

Taishang in China and Southeast Asia: Culture and Politics of Taiwanese Transnational Capital

Hsin-Huang Michael Hsiao *Academia Sinica*

This paper first traces the historical origin of Taishang (Taiwanese businesspeople) with its transnational character and offers a profile of the two major Taishang groups in both China and Southeast Asia.

Then, Taishang's mode of business culture and the ways to deal with business risks are discussed in China and Southeast Asia. Due to Taiwan's unique and vulnerable diplomatic situations, Taishang's internal culture of management, business networking and labor control are rather personalized and *guanxi* connection in nature. For the same reason, Taishang's external business – state relations are also much dependent and weak, especially so under the authoritarian rule in China. In China, Taishang associations are in no position to voice their demands autonomously. Some Taishang have turned themselves into China's hostages and even become "instrument" of China's "unified front work" to extend reverse political pressure on Taiwanese government on related cross-strait policies. Finally, this paper points to the possibility that under Taiwan's Democratic Progressive Party's new Southbound Policy since 2016, Taishang in Southeast Asia might receive more positive attention and policy boost to further their production and investment activities and even social and political involvements.

Keywords Taishang (Taiwanese Business), business culture, risk coping, business- state relations, China, Southeast Asia

I. Introduction

The term of "Taishang" (台商) literally means "Taiwanese businesspeople" or "Taiwanese merchant". But it is only used to refer to the Taiwanese business (merchant) outside Taiwan. The term has become popular after 2000 when Taiwanese overseas investment in China and Southeast Asia became evidently visible and even politically sensitive, though such transnational capital had already emerged in the early 1990s. In more than two decades, Taiwanese foreign direct investment (FDI) inflows have been rapidly increasing, especially in China and Southeast Asia.

By September 2014, Taishang has already invested more than

US\$ 2303.4 billion overseas within which China enjoyed the lion's share of 61.37% with the total of US\$ 1413.53 billion investments, just for the period of 1991-2014. Southeast Asia also accounted for as high as 36.31% with US\$ 836.32 billion in total, between 1952 and 2014. The remaining 2.32% of Taiwan's transnational investment or US\$ 53.55 billion has gone to the rest of the world market in the whole post-war era (Investment Commission, Ministry of Economic Affairs 2014; Department of Investment Services, Ministry of Economic Affairs 2014).

As for the total number of companies, there is no accurate government statistics, only the cases of approved investment cases are available. From the approved cases, one can estimate how many Taishang companies might be. In China now, it is estimated that about 50,000 Taiwanese companies actually do business there under the supervision of about 400,000 Taishang owners and their company managers (Taigan), while in Southeast Asia, at least another 10,000 Taishang companies managed by more than 250,000 Taishang and Taigan in there.

The sociological uniqueness about Taishang that can differentiate them from other ordinary transnational businesspeople lies in the fact they have to practice and do their business activities pretty much on their own without Taiwanese state's official and diplomatic protection, due to Taiwan's very special international position. Taiwan has no formal diplomatic relations in all countries in Southeast Asia, while the political situations between Taiwan and China has always been tense and conflictual. Not like any other country's direct foreign investment, Taishang has to run its business without direct political and diplomatic protection from the Taiwanese government. Taishang is more or less like Taiwan's transnational capital expansion without the government's back up.

China has long advocated the "one China principle" so as to claim its sovereignty over Taiwan. Taiwan, on the other hand, has never accepted China's one-sided and ungrounded policy and long insisted its national independence and political integrity. To do business under such political conflict between both states of Taiwan and China, is certainly quite difficult. How have Taishang owners managed to survive and even grow? How have they developed their production and labor management styles? How can they avoid the dilemma of being caught in between? And how can they really endure the authoritarian political rule of China? Have they ever

dared to speak their minds on behalf of their own Taiwanese government to Beijing, or they simply subordinated to act like China's "political middle men" to reversely influence Taiwanese public and government? Clearly, China's Taishang is indeed a complex and unique businessmen group in the world of capitalism.

