

The RES Forum Annual Report 2016

Beyond Uniformity – A World of Opportunity

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

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

The RES Forum Annual Report 2016 offers a timely perspective on the most relevant HR challenges affecting the Global Mobility (GM) practitioner and our industry more broadly. The report itself provides analysis and thought leadership on the way forward on many of these challenges.

This year we investigated new emerging areas of interest within the GM field. For instance, in Chapter 1 we discuss Employee Diversity (specifically the gender pay and career gap), seen through the Global Mobility lens. In Chapter 5 we focus on factors referred to as VUCA (Volatile, Uncertain, Complex, Ambiguous) influencing GM.

We also have another look at, and offer some fresh perspectives on, the main areas of interest for GM leaders relating to Assignment Remuneration, Programme Management/Technology and Talent Management. These three areas were the focus of much discussion amongst our 900 RES Forum members and we see strong evidence from our membership that practice and thinking in these areas is evolving, specifically in the areas of Programme Technology and Talent Management. Reflecting on the key themes of the report, I wanted to share with you my view on some very specific areas discussed and what these discussions mean for GM and more broadly HR practitioners.

1. Employee Diversity: the gender pay & career gap

In broad HR terms, the pay and career diversity agenda has been gaining significant profile in the last 12 months. Across Europe, in the USA and beyond, organizations of all sizes are readying themselves for statutory requirements in disclosing gender pay differences as well as defining the narrative as to why such differences may exist.

Current thinking in the domestic context suggests that there are four main areas which contribute to the gap:

- Historical job segregation and 'woman's work'
- Impact of family/caring
- Lack of part-time flexible work in better paid positions
- Lack of women in senior role

However, research has shown that historically gendered behaviours may also contribute to the gap. For example, men take more risks, so men go to riskier assignment locations. Higher stakes in potentially higher growth markets with greater opportunities, tend to deliver greater scope for career development and men therefore earn greater career capital from their 'gamble'. This is all evidenced in our research which shows that men are more likely to achieve career benefits through an international assignment than women who have been through the same international assignment process.

International assignments provide a unique 'test tube' environment to explore such ideas and build hypotheses. If we believe this evidence, then is it safe to conclude that in the domestic context men are more likely to take career challenges such as stretch projects or even jumping from one function (say Finance) to another (say Marketing) and therefore reaping the benefits of those riskier but broadening assignments? The evidence from the International Assignment (IA) perspective certainly suggests so.

And what of the gender pay gap relating to international assignments if it does actually exist? Does it impact the employer's reputation in any different way to say a domestic pay gap? The truth is it depends - if mobility is a key part of your employee value proposition, as it is for many RES members, then the existence of such a gap for international assignees can reduce the value of the employer brand. If you are selling international assignments and international careers as something to attract candidates then it is not to be dismissed lightly.

2. The evolution of the GM function – evolve or die

Since the publication of the RES Forum Annual Report 2015, I have been taking the concept of 'Evolution of the GM function - evolve or die' on the road at various events, including the International HR Adviser's 2016 Corporate Relocation Conference & Exhibition. The argument was simple – mobility practitioners need to evolve their roles to include more value-add activities, such as Strategic Workforce Planning or Talent Management, coupled with good quality performance metrics. Otherwise they may cease to exist as a dedicated function/specialism.

The report suggests we still have some way to go. Assignments should grow as an integrated lever for the development of future leaders and as part of the Talent Management function. Although the trend is improving in 2016, we could do better in this area.

3. Assignment Reward and the journey towards segmentation

Interestingly, assignment segmentation (based on the value to the organization as well as the developmental value to the assignee) now appears to be an area of focus in package evolution. Why would companies not assess International Assignments on this basis? It's about time they did, we say.

4. VUCA

VUCA (Volatile, Uncertain, Complex, Ambiguous) is an interesting subject and it might even represent the last frontier for the 'old world' International Assignment. In the world we live in, where companies are continuing to chase growth and margin (all in a low inflationary environment), the stakes could not be higher. But how does this tie into the earlier point about gendered behaviours and risk taking driving greater career rewards? And are men the biggest beneficiaries of this new VUCA world? It might be too early to answer these questions, but we can conclude that VUCA factors are becoming more important for the way we look at International Assignments.

On behalf of The RES Forum Team, I would like to thank all RES Forum Members for their input. Thanks to you it was possible to make this Report. We hope this year's Report gives you more insight into and food for thought concerning Global Mobility. The topics will be discussed in more detail during our events, so we hope to see you there.

Andrea Piacentini

Co-founder, The RES Forum





Executive Summary by Report Author
Prof Michael F. Dickmann
BSc, MSc, PhD, AFCIPD

**Professor of International Human Resource Management
Cranfield University, School of Management,
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*The International Journal of Human Resource Management***

Michael lectures in the areas of international and strategic HRM. He first worked in 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 is also 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.

Adventure - that is a key driver for many international assignees. Expatriates are often particularly successful if they are bold enough to go on a journey of exploration, with a willingness to learn, to be flexible and to network with local citizens. Ellen Ochoa, the former US astronaut and director of the Johnson Space Centre put this spirit into words: "What everyone in the astronaut corps shares in common is not gender or ethnic background, but motivation, perseverance, and desire - the desire to participate in a voyage of discovery".

This voyage of discovery is highly likely to benefit the organization and the individual. However, amongst international assignees, just like in space, women are severely underrepresented. The evidence from many studies indicates that there are many women who would want to work abroad and that companies would be well advised to encourage a better gender balance in Global Mobility (GM).

- Chapter 1 explores gender diversity issues in more depth. To increase gender diversity amongst assignees, multinational corporations (MNCs) need to establish a host of flexible HR policies and practices, including GM approaches that take the special situation of women and families into account. The chapter concludes that:
 - Finding suitable female expatriation candidates and motivating them to accept working abroad is more difficult than finding and motivating male assignees. This is the case even though female and male assignees tend to be treated equally.
 - The short and long-term effects of working abroad for women are highly positive. They are promoted faster, achieve higher performance ratings and better reward developments compared to non-expatriated peers. However, male repatriates benefit substantially more from their work abroad.
 - Early repatriation, be it driven by poor performance or at personal request, is less pronounced in female than in male assignees.
 - Many MNCs and their leaders could implement a broader range of flexible working policies and practices. This may alleviate some of the female expatriation resourcing issues and aid in redressing the gender balance in the future in global organizations.

A key way to implant diversity into the DNA of GM and the wider organization is to integrate these topics into Talent Management activities and into the fabric of thinking and decision-making of individuals in all areas of the company.

Chapter 2 outlines pertinent organizational development and Talent Management considerations in GM.

- Global Talent Management (GTM) is critically important for the success of individuals and organizations. However, about 80% of organizations experience a high degree of independence of GTM and GM departments. Given that most organizations believe that their competition is worldwide, the stronger integration of GM and GTM is likely to be beneficial.
- Approximately one in five organizations has less than 40% of their required candidates for international assignments. The constraints for GM are highly diverse in the surveyed organizations.
- For global careers in general, about a third of respondents indicated that the careers of repatriates unfolded better than their non-expatriated peers.
- Assignees normally perform better than their non-expatriated peers which indicates strong behavioural and cognitive learning.
- Companies and expatriates have realistic expectations of the assignment objectives and the time frames in which they have to be achieved.

Chapter 3 shows the programme management and compliance status quo of the RES Forum members. Within GM, these areas have always been at the core of service and value delivery. Within a VUCA world (Volatile, Uncertain, Complex, Ambiguous), compliance especially has to be designed to manage risks carefully and to be able to flexibly react to highly dynamic developments.

- Programme management and compliance is highly centralized within organizations. More than 80% of companies either have one global centre of expertise or regional GM centres that cover several countries.
- In general, corporations do not use multi-vendor outsourcing for quality reasons. The key motives to work with several expatriate service providers are to retain in-house control of the overall mobility programme or to ensure maximum cost savings.
- Assignment compliance is an area in which many companies outsource a sizeable amount of the work to third parties. This helps MNCs reduce their own risks and/or to manage them more effectively.

- Employee compliance issues are most frequently outsourced. External expert organizations often have the benefits of scale and scope due to working with a range of companies.
- Corporate tax and payroll compliance is more frequently done in-house or in close collaboration with service providers due to the perceived importance for the organization and the availability of specialized in-house expertise.
- Assignee tracking solutions have become more accurate and sophisticated with fewer companies relying on Excel spread sheets versus prior years and more companies sourcing their software externally. However, there are still substantial efficiencies to be realized through technology.
- More than a third of companies do not track regular international business travel. This leaves them exposed to a range of compliance risks and is seen by GM professionals as one of their core challenges.
- MNCs are particularly content with outsourcing providers in the areas of household goods shipment, immigration provision, destination service programmes and tax services provision and often recommend their providers.
- Other key assignment compliance challenges include the accuracy of data gathered, the non-integration or non-availability of high quality GM information systems, the lack of internal awareness, and the lack of collaboration or lack of prioritization of GM issues. GM experts argue that the company culture needs to be changed to stress the importance and the risk of GM work and that the awareness of key GM bottlenecks and challenges needs to be raised.

Chapter 4 focuses on reward package design. The function has experienced, over time, increasingly complex and varied GM approaches. The underlying drivers that shape the design of these policies and practices are effectiveness, business needs and individualization considerations. The data indicates:

- That a number MNCs decrease their reward packages in response to such factors as individuals initiating moves or assignments being developmental, which result in assignment packages becoming less generous. MNCs seem to be most generous for business-needs/strategic assignments.
- Almost all short and long-term assignment packages used the home-based balance sheet approach. However, some short-term assignees stay on their home payroll while gaining a per diem.
- The median (efficient purchaser) Cost of Living Allowance (COLA) index is most frequently used by companies to determine compensation abroad. With respect to other benefits such as cash

allowances, companies are most generous to their Long Term International Assignees (LTIA). However, even for Short Term International Assignees (STIA) three quarters pay housing costs and a majority pay home leave allowance.

- Less than a quarter of MNCs link assignment compensation to performance.
- Many MNCs provide support for family members when they accompany a long-term assignee. Three quarters of corporations reduce the housing allowance and almost half reduce the assignment allowance when the family does not accompany the expatriate for the full period abroad. In turn, MNCs tend to increase other benefits such as home leave and flight allowances.
- There are large variations of company policies in the event that the expatriate resigns during the assignment or asks for an early repatriation. Claw backs are often determined on a case-by-case basis.

Chapter 5. Political unrest, terrorism or armed conflict in countries/regions dominate not just the news but are also key factors to contemplate when designing and executing GM programmes. Environmental developments such as global warming, tsunamis or insufficient harvest yields/famines add to the volatility in the operating environments of organizations and increase the uncertainty for locals and MNCs. Disruptive technological change, or simply superior products and services enabled by incremental technological advances, keep organizations on their toes and can shape the way that international assignees are tracked, managed and security protected. This chapter looks at this 'new normal' and how volatility, uncertainty, complexity and ambiguity (VUCA) shape the strategies of MNCs and their GM approaches.

The key lessons to be learned from Chapter 5 include:

- A large number of important VUCA trends that have substantial impact on businesses. Companies often react to globalization and geo-political developments through increased localization as well as initiatives that increase flexibility, learning and agile reactions. Finding ways to reduce uncertainty, complexity and ambiguity leads to better business decisions.
- Amongst the key VUCA challenges are disruptive change and new, emergent business models. The increased agility and aggressive business strategies of competitors often need a substantial investment into new technologies or new markets. Co-opetition becomes more popular but needs new HR and employee capabilities.
- While there is a range of other activities, there are six major ways to deal with VUCA threats and opportunities for GM. Important actions are:
 1. Avoid the (hostile) operating environment by withdrawing/not operating in the country.
 2. Prepare international assignees better for hostile environments.
 3. Plan and practice emergency responses to crises.

4. Develop all managers in order that they can analyze VUCA factors and integrate these into decision-making.
5. Design flexible, yet more specific GM strategies, policies and practices for sub-groups that allow a better and the more cost-effective management of assignees.
6. Minimize the engagement of international assignees in hostile contexts through the use of virtual teams.

- Demographic changes have a multitude of effects. Global organizations are devising new ways to attract, recruit and manage their staff. They aim for greater diversity within their operations and encourage global careers. Rewards and recognition approaches are being re-thought and we may see a development towards individualization in terms of rewards, assignment compensation and the elements of the assignment package .

These VUCA topics are likely to strongly shape the GM practices of the future. Above all, good information is needed to be able to successfully respond and proactively plan to design an effective GM programme in a VUCA world.

This year's report is full of data that can guide GM professionals' decisions. It reflects the cutting edge practices of major MNCs but also the challenges these organizations face in managing their GM programmes and ensuring practices are keeping up with broader trends in data and measuring Return on Investment (ROI) of spend. May the data, the company case studies and thought pieces presented inspire readers and improve GM practice.

Prof Michael F. Dickmann

BSc, MSc, PhD, AFCIPD

Personal note from Prof Michael Dickmann:

I would like to thank The RES Forum – above all Heather Hughes, Andrea Piacentini, David Enser and Jose Segade – for the data access and continuous support. I would also like to acknowledge the outstanding support from Vanessa Cremers and the ideas from the “REStless Team” – Prof Benjamin Bader, Prof Tassilo Schuster and Dr Katharina Bader – that have helped to shape chapters 1 & 5. I am also indebted to Sheena Darby and Maria Liliana Peña for their help in pulling this report together. Many thanks to the interviewed experts and writers of the various case studies and insightful reflections on the state of the art of GM. Above all, I would like to acknowledge the massive help that all the RES Forum members have given in terms of their time and knowledge that made it possible to construct this report.

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1

Gender Diversity and its Effect within Multinational Corporations

Chapter Introduction by:

Heather Hughes, General Manager, The RES Forum

It is no secret that today, the international assignment populations of the majority of multinational corporations (MNCs) are dominated by men. To date, organizations have failed spectacularly to find ways to make international assignment prospects attractive to women in the same way that they are for men. But why should organizations care about this if they are successful?

Simply put, since 50% of customers are female, an organization that can replicate this throughout all levels of their workforce will have an unrivalled insight into the minds of their consumers, giving them the competitive edge.

Working women who have found ways for flexible working patterns to enable them to meet home and family commitments may find it impossible to see how this flexibility, along with the loss of family support networks, could possibly be replicated in a foreign work location. Organizations have generally failed to do much to allay these fears, leading women with such personal commitments to feel unable to take that career leap into an international assignment.

But what does the future hold? Today, virtual teams and flexible working options are already common place, but there is still an expectation to be physically present in the office for a proportion of time, or for meetings. Perhaps only when employees can truly work from anywhere at any time, will women really be able to combine family and work commitments. Beyond this point, working on an international assignment may then be an achievable reality for many more women. For certain assignments, this will mean that women will relocate with their families on assignment and childcare, home & family commitments can be easily managed or shared. However, organizations who can truly take hold of this may find that working on an international assignment for women and indeed for all assignees, simply means working in a virtual team from an office at home on the time zone of a country half way across the world, with one or two business trips each year. Perhaps only then will equal status and participation of both men and women in the arena of international assignments be achieved.

1

Gender Diversity and its Effect within Multinational Corporations

By Prof Michael F. Dickmann

Introduction

Martha Stewart, the US businesswoman, writer and TV personality once famously said: "It is within everyone's grasp to be a CEO." In addition, it has become clear that diversity can lead to superior ideas, business solutions and company interactions. Consequently, increasing the number of females among entrepreneurs and upper management has been on the agenda for most multinational corporations (MNCs) for many years. Despite this, the latest Female FTSE (Financial Times Stock Exchange Index of companies) Board Report (Vinnicombe et al., 2015) shows that in Europe's largest MNCs, only 24% of board members are female. Across many countries in Europe and elsewhere, governments have discussed or passed legislation to increase gender diversity in the upper echelons of management. The UK narrowly exceeded the European norm by coming in at 25%, demonstrating that progress has been made in the last decade. However, many countries, including the UK, still have some way to go until the diversity situation can be judged as equitable for both genders.

What the Experts say

A diverse global talent pool is one of a company's greatest assets, because by mirroring its customer demographics the organization can better understand the consumers' needs.

Selina Jones-May, WorleyParsons

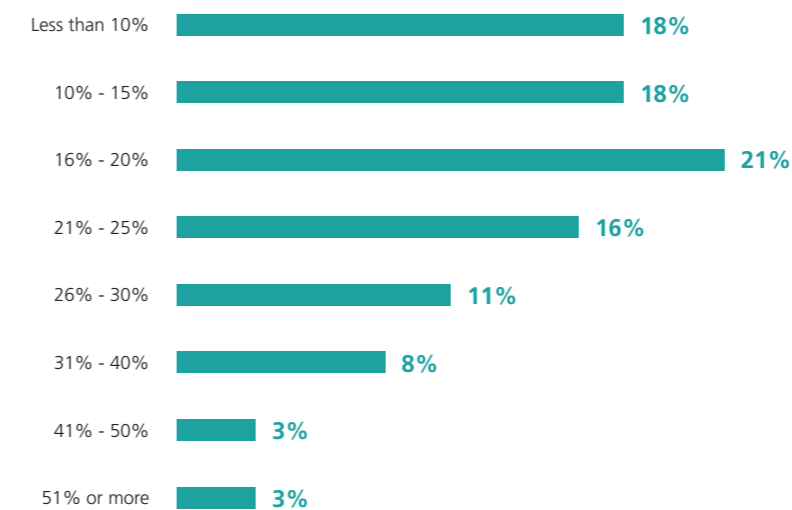
Global Careers for Women

One of the ways to increase female leadership is to encourage and enable women to embark on global careers. This report highlights in Chapter 2 that international assignments and global work experience have a positive impact on the careers of managers, in particular at middle and senior leadership levels. In addition, it could be argued that several of the requirements for success when working abroad are often likely to be possessed by women; these include generic listening, communication, empathy and diplomacy skills shown to be good for adaptation to foreign contexts, leadership behaviour and negotiation.

However, the Global Mobility (GM) literature has always upheld that women are severely under-represented amongst international assignees. In addition, Nancy Adler and others have argued that this is not necessarily only related to women not wanting to go abroad or not being suitable for specific locations, but is also due to particular organizational routines and practices that prevent women from going abroad. In order to have a sufficient pool of female talent to choose from for international assignments as well as top management positions, it is essential to account for gender diversity issues at every organizational level. The RES Forum team wanted to understand the status quo in member organizations with regard to this situation in their 2016 survey on diversity.

61 MNCs responded to the survey with over half of the representing representing large corporations with over 25,000 employees. Four out of five companies operated in over 25 countries with one in five working in over 100 countries. 40% of the MNCs had at least 250 assignees. Yet the survey showed that RES Forum member organizations still have an assignee population dominated by men. As Figure 1.1 shows, in 57% of responding organizations, less than 20% of the assignment population is female.

Figure 1.1 What percentage of the global assignee population of your organization is female?

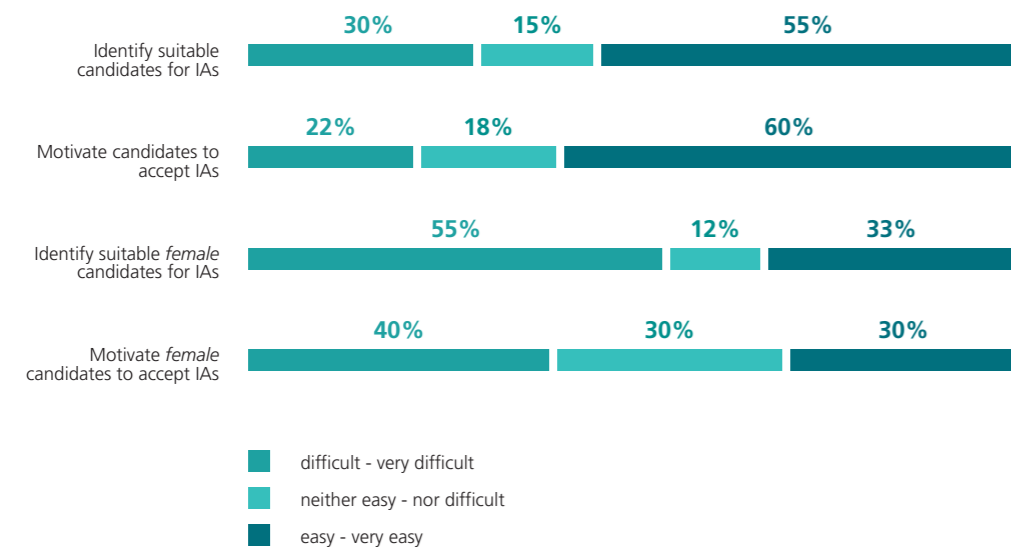


While the percentage of females in the total workforce in the overwhelming majority of organizations surveyed was not equal to that of males, it can be said that there are far fewer women expatriates even in relation to total staff composition. The workforce was made up of at least 40% females in more than one third of the responding MNCs. Only one in ten of the responding organizations had a female workforce of 20% or less. It is obvious that sometimes the under-representation of women is rooted in industry standards, such as in the oil and gas industry. Yet, when considering international assignments and promotions, things are different. This chapter explores the general situation within MNCs, investigates top management behaviours in relation to diversity issues, and looks at practices that are shown to have an impact on the willingness of women to work abroad.

