

**Management Problems in Japan-Taiwan Joint Ventures
in Taiwan: An Analysis of Qualitative Data**

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Management Problems in Japan-Taiwan Joint Ventures in Taiwan: An Analysis of Qualitative Data

The purpose of this study is to clarify management problems in Japan-Taiwan joint ventures. Data for this study was gathered using a questionnaire. Valid returns were obtained from 24 companies, of which three quarters were in the manufacturing sector.

The survey results indicated many factors which influence how effectively Japan-Taiwan joint ventures can operate. For example, the macro environment, differences in working philosophies between Japan and Taiwan, and interactions with the Japanese parent companies and Taiwanese partners. Suggestions from this study include improving cooperation with Japanese parent companies and the importance of implementing effective management localization in Taiwan.

Key words:

Japanese parent companies, Japan-Taiwan joint ventures, qualitative data, Taiwanese partners.

1 Introduction

The 21st century is called the “Century of China”, or “Pax Sinica”. People who live in developed countries like Japan cannot pass their daily lives without using imported goods from China (Shu 2003). In recent years, Taiwanese enterprises have increasingly begun to participate actively in the Chinese economy.

This study focuses on Japanese joint ventures with Taiwanese partners in Taiwan. The purpose of this research is to make clear the management problems in Japan-Taiwan joint ventures (subsequently abbreviated as JTJVs), and give suggestions to help overcome these problems. Moreover, the results from this study will be useful for research not only relating to Japanese companies cooperating with Taiwanese partners, but also Japanese companies cooperating with Chinese partners in the Chinese economic area.

At the present time, more than one thousand Japanese affiliated companies have been established in Taiwan. Some of these companies are JTJVs that cooperate with Taiwanese partners. The reason for this high number is largely because Japanese companies find it comparatively easy to find Taiwanese partners who understand the Japanese language and have some knowledge of the economic and cultural conditions in Japan (Nishihara 1999). However, some JTJVs suffer from significant management problems. In addition, many companies have not realized the performance they expected. This has led to a small number of JTJVs actually withdrawing from the Taiwanese market completely (Liu 2001).

A major factor in management problems in JTJVs is the sudden and very frequent changing of the macro environment in Taiwan. The way companies work in the modern world is changing. Companies such as those promoting automation and information network technology are having an enormous impact in changing the working environment and job content for all workers in Taiwan. Japanese overseas affiliated companies, which include Taiwan and other Asian countries, have not managed to solve their own management problems over the last few decades (Hayashi 1994). In clarifying these problems in JTJVs, this study should take into

account the micro environment within these companies. Furthermore, JTJVs are often just a part of larger international joint ventures. Therefore, this study must also consider the management systems of their parent companies.

2 Literature Review

2.1 Management environmental factors

One of the major factors which has influenced problems in JTJVs is the management environment within the companies themselves. The importance of this environment is introduced in the “Management System Model”, which is a field of international business and comparative management (Ishida 1985, Chen 1998).

This study focuses on international joint ventures that are established by Japanese parent companies cooperating with Taiwanese parent companies or partners in Taiwan. So, partially modifying the Management System Model introduced above, this study adds a new category called “parent companies and local management partners”. The factors relating to the management environment in this study are categorized as follows:

1) The macro environment, which includes all external factors that cannot be controlled by the company. For example, the political and economic state of the country, the culture and society, legal regulations, and other factors which relate to stake-holders in the company and their groups.

2) Parent companies and management partners.

3) The micro environment, which includes factors in an organization's immediate area of operations that affect its performance and decision making freedom. For example, the attributes of the JTJVs, the managerial resources of these companies, and management or organizational strategies which relate to these companies.

According to the Management System Model, management principles, strategies, and operations are all influenced by environmental factors. This study

surveys any existing statistical data or literature which relate to the factors which affect the management environment in JTJVs in Taiwan.

