we pay more than other enterprises, Chinese workers still will quit, if other enterprises offer more than we pay.<sup>59</sup> We can't expect the turnover rate overseas<sup>60</sup> and can't real realize their loyalty, thought or enthusiasm, centripetal force to job and company.<sup>61</sup> Besides, every Chinese Lunar New Year, we need to face the lack of labors<sup>62</sup> who came back to their hometown for Chinese Lunar New Year, but not come back after that.<sup>63</sup> So far, we still can't find a better way to respond. Not only in China, but also Taiwan, almost the most of employees who are willing to work in foreign enterprises, because working in ODM enterprise need to work longer and stressful.<sup>64</sup> We need to compete with Taiwanese enterprises, also foreign enterprises<sup>65</sup> and there are parts of excellent talents who work in foreign enterprises that is a loss to us.<sup>66</sup> In the aspect of Taiwan, there are many engineers who exclude to the frequent dispatch to China to quit,<sup>67</sup> and some of them who are married or senior engineers who think

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<sup>55</sup> OB-02-HJ-03

<sup>56</sup> OB-02-HJ-05

<sup>57</sup> OB-02-HJ-04

<sup>58</sup> OB-05-HJ-01

<sup>59</sup> OB-05-HJ-02

<sup>60</sup> OB-05-HJ-03

<sup>61</sup> OB-05-HJ-04

<sup>62</sup> OB-05-HJ-05

<sup>63</sup> OB-05-HJ-06

<sup>64</sup> OB-05-HJ-08

<sup>65</sup> OB-05-HJ-09

<sup>66</sup> OB-05-HJ-10

<sup>67</sup> OB-05-HJ-11

that their health can't afford to this working patterns to quit jobs.<sup>68</sup> Some of job seekers who are very honest to tell us that they can't co-operate with dispatch. So there are some job vacancy that is a loss to enterprise.<sup>69</sup>



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<sup>68</sup> OB-05-HJ-12

<sup>69</sup> OB-05-HJ-13

### 3. Appendix C

Interviewee: Human Resource Manager

Gender: Female

Marriage: Single

Working Experience: 15 years experiences of human resource

1. What is your company's compensation or motivation system for your talents who are willing to go to China for work? (PS-01)

For the part of short term dispatch, to professional talents of engineers, mechanical engineer has the most frequent and time for dispatch. In our company, the dispatch location is China. What enterprise provides to dispatch employees is almost close to the other same type of enterprises.<sup>1</sup> For the dispatch allowance includes daily allowance, living allowance and transportation allowance;<sup>2</sup> food and transportation allowance are reimbursed for actual amount spent.<sup>3</sup> Otherwise, we don't have any extra encouragement or allowance.<sup>4</sup> I believe that for business trip to China is normal in Taiwan, so that don't have any differences with other enterprises.<sup>5</sup> Only for long term dispatch, we have more incentives and encouragements to them<sup>6</sup> that because they must build the system, train to local workers and duplicate parent company in China. In my personal opinion, I thought that if company can provide project bonus that would enhance employees' willing for short term dispatch.<sup>7</sup>

2. What percentage of the flow of the talents in your company are because of dispatching to work in Mainland China? What is your company's compensation for it? (PS-02)

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<sup>1</sup> PS-01-HE-01

<sup>2</sup> PS-01-HE-02

<sup>3</sup> PS-01-HE-03

<sup>4</sup> PS-01-HE-04

<sup>5</sup> PS-01-HE-05

<sup>6</sup> PS-01-HE-06

<sup>7</sup> PS-01-HE-07



The turnover rate of dispatch is annually 25%~35%.<sup>8</sup> Actually, some employees who can't accept the go- and- forth China for business trips to their permanent working pattern. Initially, they accept this order, because they want to accumulate experiences and prepare to next job. Some of them quit after 1 year for 2 projects, because the in-adaption issues.<sup>9</sup> For the senior engineers who would like to quit, we'd try to remain these excellent talents,<sup>10</sup> such as, to change the job,<sup>11</sup> adjust job contents and reduce the frequent of dispatch.<sup>12</sup> But for changing jobs for some job vacancy, we need to consider the overall conditions to avoid anyone who makes excuse to change job.

3. What is your company's policy for recruiting professional talent? What are the differences of policies between recruiting domestic and overseas talent? (PS-04)

Our domestic recruiting and foreign policy don't change,<sup>13</sup> for instance, we evaluate wage base on market criterion and we provide the wage over than P50~P75. P50~P75 is a wage criterion in the market.<sup>14</sup> The only difference is to providing the tax subsidiary.<sup>15</sup> If recruiting in China, we accord to different province<sup>16</sup> to approve the basic salary,<sup>17</sup> but don't higher than 50%~75% of market criterion. In China, there is no any approval criterion on wage and the annual increase salary will be more. For the workers who have been working in company for many years, company will have different criterion for increasing salary annually.<sup>18</sup> For the producing line of labors who are divided in different sorts of general and elite to approve wage.<sup>19</sup> And for the part of recruiting Chinese employees, we provide

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<sup>8</sup> PS-02-HE-01

<sup>9</sup> PS-02-HE-02

<sup>10</sup> PS-02-HE-05

<sup>11</sup> PS-02-HE-03

<sup>12</sup> PS-02-HE-04

<sup>13</sup> PS-04-HE-01

<sup>14</sup> PS-04-HE-02

<sup>15</sup> PS-04-HE-03

<sup>16</sup> PS-04-HE-05

<sup>17</sup> PS-04-HE-04

<sup>18</sup> PS-04-HE-06

<sup>19</sup> PS-04-HE-07

training programs to Chinese and Taiwanese leaderships.<sup>20</sup> Sometimes, we send Chinese leaderships to Taiwan for training<sup>21</sup> and some creative of manager programs.<sup>22</sup>

4. Compared with other enterprises, what are your advantages with regards to retention?  
(PL-01)

In Taiwan, almost the enterprises belong to OEM/ODM, but we are not only OEM/ODM, but also OBM that is an incentive to job seekers and employees.<sup>23</sup> Besides, wage and performance encouragement are another attractive factors.<sup>24</sup> As a high-tech technology industry, we provide the welfares what other enterprises provide that including: marriage, death and celebrate allowance, traveling allowance, gym, library, insurance, annual bonus, vacation, training courses, insurance, healthy examination, guarantee of 13 months of salary of a year and the like.<sup>25</sup> The most important part that is we emphasize the “overworking” issues that can’t appear in this enterprise.<sup>26</sup> We try to develop the long life cycle time of projects<sup>27</sup> and for the irrational schedules, PMs will try to do their best to negotiate with clients.<sup>28</sup> We have the long term of co-operate clients, so the irrational schedules of issues would not happen in our company.<sup>29</sup>

5. What are your company’s policies compared with other companies’ to avoid or decrease “brain drain”? (PL-02)

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<sup>20</sup> PS-04-HE-08

<sup>21</sup> PS-04-HE-09

<sup>22</sup> PS-04-HE-10

<sup>23</sup> PL-01-HE-01

<sup>24</sup> PL-01-HE-02

<sup>25</sup> PL-01-HE-03

<sup>26</sup> PL-01-HE-05

<sup>27</sup> PL-01-HE-06

<sup>28</sup> PL-01-HE-07

<sup>29</sup> PL-01-HE-08

The excellent enterprise must have some turnover rate to recruit talents and we also do many efforts to identify high performance of talents.<sup>30</sup> For instance, 15%~20 of turnover rate is health and normal to electronic industry to hire excellent talents.<sup>31</sup> HIPO means high performance and the KPI is the top of 15%, and there are 5% of them will place at observation area.<sup>32</sup> High performance of employees who will get more bonus and increase salary than the others.<sup>33</sup> Meantime, HIPO employees who will have more opportunities of training and take turns of job.<sup>34</sup> We think that to provide the HIPO policies that can remain the talents.<sup>35</sup>

6. In your opinion, does your company have advantages that would appeal to overseas professional talents? What are they? (PL-02)

