

## Key Success Factors in Expatriate Management in Multinational Medicine Industry

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**ABSTRACT** Medicine industry is considered as an emerging industry with the most development potential and the most influential technology industry on the quality of human life. After the boom in the past century, medicine industry still remains high profits globally, and the demands are continuously increasing. Nevertheless, in spite of the population increase, the ageing structure, and the increasing awareness of health, there is still no solution for lots of serious illnesses that the demands for new medicine and the technical innovation of biopharmaceuticals and genes become the new challenges in the industry and enhance the industrial transformation and globalized development. The economic conditions have rapidly changed in the societies in the 21<sup>st</sup> century and a lot of pharmaceutical enterprises are investing in internationalized operation and attracting the investment in international research and development energy, talent, and capital. With strong R and D capability and better production quality, Taiwan has broken through the dilemma of small market. Most importantly, new drugs are researched and developed for international marketing; a lot of pharmaceutical manufacturers therefore establish subsidiaries overseas. Taking China Chemical and Pharmaceutical Co., Ltd. as the research subject, total 200 copies of questionnaires were distributed and 124 valid ones were retrieved, with the retrieval rate 62%. Based on the total weight of the evaluation indices of the key success factors in the expatriate management in multinational medicine industry, the top five indices, within 20 evaluation ones, contain International Experience, Corporate Culture and Objective, Career Planning and Development, Local Cultural Adaptation, and Base Pay. The analysis of the empirical results is expected to provide a definite guidance and direction for the expatriate management in multinational medicine industry.

### INTRODUCTION

In the 21<sup>st</sup> century, the economical conditions in various societies are rapidly transforming, and a lot of enterprises are moving towards the operation with international investment. To conform to the trend of the times, enterprises in Taiwan have rapidly moved from the early material processing and industrial stage towards information technology. The operation systems are developed towards free economy and multinational enterprises. Two dilemmas are encountered in the economy in Taiwan. The prevalence of internationalization has the global competition be more severe that the establishment of multinational enterprises becomes necessary. Moreover, domestic labor shortage, cost rise, and increasing land costs have reduced the competitiveness of the enterprises in Taiwan that they

are forced to step into the internationalization development. Meanwhile, the establishment of multinational enterprises has expatriates be emphasized and become the most popular industry in the future half century.

In spite that an expatriate is the bridge of communication and connection between two places, playing the role in the management, supervision, and control of the parent company, the work performance is the key in the success of an overseas enterprise. Nonetheless, a lot of task failure has the expatriates return to the country earlier, resulting in great trouble for the multinational enterprises. The expatriate management therefore would cause serious effects on the operation of an enterprise. Most domestic research on expatriates focus on the recruitment of expatriates, cross-cultural educational trainings, and the repatriation adaptation of expatriates, but little on the factors in the expatriate management that therefore becomes the major motive of this study to explore the key success factors in the expatriate management.

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## Literature Review

### *Factors in Expatriate Management*

Corporate expatriation is common in the modern globalized environment. However, more than a half of expatriates would fail, possible because of the factors of family, culture, and language; and, the spent costs are high. Some factors in the success of expatriation therefore are organized from the past literatures.

Caligiuri and Di Santo (2001) pointed out the core skills for expatriation, including 1 competence, 2 knowledge, and 3 personality traits. The research results indicated that both competence and knowledge could be trained, while personality traits were innate, which could hardly be imitated. Such competences could be classified into psychological, social, and linguistic dimensions for further explanation: 1 Psychological dimension contained the psychology of expatriates and the comfort of local tasks. 2 Social dimension covered the cultural model and the daily life abroad. 3 Linguistic dimension referred to respecting local citizens or the interaction with employees (Chen et al. 2011).

