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**INTERNATIONAL FIRMS, NATIONAL MANAGERS:
THE OBSTACLES TO MIGRATION OF HIGHLY SKILLED LABOUR IN
TRANSNATIONAL CORPORATIONS** **

Introduction

It is a widely known phenomenon that labour is one of the less mobile factors of production. Contrarily to capital (but although in a lesser degree than land), the main geographical tendency of this factor is one of inertia. Even when long-range or international trends are economically dominant, such as the constitution of world economies or the present globalisation, the result is an intense circulation of capital (and, naturally, commodities) and, by contrast, a sharp stability of local (and national) labour forces. This does not happen in a complete way: as Petersen (1958: 266) once suggested, a “world where hardly anyone dies in the same place as it was born cannot be termed as sedentary”. In any case, migration flows usually happen in a much smaller scale than the ones of capital, either we consider foreign investment or other capital flows (besides the intense international commerce of goods and services). This can be viewed either in absolute terms or if we consider a relative figure: for instance, the percentage of migrant individuals over the total original population is usually a small one.

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National and cultural differences among populations, the ever-present risks of migration (the rupture with local ties, both the personal and the job-related ones) and political resistance to mobility (more acute, at present, from the receiving societies) are the most cited reasons for the inertia of labour movements. We must admit that this kind of constraints seems to apply mainly to low and medium skilled workers, which represent the most important groups of international migrants nowadays. We could argue that, by contrast, the highly skilled segments can be exempted from this resistance, and constitute the most mobile portion of the labour force. Its particular condition in face of the labour markets, both the external and internal (organisational careers) ones, suggest its greater fluidity in migration terms.

In practice, the rigidity to migration seems also to exist, however, for the highest skilled elements of the labour force, including those working for international firms. Despite their economic attractiveness (given the relative shortage of skills and their link to the much desired international flows of capital); their framing in multinational organisations; their socially non-problematic status; and the relatively tolerant policies in regard to them – we can demonstrate that they are not so mobile as it is sometimes suggested. It must be noted that this low mobility mainly happens if we consider a genuine concept of “migration”, namely one that regroups a spatial, temporal and social change (for our concerns, this involves a more or less permanent change of residence). The case of short-term contacts, including business travels, seems not to be deterred by the same factors as migration movements.

The aim of this paper is to describe the principal obstacles that exist to the migration of highly skilled labour, particularly that linked to transnational corporations. The main conclusions result from a research carried by the author in Portugal, in 1996. In this research, a number of quantitative statistical data was firstly explored, leading to a framework of international movements of highly skilled workers in Portugal. Some case studies were carried afterwards, covering 24 transnational corporations in Portugal, either foreign companies in the country (the majority of the sample) or Portuguese companies abroad. For this sample, an effort of diversification was made, based on the duration of settlement of the Portuguese or the international activities, branch of activity, greenfield or brownfield investments, etc. More details on the methodology and the general results are available in Peixoto, 1998 and 1999.

The Potential Fluidity of Highly Skilled Labour

The idea that highly skilled labour can be viewed, in relative terms, as the most mobile portion of the labour force derives from several sources. First of all, a number of studies have demonstrated that, in a large variety of contexts (namely in the more developed countries), the

more skilled economic agents present a higher propensity to migrate than the medium and lowest skilled ones. This happens whenever profession and education are correlated with migrant flows: although the large majority of international (and sometimes national) migrants are not very skilled, the proportion of educated and professional individuals moving is higher than the one of the least skilled (which also represent the large majority of most labour forces) (for migration differentials, see Peixoto, 1998: 130-146). Secondly, some recent literature suggest that, in face of generally rising skills, technological uprisings and services' dominated economies the higher skilled may represent the "future" of international migrations, in contrast with the progressive decline of "mass" low skilled migrations, typical of industrial societies (see Salt and Ford, 1993).

A third element that we can add to this discussion is the decomposition of the highest skilled agents into types, and the idea that some types reveal more mobility than the average – and, naturally, than all lowest skilled segments of the labour force. A typology of this kind can be find in Table 1. There, we can observe than the highest skilled agents can be divided into two main categories: those migrating individually (constituting the bulk of what is usually termed as the brain drain) or in the framework of an organisation. We can argue that "organisational migrants" seem to present a higher propensity to migrate than the individual ones – by reasons that we will indicate ahead. Among them, we can separate those moving within a firm (transnational corporations) or non-firm (governmental and non-governmental organisations) network, whose logic of movement is certainly different (given the different criteria involved: profit or non-profit sector; capital, state or civil society based movements). The organisational-company migrants must, finally, be divided into those attempting long- (or medium-) term stays in a different country (expatriations and assignments) and those presenting short- (or medium-) term stays (business travels) - the precise frontier over the medium-term stays being difficult to establish. The long/medium-term ones – the only that we will dealt with in this paper – seem to be more geographically "rigid" than the second ones (see ahead).

