

# *The International Mobility of Highly Skilled Workers in Transnational Corporations: The Macro and Micro Factors of the Organizational Migration of Cadres<sup>1</sup>*

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The worldwide movement of highly skilled workers (cadres) in transnational corporations has long been known to literature in the field, yet has not been thoroughly researched. The mechanisms governing their international circulation are, in themselves, somewhat specific. The fact that they use an organizational “channel” for migration means that the constraints differ from those that act on “independent” economic migrants with either low or high levels of skill (the so-called brain drain). This article focuses on some of the manifestations of this mobility. Its dependence on a set of variables can be considerable: the firm’s development phase, investment target choice, leading activity (manufacturing or services), form of technology, type of firm (using greenfield or brownfield investment), whether a firm acquired is healthy or undergoing an economic crisis, and nationality or corporate culture. The occupational insertion of cadres leads to further constraints: while the strictly “technical” assignments generally stem from skill shortages, the general “management” appointments mainly result from questions arising from control and trust. As a whole, the flows of highly skilled workers seem to be related to multiple variables – either social, organizational or individual – which make it difficult to predict future trends.

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In the field of migration literature, relatively few studies have been made of the relationship between transnational corporations (TNCs) and the international mobility of highly skilled workers (cadres). There are two main reasons for this: the small size of the flows and the apparent difficulty in ascribing a discipline to the subject. The first aspect, *i.e.*, the small amount, in absolute terms, of highly skilled worker movements when compared with the volumes registered by habitual "labor" migratory movements of migrants with low or average skills explains why, in the field of migration studies, this has never been a topic of great concern. The relative shortage of references on skilled migration may be found at two different levels. On the one hand, in the case of international labor migrations, this movement is rarely focused on or simply forgotten (*see*, for example, Castles and Miller, 1993). The frequent assumption that "human capital" flows cannot be addressed in the same terms as "labor" flows (Massey *et al.*, 1993) does not, we feel, justify their exclusion. On the other hand, when highly skilled labor flows are considered, movements such as the brain drain or its reverse process are often emphasized. However, few references are to be found on organizational international flows, including migration of corporate cadres (*see*, for example, Gaillard and Gaillard, 1998). If to this reduced volume we add the absence of concomitant "social problems" (problems as perceived by public opinion or adverse government reaction) or the transitory nature of many of the stays (short and medium-length duration), complementary reasons emerge to account for the virtually "invisible" nature of these flows (Salt, 1992).

Second, the difficulty encountered in ascribing a discipline to the subject has no doubt impaired its development. The study of the international intra-company mobility of highly skilled workers embraces wide-ranging disciplines: the sociology of migrations, human geography, the theory of organizations, international economics and human resources management. This obstacle and subsequent dispersal of literature are both a risk and one of the driving motives underlying the current study. In this field, we consider that the application of mixed theoretical perspectives, such as economic sociology (*see* Granovetter, 1985; Smelser and Swedberg, 1994; and, for its application to migration, Portes and Sensenbrenner, 1993; and Portes, 1995), may overcome some research obstacles.

Yet there are many reasons for studying this topic in greater depth. First, it may be argued nowadays that the hiring and circulation of skilled workers within transnational companies make an increasing contribution to international migratory flows (Salt, 1992, 1994). It has even been emphasized that

this increase contrasts with the progressive decline (or at least the harsher constraints) in “mass” economic flows, made up of lower-skilled workers (Salt and Ford, 1993). Beyond this, we must add that their quantitative weight tells us nothing about the major role they play in international labor and capital movements. Appleyard (1995:5), for instance, writes that professional transients are in many ways the “forgotten migrants” of the 1990s, and yet they play crucial roles in the globalization of technologies and markets.

Moreover, the mechanisms governing the international circulation of cadres are of singular importance. The fact that they use an organizational channel for migration signifies that the constraints differ from those that apply to independent economic migrants who are either lowly or highly skilled (the brain drain) (Salt, 1983/1984; Salt and Findlay, 1989; Findlay, 1990). Therefore, the cadres seem far less subject than other migrants to the classical economic push-pull factors which are commonly used to account for migration. They also appear to be relatively exempt from the political determinants that continue to prevail in this area. These include migration policies (Morris, 1997) besides diploma recognition policies (Pertek, 1992; for further development, *see* Peixoto, 1998 and 1999).

From another standpoint, by integrating the macro (economic and social) and micro (individual) facets, the analysis of intraorganizational transfers lies at a crucial theoretical level. In the first place, economic logic leads to investment and resource assignment decisions. Secondly, the specifically organizational criteria are used to build structures (internal labor markets and organizational careers) and define strategies in human resources issues. Thirdly, the individual agents react to – or affect – the collective career courses by accepting – or otherwise – certain types of recruitment and career paths within companies. The combining of economic options, policies regarding associated movements of personnel and their individual attitudes, give rise to many of the top echelon movements.