Finding Suitable Female GM Candidates

To find suitable female International Assignment (IA) candidates and to motivate them to accept work abroad is difficult. A third of responding companies find it hard to find suitable candidates for expatriation in general and about one in five admit that it is difficult to motivate them to work abroad. While this is not a rosy picture with respect to either the attractiveness of working abroad or the match to existing staff to open positions abroad, this situation is perceived to be substantially more difficult in relation to female expatriates. More than half of organizations stated that it would be difficult to find suitable female assignees, and two in five found it hard to motivate them to accept a foreign posting. This raises the question: why is it so hard to identify and motivate suitable female staff? Could this be related to the resourcing approaches of MNCs in the first place, the location that these corporations are operating in, the structure of the expatriation package or the career (including repatriation) experience of female assignees? Interestingly, research found that female assignees have higher interaction with locals and adjust better to their new work challenges abroad than their male counterparts (Selmer and Leung, 2003).

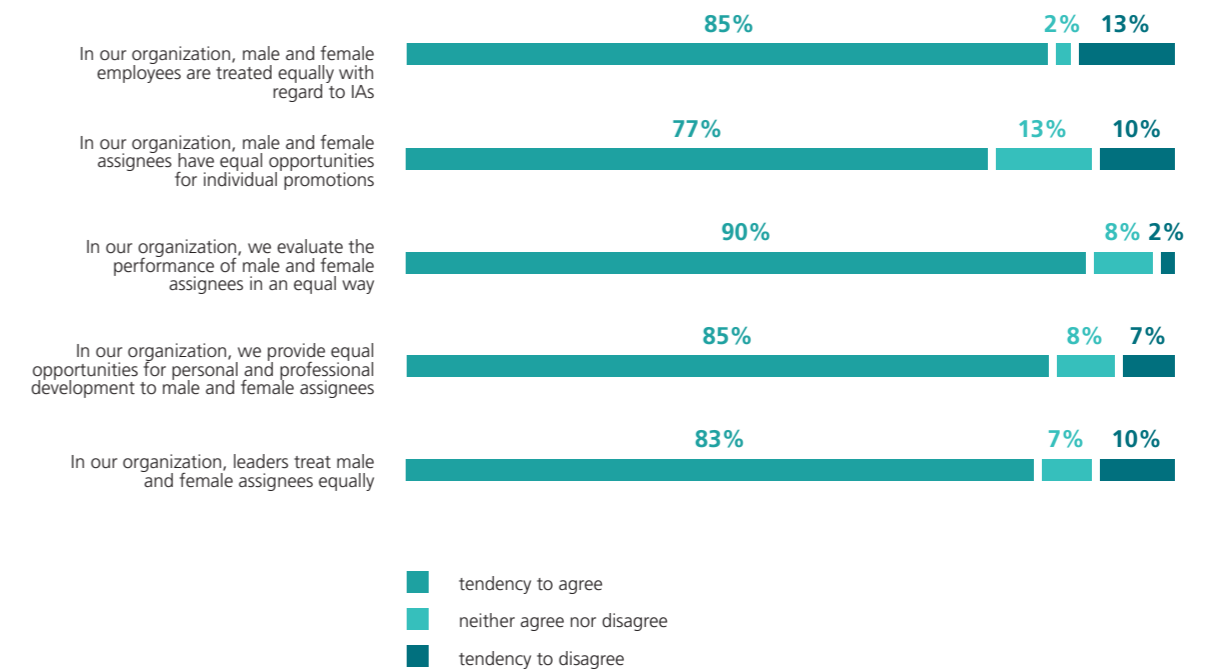
Figure 1.2 In your opinion, please rate how easy or difficult it is for your organization to do the following...



Global Assignment Gender Equality

Equal treatment of female and male international assignees. A large majority of companies had advanced gender diversity policies and practices in place. Even though one respondent argued that "policies and processes are relatively good, but the practices are still not good", this seems to be more the exception than the norm. That female and male assignees were treated differently or had different opportunities was seen to be present only in about one in ten organizations. Overall, the treatment was normally equal which may raise the question as to whether a 'positive discrimination' of female expatriates should be contemplated if an organization wants to increase female assignee numbers.

Figure 1.3 The following statements asked for respondent's impression or opinion about their organization.

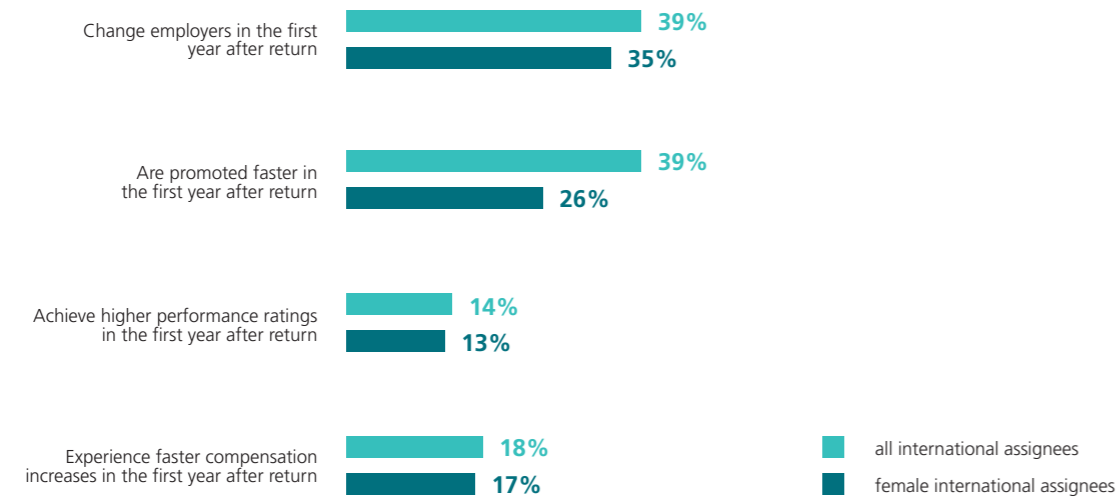


Short-term Impact of International Assignments

The short-term impact of working abroad is positive for women but men experience better career progression. The RES Forum Diversity Survey asked a number of questions in relation to the impact of working abroad compared to non-expatriated peers. As indicated elsewhere in the literature (Doherty and Dickmann, 2012) a higher proportion of repatriates leave their organization in the first year after they return from assignment, than normal attrition levels within the workforce (e.g. those who have not been on assignment).

More than a third of MNCs who responded thought that the chance that their repatriates would leave them was high in comparison to normal attrition rates among the workforce as a whole. The reasons for repatriate churn can be manifold with 'better opportunities elsewhere', 'the (comparative) loss in compensation' and a 'dissatisfaction with their current work role' being most prominent. With respect to other items, however, it seems that repatriates benefit from working abroad in that more than a third are promoted faster than their peers and some experience better performance ratings and faster salary increases on return. When looking at the female assignee population in particular, it is interesting to note that while fewer female repatriates seem to leave their organizations, their career progression is substantially slower in the first year after return. Career data is still positive, in that about a quarter are promoted faster than other non-expatriated peers; however this is far less impressive than the beneficial career effects for the overall expatriate population. This may be one of the reasons why some organizations find it harder to motivate suitable female candidates to go on an international assignment.

Figure 1.4 What impact does the international assignment experience have on future career prospects of all international assignees of both genders upon repatriation when compared to the workforce as a whole, and separately for all international assignees compared to female international assignees upon repatriation?

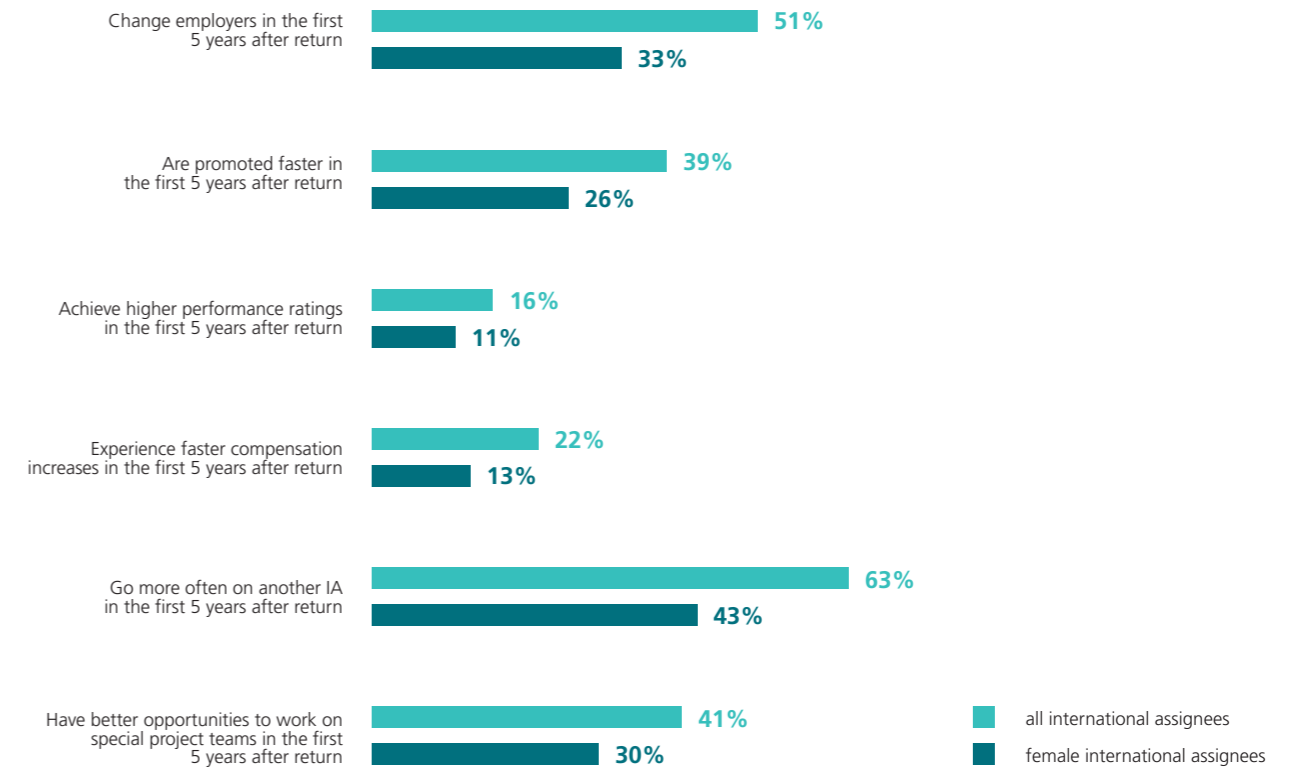


Long-term Impact of International Assignments

The long-term impact of working abroad is much more positive for male expatriates. We have already shown that in the short term, the real substantial difference between the genders was that males experienced more positive career outcomes. In the longer term over a period of 5 years, however, the differences between the genders were much more marked. Even though female repatriates were more likely to stay with their organizations, their promotion speed, performance ratings and compensation growth was substantially lower than that of their male counterparts. In addition, fewer female repatriates would go onto another assignment or would work in other special project teams. While these outcomes of international work are still much better than those experienced by non-expatriated staff in general, it seems that the relative work-related attractiveness of working abroad is lower for women than men.

However, the context of organizations may vary significantly. For instance, one respondent outlined that the career progression differences were not related to gender per se, but actually to the fact that in their organization females went on assignments later in their careers and tended to go to popular rather than priority locations. In other words, the career 'rewards' may be linked to the specific context – it may be worthwhile exploring this in more depths in future research.

Figure 1.5 What impact does the international assignment experience have on future career prospects of all international assignees of both genders upon repatriation when compared to the workforce as a whole, and separately for all international assignees compared to female international assignees upon repatriation?



Early repatriation is less frequent for women. When employees return early from global assignments, it does not necessarily mean that there were issues with the performance of the assignee or that there was a wish for an early return. Therefore, much of the literature that equates early return with expatriate failure is misguided (Harzing and Pinnington, 2010). Indeed, some research indicates that early returners had a higher chance of being promoted than those repatriates who went home at the scheduled end of the assignment (Dickmann and Baruch, 2011). Given these issues, in this survey we wanted to understand how male and female expatriates coped abroad and explored their performance on assignment and personal request early returns.

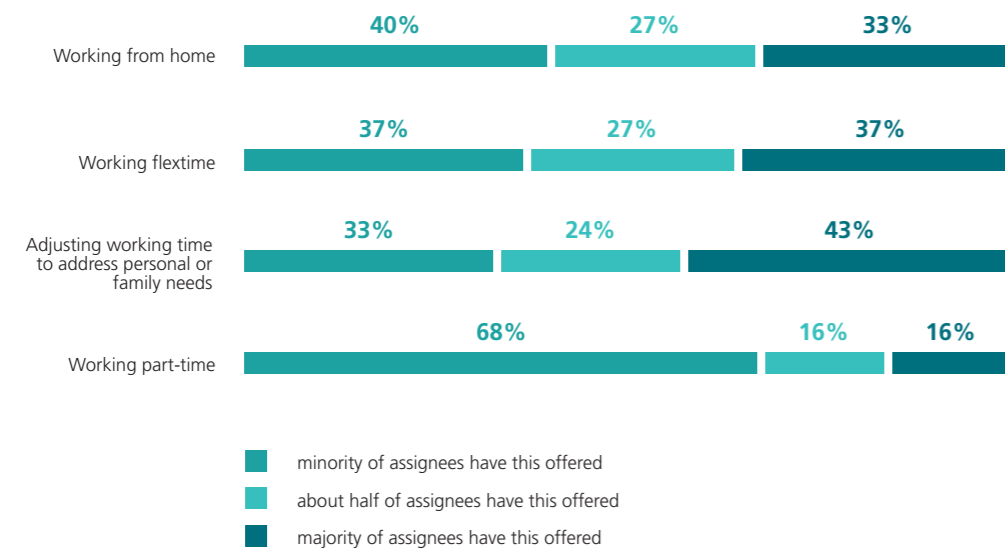
One quarter of all companies have experienced early repatriation due to poor performance in more than 5% of cases. However, none of the responding organizations indicated that the incidence of repatriation due to poor performance was higher among women than men in their organizations. Conversely, 14% of responding organizations indicated a higher incidence of repatriation due to poor performance among men. So, it does not seem that women perform worse than men compared to expectations. Personal request for early repatriation is also a somewhat rare phenomenon in most companies. Only 6% of MNCs have more than one in five assignees requesting an early return. However, 38% of companies note at least one in twenty assignees requesting to return home before the end date of the planned assignment. The survey data indicated that early repatriation is proportionally less frequently requested by women than by men, although the difference is not substantial (5%).

Overall, it does not seem that performance during an assignment or the lack of willingness to 'stick it out' can explain why there are fewer female expatriates. In addition, female repatriates are less likely to leave their employers after return. They do not see such a significant development of their performance ratings over the longer term when compared to their expatriated male peers. The relatively less attractive career and reward deal, over time, may be one contributing factor as to why female staff are less willing to go on assignment. Could there be other policies and practices that have an impact on the supply of female candidates for expatriation?

Flexible GM Policies and Practices are needed

It is known from gender research that women find HR practices that increase flexible working options conducive to accepting international assignments. With respect to traditional expatriates, the RES Forum survey wanted to explore the popularity of flexible approaches. While this may depend very much on specific locations, the data shows that many MNCs would be able to design and implement a range of flexible HR policies. It is particularly rare for international assignees to be able to work part-time or to work from home, which may mean that women who are perceived to want this flexibility, for family or other reasons, may be less willing to go abroad.

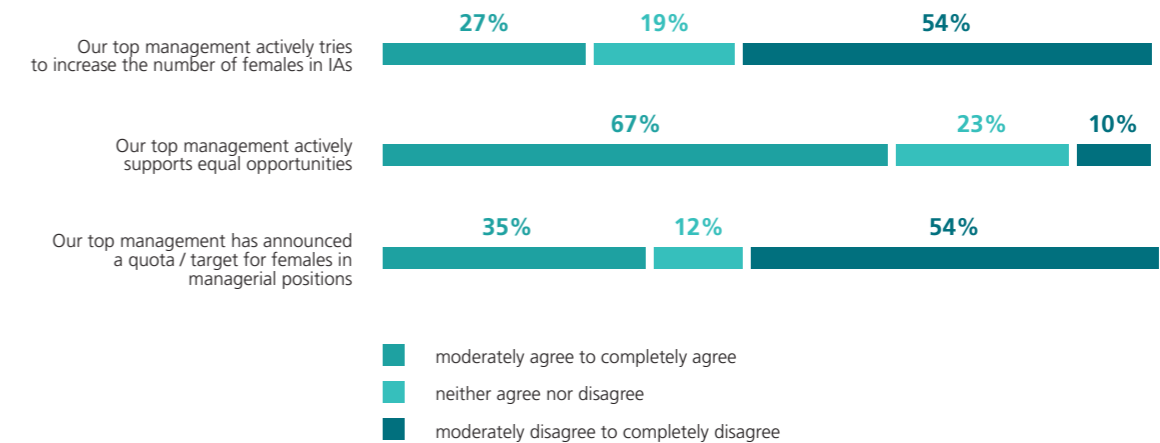
Figure 1.6 How widely are the following policies and practices offered to your traditional Long Term International Assignment (LTIA) population?



Many female assignees have a dual career partner, so their decision to work abroad is influenced substantially by the effect on their partner's career and on their other family members (Doherty, Dickmann and Mills, 2011). More than a quarter of MNCs do not give dual career IA options within their organization or provide support to assignee's partners to find jobs. About half do not co-operate with other organizations to give dual career IA options in any scenario and far less than half give lump sum allowances for partner support. Both male and female assignment candidates who have a partner with an equally important career may be reluctant to accept an assignment abroad due to a perceived lack of support from their partner or family.

Senior management is in a position to influence the culture in an organization and to set the stage for GM. The RES Forum survey wanted to find out how top managers encouraged a climate that was conducive to females going on assignment.

Figure 1.7 How do you view the activities of your top management? Evaluate the following statements for your organization.



Senior management have only announced quotas for females in managerial positions in one third of the responding companies. One respondent commented: "Our top management is male, pale and stale. So, even though they want to increase the number of females in leadership positions, their behaviour has not changed sufficiently to allow this to happen". In addition, in only about a quarter of organizations do the upper echelons actively try to increase the number of females on international assignment. It seems that top management could still contribute more strongly to redress the gender balance in GM.

What the Experts say

A key goal in package design is harmonizing policy elements with the large variety of generations of employees in the workforce. Sending a millennial and a baby boomer to the same location under the same mobility policy is

difficult, given the difference in their goals and priorities. Both parties need to find incentive in the policy and their package to make the decision to go.

Kelly West, Xerox Relocation and Assignment Services

Overall, it is evident that there are proportionally fewer female assignees among responding organizations. While benefitting from working abroad, these female assignees do not get as good a deal as their male counterparts. This is surprising when considering that there are several organizational and commercial advantages associated with selecting and deploying female expatriates such as a higher sensitivity to cultural differences, better inter-cultural communication or the better performance and retention data presented in this chapter. In essence, the insights outlined can serve as a call to organizations to rethink their GM practices with respect to gender in order to reap the benefits of having a more equally gender balanced assignee population. In turn, looking at the difficulties that MNCs have to source female international assignees, many women can learn from the Russian-born, US writer Ayn Rand who pronounced: “The question isn’t who is going to let me; it’s who is going to stop me?”

Conclusions and Learning Points

- Finding suitable female candidates and motivating them to accept assignments abroad is more difficult than finding and motivating males to accept assignments. This is the case even though female and male assignees tend to be treated equally.
- For women, the short-term effects (1 year after return) of working abroad are highly positive. They are promoted faster, achieve higher performance ratings and better reward developments compared to non-expatriated peers. However, male repatriates benefit even more in terms of careers, performance ratings and rewards from their work abroad.
- The long-term effects (5 years after return) are also highly positive for females who go on assignments in comparison to their non-expatriated peers. Compared to male repatriates, however, women’s promotion advantage, improved performance rating and higher compensation is considerably less than the advantage that male repatriates appear to have.
- Early repatriation, be it driven by poor performance or personal request, is less frequent in female than in male assignees.
- Many MNCs and their leaders could implement a broader range of flexible working policies and practices. This may alleviate some of the female expatriation resourcing issues and aid in redressing the gender balance in the future in global organizations.

Survey Data Source: The RES Forum Diversity Survey, January 2016, 61 organizational responses.

