



# Transnational Communities

An ESRC Research Programme

**“The role of expatriate workers in global financial centres still remains a relatively ‘invisible’ facet of globalization processes.”**

## **EMBEDDEDNESS, KNOWLEDGE AND NETWORKS: BRITISH EXPATRIATES IN GLOBAL FINANCIAL CENTRES**

### **Principal Investigators**

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### **Aims and objectives**

As British financial transnational corporations (TNCs) have continued to concentrate their activities within global financial centres, they have become key locations for expatriate labour, whose specific knowledge, expertise, skills and intelligence are required *in situ* because of the crucial roles they have in ‘face-to-face’ contact between firm and client, financial markets, and business and social networks. The role of expatriate workers in global financial centres, however, still remains a relatively ‘invisible’ facet of globalization processes in the world economy. This project aims to provide a detailed and rigorous analysis of this very important and neglected facet of globalization. It will address two key research questions:

- Why do financial TNCs still require British expatriates to be located in global financial centres in these times of rapid improvements in information technology, communication and business travel?
- How does an expatriate’s business, social and cultural lifestyles, which are often embedded within particular expatriate and indigenous networks, contribute to the production of financial knowledge outside of the workplace within global financial centres?

The central foci of this research are British expatriate communities in Singapore and New York City.

### **Duration of Research**

October 1998 - December 2000



### **Methodology/study design**

The project will adopt a combination of both quantitative and qualitative methods. The quantitative segment will involve analysis of secondary data and an extensive postal questionnaire survey of financial TNCs expatriate labour flows. The qualitative segments will involve: an extensive literature review; interview surveys with London based TNCs focusing upon the organizational aspects of expatriate labour; focus-groups with British repatriated labour to gather material on their expatriate experiences; and, two separate interview surveys of British expatriates in Singapore and New York City. In addition to these interview surveys, personal diaries will be used to collect material on expatriate life experiences, and business and social networks.

### **Academic and Policy implications**

This project will advance our understanding of the different ways in which expatriate knowledge structures, expertise and intelligence are accumulated and reproduced through everyday life experiences, formal work and participation in networks, and how globalization is influencing the global labour strategies of British TNCs who maintain expatriate transnational communities. Specific outputs will assist in policy formation in both the private and public sectors, and specific user-groups include for example: financial TNCs; relocation and expatriate consultancies; the Office for National Statistics; professional organisations; and many other relevant user groups, including the Corporation of London.

### **SOME PRELIMINARY FINDINGS**

- Very little empirical work has been undertaken on quantifying highly-skilled international labour migration in the world system. The project has compiled a unique data set on expatriate flows from London. 161 firms supplied data on their

professional and managerial postings overseas. Of the firms surveyed, in 1990 there were 65 professional and managerial migrants leaving London, with 35% destined for New York City. By the end of 1998, a total of 442 employees had left these firms, with 46% of expatriates being sent to Hong Kong, New York and Tokyo.

- The expatriate movements within the international office networks of these firms were not permanent. Sixty-eight percent of expatriates were posted to their international locations for a period not exceeding three years. The remainder, were either posted abroad for not more than two or one years. The 'transient' nature of highly-skilled international labour migration is now an important process within the world economy.
- Expatriate labour is used principally for the dissemination of corporate knowledge within the international office network of the TNC. Of the firms surveyed, all of the expatriates were sent overseas to perform a particular organizational function, for example to head an office or department, or to alleviate a skills gap in the receiving office.
- London is an important training ground for highly-skilled foreign immigrants in the international financial sector. Of the firms surveyed, 68% received non-British staff into London. The 'inpatriates' entered London for training or to head-up specialised departments, and stayed for between 2 and 3 years on average. Forty-five per cent of these inpatriates came from New York, Tokyo or Paris.
- In order to investigate further the processes which generated expatriate flows within the

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world system, the investigators interviewed 50 Human Resource Managers responsible for expatriation in 40 TNCs. The research revealed that despite rapidly improving information technology and the ease of business travel, TNCs continued to support expatriate staff, at very great expense to themselves, in order to fulfil their globalization organizational strategies.