This article contains the main results of research conducted in 1995–1997 on the movements of highly skilled workers in a Southern European country – Portugal. It focuses on the main features and factors that explain the entry of foreign personnel into TNCs operating therein (*see*, for the complete study, Peixoto, 1998, 1999). From the theoretical generalization standpoint, our study of the Portuguese case involves particular advantages and drawbacks. On the one hand, Portugal is clearly a net recipient of foreign investment and thus of international personnel. Although highest investment

was recorded, particularly following the country's EEC membership in 1986, since the 1960s its volume has been significant and its features (sector, strategy, country of origin, etc.) are varied. From this stance, Portugal seems to be a fine laboratory for analysis in view of the variety of situations to be found. On the other hand, the small market and investment size, besides the country's semi-peripheral status, cause it to be regarded in a special way. As a result, investments and associated personnel movements may be biased in view of the country's less central position. Given the variety of situations, allied to the fact that much of the evidence gathered proved to be identical for other contexts, we believe that the last-mentioned feature does not prevent us from making a number of generalizations.

In our research, we chose a methodology that consisted of acquiring an initial extremely broad perspective of the highly skilled movements. This was subsequently used to obtain a more in-depth understanding of its features. For the broader approach, an extensive analysis of general statistical data and other available sources produced a panorama of highly skilled international flows in Portugal. Among other variables, this general framework considered the main phases of migration, the country of origin (or host country, in the case of out-migration) and occupational categories, including, whenever possible, the distinction between independent and organizational flows. With a view to obtaining in-depth data, exploratory contacts were made with knowledgeable area informants and case studies were undertaken of foreign TNCs operating in Portugal. Besides the analysis of documentary sources, the TNCs' human resource managers were approached so as to obtain a comprehensive view of the principal migration mechanisms. At this stage of our research a direct survey of international personnel – essential for a more complete approach to the theme – was not undertaken. However, some of the area informants and managers interviewed were, or have been, international expatriates or assignees themselves.

The criteria used to select companies for the case studies involved a concern for variety, designed to produce a rough sample of foreign investment in Portugal and to provide some interesting combinations. As a result, 19 foreign companies were chosen on the following bases: year established, branch of activity, investment orientation, nationality of capital and of top management. The purpose was to differentiate old from recent investments, manufacturing from service industries, export-led from market-oriented investments, different countries of origin, and foreign from Portuguese management. Furthermore, all the firms concerned were among the leading foreign

companies operating in Portugal.<sup>2</sup> In each company, the author conducted a semi-directive interview with human resource managers. This was complemented by reference to available documents. So as not to discourage any more critical statements, the interviews were not taped. This required a more topic-oriented discourse analysis. The methodological problems encountered, including the degree of validity of evidence obtained and the technical troubles of observation, are typical of the case studies' approach (for other details on the methodology, *see* Peixoto, 1998).

The following section analyzes the volume and duration of movements of the target group. This includes managers and other professional and technical workers, many with a higher education or tertiary level diploma, in possession of foreign citizenship, entering Portugal within the framework of a TNC. As to duration of stay, we will address either expatriations or assignments ranging from some years to a few months, excluding short business trips. The article then assesses the main causal factors determining such movements. In this field, both macro factors (technical criteria and social variables – trust and control, among others) and micro factors (careers, incentives and social integration) will be reviewed. On the result of the evidence obtained, a tentative typology of migrations will be established. The aim is to identify the principal variables that create different “types” of movements in this area. Finally, a conclusion focuses on the most significant comments and paths for future research.

### *VOLUME AND DURATION OF MOVEMENTS*

One of the main difficulties found in a study of the international mobility of highly skilled workers in Portugal is the limited number of flows. Some of the human resource managers we contacted went as far as to tell us they thought it normal that such an analysis should only be performed now, in view of the small amount and recent nature of many of the movements. Despite this reservation – which, along with the peculiarities of the Portuguese economy, hampers comparison with movements in other countries – case studies have

<sup>2</sup>The field work for this research project was undertaken in 1996. The transnational firms that constituted case studies were the following: Andersen Consulting, AutoEuropa (joint-venture Ford-Volkswagen, now owned by Volkswagen), Banco de Comércio e Indústria (now Banco Santander), Bento Pedroso Construções (owned by Odebrecht), Bertrand Faure, BP, Cableisa (now Delphi – Packard Electric Systems, owned by General Motors), Ecco'Let, Ericsson, Ernst & Young, Fiandeira (owned by Chargeurs), Fiat, Ford, IBM, Procter & Gamble, Renault, Siemens, Unilever and Vulcano (owned by Bosch).

detected a certain regularity in the mobility standards. Most cases confirmed that inflows of foreign cadres are occasional and that rotation among personnel is slow. Indeed, at particular moments in time (plant start-up, the introduction of new work processes or new technologies, for example), the number of expatriates and other international personnel – irrespective of the length of stay<sup>3</sup> – tends to increase. In general, this number rarely exceeds more than 10 individuals per firm. However, at times entries can be substantially higher: the highest numbers registered belonged to companies with as many as 90, 150 or a maximum exceeding 400 foreign personnel at a given moment in time.