The recent years, the relevant of technologic industries have good performances that have advantages for recruiting.<sup>36</sup> However, wage and welfare are still the key points to recruiting overseas.<sup>37</sup> And the other advantage to attract professional talents/workers to our company that is we don't adopt high stress<sup>38</sup> and be tough<sup>39</sup> to manage everything of the factory. We provide the flexible manage ways to provide the most convenient to them that increase their centripetal force to enterprise. Therefore, many of them make roots locally that is a very big attractive to job seekers.<sup>40</sup>

7. What's your company's policy to provide a security and comfortable environment to the employees who are dispatched to work in China? (OB-01)

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<sup>30</sup> PL-02-HE-01

<sup>31</sup> PL-02-HE-06

<sup>32</sup> PL-02-HE-02

<sup>33</sup> PL-02-HE-03

<sup>34</sup> PL-02-HE-04

<sup>35</sup> PL-02-HE-05

<sup>36</sup> PL-03-HE-01

<sup>37</sup> PL-03-HE-02

<sup>38</sup> PL-03-HE-03

<sup>39</sup> PL-03-HE-04

<sup>40</sup> PL-03-HE-05

We do many different parts for creating a better environment to dispatch employees. In the dormitory, we provide Taiwanese style of food to make dispatch employee who can adopt local food.<sup>41</sup> In China factories, we build the security system of fingerprint identify device to make sure their security.<sup>42</sup> Also, the safety of transportation, we survey the taxis and have contract with them to make sure employees' safe.<sup>43</sup> On the aspect of medical care, we survey qualified clinics, if employees need to see a doctor, they can feel safe to have an appointment.<sup>44</sup> We know that working in China is not easy than in Taiwan for overtime working. Therefore, we advocacy to team leaders to adopt flexible ways for working to avoid the overwork.<sup>45</sup> For instance, on the weekends, they can take turns for working and engineers can have enough time to take rests to avoid the rebound of working in China.<sup>46</sup>

8. What is your company's policy to accommodate the families of single or married dispatched talents? (OB-02)

We don't provide any welfare to short term dispatch employees' dependents.<sup>47</sup> The dependents of long term dispatch in China, we provide visiting flight tickets<sup>48</sup> and according to different areas provide different numbers of flight tickets.<sup>49</sup> If taking dependents for long term dispatch, we provide both employees and their dependents for traveling allowances, medical insurance, children's educational allowance and the like.<sup>50</sup> Also, if there are any job vacancies in China subsidiary, we would preference to hire the dependents.<sup>51</sup> If they need

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<sup>41</sup> OB-01-HE-01

<sup>42</sup> OB-01-HE-02

<sup>43</sup> OB-01-HE-03

<sup>44</sup> OB-01-HE-04

<sup>45</sup> OB-01-HE-05

<sup>46</sup> OB-01-HE-06

<sup>47</sup> OB-02-HE-01

<sup>48</sup> OB-02-HE-02

<sup>49</sup> OB-02-HE-03

<sup>50</sup> OB-02-HE-04

<sup>51</sup> OB-02-HE-05

loan for buying real estate, our company also co-operate with local banks to provide better interest to help them work in locally.<sup>52</sup>

9. As we know, every country has been conducting recruiting, have you ever had handicap vs other corporations or countries when you are recruiting? (OB-05)

To China, the biggest issue is Chinese loyalty problems<sup>53</sup> and whatever blue-collar or white-collar who have very low loyalty to enterprise and they evaluate the job only base on the wage.<sup>54</sup> Taiwan has the demands of medium or high leaderships to manage enterprises, but enterprise now don't want to pay a lot on wages.<sup>55</sup> If government can improve their policies, such as, to adjust the tax to attract more professional talents that would help for enterprises' promotion and break away from OEM/ODM.<sup>56</sup> Nowadays, China is developing and release more talent demands opportunities of job vacancy that is a good chance to Taiwanese who are willing to work in China.<sup>57</sup>

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<sup>52</sup> OB-02-HE-06

<sup>53</sup> OB-05-HE-01

<sup>54</sup> OB-05-HE-02

<sup>55</sup> OB-05-HE-03

<sup>56</sup> OB-05-HE-04

<sup>57</sup> OB-05-HE-04

## 4. Appendix D

Interviewee: Mechanical Manager

Gender: Male

Marriage: Married

Working Experience: 25 years experiences of mechanical design

1. What is your company's policy for employees who are dispatched to work in Mainland China? What is important to you about the policy? Why? (PS-03)

For the short term dispatch policy that includes the daily allowance for US 27 dollars/day.<sup>1</sup> The maximum of dispatch days is a month, but if there are some special condition, such as, for the schedule demand or clients request.<sup>2</sup> The transportation is major by direct flight, but the extra time for arriving to China, we still need to work in time. Sometimes, when we arrive to factory, we would need to visit vendors to discuss some issues in person.<sup>3</sup> On the part of food, if dormitory provides food, we need to pay for breakfast is US 3 dollar/meal, lunch and dinner is US 6 dollars/meal.<sup>4</sup> For the part of living that bases on dormitory, if there are no enough rooms or depart to other areas, they can live in hotels they company have contract with.<sup>5</sup> The part of transportation, vendors arrange transportation to pick us to their factories, if not, we can take taxis.<sup>6</sup>

To myself, the most important things for dispatch includes: 1) the convenience of daily needs and living, because when I work in China, I don't even have time do laundry. I think that there must have someone to help for doing laundry;<sup>7</sup> 2) dispatch allowance, what

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<sup>1</sup> PS-03-MT-01

<sup>2</sup> PS-03-MT-02

<sup>3</sup> PS-03-MT-03

<sup>4</sup> PS-03-MT-04

<sup>5</sup> PS-03-MT-05

<sup>6</sup> PS-03-MT-06

<sup>7</sup> PS-03-MT-07

enterprise paid of that is only fulfill for our daily expense. We are working hard in China and I think we should get the extra wage for dispatch;<sup>8</sup> 3) dispatch time<sup>9</sup> and frequency that the time should not too long to affect my life quality and the loss of family care.<sup>10</sup>

## 2. What kind of factors would affect your job selection personally? (PS-05)

To determinate the job selection that includes: salary,<sup>11</sup> welfare,<sup>12</sup> dispatch frequency<sup>13</sup> and time,<sup>14</sup> location,<sup>15</sup> time on working,<sup>16</sup> working stress,<sup>17</sup> enterprise's foresight in the future,<sup>18</sup> personal development and foresight<sup>19</sup> and industrial type.<sup>20</sup> The said, that are enterprise's foresight in the future and development, and personal development in company.<sup>21</sup> First of all, under this incentive competition environment, especially consumer products, both enterprise and employee who need to keep growing and promote the competition.<sup>22</sup> Secondly, to affect the job selection is dispatch frequency<sup>23</sup> that due to I am a married person and need to consider health and family care.<sup>24</sup> If there is a job doesn't have the demand of dispatch or low dispatch frequency that would be a big incentive to me.<sup>25</sup> Third is the welfare (a year-end bonus)<sup>26</sup> that is very import to employee, because it is an encourage to employee after working hard for a year. And it also reflects if the company makes money?<sup>27</sup> Forth is

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<sup>8</sup> PS-03-MT-08

<sup>9</sup> PS-03-MT-09

<sup>10</sup> PS-03-MT-10

<sup>11</sup> PS-05-MT-01

<sup>12</sup> PS-05-MT-02

<sup>13</sup> PS-05-MT-03

<sup>14</sup> PS-05-MT-04

<sup>15</sup> PS-05-MT-05

<sup>16</sup> PS-05-MT-06

<sup>17</sup> PS-05-MT-07

<sup>18</sup> PS-05-MT-08

<sup>19</sup> PS-05-MT-09

<sup>20</sup> PS-05-MT-10

<sup>21</sup> PS-05-MT-11

<sup>22</sup> PS-05-MT-12

<sup>23</sup> PS-05-MT-13

<sup>24</sup> PS-05-MT-14

<sup>25</sup> PS-05-MT-15, PS-05-MT-21

<sup>26</sup> PS-05-MT-16

<sup>27</sup> PS-05-MT-17

the selection of industry,<sup>28</sup> because it would have the connection of working time and further to affect working stress, working time, health, family relationship and personal life.<sup>29</sup> Fifth, I think the wage is very important, but if it is very low than the average criterion that would be fine to me. Because of I consider more about company and personal foresight.<sup>30</sup> Finally, it is dispatch location that should not too remote.<sup>31</sup>