Table 1
Typology of Migrants by Skill Level and Organisational Framework

<i>Skill Level</i>	<i>Framework</i>	<i>Type of Organisation</i>	<i>Duration</i>
Medium and low skilled			
Highly skilled	Individual (<i>brain drain</i>)		
	Organisational	Firm (<i>transnational corporations</i>)	Long/medium-term (<i>expatriations / assignments</i>)

			Short/medium-term (<i>business travels</i>)
		Non-firm	

A typology of this kind is not, by any means, the only that can dissect the highest skilled component of migrant labour. From McKay and Whitelaw (1977), Salt (1983/84) or Salt and Findlay (1989), for instance, we can deduce that another classification should operate over the professional or credentialist lines inside this group. This latter kind of division would create a series of “self-contained, non-competing groups” whose geographical movements cannot be analysed within a common theoretical framework. McKay and Whitelaw applied the notion to all migrants, using diverse labour market theories, including the dual-market assumption. In their terms, the segmentation means that migrants cannot choose between a large array of opportunities, but only from those available for their particular group. In practice, they can only look to economic tasks where their particular skills are appropriate. The idea that highly skilled migrants constitute a segmented labour force was mainly developed by Salt, taking as a basis the work of the former. In his own view, the segmentation of top level groups result from the fact that skills and training create a factual separation between the agents.

A different typological approach is the one of Portes (see Portes and Böröcz, 1989). When analysing different “modes of incorporation” of professional-managerial migrant groups, the author distinguishes those that enter in a country within an handicapped context (difficult insertion in the labour market - for instance, irregular migrants or ethnically excluded ones); neutral context (normal insertion in the primary labour market - as happens with white migrants to the USA or intra-European migration); and advantaged context (quick movements to “professional or civic leadership” - for instance, Cuban refugees in the USA). A common attribute of all these typologies is that they do not treat all highly skilled migrants in the same way. I.e., different causes, means of dislocation and modes of incorporation must be assessed according to the particular group in question. For our purposes, the distinction between organisational, including company-based, and individual movements seems to be the most adequate.

The easiness of migration of highly skilled labour, considering the international arena and, particularly, the internal labour markets of multinational corporations, arise from several reasons. Firstly, these migrants are well received in different societies, either from the policy or the public opinion perspective. This happens because they accompany the flows of international capital and foreign investment; they present the skills that are lacking at the local level; and they are socially non-problematic. Secondly, they present an excellent knowledge of

migratory variables, namely income conditions at home and abroad (wage and other complements) and opportunities for promotion. Thirdly, they suffer a minimum rupture with the original workplace: they stay in the same firm (and, sometimes, job), they have the possibility of returning, and they are inserted in a similar firm and task environment. Fourthly, the fact that they speak a common language, most often the English – an internationally recognised means of communication for this skill level -, softens their dislocations. Fifthly, the movement has an institutional support, given the presence of relocation packages and incentives to mobility. Sixthly, these migrants are often exempted from the institutional barriers that are erected to individual migrants – even the skilled ones -, including the procedures for the recognition of skills and diplomas (see ahead on this point).

It should thus be expected that the skilled migrants moving within its international organisational company framework could be almost perfectly mobile. On the macro side, given the necessity that firms have of allocating resources, those individuals should obtain optimum conditions to migrate. The economic advantage of moving resources should be rewarded as much as their profitability would be higher (and it is high in this case). On the micro side, gaining the sufficient rewards, and given the “softness” of its dislocation, the reluctance of these individuals to migration could be minimal. In fact, they could master its environment optimally, taking rational decisions, minimising the risks and negotiating the conditions of its movement. In fact, they are not only suffering structural “pulls” or “pushes”, as other least (or sometimes highly) skilled migrants, but can be reflexive - being the prototype of the rational migrant - and master its migratory condition. As a result, the fluidity of these highly skilled agents could be situated not very far away from the one of capital or commodities. Their situation would be, at least, sharply different from the one of traditional mass labour flows or even some brain drain. In these ones, the economic necessity of moving human resources also exist (if we refer to real “economic migration”, and not genuine refugee flows); however, the vulnerability to the market, the risks of moving and the friction to mobility are greater than in the organisational elite migrants.