Two variation factors can be introduced regarding this entry figure. The first is of a chronological nature. Movements before 1974 – the year that heralded the country's political democratization – seem, on the whole, to have been very scant. In hindsight, respondents are inclined to downsize the volume of past movements; in some older companies, the mobility pattern during previous decades was not even described or figures were recorded with great difficulty. Notwithstanding this limitation, it is certain that most such movements were small. Despite the opening up process of the 1960s following EFTA membership, a number of factors curbed foreign investment in Portugal. The restrictions on external trade, the need to produce for the domestic market alone, and the reduction of operations to activities of distribution and commercialization, explain why a handful of foreign cadres was sufficient to instill and, when required, uphold company know-how and culture. Following 1974, and especially after 1986, with admission to the European Union, something changed. The few recognized cases of massive influx of personnel are all to be found after these dates. At that time, the increase in foreign investment and the larger scale of operations seem to have been the main causes for the arrival of larger groups of foreign professionals, mostly white collar workers (for foreign investment in Portugal, *see* Simões, 1989; Ferrão, 1994).

The second factor refers to the type of company activity. Cases in which the entry of foreigners was more significant occur, on the one hand, when there are grass-root investments, such as the building of factories or other types of economic structures and the complete installation of new manufac-

<sup>3</sup>The concepts used by TNCs to describe the various types of international movements are manifold. To facilitate our explanation, we shall generally use the terms “expatriates” or “international personnel” to describe them. Differences between the movements, mainly those based on the duration of stays, will be introduced when appropriate.

turing processes and technologies. As confirmed at the interviews, in such situations, immigration of technical personnel is required to “get the machines working and train the Portuguese.” On the other hand, numerous entries occurred, particularly in the industrial area. The development of large-scale operations, focusing as much on exports as, periodically, on the domestic market, obliged companies to transfer large numbers of their personnel. If we evaluate the amount of entries in terms of relative weight compared to the number of local cadres, another type of massive entry may nevertheless occur. Some operations designed for the Portuguese market – especially services – began with a high ratio of foreign cadres (albeit small in absolute number) within a restricted group of personnel. The typical greenfield investment thus involves a huge intake of top managers and intermediate production staff, whereas the recruitment of Portuguese is usually restricted to young graduates and manual workers.

The average length of time of cadres’ stay in the country is inclined to vary. The main variation factors recorded in the case studies concerned the individual’s position within the organization’s hierarchic structure and the type of work performed. Although there are many differences between companies, it was commonly found that in the different managerial posts, stays tended to be longer; in the most important technical posts, stays were of an intermediate length; and in the case of specific projects or training, stays tended to be short. The duration of managing directors’ or other administrators’ stays may last the longest. In some of the companies we contacted, the holders of such positions remained in the country from six to eight years. What is significant is that the longest stays mainly occurred in newly established companies or following the take-over of already existing ones. If we broaden our outlook to include the remaining top-level positions, the “normal” period for management positions – when separated from other technical posts – was a little less: between three and five years. These periods may, however, extend beyond expectations. The prolonged duration of management’s stays clearly reflects the key nature of such positions and the importance that long stays and the associated direct physical presence continue to represent. The fact that the highest figures are found among companies that are either new or already established in the start-up phase also seems to confirm the hypothesis that the greater the managerial responsibility, with the necessary command of multiple variables, the longer the stay will be.

The shortest stays may be due to the exercise of certain managerial positions, the performance of specific, technical tasks or the acquisition of train-

ing. In some of the companies studied, a regular pattern of assignments of two to three years' duration was mentioned – a period of time that international literature has highlighted as being the most common in contemporary movements (*see* Salt, 1992, among others). In these companies, stays refer as much to managerial posts as to the arrival of more technical staff. In other firms, the value was somewhat different – between 1.5 to 2.5 years and 1.5 to five years. If we were to study only the most strictly “technical” stays or positions related to training, the time involved tends to drop. Stays of one year, months or a few weeks are also common, but here technical contacts clearly prevail. In this case, the movements can be variable: movements such as start-up are characterized by a wide range of stay times, and, in the particular case of training, the longest stays mentioned included both “long” three month stays or stays of up to six months.

The tendency to replace long stays by short stays (with an accompanying possibility of increasing the number of incoming cadres) was not always confirmed by empirical evidence in our work. A number of contrasting situations were detected in this regard. Some companies emphasized that, following periods with many short stays, few long entries were recorded. In others, the contrary was the case: progression from many, long stays (expatriation of the classical type) to few, short movements (incorporation of local personnel and short assignments for foreigners). These statements seem to reveal, above all, a cross-referencing of variables that must always be unraveled: the start-up of new operations or the entry into new business deals involve movement “disturbances” that prevent any linear analysis. But there may indeed be some fall in the average expatriate length of stay. For instance, the widespread increase of movements ought to lead to a progressive reduction in lengths of stay.

Furthermore, increasing business travel and, from a broader standpoint, improved means of communication that lead to forms of “virtual mobility” may contribute to a greater complexity of mobility patterns (*see* Salt and Ford, 1993; Salt, 1994; Peixoto, 1998). Although neither was the focus of our research, available evidence did show that these trends did not ostensibly displace the standard movements that often. The continuous need for prolonged contacts – to ensure a better grasp of the business environments and to make the stays profitable – is a key argument against the spread of these new forms of mobility. The importance of the physical presence as a necessary resource to secure confidence and control is a second factor in support of the classical migration patterns.