Dowling and Schuler, in 1990, proposed three stages of the expatriates in a multinational enterprise executing tasks, namely selection and training of expatriates, execution of oversea tasks, and repatriation of expatriates. Expatriate management refers to the processes from selecting and training expatriates, executing tasks, to completing tasks or repatriating after the expiration of the term of office, expecting the expatriates developing the job performance to enhance the organizational management efficacy. From the aspect of entering and leaving a different culture, Moran and Riesenberger (1994) considered human resource training, personnel selection and preparation, recruitment of global expatriate candidates, selection of globalized service staff, general cultural or regional training, specific cultural and linguistic training, preparation of logistics supplement, local practice report, culture shock and adjusting skills training, overseas supervision and support, individual and professional coordination and integration with the culture of expatriation, repatriation preparation, repatriation changes, repatriation shock and readjustment, and reallocation of tasks in the organization and readjustment in the development of oversea expatriation system. Stroh et al. (1998) pointed out the differences between native culture and local

culture that it was primary for an enterprise and government units providing a useful training course (Moran and Riesenberger 1994). Gayle and Judith (1999) revealed that successful trainings could continue the employee's self-learning; such a change was considered possible. It is helpful to cultivate the relevant abilities; however, favorable learning attitudes, from the aspect of employees, are more important. People would try to adapt to local culture in order to survive and further cultivate relevant skills and abilities. Such a point is applicable to the expatriates (Harrison et al. 2005).

Adaptation is regarded as another factor in the success of expatriation (Porter and Tansky 1999; Ratiu 1983; Spreitzer et al. 1997). A lot of research indicates the successful expatriation relying on the cumulative experiences of managers in completing tasks overseas. In other words, the relevant experiences allow managers overcoming the maladaptation with less time, including 1. role identity, discrimination power, conflict and innovation at work, 2. organizational culture, social support, and logistics support in the organization, 3. cultural innovation and spousal support irrelevant to the work, and 4. individual self-efficiency, relevant skills, and perceived competence (Tsai 2010).

Expatriate management also reflects the growing concern for expatriate performance evaluation. Effective performance management nowadays becomes more particularly relevant to the success of multinational companies (Black et al. 1998; Dowling et al. 1999). Expatriates can serve as key contacts for coordination and to act in a control function between the parent company and subsidiaries (Edström and Galbraith 1977; Torbiörn 1982; Ondrack 1985; Borg 1987; Black et al. 1998). The goals of the performance management in the international environment are consisted of providing mutual feedbacks between expatriates and parent companies so that they will know where they stand, developing valid data for pay, promotion, job assignment decisions and providing means of communication of decisions, helping management in making discharge and retention decisions, and providing means of warning employees regarding poor performance (Barry 1993). Poorly managed international assignment is disadvantageous, as productivity of the expatriates is directly equated with expatriate's return on investment (ROI). If management assignments proved to be delin-

quent, the performance and effectiveness of the expatriates will be lower. Career uncertainties may arise due to poor management of the expatriate's career development and failures of appreciating the international experience. Downward job mobility, increased financial pressures and lack of expectations communications are other consequences (McNulty 2005).

### **Key Success Factor in Expatriate Management**

Aiming at above factors in expatriate management proposed by Wu and Lu (2011), more detailed explanation is shown as follows.

The expatriate management is divided into Selection Standard, Performance Appraisal, Training and Management, Repatriation Mechanism, and Salary and Benefit. For the expatriate management, an enterprise mostly expects to look for the proper culture for the corporate and a suitable talent for the expatriation position to avoid the cost of the failure. For this reason, 1. Selection Standard is divided into Aptitude Consideration, Professional Competence, Linguistic Competence, International Experience, and Family Support; 2. Performance Appraisal is divided into Key Performance Indicator, Loyalty, Overall Performance, Norm of Life, and Feedback to Mother Company; 3. Salary and Benefit is divided into Bonus, Base Pay, and Benefit; 4. Training and Management is divided into Corporate Culture and Objective, Professional Training, Local Cultural Adaptation, and Linguistic Training; and, 5. Repatriation Mechanism is divided into Career Planning and Development, Expatriate Term, and Repatriation Training and Preparation.

## **RESEARCH DESIGN AND METHODS**

### **Delphi Method**

According to the above factors in Expatriate Management, Delphi Method is applied to establishing the AHP criteria. Delphi Method, also named expert investigation, is a communication technique delivering the problems to the experts separately and organizing the comprehensive opinions from the retrieved opinions. Such comprehensive opinions and the predicted problems are fed back to the experts for revising their own opinions, which are further organized. Repeat-

ing such processes for several rounds, a convergent predicted result is then acquired. According to the system program in Delphi Method, anonymous opinions are collected. In other words, the experts would not discuss with each other, but with the facilitator, to avoid the horizontal connection. Investigating the experts' opinions about the questionnaire with repeated enquiries, conclusion, and revision, the convergent consensus is then used as the predicted result. Such an approach reveals the reliability with the broad representativeness.

