

臺灣的中小企業是創業家精神的代表

SMALL AND MEDIUM-SIZED ENTERPRISES ARE THE REPRESENTATIVE OF ENTREPRENEURSHIP IN TAIWAN

洪德俊

國立中央大學企業管理學系副教授

黃冠傑

國立中央大學企業管理學系博士研究生
南亞技術學院企業管理學系講師

Der-Juinn Horng

*Associate Professor, Department of Business Administration
National Central University*

Kuan-Chieh Huang

*Ph.D. Student, Department of Business Administration
National Central University
Lecturer, Department of Business Administration
Nanya Institute of Technology*

摘要

金融危機以及不動產泡沫造成了二千年代後期的衰退，幾乎全世界的國家嘗試尋求解決之道，各國政府有計畫的來振興經濟，並利用寬鬆的貨幣政策。Peter F. Drucker 的『創新與創業精神』言及，創業型經濟使美國於 1965 年至 1985 年創造就業機會。創業家精神可以刺激經濟的復甦與成長。當各國政府在幫助大型企業遠離破產的威脅時，他們已選擇忽視中小企業的重要性了，這對經濟將造成不健全的影響，除非大型企業內部具備創業家精神的特質。在臺灣，有超過百分之七十七的總就業人口依賴中小企業，並且中小企業是創業家精神的代表。本文將使用 1990 年至 2007 年的歷史資料，以及理論模型來闡述臺灣的中小企業如何成為創業家精神的代表。影響因素包含全球化、市場需求和趨勢、市場資源、以及政府政策。另外，Dess 與 Lumpkin 的創業導向理論將會是邁向創業家精神的最後一塊拼圖。希望本文能喚

起政府對中小企業的重視，臺灣中小企業成功的經驗將可以成爲其他國家的範例。

關鍵字：中小企業、創業家精神、創業導向

ABSTRACT

The financial crisis and bursting of the real estate bubble which caused a recession in the late 2000s has left almost all countries around the world trying to find a solution. Governments trying to revive the economy have been loosening monetary policies. Peter F. Drucker in his book, *Innovation and Entrepreneurship: Practice and Principles*, discussed the entrepreneurial economy which drove job creation in America from 1965 to 1985. Entrepreneurship can stimulate economic recovery and growth. When governments lend support to large enterprises to counter the threat of bankruptcy, they may be neglecting the importance of small and medium-sized enterprises (SMEs). This has an unhealthy influence to economy, unless those large enterprises have the characteristic of entrepreneurship inside their organizations. In Taiwan, the Republic of China, however, more than 77 percent of total employment depends on SMEs, which are representative of entrepreneurship. This study uses historical data from 1990 to 2007 and a theoretical model to explain how SMEs have become the representative of entrepreneurship in Taiwan. The factors affecting SMEs include globalization, market needs and trends, market resources, and government policies. Also, entrepreneurial orientation (EO), as summarized by Dess and Lumpkin, is the last piece of the entrepreneurship puzzle. The authors hope that this study can awaken government attention in SMEs. The success of Taiwan's SMEs can be an example to other countries as to how to encourage long-term economic growth.

Keywords: Small and Medium-Sized Enterprises (SMEs), Entrepreneurship, Entrepreneurial Orientation

1. Introduction

Eighty years ago, in August 1929, the whole world faced the Great Depression. This financial catastrophe had a long term impact on world history. Forty-four years later, in

October 1973, the Oil Crisis happened, followed by the Energy Crisis into the late 1970s. The recession in the early 2000s began with the collapse of the Dot-com bubble in March 2000, and the panic following the September 11th terror attacks in 2001. Late 2000s recession, it began with a commodity boom and bursting of the housing bubble. It quickly invaded real estate companies, manufacturing sector, high-tech industry, and investment and commercial banks. This is not the first time that we have had to face an economic recession, and it will not be the last.

The major question facing almost all nations around the world is how to push for economic recovery. Entrepreneurship has long been considered a significant factor for socioeconomic growth and development because it provides millions of job opportunities, offers a variety of consumer goods and services, and generally increases national prosperity and competitiveness (Zahra, 1999). The contribution of the entrepreneurial sector to employment and GDP is increasing (Audretsch & Thurik, 2001; Birch, 1987; Kumar & Liu, 2005). Entrepreneurship is an important engine of growth (Minniti, 2008). Also, Chell (2007) argues that entrepreneurial activity has important social implications. According to the research mentioned above, entrepreneurship has a significant influence on society, and can create value for the nation. At this tough time during the economic recession, entrepreneurship could play a leading role in defusing the crisis.

Taiwan, the Republic of China, has been called one of the four little dragons in Asia; the others are South Korea, Hong Kong, and Singapore. Taiwan's economy has benefited from its original equipment manufacturing (OEM) and original design manufacturing (ODM). Taiwan played an important role in the world economy even before China opened its market to foreign enterprises. Some major Taiwan companies have been mentioned by scholars. For example, Amine, Chao, and Arnold (2005), and Li (1998) used the Acer Group in their research. Liu, Chu, Hung, and Wu (2005) compared the difference in entrepreneurial styles between the Taiwan Semiconductor Manufacturing Company (TSMC) and United Microelectronics Corporation (UMC).

However, it is small and medium-sized enterprises (SMEs) that are most representative of entrepreneurship in Taiwan. According to Hu and Schive (1998), the industrial development in the 1960s was attributable more to larger firms than SMEs. It was in the 1970s and after that SMEs gained competitiveness consistently. Over the past two decades, data has shown that the majority of businesses are SMEs (see Figure 1). The

number of SMEs has continued to rise following the increase of population from 1985 to 2006. The proportion of Taiwan's firms classified as SMEs has always exceeded 96 percent, and after 1995, it exceeded 97 percent. Also in the tough times since the recession in the early 2000s, the proportion of SMEs has increased to 98 percent. Chuang (1999) and Li (1988) indicate that SMEs have played a very important role in the industrialization and economic growth in Taiwan. The percentage of SMEs is high in many countries (see Table 1). Without counting agriculture, over 71 percent of employment in Taiwan depends on SMEs. This is higher than in other countries. The spirit of entrepreneurship implies the ability to handle the experimental nature of entrepreneurial activity, and these activities have been encouraged to create high value in terms of lifetime careers and employment.