## CAUSAL MIGRATION FACTORS

### *The Macro Factors: Technical and Social Criteria*

When the company's standpoint was addressed during the case studies, the most commonly mentioned factors determining cadre migration were of a technical nature. In a stricter sense, these may include questions related to specific skills or know-how in certain areas. In the majority of the companies surveyed, such motives were given to account for various movements. As mentioned above, these types of entries may occur at various stages in the company's life: during start-up (where numbers are higher), at the beginning of the manufacturing process or commercialization of new products, or when new technologies or work processes are introduced (including the overall processes of standardization). Among others, our case study inquiries prompted the following responses: "We must look for skills where they are available;" "we must assign some experts to pass on the knowledge;" "we must provide expertise and transfer knowledge;" or, simply, assignments are necessary "to get the machines running and train the Portuguese." The aims of staff admission are threefold: to allow the national branch to begin new processes by transferring knowledge required for the operation, to train local professionals to ensure future productive output, and to avoid reliance on external factors, including those related to the acquisition of skills in other ways (taking on already-trained professionals or resorting to outside training). Since it is impossible for a workforce to be entirely mobile but possible to rapidly train local workers, the placement of knowledge via specialist operational groups is a must.

In a broader sense, if we take technical causes of entry to include the area of management also, our case studies provided further evidence. Management entries into top-level administrative posts can indeed be included under this heading. Such posts are linked to the knowledge and dissemination of the company's mechanics and the pursuance of the company's culture – which is generically referred to as company "know-how." The best summary of this broad type of argument was provided by one of the survey's respondents. He stated that the main cause of movements was the fact that "the expatriate brings technology and management with him," in other words, technical and business security (*see* Franko, 1973; Galbraith and Edström, 1976; Edström and Galbraith, 1977). If we adopt a simple skills shortage approach, we may, however, argue that this broader reasoning is debatable. Indeed, in the field of management, where power relations prevail, the need for technical immi-

gration is, to some extent, more relative, which is not the case in other productive fields.

Some entries were also regarded – albeit to a lesser extent – in the survey as peculiar to other types of causal factors. Career development and the gaining of international experience were among entry motives mentioned by several of the companies addressed. This type of factor naturally prevails in those companies whose personnel policies include well-structured individual career plans. Respondents were of the opinion that what is required is to rotate staff, to promote an international perspective or give high-potential employees a broader knowledge of both market and business – even if this includes getting to know such modest branches as those in Portugal (*see Galbraith and Edström, 1976; Edström and Galbraith, 1977; Brewster, 1988; Atkinson, 1989*). Other types of entry causes were rarely cited. The idea of bringing in trustworthy personnel – an undeniably important factor – was mentioned in one case only. The existence of global difficulties for the TNC, including a restructuring process and the closing of some plants, was not explicitly mentioned either. We do know that in two of the TNCs studied various placements in Portugal resulted from such circumstance.

Indeed, discussion of the motives for expatriation in Portugal should really go beyond the factors acknowledged in the interviews – a common sociological principle that is also adopted by Galbraith and Edström (1976, 1977). Examination of top-level TNC assignments by operational area – an issue discovered in our case studies – provides some insight into this domain. On the one hand, admission of foreign professionals to production and sales positions is clearly due to the stricter technical motives invoked. It is a fact that the company has know-how in different locations. When unable or unwilling to make use of local resources, personnel displacement is stimulated. Despite human resistance to migration, everything occurs as if this were merely a question of material placement. Just as one may install a production tool, the displacement of the human factor should also be encouraged whenever circumstances demand it.

On the other hand, the placement of expatriates at the senior management level seems to result from a different rationale. Movements to positions such as top administration and financial management proved to be strategically crucial in the companies surveyed. In such cases, the expatriate cadres are totally conversant with the company mechanics and are imbued with its organizational culture; in this sense, the existence of a direct link between headquarters and subsidiaries (assured by those with skills in this area) will

always be technically justifiable. The important question has to do with the priority given to those specific key managerial posts. Clearly, the attraction of the financial area cannot be justified by an argument on the grounds that it is ideally suited to the diffusion of organization culture. It may be regarded as an exclusive zone where control and trust have a role to play. These variables, which lie outside the technical range, therefore appear to be an important motive for flows (as for control, *see* Edström and Galbraith, 1977; Brewster, 1988; regarding trust, *see* Granovetter, 1985).<sup>4</sup>

The distinction of activities between manufacturing industry and services is also of importance. We may say that in manufacturing the work environment is more artificial and technical, and conditions can be reproduced in a wide variety of locations. It is therefore possible to forecast that an expatriate's performance in this area can attain high levels of efficiency and that the profitability of his or her placement will be highest if we exclude poor personal adaptation factors. However, the situation in services is different: they demand control of a greater number of variables, as they deal with the day-to-day local particularities and the social and economic environments. Knowledge of the language, tastes and customs is usually regarded as fundamental to the performing of different functions in this area, such as business contacts, marketing, consultancy, training and financial mediation, among others. In these activities, the language can often be a serious barrier to the professional activity. If we bear in mind factors involving consumer preferences, then we have another reason to agree that in these activities "local philosophy is what matters" (as we were told at one interview). In short, we consider that – as was also stated – "there are key functions, related to the market, which ought to be attributed to local staff."<sup>5</sup>

