



The RES Forum Annual Report 2017

The New Normal of Global Mobility

Flexibility, Diversity & Data Mastery

Authored by Professor Michael F. Dickmann,
*Professor of International HRM,
Cranfield University, School of Management, United Kingdom*



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Picture theme: Opening Doors to the World...

The images that we have selected for this year's RES Forum Annual Report demonstrate how we as an industry are opening doors to the world. We hope you enjoy joining us on this journey throughout the report!

The RES Forum Annual Report 2017 is written & produced by:

RES FORUM



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Report introduction by
Andrea Piacentini
Co-founder, The RES Forum

The RES Forum Annual Report 2017 presents another fascinating insight into the key strategic themes relating to the management and deployment of an internationally mobile workforce within companies globally. As joint co-editor on the report, together with our General Manager Heather Hughes, each year I look forward to reading the assembled research, insight and practices of our members, all pulled together so effortlessly and intelligently by Professor Michael Dickmann of Cranfield University, School of Management, a long term friend of the RES Forum who has written the Annual Report for us for the last four years.

Professor Dickmann summarizes the key themes of the RES Forum Annual Report 2017 in his introduction and I will not repeat those in my foreword. Rather I will pick out some ideas covered in this report which have particularly resonated with me over the last 12 months. As I reflect on this time last year, March 2016, we were in the process of deciding which chapters to lead with in last year's Annual Report. The two key themes were Volatility, Uncertainty, Complexity and Ambiguity (VUCA) and Gender Diversity through the lens of international assignments. Fast forward to March 2017 and these themes seem even more acutely relevant to the world of Global Mobility than they were at this point last year. Who would have thought?

VUCA has moved from a somewhat esoteric concept to something very tangible, evidenced in the emerging global geo-political environment where repatriated sovereignty, as well as inward looking political, migration and economic policies are rapidly emerging. Coupled with politically populist themes, such policies have found, and are continuing to find, very willing audiences in first world economies all around the globe. With respect to the political earthquakes from the last 12 months, specifically 'Brexit' in the United Kingdom and the election of President Donald Trump to the White House (USA), the impact on the global economy and the globally mobile workforce is huge. For example, in the USA and the UK, companies with a reliance on global talent have stated publicly that they will find it harder to recruit nationals of other countries to work for them... that assumes of course that these groups of potential employees remain willing to come to both locations.

None of this is of course new information to anyone who has been awake from summer 2016 through to present times – indeed the RES Forum membership are telling us that already their organizations are planning contingencies and are adapting to the emerging environment, either through making public statements on government policy, reconsidering location of factories and operations or indeed supporting potentially affected employees with dedicated help lines to guide them through residency and immigration requirements. Chapter 3 of this report discusses 'Brexit' (the UK leaving the European Union following the referendum vote in June 2016) and the impact on programme management and international assignees themselves in more detail. What is evident is that the considerations and conclusions in chapter 3, although linked to Brexit, have broader global impact and should be considered through a broader VUCA perspective.

VUCA has moved from a somewhat esoteric concept to something very tangible, evidenced in the emerging global geo-political environment where repatriated sovereignty, as well as inward looking political, migration and economic policies are rapidly emerging

On the subject of diversity, as I write this foreword in March 2017, the recently passed International Woman's Day reminded us all about the importance of Gender Diversity and the ongoing disparity between pay and organizational representation of females. The struggle is real. When I have been asked to speak at external events over the last 12 months on Global Mobility matters, I have focussed on the RES Forum research in the area of Gender Diversity and international assignments. At this point last year, the RES Forum research on Gender Diversity in the arena of international assignments was some of the most pioneering insight on the subject (may I also add unashamedly that many other papers and research studies have followed in the wake of our research). Although the answers are not always evident, or easy to come up with, the headlines are: Female assignees are less likely to be selected and less likely to enjoy the same career capital post assignment when compared to their male counterparts. This cannot be acceptable.

This year, the report broadens the subject of diversity into looking at another area where unconscious bias is recognized as an issue with respect to deploying the global workforce on assignment, namely age diversity. I will not spoil the research for you as it is very much worth reading in more detail, but the headline conclusion is that there are different expectations from companies on what different generational segments expect from an international assignment and the suitability of the different generations to go on assignment is perceived to vary from one generation to the next. Are these differences in expectations and



How can we create tools which allow any unconscious bias to be removed from the decision making process in selecting assignees but also allow companies to maximize the potential talent pools available to them?

suitability real or imagined? If imagined, how can we create tools which allow any unconscious bias to be removed from the decision making process in selecting assignees but also allow companies to maximize the potential talent pools available to them – that is fundamentally the crux of the issue, be it gender or age related. Surely there is a strong commercial argument for doing so?

If you remain interested in this subject of diversity in relation to international assignments, you can request a copy of the RES Forum Annual Report 2016 by emailing office@theresforum.com. We are also completing detailed follow up research on Gender Diversity in collaboration with Leuphana University and Professor Benjamin Bader and Birte Manke, MA, PhD Candidate. Look out for this over summer 2017.

As a final point, what about the RES Forum? What has happened in the Forum in the last year and where do we go from here? The first thing to note is that during 2017 we have expanded strongly into North America with our regional branch (RES Forum Americas), with our US and Canada based events creating thought leadership and engaging interaction between our growing Americas in-house membership. I was delighted to attend and speak at our inaugural New York event and to share a stage with Tammy Hughes, President of the Heim Group. The Heim Group, for the uninitiated, are experts on Gender Diversity and work to create successful and diverse leadership teams. Our RES Forum Americas President Chris Kline deserves much of the credit for this success in our inaugural year in the Americas and I look forward to seeing how he grows our concept and network within the Americas Region.

2017 will also see us expand into the APAC (Asia Pacific) region, as well as intensifying our research agenda through our partnership with Professor Benjamin Bader and his team of the Leuphana University in Germany. Globally we are now reaching 1,400 members, yet we remain committed to our core principles of being first and foremost a network of HR people for HR people, facilitating knowledge sharing and best practice within that community and creating thought leading ideas and concepts with respect to Global Mobility through our structured programme of papers, research and learning. None of this is possible without the continued participation and engagement of our in-house members, and from the RES Team we want to say 'Thank You' to each and every one of you. I hope you enjoy reading this report and the insights it offers into the world of GM as much as I have.

Andrea Piacentini
Co-founder, The RES Forum





Executive Summary by Report Author
Professor Michael F. Dickmann
Cranfield University, School of Management

Welcome to the sixth RES Forum Annual Report. The last year has been shaped by many dramatic socio-political developments that have strong impacts on the Global Mobility (GM) field. We identify some of the assessments and reactions of companies about how to cope with the ever increasing degrees of volatility, uncertainty, complexity and ambiguity (VUCA). As in earlier years, the RES Forum Annual Report tracks key GM trends in rewards, organizational developments, talent and career management. In addition, we explore data analytics and the GM reactions and planning in relation to the Brexit vote. One of this year's highlights is that we report extensively on age diversity in GM and how companies are managing and engaging the different generations at global work.

Each year the RES Forum Annual Report gives the reader the most up-to-date, cutting-edge data and insights into the GM world. The world does not stand still for anyone. The GM field is not immune to the same technological and cost challenges facing human resource departments and society as a whole. There is relentless pressure to improve the employee experience on global careers as well as the efficiency and effectiveness of the management of GM programmes. Data Analytics wants to provide timely and relevant GM insights to enable companies to take superior GM decisions.

Chapter 1 shows that most companies see a variety of benefits to discovering and visualizing useful GM information. Data analytics allow a Multinational Corporation (MNC) to arrive at evidence-based conclusions. The learning points from this chapter include:

- MNCs are not using the full array of IT opportunities and integration mechanisms that may reduce their costs and may lead to a more standardized, possibly higher quality, GM service provision. Currently, only a very small minority of firms have assignment software in place with which they are satisfied.

- Almost all companies consider that general data analytics will be important or very important to their GM programme management over the next three year period. Good quality data analytics would allow them to compile and consolidate data effectively, visualize it and gain insights from which to make evidence-based decisions.
- With regard to predictive analytics, organizations plan to decisively move forward in terms of analyzing overall assignment success, retention and performance in order to predict success elements and patterns. In addition, half of GM professionals aim to predict future assignment compensation, reward trends and costs. Two in five strive to predict assignment types and movements and want to draw up lists of identified future GM candidates.
- GM teams will also concentrate on starting to report on performance trends, nationality and the ethnicity breakdown of assignees versus the general employee population. Additionally, they will strive to compile an age breakdown of their assignee population.
- In the medium-term future, MNCs want to expand all areas of data analytics. In the next three years the biggest growth is expected to be in measuring Return on Investment (ROI), retention of assigned talent after and during global assignments, career progression of repatriated assignees post assignment and the early return of assignees.

The GM data analytics field is still immature and we have seen that it is currently relatively neglected within companies. However, the field is gathering energy, speed and focus. We expect many interesting developments and trail blazing activities in the near future.

Half of GM professionals aim to predict future assignment compensation, reward trends and costs.

Chapter 2 explores age and generational differences in Global Mobility. We distinguished early-mid career staff (Generation Y and Millennials, born after 1981), mid-peak career individuals (Generation X, born between 1964 – 81) and late stage careerists (Baby Boomers, born before 1964). The RES Forum survey 'Age Diversity, December 2016' sheds light on a range of interesting differences and generates valuable insights.

- Older expatriates are more likely to be in senior positions and therefore more likely to be sent on a strategic (control and coordination) business needs assignment. Younger expatriates are more likely to be sent on a developmental assignment.



Executive Summary

- As potential assignees get older, the respondents feel that it becomes more difficult to identify suitable candidates and to motivate them to accept postings.
- Different sets of drivers motivate the different age groups:
 - Personal drivers were most important to early-mid careerists (Generation Y, Millennials).
 - Expatriation package was most important to mid-peak careerists (Generation X).
 - All age groups sought sense, fulfilment and career progression. However, career impact was more important to early-mid as well as mid-peak careerists compared to their older counterparts.
 - Professional challenge was most important to early-mid careerists (Generation Y, Millennials) in comparison to the other generations.
 - Younger expatriates perceive a stronger need to expand their social capital even though it is probably older assignees who utilize their social networks more for work purposes.
 - Partner and dual career considerations as well as family and educational concerns are more pertinent for mid-peak careerists (Generation X) than for other age groups.
 - Security concerns are more important to mid-peak and late careerists (Generation X and Baby Boomers) while early-mid careerists (Generation Y, Millennials) are more concerned about the attractiveness of specific host locations.
- Early-mid careerists (Generation Y, Millennials) change employers more often (36%) and are more frequently promoted (25%) than their older peers.
- Mid-peak careerists (Generation X) fit more successfully into their host teams and are seen to facilitate knowledge transfer more than their younger peers (Generation Y, Millennials).
- Business learning is more extensive for mid-peak (Generation X) than late stage careerists (Baby Boomers). However, there is no strong indication that the performance of late stage careerists is inferior to that of younger generations when on assignment.

Overall, this confirms the GM approach of many MNCs who offer more developmental assignments to younger expatriates and more business need/strategic assignments to older assignees.

Generation X fit more successfully into their host teams and are seen to facilitate knowledge transfer more than their younger peers.

Chapter 3 used a GM lens to outline some implications of what has become known as Brexit, (the referendum vote in June 2016 in which the UK population voted by a narrow majority to leave the European Union), and what this means in the broader, more volatile, uncertain, complex and ambiguous (VUCA) geo-political context in which we now operate. Rarely in the decades following the fall of the Berlin wall and the old Soviet Union have there been such monumental political developments as in 2016 and 2017. In addition, the geopolitical developments in Turkey, Syria, Russia, China and the USA are highly dynamic. The RES Forum research on the perceived impact of Brexit showed that:

- The UK will continue to be highly attractive as a destination country for potential assignees.
- Organizations will face a more complex compliance and social security situation which will probably be more costly to administer.
- Talent sourcing strategies that aim at hiring external, foreign candidates will have to become more agile and responsive to successfully respond to the changing legal and political landscape.
- Some GM managers estimate that the number of in-bound assignments to the UK will diminish as the willingness of EU nationals to work and live in Britain may decrease.
- Half of the companies feel a high degree of insecurity in relation to Brexit implications and 40% believe that Brexit will be costly. A third of MNCs think that their preparedness to cope with Brexit challenges is low. Many companies have set up working groups but are essentially monitoring the developments and are waiting for more precise and concrete information.
- There are a range of 'known unknowns' such as further countries leaving the EU or the impact of Brexit on the financial markets. While there have been plenty of gloomy predictions in relation to Brexit – or with respect to other economic, ecological, political and security developments – only time will tell what the actual effects will be. It is, however, fair to say that so far, some of the negative economic predictions that were made prior to the vote have not materialized.
- With respect to geopolitical developments, firms believe that the next few years will become tough, in the sense that the world will become more divided into rich and poor, becoming more violent, nationalist, protectionist, insecure, volatile and uncertain.

We live in an increasingly volatile, uncertain, complex and ambiguous environment that is likely to present both opportunities and threats. Just like reacting to external risks and dangerous developments in hostile countries, MNCs are well advised to devote leadership attention and their creative capabilities to understanding not just the threats but also the opportunities that Brexit and other challenging geopolitical developments present.



Executive Summary

Chapter 4 looks at the key issues of organizational development and talent management. Innovative thinking, in-depth understanding of assignees and their families, as well as the variety of location contexts and geopolitical developments, all combine to shape the GM approaches of MNCs. The key lessons learnt from Chapter 4 include:

- The willingness of expatriates to work abroad is of high importance for companies. Unfortunately, a large percentage of MNCs complain that they have a substantial number of vacancies for executives, senior managers, managers, professionals and in some cases, entry-level staff that they find hard to fill with suitable GM candidates. Frustratingly, the situation seems to be getting worse with time.
- This resourcing challenge is not made easier by the many challenges that firms face in relation to career, talent, performance and repatriation planning and management.
- GM planning concentrates on top talent. Most companies have a dedicated top talent strategy to develop future leaders but half of MNCs do not have a talent pipeline across all levels of the organization.
- Firms continue to use relatively unsophisticated GM selection that is driven by current work performance and the candidates' willingness to work abroad. For instance, only a quarter of firms assess the cultural intelligence of potential assignees and about one in seven evaluate language capabilities during their selection.
- Working abroad tends to pay off in terms of promotion. Expatriate experience is particularly important for senior managers, followed by executives, managers and professionals. While mentors and business sponsors can improve the career and business outcomes of expatriation, many MNCs still do not use these across their functions and hierarchies. In turn, higher touch HR support for assignees is relatively common with almost two thirds of organizations providing this. Overall, in more than a third of MNCs the career advancement of repatriates was superior to that of non-expatriated peers.
- Repatriation continues to be a challenge for GM departments and individual assignees. While long-term career planning has been shown to increase retention and career success, only a third of MNCs plan the individual's next role after return.
- Few companies systematically assess Return on Investment (ROI) in GM. Only two out of five MNCs go beyond cost issues to look at the achievement of assignment objectives, a quarter assess employee effectiveness and a third evaluate retention issues. ROI assessment could be more in-depth, broader and more systematic.

It is clear that many issues in organizational development and talent management are interlinked, dynamic and highly complex. The challenges that must be overcome in order to improve GM programmes are substantial.

Chapter 5 is devoted to reward package design and charts the status quo as well as key trends in GM remuneration and benefits. It provides rich insights into the status quo of global reward approaches and the nuances of reward strategies in relation to different assignment types and individual situations and needs. The key learning points include:

- The GM function deals with a great variety of international work types. While companies tend to look at effectiveness, business needs and at individualization considerations to design reward practices, the location that bears the cost of the assignment might be determined in relation to where the organizational benefits accrue.
- Business-driven assignments have a more generous reward and benefit package than developmental assignments. In turn, developmental assignees benefit more often from talent management interventions and from having a career mentor.
- More than three quarters of MNCs do not incentivize assignees through linking assignment bonuses to assignment goals and performance. Companies simply use their normal annual performance management system and reward structures to reward extraordinary performance.
- 87% of organizations use a home-based balance sheet approach to determine the reward package of long term expatriates, but only 10% use it for local plus assignees. Long term assignees were better shielded from currency fluctuations than other international workers, a facet that is likely to have been particularly useful for UK outbound expatriates during the strong currency fluctuations in the wake of the Brexit vote.
- Assignment packages varied substantially depending on a range of factors. On average, short term assignees had a less generous deal than long term expatriates; business-driven and strategic needs based assignments were more generously rewarded than developmental assignments.

The RES Forum aims to keep its members and readers informed with the latest data, insightful analysis and interpretation as well as leading-edge recommendations. Ultimately, you, the reader, will understand the particular context of your company best and how to 'make sense' of your industry dynamics and intra-organizational developments.

I hope that this report informs, to some extent, your Global Mobility decisions and that you will enjoy reading it.

Professor Michael F. Dickmann

BSc, MSc, PhD, AFCIPD

Cranfield University, School of Management



Executive Summary by Report Author
Professor Michael F. Dickmann
Cranfield University, School of Management

Professor of International Human Resource Management Cranfield University, School of Management, Director Cranfield in Management, Editor of The International Journal of Human Resource Management

Michael lectures in the areas of international and strategic HRM. He first worked at Cranfield University during his PhD on International Human Resource Management (IHRM). After being the Global Head of Human Resources in a multinational corporation based in Munich, Germany he rejoined Cranfield to lead its work in the areas of national cultures, global mobility and IHRM. His research focuses on human resource strategies, structures and processes of multinational organizations, cross-cultural management, international mobility, global careers and change management. He is the director of the Cranfield MSc in Management, a highly innovative, practice-centred masters that incorporates an internship with leading-edge organizations.

Michael has published more than 100 academic and professional papers and reports. He is the lead author of three books on international HRM and global careers, part of the acclaimed Routledge series on global human resource management. His latest book *International Human Resource Management – Contemporary HR Issues in Europe*, co-edited with Prof Chris Brewster and Prof Paul Sparrow, was published by Routledge in 2016. Since 2012 he has also been the Editor of *The International Journal of Human Resource Management*.

Michael has a first class honours degree in Economics from Queen Mary University of London and an MSc in Industrial Relations and Personnel Management from The London School of Economics & Political Science. Michael has several years of work experience, both with major consultancies and in industry. He has conducted a variety of consulting and research assignments with cutting edge multinational organizations mostly from the financial, automotive, telecommunications, chemical, electrical engineering and electronics industries. He has also consulted for humanitarian agencies, government and the United Nations. He has worked in his native Germany, Australia, the USA, Colombia, Spain and Britain and speaks English and Spanish fluently.



Table of Contents

1	Global Mobility Data	19
	Striving towards improved Data Analytics	
	Introduction	20
	The Data Tools used by MNCs	20
	Data Analytics Today	23
	Data Analytics in the Medium-Term Future	25
	Quality Considerations and Barriers to Using Data Analytics	28
	Conclusions and Learning Points	31
	<i>What can MNCs do to increase Expatriation Success?</i>	
	<i>Programme Management, Data Analytics and Technology</i>	32
	<i>The Data Analytics Journey</i>	34
	<i>Expert view by Equus Software (Vicki Marsh)</i>	
2	Managing Age Diversity in Global Mobility	39
	Introduction	40
	Identification and Willingness of Candidates to Accept a Posting	42
	Assignment Drivers of Different Generation	43
	The Outcomes of Working Abroad – The Young, Wild Ones	51
	The Outcomes of Working Abroad – The Peak Career, Established Ones	52
	Conclusions and Learning Points	55
	<i>What can MNCs do to increase Expatriation Success? General</i>	56
	<i>Spotlight on Gender-Inclusive Global Mobility Programmes</i>	58
	<i>Expert view by HR & Relo Advisors (Ginger Merrick) and Bristol Global Mobility (Cindy Ayling)</i>	
3	Britannia waives the Rules	63
	The Brexit Decision and its Impact on Global Mobility	
	Introduction	64
	The Effects of Brexit on MNCs	64
	Brexit: The Insecurity, Lack of Understanding and Preparedness of MNCs	67
	The VUCA Challenges	68
	Conclusions and Learning Points	71
Trends in the Shipping Industry	72	
<i>Expert view by Harmony Relocation Network (Paul Bernardt)</i>		

4	Organizational Development and Talent Management	75
	Introduction	76
	Data Background	76
	Availability of Talent	77
	Planning: Companies concentrate on Top Talent	78
	Selection: Companies could be more sophisticated	79
	Careers – working abroad can pay off	80
	Repatriation	82
	Return on Investment (ROI)	83
	Conclusions and Learning Points	85
	<i>What can MNCs do to increase Expatriation Success?</i>	
	<i>Resourcing, Talent & Performance Management</i>	86
<i>Currency Devaluations and Cross-Border Assignments: Dos and Don'ts</i>	88	
<i>Expert view by AIRINC (Genie Martens)</i>		
5	Reward Package Design	91
	Introduction	92
	Data Background	92
	Assignment Package Design and Construction	94
	Conclusions and Learning Points	105
	<i>What can MNCs do to increase Expatriation Success? Reward Package</i>	106
	<i>A Journey of 1,000 Miles begins with one Step - Reward Package Design</i>	108
<i>Expert view by Mazars LLP (Steve Asher)</i>		
Bibliography	111	
RES Forum Technical Partners	119	

Note from the author
 Due to rounding, percentages in all figures and tables in this report may not total 100%

Chapter Introduction by: David Enser, Co-founder, The RES Forum & Head of Global Mobility at adidas

For me, it all comes down to the classic adage, "it's not what you've got, it's what you do with it"...

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Global Mobility Data

Striving towards improved Data Analytics

There has been a sudden growth in availability of data in HR programmes, and yet HR teams haven't quite yet learnt to efficiently manage all of the data that they have! This growth has not as yet resulted in a noticeable jump in terms of productivity in delivering against a strategic HR agenda. Data and technology have grown, yet productivity lags and up to now, there have been few demonstrable efficiencies in HR terms.

For a long time, data has been used as the basis for crafting and shaping HR stories but in my view, the real change is yet to come. For me, real change will come in the form of the 4th industrial revolution – true connectivity of all things, mass data and explosive growth in Artificial Intelligence (AI).

Demographic data & HR policy analytics are useful, but by marrying performance & skills data (where permissible) with metadata as a by product of the explosion in data gathering, we can highlight possibilities that simply previously did not exist.

Resourcing strategies, talent acquisition, site strategies; do we grow or reduce a particular company's operating location based on the cost of siting those employees and those skills in that location? How many travellers & assignees will we need to service a project as a consequence of talent availability already on location? All of this data is ready and available to use by HR teams. Offering international careers will always be an important and innovative way to attract and retain employees, but greater scrutiny will come based on data as to whether an assignment is truly in the interests of the company or the individual – and the reward will reflect that. The notion of measuring ROI will no longer be based on a set of arbitrary measures but a true comparison against the needs of the company in that moment, for those skills, in that place (wherever 'that' is).

Finally, AI is already a mainstay at your friendly local customer service centre. There are great possibilities for AI in both HR as a whole, as well as in the management of international employees. AI can answer basic questions – no surprises there – a useful tool for any HR team. But consider the Japanese insurance firm making staff responsible for complex insurance calculations redundant and replacing them with AI – could this be goodbye to balance sheets calculated in excel or clunky online tools that require significant manual data input in advance?

AI chatbots can build rapport at the same time as answering questions – potentially smoothing expats' fears as they prepare themselves and their families for an assignment overseas perhaps? AI can even help in conveying complex information through targeted learning – a useful option in trying to upskill large groups of employees on complex topics such as HR policies and practices. Truly transformative technology undoubtedly comes from a backbone of data – I hope you enjoy reading this chapter, go forth... and consider the possibilities.



Global Mobility Data

Striving towards improved Data Analytics

By Professor Michael Dickmann*

*With Expert Commentary by Vicki Marsh

Introduction

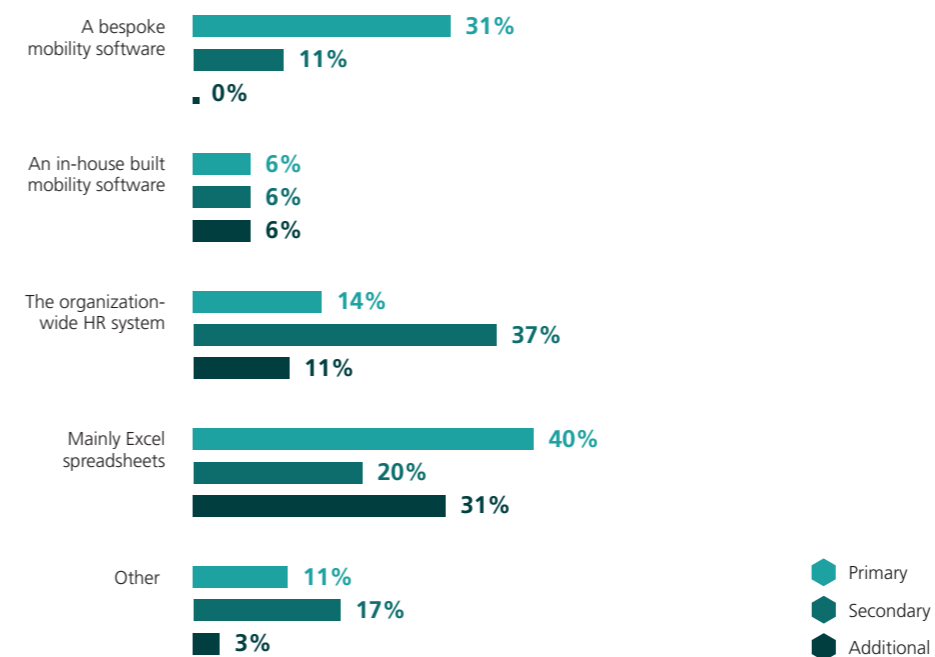
“The goal is to turn data into information and information into insight.” The methodology underpinning this comment by Carly Fiorina, the former CEO of Hewlett Packard, is the current driving force in the area of data acquisition, presentation and analytics. Data analytics in the context of HR/Global Mobility (GM) is the practice of visualizing data and examining it to support HR professionals in making informed decisions and predictions around Human Capital. The purpose of data analytics generally is to discover and visualize useful information which allows an organization to arrive at evidence-based conclusions and enables better business decision-making. Whilst companies may be tempted to view the cost of data and tracking tools as prohibitive, this may be short sighted. As Arthur C. Nielsen put it “The price of light is less than the cost of darkness.” All companies use data to inform their GM approaches, although the actual level and sophistication that is used or needed, varies. The RES Forum set out to assess the status quo and potential developments in the field of GM data use and analytics.

57 Multinational Corporations (MNCs) answered a GM data and usage survey in December 2016. More than a third of these (36%) had in excess of 500 assignees with a further third (30%) having between 100 and 500 expatriates. About a quarter of MNCs (24%) sent their expatriates to more than 50 countries. Almost half of these had more than 100 business-driven/strategic assignees and most firms had substantial numbers of business travellers and commuters. While many firms admitted to not having the data, personal development assignments and cross-border commuter work was far less common. A quarter of companies (25%) had more than 100 Short Term Assignees (STAs) while half (50%) had more than 100 Long Term Assignees (LTAs). While 16% were unsure about their Local Plus Assignee (LPA) numbers, only a further 16% had more than 100 LPAs.

The Data Tools used by MNCs

What tools do companies use to support their GM administration and management, and how adequate and flexible are these tools? Our first finding is that in terms of origin and development of data tools, it seems that many companies still opt for bespoke approaches.

Figure 1.1 Which of the following is the PRIMARY TOOL, the SECONDARY TOOL and are there any ADDITIONAL TOOLS that you use to support your mobility programme?



Almost a third (31%) of firms use bespoke mobility software in order to manage their documentation, planning and management needs. Interestingly, in tune with data collected for earlier reports, two out of five companies (40%) rely mainly on Excel spreadsheets, with a further fifth using it as an additional tool. Less than one in six firms use the core organization-wide HRIS (HR Information System) system as the primary GM data tool. It appears that over the last few years many companies have not advanced substantially and that they run the risk of gathering GM data inconsistently. This raises the question: Does ‘one version of the truth’ apply to all employee data apart from GM data? It would appear so.

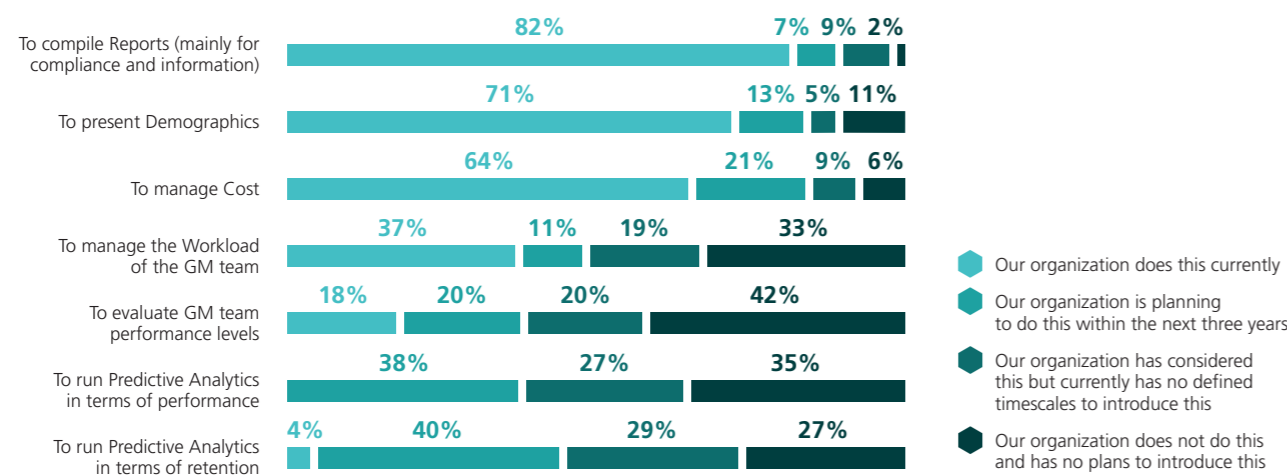
Moving on, responding companies told us that they use a number of data tools to gather and compare GM data. Other areas mentioned in the comments were SharePoint, billing and payroll reports, and provider websites.

Vicki Marsh / "From the responses provided by members, the majority of companies are using multiple tools. In our experience, typically, organizations use at least some data from their HR information systems, Excel calculators and reports, status and invoice reports from each vendor, additional Access databases or static documents to manage checklists or create contracts, etc. They also use Word documents, for example for contracting.

There is great potential to leverage the Mobility Eco System to integrate systems and consolidate data for a wide range of analytical purposes. This is a strong trend at the moment as GM has such diverse requirements – from immigration and tax compliance, to payroll withholding requirements, to tracking up to 10 different services, producing contracts and over-seeing logistics."/

Obviously, reporting is very important in MNCs and our survey results indicate that much of the data collected is used to compile reports and to present demographics. However, two thirds of companies (64%) also use the data to manage costs.

Figure 1.2 How does your organization use data within your mobility programme?



The key areas of future development are in relation to predictive analytics. Organizations plan to decisively move forward in terms of running predictive analytics for overall assignment success (48%), retention assessments (40%) and performance predictions (38%). It is interesting to note that no company currently uses predictive analytics in the areas of performance or overall assignment success prediction. In the future, we would expect significant progress in these areas.

To which data sources do GM departments have access? Most GM functions have access to employee personal (95%), job (86%), assignment expense (75%), employment status (74%), vendor cost (68%), actual payroll (63%) and employee reward data (61%) but other HR/GM information was much rarer.

Vicki Marsh / "One thing is for certain, mobility generates an awful lot of data that can be quite overwhelming without a centralized tool to manage it, or in the absence of a tool, without the skills to manipulate it successfully in spreadsheets. The list above is probably only 50% of the data GM has to manage. Many members refer to reporting as primary information – yet reports tend to be 'linear' rather than 'visual'. Perhaps one of the greatest challenges in this area is to clearly link data outputs to company goals, i.e. cost reduction, candidate visibility, improved success of assignments, improved diversity, facilitation of careers without borders, etc. It is important for GM professionals to take a further step towards shaping the criteria for measuring success, in order to move beyond simply illustrating costs and movement.

However, although Figure 1.2 indicates what we still hear often in the market that organizations prioritize 'getting the basics right' of cost, demographics and compliance, there is a growing recognition of the need to move towards more advanced analytics. A clear example is in measuring success through tracking performance on assignment. However, GM teams are often restricted from doing so as another department is responsible for performance tracking and the data is deemed not central to the services that GM provide. This will continue to be a challenge that we seek more and more creative solutions to overcome."/

Data Analytics Today

Taking a closer look into reporting, we wanted to explore what specific information was reported in organizations by either the GM function or other parts of the organization. In addition, we sought to investigate the areas that saw less extensive GM reporting activities.