Gilbert, Audretsch, and McDougall (2004) indicate the relationship between globalization, market resources, and government. Lee and Peterson (2000) describe the relationship between culture, external environmental forces, and entrepreneurial orientation. The models from these two researches provide related factors to affect entrepreneurship. This study will use a theoretical model to explain the factors that affect SMEs and the resulting entrepreneurship. These factors include globalization, market needs and trends, market resources, government policies, and entrepreneurial orientation (EO).

Globalization accelerates the trade in Goods and services. However, under the impact of globalization, SMEs may suffer huge pressure from large enterprises. In section 3, data will show that globalization causes a continually decrease in manufacturing industry. Recognizing market needs and trends is an important link for firms to continue their businesses. Because of the threat from globalization, SMEs find new needs and trends in domestic market. In section 4, data will prove the reasons why scale of two major industries continues growth in the past. Market resources is an active factor for SMEs, but government policies is a passive factor. SMEs could use market resources to sustain competitive advantages, and government should protect their development. In section 5, two important resources for Taiwan's SMEs will be described. In section 6, some policies help SMEs to develop from start to growth. SMEs may have some different characteristics of EO within a country. These characteristics are related to SMEs on change and reaction in globalization, market needs and trends, market resources, and government policies. In section 7, the relationship between SMEs and EO will be described.

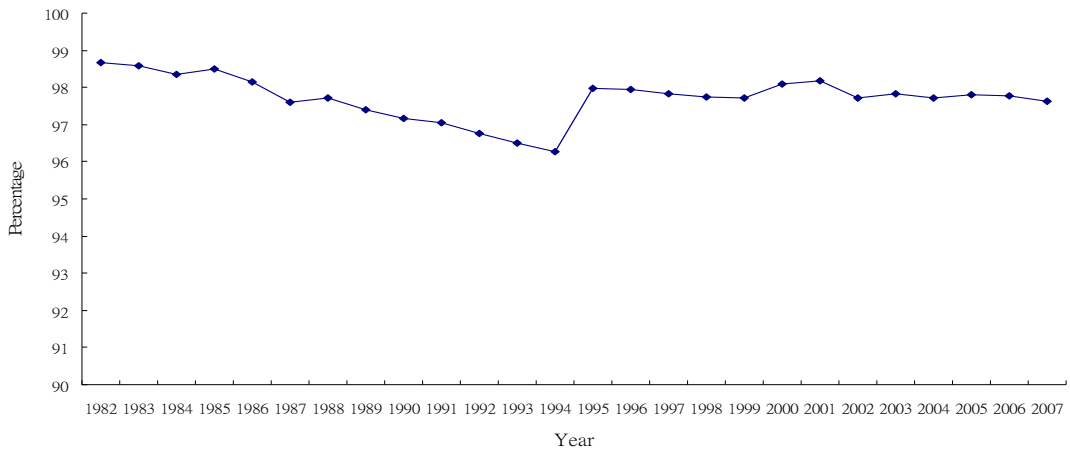


Figure 1 Share of SMEs in the Total Number of Companies, without Agriculture

Source: Small and Medium Enterprise Administration, Ministry of Economic Affairs, Taiwan

Table 1 Other Countries' Comparison in Share of SMEs, without Agriculture

Countries (year)	Share of SMEs (%)	
	Number of firms	Employment
Taiwan (2007)	97.63	71.91
South Korea (2004)	99.8	86.53
Hong Kong (2007)	98	50
Singapore (2005)	99.65	70.01
Malaysia (2005)	99.2	63.91
Japan (2004)	98.94	79.56
New Zealand (2005)	96.3	29.68
England (2006)	95.94	61.62
Mexico (2006)	99	72
America (2005)	99.7	50.7

Source: Small and Medium Enterprise Administration, Ministry of Economic Affairs, Taiwan

Figure 2 represents a pictorial depiction for this study, the relationship between five factors and entrepreneurship. The model is based upon the statistics and policies obtained from the Small and Medium Enterprise Administration (SMEA), Ministry of Economic Affairs in Taiwan. This study will analyze the data from 1990 to 2007, and also include a literature review in each section.

2. Relationship between SMEs and Entrepreneurship

Peter F. Drucker had mentioned a fact from his book, *Innovation and Entrepreneurship: Practice and Principles*. He indicated:

Since the mid-seventies, such slogans as "the no-growth economy," the "deindustrialization of America," and a long-term "Kondratieff stagnation of the economy" have become popular and are invoked as if axioms. Yet the facts and figures belie every one of these slogans. What is happening in the United States is something quite different: a profound shift from a "managerial" to an "entrepreneurial" economy.

In the two decades 1965 to 1985, the number of Americans over sixteen, grew by two-fifths, from 129 to 180 million. But the number of Americans in paid jobs grew in the same period by one-half, from 71 to 106 million. The American development is unique. Nothing like it has happened yet in any other country. Western Europe during the period 1970 to 1984 actually lost jobs, 3 to 4 million of them. Even Japan did far less well in job creation than the United States. From 1970 through 1982, jobs in Japan grew by a mere 10 percent, that is, at less than half the U.S. rate (Drucker, 1985).

From Drucker's research, we find that the American labor market grew continually during the recessionary period from 1965 to 1985, with the creation of more jobs than in many other countries. Entrepreneurship was a key factor at that time. Perren and Jennings (2005) indicate that many governments of leading countries in both globally and regionally treat small and medium enterprises as a role of entrepreneurship to stimulate economic growth; including Australia, Hong Kong, Japan, Korea, Thailand, United Kingdom, and United States. Also, Drucker (1985) provided evidence that many new jobs had been created by small and medium-sized institutions, most of them small and medium-sized business, and a great many of them new businesses in the United States from 1965 to 1985.

