

British expat global workers

A new geography The future of the British global worker

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1. Introduction

Every year, hundreds of thousands of Britons emigrate to work in foreign lands. Foreign governments may accept them as permanent workers, or grant them temporary work visas. British workers may be changing employer, and hopping from one British company to a foreign company abroad. Or, they may be “intra-company transferees” sent on expatriate assignments to foreign subsidiaries of their existing employer. Alternatively, they may be freelance, self-employed workers, such as construction workers, plying their trade abroad.

The Centre for Future Studies believes that the nature of British global work, and its future, is becoming interesting for all sorts of emerging reasons. For one, Britain’s workforce is becoming more educated and skilled, and governments around the world are increasingly opening their doors to this kind of labour. In Australia, to take a prominent example, British workers receive more temporary skilled visas than workers of any other single nationality, around 7,100 over 2000-2001, according to Australian government figures.

Also, foreign direct investment by British companies is at record levels, according to the Office of National Statistics. In 2000, FDI increased to £168bn, the highest ever value on record, and an increase of 34% on the year before. British companies are engaging in ever more cross-border mergers and acquisitions.

As part of this process of internationalising, HR (Human Resource) managers want to deploy more employees on expatriate assignments. America for example receives more intra-company transferees from British companies than elsewhere, around 55,000 in 2002. British workers undertake expatriate assignments because their firms want to transfer knowledge about strategies, operational processes and cultures to their foreign subsidiaries. And, firms may find it difficult to recruit skilled employees from overseas labour markets.

Global work, however, is not without its challenges; both employers and employees are grappling with them. Organisations want to send managers and professionals abroad, but they want to keep a lid on costs such as salaries and business travel.

Employees are attracted to overseas work because of greater remuneration and career opportunities. But they face a range of challenges within both their working and private lives. They have to work in new cultures, and ensure their families are happily settled. And, increasingly mobile, more temporary global workers worry about upsetting their work-life balances. A survey commissioned by TMP Worldwide in 1999 of British executives (see ‘How far will you go? Trends in supply and demand for global executives’) found that over half of respondents (56%) were more likely to contemplate the sacrifices made to family and lifestyle involved in travel (compared to five years’ previous)

This paper examines the current situation for British global work and forecasts future scenarios in the years 2012 and 2020. After this introduction, section two looks at the current landscape of British global work, examining the current profile of the typical British global worker and the challenges they face. The following issues are discussed:

- The numbers and locations of British global workers
- Business objectives behind expatriate assignments
- Changing assignment types
- Employee motivations for overseas work
- The typical profile of the British global worker: occupation, age and gender
- Typical challenges for expatriates

In section three, we discuss the drivers of change that are most likely to influence the future landscape and typical profile of the British global worker. These are:

- A more educated, skilled workforce
- Government action to import skilled migrant labour
- New fast growing markets: focus on China
- Harmonisation of international regimes for tax, welfare, pensions and employment legislation
- The desire to be both global and local: corporate tolerance for local cultural and market conditions
- The rise of an elderly workforce
- Increased global consciousness among the young
- Greater corporate support for expatriates
- Greater competition in the international skilled labour market

Some of these – the first four in particular – will impact on the quantitative aspect of emigration and help to boost numbers of British emigrants. The rest will have an important bearing on qualitative aspects – the new kinds of worker going abroad, the kinds of skills they will need, and their perceptions of foreign countries.

The Centre for Future Studies believes that future scenarios for British global work will look very different from today. These are expanded upon in the final section, and summarised below.

In 2012:

Around three quarters of a million British people will travel overseas to work abroad each year, roughly three times the figure today.

The ratio of temporary to permanent workers is set to rise, to about five to one, up from three to one today.

Through the increased use of temporary international labour, where workers are on short-term visas, the meaning of expatriation is set to blur.

Multinationals will be much more experienced at overseeing better work-life balances of global workers.

British companies will be more experienced in managing costs through information technologies.

Corporations will want to send younger employees abroad soon after recruiting them, but under the rationale of employee loyalty.

In 2020:

The number of people leaving Britain to work abroad each year will rise to one and a half million, a six fold increase on today.

The ratio of temporary to permanent workers will rise to seven to one, up from three to one today.