In reality, in spite both of the necessity of transnational firms to allocate human skilled resources and of their privileged situation, the number of highly skilled migrants moving within the organisational structure of transnational corporations is still very low. The “migrant” staff in foreign countries remains small, either in absolute or relative terms, and the proportion of “national” staff continues to be dominant in all national branches. In fact, the clear trend to growth that indeed exists is faced with a number of powerful obstacles to mobility, either of an economic, political, social, cultural or individual kind – which we will review in detail in the next point of this paper. To better understand this phenomenon, we must differentiate the

“migrant” personnel (long and medium-term moves) and the “circulating” staff (short and medium-term moves). The more sharp growth of skilled flows in international economies nowadays seems to happen mainly with the latter group – business travels -, as can be demonstrated by data from some statistical surveys and by the recent growth of air travel (see Salt and Ford, 1993). Short-term movements seem to constitute the bulk of the movements of skilled personnel that are presently crossing international borders - a situation that the theoretical notion of “circulation” seems to encompass more adequately than the one of “migration”.

The Obstacles to Migration

The reasons for the low mobility – or, in another perspective, the obstacles to migration - of highly skilled labour are various. Firstly, they are of an economic and financial type. In fact, the costs of these movements are very high. They result from the income levels of the mobile group and the incentives to its mobility (income rises, special packages, etc.). On the one hand, these costs seem to represent the value that firms accord to the mobility of top groups. As happens with the allocation of other vital production factors, the use of a scarce resource - in this case, appropriate skills - must be promoted by the firms wherever they are the more necessary and profitable. For this, firms will spend a financial amount for the movement corresponding to its utility. In a broader perspective, we can admit that skills shortage is not the only reason for labour allocation. Questions arising from control and trust require the placement of some key managers in different foreign locations (see Peixoto, 1998 and 1999). Far from contradicting our point, these factors just reinforce the necessity (and cost) of moving highly skilled (or powered and trusted) agents. On the other hand, the costs involved in the movements are also symptoms of the actual resistance to mobility on the part of the individuals concerned - related to motives that we will describe ahead.

As it is revealed by several general references in international literature about the theme (see Salt, 1992, for instance), by some tentative essays of quantification (see Salt, Mervin e Shortland, 1993) and by the growth of specialised literature on this issue (see William Mercer / CBI, 1994, for instance) - the financial amount involved in highly skilled movements can be considerable. On the part of direct costs, it is not only the salaries and other financial rewards that are concerned. The broader relocation packages also include travel, search and payment of housing, cultural and linguistic training and some periods of holidays at home, among other eventual items. On the part of indirect costs, some individual specific needs must also be compensated, such as travel of spouse and children, payment of appropriate family housing, international schools and, eventually, job search for spouses (not to mention some particular

issues as travel arrangement for domestic pets, for instance). On the whole, as a number of references have already pointed out, the costs with a particular skilled migrant may double or more his/her original payment at home.

Secondly, we must mention the existence of political and juridical obstacles to the international mobility of highly skilled labour. It is a clear fact that these kind of obstacles act in a much softer way than happens with the bulk of international migrants - low and medium-skilled ones. Thus, the easiness of attribution of residence permits in a foreign country, the absence of concern for some "irregular" stays and the frequent exemption of control for skills and credentials' adaptation to national norms - all testimony the tolerance in regard to these migrants. The latter point, on the "informal" recognition of diplomas, seems to be a very meaningful one. As we developed in another work (Peixoto, 1998), the fact that these migrants are channelled through the international internal labour markets of transnational organisations usually exempts them for the skills control that happens with "individual" migrants. A given skilled professional that is transferred to a foreign subsidiary of a particular company may perform his/her tasks in the local firm without the need of official (governmental) "recognition" of its capacities. The exception only happens in the cases of "regulated professions" - but these are not so generalised at all (they usually exclude managers, for instance) - and there are ways of "turning round" the problems - such as substituting foreign per local personnel when adequate. On the contrary, individual brain drain implies that the migrant searches for adequate formal recognition procedures in state or professional institutions in order to start his/her work.