Though Taiwan has no diplomatic relations with Southeast Asian countries, Taiwan has, however, established its many semi-official representative offices there to act as *de facto* embassies. Taiwan is also in no way under the political pressure in any of the host countries in Southeast Asia to accept China's "one China principle" in order for Taishang to do business there. Southeast Asia's Taishang, in comparison with its counterpart in China, has experienced less sensitive and complicated situations. They are generally not pressured to take political stand between Taiwan and China. However, in terms of production networks and relations as well as labor control, Taishang in Southeast Asia has also created and developed its own special system, unlike their past practices back in Taiwan.

Under the above two rather different and extraordinary political contexts, the ways Taishang in China and Southeast Asia have managed their business and coped with their explicit and implicit political risks are thus of great interest to investigate. It is, therefore, of no surprise to detect the different modes of culture and politics adopted by Taishang in managing business in China and Southeast Asia, respectively.

II. Mode of Business Culture

Concerning Taishang's business practice and managerial styles, available evidence has demonstrated the following major features in both Southeast Asia and China.

As known publicly, the most important reason for some companies to move abroad was the need to secure cheap labor followed by low cost of land and relaxed environmental regulations. Once Taishang moved to Southeast Asia, the first strategy to take was then to persuade suppliers in the same production network in Taiwan to move to the same region so as to allow them to remain competitive (Jou and Chen, 2002). The seemingly

new production networks have, in fact, been transplanted directly from the original production networks in Taiwan. A sort of “enclave network” was established among Taishang, perpetuating the past business experiences and reinforcing Taiwanese managerial cultural affinity. However, this group of new Taishang rarely cooperated with indigenous/local Southeast Asian business to form any integrative production network, nor did they work with those old local ethnic Chinese capitals (老華商). So it is the new kind of “Taiwanese-ness” that has built Taishang business network in Southeast Asia, not the conventionally believed “Chineseness”. Such “Taiwan connection” has been also observed among Taishang in China.

The second unique feature of Taishang production relations has been to utilize the local ethnic Chinese individuals and their relatives, friends, or customers to help Taishang mediate their initial investment, handle official documents, deal with local bureaucracy, and even manage the company and local labors. So a rather different kind of “ethnic mobilization” was employed by Taishang in that local ethnic Chinese professional-managerial class rather than ethnic Chinese business was, therefore, effectively mobilized.

The third distinct characteristics of Taishang’s labor management has been its authoritarian labor control practices. Taishang in Southeast Asia even preferred to hire cross-border migrant workers who were more subordinated to coercive discipline means (cf. Hsiao, Kung and Wang 2010). For the same reason, China’s Taishang also took effective ways to hire sizable rural migrant workers from other inland provinces of China. In both cases, there has long been a clear class and ethnic cleavage between Taishang managers and their local labors. But in recent years, Taishang are observed to recruit increasing numbers of local Chinese and Southeast Asian managerial class to be the middle men in order to “control” and “manage” the workers.

The fourth feature of Taishang in both China and Southeast Asia lies in its resulting enlargement of scale of operations so as to continue to accumulate capital. If sustained and prosperous, there emerged a new breed of Taiwanese large business groups that actually created and grew outside Taiwan. To exit is not only to prolong the business or to survive the competitiveness struggles in Taiwan, but also to enlarge and expand the business overseas. This is different from the situation of the Western

or Japanese overseas investment, which is the direct result of the well-established multinational corporations in their home countries (Jou and Chen, 2002; Hsiao, Kung, and Wang, 2010).

To characterize the most important and unique nature of Taishang's mode of business practice and managerial culture in China and Southeast Asia, one has to pay special attention to its mobilization of "Taiwanese connection" of production and commercial networks instead of what may be conventionally believed "Chinese connection". From the case studies conducted in Malaysia, Indonesia, Thailand and Vietnam (Chen, Jou, and Hsiao, 2004; 2008), on the one hand, and in China (Chen and Ku, 2004), on the other, Taishang's mode of business culture has challenged the "Chinese cultural essentialism" or "Chinese capitalist culturalism" argued by Redding (1993) and Fukuyama (1995). Instead, it is the Taiwanese identity and organizational networks as well economic rationality that have been practiced and functioned for the establishment, adjustment, and expansion of Taiwanese business in Southeast Asia (cf. Gomes and Hsiao, 2004).

