THE PREDICTION OF OVERSEAS ADJUSTMENT AND COMMITMENT OF EXPATRIATES WORKING AT THE COMPANY'S SUBSIDIARIES THE CHINESE TAIPEI IN MAINLAND CHINA

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ABSTRACT

This study investigates the impact of corporate entrepreneurship, expatriate's emotional quotient, locus of control, work role characteristics on the adjustment and commitment of expatriates working at the Taiwanese subsidiary company in Mainland china. Valid questionnaire responses were collected from 152 expatriates.

The main findings are as follows:

1. The variable affect the expatriates' adjustment in order is works role characteristics, locus of control, corporate ingenuity, and company size.

2. The variable affect the expatriates' continuous working commitment in order is work role characteristics, expatriate's EQ and locus of control.

3. The variable affect the expatriates' effort commitment in order is continuous working commitment, corporate endeavor, expatriates' EQ and rank.

4. The expatriates with external locus of control have better adjustment and poorer continuous working commitment.

5. There are positive correlation between expatriate's EQ and their perceived corporate ingenuity and endeavor.

6. There is negative correlation between work role characteristics and the expatriate's perceived corporate ingenuity and endeavor.

7. There is negative correlation between expatriate's EQ and work role characteristics.

8. The linear structure equation model of this study has an adequate goodness of fit.

Key Words: small to medium size corporation (SMC), Expatriate, Emotional Intelligence, Overseas Adjustment, Organizational Commitment

INTRODUCTION

Since 1991 Taiwan allow her citizen travel to Mainland China to visit their relatives, Taiwanese investment in Mainland China have been rapidly increasing. According to the 1999 report by Taiwanese Industry Association, there are more than forty thousand cases of Taiwanese investment in Mainland China. The main reason for Taiwanese investing in Mainland China is cheap land, labor and huge market (Lii, 1996). The labor cost in Mainland is about one tenth to fifteenth of Taiwanese labor cost. Taiwanese hi-tech labor cost is about one hundred times higher than that in Mainland China. Taiwanese investment help Mainland increase their management know-how and hire large number of Mainland Chinese employee, help maintain the social stability. Mainland China helps prolong Taiwanese business life for five to ten years longer. According to the 1998 official statistics of Peoples Republic of China (PRC), Taiwanese investment in Mainland China is more than 21 billion US dollars. Mainland China has become Taiwanese number one overseas investment area.

In the process of investing in Mainland China, human resources management has been the key factor for the success of Taiwanese investors. After forty years separation under different political and economic system, life style and the way of thinking across Taiwan Strait become different, Taiwanese expatriates working in their subsidiary company in Mainland China have difficulties in their life and work adjustment.

According to Lii (1996), the small to medium size companies encountered more difficulties than large size companies. Ninety eight percent of all the companies in Taiwan are SMC. Its number is about one million. The SMC have more than 98% of all the Taiwanese employment, and more than 50% of total foreign trade. The SMC are key factors for Taiwanese economic development and social stability. But the SMC is poor in their global operation and policy of expatriation. They lack long term execution and strategic planing. The immediate effect is high turnover and difficulty in transferring of overseas social network and field experience. Thus, render the slow down in business globalization.

Most SMC's overseas investment capital is from Taiwan. The success and failure of Taiwanese SMC investment in Mainland bear high degree of impact on Taiwanese economy and society. This study aims to explore the influential variables on the expatriate's overseas adjustment and organizational commitment. The results from this study should provide some reference information for improving Taiwanese corporate policy and operation on expatriate's recruitment and management.

LITERATURE REVIEW

The related studies on overseas adjustment

The definition of expatriate is the employee who is assigned to work outside parent country with the intention to go back to the parent country. They are either parent-country national (PNC) or third country national (TCN) (Grosse & Kujawa, 1992). In the initial stage of business internationalization, large number of expatriates is assigned.

The best approach is to use the parent country national. The reasons for having expatriates are:

(1)The hose country does not have enough people who have management know-how.

(2)To develop the international business experience of parent company's employee.

(3)To control the subsidiary company

(4)To communicate with parent company, to execute the parent company's strategy.

(5)To keep the industrial secret.

The expatriates are situated in an international environment, they must play bicultural or multicultural roles. Rahim (1983) indicated that the expatriates have to play the following roles:

(1)The representative from parent company.

(2)The manager for local subsidiary company.

(3)The local resident.

(4)The local citizen or citizen in both countries.

(5)The expert.

(6)The family member.

   The different role expectation creates conflict, deepen the difficulty of overseas adjustment. Different countries, regions, people have different law, regulation, behavioral code and cultural custom. For fearing of violating custom or taboo, people in unfamiliar environment usually feel uneasiness or have anxiety. Oberg (1960) called this phenomenon as "culture shock". The adjustment process of the culture shock is called cross-culture adjustment. The first challenge facing the expatriate is cross-culture adjustment. It is so called overseas adaptation or adjustment.

The studies on work role characteristics.

   Torbiorn (1982) indicated that the role of expatriate involved the expectation of parent company to the expatriate, and the influence of host country to the expatriate's behavior. The expatriate have encountered some common problems (Torbiorn, 1982; Ku, 1993):

(1)The expatriate's role is ambiguous.

(2)Because the geographical or language barrier, the communication between the expatriate and parent company or between the expatriate and host country is equivocal or inefficient.

(3)The expatriate's qualification or ability is insufficient, can not play the expatriate's role well.

(4)The incompatible of different role expectation.

Black & Mendenhall (1990) in his study of American expatriate in Japan found that there is no significant correlation between work role adaptation and overseas adjustment. They found that among the four work role characteristics (work role ambiguity, work role conflict, work overload and work role novelty), only the work role ambiguity can significantly predict overseas adjustment.

The related studies on locus of control

Some people feel they can control everything in their life. They think they control their own destiny. Their life depends on their own effort and not controlled by outside forces. These are so called "internal locus of control type". There are other kind of peoples they belief their life is controlled by chance, fate, opportunity and other outside unpredictable forces. These are so called "external locus of control type".

Rotter (1966) first suggested that locus of control is one dimension of personality. Rotter suggested that the internal locus of control person would put more effort into control their environment, and thus, gain better result. They will be more concerned with the information important to themselves and tried hard to obtain the information. They are better in obtaining and using the information than the person with external locus of control. Church (1982) in his study indicated that the person with internal locus of control can explain what and why thing happen from other people's point of view. Therefore, the people with internal locus of control have more effective interpersonal communication and better interpersonal relationship.

Mendenhall & Oddou (1985) based on previous empirical studies, pointed out that there are several major dimensions affecting the expatriate's overseas adjustment:

1.Self-oriented dimension
(1)Replace reinforcement: Can adopt those recreational activities which are similar to the expatriate's own culture but with different content.
(2)Reduce stress: Can reduce the stress brought by different culture.(3)Skill and ability: Own the ability necessary to carry out the overseas assignment.

2.Others-oriented dimension
(1)Develop relationship: The ability to make long and sustained friendship.
(2)Willing to communicate: The ability and willingness to take initiative to communicate with local people.

3.Cognitive dimension
The cognitive ability to understand why the local people have their own unique behavior and performance.

4.Cultural-toughness dimension

The ability to involve in different national culture.

Mendenhall & Oddou (1985) also suggested that the recruiting of expatriate should also consider these ability dimensions. They will make the expatriate better adjusted in their overseas assignment.

The related studies on emotional intelligence.

Emotional intelligence also called emotional quotient (EQ). Goleman (1996) mentioned that the study by Harvard University indicated that a person's achievement is determined 20% by IQ. The other 80% are determined by other factors. IQ or aptitude test can not accurately predict a person's achievement. Goleman (1966) mentioned the development process of EQ concept:

(1) Thorndike in his 1920 article pointed that social intelligence is part of IQ. So called social intelligence is the ability to understand other's thinking, behavior and respond accordingly.

(2) Robert Sternberg stated that interpersonal skill is one of the most important characteristics to be seen as a smart people in other's eyes.

(3) Howard Gardner pointed that a single IQ does not determine the human achievement. There is at least seven different intellectual abilities include language, mathematics-logic, spatial ability, kinetic-motor ability, music ability, interpersonal skill, introspect ability.

(4) Salovey and Mayer think there are five different EQ: recognize one's own emotion, well manage one's own emotion, self-encourage, and recognize other's emotion and the management of interpersonal relationship.

(5) Danial Goleman using his sharp observation wrote his bestseller " EQ ", make the EQ concept become a household well-known term.

American "Time" and "Fortune" magazine also published special issues pointed that EQ is the most important factor affected a person's career development. In the decision for promotion of downsizing, EQ is more important than IQ (Salovey & Mayer, 1990). Chan (1997) is his study of information management personnel found that the people with higher EQ have less negative emotion, less oversensitive in interpersonal relationship, higher internal and external job satisfaction, between career planning ability, better teamwork management skill.

The related studies on entrepreneurship

The entrepreneurship is a mentality to create, to change, and to search for development. Entrepreneurship is a process to create something from nothing, and to look for new profit and new opportunity. Morris (1994) defined entrepreneurship as " The process of value creation based on the combination of special resources and the

development of opportunity, and the merge of both." It includes three dimensions: (1) innovativeness -- to develop unique product, create new service of production process; (2) Risk-taking -- to search or develop opportunity. The chance for this opportunity to fail is very high; (3) Proactiveness -- emphasize the creativity and persistence of overcoming the difficulties until the total fulfillment of new concept.

The past forty years' economic achievement in Taiwan is the result of numerous Taiwanese small to medium size companies display their entrepreneurship. According to Nishihara (198), there are some factors related to entrepreneurship. A company with high entrepreneurship would actively develop new market, new product, have highly competitive know-how and technique. High rank managers have entrepreneurship, have risk-taking and challenging spirit. The company has flexibility, can change when the environment has changed, have abundant social connection, emphasize down to earth hardworking, and actively cultivate outstanding employee. Nishihara (1998) using entreprenurship inventory is his study found that company with high entrepreneurship tends to have productivity, high job satisfaction and high company performance.