Britain will not be losing out from a “brain drain”, but rather, will be engaged in a global market of “brain exchange”.

British employees will be working in unfamiliar territories, such as China, India, Russia, Indonesia and Brazil.

British workers will benefit from increased international experience and their integration with other workforces and cultures.

“Softer skills” of international workers will be more sought after by employers.

British workers on an individual basis will face more competition from skilled workers of other nationalities.

The profile of the British worker will be more heterogeneous; it will reflect the greater ageing of the population.

Communications technology will negate the need for certain forms of travel altogether, but will not eliminate the need for work abroad.

2. The current landscape of British global work

The numbers and locations of British global workers

Where data is available, we can examine where British emigrants are going in general, displayed in the table below.

Numbers of British emigrants to selected countries

Country	Date	Yearly average	% change
Australia	1990-1999	11,247	-7%
Canada	1995-2000	5,028	-5.3%
Germany	1995-1999	13,923	-8%
Netherlands	1995-2000	4,532	+10.5%
United States	1990-2002	14,357	+3.5%

Data: Migration Policy Institute 2003

Elsewhere, according to the Migration Policy Institute:

- Around 6,600 British emigrants were accepted in New Zealand in 2002
- British emigrants to Spain increased by 58,811 in 1995 to 80,183 in 2001, meaning that an approximate average number of 3,500 emigrated there each year.
- Approximately one thousand British people emigrated to Austria, Norway and Sweden each in the second half of the 1990s.

Extrapolating from this data, and the typical numbers entering countries worldwide, we might estimate that around 100,000-150,000 British people are emigrating each year.

Unfortunately, the proportion of those working and not working is often not given. Where data is available, we can also see a further breakdown in the occupations

of the people travelling to these countries. The US for example, which generates the richest data on immigration, admitted 3,284 professional and management workers to live and work there in 2000, out of the yearly total of 13,385 (although even here, 9000 did not report an occupation, so the figure could be higher). [Source: Bureau of Citizenship and Immigration Service]

Another source of data is the number of temporary work visas granted to British workers. In the US, for instance, many more British people enter as temporary workers, as shown below.

British temporary workers admitted to the United States

	Total	H-1B visa	Intra-company transferee
1997	74,645	18,221	24,872
1998	101,736	28,190	38,960
1999	112,304	30,289	44,989
2000	128,585	32,124	55,917
2001	136,223	32,456	60,615
2002	126,608	32,056	55,315

Source: US Statistical yearbooks of the immigration and naturalisation service

The US accepts more British intra-company transferees (which are skilled workers, being classed as executive, management and speciality occupations) than any other country in the world. In 2002, British workers accounted for 18% of the total, not far behind the entire total for Asia, 23%. The next highest country is Japan, accounting for 10% of intra-company transferees.

This fact reflects the greater expansion of British companies into America, either through mergers and acquisitions, or Greenfield investment, and the creation of more expansive corporate networks between the two nations.

However, British workers also receive a high proportion of the highly skilled temporary visas (H1-B), second only to India.

British workers are also prominent in the pool of temporary workers admitted to Australia each year. Around 47,330 migrants were allowed to enter Australia over 2000-2001 with four-year temporary visas, rising to 53,530 over 2001-2002. Over 2000-2001, more workers came from Britain than anywhere else (around 7,100 or 15% of the total). (See 'Population Flows: Immigration Aspects 2001, Skill Migration', Department of Immigration and Multicultural and Indigenous Affairs).

If we assume that half – and this is a rough estimate – of British emigrants end up working in their host countries (as opposed to retiring or supporting families), then approximately 50,000-75,000 British workers leave to work abroad each year. Figures for temporary workers are more in the region of 150,000-200,000, giving a rough total estimate (including both permanent and temporary) of 200,000-275,000 workers.

Business objectives behind expatriate assignments

Since the 1960s, many British organisations in sectors as diverse as oil and professional services have been increasingly internationalising their activities.

Take a law firm such as Freshfields. It first opened a foreign office in Paris in 1972, and followed quickly with offices in New York, Singapore, Hong Kong, Tokyo, Brussels and Frankfurt by 1990. By the late

1990s, around a third of Freshfield's 1800 employees worked in foreign offices. [See 'The long arm of the law: London's law firms in a globalising world economy', Beaverstock, Smith and Taylor, (Environment and Planning, 1999).