3. On the side of enterprise, what kind of policy would you prefer , when you consider a transnational enterprise? (PS-06)

To myself, tans-national branches/factories' location,<sup>32</sup> local culture,<sup>33</sup> dispatch policies (eg., dispatch time and frequency),<sup>34</sup> welfare,<sup>35</sup> project bonus<sup>36</sup> and the like. I care about the location, because we need to adapt the climate, food the surrounding environment<sup>37</sup> that would be further to affect working situation.<sup>38</sup> The other side, there is no any encouragement for dispatch and I think the project bonus will encourage employees' willing for dispatch and working harder.<sup>39</sup> The final part would be the vacation, we need to work after each business trip. If we are lucky, we can return on Friday and have two days off, but if before Friday, I need to return to work on the next day. It is very tired, though.<sup>40</sup>

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<sup>28</sup> PS-05-MT-18

<sup>29</sup> PS-05-MT-19

<sup>30</sup> PS-05-MT-20

<sup>31</sup> PS-05-MT-22

<sup>32</sup> PS-06-MT-01

<sup>33</sup> PS-06-MT-02

<sup>34</sup> PS-06-MT-03

<sup>35</sup> PS-06-MT-04

<sup>36</sup> PS-06-MT-05

<sup>37</sup> PS-06-MT-06

<sup>38</sup> PS-06-MT-07

<sup>39</sup> PS-06-MT-08

<sup>40</sup> PS-06-MT-09



4. Every country has been recruiting domestic and overseas talents. Does it affect your employment situation in Taiwan or even overseas? Does it present opportunities or challenges to you? (PS-07)

To me, it brings a big opportunity under this situation,<sup>41</sup> because if recruiting foreign talents who must to adapt Taiwanese working environment that has the relevant turnover rate before the project is done. It is a loss to the whole project.<sup>42</sup> Many Taiwanese worry about recruiting Chinese that would be influenced to their working situation, but I believe the opportunity is for the people who is ready. Also, competition and stress would help for promoting ourselves<sup>43</sup> and create their own values.<sup>44</sup> Besides, Taiwanese employees are similar Taiwan's working environment and pattern, and have different point- of- views that is one of the biggest advantage to Taiwanese.<sup>45</sup>

5. Compared with other enterprises, what are your advantages with regards to retention? (PL-01)

My company is a big enterprise for producing note-book computers, wage is almost same as the same type of enterprises. The only difference of the pay is company pays for annual bonus.<sup>46</sup> On the part of welfare, my company has more vacations,<sup>47</sup> flexible working pattern<sup>48</sup> and the like. And on the part of personal professional study, company provides many relevant programs and resources.<sup>49</sup> Employees can learn new professional skills and knowledge on-line<sup>50</sup> when they have free time.<sup>51</sup> To many small employees who work in

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<sup>41</sup> PS-07-MT-01

<sup>42</sup> PS-07-MT-02

<sup>43</sup> PS-07-MT-03

<sup>44</sup> PS-07-MT-04

<sup>45</sup> PS-07-MT-05

<sup>46</sup> PL-01-MT-01

<sup>47</sup> PL-01-MT-02

<sup>48</sup> PL-01-MT-03

<sup>49</sup> PL-01-MT-04

<sup>50</sup> PL-01-MT-04

<sup>51</sup> PL-01-MT-04

small companies that don't have sufficient on-line programs, if employees need to get some programs, they need to ask for company's permit to pay for leaves and tuition. It is sometimes not easy for both time and money. For the living of dispatch, the position is higher than manager who can select hotels.<sup>52</sup> Our company adopts for the system of responsibility<sup>53</sup> and we can take our Note-book home to work. We can achieve our job not constrain in office.<sup>54</sup>

6. What are your company's policies compared with other companies' to avoid or decrease "brain drain"? (PL-02)

About this part, I think even though working is very tired and stressful, but company provides annual bonus<sup>55</sup> and flexible working style.<sup>56</sup> And it is a big and public company that has massive shipments to get support from vendors. Also vendors would share more resource and have high co-operation willing. The said are what I think my company's advantage to decrease brain drain to compete with other enterprises.<sup>57</sup> I've worked in some other enterprises that have bad reputation and less competition that affect us to get resources (such as, new technology sharing) from vendors that is a loss to us on working.

7. In your opinion, does your company have advantages that would appeal to overseas professional talents? What are they? (PL-03)

My company is a big technologic company that is mature on operation, producing procedures.<sup>58</sup> As I know, big and famous company is an access board to next job,<sup>59</sup> a

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<sup>52</sup> PL-01-MT-06

<sup>53</sup> PL-01-MT-07

<sup>54</sup> PL-01-MT-08

<sup>55</sup> PL-02-MT-01

<sup>56</sup> PL-02-MT-02

<sup>57</sup> PL-02-MT-04

<sup>58</sup> PL-03-MT-01

<sup>59</sup> PL-03-MT-02

environment for learning and accumulating practical experiences<sup>60</sup> and wages<sup>61</sup> that are attractive to job seekers overseas. Above-mentioned that I think is very close to domestic job seekers' points- of- views. And now, there are many new building of Chinese enterprises who need employees who have experiences of working in Taiwanese enterprises and duplicate these enterprises' system and employees' experience from working in big company. So having experience in Taiwanese big companies that will help for their development in the new born of Chinese enterprises.<sup>62</sup>

8. If being dispatched to work in China, how do you manage the family, health, career plan issues and so on, to be able to accept this job? Or does your company have any policies for you to solve or overcome these issues? (OB-03)

Dispatch is a request of job, but can't avoid it.<sup>63</sup> I've an experience about working in an enterprise that asked us for long term dispatch in China, if we can't, the enterprise asked us for quitting.<sup>64</sup> At that time, my wife didn't agree with me for long term dispatch, parents are getting old and I am the single child in the family, so I can't co-operate for company's request. I think it is not right, because working is for life. Some of my ex-colleagues who finally separated with their wives or girlfriends, because of dispatch frequently. It doesn't deserve about being affected by a job. In my case, finally, I selected the same type of enterprise, but have less stress and take turns for dispatch that help for solving my problems.<sup>65</sup> In this company, I still have stress, but it is less and boss does really execute for CSR to take care of employees.<sup>66</sup> The frequent dispatch is a big problem me, besides health,

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<sup>60</sup> PL-03-MT-03

<sup>61</sup> PL-03-MT-04

<sup>62</sup> PL-03-MT-05

<sup>63</sup> OB-03-MT-01

<sup>64</sup> OB-03-MT-02

<sup>65</sup> OB-03-MT-03

<sup>66</sup> OB-03-MT-04

family care, also have no time on promoting my professional skills and knowledge.<sup>67</sup> So, if reducing the dispatch issues that solve some potential issues that I care.<sup>68</sup>

9. What are the issues that need to be solved urgently when you are dispatched to work in China? And what are the factors which will decide if you remain in the assignment or not? (OB-04)

The answers are very close to question 8. I think the time and frequent of dispatch<sup>69</sup> and the working time<sup>70</sup> that would also decide if I remain or not? I hope to have more time to myself and not only having time for working.<sup>71</sup> I hope to have a balance on job, health, family and myself.<sup>72</sup> As I am getting old, the only way to take care of family is health and now I can't work as I was young. And I don't think I should sacrifice everything, because of job.

