Expatriates, Rise of Telecommuting, and Implications for International Business

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ABSTRACT

The purpose of this chapter is to highlight the important role of travel in international business and contemplate on the potential influences of the current COVID-19 pandemic on it. We offer conceptual discussion substantiated by practical examples from the press to analyze different aspects associated with this topic. The chapter offers a discussion on pros and cons of telecommuting in general which is later linked to potential of applicability of telecommuting in the context of IB travel. Based on our analysis, we infer that IB travel will continue in one form or another, although the frequency will be significantly lower than pre COVID-19 times. However, we also refer the possibility of increased rail usage with well-connected western European countries for the IB travel. Moreover, it is also possible that advanced technologies like hologram may emerge as a replacement for personal presence in important IB negotiations and meetings globally.

Key Words: COVID-19, IB Travel, and Telecommuting

1. INTRODUCTION

International business (IB) travel has long been considered an important aspect of international business management strategies of multinational enterprises (MNEs) (e.g., Welch et al., 2007; Beaverstock et al., 2009; Deruder and Witlox, 2016). In fact, international travel expenses constitute
a visible aspect of many MNEs’ budgets (Latta, 2004). Extant research has focused on IB travel by segmenting it into two categories. The first category consists of short-term IB travelers, including MNE managers, who are permanently based in their home countries but undertake frequent international travels related to their jobs (Shaffer et al., 2012; Dimitrova et al., 2020). Prior studies have referred to a range of reasons associated with frequent IB travels by such managers including searching for new opportunities (e.g., Budd and Vorley, 2013; Deruder and Witlox, 2016), meeting partners and negotiations (e.g., Welch et al., 2007; Makela et al., 2017), project operations (e.g., Koster, 2009; Makela et al., 2017), foreign subsidiary and operations establishment (e.g., Jaeger, 1983; Beaverstock et al., 2009; Kornacker et al., 2019), training of local employees and knowledge transfer (e.g., Kobrin, 1988; Patel et al., 2018, 2019), and operations monitoring (e.g., Boeh and Beamish, 2012; Deuder and Witlox, 2016). At the same time, literature recognizes another kind of IB travelers who are permanently based in foreign location i.e., expatriates but need to travel in some cases rather regularly to other locations and MNE headquarters (HQs) for a range of organizational responsibilities and functions (McNulty and Selmer, 2017; Dimitrova et al., 2020).

The extant literature further recognizes that expatriate managers are an essential cornerstone of MNEs’ global strategies. They play a crucial role in the management of subsidiaries (especially the newly established ones) as well as in knowledge transfer of organizational routines and practices (e.g., Scullion and Brewster, 2001; McNulty and Selmer, 2017; Paik and John, 2004; Patel et al., 2018). As such, they constitute the backbone of many MNEs’ human capital.

Keeping in view the brief discussion offered above, IB travel is an important component and aspect of MNE management and strategies. However, so far, it has been taken for granted that both short term travelers, as well as long term expatriates, can travel to the various locations globally when needed. This specific argument forms the starting point of the current chapter, where we ponder the potential influences of the current COVID-19 pandemic on IB travel and use of expatriates by the MNEs, because the current pandemic has severely hampered global travel, and perhaps changed it permanently from the way it was known earlier. Since the start of the pandemic, numerous news articles and opinion pieces have been written about the future of the aviation industry and international travel in times of COVID-19 and potentially in the post-COVID-19 world (e.g., Forbes, 2020; NY Times, 2020; WEF, 2020). The majority of these articles have referred that international travel will become difficult, expensive, and with more hurdles, including medical checks on certain flights (e.g., Forbes, 2020; Guardian, 2020). Due to lockdowns placed in most countries across the globe, remote (distance) working emerged as a viable replacement option in both public and private sector organizations (e.g., Business Insider, 2020; Slack, 2020). Hence, we have witnessed physical
meetings being replaced by usage of tools like Zoom or Microsoft teams, among others (e.g., EY, 2020).

However, can all physical tasks, including the need for travel (international travel) be undertaken remotely? This is the question which many theorists in multiple disciplines are already pondering on, and we can expect several studies coming out on this topic in the coming months and years. Our chapter also aims to join this debate, and to offer a conceptual analysis of COVID-19’s influences on IB travel and expatriation as well as offer a discussion for remote working and its pros and cons in this context. We believe that our paper strengthens the extant IB literature in three-ways. Firstly, it is one of the pioneering studies to specifically focus on both IB travel and expatriation in the context of the disruptions caused by the COVID-19. Secondly, to our knowledge, it is also one of the first studies to investigate the viability of telecommuting in this context from a critical lens and offer an analysis. Finally, it contributes to the extant literature on disasters and pandemics influences by specifically linking an ongoing pandemic of COVID-19 to an essential aspect of MNE management i.e., IB travel.