Put simply, overseas markets have become an important source of revenues and profits for many British firms. They either participate in "Greenfield" investment to build up new assets, or merge with or acquire foreign companies to gain more instant access to markets. This trend lies behind the rise of intra-company expatriate assignments.

Studies show that professional migration is essentially about the transfer of skills and knowledge from one place to another. For instance:

- Two academics interviewed the Human Resource (HR) managers of four major British banks in the 1990s. They found that there were two main, interrelated reasons for expatriate assignments: to address skills shortages, but also to globalise the culture of the organisation. According to one HR manager: "Staff were sent abroad to perform corporate banking, information technology, risk and treasury functions, all of which had been created by skill shortages in foreign offices." According to another, "...staff were...sent overseas for business reasons, to bring with them the bank's ethos, as well as in-depth knowledge of the organizational structure." (See Beaverstock, J.V. and Boardwell, J.T., 'Negotiating Globalisation', Applied Geography, 20 (3), 2000)

Concerning this second reason, Hilary Harris of the Cranfield School of Management says that: "expatriate assignments are seen as crucial tools in the attempt to create a trans-national mindset in the organisation." The theme of globalisation and "managing across borders" has become a dominant one for the

managers of trans-national corporations. Organisations have wanted to stress to their customers, who may be internationalising themselves, that they can offer global services. That is, they can operate efficiently in all of the markets their customers operate in.

Finally, a less typical reason for professional migration is the professional development of younger staff. Relatively new promising employees are sent to foreign subsidiaries and are expected to rise rapidly through the ranks.

Changing assignment types

The most important trend of recent years is the rise of the shorter-term expatriate assignment. Traditionally, corporations have sent particular employees abroad on assignments lasting a year or more. These are still important today, but organisations want greater flexibility in their international HR strategies, choosing to send employees abroad for more specific and temporary tasks. Also, they know that there are barriers to sending experienced professionals abroad for permanent resettlement. This group is the most likely to have a spouse or partner already in the full flight of a career. Spouses or partners might either be reluctant to move or unable to find opportunities abroad. Some studies have found that this is the most important barrier to international mobility.

The concept of an “expatriate” is beginning to become more nebulous. Employees may be going abroad, but they are spending less time at destinations and more time flying between them. A recent study by the Cranfield School of Management (“Strategic management of international workers, Innovations in International HR”) distinguished four types of migration within international companies: traditional expatriation assignments involving more permanent settlement; short-term assignments; international commuters and frequent fliers. All four are increasing, the study found,

but the latter three are increasing the most.

The strategic reasons for deploying different types of assignee are broadly similar. Skill transfer is the dominant reason in all types of assignment apart from “frequent fliers”, where “managerial control” is the dominant motivation. Here, organisations want to keep tabs on foreign subsidiaries on a regular basis. They do not need employees to stay in any one place permanently.

Each assignment type has both advantages and disadvantages, and they tend to suit different age groups. Shorter-term assignments tend to be cheaper for organisations, but assignees, being intensive travellers, complain most about a loss of “work-life balance”. More permanent emigrants do not have this problem so much. But they have to deal with the problems of permanently settling into a host culture.

Employee motivations for overseas work

Migrants of the past traditionally left home in search of better employment and a better life. Economic and material factors played a central role.

Professional migrants may be in a more privileged position, but material factors still top the list of main motivations. According to professional services firm PricewaterhouseCoopers, “improved pay/income” and “improved living standard” influence employees the most in their decision to become professional expatriates.

Post-material factors – experiencing life abroad, developing skills, capitalising on new employment opportunities, enhancing career and showing commitment to employers – are important but rank further down the list.

The typical profile of the British global worker: occupation, age and gender

Senior and mid-level managers and professionals have monopolised the bulk of expatriate assignments. In their home nations, corporations have few problems recruiting clerical, secretarial and manual labour. And, overseas, these forms of labour are increasingly being recruited locally. Western corporations continue to outsource both manufacturing and service operations (think of call centres) to take advantage of low labour costs.

