

# 1 *Global Mobility*

## *Reasons, Trends, and Strategies*

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### 1.1 Introduction

According to a PwC report (PwC, 2019), ‘80% of the future workforce will be mobile, and many want to work anywhere, anytime’. Global mobility, that is, the relocation of people across countries, has and will continue to be a major trend. The total number of expatriates, that is, employees who live and work abroad for a limited period of time, is estimated to amount to around 66.2 million worldwide and has been on a steady rise (Finaccord, 2019). Taking a wider perspective, the Organisation for Economic Co-operation and Development (OECD) estimates that there are currently around 250 million people living outside their home country, amounting to 3.3 per cent of the world’s population, and with 70 per cent of them of working age (OECD, 2017).

The coronavirus crisis that the world suffered in the final stages of us putting this book together has and will have a substantial influence on global mobility in the short run, and then several possible long-term effects, though as we write we cannot say what they may be. However, we are certain that in the long run global mobility will remain important because, as we explain in this chapter, it has a key role for the development of both individuals and organizations.

Global mobility presents both opportunities and challenges for organisations and individuals. Organisations despatch expatriates to transfer knowledge, for control and coordination, and management development (Edström & Galbraith, 1977), with the ultimate goal of improving innovation and organisational performance (Bebenroth & Froese, 2020; Chang, Gong, & Peng, 2012). In terms of management development, international experience is the most effective way for individuals to acquire new knowledge and skills and boost their careers (Froese, Kim, & Eng, 2016; Sarabi, Froese, & Hamori, 2017). Despite these merits, and the high cost of assigned expatriates, many assignments fail to meet

organisational, individual, and family expectations, which is very disappointing (Black & Gregersen, 1999).

In response, research and practice have investigated the reasons for success and failure (for a review, see Bhaskar-Shrinivas, Harrison, Shaffer, & Luk, 2005). Large consulting companies such as PwC, KPMG and Mercer have dedicated business units, and smaller specialised consulting companies have emerged to support companies in managing their expatriates. Larger multinational enterprises (MNEs) also have their own dedicated teams to prepare and support their expatriates. Despite all this wealth of knowledge and expertise, some expatriates continue to struggle and fail to meet organisational objectives. Economic shifts, demographic changes, and digitalisation have created a more diverse landscape in global mobility and new challenges (Bonache et al., 2018). For instance, MNEs increasingly utilise self-initiated expatriates (Froese & Peltokorpi, 2013; Furusawa & Brewster, 2018), international business travellers, and short-term assignees (Mäkelä, Saarenpää, & McNulty, 2017). While expatriate research has produced great insights, many questions remain unanswered. In particular, research has had difficulties in keeping pace with recent trends in global mobility.

Thus, this book provides a comprehensive and up-to-date overview of the topic. This book is a reader on international working. We asked some of the leading scholars in international human resource management to bring together, to synthesise, and to comment on what is known about key aspects of current debates on global mobility. This book will help professionals, scholars, and students to comprehend the complexity and diversity of international work.

This chapter will introduce background information and recent trends in expatriation. We will begin by briefly reviewing the early literature on expatriation, from the 1960s to the late 1980s. We will then describe some changes that occurred in the 1990s that transformed radically the field of global mobility. Finally, we will outline key trends in global mobility that define its current landscape. The chapter concludes by summarising the contents and key contributions that the reader will find in each chapter of this book.

## 1.2 Early Research: The Prototypical Expatriate

In early research, the term ‘global mobility’ was restricted to expatriation and that in turn was restricted to refer to those work experiences in which

individuals, and oftentimes their families, are relocated from one country to another by an employer, generally from a context of familiarity (a home country) to one of greater novelty (a host country) for a limited period of time (Caligiuri & Bonache, 2016). These globally mobile employees were typically known as ‘expatriates’ or ‘international assignees’, and their existence had grown in importance as firms expanded their global reach.

From the 1960s through the late 1980s, then, researchers studying expatriates were examining a relatively homogeneous group within organisations: senior executives from developed-country headquarters of large MNEs sent abroad for a period of two to five years. They were mostly married men who were sent to be ‘in charge’ of a host-country subsidiary. This prototypical expatriate of the past brought with him his non-working wife – and the company’s way of doing things. He would enjoy a generous compensation and benefits package for the ‘hardship’ of living in another country. This homogenous group enabled numerous macro-level and micro-level studies that came to build and define a fascinating literature on the expatriation experience.