The rest of the chapter is organized as follows. The next section offers an overview of telecommuting and remote working by addressing different aspects associated with them in prior studies. This is followed the section where we link the rise of telecommuting with IB travel and analyze the potential implications. The last section presents a discussion on the chapter’s implications, limitations, and future research directions.

2. TELECOMMUTING AND REMOTE WORKING: AN OVERVIEW

Telecommuting, which has also been referred to as distance working or working from home, has become increasingly visible in many fields during the last decade due to developments in internet speed and other technologies needed for it (e.g., Ansong and Boateng, 2018). At the same time, academic interest in telecommuting has also increased due to its visibility in many spheres of life, including academia (in the form of online or virtual teaching). In one of earlier studies on this topic, Manochehri and Pinkerton (2003) define telecommuting as a phenomenon where employees of an organization work away from their office, one or more days per week, using a computer with telecommunications facilities. It has further been referred that the rise of telecommuting is, to an extent, due to increasingly competitive business landscape where many firms are being forced to cut operational costs while increasing their productivity at the same time (Nicklin et al., 2016).
In the specific context of telecommuting, scholars stress the fact that technological advancements resulting in the employees now being able to access all office functions from their homes, has played a big role in its rise (Nicklin et al., 2016; Barnardino, 2017). Studies on telecommuting have indicated that at the percentage of firms engaging teleworkers are rapidly on the rise year after year (Barnardino, 2017). Prior researchers have analyzed the dynamics of telecommuting from multiple angles, including technology, societal and organizational aspects, being the most important ones. A number of studies have focused on infrastructure and skills that need to be associated with the implementation of telecommuting in different firms (Johnson, 2000; Blount and Gloet, 2017). At the same time, some studies have focused on societal dimension highlighting that increased awareness of carbon emissions, as well as pressure on transport infrastructure, has been a motivation for many firms to move towards this direction especially in large cosmopolitan cities (Kim, 2017; Shabanpour et al., 2018).

Moreover, the researchers from organizational behavior and human resources background have addressed organizational control, employee evaluation, performance dynamics, and teamwork related factors in the context of telecommuting (Leonard, 2011; Peters et al., 2016; Golden and Gajindran, 2019). The findings of these studies suggest that telecommuting can potentially lead to improved balance in the work and personal life for many employees as they do not lose much time in commuting away from families, especially in large cities (Kossek et al., 2006; Gajendran and Harrison, 2007; Nicklin et al., 2016). It has further been argued that telecommuting can potentially result in improved time management skills in workers, as well as less pressure along with giving an opportunity to homebound workers to work (Crandall and Gao, 2005; Blount and Gloet, 2017).

Despite these positive aspects, extant research has also highlighted many pitfalls associated with telecommuting. It has been argued that telecommuting can result in increased alienation of employees from the organizational culture (context) as well as can make getting guidance from the supervisors difficult (Gajendran and Harrison, 2007; Lauchs and Kossek, 2009). Some other studies have referred to the social, status, belongingness, and reputational needs of the employees, which can be negatively influenced by telecommuting or distance working (Manochehri and Pinkerton, 2003; Barnardino, 2017). Telecommuting has also been linked with increased conflicts both at home as well as at the workplace of the employees (e.g., Sarbu, 2018). Due to boundary between home and work disappearing, family members may perceive the employee working too much and ignoring them, while disruptions caused by the events at home can delay output from the employees leading in conflict with supervisors or team members (e.g. Solis, 2017; Groen et al., 2018). Some social scholars have also argued that feelings of alienation or seclusion from working and social environments have
long term detrimental influences not only on the individual employees but also the society (Larsen and Urry, 2016).

It is further important to mention that prior literature has highlighted organizational training and incentives as useful tools in overcoming some of the above-mentioned problems (Gajendran and Harrison, 2007; Blount and Gloet, 2017). In recent years, technological developments mean that use of hologram and augmented reality is also increasingly being used for strategic meetings in firms that in the past required travel. However, at the same time, it is acknowledged that face to face interaction is still needed in certain cases, and full changing to virtual modes of work and interaction can lead to a range of social, psychological, and organizational challenges (Growe, 2019).