In a comprehensive survey, Dr Rosalie Tung, Professor of International Business at Simon Fraser University, conducted interviews with 409 expatriates from 49 North American-based multinationals. The British experience is not likely to differ wildly. She found:

- The overwhelming majority of international assignees were white, well-educated males who identified themselves as senior or middle management (over 75%). They represented 12 functional areas, with general management and administration being the predominant function.
- Most had been with the same company for over 10 years; most had also had one other international assignment, lasting an average of almost 4 years. This cosmopolitan sample had spent an average of 6.7 years abroad for personal or career reasons.
- Nearly half of the expatriates were between 36 and 45 in age. Four out of 5 were married with children still living with them; the spouses of over half the respondents did not work outside the home.

In terms of gender, the Cranfield School of Management points out that the numbers of women on international assignments are rarely above 15% for a corporation, and more commonly within the 5-10% range.

In a recent study, an academic examined British expatriates in China. She found that men are far more likely to be posted abroad, mainly because the companies involved in company postings are in male dominated sectors, such as diplomatic service, finance, chemicals, engineering and ship building.

Typical challenges for expatriates

Studies of professional migration show that employees face both a number of dilemmas in accepting assignments and challenges with overseas settlement.

PricewaterhouseCoopers lists the following factors as important:

- Family factors, such as schooling for children
- Language barriers
- Employment opportunities
- Recognition of qualifications
- Spouse employment
- The transfer of pensions
- Housing
- Work permits
- Culture

A survey, also by PricewaterhouseCoopers, found that issues concerning their spouse or partner's career preoccupy potential expatriates the most (see 'Managing a Virtual World, 2000'). One dilemma is that employees may be offered a higher salary for moving abroad, but cannot guarantee that their partner will get work. Since both depend on a "dual-career" income the extra salary is rarely enough to compensate.

Problems can also arise overseas for women married to male expatriates. One study recently examined the interpersonal, family dynamics that occur within the lives of British expatriates in China. It found that migration can actually help marriages as couples feel freer from

home constraints. However, some wives can easily be treated as “expat wives” in their local communities.

Potential expatriates also need a range of “soft skills” as well as technical competence. According to Dr Hilary Harris:

“...research into the criteria for effective international managers consistently highlights the importance of ‘soft skills’ such as self awareness, flexibility, intercultural empathy, interpersonal skills and emotional stability.”

The Work Foundation also notes that: “study after study shows that intercultural adaptability is one of the key individual skills for international workers.” This largely means a willingness to understand, participate and accept compromises in different foreign cultures.

Evidence suggests that organisations are poor at selecting those employees with the best soft skills, though. This is partly understandable given that the primary motivation for overseas placements is skill shortages. But to some extent at least, companies must already be grappling with a trade-off in their choice of potential expatriate assignee – those who are most technically competent may not be the most accomplished when it comes to “soft skills.”

A more educated, skilled workforce

Important changes are taking place in Britain’s workforce which will have a bearing on how work is internationalised.

The idea that all forms of work will require international travel and experience in the future is, of course, a gross exaggeration. As Philippe LeGrain says in his book, ‘Open World’, “much of the economy is set to remain local”. The work of many workers is locally provided, such as nurses, nannies, hairdressers, gardeners, shop instructors, fitness instructors, cleaners and therapists.

These people can certainly ply their trade in local markets abroad if they so desire. But the work itself does not require international travel and mobility, unlike, say the executive of a multinational corporation, an architect or engineer.

However, the Warwick Institute of Employment Research noted in 2001 that, in the run up to 2010, there will be “an increasing demand for higher skilled professional and technical jobs.” They believe that corporate managers and professionals will be the occupational area of fastest growth, accounting for one in three new job openings up to 2010. [The UK Workforce in the 21st Century, Sector Skills Development Agency, 2001]

The implications for British global work are several. First, British workers will enjoy increasing opportunities abroad, as foreign governments want to encourage more skilled labour to develop their economies (see next section below). Second, the more skilled work that is developing inherently requires more travel and expatriation than non-skilled work. There are few opportunities for travel for say, employees in lower skill areas such as agriculture, manufacturing, and services, retail and leisure. These industries are not globally competitive, or in global competition with those abroad. As a result, firms that belong to them are not international.

British companies ideally want to be internationally competitive in high value areas such as finance, professional services, media and pharmaceuticals.