10. As every country has been recruiting talents from around the world, are there any factors that influence your job selection? (OB-06)

I don't have much influence of the recruiting talents from countries from the world.<sup>73</sup> I have almost over than 20 years of working experiences for mechanical design and I am married that make me consider of job stability and preference on family,<sup>74</sup> won't consider of working in other countries.<sup>75</sup> But I think if opening the policy of welcoming Chinese work in Taiwan, Taiwanese salary would be affected by it and compromise for enterprises' rule and have less bargain power of it.<sup>76</sup> The other hand, if the foreign talents come to Taiwan for

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<sup>67</sup> OB-03-MT-05

<sup>68</sup> OB-03-MT-06

<sup>69</sup> OB-04-MT-01

<sup>70</sup> OB-04-MT-02

<sup>71</sup> OB-04-MT-03

<sup>72</sup> OB-04-MT-04

<sup>73</sup> OB-06-MT-01

<sup>74</sup> OB-06-MT-02

<sup>75</sup> OB-06-MT-03

<sup>76</sup> OB-06-MT-04

working that would change the original working style and need to adapt their culture, background and value, so maybe I will select foreign enterprises, if I would change a new job.<sup>77</sup>



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<sup>77</sup> OB-06-MT-07

## 5. Appendix E

Interviewee: Mechanical Engineer

Gender: Male

Marriage: Single

Working Experience: 5 years experiences of mechanical design

1. What is your company's policy for employees who are dispatched to work in Mainland China? What is important to you about the policy? Why? (PS-03)

The policies of dispatch include: daily allowance,<sup>1</sup> transportation, telephone fee,<sup>2</sup> living arrangement<sup>3</sup> and the other daily needs, such as, appliances.<sup>4</sup> To me, dispatch allowance is very important,<sup>5</sup> because it is inconvenient for living in other places that are away from Taiwan long. And when I have business trip, I need to buy some daily necessities. To enterprise's policy, only provide the allowance that fulfill for food and don't even have any encouragement for dispatch employees. Besides, I still don't like to go- and- forth between Taiwan and China, even I am single and have less stress. Reducing dispatch frequency<sup>6</sup> and duration<sup>7</sup> that are also important to me. I dislike living in China, though. Also, I think the rational schedule that is also a key point, because it would make stress, loading and our plan to be squeezed.<sup>8</sup>

2. What kind of factors would affect your job selection personally? (PS-05)

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<sup>1</sup> PS-03-EB-01

<sup>2</sup> PS-03-EB-02

<sup>3</sup> PS-03-EB-03

<sup>4</sup> PS-03-EB-04

<sup>5</sup> PS-03-EB-05

<sup>6</sup> PS-03-EB-06

<sup>7</sup> PS-03-EB-07

<sup>8</sup> PS-03-EB-08

About the factors of affecting the decision of job selection include: job contents,<sup>9</sup> job grade,<sup>10</sup> working location in both Taiwan and China,<sup>11</sup> wage,<sup>12</sup> enterprise's development<sup>13</sup> and welfare.<sup>14</sup> Basically, the preference consider for job selection that are enterprise's development and job contents. About the dispatch, I don't think I would avoid it in any enterprises, I will accept it. I can only consider about dispatch duration<sup>15</sup> and frequency of dispatch.<sup>16</sup>

3. On the side of enterprise, what kind of policy would you prefer , when you consider a transnational enterprise? (PS-06)

I would consider about the working environment of dispatch,<sup>17</sup> frequency of dispatch<sup>18</sup> and allowances items of dispatch for a trans-national enterprise.<sup>19</sup> Sometimes, some activities that would help for comfort dispatch employees. For instance, travels, BBQ or parties that will ease our homesick and to pass through the time or some special holiday.<sup>20</sup> I think that enterprise doesn't need to make many policies to compensate us, but only some of small changes that would help. It can make me feel to be attached importance to.<sup>21</sup>

4. Every country has been recruiting domestic and overseas talents. Does it affect your employment situation in Taiwan or even overseas? Does it present opportunities or challenges to you? (PS-07)

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<sup>9</sup> PS-05-EB-01

<sup>10</sup> PS-05-EB-02

<sup>11</sup> PS-05-EB-03

<sup>12</sup> PS-05-EB-04

<sup>13</sup> PS-05-EB-05

<sup>14</sup> PS-05-EB-06

<sup>15</sup> PS-05-EB-07

<sup>16</sup> PS-05-EB-08

<sup>17</sup> PS-06-EB-01

<sup>18</sup> PS-06-EB-02

<sup>19</sup> S-06-EB-03

<sup>20</sup> PS-06-EB-05

<sup>21</sup> PS-06-EB-06

For Countries from the world that recruit talents from the world that can increase employees competition and international visibility<sup>22</sup> that can bring different types / characters of job opportunities<sup>23</sup> and connect internationally.<sup>24</sup> It will help for promote domestic working environment<sup>25</sup> and labor disputes,<sup>26</sup> because there are more competition objects that will wake up enterprises and government's self-reflections. To me, for the opportunities from the world that is a good chance and challenge and remind me to keep learning and promoting myself to increase my personal competition. The only way to avoid eliminating is to promote myself continuous on any aspects, such as language, practical experiences and professional skills/knowledge, and increase the un-substitutes.<sup>27</sup>

5. Compared with other enterprises, what are your advantages with regards to retention?  
(PL-01)

On the part of recruiting of my company that pays employees the average wages are higher a little than other enterprises<sup>28</sup> and welfares are also better than others.<sup>29</sup> Besides, there is also a training system<sup>30</sup> that includes various courses/programs to increase employees' competition and professional abilities.<sup>31</sup> Otherwise, there are many different leagues<sup>32</sup> and the purpose is to relieve stress and develop hobbies for employees after working. Besides, I think it is another way to increase employees' centripetal force to enterprise.<sup>33</sup> On the part of bonus, enterprise has a system for annual bonus to encourage employees.<sup>34</sup> And, I think the more special part is the overall equipment is integrated, there

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<sup>22</sup> PS-07-EB-01

<sup>23</sup> PS-07-EB-02

<sup>24</sup> PS-07-EB-03

<sup>25</sup> PS-07-EB-04

<sup>26</sup> PS-07-EB-05

<sup>27</sup> PS-07-EB-06

<sup>28</sup> PL-01-EB-01

<sup>29</sup> PL-01-EB-02

<sup>30</sup> PL-01-EB-03

<sup>31</sup> PL-01-EB-04

<sup>32</sup> PL-01-EB-05

<sup>33</sup> PL-01-EB-06

<sup>34</sup> PL-01-EB-07



are restaurant, coffee-shop and food streets are very convenient to us. We don't need to stick on the chair whole day and sometimes we can go for a coffee. Some companies don't allow leaving offices during working.<sup>35</sup>

6. What are your company's policies compared with other companies' to avoid or decrease "brain drain"? (PL-02)

In my opinion, Taiwanese overall employment environment is not ideal after the financial crisis in 2008, and the supply and demand is imbalanced, we- job seekers don't have a lot of bargain power to be picky on jobs. For me, almost the enterprises are the same, but there are still some policies that can decrease brain drain here. They include: to increase wage regularly every year,<sup>36</sup> job division between parent-subsidiary and skill transfer are competed that decrease engineers' stress that other enterprises',<sup>37</sup> dispatch duration and frequent are less than the same type of enterprises.<sup>38</sup> Besides, the welfares<sup>39</sup> and wages<sup>40</sup> are better than the same type and scale of enterprises.

7. In your opinion, does your company have advantages that would appeal to overseas professional talents? What are they? (PL-03)

For the reasons of what advantage for appealing advantages to professional talents overseas, they include: the guarantee of this enterprise's stable growth,<sup>41</sup> the average wage is higher than the same type of enterprises,<sup>42</sup> providing dormitory to employees from other provinces that solve their living problems<sup>43</sup> and some parties take place on special

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<sup>35</sup> PL-01-EB-08

<sup>36</sup> PL-02-EB-01

<sup>37</sup> PL-02-EB-02

<sup>38</sup> PL-02-EB-03

<sup>39</sup> PL-02-EB-04

<sup>40</sup> PL-02-EB-05

<sup>41</sup> PL-03-EB-01

<sup>42</sup> PL-03-EB-02

<sup>43</sup> PL-03-EB-03

holidays.<sup>44</sup> I think these are some incentives to employees and also increase their centripetal force to enterprise.