The development phase of companies is another variable to be considered. The maturity of local operations over time leads to a series of effects that literature has systematically highlighted (*see* Franko, 1973; Atkinson, 1989;

<sup>4</sup>From this point of view, the existence of international movements is, at times, awkward to interpret. For instance, a substantial volume of investments and a small displacement of staff between two neighboring developed countries (*see*, for example, Boyle *et al.*, 1994) can either be explained by the presence of skills in the two contexts or by a "high trust" situation.

<sup>5</sup>Case studies also demonstrated the additional factor that more stable processes and technologies seem to predominate in manufacturing industries, while in services there is a higher rate of innovation. The former trend is compatible with the import of more standardized expertise, while the latter calls for a more flexible approach. The particular case of consulting business was stressed in our research. It makes no sense to advise clients to follow a philosophy of "responsible autonomy," if the consulting firm itself is not autonomous, but dependent on processes (and professionals) from abroad.

Salt, 1992; Scullion, 1995; Tzeng, 1995, for example). Mention should be made of the progressive training and career advancement of local personnel, the creation of bonds of trust between subsidiary and head office, the financial burden of movement and provisions made for expatriates, the difficulties mentioned regarding moving and the effect of the increasing number of dual-career households, the negative reaction by the host country to colonization of the company's top positions and the difficulties in reconciling a cadre circulation strategy with maximum performance of local resources. For several reasons, it is easy to see that the older the organization the less specific the cause to attract international personnel. Our research also discovered strong empirical evidence here: in almost all the cases analyzed, there was a fall in entries over time.

The fact that the TNC entered the operation at the outset or acquired a pre-established company had further significant effects on mobility. The need to build and train everything and everybody from scratch will probably lead a TNC to arrange for a "massive" temporary intake of personnel. This will be accompanied by a number of exits for training purposes. Entry, permanence and rotation of personnel thus reach a peak. When an operating company is acquired, the aim is to make use of good local cadres. A situation such as this will be enhanced if the company's economic position is favorable. In such circumstances, the entry of international personnel can be reduced.

### *The Micro Factors: Careers, Incentives and Social Integration*

The various macro conditioners we have listed could not exist without appropriate micro counterparts. In other words, the organizational criteria for movements – of a technical or nontechnical nature – could not subsist without the right personnel motivation. In our case studies, when the individuals' standpoints were addressed – as witnessed by human resource managers – career prospects proved to be the main reason for such migrations. They were to provide the real opportunity of promotion within the company and the attainment of important functional positions. In some cases, the hierarchic advancement may not be automatic; some lateral movements in this area were mentioned in the case studies, where migration does not directly result in promotion. However, the career fringe benefits to be derived from the moves act as an indirect motivating resource which allows staff to envisage future professional improvement (for the importance of careers, *see* Salt, 1983/1984; Salt and Findlay, 1989; Ford, 1992). Along with these factors, the various incentives provided by companies to "lubricate" the migratory movements

make a considerable contribution to the existence of such displacements (as also stated by Salt, 1983/1984; Salt and Findlay, 1989). Our research confirmed that relocation packages are generous and a complement to the mere prospect of a professional benefit. The incentives offered include financial benefit as well as other supports designed to help the expatriate and family to settle in. This assistance includes housing, children's education, home leave and, at times, spouse employment (on this point, *see also* Atkinson, 1989; Salt and Findlay, 1989; William Mercer/CBI, n.d. [1992]; for a revision of literature, *see* Scullion, 1995).

As a rule, the degree of motivation of international personnel seems high. It is certain, as stated in one of the companies contacted, that the attitude of TNCs' personnel towards international careers varies. Yet this haziness disperses once we introduce the issue of hierarchy into the organization. The professionals involved in top-level management are truly attracted to international careers, as they are "interested in the work;" thus their commitment may even increase with the number of international moves. In short – as one respondent added – "top management is always motivated." This motivational level may spread to other professionals, even if their benefits are smaller. For example, one of the prerequisites currently quoted in recruitment contests includes the successful candidate's actual availability for geographic mobility. However, some obstacles regarding mobility arose during the interviews. Individuals did not think that organizational generosity always compensated for the inherent difficulties in the decisions to move. Personal displacements, the break with the social space of origin, difficulties in children's schooling or spouse employment (mainly in the cases of double careers) are some of the most common problems that expatriates normally encounter (*see also* Atkinson, 1989; Ford, 1992).