2.2 Macro environment

The history of Japanese companies emerging in Taiwan originates from the Japanese colonial era. These companies were set up on the basis of being “joint ventures”, which is when two or more existing businesses agree to co-operate and combine their resources with a view to making a profit (Takahashi 1937, Zhang 1985).

After World War II, foreign direct investment of Japanese companies took advantage of the fact that the Taiwanese government established “export processing zones”. These were areas where trade barriers were eliminated with the aim of stimulating foreign investment. An export processing zone was located in the southern part of Taiwan after the middle of the 1960s. Foreign direct investment of Japanese companies into Taiwan rapidly increased in the beginning of the 1970s (Suzuki 1994b, Ishida 2004). The year 1972 is referred to as “The first year for foreign direct investment by Japanese companies”. In those years, the trend for Japanese companies establishing joint ventures in Taiwan and cooperating with Taiwanese partners became more and more frequent (Ueno 1990).

The boom in Japanese companies emerging in overseas markets occurred after the Plaza Agreement in 1985. Therefore, 1986, the year after the Plaza Agreement, is referred to as “The first year for global management of Japanese multinational companies” (Ikemoto *et al.* 1990, Ito 1997, Yoshihara 1997). However, after the end of the 1980s, labour costs rapidly increased in Taiwan. Foreign direct investment in manufacturing, such as cheap, labour-intensive industries, shifted from Asia’s NIEs to the ASEAN countries and mainland China (Horaguchi 2002, Shiraki 2005, Liu 1997).

Moreover, the Japanese bubble economy collapsed in the 1990s. This resulted in a decrease in the growth rate of foreign direct investment into Taiwan from

Japanese companies. Furthermore, direct investment of Taiwanese companies in mainland China rapidly increased. At that time, a very popular topic of discussion was the social problems in Taiwan caused by its de-industrialization (Keidanren 2002).

Around the 2000s economic growth in Taiwan became stagnant. Rates of unemployment became worst. In contrast, mainland China had grown rapidly as the world's manufacturing centre. After the millennium, mainland China and Taiwan joined a WTO agreement. At the same time, the ASEAN countries positively promoted Free Trade Agreements and Economic Partner Agreements with other countries, such as mainland China, the EU, South Korea and others (Ministry of Economy, Trade and Industry 2011).

Since 2008, the present government has become concerned over the lack of a truly borderless economy in Taiwan. Moreover, the government would like to get rid of any political tensions between China and Taiwan. Taking advantage of a common point of culture and language, the present Taiwanese government is eager to promote the Economic Cooperation Framework Agreement (ECFA) with mainland China.

The macro environment in Taiwan has been mentioned above. Of the newly industrialized countries, Taiwan has one of the biggest changeable macro environments. Despite this, for most Japanese manufacturing companies the purpose of forming partnerships in Taiwan is to utilize its labour power and human resources. However, in the last two decades the cost of labour has risen with economic growth. Because of this, JTJVs are likely to have large management problems, which are related to these macro environmental changes, in the years to come.

In addition to the problems mentioned above, local areas in Taiwan might impose restrictions on Japanese companies. These may include requiring a raise up for local industries, recruiting local employees, transferring technology to Taiwan, respecting the local culture, social customs, protecting the environment, and transferring management resources to Taiwan (Ogawa and Takahashi 1992, Interchange

Association, Japan 1994, Institute of Developing Economies 1991) . These may provide formidable challenges for JTJVs in the future.

2.3 Management problems related to the parent companies and Taiwanese partners

According to previous research into international joint ventures, management resource support from parent companies is vitally important for maintaining their competitiveness in emerging countries and areas (Gerlach 1991, Lewis 1993). Even though they are independent from their parent companies, through cooperation, international joint ventures can gain a larger bargaining power for the acquisition of resources. International joint ventures can also obtain a competitive advantage because they have a more global point of view (Steensma and Lyles 2000). Despite these advantages, the following paragraphs focus on management problems in JTJVs which have been previously reported in the literature.