### **Establishment of Evaluation Index**

The questionnaire is e-mailed to the experts in various domains. The Expatriate Management theories and factors are first organized for the considered items. The factors with similar properties are then classified and mailed back to the experts for the opinions. The major classifications are concluded after several rounds. An expert meeting is then held to draw up the key success factors in the expatriate management in multinational enterprise, namely Selection Standard, Performance Appraisal, Training and Management, Repatriation Mechanism, and Salary and Benefit. Based on such factors, the correspondent criteria are applied to establishing the AHP questionnaire. Figure 1 shows the conceptual framework after the revision with Delphi Method.

### **Research Subject**

China Chemical and Pharmaceutical Co., Ltd., established in 1952, has devoted to enhancing innovation, R and D, production, service, and quality, and closely connected to the health of human beings by promoting advanced medical treatment, healthcare equipment, and health service to various levels of hospitals and clinics as well as families. Suzhou China Chemical and Pharmaceutical Co., Ltd., established in 1998, is authorized dynamic GMP in China. Besides, it vertically integrates the resources of the relative companies, concentrates on the investment in developing high threshold technology Active Pharmaceutical Ingredients and Generic Drugs for international markets, and presents the research team with the most scale and unique technologies. In the business strategies for interna-

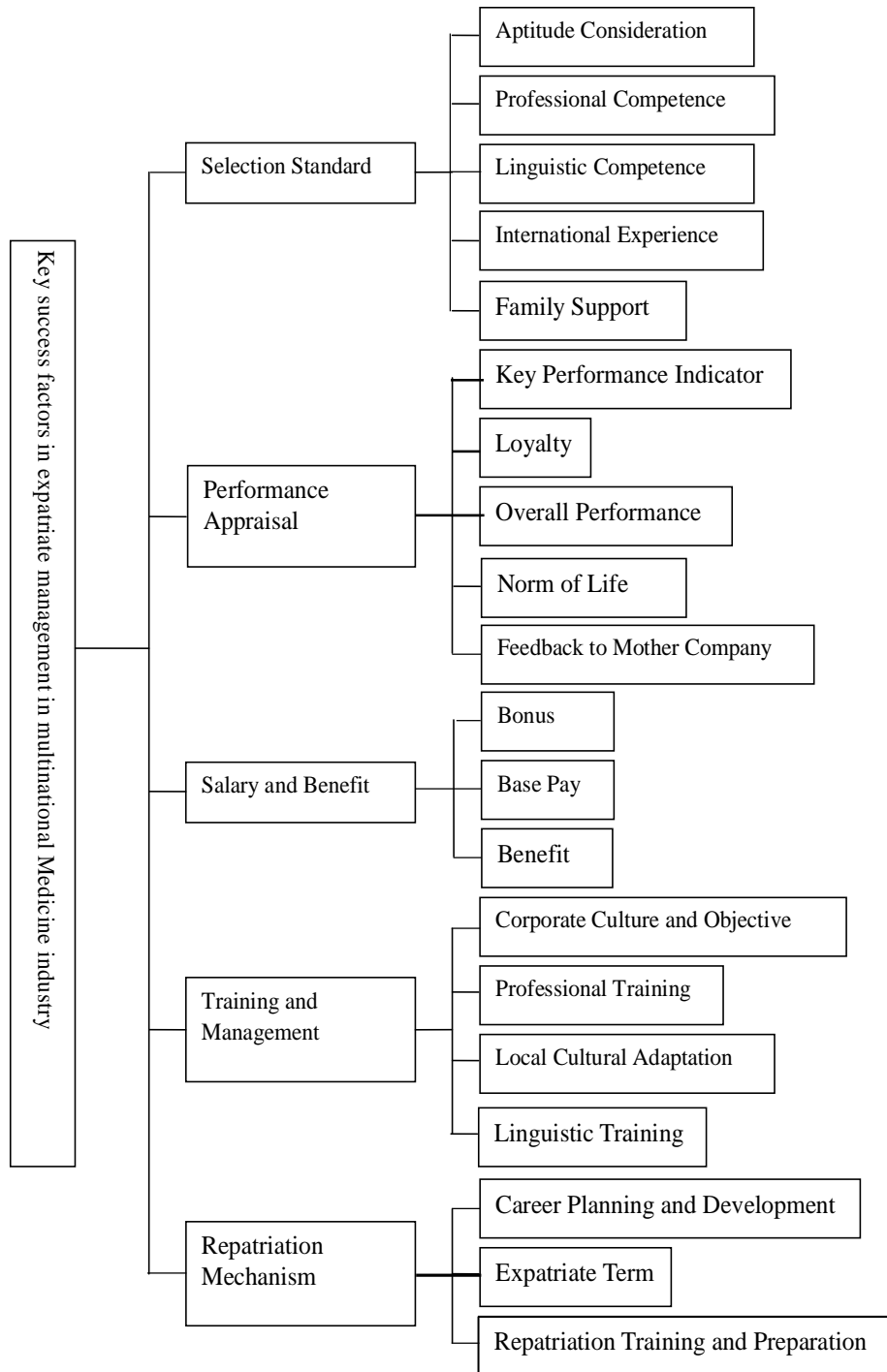


Fig. 1. Conceptual framework

tionalization, China Chemical and Pharmaceutical Co., Ltd. is in charge of research and development, looks for CRO and CMO for BE tests, is approved FDA, and has unique R and D team in the US assist in the marketing. China Chemical and Pharmaceutical Co., Ltd. therefore presents great experiences in expatriation management.

Taking China Chemical and Pharmaceutical Co., Ltd. as the research subject, the managers and employees who have been or are presently expatriated and the managers and employees in local subsidiaries are distributed the questionnaires. Total 200 copies of questionnaires are distributed, and 124 valid ones are retrieved, with the retrieval rate 62%.

### Data Analysis

Having completed the weights of all hierarchies, the relative importance was distributed into the indices to show the importance of the factors in various hierarchies in the entire evaluation system as well as to present the total weight of the key success factors in the expatriate management in the multinational enterprise (Table 1).

Based on the questionnaire analysis, Table 1, the following conclusions were summarized. Selection Standard in Hierarchy 2 was mostly emphasized, with the weight 0.338, 33.8% of the total weight, which was followed by Training and Management (weighted 0.227), Repatriation Mechanism (weighted 0.185), Performance Appraisal (weighted 0.142), and Salary and Benefit (weighted 0.108). Apparently, Selection Standard was mostly emphasized in the expatriate management in the multinational enterprise. The weights of the evaluation indices in Hierarchy 3 were ranked as below:

1. The evaluation indices in Selection Standard were ranked International Experience, Family Support, Linguistic Competence, Professional Competence, Aptitude Consideration;
2. The evaluation indices in Performance Appraisal were ranked Overall Performance, Key Performance Indicator, Loyalty, Feedback to Mother Company, and Norm of Life;
3. The evaluation indices in Salary and Benefit were ranked Base Pay, Benefit, and Bonus;
4. The evaluation indices in Training and Management were ranked Corporate Culture and Objective, Local Cultural Adaptation, Professional Training, and Linguistic Training;
5. The evaluation indices in Repatriation Mechanism were ranked Career Planning

and Development, Repatriation Training and Preparation, and Expatriate Term.

### CONCLUSION

According to the analysis of the empirical results, the following conclusions are proposed, expecting to provide a definite guidance and direction for the expatriate management in multinational medicine industry. From the total weight of the evaluation indices of the key success factors in the expatriate management of the multinational enterprise, the top five indices appear International Experience, Corporate Culture and Objective, Career Planning and Development, Local Cultural Adaptation, and Base Pay.

From the above analysis, a lot more medicine enterprises would recruit expatriate managers with international experiences, as they present better global perspective, are capable of expatriate management, and more importantly, would cultivate team work and management tacit understanding in the expatriate management. Corporate culture is regarded as an organic composition in the social cultural system, the comprehensive reflection and performance of national culture and modern awareness in medicine industry, the corporate features and group awareness generated from the effects of national culture and modern awareness, and the behavioral norms generated from such awareness. In order to really step into the market, develop a fast and efficient way, constantly enhance the quality, and coordinately develop the economy, medicine enterprise must popularize and deepen the corporate culture and objectives and have the expatriates understand the corporate culture and objectives to promote the overall performance and key performance indicators. The introduction of control systems therefore would be the optimal control mechanism. When facing highly cultural distance, highly financial instability, and highly political risks, an organization must introduce the control, recruitment, employment, and performance evaluation to the multinational enterprise so as to enhance the competitive advantages in the country. In such an extreme environment, the selection of expatriates becomes critical. In regard to Career Planning and Development, the career development of expatriates and the repatriation are the most difficult issues for the human resource department in international expatriation management. After the expatriates accept-