Acknowledgement: We would like to recognize and thank Prof Benjamin Bader, Prof Tassilo Schuster and Dr Katharina Bader for their co-operation and collaboration in writing this chapter.



What can MNCs do to increase expatriation success?

General

	Organizational 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 - Organizations may be simply thinking in terms of careers rather than international mobility. Little or no significant gap between statements of top management and implementation. Give international work high kudos. 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'. 	<p><i>Strategy and Policy Considerations:</i></p> <ul style="list-style-type: none"> Understand global competitive environment, industry and organization-specific ways to achieve competitive advantage. Choose most suitable overall IHRM strategies, structures, policies & practices - and design for internal variations. Design approaches for different target groups of global careerists: Assigned Expatriates (AEs), Self-initiated Expatriates (SIEs), 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. Globalization strategy is seen as clear and attractive to pursue global careers, this includes external (e.g. internet, job fairs, etc.) and internal communication. Coherent and consistent execution of global career policies and practices.

	Organizational Actions	Comments
Strategic Global Career Approach	<ul style="list-style-type: none"> 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 assignee'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.



7 Assessment Criteria for Women considering a Global Assignment



Case study by HR&Relo Advisors:
Renita Charrlin CRP, SGMS, Chief Executive Officer
Ginger Merrick SCRP, SGMS, Senior Consultant

Diversity and inclusion continue to be top priorities as companies develop their talent management and recruitment strategies. What are the fundamental challenges and key assessment criteria for women that impact the decision-making process when considering an international assignment?

Companies looking to build diverse organizations with a global mindset will want to create pathways to leadership for women. In so doing, it requires evaluation of the assessment criteria, barriers or obstacles women think about when considering an international assignment. To encourage women to raise their hand and/or be offered an international assignment, organizations need to understand the common areas that influence their decision-making process.

1. Career Plan and International Assignment

A plan is needed. However, it has to start very early if leadership roles are desired. What is the overall career goal? How would an international assignment contribute to career development and improve chances of upward mobility?

2. Alignment of Home with Career Goals

The ability for a woman to succeed at home and work starts first at home, but the degree to which this impacts the consideration of an international assignment varies depending on country, culture, spouse/partner and family make-up. Assignments affect the entire family and family dissatisfaction is often the reason given for assignment failure. Communication and understanding by all as to the overall value of the assignment is critical.

3. Alignment with Company of Choice

This area is getting more attention than in the past during the evaluation process. Is there evidence of diversity and advancing women in both policy and actual practice? How many women, and at what levels/roles, are in positions of leadership currently in the organization? What is the assignee gender ratio and in what positions/roles? If there is no visible record, what initiatives are in play and what is the strategy required to provide more women assignees? Typically, a mentor or champion before, during and after an assignment increases the likelihood of achieving career path goals.

4. Securing the "Right" Assignment

When considering an assignment, some of the critical factors are: assignment position and authority level, compensation package, host location, assignment duration and of course, impact on personal life and family. So, being able to secure the "right" assignment that meets the overall needs with a comprehensive global mobility policy suite of benefits along with these other factors can be challenging.

5. The Preparation Process

Four critical areas need acclimatization and coaching relative to adjustment: overseas workplace & host housing, interacting with host country nationals, general overseas environment (business, social, security, educational), emotional & well-being. Beyond learning a new language, the assignee and accompanying family need to be adaptable, open to new experiences, cultures and different approaches to everyday living. Upon accepting the assignment, the family should begin the process of learning, utilizing the support and tools offered by their company and on their own, to ensure a soft-landing.

6. Ability to Meet Performance Expectations

With the preceding criteria in alignment, success falls into four primary areas that all require adaptability and application of skills: personality characteristics & ability to influence, work environment, job requirements, company support (mentor, buddy system). Depending on the business objectives of the assignment role, being able to perform at a high level takes effort and energy.

7. Repatriation – Where Do I Fit Now?

It is common for women assignees to leave within 12-18 months of returning from an international assignment. 'The Future of Jobs' report (The World Economic Forum, 2016) states that on average, by 2020, more than a third of the desired core skill sets of most occupations will be comprised of skills that are not yet considered crucial to the job today. The demand for talent diversity, especially women in senior leadership roles is going to increase. If companies want to have Return on Investment (ROI), concentration is needed on repatriation career planning to avoid assignees from slipping out the door.

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-reloadvisors.com

RES FORUM



2

Organizational Development and Talent Management

Chapter Introduction by:

Steve Asher, Tax Partner - Head of Global Mobility Services, Mazars LLP

International assignments have always been a fantastic tool for developing talent, but equally, their principal use within an organization may be a more 'reactive' one, e.g. as a means of plugging temporary resourcing gaps or completing specific projects. This will often vary by company and sometimes by industry, with many established Fast Moving Consumer Goods (FMCG) companies, for instance, using assignments as a pre-requisite for career progression.

Many organizations have over the years developed internal 'Talent Development' programmes that focus on a relatively small number of employees (often classed as 'Top Talent' or 'High Potentials'). This exclusivity begs a number of questions, none more than a perhaps philosophical one around whether employees across all levels of the organization should be offered tangible opportunities to grow both personally and professionally.

There are obvious benefits of international assignments in terms of increasing an individual's business capabilities, networks, self-awareness, as well as the longer-term benefits in terms of retention, quicker career progression and a more rounded CV. Global Mobility (GM) functions should aspire to (at least on occasions), break out of the operational mindset that demands so much of our time, and instead seek ways to participate in the Talent agenda. One of the ways to do this may be to champion the GM aspirations of a broader segment of employees across all levels of the organization.

2

Organizational Development and Talent Management

By Prof Michael F. Dickmann

Introduction

It has become abundantly clear that global Talent Management (TM) is highly important for organizations and is a “critical success factor in the corporate world” (Scullion and Collings, 2011: 3). Of course, TM is not just the identification of talent, but also the development and application. Lou Holtz, a former American football player and coach, put it simply as: “Your talent determines what you can do. Your motivation determines how much you are willing to do. Your attitude determines how well you do it.” Because TM is so important, this has led to calls for Global Mobility (GM) experts to engage more with TM and its respective function. And it seems that this call has been heard: In the RES Forum Annual Report 2015 it was shown that more than a third of GM leaders wanted to act in the future as Global Talent Managers.

This year’s data is based on RES Forum member responses of 32 organizations out of which the majority had more than 25,000 employees. More than 20% had in excess of 100 short-term assignees and almost half had more than 100 long-term assignees. Approximately 30% had in excess of 100 local plus assignments. These companies used highly diverse forms of global work with more than 100 global careerists in each category being: 28% for business critical assignments, 39% business travellers, 12% global nomads, 7% graduates and 3% personal development assignments. 41% of corporations sent their assignees to more than 25 different countries. Half of the survey respondents were the global heads of mobility and of the remainder, almost all were in senior positions within their GM department.

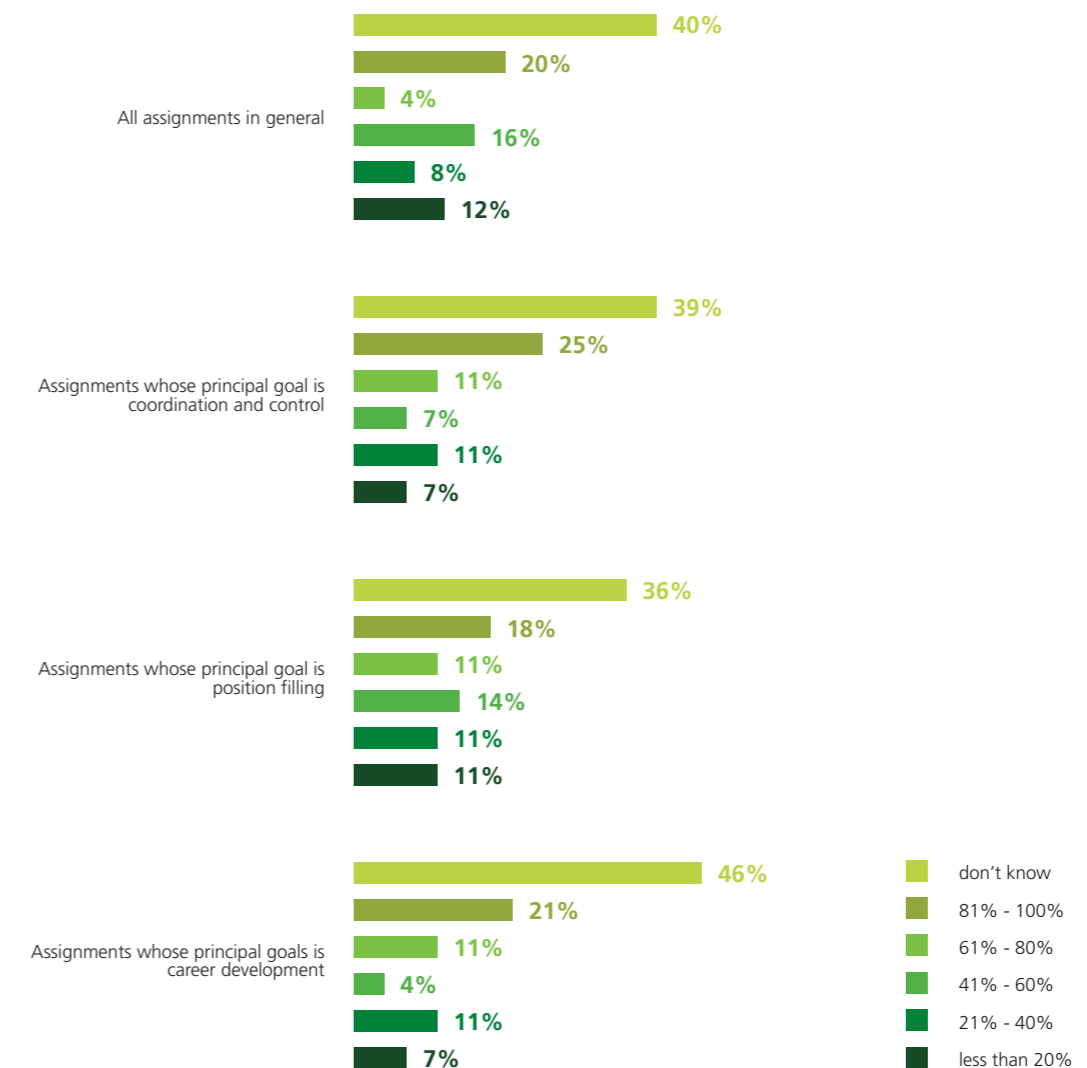
About one in five of the organizations had less than 40% of the required candidates for GM vacancies with about the same number of companies being able to staff (almost) all of their expatriate positions. Therefore, the GM climate and operational constraints are highly diverse in the survey companies. Looking in more detail at assignments split into principal objectives rendered a relatively consistent picture across the categories.

What the Experts say

We want to hire people who have the choice to live and work anywhere. That anywhere is ... the office, the home, even if that office or home is in another region or country to the one you are employed by or even providing duties for the benefit thereof.

Imelda Keane, Barry Callebaut

Figure 2.1 Within your organization, to what extent do you estimate you have the right number of candidates to fill vacant expatriate positions?



Half of all companies described themselves as geocentric as they had developed global policies and practices that were seen to be suitable to the diverse local operating units. Almost a third were ethnocentric in their GM approaches. They had head office approaches diffused throughout their international network of operations. Within these organizations, a large majority (78%) were characterized by complete independence of the Global Talent Management (GTM) and GM departments.

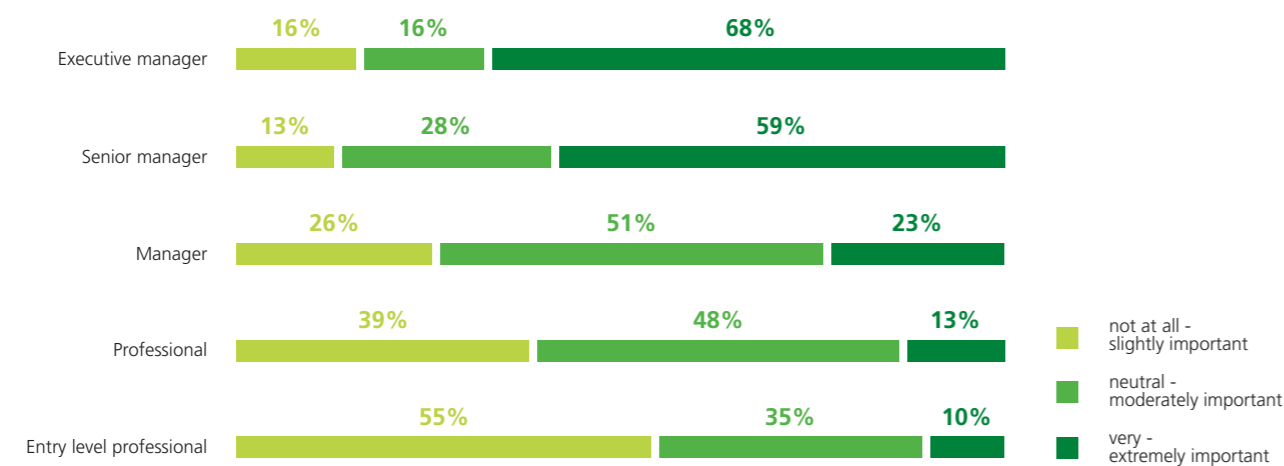
About half the companies already made an assessment during the hiring stages whether candidates are likely to be internationally mobile in the future. Two thirds of organizations have a mixed talent development strategy through which some talents were developed for a specific role while others were developed for any role within a certain competency/skill set. Almost 50% of organizations a talent pool associated with policies and practices that gave high potentials special opportunities while the other half held the belief that everybody in the organization is talented and has the same opportunities.

Global Mobility and Career Progression

Global Mobility (GM) is – without a doubt – important for career advancement of individuals. While GM professionals, general staff and academics know about the potential dangers of global careers (Dickmann and Harris, 2005; Shaffer et al., 2012), it has become increasingly clear that, in general, expatriates and other globally mobile staff benefit from working abroad. Long-term studies show that individuals not only increase their business capabilities, networks and self-awareness through their international assignments, they continue to benefit from this for a long time in their careers (Jokinen et al., 2008; Suutari et al., in submission).

The issue we know much less about is: how important for career progression is it to be internationally mobile and how does this vary hierarchically?

Figure 2.2 At the various management levels in your organization, how important for career progression is it to be internationally mobile?



GM is important for the RES Forum members as soon as professional staff have moved beyond entry-level jobs. However, the importance increases drastically for senior and executive managers. While global work experience does not guarantee a senior job, it seems to be increasingly one of the enabling conditions for an executive career.

What the Experts say

Unwanted attrition is a threat to our workforce. We need to spend more time in the candidate

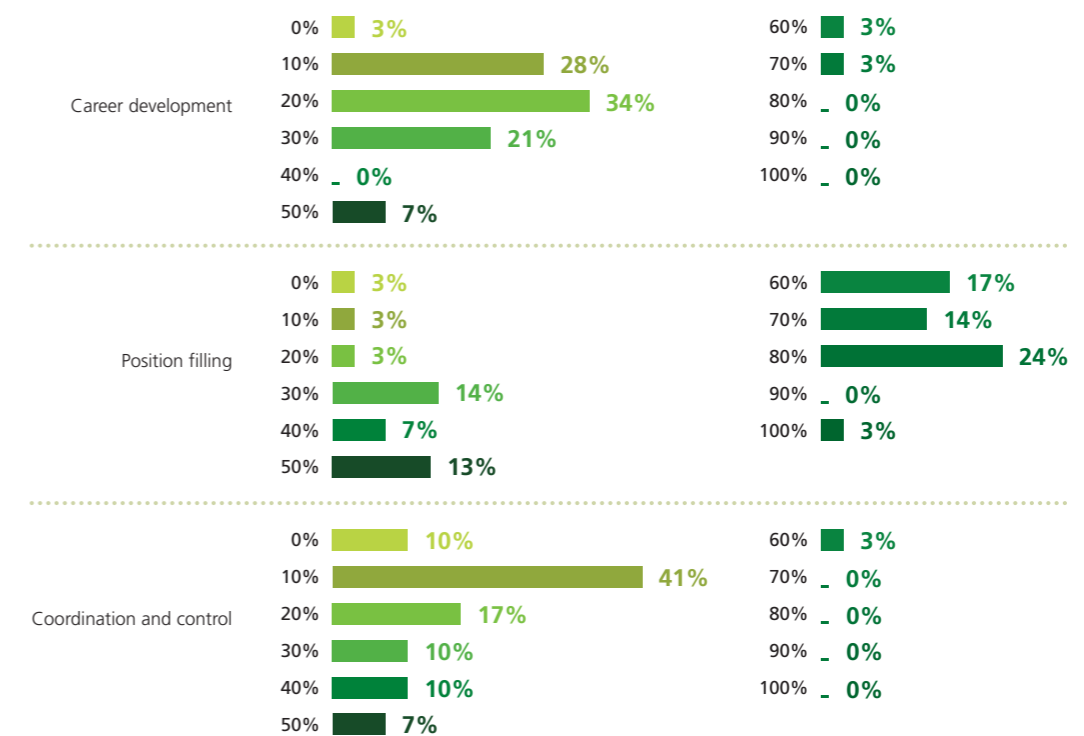
selection phase and improve the potential for a successful assignment.

Kelly West, Xerox Relocation and Assignment Services

Assignees, Assignment Goals and Talent Management

As in other research, business drivers for assignments, for instance where the principal goal is position filling, are highly common in organizations. Interestingly, the percentage of assignments where the principal goal is career development is somewhat lower in this survey than in other surveys, while the percentage of assignments where the principal goal is coordination and control is greater.

Figure 2.3 What percentage of all assignments in your organization have a principal or main goal of career development, of position filling and of coordination and control? Percentage of assignments whose principal goal is:



Cooperation between Global Mobility and Global Talent Management Functions

74% of multinational corporations (MNCs) strongly or somewhat agreed that their organization's competitive position is defined in worldwide terms. The respondents argued that, for example, their different national product markets are closely linked and interconnected. These organizations strongly believed that competition takes place on a global basis. Given the importance of global work for senior career progression, this is a strong indication that the Global Mobility (GM) and Global Talent Management (GTM) functions would benefit from close coordination.

So, how is the status quo in the RES Forum organizations who participated in the survey? Four out of five GM functions are completely independent from their GTM functions within the survey organizations – this may explain some of the findings below. Almost half of GM experts did not agree to the statements that people from GM and GTM interact nor did they see these functions as having similar goals and objectives. In addition, only two in five evaluated the interactions between the functions as balanced or as overall satisfactory. There is a strong misalignment between GM and GTM – but does it matter? The answer is very clear: more than four out of five respondents indicated that the alignment of goals and objectives as well as a strong and fair relationship between the two functions is moderately to extremely important.

Figure 2.4 To what extent do you agree with the following statements on cooperation between the Global Mobility and Global Talent Management functions?



In addition, 56% of respondents did not see GM and GTM sharing work reports and official documents with each other as much as possible. The data is more positive with respect to innovative thinking – about three in five GM experts could agree (somewhat to strongly) that the two functions share ideas, experience or know-how. However, overall there is, again, a gap with respect to the perceived importance as four out of five respondents stated that sharing knowledge, experiences, ideas, work reports, official documents or other information about the assignees would be highly important.

There is obviously much work to be done in terms of coordination, mutual understanding and relationship building between GM and GTM. Unfortunately, currently 37% of MNCs stated that team meetings between the two functions would occur never or hardly ever (less than once a year). Those companies that have these meetings more frequently (22% meet at least once every month) will have a better chance to improve coordination. Given the wish of half of the GM experts to (also) fill the role of global talent manager, this would be a key enabler.

Performance Management

Local objectives count for the guidance and performance management of international assignees. Almost half of the MNCs (47%) use performance criteria predominantly based on assignment objectives which are defined by the expatriates' local hosts, and two out of five on goals that are jointly agreed between local and international operating units. Subsequently, about a third of organizations appraise their assignees' performance at least twice per annum with two thirds assessing assignees once per annum. Given that a substantial number of companies have now moved towards a more frequent appraisal, this allows quicker interventions and more frequent 'check in points' for decisions such as repatriation or objective adjustment.

