



Shifting portfolios of international labour mobility among UK-based business consultancies

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ABSTRACT

MNEs have traditionally employed various combinations of international exchange to deploy their staff expertise to where it is needed. Such 'portfolios of mobility' need to be adapted to diverse market and project requirements, the operation of numerous production and market locations, and the training of international staff. This paper builds on a recent cross-sector comparison of these strategies among UK-based MNEs by focusing on one sector, business consultancy. Expert staff deployment to serve international clients is a core function for these firms. Its management, however, also reflects other corporate priorities. These include supporting the internationalisation policies of parent companies; responding to new regional markets and client relations; effective project management; and exploiting modern communications developments. International business consultancies appear to be leading the move towards shorter term, but higher quality international staff mobility, more virtual exchange of expertise, and significant recruitment localisation, often involving mergers and joint ventures.

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1. Business consultancy and changing portfolios of mobility

Increasing attention has been paid in recent years to the global staffing regimes of multinational enterprise (MNE) (Scullion and Brewster, 2001; Scullion et al., 2007; De Cieri et al., 2007; Collings et al., 2009). This reflects both the rapidly changing global business environment and the increasing ease with which firms may move expert human resources internationally, combining residential assignments with various forms of short-term, including commuting, business travel and virtual, exchange¹ (Collings et al., 2007). Companies develop and use these different forms of mobility, combining them into more or less formal 'portfolios' according to their business needs. Over time, these must incorporate the training of internationally mobile staff, the use of new communications systems, and often eventually the progressive transfer of technical and business expertise to 'host country' personnel. They reflect different sector characteristics and also the mobility needs that may be most appropriate for particular purposes, in particular places and at certain times (Millar and Salt, 2008).

Such portfolios of mobility largely define the changing 'global business space' within which MNEs operate (Taylor and Spicer, 2007; Jones, 2009). There have been numerous studies of the management of individual modes of exchange, including expatriate assignments and business travel, but there is also a growing awareness of the need for their uses to be more closely integrated in serving international markets. There is little evidence, however, of MNEs actually adopting such a strategic approach to international expertise exchange (Roberts et al., 1998; McNulty et al., 2009; Collings et al., 2009, p. 1264; Welch et al., 2009; Meyskens et al., 2009; Brookfield Global Relocation Services, 2010; Faulconbridge and Beaverstock, 2008).

The returns gained from these international movements of expertise have also contributed an increasing share of trade in recent decades and their liberalisation has become the subject of negotiations under the General Agreement on Trade in Services (GATS). GATS Mode 4 covers such temporary staff mobility for periods from weeks to a maximum of 5 years.² In practice, however, there has been comparatively little difficulty in agreeing to allow the free movement of highly skilled personnel, about half of whom are intra-company transferees within corporate portfolios of mobility (Lavenex, 2004; International Organisation for Migration, 2011).

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¹ Residential assignments involve the transference of an individual's domestic arrangements abroad; commuting is usually on a weekly basis (e.g. to European markets); business travel requires temporary accommodation, usually for short periods although it may extend up to several weeks; virtual exchange is based on telecommunications.

² The GATS defines four modes of service trade: Mode 1 – "Cross border supply" from one country to another (e.g. via internet); Mode 2 – "Consumption abroad" through consumer movement (e.g. tourism); Mode 3 – "Commercial presence" of companies through subsidiaries or branches in another country; Mode 4 – "Movement of natural persons" temporarily from one country to supply services in another.

This paper focuses on one service sector, business consultancy. It builds on an earlier comparison of how various options for expertise exchange are combined by British-based MNEs in eight sectors: aerospace/defence, primary extraction (oil/gas), pharmaceuticals, electronics and telecommunications, software and IT-related services, and business consultancy (Millar and Salt, 2008; Salt and Wood, 2011).³ These enquiries sought to relate international intra-company personnel transfer policies to wider production and market developments, including the growth of virtual exchange as a substitute for 'embodied' mobility (Collins, 1997; Williams, 2007). This work concluded that more detailed examination of individual sectors was required to gain further insights into the relationships between mobility portfolios and business development.

Business consultancy is of particular interest, first, because of its modern growth. While international exchange remains dominated by material production, the contribution of the 'knowledge-intensive business services' (KIBS) has expanded most rapidly in recent decades (Wood, 2002; Gallouj, 2002; Rubalcaba and Kox, 2007; Beyers, 2007; Roberts, 2006).⁴ This reflects demand from other international sectors for their core 'product' – the ability to adapt international-quality business and technical expertise to the needs of particular clients, including its integration with 'local' forms of corporate and place-specific knowledge in different parts of the world. Consultancy mobility practices are also distinctive because, unlike in many sectors, they are not simply an incidental 'cost of doing business', primarily supporting other important production and market priorities (McNulty et al., 2009; PricewaterhouseCooper, 2006). Staff mobility is much more a core process, supporting the very ability of consultancies to deliver experienced personnel to different places at appropriate times, and thus critical to their service quality and reputation (Jones, 2008a). Consultancies also play a dual role in the international transference of expertise. They both move their own staff around and also advise and support international clients in managing their global work practices.