The type of existing social integration and even the innate cultural habits facilitate movements, especially those of a longer duration. In our research, some evidence was gathered in these fields. On the one hand, we noted that a life spent in enclaves, with the restriction of personal relationships to other expatriates and attendance at international schools or associations enables cadres to avoid any radical change to their lifestyles – or not to feel that they have completely changed country. If, in the case of professional performance within the company, the expatriate fails to perceive the extent of migratory change, in social and family terms, such enclaves facilitate adaptation to the new social space and act as a channel for moves (*see* Salt and Findlay, 1989). On the other hand – as emphasized in certain interviews – some types of cultural attitudes may ease or hamper such movements. The relative proximity

between original and host countries' cultures is the first catalyst of flows. Some attitudes vis-à-vis the family (a greater "detachment" regarding the broader family) and the attitude of women towards the labor market (greater inactivity or increased part-time work) also fit in nicely with the expatriate lifestyle. They both cultivate the conditions for an easier dissolution of local ties and an increased commitment to the international organizational channels.

### MIGRATION TYPOLOGY

Given the evidence obtained through the case studies and the causal factors described above, it is possible to outline a typology of cadre migration in keeping with the most significant variables (*see* Table 1). This form of typology reveals a number of limitations. Among them we may find the particular nature of the Portuguese economy and foreign investment in the country, the fact that our sample is not representative insofar as it is a case studies approach, the restriction of the intensity of movements to very general characteristics ("strong" and "weak" degrees of mobility), and the restricted number of explanatory factors. We were able to identify some variables that are not usually focused upon in international literature on personnel migration within the TNCs' framework – and which may lead to a more thorough knowledge of the phenomenon.

The age of the operation, or its phase of development, is one of the two single variables to have been mainly developed in international literature (the other being the nationality/company culture). Its effects on personnel mobil-

TABLE 1  
TYPOLOGY OF CADRE MIGRATION IN TRANSNATIONAL CORPORATIONS

Independent Variable		Level of Cadre Migration
I. Age of operation / Development phase of the firm	I.a. Old	Weak
	I.b. New	Strong
II. Installation strategy / Investment orientation	II.a. Domestic market	Weak
	II.b. Export	Strong
III. Main activity	III.a. Manufacturing	Strong
	III.b. Services	Weak
IV. Type of technology	IV.a. Traditional	Weak
	IV.b. New	Strong
V. New or pre-existing firm	V.a. New (greenfield site)	Strong
	V.b. Pre-existing (brownfield site)	(see VI.)
VI. Crisis or success (pre-existing firms)	VI.a. Crisis	Strong
	VI.b. Success	Weak
VII. Nationality / Company culture	VII.a. European	Variable
	VII.b. USA	Variable
	VII.c. Other	Variable

ity are well founded by existing empirical evidence (Franko, 1973; Ford, 1992; Salt, 1992). In short, what is known is that the more advanced the TNCs' operations in a country, the greater the likelihood of their being directed by local personnel. Available studies demonstrate that mobility follows an almost linear progression. In an initial phase, where the distribution of products manufactured abroad prevails, movements are few and normally very brief (movements increase in volume and duration when the firm in question evolves beyond the foreign representative phase to become a distribution branch). If the scope of activity increases or the company decides to manufacture products locally, mobility may reach a peak. In this case, the local company must rapidly receive parent company know-how and movements of external cadres prevail. In the final, mature phase, trained, local personnel tend to ensure the smooth running of operations. The progressive indigenization of personnel (replacement of foreign by national cadres) is the logical corollary of this progression. This sequence was confirmed in our research.

A TNC installation strategy or its investment orientation is a second meaningful variable. As previously mentioned, a domestic market perspective usually implies greater use of local personnel, whereas an export strategy – increasingly common among investments in Portugal – usually implies greater expatriation (entry) of international personnel. On the one hand, this situation arises from the size of operations and, on the other hand, from the nature of the activities involved. Indeed, the main type of activity is the third important variable. Manufacturing industrial activity – often export-oriented – is thus characterized by greater admission of external personnel, while services – usually market-oriented – are more often supported by local resources. The fourth variable to be mentioned is the type of technology used. While traditional or previously known technological resources are compatible with a higher incorporation of local personnel and knowledge, new technologies will, to a greater degree, imply foreign professionals. It is true that these variables can be cross-referenced, and a multi-varied analysis will always be necessary. Thus, for example, a manufacturing investment based on traditional technologies may incorporate more local personnel, who already possess the know-how, while another supported by new technologies requires a massive import of experts. Nonetheless, as there is a certain specificity for the variables in question, one may accept their independent effects on mobility.

The fact that a company is new or already established – a greenfield or brownfield investment – and, in the latter case, that an acquired company is in a state of crisis or enjoys economic health – are two further important vari-

ables. In the case of a new company, whose means of production and massive work contracting has started from scratch, mobility tends to be maximal. This results from the need to input company know-how during the start-up phase and to gradually pass it on to local professionals. In absolute terms, the figure for entries will be that much greater if, as we have seen, it is tied to investment in manufacturing, supported by new technologies and export-oriented. However, when a multinational service begins activity, a similar pressure is placed on entry, even if the quantitative expatriate figure is smaller. In already established companies, the situation is variable. These are newly acquired companies whose productive means and human resources are readily available. The resources involve some cadres with significant business knowledge. It is likely – as our empirical research discovered – that the expatriation figure for personnel is lower in the case of healthy companies and higher in crisis-ridden companies.

