

(報告題名)

THU  
ePaper



## 東海大學學生報告 ePaper

報告題名：

A Comparison between Corporate Governance Violations in Taiwan and America

作者：Evan P. Phillips

系級：企管系

學號：s1001256

開課老師：林金龍

課程名稱：商事法

開課系所：企管系

開課學年： 103 學年度第二學期

## 中文摘要

這項工作的目的是提供了一個深入了解的公司管理在台灣和美國的問題。我們需要探討這個話題，因為二者都是大眾商業和經濟影響力的中心。通過了解這些在困境中的經濟體，我們可以更容易地提出補救措施並在公司治理提供幫助。通過了解和研究，我們不僅可以改變其他商業行為成為一個更好的形式，且我們也可以影響下一代，使他們能夠避免這些問題。

由這項工作放在一起參與閱讀年長互聯網文章，比較從各種論文筆記，研究在美國的行動和政治家和黑手黨在台灣的反應，以及白領犯罪的過程。

我們的研究結果都沒有太令人震驚了，但透露一個重要事實。違反適當的公司治理不僅是個人或團體在世界有負面影響。也許它們不認為自己有錯，他們帶給投資者損失卻也是不爭的事實，員工，管理層和公司本身都一樣。

**關鍵字：公司治理， OECD ，商業法，違法行為，國民黨**

### Abstract

The purpose of this work is too offer an insight into the issues of corporate governance in Taiwan and America. We need to explore this topic, as both are centers of mass business and economic influence. By understanding where these economies struggle, we can more easily come up with remedies to aid in corporate governance. Through understanding and research, we not only can change other business practices into a better form more acceptable for the six principles of the OECD, but we can also influence the minds of the next generations so they can avoid these problems all together.

The process by which this work was put together involved reading older internet articles, comparing notes from various theses, and researching the actions and reactions of both Politicians and the Mafia in Taiwan, as well as White Collar Crime in America.

Our results are none too shocking, yet reveal an important truth. Violations of proper corporate governance not only stem from individuals or groups with a negative impact in the world, but also stem from people whom you could over all call good, but who have lied to themselves and found reasons to edit numbers. Perhaps in their own minds they have done nothing wrong, yet it is a fact their actions bring misfortune to investors, employees, management, and companies themselves all alike.

**Keywords : Corporate Governance, OECD, Business Law, Violations, KMT**

(報告題名)

## 目次

1. Research Background.....	4
2. What is difference between Taiwanese and American Corporate Governance?.....	4
3. What are the Reasons behind these Differences?.....	5
4. How to improve the systems of Corporate Governance in America and Taiwan.....	6
5. Conclusion and Suggestions of Author.....	6



(報告題名)

## 1. Research Background

For this research, we first determine what Corporate Governance is. We have found the basic definition in English to be : an aim, through the control, design, and management of a system of checks and balances, to effectively prevent businesses from using, investing, and completing illegal activities (for example, fraud, or monopolies), by holding corporations and companies to a high level of CSR (Corporate Social Responsibility).

We next observe the basis for corporate responsibility as given by the OECD (Organization for Economic Cooperation and Development) and its six developed corporate governance principles. Quickly listed they are: Ensuring the Basis for an Effective Corporate Governance Framework, The Rights of Shareholders and Key Ownership Functions, The Equitable Treatment of Shareholders, The Role of Stakeholders in Corporate Governance, Disclosure and Transparency, and, last but not least, The Responsibilities of the Board.

Next we observe how these principles are incorporated in American Law and Taiwanese Law. We observe the differences and similarities, explore why things are that way, and come to our own conclusion as to how we can improve these sovereign nation's systems of corporate governance.

## 2. What are the differences between Taiwanese and American Corporate Governance Issues?



### Taiwanese Corporate Governance:

In Taiwan, from 1990 all the way back to 1949, when the KMT (Kuo Min Tang) fled China after losing the civil war on the mainland, the politics and business of Taiwan, was controlled almost completely by the KMT as the first political party of what is today now called the ROC (Republic of China, not to be confused with the PROC, or People's Republic of China, ie, communist mainland China). The leader of this party and first president of the KMT was General Chiang Kai Shek. When fleeing the Communists, the Christians, Buddhists, KMT soldiers, Scholars, and pro capitalist Chinese joined President Chiang in Taiwan. Along with these people came many different Triad (Mafia) groups, also trying to escape the communist party's reach. The aid these Mafioso gave the KMT led to many of their members obtaining high ranking political and corporate responsibilities. In the present day, the KMT has tried to "ungangster" itself in order to gain more support from Taiwanese citizens all over the country. However it is a fact that from the time when the Mafia and ROC government first came to place in Taiwan, many under the table deals have been made, with virtually no way of reporting the crimes. One common violation of Corporate Responsibility was "bidding high and along". In the early 1990's Chun Kuo Group, a company owned by United Bamboo triad affiliate, Chen Ti-Kuo offered an enormous price to complete work on a highway project in Taiwan. When one legitimate business, BES Engineering Corp, owned by Buddhist Regis Chen, offered a lower price for the



(報告題名)

same job, the triad immediately made death threats and hassled Mr. Regis Chen and his business. Mr. Regis chen gave up his offer, and Chun Kuo Group received the job. No investigation led to any punishments for Chen Ti-Kuo or his company. The number one problem in Taiwan regarding Corporate Governance is holding accountable businesses which have close ties to the Mafia.

American Corporate Governance:

America has many issues around Corporate Governance. They include prematurely recognizing revenue, concealing debt, abuse of stock options, and payola (receiving kick backs through making certain orders). As one can see, these infringements are strictly white collar related, and are very easy to commit, without requiring much planning or forethought.