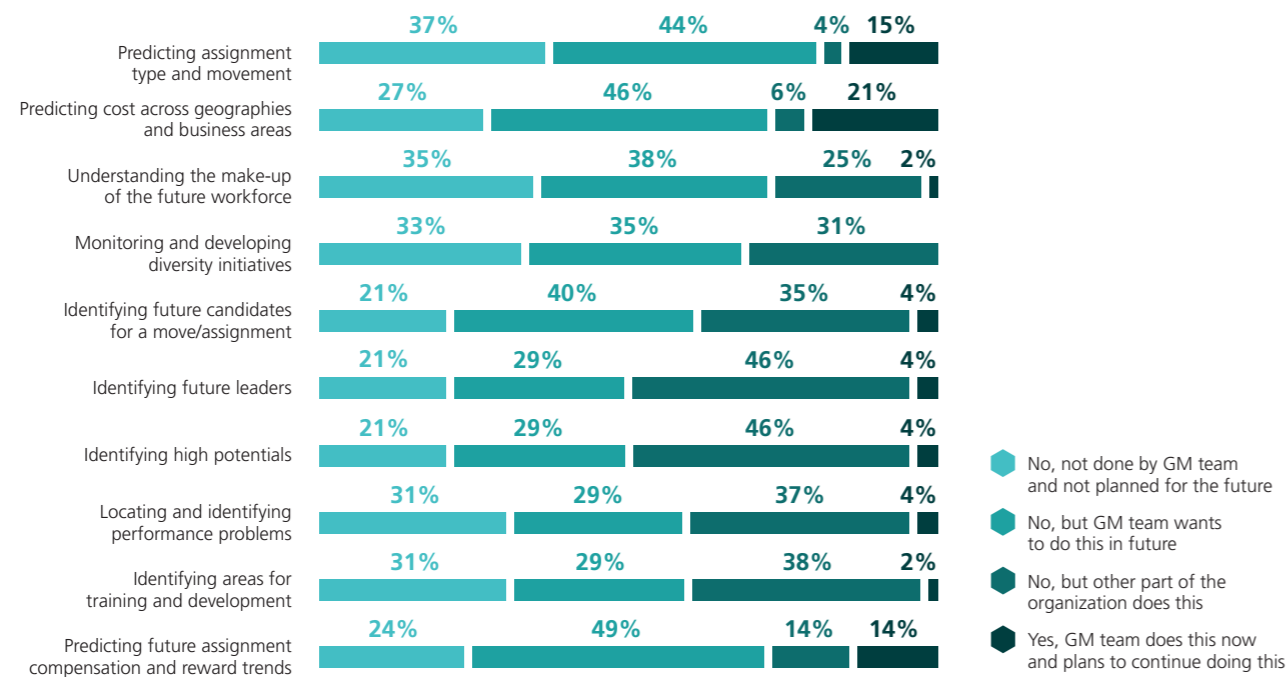
Figure 1.3 Does the GM team in your organization use Data Analytics in the following specific areas/activities?



Policy types and headcounts (76%), geographical inbound and outbound movements (62%) and costs of exceptions (53%), are popular reporting areas which are done by the GM teams currently and this reporting is likely to continue into the future. Amongst the responding GM teams, there are plans to start reporting on; performance trends (61%), nationality and ethnicity breakdown of assignees versus the general employee population (45%) and on age breakdown, again versus the general employee population (44%). We predict that two other areas of reporting will also see large growth. The first is reporting that allows a better management of the GM team itself, and the second is workload management across the GM team in relation to KPIs and in relation to caseloads. Overall, the area of performance reporting may be especially used to generate insights into performance and success patterns of assignees that may help to shape predictions in the future.

The survey also asked about an extended range of items that may support the achievement of GM goals. These are outlined in Figure 1.4.

Figure 1.4 Does the GM team in your organization use Data Analytics in the following specific areas/activities?



The results are sobering in relation to the sophistication and strategic management of GM, most probably due to a lack of data availability, systems integration and insufficient cooperation of the wider business. The three most likely areas of planning and up-front assessment are; prediction of assignment types, movements, and finally cost across geographies and business areas. However, only one in five MNCs' GM departments undertakes these activities.

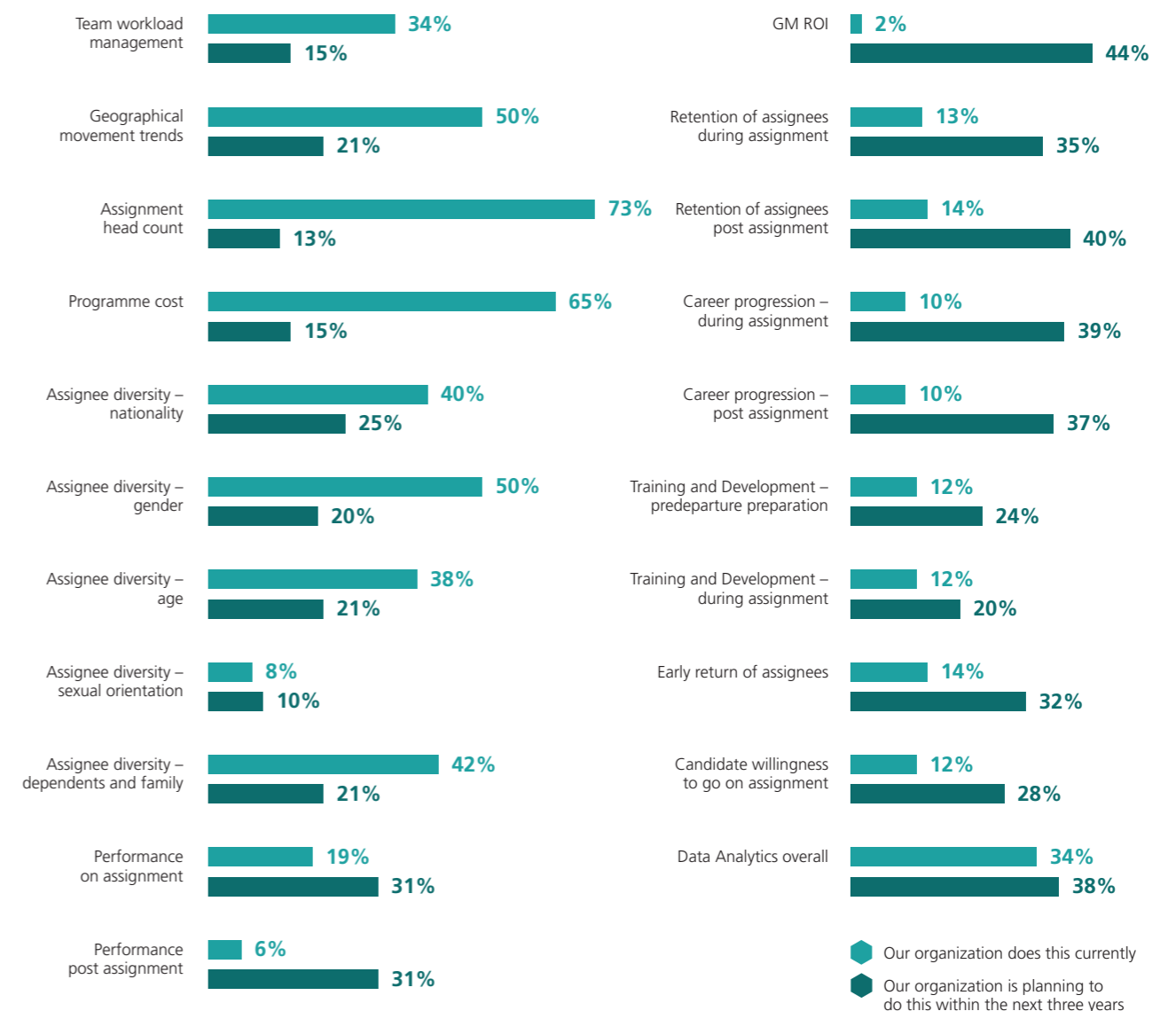
Vicki Marsh / "As previously stated, Figure 1.4 supports the trend towards GM alignment with the Talent agenda. For the first time we are seeing a strong reflection of the desire to move into trend analytics, data more advanced than 'moment-in-time' data visualization, and only one step away from predictive analytics. I think we are seeing the results of the changing GM agenda into business partnering and consulting supported by more sophisticated insights informing the business, but there is still a way to go, probably because of a lack of tools, as well as inability to access and utilize the most informative combinations of data from across other areas of HR and the core business."/

Data Analytics in the Medium-Term Future

The strong push towards more sophisticated GM cost planning as well as GM patterns and success factor recognition, is shown by almost half of the GM teams planning to undertake various activities in the future. 49% aim to predict future assignment compensation and reward trends, 46% want to predict costs, 44% aim to predict assignment types and movements and 40% want to draw up lists of identified future GM candidates. Given the stark differences between current and envisaged activities it seems as if GM departments have their work cut out.

Sir Arthur Conan Doyle, author of Sherlock Holmes stories, famously argued, "I never guess. It is a capital mistake to theorize before one has data. Insensibly one begins to twist facts to suit theories, instead of theories to suit facts." To be able to gather the relevant data and make the most of it, one often has to broaden one's perspective to the use of information and the potential opportunities associated. We explored the use of data analytics with respect to compiling, visualizing and analyzing data for the organization in order to improve GM decisions. In Figure 1.5, we looked at the use of a range of data areas.

Figure 1.5 We would like to find out how you currently use a range of Data Analytics components in your organization.

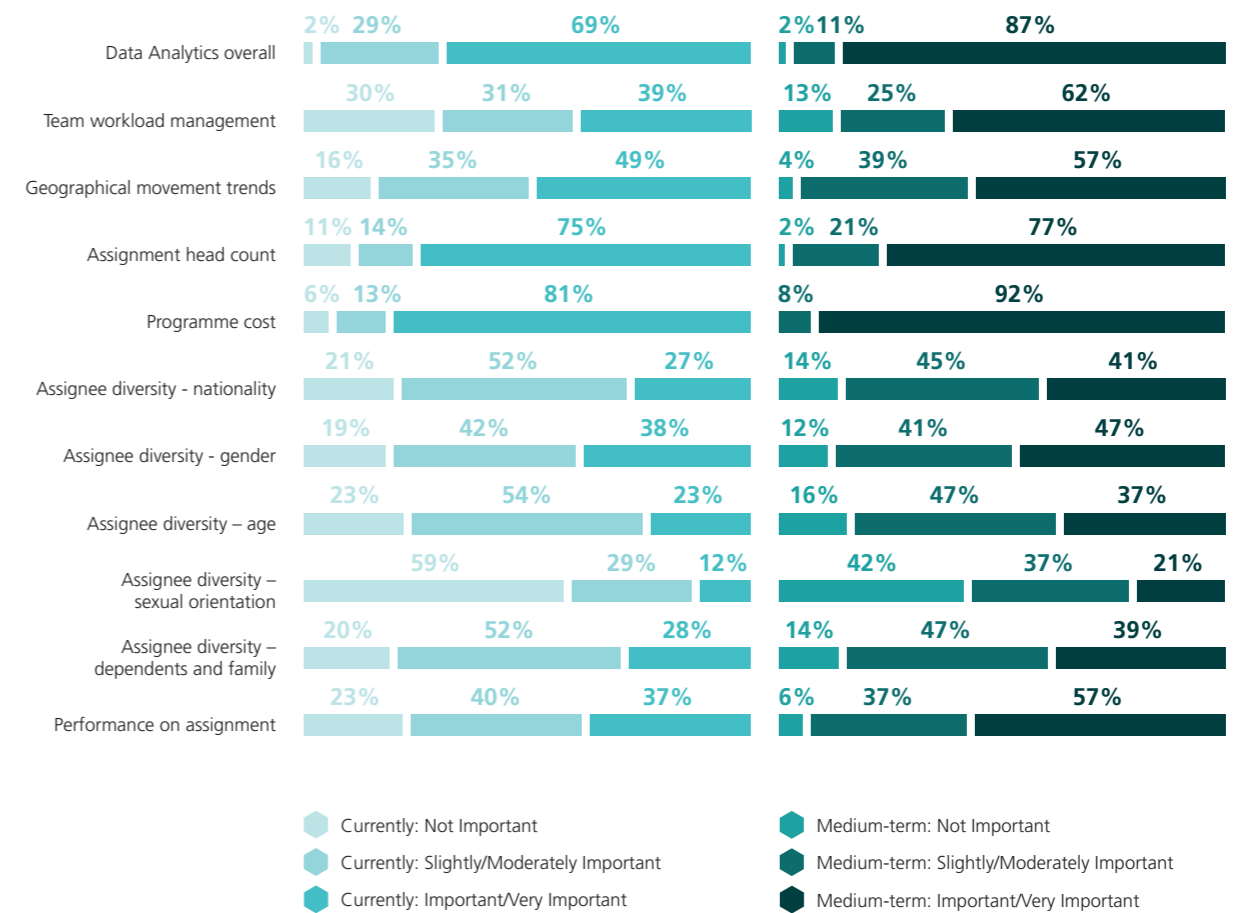


Currently, the most used analytics are the assignment head count (73%), programme cost (65%), geographical movement trends (50%) and an assessment of gender diversity (50%) in GM. While some of these areas may be only used for reporting purposes, information about others could yield the streamlining of costs and improvement of selection, employee posting strategy or GM delivery. In the medium-term future, organizations want to expand all areas of data analytics, including those areas where they are already active. In the next three years the biggest growth is envisaged in the assessment of Return on Investment (ROI) (+44%), retention (+40%) and career progression post assignment analysis (+37%), retention during global work (+35%) and finally in obtaining information on early return of assignees (32%). Given that a paltry 2% of firms currently use data analytics to assess GM ROI, dramatic changes may be afoot both in terms of how to design a system that is capable of ROI assessment as well as in the potential resulting GM policy changes. If there are changes in the other focus areas triggered by better information, they may have profound consequences for talent management, general career planning and GM reward systems.

Vicki Marsh / "The data indicates a clear emphasis on careers and the talent agenda for the next three years. Yet in each career-related category above (career progression post assignment, career progression during assignment, ROI, etc.) less than 15% of organizations use, or are more likely have access to, the key information required to understand these areas in enough detail to be able to add value to the business. This higher level of planning to undertake more analytics in the future, along with the very heavy weighting towards 'substantial' and 'major' barriers to successful use of data, further emphasize the work the GM team has ahead of them."/

What is the internal view of the importance of data analytics in general and in particular GM areas? Currently, the most important areas to assess and plan were seen as programme costs (81%), assignment head count (75%), data analytics overall (69%) and retention of assignees post assignment (52%). Assignee diversity was seen as not particularly important with data on expatriate sexual orientation being regarded as least important (59%). Interestingly, the importance of team workload management was highly contested with some organizations finding knowledge about this important or very important (39%) while others regarding it as not important at all (30%). Overall, data reporting seems to frequently have the function to satisfy passive reporting needs rather than to provide data that informs active policy formulation and implementation in areas such as gender diversity in GM.

Figure 1.6a For your organization, how important is the use of Data Analytics currently and in the medium-term (in 3 years) for each of the following areas?

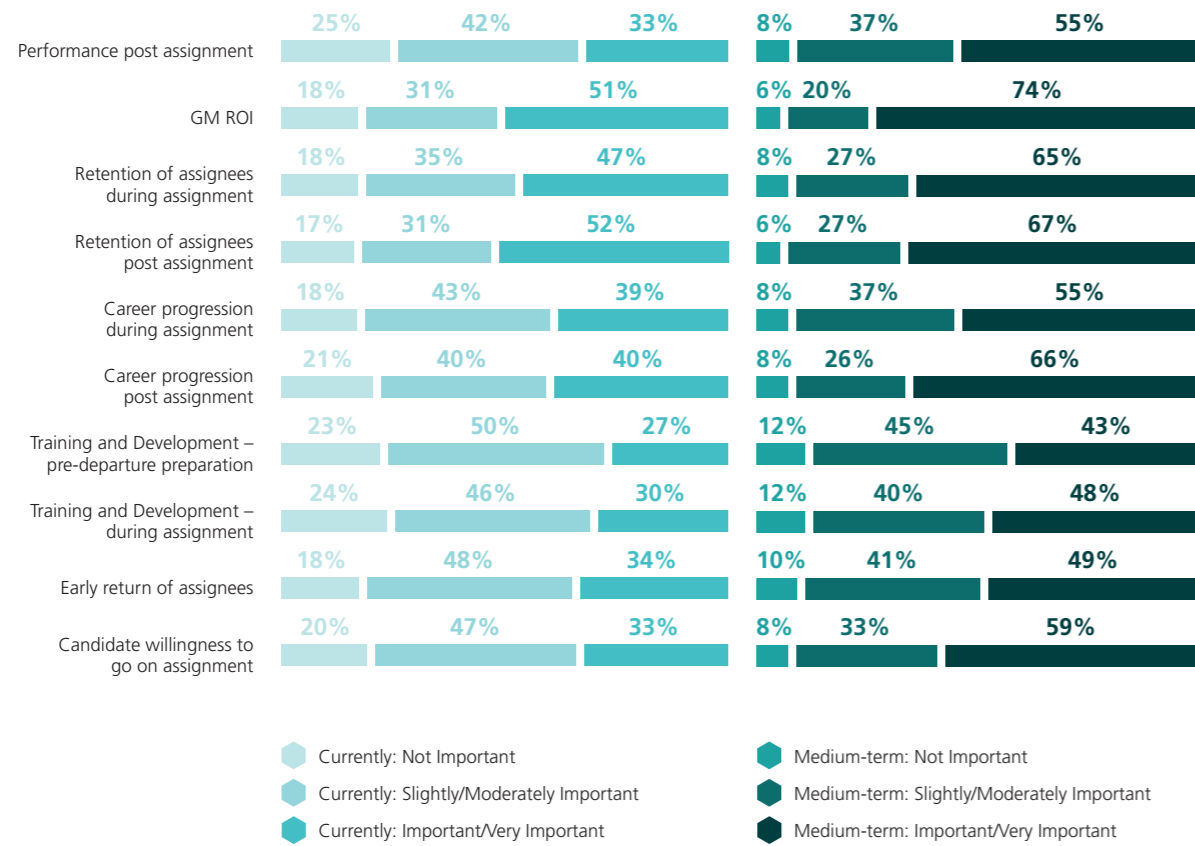


In the medium-term future, a very high percentage of firms (87%) regard general data analytics as important or very important. The key areas of importance are seen as having reliable and manageable data about programme costs (82% of important/very important), assignment head count (77%), ROI in GM (75%) and career progression post assignment (66%).

Vicki Marsh / "There's a heavy emphasis on the importance of performance, retention and ROI, but not on demographics around diversity. Again I wonder if it is possible to understand the full programme picture without the insight into who exactly is going on assignment, as well as who is succeeding and who is expected to in future.

It is also interesting to see that comparing the current level of importance against the expected medium-term level of importance every category increases in importance for the future and in most cases quite significantly. Is this reflective of the expectation that the industry will be more mature and able to use data analytics in these areas in the future? I feel there will be even more pressure on GM to have this knowledge at their fingertips and support the business in meeting these goals."/

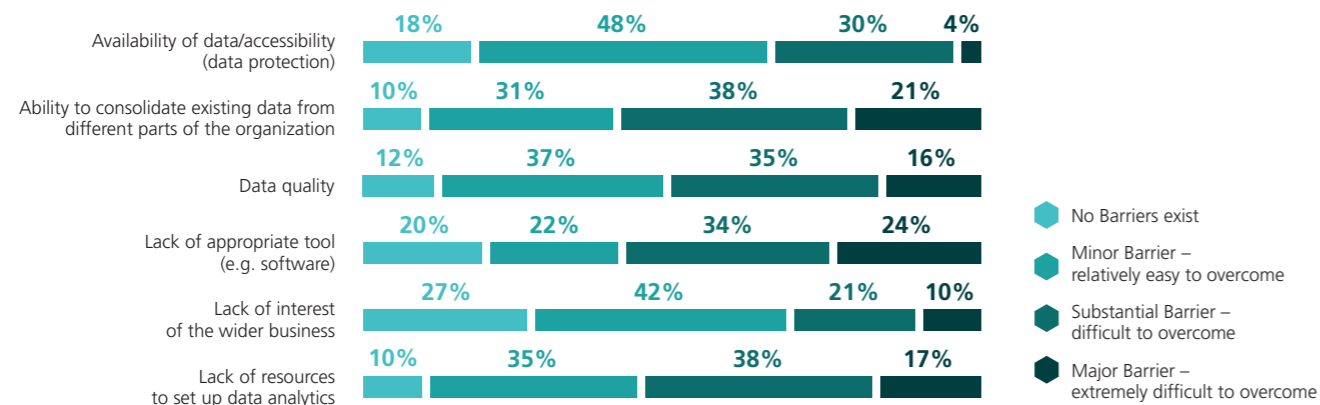
Figure 1.6b For your organization, how important is the use of Data Analytics currently and in the medium-term (in 3 years) for each of the following areas?



Quality Considerations and Barriers to Using Data Analytics

We know that data analytics are seen as important and will increase in importance in the future. However, currently a large percentage of firms do not use data analytics in many areas of GM. What is stopping them?

Figure 1.7 Are there barriers to using data analytics in the form that you would like to within your organization?

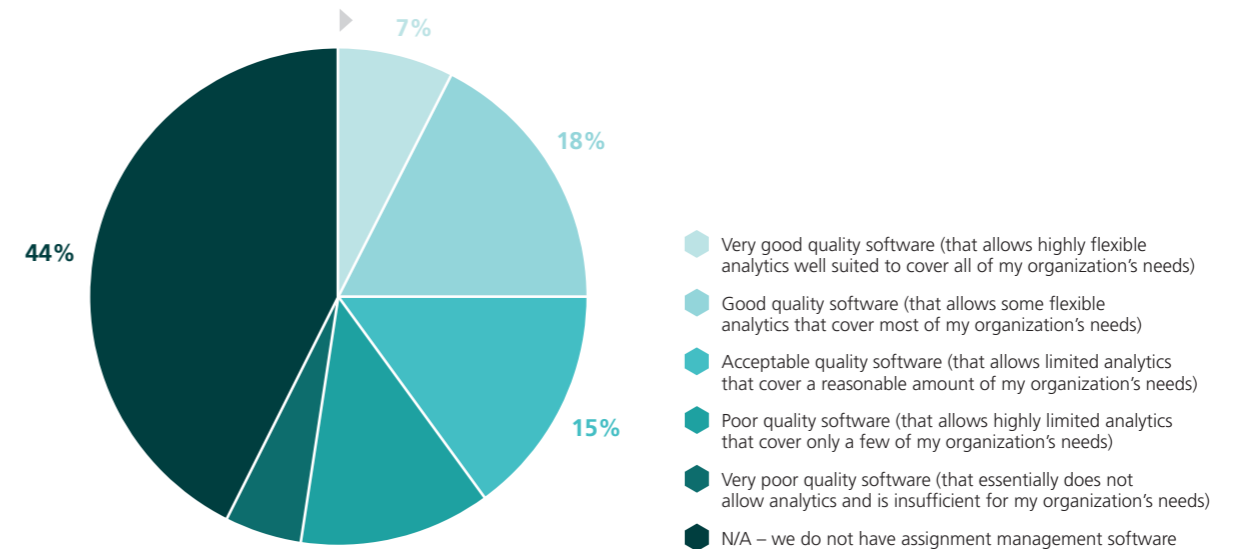


Clearly, the lack of appropriate data analytic tools, a restricted ability to consolidate existing data from different parts of the organization and the lack of resources to set up data analytics hampers MNCs efforts to gather, condense and utilize good GM information. Respondents voiced their frustration about the status quo. One respondent indicated that a major barrier is, "Getting people to understand the importance of data analytics and the use of data in GM" while another added "We are a very decentralized company which makes gathering and consolidating data VERY difficult."

Vicki Marsh / "This reflects an opinion that bespoke tools are highly sophisticated and therefore too expensive for smaller programmes. It is also extremely difficult for organizations to put a full business case together to obtain budgets to buy tools. GM is not a huge, organization-wide department with high visibility and as such the mobility tools often lag behind the wider HR tools and technology. However, there are tools out there designed to support the smaller programme and at low-cost. It is encouraging that data protection is less of a barrier for almost 70% of organizations, so perhaps legally obtaining performance and goals/target data is becoming easier for GM programmes. However there still remain psychological barriers, as well as the barrier of physically obtaining and consolidating appropriate data, to overcome."/

Currently, only 15% of MNCs have assignment software in place with which they are satisfied. While about a quarter of organizations (27%) are not looking to put GM software in place at the moment, this leaves almost 60% of firms who are either looking to implement GM software for the first time or are seeking a superior IT solution. The existing quality of assignment software is seen as mixed.

Figure 1.8 How do you perceive the quality of your Assignment Management software with respect to data analytics?



The area of data analytics in GM is still in its infancy and we have seen that within companies there is relatively little known so far. However, our findings also indicate that the field is gathering energy, speed and focus and that we can expect many activities in the near future. As such, we wanted to find out from the RES Forum members what their company really wanted to concentrate on and what positive effects they were expecting.

This is what members told us regarding the focus and effects of the implementation of superior data analytics.

- “We are currently looking at end-to-end assignment processes, from selection to post assignment retention and beyond. We’re building tools to allow us to track and manage this now, so it will be many years before we see trends and opportunities for improvement.”
- “We are searching for better and more quantifiable value from individual assignments, and for better synergies between global assignments and broader career and workforce development.”
- “Selection, career progression, performance, retention and ROI – ability to more closely monitor cost/value of mobility programme, more tightly manage talent (spending money on employees with higher potential, rather than quick reaction by business to fill a skill gap).”
- “Career development and performance management... we want to establish a link between the value of an assignment and employee performance in the future. Was it worth the investment... if not, why not?”
- “We are still at the very beginning of manual data analysis in relation to the assignee population. We are focussing on post assignment retention and ROI at the first stage.”
- “We are aiming for better workforce planning to help inform the business of where talent exists versus where we would have to relocate/assign talent and the cost with those decisions, as well as the retention success of those decisions.”
- “If there were no limitations in resource or cost I would love to be able to predict employee behaviour both inside and outside the GM context.”

There is obviously a wide range of things that organizations want to achieve with better data. While there are well-known and old favourites such as assessing ROI and establishing a better link to talent management, there are also more ambitious plans to integrate mobility data management with wider workforce planning, career and performance management and the use of data to support a better understanding and ability to motivate the right kinds of behaviours. This clearly has a strong connection to the new evolving role of GM departments where they are linking more closely to talent management teams, with the aim of understanding more fully the drivers and motivations of global workers as part of a broader move to create more strategic value for the organization (RES Forum Annual Reports 2015 & 2016).

Conclusions and Learning Points

Albert Einstein warns us that “Not everything that can be counted counts, and not everything that counts can be counted.” While there can be a temptation to shy away from the potentially difficult arena of data analytics, this chapter has clearly shown that most companies see a variety of benefits to discovering and visualizing useful GM information, which allows an MNC to arrive at evidence-based conclusions and improve decision-making.

The conclusions and learning points from this chapter include:

- MNCs are not using the full spectrum of IT opportunities and IT integration mechanisms that may reduce their costs and may lead to a more standardized, possibly higher quality GM service provision. Currently, only 15% of firms have assignment software in place with which they are satisfied.
- In the next three years, 87% of companies regard general data analytics as important or very important. Data analytics would allow them to compile and consolidate data effectively, visualize it and gain insights from which to build evidence-based decisions.
- With regards to predictive analytics, organizations plan to decisively move forward in terms of analyzing overall assignment success (48%), retention (40%) and performance (38%) in order to predict success elements and patterns. In addition, 49% of GM professionals aim to predict future assignment compensation and reward trends, 46% want to predict costs, 44% strive to predict assignment types and movements and 40% want to draw up lists of identified future GM candidates.
- GM teams will also concentrate on starting to report on performance trends (61%), nationality and the ethnicity breakdown of assignees versus the general employee population (45%) and will also concentrate on compiling breakdown by age of assignees (44%).
- In the medium-term future, MNCs want to expand all areas of data analytics. In the next three years the biggest growth is expected to be in the assessment of ROI (+44%), retention after (+40%) and during (+35%) global assignments, career progression post assignment (+ 37%) and early return of assignees (32%).

The GM data analytics field is still immature and we have seen that it is currently relatively neglected within companies. However, the field is gathering energy, speed and focus. We expect many interesting developments and trail blazing activities in the near future in this area.

Vicki Marsh / “A final thought. GM technology is improving rapidly and the development of the Mobility Eco System is expected to gather significant momentum in the near to medium-term future. For several years now mobility systems have been integrating with HR databases to exchange employee demographics, job and company data and compensation details, facilitating data consistency and providing insights into sophisticated mobility demographics and costs. The mobility Eco System 2.0 will see standard integration across Mobility, HR, Talent, Reward and vendor systems, consolidating and sharing appropriate data and facilitating smooth communication between departments as well as management of assignment logistics. The Eco System will provide real-time visibility of move status, compliance, costs and programme demographics, consolidated with performance, KPIs and assignee skills and experiences. The possibilities are limitless and this new environment will both accelerate and benefit from advanced analytical insights to the mobility world.” /

Main Survey Data Source: The RES Forum Global Mobility Data and Usage Survey, January 2017, 57 organizational responses.

What can MNCs do to increase Expatriation Success? Programme Management, Data Analytics and Technology

	Organizational Action	Comments
Programme Management	<ul style="list-style-type: none"> • Create clarity on scope of the Global Mobility (GM) function, including: <ul style="list-style-type: none"> - Policy writing & management; - Global vendor management; - Management of compliance issues; - Management of compensation and salary reviews; - Assignee tracking; - Assignment documentation. 	<p><i>Choices:</i></p> <ul style="list-style-type: none"> ▶ Sophistication versus administrative ease. ▶ In-house versus vendor provision. ▶ Strategic versus tactical. ▶ Cost versus Return on Investment (ROI), value add focus.
Technology & Data Analytics	<ul style="list-style-type: none"> • Create integrated IT systems that communicate with HRIS systems and payroll. • Define the primary uses of expatriate technology, including: <ul style="list-style-type: none"> - Capturing and managing key assignment data related to assignment progress (objectives, initiations, task/workforce management, task progress & completion); - Storage of key documents; - Running of assignment & tax cost estimates. • Compile and consolidate data effectively, visualize it and gain insights from which to build evidence-based decisions. 	<p><i>Considerations:</i></p> <ul style="list-style-type: none"> ▶ Define the needed technology integration into the overall HRIS system and/or specific GM reporting. ▶ Explore the user-friendliness of packages. ▶ Assess the speed of and access to relevant data. ▶ Make sure that the data is reliable and robust ▶ Explore ways to successfully visualize the data ▶ Consider the decisions that will be informed by the data. ▶ Consider how you can use the HRIS system to construct a set of Predictive Analytics in order to improve the resourcing, performance, development and retention of assignees
Management of Vendors	<ul style="list-style-type: none"> • Manage tax and other general compliance outsourcing providers. • Manage relocation management companies. • Manage specialist GM training and development companies. 	<p><i>Decide who manages the vendors (if applicable):</i></p> <ul style="list-style-type: none"> ▶ In-house procurement team. ▶ In-house global relocation vendor management team. ▶ Local/regional/global mobility HR teams. ▶ Other/mix.



The Data Analytics Journey



Expert view by Equus Software
Vicki Marsh, Head of Operations, UK

Until recently, Global Mobility (GM) programmes suffered from a lack of sophisticated tools to deal with the huge volumes of data generated across the assignment lifecycle and its network of services and stakeholders.

This is now no longer the case – and the integrated Mobility Eco System has further widened the possibilities for consolidating data, organizing it and visualizing it real-time for analysis. The conversion of ‘information noise’ into valuable insight is easier than ever to achieve.

“Gone are the days of spending hours running a report, adding a million filters and then manually manipulating it to look like something visually meaningful. Now I have dashboards which provide me with a snapshot of the information that I need within seconds.”

Shona Edridge, Global Mobility Lead Europe, at Unilever

Equus clients shared thoughts about their journeys, and the value they aspire to achieve in the future.

Begin with the Basics

Most companies begin their data journeys from a place of real concern about data integrity. Data often sits across multiple systems and spreadsheets, version control is impossible and GM teams are often penalized by the business for bad data that often comes from the business, undermining their reputation as business partners.