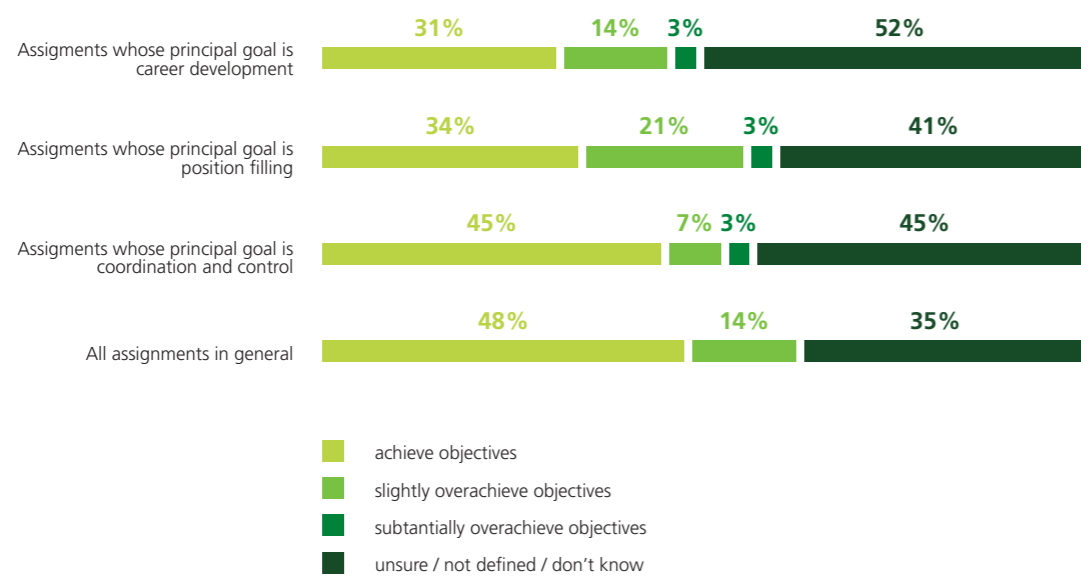
Within the RES Forum survey there were a number of performance questions. One asked respondents to rate general assignees' performance while on assignment. The answer categories implied a comparison with non-expatriated peers. Overall, the data shows that expatriates perform highly. Two thirds of all expatriates on career development assignments were rated above average (good, exceptional or outstanding). Where the principal assignment goal was position filling, 62% were rated as above average. Even individuals on control and coordination assignments had a good chance (54%) of performing better than their peers. These numbers are likely to be a low estimate in reality, as around 30% of respondents indicated that they did not measure/did not know the performance of their global careerists. Thus, the implied threat of low performance on assignment due to culture shock and adjustment problems does not seem to happen to many professionals (Black et al., 1991; Dowling et al., 2008). Thus, Haslberger et al. (2013) who argue that expatriates learn to behave more and more adequately over time seem to be right. International assignees tend to have less and less behavioural issues when working abroad which should increase their performance. However, they may still suffer an emotional and cognitive 'culture shock'.

What the Experts say

Career and succession planning needs full cooperation of the business, global mobility and talent management. Only when these

three parties are working together will the planning drive change in the organization.
Kelly West, Xerox Relocation and Assignment Services

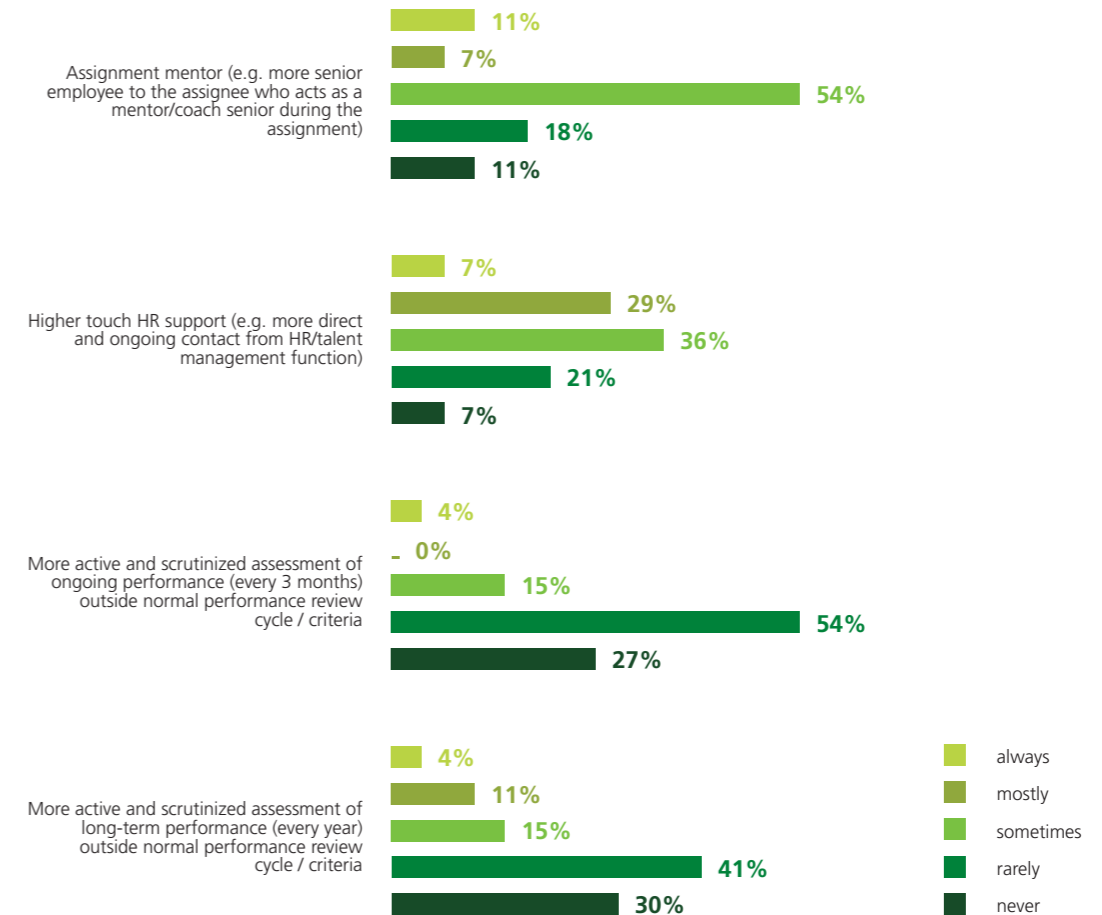
Figure 2.5 On average, to what extent do assignees achieve the assignment objectives that were set for them at the beginning of their assignments in your organization?



Another question asked the GM experts to look at performance compared to assignment objectives as set at the beginning of the work abroad. Assignees whose principal objective is 'position filling' are seen as delivering slightly higher performance against goals, followed by career development expatriates. While control and coordination assignments have, relatively speaking, the lowest achievement of assignment objectives it has to be said that in terms of achievement of expatriation goals MNCs can be highly satisfied. All respondents indicated that irrespective of the expatriation drivers the assignment goals were at least achieved or the outcome was even superior.

In order to facilitate performance and any adjustments require due to underperformance, some MNCs used a range of support mechanisms that went well beyond the usual relocation activities.

Figure 2.6 If you use international assignments as key lever for development of talent, to what extent do you use the following approaches?

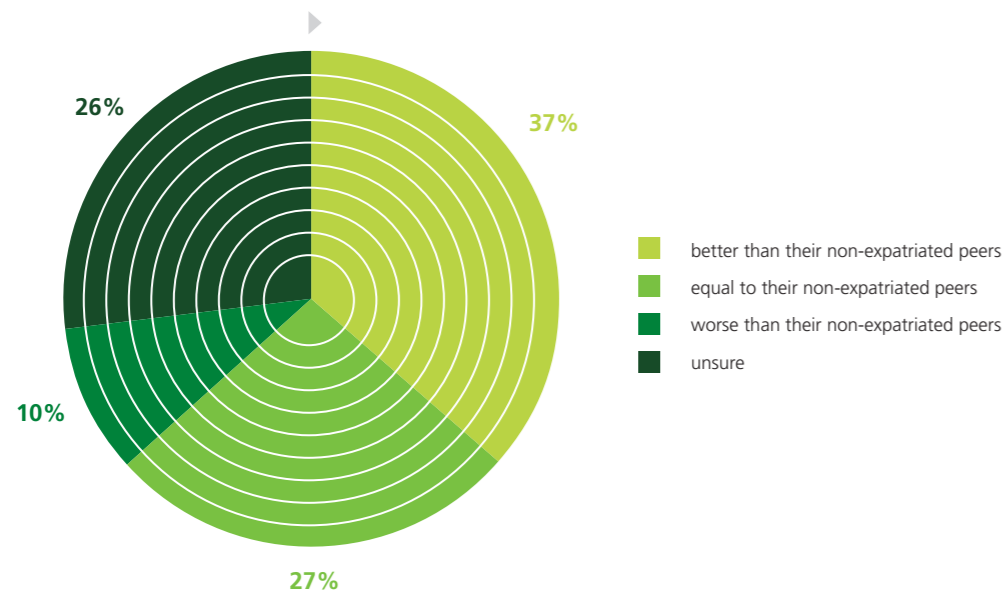


Many organizations (71%) used high touch HR support and worked with assignment mentors (mostly, always or sometimes). These enabling activities were far more popular than the more control-oriented assessment of performance. Nevertheless, it appears that many companies still have room for improving their expatriate support.

Career Progression of Expatriates

The superior performance of global assignees, compared to most of their non-expatriated peers, should have positive effects on the career progression of repatriates. Overall, the literature is full of writers who point to the 'dark' sides of careers and the risk associated with 'coming home' (Richardson and Mallon, 2005; Dickmann and Harris, 2005). The data from the RES Forum survey shows a mixture of career implications.

Figure 2.7 In your opinion, how do the careers of returning international assignees in your organization unfold?



While about a quarter of respondents were not sure, more than a third (37%) thought that the careers of repatriates unfolded better than their non-expatriated peers. Only one in ten indicated that repatriates had worse careers than their domestic peers. Some work has shown that in relationship oriented corporations, networking and social capital building is highly important (Dickmann and Doherty, 2008). In essence, the career progression will depend on the general context of the organization and the capabilities and actions of individuals.

Measurement of Return on Investment (ROI)

It is notoriously difficult to specify what the costs and benefits of global work are. Even the investment part of an ROI assessment is far from easy to capture and the beneficial effects for the organization include a range of direct (assignment/business objectives achieved, expatriate performance, career progression, retention, professional and leadership development) indicators (Doherty and Dickmann, 2012). In addition, there are many indirect effects if one looks at a framework that incorporates home and host effects, human capital developments, knowledge generation and diffusion activities, innovation and social capital expansion (Dickmann, 2016). Also, one should not neglect the positive effects for the individual (McNulty and DeCieri, 2015; Jokinen et al., 2008; Dickmann and Baruch, 2011).

The RES Forum assessed, in a survey, how important a range of value indicators would be to assess ROI for its member companies. While some respondents indicated that they were not assessing these, the data presents a picture of the key value areas in GM.

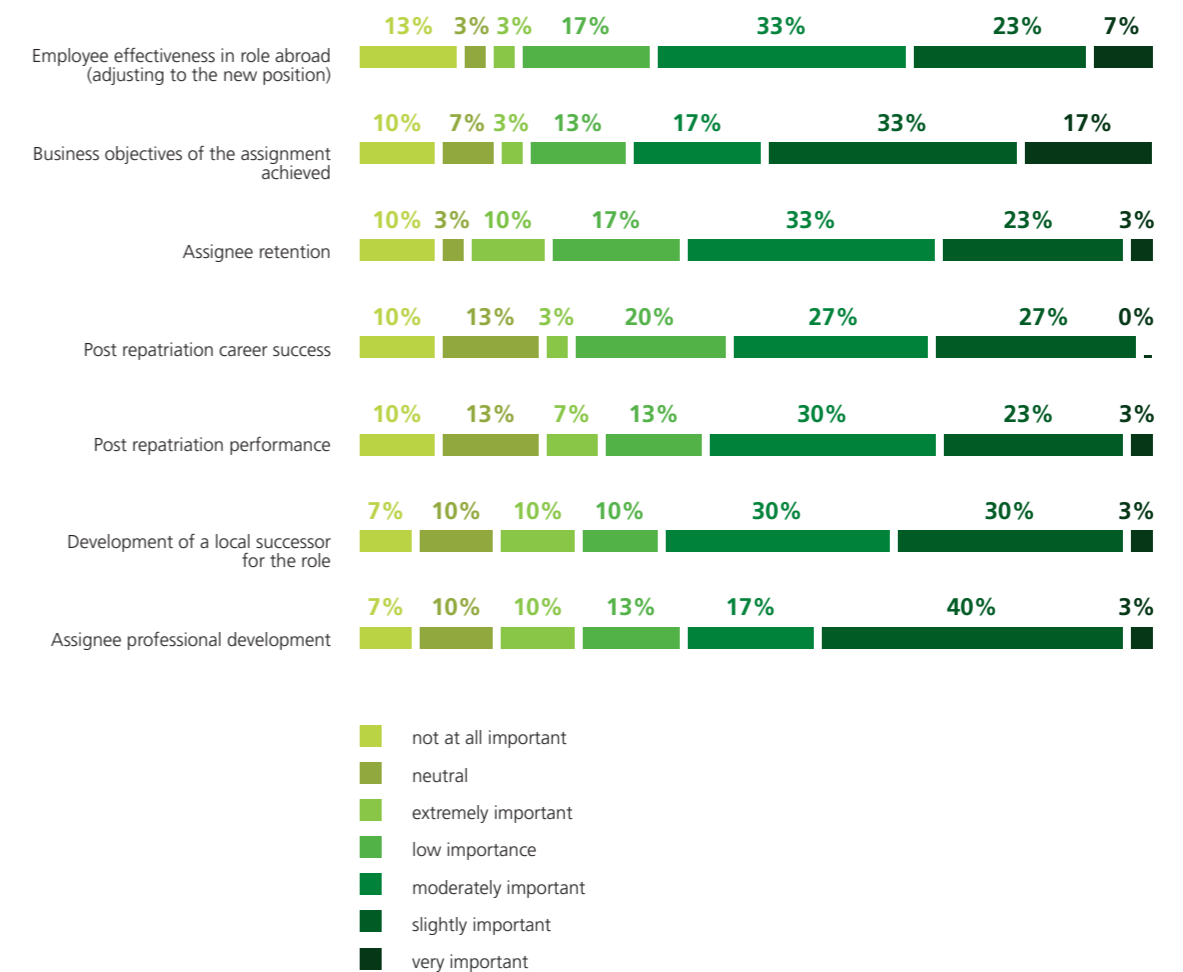
What the Experts say

A key future trend is that we need to be really moving the needle on the "Talent Mobility" agenda and developing integrated plans on why

we are moving which Talent where and what we are going to do with the Talent and their enhanced skills when they return.

Tanya Thouw, SAP

Figure 2.8 How important is it in your organization to measure the following areas in terms of Return on Investment (ROI) of international assignments?



Stephen King, the American writer once stated that "What separates the talented individual from the successful one is a lot of hard work." Much research has indicated that international assignees tend to work longer hours when working abroad. This is an investment into their own careers as this has a lot of positive effects for both the individual and the organization. Linking GM with GTM is likely to raise the attractiveness of working abroad. In addition, it can increase the intra-HR integration and aid to focus the work of HR professionals across the organization. It is likely to be increasingly on the agendas of large MNCs.

Conclusions and Learning Points

- Global Talent Management (GTM) is critically important for the success of individuals and organizations. However, about 80% of organizations experience a high degree of independence of GM and GTM departments. Given that most companies believe that their competition is worldwide, the stronger integration of GM and GTM is likely to be beneficial.
- Approximately one in five organizations has less than 40% of their required candidates for GM vacancies. The constraints for GM are highly diverse in the survey companies.
- GM is highly important for the careers of individuals. The higher they reach within organizations, the more important international experience becomes. GM seems to be increasingly one of the key enablers for executive careers.
- For global careers in general, about a third of respondents indicated that the careers of repatriates unfolded better than their non-expatriated peers. While the broad context of repatriates and their organizations varies substantially, the social capital and acquired international skills, knowledge and capabilities seem to hold repatriates in good stead.
- A large majority of MNCs use the performance management of assignees that is coordinated with the local destination unit thereby ensuring less friction between head offices and host countries. Assignees normally perform better than their non-expatriated peers, which indicates strong behavioural and cognitive learning.
- Assignment goals – irrespective of the key drivers – were normally achieved by expatriates. Thus, companies and expatriates have realistic expectations of the assignment objectives and the time frames in which they have to be achieved.
- While it is notoriously difficult to assess the Return on Investment (ROI) in GM, a number of key value areas of international work are outlined.

Survey Data Source: The RES Forum Talent Management Survey, November 2015, 32 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 proven to be good for assignment success:</i></p> <ul style="list-style-type: none"> High degree of self-confidence & optimism. Willingness to learn about different cultures and business environments. Strong inter-personal orientation. Good communication skills. High cultural sensitivity & willingness to critically review own values and norms. Openness to foreign experiences and diverse cultures. Global mind set. High degree of behavioural flexibility. Being inquisitive. Ability to successfully manage uncertainty. Strong level of resilience.
Training and Development (T&D)	<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.



Partnering Corporate Vision with a “World Class” Mobility Program



Case study by The RES Forum Americas Leadership Team
Chris Kline & Jason Mendelsohn

As announced at the end of 2015, The RES Forum entered into an agreement to establish a RES Forum Americas branch. It was later announced that Chris Kline with Bristol and Jason Mendelsohn with Hasbro would be joining the Americas leadership team.

The idea of “world class” can be defined in many different ways. Total cost, employee experience and ease of use can be critical factors in achieving world class status. The following case study identified “world class” as a program that is cost-effective, compliant, user-friendly, and connects employees with the essential tools to simplify business travel, short and long-term assignments, as well as permanent transfers. The main areas of focus were: Global Relocation Management Company (RMC), Global Travel Solution, and Global Tax & Immigration Partners, and the objective was to integrate all three into a seamless process.

Relocation Management Company (RMC)

To validate that the client had the right partner, a comprehensive review of the current provider, along with a formal review of the market, was launched. The client’s team looked into multiple suppliers and evaluated each based on global coverage, service delivery model, innovative technology solutions, and total cost. After completing the review, Bristol was selected by the client’s sourcing team. Bristol was selected primarily for their tri-regional approach and ability to service the account in the US, EMEA, and Asia; technology platform and its ability to integrate with foreign payrolls; and the chemistry with the stakeholders. Bristol is currently providing services for domestic US relocations, global assignment management, and compensation accumulation for the client.

Travel Partner

Similar to the RMC, it was important to identify a travel partner that could handle the global program while providing a cost-effective option, and robust, real-time reporting. Multiple suppliers were being used, and it became obvious that a single source travel solution was the proper direction. A single vendor CWT was chosen based on their system and integration capabilities and as a result, efficiency, technology, and compliance reporting have greatly improved.

Tax and Immigration Partner

As important as it is to make sure the assignment goes well and you are able to track your travellers, tax and immigration are also equally important areas for compliance and cost. The goal was to develop a unified process where the client could run a cost estimate that included the costs of the assignment including all tax components. They wanted one system to manage all aspects of the assignment along with data collection and reporting. Collectively, they developed a system and process with Bristol that provided the team with the information needed. Bristol can now run multiple cost scenarios and generate letters of assignment while initiating service orders. Additionally, Bristol can provide system access to payroll and finance teams to run reports.

Putting it all together

Once the partner selections were made, it was time to integrate the process and systems. The decision was made to allow Bristol to take the lead since everything starts with the assignment cost projection and authorization. One integrated process was developed, with the focus of reducing the number of steps, such as removing the need to enter the same data into multiple systems. Bristol developed a single portal that providers, relocating employees, and support staff can access 24/7 and in real time.

Results

As a result of this journey, the client team realized the ability to identify global spending, provide a comprehensive and streamlined experience for employees, and significantly reduce overall spend. With this innovative knowledge, the client is discovering additional areas to refine and improve future employee experiences while attempting to clearly link mobility with talent management. Employees, supplier partners, and the mobility team now have the ability to manage a successful programme. The process of integrating a global relocation program with tax, immigration and travel has given the client access to more reliable data for compliance, reduced programme costs, and allowed for better business decisions surrounding relocation and global assignments. The communication between all suppliers has also created an efficient and more user-friendly experience for the business, suppliers, and relocating employees.

About the Authors

Chris Kline has more than 30 years in the mobility and logistics industry. Initially a project manager for a large telecommunications firm, Chris has spent the majority of his career on the supplier side and is currently the Executive Vice President at Bristol Global Mobility and RES Forum Americas Leader.

Jason Mendelsohn, CRP, GMS-T has more than 16 years of global mobility experience and has held a variety of positions within the mobility industry. He has served as an Account Executive for Cartus and currently manages mobility and travel programmes for Hasbro Inc. He is also a member of The RES Forum Americas Leadership Team.

www.theresforum.com

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

The wider HR community is abuzz with the upcoming impact of the Millennials and Pre-Millennials in the workplace. Changing ways of working and employment expectations are leading technological innovation, yet the compliance core of Global Mobility (GM) has not gone away. In fact, increasingly complex geographical and industry-specific regulatory requirements; as well as ever-tighter security regulations, overlay the need for simpler, more usable, more accurate information in real-time. Technology not only needs to support your day-to-day processes and provide stakeholder-specific views of your information at any time; but it must also be able to track your compliance status – by reminding you of an upcoming expiry date, potential compliance threshold risk or by self-serving a regulatory reporting requirement, for example, effortlessly.