A worrying issue for joint ventures occurs when the parent company has different purposes and expectations to their partner's. This is especially the case for international joint ventures, because the two companies come from two different countries. They do not, therefore, share the same cultural background, and so are more likely to have differing views relating to, for example, the drive for profit, the motivation to work hard, or the appreciation of quality (Harrigan 1987, Collins and Doorley III 1993).

At the beginning of their business relationship, both of the participating companies should make sure that they agree on the purpose and profit for establishing the international joint venture with each other. However, sometimes conflicts occur between parent companies. In short, research has indicated that the management of international joint ventures is not so easy (Muramatsu 1991, Takeda and Shimada 1994, Killing 1983, Geringer and Hebert 1991, Reece 1998). Some of the anxiety issues in JTJVs arise because of the perceived existence of a managerial gap

between the Japanese parent companies and their Taiwanese partners. Between the two countries there are big differences in management principles, philosophies, business practices, and business customs. Furthermore, problems can arise because of Japanese parent companies withdrawing their investment from the joint ventures (Ichimura 1992).

Typical characteristics of company management in the Chinese economic area, including Taiwan, are as follows: They tend to follow a hereditary system, where blood relationships are of great importance (Cheng 1998). One disadvantage of this is that other, more able, employees cannot get promoted, and end up leaving to find employment elsewhere (Ogawa and Takahashi 1992, Japan Academy of Small Business Studies 1994). Another reason for Chinese management problems is that they tend to be ambiguous. They also often confuse investing in a company to make a short term profit with managing a company for long term gain.

Japanese and Chinese people, including Taiwanese, are from the same ethnic background and use the same Chinese characters for writing. However, they are very different in their philosophy of life and sense of value (Ishida 1985). Regarding Chinese partners, some studies have indicated that they still have an old-fashioned, conservative sense of management. They also tend to avoid long term investment risk, and sometimes lack in business morals (Ichimura 1992, Ogawa and Takahashi 1992, JASBS 1994). Furthermore, another study indicated that Chinese management of companies tended to be weak and unstable (Ichimura 1992).

Some management problems in JTJVs might be related to the support system used by Japanese parent companies. For example, Japanese parent companies send out expatriates and these people might be unsuitable to communicate with the companies in Taiwan. Furthermore, the number of overseas businesses linked to Japanese companies has grown rapidly in recent years, and so the supply of expatriates from Japanese companies is in shortage. Moreover, expatriates from Japanese companies might require a greater knowledge than before, because of the

extra demands of internationalization (Ishida 1985, Imanishi 1990). Therefore, this study proposes that Japanese affiliated companies overseas feel that their Japanese parent companies are not doing enough in terms of human resource support. Also, Japanese expatriates are seen to not have a sufficiently long period for their expatriation. They are not able, therefore, to adjust to the local and cross-cultural environment before having to return to Japan (Nagai 1999, Black *et al.* 1991, Zeira and Banai 1987, Ashamalla and Crocitto 1997).

On the other hand, management problems in JTJVs are also related to not supporting the management resources of the Taiwanese partners. In newly industrialized counties it is not easy to investigate business information and the financial status of local companies and partners (Ogawa and Takahashi 1992, ASEAN Center 1990). Therefore, Japanese companies might have found it difficult to select good Taiwanese business partners in those years of industrialization (Ichimura 1992, Hori 2000). As a result, research has indicated that some Japanese parent companies have been suspicious about the management abilities of their local partners. This study aimed to find management problems in JTJVs relating to the support systems used by the parent companies.

2.4 Management problems in JTJVs in terms of their organization

Many of the management problems in Japanese companies emerging in Asia relate to local managers and employees. For example, some research has shown that they can lack a feeling of belonging and loyalty for their companies, and that this can lead to frequent job-hopping (Ishida 1999, Nishihara 2005, Ichimura 1990). These management problems have taken place commonly in newly industrialized countries (Ishida 1985, Ishida 1999, Ueno 1990, JOEA 1994). Japanese affiliated companies have not been able to effectively carry out management localization in these areas. This study stresses that management problems in Japanese affiliated companies occur because localization of a manager class has been inadequate, and insufficient to

generate empowerment in their organizations (Imanishi 1990, Yoshihara 1997).