8. If being dispatched to work in China, how do you manage the family, health, career plan issues and so on, to be able to accept this job? Or does your company have any policies for you to solve or overcome these issues? (OB-03)

I am single and have no obligation for taking care children or wife, but only need to take care of my parents. My parents don't give much stress to me, so they are totally respect and support of my decision.<sup>45</sup> If eliminating my personal opinions, there is no anything need to conquer.<sup>46</sup> For the party of dispatch policy, the subsidiary locates at the Taiwanese enterprises' clusters where have competed living functions<sup>47</sup> and Taiwanese convenient stores to buy groceries, food, daily commodities and so on.<sup>48</sup> Besides, enterprise provides dormitory to dispatch employees<sup>49</sup> and Taiwanese restaurant for Taiwanese food, gym and so on.<sup>50</sup> These are what enterprises provide to dispatch employees and it is not too bad to me. The only differences are separating with family and 24 hours stand by for working in China, otherwise, there are not many differences.<sup>51</sup>

9. What are the issues that need to be solved urgently when you are dispatched to work in China? And what are the factors which will decide if you remain in the assignment or not? (OB-04)

What I meet the biggest problem is inflation of prices in China,<sup>52</sup> but the daily allowance of business trip doesn't follow the raising of commodity prices. Even though, the

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<sup>44</sup> PL-03-EB-04

<sup>45</sup> OB-03-EB-01

<sup>46</sup> OB-03-EB-02

<sup>47</sup> OB-03-EB-03

<sup>48</sup> OB-03-EB-04

<sup>49</sup> OB-03-EB-05

<sup>50</sup> OB-03-EB-06

<sup>51</sup> OB-03-EB-07

<sup>52</sup> OB-04-EB-01

cost of food in restaurant of dormitory increased 50%<sup>53</sup> that is not only to impact employees' centripetal force toward to enterprises, but also their willing of dispatch.<sup>54</sup> And the security of quality of dormitory is not good enough,<sup>55</sup> for instance, the equipment of dormitory damages and try to incriminate to dispatch employees.<sup>56</sup> These are what I think this company needs to improve.

10. As every country has been recruiting talents from around the world, are there any factors that influence your job selection? (OB-06)

Countries from the world build many incentives policies to recruit excellent talents from the world that is good for me to have more chance for selecting more fit and competitiveness enterprises<sup>57</sup> and having more options for job opportunities.<sup>58</sup> Meantime, when I look for a job, I can choose not only domestic job vacancy, but also overseas.<sup>59</sup> The other side, I think I would be easy to be replaced for my junior working and practical professional experiences. The other side is about the replacement. Because of enterprises might prefer to pay the wage to Chinese employees that the wage is less than me, but they can do everything and growth quickly.<sup>60</sup> When the enterprises started to hire Chinese employees who can do the same job contents, my wage would be affected and compared with them.<sup>61</sup> Also, my need to accept to low wage of job<sup>62</sup> and compete with talents from the world to strive for a job<sup>63</sup> and lose the

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<sup>53</sup> OB-04-EB-02

<sup>54</sup> OB-04-EB-03

<sup>55</sup> OB-04-EB-04

<sup>56</sup> OB-04-EB-04

<sup>57</sup> OB-06-EB-01

<sup>58</sup> OB-06-EB-02

<sup>59</sup> OB-06-EB-04

<sup>60</sup> OB-06-EB-05

<sup>61</sup> OB-06-EB-06

<sup>62</sup> OB-06-EB-07

<sup>63</sup> OB-06-EB-08

most of bargain power with HR.<sup>64</sup> This result is to decrease the irrational working condition and bad welfare and system for striving for a job.<sup>65</sup>



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<sup>64</sup> OB-06-EB-09

<sup>65</sup> OB-06-EB-10

## 6. Appendix F

Interviewee: Mechanical Engineer

Gender: Female

Marriage: Married

Working Experience: 12 years experiences of Mechanical design

1. What is your company's policy for employees who are dispatched to work in Mainland China? What is important to you about the policy? Why? (PS-03)

To my case, I only have short term dispatch to China and the longest travel duration is in 30 days.<sup>1</sup> My company doesn't have any special policies for short term dispatch and the only policy is to fulfill the daily needs.<sup>2</sup> The company doesn't mind if the dispatch would bring any personal influences,<sup>3</sup> they only care if we can achieve the mission.<sup>4</sup> The company's short term policies that only include living,<sup>5</sup> UD 27 dollars of dispatch allowance (includes dinning fees)<sup>6</sup> and other actual expense fees, like telephone fee and transportation fee and the like.<sup>7</sup> I think the most of Taiwanese OEM/ODM enterprises that provide almost the same welfares for short term dispatch employees, unless, OBM industrial company would get better welfare for business trips. And now what I have for the business trips in China that is the children care, the dispatch duration<sup>8</sup> and frequency<sup>9</sup> are very important to me. As my present situation, family is the most important to me and I hope my company can adjust the working style of dispatch, for instances, to decrease the dispatch frequency or take turns for it.<sup>10</sup> I think these solutions would help for many people who have the same situation about

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<sup>1</sup> PS-03-EJ-01

<sup>2</sup> PS-03-EJ-02

<sup>3</sup> PS-03-EJ-03

<sup>4</sup> PS-03-EJ-04

<sup>5</sup> PS-03-EJ-05

<sup>6</sup> PS-03-EJ-06

<sup>7</sup> PS-03-EJ-07

<sup>8</sup> PS-03-EJ-08

<sup>9</sup> PS-03-EJ-09

<sup>10</sup> PS-03-EJ-09

dispatch.<sup>11</sup> As I know there are almost over than 95% of Taiwanese who reject these kind of situation, but can't change anything about it.<sup>12</sup>

2. What kind of factors would affect your job selection personally? (PS-05)

If I was young and single, wage would be the first consideration to make and save more money.<sup>13</sup> But now I have a kid, I hope that I can take of her.<sup>14</sup> I hope that I can have a job that allows me leave office on time to take care my kid and family.<sup>15</sup> If I could take care of both my job and family, now wage would be the 2<sup>nd</sup> consideration,<sup>16</sup> but not consider too much about wage and welfare.<sup>17</sup>

3. On the side of enterprise, what kind of policy would you prefer , when you consider a transnational enterprise? (PS-06)

I would consider about the stress from working (working duration),<sup>18</sup> working pattern (dispatch frequency and duration)<sup>19</sup> and wage.<sup>20</sup> So far, the most of Taiwanese trans-national enterprises set their factories in China and assemble products in China. And I need to skill transfer, tooling trial shot and find resolution to make products to mass production. The Note-book belongs to consumer products, less life time, less develop time and sales at the expense of profits and further to increase my stress and ignore family.<sup>21</sup> When I've a project, I almost over-time working every day and then having business trip in China that leads me don't have much time to spend time with my family.<sup>22</sup> I think only the same character of engineers as me who can understand the toilsome, so I think that enterprise

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<sup>11</sup> PS-03-EJ-10

<sup>12</sup> PS-03-EJ-11

<sup>13</sup> PS-05-EJ-01

<sup>14</sup> PS-05-EJ-02

<sup>15</sup> PS-05-EJ-03

<sup>16</sup> PS-05-EJ-05

<sup>17</sup> PS-05-EJ-06

<sup>18</sup> PS-06-EJ-01

<sup>19</sup> PS-06-EJ-02

<sup>20</sup> PS-06-EJ-03

<sup>21</sup> PS-06-EJ-04

<sup>22</sup> PS-06-EJ-05

should have the compensatory, such as salary or bonus.<sup>23</sup> These are what I would consider about the trans-national enterprises' when I look for a job.<sup>24</sup>