But what use is it to access an app to check your latest compensation statement, expense claim or shipment status if your immigration, relocation and healthcare are housed in three other systems – or worse – the information is two weeks out of date?

RES FORUM



EQUUS
SOFTWARE

3

Programme Management and Compliance

Information consolidation is fast replacing the world of 'there's an app for that', and it is essential that it is accompanied by fully automated integration. Organizations are much more familiar with integrating with their HR systems than even only two years ago, but it can still be a long and painful process. Standard, plug-and-play integration allowing smooth switching of both HR systems and service providers is the next step – a necessary step, as indicated both in the market and in this chapter.



3

Programme Management and Compliance

By Prof Michael F. Dickmann

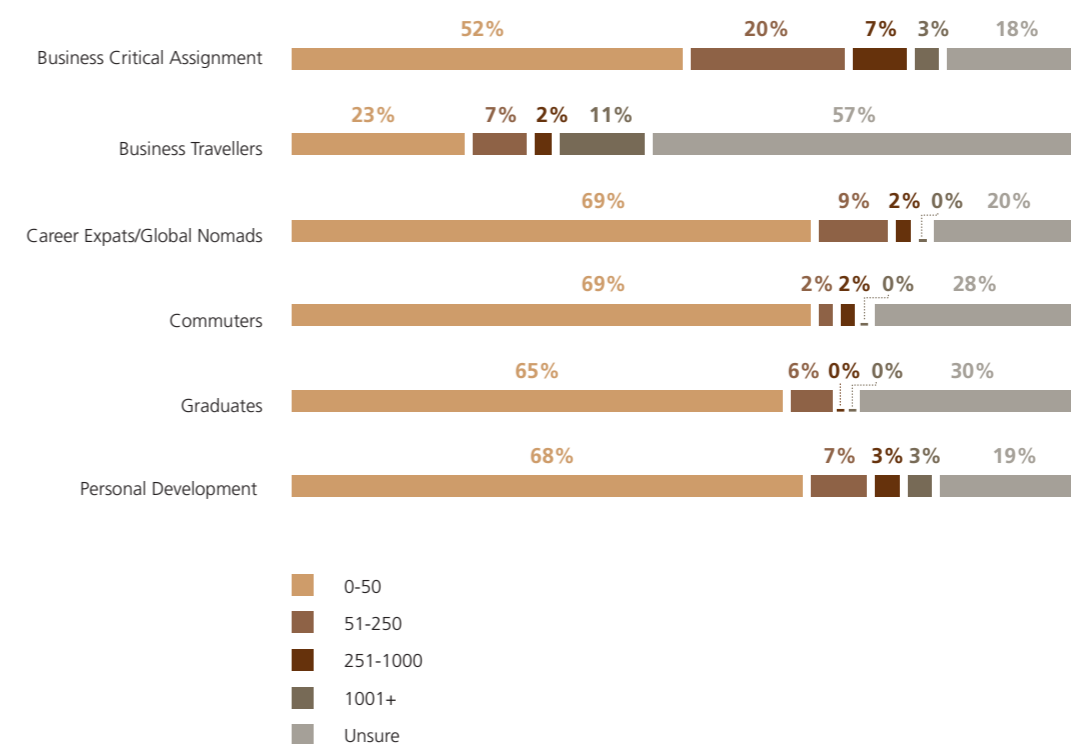
Introduction

The world increases in complexity and with it legal regulation increases as well (Casanovas et al., 2014). In a world where there are more and more state regulations to identify and adhere to in the Global Mobility (GM) space, compliance to social security regulations, employment rules and a host of local and international laws is one of the key challenges for GM professionals. And because the world becomes more volatile, uncertain, complex and ambiguous, specialist knowledge and team work are defining characteristics of GM work. As H.E. Luccock, an American priest and Yale professor, has observed: "No one can whistle a symphony. It takes a whole orchestra."

This chapter will explore how GM experts comply with the regulatory context given the increasingly diverse forms of international work. In addition, it will explore the core approaches to in-house and outsourced work and will depict the key programme management challenges in relation to expatriates and business travellers. Based on an in-depth exploration of the current RES Forum members' approaches, a range of conclusions and recommendations are developed.

The data in this chapter was predominantly gathered from the RES Forum survey, 'Programme Management and Compliance 2015', which in itself was answered by 75 companies. Slightly more than half of the companies (51%) had more than 25,000 employees with only two organizations counting less than 1,000 employees. There was a very broad representation of industries with banking and finance, engineering and technology the most prominent. The range and different types of cross border working was very broad. Figure 3.1 shows how many international assignees organizations had in relation to the different GM objectives. It expresses these in percentages indicating that 11% of organizations had more than 1001 business travellers. The large variety of business critical and personal development, cross-border commuter, career expats/global nomads assignments as well as international business travelling indicates some of the compliance and programme management challenges that organizations face.

Figure 3.1 For each of the following assignment types, what is the number of global assignees in your organization?



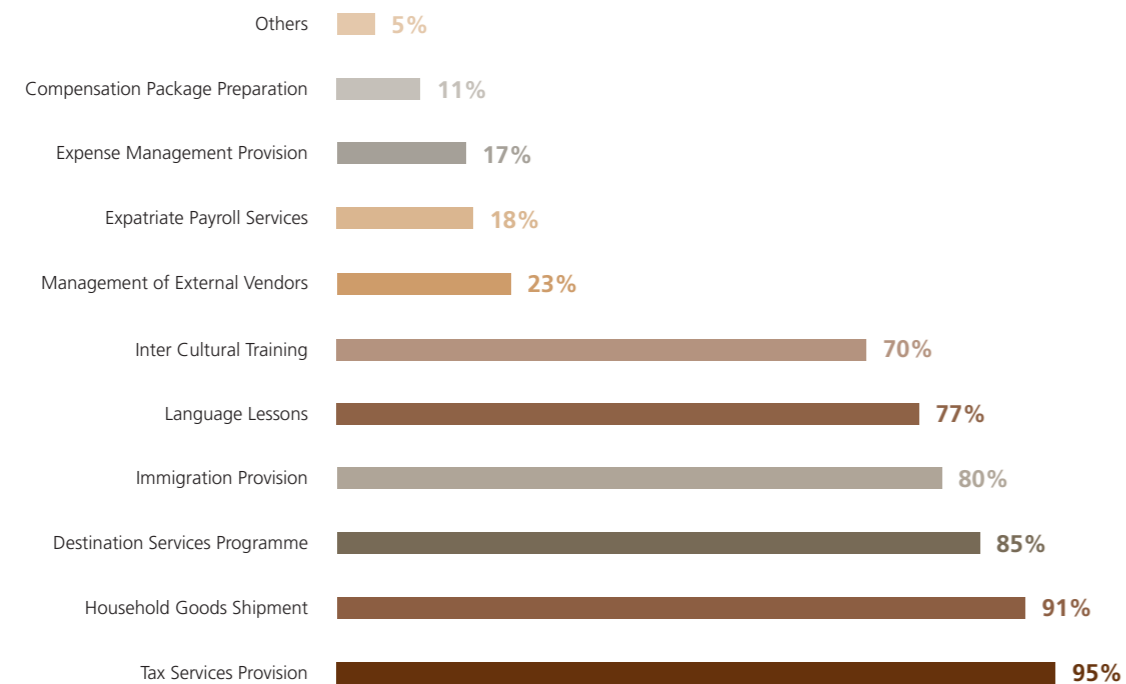
The survey also asked respondents how their mobility functions/teams were positioned within their organization. The answers showed a lack of strategic positioning as outlined in earlier RES Forum Annual Reports (2014, 2015). The GM function had direct involvement in strategic business decisions when they worked as HR Business Partners (HRBPs). However, this occurred in less than one in ten organizations. It was most likely that GM experts partnered with HRBPs to manage strategic business needs (44%). In four out of ten corporations GM experts respond to information from the business provided and managed by the HRBPs, but they have no strategic involvement in assignment planning. Last year's report made it abundantly clear that GM professionals are working towards becoming more strategic and towards being sought after strategic partners – however there is still a long way to go in many organizations.

Outsourcing Activities and Challenges

The overarching majority of companies did not completely outsource their GM work. 88% had a GM in-house function that undertook a range of duties. Of the 88%, half of the GM activities were managed globally and executed in one global HR service centre while a further third were managed regionally in HR hubs. Less than 15% of organizations managed their GM in a highly dispersed way through local teams. There is little appetite to fully outsource their GM programmes; only four companies were reviewing this move at the time of the survey and no one had decided to do so. One respondent commented that “there would seem to be very few success stories of a fully outsourced GM programme.”

Nevertheless, all organizations seem to outsource some aspects of their GM work with a broad array of outsourced services. Amongst those, tax services provision, household goods shipment and destination services such as home and/or school search, were the most popular. About one in five companies undertook immigration work themselves.

Figure 3.2 If your programme is managed in-house (in-sourced) which of the following services do you outsource?



About an equal number of organizations used a ‘one-vendor’ model as opposed to a ‘multi-vendor’ model. The reasons to work with several vendors were predominantly to retain in-house control of the overall mobility programme and to ensure the achievement of maximum cost savings. Interestingly, quality issues such as supporting assignees better were less prominent with only one in eleven companies using multiple vendors for this reason.

The RES Forum survey asked specifically about key compliance areas with respect to in-house or outsourcing provision. Where there was highly specialized and dynamically changing knowledge needed, companies preferred to outsource their activities predominantly to specialist providers and/or used a mix of in-house and outsourced provision of services. The key areas where companies rely most on external service providers were immigration, individual tax and social security compliance.

Figure 3.3 How would you describe your approach to immigration compliance work?

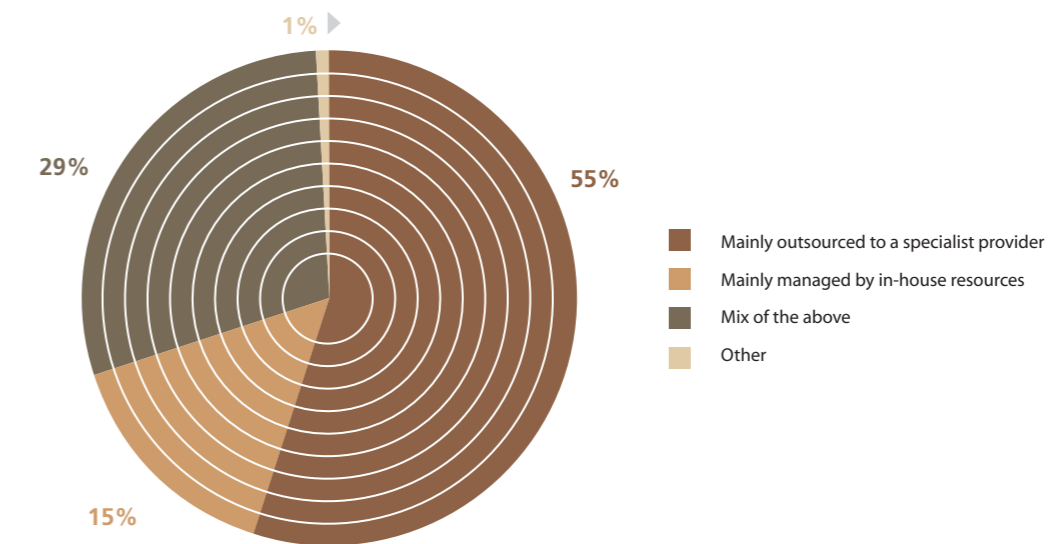


Figure 3.4 How would you describe your approach to tax compliance work?

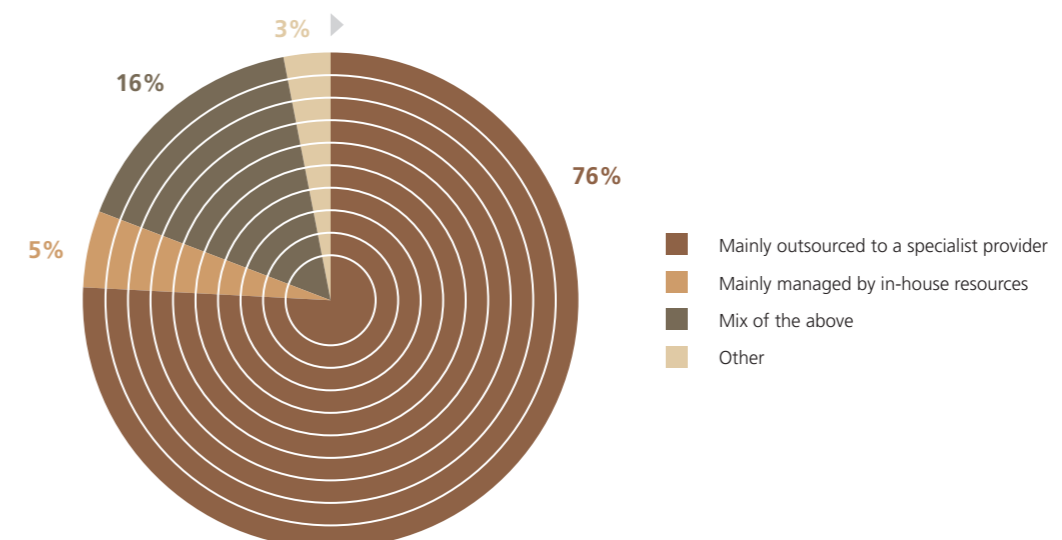
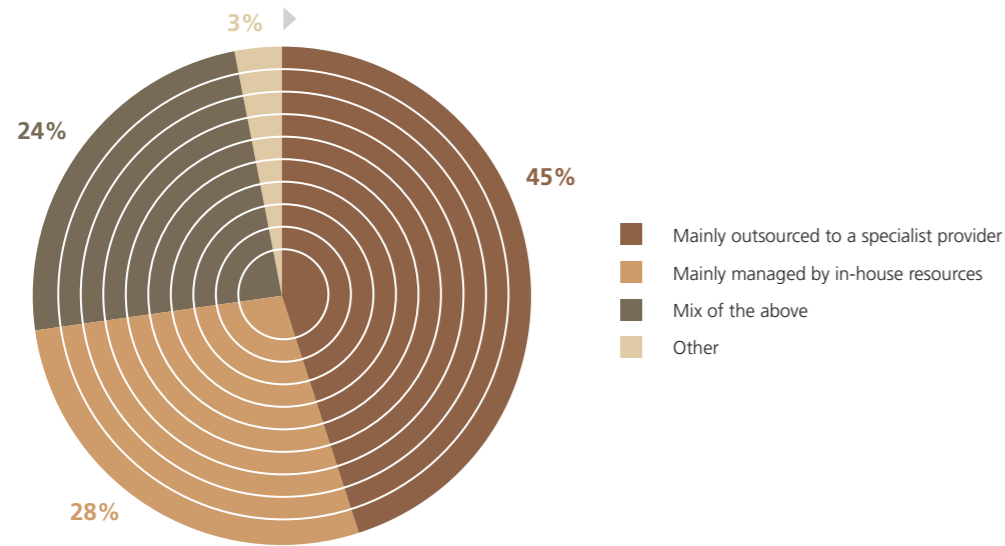


Figure 3.5 How would you describe your approach to social security compliance work?



With specific regard to the changing personal taxation environment, only a small minority (5%) of companies manage this part of tax compliance themselves. Given the complexity involved, the variations between different countries and dynamic changes that the taxation field is subjected to outsourcing is understandable: organizations seem to prefer to relocate the costs of tax information gathering and learning to outside providers. More importantly, it shields them from some of the risks involved in tax compliance.

What the Experts say

For me, the significant technological advances we have benefitted from (laptops, i-phones, Skype) and the increase in flexible working patterns, will ultimately make the typical working week based in the office extinct. Many employees can generally 'plug-in' anywhere, anytime, around the world to deliver upon their work commitments. This presents multiple compliance challenges for organizations, ranging from the

mitigation of permanent establishment risks, closer tracking of short-term business visitors and more frequent implementation of commuter agreements. Education and technology will be the key to managing employees' movements and proactively managing the associated risks. Companies need to remain one step ahead of the tax and immigration authorities who are also investing in their technical infrastructure.

Selina Jones-May, WorleyParsons

However, with respect to the areas which impact company compliance (rather than individualized employee compliance) organizations often choose to have more control over this work. Around three quarters of responding organizations have decided to either manage corporate tax compliance and expat payroll compliance in-house or have chosen to coordinate extensively with specialist providers while doing some of the work themselves.

Figure 3.6 How would you describe your approach to corporate tax compliance work?

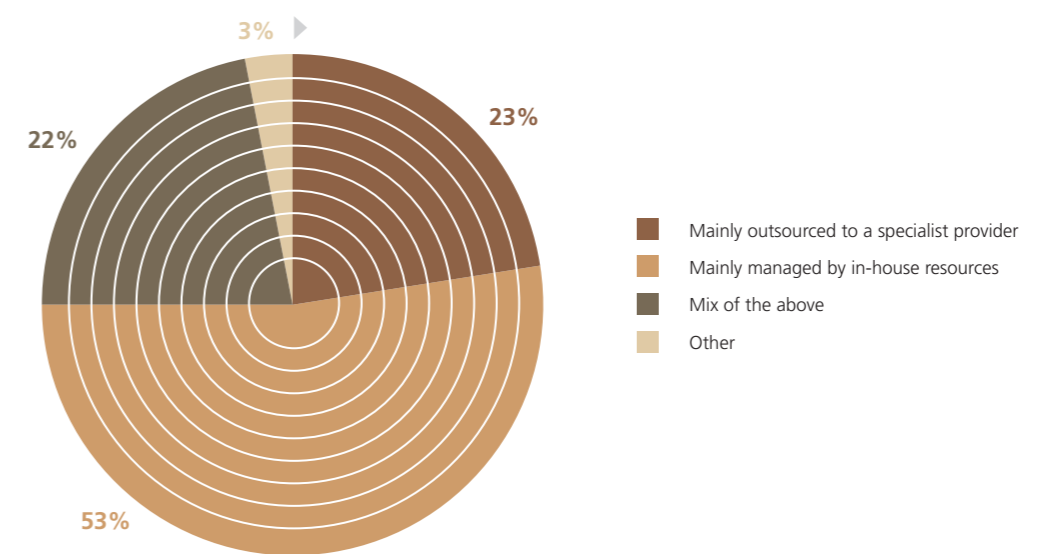
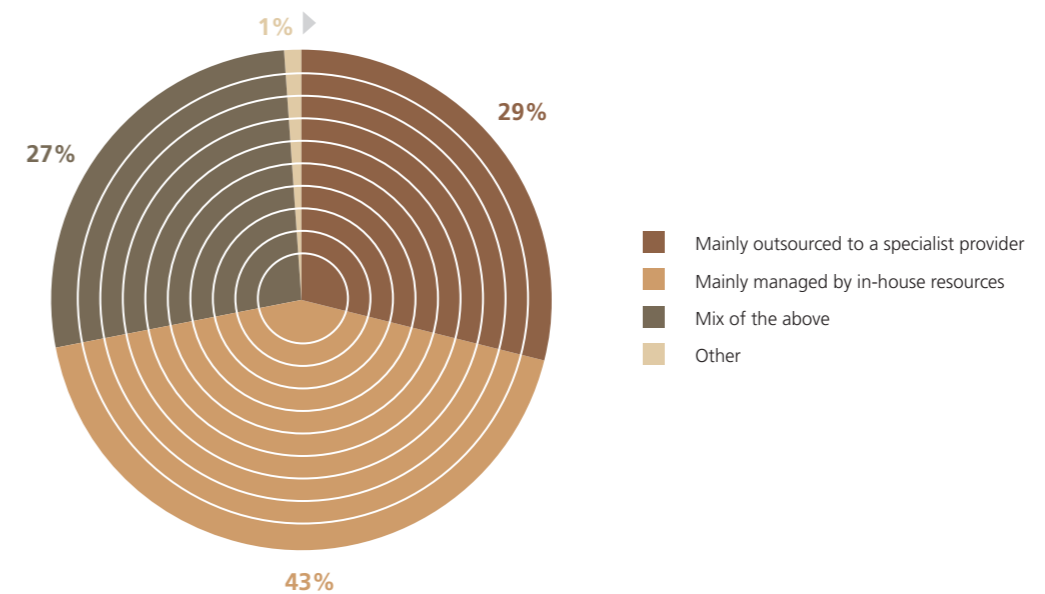


Figure 3.7 How would you describe your approach to expat payroll compliance work?