“Moving to a single source of truth was a huge leap for us, before we could really mine our data for valuable insight to the programme. Only once the data was consolidated and brought up to date could we develop dashboards that could be pushed out to the business detailing volumes, trends and estimated costs. But this allowed point-in-time active visibility of spend and a certain amount of predictability on where the programme is heading – the rise in STAs and other ‘non-standard’ assignment types and the levelling off of traditional assignment volumes being particularly key to future business planning.”

Vicki Brennan, Director of Global Mobility at Thomson Reuters

Typically, detailed cost visualization is the step after data integrity. This is simple to achieve with software that can batch-update and consolidate cost estimates across the entire business then filter down per business unit, location, cost type, cost centre, approving manager, etc. Some companies, such as Rolls-Royce, take this one step further by providing Finance and Business Leaders direct access to real-time cost data trending over time to be used for accruals.

“Cost detail is traditionally challenging to highlight to the business in rows and number formats. Empowering the business to self-serve their own cost data through interactive analytical dashboards has opened their eyes to the detail behind what they approve in terms of spend.”

Gareth Davies, Head of Global Mobility at Rolls-Royce

Build on that Foundation

GM is still very influenced by cost pressure, and the old back-of-the-envelope cost estimate still serves its purpose as a quick insight to the cost of a move. However, recent trends indicate that many businesses are experiencing a growing need for a greater level of accuracy – GM programmes are (finally) starting to collate actual cost data to build on their estimates analytics and highlight key areas for savings – such as by reducing spend on tax services. Closer alignment with Finance also seems to be a driver for some companies through tracking actuals month-on-month.

“We are currently working on meeting the demands of our business in relation to more real-time management of the accounting cycle. We are working on loading actual data into our mobility technology to compare to the estimates – facilitating real-time access to accurate costs for Finance, whilst enabling cost estimate data review, in parallel, by using actual allowance and relocation cost data.”

Vicki Brennan, Director of Global Mobility at Thomson Reuters

Then push the Boundaries

So cost and transparency are still common themes for Rolls-Royce, Thomson Reuters and Unilever, and they have worked hard to get their data cleaned up and available to their stakeholders. But what do they aspire to achieve in the future? Vicki at Thomson Reuters highlighted what many programme leads are considering.

“We would like to be more involved in assisting with candidate selection – looking at candidate profiles, country combinations and best value for the company in terms of performance, suitability for certain roles and potential return on investment.”

Vicki Brennan, Director of Global Mobility at Thomson Reuters

As we learn from Chapter 1, business push-back is often a barrier to data sharing. A strong feeling remains that performance ratings and skills profiles, although highly relevant to successful assignment management, should not be shared outside of the Talent and Performance Management space. However, attitudes are slowly changing.

“Performance enablement is high on the agenda of the HRDs and formal rating systems in many organizations are being torn up with an emphasis on continual performance dialogue and focus on development and potential. So, it’s a challenge as to how will we can collate meaningful data to inform the talent/mobility agenda. What data will be relevant and how will it be universally consistent? International opportunities play an important role in the development agenda – Global Mobility needs to partner closely with the Talent & Leadership Development teams to design programmes and meaningful solutions in order to be successful.”

Gareth Davies, Head of Global Mobility at Rolls-Royce

Companies like Rolls-Royce and Thomson Reuters are recognizing the importance of looking outside of the box when it comes to data. Slowly conversations are turning to non-standard sources such as public social media profiles from LinkedIn – a way to source skills and experience without having to ask employees to complete more forms and maintain more profiles. Mike Piker at Naspers is looking to further break boundaries by tapping into vendors and more anecdotal information to help identify suitable candidates.

“I envision gathering a set of predictive analytics that will help us identify employees who can withstand and deliver on their role in tough locations. I want to gather information that will answer: How well do they tolerate ambiguity? How well do they deal with security challenges? Are they easily disconcerted? How well did they adjust in previous moves?”

Mike Piker, Vice President – Global Total Rewards/People Technology, Naspers

Global Mobility Technology has come a long way. Where technology demands used to be about automation of complex calculations, and workflow to simplify policy complexities, now these functionalities are expected by default. Changing attitudes to system integration and data sharing mean that GM attention is turning to more creative value-add – comparing cost with performance, baselining against the wider organization and leveraging external data sources – to truly align with the Talent agenda.

About Equus

Equus Software is the global leader in cloud-based international relocation and mobility solutions. More than 300 organizations around the world rely on Equus tools and technology to automate mundane, transactional work so that global mobility teams, talent management professionals and other key stakeholders can focus on adding value to the business. Founded in 1999, Equus has a proven track record for delivering cutting-edge talent mobility solutions, continuous innovation and exceptional customer service.

www.equusoft.com





Chapter Introduction by:
Alexander Rasink, Mazars
Director- Tax, Global Mobility Services

One of the most interesting observations outlined in this chapter is that the impact of both age and generational differences in Global Mobility (GM) have been traditionally under-explored. With regard to age diversity, the greater scrutiny of gender pay reporting in the UK will sharply bring into focus those employers that embrace the modern workforce. Ultimately, the figures are likely to have a bearing on the attractiveness of an employer's brand (and there will likely be significant damage for those indicating a large gender pay gap).

A particularly interesting recent trend amongst professional services firms is an openness to diversity around hiring criteria for entry-level positions, challenging the previously held

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SOFTWARE



Managing Age Diversity in Global Mobility



assumptions that individuals must have a degree, have achieved certain grades, and have attended elite schools as a supposed guarantee of better performance. Such a departure from the established thinking in this area has been widely considered a success, with candidates who don't meet such criteria often outperforming their more academically-successful peers. New entrants to the workforce are also challenging established expectations around long working hours as a rite of passage, and seeking greater work/life balance and flexible and dynamic working environments, even if this equates to lower levels of pay. Talent strategies involving the removal of senior, established layers of management to make room for other, younger talent to ascend the organization's ladder rungs may also require reflection and reassessment.

Philosophically, should it be the role of GM and HR more generally, to champion the rights and aspirations of all demographic groups across the organization, and to challenge the view that progress and promotion should remain the domain of a narrowly defined group of primarily early to mid-career employees considered to be representative of the definition of 'top talent'? Should the role of GM be to challenge the assumption that certain demographic groups aren't willing or able to accept assignment opportunities? Previous barriers around retirement proximity and medical considerations will surely become less prevalent as the workforce enjoy longer and healthier life spans.

At Mazars, we work with organizations to review their GM policies and practices to ensure that they are at the cutting edge of recruitment and assignment candidate selection. Our clients who successfully move away from more traditional approaches and who achieve an understanding of the unique characteristics and mindset of Millennials as they move into the workforce, and who then translate this understanding into practices that suit their own unique corporate cultures, will undoubtedly be ahead of their competitors in the Talent Game.

2

Managing Age Diversity in Global Mobility

By Professor Michael F. Dickmann

Introduction

Diversity management is one of the key topics in the human resources and leadership literature. While Global Mobility (GM) literature has traditionally concentrated on cultural and national diversity, diversity in terms of gender, age or sexual orientation has been far less covered and subsequently, the insights of the business world into differences and how to manage them are not sufficiently developed. The The RES Forum Annual Report 2016 concentrated on exploring gender differences. This year, we are starting to explore age diversity in Global Mobility – a topic so under-investigated that we have to rely on some of the general age and generational literature relating to the workplace more broadly for comment and comparison.

We are starting to explore age diversity in Global Mobility.

Barbara Delinsky, an American novelist born in August 1945, argued that “The important part of growing older was the growing part.” This could be an argument that older assignees are already more mature, know the organization better and have more developed and deeper social networks if they have had a long tenure. With respect to the organizational goals associated with older assignees, they have a higher likelihood to go on control and coordination assignments in which their job is in a senior position and they aim to instil the right culture, policies and processes in a subsidiary (Edstrom and Galbraith, 1977). In turn, younger assignees have a higher propensity to go on assignments where there is primarily a developmental focus (Dickmann and Müller-Camen, 2006). However, we are severely lacking in data to substantiate these claims and we do not know the effects of age on outcomes such as performance, retention or career progression during and post assignment. This is what the RES Forum survey on Age Diversity wanted to find out. In order to be relevant to both the age and generation debate, the survey distinguished between three groups of assignees:

1 Early-Mid Career Individuals

Generation Y and Millennials, covering assignees younger than 35 years old in 2016, i.e., born after 1981;

2 Mid-Peak Career Individuals

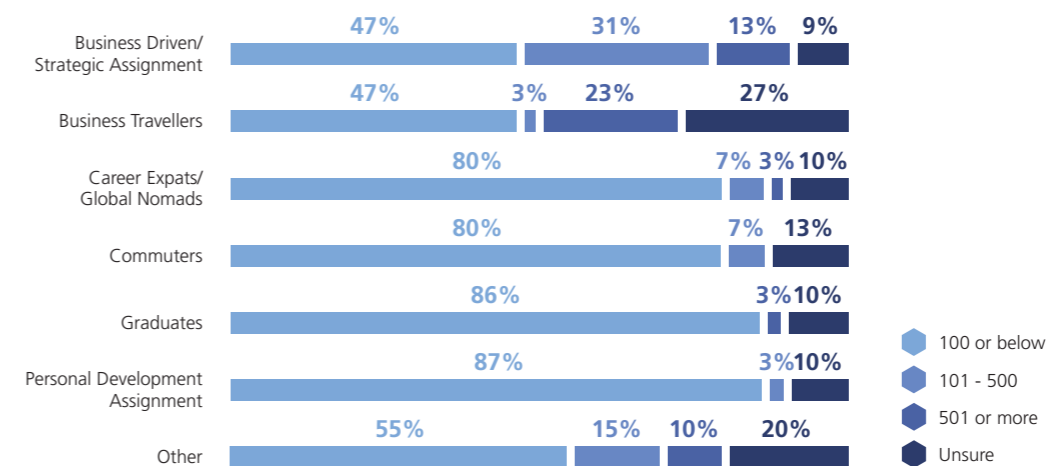
Generation X namely assignees born between 1964 – 1981 i.e., between 35–52 years old;

3 Late Stage Career Individuals

Baby Boomers, assignees born before 1964 and who were, therefore, at least 52 years old.

The age diversity discussion is based on data from 33 large multinational corporations (MNCs). Half of these MNCs (48%) had 25,001 or more employees with a further quarter (24%) having between 10,001 and 25,000 staff. The total global assignee population was large with 15% of corporations having 1,001 or more expatriates, 18% having between 501 and 1,000 expatriates and a further 42% having 101 or more global assignees. Looking at the assignment types, control and coordination assignments – most likely amongst strategic assignments and career expats – are well represented. In addition, developmental expatriation, frequent amongst graduates and personal development assignments, was also reasonably common.

Figure 2.1 For each of the following assignment types, what is the TOTAL global assignee population of your organization?

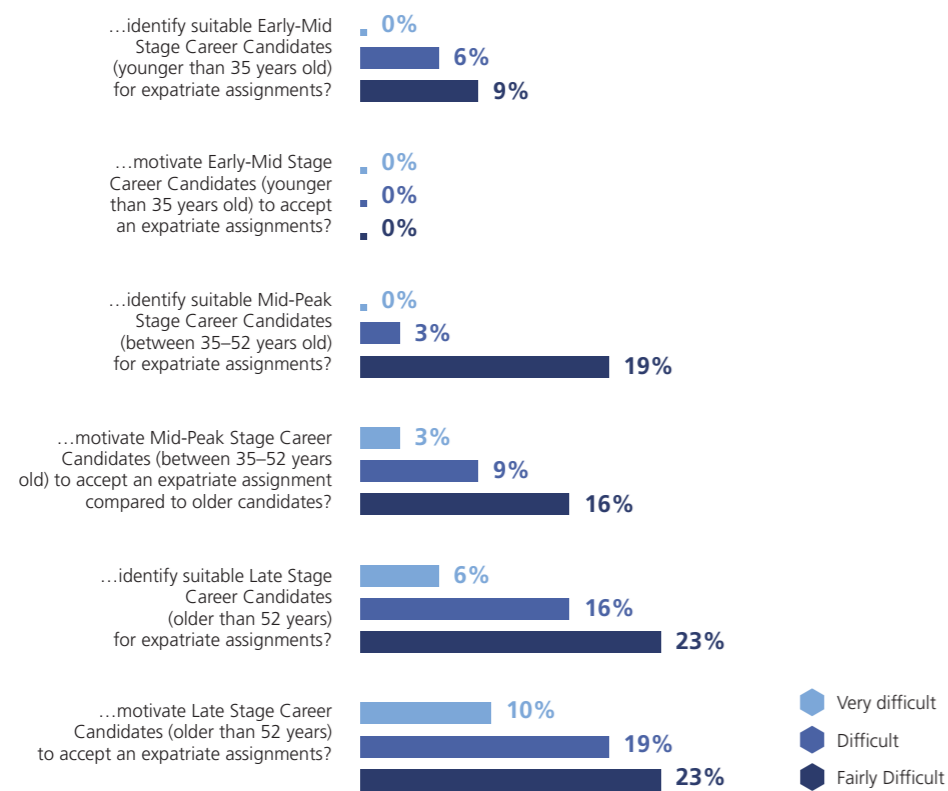


One in five organizations (21%) operated in more than 76 countries with a further 61% working in more than 26 countries. 58% would send assignees to more than 26 countries. We can assume that these companies are often very large and highly diverse, leading to increased pressures to have good talent and diversity management policies in place.

Identification and Willingness of Candidates to Accept a Posting

In Chapter 4 as well as in earlier RES Forum Annual Reports, we see that many MNCs find it difficult to identify and motivate suitable candidates to take up the challenge of working overseas as assignees. While the reasons for the scarcity of willing assignees were explored in last year's report, (and some management activities and interventions were suggested to alleviate this difficult situation) we did not investigate how age contributed to this. The degree of difficulty for each of the three age groups is outlined below.

Figure 2.2 Regardless of gender, please rate how easy or difficult it is for your organization to do the following ...



It seems that it becomes more difficult with age to identify suitable candidates and to motivate them to accept the opportunity of an assignment. Only a few companies (15%) find it difficult to identify suitable early-mid career stage candidates for expatriate assignments and none of the respondents find it hard to motivate them. However, the older employees become, the more difficult organizations find it to identify suitable expatriation candidates. In addition, they find it increasingly difficult to motivate them to accept a position abroad. One respondent commented "motivation not to take an assignment is typically tied to uncertainty about the next position upon their return, which is often less of a concern for younger candidates". Other contributing factors may be family and dual career issues or repatriation hurdles. Given these challenges, it is becoming ever more important to understand the drivers and motivations of potential candidates for international assignments and to develop policies and practices to create a win-win situation for both the employer and employee where possible.

Assignment Drivers of Different Generations

There are several articles that explore expatriation drivers (Stahl et al., 2002; Hippler, 2009; Doherty et al., 2011). We will use the categorization of Dickmann (2013) to depict the strengths of drivers for Generation Y/Millennials, Generation X and Baby Boomers. Below, we use the following types of drivers: personal drivers, monetary and non-monetary incentives, developmental and career motivations, family and location considerations. Distinguishing between the motivations of early-mid, mid-peak and late stage careerists in accepting a posting abroad is novel and has the potential to yield exciting insights.

Personal Drivers

While there is a plethora of personal drivers, the RES Forum survey picked out two drivers that GM literature has identified as especially important: desire for adventure and desire to see the world.

How important in your assessment are the following motivational drivers

Figure 2.3a Desire for Adventure

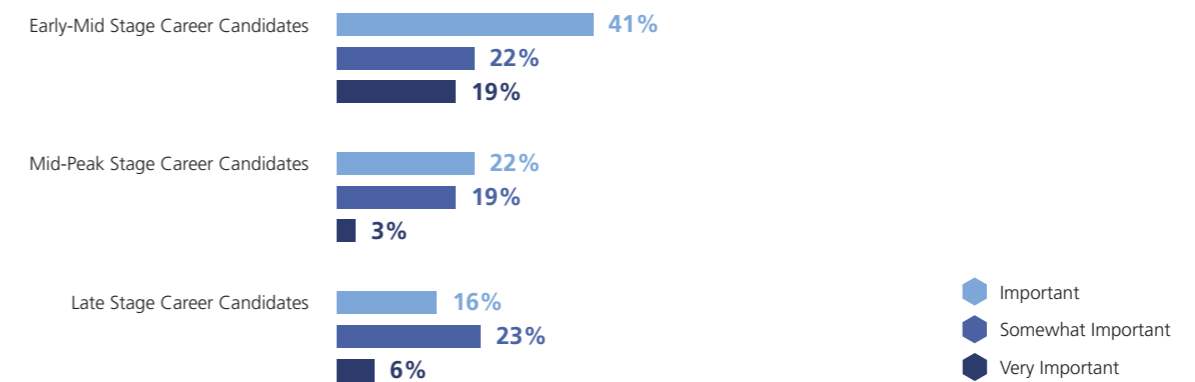
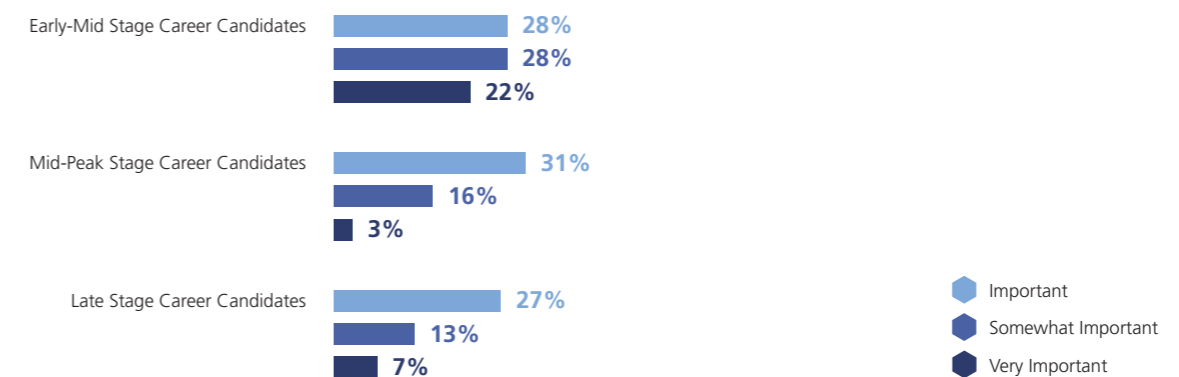


Figure 2.3b Desire to See the World



Personal drivers are seen to be significantly more important to early-mid careerists (aged 35 years or below) than to any of the older expatriates. Given that younger candidates have a higher chance of being unmarried, there is typically (with a slight dose of stereotyping) a greater focus on a desire for adventure and a wish to see the world. These drivers could be taken into account when choosing an expatriation destination. However, given that companies have fewer problems in sourcing assignees amongst the younger age group, this management activity may be less pressing.

Given that younger candidates have a higher chance of being unmarried, there is typically a greater focus on a desire for adventure and a wish to see the world.

Monetary and Non-Monetary Conditions – Expatriation Package

Monetary and non-monetary conditions of work of work abroad are estimated to be most important to mid-peak careerists aged between 35-52 years old in the literature. However, there is no pronounced difference between them and the older age group while the gap between them and the younger age group is substantial.

Figure 2.4a Expatriation Package – Personal Financial Impact

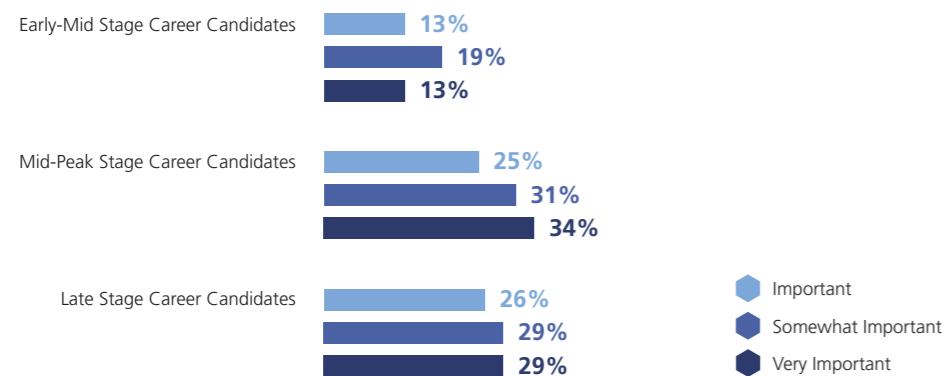
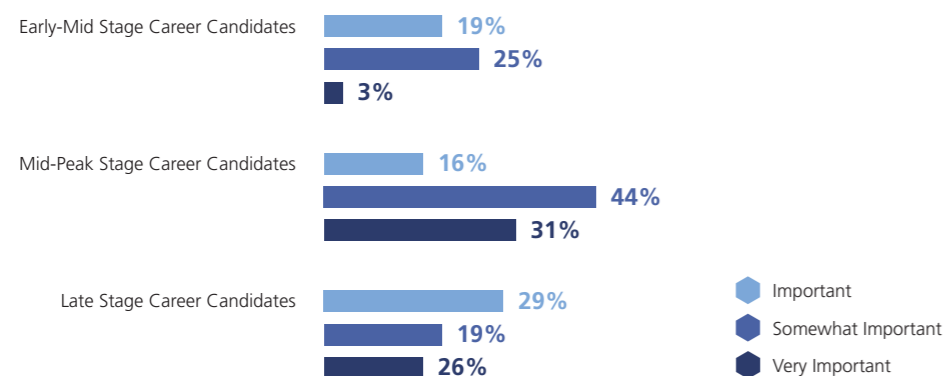


Figure 2.4b Expatriation Package – Other Support Measures

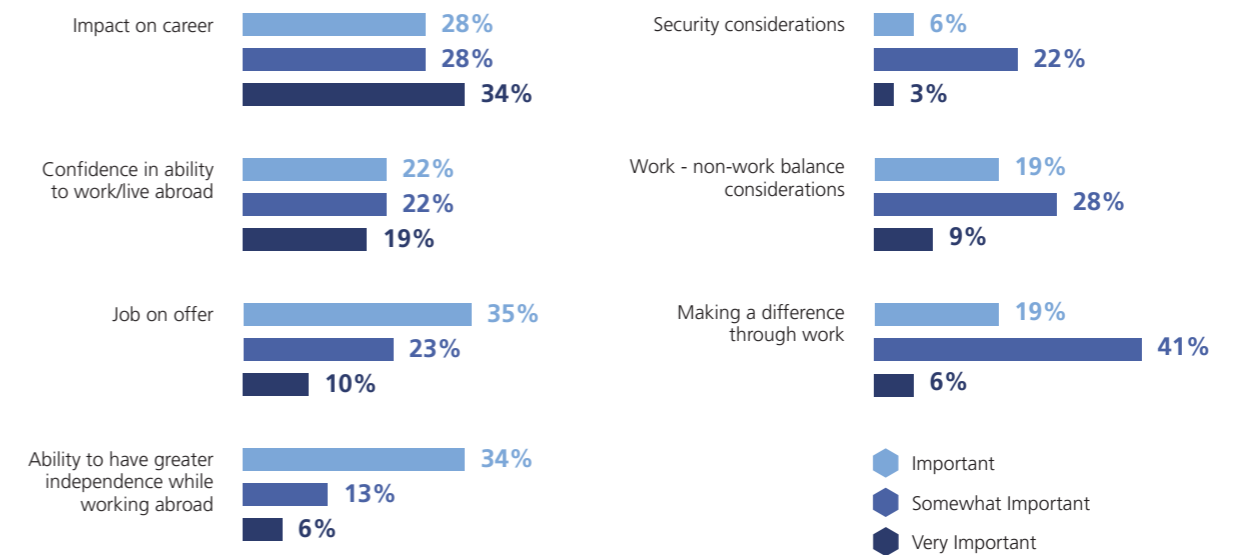


It can be said that for the two older groups, the personal financial impact and other support measures agreed in the expatriation package are amongst the most important drivers. In contrast, early-mid stage career candidates (Generation Y and Millennials) attribute far less importance to these factors. They are one of their weakest motivations (together with family concerns). We will see in Chapter 5 that MNCs distinguish between developmental and business critical assignments, with assignees in the former category receiving less generous expatriation packages. The drivers of younger assignees are a further indication that MNCs may be able to tailor their expatriation packages in response to what individuals in their different career stages value.

Developmental and Career Motivations – ‘Knowing Why’

There is a range of reasons characterized in the literature (Inkson and Arthur, 2001; Dickmann et al., 2016) as ‘knowing why’ – drivers that encompass what individuals seek from work and their careers, what motivates them and makes them get out of bed in the morning.

Figure 2.5a Early-Mid Stage Career Candidates (Generation Y, Millennials)



*‘Knowing Why’- Drivers
Drivers that encompass what individuals seek from work and their careers,
what motivates them and makes them get out of bed in the morning.*

Figure 2.5b Mid-Peak Stage Career Candidates (Generation X)

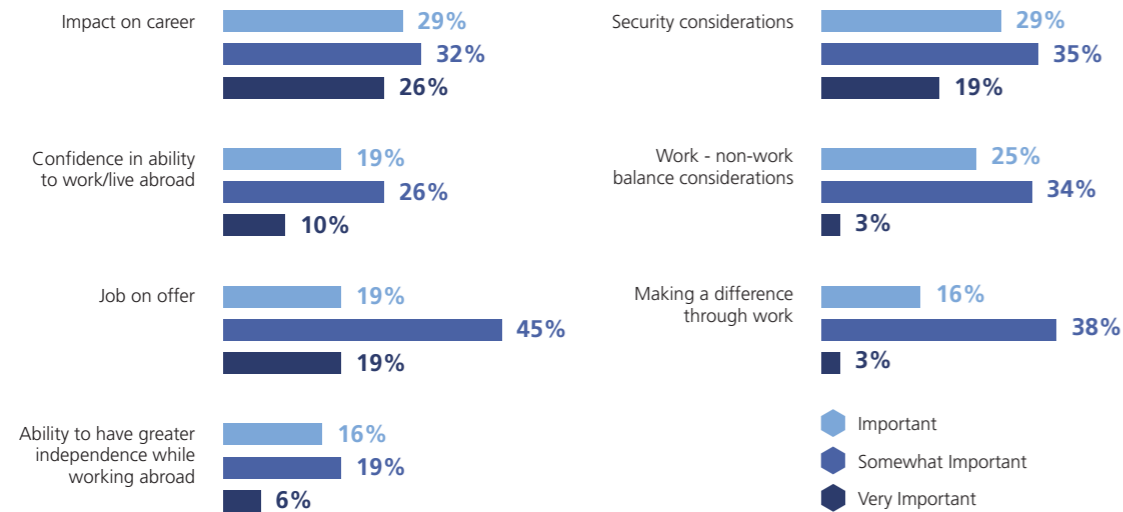
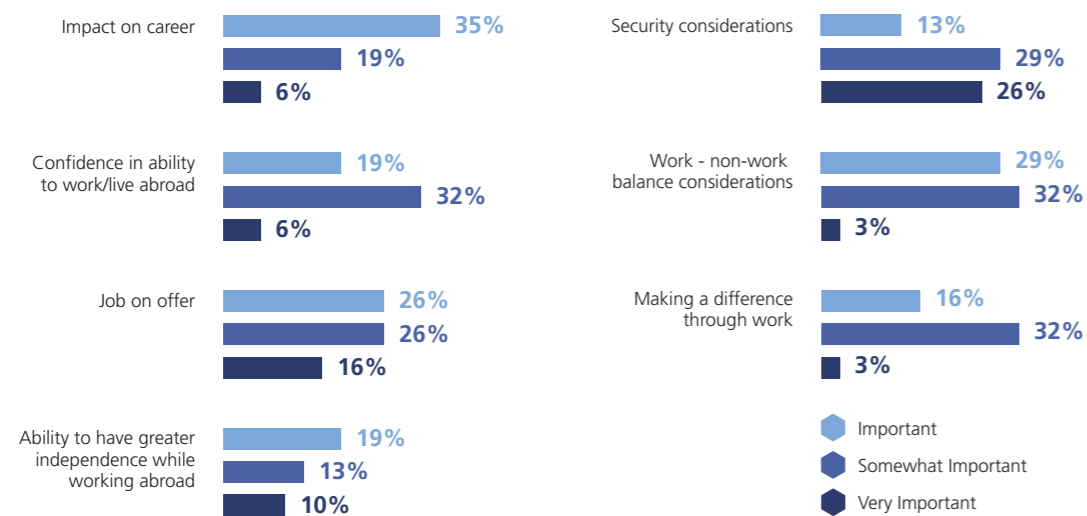


Figure 2.5c Late Stage Career Candidates (Baby Boomers)



It emerged that the impact upon the assignee's career is highly important to early-mid as well as mid-peak careerists, namely those aged up to 52. Unsurprisingly, older assignees are often seen to value career progression less. While the confidence to work and live abroad was important to all groups, the job on offer was more important to mid-peak careerists compared to the other age groups. Given that for these assignees' career progression was important, and that they have sufficient experience in their working lives to be cautious about potentially detrimental moves, this makes sense. Independence and work – life balance were valued but somewhat less so than many of the other drivers. The same was true for 'making a difference through work'. In line with the literature, this driver was more important for younger individuals than for their older counterparts, albeit moderately so. Overall, all age groups, not just Generation Y and Millennials, were seeking a sense,

of personal fulfilment and career progression through working abroad. While there were certainly some differences between the age groups and these were generally in the direction that the literature on cross-generational work would predict, the extent of these differences through the GM lens was not quite as dramatic as many writers have led us to believe or indeed what we may have expected before completing this research. Thus, many late stage careerists still wanted to make a difference through work and they cared about the impact of an overseas assignment on their careers. Equally, work-life balance considerations were important to many assignees across the age groups, even though some age patterns were apparent. With respect to the drivers of international assignments it is important to not just look at the differences between generations but also to assess the commonalities between generations.

'Knowing How'- Drivers Career-relevant skills, knowledge and abilities

Developmental and Career Motivations – 'Knowing How'

The careers literature describes 'knowing how' as the possession of career-relevant skills, knowledge and abilities (Inkson and Arthur, 2001). In our survey, three items; 1) professional challenge and potential for skills development, 2) ability to achieve job-related tasks and 3) having relevant job skills, were used to assess assignees' level of 'knowing how'.