### *1.2.1 When and Why Assigned Expatriates Are Used*

At the macro level, early global mobility research focused on when and how expatriates foster a firm’s strategic growth globally. In the 1970s, as companies began to accelerate their global reach, there was an interest in understanding the strategic reasons for expatriate assignments. To this end, Edström and Galbraith (1977), in their seminal article, identified three key functions or reasons for expatriation: for control, organisational development, and for management development.

The first potential function of expatriates, the control role, is for expatriates to represent the parent company’s interests in the subsidiary. Headquarters send expatriates to liaise between the home- and host-country interests, safeguard the organisation’s overall interests, and ensure that the decisions made in the subsidiary do not compromise the organisation as a whole (Boyacigiller, 1990; Brewster, 1991). Edström and Galbraith (1977) noted that the control function also tends to involve an element of coordination, especially in firms from industries with a high overall integration of their operations (e.g., automobiles). Expatriates are familiar with the firm’s international network; they are aware of the impact a subsidiary’s decisions may have on the rest of the corporation; and they develop

numerous contacts, which thereby permit them to act as go-betweens across interdependent units (Boyacigiller, 1990). In this organisational development role, expatriates have formal position power to give them control, are socialising agents to impart culture, and can use informal communication to foster network ties (Harzing, 2001).

The second function identified by Edström and Galbraith (1977) is to transfer knowledge from headquarters to the subsidiary in order to develop the organisation. This knowledge may be of a general nature (e.g., corporate culture) or more technical and specific, such as that referring to the processes of purchasing inputs (e.g., purchasing or negotiating skills), transformation (e.g., product design, process engineering), or outputs (e.g., marketing skills). Much of this knowledge is tacit, as it cannot be coded or set out in manuals, but instead is steeped in the experience and skills of the organisation's members (Polanyi, 1962). This means that its global dissemination can best be achieved by posting staff abroad (Bonache & Brewster, 2001; Mäkelä & Brewster, 2009). It should be noted that Edström and Galbraith (1977) do not refer to knowledge transfer, per se; it was later, especially after the knowledge-based view of the firm was introduced in the management literature (Barney, 1991), that the expatriates performing this function became known as 'knowledge agents' (e.g., Bonache & Brewster, 2001; Beaverstock, 2004; Bonache & Zárraga-Oberty, 2008).

The final expatriate function identified by Edström and Galbraith (1977) is management development. Through international assignments, high-potential executives become immersed in a wide array of new and challenging intercultural situations (Black, Gregersen, & Mendenhall, 1992), which will enable them to develop a holistic approach and global business acumen. This experience will lead to greater career opportunities for those executives seeking professional growth (Brewster, 1991), as well as provide the MNE with a competitive advantage (Spreitzer, McCall, & Mahoney, 1997).

Far from having a merely historical interest, the contribution made by Edström and Galbraith (1977) is one of the topics in expatriate literature that is deemed to be widely accepted, appearing in practically every study that seeks to explain the deployment of expatriates in MNEs (Tan & Mahoney, 2006). However, as will be highlighted later, while the three expatriate functions that they identified are still valid in organisations today, the mix and relative importance of these functions have changed dramatically.

### *1.2.2 Traditional Challenges for the Assigned Expatriates*

Early micro-research on expatriation focused on the main issues and challenges that people performing these strategic functions had to face. Two main challenges came to dominate the literature. One refers to the high rates of expatriate failure, particularly among US expatriates (Tung, 1988). It was estimated that 20–40 per cent of US expatriates returned prematurely without completing their assignments. This is three to four times higher than the failure rates experienced by European and Asian companies, although the US rate was almost certainly an overestimate (Harzing, 1995). Apart from early return, prior research also identified that around a third of expatriates performed below expectations abroad (Black & Gregersen, 1999). Expatriation assignments are costly, and when they fail, because they have to be brought back early or because they under-perform, the cost to all involved is high. Research has investigated the reasons for such failures. In particular, prior research identified cross-cultural adjustment (Church, 1982; Mendenhall & Oddou, 1985, 1986), training (Fiedler, Mitchel, & Triandis, 1971; Tung, 1981), selection (Caligiuri, 2000), and family problems (Stephens & Black, 1991) as the main reasons for success or failure. Accordingly, this book will tackle these challenges in Chapters 2, 3, and 4 to help us better understand the causes of expatriation success.

The other ‘star’ challenge in this era was that of repatriation, again highlighted for over thirty years (Caligiuri & Bonache, 2016; Lazarova & Cerdin, 2007; Suutari & Brewster, 2003; Yan, Zhu, & Hall, 2002). Early research reported that many repatriates leave their organisation within two years after repatriation, limiting the return on any developmental gain the expatriate might have brought to the globalisation efforts of the company in the future (Black et al., 1992; Harvey, 1982). And they generally stay in the same occupational field, working for competitors. Given the costs of expatriate assignments, this is poor human resource management. One study found that 42 per cent of repatriates had seriously considered leaving the company and 26 per cent were actively searching for an alternative employer (Black et al., 1992).