The notion of economic rationality rather than cultural "Chineseness" that has driven Taishang business networks in China and Southeast Asia can be better understood as the organizational imperatives that determined the way they make decisions and develop their enterprises. Specifically, these networks depend on organizational imperatives and function as supply chains and subcontracting ties of mutual benefit to all parties involved in the production line of a particular merchandise. Existing production connection and cooperative experiences brought together by larger firms of other small and medium enterprises (SMEs) in Taiwan have served to be the rational foundation. That means a common Chinese cultural identity cannot account for the creation for Taishang in China and Southeast Asia.

The Taishang production networks also changed over time as the larger-scale enterprises always seek out new business opportunities and the matching partners in the host country, out of organizational imperatives of profit and enlargement.

Particularly in China where authoritarian communist rule is prevalent, there is no way that Taishang can easily and confidently establish necessary organizational trust with any local Chinese business. Politics in command is the name of the game in China, and without proper protection from Taiwanese government, many Taishang would rather not to be co-investors

or joint ventures in their operation. As a matter of fact, in many years of the past, there were often heard stories of cheating and betrayal by Taishang's local Chinese business partners and their local party-state forces and that even forced sizable Taishang to drop their business and returned back to Taiwan empty pockets. In Communist China, Chinese culture does not protect Taishang, rather it often time may even mislead them to the despair out of blind trust of the common cultural bond. Such distinctly Taiwanese production networks in China certainly has made more duplication of Taishang networks than embeddedness in local networks (Chen and Ku, 2004).

Under such Taiwanese networks, many Taishang have developed several concentrated clusters in firm settlements over the years. The most notable locations and areas included first Pearl River Delta with Dongguan City as Taishang's investment and production center in the early 1990s, later the Yangtze River Delta with Shanghai metropolitan area and soon Kunshan to serve the rising centers for Taishang in the late 1990s and early 2000s. Such concentrated Taishang locations and their little to no contact with the local communities and social fabrics was even characterized as "fortress in the air" (Chen, 2012). The composition of Taishang industries also changed over time and locations from labor-intensive manufactures to new high-tech industries (Schubert, Lin and Tseng, 2016).

Taishang's economic position in China has become more and more competitive and difficult in facing the harsh economic environment with increasing labor and capital costs, stricter regulations on environmental protection and tax obligations, unfair competition from those better politically connected and protected Chinese business, and China's new policy line to do away with labor intensive manufacturing industries in those Taishang concentrated areas such as Pearl River Delta. In comparison, Southeast Asian Taishang, though also shared some of the above similar economic challenges to diversify and upgrade their production and investment and reform their labor and environmental practices, somehow felt less pressures from the local political controls. But, during the anti-China demonstration in Vietnam on May 13, 2014 (known as the 513 incident), Taishang, unfortunately, became a target of the mobs, as the demonstrators either confused them with the Chinese state-owned enterprises (SOEs) or deliberately took them as scapegoats (Yang and Hsiao, 2016). This was another unforeseeable uncertainty risk facing Taishang in Southeast Asia.

III. Mode of Risk-coping

In China, political risks facing Taishang can be conceptualized in both macro and micro perspectives. The existence or absence of macro political risks can refer to how China market is being perceived in the international economic systems. To some countries and their business circles, the rise of China means an “emerging opportunity” for them to get associated with and even try to benefit from such association and engagement. To others, however, China’s rise may present to be an “emerging threat” in both economic and political terms and they become very cautious and guarded about any China connection. It can logically predict to observe more business contacts with and direct investment in China when China is being seen as an “economic profit-making market” to make profit from. On the other hand, if China is being witnessed as a “political threat-generating system”, any direct business contact will be conducted with great caution and concerns (Hsiao, 2014).