The related studies on organizational commitment

Scholars proposed several different definition of organizational commitment. Meyer & Paunonem et. al. (1989) defined organizational commitment as "A person's high degree of identification and involvement to a specific organization". The think that the organizational commitment is "a tendency that an organization's member reluctant to leave the organization for the reason of income, position, professional freedom, or friendship with colleague". This tendency display in three directions; (1) identify with an organization's goals and values. (2) high involved in work. (3) loyal as an organization's member. Porter, Steers, Mowday and Boulin (1974) think that organization commitment is the degree that a person identify and involve with a specific organization. The people with strong organization commitment display three tendencies: (1) firmly belief and accept the goals and values of an organization (2) willing to work harder for the organization (3) eager to stay as an organization's member. Steers (1977) in his organization model indicated that a personal characteristic, job characteristics, work experience will affect organizational commitment. Organizational commitment will also effect the willingness to stay working, attendance, and job performance.

Hwang (1995) found that the voluntary expatriates have higher organization commitment than involuntary expatriates. Chiu (1993) found that the empowerment leadership has higher commitment in organizational value and willingness to stay. Achievement motivation and locus of control have significant explanation power on organizational commitment. Choo (1991) found that the person with internal locus of control have higher organizational commitment than the person with external locus of control. Lee (1995) and Cheng (1995) found that the different dimensions in organizational commitment have negative correlation with the intention of quitting. Chang (1992) found a significant correlation between organizational morale and organizational commitment.

RESEARCH METHODOLOGY

Sample

The subjects in this study are the expatriates working in Taiwanese subsidiary company in Mainland China. The company's name and address is obtained from the roster published by the China Industry Association. A total of 750 questionnaires are mailed. One hundred and fifty-two valid questionnaires have returned. The return rate is 20.5%.

Research Instrument

There are six inventories used in this study:

(1)Overseas Adjustment Inventory

This inventory has 18 items includes culture, life and work adjustment. This inventory is modified from the inventory used by Ku (1993) and Ko (1994). It is a 6 points Likert type inventory. The higher score indicates better overseas adjustment.

(2)Work Role Characteristics Inventory

This inventory has 6 items includes work role conflict, ambiguity, and overload. This inventory is based on the inventory developed by Torbiorn (1982), Ku (1993) and Ko (1994).

(3)Locus of Control Inventory

This inventory has 5 items for internal locus of control, 5 items for external locus of control. This inventory is based on the inventory used by Ko (1994). The higher score indicates more external locus of control.

(4)Emotional Quotient (EQ) Inventory

This inventory has 28 items includes seven dimensions: control emotion, adjust mood, careful in speech and act, self-encourage, smooth interpersonal relationship, social skill, observant in other's feeling. This inventory is developed by Lii and Wong (Chen, 1997).

(5)Organizational Commitment Inventory

This inventory has 15 items include two dimensions: effort and stay commitment. This inventory is based on the inventory developed by Porter, Steer, Mowday, and Boulian (1974) and Wang (1996).

(6)Corporate Entrepreneurship Inventory

This inventory has 10 items include two dimensions: corporate ingenuity and endeavor. This inventory is based on the instrument used by Nishihara (1998).

Reliability and validity of the instrument

The content of all the instrument used in this study are based on theories, modified from the instruments used by various scholars in their studies, and have thoroughly discussed with human resources managers in business companies, therefore, the

instrument should have proved content validity. The reliability test is based on Cronbach's alpha. The result is shown in table 1. The reliability coefficient ranged from 0.76 to 0.89.

Table 1.　The definition and Cronbach alpha of the variables

Variables	Definition	Cronbach a	Variables	Definition	Cronbach a
Total adjustment	Self adjustment ? life adjustment ? career adjustment	.84	poor work role	Including work role ambiguity, conflict, and overload	.82
stay commitment	Continue to work for the company	.83	corporate ingenuity	Develop new product, new technology, new market, etc.	.85
effort commitment	Doing one's best to serve the company	.85	corporate endeavor	Emphasize hard working, develop employees' potential, etc.	.81
Emotional intelligence	Including self-adjustment ? self-encouragement? good interpersonal relationship, etc.	.89	external locus of control	Believe in one's life is determined and controlled by fate, Chance, opportunity and outside forces beyond one's own control	.76

RESULT AND DISCUSSION

The analysis on demographic data
　　The demographically data of 152 subjects in this study are shown in Table 2.
1. Sex: More males (86.8%) than female (12.5%).
2. Age: the majority is above age 36 (71%). Very few is below age 30 (8.6%)
3. Education: The majority is above junior college level (77%)
4. Position: Most are high rank managers (59.9%)
5. Department: the majority is in production (31.6). Small number in R & D (5.9%)
6. Assignment duration: The majority is above 1 year (79.8%)
7. Previous overseas working experience: The majority does not have previous overseas working experience (53.3%).
8. Relation with company: The majority is employee (59.9%)
9. Company size: Among the 152 subjects, 25% work in the company with number of employee less than 100, 36.8% work in the company between 100 and 300 employee, 38.2% work in the company above 300 employee. In this study, the company size was divided into two groups; those subjects working in company size below 300 employees is in one group, above 300 employee is in another group.

Table2 Demographic data of the sample

variable		No.	%	variable		No.	%
Sex	male	132	86.8	Duration	below 1 yr.	30	19.7
	Female	19	12.5		1-2 yr.	36	23.7
	N/A	1	0.7		2-5 yr.	56	36.8
					Above 5 yr.	26	17.1
					N/A	4	2.6
Age	below 30	13	8.6	Overseas	yes	69	45.4
	31-35	30	19.7	Experience	no	81	53.3
	36-40	37	24.3		N/A	2	1.3
	41-45	42	27.6				
	above 46	29	19.1				
	N/A	1	0.7				
Education	below S.H.Sch.	35	23.0	Relation	owner	8	5.3
J. College		56	36.8	W/company	stockholder	37	24.3
College		55	36.2		Staff	91	59.9
Graduate Sch.		4	2.6		N/A	16	10.5
N/A		2	1.3				
Position	Hi. Manager	91	59.9	No. of	below 100	38	25.0
	Md. Manager	45	29.6	Employee	100 ~ 300	56	36.8
	Low Manager	6	3.9		Above 300	58	38.2
	N/A	10	6.6				
Depart.	Marketing	29	19.1				
Production		48	31.6				
R & D		9	5.9				
Admin.		35	23.0				
Cross-Depart.		18	11.8				
N/A		13	8.6				

Correlation between adjustment, commitment and their predictors

The correlation between overseas adjustment, organizational commitment and their predictors (personal attributes and organizational attributes) is shown in Table 3.

Table 3 indicates that for all the 12 correlation between adjustment, commitment and personal attributes only 3 correlation is non-significant. For all the 9 correlation between adjustment, commitment and organizational attributes only 2 correlation is non-significant. The results can be summarized as follows:

1. The more expatriate perceived their work role conflict, ambiguity and overload, the poorer their overseas adjustment. The expatriate worked in Mainland China faced the work role changed. They are squeezed in between the parent company and the local workers, caused role conflict. Many new work roles is highly demanding, more than they are capable to handle. Therefore, the feeling of difficulties in overseas adjustment is higher.

2. The people with higher score in external locus of control have better overseas adjustment. This result is different from the study of Ko (1994). According to literature, the relation between locus of control and interpersonal relationship is still inconclusive. Rotter (1966) thinks that the people with internal locus of control is prone to resist outside pressure, the people with external locus of control is more

submissive and more easy when facing the dominance of outside forces. Petzzel & Gynther (1970) in their study indicated that when people with internal locus of control facing uncontrollable situation, because it is beyond their expectation for every thing under control, they would feel more uncomfortable than the people with external locus of control would. Therefore, the relationship between locus of control and adjustment needs to be studied more in the future.

3. The higher the expatriate perceived their corporate endeavor the better the expatriate's overseas adjustment. When expatriate perceived that their company has challenging spirit, own highly competitive know-how and technology, actively develop new market, new product, down to earth working hard, cultivate outstanding employee, then the expatriate would have better overseas adjustment.

4. The expatriate working in large size companies have better adjustment than those do in SMC. Big company usually has better social connection, provide better fringe benefit and job security than SMC. Moreover, big company can afford to send more expatriate to an overseas subsidiary company, thus the expatriate's work role is less overload, less ambiguous, therefore, the expatriate in big company is better adjusted than those in SMC.

5. The higher the poor work role, the lower the organizational commitment. The expatriate usually has to play many different work roles. They have to handle production, finance, personnel and marketing. Their work role is overload and ambiguous. This poor work role characteristic is the major factor that affects the expatriate's organizational commitment.

6. The expatriate with higher score in external locus of control, the lower is his stay commitment. It seems that the expatriate with internal locus of control when facing difficult working situation has a strong intention to control his environment, thus, display a higher stay commitment. On the contrary, the expatriate with external locus of control can not take the challenge from difficult working environment, display a lower stay commitment.

7. The expatriate with higher EQ tends to have higher organizational commitment. Most of the Taiwanese subsidiary company in Mainland China are located in remote and isolated area, no recreation, meager outside information, low safety guarantee. Most Taiwanese expatriate in Mainland China is very hard working. Their leisure time is dull. Only the people with high EQ could highly involve in their work and stay working for the company.

8. The higher the corporate ingenuity and endeavor, the higher the employee's organizational commitment, A company with high entrepreneurship tends to have highly committed expatriates.

Table 3 Correlation among total adjustment, organizational commitment, personal attributes and organizational attributes

Variables	Personal attributes				Organizational attributes		
	Emotional intelligence	External locus of control	Job Rank	Poor work Role	Corporate ingenuity	Corporate endeavor	Company Size
Total adjustment	.18	.20*	.12	.45***	.39***	.31***	.32***
Stay commitment	.45***	-.28***	.26**	.55***	.34***	.40***	.11
Effort commitment	.58***	-.18	37***	51***	.47***	.59***	.09

The multiple regression on overseas adjustment

Using the four personal attributes and two organizational attributes to predict the overseas adjustment, the result is shown in Table 4. There are three variables into the regression equation. These three variables combined can explain 39% variance of overseas adjustment. The poor work role has the largest explanation power (beta=-.39). Its impact on overseas adjustment is negative. The next is external locus of control (beta=.28). Its impact is positive. The third is corporate ingenuity (beta=.23). Its impact is also positive.