- In this research, six major reasons accounted for expatriation within TNCs: (1) To provide generic expertise and technical skills to international offices, as well as balancing skills shortages; (2) To manage offices/departments; disseminate corporate culture and policy; and recruit local staff; (3) As part of International Career Development Programme, and/or as part of their graduate training; (4) As secondments to clients, nation-states or supranational organizations; (5) As representatives of the 'globalness' of the TNC, who offer clients a 'seamless' operational capacity; (6) To be used for networking, and the accumulation of knowledge and expertise, through involvement in both business and social networks.
- Research undertaken with a group of expatriates in both Singapore and New York City revealed that the majority of staff enhanced their career and personal development, which often included undertaking more managerial responsibility in the host office environment. However, the research findings in both locations indicated that the success of the expatriate posting depended significantly upon the degree to which expatriates embedded themselves within *local* business networks, whose membership involved both indigenous staff and other expatriates, of all nationalities.
- Expatriation, however, can become a very isolating experience. Expatriates interviewed in Singapore and New York City indicated that once they had left the United Kingdom they had very little contact with London's Human Resource Manager, and this isolation had caused problems with the settling of relocation packages and remuneration.
- The research undertaken in Singapore showed that expatriates lived in clusters in specific parts of the city, which were labelled as 'expattie' areas. Social networks were very strong, and these expatriates to some degree relied upon the former

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colonial institutions for both recreation and social relations (e.g. The British Club in Singapore). In New York, however, expatriates integrated much more into the city with respect to both place of residence and social networks.

- Interviews undertaken with 'repatriated' staff in London revealed the problems faced by expatriates on repatriation. At a work related level, repatriated staff were not guaranteed jobs on their return to the U.K., and in some instances 'repats' had no job to return to because it had been phased out of the organization during periods of restructuring, or merger activity. Equally, some 'repats' experienced downward career progression and difficulties in developing working relationships with new London colleagues. On a social level, 'repats' with spouses and families, also experienced problems with assimilation back into everyday life, which ranged from buying new property to arranging the schooling of children, for example.
- Policy makers, including TNCs, have focused very little attention on the working, social and cultural everyday life experiences of expatriates. Expatriation still remains a very important process within the world system and the 'transient' nature of such migration patterns should not be ignored by TNCs or local city governments alike. Expatriates bring significant social, economic and cultural capital to their host environments, but require advice, training and mentoring on successful assimilation, especially those with spouses and families.

## SOME USERS ENGAGED IN THE PROJECT

Over forty transnational corporations have been involved in the project, including: Credit Lyonnais, HSBC Holdings, plc, Barclays Bank, Dresdner Kleinwort Benson, Deutsche Bank, Merrill Lynch, United Bank of Kuwait, Royal Bank of Scotland, Schrodgers, Bank of America, Societe Generale, National Australia Bank, Arthur Anderson, Price Waterhouse Coopers, Arab Bank plc, Bank of Fukuoka, J.P. Morgan Securities. Other user groups include the Corporation of the City of London, The British Club in Singapore and the British Association of Singapore.

## SOME CONFERENCE/SEMINAR PRESENTATIONS

Beaverstock, J., 1999, Negotiating globalization and global cities in extending our understanding of new forms of brain drain: 'Transient' professional migration flows in international banking,' conference on 'Attainable Integration: Migration, Intelligence and Enterprise in the Age of Globalization,' CERFE, Rome

Beaverstock, J., 1999, Embedment and knowledge production: Expatriate workers in international financial centres, international symposium on 'Knowledge, Education and Space,' Villa Bosch, Heidelberg University. Heidelberg

Beaverstock, J., 1999, British expatriates in global financial centres, Royal Geographical Society – Institute of British Geographers Population Geography Research Group Conference on Cross-national Population Analysis, University of Leeds, Leeds

Beaverstock, J. 1999. Negotiating Globalization, Transnational Corporations and Global City Financial Centres in Transient Migration Studies' Center for Advanced Studies Study Group On Migration and Disapora, National University of Singapore, Singapore

Beaverstock, J. and Bostock, R., 2000, Migration, embedment and networks: Highly skilled international labour migration within Singapore's financial district, 96<sup>th</sup> Association of American Geographers Annual Conference, Pittsburgh

Beaverstock, J., 2000, The Expatriation Business and the Business of Expatriation' International Migration Conference: New Patterns, New Theories. Nottingham Trent University, Nottingham

Beaverstock, J. and Bostock, R., 2000. Expatriate communities in Asian Pacific financial centres. International Conference on Transnational Communities in the Asia-Pacific Region: Comparative Perspectives, The Center for Advanced Studies, National University of Singapore.

## SOME PUBLICATIONS TO DATE

Beaverstock, J. and J.T. Boardwell, 2000, Negotiating globalization: Transnational corporations and global city financial centres in transient migration studies,' *Applied Geography* 20, 3, 227-304

## Transnational Communities Programme

On the programme's website (<http://www.transcomm.ox.ac.uk>) you will find contact details for all the project teams, guidance notes for would-be authors in the book series', information about past and forthcoming events, downloadable working papers, a searchable bibliography of world diasporas and links to related sites. An on-line news digest, TRACES aims to make sense of the human dimensions of globalisation by monitoring news items from around the world and presenting them in summary form. You can register on-line to receive hard copies of newsletters, reminders of website updates and information about related events.

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