4. Every country has been recruiting domestic and overseas talents. Does it affect your employment situation in Taiwan or even overseas? Does it present opportunities or challenges to you? (PS-07)

I think it is a challenge to me, because I am not single and my focus is not on working.<sup>25</sup> Family is accounted for the most to me,<sup>26</sup> and I will probably lose the competition with domestic and foreign excellent talents.<sup>27</sup> And, I would be afraid of looking for a new job, because enterprises have concern about married female. The reason is due to HR would consider that married females who can't act in concert with job with 100% and whatever job needs.<sup>28</sup> Then, the final part would be the influence on wage.<sup>29</sup> I won't consider about working overseas, so I would compete with foreign talents who are recruited for working in Taiwan.<sup>30</sup> When I am getting old, enterprises would be willing to hire younger freshmen with cheaper money.<sup>31</sup>

5. Compared with other enterprises, what are your advantages with regards to retention? (PL-01)

My company is the top five of Note-book company<sup>32</sup> and the business is growth stable.<sup>33</sup> Enterprise haven't affected by the environment, such as, lay-off, salary-reduction or

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<sup>23</sup> PS-06-EJ-06

<sup>24</sup> PS-06-EJ-06

<sup>25</sup> PS-07-EJ-01

<sup>26</sup> PS-07-EJ-02

<sup>27</sup> PS-07-EJ-03

<sup>28</sup> PS-07-EJ-04

<sup>29</sup> PS-07-EJ-05

<sup>30</sup> PS-07-EJ-06

<sup>31</sup> PS-07-EJ-03

<sup>32</sup> PL-01-EJ-01

<sup>33</sup> PL-01-EJ-02

unpaid that shows the enterprise has good future prospect.<sup>34</sup> My company's constitution is good<sup>35</sup> and has complete system.<sup>36</sup> My company pays attentions to personal training to promote employees' abilities on every different aspect,<sup>37</sup> so there are many on-line programs or actual courses to employees. These courses are free and we don't spend money for it. That would be very good to us. When we have less rush, we can have classes.<sup>38</sup> Besides the various programs, there are some equipment for exercise and activities take place t.<sup>39</sup> Company releases job vacancy irregularly and they have more opportunities to get proper job that other job seekers who are not present this enterprise's employees.<sup>40</sup> And the last one is special one that if we- professional engineers, such as, mechanical engineers and electronic engineers who have been working in the company over than three years and have good performance, company will sign a contract and provide bonus for remaining them and constrain them to work here at less over three years. It's not a way to remain talents, but also a guarantee to company.<sup>41</sup>

6. What are your company's policies compared with other companies' to avoid or decrease "brain drain"? (PL-02)

It's definitely that the wage and welfare are better than the medium-small enterprises.<sup>42</sup> I think these parts are almost every employee's main goal to get more money, so that would be a high incentive to employees. For instance, we will get bonus once a year that is according to the personal performance.<sup>43</sup> And as I mentioned last question, HR will refer to the personal performance and seniority that is not a small amount, so it would attract

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<sup>34</sup> PL-01-EJ-03

<sup>35</sup> PL-01-EJ-04

<sup>36</sup> PL-01-EJ-05

<sup>37</sup> PL-01-EJ-07

<sup>38</sup> PL-01-EJ-06

<sup>39</sup> PL-01-EJ-08

<sup>40</sup> PL-01-EJ-09

<sup>41</sup> PL-01-EJ-09

<sup>42</sup> PL-02-EJ-01

<sup>43</sup> PL-02-EJ-02



employees' stay in company.<sup>44</sup> It is a very special encouragement that only my company provides.<sup>45</sup> And the last part is the internal job opportunities.<sup>46</sup>

7. In your opinion, does your company have advantages that would appeal to overseas professional talents? What are they? (PL-03)

Our company's factories overseas locates in China, in my opinions, the incentives include complete system and working flows<sup>47</sup> and its ranking is top five in the Note-book computer industries.<sup>48</sup> Because company has a completed working and process flow that can help employees to accumulate and learn the fully and completed experiences and more systemize.<sup>49</sup> Working in big enterprise would be an access board to the future working development that is same as domestic employees' mindsets.<sup>50</sup> That is also because if people who have experiences working in big company, the ability is affirmative.<sup>51</sup> They will have more opportunities to get jobs than other job seekers.<sup>52</sup> On the part of welfare that is also the incentive to Chinese job seekers that is better conditions than other enterprises.<sup>53</sup> The division working is more specific that employee can focus the specific part.<sup>54</sup>

8. If being dispatched to work in China, how do you manage the family, health, career plan issues and so on, to be able to accept this job? Or does your company has any policies for you to solve or overcome these issues? (OB-03)

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<sup>44</sup> PL-02-EJ-05

<sup>45</sup> PL-02-EJ-06

<sup>46</sup> PL-02-EJ-07

<sup>47</sup> PL-03-EJ-01

<sup>48</sup> PL-03-EJ-02

<sup>49</sup> PL-03-EJ-03

<sup>50</sup> PL-03-EJ-04

<sup>51</sup> PL-03-EJ-05

<sup>52</sup> PL-03-EJ-06

<sup>53</sup> PL-03-EJ-07

<sup>54</sup> PL-03-EJ-08

To my condition, I am married and have kid, the dispatch job brings the family care,<sup>55</sup> health<sup>56</sup> and stress<sup>57</sup> are the problems that I meet. These three problems are related to each other. To the whole employment environment in Taiwan, as an engineer that I can't avoid dispatch,<sup>58</sup> but I can't change the big environment and my company doesn't have any policies to help us on it.<sup>59</sup> What I can do for this kind of situation that is to change myself and try to find out some solutions to adapt. Fortunately, my husband doesn't need to have dispatch overseas and my mother-in-law who is very supportable to take care my kid that decrease my stress and it is better to the health stable.<sup>60</sup>

9. What are the issues that need to be solved urgently when you are dispatched to work in China? And what are the factors which will decide if you remain in the assignment or not?  
(OB-03)

I think the urgent issues that need to solve as soon as possible or they would influence my personal decision about keeping working in this enterprise or quitting. To me, these factors include: dispatch frequency<sup>61</sup> and dispatch duration.<sup>62</sup> Besides the kid/family care<sup>63</sup> and health are the other big concerns to me. Because as I am getting old and also have obligations to take care my family (kid<sup>64</sup> and parents<sup>65</sup>), only to be healthy that can let me take care of them. After the five-year of dispatch frequently that makes my health get worse and am thinking of changing to another job that don't need to have frequency dispatch.<sup>66</sup>