However, some particular conditioning factors are related to this last variable – as suggested by a degree of diversity in our case studies. First, total acquisition of a company's capital, or the creation of a joint venture between the TNC and the national company, may lead to a variation in the volume of expatriates. Entries in the former should increase, in view of the minor powers granted to the local – Portuguese – personnel. However, in the latter case, the incorporation of local cadres at the top will be greater. The distribution of positions will also be more balanced if there were business negotiations prior to acquisition, whereby posts held by Portuguese are safeguarded. Second, in a healthy company where there has been a change of branch or introduction of new activity guidelines, the volume of entries will once again tend to rise due to the need for specialists in the new operations. Third, a critical situation may occur in existing local TNC branches and not only in newly acquired companies. This latter case, which represents a clearer “retrocession” situation, involves a downturn in national branch autonomy and a return to tighter foreign supervision (*see also* Scullion, 1995). Here, the need to change the course of events leads the headquarters to want to directly control operations. The only difference lies in the number of entries: whereas in new operations there is a tendency towards mass expatriate entries, in old branches only one or two key positions are occupied, such as that of financial management.

The influence of nationality or, from a more rigorous standpoint, company culture on personnel mobility is our last variable – and the second pointed out by international literature on the subject (Franko, 1973; Brewster, 1988; Bartlett and Ghoshal, 1989; Scullion, 1995; Tzeng, 1995). The



relationship between nationality and company culture is far from being directly equivalent. If we deny the perspective of Hofstede (1985), there may, in fact, co-exist various organizational cultures within the same mother-company nationality. Despite this, some parallel is usually drawn between the attributes. Since literature has confirmed some association between company nationality – especially North American, European and Japanese – and the personnel mobility pattern, the variables' link is logical. Thus, one usually expects North American TNCs to be characterized by polycentric strategies – to use the typology of Perlmutter (1969) – *i.e.*, they often rely on local personnel in their foreign operations. As for European firms, although internally diverse, they are usually more keen to maintain stronger control over their external activities. Here, international cadres prevail and share the nationality of their mother-company. Finally, Japanese firms are characterized by a strategy involving very tight control of external operations and represent the most ethnocentric approach to internationalization.

As for the nationality aspect, the results obtained in our case studies were insufficient. This may be due to the small size of the company sample – and its cross-referencing with other equally (or more) important variables – or simply due to the lesser relevance of nationality as a mobility factor. The only results that indicate regularities in this area were those showing that, in the majority of cases, cadres pertaining to the nationality of origin exert a direct control over companies. This explains why they are predominant among expatriates (as was also recalled by Brewster, 1988 or Tzeng, 1995). Over and above this, there are TNCs whose situations differ within the same mother-company nationality and others with “anomalous” results, where individual companies deviate from the normal pattern of their counterparts. Furthermore, we found evidence that, rather than place their own nationals in Portugal, companies of American origin assigned top-level positions to European (non-Portuguese) cadres. This may reflect the reluctance of American professionals to move outside their country, or alternatively, this nationality's disinterest in less central European operations, while using European nationals as an intermediate source of control.

Further development of the typology hitherto presented calls for more extensive research. One of the aspects that assumes increasing focal interest is the differentiation between types of multinational enterprises, based on their structure and internationalization strategy (*see*, for example, Bartlett and Ghoshal, 1989; Scullion, 1995). The main interest of a classification of this kind is to create new independent variables that may explain the pattern of

international flows. We may acknowledge that some common features exist in different classifications despite different terminologies. Therefore, a frequent distinction is agreed among traditional multinational enterprises that reproduce the original structure and products in the host countries, multidomestic enterprises that grant considerable autonomy to their branches, and the global type enterprises that combine the world advantages arising from scale with local circumstances. The first, the traditional type (an almost colonial one), is one where companies reproduce the organizational structure of the headquarters in its subsidiaries abroad. The tendency is to send structures, products, ideas, managers and technicians from the "center" (headquarters) to the "periphery" (subsidiaries). The second, the multi-domestic type, grants a large autonomy to the subsidiaries. These tend to be responsible for their own structure and management, due to local specificities. The international "circulation" of personnel tends to diminish, and the managers and technicians of each branch have the same nationality of the country where it is located (at the most, the circulation is used as a training mechanism, with the aim of returning to the original location). The third, the global type (which is advocated by Bartlett and Ghoshal, although with a different terminology the "transnational solution"), tends to have neither centers nor peripheries. Here, products, ideas, managers and technicians tend to circulate irrespective of their nationality. The coordination mechanisms are very complex, and the structure acquires a network-like configuration. Mobility of cadres tends to be high, with no predominant geographical direction (there are multiple "centers"/nodes in the network). Some consensus exists as to the fact that, with globalization, an organizational behavior of the latter type tends to spread. Moreover, the increasing number of companies with global strategies often resort to alliances and strategic partnerships. In recent years, complex coordinating mechanisms are becoming common. As a result, the target countries are becoming more central and operations more network-like.