Some of the primary reasons repatriates often gave for leaving their organisation are also typical today (Festing & Maletzky, 2011; Kraimer et al., 2012; Ren et al., 2013). They include a lack of respect

for the acquired skills (Gómez Mejía & Balkin, 1987), loss of status (Harvey, 1982), poor planning for return position (Gómez Mejía & Balkin, 1987), and reverse culture shock (Black & Gregersen, 1991). The extensive research on the ‘repatriation problem’ clearly highlighted how offering expatriate career advancement opportunities that are consistent with expatriates’ new internationally oriented identities are critical to increase repatriation retention. Thus, Chapter 6 will discuss in detail repatriation and career development.

### 1.3 Changes in the Context

The aforementioned macro and micro issues and challenges in relation to assigned expatriates, introduced before 1990, provided a solid foundation for the field of expatriation by revealing high-level issues (e.g., strategic alignment, selection, cross-cultural adjustment, repatriation) in the field of global mobility. However, a number of economic, technological, organisational, and demographic changes in the business population from the 1990s onwards have had significant influence on the research and practice in global mobility. Such changes are summarised in Table 1.1.

#### 1.3.1 *Changes Affecting the Deployment of Expatriates*

From the 1990s onwards, there were a number of major transformations that led to greater globalisation (Dunning, 2009). First, the fall of the Berlin Wall led to a transition to a market economy in many former Soviet-bloc countries. An alternative model, retaining a single-party state government, would also be followed by China, with the ensuing impact this has had on the global economy. Second, the liberalisation of cross-border markets encouraged regional economic integration (e.g., NAFTA, AFTA, APEC, and the European Union) and stimulated economic growth and accelerated international commercial transactions among businesses and private individuals. Third, the digital revolution and the advances made in information technology and computing systems paved the way for all firms (large and small) to embark upon greater innovation, and launch into markets that had, in prior years, been inaccessible. Fourth, there was a dynamic increase in the international operations of firms from every part of the world. Large MNEs, which not only reinforced their international

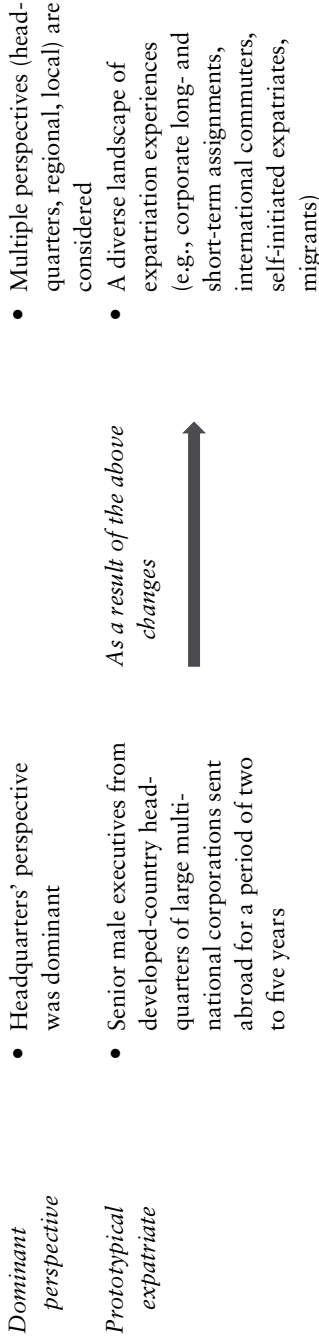
Table 1.1 *The changing nature of global mobility*