Figure 2.6a Professional challenge and potential for skills development

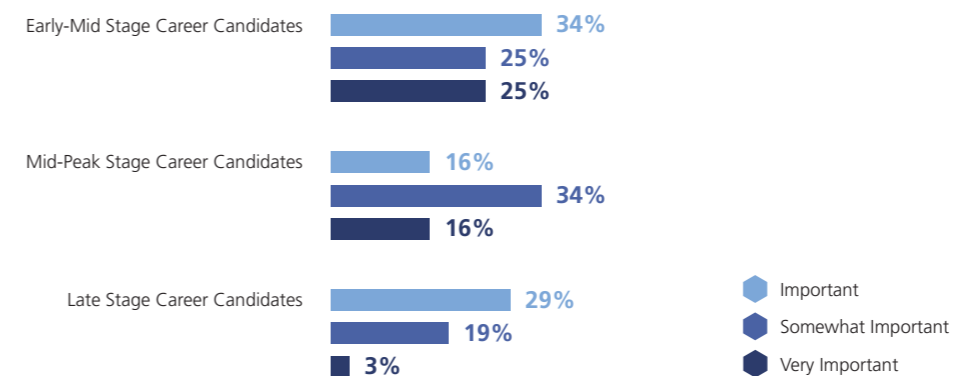


Figure 2.6b Ability to achieve job related tasks

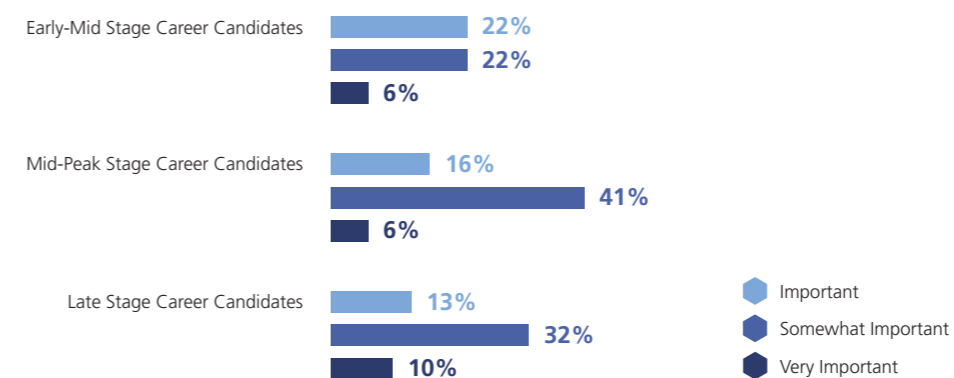
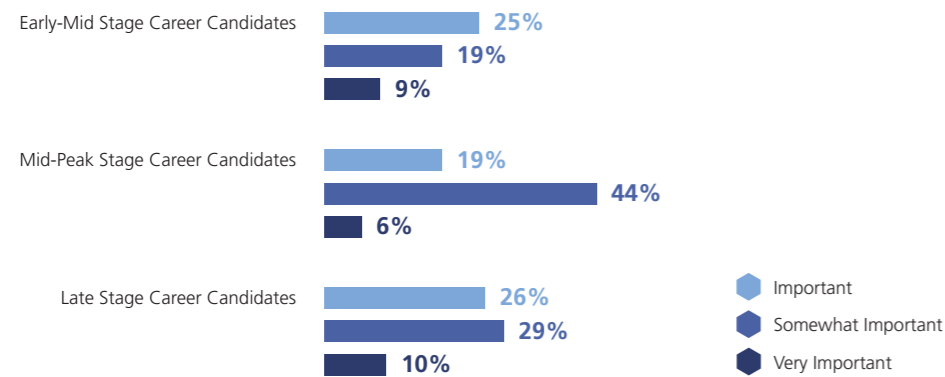


Figure 2.6c Having relevant job skills



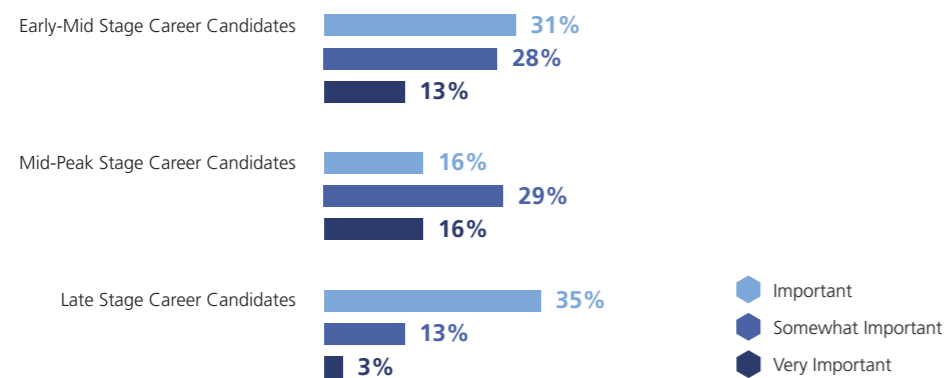
Professional challenge is most important for Generation Y and Millennials compared to the other age groups. In contrast, Generation X is seen to be more driven by the ability to succeed at job-related tasks and by having the relevant job skills, guarding them against underperformance. The task focus of Generation X fits well with a performance orientation that is valued in most organizations and may lead to a better chance of a successful repatriation and positive career progression (Doherty and Dickmann, 2012). It confirms that the approach by many companies to offer more developmental assignments for younger expatriates and more business needs/strategic assignments for older expatriates is justified.

*‘Knowing Whom’- Drivers
The potential to develop professional networks and the ‘right’ kind of connections.*

Developmental and Career Motivations – ‘Knowing Whom’

Social networks in business are important and the ‘right’ kind of connections are seen to advance the careers of individuals (Raider and Burt, 1996; Dickmann and Baruch, 2011).

Figure 2.7 Potential for professional network development



The potential to develop professional networks is seen to be most important for early-mid careerists compared to older staff. While it is probably older professionals in more senior positions who rely more on networks for the accomplishment of their job goals, it is younger staff who perceive to have to expand their networks. Companies could respond with expatriate and repatriate networking events and broader work engagements across borders to fulfil these ambitions.

Family Considerations through the Generational Lens

Considerations about the impact of a foreign posting on partners, families and friends are a barrier that can prevent some individuals from accepting work abroad. Major hurdles that are difficult to overcome are concerns regarding children’s education, particularly when children are at an important stage in their schooling such as during an exam year, and concerns from partners who have a career that is equally as important as the assignee’s career and who fear that their career will be negatively impacted by a relocation to another country.

Figure 2.8a Partner and dual career considerations

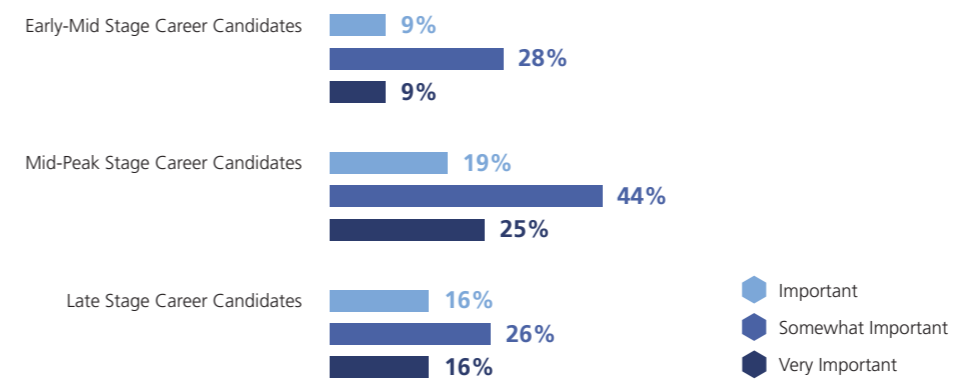
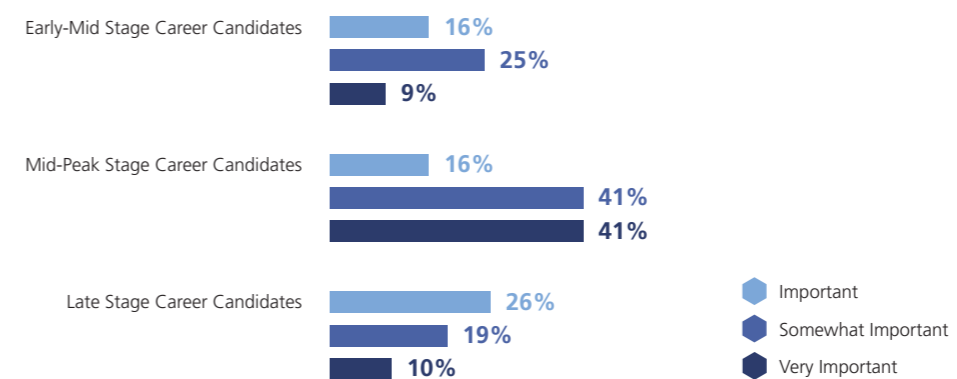


Figure 2.8b Family and educational considerations



As one would expect, partner and dual career considerations as well as family and educational concerns are most prominent for mid-peak career individuals aged 35-52. Their younger, as well as older, colleagues are seen to consider these factors to be far less important. Since it is costly and sometimes impossible to manage these concerns, we have seen a trend towards more younger (early-mid stage career) and older (late stage career) assignees over the last two decades. As reflected in the mobility drivers of the assignees and in the expatriation practices in MNCs, younger assignees tend to be more frequently on developmental assignments while older expatriates are more commonly on business-critical postings.

Specific Location Considerations

We know that location considerations, especially with regard to hostile and insecure environments, can have a strong impact on the decision to work abroad (Dickmann and Cerdin, 2016). There are significant differences between the three different age groups in this area.

Figure 2.9a Desire to live in host country in general

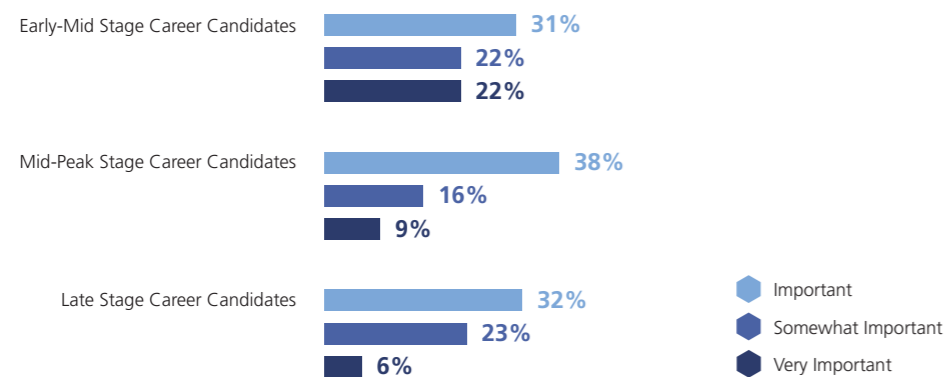
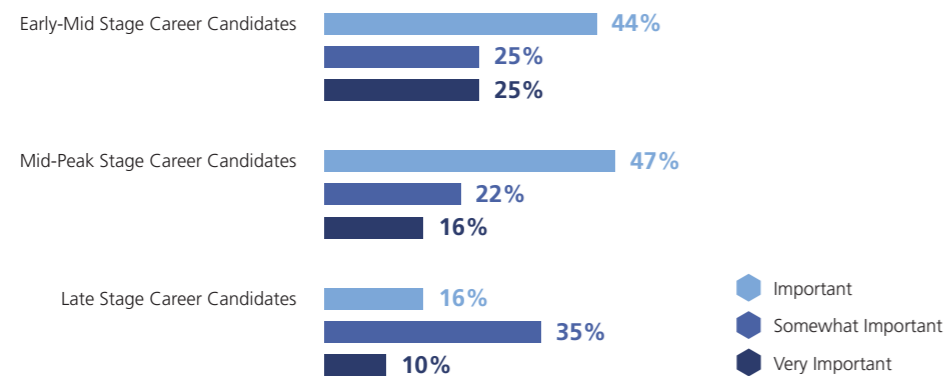


Figure 2.9b Perceived attractiveness of specific host location



We might expect that Millennials and Generation Y would be the most concerned of the three groups about the perceived attractiveness of specific host locations, and this fits well with their desire for adventure and wish to see the world. In turn, their concern about security is significantly less than that for Generation X and Baby Boomers. Companies should consider factoring this in when allocating expatriate jobs/locations and attempting to fill positions in hostile or fragile environments. Evidently, organizations must also consider their duty of care with regard to security when making offers of work in such locations.

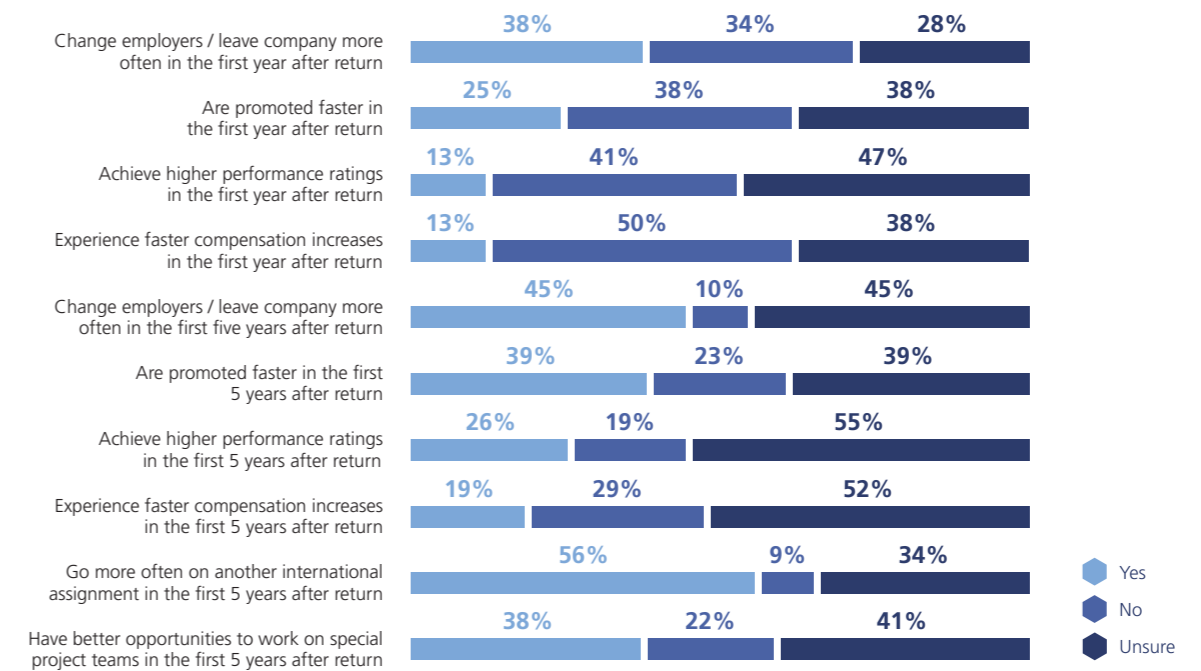
While the RES Forum survey looked at motivational differences, it also explored the differential outcomes of working abroad.

Movies, paintings and music are littered with references to young, wild and free art forms.

The Outcomes of Working Abroad – The Young, Wild Ones

Movies, paintings and music are littered with references to young, wild and free art forms. As we have seen, Generation Y and Millennials are seeking more adventure and exploration. These ‘young and wild’ employees are often at the core of talent management activities and we wanted to compare them with older, more established managers and professionals i.e., Generation X. One of the insights we generated was that many companies, about a third, did not track the outcomes of expatriation in relation to age or generation and were, therefore, unsure how to answer the questions. Those who did answer created an interesting picture.

Figure 2.10 In your opinion, within your organization, when compared to Mid-Peak Stage Career Repatriates (Generation X), on average, Early-Mid Stage Career Repatriates (Generation Y, Millennials)...



The ‘career wobble’ and increased fluctuation in the first year after return are well known phenomena...

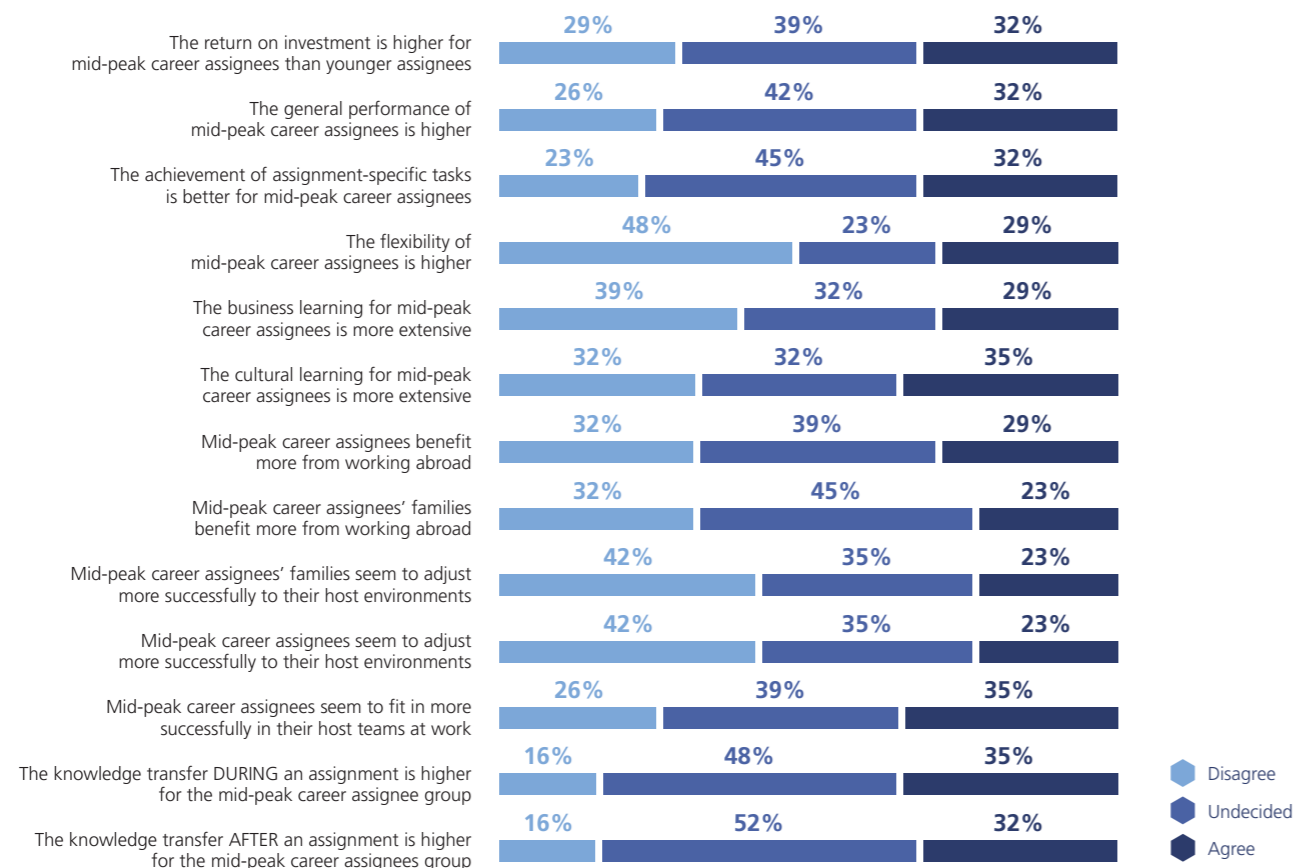
The biggest difference in the first year after return is that Generation Y and Millennials change employers more often (38%) and are more frequently promoted (25%) than their older peers, although only a few achieve better performance ratings. The ‘career wobble’ and increased fluctuation in the first year after return are well known phenomena and they may be particularly challenging for ‘young, wild’ employees. Increased promotion rates (especially as we know that their career prospects compared to non-expatriated peers are significantly better) look like a step in the right direction. While reward systems place limitations on substantial remuneration increases (which are often expected by repatriates), other company activities to manage this challenge are outlined in the recommendation tables in this report.

Taking a longer term view, within the five years after return, Millennials and Generation Y employees are more likely to leave the company. Those who stay have a high chance of going onto another assignment, of being promoted faster than older repatriates and of having better opportunities to work on special projects. They have a higher likelihood of being a member of a top talent pool, be it formally in existence or informally in the minds of their superiors.

The Outcomes of Working Abroad – The Peak Career, Established Ones

The RES Forum survey also compared the ‘young, wild’ ones with Generation X – the mid-peak career, more established leaders – on a range of other dimensions. Notably, the results did not demonstrate whether the ROI or the performance of Generation X staff was superior in comparison to the younger age group. About a third of companies believed this to be the case, but almost as many disagreed.

Figure 2.11 Comparing Mid-Peak Stage Career assignees and Early-Mid Stage Career assignees please indicate the degree to which you agree with to the following statements.

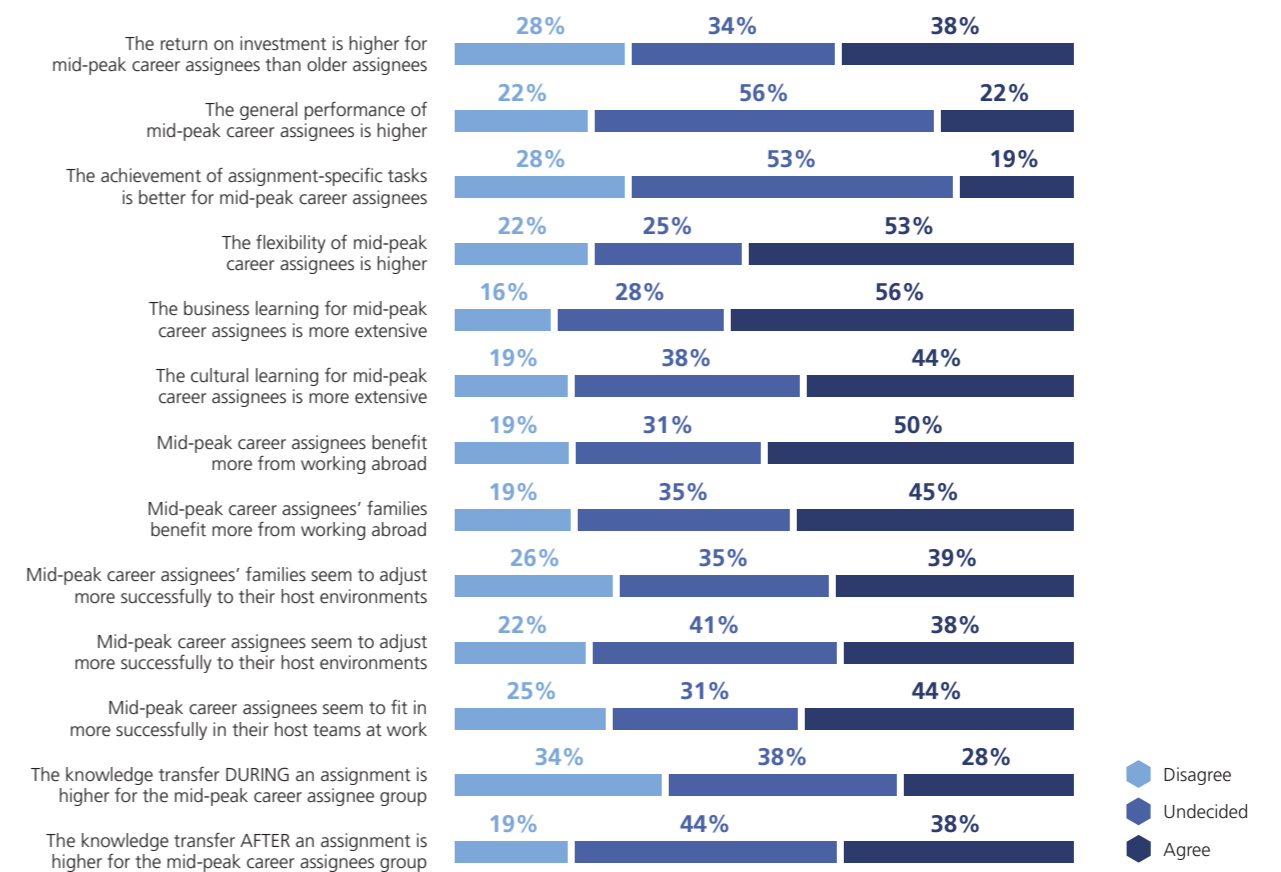


One of the largest differences between Generation X when compared to Generation Y and Millennials was with respect to knowledge transfer during and after the assignment. The higher hierarchical position of Generation X professionals is likely to facilitate knowledge transfer. Surprisingly, mid-peak careerists fitted more successfully into their host teams at work than Generation Y, although they (and their families) were often not seen to adjust better than Generation Y to the local context.

This may be explained through the better leadership abilities and the greater work experience that Generation X managers possess.

The RES Forum survey also compared Generation X with Baby Boomers i.e., those in the latter stages of their career. Current thinking in the literature on the differences between generations predicts that the biggest differences are not between Generation Y and Generation X but actually between Baby Boomers and all later generations. However, these differences are seen mostly as attitudinal and expressed through work behaviour in terms of work effort and security orientation of the late stage careerists. Our data indeed indicates large differences.

Figure 2.12 Comparing Mid-Peak Stage Career and Late Stage Career assignees, please indicate the degree to which you agree with the following statements.

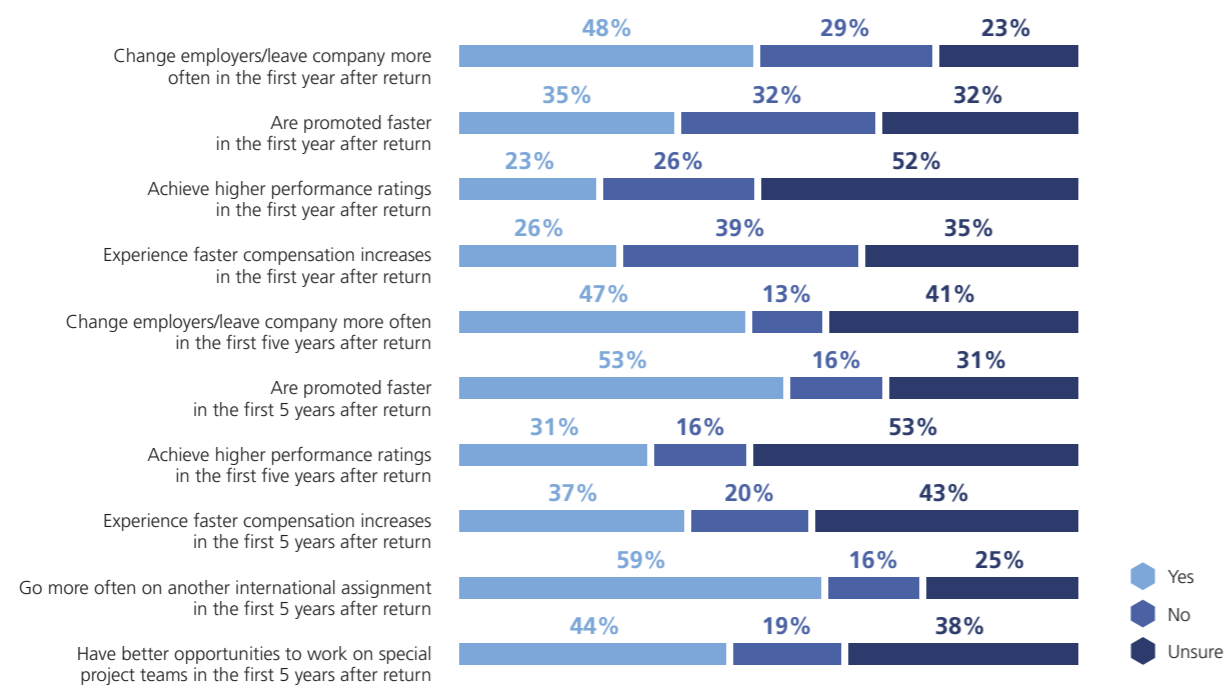


MNCs think that business learning for mid-peak career assignees is more extensive and that they benefit more from working abroad. In addition, their cultural learning and their adjustment (as well as the benefits to their families) are seen to be superior. Interestingly, even the knowledge transfer after the assignment is seen to be superior for Generation X in comparison to Baby Boomers, irrespective of the fact that Baby Boomers are generally more senior in their organizations. The data appears to show that Baby Boomers are probably best suited to control and coordination assignments while younger generations may generate more benefits for themselves and their organizations when on developmental or skills filling assignments (Edstrom and Galbraith, 1977; Dickmann, 2017). Additionally, the traditional trend to send mid-peak careerists onto global assignments may be rooted in the superior adaptability and learning of Generation X staff (Dowling et al., 2013).

There is no strong indication that the performance of Baby Boomers is inferior to that of younger generations when on assignment. This is in tune with the author Alex Morritt's statement that "Age is a seasoned trickster. To our parents, we will always be children. Within ourselves, the same yearnings of youth; the same aspirations of adolescence, will last a lifetime. Only to the young – blinded by our grey hair and slowing gait – do we appear old and increasingly beyond the pale." As ever, performance will also depend on individuals, assignment objectives, local and global contexts and to some extent on conditions such as timing and circumstance.

And so for some final considerations we looked at what happened post assignment when comparing Generation X with Baby Boomers.

Figure 2.13 In your opinion, within your organization, when compared to Late Stage Career Repatriates, on average, Mid-Peak Career Repatriates...



In the first year after repatriation, mid-peak career expatriates are seen to leave their company more often than Baby Boomers. Those who stay, similarly to Generation Y repatriates, are more likely to be promoted and are more likely to achieve higher performance ratings and faster compensation increases. These trends continue for five years after repatriation with promotion, reward and job benefits for Generation X repatriates. Given that the early-mid career repatriates benefitted even more than mid-peak career returnees, it seems that for assignees in many MNCs it is more beneficial to work abroad early in their careers. In fact, it seems that the earlier a professional works abroad the more beneficial it is in career terms.

Conclusions and Learning Points

Age and generational differences in Global Mobility have been traditionally underexplored. We distinguished early-mid career staff (Generation Y and Millennials, born after 1981), mid-peak career individuals (Generation X, born between 1964-1981) and late stage careerists (Baby Boomers, born before 1964). The RES Forum survey, while based on a moderate number of large MNCs, sheds light on a range of interesting differences and generates valuable insights.

- Older expatriates are more likely to be in senior positions and therefore more likely to be sent on a strategic (control and coordination) business needs assignment. Younger expatriates are more likely to be sent on a developmental assignment.
- As potential assignees get older, the respondents feel that it becomes more difficult to identify suitable candidates and to motivate them to accept postings. Different sets of drivers motivate the different age groups:
 - Personal drivers were most important to early-mid careerists (Generation Y, Millennials).
 - Expatriation package was most important to mid-peak careerists (Generation X).
 - All age groups sought sense, fulfilment and career progression. However, career impact was more important to early-mid as well as mid-peak careerists compared to their older counterparts.
 - Professional challenge was most important to early-mid careerists (Generation Y, Millennials) in comparison to the other generations.
 - Younger expatriates perceive a stronger need to expand their social capital even though it is probably older assignees who utilize their social networks more for work purposes.
 - Partner and dual career considerations as well as family and educational concerns are more pertinent for mid-peak careerists (Generation X) than for other age groups.
 - Security concerns are more important to mid-peak and late careerists (Generation X and Baby Boomers) while early-mid careerists (Generation Y, Millennials) are more concerned about the attractiveness of specific host locations. Overall, this validates the GM approach of many MNCs to offer more developmental assignments to younger expatriates and more business needs/strategic assignments to older assignees.
- Early-mid stage careerists (Generation Y and Millennials) change employers more often (36%) and are more frequently promoted (25%) than their older peers.
- Mid-peak stage careerists (Generation X) fit more successfully into their host teams and are seen to facilitate knowledge transfer more than younger peers (Generation Y, Millennials).
- Business learning is more extensive for mid-peak (Generation X) than late stage careerists (Baby Boomers). However, there is no strong indication that the performance of late stage careerists is inferior to that of younger generations when on assignment.

Main Survey Data Source: The RES Forum Age Diversity Survey, December 2016, 33 organizational responses

What can MNCs do to increase Expatriation Success? General

	Organizational Considerations & Actions	Comments
Strategic Global Career Approach	<ul style="list-style-type: none"> • Design and Implement adequate International HR Management (IHRM) configuration to support global corporate strategy. • Explore best role of Global Mobility (GM) Department: Strategic Global Advisor, Global Talent Manager, Administrative Expert, Global People Effectiveness Expert. • Define and execute corporate branding strategy that covers global careers. • Clarify diverse purposes of global careers within the organization and specify those in relation to career opportunities/global moves. • Create coherent global career approaches; they may be simply thinking in terms of careers rather than international mobility. • Walk the talk – implement the statements of top management. • Give international work high kudos. 	<p><i>Strategy and Policy Considerations:</i></p> <ul style="list-style-type: none"> ▶ Understand global competitive environment, industry and organization. Understand that there are specific ways to achieve competitive advantage. ▶ Choose most suitable overall IHRM configuration – ethnocentric, polycentric, regiocentric, geocentric – and design for internal variations. ▶ Design approaches for different target groups of global careerists: Company Assignees, Self-Initiated Expatriates Business Travellers, others. ▶ Select the primary purpose of global career steps (development, control & coordination, skills-filling, knowledge transfer, etc.) and design packages that take account of diverse interests & pay-offs. ▶ Create and implement a clear and attractive globalization strategy that incorporates positive pay-offs for globally mobile staff. ▶ Set up external (e.g. internet, job fairs, etc.) and internal communication that drives the advantages of working abroad home to candidates and assignees. ▶ Ensure that there is coherent and consistent execution of global career policies and practices.
Operational Considerations	<ul style="list-style-type: none"> • Clarify job expectations and responsibilities. • Gain agreement as to job objectives between individual, home and host country. • Provide overlap with incumbent to facilitate ‘hitting the ground running’. • Align any other conflicting expectations regarding performance standards, job, working environment etc. • Give discretion in the job. • Ensure pre-return preparation for the job. • Deliver on-going support for time after return. • Conduct long-range planning for repatriation. • Plan networking opportunities into the international work. • Provide job challenge. • Create opportunities to use new global capabilities. • Set up pre-return and after return dialogues to manage expectations / build realistic pre-return expectations. • Brief and update regarding organizational structure, goals, politics and changes in the new locations. • Provide help for partner to find meaningful activity such as job and career re-entry. • Give help for family to (re)-settle. 	<p><i>Operational and Other Choices:</i></p> <ul style="list-style-type: none"> ▶ Choose a job that the candidate will find a slight stretch (for most international positions). Adjustment to a new team and new culture is already a challenge. ▶ Build in challenge. For earmarked top leaders the stretch might be larger. This might include changing divisions, functions or more radical job content alterations. ▶ Design staffing policies so that they are perceived to be fair or advantageous by candidates and their families. ▶ Create sophisticated selection approaches which consider a range of factors, including personality factors linked into adjustment and repatriate adjustment. ▶ Encourage continuous communication with home during work abroad. ▶ Ensure adequate responsibility and autonomy (ideally no reduction). ▶ Conduct an open and honest assessment of the global careerist’s situation in relation to the organization. ▶ Explore long-term career opportunities. ▶ Evaluate security implications in the host location(s). ▶ Evaluate other implications in relation to health, climate, language, host country perceptions of foreigners, religion, sexual orientation.