Government action to import skilled migrant labour

The new tendency for national governments around the world to develop special immigration policies for skilled labour will give an important boost to British emigration. As the academics Malcolm Cohen and

Mahmood Zaidi note recently in the book, 'Global Skills Shortages':

"Countries seeking qualified workers are drawing from a worldwide talent pool instead of a national labour force, forcing one to think in terms of 'brain circulation' rather than 'brain drain'. Evidence of this phenomenon is found in the immigration policies of countries experiencing worker shortages in certain fields. Canada's immigration policy is already focussed on accepting workers with special skills. Australia's immigration policy is aimed at easing the immigration of highly skilled workers. Singapore's government provides tax incentives to companies that bring in needed talent from other countries. And the US high-tech industry increasingly draws on foreign talent."

Other examples of new policies include:

Germany has introduced the Green Card system for highly skilled IT-related labour. As the Migration Policy Institute notes, "the turn towards a more organised and focussed recruitment of highly skilled labour marks a watershed" in Germany.

- Ireland has a new fast track work authorisation for the highly skilled
- Germany, France and Norway allow foreign students to enter their workforces upon graduation
- Denmark has changed its regulations so that spouses can work under their partners' work permits.

A relevant issue here is the ageing of societies, which implies, by default, a decline in the proportion of the workforce that is economically active. In this context, governments will also have to import labour to address the shortfall.

Germany provides an illustration. According to the School of Social Work, University of Southern California, Germany's working population is expected

to decrease from 56m to 43m in 2050. Germany will need to import half a million immigrants each year to retain its current levels of working population.

Finally, governments are also trying to address skills shortages in lower skilled areas. Britain provides an example, and others may follow its lead. In 2003, Gordon Brown announced a measure to introduce 10,000 lower skilled migrants into the food processing and hospitality sectors.

New fast growth markets: focus on China

The United Nations notes that the developing world over the last decade has been gradually receiving a greater percentage of overall FDI. However, when FDI is discussed today, it is China that grabs virtually all the headlines.

3. Forces of change for the future

For example:

- The International Monetary Fund in 2003 estimates that China's economy would grow by 7.5% in 2004, compared to 2.9% for the advanced world (IMF Economic Outlook, September 2003).
- In 2002, China was named the most attractive investment destination in AT Kearney's FDI Confidence Index, a survey of the world's largest 1000 corporations. It was ranked ahead of the US for the first time since the survey began.
- The United Nations expects China soon to become the most popular destination for FDI in the world, ahead of the US. China's FDI inflows were \$448bn in 2002, not including Hong Kong's \$433bn. In 1990, they were just \$25bn. It will not be long before China overtakes the US, which received \$1.35bn in 2002.
- China is the most important "emerging destination" for expatriates, according to 'The Global Relocation Trends Survey Report', which has interviewed global companies with expatriate workers since 1992.
- Britain has been the largest EU investor in China in recent years. The biggest single FDI project in China's history, the Huizhou oil project in the South China Seas, involves a British company, Shell.

China is now seen as having many more advantages than other popular destinations for FDI in the developing world, such as Brazil, India and Mexico. Key factors include a relatively stable political environment, robust economic growth, entry into the World Trade Organisation (WTO), and the successful 2008 Olympics bid. Labour costs are very low compared to elsewhere: the wage rate in manufacturing is 2% of US wages.

China has problems for sure: the financial system, shaky state-owned enterprises and its legal and

regulatory regime. But these are increasingly seen as minor obstacles to investment.

In theory, China is likely to become a major new destination for British global workers, partly because it lacks the pool of professional labour that can be found in, say, America. However, this will not be a straightforward process, due to language barriers and the different cultural landscape for business.

Harmonisation of international regimes for tax, welfare, pensions and employment legislation

As they internationalise, organisations want greater freedom to send employees abroad. But a major headache is the fact that countries around the world have very different regimes for tax, benefits, pensions and employment legislation.

In practice, this can make it difficult to persuade potential expatriates to move abroad. Employees may lose out straightaway because of these differences, from, say, a higher tax rate. Employers are forced to compensate them with a higher salary. There is also the issue of having to spend greater time and energy on complex tax compliance issues, which also carries a financial burden.