To Taishang, China has long been conceived to be sources of both opportunities and risks since 1990s. It was especially true to those small and medium Taishang when they made decision to move into China market. Under the above contrasting “opportunity vs. threat” macro perspectives, the businessmen from Taiwan have been conducted their business with extreme caution and skills.

Another macro perspective on the sources of political risks facing businessmen in China lies in its very nature of centralized-communist-authoritarian political control over economic and business affairs. Such nature appears to be unpredictable and non-transparent and to all foreign business in China. It is the primary source of political risks for doing business. Taishang have definitely sensed such authoritarian political systems under which they need to cope with, and that certainly has made them uncomfortable and sometimes stressful in doing business in China. To them, China’s communist authoritarian rule reminded them of their past encounter with the authoritarian KMT regime back in Taiwan in the past. So, put their heads down as well as keeping their mouths shut is seen to be the vital survival and ritualistic game. But the fear and worry about the “big brother watching” and China’s united front warfare targeting at them can anytime intrude into their business practices.

The first micro source of political risks facing foreign business in China should be its somehow unregulated bureaucratic-administration-legal environments and their many incomprehensible and unaccountable regulations or practices. To large Taishang, these issues such as customs, tax action and workers' social insurances regulation probably can be more easily resolved by their corporate personnel staff. So they may not appear to be much a problem to the big businessmen. But to small and medium Taishang, bureaucratic red tapes and local government charges and levies could cause much big troubles to their business survival. So in this regard, size of business matters more.

The second micro sources of possible and inherent political risks come from the managerial issues such as labor disputes, environmental regulations and community relations. The various magnitudes of these risks can vary from one locality to the other. And they can also be caused by special and accidental conditions or events, though in some cases, such risks could also be derived from the above macro political context. A case study of a large scale wildcat strike in a big footwear Taishang factory in Pearl River Delta clearly illustrated the complexity involved in the management-labor conflict under the authoritarian communist political system (Chen, 2015). In this strike case, what is striking is not what the Taishang in question has done wrong in labor benefit management, but how the Chinese local government and central government reacted to and even took advantage of the incident through differential ways of control and negotiation to fulfill their own political needs. This case also highlights the changing nature of political vulnerability experienced by Taishang when the local security and police forces did not respond to management's request to shut down the involved social media which had effectively mobilized the workers' networks involving the strike. The government's security and police chose not to take direct action at the early phase to control the workers' mobilization networks was politically motivated to let the strike go wild so as to highlight the importance of stability maintaining and national security.

The last micro level political risk issue has something to do with so called "guanxi politics" such as the calculated cultivation of interpersonal connection with the central and local government officials in China, as already analyzed above.

It is demonstrated that what troubles Taishang in China the most has been the uncertainty of how various laws and regulations to be interpreted and implemented and nobody is sure about its continuity and stability. That includes uncertainty of related laws requirements of customs, taxation, social insurance funds, and labor management. Not only that, Taishang have to pay variety of fees that would require them to pay to local governments. As Chen has discovered that include various fees required by related local government agencies on social security, labor affairs, firefighting, environmental protection, public safety, land use, sanitation, and embankment maintenance (Chen, 2014). Even worse, what and how to pay these fees could be arbitrarily determined, depending on the personal connections between Taishang and local officials. As well noted, cultivating personal relations with various levels of government officials deemed to be the most effective strategy of Taishang to face and to cope with many non-economic risks in China.

In China, personal “guanxi” of Taishang with local governmental officials acting as patrons, usually even worked in the context of rent-seeking and patronage, so as to provide Taishang with inside market information, preferential treatment of tax payments and administrative fees. In return, Taishang would offer extra-budgetary payments to the local government officials as bribes. Such patron-client relationship is certainly beyond the cultural, ethnic and linguistic affinity. It is virtually political (Wu, 2001).