Spotlight on Gender-Inclusive Global Mobility Programmes



Expert view by:
HR&Relo Advisors, **Ginger Merrick, SCRP, SGMS**
Senior Consultant

Bristol Global Mobility, **Cindy Ayling, CRP, GMS**
Vice President Marketing

The RES Forum Annual Report 2016 signalled to the HR world that Gender Diversity issues, through the lens of globally mobile employees, had arrived as an area of focus in the effective deployment of female assignees internationally.

In December 2016, Chris Kline, Executive Vice President at Bristol Global Mobility and President of The RES Forum Americas, participated in an event in Hong Kong with The Women's Foundation of Hong Kong (TWF). Chris was part of a panel of industry experts that gathered together to discuss best practices for developing female talent and overcoming the gender barriers for women. TWF conducted research, including the 2016 research provided by the RES Forum Annual Report 2016, and developed the "TWF BEST PRACTICE GUIDE TO DEVELOPING THE PIPELINE OF FEMALE TALENT".

The highlights from the TWF research, and which are as relevant in Asia as they are globally, are as follows:

Why Global Mobility matters

90% Business leaders believe international assignments are critical to developing successful future leaders

77% Global Mobility leaders agree that global acumen is a critical skill for advancement into leadership

70% Believe international mobility will play an increasing role in the success of their organizations

Source: The Women's Foundation, TWF BEST PRACTICE GUIDES TO DEVELOPING THE PIPELINE OF FEMALE TALENT. 2016

So why should global companies enable women to be more internationally mobile?

1) Women in Leadership improve Corporate Success Rates. There is a significant disparity between the number of women in board or leadership positions and the success when women hold these positions. We were delighted to welcome the Heim Group, a US-based thought leader on global gender and diversity issues, to speak at several RES Forum events during 2016 on the subject of gender and diversity through the lens of internationally mobile employees. According to an article from the Heim Group from 2013 on the subject of gender diversity, called 'The Catalyst Report', which compiled data from Fortune 500 global corporations, women held only 16.9% of corporate board seats, indicating no significant year-over-year uptick for the 8th straight year. And only 14.6% of Executive Officer positions were held by women—the 4th consecutive year of no year-over-year growth". The Heim Group also found that when women hold these senior leadership roles there is a 'positive financial effect to the bottom line when there is at least one woman on an organization's board. Companies with more female board directors outperformed those with fewer on three financial measures: return on equity (53% higher), return on sales (42% higher), and return on invested capital (66% higher)." (Heim and Hughes, Why Gender in the Workplace Matters, 2016)

2) Women's Success Rate. The RES Forum Annual Report 2016 found that women had a higher success rate than men on global assignments in 14% of the organizations surveyed. This has already been observed in the 2011 Study in Leadership by Zenger Folkman which found that of 36 of 49 leadership competencies evaluated, females scored significantly more positively than men. Men scored significantly more positively than females in only two leadership areas. The remaining 11 leadership competencies were gender neutral.

3) Retention of Key Talent. According to a PwC global study in 2016, more than 80% of women view international experience as critical to furthering their career progression, with a large majority saying having the opportunity for an international assignment was a key factor in staying with an employer. (Flood, Modern mobility: Moving women with purpose, 2016)

Main Global Mobility Inhibitors for Women

Although women are more likely to possess qualities like empathy and diplomacy which can help them to be more effective at negotiating and leading across different environments, some of the mobility inhibitors for women include:

- A sending, or more critically a receiving, country culture, which is not supportive of women in the workplace.
- Minimal support or consideration of the family situation.
- Confidence gap. Women tend to be less assertive in seeking out global opportunities. The unconscious bias of managers pertaining to women candidates and a lack of senior management or decision maker understanding of the differences between gender cultures can seriously inhibit the progress of women.
- A lack of coherent mobility strategy that allows for flexibility and assignment durations and types which would be attractive to women.
- No overall focus on female talent from the talent management perspective.

“Global Research has shown that men would throw their name in for a promotion if they felt they had 6 of the 10 qualifications necessary for the job. Women would throw their hat in the ring if they felt they had 10 of the 10 qualifications

necessary for the job. Women tend to err on the side of honesty versus risk taking, which ultimately will affect decisions to go on assignment.”

Tammy Hughes, The Heim Group

Success Markers for Gender-Inclusive Mobility Programmes

Assignee Resourcing	Policies and Packages	Role Models and Network	What Next? Education and Engagement	Collective Enablers
Global assignments should be part of career planning and talent development	Policies should be creative and flexible in order to remove barriers to assignments	Promote successful assignment examples for women and network development	Articulate how a global assignment is a key component of the talent development strategy	Endorsement from leadership and executive sponsorship of gender-inclusive global assignments

Source: The Women's Foundation, TWF BEST PRACTICE GUIDES TO DEVELOPING THE PIPELINE OF FEMALE TALENT. 2016

As a final thought, if this paper has piqued your interest, then you should grab a copy of the RES Forum Annual Report 2016 with its thought leading research on the subject of gender diversity through the lens of international assignments. For a copy, please email office@theresforum.com.

In addition, through the RES Forum's collaboration with Leuphana University, detailed follow up research to the Annual Report 2016 research on gender diversity has been undertaken, building on the themes of the Annual Report 2016 and also investigating, in more detail, some of the ideas developed in this case study. The Leuphana research offers some fascinating observations and tips for managing gender diversity in the context of internationally mobile employees. Look out for it in summer 2017!

About HR&Relo Advisors

HR&Relo Advisors are an international Human Resources and Global Mobility consulting firm. With over 25 years in global HR and Mobility with a unique perspective from being on the corporate and service side of the Mobility industry, HR&Relo Advisors is retained when expertise and/or resources are required from strategy through execution. www.hr-reloadadvisors.com

About Bristol Global Mobility

Founded in 1997 and headquartered in Phoenix, Arizona, Bristol Global Mobility is a privately-held corporate employee Mobility Management and consulting firm that supports workforce and business strategies for clients ranging from startups to Fortune 500 companies. In addition to Arizona, Bristol operates globally with offices in Dallas, Texas, Green Bay, Wisconsin, Toronto, London, Amsterdam, and Singapore. www.bristolglobal.com



Chapter Introduction by: Paul Bernardt, Harmony Relocation Network Managing Director

I recall a conversation with a client in a British company with its HQ in London back in May 2016, shortly before the UK 'Brexit' referendum on 23 June 2016 when the British public were asked whether they wished to remain in the EU or leave the EU. I asked what she believed the result would be and without a second thought, her immediate response was, "Remain! I think the result will be close, but we have the prime minister, the majority of the members of the houses of parliament, the Governor of the Bank of England and the majority of the major financial institutions behind remain and telling us about the impact of not remaining. It's huge. And besides, who supports leave? Crackpots, marginal politicians and people who aren't educated enough to know better. I am confident we will remain in the European Union... and thank goodness..."

Yet a vote to leave the EU is just what happened. A conversation with the same client just a few weeks later after the vote, and I asked what her thoughts were now. "Shocked!" was the first word that came out of her mouth. "We just didn't expect it, plan for it..."

And there it is, another Black Swan. A valuable lesson for all of us, both in the world of Global Mobility but in the wider business context: Expect the Unexpected, and Plan for the Unexpected.

RES FORUM



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3

Britannia waives the Rules The Brexit Decision and its Impact on Global Mobility



Today's world is Volatile, Uncertain, Complex and Ambiguous (VUCA), and Harmony like all businesses saw the impact of this during the 2008-2013 global economic downturn and its effect on global trade. Initially we saw an increased number of associated repatriations, but as the crisis deepened, the number of new assignments decreased considerably. Over the last three years, we have seen an increase in assignee volumes for most clients, except those in the oil & gas industry, and those with most assignments to/from the UK, for obvious reasons. The more recent political changes such as Brexit and the election of the Trump Administration indeed bring with them a new element of uncertainty. Will we see a sudden influx of moves of expatriates out of the UK and into other European countries as businesses move to restructure and relocate, or not? Will we see a sudden influx of moves out of the USA in response to changes in immigration law under the Trump Administration, or not? Like all businesses, we have a range of known unknowns for which we cannot plan with any certainty, but again like all businesses including those of our clients, we can ensure that our business has the available resources and manpower to support our clients to respond to change. We recognize the requirement to be able to respond to the needs of your business in relocating or repatriating your employees with speed, yet in a cost effective and well-managed way, and we aim to partner with our clients to understand the workings of their businesses to help them plan a little more effectively for the unexpected. How boring would it be if things always went to plan? Change is an exciting journey, and at Harmony, we would be happy to accompany you to new destinations.

3

Britannia waives the Rules

The Brexit Decision and its Impact on Global Mobility

by Professor Michael F. Dickmann

Introduction

The UK's referendum decision on 23 June 2016 to leave the European Union (EU) has caused shock waves in political and business circles around the world. Bill Bryson attests that the British have a strong spine and idiosyncratic mentality which is supported by many cultural writers who class them as highly individualistic and independently thinking (Hofstede et al., 1991; Fox, 2014). Sure enough, the British have moved beyond the old national, naval and colonial motto of 'Britannia rules the waves' ignoring most seasoned political pundits and conventional wisdom to vote to leave the EU. While the 'Remain' camp claimed dire economic consequences of leaving the EU, 'Brexiters' painted a much rosier picture and a majority of voters in the UK evidently bought into this vision of a better future outside of the EU. At the time of writing there is considerable uncertainty of how the economy, trade tariffs and the free movement of people, goods and services, will be affected by the eventual exit deal. There are many expatriates currently living in Britain facing a substantial degree of uncertainty and change, whilst UK citizens working in EU states face an equal degree of uncertainty. Thus, the RES Forum wanted to understand how organizations are likely to be affected and what the likely reaction of the expatriate population will be.

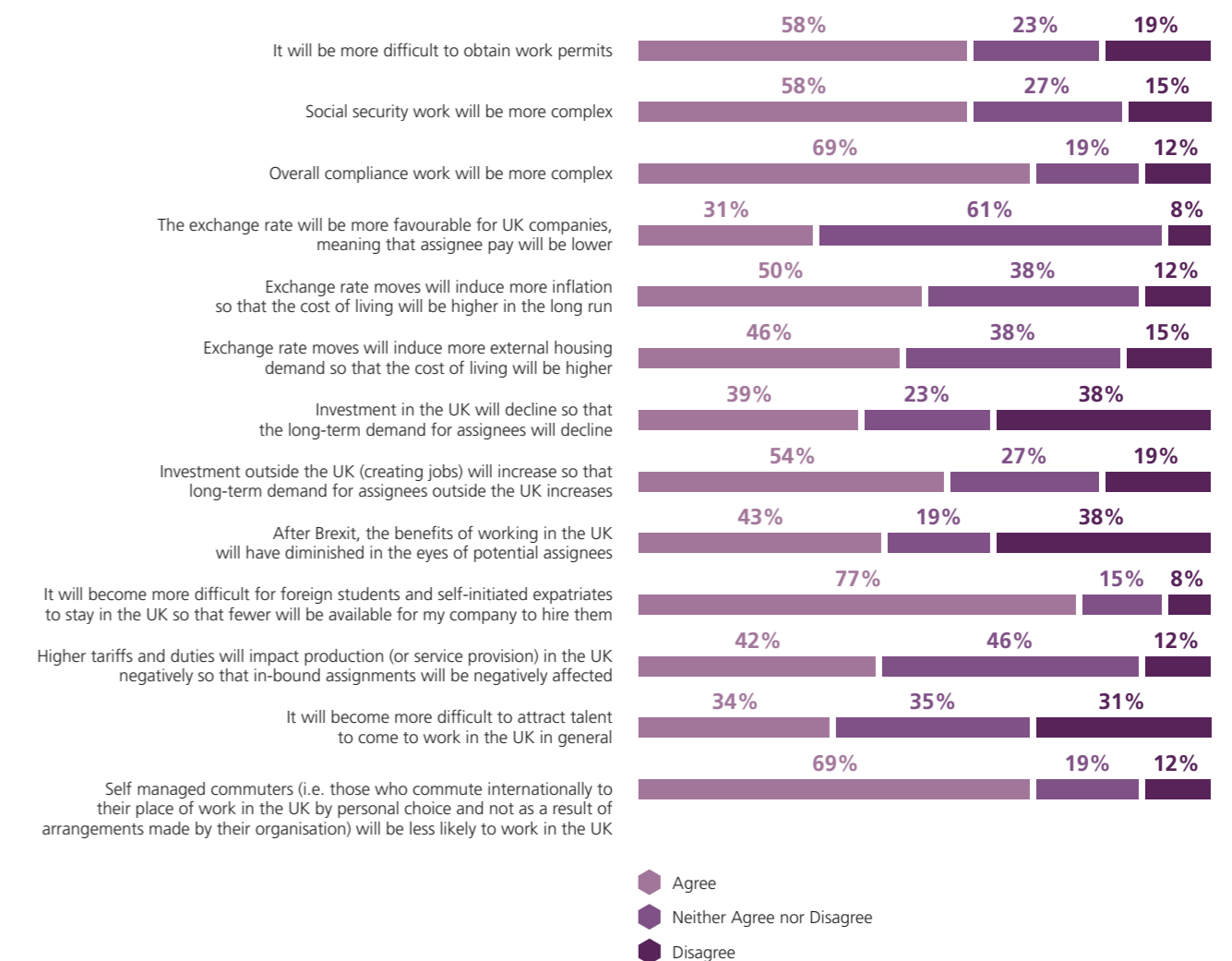
The survey on Brexit and other global challenges followed on from the RES Forum work on volatile, uncertain, complex and ambiguous (VUCA) environments that showed the strong challenges firms face in this new competitive context (RES Forum 2016). Twenty six multinational corporations (MNCs) contributed their ideas out of which almost a third (28%) had more than 500 assignees. Thirty percent had more than 50 UK inbound expatriates and 21 percent had more than 50 UK outbound assignees. Overall, the MNCs were large in that 60 percent have more than 25,000 employees. Almost a quarter (23%) operates in 76 countries or more.

The Effects of Brexit on MNCs

Starting firstly with Brexit, given the RES Forum membership expertise and the Forum's historical weighting towards EU located companies, its members are in an excellent position to comment on the effects of Brexit on Global Mobility (GM). We wanted to explore a wide range of GM issues, both for non UK nationals working in the UK as well as British citizens working overseas. It seems that the GM experts foresee a number of challenging developments once the UK has finalized its exit from the EU which is likely to be in 2019.

Brexit - The withdrawal of the United Kingdom from the European Union (short for "British Exit").

Figure 3.1 There will inevitably be implications for the UK when the UK has finally exited the EU following the Brexit vote. We know there is no defined plan, but in YOUR OPINION, how will your organization be affected? To what extent do you agree or disagree with the following statements regarding the status of the UK after Brexit has happened and the UK has finalized its exit from the EU.



Amongst the more upbeat assessments were the continued attractiveness of the UK as a destination country for potential assignees, and the continued demand for assignees in the long term. Other evaluations showed that the situation for MNCs will be more complicated and probably more costly after Brexit. For instance, the complexity of overall compliance work is likely to increase, including that of social security work. Earlier RES Forum Annual Reports have urged companies to also look at the external labour market towards self-initiated expatriates and foreign students when staffing posts with international work components. This could be a high quality, lower cost strategy (Dickmann, 2017; Point and Dickmann, 2012). Unfortunately, the difficulties for non UK nationals entering the UK (as students or self-initiated expatriates) are expected to increase resulting in the availability of such talent pools decreasing over time. Thus, firms expect that it will be harder to pursue such a talent sourcing strategy.

Q&A

Question: What are the three key things that you expect Brexit to have an impact upon with regard to your organization's Global Mobility moves into the UK? How important are they?

Expert Comment: Well, of course, there will be an administrative impact as moves from the EU become more complex as well as some increase in costs, but

to be honest, I think the biggest issue for us will be with regard to business travellers. Depending on the way this finally ends up working, it is very possible that we will have to think much harder before simply hopping on a plane/train to or from Europe. That may impact the location or staffing of projects and is likely to force us to make better use of the available technology to undertake virtual work.

Nick Jackson, Group Head of Reward, Lloyd's Register

In addition, many respondents cited exchange rate movements after the Brexit decision which has led to a depreciation of the British currency. External housing demand may increase due to the lower house prizes for foreign buyers, which may mean higher GM housing costs for organizations. Several of the Brexit-related effects are seen as challenges for organizations that may decrease companies' external talent availability and may increase their costs.

Indeed, in another question, 27% of MNCs thought that as a result of Brexit the number of inbound assignments would decrease while no one thought it might increase. In contrast, 19% of firms thought that outbound assignments from the UK might increase while no one thought that they would decrease in the future. Possibly as a result of the more negative perceptions that non UK nationals living in the UK have about the hospitality and openness of Britain and the data indicating that many UK citizens would like immigration to reduce (Migration Observatory, 2016), 27% of respondents believe that the repatriation of assignees already working in the UK will increase. While many MNCs foresee no change in the willingness to expatriate, only a few think that the willingness of EU nationals in their organizations to go on assignment to the UK will decrease (12%). Some also perceive a higher willingness of UK-based EU nationals to leave their assignments early (16%).

27% of respondents believe that the repatriation of assignees already working in the UK will increase.

Q&A

Question: What are the three key things that you expect Brexit to have an impact upon with regard to your organization's Global Mobility moves into the UK? How important are they?

Expert Comment: More complex immigration procedures for EU nationals: This is important as the lead time for assignments from Europe would need to increase quite drastically potentially putting off a business area from taking an assignee due to having to wait 2-3 months for the visa process to complete.

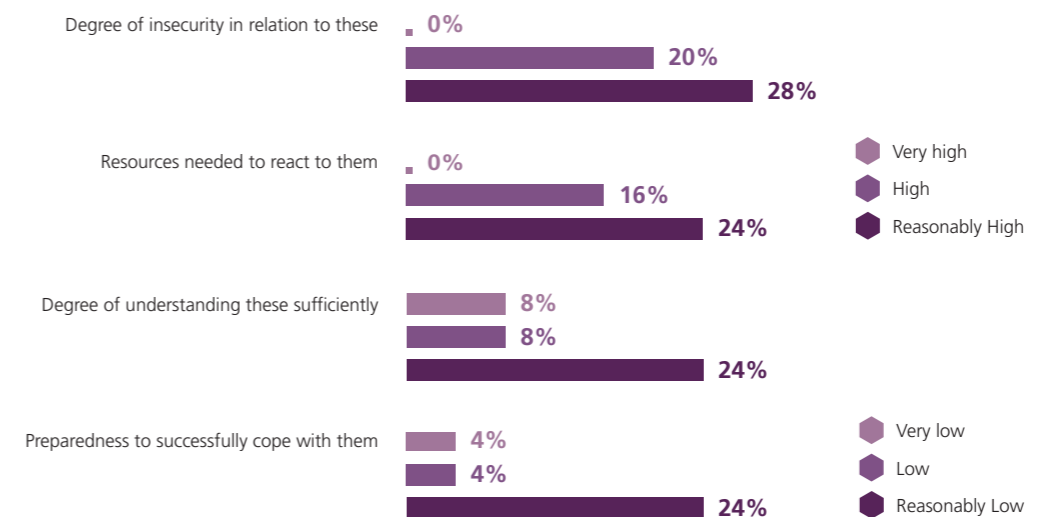
It would also limit more junior roles for assignments from Europe. Social Security coverage: A1 would possibly cease leaving the requirement to understand the social security impacts for assignees. Outbound Assignees to Europe: there is equally as much confusion and lack of understanding as to outbound assignees from the UK and the implications for them as we're unaware of the EU's position on immigration and movement from the UK.

Chris Blair, Global Mobility Manager, Aviva PLC

Brexit: The Insecurity, Understanding & Preparedness of MNCs

Many of the gloomy predictions of economists and other commentators before the Brexit vote have not yet materialized, and this has led to the Bank of England having to revise its estimates upwards. The flexibility of companies to react to political events and uncertainty as well as their ability to identify new opportunities are things that will unfold over the next few years. Currently, there are many issues connected to Brexit that are unresolved. We wanted to understand the degree of insecurity related to these and the resource implications.

Figure 3.2 We know that many of the Brexit implication have not been worked out and depend on future decisions. Nevertheless, can we ask you to answer the below questions using your insights today? In relation to the Brexit challenges, what is the extent of your organization's....



Moving beyond Brexit and onto the global scene more generally, the external environment is changing rapidly and VUCA leads to many challenges.

Almost half of the organizations (48%) feel a reasonably high degree of insecurity in relation to Brexit implications and two out of five companies have a low degree of understanding of these. 40% of firms believe that they will need substantial resources to react to the Brexit challenges and about a third think that their preparedness to successfully cope with these challenges is low. It is clear that our volatile, uncertain, complex and ambiguous (VUCA) world has presented MNCs with a substantial, Brexit-related challenge that triggers insecurity and resource needs while necessitating strong and reactive leadership when the decisions and their implications for the EU and Britain become clearer.

Q&A

Question: What are some of the main initiatives that your organization could undertake to manage the Brexit challenges? What have you already done, if anything?

Expert Comment: We are currently undertaking a company-wide data collation exercise of nationality/citizenship to understand how our employees currently in the UK are impacted, including our assignees. We have a company-wide steering committee set up with

several working groups and projects reporting into this SteerCo which covers all implications for Aviva relating to Brexit. We also are aware of our assignees currently in Europe from the UK and those who are on assignment to the UK from Europe and offering support where required. We have dedicated communication channels, support helplines and guidance from our immigration provider.

Chris Blair, Global Mobility Manager, Aviva PLC

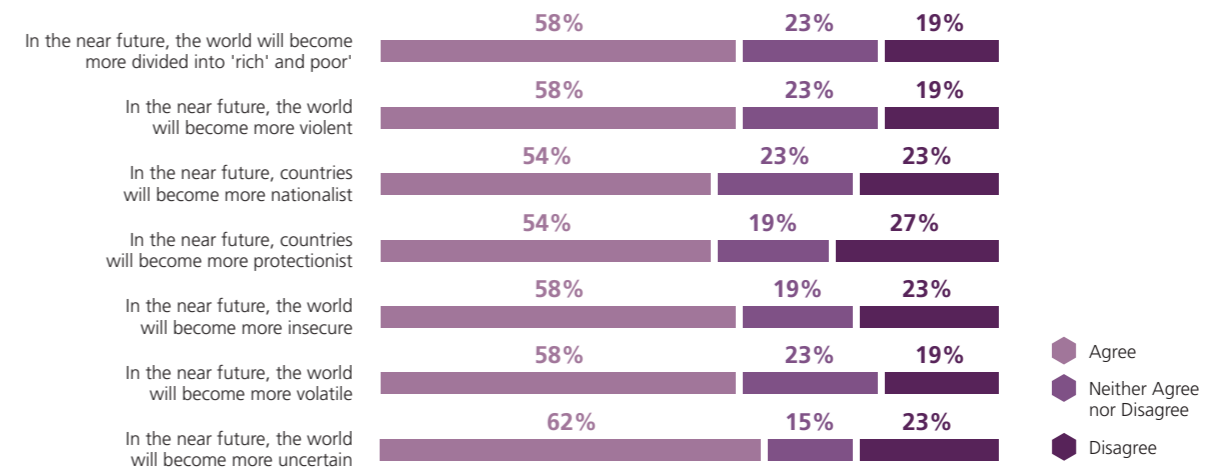
The VUCA Challenges

So, what are companies worried about or what do they see as particularly challenging? One respondent called these the 'known unknowns', picking up on Donald Rumsfeld's 2002 categorization. Amongst the most prominent 'known unknowns' in the RES Forum were:

- further countries leaving the EU and the breakdown that may occur;
- the impact of Brexit on financial markets;
- the lack of understanding of what really is going to happen;
- the impact on EU nationals in relation to visa/social security issues;
- the rapid moves of currency exchange rates;
- the retention of non-UK staff;
- the short timelines for reactions;
- the inability to respond accurately and in detail to staff questions.

It is clear that we are living in dynamic and uncertain times. Moving beyond Brexit and onto the global scene more generally, the external environment is changing rapidly and VUCA leads to many challenges.

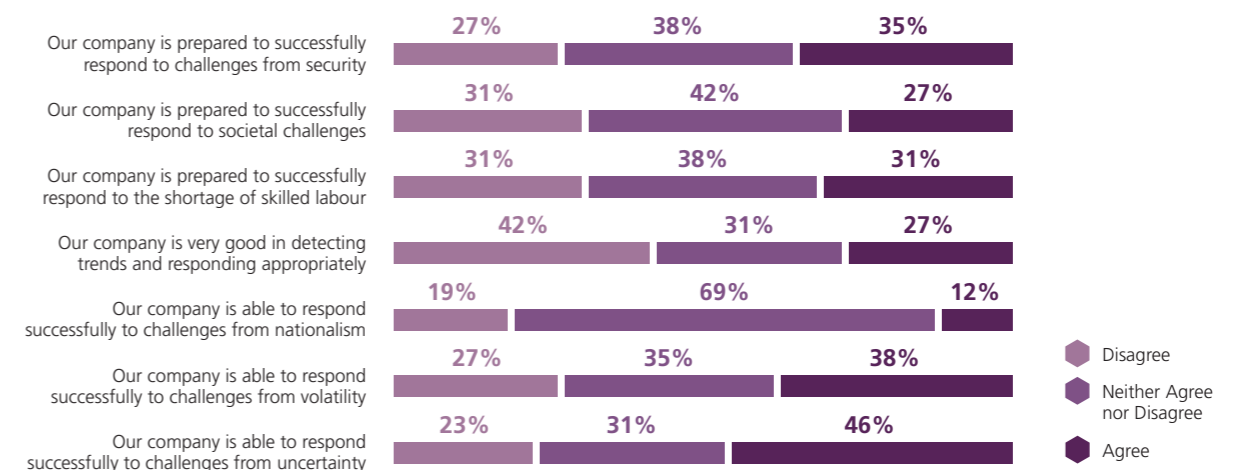
Figure 3.3 Below is a list of statements. We are looking for your own general impression in response. To what extent do you agree or disagree with the following statements?



Looking at this year's responses, many firms seem to believe that the world is facing tough times. On average, the respondents tend to agree with the world becoming more divided into 'rich' and 'poor', becoming more violent, nationalist and protectionist. To successfully counter these threats, MNCs need visionary, thoughtful and active leadership, as outlined in the VUCA chapter in the RES Forum Annual Report 2016. Picking up some of the VUCA ideas, companies may be well served to integrate VUCA factors into their decision making, to develop all managers (including assignees) to assess the external developments and to find strategies to cope with these (both personally and through work) and to design flexible, yet specific GM strategies, policies and practices for sub-groups, specific country demands and for location-specific challenges.

What is the level of preparation to successfully respond to threats and opportunities today? Beyond Brexit we asked how MNCs saw their response readiness in relation to these broad challenges in a global context.

Figure 3.4 Below is a list of statements. We are looking for your own general impression in response. To what extent do you agree or disagree with the following statements?



Q&A

Question: Do you see more pressing and important societal challenges for your GM programme over the next 5 years? What are they and how are you dealing with them?

Expert Comment: Extended business travellers, link with talent, functional rotations for low level High Potential Employees (HIPOs) and short rotations for women.
Imelda Keane, Mobility Consultant, Barry Callebaut

The data shows that MNCs are unsuccessful in detecting trends and in responding appropriately (42% disagree that their company is good at this) while only 27% agree to the statement. About a third of respondents also disagree with various statements about the preparedness of their organization to deal effectively with environmental challenges. These indicate that about one in three organizations is having trouble in responding to security challenges, broader societal challenges, dealing with skilled labour shortages or mastering their volatile environment. However, threats in relation to uncertainty and more protectionist views at national level are seen to be far more successfully mastered. It can only be hoped that firms can go beyond the challenges to manage to reap the benefits of opportunities that arise from this VUCA environment.

Q&A

Question: Do you see more pressing and important societal challenges for your GM programme over the next 5 years? What are they and how are you dealing with them?

Expert Comment: The increased gap between the highest earners and the rest of the work population will cause GM challenges. We are trying to roll out a more equal policy in regard to our moves and benefits. We intend to deal with this challenge by robustly upholding our policy with buy in from our People Directors. The political instability across Europe could

have further implications for our short term European moves. However, like Brexit, there is little we can do about the political instability and uncertainty other than see what decisions are taken and what implications arise from the political changes.

The changing face of GM will be a challenge with the emergence of the millennial generation. We experience increased difficulty in moving people. So, how we develop suitable moves for millennials, especially thinking about the technology to support those moves, will be a challenge that is likely to emerge in the next five years.

Chris Blair, Global Mobility Manager, Aviva PLC

Conclusions and Learning Points

The UK's decision to leave the European Union has created a high degree of uncertainty, sometimes anxiety, amongst EU citizens living in Britain as well as British expatriates working in Europe. There are substantial political and social ramifications, many of which will only become clear over time. It is certain that depending on the actual shape that Brexit takes, organizations and their production, service delivery and Global Mobility may be strongly affected. The RES Forum survey on the impact of Brexit showed that responding organizations perceive the following:

- The UK will continue to be highly attractive as a destination country for potential assignees.
- Organizations will face a more complex compliance and social security situation which will probably be more costly to administer.
- It will become more difficult for non UK nationals, be they students, self-initiated or company-sponsored assignees, to legally enter the UK. Thus, talent sourcing strategies that aim at hiring external, non UK national candidates will become more challenging.
- Some GM managers estimate that the number of inbound assignments to the UK will diminish as the willingness of EU nationals to work and live in Britain may decrease.
- Half of surveyed companies feel a high degree of insecurity in relation to Brexit implications and 40% believe that Brexit will be costly. A third of MNCs think that their preparedness to cope with Brexit challenges is low.
- There are a range of 'known unknowns' such as further countries leaving the EU or the impact of Brexit on financial markets. Many companies have set up working groups but are essentially monitoring the developments and are waiting for more precise information.
- With respect to geopolitical developments, firms believe that the next few years will become tough, in a sense of the world becoming more divided into rich and poor, becoming more violent, nationalist, protectionist, insecure, volatile and uncertain.

We live in an increasingly volatile, uncertain, complex and ambiguous environment that is likely to present both opportunities and threats. Just like reacting to external risks and dangerous developments in hostile countries, MNCs are well advised to devote leadership attention and their creative capabilities to understanding not just the threats but also the opportunities that Brexit and other geo-political environments entail. We believe that the RES Forum companies have the capabilities to master these challenges successfully and to flexibly react to VUCA developments in order to build on their strengths and exploit new opportunities in the wake of these momentous developments.

Main Survey Data Source: The RES Forum Brexit and the Trump Administration- The State of Socio-Political GM Developments Survey, January 2017, 26 organizational responses

Trends in the Shipping Industry



Expert View by Harmony Relocation Network
Paul Bernardt, *Managing Director*

As a global network of household goods moving companies, we service our clients by packing containers, forwarding them overseas, and unpacking them at destination. A fairly simple and straightforward activity, so it seems.

The containers are transported with container shipping companies such as Maersk, MSC, CMA CGM, COSCO and Evergreen who operate the ships and the container fleet. We take it for granted that the container containing the household goods of your international assignee will arrive at its destination on time. This all seems very simple, but if you take a closer look at the shipping industry, it is much more complex than it may appear. In today's world, there is certainly a lot more for household goods removals companies such as Harmony to consider than meets the eye.

In 1914, shortly after the Titanic sank, SOLAS (a treaty for Safety Of Life At Sea) was introduced. Ever since, SOLAS has been the most important treaty promoting safety on water. In 1948, The International Maritime Organization (IMO) was founded and had its first convention, and was finally made official in 1958. Their first goal was to ratify a new version of SOLAS, which happened in 1960. From that moment on, SOLAS has been updated regularly, mainly due to increased environmental measures, a huge surge in ocean traffic, and the size of ships. To illustrate this, in the year 2000, the largest ships carried 6,000 to 8,000 TEU (Twenty-Foot Equivalent Unit). In 2015, the largest ship already carried well over 19,000 TEU, and was 400 meters in length. You can imagine the impact this has on traffic, ports and safety regulations. In 2016, SOLAS introduced a new measure, which was to ensure that all containers that were loaded carried a verified gross mass certificate, meaning that the shipping company and terminal know what the container weighs. This then allows ports to load the containers onto the ship in the right sequence, to ensure that the ship's structure is able to carry the weight, and withstand the pressure of the ocean waves. Serious accidents have happened at sea where ships have broken up in the centre, allegedly because there was too much weight on either the bow or the stern. Ships can be lifted into the air by large waves, and they need to be correctly loaded to enable them to sustain that level of pressure. The most common causes of accidents at sea are poor weather conditions, explosions/fire, and collisions. Accidents do not happen often, but when they do occur, the impact is significant, both on the cargo, the environment, and the crews.