If management localization is not effectively implemented in affiliated companies overseas, Japanese expatriates have to take a leading role in managing these companies (Shiraki 1999). Management in overseas locations, which are often very different culturally and environmentally, is a big burden for these Japanese expatriates. Furthermore, having a foreign manager come to direct the business often leads to a decline in the job morale of the local managers and staff. This, in turn, results in them having a lack of loyalty for their companies.

A better strategy is to employ able local managers and employees who do not leave their jobs and who are more motivated to work for their companies. However, Japanese affiliated companies have so far found it difficult to implement effective management localization.

Following the borderless economy, overseas subsidiaries, including JTJVs, are playing an increasingly important role. Making clear problems related to human resource management in overseas Japanese companies and finding out solutions to these management problems is urgent.

3 Methodology

In order to find suitable companies as samples for this study, two books which listed Japanese affiliated companies overseas were referred to (Toyo Keizai Shinpo 2006, Nikkyo Tsushin 2004). In total 1,204 companies were mentioned. This study selected only those JTJVs which have Japanese parent companies and Taiwanese parent companies or partners. Moreover, this study made sure that the respondents to these questionnaires were from senior Japanese managers of these companies.

When considering how to make a suitable questionnaire, a number of factors were balanced. For instance, the questions should not relate to too specific an area of JTJVs, as this may miss out important information which could otherwise be gained. Furthermore it

was felt that making the questionnaire short would likely result in a larger number of respondents. Therefore, for the recipients of the questionnaire to be able to express their opinions widely, freely and concretely, this study adopted a free answer questionnaire method. The contents were as follows:

“Please write freely. As a senior manager of a company, please describe and list the things which cause you anxiety. What are the management problems related to local government authorities, Taiwanese managers and employees. If you belong to a joint venture, please also discuss your local partners”.

The questionnaires were delivered on the 14th of May 2007 and were requested to be returned by post no later than the 15th of June 2007. The anonymity of all the company names was ensured.

4 Data Analysis

4.1 Attributes of the participants

Statistics relating to the JTJVs which responded to the survey are shown in Table 1:

Attribute	Value
Number of distributed questionnaires	1,204 companies
Number of valid returns	24 companies
Average number of employees (standard deviation)	240 people (605)
Range in employee number (maximum - minimum)	(3,000 - 8)
Average time since being established	23 years
Total number of items	65 items
Average from each company	2.7 items
Maximum-minimum (range)	8-1(7)
Mode of items (number of mode)	2 items (9 companies)

Table 1: Statistics of questionnaire results.

Furthermore, a breakdown of the different industries of the various companies is

presented in Fig. 1.