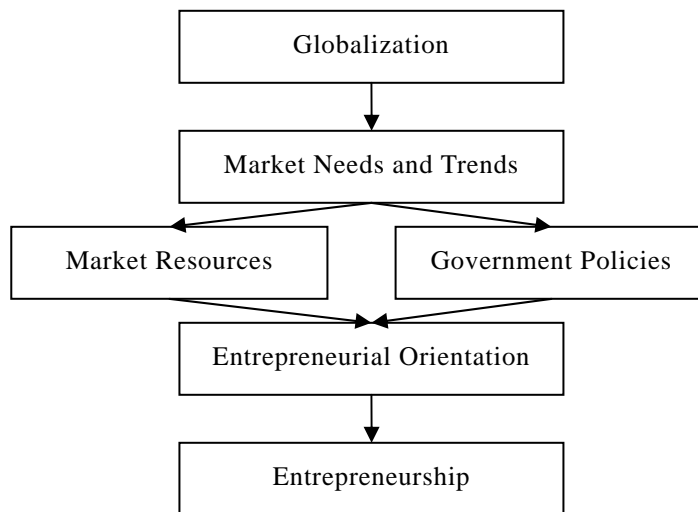


Figure 2 The Relationship between Five Factors and Entrepreneurship

From the foregoing studies we observe that SMEs created more jobs than large enterprises. The data in Table 1 show that many countries depend on SMEs to stimulate their job market. Job creation can stabilize the social environment. SMEs can stimulate the growth of entrepreneurship to push economic recovery and growth.

How should SMEs be defined and separated from large firms? Holtz-Eakin (2000) argued that there have been at least three defining characteristics: revenues, sales or other output based measures, the number of employees, and asset accumulation as the measure of size. Different countries have different definitions of SMEs. In Taiwan, SMEs must have completed business registration in accordance which the requirements of the law. Enterprises must have less than NT\$80 million in paid-in capital in the manufacturing, construction, mining and quarrying industries, and have fewer than 200 regular employees. They must have sales revenue of less than NT\$100 million from the previous year in the agriculture, forestry and fisheries, water, electricity and gas, commercial, transportation, warehousing and communications, finance, insurance and real estate, industrial and commercial services, social and personal services industries with less than 50 regular employees.

Although each SME may have fewer than 200 or 50 employees, the total employment in SMEs is a strong force which sustains the job market, especially during the economic recession. From 1990 to 2007, the population in Taiwan has grown from 20.4 million to 22.9 million. The number of individuals employed in SMEs has grown from nearly 6.4 million to 7.9 million (see Table 2), always over 76.66 percent of the total employment. Total population has increased 12 percent, but the employment in SMEs has increased more than 23 percent.

The Asia Financial Crisis from 1997 to 1998 did not have a huge impact to Taiwan. The GDP growth rate only dropped from 6.59 to 4.55, and the unemployment rate remained low. However, the recession from 2001 to 2003 was a different story. Taiwan not only suffered this recession, but was also impacted by severe acute respiratory syndrome (SARS). As can be seen in Table 2, Taiwan had a negative GDP growth rate in 2001 and the highest unemployment rate in 2002. Nevertheless, even during this very tough time from 2002 to 2003, employment in SMEs increased by 73 thousands in 2002 and 64 thousand in 2003. At the same time, total employment increased by only 71 thousand in 2002 and 119 thousand in 2003. This indicates that SMEs created more jobs than either large enterprises or government.

Entrepreneurship contributes to the creation of new jobs and the reduction in unemployment (Audretsch & Thurik, 2000). It is a way to improve the economic structure. In Taiwan, many families and civilians depend on the SMEs, and these enterprises create an entrepreneurial economy. The entrepreneurial economy is characterized by individual motivation, new ideas, risk taking, flexibility, innovation, and increasing regional or local organization of economic activity (Audretsch & Thurik, 2001; Brenner, 2004; Jessop, 2002; Thurik & Wennekers, 2004). In the next section, we explain how globalization affects SMEs in Taiwan.

3. Globalization

Does increasing globalization present a more hostile environment for SMEs? SMEs may lack the resources to compete head to head with larger rivals at home and invasions from abroad (Knight, 2000). The Organization for Economic Co-operation and Development has indicated that globalization may pose many challenges and can make the

business milieu substantially more hostile for smaller firms (OECD, 1997). Large firms benefited from rapid globalization by being able to exploit opportunities for economies of scale and scope. Small firms apparently benefited by taking advantage of opportunities left unexplored in the domestic market, as well as opportunities then available internationally (Gilbert, Audretsch, & McDougall, 2004).

From 1990 to 2007, the value of total SMEs sales decreased from 34.15 to 28.34 percent. In this period, the greatest impact has been from exports. Different methods have been used to calculate export data published in the white paper from the SMEA after 1997, and making comparison with the years before 1997 is difficult. From 1997 to 2007, the value of SMEs exports sales to total export sales value decreased from 26.42 percent to 17.02 percent (White Paper, 2008). It is a 9.4 percent drop, and it proves that SMEs could not benefit from export.

Taiwan's labor costs are higher than those in many other neighboring countries. Large enterprises have been able to move their factories to China or South-Eastern Asia which has affected structure of the labor market. From Table 2, it can be seen that the unemployment rate has become a slight increase in 1994, but a strong increase in 1996. The average unemployment rate after 1996 has been 3.75 percent. The number of SMEs in manufacturing has decreased in recent decades (see Table 3). From 1990 to 2007, manufacturing firms in SMEs declined from 155,263 to 133,312, and the percentage declined from 19.53 to 10.78. However, the total number of SMEs has continued to grow during the same period. Many manufacturing companies depend on foreign markets and exports. The strategy of cost leadership cannot be practiced very well in Taiwan. SMEs are at a disadvantage to compete with large firms in terms of exports because they have higher labor and transport costs.