IV. Mode of Business-State Politics

Without the proper and effective legal protections provided by the Taiwan government in many of the host countries, Taishang’s political position has been rather vulnerable. They have to find out their own “personal” and “back door” strategies to either “enhance” or “defend” their business interest and sometimes even their own personal safety. Political risks faced by China’s Taishang are more severe and dramatic. Taishang has to develop a localized, and even personalized, partnership with different levels of governmental bureaucrats in order to safely engage in business practice. The small and medium Taishang usually dealt with the lower level of local city-county government officials, while the larger Taishang would go to

the higher central government leaders to seek political patronage. Such unique “political connection” between Taishang and individual officials is something many other foreign multinationals cannot develop, and it was “gift exchange” and “guanxi building” in nature (Hsing, 1998).

It was further discovered that Taishang was regarded as an asset to the local political economy and even a resource for particular local governmental officials’ “personal fortunes” (Lee, 2012). Moreover, the smaller Taishang has become less privileged in the eyes of local government officials and more vulnerable in facing the unexpected political risks. As expected, though Taishang has organized their own “Taishang Associations” at different levels and in many localities in China, these associations are in fact weak in organizational effectiveness and quite restricted in all aspects in dealing with business-government relations under the present China’s authoritarian political rule (Lin and Keng, 2012). To a great extent, most Taishang Associations are even under the political surveillance and control of a special China’s government agency – Taiwan Affairs Office at all levels. In no way, those Taishang Associations can function like autonomous civil society organizations to protect Taishang’s business interest and legal rights.

Under that imbalanced power relations, Taishang in China can really not be called a free agent to act independently for their own free political will. It may be true also for all foreign businessmen to experience the similar sense of political powerlessness. But they do not have to endure the constant political pressure from the Beijing regime and even local government officials to express publicly their pro-unification stand. Other than that politically correct position, Taishang can in no way reveal any other options of what they think about cross-strait relations and ultimate option as citizens of Taiwan. And that makes them a very special kind of foreign business group in China in contrast with other business expatriates. Under that situation, the possible role Taishang can really play in facilitating or bridging the Taiwan-China relations is apparently quite limited and even partially. Truly, Taishang as being called by some observers to be a significant “linkage community” across the strait (Schubert, 2012) have turned out to be much one-sided and their function to “facilitate mutual understanding and rapprochement” has been concealed. As already mentioned above, no Taiwanese Association can really influence local government policy making in any meaningful way, nor develop into any

sufficient collective agency to safeguard or promote Taiwan interests. But, on the contrary, they may tend to do what is told to mobilize Taishang to return to Taiwan and vote for “pro-China” KMT candidates (Schubert, Lin and Tseng, 2016).

Their “opportunism” or acting as China’s political hostages have generated much publicized controversy and wider public suspicion. Though some observed try to understand Taishang’s political role in the cross-strait relations as someone caught in between the two rival states across Taiwan Strait and therefore their ambivalence and awkwardness should be tolerated. Over the years between 2008 and 2016, Taishang’s overall public image and social reputation have been severely damaged exactly for their such self-interest nature. Unfortunately, the criticism has been always targeted at those Taishang who openly spoke in favor of KMT’s pro-China political stand. The reasons behind those outspoken pro-China Taishang who dared to do so were that they would be rewarded by the Beijing government for further special treatments in China and that they knew they would not be punished by Taiwan government under the protection of freedom of speech on public policy.

Though it is commonly believed the division of political stand among Taishang in China between pro-KMT /pro-China, on the one hand, and pro-DPP /pro-Taiwan, on the other, might be half and half, but no one from the pro-DPP /Taiwan camp dared to speak out openly either in China or in Taiwan for the very fear that they would certainly be retaliated and punished by Beijing.

Of course, one should also be cautious about the internal fragmentation of Taishang in that the ordinary small-medium business could act very differently from those powerful and well connected tycoons. All in all, the ordinary SME Taishang are politically weak in both sides of Taiwan strait and they are, therefore, incapable of shaping any agenda in Taiwan. On the contrary, among the tycoons Taishang, they tended to be more politically significant as they would take advantage of the current imbalanced cross-strait political dynamics to act more as China’s political agent and lobbyist than as Taiwan’s advocate. They have known this all along as, by having done so, they could have more to gain in China and little to lose in Taiwan.