Table 4. Regression analysis for the prediction of overseas adjustment

Predictor	b	SE	Beta t-value
Poor work role	-.30	.06	-.39 -4.90***
External locus of control	.22	.06	.28 3.94***
Emotional intelligence	-.20	.12	-.14 -1.67
Corporate ingenuity	.21	.08	.23 2.54**
Corporate endeavor	.04	.09	.05 .50
Job rank	.12	.10	.08 1.16
Company size	.36	.12	.22 3.06**
Intercept	3.13	.67	4.61***
R = .63 R^2 = .39 Adjusted R^2 = .36			

The multiple regression on stay commitment

The result of stepwise multiple regression on stay commitment is shown in Table 5. The three variables in the regression equation combined can explain 43% variance of stay commitment. The largest predictor is poor work role (beta=-.37). Its impact on stay commitment is negative. The next one is external locus of control (beta=-.20). Its impact is also negative. The third one is EQ (beta=.19). Its impact is positive.

Table 5. Regression analysis for the prediction of stay commitment

Predictor	b	SE	Beta t-value
Poor work role	-.33	.07	-.37 -4.78[***]
External locus of control	-.19	.06	-.20 -2.96[**]
Emotional intelligence	.33	.14	.19 2.41[*]
Corporate ingenuity	.06	.09	.05 .64
Corporate endeavor	.12	.10	.11 1.19
Job rank	.19	.12	.11 1.64
Company size	-.05	.13	-.02 -.34
Intercept	3.38	.79	4.33[***]
R = .66 R^2 = .43 Adjusted R^2 = .40			

The result of stepwise multiple regression on effort commitment is shown in Table 6. The four variables in the regression equation combined can explain 66% variance of effort commitment. The largest predictor is stay commitment (beta=.39). The second one is EQ (beta=.22). The third one is corporate endeavor (beta=.21). The fourth one in rank (beta=.15). These four variables all have positive impact on the effort commitment.

Table 6. Regression analysis for the prediction of effort commitment

Predictor	b	SE	Beta	t-value
Poor work role	-.05	.05	-.08	-1.19
External locus of control	-.02	.04	-.03	- .56
Emotional intelligence	.30	.08	.22	3.54[***]
Corporate ingenuity	.07	.06	.08	1.27
Corporate endeavor	.19	.06	.21	2.99[**]
Job rank	.19	.07	.15	2.72[**]
Company size	-.06	.08	-.04	-.71
Stay commitment	.31	.05	.39	5.80[***]
Intercept	.44	.50		.87
R = .81 R^2 = .66 Adjusted R^2 = .64				

The linear structure model for predicting overseas adjustment and organizational commitment for the small and medium size company sample

The evaluation of linear structure model for the SMC sample (n = 94) in this study was carried out with the AMOS 3.6 software from SPSS. Three different index were used (1) the measures of absolute fit: χ^2 value small and non-significant? χ^2/df is less than 2? RMR (root mean square residual) close to 0 or less than .10? GFI (goodness of fit index) larger than .90? (2) the measure of incremental fit: NFI (normed fit index) larger than .80? (3) the measure of parsimonious fit: AGFI (adjusted goodness of fit index) larger than .80? The results of the AMOS analyses are shown in Table 7 which reveals that the model is satisfactory.

Table 7   Summary of AMOS Model Results for the SMC Sample

Measures of fit			Measures of absolute fit				Measure of incremental fit	Measure of parsimonious fit
	Df	χ^2	p	χ^2/df	RMR	GFI	NFI	AGFI
Rules of thumb			>.05	<2.00	<.10	>.90	>.90	>.80
Model	16	16.62	0.41*	1.039*	0.04*	0.971*	.960*	0.919*

*   Satisfactory fit

A2-12

From figure 1."Path diagram for the prediction model of SMC sample", the results can be explained in two parts. One part is the correlation among the variables of predictors. Another part is the relationship among predicting variable and the criteria variables.

The correlation among the variables of predictors

1. corporate ingenuity and corporate endeavor are parts of corporate entrepreneurship. There is a high correlation between them (r= .60, p<.001). This indicates that the expatriate perceived the company with high entrepreneurship is high in both corporate ingenuity and corporate endeavor.

2. There is a positive correlation between the expatriate's EQ and their perceived corporate ingenuity (r= .40, p<.001). Its correlation with corporate endeavor is also positive (r=.46, p<.001). This indicates that the expatriate with high EQ would work in company with high entrepreneurship. Vise versa, the company with high entrepreneurship would attract high EQ employee

3. There is negative correlation between poor work role and the employee perceived corporate ingenuity (r=-.35, p<.001), and negative correlation with corporate endeavor (r=-.41, p<.001). It seems that the expatriate in company with low entrepreneurship would feel poorer work role.

4. There is negative correlation between expatriate's EQ and their poor work role (r=-.41, p<.001). It seems that the expatriate with high EQ could handle more work role challenge.

The relationship between predicting variables and the criterion variables

1. Poor work role is the strongest predictors for overseas adjustment (beta=-.39) and stay commitment (beta=-.41). Because the poor work role characteristics (ambiguity, conflict and overload) cause the Taiwanese expatriate in Mainland feel unadjusted and reduce their willingness to stay working in the company.

2. In this model, overseas adjustment did not render strong influence on the stay commitment. But the stay commitment does render strong influence on effort commitment. (beta=.46). It is possible that because same language and same race, the Taiwanese expatriate in Mainland China did not feel difficult in their adjustment. But, because for the reason of far away from family, harsh working condition, lack recreation, and so forth, good adjustment did not bring strong influence on stay and effort commitment
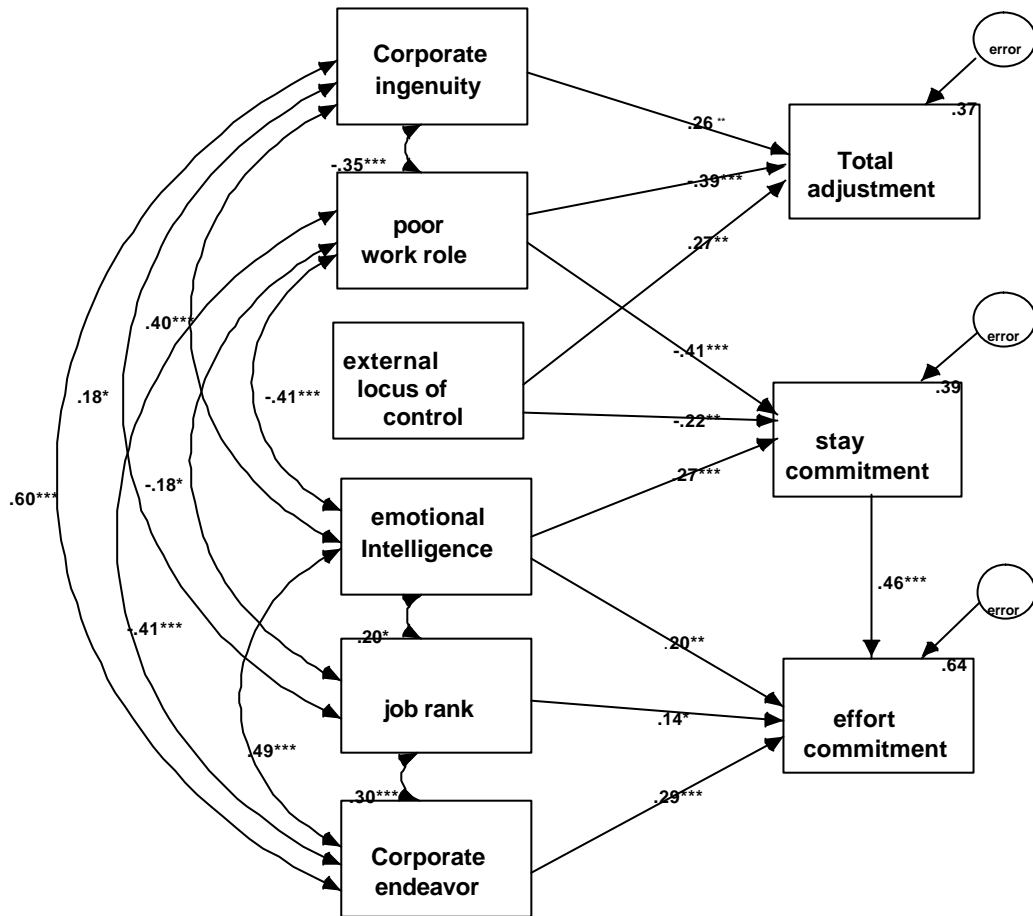
Figure1:Path Diagram for th Prediction Model
of the SMC Sample

The linear structure model for predicting overseas adjustment and organizational commitment for the entire sample

The evaluation of linear structure model for the entire sample (n = 152) in this study was also carried out with the AMOS 3.6 software from SPSS. The results of the AMOS analyses are shown in Table 8 which reveals that the model is satisfactory.

Table 8   Summary of AMOS Model Results for the Entire Sample

Measures of fit		Measures of absolute fit					Measure of incremental fit	Measure of parsimonious fit
	Df	$?^2$	p	$?^2/df$	RMR	GFI	NFI	AGFI
Rules of thumb			>.05	<2.00	<.10	>.90	>.90	>.80
Model	21	25.00	0.25*	1.19*	0.04*	0.965*	.909*	0.946*

* Satisfactory fit

The difference between Figure 1 and Figure 2 is that Figure 2 has one additional predicting variable, "company size". The other results are about the same. This indicates that the linear structure model is very stable, did not change very much when the number of subjects changed. The extra information provided by Figure 2 are as follows:

1. There are negative correlation between company size and poor work role (r= -.18, p<.05). The expatriates working in small to medium size companies have higher work role ambiguity, conflict and overload.