The data prove that globalization affects the industry structure of SMEs. Globalization can create opportunities, but it can also create a hostile environment for SMEs. The export environment becomes very challenging because smaller firms cannot compete with large firms. If SMEs cannot benefit from the international market, they must find opportunities in the domestic market. Globalization has pushed SMEs to rethink market needs and trends. The reaction from SMEs changes the industries structure. In the next section, we explain the second factor, market needs and trends.

Table 2 Taiwan's Economic Condition from 1990 to 2007 (Unit: thousand persons; %)

Year	Economic Growth Rates (%)	Unemployment Rates (%)	Total Employment	Employment in SMEs	Share (%)
2007	5.70	3.91	10,294	7,939	77.12
2006	4.89	3.91	10,111	7,751	76.66
2005	4.16	4.13	9,942	7,648	76.93
2004	6.15	4.44	9,786	7,553	77.18
2003	3.50	4.99	9,573	7,425	77.56
2002	4.64	5.17	9,454	7,361	77.86
2001	(-2.17)	4.57	9,383	7,288	77.67
2000	5.77	2.99	9,486	7,405	78.06
1999	5.75	2.92	9,385	7,344	78.25
1998	4.55	2.69	9,289	7,265	78.21
1997	6.59	2.72	9,176	7,197	78.43
1996	6.30	2.60	9,068	7,131	78.64
1995	6.49	1.79	9,045	7,213	79.75
1994	7.39	1.56	8,939	7,078	79.18
1993	6.90	1.45	8,745	6,878	78.65
1992	7.85	1.51	8,632	6,792	78.68
1991	7.58	1.51	8,439	6,637	78.65
1990	5.70	1.67	8,283	6,470	78.11

Source: Small and Medium Enterprise Administration, Ministry of Economic Affairs; Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Taiwan; Authors edit

4. Market Needs and Trends

Current research on market and entrepreneurship orientation runs in two different streams. The management literature focuses on entrepreneurship orientation, while the marketing literature focuses on market orientation (Attuahene-Gima & Ko, 2001). This divergence in the literature is counterproductive because it has been argued that a linkage

Table 3 Changes in SMEs by different industries (Unit: number of SMEs; %)

Year	Total number of SMEs	Manufacturing	Construction	Wholesale and retail (Commerce, 1990 to 2002)	Accommodation and restaurant
2007	1,236,586	133,312 10.78%	90,269 7.30%	654,091 52.89%	108,801 8.80 %
2006	1,244,099	132,354 10.64	91,290 7.34	657,583 52.86	107,205 8.62
2005	1,226,095	134,172 10.94	86,001 7.01	651,590 53.14	102,096 8.33
2004	1,176,986	133,107 11.31	79,594 6.76	626,724 53.25	91,959 7.81
2003	1,147,200	133,588 11.64	75,958 6.62	611,614 53.31	85,201 7.43
2002	1,104,706	133,684 12.1	75,840 6.87	674,364 61.04	
2001	1,078,162	137,551 12.76	76,670 7.11	651,841 60.46	
2000	1,070,310	141,340 13.21	77,093 7.2	646,312 60.39	
1999	1,060,738	142,686 13.45	74,282 7.0	642,196 60.54	
1998	1,045,117	145,281 13.9	70,988 6.79	632,444 60.51	
1997	1,020,435	147,507 14.46	66,619 6.53	615,506 60.32	
1996	1,003,325	150,806 15.03	64,911 6.47	598,266 59.63	
1995	991,615	154,367 15.57	62,899 6.34	585,445 59.04	
1994	932,852	153,473 16.45	56,527 6.06	548,150 58.76	
1993	901,768	154,755 17.16	48,053 5.33	537,179 59.57	
1992	871,726	156,013 17.9	38,220 4.38	522,653 59.96	
1991	825,556	154,077 18.66	31,627 3.83	496,992 60.2	
1990	794,834	155,263 19.53	26,456 3.33	475,106 59.77	

Source: Small and Medium Enterprise Administration, Ministry of Economic Affairs, Taiwan; Authors edit

between the two orientations is beneficial and that firms with combined high market and entrepreneurship orientations will outperform other firms (Hamel & Prahalad, 1994; Slater & Narver, 1995). Deshpande, Farley, and Webster (1993) demonstrate in their study that market- and entrepreneurial-oriented cultures outperformed those that were more internally or hierarchically oriented. Both the entrepreneurship and marketing disciplines share a similar philosophy. That is, they both are attuned to customer needs and must attend to the environment (Hills & LaForge, 1992). Market and entrepreneurship have a symbiotic relationship. Market must have the characteristics of innovativeness and proactiveness. Entrepreneurship must recognize market needs and trends.

The definitions of entrepreneurship tend to center around the pursuit of opportunity (Brown, Davidsson, & Wiklund, 2001). Opportunity recognition is at the heart of entrepreneurship (McCline, Bhat, & Baj, 2000). The relationship between opportunity and entrepreneurship has been discussed by Howard Stevenson who defines it as an opportunity-based view of entrepreneurship. Jeffrey Timmons defines opportunity as an important element of his Timmons Model. Opportunity comes from searching for market needs and trends. According to Kohli and Jaworski (1990), market orientation has been defined as the organization-wide generation of market intelligence pertaining to current and future customer needs, and organization-wide responsiveness to it.