Prematurely recognizing revenues includes the example of Xerox marking leased printers as sold. Concealing debt has an example in which Coca Cola divested its bottlers, with the bottlers holding the debt of Coca Cola. Abuse of stock options is becoming more common in America. Companies pay employees with stock options instead of a salary, thus saving money at first, and encouraging a positive outlook from employees as to the company's future. Payola was seen occurring when Qwest management purposely took orders from companies in return for stock from those companies. This meant the more they bought from one company, the more the management would earn. However, Qwest itself would suffer in not getting the supplies it as a company could have used best.

These violations do not require Mafia or inherently evil/ bad people to commit. These are simply people navigating books and laws trying to find loop holes as to how they can make more money. They take from others, receive benefits, and make their companies look better. The main group who suffers from these actions are investors, who cannot make an educated decision as to what they should be investing in, due to all the "smoke and mirrors".

### 3. What are the Reasons behind these Differences?

Taiwanese Corporate Governance:

With such a strong connection historically, socially, and politically between the Triad and Taiwan's politics and business centers, it is no wonder why the mafia, to this day even, remains so well connected to all parts of Taiwanese professional life. The Mafia was made strong by the original KMT government, but is now weakening, however, the well-known White Wolf of Taiwan, Chang An Lo, Godfather of the Bamboo Union, is now a "reformed politician", and this doesn't bold well for Taiwan in general. When certain illegal groups are given an ok, or even a free pass by the government, it becomes almost impossible to remove them completely.

American Corporate Governance:

White Collar Crimes are not viewed as criminal in America. Sentences are less strict and socially, the offender is not considered a criminal. It is easy for business people to find a loophole in their own mind to justify as to why what they are doing isn't really illegal. In some groups in America actions such as those listed are viewed as smart/clever thinking. The American view towards capitalism, and the favor of the wealthier in society, means that to go against corporate governance in these small ways, through simple paper work and number editing, means people are more likely to make these kinds of violations.

#### 4. How to improve the systems of Corporate Governance in America and Taiwan.

Taiwanese Corporate Governance:

Student groups have been very active in progressively reforming Taiwan. If more students can put their best foot forward and weed out all causes of corruption in Taiwan, from simple bribes all the way up to possibly electing officials like the white wolf, Taiwan will gradually become a nation in which corporate governance can be done responsibly, without anyone fearing a death threat or being harassed. By combating the Mafia both with a strong police force, and an educated, righteous group of citizens, Taiwan has even more potential to grow. The education system here, businesses, salaries, and ways of life are sought in Taiwan by other nationals from all over the rest of the Asian Pacific. By eliminating the greed, corruption, and loss of excess profit Mafia brings to legitimate businesses, Taiwan can only grow.

American Corporate Governance:

American Media is extremely powerful, with stations and news casters controlling the opinions of the majority of Americans in to one of two camps, conservative or liberal. Fighting against drug use and blue collar crime, the media has come together, for the most part, leading children away from dangerous addictive substances, and things such as drunk driving. If the media could also bring up the issues of white collar crime and allowing for more responsible corporate governance, it is possible the average Americans would be upset as to how the rich are getting richer through lies and deceit, and this would lead to a decrease in America's Corporate Governance issues.

#### 5. Conclusion and Suggestions of Author

Violations of Corporate Governance, and the inhibition of Corporate Governance is not just a problem of Taiwan and America. Each country faces it, and every country will continue to face it. Humans as a species and as individuals are flawed. There will always be those in society who try to get away with taking more, whether they are power hungry, greedy, too materialistic, or just sick. We will always have these issues as a species.

(報告題名)

However, through education on compassion and morality, as well as shaming, punishing and rehabilitating would-be criminals and actual offenders, we can lessen the number of times a day a business does something shady to make a quick buck. It is our duty as students of business to seek fair and honest ways of conducting our companies, and creating our profits. Money isn't everything, but it does buy not only food, water, and housing, but also, it can buy power, law, and public opinion. Corporate Governance is not only important to have from outside sources, but also inside the heart and mind of anyone aspiring to do, and do well, business.



(報告題名)

## 參考文獻 (References)

Cooper, J. (2003). CURRENT ISSUES IN AMERICAN CORPORATE GOVERNANCE. 12-12. Retrieved May 25, 2015, from [http://www.fbm.com/files/Publication/e8933b64-5d21-41a8-ae85-122bc37c5ee2/Presentation/PublicationAttachment/c6d43f80-fab1-470d-a10e-150d848e0946/6162B4C2-9240-48E2-9282-37B5BB0206FB\\_document.pdf](http://www.fbm.com/files/Publication/e8933b64-5d21-41a8-ae85-122bc37c5ee2/Presentation/PublicationAttachment/c6d43f80-fab1-470d-a10e-150d848e0946/6162B4C2-9240-48E2-9282-37B5BB0206FB_document.pdf)

Corporate Governance in Taiwan: Empirical evidence from Taiwanese company directors. (n.d.). Retrieved May 25, 2015, from <http://onlinelibrary.wiley.com/doi/10.1111/1467-8683.00321/abstract;jsessionid=DCBCBBABEFA3CB338454EDC297384DE3.f04t03?deniedAccessCustomisedMessage=&userIsAuthenticated=false>

Taiwan Stock Exchange Corp. (n.d.). Retrieved May 22, 2015, from [http://www.twse.com.tw/en/listed/governance/cg\\_01.php](http://www.twse.com.tw/en/listed/governance/cg_01.php)

Taiwan's Dirty Business. (n.d.). Retrieved May 23, 2015, from <http://orgcrime.tripod.com/taiwansdirtybusiness.htm>

The White Wolf. (2014, September 4). Retrieved May 23, 2015, from <http://www.economist.com/blogs/banyan/2014/09/taiwanese-gangsters>