The prospect for some kind of harmonisation is greatest within trading blocs such as the EU. A number of reforms have already been proposed. For instance, EU leaders have examined the possibility of Europe-wide health card schemes. Some issues, such as tax, are thornier than others, however, because they are bound up with the political and economic philosophies of host nations.

The desire to be both global and local: corporate tolerance for local cultural and market conditions

Companies that have tried to rush into foreign consumer markets with pre-existing business ideas have often come unstuck as they have confronted local customs and cultures. As French cosmetics company L’Oreal recently commented about India, the world tends to believe that India is a new market. Yet they have found in many ways it is better characterised as an “old” market: traditional religious and cultural ideas can shape consumer behaviour in powerful ways. Some Indians see western advertising as aggressively imposing western values, and have campaigned against it.

Western companies are now worried that the attempt to impose brands on foreign markets may backfire in the context of social concerns about globalisation. Not surprisingly, many have changed tack when it comes to their globalisation strategies. One major British bank operating abroad calls itself the world’s local bank.

This trend is likely to reinforce an emphasis on “soft skills”: that employees going abroad should be sensitive to the needs of local markets and cultures.

The rise of an elderly workforce

It is gradually dawning on western societies that, in the near future, they will be far more populated by the elderly, with all sorts of ramifications for work, economics, culture and politics.

In Britain, the changes are stark:

- From 1971 to 1999, life expectancy has changed from 69 to 75 in males, and 75 to 80 in females.

- The elderly population (aged 65 and above) has gone from being 10.8% of the population in 1951 to 15.6% in 2000. In 2031, it is expected to be 22.6%. (Source: Department of Social Statistics, Southampton University).
- Forecasts suggest that the number of people aged 65 and over will exceed the numbers of people under 16 by 2014.
- The median age of the population in 2000 was 37.4 years, while it is estimated that in 2025 it will be 46.7.

Governments everywhere, including Britain’s, fear an increased strain on welfare systems, especially the pay out of pensions. To save money, they are encouraging older people to work longer. In Britain the government has proposed to raise the retirement age to 70.

It is therefore likely that the future will be witness to a larger pool of workers in their 70s and even 80s. Through a combination of increased self-awareness about health, and progress in medical science, it is likely that this group will be more equipped for work (perhaps part-time or temporary, more than full-time) than previous generations.

As a potential new pool of labour to be tapped for expatriate assignments, the elderly have both strengths and weaknesses. Their appropriateness for short-term assignments, which require intensive travelling abroad, may be dubious. But they may be more suitable for permanent positions abroad, perhaps in part-time forms of work that blur the boundaries between retirement and work.

A mitigating factor is the fact that professional migrants – those who dominate expatriate assignments at present – are among the most highly paid in the economy. They are most likely to retire earlier, without needing to work, and able to draw on private rather than state pensions. This might mean that the most

likely elderly expatriates will be non-professional, or less skilled workers who cannot afford to retire early.

Increased global consciousness among the young

Western societies are developing a far greater international consciousness than before, thanks to factors such as mass tourism, global trade and cross-border activity and the internationalising of the media. Consequently, more people have higher expectations of experiencing foreign cultures and, possibly, foreign working environments.

In the travel arena, it is evident that today's younger generation expects to go abroad on a regular basis. Much of yesterday's generation, by contrast, considered a foreign holiday to be a luxury.

A striking illustration came with the recent British Census survey of 2001. It found that Britain's population was almost 1 million smaller than previous estimates. Why? "An unusually large number of young men in their twenties" were going abroad for long and short periods of time, it found. The rave culture in the Mediterranean and the rise of "gap years" were important factors for shorter-term migration. Gap years often combine some kind of foreign work alongside travel.

Surveys already tend to show that young people in the 18-24 age bracket are the keenest to experience work abroad. This may dramatically increase in the future, and the young may become a major new expatriate group. Organisations may find that foreign work experience is a key element in securing employee loyalty among the young. They also might find that they have a lot to learn from emerging economies such as China, and might begin to send the young abroad for training purposes.

Greater corporate support for expatriates

Over time, organisations are likely to gain greater understanding of the reasons behind expatriate assignment failure. At the same time, they will want to honour commitments to notions of "corporate social responsibility" (CSR) and good stakeholder relations. An expression of this is appreciating the importance of "work-life balance" among employees.