Finally, consultancies might be expected to achieve greater flexibility than other sectors in substituting different modes of exchange, including adopting new communications technologies. Their mobility practices are not tied to the development and maintenance of specific sites of physical production or distribution, so that long-term residential expatriation may be less necessary. Consultancies more often work on relatively short-term projects wherever clients require, from offices which can be located almost anywhere within the global network of urban-based business exchange. They 'co-produce' knowledge with clients through the exchange of expertise, which often requires multiple transactions using whatever embodied or virtual means are available (Wood, 1996; Fosstenlökken et al., 2003; Donnelly, 2011). Many consultancy skills, such as financial analysis or project management, are also more generic and less technically specialised than those in materials-based sectors and so may switch more easily between projects. So, as well as portfolios of mobility being central to the operations of business consultancies, their growing international activities might be expected to support higher rates of interaction and substitution between the different forms of exchange than in other sectors.

In practice, as in other sectors, these trade-offs inevitably reflect other contextual conditions (Salt, 1997; Koser and Salt, 1997; Goshall and Bartlett, 1998; Forsgren et al., 2005; Millar and Salt, 2008; Faulconbridge and Beaverstock, 2008; Jones, 2008b; Malhotra and Morris, 2009). Analysis of these for all our sector respondents identified four overarching influences, which we summarise, for consultancies, as:

1. Corporate restructuring by the international parent company, including selective centralisation or decentralisation of different areas of functional control, sometimes associated with mergers and acquisitions, de-mergers, management buyouts or joint ventures. Such changes were often specifically designed to support more effective international production and marketing, including better access to new expertise through restructured portfolios of mobility.
2. These corporate changes reflected, in turn, the need to adapt the UK company's expertise base to an expanding array of international market and client characteristics. This has created increased organisational complexity, compounded by the unpredictability of project demands and, in competitive project bidding, the speed of response these require. Much short term mobility thus tends to be ad hoc, as the need arises. Another consequence has been the emergence of standardised packages of work, for example in financial monitoring or employment regulation, to cover more routine aspects of projects at lower unit cost. These may be delivered through training sessions and on-line communications and they may also target a wider market of smaller clients. International competition has also been growing, not only from North America and Europe, but also from firms based in countries such as India, Korea, Malaysia, Russia, China and the Gulf States (Jones, 2008b, 2009). This is intensifying the need to recognise the commercial, cultural and political sensibilities of clients in these and other expanding markets.
3. Once engaged with clients, the implementation of particular projects requires continued attention to technical, relational and contractual issues. Mobility portfolios have to deliver a changing profile of inputs through any project's life cycle, reflecting its purpose and location, the specialist expertise required, its innovativeness, and considerations of security and confidentiality (Werr and Stjernberg, 2003, p. 899). Multi-national consultancy involves managing many projects simultaneously, often for multiple clients and locations (cf. Donnelly, 2011). Staff allocation must take account of the availability of experienced managerial and technical personnel, drawn from self-contained, non-competing groups. Finally, the need to develop talent means that younger staff must also be involved at various stages, to gain experience of international marketing, client relations and project management (Morley and Heraty, 2004; Edstrom and Galbraith, 1977; Scullion et al., 2007; Millar and Salt, 2008).
4. The use and impacts on the international consultancy process of modern communications technologies have been critical, but their general effects depend on how they are integrated with embodied forms of exchange. All aspects of consultancy work have been facilitated by communications improvements, therefore, although the most significant changes specifically associated with the move towards virtual exchange have been the development of standardised products and central data bases.

The evidence we present below addresses four key research questions relating to these influences on international mobility trends among business consultancies. It is based on only four major consultancy companies, however, so that we can no more than suggest the interacting influence of these broader developments.

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⁴ KIBS may be variously defined for statistical purposes, but generally focus on the business oriented elements of: Financial services, including banking and insurance (ISIC Divisions 65–67); Professional services – real estate (Division 70), legal and accountancy advice (Classes 7411–12); Business-planning and strategy-related services – consulting, market research (Classes 7413–14) and advertising (Group 743); Computer and data management services (Groups 721–724); Technical services – architecture and engineering, technical testing (Group 742), research and development (Division 73).

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