**Table 1: Total weight of the expatriate management in the multinational enterprise**

<i>Dimension</i>	<i>Weight in hierarchy</i>	<i>Order in hierarchy</i>	<i>Index</i>	<i>Weight in hierarchy</i>	<i>Order in hierarchy</i>	<i>Total weight</i>	<i>Overall order</i>
<i>Selection Standard</i>	0.337	1	Aptitude consideration	0.108	5	0.014	20
			Professional competence	0.139	4	0.033	17
			Linguistic competence	0.206	3	0.035	14
<i>Performance Appraisal</i>	0.142	4	International experience	0.296	1	0.103	1
			Family support	0.251	2	0.063	6
			Key performance indicator	0.267	2	0.045	10
			Loyalty	0.192	3	0.043	11
			Overall performance	0.348	1	0.053	7
<i>Salary and Benefit</i>	0.108	5	Norm of life	0.072	5	0.032	16
			Feedback to mother company	0.121	4	0.033	15
			Bonus	0.190	3	0.036	13
			Base pay	0.483	1	0.070	5
<i>Training and Management</i>	0.227	2	Benefit	0.327	2	0.041	12
			Corporate culture and objective	0.423	1	0.096	2
			Professional training	0.163	3	0.049	9
<i>Repatriation Mechanism</i>	0.185	3	Local cultural adaptation	0.316	2	0.071	4
			Linguistic training	0.098	4	0.025	18
			Career planning and development	0.546	1	0.083	3
			Expatriate term	0.116	3	0.023	19
			Repatriation training and preparation	0.338	2	0.052	8

ing the expatriation, the position is then substituted by other suitable people. It therefore could result in the outflow because there is not a position for them, or the arranged position cannot present the value when they repatriate. Losing such important human resources would directly affect the employees' intention of expatriation and further obstruct the internationalization of the company. Career Planning and Development therefore needs to be emphasized.

### RECOMMENDATIONS

From the conclusion, International Experience, Corporate Culture and Objective, Career Planning and Development, Local Cultural Adaptation, and Base Pay are the key factors with comparative importance. The following suggestions are further proposed in this study.

1. The experiences in local expatriation are the first consideration for the recruitment. Relevant international experiences or the

major in local languages and the understanding and preference of the culture could be the options for the preparation of expatriation, including the expatriates and the expatriate-to-be, in order to cope with the expatriate shortage in a multinational enterprise and the urgent expatriation tasks. A complete plan to cultivate cross-cultural talents and enhance the international experiences and the deeper understanding of the corporate culture and objectives could have the expatriates understand the local culture, enhance the local cultural adaptation, and reduce the training time. The expatriates could have ample time for work handover and family arrangement.

2. When executing tasks in the expatriation country, the training should be continued, including the cultural impact and the coping strategies. After arriving in the country, the expatriates accumulate more expe-

riences in the cross-cultural adaptation that the training reveals more interaction. With experience sharing and discussion, the cross-cultural impact could be efficiently reduced.

3. Regarding the career planning and development, the expatriates will need to re-integrate into the native culture and the organizational culture after the repatriation, and the personal value might be changed after the long-term expatriation. In this case, the second adaptation might appear after the repatriation, as the expatriates have adapted to the overseas working environments, but are strange to the parent company. Besides, the working environment in the parent company might be changed during the expatriation that the expatriates need the training for adapting to the parent company to avoid the maladaptation causing low mood and bad performance, which further affect the organizational performance.
4. The expatriates' knowledge and experiences after the repatriation could contribute to the organizational memory, as such knowledge and experiences are the important assets of the organization. Nevertheless, the interviews with a lot of companies show that the expatriates' knowledge and experiences are not organized as the organizational experiences; such employees are invited to share the experiences merely when necessary. In this case, when an expatriate encounter the similar situation, the organization will not be able to provide systematic assistance. Besides, such experiences would disappear after the expatriates leaving the job or retiring. Accordingly, the expatriates' knowledge and experiences after the repatriation should be effectively organized as the organizational memory for the future development of the company.

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