Given the above political analysis, some still consider Taishang’s experiences in China could broaden “the mental horizon of Taiwanese and

enhance mutual comprehension” and even “affect the identity discourse to foster incentives for further Cross-Strait integration, if a new Greater China identity is construed” (Schubert, 2012). To a less extent, Taishang is always considered to be an “electoral factor” from outside in Taiwan’s major domestic elections, though as observed above, they might virtually vote in a splitting fashion on the DPP-KMT divide.

Moreover, it is also found that Taiwan’s major business associations like Chinese federation of Industries (CNFI), General Chamber of Commerce of ROC (ROCCOC), and Chinese National Association of Industry and Commerce (CNAIC) have been the lobbying organs on behalf of Taishang in China. Pretty high percentage of the companies represented by the above business associations have invested business in China (Schubert, 2016a). Therefore, the big and powerful Taishang can really act like an influential interest group to affect Taiwan’s policy toward China. Taishang has enjoyed little legitimacy or collective trust among those who reject continuous economic integration across the Taiwan Strait, for that could lead to Taiwan to fall into the “China orbit” and become prey to political blackmail. Taishang is believed to stand far apart from the mainstream society in Taiwan and the social cause of the rise of “Sunflower Movement” (Schubert, 2016b) To the movement advocates, those self-interested tycoons who made big fortunes in China by developing political patron-clientelism relations with the Beijing regime, have not been acting to defend Taiwan’s national interests and national dignity.

As argued by Wu (2016), Beijing government has used its united front work to include many big Taishang as its political agents and so as to exert reserve political impact on Taiwanese government on related cross-strait policies. Through PRC regime-Taishang connection such as formal forums, semi-institutionalized organizations, and private clubs, Beijing regime could keep close links with tycoons Taishang by offering them privileges and special treatments they need in exchange for their loyalty and “declarative stands”.

V. Mode of State strategy

As one of the earlier foreign investment to both China and Southeast Asia,

Taishang has indeed made great contributions to the host economies. Taishang was particularly an important factor in China's economic rise in the past three decades by having provided much needed capital investment and management skills. It will not be an overstatement to assert that without Taishang's presence in China's economic growth, China could not have made thus far and fast.

In Southeast Asia, Taishang has even made the following concrete contributions. It has helped increase GDP of many host countries and narrow the growth gap among them. The active presence of Taishang networks in the region has facilitated the global-regional-local nexus of production chain, especially in textiles, ICT, and electronics manufacturing. Taishang also promoted bilateral trade between Taiwan and Southeast Asian countries, opening up the international markets in the region. More than millions of job opportunities for local people were created by Taishang. In contrast to Taishang's political role in China, Southeast Asian Taishang has somehow facilitated what Taiwan needed "positive" political interconnectedness between Taiwan and Southeast Asian states. For example, the economic corridor between Taiwan and the Philippines and the Taiwan Industrial Park in Hanoi are showcases of the positive relationships of the governments of Taiwan and the respective countries. Economic projects are maneuvered as the only effective means by Taiwan to engage Southeast Asia under the political constraint of "One China Policy" partially hard pushed by China (Yang and Hsiao, 2016).

The trends of growth and movement of Taishang to China and Southeast Asia has dialectic dynamics. As the investment amount and intensity of Taishang in the unfriendly China increased and the political economic dependence of Taiwan on PRC worsened, Taiwanese government launched the first wave Southbound Policy in 1994 by then President Lee Teng-hui, to counterbalance and neutralize the "magnet effect" of the prevailing Westbound action by the business interests, by encouraging Taishang to shift their investment interest to Southeast Asian markets.

Then in 2003, under the presidency of Chen Shui-bian, another wave of Southbound Policy was advanced. The policy purpose remained the same in that to diversify Taiwanese transnational investment and to avoid the political consequence of the overinvestment to China. Under the two Southbound Policies, some Taiwanese SOEs were even persuaded or

pushed to seek investment projects in the region. The notable cases were Taiwan Salt Corporation and Taiwan's CPC (China Petroleum Corporation) in Indonesia, and Taiwan Sugar Company in Vietnam.