2. The standard regression coefficient (beta) between company size and expatriate's overseas adjustment is .20. (p<.01). It indicates that the expatriate in small to medium size companies has poor overseas adjustment than the expatriate in big company.
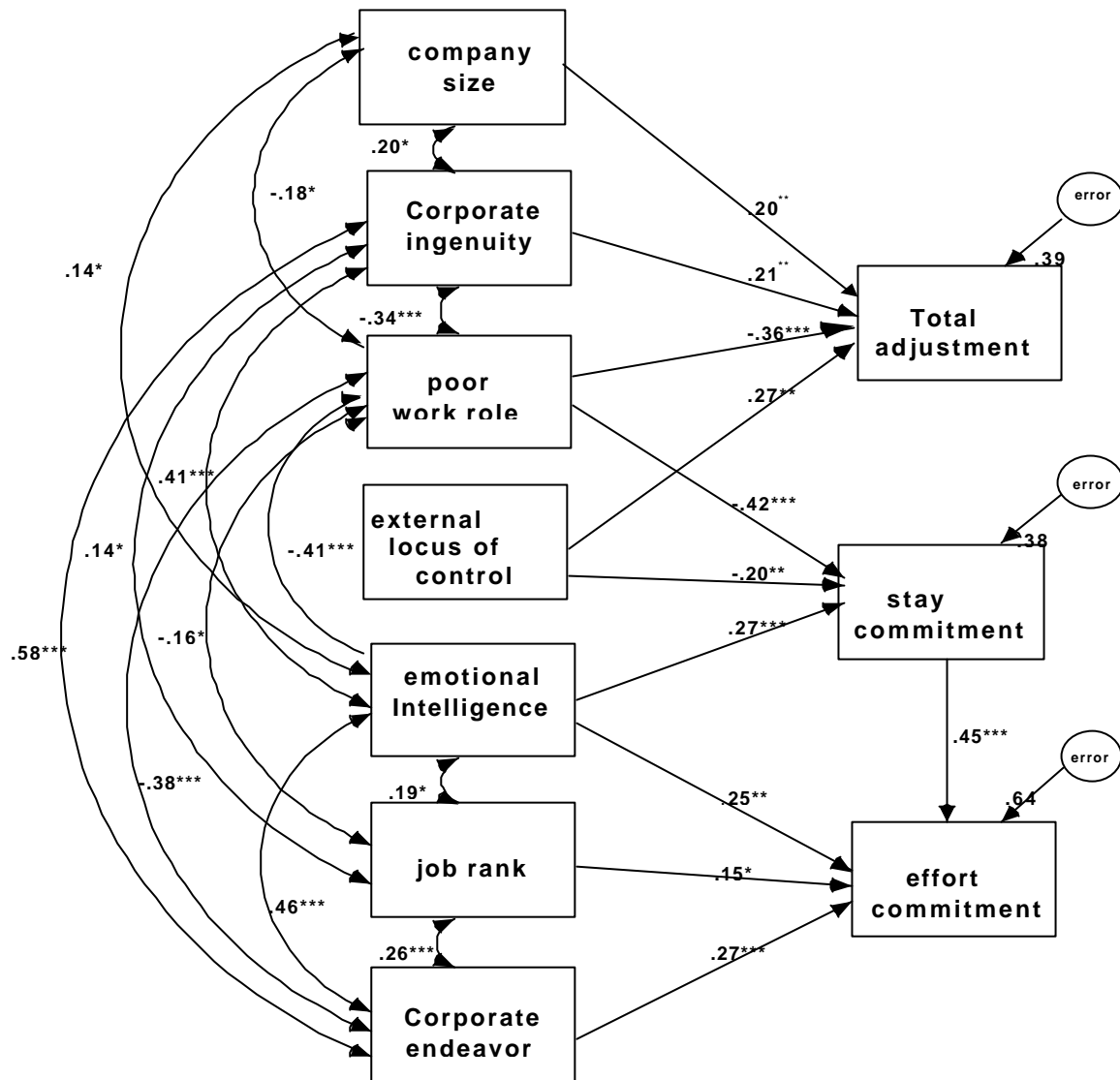
Figure 2: Path diagram for the prediction model
Of the entire sample

CONCLUSION AND SUGGESTION

The main findings from this study are as follows:

1. This study found that the major variables affecting the overseas adjustment of expatriate working in Taiwanese subsidiary company in Mainland China in order are poor work role, external locus of control, corporate ingenuity, company size. The major variables affecting the stay commitment in order as poor work role, EQ, external locus of control. The major variables affecting the effort commitment in order is stay commitment, corporate endeavor, EQ, and rank.

2. The expatriate in a company with high entrepreneurship display better overseas adjustment. There are good and bad Taiwanese investors in Mainland China. In the coastal region, almost everyday there is Taiwanese company folding up. According to the field study by the researcher, many of the failed Taiwanese company caused by the lack of entrepreneurship of the company owner. Many Taiwanese owner indulged in sex and gambling. For those companies with high entrepreneurship, their expatriate will display high stay and effort commitment, and help bring success to the company and themselves.

3. The expatriate in SMC has higher work role conflict, ambiguity, and overload, lower EQ, and poorer overseas adjustment. It seems that the SMC has poorer working condition, could not attract high EQ employee.

4. The people with external locus of control have better overseas adjustment but poorer stay commitment. It seems that in Mainland China personal connection matters more than law and regulation. The person with external locus of control beliefs in fate and chance did not feel so helpless and frustrated than the person with internal locus of control. Nevertheless, the external locus control person did not display strong stay commitment of working in the difficult and high challenge environment.

5. The expatriate with high work role conflict, ambiguity and overload has poorer overseas adjustment and stay commitment. Work role characteristics have strong influence on the adjustment and commitment. Many Taiwanese expatriates, especially for those working in the SMC, they are overloaded with different work role including production, personnel, finance, and marketing. Many of the expatriates are a section chief in Taiwan parent company. They are in charge less than ten subordinates. When they are assigned to Mainland China their position is manager or general manager. They are in charge more than several hundred subordinates.

6. High EQ expatriates has good overseas adjustment, high organizational commitment. EQ includes control emotion, adjust mood, careful in speech and act, self-encourage, smooth social relation, observant in other's feeling and emotion. Taiwanese expatriate in Mainland China mostly live alone in a new environment, under huge work stress, lacks leisure activity. They need to create their own social connection, pull themselves out of loneliness, frustration and low spirit. Only those with high EQ can circumvent all difficulty and stay on their track and get their job done. Therefore,

high EQ is related with overseas adjustment and commitment.

7. High EQ is also related with perceived corporate ingenuity and corporate endeavor. It seems that high EQ expatriate and company with entrepreneurship is mutually attractive. Many Taiwanese investors in Mainland China is simply moving their old machinery to Mainland China to prolong their business life cycle for three to five years. Only work for the company with high entrepreneurship can the high EQ expatriate feel they have promising future. Therefore, it appears that high EQ expatriate and high entrepreneurship company is mutually selected.

8. Work role characteristics and corporate entrepreneurship has a negative correlation. The company without entrepreneurship would lack long term planning, indecisive business strategy, ambiguous responsibility and authority, therefore, the expatriate would feel work role conflict, ambiguous, and overloading.

9. Expatriate's EQ and work role characteristics have negative correlation. The expatriate with high EQ can sustain high work pressure, perceive their work role more positively. High EQ expatriate know s better in stress management, display better interpersonal relationship, can handle the challenge better, therefore, high EQ expatriate feel better with their work role characteristics.

10. EQ is a good indicator for an effective expatriate. It is suggested that EQ inventory can be used for the selection of an aspirant for overseas position. An intensive cross-culture training before an expatriate was assigned overseas position is necessary. Many trap and pitfall can be learned before the expatriate goes to the host country. Hire more host country national to work in the managerial position is a direction the Taiwanese investor has to take. Let the local manager to deal with the local workers to reduce the cost and improve the efficiency

11. The last, but not the least important, is to beef-up the official support system to the SMC investors. It is a miracle in the world economic history that more than forty thousand SMC are investing overseas. But, the finding from this study indicate that the expatriate in SMC encountered more adjustment problem than the big company. It is suggested that the government should provide various services for helping the SMC overseas investors. Such as creating business alliance for SMC in similar industry to increase their competitive edge, developing recruitment testing instrument for SMC, conducting cross-culture training for the SMC expatriate before they leaving for overseas position, negotiate with host country for the benefits of SMC investors, etc. There are so many things that our government can do for our SMC overseas investors. The SMC entrepreneurs are the major contributors for Taiwanese economic success. Let's do all we can to help them contribute to Taiwan's prosperity.

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HIGH LEVEL MANAGEMENT DEVELOPMENT STRATEGY FOR SMALL AND MEDIUM ENTERPRISE INVESTMENT OF THE CHINESE TAIPEI IN MAINLAND CHINA

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HIGH LEVEL MANAGEMENT DEVELOPMENT STRATEGY FOR SMALL AND MEDIUM ENTERPRISE INVESTMENT OF THE CHINESE TAIPEI IN MAINLAND CHINA

ABSTRACT

Ever since the revolutionary open of Mainland China, if has attracted a lot of foreign investment. Due to the close relationship of Chinese Taipei and China, provided the same language and same race that made the continual investment of enterprises owned by Chinese Taipei at Mainland China and took the second place among the foreign investment. So far, the number of expatriate managers who are assigned to China has run up more than 20,000 people. However, almost all of the investors feel the same way that the biggest problem of business investment and operation at China is human resource, especially the shortage of high-rank managers.

In this article, the writer would like to discuss these problems and make some recommendations and suggestions about the development strategies of high level managers, including comprehensive strategy planning, human resource management system, career plan, fair promotion system, incentive programs and family care, etc..

