

CHIH-HUNG HSIEH

Yuan Ze University , Taiwan

DOES MNES' OFFSHORE INVESTMENT ACTIVITY CONTRIBUTE TO THE REVENUE GROWTH OF THEIR PARENT COMPANY? A TAIWAN LED & COMMUNICATION INVESTING IN CHINA CASE**Abstract:**

In the current wave of globalization, multinational enterprises have distributed their products worldwide and technology is transferred from advanced to developing countries. Foreign direct investment (FDI) contributes directly by increasing the local country's technology in production and labor, while also assisting industry growth in the home country. There have been a lot of discussions from previous scholars on the efficiency and effect of FDI on the home country or on the local country, but there hasn't been much empirical research looking at the situation between Taiwan and China. Therefore, the object of this study is Taiwan's high-tech industry, specifically the maturity of the LED industry and the growth period in the communications industry through the investigation of leading manufacturers' investments in China, and how they benefit from and affect the policies made on Taiwan industries. In order to develop the variables of major benefits, hypotheses, and the benefit model, this study has been conducted through a literature review and in-depth interviews with Taiwanese LED and communications industry manufacturers that have invested in China. Using surveys and PLS analysis the effectiveness of the model developed in this study is verified. The effects of interference due to the Taiwanese government's implementation of policies that deal with investment in China in term of the adjustment variables are also investigated. Lastly, in-depth interviews and secondary data were used to arrange the managerial implications and policy recommendations. After our analysis, we discovered that although the LED industry had entered the China market, the growth in the Chinese market or supply chain downstream investment (channel) is not significantly beneficial for the home company. In terms of the worldwide operating capacity of the communications industry, there are significant benefits in supply chain upstream (raw materials), investment, and process improvement. The Taiwan and China cross-strait policies have significantly strengthened manufacturing growth via foreign investment projects and achieved more beneficial effects in the interests of the home country, but as the market continues to grow and channel management are not significantly effective. These results validate the effectiveness of theories proposed in other papers, but also found a number specific benefits and detriments for Taiwan's industrial migration as well as discrepancies in beneficial phenomenon for different industrial life cycles.

Keywords:

Multinational enterprise (MNE) □ Foreign Direct Investment (FDI) □ Cross straight □ Policy effect □ Partial least squares (PLS).

JEL Classification: F68, C20, L59