Recent Activity of Chinese Companies  
~In Case of Taiwan Companies in China

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Taiwan has an intimate relation with China. Recently many Taiwan companies attach importance to China. Compare them with Japanese companies, we can find that there are some differences. Because of the environmental reasons, such as in economic reasons and managerial reasons, there are some important differences in their actions and their systems.

Taiwan companies quickly correspond with the economic changes and have higher flexibility than Japanese companies. In relation with this, Taiwan companies have more flexible accounting information systems. And they also use up-to-date information systems, such as geographic Information system.

Keyword：Taiwan, flexibility, information system

Abstract
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1. INTRODUCTION
Recently some countries in Asia have significant importance in world economy. Recent economic change in East Asia, such as in China, has large

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influences on the companies management. Here we mainly explain the result of investigation in China and Taiwan. We compare Taiwan companies and Japanese companies, including accounting information systems and examine the differences of them.

Because of the international changes of economy, the managerial environments also change largely. Companies are required many kinds of goods and services, and also information. In the field of accounting, we have some large changes and we are requested to have good information systems.

In the stable condition of economy, the companies need to disclose only minimum accounting information. But in changeable condition, they need to disclose their information. For example, in Japan, we need to disclose the group accounting information and present-value information. Because of the social and cultural factors, such as the economical and managerial influences, companies change their accounting information systems. On the other hand, because of the technological reasons, companies can change their accounting information system quickly.

2. ECONOMICAL ENVIRONMENT AND MANAGEMENT ENVIRONMENT~EAST ASIAN AREA, ESPECIALLY TAIWAN

First of all, we explain economical environment and management environment in Taiwan. The social and cultural factors, especially political and economical factors, the management environment in Taiwan change largely and quickly. Needless to say, the economical factors influence the companies and their behavior. The economical environment in Taiwan is much changeable. So the management environment also changes quickly.

Now we think about the two relations: the first relation is relation between Taiwan and China, the second relation is relation between Japan and China. We compare them in the three factors; movement of people, logistics and money. In the first relation, movement of Taiwan people to China is 3,479,000 (2002 year), the export is $ 29,470,000,000 and the direct investment is 4,853 projects. In the same period, in the second relation, movement of Japanese people to China is 2,987,000 (2002 year), the export is $ 39,870,000,000 and the direct investment is 2,745 projects. We can find the relation between Taiwan and China is intimate because Taiwan is smaller than Japan but the relations are not so small in these three factors.

Here we see the activities of Taiwan companies in some industries: information machinery industry, IC industry, food industry, shoes industry, bicycle industry, service industry and sales industry.

In information machinery industry, Taiwan companies entered into China, especially to Guangzhou, southern part of China, in the beginning. They entered to the area of Yangtze River in the next. They developed rapidly and now have some shares in the various markets (see table 1).

<table>
<thead>
<tr>
<th></th>
<th>market share in the world (2002 year)</th>
<th>production in China</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2000 year</td>
<td>2002 year</td>
</tr>
<tr>
<td>note PC</td>
<td>55%</td>
<td>5%</td>
</tr>
<tr>
<td>desktop PC</td>
<td>25%</td>
<td>48%</td>
</tr>
<tr>
<td>mother board</td>
<td>70%</td>
<td>53%</td>
</tr>
<tr>
<td>LCD monitor</td>
<td>58%</td>
<td>28%</td>
</tr>
<tr>
<td>CRT monitor</td>
<td>51%</td>
<td>66%</td>
</tr>
<tr>
<td>CD/DVD-ROM</td>
<td>32%</td>
<td>91%</td>
</tr>
<tr>
<td>digital camera</td>
<td>37%</td>
<td>54%</td>
</tr>
</tbody>
</table>

**table 1: Market share of Taiwan IC companies**

In IC industry, some Taiwan companies have great success, such as SMIC (Semiconductor Manufacturing International Corporation), GSMC (Grace Semiconductor Manufacturing Corporation), TSMC and UMC. For example, SMIC was established in 2000, got a factory from Motorola in Tianjin city in January 2004 and now it has over 3,000 employees.