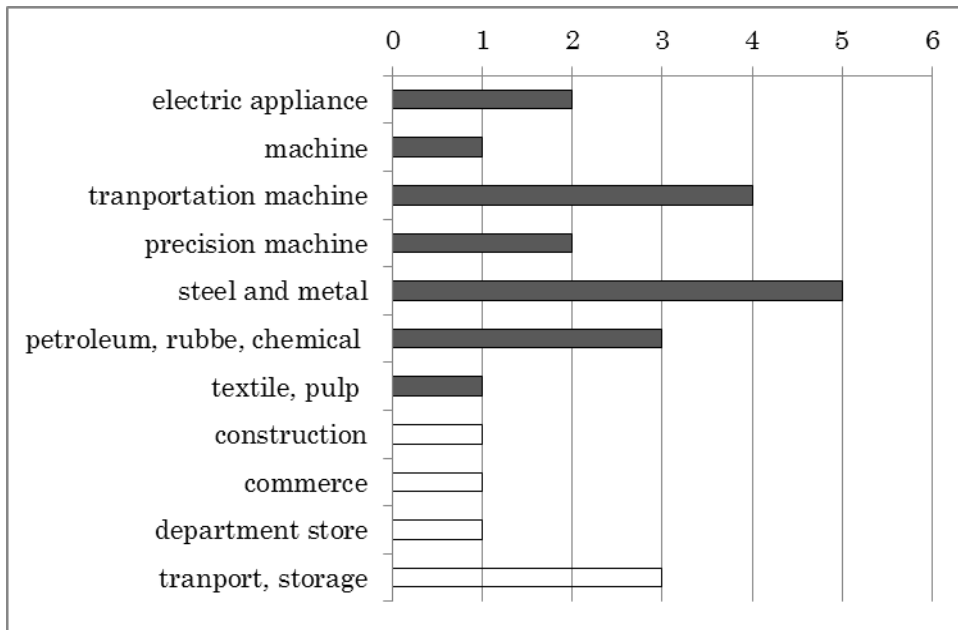


Figure 1: The industries of the companies which took part in the survey.

It was found that manufacturing companies made up three quarters of the total number (24).

4.2 Analysis of questionnaire results

Because the questionnaire is answered freely, this study might get various kinds of response. The procedure for analyzing this qualitative data is described in the following steps:

- 1) Check the questionnaire was valid. That is, the answers had been given by a senior manager in a suitable type of company.
- 2) Parts of answers not related to JTJVs were discarded.
- 3) The contents of the answers were analyzed sentence by sentence. This obtained a list of unique points, which are referred to as “items”.
- 4) Using the K-J method (Kawakita Jiro method), these items were categorized. Each category was then subdivided into smaller groups. If a similar item was made by two different companies then they were combined and the number of times mentioned was recorded.

5 Results

The results from this study are shown in Table 2 below. They have been divided into five categories: 1) macro environment, 2) Japanese parent companies, 3) Taiwanese partners, 4) cross-cultural (Taiwanese-Chinese) management issues, and 5) organization and personnel management.

Table 2 Outline of the results

[total number of items: 65; number of valid questionnaires returned: 24]

I) Macro environment : *eight items*

Public-administration, law, local rule etc...

- The Taiwanese government has, to some extent, improved.
- Regarding administration, the situation is very bad.
- The reforming of the retirement pay system, the transfer pricing taxation system, the examining of the SOX (Sarbanes-Oxley) Act, and the law for re-hiring retired employees have all put pressure on company management.

Joining international organizations

- After the AFTA+3 (ASEAN Free Trade Agreement which also includes three additional countries: China, Japan and the Republic of Korea) Agreement, Taiwan's global position has become unclear because it is not a part of this treaty.
- After joining the WTO agreement in 2002, the agricultural industry had become more competitive. Moreover, this industry is no longer protected by the government, and so the market has begun to shrink.

Inter-enterprise competition.

- There has been an opening from isolationism in international economics, and China is very eager to absorb ideas from other cultures. In terms of technology and know-how, Taiwan will be surpassed by China in the near future.
- Competition has increased.
- The agricultural market has been in recession in Taiwan

2) Japanese parent companies: 6 items

Communication with Japanese parents

- Japanese parent companies take a long term view, and carefully consider future profits.
- Depending on the situation, in difficult times Japanese parents can accept some self-sacrifice.
- A Japanese senior manager commented that it was easier to communicate with his Japanese parent company than with the Taiwanese partner.

Commitment of local management

- The level of requirement and expectation from the Japanese parent companies is higher than the real ability of the JTJVs.
- The parent companies have to solve problems with Taiwanese subordinates.
- The attitude of Taiwanese employees was that they had no difficulty in copying and imitating, whereas Japanese parents had to take some responsibility with respect to international copyright and patent laws.

3) Taiwanese partners: 14 items

Differences in management principles between Japanese parents and Taiwanese partners.