Despite this openness (voluntary or not) to skilled organisational migration, some political or juridical obstacles do indeed exist. As it has been already pointed out for the whole migrant groups, presently migration seems to be one of the economic issues where a true "globalisation" is scarcely evident (see Morris, 1997, for instance). The link of a broad notion of citizenship with national and, sometimes, ethnic criteria seems to be the main reason for this fact. Even when a migrant has an easy access to a "legal" status, its broad citizenship condition may remain partly of exclusion - if, for instance, the right to acquire nationality or the right to vote (in national or other elections) is not conceded. It is probable that most expatriate managers do not search these kind of national statuses (in fact, as we will see below, they often search to maintain a "separate" status). But the truth is that, either willing or not, they will probably remain for long-time "foreigners", with some specific exclusions associated. This situation happens even within politically integrated spaces as the European Union, despite the policies for internal "free movement" of labour already existing. Besides this, the fact that the acquisition and renewal of residence permits or of temporary visas remains problematic or, at

least, bureaucratically rigid, constitutes another direct obstacle to migration (see, for the US, Keely, 1998). The recognition of diplomas' difficulties that still apply to organisational migrants are further obstacles to their movements.

Thirdly, the social nature of work places some important obstacles to this top-level mobility. Here, we can mainly search on the notion of economies' embeddedness in social structures (Granovetter, 1985; for its application on migration, see Portes, 1995). This is equivalent to say that economic action, including construction of internal and external labour markets, development of professionalism and direct professional performance, always happen in the context of particular social relationships. National and cultural differences between the workers of the same transnational organisation thus continue to exist, based on the broad socialisation process, formal or on-the-job training and practical performance. These attributes differentiate local branches one from another and create difficulties for relationship among international in-comers and national staff (even in the same job level). In synthesis, the social roots of management and professional performance may create frictions among personnel and can create individual resistance (either from the "stayers" or the "movers") to mobility.

Related to this issue, we must refer the importance of social skills, mainly in the present information and post-industrial societies. The linguistic, cultural and social abilities that are today crucial to several economic activities, namely in the service sector, make it difficult for a nationally embedded manager to adapt (and be successful) in a foreign country. Given the fact that a growing number of international (and national) activities reside in the service sector, and that a large proportion of highly skilled migrants must possess those kinds of skills, a growing difficulty for movements still exist. We can argue that a pure technical expatriation will not have much difficulty to adapt to a foreign environment. An engineer, say, which is assigned to a local manufacturing subsidiary, will find a work environment not very different from his/her original one. The same does not happen with non-purely "technical" stays, which may represent the majority of movements. In fact, all management positions and the fact that "control" and "trust" have a place in work relationships do not support the idea of a generalised "neutral" technical (non-social) space where migrations could take place.

Fourthly, the existence of national career patterns or, in another perspective, national internal labour markets creates further friction to mobility. Thus, we can admit that, despite the tendency to create an international internal labour market in a given company, uniting all labour force in a common international space (a situation that is responsible for the "informal" recognition of diplomas that we described earlier), a strong national logic continues to exist. As Marsden (1992 and 1994) points out, the large majority of employees of transnational

corporations have been recruited nationally, will perform nationally and will retire in that national context. Only a small minority will go through the international ladders of the company. Besides the embeddedness factors already mentioned, an additional fact is that the national internal labour markets of the firms offer resistance to foreign personnel, since the national career ladders may be disturbed (not to say interrupted), mainly at the top levels, by international staff. The contradiction between a logic of international circulation and training of senior staff and another of local ambitions and careers seems to be often present. Additionally, we can argue that the foreign staff not only “occupies” desired places for locals, as they may genuinely perform worse than well-rooted (embedded) local professionals.

Fifthly, we must mention the individual and family resistance to mobility. On the one hand, the individuals’ position in the life cycle places particular constraints. The age pattern of the managers, their household situation and the professional status all are related to different propensities to migrate. It is a known fact (and maybe it is the only generalisation that we can make in the field of migration differentials) that migration has a particular intensity, in relative terms, in young adult ages. This results from the recent entry in the labour market (with an eventual need to relocation or the larger opportunities associated) and from the age-specific benefits from migration (being an investment, migration may obtain more return over a wide number of years than if it would happen near the retirement age). The household situation also creates specific motivation (or lack of motivation) to migrate, since a married individual or a parent with children in low ages may resist to move. The professional propensity means that moving maybe more rewarding in earlier career phases than in later top stages.

