



Taiwan:

Making Waves as the Next Prime Spot for Outsourcing

September 2022



Introduction

More than a decade since the outsourcing boom, Asia has built itself into the world's premier destination for almost everything, from manual labor and high-skilled technology roles to Internet and phone based work with its plentiful supply of manpower.

India, the Philippines, and China lead the region's offshoring industry, with the first two competing in the IT and customer service arena, and the latter dominating the manufacturing sphere. While the big three have established their respective reputations, several new players show promise in delivering a diverse spectrum of outsourced services to foreign and local clients. Aside from the Philippines, India, and China, other Asian nations have secured a position in the 2015 version of Tholons' list of Top 100 Outsourcing Destinations. Those countries are Sri Lanka, Vietnam, Malaysia, Singapore, Indonesia, South Korea, Thailand, and Taiwan.

Part of what caused these countries to emerge as future offshoring hubs is the availability of a competent workforce and affordable resources within their territories. Another factor is the growing popularity of new modes of outsourcing that allow businesses to look no further than their locality or neighboring countries when in need of aid. Now, Western businesses are not the only ones that proliferate in the East to extend operations. Asia-based companies also benefit from their neighbors' healthy business environment, with the added convenience of proximity, cultural likeness, and lingual familiarity.

This white paper explores those advantages, as well as the basic knowhow that businesses should be equipped with when they set foot on one of today's most promising outsourcing destinations in Asia, Taiwan.

The Heart of Asia

Taiwan brands itself as the Heart of Asia for being a microcosm of the whole Far East tourism experience and for the warmth that its citizens welcome visitors with. The East Asian island's location also positions it in the middle of the region's commercial capitals like Hong Kong and Mainland China. Having this strategic location advantage, Taiwan has access to some of the world's best production resources and dynamic markets, while serving as the center of Asian transportation and logistics.



Doing business in Taiwan

The country has achieved generally positive standings in the World Bank's Ease of Doing Business Index, ranking 19th out of 189 economies in the 2015 report. The following categories, in particular, showed high placement for Taiwan.



TOPIC	2015 Rank	2014 Rank
Starting a Business	15	15
Dealing with Construction Permits	11	10
Getting Electricity	2	9
Registering Property	40	40
Getting Credit	52	55
Protecting Minority Investors	30	30
Paying Taxes	37	37
Trading Across Borders	32	30
Enforcing Contracts	93	93
Resolving Insolvency	18	17

Since this Index is a highly regarded reference for international ventures, scoring relatively high in these categories makes Taiwan a fruitful place to invest in. In addition to this recognition from the World Bank, the island nation continues to display strong performances in various international economic surveys. The Global Competitiveness Report 2014 - 2015 lists Taiwan as the 14th most competitive economy out of the 144 countries surveyed. The 2014 edition of the Business Environment Rankings likewise positioned the country as the 14th most welcoming environment for multinational corporations.

The Chinese connection

While Taiwan's outstanding business environment makes it a favorable place to choose as an offshoring destination, many companies opt to take their business to the country as it is seen as a gateway to China. Those wanting to step into China as a means of penetrating the richest Asian market may face challenges related to the often restrictive Chinese legal framework. Given the economic attractiveness of selling to the Chinese consumer, China's business laws must adjust to make its business landscape more welcoming to foreign brands. This is why businesses planning to enter China test the waters in Taiwan, since its proximity, cultural affinity, and lingual connection to the mainland enables it to produce goods that are suitable to China's 1.5 billion strong market. Here, they get to see what works best with the Asian market minus the risks associated with jumping straight into China. And with the cross-Strait relations re-established between the mainland and the smaller nation, it would now be easier for Taiwan-based companies to deploy operations in China or anywhere in the world. Additionally, since the language is nearly the same, many western corporations have opted to offshore their Mandarin customer support to Taiwan as a means of assisting their mainland clientele without actually setting up a business there.

Business etiquette in Taiwan

There's an undeniable promise of success to brands that set operations in Taiwan. But knowing the country's economic background is not enough to guarantee success. Here are basic practices that investors need to know in order to have a good relations and stature in Taiwan:

• Introductions

☑ Print business cards in English on one side and in classical Chinese characters on the other. When receiving one, it should be carefully accepted because the way someone's business card is handled reflects how much the receiver values the owner of the card. Writing on someone's card should therefore be done away from the giver's presence.

☑ When meeting someone for the first time, making a slight bow and addressing each other by academic or professional title followed the surname is deemed proper.

• Meetings

☑ In a meeting, it is also proper to wait to be introduced by the host instead of introducing yourself right away.

☑ The presence of decision-makers elevates the status of a company during a meeting. To show seriousness in the matter to be discussed, there should be top executives in a company's attending party.

• Negotiations

☑ The visiting party should allow their partners in Taiwan to set deadlines and the negotiation pace. They want to make decisions collectively, so the early stages might take time if facts and agreements are yet to be established.

☑ It's advisable for lawyers to stay out of front end negotiations until they absolutely need to be included. As much as possible, businesspeople in Taiwan want to settle conflicts independently without taking things to court.



• Communication

☑ Low English proficiency is not seen as an outsourcing constraint. While bigger counterparts dominate the sector catering to English-speaking markets, outsourcers benefit from the country's well-educated workforce and deep knowledge about Chinese culture and languages.

☑ The Taiwanese value well-crafted messages over brevity. They don't mind a proposal getting wordy as long as it is delivered in full context and with clarity.

☑ As detail is important to them, communication may not always be direct. Even a simple "yes" or "no" may be expressed in flowery, vague, or coded words.

• Networking

☑ Like most Chinese societies, the people of Taiwan have a high regard for guanxi (pronounced qwon-she), which is the personal connection that individuals develop with and earn from others. Guanxi is important in doing business, so visitors must socialize, form real bonds, and exchange favors with entities they want to be associated with.

☑ Taiwanese businesspeople want to know their partners personally because for them, friendship is a crucial element of successful deals. It's therefore ideal to make or accept social invitations from prospects outside the conference halls.





Summary

As Asia continues to grow as a global point of commerce, Taiwan will emerge as a vital offshoring destination because of its strategic location and business-conducive environment. Having impressive standings in various international economic rankings, the country promises smooth execution of ventures within its territory, especially to brands that see Taiwan as an entry point to larger Chinese markets. But in order to make it into the Heart of Asia, foreign businesses must not count on the country's status alone. They must equip themselves with knowledge and understanding of Taiwan's cultural practices, which serve as the pillar of their professional connections.



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- Dutch
- English
- Farsi
- Filipino / Tagalog
- Finnish
- French
- German
- Greek
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- Mandarin
- Norwegian
- Polish
- Portuguese
- Russian
- Spanish
- Swedish
- Thai
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