- There is a big difference in management principles between Japanese parents and Taiwanese partners.
- The cultures are different between Japan and Taiwan, and this made cooperating difficult.
- There is a big difference in the understanding of business policy in JTJVs.
- Because of the Taiwanese management style, making Taiwanese partners understand the differences in business customs and values is difficult. This situation was disadvantageous for the company.

The attitude of the Taiwanese partners was as investors

- The attitude of the Taiwanese partners was that they were not managers, but only

investors. There is a different idea of how to divide up the profits between the Taiwanese partner and the Japanese parent company [this was mentioned 4 times by different companies]

Management of Taiwanese partners.

- Taiwanese partners had an almost cold-hearted view of the companies themselves, services and goods, and their employees.
- Taiwanese partners felt that the guidance and coaching from Japanese parents for subordinates in Taiwan might threaten their vested rights.
- The attitude of the Taiwanese partners was that they found it difficult to accept the advice and guidelines given to them from their Japanese parent companies.
- In one case, a JTJV trusted a local manager, but he acted independently and took management resources and used them for himself. This is a typical example of the management culture in the Chinese economic area, including Taiwan.

4) Cross-cultural (Taiwanese-Chinese) management issues :9 items

- There is a good feeling on a personal level, because Taiwan is a pro –Japanese area.
- A lot of management problems occurred, such as management irresponsibility, organizational operation etc...
- The Taiwanese style of management, which is similar to the Chinese style, is very slow moving.
- Relating to the copy and imitation culture, there is a lack of creativity [this was mentioned by three companies].
- Taiwanese companies cannot go beyond the copy and imitation world.
Taiwanese are very old fashioned and conservative. From a Japanese point of view, Taiwanese have only made copies and imitations, and they lack creativity. Because of this, Taiwanese think of themselves as followers rather than leaders.
- Taiwanese have confidence in themselves, but without using principles or

basic rules.

- It is very difficult to change the peculiar business ideas and way of Taiwanese thinking, which has been acquired from their relationships with Japan, Europe, and America over a long period of time.

5) Organization and personnel management: 22 items

Information and communication

- Reporting rules are ambiguous in the organization, and the company needs to re-organize itself. In some departments, there is a lack of information sharing and unification.
- Taiwanese employees do not obtain enough information from local staff.
- The Japanese phrase “Hou, Ren, Sou” is translated as “reporting, informing, and consulting”. This means that employees should report their progress to their colleagues or boss, inform them of any developments, and consult with them if they need help. This type of business practice is limited among Taiwanese staff.

Differences in language

- Taiwanese employees sometimes express their opinions based on wrong information because they had not properly communicated with their Japanese headquarters.
- One reason for management problems is a combination of a difference in language coming up against a difficulty in understanding between Japanese and Taiwanese cultures.
- Japanese has not become understood in the company.

Employees

- Taiwan is a typical society which sets a very high value on the academic career of an individual rather than his or her real ability.
- Qualifications do not necessarily help people to work in a company.
- Japanese companies are not so interested in the academic qualifications of

their employees. They prefer people who have a sense of craftsmanship and work hard to do a good job.

- Local managers and employees have no overall plan for personnel training and education. Therefore, the differences in individual ability are very marked.
- There is a shortage of able employees in Taiwanese companies.
- A small group of able workers have a big burden of responsibility. On the other hand, the other local employees share the more menial, easy tasks.
- Although one respondent to the survey did not mean to look down upon Taiwanese business people, they stated that they were sometimes surprised that Taiwanese found it difficult to do even simple tasks.
- The lack of foundation educational, which comes from cultural differences, might be the origin of problems in Taiwan.

Job attitudes

- Individualism exists very strongly in Taiwanese managers and their employees. There is a lack of cooperation and ability to plan.
- Taiwanese workers tend to cope well with routine jobs. However, they are not so open to change and do not react positively to new jobs.