Telecommuting became a mainstream topic due to the COVID-19 pandemic in early 2020 as increasingly office workers in most fields switched to working from home, whenever possible (Bouziri et al., 2020). At the same time, due to lockdown measures being taken in many countries across the world, travel restrictions meant that all kinds of meetings where the organizational level or large-scale conferences went online as well (e.g., Price, 2020). As a result, software like Zoom, Microsoft Teams, and others witnessed significant growth in their demand and usage (EY, 2020). As of May 2020, COVID-19 pandemic does not appear to be subsiding, and some writers are arguing that the way work is done has been changed fundamentally forever (e.g., Chainey, 2020). However, if that is really true, it needs to be seen yet. As mentioned earlier, the focus of the current chapter is on IB travel and potential implications of the rise of telecommuting on COVID-19 on it. We offer this specific discussion in the next section.

3. COVID-19, RISE OF TELECOMMUTING, AND IMPLICATIONS FOR IB TRAVEL

It has been mentioned at the start of the chapter that IB travel and the use of expatriates have remained an essential aspect of MNE management for long. Even though specific statistics related to IB travel are not possible to access, it is still important to refer to some general business travel statistics before proceeding further. The global business travel spending is estimated to be 1.33 billion US dollars in 2017 (Statista, 2020). The statistics further reveal that business travel increased significantly during 2010-2018 in developed European and North American countries, as well as in the emerging markets of China and others (Statista, 2020b). The industry experts were expecting business travel spending to grow to 1.6 Billion US Dollars in 2020 (GBTA, 2020). The use of air traffic for business travel has also become very common in the last couple of decades, as statistics suggest that 5% of European corporate travelers flew more than 20 times per year, while 30% at least traveled once a month during 2017-2018 (Fly Aelous, 2020). Despite the rise in telecommuting and virtual meeting possibilities,
business travel, including flying, especially to essential customers, has been found to payoff for the firms. For example, according to Oxford Economics USA, for every one dollar spent on business travel, the firms receive an average of 12.50 US Dollars in incremental revenue (Oxford Economics USA, 2019). The same report refers that 28% of business deals would be lost if business travel is suddenly cut. Even though these statistics are for the US market, it is logical to expect similar statistics in other developed and rapidly emerging countries.

However, the COVID-19 pandemic has resulted in the collapse of the airline industry currently due to travel restrictions, which are now being referred to remain in place in one way or another for the foreseeable future (e.g., NY Times, 2020; Whitley, 2020). At the same time, due to the slowdown of economic activity as a result of the COVID-19 pandemic, it is logical to expect that firms, including MNEs, will increasingly become thrifty and business travel possibilities will be made limited, even when it is allowed. Moreover, since telecommuting became a norm during COVID-19 in all organizations, including MNEs, it is highly likely that this trend will continue in one form or another (CNBC, 2020).

Based on these factors, we expect IB travel and use of expatriates to become limited by the MNEs, where they may prefer to use modern technological tools like virtual reality or hologram meetings to replace physical presence increasingly. It is further likely that due to increased restrictions on air travel, MNEs may adopt a more regional strategy concerning IB travel. In such a scenario, MNEs with subsidiaries in Western Europe may use fast rail connections to send managers on temporary assignments to other countries. This will not be very strange considering cross-country IB travel via trains is quite common in well-connected countries of Western Europe like the Netherlands, Belgium, Germany, France, and Austria as well as Scandinavian countries. At the same time, it is further likely MNEs that need to give technical guidance to subsidiaries undertaking complex assignments like international projects in developing countries may invest more in advanced telecommuting technologies like a hologram for the virtual presence of their engineers or technical experts on those sites. These technologies are already becoming better, and it is highly likely that further investments by MNEs may hasten the process of further development.