INTRODUCTION

Mainland China has been aggressively seeking foreign investment since its initial adaptation of the reform and open-door policy almost twenty years ago. Chinese Taipei, well known for her economic prosperity, naturally has been pursued as source of capital investment with experienced small and medium enterprise (SME) models. Mainland China with its huge market potential, inexpensive labor force, abundant raw materials, and high economic growth rates, have inevitably attracted businesses from Chinese Taipei looking for investment opportunities. In addition, slow economic growth rate, saturated market, shortage of labor, high labor cost in Chinese Taipei, as well as favorable foreign investment policy in Mainland China all have contributed to Chinese Taipei being attracted to Mainland China like cascade of magnets. Nowadays, very few business, regardless of size, would not consider the possibility of investing or cooperating with business in Mainland China.

Business from Chinese Taipei have intrinsic advantages over other countries in Mainland China because of convenient geographic proximity, common language, similar Chinese culture and customs. As a result, Chinese Taipei ranked second in Mainland China foreign investment. There are over twenty thousands long-term employees from Chinese Taipei working for business investment of Chinese Taipei in Mainland China. Annually there are over one hundred thousands people from Chinese Taipei who travel to Mainland China as businessmen and tourists. The economic and trade networks between Chinese Taipei and Mainland China have been established quite extensively.

Despite China 1996 ballistic missiles military exercise conducted near Chinese Taipei hurry and forbearance' policy, business investment from Chinese Taipei in Mainland has not slowed down. Economic and trade relationship across the strait will only become more inseparable and the growth is irreversible and seems to be sustainable. At the same time, there has been a gradual shift from labor intensive, low value added products to high-tech and capital intensive products.

THREE STAGES OF DEVELOPMENT

Business investment from Chinese Taipei in Mainland China thus far can be divided into three stages with different characteristics.

1979-1987

This period marked the beginning of reform and open door policy characterized by barter trading through fishermen and indirect investment between Chinese Taipei and Mainland China. Industries being involved include umbrella, shoes, bicycle, and other labor intensive and low value added industries with little room for growth in Chinese Taipei. Many of such investments started with skilled master with entrepreneurial spirit and used equipment willing to take risks in hope of creating a new dawn for some of the sunset industries in Chinese Taipei.

1982-1992

In 1987, the Republic of China loosened foreign exchange control and lifted the restriction for travel to Mainland China by allowing people to visit relatives in Mainland China. Since then, the influx of businessmen and tourists going to Mainland China looking for connection and investment opportunities have been incessant. Many large enterprises have started product testing for target market and conducted extensive research and feasibility studies.

1992-1999

Deng, Xiao-Ping tour of the South encouraged large scale reform formally established the policy of ocialist market economy". At the same time, the Republic of China government began to allow indirect investment resulting in even greater influx of investment in Mainland China. This movement not only includes SME but also large enterprise. Initially, joint ventures and cooperative enterprises predominated, but because of the rising problems with joint ventures, more and more solely owned enterprise began to emerge. Large businesses began massive deployment of its own personnel in Mainland China. Some high level managers were recruited outside the parent companies. Many small and medium enterprises have since then grown to large conglomerates.

DILEMMA OF BUSINESS INVESTMENT FROM CHINESE TAIPEI IN MAINLAND CHINA

Politically, intricate and delicate relationship between Chinese Taipei and Mainland China, have created,on the one hand,favorable economic and investment policies to attract capital investment from Chinese Taipei, and, on the other hand, Mainland China had applied pressure tactics by treating Chinese Taipei only as a province of China which makes it difficult for Chinese Taipei to function as an effective economic member in the international community.

Since July of this year (1999), after president D.H. Lee? remark of a ? pecial state to state relationship between Chinese Taipei and China" which has created havoc, uncertainty and the potential for skirmish and military conflict, there has been a real psychological burden and increased risk for doing business in Mainland China.

Economically, difficulty of obtaining foreign exchange and bank financing, lack of protection for business and special restriction to compete in designated industries have made management and operation of businesses of Chinese Taipei in Mainland China difficult. Socially, worsening public security, widening gap between the rich and the poor, get-rich quick mentality have all become grave concerns for businesses of Chinese Taipei in Mainland China.

Some of the common problems with internal management confronting businesses from Chinese Taipei include the following: (a) The educational level of employees are generally not high, and many of them are infected with big iron-bow or entitlement mentality; (b) Many of them do not have concepts of quality and cost; (c) Lack of mid-level managers and difficulty for the overseas managers to adapt to work and to live. These problems presented great challenges for enterprises from Chinese Taipei to tackle. Other than political tension which

requires wisdom and take creative leadership from both side to resolve, economic, trading, social and legal environment have showed sign of improvement. As Mainland China joins the World Trade Organization (WTO), significant improvements can be expected. Of all the problems presented thus far, human resource development is the most basic yet profound issue.

THE PROBLEMS FACING THE ENTERPRISES OF CHINESE TAIPEI IN MAINLAND CHINA

The most thorny problems facing the enterprises of Chinese Taipei in mainland China is the shortage of mid and high level managers, the problems with work Adaptability and living adjustment for the family. and the deployment of multinational high level managers for operations. These problems are further analyzed below in more depth.

1. Problems with Shortage of Mid and High Level Manager

As mentioned above, the owners, in the majority of the small and medium enterprises having invested in Mainland China, usually got started with several skilled masters, their family and relatives. At the beginning, the small family-ownership model is continued with no help from professional managers   However, as small businesses grows step by step, the organization develops like a little baby grows from an infant to a teenager and the adult. Not only had the capital investment expanded, the number of employees had multiplied from a dozen to hundreds and even to thousands.

During this stage, the responsibility of the business gradually exceeded the ability of the operational manager and family-ownership business model is no longer suitable for that of a large company. The need for a reasonable and effective management models becomes critical.

Effective managers can come from either Chinese Taipei or Mainland China. However, the lack of international and cross-cultural management experiences become a barrier and bottleneck for getting enough overseas managers. There is a great demand for managers with international experience or potential. As a result, managers had to be recruited from outside the company and after a brief orientation at the corporate headquarters, they were assigned to work in Mainland China. If the needed managers can not be found in Chinese Taipei, the managers have to be recruited in Mainland China and then be trained by the company. It is not easy to find the mid and high level management and technical experts in Mainland China because during the Cultural Revolution very few graduates with business background were produceed. Lack of systematic and integrated technical and managerial training will continue to be the bottleneck for human resource development in Mainland China.

Corporate training can not produce enough managers in a short period of time. Some companies do have the vision to train their managers, however, most of the companies do not have the personnel to materialize this vision. Training consultants are not effective because they are only temporary and are asked to serve as an internal trainer. Corporate training will definitely play a critical role for systematic and long term human resource development. Companies had to bear the risk of losing those trained managers because almost all the enterprises with overseas investment are desperately in need of the mid and

high level managers. Many companies competitively tried to recruit experienced or trained managers. Further more, because of the different standards of work ethics and varying degrees of loyalty to the company, the managers were tempted to change jobs and positions with money and power. The managers will likely to choose to job hopping if there is no strategic career planning along with integrated human resource development and management systems in place.

2. Problems with Work Adaptability and Living Adjustment

Businessmen of Chinese Taipei who invested in Mainland China at initial open-door stage lacked the management experiences on international investment. Normally, the staff? desire to work overseas is not very high. Although the Island and Mainland China share the same language, cultural tradition and customs, forty years separation has resulted in disparity between them.

Ten years of cultural revolution had even widened the gap, thus it is inevitable for managers with overseas assignment to encounter problems with adaptability. In general, the overseas managers needed to adapt and adjust in the areas of work, psychological orientation, living condition, and family. Adapting to the new working environment have taken a heavy toll on the managers:

a) Changing Roles and Job Content

The managers sent to work in Mainland China had to face changes in working environment and job content, which follows the change of roles and responsibilities. First of all, the promotion to work Mainland China normally involved expanded role and more responsibiities for the manager.

For example, from supervisory position to manger position and from manager role to general manager role. All this come with it an increase in authority and increase in span of control and new sphere of influence.

Secondly, for cost consideration, an overseas manager might be asked to take additional responsibilities and cover other unfamiliar work areas. Further more, the managers assigned to work for a joint venture had to deal with the different demands of at least two different authorities under the cooperative administration of partnership from two different economic systems. This is in stark contrast to working under a single chain of command and it produces both role confusion and dilemma.

b) Stress from Work Overload

The work overload can come from either the new yet strange working environment, or the added responsibility caused by changing role and job content.

The stress and burden can also come from the anxiety from training required because of the lack of knowledge and experience in dealing with the new business expansion. Most of the managers with overseas assignment had to work constantly overtime, and all felt the stress from work overload.

c) Training Dilemma

Grassroot employees in Mainland China, in general, have different standards of work ethics and varying degrees of loyalty to the authorities. Observations that have been made negative characteristics and traits did include the following: lack of initiative and sense of responsibility, ungrateful attitude, mistrust of authority, favoritism through blood relation, wasteful and misuse of corporate resource for personal gains, treachery and power struggle. All these factors had to be dealt, not at the surface, but at the root level, possibly through character training. Some of them might be as a result of both the cultural revolution and bureaucratic systems in place in Mainland China. But all of these   add up to make the work of management difficult and some times training impossible.

d) Conflict of Control and Corporate Support

Investment from Chinese Taipei in Mainland China can fall into two general categories. Investments in one category starts with skilled master with entrepreneurial spirit and used equipment willing to take risks in hope of creating their own future with very minimum professional managerial experiences and system. Investment in the second category starts with inexperienced overseas managers assigned to start a subsidiary in Mainland China. As the subsidiary grow from small to medium to even sizes larger than the parent company, conflict of interests gradually arises in the following areas: clash of corporate cultures, difference in strategic corporate direction for the future, struggle for authority and span of control, allocation of corporate resources and support for expansion in Mainland China, as well as the flow of trained high level executives from corporate headquarters. All these factors add up to affect the sustainability and the long term development of high level executive for Chinese Taipei Investment in Mainland China.