Management successors and personnel management

- Successors to local senior management had not been grown in the company.
- The company limited to increase its number of employees. The Japanese senior management felt it indispensable to grow a successor with technical knowledge and know-how. However, the situation was found to be difficult.
- One company had a female vice-president. Because of her way of thinking, she could not become a successor to the company.
- Personnel management in the organization is troublesome and full of anxiety.

6 Discussion

This study received 24 completed questionnaires from senior managers of JTJVs. These companies have been established for an average of more than twenty years in Taiwan. Therefore, this study has received comments from abundantly experienced international business people. This is vitally important data for understanding the situation for JTJVs. Moreover, by making clear the management problems in JTJVs in Taiwan, this study has found some common points of view with former research into cross-cultural management.

One important result from this study is that some of the new laws, rules and acts currently being implemented might put pressure on JTJVs. In July 2005, the reforming of the retirement payment system was set out in the Labour Pension Act in the Taiwan area (Bureau of Labour Insurance 2004). As a consequence, it is now necessary for companies to reserve payments for this.

In relation to retirement, the Labour Standard Act in Taiwan was amended in May 2008, and the compulsory retirement age has been extended from sixty to sixty five years old. This Act has been adopted since January 2009 in the commerce industry. Therefore, Japanese affiliated companies have had to prepare and adapt for these changes.

According to the transfer pricing taxation system, the Taxes Agreement Policy in Taiwan, which has the purpose of avoiding duplicate taxation and tax evasion, has been based on the OECD (Organisation for Economic Co-operation and Development) model. Japan and Taiwan signed up to an agreement which came into effect in 2009 in the international marine and airline transportation industries. Institutionalizing of the transfer pricing taxation system between Japan and Taiwan has progressed in this respect (Taxation Agency, Ministry of Finance, R.O.C. 1990).

An examination of the SOX Act (the Sarbanes-Oxley Act) in Taiwan shows it has not been institutionalization at the present time. However, a major international audit corporation noted that Japanese parent companies had adopted J-SOX, and affiliated companies overseas are not exempt from this (PricewaterhouseCoopers International Limited 2011).

The Japanese Ministry of Foreign Affairs indicated that AFTA+3 was its highest priority for the Japanese Free Trade Agreement (FTA) strategy (Ministry of Foreign Affairs of Japan 2011). On the other hand, although Taiwan is not a member of AFTA+3, it does belong to the WTO. However, it will not get a big profit from the FTA agreement between Japan and Taiwan. So, based on the requirements of private business and economics, Japan and Taiwan will try to strengthen and concrete their economic relationship. Moreover, the present government of Taiwan would like to catch up with the current trend of economic agreements in East Asia. For instance, it would like to promote the ECFA (Economic Cooperation Framework Agreement) with China for its own economic benefit (Bureau of Foreign Trade 2009).

A second result from this study showed that the level of requirements and expectations from the Japanese parent companies were higher than the real ability of the JTJVs. Moreover, one JTJV indicated that companies have to solve problems between Japanese parent companies and Taiwanese subordinates.

From the Japanese parent company's point of view, because of the current trend towards a borderless economy, overseas companies, which include those in Taiwan, have become more and more important. As this happens the burden on these companies, particularly in terms of sending Japanese expatriate managers, will become increasingly great (Ishida 1999, Imanishi 1990). On the other hand, a shortage in understanding and a perception gap of the management in these companies is one of the main management problems. In some cases, adjustments in the relationship between the Taiwanese partners and their Japanese parents is the responsibility of senior Japanese managers in the company.

A third result from this study, relating to Taiwanese partners, indicated differences in management principles between Japanese parents and Taiwanese partners. A characteristic attitude of Taiwanese partners is that they regard themselves not as senior management, but rather as investors. Taiwanese partners consider only their share of the profit. Moreover, they pursue immediate profit rather than taking a more long term view.

Taiwanese partners were reported to be almost cold-hearted towards the companies themselves, services and goods and their employees.