However, despite all this, it is paramount to mention that human interaction needs in the face to face context are important, and not everything can be shifted to the virtual model. It is further important to highlight that IB literature stream focusing on negotiations and relationship development has established that personal ties, as well as mutual trust developed through close interactions is very important especially in certain collective countries (Ghauri and Usunier, 2003; Usunier, 2019). In such circumstances, it is likely that IB travel to the important customers for undertaking business
deals will continue one way or another. At the same time, it is not possible to undertake all international tasks from distance despite the fact that the managers may not be working from home but from the well-connected office, in some cases. Specifically, already the aspects of emotional fatigue emanating from continuous online connectivity to workplace during the pandemic are being highlighted as health risk by organizational psychologists (e.g. Jack, 2020). Moreover, keeping in view, several other challenges associated with telecommuting mentioned in previous section can potentially become even more tough due to ambiguities of cross-cultural interactions which are part of IB management routines. Hence, our overall assessment is that IB travel in some form would remain visible for the foreseeable future, although the frequency is expected to reduce.

4. CONCLUSIONS AND FUTURE RESEARCH DIRECTIONS

The issue of international travel has become a daunting problem in the aftermath of the COVID-19 pandemic. Many MNEs are overwhelmed by unprecedented and severe problems they face with regard to the mobility of their workforce and are trying to come to terms with the new reality of the post-pandemic world. However, the potential implications of this pandemic for the MNEs and expatriates have not been holistically examined yet. In this chapter, we aimed at taking a look at the potential influence of the COVID-19 pandemic on IB travel and expatriation and offer a discussion for remote working in view of new realities of the post-COVID-19 world. In so doing, we make three specific contributions.

First, our chapter is one of the pioneering studies to particularly concentrate on dynamics of IB travel and expatriation following the severe and unexpected disruptions brought about by the COVID-19. While the IB travel and expatriation have been evolving over the years with the rise of digitalization and the gig economy (Petriglieri et al., 2019; Sutherland et al., 2020), the COVID-19 pandemic suddenly brought the disruption to the next level. As such, academic scholars were caught off-guard with the speed of change the COVID-19 pandemic triggered. Our paper is an early attempt to ponder the potential implications of such disruption and offers early insights into how the future of IB travel and expatriation might look like.

Second, our chapter delves into the viability of telecommuting and remote working in this context from a critical lens and offers an analysis. Our analysis highlights that telecommuting as a flexible work arrangement has several positive aspects and can be a viable option for various types of jobs. Nonetheless, it also comprises caveats that need to be considered. In particular, we suggest that telecommuting can potentially lead to improved work-life balance for many employees and cut
significantly from time and money spent on commuting with positive artifacts for the natural environment (Kossek et al., 2006; Gajendran and Harrison, 2007; Nicklin et al., 2016). However, we also highlight that, among other pitfalls, such remote working arrangements may blur the boundaries between work and personal lives, agonize employees (Petriglieri et al., 2019), and amplify the potential alienation of employees from their organizational culture (context) (Gajendran and Harrison, 2007; Lauch and Kossek, 2009).

Finally, the chapter contributes to the extant literature on disasters and pandemics influences by specifically linking an ongoing pandemic of COVID-19 to an essential aspect of MNE management i.e., IB travel. We highlight the shock which hit IB travel due the COVID-19 pandemic and estimate that some knockout effects will be permanent. While the benefits and economic returns of IB travel have been documented, the hurdles created by the pandemic appear to stay in some way for some time. This is expected to force the firms to reassess the benefits of labor mobility in the age of the increasingly widespread use of digital platforms. While softer aspects of globalization (i.e., the global flow of ideas and knowledge) would still entail some degree of IB travel, the contraction in the physical aspects of globalization (flow of goods and product) (Gupta, 2020) may curb some of the travel needed to coordinate business activities.

The fundamental changes in the way the global economy runs, and firms operate offer profound future research opportunities for labor mobility and IB travel. In this regard, our chapter barely scratches the surface. Future research could delve deeper into the individual and firm-level implications of the growing presence of virtual rather than physical means of doing work. In fact, such recent digitalization, the growth of the virtual work platforms, and the knockdown effect of the COVID-19 constitute one of the most fundamental changes to the way people work since the beginning of civilization potential on par, if not more fundamental, than the changes brought about by industrial revolution. As such, there is ample room for discovering cognitive, attitudinal, and behavioral responses to the digitalization of the workplace at the individual level. At the firm level, the recent events and developments mean fundamental and potentially disruptive changes to HRM strategies. Future research can explore how firms and MNEs respond to recent developments on work patterns and steer the external changes shaping their human capital. At the macro-level, there would be policy implications of new ways of working and labor relations. Some jobs would be lost, others transformed. Future research can explore the impact of virtual work arrangements and travel restrictions on employment and work regulation in the aftermath of the COVID-19 pandemic.

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