These various facts, in themselves, account for different changes in the international mobility of personnel. On the one hand, we tend to find an increase in the world circulation of highly skilled agents, along with a greater variety and multilateral range of movements. Along with the classical, ethnocentric type of movement, what seems to have become more common is the polycentric type of strategy or, in the extreme version proclaimed by Perlmutter (1969) and corroborated by Franko (1973), the geocentric type. In other words, the predominance of personnel from the country of origin may

potentially be followed by a greater use of local personnel and, soon afterwards, by an abundant circulation based on skills rather than nationality. On the other hand, those facts favor a reduction in the duration of international stays. Traditional expatriations will become increasingly replaced by modern short assignments and business travels (Atkinson, 1989; Salt and Ford, 1993). Against some simpler forecasts, at this point, we argue that a structural difference among companies persists – according to the actual businesses and internationalization strategies.

In our research, we were unable to classify the companies in accordance with these TNCs typologies. This would call for a more searching inquiry of the company's form of management and strategic options. The classification we were able to obtain was, at the most, *a posteriori* – in other words, after we had noted the real behavior of personnel movement. The most interesting fact seems to be that our variables apparently cut across the TNCs traditional, multi-domestic and global types. That is, we detected some conditioning factors of a structural nature that are directly tied to a specific circulation of personnel. We may acknowledge that, irrespective of the company's strategic orientations, certain features are directly linked to a certain form of personnel migration. For instance, a manufacturing enterprise that is opting for new technologies will tend to displace personnel from headquarters to the branches, regardless of the fact that its strategy is ethnocentric or polycentric. Only subsequent research can reveal more complex links among variables, thus demonstrating the extent to which differences between types of companies are significant, at least from a diachronic approach, as a means of accounting for the movements.

## CONCLUSION

The existence of a global circuit of skilled personnel (cadres) employed by transnational companies has long been recognized by the international literature, though its features have yet to be more thoroughly investigated. The particularity of this movement results not only from its lesser volume and social visibility, when compared with other migratory movements, but also from its direct link with movements of capital and the temporary strategies it frequently employs. By their very nature, the mechanisms of international personnel circulation display a certain specificity. The fact that they use an organizational channel for movement (Salt and Findlay, 1989; Findlay, 1990) removes many of the constraints that act upon independent labor migrants, whether they have low or high (brain drain) qualifications. As the organiza-

tional cadres circulate in an internal labor market that is already settled, they enjoy an ease of migration that is unfamiliar to other migrants. As this personnel not only stands for itself but also embodies the capital with which it is associated, it is regarded by host societies in a different way to that of independent migrants.

In this article, we were able to clarify some of the facets of the organizational mobility of cadres. Rather than assuming that there is some general or linear trend in this field, we sought to find concrete variables that could lead to different patterns of international movements. Special mention should be made to the fact that they are determined by a combination of variables: the age of the operation or phase of company development, the installation strategy or investment orientation (export or domestic market), the main type of activity (manufacturing or services), the type of technology (traditional or new), whether it is a new or an already established operation (greenfield or brownfield investment), whether an acquired company is in a state of crisis or economic health, and the nationality or culture of the company. These conditions will determine the volume of the movement and the lesser or greater degree of resistance to indigenization of cadres (replacement of foreign by local personnel). For instance, investments in new export-led manufacturing industries are typically related to international flows of cadres, while investments in long-operating domestic services often rely on local personnel.

Following a less structural approach, other types of causality also create particular constraints. On the one hand, more specifically technical movements result, above all, from the dearth of qualifications, *i.e.*, from skills' shortages, either absolute or relative to training costs. They can therefore be explained by pure economic reasoning. The use of scarce skills in the broad international framework of a TNC calls for the movement of specialists across local companies. On the other hand, more managerial flows are subordinate to a different level of needs. Here what the organization seeks are mechanisms that provide stability, and these are often based on the creation of control and trust. The need for the latter may require direct physical presence or, on the contrary, may be based on long-distance contacts with local personnel. As it is difficult to ensure the presence of such variables in intraorganizational relationships, the process of expatriation and indigenization of cadres seems to be a social as well as conflicting one.

The future of personnel movements will therefore encounter a series of crossroads. In other words, the volume and modes of cadre migration depend on the answer to a number of concrete questions. First, we must know what

foreign investment intentions actually are and the paths they will follow. Second, we should also be aware of the aspects of the investments – the sector, market and technology, among others. Third, we must study the international channels created by internal labor markets – organizational careers – and the associated personnel policies. Fourth, we must know the attitude of personnel towards potential migrations (which may depend, for instance, on the particular stage of its life cycle and on the family environment) and of domestic personnel faced with the entry of foreign cadres. Fifth, we should also bear in mind interpersonal relations between external and local cadres, including power relations and mutual trust. Finally, we should investigate the relationship between classical forms of mobility and short-term contacts (business travels), as well as their articulation with the virtual forms of mobility made possible by new communication technologies. The conjugation of all these attributes – social, organizational and individual – will determine the concrete flows of skilled migrations.

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