As a result of these trends, it is likely that support for expatriates will increase in a variety of ways. This is a tricky issue, because while international HR managers are aware that family problems are one major reason for assignment failure, they are understandably unsure how to intervene in this area. Some organisations however have already taken pragmatic steps to ensure that families are properly settled. For example they have set up support networks for the partners of expatriates. Another pragmatic step is the provision of language classes. Organisations are likely to become more imaginative in their deployment of such initiatives.

Greater competition in the international skilled labour market

So far, this paper has discussed why British workers will face more opportunities as governments open up their labour markets to skilled labour. The inevitable flipside however, is that they will also face more competition, not just from skilled workers in advanced countries, but from the developing world also.

While countries such as India or China are playing catch-up in this regard, they are making some significant advances. In some limited, but important areas, western companies are now recruiting skilled labour in these countries and others.

Companies have already recruited manufacturing and customer service employees (the latter reflected in the rise of Indian call centres), as they have wanted to outsource operations to areas of cheap labour. But as a recent Financial Times article noted, “the migration of white-collar work has moved up the value chain from call centre operations and back-of-office clerks to occupations such as equity research, accounting, computing programming and chip design.” Already, complaints have been heard from those segments of the Western professional labour market where jobs are under threat.

If this trend continues, western companies may be able to recruit professionals and managers with comparable skills to western counterparts, but on lower wages that reflect the labour market in host nations.

Competition for places among national workers in some industries, notably IT, is already intensifying where Governments want to increase skilled labour. Via the green card system in Germany, for instance, around 9,200 workers were admitted into that country during 2000-2001. Competition for places is fierce. Indian workers account for the largest group (1,935 workers), with workers from Eastern European countries also vying for places.

4. In focus: the impact of virtual technology on work and migration

It is becoming ever clearer that virtual technology – including the internet, corporate intranets, mobile data networks and “wi-fi” hotspots – can change patterns of travel and influence the physical location of work and the physical location of employees. This will be a more important, if complex, theme for patterns of expatriation in the future.

Virtual technologies can bring people together without the need to meet together in a physical place. For example, corporations use their intranets to encourage virtual collaboration and teamwork between, say, engineers around the world working on the same project. Elsewhere, tele-conferencing negates the need for people to travel thousands of miles for meetings.

Mobile technology adds an extra dimension. Much of the rationale for the corporate use of mobile data networks and mobile devices is precisely to reduce unproductive travel. A mobile sales force can receive increasingly complex forms of data through networks, reducing their reliance on, and travel to, physical office headquarters. Also, Wi-Fi hotspots have a similar affect, offering an alternative working environment (although with limitations) to the physical office.

In the first instance, the end logic of these trends might be a reduction in professional expatriation. If more work can be done using virtual technologies, there is less need to travel abroad and work from particular physical locations.

This, however, would be a mistaken conclusion. As William Mitchell, author of ‘E-topia’ notes: “many people think digital technology simply replaces traditional ways of doing things – the virtual bookstore replaces the physical bookstore and so on. That’s almost always incorrect.”

For a start, huge swathes of work in the economy depend on physical and social processes. On a worldwide level, the manufacturing industry is

growing, not shrinking. Despite the ideologues of the information age and the knowledge economy, this means we will have to increasingly dig oil out of the ground, use raw materials to make cars, assemble physical hardware to make computers and mix chemical compounds together in test tubes, to cite just a few examples. This work will continue to need on-site skilled labour in particular physical locations.

But even in information-driven industries, such as media, culture and finance, there will still be a need for the physical presence of particular workers in fixed locations.

An example is the global financial services industry. This industry relies on highly knowledgeable workers often intensively using information technology to essentially trade information around the world. But interestingly, studies of professional migration between international financial centres (IFCs) find that migration between them has increased, “...despite improvements in information technology, high costs and real-time financial media networks”, according to one.

A related point is the ongoing importance of the physical place. Around the world, in a variety of industries, “clusters” are extremely important places for pooling together physical facilities, skilled labour and knowledge. IFCs such as the City of London are one example. Silicon Valley and Boston’s Route 128, in the world of IT, are others.

Similarly, the physical workplace will still be important. Studies show that within organisations, a lot of “informal” social communication, outside of technology networks – such as catching up with colleagues in the corridor, canteen or car park – is actually far more important than we think.