3. The Deployment of Multinational High Level Managers for Operations

Because of the high cost of investment for sending a manager overseas and along with it the various problem of adaptation, not enough high level manager and technical expert can be recruited to work in Mainland China. Therefore, the trend is a steady increase of local managers being called into the executive level as they gain sufficient competency and experience.

In the future, as the companies go international, there inevitably will be an increase in demand for international managers and executives. Most small and medium enterprise of Chinese Taipei, at the board of directors and executive decision level, still lack the diversity and experience of multi-national leadership team. There is a great need to accelerate the learning process in this area.

RECOMMENDATIONS AND SUGGESTIONS

Based on the above analysis, some recommendations and suggestions for the development strategy for high level managers in enterprises of Chinese Taipei and investment in Mainland China are presented below for review and consideration

1. Comprehensive Management Structure and System

In general, the departure of high level manager are related to lack of shared dreams and vision at work or stresses from overwork. Therefore, if businesses from Chinese Taipei were to attract and retain top management executives, they must be able to clearly establish a) reasonable and effective management structure, b) clear mission and purpose, c) sound fundamental policy consistent with d)corporate culture and entrepreneurial spirit, e) corporate identity system and brand image, f) quality and standard and key success factors for the business area, g) shared vision, goals, objectives and h)clear strategy for reaching the goals and objectives, i) management and project priority, and j) performance management objectives.

Through this detailed process, it is possible to attract and retain qualified people to build effective teams. This process, also give management a sense of direction and priority; it allows every high level manager to believe that there is a future for them, and that they are fully aware of their roles, responsibilities, missions, assignments and their importance. This process ultimately simplify the work of the management and lighten the workload of the high level managers.

2. Comprehensive System for Selection, Deployment, Training and Development and Retaining Systems for of International Executives

The development of high level managers must begin with proper selection process. Only if there is effective recruiting and selection strategy, can the company attract employees who strive for excellence and can enrich the corporate culture. Once top notch talents are recruited, they must be given proper roles and responsibility in order to fulfill their potential and soar with their strengths. Proper competency and interests assessment is then necessary in order to develop strategic career planning with reasonable training and development and job rotation. On top of the these, attractive and suitable compensation and incentive plans are still needed to retain the best talents.

3. Effective Performance Assessment and Management System

Performance management is one of the most critical link in the management systems of a company. It must be integrated with the strategic management, annual business plan, setting of the company policy as well as the process of management by objective. The purpose of performance assessment and monitoring is not only to ensure the accomplishment of the corporate objectives, but also to understand the strength and weakness of the team members and to make timely feedback in order to integrate the need for improvement into the training and development plan.

4. Well Designed Succession Plan

Integrating the human resource development plan and the organizational development plan based on company? strategic management plan will ensure the quality as well as the quantity of human resources for organization growth. Even more important is the succession plan for key executive position. The succession plan allows the high level executives to integrate their career planning and maintains the reservoir of qualified managers to step in during times of key executive vacancy.

5. Fair, Equitable, Reasonable and Open Promotion System

Water flows downward, and man wants to climb higher. These are nature？ tendencies. Every one wants to challenge his own ability to the extreme and to take initiatives and responsibilities in order to contribute competitively and look for opportunities for promotion. Only through fair, equitable, reasonable and open process for selection and promotion along with effective performance assessment and   monitoring, can the potential of the individuals be capitalized and the morale of the   teams raised to a new height.

6. Designing Effective Incentive Program

An effective incentive program need to be designed and put in place in order recruit and retain high level managers. This includes variable salary package, stock bonus, stock options program, corporate entrepreneurialship program, retirement and benefit plan, and insurance programs for employee to choose from.   These will allow high level managers to enjoy the fruits of their own labor. Further more, this will foster partnership relationship which allows them to create their own future of performance and reward.

7. Globalization of the Deployment of International Executive

Markets in Mainland China have already become a stage for international competition. Many of the global fortune 500 have established their presence there. Internationalization of the high level management executive will be inevitable in light of even more intense global competition in the future. It is important for local staff in mainland China to realize that recruiting high level management from abroad is only an expedient strategy for the transition period. In the future, recruiting of the high level executive will be more and more globalized. Anyone who has the potential as valuable human capital will be treasured by the company. This policy of globalization of the deployment of international executive will provide encouragement to the local staff to work hard and seek upward mobility. Managers from Chinese Taipei at the same time will be reminded not to just relax and idle.

8. Family Care and Support for Overseas Managers and International Executives

In order to allow the overseas managers to focus wholeheartedly on their work with no worries for their family and thus willing to stay overseas for longer terms, it is   better to encourage them to take the whole family with them when accepting overseas positions. At the same time, care should be provided to the whole family in different areas.

For instance, provide orientation for the family members by preparing them mentally, and psychologically to living overseas; conduct cultural orientation for adapting to the new environment after arrival; assist them with coping strategies to empower them to solve various s problems and, if necessary, provide education subsidy for their children？   education. For family members who can not travel overseas, the human resource executive should visit them periodically to provide necessary support. Proper channels of communication and support system should be established to prepare for emergency and for times of need.

CONCLUSION

More than half of the small and medium enterprises lacked the international operational experiences for investment in mainland China. Further more, they lacked the experiences of training international managers. Yet, the quality of human resource development is critical, especially for the development of high-level manager which is the key for success of the small and medium enterprises in mainland China. The strategic solution for solving the fundamental problems of the shortage of qualified mid and high level managers, must be dealt with at the structural level.

The proposed recommendations and suggestions include:

1) Comprehensive Management structure

2) Comprehensive System for Selection, Deployment, Training and Development and Retaining Systems for International Executives

3) Effective Performance Assessment and Management System

4) Well Designed Succession Plan

5) Fair, Equitable, Reasonable and Open Promotion System

6) Effective Incentive Programs

7) Globalization of the Deployment of International Executives

8) Family Care and Support System for International Executives

(This article summarizes my perspectives gained from experiences of working as a human resource executive for a large food conglomerate with initial investment from Chinese Taipei. Any suggestion from scholar, expert, associates or any individual is welcomed and appreciated.)

THE BUSINESS STRATEGY WITH THE TACTICS OF T&D IN SMEs - A CASE STUDY IN SERVICE INDUSTRY

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THE BUSINESS STRATEGY WITH THE TACTICS OF T&D IN SMEs
-- A CASE STUDY IN SERVICE INDUSTRY

ABSTRACT

In the past, development efforts have been seen in rather static terms. Training was directed toward maximizing managerial effectiveness in terms of contributing to some presently perceived functional need. As firms became more long–term and strategic in their outlook, it became increasingly necessary to match the managerial training efforts of today to the strategic needs of tomorrow. If managers with development expertise are not included in the SHRP process and allowed to provide input into the overall corporate planning effort, this is unlikely to occur. There is not difference in large or small companies on training and development as well. Training and development should contribute to the attainment of short-term and long-term goals both for the company and for its individual employees. In order to be effective, a training and development program requires the full commitment and support of senior management, and it must reflect the overall philosophy of organization.

The most important and often-mentioned reason is that business performance highly depends on the behavior, aspirations and dedicated of the work force (Caldwell, 1984). If the behavior, aspiration, and dedication of the work force can be developed and directed toward supporting the overall business, positive performance outcomes are likely.

Various procedure that delineate how these two processes (business and human development) can be linked have been reported (Harvey, 1983; Sweet 1981; Winer, 1983; Wissema et al., 1981). Although each procedure attempts to achieve the same outcome, how these results are achieved differs.

Harvey (1983) suggested that if human resources development is to be integrated into the overall business plans, then it be up to the HRM staff. Because the human resources development effort cannot fulfill its maximum potential without a clear and direct link to the strategic business plan, the burden rests with the HRM staff to provide integration into the strategic planners will recognize that the HRM staff can create a plan. The HRM staff should ask planning questions, because the majority of the information required to create a strategically-linked human resources development plan must come from the corporate planners, communication between these department is vital.

The purpose of researchers is to examine and support how the training and development program can be implemented and be integrated into the business strategy in a small and medium sized company. To answer and support those concepts the researchers interview a chain-store company, which is located in Kaohsiung City. The results support the researchers' concepts of a small and medium sized company can be benefit by implementing the training program and integrating into the business strategy.

INTRODUCTION

In the past, development efforts have been seen in rather static terms. Training was directed toward maximizing managerial effectiveness in terms of contributing to some presently perceived functional need. As firms became more long-term and strategic in their outlook, it became increasingly necessary to match the managerial training efforts of today to the strategic needs of tomorrow. If managers with development expertise are not included in the SHRP process and allowed to provide input into the overall corporate planning effort, this is unlikely to occur. Besides, there is no difference in large or small companies in training and development. Training and development should contribute to the attainment of short-term and long-term goals both for the company and for its individual employees.

In order to be effective, a training and development program requires the full commitment and support of senior management, and it must reflect the overall philosophy of organization. The most important and often-mentioned reason is that business performance highly depends on the behavior, aspirations and dedication of the work force (Caldwell, 1984). If the behavior, aspirations, and dedication of the work force can be developed and directed toward supporting the overall business, positive performance outcomes are likely.

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BENEFITS OF STRATEGIC HUMAN RESOURCES MANAGEMENT

Walker (1980) defined that strategic business planning is the process of setting organizational objectives and determining action plans that will achieve these objectives. Three elements are vital to a successful strategic plan: (1) a corporate mission and strategy, (2) a corporate structure, and (3) human resources (Tichy, Devanna, & Fomburn, 1982). In order to survive and prosper, organization must have a well-developed and well-maintained business strategy. Thus, it is useful to see planning in terms that relates to organizational,

managerial and strategic activities (Hall & Goodale, 1986). According to Sonnenfeld (1985), to be successful in maintaining or regaining the competitive advantage, companies must concentrate on developing human infrastructure in the organization. Relating employee development to competitive strategy of the firm has come to be viewed as an effective way to bring about these changes in employee's attitudes. Combined with other developmental programs, which have an impact on the success of the firm's strategy, these efforts are referred to as strategic human resources.