In Taiwan, SMEs depend on opportunities arising from the domestic market. Table 3 shows a big reduction in the number of SMEs manufacturing firms from 1990 to 2007. However, there has been stable growth in the number of construction firms. The percentage of construction firms has increased from 3.33 to 7.30 percent. Construction firms have risen from 26,456 to 90,269. Commerce has the largest share in SMEs. The percentage of commerce firms is between 58 and 62 percent. In order to obtain a more specific classification, commerce is separated into two parts: wholesale and retail, and accommodation and restaurant after 2002. Compared with the manufacturing firms, the number of construction and commerce firms has increased since 1990. What factor pushed for the start of their business? Firms must be aware of current and future opportunities in terms of market needs and trends.

After the retreat of the Kuomintang (KMT) from mainland China to Taiwan in 1949, martial law was implemented, continuing from May 20, 1949 to July 15, 1987. Under martial law, the government controlled both civilian political rights and economic freedom. This continued for over thirty-eight years. The population of baby boomers became a strong force in the middle class after the termination of martial law. Following the population increased, they need to satisfy their basic needs. They also have more income with which to improve their standard of living. Entrepreneurs have seen this as opportunities for offering food, clothing, and housing in domestic market. The current needs and future trends will focus on these areas. The needs from population growth and a stable middle class structure lead to construction, wholesale and retail sales, and creation of accommodation and restaurant, all of which has formed a large share of SMEs from 1990 to 2007.

Opportunity comes from current needs and future trends. In Taiwan, SMEs focus on opportunities in the domestic market. After Entrepreneurs recognize and exploit these opportunities, they need both of the active and passive factors. Market resources and governmental policies become important factors for putting plan into action.

5. Market Resources

Resources that are rare and valuable can yield a competitive advantage. When resources are also simultaneously imperfectly imitable and nonsubstitutable or nontransferable, they can lead to a sustainable competitive advantage (Barney, 1991; Dierickx & Cool, 1989; Priem & Butler, 2001). The acquirement and usage of critical market resources thus give a competitive advantage.

In order to survive in the changing environment, entrepreneurs must have some critical market resources. Compared with large firms, SMEs have no advantage to acquire tangible resources, because financial capital is their weakness. However, intangible resources can cause a difference between large enterprises and SMEs. The most important resource for SMEs is people. People need to have knowledge with core competency.

The role of the entrepreneurial sector changed when industrial comparative advantages shifted toward knowledge-based economic activity (Audretsch & Thurik, 2001). Alvarez and Busenitz (2001) indicate that entrepreneurial knowledge is the ability to take conceptual, abstract information of where and how to obtain undervalued resources, explicit and tacit, and how to deploy and exploit these resources. Knowledge includes explicit and tacit types. Explicit knowledge can be easily transferred; however, the condition for tacit knowledge prevents its easy transfer. Explicit knowledge tends to contribute to competitive parity while tacit knowledge is more commonly the source of competitive advantage (Hitt & Ireland, 2002). Tacit knowledge is particularly important in the identification of entrepreneurial opportunities and in evaluating their potential value (McGrath & MacMillan, 2000). Entrepreneurs have specialized knowledge it is the tacit generalized knowledge of how to organize specialized knowledge that is the entrepreneur's critical intangible resource (Alvarez & Busenitz, 2001). Thus, entrepreneurs must have the resource of tacit knowledge to create a competitive advantage and to identify opportunities.

In Taiwan, the total number of owners in all enterprises is near 523 thousand people; 518.73 thousand in SMEs and 3.83 thousand in large enterprises (see Table 4). Most SMEs owners are between 41 to 55 years of age, at 57.89 percent, and 25 to 40 years of age, at 27.7 percent. The age structure of owners in SMEs is 85.59 percent from 25 to 55 years old, but the case is different for large firms where 91.86 percent are over 41 years of age. In other words the owners of SMEs lead their companies at a younger age than do large firms. Also, the owners of SMEs spend less time in school than do the leaders of large firms. It is 65.22 percent of SMEs owners with under high school degree, but it is 57.06 percent of large enterpriser leaders with associate or bachelor degrees.

The data above indicate that the owners of SMEs do not gain their knowledge from schools and textbooks. They receive knowledge from the actual environment. Tacit knowledge is revealed through its application and can be acquired only through practice (Grant, 1996). Experience of senior family members is also an important asset for entrepreneurs, because it provides guidance and edification. Therefore, the owners of SMEs learn how to create competitive advantage and how to find opportunities from practical experience, which becomes a critical resource, tacit knowledge.

Another essential intangible resource which affects people within the same area is culture. Berger (1991) argues that individuals' personalities and behaviors, firms, political/legal systems, economic conditions, and social mores are all intertwined with the national culture from which they originate. Despite the presence of a favorable environment, individuals who are motivated by factors such as financial rewards, achievement, social, career, and individual fulfillment, for these conditions or motives to cultivate into entrepreneurship, a national culture that supports and encourages entrepreneurial activity is needed (Lee & Peterson, 2000). Taiwanese SMEs are embedded predominantly in a Chinese culture, which demands that individuals should behave according to their place in the familial and societal hierarchy (Hofstede, 1980). The influences of environmental factors and Chinese cultural values to the Taiwanese SMEs are profound (Siu, Fang, & Lin, 2004).

The population in Taiwan is comprised of two major groups, Chinese and Taiwanese. The former means people who emigrated from mainland China to Taiwan in 1949. The latter group is comprised of those whose ancestors emigrated from mainland China to Taiwan more than 5 or 6 generations ago, or before 1895. The year 1895 is a very

Table 4 Employers' Background in 2007 (Unit: thousand persons; %)

	SMEs	Large Enterprises
Employer (Owner)	518.73	3.83
Age		
15 – 24	0.52 %	0 %
25 – 40	27.7	8.14
41 – 55	57.89	48.45
Over 56	13.89	43.41
Education		
Under high school degree	65.22 %	27.28 %
Associate or Bachelor degrees	31.61	57.06
Master or Doctor degree	3.17	15.66

Source: Small and Medium Enterprise Administration, Ministry of Economic Affairs, Taiwan

important watershed for the Taiwanese people, because Taiwan had been ceded to Japan and under Japanese rule from 1895 to 1945. Many Taiwanese were educated and impacted by Japanese culture in that period, although both Chinese and Taiwanese are deeply affected by traditional Chinese culture. Traditional Chinese values are rooted in Confucianism, a sense of order, of vertical and horizontal relationships, of obligation to the group, a preference for harmony and cooperation in interpersonal relationships (Tsang, 1996). Confucian ethics, as the essence of the traditional Chinese culture, have been widely applied to social sciences from economics to business (Lin and Ho, 2009).