In food industry, there some large groups, such as Ting Hsin International Group. Uni-President Enterprises Corporation Group and Long Fong Food Corporation Group. For example, Ting Hsin International Group is the large noodle maker, has top
market share and Co-operates with the convenience store group. It Invested in China in 1988 and now it has 45,000 employees. Uni-President Enterprises Corporation Group is the No.1 food maker in Taiwan, has ¥ 120,000,000,000 sales in China and co-operates with Japanese food companies.

In other industries, Taiwan companies also have successful results in sales and profit, such as Yong en International (DAPHNE brand) in shoes industry, GIANT in bicycle industry, Les Enphants in (child) garment industry and Pacific in retail sales industry. GIANT has “Good brand of China” in 2004, 1700 employees but has only 9 people from Taiwan.

In many industries in China, Taiwan companies have great success because they manage every thing quickly. In the next, we want to think about the reason they decide many things rapidly and we explain political and economical change in Taiwan, including recent topic: Taiwan participation in WTO (World Trade Organization).

3. RECENT POLITICAL AND ECONOMICAL CHANGE IN TAIWAN AND CHINA

The political and economical environments are influenced by those of Japan, America and China. For Taiwan, it is important to have good relations between Japan, America and China. Because the relations are changeable, the political and economical environments in Taiwan are also changeable.

(1) Political Condition

In Taiwan, the political conditions are very much influenced by Japan, America and China, especially the relationship with China. There are two political powers in Taiwan: independence group and unification group. Recently, especially in these three years, the president of independence group won in the first democratic election. So the independence group has strong power. But because of the recent bad economic condition, it is a little bit weaker and the unification group already has a strong power in the local area.

(2) Economical Condition

Taiwan economy is also in the deflation and the unemployment ratio is in high level. Further many Taiwan companies go to China and shift their main market to China. This trend does forward and they strongly want the free trade conditions. The president of Taiwan needs to think about the free trade, free passage and free communication with China.

(3) Influence of Participation in WTO

There is an important topic in Taiwan: Taiwan participation in WTO. Many companies in Taiwan think it a good trend to join in WTO for Taiwan, also for China. But from the political point of view, it is not always good trend for Taiwan. The industries, including important industries for Taiwan, such as information industry, go to China and shift their power to there. Investment of these companies also flies to China. Taiwan government opposes to these trend but can not find the effective countermeasures.

4. COMPARISON BETWEEN TAIWAN COMPANY AND JAPANESE COMPANY

Under these political and economical conditions, Taiwan companies must correspond to the changes immediately. So they want to have quick and flexible management systems. One of them and very important system is the accounting information system. In comparison with Taiwan companies, Japanese companies have stable and steady management systems and also stable accounting information system.

In relation with accounting information, Taiwan companies match with the standard accounting rules, such as group accounting and present-value accounting. And also they quickly accept the new information systems, such as GIS (Geographic Information System).

In the end, we explain the study of Japanese con-
convenience-store groups in Taipei, using GIS.

5. STUDY OF ACCOUNTING INFORMATION SYSTEM~Japanese convenience-store groups in Taipei

Under the changeable conditions in Taiwan, Japanese convenience-store groups also have flexible and quick accounting information systems. Here we illustrate them by using GIS.

The largest group is 7-11 group and has 46% of all convenience stores in Taiwan. This trend is also same in Taipei city.

![Map of convenience-store groups in Taipei](image)

Fig 1 Analysis of convenience-store (in Taipei): in case of 7-11, Practical use of GIS

6. CONCLUSION

Here we explain the success cases of Taiwan companies in China and think about the reasons they can success. Taiwan has an intimate relation with China. Recently many Taiwan companies attach importance to China. Compare them with Japanese companies, we can find that there are some differences. Because of the environmental reasons, such as in economic reasons and managerial reasons, there are some important differences in their actions and their systems.

Taiwan companies quickly correspond with the economic changes and have higher flexibility than Japanese companies. In relation with this, Taiwan companies have more flexible accounting information systems. And they also use up-to-date information systems, such as geographic Information system.

By using GIS, we can find that Japanese convenience-store groups can be active in Taipei city. Other Japanese companies also have some power in Taiwan. This is because they correspond to the conditions in Taiwan and they have flexible information system.