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<sup>55</sup> OB-03-EJ-01

<sup>56</sup> OB-03-EJ-02

<sup>57</sup> OB-03-EJ-03

<sup>58</sup> OB-03-EJ-04

<sup>59</sup> OB-03-EJ-07

<sup>60</sup> OB-03-EJ-05

<sup>61</sup> OB-04-EJ-01

<sup>62</sup> OB-04-EJ-02

<sup>63</sup> OB-04-EJ-03

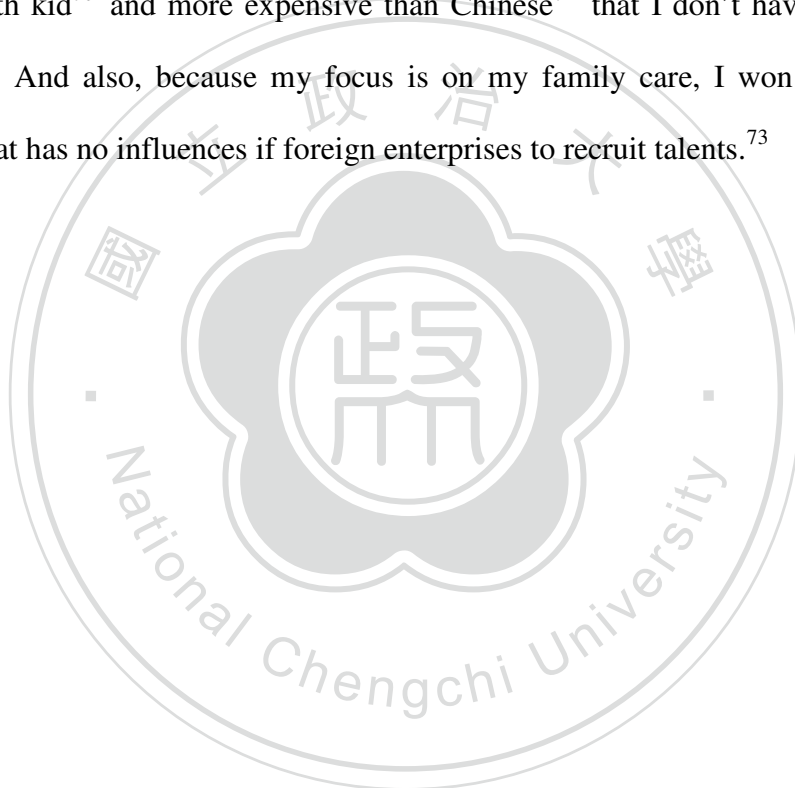
<sup>64</sup> OB-04-EJ-03

<sup>65</sup> OB-04-EJ-05

<sup>66</sup> OB-04-EJ-06

10. As every country has been recruiting talents from around the world, are there any factors that influence your job selection? (OB-06)

If opening the policies to Chinese who work in Taiwan that I will get a very big influence/impact.<sup>67</sup> Because I believe that enterprises will prefer the cheaper Chinese who graduated from the top universities.<sup>68</sup> And I guess that I must decrease my wage to compete with them to get a great and ideal job.<sup>69</sup> Unless the Taiwanese enterprises who prefer to Taiwanese whose attitude and value on jobs to leave opportunities to us. Or I think that I'm married with kid<sup>70</sup> and more expensive than Chinese<sup>71</sup> that I don't have advantages to get ideal job.<sup>72</sup> And also, because my focus is on my family care, I won't consider to work overseas that has no influences if foreign enterprises to recruit talents.<sup>73</sup>



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<sup>67</sup> OB-06-EJ-01

<sup>68</sup> OB-06-EJ-02

<sup>69</sup> OB-06-EJ-03

<sup>70</sup> OB-06-EJ-04

<sup>71</sup> OB-06-EJ-05

<sup>72</sup> OB-06-EJ-06

<sup>73</sup> OB-06-EJ-07

## 7. Appendix G

Interviewee: Mechanical design manager

Gender: Female

Marriage: Single

Working Experience: 16 years experiences of mechanical design

1. What is your company's policy for employees who are dispatched to work in Mainland China? What is important to you about the policy? Why? (PS-03)

This is divided into few parts to discuss, first of all, the dispatch duration each trip has the top limit is one month<sup>1</sup> and come back to Taiwan for a week (it's an unclaimed rule). In my opinions, this rule is necessary to the dispatch employees.<sup>2</sup> A project will take three months from producing (tooling start to massive production), if staying in China over one month that would make the dispatch employees start missing home and are demoralized of working.<sup>3</sup> On the other hand, dispatch employees can go back to Taiwan to prepare and buy what they need, or spend some time with friends and family.<sup>4</sup>

Secondly, it's the arrangement of daily needs. To the dispatch employees who need to adapt the local life immediately, such as climate, food, and the other differences with Taiwan's to avoid can't fitting the local life to affect the working.<sup>5</sup>

The third is the transportation, I think now there are many direct flight from Taiwan-China Shanghai-Taiwan that would not a problem to arrange it to us dispatch employees to the factory in Kunshan. The direct flight will decrease much time on transportation to avoid the

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<sup>1</sup> PS-03-MA-0

<sup>2</sup> PS-03-MA-02

<sup>3</sup> PS-03-MA-03

<sup>4</sup> PS-03-MA-04

<sup>5</sup> PS-03-MA-05

tiredness on the next day and we can have some time to pack up the luggage to prepare the second day of working.<sup>6</sup>

The forth is the dispatch allowance. So far, what enterprise paid us for dispatch is only enough for daily dinning fees, otherwise, no more. Sometimes, it is not enough to buy some extra daily need. Totally, it's not better than working in Taiwan overworking and to get the overtime-pay. There is no incentive to dispatch.<sup>7</sup>

The fifth is the working division and skill transfer. If Taiwan and China have a specific working division and systemized that will enhance the working efficiency and the dispatch employees don't need to stay in China too long. And the Chinese employee's help can decrease the problems that are not familiar to Taiwanese employees and achieve the task as soon as possible.<sup>8</sup>

## 2. What kind of factors would affect your job selection personally? (PS-05)

What I can about the factors for job selection include: achievements at work,<sup>9</sup> enterprise's prospects,<sup>10</sup> dispatch requirement<sup>11</sup> and the frequency and its ways,<sup>12</sup> promotion,<sup>13</sup> internal changing job opportunities,<sup>14</sup> wage,<sup>15</sup> job contents<sup>16</sup> and the balance of personal life and health.<sup>17</sup> As a single female worker, the most of focus will be on job and parents care. I hope the achievement at work<sup>18</sup> and will spend parts of my time to promote myself to promote my

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<sup>6</sup> PS-03-MA-06

<sup>7</sup> PS-03-MA-07

<sup>8</sup> PS-03-MA-08

<sup>9</sup> PS-05-MA-01

<sup>10</sup> PS-05-MA-02

<sup>11</sup> PS-05-MA-03

<sup>12</sup> PS-05-MA-04

<sup>13</sup> PS-05-MA-05

<sup>14</sup> PS-05-MA-06

<sup>15</sup> PS-05-MA-07

<sup>16</sup> PS-05-MA-08

<sup>17</sup> PS-05-MA-09

<sup>18</sup> PS-05-MA-10

ability on job<sup>19</sup> and self-promotion (including personal hobbies developing).<sup>20</sup> This purpose is for promoting my un-replacement.<sup>21</sup> And I also think that I should not always have business trips to affect my health and family care.<sup>22</sup> I had five years experiences in a company that I kept travelling during these five years, overworking and ignored the parents' care and had health problems, therefore, I changed another job.<sup>23</sup>

3. On the side of enterprise, what kind of policy would you prefer, when you consider a transnational enterprise? (PS-06)

For the trans-national enterprises' policies and welfares that I care about and will consider is enterprise's policies.<sup>24</sup> It includes: the working/operation patterns between parent-subsidiary companies,<sup>25</sup> parent-subsidiary which one would be the central,<sup>26</sup> business management/operation strategy<sup>27</sup> and recruiting policies.<sup>28</sup> Above are what I think would affect to my working content and working patterns. For instance, if there are parent-subsidiary located in China and Taiwan, if the working division works and professional workers whose professional knowledge and abilities promote that will be efficient in every stage and smoothly.<sup>29</sup> On the part of recruiting, if enterprise starts to recruit Chinese workers to work in Taiwan that would influence Taiwanese workers' wage, welfare, working time, working attitude, employment opportunities and the like.<sup>30</sup> If enterprise hires non-Chinese language worker that would be a big challenge to us my language ability.<sup>31</sup>

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<sup>19</sup> PS-05-MA-11

<sup>20</sup> PS-05-MA-12

<sup>21</sup> PS-05-MA-13

<sup>22</sup> PS-05-MA-14

<sup>23</sup> PS-05-MA-15

<sup>24</sup> PS-06-MA-01

<sup>25</sup> PS-06-MA-02

<sup>26</sup> PS-06-MA-03

<sup>27</sup> PS-06-MA-04

<sup>28</sup> PS-06-MA-05

<sup>29</sup> PS-06-MA-06

<sup>30</sup> PS-06-MA-07

<sup>31</sup> PS-06-MA-08

4. Every country has been recruiting domestic and overseas talents. Does it affect your employment situation in Taiwan or even overseas? Does it present opportunities or challenges to you? (PS-07)