Strategic human resources development has been defined as "the identification of needed skills and active management of employee learning for the long-range future in relation to explicit corporate and business strategies" (Hall, 1984, p.159). Later, Hall and Goodale (1986) extended the concept to include intermediate-range planning. Organizational career management has been described as activities and opportunities sponsored by the organization, an attempt to ensure that they will meet or exceed the future human resources requirements of the organization (Stumpf & Hanrahan, 1984).

Benefits afforded in a company that integrates its strategic planning and human resources development are numerous. One benefit that may arise because of this linkage is reduced costs. According to Friedman and LeVino (1984), when organizations do not take management development seriously, it may be a costly mistake. Repercussions from this ignorance will cause high replacement costs because the company is forced to recruit from outside. In essence, this means the firm is paying for another company's development programs. This practice of raiding other companies with good development programs was once common in banking and brokerage businesses. Even worse, lack of an integrated management development program will lead to great loss of motivation and increase of instability in the managerial ranks.

Human resources development programs are usually extremely costly. When development programs are initiated with no clear connection to the needs of the company, time and money are wasted. However, if every development activity performed is clearly linked to the organization's goals, each program would be beneficial for both individual and company, thus reducing its possible costs, as mentioned by Abelson, Ferris, and Urban in 1988. Similarly, Abelson et al (1988) also suggested that by linking the strategic business plan to human resources development, employees are more aware of what their future with the company will be like. Such efforts are likely to fulfill its maximum potential (Harvey, 1983), simply because that by integrating human resources development planning into strategic planning, all activities sponsored by the human resources development become more legitimate. Both the company and employees realize that being involved in a human resources development program means a better future for both the company and the workers.

Another benefit is when future plans are explained to firm members, they will understand why they are being trained (Sonnenfeld, 1985). By showing the importance of the training and development programs offered to the individual, good chances are these

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programs may become a productive and useful exercise, instead of a waste for both the organization and the individual. And this can be accomplished only when there is a clear link between the company's business plan and its human resources development.

GOALS AND STRATEGIES OF HRM TRAINING AND DEVELOPMENT PROGRAMS

Training and development refer to a planned effort by an organization to facilitate the learning of job-related behavior on the part of its employees. The term behavior is used in the broad sense to include any knowledge and skill acquired by an employee through practice. The general purpose of training and development involves knowledge and skill acquisition. Any training and development effort can have one or more of the following three goals: (1) to improve an individual's level of self-awareness; (2) to increase an individual's skill in one or more areas of expertise; and / or (3) to increase an individual's motivation to perform his or her job well. Self-awareness involves learning about oneself. It includes understanding one's roles and responsibilities in the organization, recognizing differences between one's actual and espoused managerial philosophy, understanding how one is viewed by others, and learning how one's actions affect other people. Certain training and development techniques will give trainees increased self-awareness. (Latham, 1991)

Second, most of what is traditionally considered training and development deal with increasing an individual's skill. This skill may involve electrical wiring, painting, blueprint reading, using a computerized cash register, following safety procedures, setting priorities, delegating or handling employee grievances, or increasing one's effectiveness as a leader. Obviously, these are just a few of the many different kinds of skills that can be learned during training and development programs. Regardless of the type of knowledge and skill involved, the training program is based on the assumption that it will increase an employee's ability to perform effectively on the job. (Latham,1991)   Often, people possess the skill and knowledge to perform the job, but they often lack the motivation to exhibit their abilities. For this reason, the goal of some training and development programs is to maximize the employee's desire to perform the job well. These programs, admittedly, are relatively few in numbers.

These three broad goals--namely, increasing employee self-awareness, skill (including decision making / problem solving), and motivation are attained by using one or more training strategies. There are at least three basic strategies that are available to a training specialist. The specialist can try to improve an employee's performance by directing his or her efforts toward (1) cognition (i.e., thoughts and ideas), (2) behavior, or (3) the environment in which the person is working. (Latham, 1991).

Depending on how concerned a company is with long-term planning, a company's training and development function may consist of such aspects as skills training and management development, in addition to career planning. The first two areas – skills

training and management development – may be accomplished either in-house or at seminars or workshops outside the company. In-house programs are conducted either by human resource staff members or by consultants who are brought into the company.

In small companies, where a training specialist is unlikely to be part of a relatively small human resource department, it is more logical either to bring consultants into the company or to send employees out to workshops. Even if the human resource representative is not doing the training, he or she is still responsible for either bringing in consultants or for processing requests to attend outside programs.

PROBLEMS AND ISSUES OF TRAINING AND DEVELOPMENT IN SMALL AND MEDIUM-SIZED COMPANIES OF CHINESE TAIPEI

The human resource development in small and medium enterprises (SMEs) of Chinese Taipei has a lot of problems in many ways such as ideas and practices. Following are some descriptions of several main items.

Utilization rather than Education

Managers tend to think that human resources can be obtained from the human market at anytime they want. When employees' turnover rate stays high, the investment in education becomes difficult to return. And since small and medium enterprises have certain scale and finance limits, they usually do not put a lot of efforts on the human resource development. Unlikely, under these circumstances, the company will be able to lure away employees from other companies to change their jobs. Contrarily, the company will find it difficult to keep its own employees from switching to a better company which provides better and promising training programs.

In Chinese Taipei, many small companies do not have the vision as to manage their companies in a long-term basis. They are reluctant to invest in enhancing their employees' skills or to expand their potentials for future advantage of the company. Education may occupy a certain amount of production time, which managers view as loss of profit. Fully utilizing employees' work hours while at work seems to bring more benefits than sending them to training programs, whether in-house or outside, and wondering at the same time the effectiveness and worthiness of such investment.

Misunderstanding with Training

Comprehensive training programs should be beneficial to the present and future work. On the other hand, companies usually regard training as general education. They think its contribution to organization is not conspicuous but rather more of long-term oriented. It does not help the improvement of the present work.

Due to this misunderstanding with training, a lot of companies will consider training as fashion. Like a trend, if one company holds some training activities, other companies

simply do not want to fall behind. In trying to catch up with the company, they model after the first company and arrange their employees into some kind of training too. It then becomes a fashion.

The problem with this blind modeling is that such training is often regarded as a benefit to employees. As to whether the training content is related to the work, or whether the right people are chosen for proper training, the company has not given it proper thought, not mentioning they have to research out suitable training topics. The attitude they hold toward training is to go with the feeling. Without saying, the result is usually unsatisfactory.

Lack of Systematically Organized Training Programs

Small and medium entrepreneurs are subject to their organizational characteristics. It is difficult for them to develop well-planned training programs as big entrepreneurs do. But somehow they manage to implement some training programs to their employees. Transplanting other company's programs, regardless of its size and applicability, is like putting on the wrong size of clothes. Conditions and environment of the firm members vary from organization to organization. Yet, current training programs, in most of small and medium companies in Chinese Taipei, are usually not built for the needs of the organization specifically. Systematical analysis and serious planning help the managers to precisely calculate the cost and effect of the programs. Small and medium companies do not necessarily have the ability to make their own training plans, or just to trim the big company's programs into their own size.

Insufficient Support from Supervisors

It is not easy to evaluate the effectiveness of any training program in an organization, especially that of managerial training programs. Chang (1988) expressed that not many managers in Chinese Taipei support training programs. Usually, supervisors from all levels of organizations would think that the responsibility of bringing up training programs is on the HRM department. Moreover, some would give excuses not to offer training programs. For they worry about the subordinates' success over them; they do not consider it useful or they just do not want to spend extra time on those programs.

Also, if their subordinates' abilities are increasingly improved, this might threaten those supervisors' career development. Other than that, each supervisor is busy in struggling for better performances and has no time to take care of the HRM development, which is out of their responsibility, as they believe. In that case, how could the evaluation be conducted on some programs not even expected to be effective, unless there is support from supervisors all the way up to the top managers?

THE LACK OF MANPOWER AND THE NEED FOR HUMAN RESOURCE TRAINING AND DEVELOPMENT

Most of the enterprises in Chinese Taipei are small and medium-sized enterprises and the cost they spent in human development are higher than that of large companies. One of the main reasons is that they do not have enough ability to set up professional training institutions, and that the turnover rate is too high in SMEs. Domestic family business has more restrictions to professional personnel, which makes it difficult to recruit people and cannot retain professional personnel in the company for a long term. Therefore, it causes loss in developing professional personnel. We can describe human development problems that SMEs face in two parts:

The Problem of Wasting Resources in Education

The ratio of teacher to student in Chinese Taipei is to 13.52 in 1989. It has increased 0.42% in ten years. Public schools have fewer students than private schools and they are more adequate in use of educational resources. Take example of the year 1989 when the martial laws were just lifted, the average expense in education for every student in public schools is NT106,000 dollars, and NT37,000 dollars in private schools. Government was devoted to promote high-level education and to increase opportunities to enroll in schools. But in fact, the ratio of school enrollment did not increase equally. In 1989, the number of second-time examinees to high schools and junior colleges is 18.1% of all students enrolled, and it is 46.7% among 2-years/3-years colleges and universities. The situation causes much waste in human resource investment.

As far as the manpower produced by schools is concerned, the problem of over-qualification for some graduates is very serious. Enterprises worry that there are not enough technical people in Chinese Taipei while high-level education is continuously pursued. Fewer people stay with vocational system to receive technical training. Unless the authority of school improves their specialty, teaching materials and resources allocation, the situation remains the same.

The Mal-function in Vocational Training Institutes

In 1989, there are 13 public vocational training institutes and they are responsible for 77 vocational training programs. The number of people who receive training grows steadily, and people who was trained in the institutes is 5.8% of total trained people. In recent years, people graduated from colleges have not volunteered to work in factories, so the number of figures from high-level technical education system does not increase apparently. The number of people who was trained in those institutes is 2.85% of total trained people in 1989, and it is much lower than 2.98% in 1981. Besides, in 1989 the number of the vocational training teachers fell down to 172 people, 13.13% lower than the figure of 1988, while the number of the vocational training teachers who finished the programs fell down to 199 people, 53.40% lower than the figure of the year before. In the beginning when the

martial laws were lifted, companies did not have the desire to handle vocational training, and vocational training unit of government has faced the problem that the rate of enrollment was too low. The human resources development cannot be proceeded systematically and smoothly.