Confucianism means that people have the characteristics of understanding others, loyalty and honor to every class, filial piety to parents, learning from others, and respect of knowledge. As a result, family and social networks are important for cooperation with other enterprises and for SMEs. Tacit knowledge and traditional Chinese culture combine to help SMEs expand in terms of business scale and scope. In the next section, we explain how government policies support SMEs.

6. Government Policies

Governments should continue to explore ways to encourage entrepreneurial activity and ensure that new firms are not at a competitive disadvantage. Also, governments should promote training and familiarization with entrepreneurship and ensure that SMEs have easy access to information, new technology, and innovations (OECD, 1996). Governments seeking to stimulate their economies should reduce constraints on entrepreneurship (Acs, Audretsch, Braunerhjelm, & Carlsson, 2004; Minniti, Bygrave, & Autio, 2006).

Market resources and government policies affect SMEs at the same time, but resources and policies may also vary from region to region. Policy design needs to take account of local differences, and to adapt to the different scale and nature of existing resources, networks, and market capabilities (Minniti, 2008). Below are the major policies related to SMEs in Taiwan:

- (1) The government has established a specialized department, the Small and Medium Enterprise Administration, to communicate directly with SMEs. They also provide information and consultative services. Government links universities and corporations to provide training systems in management, finance, quality, marketing, production technology and R&D. This policy promotes the quantity and quality of human resources.
- (2) Financial assistance is the most common tool used in every country to support SMEs. Although financial resources may not be the most important success factor for SMEs, firms cannot start or continue their businesses without financial support. SMEs receive direct and indirect aid from the government. SMEs can apply for loans from domestic banks. Both the SME Credit Guarantee Fund and SME Development Fund provide guarantees to banks. The Development Fund also provides a guarantee to banks and direct investment in SMEs. Government departments have organized several rewards like the National SME Award, the Rising Star Award, the SME Innovation Research Award, and the Business Start-up Award to stimulate progress. These rewards have encouraged the development in many industries like technology, electronics, and information. Other sources of financial support include investment from private funds, capita markets, venture capital, and incubation fund accounts.
- (3) There is a government program named the “One Town One Product” designed to help both SMEs and local culture. It is based on the specific products and services needed to develop local industries. The advantage of this plan is that it directly uses local

resources and local people's experience. Many generations have stayed in the same place for more than one or two centuries, and the experience has been transmitted to the current generation. The government seeks to integrate SMEs with local characteristics to promote local development. One example is the Yingge pottery industry in the north Taiwan. Yingger has clayey soil, extensive woodlands for a firewood supply, and coal mines. These natural resources have made it the perfect place to build kilns and develop the pottery industry. The government not only assists the development of this industry, but also enhances the continuity of that area's pottery culture. Yingge has thus become a well-known travel spot.

- (4) Internet is an important technological product in today's world. More than 64 percent of the total population in Taiwan uses Internet. For this reason, the government encourages and supports SMEs to adopt information and communications technology (ICT). ICT projects are necessary for SMEs to expand their market opportunities. The government provides guidance for SMEs to set up their e-Commerce framework, e-Application framework, and e-Infrastructure framework. ICT projects can enhance supply chain management, online sales, knowledge management, e-operations, consulting services, communications, talent cultivation, and information portals. Technology is a tool for the current and future era. To survive, enterprises should know how to use this tool.

Government plays as the role of parent to assist and guide SMEs. If they want to understand their children, they should communicate with them, know what their children do, and provide enough tools to teach and aid their children. Combined with market resources and government policies, the last factor to achieve entrepreneurship is EO.

7. Entrepreneurial Orientation

EO refers to the strategy-making practices that businesses use to identify and launch corporate ventures. It represents a frame of mind and a perspective about entrepreneurship that are reflected in a firm's ongoing processes and corporate culture (Dess & Lumpkin, 2005). Table 5 is the dimensions of EO which is summarized by Dess and Lumpkin (Covin & Slevin, 1991; Lumpkin & Dess, 1996; Miller, 1983). Each firm may have different dimensions of EO. However, because of the impact of globalization, different market needs,

market resources and government policies, firms may have some specific dimensions within a country.

From the historical data and development on SMEs, Taiwan's SMEs have strong characteristics of proactiveness and risk-taking. These two characteristics have been used for recent research in Taiwanese firms (Chang, Lin, Chen, & Huang, 2005; Wu, Su, & Lee, 2008). Before finding new opportunities, there must be incidents that trigger changes. Proactiveness not only needs to recognize obstacles, but also needs to seek out chances. SMEs recognize the possible changes brought about by globalization. Although the number of manufacturing firms is declining, the number of construction and commerce firms is growing. New opportunities are coming from the construction and commerce industries, because SMEs in these areas have become aware of new market needs. Proactiveness is also enhanced by the culture of Confucianism. Understanding others and learning from others are Confucian characteristics which encourage individuals to care about others and to consider others' points of view. Understanding and learning from the market helps advanced SMEs to find future demand.