Another effect of such huge ships being built over the last few years is that this has created a considerable overcapacity, meaning that shipping companies have the capacity to ship a far greater volume than that which actually needs to be shipped around the globe. The global financial crisis had some impact, but the main cause of the reduction in ocean freight rates was the fact that there were simply too many ships around, and those that were there were too large. Between 2011 and 2015, global container transport capacity increased by 27%. The economy most certainly did not, hence the effect on pricing. Most container shipping companies have huge debts and are losing money at an astonishing rate. Prices today are so low that it is almost cheaper to send a container around the world than it is to store it in a regular warehouse; 'floating storage' has been a running joke over last few years. If you see a picture of one of these giant ships fully loaded with containers, it is likely that this is only for the brochure; they almost never sail at full capacity. It was, and still is, an extremely competitive climate and the question is, is that sustainable?

In August 2016, Hanjin, a Korean carrier, became the first large container line since the late eighties to go into receivership. At that time, there were 540,000 containers in transit, on almost 1,000 ships around the globe, sitting both in ports and at sea. Maritime attorneys had a field day, all fighting to protect the interests of their customers, be it shippers, port authorities or banks. The competition benefitted temporarily from higher spot (daily) rates. This was a complex situation, which had a considerable effect on the global supply chain of goods. While this issue has essentially been dealt with, the market has not changed structurally. Overcapacity is still a considerable issue, and this is not likely to change in the near future. There have been many more mergers in recent years, and it's certainly not inconceivable to think that in the not too distant future, global container shipping will be the domain of just a handful of companies. There are parallels with the banking industry; some of these shipping giants will be too big to fail, making it inconceivable for governments to allow global transportation to come to a halt.

For moving companies like the Harmony Relocation Network who ship thousands of containers on behalf of our corporate customers, it is important to keep track of the financial stability of the shipping companies. It is our job to select the best possible transit time, to choose port destinations that don't apply container rental charges immediately upon arrival, and to avoid multiple stops at ports if possible. In addition, in today's volatile market, we also need to keep track of the balance sheet and liquidity of container shipping companies, and explain to our customers why we choose to avoid certain carriers, therefore avoiding the risk of the container being stuck with a carrier that is bankrupt; this of course comes with the need to explain to our customers the reasons for the higher price tag.

The Global Mobility industry as a whole has many challenges in today's volatile, uncertain, complex and ambiguous world, and the element dealing with the shipment of household goods is no different.

Harmony will continue to monitor the situation closely, and publish updates through the regular RES news channels.

About Harmony Relocation Network

Harmony is a global network of locally owned relocation companies, upholding strong family values through generations of heritage. We are a network of committed partners, brought together in one truly global and solid infrastructure with cutting edge technology, an ISO-tested quality system and leading sustainability criteria. Our network (founded in 1992) consists of over 140 members in 60 countries, serving 180 countries across 6 continents, providing the same level of high quality services, local expertise and personal commitment. All our members are co-owners of Harmony Relocation Network.

www.harmonyrelo.com



Chapter Introduction by:
Vicki Marsh, Equus Software
Head of Operations UK

“Organizational development, assignee attraction, selection, career, performance and talent management” – and ultimately a clear, enumerative depiction of Return on Investment (ROI) – are still the Global Mobility Leader’s utopia. Technology-based organizations are leading the pack by embedding a culture of international experience as a natural part of the global career. Arguably easy for new, innovative organizations but far less smooth for the long-established traditional MNC, for whom the focus remains firmly on the senior executive population. Understandable, as senior-level talent becomes even scarcer – but is it a vicious cycle? Without systemic career management from early career and throughout the career path, the talent pipeline slows to a trickle at the more senior stages.

I believe that slowly, GM is changing attitudes to sharing data across the organization and exerting influence on the broader talent plan. In Chapter 4 we see a gradual involvement in the selection process, and a desire to consolidate and track successful achievement of assignment

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Organizational Development and Talent Management



objectives. It will be interesting to see how this picture broadens and mobility fits into the full career lifespan over the next three to four years. GM attention may become more focussed on post-assignment career planning, which as Chapter 1 indicated, is fully achievable with the development of the integrated mobility ecosystem and the advancement of data analytics. However, Chapter 4 shows that while post-assignment indicators are key to understanding the success (or otherwise) of the international programme, arguably it is the middle and upper-middle management career stages that require more attention – before assignments end and talent moves on.

4

Organizational Development and Talent Management

By Professor Michael F. Dickmann

Introduction

"The future depends on what you do today." This statement by Mahatma Gandhi spurs organizations and people on to shape their own destiny, which for companies can be seen through expanding operations into foreign countries whilst for individuals this can be seen through working abroad. In the case of the latter, this can be particularly attractive for individuals. Reannon Muth outlines that expatriate life is addictive because "every boring or mundane activity you experience at home is, when you move to a foreign country, suddenly transformed into an exciting adventure." The search for excitement, adventure, cross-cultural learning and the avoidance of problems at home are amongst key drivers to seek an international assignment (Hippler, 2009; Doherty et al., 2011). Global careers and talent management are amongst the crucial ingredients for corporate success (Scullion and Collings, 2011) and understanding individual drivers and designing matching and motivating Global Mobility (GM) approaches is at the heart of high performance GM work (Dickmann et al., 2008). This chapter will set out the talent landscape within global firms with respect to the availability, management, career planning, performance and other outcomes of expatriation programmes.

Global careers and talent management are amongst the crucial ingredients for corporate success.

Data Background

The key data in this chapter which looks at organizational development, assignee attraction, selection, career, performance and talent management is based on the responses of 61 organizations. Two out of five responding companies had more than 25,000 employees, with 62% having more than 10,000 staff. Less than one in ten of the responding organizations employed fewer than 1,000 people. Three quarters of the firms operated in more than 25 countries, and 40% of them send assignees to more than 25 countries. More than two thirds had in excess of 100 global assignees, with one in seven expatriating more than 1,000 staff. The surveyed organizations had a large number of business travellers; almost a quarter argued that more than 1,000 employees travelled to work abroad. The career expatriate is not dead. Just over 20% of companies had more than 50 global nomads who would move from one assignment to the next. International commuters, however, were less common with only 12% of firms having more than 50. More than a third of companies had more than 50 Short-Term Assignments (STAs), and just over one in five firms having in excess of 50 Local Plus Assignments (LPAs).

As may have been expected, in the context of international assignments, the more senior the assignees are, the more they are likely to be on a long-term expatriate package while more junior assignees are more likely to be on a short term expatriation package. Local plus packages are evenly distributed with the exception of executive managers. Permanent local moves are most common amongst entry level professionals who then are highly likely to be on a local plus package. Business travel is common throughout all hierarchical levels.

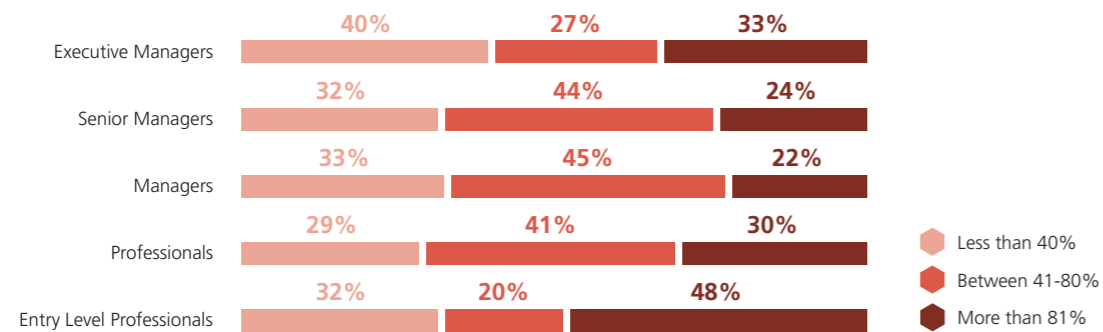
The survey respondents work for a large range of organizations with firms from the FMCG, banking and finance, engineering, energy, technology, manufacturing and chemical/pharmaceutical sectors particularly well represented, as well as those headquartered in Europe, the Americas, Asia and Australia. A large number of firms were from the USA, United Kingdom, Germany, Switzerland, Norway, Belgium, Australia and Singapore which are home to many multinational corporations (MNCs). The background of the survey organizations is in line with the demographics of research on MNCs in general and Global Mobility in particular – this allows us to draw wider organizational conclusions on broad talent management.

Availability of Talent

As organizations expand globally, it seems as if the willingness of their professionals to work abroad becomes more important to them. Firms have moved to incorporate mobility willingness into their selection, career and performance management systems (Dickmann and Baruch, 2011; Stahl et al., 2002; Dowling et al., 2013). In almost half the organizations (49%) it is very, or extremely, important to show willingness to be internationally mobile in order to be seen as key talent. Only in one in ten firms is this of low importance which is a strong indicator of the value of international assignments for talent development and careers. Questions and resulting data on the supply of global talent have been tracked by the RES Forum over several years via the RES Forum Annual Report survey cycle and show that the shortages are acute and are getting worse.

Firms have moved to incorporate mobility willingness into their selection, career and performance management systems.

Figure 4.1 For your organization, do you feel that you have the required number of employees who are willing to be internationally mobile?



In comparison to the 2015 RES Forum Annual Report survey research, the situation may have slightly worsened for companies especially with respect to executive and senior managers. For instance, the most severe shortage i.e., having less than 40% of requirements, has gone up by 13 percentage points for executives. In turn, the availability of entry level professionals for global assignments has gone up.

What the Experts say

“We have a high degree of desire among our young professionals and not enough opportunities to place them due to costs. As employees become more embedded in their careers and family lives, overseas assignments become more of a challenge to manage/engage employees in”.

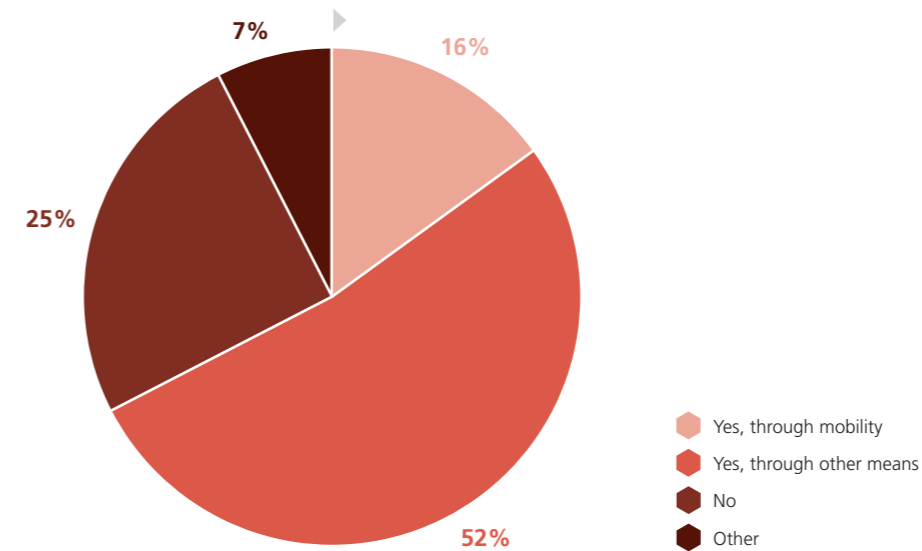
Mobility Director at a Leading Global Construction company

Overall the situation is relatively bleak for organizations that search for the right talent to work abroad for them. There are many factors that contribute to the resourcing challenge. Amongst those are uncertain career and repatriation effects for expatriates (Hurn, 1999; Lazarova and Cerdin, 2007), dual career and family issues (Harvey, 1995; McNulty, 2012) and the specific context and risk exposure of the assignment location (Dickmann et al., in press; Dickmann and Cerdin, 2016). How organizations design the expatriation cycle (Harris et al., 2003) and manage their expatriate sourcing, career management and repatriation policies and practices, increases their expatriation success (Brewster et al., 2014; McNulty et al., 2013).

Planning: Companies concentrate on Top Talent

We evidenced in earlier RES Forum Annual Reports (2016, 2015) that MNCs concentrate their planning on two areas. Firstly, they work on a strategic level in terms of what their global strategies and structures are (Bartlett and Ghoshal, 1999; Dickmann, 2017). Half of the firms in this survey described themselves as pursuing geocentric staffing, aiming for one integrated corporate culture with no regional biases, while slightly more than a quarter worked towards integration around home country approaches that are exported globally. Secondly, the MNCs shape talent policies and practices. However, our data indicates that half of the firms do not have talent pipelines across all levels of the organization. In turn, more companies have a dedicated top talent strategy to develop future leaders.

Figure 4.2 Does your organization have a dedicated top talent strategy in terms of developing future leaders?

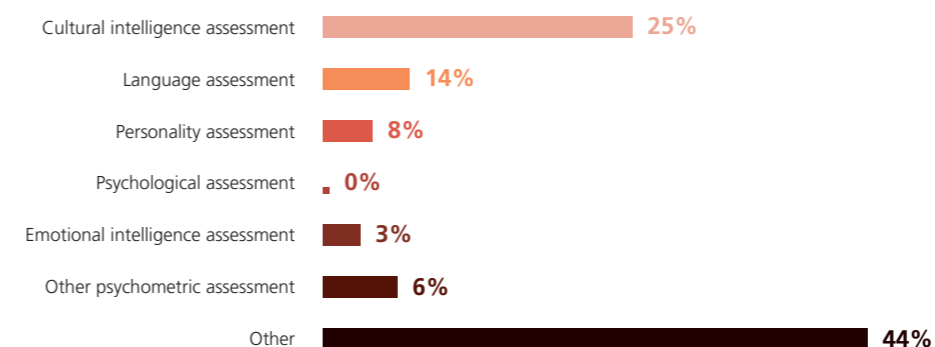


Part of GM planning is the marketing of international assignments and the assessment of their effect on individuals' commitment, engagement and work effort. A third of companies actively market the value of an international career within their organization in order to strengthen the pipeline of globally mobile employees. While it is still rare that MNCs use GM for the attraction of external applicants (Point and Dickmann, 2012), this is likely to raise the awareness of existing staff about global opportunities for them. Interestingly, the opportunity to work abroad is seen to engage younger generations, (Generation Y, Millennials and Generation Z; i.e. all staff who were born after 1981) to a much higher extent. More than 80% of firms felt that for these generations an assignment is very important, or important, for their engagement. In contrast, only 14% thought this about Baby Boomers and 41% about Generation X. Age diversity has been extensively discussed in Chapter 2 in this report.

Selection: Companies could be more sophisticated

The selection of assignees is often driven by their current work performance and availability for a move. Even though many organizations link expatriate sourcing with talent or career considerations, only a few use sophisticated international assignee selection tools.

Figure 4.3 What types of pre-assignment selection tools/support do you offer to your potential assignees?



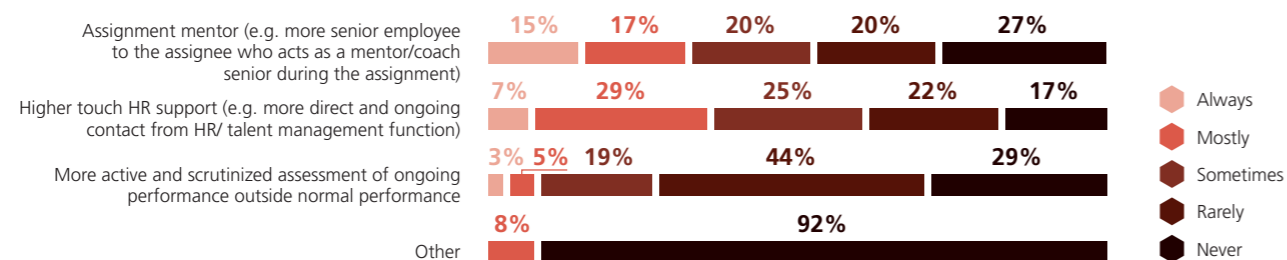
One in four companies assesses the cultural intelligence of their assignment candidates. It has been shown that cultural intelligence and cultural agility is beneficial for adjustment to the host country culture, local negotiations and performance (Caligiuri, 2013; Thomas et al., 2012). Our research tells us that about one in seven firms assess language capabilities and far fewer look at personality, emotional intelligence, conduct or other psychological or psychometric assessments. While MNCs have gone beyond the 'coffee machine selection' (Harris and Brewster, 1999), there are still many tools available that they could use to increase the quality of candidate selection. Many firms do not use the best selection approaches and may lose a competitive commercial edge as a consequence through potentially not selecting the best candidates who in turn do not deliver the best possible business results. However, this assumes that companies have a choice about who to send; the reality described above indicates that many firms do not have the luxury of actual choice. The most likely area continues to be early career professionals where MNCs can design a strong talent development link and are able to select amongst several suitable candidates in a sophisticated way.

Many firms do not use the best selection approaches and may lose a competitive commercial edge...

Careers – working abroad can pay off

It is clear that key drivers for expatriates to go on assignments are the chance to improve their career prospects as well as developmental opportunities. Firms themselves argue that it is moderately important for promotion decisions for candidates to be willing to go abroad. Just over half of the MNCs thought that mobility willingness was important for executive and senior managers. The share of firms considering this as important drops to about a quarter for entry level professionals and other professionals. Interestingly, it is not the executive managers who are seen to most need international assignment experience before being promoted to a more senior role at executive levels. That falls to senior manager (e.g. below executive) promotions. In half of organizations, senior managers need to have foreign work experience before promotion in contrast to 38% of executive managers, 29% of managers and 15% of professionals. This data is unexpected and shows that for the last step up the corporate ladder, the criteria and demands on the person become different as the incumbents need to think and act for the whole organization and need to manage more strategic and broader affairs.

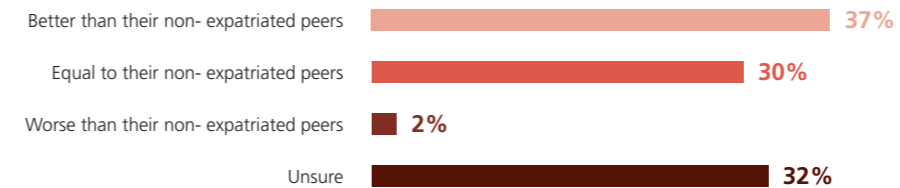
Figure 4.4 If you use international assignments as a key lever for development of talent, to what extent do you use the following approaches?



Higher touch HR support as a key lever for talent development is relatively common in organizations with 61% using this sometimes, mostly or always. In turn, having assignment mentors (52%) or a more active assessment of ongoing performance (27%) is rarer. It is interesting that despite the evidence of how assignment mentors can increase adjustment and performance whilst working overseas (Crocitto et al., 2005; Harvey et al., 1999) this work and career support is only used by half the organizations.

Does the individual's career benefit from expatriation? Working abroad normally pays off in career terms. Some literature outlines that there is a chance of a career wobble upon return and/or longer term negative career effects (Hurn, 1999; Dickmann & Baruch, 2011). However, in our surveyed organizations negative career effects, at 2%, were unlikely which was in line with more recent research (Dickmann et al., 2016). Instead, in 37% of organizations the careers of repatriates unfolded better than their non-expatriated peers. Notwithstanding this statement, many firms did not have good data, with 32% or respondents saying they were not sure about the career impact. In addition, about a third of firms indicated that expatriates and non-expatriated peers had a similar career trajectory.

Figure 4.5 In your opinion, how do the careers of returning international assignees in your organization unfold?



While originally many writers suggest an 'out of sight, out of mind' syndrome and other detrimental effects to the careers of international assignees, it seems that these concerns are less acute in the RES Forum member organizations. Nevertheless, given that assignees tend to work longer hours abroad and suffer many disruptions to their private lives, (which admittedly includes positive ones), the 30% of assignees who have a similar career progression to their peers might benefit from a range of talent and repatriation support measures to maximize their effectiveness on return. One of the individual Return on Investment (ROI) indicators often cited (McNulty and Inkson, 2013) is career progression. Unfortunately, only one in twenty organizations formally tracks repatriate career progression for two years (with one firm tracking it for five years). Therefore, much of the career data is based on informed guess work.

The key problems often lie in the time immediately after repatriation as outlined by one survey respondent: "[On repatriation a] career within the organization may not be always better due to a bad landing role. However, generally, I would expect that the [expatriate] experience would enhance their overall career". This conclusion is certainly supported by new research (Suutari et al., in press; Dickmann et al., 2016) that shows that individuals who went on an international assignment several years before (in the research it was 12 years) still benefit in terms of their internal and external marketability, the knowledge and skills they acquired, the networks they built and the greater clarity, motivation and purpose to their professional lives.

Individuals who went on an international assignment several years before still benefit in terms of their internal and external marketability...

What the Experts say

'If I think about my professional experiences and the key 'game changers' for me in terms of forging a career to the senior levels of Human Resources, two areas have enhanced my 'career capital' greatly:

Studying and working outside of the UK for a period close to three years in my early professional career and also solid blue chip early career experience at Procter & Gamble and PwC. The former experience enhanced

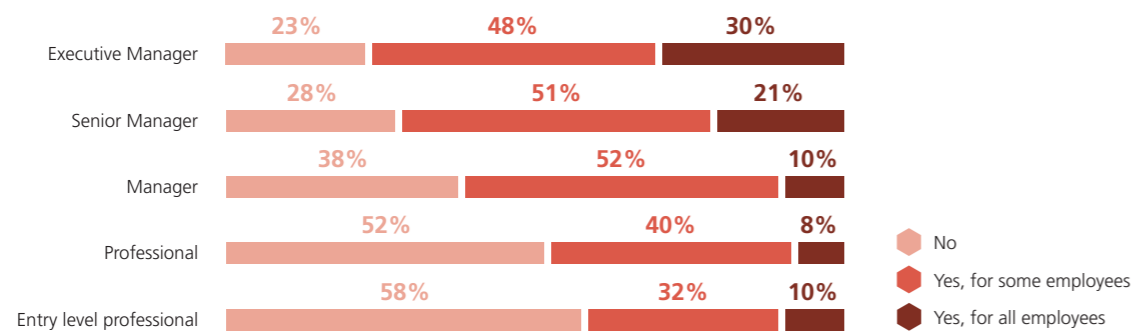
my cultural agility and insight, avoiding the 'they drive on the wrong side of the road' mind-set so prevalent in British people working with and managing colleagues from outside of the UK. The latter blue chip experiences added strong professional rigour to my CV. Both areas have added significant actual and perceived value to my career, and value to my eventual employers.

Andrea Piacentini, founder of the RES Forum and Divisional Head of Reward at Standard Life

Repatriation

One of the activities that an organization can undertake in order to make arguably the most difficult part of the assignment (Hurn, 1999) – repatriation – more successful is to engage in forward planning with assignees. Clarifying the assignee's next role will lead to more job security and improved integration into the career plans of individuals, as well as more focussed family activities in relation to schooling, housing, etc. In addition such structured planning around repatriation allows the part of the organization now receiving the returning expatriate to be better prepared to integrate the employee and support them in hitting the ground running. Unfortunately, less than a third of companies plan the next role after repatriation at the time of assignment commencement for all employees irrespective of hierarchical level. Senior and executive managers tend to have most insights into their next roles while the lower levels in the organization have to live with more uncertainty as regards their next role.

Figure 4.6 For the various management levels in your organization, when an employee goes on assignment, do you consider what their NEXT role will be when they repatriate?



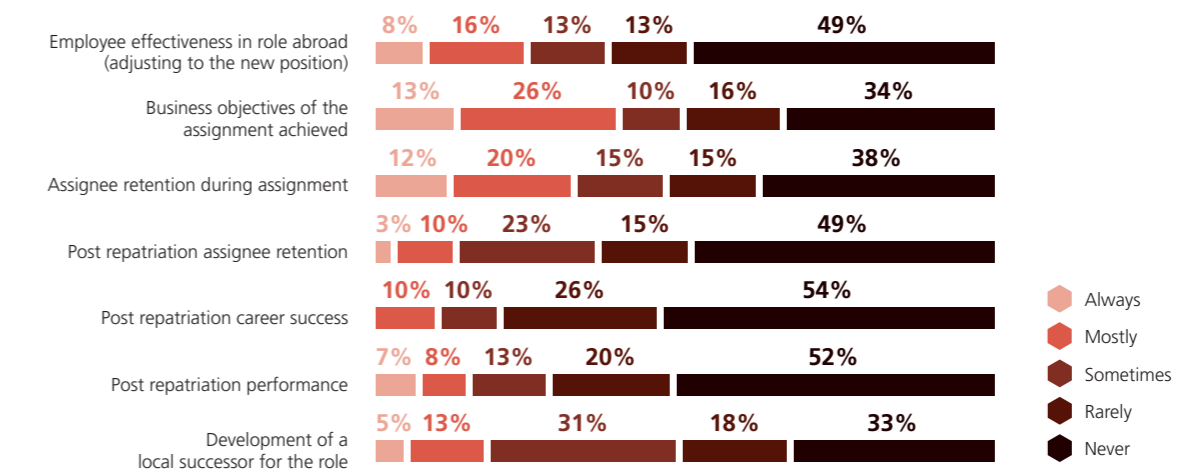
Planning two roles ahead into the future is even less likely. Only about 10% of firms do this for all their executive managers and about a quarter of MNCs plan two positions ahead for some of their senior managers and executives. For all other international staff this is highly unlikely.

Return on Investment (ROI)

Marilyn Monroe stated that "sometimes good things fall apart so better things can fall together." The upset to organizational teams and individual lives through expatriation can have many positive sides. Put differently, international assignments can be fruitful for expatriates, their families and organizations (McNulty et al., 2013). The more a potential assignee can benefit from the move, the more his/her incentive will be to go on the assignment and the stronger the organization's negotiating position in terms of selling the benefits of the move and avoiding throwing money at the problem (Dickmann et al., 2008). It would make sense for firms to understand the drivers of individuals and to understand their thoughts about the benefits of working abroad. However, only a third of organizations assess the assignment value for the employee and contrast it with the business interests. In turn, often the assignment project and overarching goal will determine the assignment pattern, be it short or long term, business travel or international commuting.

In terms of actual Return on Investment (ROI) assessment, there have been many calls for improved company practices. Doherty and Dickmann (2012) found that where organizations assessed ROI, it was mostly in relation to the achievement of budgets and the reduction of costs rather than exploring benefits. McNulty and Inkson (2013) have long argued that the goals and broader context needs to be taken into account when assessing ROI and that the perspective, whether individual or organizational, will matter. The RES Forum team subscribes to these ideas and while it could not relate ROI to context-specific goals, the RES Forum proposed in its 2015 and 2016 Annual Reports a range of generic measures including employee role effectiveness, achievement of business objectives, assignee retention, career and performance outcomes, successor development as well as professional development which could form the strong basis for measuring ROI, specifically with respect to Human Capital KPIs.

Figure 4.7 To what extent does your organization measure the following areas in terms of Return on Investment (ROI) of international assignments?



Looking at those outcomes which are mostly or always assessed by organizations, it is striking how few companies systematically explore these areas to understand the ROI of international assignments. The most assessed area is that of assignment business objectives being achieved. However, even then, only 39% of companies undertake this assessment and only about one in eight always does this. Employee effectiveness is being evaluated by one in four firms and assignee retention during assignment by one in three. All other areas, with the exception of costs, are less frequently analyzed to explore the organizational outcomes of working abroad. Undertaking such ROI assessments might allow firms to understand their GM programmes better, may strengthen the case for foreign work and may lead to insights that can help to refine GM approaches for the future.

Using data analytics (see Chapter 1) could go some way towards measuring ROI better. In addition, other business areas such as general talent management programmes (Scullion and Collings, 2011), the effectiveness of succession planning or the tracking of high potentials / key talents' performance and retention may inspire the design of tools to track ROI in GM. Understanding what value is generated, how and to whom it accrues will be important (Renshaw, Dickmann and Holland, 2016).

Undertaking such ROI assessments might allow firms to understand their GM programmes better, may strengthen the case for foreign work and may lead to insights that can help to refine GM approaches for the future.

Conclusions and Learning Points

Organizational development and talent management is a key part of the GM department and is seen to be increasing in importance. While data to take better decisions will be important, (see Chapter 1), innovative thinking, in-depth understanding of assignees and their families as well as the variety of location contexts and geopolitical developments, all combine to shape the GM approaches of MNCs. This chapter has given us many in-depth data insights. Amongst the key learning points are:

- The willingness of expatriates to work abroad is highly important for companies. Unfortunately, a large percentage of MNCs complain that they have a substantial demand for executives, senior managers, managers, professionals and in some cases entry-level staff that they find hard to fill with candidates suitably qualified to be internationally deployed. Frustratingly, the situation is becoming worse with time.
- This resourcing challenge is not made easier by the many challenges that firms face in relation to career, talent, performance and repatriation planning and management.
- GM planning, through the Talent Management lens, concentrates on top talent. Most companies have a dedicated top talent strategy to develop future leaders but half of MNCs do not have a talent pipeline across all levels of the organization.
- Firms continue to use relatively unsophisticated GM selection methods that are driven by current work performance and the candidates' willingness to work abroad. For instance, only 25% of firms assess the cultural intelligence and about one in seven evaluate language capabilities during their selection. Companies often seem to be unable to refine their selection approaches. Other organizations may take a conscious decision that due to the scarcity of high quality talent they do not need sophisticated assignee selection mechanisms.
- Working abroad tends to pay off in terms of promotion. Expatriate experience is particularly important for senior managers, followed by executives, managers and professionals. While mentors and business sponsors can improve the career and business outcomes of expatriation, many MNCs still do not use these across their functions and hierarchies. In turn, higher touch HR support for assignees is relatively common with almost two thirds of organizations providing this. Overall, in more than a third of MNCs the career advancement of repatriates was superior to that of non-expatriated peers.
- Repatriation continues to be a challenge for GM departments and individual assignees. While long-term career planning has been shown to increase retention and career success, only a third of MNCs plan the individual's next role after return.
- Few companies systematically assess Return on Investment in GM, an issue that is further explored in Chapter 1 on data analytics. Relatively few MNCs go beyond cost issues to look at the achievement of assignment objectives (39%), a quarter assess employee effectiveness and a third evaluate retention issues. ROI assessment could be more in-depth, broader and more systematic.

It is clear that many issues in organizational development and talent management are interlinked, dynamic and highly complex (Cerdin and Brewster, 2014). This applies to the assessment of ROI: what is actual value?; to whom does it accrue?; how can we measure it? This applies also to the selection, preparation, development, career and performance management, adjustment and retention of international assignees. The challenges to overcome in order to improve mobility programmes are high. However, as Michelangelo the great Italian artist, sculptor and sometime philosopher lamented, "The greater danger for most of us lies not in setting our aim too high and falling short; but in setting our aim too low and achieving our mark."

Main Survey Data Source: The RES Forum Organization Development (Talent, Resourcing, Development) Survey, November 2016, 61 organizational responses

What can MNCs do to Increase Expatriation Success? Resourcing, Talent & Performance Management

	Organizational Action	Comments
Resourcing	<ul style="list-style-type: none"> Assess motivation for the international work. Conduct sophisticated selection factoring in personality factors, soft competencies, performance and potential. Involve partner in selection and consider extended family responsibilities. Use psychometric and other instruments and give feedback to candidate and partner regarding cross-cultural strengths and weaknesses. Match candidate's profile to inter-cultural job demands. Provide realistic job, local team and country previews (and also 'look-see visits'). Evaluate family constraints with a view to social obligation & individual expectations. Evaluate the propensity of the candidate and the candidate's family to accept certain types of risks. 	<p><i>Some Key Individual Characteristics for successful expatriation:</i></p> <ul style="list-style-type: none"> Self-confidence & optimism. Willingness to learn about different cultures and business environments. Inter-personal orientation. Good communication skills. Cultural sensitivity & willingness to critically review own values and norms. Openness. Global mind set. Behavioural flexibility. Inquisitiveness. Ability to successfully manage uncertainty. Resilience.
Training and Development	<ul style="list-style-type: none"> Provide rigorous training for increased job demands. Provide inter-cultural training (pre-departure and post-arrival) and language classes. Include spouse/partner in the training. Enable interaction with repatriates from assignment region/area. Give post-arrival cultural training & briefings. Provide team-building initiatives together with new team. Provide (where useful) extensive briefings to local employees regarding role and function of assignee. Enable interaction with other expatriates in assignment region/area (also from other companies). Design position so that it encourages systematic development of professional, personal and leadership skills. Provide repatriation seminars on the emotional response. 	<p><i>T&D Considerations:</i></p> <ul style="list-style-type: none"> Distinguish between local position requirements, global or international control, coordination and innovation responsibilities. Aim for the capabilities that make individuals successful when working abroad (see Resourcing). Provide support through corporate sponsor, mentors and coaches. Encourage global careerist to join expatriate networks such as InterNations, Expatica, etc. Distinguish between general communication skills and development of personality of individual. Distinguish between work and social environment & include family where appropriate. Enable the use of professional, personal and leadership skills in next position.

