

Title of the Research: Role of Entrepreneurship in Future Economic Development of Taiwan

Author: Mahendar Kumar

Degree: IMBA (Human Resource Management)

Research Advisor:

Dr. Vijit Supinit

(Dean of MBA Department)

Dated

Abstract:

Historically, Entrepreneurship played a central role in the economic development of Taiwan, Therefore Small and medium sized enterprises are considered a backbone of Taiwanese economy. The purpose of this study is to define and elaborate the role of Small and medium sized enterprises (SMEs) in the future economic development of Taiwan. There were three main objectives of this study; first to analyze and find the relationship between each independent variable namely non-technical innovation of SMEs, human resource productivity of SMEs and government policies regarding SMEs and future economic development of Taiwan. The second objective was to analyze the role of entrepreneurship in terms of social and economic impact and the third was to produce final statement based on all observations. This research has used transaction cost theory in order to achieve the objectives and conclude the final results. The research has also included and discussed multiple academic works of different authors and it is conducted in Bangkok, Thailand and the type of research is qualitative, inductive in nature considering the fact that Taiwanese scenario could be replicated anywhere around the world. The research data was organized by using Nvivo qualitative computer software that includes the task of coding, data coherence and data consistency. Then the data was analyzed by using the software tools like word frequency and text search query in order to find the relationship between independent and dependent variables.

Final findings are based on the five observations and then it concludes that the final statement of the research. The first observations show that there is a definite relationship between non-technical innovation and future economic development of Taiwan by using Nvivo qualitative software. The second observations points out that there is a definite relationship between human resource productivity and future economic development of Taiwan, the third observation mentions that there is also a key relationship between government policies regarding SMEs and future economic development of Taiwan. The fourth and fifth observations depicts that the annual sales share of SMEs in Taiwan is (30%) export sales share (17.74%) and Taiwan economy is mostly consists of service industry (68.19%) but Taiwan SMEs only contribute less than 10%. It also mentions that the workforce employed by SMEs is 79% of total workforce in Taiwan. Furthermore, the

net operating profit of SMEs (4.79p) as compared to large corporations (5.19p) and SMEs of Taiwan that survive for more than 20 years are only 23% as compared to 38% of large corporations.

Finally the research combined all the observations and concluded in a statement that “There is a relationship among all three variables namely non-technical innovation, human resource productivity and government policies regarding SMEs and future economic development of Taiwan, the role of entrepreneurship as a whole is quite limited based on the evidences like annual sales of SMEs is less than 30%, GDP contribution is less than 20% and SMEs survival rate is only 23% as compared to 38% of large corporations for more than 20 years. But the social cost in terms of employment is quite high because SMEs accommodate more than 75% workforce of Taiwan”.

Keyword: Entrepreneurship, Economic Development, SME, Economic Activity, HR, Innovation, Policy