On the other hand, specific family resistances also occur, resulting from the perspective of the family members. One of the factors most widely cited by the literature as constituting an obstacle to the international highly skilled migration is the existence of dual-career households. The fact that wives now choose to have a professional career on their own eliminates one of the basis of former expatriations: managers moving as ambassadors, with non-economically active wives dedicated to leisure in the destiny. This situation is still frequent - for it is the most simple to remove resistance from the spouses (together with part-time or independent jobs). The resistance of women of leaving their own job now creates a source of difficulty to the migration of married professionals - a situation that can only be solved by separating couples (a source of instability), sacrificing spouse’s job (which will cause the increase of the rewards for moving) or searching a new job at the destiny. More generally, the fact that family migration involves a multiplication of individual calculus (gains and costs, risk evaluation) turns problematic the migration of married individuals, with or without children.

As a result of several of the obstacles referred to above, international migrants do often feel a separate status, and may hardly mix with local (non-migrant) workers and personnel of their companies. At the direct work level, we already mentioned some sources of difficult relationship between assigned staff and local personnel. They have socially different job performances, they sometimes reflect a structural inequality of power (whenever foreigners are assigned to exert control) and they collide in their career structures. Outside work, some common attributes among international staff - of different companies -, including cultural attributes (most of them come from western developed countries), temporary strategies, a status effect (centre-periphery or headquarters-subsiidiary effect), common infrastructures (e.g., international schools), the non-activity of spouses and residential choices – all lead to the creation of an equivalent to the “ethnic enclaves” in this top level population (see, for the concept, Portes and Böröcz, 1989). Thus, they have a common support economy and they can reproduce relationships, both professional and non-professional, among them. From these work and non-work isolation, we are able to admit that, even at the level of highly skilled professionals, international space remains too much rugged for migrations. Instead of constituting a neutral or geometric place for movements, as happens with capital flows, the space for human flows remains too imperfect (we would say: too social) for a purely rational economic circulation of factors.

Conclusion

The recent trend for economic globalisation has led a number of authors to overestimate its effects. We can admit that at the level of international commerce, capital investment and other capital flows the world is being increasingly united; however, national borders do present some specific local actions. In the field of migration studies, it is well known that resistance to migrant labour is evenly spread, and practically none country accepts uncontrolled flows of people. The almost free movements of colonisation and the huge mass economic migrations, such as the “temporary” flows for Europe in the post Second World War, seem no longer be an adequate paradigm. Although international migration have presently attained larger numbers than ever (Castles and Miller, 1993), its spread occurs in the context of a growing world population, frequent temporary and irregular statuses and growing numbers of refugees’ flows. The interest of analysing such a very specific group as highly skilled labour moving in the framework of transnational corporations resides in the fact that they could constitute an exception for that rule.

We can conclude that, despite the fact that highly skilled organisational migrants possess capacities and characteristics that places them in a privileged position to migrate - on the limit,

they do not represent only themselves, but also the capital flows with which they are often associated -, they are not exempted from a considerable number of restrictions and frictions to mobility. Thus, economic and financial costs, political and juridical restrictions, social and cultural phenomena, national labour markets structures and individual and family factors - all contribute to restrain a mobility than, in their absence, would certainly be larger. At the short-term level, as happens with business travel, a number of these factors do not apply, including most of the financial, political, labour market and individual-familial ones. This justifies the more clear growth of these latter movements compared to the classical migration ones. It remains the fact that, even in the context of a privileged group of top economic agents, many of the forces for intense circulation of economic production factors do not apply. Labour and, generally, human agents remain largely adverse to delocalisation - in a scale than some globalisation forecasts have difficulty to admit.

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Abstract

It is a widely known phenomenon that labour is one of the less mobile factors of production. National and cultural differences among populations, the ever-present risks of migration (the rupture with local ties, both the personal and the job-related ones) and political resistance to mobility (more acute, at present, from the receiving societies) are the most cited reasons for the inertia of labour movements. We must admit that this kind of constraints seems to apply mainly to low and medium skilled workers, which represent the most important groups of international migrants nowadays. We could argue that, by contrast, the highly skilled segments can be exempted from this resistance, and constitute the most mobile portion of the labour force. If we consider, particularly, those moving within the framework of transnational corporations, their relatively scarce skills, particular condition in face of the labour markets (organisational careers), and the fact that they represent not only themselves but also the capital flows to which they are associated, suggest its greater fluidity in migration terms. In reality, the number of highly skilled migrants moving within the organisational structure of transnational corporations is still very low. As a result, the proportion of “national” staff continues to be dominant in local branches of transnational corporations. The clear trend to growth that indeed exists is faced with a number of powerful obstacles to mobility. These cover a wide array of variables: economic and financial, political and juridical, social and cultural, labour markets related or individual and familial ones. The most important increase in mobility thus seems to happen with business travels (short-term) and not with the classical migrant (long-term) flows.