	Organizational Action	Comments
Career Issues	<ul style="list-style-type: none"> Link selection to individual's long-term career plan and organizational career management (avoid 'out of sight, out of mind' syndrome). Foster the acquisition of knowing how, knowing why and knowing whom capital. Design support mechanisms such as business sponsors, formal and informal networks, shadow career planning. Conduct re-entry planning. Provide career advancement and consider further learning opportunities / stretch jobs. Operate a mentor system / international work sponsor system. 	<p><i>Career Planning:</i></p> <ul style="list-style-type: none"> Be aware that the mutual dependency of individuals and organization is especially strong during an International Assignment. There is a case for more long-term career planning which looks likely to aid retention. Consider NOT to promote on the way out – instead, actively consider to promote upon repatriation. Consider expatriation to centres of excellence and ways to apply insights and use social capital in the job upon return. Work on long-term career plans in cooperation with the global careerists. Ensure that international experience is also symbolically valued as career capital.
Performance Management	<ul style="list-style-type: none"> Use a globally integrated performance management system to encourage comparability. Find a balance between local and global objectives. Ensure that assignment-specific objectives are meaningful and attractive to local operating units and appraisers. Embed the primary purpose of the assignment (developmental, control, coordination, skills-filling) in the performance management and appraisal. Link performance management to development, career and succession planning. 	<ul style="list-style-type: none"> Implement a Performance Management (PM) philosophy that is acceptable in all regions and countries that the organization operates in. Design a PM system that is flexible in so far as local and global criteria can be used. Encourage local – global cooperation rather than competition for resources or preservation of balance sheet orientation. Be conscious of timing, tasks and roles.

Currency Devaluations and Cross-Border Assignments: Dos and Don'ts



Expert view by AIRINC
Genie Martens, Senior Director of Client
Engagement and Advisory Consultant

Major and sudden currency re-alignments can pose some immediate and practical problems for mobility practitioners responsible for managing compensation arrangements for cross-border assignees.

Before deciding how to take action – and when – it's important to gauge exactly how assignees are impacted. This will vary depending on whether assignments are to or from affected countries. Although each devaluation has unique aspects, a general inflationary pattern can be predicted. Immediately after the devaluation, prices of some imported goods may be marked up, followed by more gradual inflation for other goods and services. The speed at which prices change to offset the cheaper currency will vary based on a myriad of factors including each country's dependence on imports, its political system, and trade and currency restrictions.

Assignments "To" Affected Countries: What should companies do?

- 1. Communicate with assignees.** For assignees on home country-based balance sheets, the objective is to protect home purchasing power. You may want to communicate that after a period of information gathering, allowances will be adjusted to recognize both the new exchange rate and inflation at home and host.
- 2. Let the dust settle.** Before making any decisions, it's important to watch and wait. Depending on the economic and political circumstances, the initial devaluation may be followed by significant currency volatility.
- 3. Get the facts.** The best way to determine the impact of a devaluation is to conduct a cost of living survey once some of the initial volatility has settled down. Don't forget about housing; rental costs or lease arrangements may also be affected and housing budgets should be reviewed.
- 4. Don't revalue allowances to the new exchange rate without considering inflation.** Reducing allowances for the new exchange rate without considering the offsetting impact of local price changes can hurt assignees since price changes (at least for some goods) may start to accelerate immediately.
- 5. Doing nothing can have negative effects.** Recognizing that assignees can be upset by the economic changes in their host destination following a devaluation, it's tempting to leave allowances at their pre-devaluation level and assume that at some point, price increases and currency losses will balance themselves out. Certainly this can occur, but this can take many months or even years. Meanwhile, you are incurring extra costs as you support allowances that are unnecessarily high.
- 6. It's not always just about costs.** Major devaluations may also affect day-to-day living conditions. Social unrest and crime can increase as local citizens are affected by high inflation, and availability of critical goods may be reduced. For companies that provide hardship allowances, it is worth considering whether the changes in local conditions are severe enough to consider adjusting hardship to recognize the new realities.

Assignments "From" Affected Countries: What should companies do?

For assignees from countries that experience major devaluations or ongoing economic volatility, different compensation arrangements may require different solutions.

Home-Based Balance Sheet

Due to its flexibility and adaptability, the balance sheet approach can work well for any home-host combination and in any economic circumstances. Assuming a home-based balance sheet approach is the right solution, the following dos and don'ts may provide some useful guidance:

- 1. Consider a quick COLA update for exchange rate change.** Depending on the magnitude of the devaluation, you may need to do an off-schedule update to ensure assignees are able to convert enough home currency to support host purchases.
- 2. Stick to balance sheet principles.** In the case of a major devaluation, mobility practitioners may wish to remind affected assignees that COLA will be adjusted not only for changes in exchange rate and host prices, but for changes in home prices as well. COLA addresses the difference between host and home inflation only; erosion in home purchase power must be handled via salary increases.
- 3. Consider coordinating salary and COLA adjustments.** In instances of very high home inflation, COLA updates can be timed to coincide with home salary adjustments. The overall change experienced by the assignee will be tempered by the offsetting impacts of positive salary and negative COLA adjustments.

Host-Based Pay

For assignments into countries with stable economies, host-based pay (often with "plus" elements such as housing and education) can solve some of the problems associated with expatriating an employee from an economically volatile country.

- 4. Think twice about linking pay to host if a career at home or future mobility is expected.** Although host pay may be a quick fix to avoid issues with home inflation and home currency restrictions, the financial gain for the assignee relative to home peers may make it very difficult to return the assignee to home terms at the end of the assignment. Breaking the link with home pay also tends to increase company costs over time, since it's likely compensation arrangements for future mobility will be based on the higher host pay level.
- 5. Watch out when both home and host countries are economically volatile.** The economic uncertainty of the host destination, not to mention the possibility of currency restrictions, can make a host-based approach difficult to manage, and possibly unattractive to the assignee. Decisions about pay approaches in these circumstances may need to be handled on a case-by-case basis, depending on business needs and specific home and host combinations.

Conclusion

Companies that proactively establish appropriate compensation policies are best prepared to meet challenges of economic volatility. Carefully thought-out policies and pay approaches help companies achieve both business- and career-planning goals, control costs, and minimize exceptions.

About AIRINC

With over 60+ years of global mobility expertise, the most extensive unique on-site data collection model, rigorous data analytics, and experienced consultants offering unparalleled insights and advice, AIRINC has long been viewed as the premier source to solve cross-border compensation issues.

www.air-inc.com



Chapter Introduction by: Jose Segade, Co-founder, The RES Forum

Assignment related Rewards remain for many the most visible and topical aspects of the mobility story, seen as key levers in attracting employees to become International Assignees in the first place and helping their engagement levels throughout the assignment. Of course, they are also the most visible cost to the company (as long as no unexpected or unintended corporation tax liabilities are not triggered!).

Year on year, whilst the dial isn't moving in terms of the construction of assignment packages and the evolution of assignment rewards therein, some minor evolution is happening apropos of how companies are constructing the packages which support different assignment types– looking back over the last four RES Forum Annual Reports, the following represent the key trends for me:

1. Greater definition and articulation of what constitutes a 'strategic assignment or business need assignment' – such assignees are typically the beneficiaries of the most generous assignment packages, however, to be considered as such requires well-articulated business drivers in defining why such a strategic move is necessary
2. Greater use of 'local plus' arrangements – whilst not always the most practical arrangements for companies to manage, there is most definitely an appetite from companies to consider and support the art of the possible with such assignments. If this can be coupled with strong employee drivers to go on assignment, then you have the perfect match – an enhanced local package and an engaged employee
3. Continued debate around offering flexible assignment benefits – for some reason this debate seems to rumble on. Certainly this is a subject which surfaces within the RES Forum membership at least once a year, influenced no doubt by the practice in the broader reward space of choice and flexibility being seen as the key to engagement with rewards. My fellow RES Partner Andrea Piacentini, who has lead Reward in several international and FTSE listed companies, often talks about the difference between remuneration (something linked to achievement) and compensation (something linked to a lost opportunity) and questions therefore whether flex is ever appropriate for International Assignees given that the rewards offered are effectively compensation for lost opportunity? As Andrea puts it 'you wouldn't offer a single assignee the cash equivalent of the assignment costs of her/his peer who has five kids at international school'. I defer to his expertise on this one!

RES FORUM



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5

Reward Package Design

Moving beyond cash rewards, I was drawn to the interesting thoughts of Steve Asher of Mazars in his commentary on Total Rewards which he shares in this very chapter. Steve presents an argument which suggests that International Assignments are about more than financial rewards and that the value both during and after the assignment is about how the assignee grows and evolves because of the experience. To quote the 19th century social thinker and philanthropist, John Ruskin: 'The highest reward for a person's toil is not what they get for it, but what they become by it.' I will leave you with that thought...



5

Reward Package Design

By Professor Michael F. Dickmann

Introduction

Thomas Jefferson, musing about life and work, argued that “I’m a great believer in luck, and I find the harder I work the more I have of it”. Reward packages aim to compensate staff for their efforts in a fair and consistent way, incentivize the right behaviours, and elicit the motivation to go that extra mile so that the organization benefits. In the past within the area of GM there has been a tendency for firms to ‘throw money at a problem’, the view being that the monetary drivers of expatriation are the most important aspects of being on assignment, more than they actually are (Dickmann et al., 2008). Due to increasing competition and the effects of the global financial crisis, MNCs have become more cost conscious and the pressures on GM departments to monitor their costs closely and to design assignment packages efficiently has increased (Sahakiantz et al., 2016; Dickmann et al., 2016; RES Forum 2016). Beyond costs, how GM professionals manage Return on Investment (ROI) in terms of the many goals associated with working abroad is increasingly important (McNulty et al., 2013). This chapter gives an overview of current ‘state of the art’ reward features being used by many MNCs in managing, engaging and rewarding their internationally mobile employees.

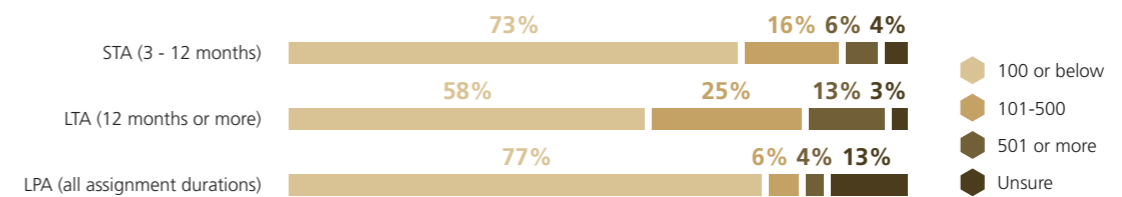
Data Background

One of the key annual RES Forum surveys looked at assignment package design. Based on data from 68 MNCs, three quarters of these companies had 10,001 employees or more with more than half having in excess of 25,000 staff. Only one company employed 1,000 staff or less. Two thirds of the surveyed companies had operations in more than 25 countries with a quarter having a truly global reach of operating in more than 75 countries. Two thirds of firms send assignees to more than 10 countries while 15% send expatriates to more than 50 different countries. These sizeable MNCs also had large expatriate populations: 18% of firms have more than 1000 international assignees, a further 8% send between 501 and 1000 staff to work abroad, and 16% have between 250 and 500 expatriates.

Most companies distinguish between Short-Term Assignments (STAs), Long-Term Assignments (LTAs) and Local Plus Assignments (LPAs). The most common assignment type continues to be LTAs, as Figure 5.1 documents. However, in comparison to data from earlier RES Forum reports, the number of long-term assignees and local plus staff in companies is reducing. Overall this population gives us a good quality insight into practices and issues within multinationals over 2016 and into 2017.

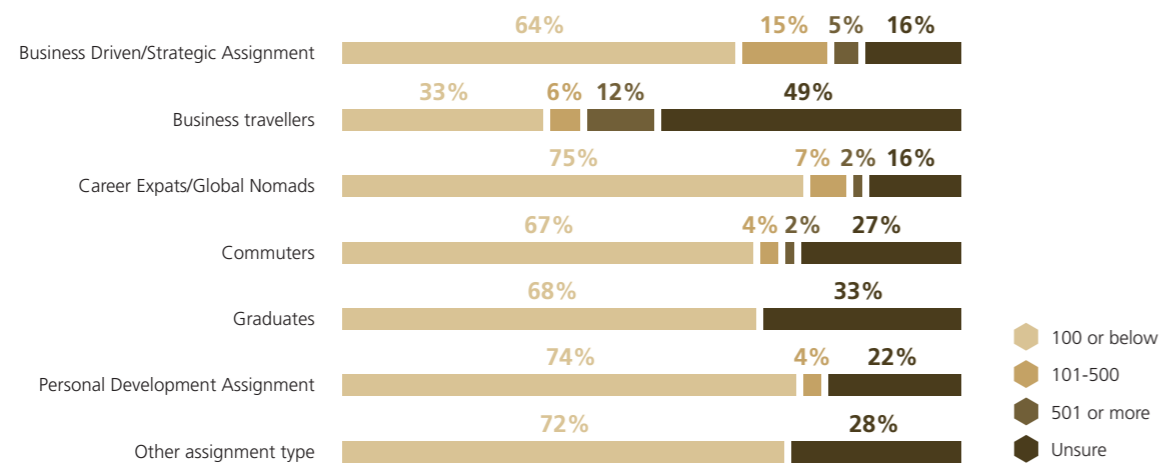
Most companies distinguish between short-term international assignments (STAs), long-term assignments (LTAs) and local plus assignments (LPAs). The most common assignment type continues to be LTAs.

Figure 5.1 For each of the following assignment types, what is the TOTAL global assignee population of your organization?



Business driven/strategic assignments tend to last at least one year but more than a quarter last more than three years. 20% of firms use short term overseas work for developmental purposes while half design developmental international assignments for a duration of at least one year. While some literature indicates that LTAs are becoming shorter (Doherty and Dickmann, 2012), our sample seems to indicate that very long LTAs are not dead, indeed 36% of firms indicated that the typical long-term assignment duration is between three and five years. The number of assignees for a broad range of Global Mobility forms is depicted on the next page. This shows the continued importance of business driven/strategic assignments and business travel.

Figure 5.2 For each of the following assignment types, what is the TOTAL global assignee population of your organization?



STAs typically last between six months and one full year with less than a third being shorter. No firm had STAs lasting less than three months. Some companies indicated that they had no formal developmental assignment policy but, instead, use commuter assignments or handle expatriates on developmental work within their LTA policy. Finally, LPAs could be permanent transfers (up to 45%) but a sizeable number of MNCs restrict them to up to three (27%) or five years (25%). Especially in hostile environments, a parallel policy of building local successors who benefit from social networks, an understanding of national culture and language(s), who have greater freedom to move around within countries and who might be less of a target for terrorist activities may be highly effective (Dickmann et al., in press).

Assignment Package Design and Construction

Attribution of Assignment Costs

Key GM objectives determine some of the expatriation types and who is benefitting from the foreign work (McNulty et al., 2013; Brewster et al., 2014) as depicted in Figure 5.3.

One could make the argument that this also should have some influence on where the assignment cost should be allocated (Dickmann and Baruch, 2011). In essence, the argument is that a purpose (Edström and Galbraith, 1977; Dowling et al., 2013) that benefits the host country immediately, or in the longer run, such as skills gap filling or 'fire-fighting', should be paid by the receiving unit. In turn, control and coordination assignments should be financed by the home country where the benefits primarily accrue to the sending unit. Lastly, if the organization aspires that innovation and knowledge are shared and spread as widely as possible within the organization then the company pay back of an assignment (including financial and non-financial value) is likely to accrue to both home and host units and the costs may be shared between home and host.

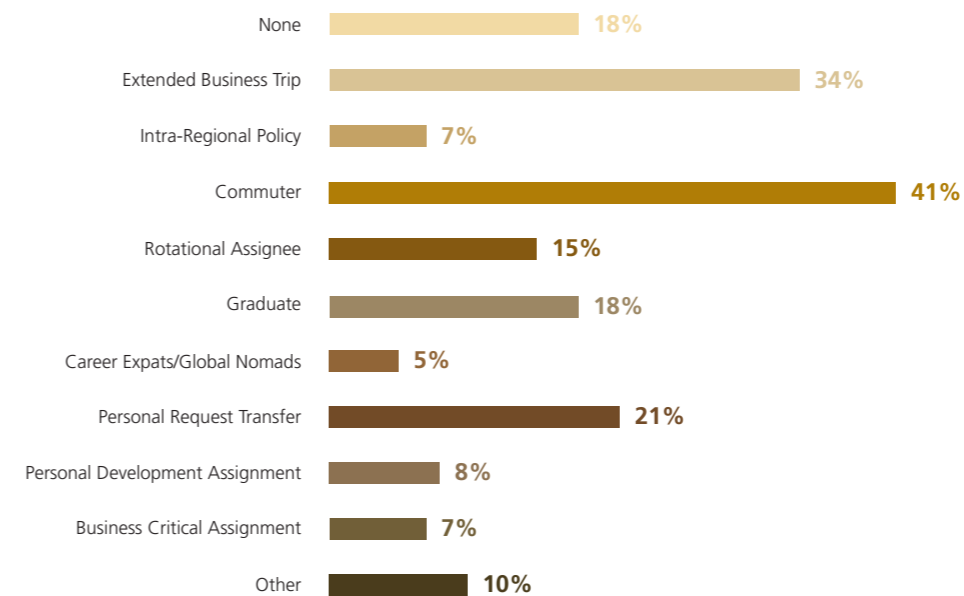
Figure 5.3 Key Value Areas of Global Mobility – Expatriation

Assignment Profile	Business Drivers	Payback & Cost Allocation
Short Term Business Needs	<ul style="list-style-type: none"> Skills Shortage Rapid Deployment 	<ul style="list-style-type: none"> Short term payback to host country Cost allocation to host
Long Term Business Needs	<ul style="list-style-type: none"> Knowledge Transfer Control and Coordination 	<ul style="list-style-type: none"> Long term payback to overall business Cost allocation to home and host
Strategic Business Needs	<ul style="list-style-type: none"> Global Talent Management Career Development Global Leadership 	<ul style="list-style-type: none"> Medium – long term payback to whole organization but particularly to sending unit Cost allocation to home

Variety of Assignment Types

Over the last three RES Forum Annual Reports, the RES Forum has identified that companies are increasingly refining their GM approaches. One of the areas in which this is approach is being developed is that organizations now distinguish between many forms of Global Mobility which allows them to design tailored reward offerings and which also enables them to develop distinct policies and practices.

Figure 5.4 Does your organization formally recognize any other assignment types via separate policy guidelines?



With respect to types of assignments, while there were some shifts in the data vis-à-vis prior years' reports, in this most recent RES research, no definite patterns were observable. Some companies perceived an emerging theme of new technology beginning to influence personal request transfers. One commented "we have a dramatic increase in employees requesting the ability to work in another country to accommodate personal situations". We have seen in earlier RES Forum Annual Reports that personal request transfers are often associated with a quite significantly reduced expatriate package. A further emerging category is what has been called a trailing partner policy, i.e., providing a position for a partner of a company expatriate (and in some cases the partner of an expatriate who is not actually employed by the company).

Commuter and Business Travel Policies

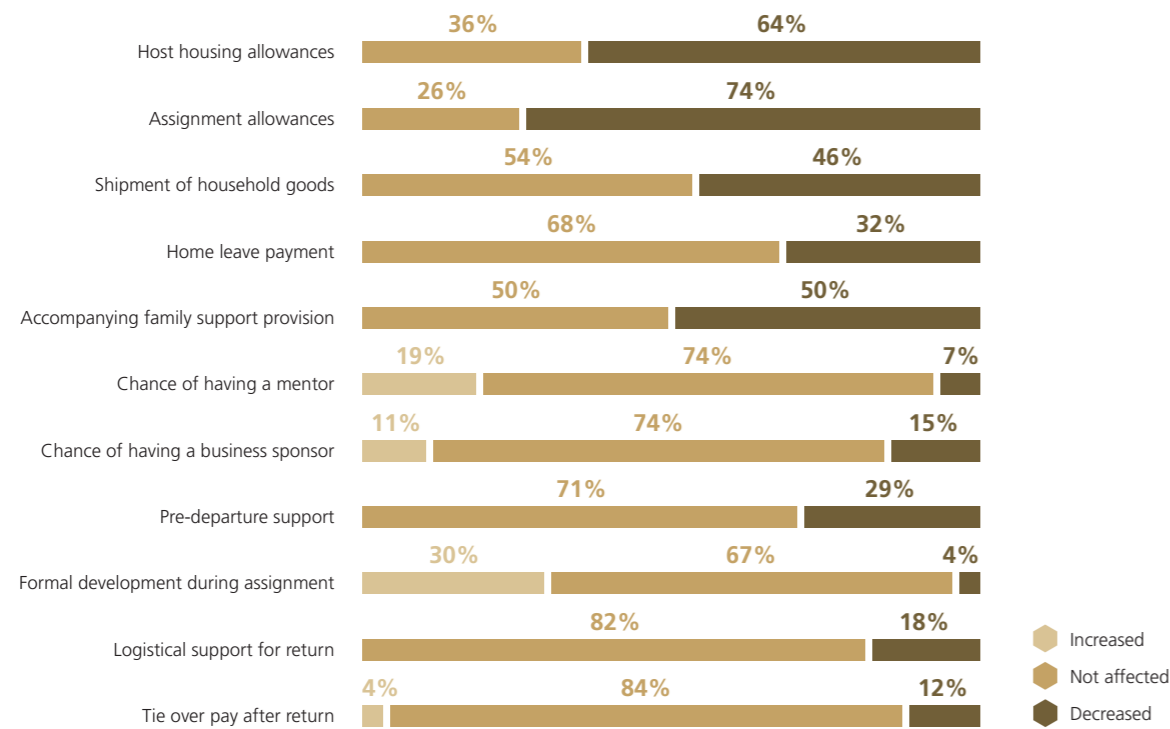
International commuting and business travel are increasingly used for international deployment and provide their own challenges (Baruch et al., 2013; Pudelko et al., 2015). However, there is no agreed definition of business commuting. In earlier RES Forum research we discovered how organizations decide on the eligibility for a commuter policy. The most common ways used the following '4t' criteria: time spent in

location, trips over a period of time, tax implications and (less frequently) travel time. More rarely, firms use the '2r' criteria: responsibility in at least two countries or replacement of an expatriate assignment. International commuting is subject to wide variations of drivers and personal circumstances and may need substantial tailoring to each person's individual needs.

Rewards for Developmental vs Business-Driven Assignments

The number of companies (43%) that distinguish between business driven/strategic assignments and developmental assignments has remained stable over the years. In earlier reports we noticed that where staff initiated developmental postings, the terms tend to be less generous.

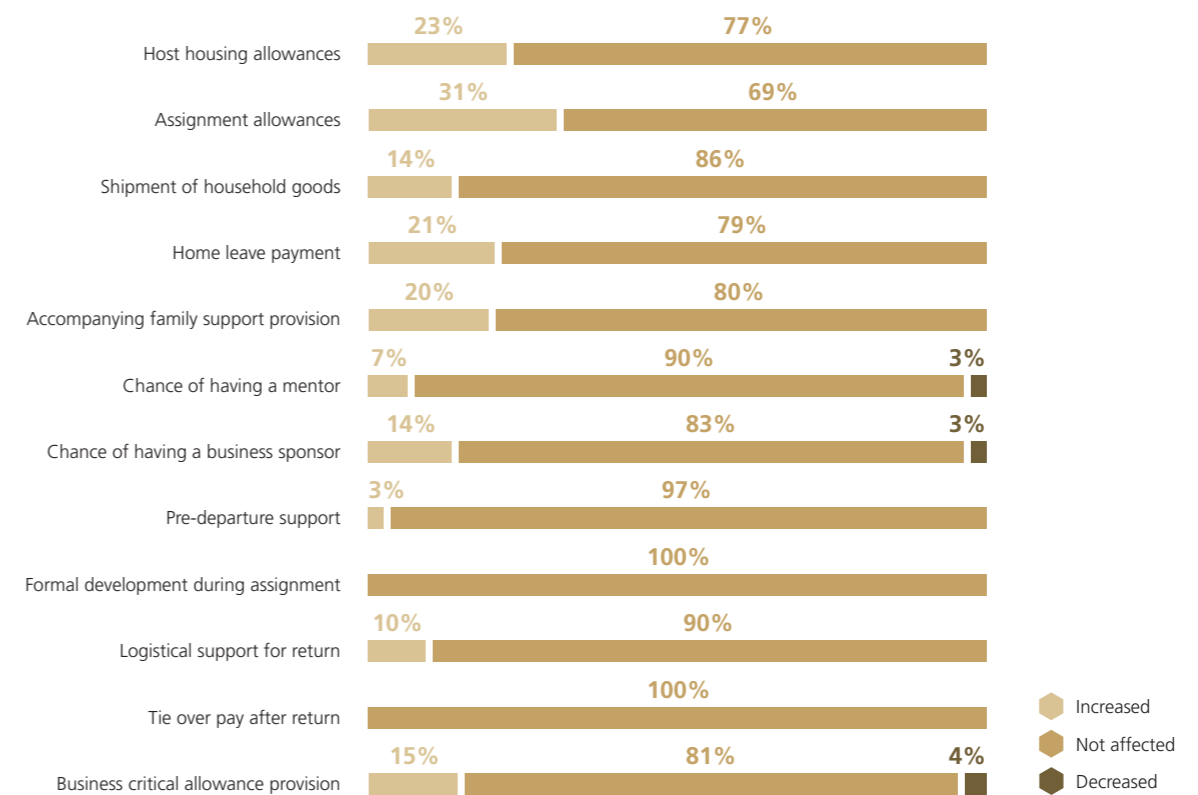
Figure 5.5 How does Developmental Assignment support in your organization differ from your standard LTA support?



Unsurprisingly, the assignment packages for developmental international assignments are less generous on average. The exception to the general approach of 'less generous remuneration terms for development assignments' relates to those developmental assignments which are linked to, say the formal company sponsored professional growth of an employee.

Examples include an assignment being offered as a formal development opportunity as part of a key or emerging talent's development plan or where the assignment has as its aim the pairing of the employee with a senior mentor as part of longer term succession planning. Overall, many firms are using the developmental aspect of international assignments as an opportunity to make their GM programmes more cost effective, in line with the increased efficiency pressures of recent times (Dowling et al., 2013; Dickmann et al., 2016). In contrast but not unexpectedly, companies tend to maintain generous assignment terms for business critical or strategic assignments.

Figure 5.6 How does the Business Critical/Strategic Assignment support within your organization differ from your standard LTA support?



This report shows that many MNCs continue to struggle to find suitable candidates for international assignments. More generous assignment packages may contribute towards solving this challenge but this is not likely to be enough of an incentive, especially in hardship postings which may be in dangerous, remote and isolated locations. Candidates often look for particular benefits in terms of security provisions, rest and recuperation/holiday times as well as monetary incentives. Assuming there is not an endless pot of money for organizations to spend, academic research looking at what 'the best' do in this area informs us that other employee engagement activities could help MNCs to motivate employees more effectively with respect to going on assignment. This in turn would help address the shortfall in available and willing global talent whilst not throwing money at the same problem (see the recommendation appendix in this report). The importance of a strong psychological contract between company and employee continues to be extremely high during assignment and companies are well advised to develop personalized, responsive and flexible HR and GM policies and practices to address employee needs and engage employees effectively (Conway and Briner, 2009; Haslberger and Brewster, 2009; Chi and Chen, 2007).

Do MNCs incentivize expatriates by linking assignment bonuses to assignment performance? The RES Forum data shows that most companies do not do this, as more than two thirds of each of STAs (76%); LTAs (70%); LPAs (68%), Developmental Assignments (71%) and Business Driven Assignments (70%) do not have a bonus specifically linked to assignment goals. Instead, MNCs use their general system of annual reviews to decide on merit increases or bonuses.

Figure 5.7 What salary basis is used in your organization for the following assignment types?

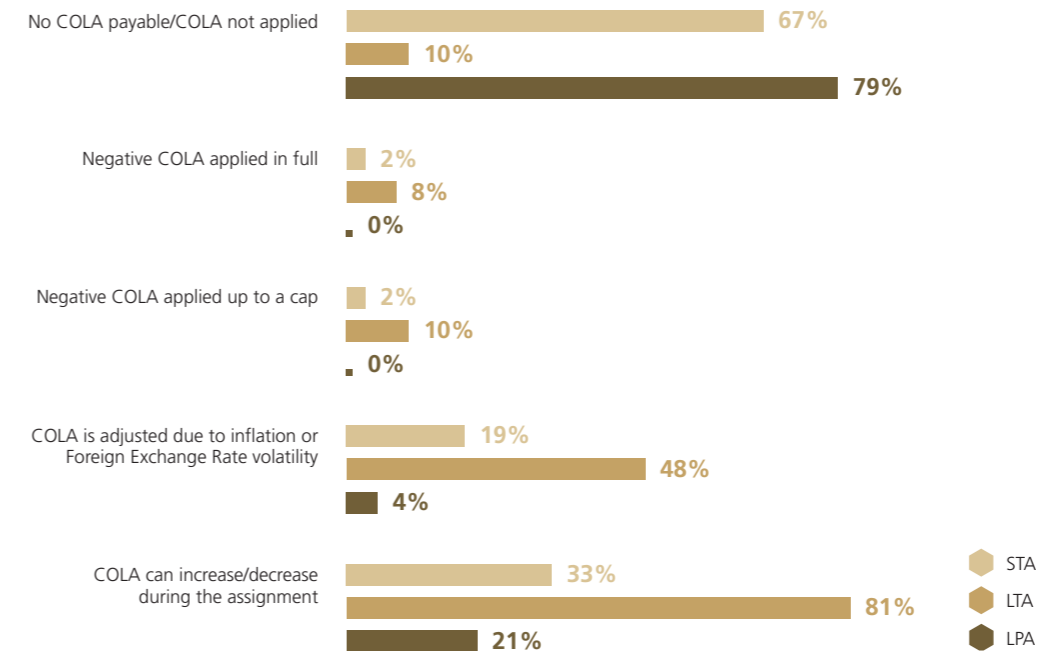
	STA	LTA	LPA	Developmental Assignment	Business Driven/Strategic Assignment
Home-based (balance sheet)	96%	87%	10%	72%	78%
Host market based	1%	6%	75%	14%	4%
Higher of home or host	4%	6%	2%	4%	8%
HQ based salary scale	0%	0%	0%	2%	2%
Other	1%	1%	14%	8%	8%

With respect to LTA reward packages, the overwhelming majority of 87% used a home-based balance sheet approach as per what is now a very long established approach. Only a few MNCs (6%) used the higher of home or host base pay while an equal number of firms used a host market approach solely. Like last year, LPAs had a one in ten chance of being remunerated using a home-based balance sheet approach; in other words this is not a common approach at all.

The MNCs also indicated which Cost of Living Allowance (COLA) index they applied to the different forms of assignment, with similar percentages of firms applying negative COLA in full and up to a cap for STAs (2%) and LTAs (9%). Two thirds of short term assignees did not have COLA applied. For most long term assignees, COLA can increase or decrease during the assignment. While the assessment frequency varied, some companies update their calculations as often as once per month. Whilst having such an approach to COLA is not a new revelation given the maturity of GM remuneration models, the current geo-political environment with impact on cost of living and regular foreign exchange fluctuations as well as longer term currency depreciation (all evidenced and commented on for example in the UK in the wake of the Brexit vote), is an area organizations would do well to consider carefully and upon which they should have a proactive view over 2017 and 2018, in terms of how they will respond to such environmental factors.

Another interesting aspect to this discussion is the long established practice of not paying COLA to short term or local plus assignees who suffer exposure to currency fluctuations if they plan to move money back home. This clearly also generates winners as well, depending on how remuneration is delivered in terms of currency of choice. Compare for example a local plus assignee into the UK (negatively impacted if sending money 'home') versus a UK assignee on local plus terms in France sending Euros back to the UK and seeing a positive impact due to a devalued pound.