However, we are likely to see some intriguing new examples of virtual technology radically altering the need for cross-border movements. Take the following

example. Skilled hospital surgeons, who were previously required to travel abroad to perform surgery, can now stay put because of IT. They can perform tele-surgery: the manipulation of robot surgical arms via the Internet.

This is an interesting example because it also demonstrates the coming together of traditional forms of automation of physical processes (surgery using robotic arms) and virtual technologies. If the need for labour can already be reduced using, say, robots, then it becomes easier for the remaining labour to be performed from distant locations using virtual technology. This opens up the possibility that robots in, say, Chinese car manufacturing plants could be controlled over the Internet from western locations.

Finally, another issue for the future is the increasing use of Radio Frequency Identification Tags (RFID). Goods are embedded with chips so they can be tracked in the supply chain and in retail outlets. This changes our physical relationship to goods and also our movement to those goods. If we know automatically how many goods there are in a particular location, we do not need to go there and physically count or check them in the same way.

To conclude, the impact of technology on work and migration is not straightforward. It is not likely to be “one-way” in its impact. In some cases, virtual technology negates the need for physical presence, travel and therefore migration. In many other cases, the existing realities of the physical and social world will continue to demand travel and migration.

5. Future scenarios in 2012 and 2020

In 2012:

The number of British workers emigrating overseas will be roughly three times that of today, at around three quarters of a million. This is premised on the probability of Britain moving to an economy more dependent on highly skilled, educated labour, the demand for that labour overseas, and the ongoing internationalisation of British companies, leading to more numbers of intra-company transferees.

The ratio of temporary to permanent workers is set to rise, to about five to one, an increase from three to one today. This projection is based on the fact that, first, governments want greater flexibility in how they open their doors to labour, preferring an initial trial period (or temporary work visa) where they better control the immigration of skilled rather than non-skilled labour. Likewise, multinational corporations increasingly favour shorter-term expatriate assignments to manage costs.

Through the increased use of temporary international labour, where workers are on short-term visas, the meaning of expatriation is set to blur. Expatriates who can demonstrate knowledge of several markets will be in great demand.

Multinationals will be much more experienced at overseeing better work-life balances of global workers. Under managerial notions of corporate social responsibility, stakeholder relations and a desire to retain skilled employees, corporations will be more sensitive to temporary workers' needs in this area.

British companies will be more experienced in managing costs through information technologies. They will have increased knowledge about the types of business travel that can be reduced using innovative virtual technologies. They will also have a more detailed knowledge of the types of work that depend very highly on face-to-face contact and social

management, and those that can be streamlined using technologies.

Corporations will want to send younger employees abroad soon after recruiting them, but under the rationale of employee loyalty rather than plugging skill shortages in foreign markets. This is because younger people will have high expectations of travel, and work and life abroad, and will believe they "deserve" such opportunities.

In 2020:

The number of people leaving Britain to work abroad each year will rise to one and a half million, a six fold increase on today, for the same reasons given previously.

The ratio of temporary to permanent workers will rise to seven to one, increased from three to one today.

Britain will not be losing out from a "brain drain", but rather, will be engaged in a global market of "brain exchange". First, Britain will have more policies to import skilled labour from overseas. Also, it will benefit from the increased knowledge and experience that will occur from inevitable reverse flows of British emigration.

British employees will be working in unfamiliar territories compared to the ones they are historically used to. There will be large expatriate communities in the emerging economies of today, such as China, India, Indonesia, Brazil and Russia.

British workers will benefit from increased international experience and their integration with other workforces and cultures. It will enhance their knowledge, creativity, cooperation and problem-solving capacities.

"Softer skills" of international workers will be more sought after by employers. These types of skills will be important because of greater cultural integration and cooperation, and the fact that corporations will want to

be sensitive to local cultures and market conditions. Such values will include appreciation of cultural diversity and multiculturalism.

British workers, on an individual basis, will face more competition from skilled workers of other nationalities, such as Indian, Chinese, Indonesian, Russian and Brazilian.

The profile of the British worker will be more heterogeneous. It will reflect the greater ageing of the population and the greater integration of older people back into the workforce.

Communications technology will negate the need for certain forms of travel altogether, but will not eliminate the need for work abroad.



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