Meanwhile, Korea has just set up a SMEs fund, and established SMEs colleges to train workers. In order to establish authority, Korean government established professional licenses and certificate system, so that professional training can still be carried out successfully. The efforts that other countries in Asia have put in training and developing human resources are worthy of the attention of government and entrepreneurs in Chinese Taipei.

CASE—SUCCESS OF GIYA BEAUTY SHOP CHAIN STORE

The Background of Hairdressing Industry

There are more than one hundred thousand hairdressing saloons in Chinese Taipei right now. The hairdressing industry is a technical vocation, but for the hairdressing industry in Chinese Taipei, it can only be a skill vocation. Hairdressing industries provide customers with face-to-face services. If the boss of the hair saloon wants to promote its sale, he should employ more workers to handle customers. So, it becomes an important issue as how to acquire good and sufficient human resources in hairdressing industries. In the past, employers of hairdressing industries often publicize their recruiting information on the newspaper classifieds, but it faced some problems at present. Excellent hairdressers switch their jobs usually because employers recruit them from other hair style employers, or they are introduced into companies by employers' friends. Fewer people noticed the classifieds on newspapers.

As for the training in hairdressing industries, the skill of hairdressing was learned from old tutors and by themselves in the past, run short of the basis of theories. As the Beautician Department in vocational school was gradually set up, the traditional apprentice system has been disappearing. Young students would go to school to learn rather than leading a long apprentice life in a saloon. These hairdressers trained in vocational school are expected to become main stream in hairdressing industry in Chinese Taipei in years to come. Therefore, how to recruit appropriate human resources for hairdressing industries becomes an important factor to the development of the business.

As for hairdressers, the feature of the hairdressing industry is of great advantage to them. First, they are not easy to be replaced because the service and contact offered by the hairdressers are very important for their customers. They will not change as the progress of techniques. Second, the hairdresser is of great value as they become older, because as time goes by, the hairdressers will have more and more experiences and they will have more and more customers. Third, hairdressing industries do not place restrictions on their degrees of education. For example, if a student graduated from high school, he/she might not be

qualified in other industries, but it would not be a problem in hairdressing industries. Fourth, there is no upper ceiling on hairdressers' pay. That is, besides basic pay, hairdressers work more and earn more. The boss does not place any limits.

The Company's Condition

Giya (？？) beauty shop chain store was established by Mr. Wu-ji Shen (？？？) in Kaohsiung in 1978. At first it was only a small beauty shop. But with increase of employees in years, now it has extended to 19 branches altogether. This company has about 400 employees and its operating income is about 2 hundred million NT. This beauty shop has the largest scale in Kaohsiung now.

This chain store is supervised by its president, also the general manager, with assistance of two other managers, who take charge of education training and personnel management respectively. The management department, subordinated to the president, manages accounting, finance, creativity, administration and other aspects of the business. Of all the 19 branches, each one has its own director responsible for business of that branch. Designers get to vote for a leader to share joint responsibility of running the shop. And of course, there are accountants, designers, and assistants etc. to keep the business running.

The company's managing concept is "to pursue sincerity, virtue, and beauty." Pursuing sincerity means sincere attitude toward customers, and using real and solid skills to serve them. Pursuing virtue means the concept of benefit-sharing no matter with employees or customers. Pursuing beauty means that the company asks designers to have the concept of beauty from inside out. Designers should bear the responsibility of the most beautiful and best style for customers.

The Company's Training & Development

At the beginning, the designers employed by Mr. Shen were all experienced seniors from different resources. Although their ages were not high, their attitudes were pretty haughty deeming themselves as professionals. Therefore the company could not require them to comply with the established system and obey the rules. If the company insisted on this, the turnover rate would be really high. This circumstance made the boss, Mr. Shen, realized that he had to cultivate his own designers. After continuous instruction, more and more unskilled employees could handle the major tasks on their own, and the company could also enlarge its shop size. Besides, in order to make designers feel safe to work in Giya, the boss started to encourage them to invest in new shops since 1979.

In 1981, Mr. Shen opened a cram school near Kaohsiung train station, teaching people how to design hair styles. He had two reasons why he opened this cram school. First, he felt that training people in each of his beauty shops is too ineffective; second, he wanted to cultivate more talented people. He picked this place near the train station at students' convenience because students came from many different places by train. A complete course

lasted for three months. During the full bloom of the cram school, there were about 100 students during each period of time in the morning, afternoon, and evening. So, there might be 1,000 students a year. Students are divided into two kinds. One group of students would go back home and open small beauty shops in the neighborhood. The other group of students came to the cram school because they felt painful learning skills with traditional tutors. After finishing the courses, Mr. Shen would ask the students if they were willing to come to the company.

Around 1990, vocational schools started to institute Department of Hairdressing. Students graduated from junior high schools went to vocational schools instead of coming to the cram school because they cannot only learn the skill but also get a diploma in vocational schools. Mr. Shen closed the cram school for the number of students has declined since then

Vocational schools attracted the students, and Mr. Shen detected there would be problems of human resources. At first, he recruited external people, but it was getting harder. In the meantime, representatives from vocational schools came to Mr. Shen and looked for chances to cooperate. Mr. Shen felt the cooperation might help Giya manage her human resources, so he initiated the cooperation system with vocational schools in 1991. Now, there were 400 students taking turns to work in Giya. 200 of the students acquired professional skills in the stores, and 200 of them study theory and general subjects in school at the same time.

In order to secure its human resources, Giya would actively visit junior high schools for promotion and offer to assist in their recruits. When the time comes that students have to be sent to Giya to fulfill internship, Giya obtain interns as needed and most importantly screened already. This group of interns will be provided 168 hours of basic courses about hairdressing. Afterwards, they have to receive in-shop technical training three days a week. A senior intern is assigned to each student for better adjustment. When students graduate from school, they are welcome to apply for vacancies in the shops. An evaluation committee is set up to determine the appropriate selection on the basis of the applicant's skills, internship performances, and attendance records, etc. The qualified needs to begin his/her job as an assistant, taking on-site training courses and receiving more evaluation necessary to upgrade as a perm assistant, a perm operator, and eventually a designer. In return, Giya pays equal patience believing anyone who wants to learn and devotes him/herself in this career could be cultivated as a good designer given it time and diligent efforts. Furthermore, Giya sets up a technical center, open for business on low charges, to facilitate novices' learning through repeated practices. Many customers visit the center for cheap rates and they serve as economic practical training to these assistants.

So far, Giya has a fruitful result from school-business cooperation. In an evaluation conducted by Education Bureau of Kaohsiung City Government, 11 shops are graded the first class, only one shop is graded the second, of all 12 branches open for evaluation. The number of interns who express willingness to stay in the shop exceeds their needs. Because

of this, Giya opens many more branches. If the source of labor keeps increasing, Mr. Shen thinks Giya can continue expanding its scale.

CONCLUSION

From the above study, we conclude that:

First, training and development programs could be simply a package of activities held to accompany the business strategy, or more effectively, the essence of that strategy. Most of the enterprises at present hold T&D in accordance to increase employees' skills to expedite business growth. For most, such T&D are planned activities of the business strategy. In Giya's case, whether or not there are sufficient well-trained human resources determines the fate of a new branch. Giya invests in a series of training programs available to all non-firm members, including cram schools and cooperation with vocational schools. This gradually cumulates steady reserves for qualified future employees. In the mean time, the company is able to march toward more branches. In view of this, Giya's T&D is one important step of its business strategy. As a matter of fact, service oriented business, because of its skill feature, protects itself from replacement by automatic operation. How to get adequate supply of qualified manpower becomes the most important strategy of successful business. T&D in such company can serve as an inevitable scheme to secure prosperity.

Second, in places where diploma is valued highly, enterprises should conduct cooperation with schools for better supply of human resources. Parents and school-goers of such places consider earning a diploma an important objective of attending schools. Those students are willing to acquire necessary skills for future jobs, but granting them diplomas to them is like hitting two birds with one stone. Mr. Shen, the boss of Giya, perfectly understands this double needs so closed was the cram school as fewer and fewer people came to register. The cram school once attracted numerous youngsters from many places, and yet the number of registration declined as hairdressing departments were founded one after another in schools. Unstricken by the closure of cram schools, Mr. Shen turned to look for opportunities of school-business cooperation. He made advantage of school system in which his company could provide professional skills and practicing objects while students were well trained with a degree. It is foreseeable that young people find this rewarding and are willing to join in the career. To any company like Giya, that means steady human resources.

Third, enterprises should avoid taking intern students as fill-ins of manpower shortage or as cheap labors. The appropriate management is to treat these interns as future employees and train them proper accordingly. Comprehensive school-business cooperation can be established only on long-range purpose, which is, to infuse into the human resources of future utilization, rather than just temporary surge of cheap manpower. Many enterprises plunge in this instant benefit. For a short period of time, these cheap labors can actually bring the profit uprise as the costs are relatively lowered. Yet on a long-term point of view,

it provides limited space for company's development unless it has stable technical human resources. It is suggested that enterprises design a set of comprehensive training courses for their interns, familiarizing them with the company culture as this naturally would lead to ideal source of head hunting.

Lastly, encourage employees to become shareholders of the company whenever a new branch is open. This usually ties them closer to the company especially in franchise business. To this kind of business, more branches mean bigger scale and relatively lower cost. Only that the expanse of business must have backup of adequate manpower supply; otherwise, any carefully planned strategy would be difficult to carry out. In view of its low cost to start a new shop, many designers would quit from big saloons and open their own shops once they are capable to run business on their own. This manpower drain certainly throws negative effect to the company's business. But this worry could be eliminated if the company welcomes its designers to share the holds with their colleagues. Expectedly, employees will have stronger commitment to the company and on the other hand the boss will be glad to host more shops.

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