Figure 5.8 Please indicate if any of the following apply to the Costs of Living Allowance (COLA) calculation in your organization?



The willingness to be globally mobile is encouraged by generous cash allowances and other support elements (Dickmann et al., 2008; Dowling et al., 2013). However, there is an obvious tension between generous assignment packages and the need to design, implement and manage effective GM programmes. In essence, if you subscribe to the thoughts of Cicero "Frugality includes all the other virtues" then the GM department will have a lean cost management approach and will 'sell' expatriation on its inherent merits, including the growth opportunities for individuals and potential positive career effects (see Chapter 4). In order to explore company practice, here we will review responding organization's policies, focussing on the differences between STAs versus LTAs on the one hand and Developmental versus Business Driven/Strategic Assignments on the other. While firms can offer a broad range of benefits and allowances, our data concentrates on mobility premiums, COLAs, business critical and hardship allowances, housing and education allowances as well as home leave benefits. Only those elements that more than half of the MNCs grant to their different types of assignees will be discussed.

STA Allowances

Three quarters of companies pay their short term assignees host housing (75%) and two thirds grant home leave allowances (67%). In addition, half of the firms offer hardship allowances. Allowances can cover costs for transportation, medical, utilities, furniture and electrical goods purchases as well as other one-off costs.

LTA Allowances

It is clear that the terms for LTAs are superior to those of STAs. Staff on traditional LTAs tend to get cost of living allowances (93%), host housing allowances (85%), home leave allowances (85%), education allowances (75%), hardship allowances (72%) and a mobility premium (51%).

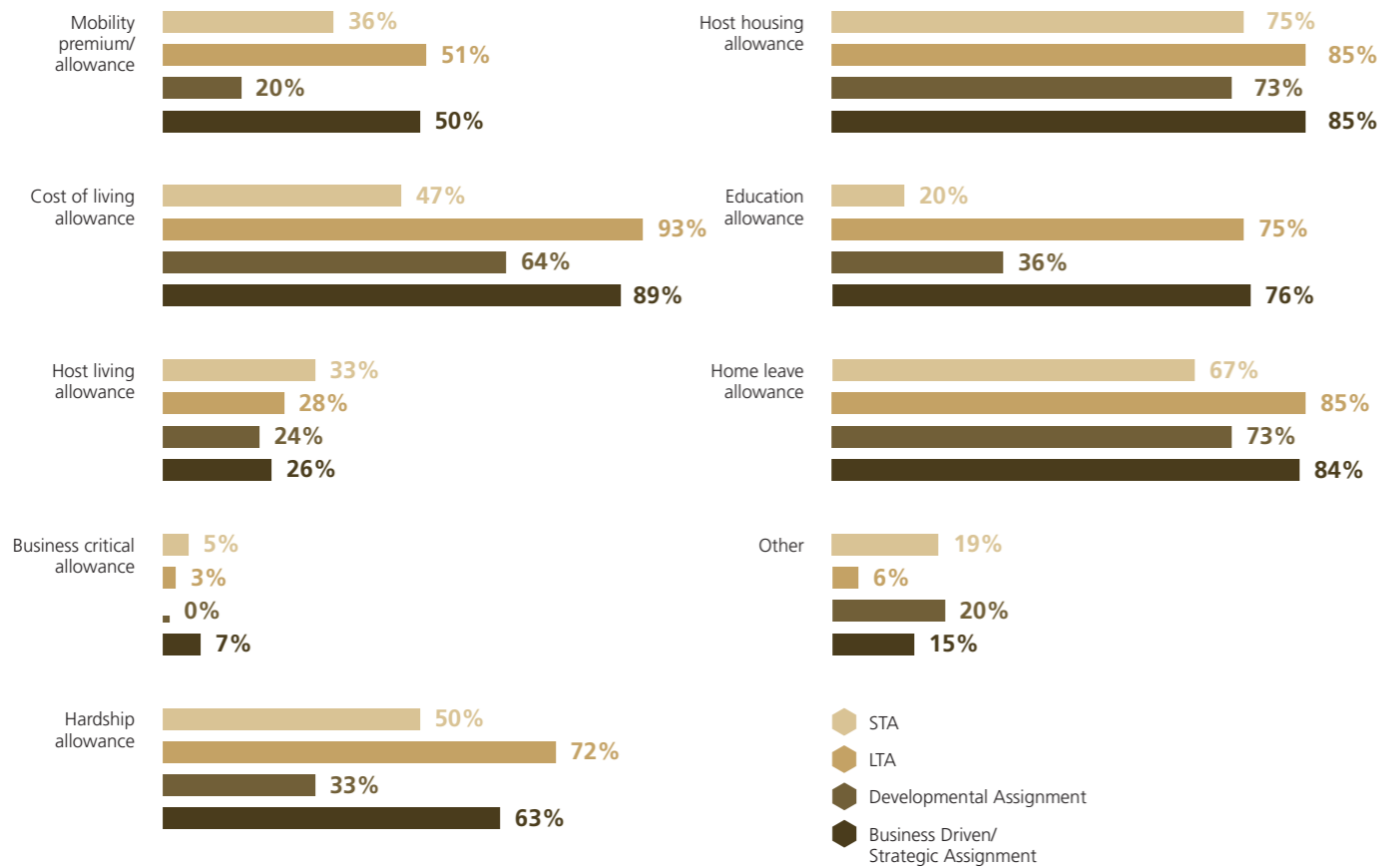
Developmental Assignment Allowances

The differences in allowances provided to those on business driven assignments is particularly stark when compared to employees on developmental assignments who have far less generous terms. They do, however, get host housing (73%), home leave (73%) and cost of living allowances (64%).

Business Driven/Strategic Assignment Allowances

Almost all expatriates on these assignment types get cost of living (89%), host housing (85%) and home leave allowances (84%). In addition, three quarters of strategic assignees receive an education allowance, two thirds a hardship allowance and half a mobility premium allowance.

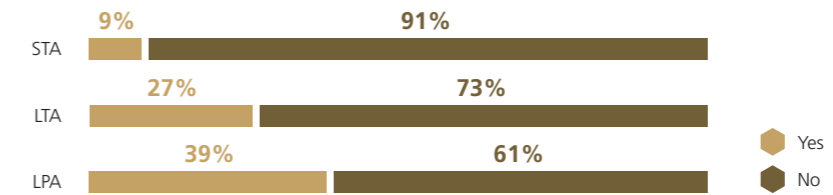
Figure 5.9 Which of the following cash allowances or support elements are payable in your organization for each of the assignment types listed?



Contribution Toward Housing Costs

Housing costs can be one of the major expenses in Global Mobility, depending on the location of assignees. Accommodation in cities such as Oslo, Geneva, Zurich, London, New York, Paris, Shanghai, etc., can add substantially to the overall cost of working abroad. Given that staff would have to pay their accommodation if they were working domestically, it would seem fair to expect that companies ask for some contribution towards housing, especially in the case of LTAs. It is therefore surprising that only the clear minority of MNCs require any sort of contribution to housing costs in their GM programmes.

Figure 5.10 For each of the following assignment types, do assignees contribute towards housing costs in your organization?

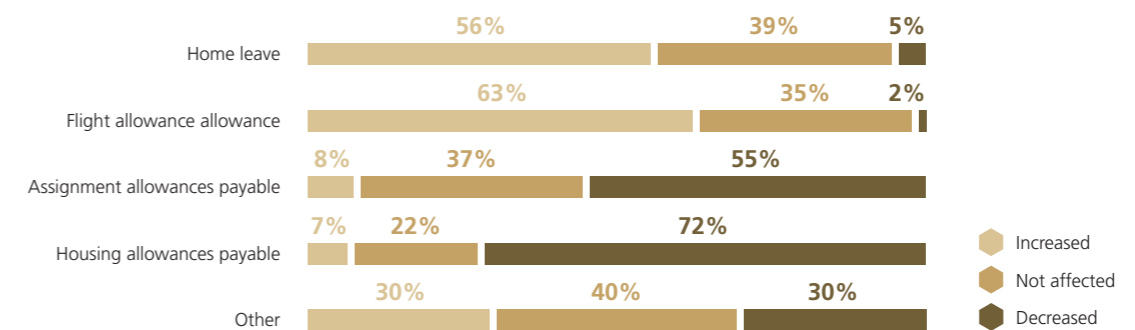


LPA contributions are highly variable and at one extreme individuals pay for their housing costs in full. Other contribution forms include MNCs paying a gross allowance of market rent and the individual paying his/her own tax and social security. For LPAs, some firms pay a housing supplement which typically is below the actual accommodation cost.

Assignment Allowances Depend on Whether Expatriates Go Abroad Unaccompanied

Many MNCs adjust their package terms depending on whether the expatriate goes on assignment unaccompanied. About two thirds of firms increase home leave and slightly more than half increase their flight allowance if the expatriate relocates alone. Of course, the sending organization saves on other items as it does not have to provide the same size of accommodation or payments for education/schooling allowances or partner hardship (RES Forum, 2014). Unsurprisingly, more than two thirds of firms reduce the housing allowance if the assignee is unaccompanied. In addition, 55% of firms reduced the assignment allowances payable. In dangerous environments, unaccompanied assignees would also incur far lower costs in relation to assignee safety and security.

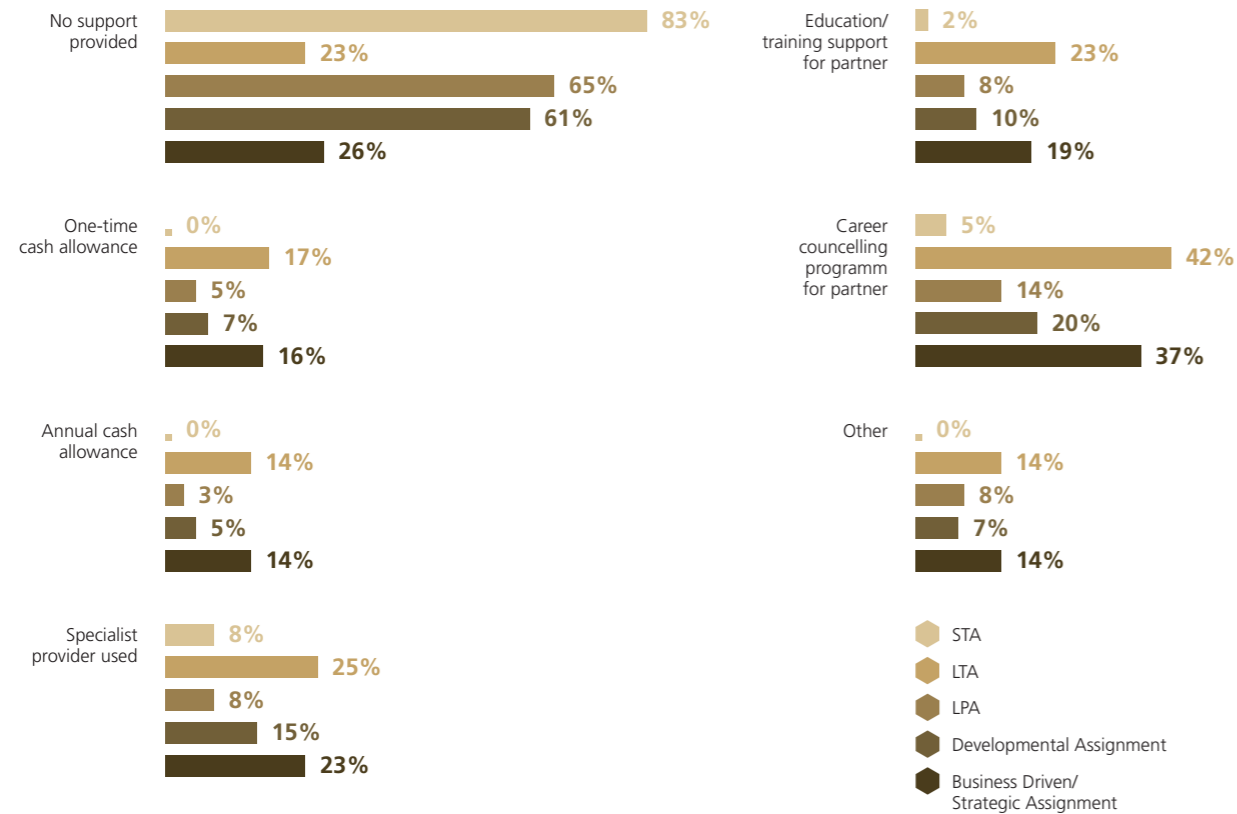
Figure 5.11 For LTAs, in what way does the assignment support differ from standard policy in your organization if an assignee goes on assignment unaccompanied (family remain in the home country) for the full duration of the assignment?



Spousal/Partner Support

There seems to be a mantra that goes 'unhappy family, unhappy expatriate'. The literature argues that adjustment, performance and well-being of assignees will be affected if the partner or children of an expatriate are unhappy with their lives in the host country (Harvey, 1997, 1998; Rosenbusch and Cseh, 2012). Happy expatriates are seen to be more likely to adjust well, especially in the new conceptualization of cultural adjustment that incorporates an explicit emotional dimension (Haslberger et al., 2013). If the expectations of expatriate and family of their new host environment fit to those elements that the company, host team and country can actually provide, adjustment is facilitated (Haslberger and Dickmann, 2016). It is still widely believed that a 'happy' family and a 'happy' assignee are positive for his/her job performance, willingness to stay in the host location and overall organizational performance.

Figure 5.12 Does your organization provide spousal/partner support assistance?



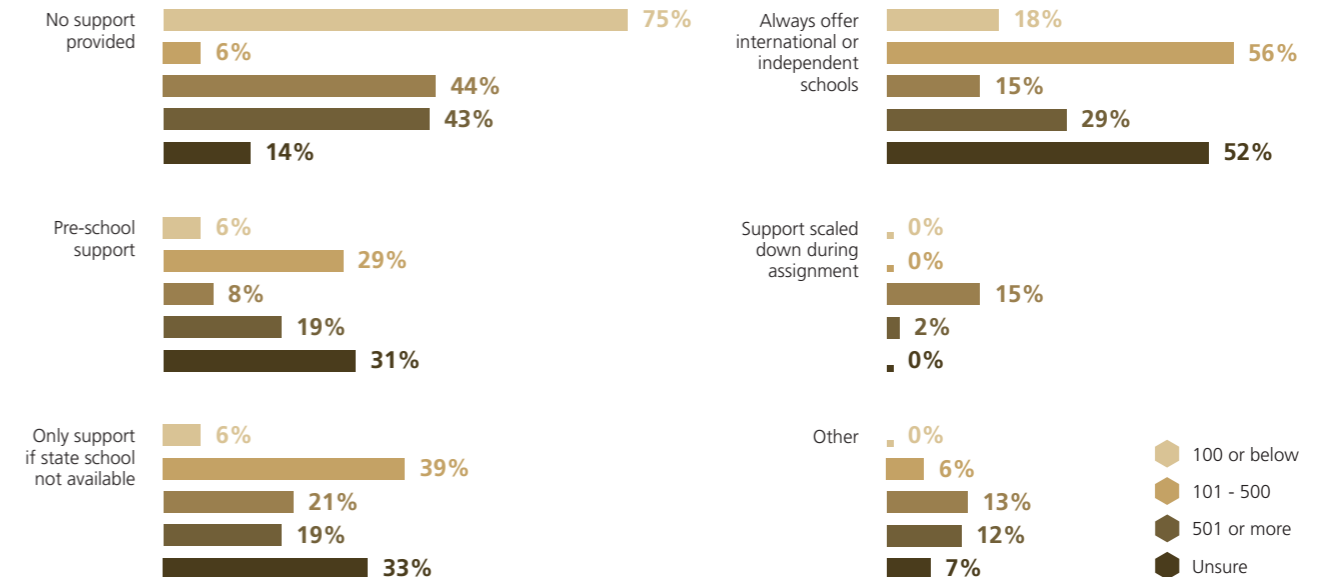
Only one in seven firms provided any support for the partners of assignees who were on STAs and only a third to spouses of local plus assignees. In turn, more than three out of four companies provided support to partners on an LTA. The most likely support consisted of career counselling, working with a specialist provider and giving education or training support for the partner of long term assignees. Overall, career counselling was the assistance most likely to be offered irrespective of the assignment type. One in six companies gave a one-time cash allowance ranging from US\$2,000 to US\$7,000.

A 'happy' family and a 'happy' assignee are positive for his/her job performance, willingness to stay in the host location and overall organizational performance.

Educational Assistance

The education of their children is a key factor that potential expatriates consider when thinking about whether to accept an assignment (Doherty et al., 2011; Hippler 2009). Firms are acutely aware of this importance and look to offer an attractive deal to their candidates, mostly through payment of private school fees. However, in some education systems, state schools can be very good and may be attractive to expatriate families (Dickmann and Cerdin, 2014). Some firms have moved to only offer support for paid education where it is perceived to be better, either in quality of education or in avoiding disruption for instance if children are in a critical exam preparation year. One company argued that they "only support if language barrier or if education standard differs significantly from home country".

Figure 5.13 Please describe your organization's child/dependent education assistance support.

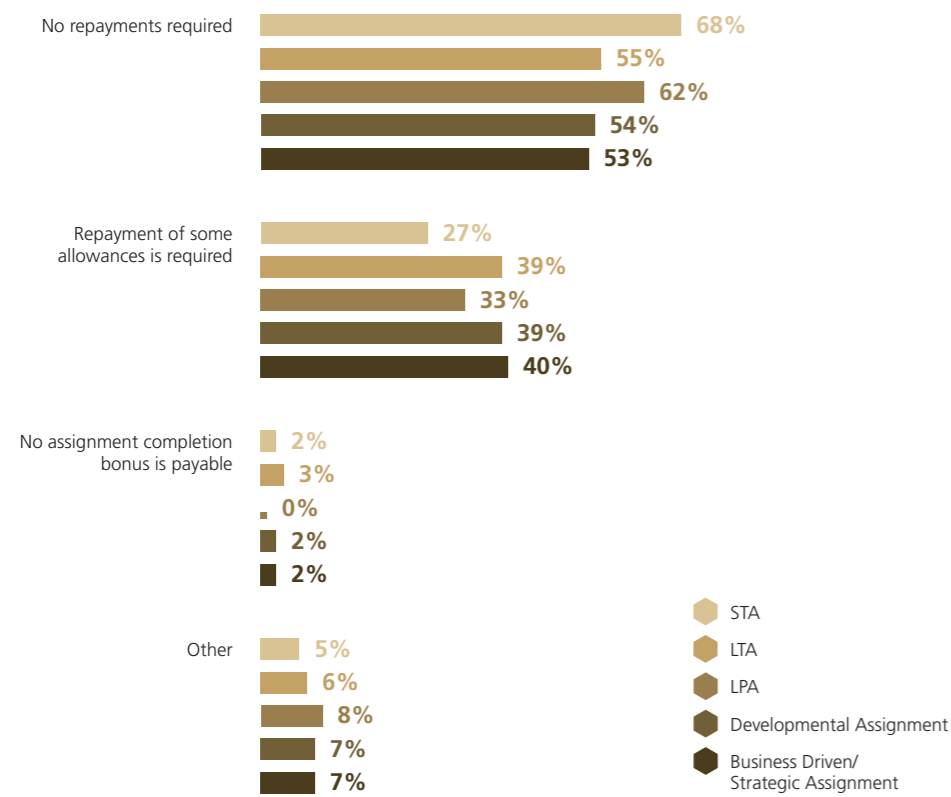


The data clearly shows that companies distinguish between assignment types and the support they offer. Three quarters of children of short term assignees do not get any educational support while only a small minority of long term assignees' children (6%) are in the same position. Just over half of children who have a parent on a developmental assignment receive educational support while the percentage for families on business-critical assignments is 86%. In all categories, the highest likelihood for support is sponsorship of international or independent schools either as an automatic default or when suitable state schools are not available. Some local plus assignee families (15%) have to live with support levels being scaled down over time, mostly after three years. The cost saving drive is also shown in some of the comments left by survey respondents. Tobias Simons, Group Head of Global Mobility, VP, at ABB said, "We encourage the use of local state schools when possible and where the child's education would not be affected. Alongside the cost saving benefit of such an approach, it is also used by the organization as a driver to promote better integration of the family in to the local community". It is relatively rare that assignees have to contribute to the educational cost, with long term assignees most likely having to pay any amount over a defined educational allowance (16%), or a host defined amount (5%) that can vary widely. This could be something like half of the educational costs, or paying for additional items such as books and uniforms.

Premature Resignation

While it is relatively rare that an assignee resigns prematurely during an assignment, these cases happen and can lead to much upset within the organization as well as the family (Suutari and Brewster, 2003; Doherty and Dickmann, 2012). Most assignees find that their compensation is unaffected but a few will have to repay assignment allowances and will not receive completion bonuses.

Figure 5.14 How is assignment compensation affected in your organization when an assignee resigns during an assignment?



Long term assignees in particular are sometimes forced to repay some allowances on repatriation. Firms often work on a case by case basis when deciding whether to demand some of their money back. MNCs generally investigate the situation to make context-sensitive and informed decisions. They will most often consider the reasons why the family wants to return early (or start work with another employer), factor in contractual obligations and the time that the expatriate has lived overseas/was on assignment for the firm.

Conclusions and Learning Points

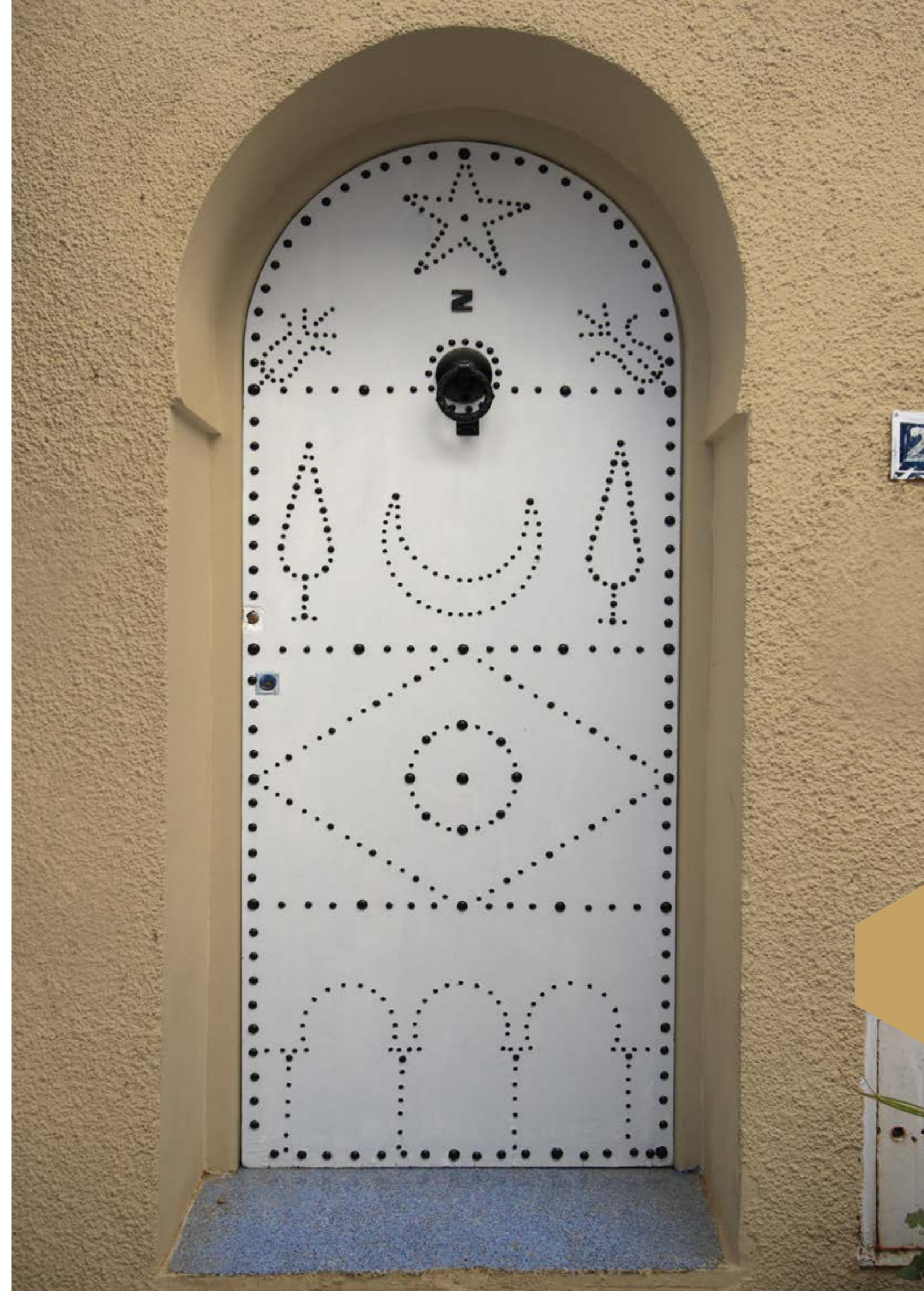
This chapter has given us rich insights into the status quo of global reward approaches and the nuances of reward strategies in relation to different assignment types and individual situations and needs. The key learning points include:

- The GM reward function deals with a great variety of international work types. Unlike stories that we often hear, very long term assignments are not dead; more than a third of companies had typical assignment lengths of more than three years.
- While companies tend to look at effectiveness, business needs and individualization considerations to design reward practices, the location that bears the cost might be determined in relation to where the organizational benefits accrue.
- Business-driven assignments have a more generous reward and benefit package than developmental assignments. In turn, developmental assignees benefit more often from talent management interventions and from having a mentor. Given that expatriates often value developmental and career opportunities above financial gain, this is likely to be in tune with the assignment context and is likely to constitute cost-conscious, effective reward design.
- More than three quarters of MNCs do not incentivize assignees through linking assignment bonuses to assignment goals and performance. Companies simply use their normal annual performance management system to reward extraordinary performance.
- 87% of organizations use a home-based balance sheet approach to determine the reward package of long term expatriates, but only 10% use it for local plus assignees. Long term assignees were better shielded from currency fluctuations than other international workers, a facet that is likely to have been particularly useful for UK outbound expatriates during the strong currency fluctuations in the wake of the Brexit vote but equally challenging for inbound expatriates who are sending money from the UK.
- Assignment packages varied substantially depending on a range of factors. On average, short term assignees had a less generous deal than long term expatriates; business-driven and strategic needs based assignments were more generously rewarded than developmental assignments. In addition, unaccompanied expatriates had a different package from those with families.
- This chapter outlines a wide array of variations, including educational and spousal support. They included some areas where short term and/or developmental assignees benefitted. Generally, this was a sign of a conscious and well-thought out reward strategy that recognizes the particular situation of these assignees.

Main Survey Data Source: The RES Forum Assignment Package Design Survey, October 2016, 68 organizational responses.

What can MNCs do to increase Expatriation Success? Reward Package

	Organizational Action	Comments
Reward Principles	<ul style="list-style-type: none"> • Create a perception of reward equity: Create salary transparency and avoid large pay differentials between locals and expatriates as well as within the expatriate population. • Minimize social security and tax exposure to individuals through providing professional assistance to assignees. • Understand the diverse social security and taxation systems and find a solution that balances organizational and individual needs. • Keep administrative complexity low. 	<p><i>Reward Design Considerations:</i></p> <ul style="list-style-type: none"> ▶ Balance the need for attracting highly capable individuals with cost saving pressures. ▶ Reward global capability acquisition (especially on developmental assignments). ▶ Investigate individual drivers in order to link compensation and incentives to these. ▶ Understand the implicit rules of career management – informal systems will reward social capital acquisition more highly.
Reward Design	<ul style="list-style-type: none"> • Understand the implications of diverse primary goals on individual and organizational benefits. • Understand individual motivations in negotiations. • Consider rewards for developing an international perspective; worldwide network, global skills, abilities and knowledge. • Provide deferred assignment linked compensation for repatriates. 	<p><i>Reward Choices:</i></p> <ul style="list-style-type: none"> ▶ Extrinsic and intrinsic reward system that values international experience, learning and networks in the long-term.
Exit	<ul style="list-style-type: none"> • Create a fair process and a fair separation deal if competitive pressures or unforeseen circumstances (reorganizations, disinvestments) pressurize the organization to make repatriates redundant. • Reduce risks with respect to negative comments within (internet-based) social networks. • Retain contact if people may return to the organization or may become ambassadors for it. 	<p><i>Exit Management:</i></p> <ul style="list-style-type: none"> ▶ Be conscious of the symbolic message the organization sends with respect to global careers – if many people leave the organization upon return it sends a sign to potential expatriates that there are high risks involved in international mobility.



A Journey of 1,000 Miles begins with one Step - Reward Package Design



Expert view by Mazars LLP
Steve Asher, Tax Partner –
Head of Global Mobility Services

The compensation and benefits that international assignees receive is one of the most visible elements of the expatriate package, both from the point of view of the assignee who receives the remuneration but also from the perspective of the employer who pays for it.

As a tax and Social Security specialist of many years standing, and within Mazars, the company where I am a partner, we see both sides of this discussion. From the employee perspective we report and capture relevant remuneration data for expatriate employee self-assessment tax returns, whilst in the case of the employer, we ask the employer (in most cases) to settle the employment tax and social security/tax liabilities due.

From where I sit, what I typically observe is a broad brushed 'one size fits all' approach to assignment remuneration and an 'after the event' headache for the company accountants in settling expensive bills linked to expatriate employment tax and social security/tax liabilities. But this is the 21st century, right? Companies are tuned into the intergenerational workforce, segmenting rewards for different parts of the workforce and different generational needs, aligning everything they do with employee engagement whilst using data (big and small) to measure Return on Investment (ROI), right? Well not quite... my experience to date has shown me that companies fail and fail again at delivering differentiated assignment remuneration which is truly meaningful to employees (and the RES Forum Annual Reports for the last four years, including this one, certainly validate this point). Companies also fail miserably at tracking the ROI on assignment remuneration spend, in terms of proactively tracking costs, correlating company spend with business results in the short and long term and (if you prefer 'fluffier' measures) correlating spend on assignment with talent metrics, such as the impact of assignment spend on shaping future leaders and the talent pipeline within the company.

I also find that when thinking about the value of the package to the assignee, companies invariably mainly think about assignment remuneration and benefits. When considering the \$ value of an assignment, it might be opportune



for mobility and HR practitioners to step back from the rewards which can be most easily classified in \$ terms and think about the broader non-financial areas which can have value for an assignee. As well as remuneration and benefits, traditional 'total rewards' theory defines rewards as things such as professional development, work environment, quality of relationships with managers, work life balance, recognition and status. An international assignment can bestow many of these things on an international assignee, and, whilst in a domestic 'Total Rewards' context organizations have a clear view of non-financial rewards and are often seen to be promoting these via vehicles such as Total Reward Statements, is the same point of view ever articulated with respect to the non-financial rewards of an international assignment? I do not recall this concept being widely discussed by the great and good who deem themselves experts on international assignment rewards.

So what can be done about this for those managing expatriate programmes? The good news is that the answers are out there, both in documents like the RES Forum Annual Report 2017, but also in the mainstream HR press, where I have seen of late many ideas on segmenting reward (in the very broad sense and covering both remuneration and benefits) for different employee groups and the inter-generational workforce taking shape. In addition, I have seen very strong ideas on the effective capture, consolidation, reporting and advanced analysis of employee data and that which in turn can be achieved with good quality information, in terms of understanding employees and their motivations as well as predicting employee behavioural outcomes and using this information and data to improve employee engagement.

On the subject of International Assignment Total Rewards, again, established Total Rewards thinking gives us an insight into how we might think of Total Rewards in the international assignment context. Simply put... list all of the things that are traditional non-financial aspects of Total Rewards (which includes amongst other things, work-life balance, quality of life, learning opportunities, manager and leadership environment, recognition, job content) and articulate these using a simple 'below average, average, above average' score for each item and see how the total package then adds up – you might be surprised at the actual value of the package on top of the financial rewards provided via the International Assignment package.

As a final thought, whilst transforming HR programmes and policies and established *modi operandi* (which include those linked to global mobility) is not without challenge, small changes towards the desired end state can help us get to the right end result. As the ancient Chinese philosopher and founder of Taoism, Lao Tzu, famously observed, 'the journey of a thousand miles begins with one step'.

About Mazars Global Mobility Services

The Mazars Global Mobility Services team provide tax, fiscal, regulatory and HR support on a worldwide basis to both large and small businesses. We support organizations managing employees on cross border assignments with things such as managing a first expat employee, expanding into new countries, and programme and policy reviews. We advise on expatriate tax and social security, global people management governance and international reward management and reporting.

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