Presently, with the third wave and New Southbound Policy just advanced by the new DPP government under President Tsai Ing-wen since May 2016, Taiwan is expected to develop further and more comprehensive relations with Southeast Asian countries. As the new policy goes, Taishang could even receive more direct and progressive policy boost from the Taiwanese state to further their production and investment activities in Southeast Asia.

Though it is true that Taiwanese transnational capital to China and Southeast Asia has been mostly initiated by the capitalist interests in Taiwan, the Taishang movement to Southeast Asia had an extra policy consideration in the background since 1994. The two capital movements of both "Westbound" to China and "Southbound" to Southeast Asia have had quite different political and strategic implications from Taiwan's national security considerations. To go West or go South for Taiwanese investment has also reflected the conflicting political ideology that dictated Taiwan-China relations.

For pro-China KMT's Ma Ying-jeou government between 2008-2016, "go West" was its preoccupied choice as it has upheld an eventual unification ideology, and economic integration was considered to be the prerequisite. For distancing-China KMT's Lee Teng-hui, DPP's Chen Shui-bian and Tsai Ing-wen governments, "go South" was their primary preference as they believed in Taiwan's eventual national independence, and overdependence of Taiwan on China economically could lead to uncontrolled political ramifications.

VI. Conclude Remark

As demonstrated in this paper, Taishang as a Taiwanese transnational capital in Southeast Asia and China emerged in the 1980s and became visible since 1990s. Since it has become a significant economic and political actor in both regions, more and more studies were conducted and accumulated. This paper aims to offer a critical assessment of the business culture, coping strategies to multi-levels of risks, business-state relations,

and the differential strategies taken by Taiwan state.

In both Southeast Asia and China, Taishang has developed a unique business culture of production and management that is Taiwanese-centered rather than Chinese-oriented in nature. Such Taishang mode of business culture also challenged the conventional wisdom of Chinese cultural essentialism. Economic rationalism and survival strategic consideration are, after all, the most essential foundation of what and how Taishang conducted their business operation oversea.

Without effective diplomatic and political backup and protection, Taishang in Southeast Asia and China relied on their own personalized tactics by means of “guanxi” connection and networks to coping with all sorts of political, legal and administrative risks. It is of special true in authoritarian communist China that Taishang’s weak status has made them vulnerable to face the political and administrative interference from the central and local government officials. In some cases, Taishang has turned themselves into China’s hostages. In no way, Taishang can really act as a free political agent to be able to express their political will and opinions. Some tycoons Taishang have even become the “instrument” of Beijing government’s “united front work” to extend reserve political pressure on Taiwanese government back home on related cross-strait policies. In return, China usually offered them privileges and special treatments they need.

To Taiwanese government’s strategical consideration, Taishang was figured to be an agent to act on behalf of Taiwan’s interest in both China and Southeast Asia for capital and trade extension and even social and political linkages. As already presented in the paper, Taishang has been acting quite differently in Southeast Asia and China. In Southeast Asia, Taishang’s economic role has been positive, while its social and political position has been rather ambivalent. Taishang in China experienced declining economic standing over the years, their social role was always mixed, while politically they have always been vulnerable vis-à-vis China’s regime. As stated above, some big Taishang have been attacked severely by the Taiwanese civil society for their self-interest and total failure to defend Taiwan’s national interests in China.

The relative position of Taishang in Southeast Asia and China in Taiwanese government’s foreign policies also reflected the changing shift on priority of “Southbound” vs. “Westbound” strategies. Under the

New Southbound Policy advanced by the new Democratic Progressive Party administration led by President Tsai Ing-wen, Taishang in Southeast Asia might receive more positive attention and policy boost to further their production and investment activities and even social and political involvements.

Submitted: September 22, 2017 | Revised: December 18, 2017 | Accepted: February 6, 2018

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