Taiwan's people have the courage to face a changing environment. From the 17th century to the middle of the 20th century, Taiwan was under the control of the Dutch, Han Chinese, Manchu, and Japanese. Every new ruler meant changes in the way of living. In order to survive these rapid changes, each generation had to learn to cope with the challenges of uncertainty. Taiwan is also an island country. Early on, when people first immigrated to Taiwan, they faced a desolate land. People had to be full of adventure to develop their new home. Living in an uncertain environment has made risk-taking part of the behavior of Taiwan's people. According to Lumpkin and Dess (1996), individual risk-taking behavior is increasingly seen as a desired and valued outcome, particularly in dynamic and turbulent environments. This is the reason why people continue to join SMEs in the recessionary period.

8. Conclusion

Entrepreneurship should be considered as an effective option for economic recovery. When people have work to do, it stimulates the economy. An entrepreneurial society creates more jobs than any other type, because people strive to search for new

Table 5 Dimensions of entrepreneurial orientation (EO)

Dimension	Definition
Autonomy	Independent action by an individual or team aimed at bringing forth a business concept or vision and carrying it through to completion.
Innovativeness	A willingness to introduce newness and novelty through experimentation and creative processes aimed at developing new products and services, as well as new processes.
Proactiveness	A forward-looking perspective characteristic of a marketplace leader that has the foresight to seize opportunities in anticipation of future demand.
Competitive aggressiveness	An intense effort to outperform industry rivals. It is characterized by a combative posture or an aggressive response aimed at improving position or overcoming a threat in a competitive marketplace.
Risk-taking	Making decisions and taking action without certain knowledge of probable outcomes; some undertakings may also involve making substantial resource commitments in the process of venturing forward.

Sources: Dess and Lumpkin (2005)

opportunities. The impact of globalization has changed the structure of Taiwan's SMEs, although that number has continued to increase over the past decades. Also, a large share of employment is contributed by SMEs. Such firms are still looking to meet market needs and trends, and this is the only way to survive. Market resources and government policies are important to support SMEs. Competitive advantages can be developed by these resources and policies. In order to achieve entrepreneurship, enterprises need to also have the final factor, an entrepreneurial orientation. EO can enable enterprises to cultivate entrepreneurship in thinking and action.

The future research can use data from other countries. Globalization has a different influence on SMEs in other countries. There has been a large decline in manufacturing in Taiwan, but in some countries manufacturing may have benefited from globalization.

Market needs and trends may change according to geographic environment and historical background. Also, different support from market resources and government policies can affect the number of SMEs. Other countries may have different strengths in terms of EO. All of these factors are important to develop entrepreneurship, and other countries will have differences in these factors.

Taiwan has already been credited with creating an economic miracle once in its history. At that time, SMEs provided a significant impetus to economic development, and they played a critical role to stabilize the society. In Taiwan, the best representative of entrepreneurship is SMEs. If Taiwan can fully recover from the economic recession, the successful example of SMEs will be a reference for other countries.

Reference

1. Acs, Z. J., Audretsch, D. B., Braunerhjelm, P., & Carlsson, B. (2004). The missing link: The knowledge filter and entrepreneurship in endogenous growth. Centre for Economic Policy Research (CEPR) Discussion Paper no.4783, London: Center for Economic Policy Research.
2. Alvarez, S. A., & Busenitz, L. W. (2001). The entrepreneurship of resource-based theory. Journal of Management, 27(6), 755-775.
3. Amine, L. S., Chao, M., & Arnold, M. (2005). Exploring the practical effects of country of origin, animosity, and price-quality issues: Two case studies of Taiwan and Acer in China. Journal of International Marketing, 13(2), 114-150.
4. Attuahene-Gima, K., & Ko, A. (2001). An empirical investigation of the effect of market orientation and entrepreneurship orientation alignment on product innovation. Organization Science, 12(1), 54-74.
5. Audretsch, D. B., & Thurik, R. (2001). What's new about the new economy? Sources of growth in the managed and entrepreneurial economies. Industrial and Corporate Change, 10(1), 267-315.
6. Audretsch, D. B., & Thurik, R. (2000). Capitalism and democracy in the 21st century: From the managed to the entrepreneurial economy. Journal of Evolutionary Economics,

- 10(1), 17-34.
7. Barney, J. B. (1991). Firm resources and sustained competitive advantage. Journal of Management, 17(1), 99-120.
 8. Berger, B. (1991). The culture of entrepreneurship. San Francisco: ICS Press.
 9. Birch, D. L. (1987). Job creation in America: How our smallest companies put the most people to work. London: Collier Macmillan.
 10. Brenner, N. (2004). Urban governance and the production of new state spaces in Western Europe, 1960-2000. Review of International Political Economy, 11(3), 447-488.
 11. Brown, T. E., Davidsson, P., & Wiklund, J. (2001). An operationalization of Stevenson's conceptualization of entrepreneurship as opportunity-based firm behavior. Strategic Management Journal, 22(10), 953-968.
 12. Chang, S. C., Lin, R. J., Chen, J. H., & Huang, L. H. (2005). Manufacturing flexibility and manufacturing proactiveness: Empirical evidence from the motherboard industry. Industrial Management and Data Systems, 105(8), 1115-1132.
 13. Chell, E. (2007). Social enterprise and entrepreneurship. International Small Business Journal, 25(1), 5-26.
 14. Chuang, Y. (1999). Returns to scale, productive efficiency, and optimal firm size evidence from Taiwan's firm fate. Applied Economics, 31(1), 1353-1364.
 15. Covin, J. G., & Slevin, D. P. (1991). A conceptual model of entrepreneurship as firm behavior. Entrepreneurship Theory and Practice, 16(1), 7-24.
 16. Deshpande, R., Farley, J. U., & Webster, F. E. (1993). Corporate culture, customer orientation, and innovativeness in Japanese firms: A quadrat analysis. Journal of Marketing, 57(1), 23-27.
 17. Dess, G. G., & Lumpkin, G. T. (2005). The role of entrepreneurial orientation in stimulating effective corporate entrepreneurship. Academy of Management Executive, 19(1), 147-156.
 18. Dierickx, I., & Cool, K. (1989). Asset stock accumulation and sustainability of competitive advantage. Management Science, 35(1), 1504-1511.