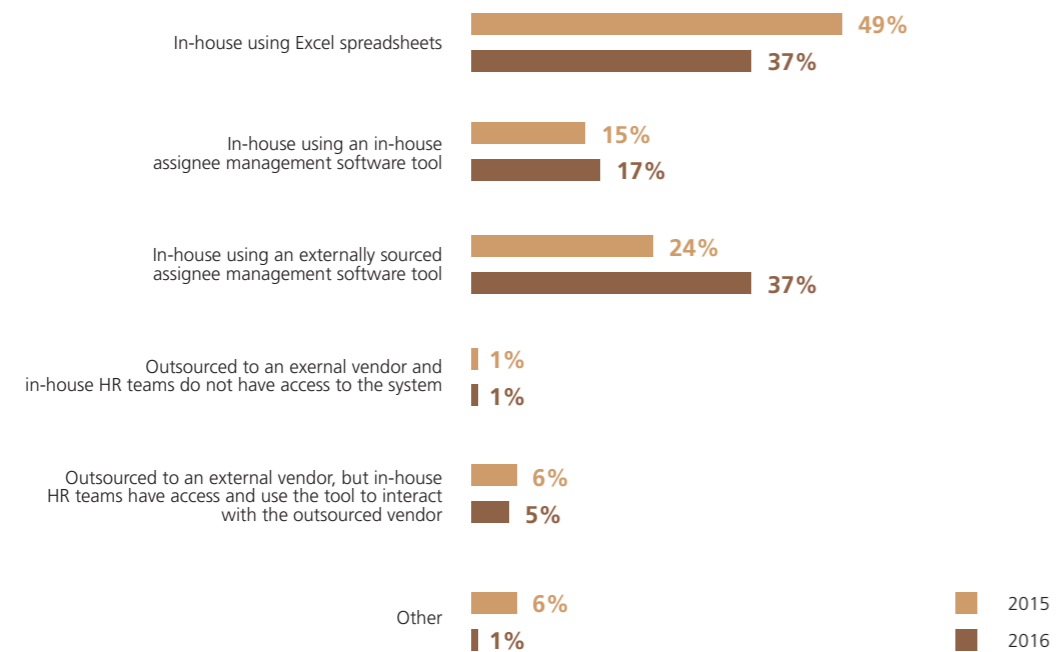


The survey data indicates that GM functions are highly centralized. More than nine in ten of all respondent companies have a mobility Centre of Expertise (CoE). The most frequent activities CoEs undertake are policy writing and management (91%), global vendor management (78%) and the management of assignment documentation (76%). About two thirds also undertake assignee tracking and management as well as global tax compliance with half working on global immigration compliance and the management of compensation and salary reviews.

Assignee Tracking and Management

As in earlier years, assignee tracking was an important issue given the substantial regulatory implications. While the data of earlier years is not directly comparable (we used the same question, but the responding companies are different), it seems that the tracking solutions have slowly become more sophisticated as fewer firms use Excel spread sheets and more are externally sourced.

Figure 3.8 How does your organization track assignee movements?



In comparison to previous years, the accuracy of tracking systems has improved. Only 4% of organizations now believe that their systems do not give accurate assignee data with almost two thirds stating that their systems are reasonably accurate and the remainder arguing that their system is totally accurate. It seems that over the last few years companies have worked hard to reduce uncertainty in the tracking area.

What the Experts say

I see an app in the near future that will be the ultimate self-service tool for the assignee to decide where to live, to find schooling, put his expenses in, managing his personal flexible GM budget, keep track on COLA and FX Rates,

contact his HR, GM team, Relocation and Immigration team automatically completing his Tax travel calendar by managing his travel via this app, etc.

Mark Derksen, Arup

Nevertheless, there is still some way to go in becoming more effective in tracking and management. More than four fifths of the tracking systems are not fully interactive and cannot share data with payroll and wider HR Information Systems. While 12% can at least download reports, in more than two thirds of cases (68%) data has to be input manually into other systems. Moreover, only 40% of companies use the same assignee tracking tools to track their international workers for tax and immigration compliance. It still seems that there is a severe lack in the use of intelligent GM systems. There are substantial efficiency effects within GM information systems that remain to be exploited.

What the Experts say

How do we try to capture the Return on Investment in Global Mobility? Cost projection/ estimates of moves which we have only just implemented compared to the revenue of the assignment. We try to assess if business has

grown in this area and if it's tied into the move of an assignee. As a company we are learning and looking at this area more and more so that is a vast improvement from where we were a year ago.

Shireen Dias, RLG International

Tracking and Managing International Business Travellers

Previous research has traditionally concentrated on long-term, company-sponsored expatriation (Jokinen et al., 2008), but a more recent trend is to investigate self-initiated expatriation (Vaiman and Haslberger, 2013; Andresen et al., 2013). However, International Business Travel (IBT) has been increasing dramatically over the last decade. Welch and Worm (2006: 284) define IBTs as "one for whom business travel is an essential component of their work". IBTs face a situation in which they are often working in an array of different countries and where they have a strong need to adapt to various national and local cultures (Baruch et al., 2013).

Cornelius Fichtner, the Swiss project management expert, argues that "Planning without action is futile, action without planning is fatal." For GM professionals, one of the key challenges is to ensure compliance with the various jurisdictions that the IBT travels to. Therefore, it is surprising that more than a third of companies (38%) do not track regular business travel activity. A further 8% of companies are simply notified by the employee and some others through their networks of personal assistants. All of this leaves ample room for error. Overall, almost half of the organizations leave themselves exposed to compliance risks with respect to their IBTs.

At times, it can be difficult to decide an individual's eligibility for inclusion into a company's commuter policy. Earlier RES Forum research (The RES Forum Annual Report, 2014) indicated that the most frequently used criteria for multinationals was time spent in location, the number of trips over a period of time or the tax implications. Less frequently used criteria included travel time, responsibility for at least two countries or the trips replacing an expatriate assignment.

Key Challenges in Assignment Compliance

What are corporations currently struggling with in terms of compliance? The RES Survey asked companies to outline the key challenges in ensuring assignment compliance within organizations and received responses from 48 companies. Four key compliance challenges stood out from the survey respondents' comments:

1. Accuracy of Data / Software and IT Issues / Other System Issues

- Ensuring assignee data received from all locations is accurate so that we can ensure compliance.
- Data gathering process, global tracking system. Our company is a group containing other companies which all have different practices, policies, role levels, compensation management etc.
- A number of different manual systems.
- Collating on a global basis accurate compensation, expense and benefit in kind data for tax reporting purposes.
- Correct payroll.
- Poor communications and systems due to immaturity of mobility and poor IT infrastructure.

2. Managing and Tracking International Business Travellers (IBT)

- IBT-planning in advance, Getting data on business travellers, Tracking of short-term business visitors.
- Business travellers and global consistency are quite de-centralized.
- Our biggest issue is not knowing about people travelling which may have risks for us from a compliance perspective. This is mainly with regards to business visitors. We need to raise awareness within the business to explain the related risks – for a tax, immigration, social security, payroll reporting, etc.
- Business Travellers (Global Wage Data for Third Country Nationals).
- Getting a good process/tools in place for tracking business travellers.
- Short-term business travellers and commuters are challenging in terms of tracking and ensuring they are compliant for tax and immigration purposes.

3. Role and Ownership of GM Processes

- Getting involved early enough/having enough notice of an assignment.
- Very little ownership of process hampers compliance.
- Collaboration between different parts of the organization.
- Being advised on a timely basis of a potential assignment so that we may carry out due diligence on compliance matters and meet business deadlines.
- Lack of internal awareness of these topics and their complexity.
- Reactive problem solving rather than setting up assignments correctly from the start.

4. Company Culture and Awareness of Key GM Issues

- Education of business managers on the risks of carrying out certain activities.
- Internal education to convince the business that non-compliance has severe consequences.
- Employee and management respect for policies, procedures and legislation.
- That employees are maintaining their travel data in time and accurately in our tools.
- Getting our regional and local HR teams to let us do our work. We spend too much time debating issues with HR generalists who have no real mobility expertise yet are certain that the way they are doing things is correct.
- The level of awareness and sense of importance within the business – unless confronted with this on a daily basis, most people are unaware of the requirements and the consequences of non-compliance and therefore often see such work as a hurdle/pain rather than a must.

The Quality of Outsourcing Providers

As a proxy to quality assessment we asked respondents whether they would recommend an outsourcing service provider (and if yes, which). There is a stark contrast of areas in which GM experts would frequently recommend (approx. 60% to 75%) and less frequently recommend (below 15%) outsourcing providers. Household goods shipment, immigration provision, destination services programme and tax services provision are the areas in which GM experts would most frequently recommend external vendors.

The TOP Recommended Outsourcing Providers in Activity Areas

Assignment Management:

Brookfield Relocation

Destination Services Programme:

Santa Fe, Sterling

Management of External Vendors (e.g. shipment):

Team Relocation

Household Goods Shipment:

Harmony Relocation Network,
Santa Fe, Sterling, Graebel

Immigration Provision:

Fragomen, PwC

Inter-Cultural Training:

Farnham Castle, Communicaid

Tax Services Provision:

PwC followed by a distant 2nd EY, Deloitte, KPMG

Expense Management & Compensation Package:

Cartus

Expatriate Payroll Services:

EY, KPMG, Cartus

Language Lessons:

Berlitz

A third of corporations would also recommend their inter-cultural training providers. All other outsourcing service providers are not as strongly recommended. This may make those companies that are being endorsed in these areas even more attractive as they seem to stand out from the crowd.

Winston Churchill, the UK statesmen, once observed: "All I want is compliance with my wishes, after reasonable discussion." While organizations are bound by a strong, albeit shifting, regulatory and legal context, they are still seeking those service providers that are high quality, reasonably priced and responsive to their wishes. Moving beyond a 'commoditized' service towards strategic insight, intelligent management and context-sensitive outsourcing provision is likely to have a strong impact on the success of professional service organizations.

Conclusions and Learning Points:

- Programme Management and Compliance is highly centralized within organizations. More than 80% of companies either have one global centre of expertise or regional Global Mobility (GM) centres that cover several countries.
- In general, corporations do not use multi-vendor outsourcing for quality reasons. The key motives to work with several expatriate service providers are to retain in-house control of the overall mobility programme or to ensure maximum cost savings.
- Assignment Compliance is an area in which many companies choose to outsource a sizeable amount of their work. This helps multinationals to reduce their own risks and/or to manage it more effectively.
- Employee compliance issues that are subject to frequent changes and the need for in-depth, specialized knowledge are most frequently the things that organizations seek outside help with by outsourcing work. External expert organizations often have benefits of scale and scope due to working with a range of firms.
- Corporate tax and payroll compliance is more frequently done in-house or in close collaboration with service providers due to the perceived importance for the organization and the availability of specialized in-house expertise.
- Assignee tracking solutions have become more accurate and sophisticated with fewer companies relying on Excel spread sheets and more sourcing their software externally. However, fewer than 20% of GM information systems are fully interactive. Therefore, most of the work is still manually undertaken. There are still substantial efficiencies which can be realized in these areas.
- More than a third of companies do not track regular international business travel. This leaves them exposed to a range of compliance risks and it is seen by GM professionals as one of their core challenges.
- Other key assignment compliance challenges include the accuracy of data gathered, the non-integration or non-availability of high quality GM information systems, the lack of internal awareness, collaboration or perceived importance of GM issues. GM experts argue that the company culture needs to be changed to stress the importance and the risk of GM work and that the awareness of key GM bottlenecks and challenges needs to be raised.
- Organizations are particularly content with outsourcing providers in the areas of household goods shipment, immigration provision, destination service programmes and tax services provision and often recommend these. Recommended service providers in other areas are outlined in the text box on the previous page.

Survey Data Source: The RES Forum Programme Management and Compliance Survey, November 2015, 75 organizational responses.

What can MNCs do to Increase Expatriation Success? Programme Compliance

	Organizational Action	Comments
Tax & Social Security	<ul style="list-style-type: none"> • Provide good support for yearly taxation and other local/cross-border administrative issues. • Give financial and tax counselling, advice and help for time after return/next move. • Monitor own and service provider activities and gain expatriate feedback during the assignment. 	
Logistical, Administrative	<ul style="list-style-type: none"> • Provide effective administrative support in relation to the international mobility framework, compensation and benefit questions. • Provide good logistical support and high quality guidance in terms of moving abroad, accommodation (abroad and at home), health insurance, banking, schooling, return visits etc. • Monitor own and service provider pre-assignment activities and gain expatriate feedback for improvements. 	<p><i>Administrative Issues:</i></p> <ul style="list-style-type: none"> • Set an end-of-assignment date in order to avoid assignments that 'drag on'.
Social	<ul style="list-style-type: none"> • Encourage local national employees to provide support to new assignees and families. • Collect and provide information regarding social, religious, sport, cultural organizations and enable expatriates and their families to join these. • Develop social support networks. • Provide an Employee Assistance Programme (EAP) for people experiencing culture shock or other issues and train local managers to recognize symptoms. 	<p><i>Social Facilitation:</i></p> <ul style="list-style-type: none"> • Consider setting up local 'buddies' for self-initiated, company-sent international assignees and other global workers and their partners. • Support partners in carving out meaningful roles for themselves. • Design organizational approaches that encourage host country nationals to view expatriates as 'in-group' rather than 'out-group'. • Brief and prepare locals with liaison roles.

An Expert View on Reducing Relocation Costs



Expert view by Harmony Relocation Network
Paul Bernardt *Managing Director*

Cost reduction continues to be a subject of major importance to Global Mobility functions. Most global relocation policies allow the shipping of household goods and it is no secret that shipping costs are a relatively large cost component of the relocation. To be able to reduce costs, it is important to understand the cost elements.

Reducing Volume or Weight Allowances

The easiest way to reduce costs is to reduce the volume or weight allowances in the relocation policy. At Harmony Relocation Network, we know from experience that the average volumes tend to be close to the maximum allowances, because assignees tend to use all of the available space, particularly when going back to the home country. Reducing the allowance will therefore automatically reduce the overall shipping costs.

It may seem harsh, but this isn't as difficult for assignees to accept as it may appear. Ever advancing technologies continue to make it easier for companies to reduce volume allowances. Books will continue to be replaced by e-readers and music collections by streaming. The availability of furnished apartments is on the rise, so shipping large pieces of furniture may no longer be necessary. Also, assignments are getting shorter, further reducing the need to ship larger quantities. After all, shipping overseas takes time, sometimes as much as two months, and by the time the shipment arrives, the assignee may already be considering where to go next. The new generation of assignees is also less likely to place such value on shipping their own goods – people are becoming less attached to physical goods, and more focused on 'the experience' of an international assignment.

Removing Storage Allowances

When the goods are not shipped, traditionally they have been stored at origin in the home country. Although this may seem cost effective, it is often considerably more expensive to store than it is to ship back and forth. Companies are becoming increasingly aware of this, and storage is also disappearing from relocation policies. Furthermore, when the assignment is over, and the storage is redelivered to the residence, it is not unusual that the stored goods are either sold or thrown away. When assignees are informed that storage is not an option (or at least not at the company's expense), the problem usually sorts itself out.



More insight to further reduce costs

When all of the above is done, there are still further ways to reduce costs, but you may need insight from someone within the shipping industry to know how. The shipping industry is not easy to understand for outsiders, and there is little educational material available. RFP's are done, but often poorly. The comparison between supplier costs is managed by procurement people that have little knowledge about what cost components will end up on the final invoice, which cost components must be fixed, can potentially be fixed, and which cannot be fixed. The pricing schedules are often not logical at all, and do not cover enough cost elements. The more elements you can include, the easier contract management and invoice auditing gets, and the less external auditing companies are required to number crunch each and every cost element. Those are the direct costs.

Risk is also an important cost component. The risk of fluctuating freight rates or foreign exchange rates represents a major obstacle for the shipping industry. When the risk is not addressed in the RFP, or not given enough importance, we will assume the risk is ours to address, and sensible shipping companies will include a risk premium in their cost. This may not be necessary if the risk has been properly addressed in the RFP.

The supplier set up may also influence costs. There are several models in place, and the most used ones for the larger contracts are either on a regional or global contract with one or with several competing suppliers. When a contract is with one supplier only, the company should ensure that all costs elements are sufficiently covered, or else it is like writing a blank cheque. The model is efficient though, since it reduces indirect costs considerably, and places all volume with one provider, creating economies of scale. Working with multiple suppliers does have the benefit that an element of competition is introduced, but if the comparison is made on a move-by-move basis, the indirect costs of making that comparison can be high. Most mobility departments do not have the time to micromanage such a process. A round robin allocation based on quality score and a uniform pricing schedule usually works best with multiple suppliers. It keeps the suppliers on their toes, knowing that the previous quarter's score will impact next quarter's volume. Even if the shipping is outsourced to a relocation management company, all of the above is still relevant, as the costs do not go away simply because the management is outsourced.

What next?

I would welcome members of the RES Forum to reach out to me if they have any questions in this area. I would be pleased to help you to reduce your programme costs, and create more transparency around the cost of shipping household goods for your assignees.

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:
Paul Bernardt, Managing Director, Harmony Relocation Network**

As a valued partner to the RES Forum and one of the main sponsors of the RES Forum Annual Report for the last four years, Harmony have always had an interest in the main report themes and how those have developed over the same four-year period.

One theme which has been a consistent area of focus over these years is Reward and what this means in the context of remuneration packages offered to international assignees.

At Harmony Relocation Network our involvement in the relocation process relates primarily to when assignees physically move from the home to the host country and the corresponding relocation back home at the end of the assignment. In recent years we have seen an increase in flexibility applied to how this physical relocation is supported - in a departure from historical one size fits all and 'company knows best' type policies, companies are increasingly allowing employees to use an agreed sum of money/allowance to buy the services the assignee chooses and the services which are most valued to them as individuals. At Harmony, we are also seeing the growth of technologies relating to how this policy change is implemented; an example of which would be the use of web portals from which a choice of services with company pre-approved suppliers can be purchased. This creates an ever changing market into which companies like Harmony need to evolve.

RES FORUM



EQUUS
SOFTWARE

4

Reward Package Design

But the physical relocation stage is just one part of the assignment cycle. What the RES Forum Membership are evidencing is that, coupled with increased segmentation of assignment types, there is an increased focus on spend on assignment rewards – why should companies offer expensive assignment packages to those whose contribution to the company (and on whom the company depends) is less compared to those who make a greater contribution and on whom there is a greater company dependency, such as key skills or knowledge. It all seems very sensible and it is good to see the industry taking such a pragmatic and progressive view on how they support assignees and design packages. The value to Harmony is that through having such close connections with The RES Forum we are continuing to evolve our own service proposition and to more accurately reflect the needs of our clients. This is a win-win for everyone.

4 Reward Package Design

By Prof Michael F. Dickmann

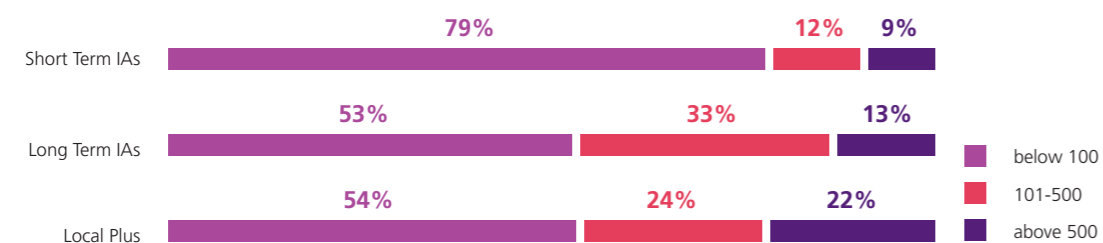
Introduction

To work abroad is to go beyond one's comfort zone to accept challenges, to grow personally and professionally and, in the case of internationally assigned employees, to show exceptional commitment to one's employer. This courage has been described by Norman Vincent Peale, an American author and minister as: "Empty pockets never held anyone back. Only empty heads and empty hearts can do that."

While the reward package is often designed to increase the attractiveness of international assignments, and to cushion some of the adverse effects of global moves, Multinational Companies (MNCs) systematically overestimate the importance of expatriate remuneration (Dickmann et al., 2008). Research into the motivational drivers of assignees has shown that they are most often motivated by career and developmental considerations. In addition, the thirst for adventure and the opportunity to understand and interact successfully with other cultures and the wider world are other key motivations (Caligiuri, 2013). However, an unattractive expatriate reward package will act as a barrier to mobility and diminishes the chances to attract, deploy and ultimately retain international assignees (Hippler, 2009; Doherty and Dickmann, 2012).