It's a challenge to me for countries from the world to recruit domestic and foreign talents.<sup>32</sup> I assume if Taiwanese recruit foreign workers whose wages are lower than Taiwanese, Taiwanese enterprises might prefer to choose cheaper workers. The most reasons would due to reduce produced and operational cost.<sup>33</sup> Unless Taiwanese enterprises recognize Taiwanese advantages to take care of Taiwanese workers' life and hire them.<sup>34</sup> The other side, if Taiwanese enterprises hire foreign workers who are from advanced, we still have less competition with them. We Taiwanese must pay a lot of efforts to catch up<sup>35</sup> and avoid to be replaced.<sup>36</sup> So we must work hard to promote our professional abilities and competition.<sup>37</sup> Besides, the most important is government's policy to protect and guarantee Taiwanese jobs and living opportunities.<sup>38</sup>

5. Compared with other enterprises, what are your advantages with regards to retention? (PL-01)

Comparing with other enterprises, my company has advantages are welfare,<sup>39</sup> wages,<sup>40</sup> bonus,<sup>41</sup> vacations (personal leaves and sick leaves with pay),<sup>42</sup> various training courses (professional knowledge and skills, language learning, other different type of books to borrow),<sup>43</sup> leagues activities<sup>44</sup> and other different resources to help employees to keep

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<sup>32</sup> PS-07-MA-01

<sup>33</sup> PS-07-MA-02

<sup>34</sup> PS-07-MA-03

<sup>35</sup> PS-07-MA-04

<sup>36</sup> PS-07-MA-05

<sup>37</sup> PS-07-MA-06

<sup>38</sup> PS-07-MA-07

<sup>39</sup> PL-01-MA-01

<sup>40</sup> PL-01-MA-02

<sup>41</sup> PL-01-MA-03

<sup>42</sup> PL-01-MA-04

<sup>43</sup> PL-01-MA-05

<sup>44</sup> PL-01-MA-06

learning and promoting themselves.<sup>45</sup> The other side is company's revenue profits and performance is growing every year,<sup>46</sup> and has prospective that is good for people who want to be stable on job and life.<sup>47</sup>

6. What are your company's policies compared with other companies' to avoid or decrease "brain drain"? (PL-02)

Besides the dispatch that is according to the general condition, such as, allowance, working pattern and the like.<sup>48</sup> I think the most incentive part to decrease brain drain is the bonus with a contract<sup>49</sup> that is an encouragement and also a guarantee to company to avoid turnover. They can't quit less in three years that calculate from signing the contract. Finally one is according to personal working performance to pay for annual bonus.<sup>50</sup>

7. In your opinion, does your company have advantages that would appeal to overseas professional talents? What are they? (PL-03)

In my opinion, the appealing advantages to foreign professional talents that includes: working in big enterprise and have experiences in there that helps for their next job opportunity.<sup>51</sup> My company have competed software and hardware equipment.<sup>52</sup> And on the aspect of welfare that is better than any other enterprises.<sup>53</sup> The final part is enterprise's perspective and stable growth that is another incentive advantage to foreign job seekers.<sup>54</sup>

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<sup>45</sup> PL-01-MA-07

<sup>46</sup> PL-01-MA-08

<sup>47</sup> PL-01-MA-09

<sup>48</sup> PL-02-MA-01

<sup>49</sup> PL-02-MA-03

<sup>50</sup> PL-02-MA-04

<sup>51</sup> PL-03-MA-01

<sup>52</sup> PL-03-MA-02

<sup>53</sup> PL-03-MA-03

<sup>54</sup> PL-03-MA-04



8. If being dispatched to work in China, how do you manage the family, health, career plan issues and so on, to be able to accept this job? Or does your company has any policies for you to solve or overcome these issues? (OB-03)

I've ever had healthy issues and career plan.<sup>55</sup> I wanted to study MBA degree, but I can't take care of both career and study, also the dispatch issue, overtime working and healthy issue that made me decide to quit.<sup>56</sup> My company tried to urge me to stay for taking six months of vacation, after that I can decide if I will be back or not?<sup>57</sup> But I thought dispatch is a trend, it would not change. If I come back to the original job, I still need to face the same issues. Eventually, I decided quitting this job to solve these issues.<sup>58</sup>

9. What are the issues that need to be solved urgently when you are dispatched to work in China? And what are the factors which will decide if you remain in the assignment or not? (OB-04)

I think that are many dispatch policies in China that needs to solve. These factors include: dispatch frequency,<sup>59</sup> working time when having business trip,<sup>60</sup> dispatch duration,<sup>61</sup> the location of dispatch and the surrounding,<sup>62</sup> life arrangement (food, clothing, housing, traffic and amusement) and the like. I think these factors will affect about recruiting. Also, I think that as employees' are getting older that will affect the energy about go- and- forth between Taiwan and China.<sup>63</sup> Five or six times a year for business trip that still is the range I can accept.<sup>64</sup> To me, the worst experience in China is I can't adapt Chinese food in China, I

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<sup>55</sup> OB-03-MA-01

<sup>56</sup> OB-03-MA-02

<sup>57</sup> OB-03-MA-03

<sup>58</sup> OB-03-MA-04

<sup>59</sup> OB-04-MA-01

<sup>60</sup> OB-04-MA-02

<sup>61</sup> OB-04-MA-03

<sup>62</sup> OB-04-MA-04

<sup>63</sup> OB-04-MA-05

<sup>64</sup> OB-04-MA-06

always prepared all food for every business trip.<sup>65</sup> To myself, health<sup>66</sup> and family care<sup>67</sup> that are the two most important factors to me for staying or leaving a job. If my health and family care can't both take care that would make me can't concentrate on working. I thought enterprise must have some other flexible policies to solve these problems.<sup>68</sup> And I also think that I am a girl, the security and safety are also the most important to me when I had business trip in China.<sup>69</sup>

10. As every country has been recruiting talents from around the world, are there any factors that influence your job selection? (OB-06)

Countries from the world have been recruiting excellent talents, if making an example for developing overseas that will have both positive and negative influences.<sup>70</sup> On the good side of me that is I have many years of professional design and have competed professional ability, knowledge and actual experience that is a good opportunity to working overseas.<sup>71</sup> I have more opportunities of looking for jobs that doesn't only domestic jobs, but also foreign jobs.<sup>72</sup> But if I want to try for non-Chinese language company working, language would be one of the baffles.<sup>73</sup> If opening the policies to welcoming Chinese work in Taiwan that the criterion of the cost of workers, working time, working environment and the like.<sup>74</sup> Taiwanese care a lot about the cost of working, the balancing of life and the like would be ignored, if hiring Chinese.<sup>75</sup> If Taiwanese enterprises recognize that our advantage and natures and consider about the overall situation and hire us that we will have advantages.<sup>76</sup>

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<sup>65</sup> OB-04-MA-07

<sup>66</sup> OB-04-MA-08

<sup>67</sup> OB-04-MA-09

<sup>68</sup> OB-04-MA-10

<sup>69</sup> OB-04-MA-11

<sup>70</sup> OB-06-MA-01

<sup>71</sup> OB-06-MA-02

<sup>72</sup> OB-06-MA-03

<sup>73</sup> OB-06-MA-04

<sup>74</sup> OB-06-MA-05

<sup>75</sup> OB-06-MA-06

<sup>76</sup> OB-06-MA-07

But I still think the most important is government's policy on this part and constrain enterprises keep moving their factories to China to promise Taiwanese employment guarantee.<sup>77</sup> Such as, to sign Economic Cooperation Framework Agreement (ECFA), the medium and small Taiwanese enterprises have impacts and further to impact Taiwanese workers' employment.<sup>78</sup> I still think government's policies and decisions that does decide our life and employment.<sup>79</sup>



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<sup>77</sup> OB-06-MA-08

<sup>78</sup> OB-06-MA-09

<sup>79</sup> OB-06-MA-10

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