	Traditional expatriation (1960s to the late 1980s)	Type of change	Modern global mobility approach (1990s to the present)
a. Deployment of expatriates			
Reason for expatriation emphasised in the literature	<ul style="list-style-type: none"> <li>• Control of subsidiaries</li> <li>• Fill skill gaps unavailable in host countries</li> </ul>	<p><i>Increased globalisation</i></p> <ul style="list-style-type: none"> <li>• Fall of the Berlin Wall</li> <li>• Liberalisation of cross-border markets</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge transfer around MNEs</li> <li>• Professional development of global leaders</li> </ul>
<i>Typical mobility flow</i>	<ul style="list-style-type: none"> <li>• One-directional flow from headquarters to subsidiaries</li> <li>• Mostly from large US, European, and Japanese headquarters</li> </ul>	<ul style="list-style-type: none"> <li>• Digital revolution</li> <li>• Increase in international operations</li> </ul>	<ul style="list-style-type: none"> <li>• Mobility in all directions (e.g., lateral moves, reverse expatriations) and different periods</li> <li>• MNEs from emerging markets and developing countries</li> </ul>
b. Demographic changes			
<i>Gender</i>	<ul style="list-style-type: none"> <li>• Male expatriates</li> </ul>	<p><i>Demographic and societal changes</i></p>	<ul style="list-style-type: none"> <li>• More female expatriates</li> </ul>
<i>Age and level</i>	<ul style="list-style-type: none"> <li>• Middle-aged</li> <li>• Senior-level managers and executives</li> </ul>	<ul style="list-style-type: none"> <li>• Number of households with dual-career couples</li> </ul>	<ul style="list-style-type: none"> <li>• All ages</li> <li>• From all levels in the organisation</li> </ul>

Table 1.1 (cont.)

	Traditional expatriation (1960s to the late 1980s)	Type of change	Modern global mobility approach (1990s to the present)
<i>Other family issues</i>	<ul style="list-style-type: none"> <li>• Single-income families</li> <li>• Non-working spouse</li> </ul>	<ul style="list-style-type: none"> <li>• Number of women working internationally</li> <li>• Increased lifespan of people globally</li> </ul>	<ul style="list-style-type: none"> <li>• Dual-career couples</li> <li>• Elderly parents</li> <li>• Non-traditional families</li> </ul>
c. Changes in careers and working conditions			
<i>Duration of assignments</i>	<ul style="list-style-type: none"> <li>• Relatively long assignments (two- to four-year period)</li> </ul>	<p><i>Communication and labour market changes</i></p> <ul style="list-style-type: none"> <li>• Advances in communications and the easy of global travel</li> </ul>	<ul style="list-style-type: none"> <li>• More travelling, short-term and project-oriented forms of global mobility</li> </ul>
<i>Employment modes</i>	<ul style="list-style-type: none"> <li>• Relational contracts</li> </ul>		<ul style="list-style-type: none"> <li>• Relational and transactional contracts</li> </ul>
<i>Initiating the global experience</i>	<ul style="list-style-type: none"> <li>• The company requests employees to relocate</li> </ul>	<ul style="list-style-type: none"> <li>• Changes in employment modes</li> <li>• Increase number of global careers</li> </ul>	<ul style="list-style-type: none"> <li>• The company posts open requisitions for international assignments</li> <li>• The employees request opportunities for international assignments</li> </ul>





transactions, also increased their direct investment abroad, either through joint ventures or through wholly owned subsidiaries. New players also appeared on the economic scene, such as new MNEs from emerging countries, particularly in Asia, and small- and medium-sized enterprises, some being ‘born global’.

These factors led to a redistribution of power around the world and the emergence of some countries (particularly China) as new world economic champions. This had obvious implications for the home country of expatriates. Before the 1990s era of globalisation, international assignments were the domain of US and European firms (Brewster et al., 2014). The huge investment in Japan following the Second World War enabled it to become a leader in the automobile and electronics industries, with it being commonplace at the time to wonder how to respond to the Japanese challenge (Ouchi, 1981). It is not surprising, therefore, that expatriation in Japanese firms was studied closely (e.g., Tsurumi, 1978). Along with the Japanese, European and American expatriates monopolised the expatriation landscape. This is no longer the case. By 2007, emerging market countries had seventy firms in Fortune’s ranking of the world’s five hundred largest corporations, when a decade earlier this same figure was only twenty (Guillén & García-Canal, 2009).

So, large MNEs began appearing in emerging countries, such as Samsung in South Korea, China Mobile Limited, and Reliance Industries Limited in India. The rapid growth of emerging economies also meant that these countries became the typical destination for MNEs from developed countries. China’s case is a particularly noteworthy one. As Bruning, Sonpar, and Wang (2012) have reported, in this new millennium China now hosts the highest number of expatriates per year, only behind the United States. It stands to reason that since the end of the 1990s, many studies have sought to understand the predictors of expatriate success in China (e.g., Selmer, 1999). Other studies have focused on different environments that may also be challenging for western expatriates, such as Japan (Froese & Peltokorpi, 2011; Peltokorpi & Froese, 2009) and Korea (Bader, Froese, & Kraeh, 2018; Stoermer et al., 2018). While firms in the past had posted talent from headquarters to other parts of the world, with the developed countries being the main destinations, some authors note that ‘[e]xpatriation no longer implies relocation to a glamorous site’ (Groysberg, Nohria, & Herman, 2011: 11); it could include countries