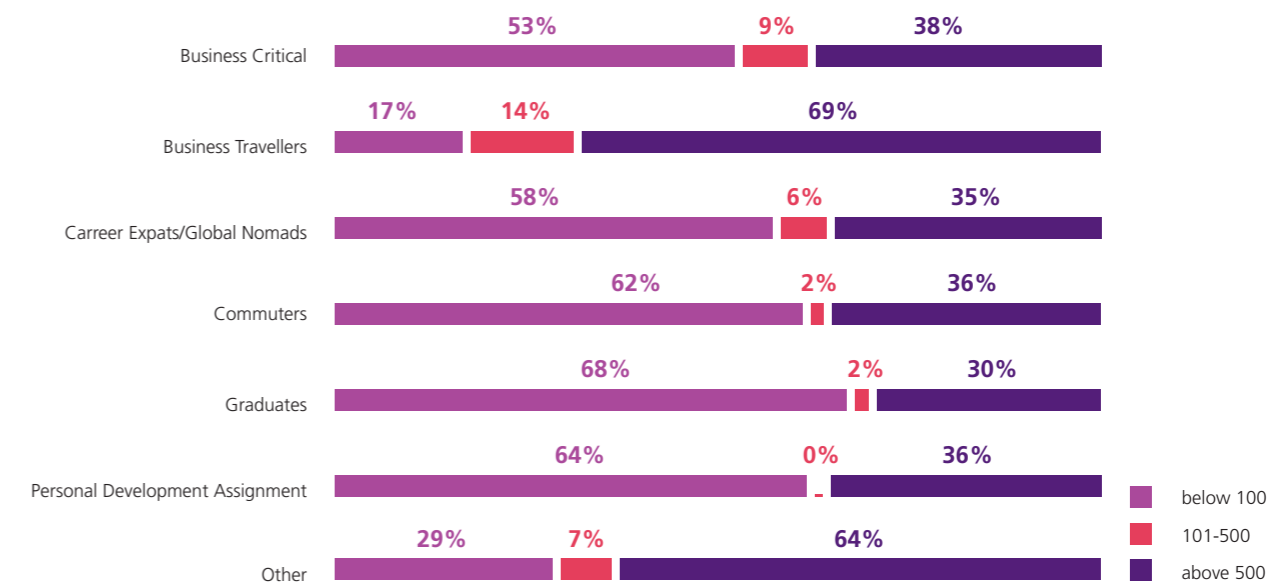
One of the main annual RES Forum surveys looks at assignment package design, in order to assess the major trends in the field of assignment remuneration. This year's survey was answered by 78 large multinationals. As with the previous RES Forum surveys, most of the respondent organizations are very large. More than half of these companies had 25,000 plus employees with only two companies employing less than 1,000 staff. In addition and in particular, large MNCs had a substantial assignee population with respect to traditional Long Term International Assignments (LTIA).

Figure 4.1 For each of the following assignment types, what is the total International Assignee (IA) population of your organization?



This year's data shows that the complexity of international work is recognized through the building of several categories of assignment types. Segmenting global careerists into distinct groups has allowed organizations to draw up targeted policies and reward practices and, in effect, to refine their overall Global Mobility (GM) approaches.

Figure 4.2 For each of the following assignment types, what is the total global assignee population of your organization?



The most typical assignment durations for Short Term International Assignments (STIAs) was three to twelve months while the most typical Long Term International Assignments (LTIA) lasted one to three years (55%), closely followed by LTIA that could be up to five years (40%). Lengthy LTIA are not obsolete and may be justified by a variety of reasons. Some, such as finding local successors or control and coordination of business driven assignments, may, at times, need a longer period to fulfil objectives. (Edström and Galbraith, 1977).

Local Plus Assignments (LPAs) would often be permanent transfers (43%) but a sizeable number of companies restricted them to either one to five years (28%) or, up to three years only (28%). A minority of organizations indicated that they "don't offer traditional home-based LTIA packages, all of our longer-term assignments are host based". This approach is likely to be successful where mobility is at the core of the organization's activity and career progression and where it might be seen as a 'rite of passage' (Dickmann and Cerdin, 2014). It does need an abundance of staff willing to be internationally mobile and often other contextual factors such as operations in non-hostile, non-hardship countries. Alternatively, the organization may have a highly integrated/highly attractive salary system for global nomads such as HSBC's IM programme (Dickmann and Baruch, 2011).

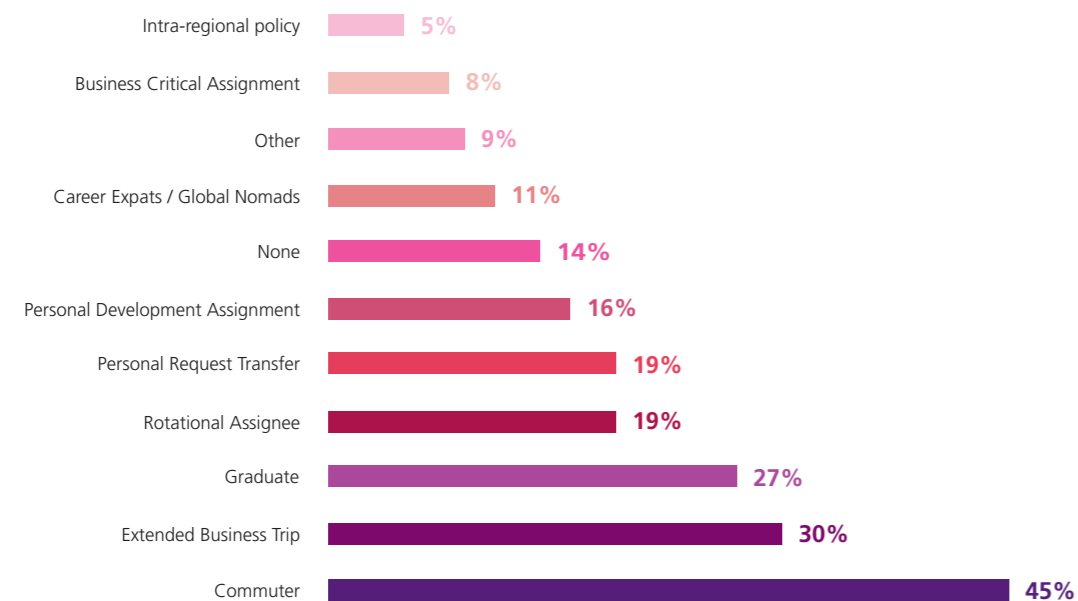
Assignment Package Design and Construction

Franklin D. Roosevelt, the American president during the Great Depression and the Second World War, observed that "Happiness is not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort." It is in the balancing of incentives which link to individual assignee motivation and the assignment objectives that GM specialist can create attractive and effective global assignment packages.

Variety of Assignment Types

It appears that over time the complexity and variation of GM policy and reward design has blossomed. MNCs have developed a large number of separate policy guidelines for assignment types that go beyond STIAs, LTIAAs and LPAs.

Figure 4.3 Does your organization formally recognize any other assignment types via separate policy guidelines?



What the Experts say

The common assignee demographics will also continue to evolve from the traditional Western expat to the deployment of highly skilled individuals from developing countries. Repatriation of individuals to developing

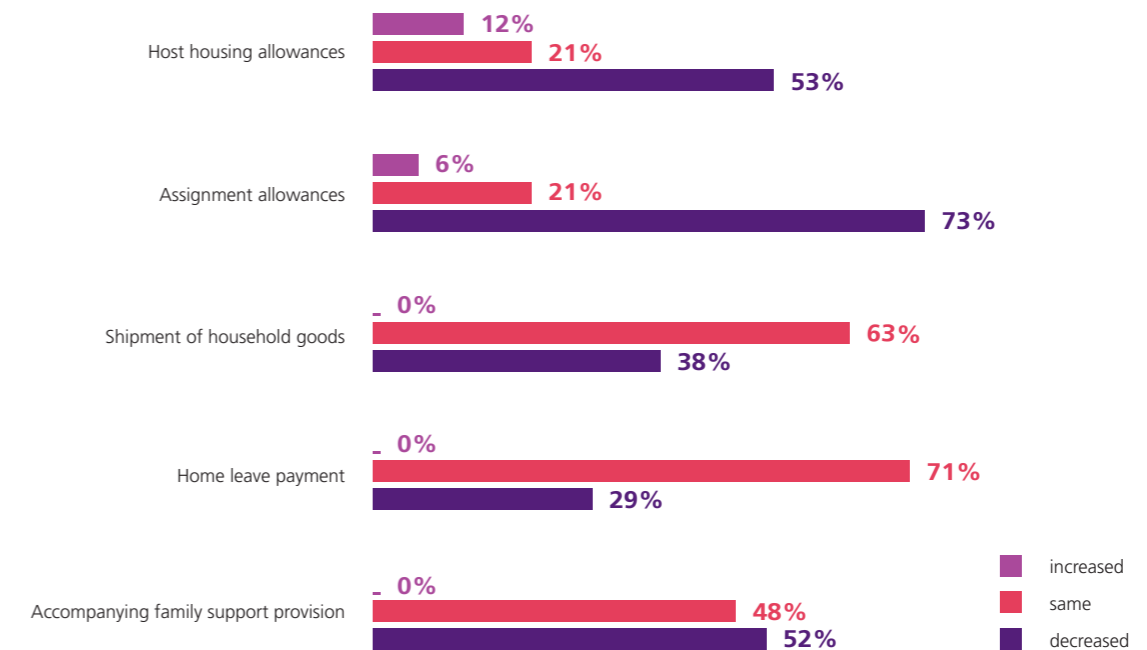
countries on terms more generous than a local package will likely become an increasingly common trend, as the war for talent within emerging markets continues to grow (e.g. Africa and South America).
Selina Jones-May, WorleyParsons

MNCs have argued that they offer different packages depending on the move scenario. In a further variation, some organizations argued that they would reduce benefits for employee requested moves although they tend to classify them according to their length. Several companies work on corporate volunteering and sustainability activities. One company indicated that the driver must come from staff: "employee initiated early development, humanitarian and volunteer, strategic and leadership development". Latest research outlines a number of different stages to corporate sustainability and humanitarian volunteering assignments and makes it clear that a strategic dimension is highly important so as to make it beneficial for both the individual and the corporation (Cardarelli et al., 2016).

Rewards for Developmental vs Business-Driven Assignments

Almost half of MNCs (44%) distinguish between business driven/strategic assignments and developmental assignments. Where these are initiated by staff, the policy is less generous or, as one respondent put it, "stripped down" as the primary beneficiary may be the assignee and crucially, there is a lesser need to motivate potential candidates (Dickmann, 2015).

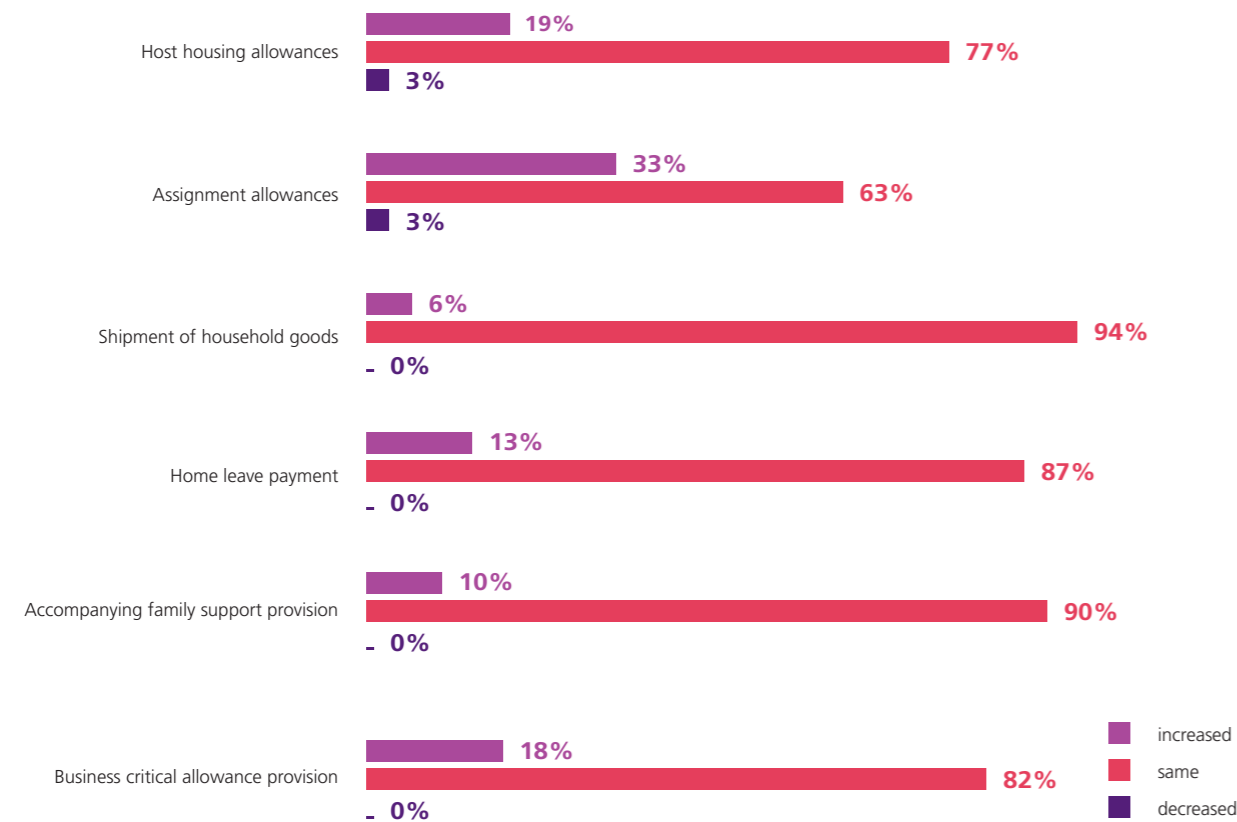
Figure 4.4 How does developmental assignment support in your organization differ from your standard Long Term International Assignment (LTIA) support?



A new book by Dickmann, Brewster and Sparrow, (2016) charts the human resource developments triggered by the financial crisis. In recent years organizations have become (even more) cost driven and so it is no surprise that they normally reduce their packages for developmental assignments.

In contrast, in some cases, business critical/strategic assignment support becomes more generous as the driver is more company-centred and the importance of the foreign work may be seen as higher.

Figure 4.5 How does the business critical/strategic assignment support within your organization differ from your standard Long Term International Assignment (LTIA) support?



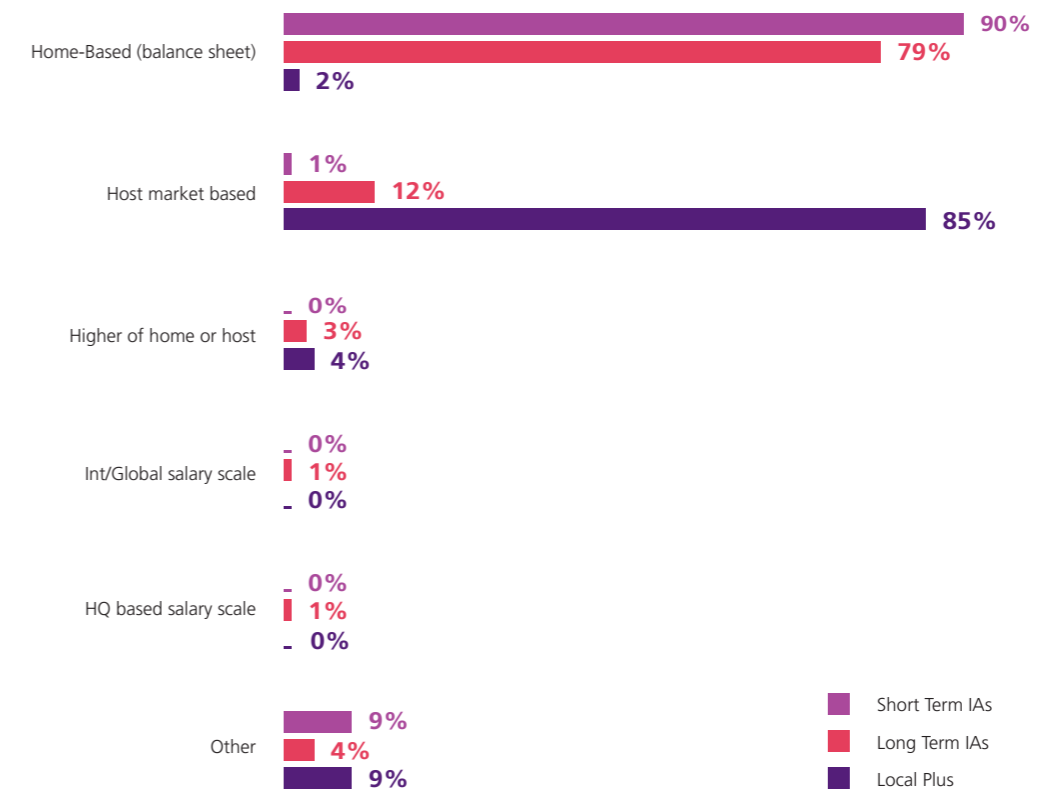
Chapter 2 has shown that many companies are struggling to acquire sufficient talent for international assignments. MNCs simply need to be more flexible and generous with assignments where candidates need to go into highly volatile or hostile environments characterized by hardship and danger (please see Chapter 5). This is also in tune with increasingly personalized HRM for people with special skills or talent. These 'A Player' talents have simply more negotiation power when it comes to their contracts or assignments. (Sparrow et al., 2010; Conway and Briner, 2005).

Do MNCs preserve some flexibility by linking assignment compensation to performance? In short, most companies do not. Two thirds of each of the different assignment types do not have such a link (STIAs 74%; LTIA 70%; LPA 70%). Where there is a specified link, it is to annual assignment bonuses which is an approach operated by around a quarter of all responding companies. The remaining companies prefer to integrate assignment related goals into their normal performance appraisal and review sessions.

Salaries and Cash Allowances for Assignment Types

As in prior reports the RES Forum survey identifies a strong trend towards home-based (balance sheet) remuneration for STIAs and LTIA, while LPAs are compensated using a host market approach. At times, STIAs "simply remain on home payroll, no balance sheet". However, this is normally paired with disruption and subsistence allowances.

Figure 4.6 What salary basis is used in your organization for the following assignment types?



With respect to LTIA reward packages only a few MNCs (3%) used the higher of home or host while 12% used a host market approach. Global salary scales remain a tiny exception for LTIA (1%).

The respondents were also asked to specify which Cost of Living Allowance (COLA) index they would be using in order to gain a feeling for the generosity of companies. A quarter of companies used the full expat COLA index for STIAs and LTIA while no MNC used it for LPAs. The median (efficient purchaser) COLA index was the most popular. It was used in 41% of MNCs for STIAs, in 63% for LTIA and in 27% for LPAs. The basic/low COLA index was used in one in ten MNCs for STIAs and LTIA and occasionally (7%) for LPAs. Where COLA was not used, STIAs often got a per diem allowance while the LPA arrangement varied widely.

Cash allowances and other support elements are important features to attract and reward assignees (Dowling et al., 2008). To understand what the majority of organizations are doing, the following summarizes those cash allowances that are granted by at least half of the MNCs that participated in the survey.

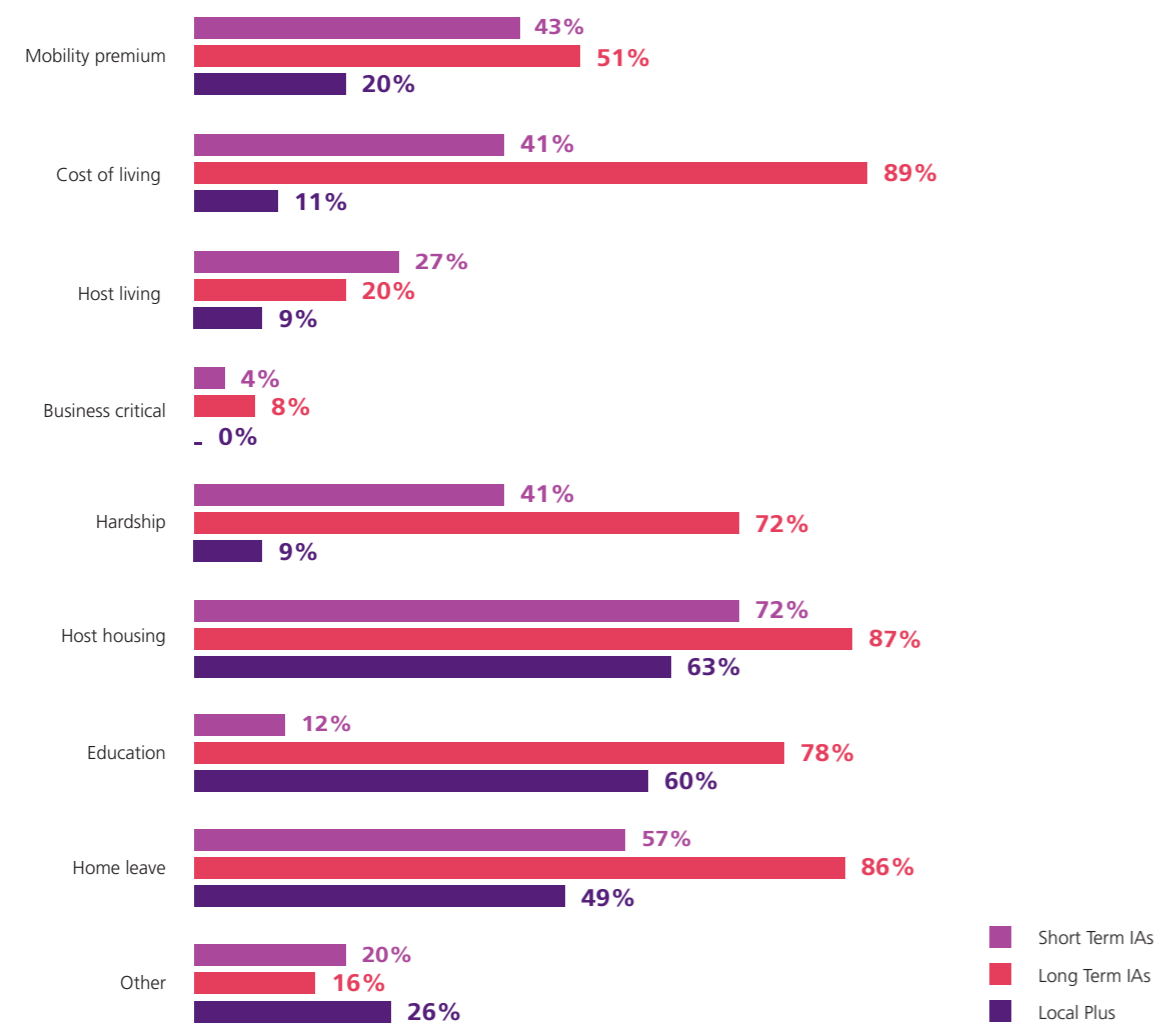
STIAs Allowances

Almost three quarters of MNCs pay host housing (72%) and a substantial majority pay home leave allowances (57%). Generally, allowances are sometimes paid directly to the suppliers, such as landlords or as per diems. They include a variety of things such as transportation allowance, utilities, medical, electricals/furniture/one-off costs.

