

The Network Structure of Big Business in Taiwan

ABSTRACT

This paper takes a network approach to understanding ownership patterns and director interlocks in Taiwan. In particular, this paper analyzes ties among Taiwan's top 200 publicly listed companies in 1990 and 2000. The speed of change in Taiwan's economic organization during the period has been striking. Not only has the identity of many of Taiwan's largest firms changed, there also seems to have been a substantial pruning and thinning of director ties over time as well as a substantial transformation of the ownership network. What continuity remains appears to be largely a consequence of business group membership, and the strength of those ties appears to be considerable. Overall, this research finds that Taiwan's financial sector is quite central to the island's big business network, that business groups are an extremely important category for understanding patterns of ownership ties, and that most director interlocks in Taiwan appear to cross industry boundaries rather than occur within them.

Keywords: networks, ownership networks, director interlocks, Taiwan

APPENDIX

(Tables 6, 7, and 8 with Chinese Names)

Table 6. Taiwan's Most Connected Boards, Directors, and Owners in 1990 and 2000

1990 Most Connected Boards

	<u>Company Name</u>	<u>Number of Links</u>	<u>Number of Directors</u>	<u>Links Per Director</u>
1	Taiwan Cement (台泥)	38	28	1.36
2	Ambassador Hotel (國賓)	33	31	1.06
3	Wei Chuan Foods (味全)	26	22	1.18
4	Shinkong Synthetic Fibers (新纖)	23	11	2.09
5	Shinkong Spinning (新紡)	22	16	1.38
6	Cheng Loong (正隆)	21	22	0.95
7	Shihlin Electric (士電)	19	24	0.79
7	Yeun Foong Yu Paper (永豐餘)	19	16	1.19
9	Formosa Plastics (台塑)	18	20	0.90
9	China Synthetic Rubber (中橡)	18	16	1.13

links = number of other companies with which company in question shares at least one director

2000 Most Connected Boards

	<u>Company Name</u>	<u>Number of Links</u>	<u>Number of Directors</u>	<u>Links Per Director</u>
1	Winbond Electronics Corporation (華邦電子)	16	13	1.23
1	Taiwan Cellular Corporation (台灣大)	16	12	1.33
3	United Microelectronics Corp (UMC) (聯電)	14	15	0.93
3	Unipac Optoelectronics Corp (聯友光電)	14	15	0.93
5	Teco Electric & Machinery Co Ltd (東元)	13	21	0.62
6	President Chain Store Corp (統一超商)	12	11	1.09
7	Chung Hsin Electric & Machinery Mfg Co (中興電工)	11	14	0.79
8	Taiwan Cement Corporation (台泥)	10	20	0.50
8	Walsin Lihwa Corporation (華新)	10	17	0.59
8	Taiwan Semiconductor Mfg Co (TSMC) (台積電)	10	10	1.00
8	Far Eastern Air Transport (遠航)	10	7	1.43

links = number of other companies with which company in question shares at least one director

Table 7. Most Connected Directors in 1990 and 2000 by Degree

1990 Most Connected Directors			2000 Most Connected Directors		
Number of Boards	Name		Number of Boards	Name	
10	Thomas Wu	吳東亮	6	Stephen J. Tsuei	崔湧
10	Anthony Wu	吳東賢	6	Theodore Huang	黃茂雄
9	Chong-Hsiung Hsu	徐崇雄	5	Thomas Wu	吳東亮
7	Show-Chung Ho	何壽川	5	Jack Sun	孫道存
7	Wan-Ling Chiang	江萬齡	5	Stan Shih	施振榮
6	Tian-Lin Chang	張天憐	5	Robert Tsao	曹興誠
6	Chen-Fu Koo	辜振甫	5	Y. T. Wang	王永在
6	Jeffrey Koo	辜濂松	5	Benny Hu	胡定吾
6	Teh-Ren Chen	陳德仁	5	Matthew Miao	苗豐強
5	Shou-Shan Ho	何壽山	5	Pierre Chen	陳泰銘
5	Rong-Ting Ho	何榮庭	5	Tsing-Yuan Hwang	黃清苑
5	Eugene Wu	吳東進			
5	Douglas Hsu	徐旭東			
5	Yu-Ziang Hsu	徐有庠			
5	Y. C. Wang	王永慶			
5	Run-Kang Lu	陸潤康			

Table 8. Most Connected Owners in 1990 and 2000 by Degree

1990			2000		
Number of Firms Owned	Name of Owner		Number of Firms Owned	Name of Owner	
8	Central Investment Holding Co.	中央投資	12	C.D.I.B.	中華開發
7	Shin Kong Life Insurance	新光人壽	7	Central Investment Holding Co.	中央投資
6	China Development	中華開發	6	Chiao Tung Bank	交通銀行
5	First Bank	第一銀行	6	Ministry of Finance	財政部
5	Chiao Tung Bank	交通銀行	5	UMC	聯華電子
5	Bank of Taiwan	台灣銀行	5	Kuang Hwa Investment	光華投資
4	Formosa Chemical & Fibre	台灣化學纖維	5	Bank of Taiwan	台灣銀行
4	Lien Hwa Industrial	聯華實業	4	Acer Computers	宏碁電腦
4	Cathay Life Insurance	國泰人壽	4	Executive Yuan, Dev. Fund	行政院 (開發基金管)
4	Ho family	何家			
4	Ministry of Economic Affairs	經濟部			
4	Yuan Ding Investment	遠鼎投資			