A fourth result from this study related to cross-cultural “Taiwanese-Chinese” management. This study found evidence for a lot of problems related to management irresponsibility, and ineffective organizational operations. Also, although Taiwanese tend to have a fast pace for their daily lives, the Taiwanese style of business, like China, tends to move very slowly. Moreover, in Taiwanese businesses, better time management and expressing more care about issues might be effective approaches to take.

Regarding issues related to copying and imitation, there is generally a lack of awareness in the Chinese economic area (including Taiwan). After joining the WTO, illegal copying has been restricted. The situation, however, has not attained the level of regulation in Western countries. Punishment within companies themselves might be an effective way to deal with these problems. Also, only copying and imitating other people’s work is not a good long term business strategy. It is better to build the uniqueness of a company’s brands as a way to strengthen it for the future.

No evidence from this study was found for employees lacking in loyalty to their companies and job hopping (Suzuki 1994a, Suzuki 1994b, Nishihara 2005). These management problems have often been indicated in previous research into Japanese companies in Asia.

7 Limitations

The limitations of this study are as follows:

Firstly, comparing this research to others in the literature, it is possible to find many different points of views. All of the companies in this study have specific differences such as emerging purpose, industrial sector, status of capital ratio etc... In identifying management problems, this study should really also consider these

micro environmental factors.

Secondly, this study adopted a free questionnaire method. A lot of the questionnaires were not filled in, but this does not mean that these companies had no management problems. In other words, the questionnaire method is limited by the willingness of companies to discuss their problems openly.

8 Conclusions

This study has made clear some of the management problems faced by JTJVs. From this, it can be proposed that it is timely for companies to reassess the strengths and weaknesses of working in Taiwan.

The results from this research showed a variety of macro and micro environmental difficulties, some of which reinforced the same ideas which have been written about in the literature for several decades. Firstly, this study identified problems related to Taiwanese partners. According to the theory of partnership in international joint ventures, learning with each other is the best attitude to take (Collins and Doorley III 1993). If Japanese parent companies expect their Taiwanese partners to manage themselves effectively, they have to recognize that bringing up the standard of Taiwanese core management is important. This is a contribution they have to make to the industry in Taiwan. Carrying out this idea might be beneficial for both companies. In addition, it is indispensable for the Taiwanese partners and senior Japanese management to work together for the mutual success of their international joint venture.

Secondly, important results from this study related to cross-cultural “Taiwanese-Chinese” management. This study strongly recommends that Japanese senior managers in Taiwan should study the political and historical background of the relationship between Japan and Taiwan.

Thirdly, regarding language differences, Taiwanese are generally eager to study Japanese as a foreign language. Large sized Japanese affiliated companies

often support local managers and employees studying Japanese language. Moreover, this study recommends that for cooperating with Japanese parent companies, JTJVs should promote Taiwanese who have studied abroad in Japan. They understand not only the Japanese language, but also have a feeling for how Japanese society works. They would help to support the developing markets not only in Taiwan, but also in the Chinese economic area in the near future. Therefore, these companies will be at an advantage from a human resources point of view.

Fourthly, this study gave results relating to local managers and employees, job attitudes, and management successors. The JTJVs in this study have to adopt not only a supplemental personnel management, but also promote candidates for senior managerial positions in the long term. The energies of the companies have to be devoted to the training and educating of their local managers and employees. Therefore, the companies should show their senior managers the way in which they should behave. Moreover, the companies have to make personnel evaluations fair and impartial. By promoting management localization, the companies must develop suitable candidates as successors to the business. By cooperating with their Japanese parents, JTJVs should give local managers opportunities and roles in overseas activities. The companies have to promote Taiwanese managers as successors or local partners in the future.

Finally, JTJVs in Taiwan have many advantages. Their location allows easy access to the Chinese economic market and other Asian markets. Also these companies have human resources that have the ability to adjust flexibly to the changing macro environment in this region.

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