19. Drucker, P. F. (1985). Innovation and entrepreneurship: Practice and principles. NY: Harper and Row.
20. Gilbert, B. A., Audretsch, D. B., & McDougall, P. P. (2004). The emergence of entrepreneurship policy. Small Business Economics, *22*(3), 313-323.
21. Grant, R. M. (1996). Toward a knowledge-based theory of the firm. Strategic Management Journal, *17*(Special Issue), 109-122.
22. Hamel, G., & Prahalad, C. K. (1994). Competing for the future. Boston: Harvard Business School Press.
23. Hills, G., & LaForge, R. (1992). Research at the marketing interface to advance entrepreneurship theory. Entrepreneurship Theory and Practice, *3*(1), 33-59.
24. Hitt, M. A., & Ireland, R. D. (2002). The essence of strategic leadership: Managing human and social capital. Journal of Leadership and Organization Studies, *9*(1), 3-14.
25. Hofstede, G. (1980). Culture's consequences: International differences in work-related values. California: Sage.
26. Holtz-Eakin, D. (2000). Public policy toward entrepreneurship. Small Business Economics, *15*(4), 283-291.
27. Hu, M. W., & Schive, C. (1998). The changing competitiveness of Taiwan's manufacturing SMEs. Small Business Economics, *11*(4), 315-326.
28. Jessop, B. (2002). The future of the capitalist state. Cambridge: Polity Press.
29. Knight, G. (2000). Entrepreneurship and marketing strategy: The SME under globalization. Journal of International Marketing, *8*(2), 12-32.
30. Kohli, A. K., & Jaworski, B. J. (1990). Market orientation: The construct, research, propositions, and managerial implications. Journal of Marketing, *54*(1), 1-18.
31. Kumar, S., & Liu, D. (2005). Impact of globalization on entrepreneurial enterprises in the world markets. International Journal of Management and Enterprise Development, *2*(1), 46-64.
32. Lee, S. M., & Peterson, S. J. (2000). Culture, entrepreneurial orientation, and global competitiveness. Journal of World Business, *35*(4), 401-416.

33. Li, K. T. (1988). The evolution of policy behind Taiwan's development success. New Haven: Yale University Press.
34. Li, P. P. (1998). The evolution of multinational firms from Asia: A longitudinal study of Taiwan's Acer group. Journal of Organizational Change Management, 11(4), 321-337.
35. Lin, L. H., & Ho, Y. L. (2009). Confucian dynamism, culture and ethical changes in Chinese societies: A comparative study of China, Taiwan, and Hong Kong. International Journal of Human Resource, 20(11), 2402-2417.
36. Liu, T. H., Chu, Y. Y., Hung, S. C., & Wu, S. Y. (2005). Technology entrepreneurial styles: A comparison of UMC and TSMC. International Journal of Technology Management, 29(1), 92-115.
37. Lumpkin, G. T., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. Academy of Management Review, 21(1), 135-172.
38. McCline, R. L., Bhat, S., & Baj, P. (2000). Opportunity recognition: An exploratory investigation of a component of the entrepreneurial process in the context of the health care industry. Entrepreneurship Theory and Practice, 25(2), 81-94.
39. McGrath, R. M., & MacMillan, I. C. (2000). The entrepreneurial mindset. Boston: Harvard Business School Press.
40. Miller, D. (1983). The correlates of entrepreneurship in three types of firms. Management Science, 29(1), 770-791.
41. Minniti, M. (2008). The role of government policy on entrepreneurial activity: Productive, unproductive, or destructive. Entrepreneurship Theory and Practice, 32(5), 779-790.
42. Minniti, M., Bygrave, W., & Autio, E. (2006). 2005 global entrepreneurship monitor report. Babson Park, MA: London Business School and Babson College.
43. Organization for Economic Co-operation and Development (OECD) (1997). Globalization and small and medium enterprises. Paris: The Washington Workshop.
44. Organization for Economic Co-operation and Development (OECD) (1996). SMEs: Employment, innovation and growth. Paris: The Washington Workshop.

45. Perren, L., & Jennings, P. L. (2005). Government discourses on entrepreneurship: Issues of legitimization, subjugation, and power. Entrepreneurship Theory and Practice, 29(2), 173-184.
46. Priem, R. L., & Butler, J. E. (2001). Is the resource-based "view" a useful perspective for strategic management research? Academy of Management Review, 26(1), 22-40.
47. Siu, W. S., Fang, W. C., & Lin, T. L. (2004). Strategic marketing practices and the performance of Chinese small and medium-sized enterprises (SMEs) in Taiwan. Entrepreneurship and Regional Development, 16(2), 161-178.
48. Slater, S. F., & Narver, J. C. (1995). Market orientation and the learning organization. Journal of Marketing, 59(3), 63-74.
49. Thurik, R., & Wennekers, S. (2004). Entrepreneurship, small business and economic growth. Journal of Small Business and Enterprise Development, 11(1), 140-149.
50. Tsang, E. W. K. (1996). In search of legitimacy: The private entrepreneur in China. Entrepreneurship Theory and Practice, 21(1), 21-30.
51. White Paper, (2008). White paper on small and medium enterprises in Taiwan. Taipei: Small and Medium Enterprise Administration, Ministry of Economic Affairs.
52. Wu, H. L., Su, W. C., & Lee, C. Y. (2008). Employee ownership motivation and individual risk-taking behaviour: A cross-level analysis of Taiwan's privatized enterprises. International Journal of Human Resource, 19(12), 2311-2331.
53. Zahra, S. A. (1999). The changing rules of global competitiveness in the 21st century. Academy of Management Executive, 13(1), 36-42.

2009 年 11 月 26 日收稿

2009 年 11 月 30 日初審

2010 年 03 月 02 日複審

2010 年 03 月 19 日接受