LTIA Allowances

MNCs tend to be more generous with LTIA than STIA and the order of the most frequent cash allowances remains the same as last year. These traditional assignees receive COLA payments (89%), host housing allowances (87%), home leave allowances (86%), education allowances (78%), hardship allowances (72%) and a mobility premium (51%). In some organizations only global nomads receive the mobility premium.

Figure 4.7 Which of the following cash allowances or support elements are payable in your organization for each of the assignment types listed?



What the Experts say

Developing a local talent pipeline unique to the organization remains a key challenge and priority for most companies. Companies should address this through implementing a mandatory objective into expats' assignment objectives surrounding the development of a local national as their successor, prior to their repatriation. Personally, I have seen some excellent success

stories where this has been achieved. However, there will always be scenarios where the client specifically demands that a foreign national leads the project. This trend may become less common over time as the skills and qualifications of the local talent pool in developing and emerging economies improves.

Selina Jones-May, *WorleyParsons*

LPAs Allowances

Given that most LPAs are on host country contracts, the cash allowances are different and expected to be less bountiful. LPAs often receive a housing allowance (63%) and the only other frequent allowance is related to education (60%). Hardship allowances, COLA and mobility premiums are rare.

Adjustments during work abroad

It is obviously possible that during an assignment the exchange rates can fluctuate substantially and that inflation rates can be highly different. So, do companies take these dynamics into account? The answer is normally for their LTIA only. COLA can increase or decrease for 77% of LTIA for instance due to inflation or foreign exchange volatility. However, less than a third of STIA (29%) and only 5% of LPA would see COLA adjustments during their work abroad.

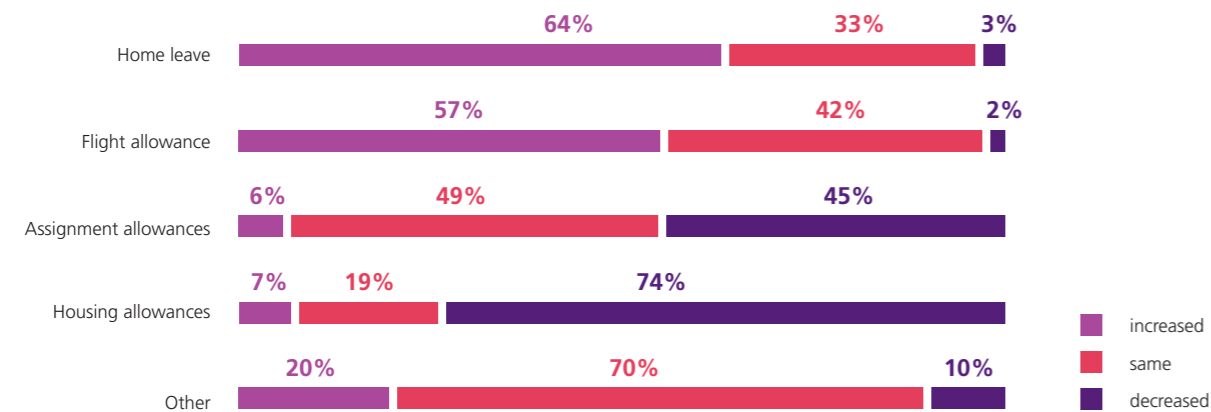
Contribution Toward Housing Costs

MNCs push for the reduction of assignment costs. Last year's report indicated a surprising fact - about half of long-term assignees are not asked by their organizations to pay any part of their housing. This year's respondents also indicated that few assignees are being asked to pay for their accommodation. 91% of STIA and 69% of LTIA are not contributing towards housing costs and almost half of the LPA (46%) do not have to. However, there are signs for impending changes as several respondents stated that there were provisions for assignee housing contributions that were not implemented: "It is in the policy but not applied as regularly as it should. We are working on changing this." Where assignees are asked to contribute to housing costs, the actual amounts are normally determined by the home housing norm based on external data (59% for LTIA; 43% for STIA). LPA contributions are highly variable and range from the individual paying for housing completely, to companies paying a gross allowance of market rent and the individual taking care of own tax and social security.

Assignment Support and Family Considerations

Respondents were also asked in what way the company support differed if an expatriate went on the international assignment while the family remained at home. A large number of MNCs vary their terms in response to whether the family accompanies the expatriate or not. About two thirds increase home leave and flight allowance if the assignee relocates alone for the whole term of the assignment. In contrast, we know that the size of houses (and number of bedrooms) increase when an expatriate is relocated with the family (The RES Forum Annual Report, 2014). Unsurprisingly, three quarters of MNCs reduce the housing allowance if the family remains in the home country. In addition, 45% of companies reduced the assignment allowances payable given that the family size was smaller.

Figure 4.8 In what way does the assignment support differ from standard policy if an assignee goes on assignment unaccompanied for the full duration of the assignment?



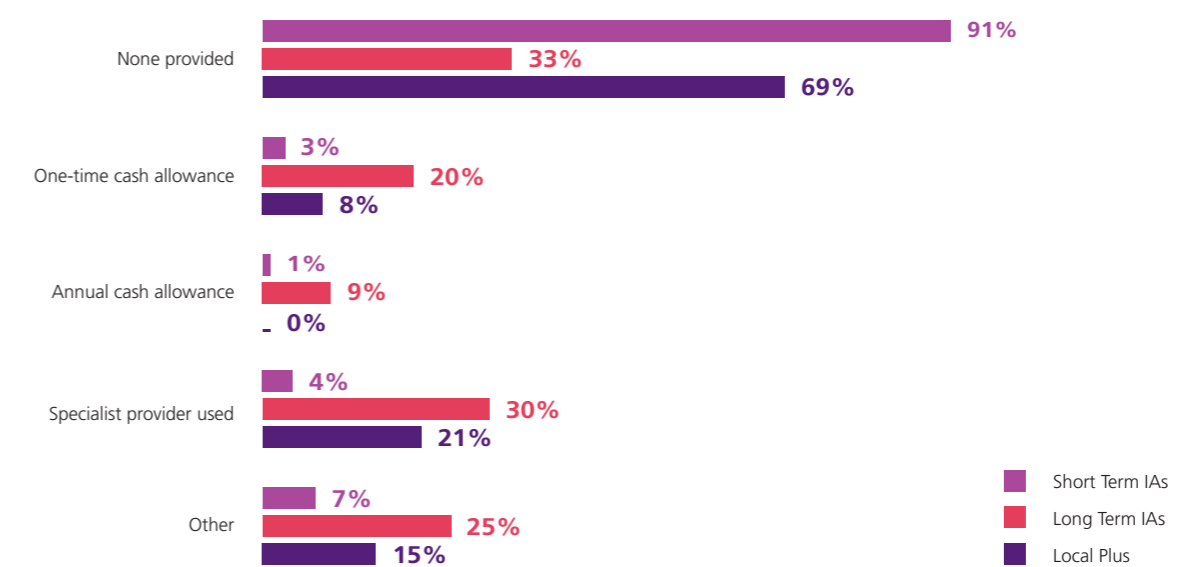
Half of the MNCs support a temporary split family arrangement for more than a year (49%) while 16% would not support it at all. The remaining 35% support various lengths up to one year.

Support differs when compared to expatriates who were split from their family for part of the duration of the assignment. The additional home leave (45%) and flight allowances (49%) were less frequently granted. In turn, assignment allowances (30%) and housing allowances (45%) were more rarely reduced. It appears that companies actively manage their allowances with respect to the specific family situation that their assignees have. This would also entail granting a 'different' status once the family joined the expatriate abroad. For instance, one respondent clarified: "... assignee will be on commuter terms when single, then accompanied when the family is in the location. Housing, home leave, commuter trips will vary dependent upon single/accompanied status." In addition, some MNCs considered introducing a separation premium which would streamline and simplify the administration.

Spousal/Partner Support

Industry literature enthusiastically promotes the idea that it would be important to provide support for accompanying partners and family as this would increase the satisfaction of family members, allow the assignee to be emotionally more balanced and more proactive to focus on his/her own adjustment. The argument has long been that better adjusted expatriates have a superior performance (Black et al., 1991). However, more recently authors have indicated that behavioural and cognitive adjustments that are more closely related to performance, may improve at any rate over time as emotional well-being is on a different adjustment dimension (Haslberger et al., 2013). Nevertheless, this is about the strength of influences on performance – it is not about whether there are any positive performance effects when an assignee and their partner are emotionally well adjusted to the host country. It is still widely held that a 'happy' family and a 'happy' expatriate is likely to be good for an assignee's willingness to stay in the host location and for organizational performance.

Figure 4.9 Please describe your organization's spousal/partner support assistance

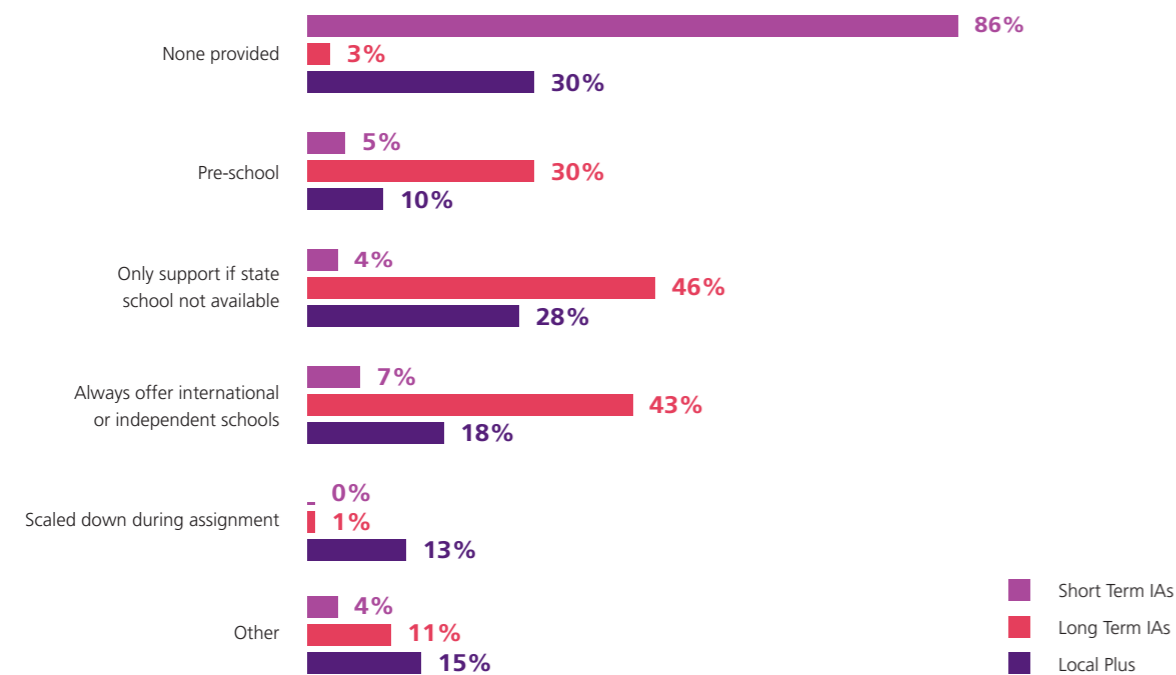


Companies clearly distinguished their support for spouses/partners in relation to the different assignment types. Only one in ten companies provided any support for the spouses of assignees who were on STIAs (91%). In contrast, only a third of companies (33%) did not provide any support to spouses on an LTIA. One in five (20%) gave a one-time cash allowance, a third (30%) used specialist providers and one in eleven (9%) gave an annual cash allowance. More data is presented in Figure 4.9 but LTIA and LPA partners benefitted also from a range of other support. Financial payments with capped reimbursement of expenses were popular and at times language and cultural training as well as professional support to the partner to find local work was offered. It seems that monetary support levels are about GBP 4,000 / EUR 5,000 / USD 5,550 with a range of companies offering less (some stated GBP 800 / EUR 1,000 / USD 1,110 being the lowest with GBP 5,550 / EUR 7,000 / USD 7,770 being the highest).

Educational Assistance

Companies are well aware that education lies at the heart of parental interests. Some research has shown that concerns about children's education are amongst the top factors that potential expatriates consider when thinking about whether to work abroad (Doherty et al., 2011; Hippler 2009). While educational opportunities in state schools can, in some cases, be a real pull factor (Dickmann and Cerdin, 2014 regarding Indian nationals coming to London), MNCs feel that they want to offer the children of their staff a positive deal where they perceive that local high quality schools are not available or where the educational systems are so different that it would disrupt the schooling of expatriates' children. Additionally, MNCs have moved to offer expatriation opportunities more to candidates who do not have a family at home (younger staff in their twenties, older staff whose children have left home, non-family employees) or encourage less traditional ways to work abroad such as global commuting or International Business Travel.

Figure 4.10 Please describe your organization's education assistance support



There is a pronounced split according to assignment types with respect to the educational assistance that is offered by MNCs. STIAs do not normally benefit from any educational support (86%) while only 3% of LTIIAs have no educational support. For their LTIIAs, 43% of companies always offer international or independent schools while almost half (46%) only support their assignees' families if a state school is not available. A third of companies provide pre-school support for their LTIIAs' children. At times MNCs prefer to be flexible, as in one situation in which a respondent stated: "Our policy is purposely being vague on this provision so we can tailor it to each situation. We provide assistance where the home/host combination is such that the children would be negatively impacted ... But if the countries are culturally and linguistically compatible, e.g. UK to US move, then we would not offer any assistance – even if the assignee were paying for private school at home."

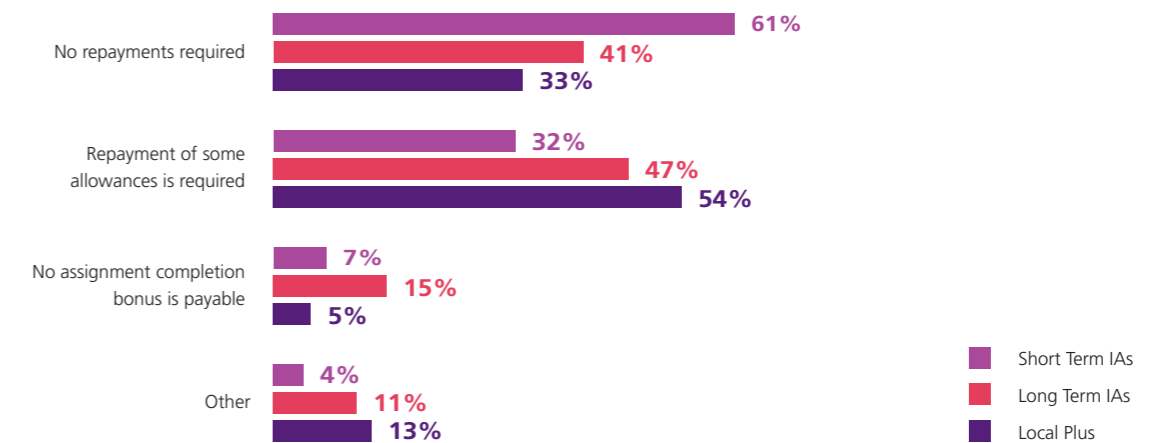
LPAs receive less support than LTIIAs. Less than one in five (18%) have the benefit of automatic financing of an international or independent school and 28% may get this if a state school is not available. For 13% the support is scaled down during an assignment. Nevertheless, schooling support remains one of the main financial assistances that LPAs receive from their organizations and is likely to be one of the key decision parameters when considering to localize.

Only a small percentage of assignees have to contribute toward the educational support provided by their organization (LTIIAs 11%; LPAs 20%). However, it is likely that the assignee's family has to pay extra costs such as school uniforms or trips.

Resigning During an Assignment

A substantial percentage, although generally below a quarter, of assignees resign during an assignment (Suutari and Brewster, 2003; Doherty and Dickmann, 2012). In this case, it is up to the MNC whether it claws back part of its investment.

Figure 4.11 How is assignment compensation affected when an assignee resigns during an assignment?



Most claw back seems to depend on the time since relocation for LTIIAs, and on on the length of time a contract has been in place for LPAs. Overall, LPAs are most frequently forced to repay some allowances (54%). Nevertheless, a large number of MNCs are unwilling to claw back any payments, even including the assignment completion bonuses paid to STIAs and LTIIAs. Areas vary where MNCs do demand their money back and will often be decided on a case by case basis. Companies strive to make sensitive and informed decisions, often factoring in the reasons why the expatriate wants to return early or leave the company, how long the expatriate was working abroad and general contractual obligations. MNCs would claw back different parts of the package to be paid by the assignee, including relocation costs, one-off cash allowances, assignees bearing the costs of any lease cancellation or other costs associated with them leaving the company/returning home.

Jonathan Swift, the Anglo-Irish satirist and poet believed that "A wise person should have money in their head, but not in their heart." While GM reward experts should be conscious of the rational and emotional drivers of their expatriate population they would be well advised to construct reward packages that clearly incentivize required actions, that are cost effective and to critically assess unintended consequences.

What the Experts say

We track assignees and measure data in six key areas; this has so far shown us that we lose a lot of people at the end of their assignments. How can we improve on this? We need more planning, further clarity on the Global talent pool, cultural assessment software and every Individual must have a developmental plan. We must have more detailed discussions at the beginning of each

assignment touching on reasons for move, goals and objectives during the assignment, what success looks like and post assignment prospects. For every company, measuring ROI is a different formula. Knowing is the Key. Knowing department goal strategies and objectives. Knowing measurement changes over time. Knowing the data you need. Knowing is the magic formula.

Imelda Keane, Barry Callebaut

Conclusions and Learning Points

- Over time, the complexity and variation of Global Mobility (GM) policies has increased. Effectiveness, business needs and individualization considerations shape the design of these policies and practices.
- Given that a number of Multinational Companies (MNCs) decrease their reward packages in response to such factors as individuals initiating moves or assignments being developmental, many assignment packages have become less generous.
- MNCs seem to be most generous for business needs/strategic assignments.
- Almost all short and long-term assignment packages used the home-based balance sheet approach. However, some short-term assignees stay on their home payroll while gaining a per diem.
- The median (efficient purchaser) Cost of Living Allowance (COLA) index is most frequently used by companies to determine cost of living compensation. With respect to other benefits such as cash allowances, companies are most generous to their LTAs. However, even for STIAs three quarters pay housing costs and a majority pay home leave allowance.
- Less than a quarter of MNCs link assignment compensation to performance.
- 91% of LTAs and 69% of STIAs are not contributing to their housing costs. It seems, however, that several companies are moving towards asking their expatriates to share the housing costs in the future.
- Many companies provide support for family members when they accompany a long-term assignee. Three quarters of MNCs reduce the housing allowance and almost half diminish the assignment allowance when the family does not accompany the expatriate for the full period abroad. In turn, MNCs tend to increase other benefits such as home leave and flight expenses. Where expatriate families are split for part of the work period abroad, companies often flexibly assess what benefits to give.
- Companies clearly distinguish the support for partners in relation to the assignment form with LTAs gaining most support. The monetary value tends to be in the region of GBP 4,000 / EUR 5,000 / USD 5,550.
- The children of traditional LTAs are the most supported in terms of schooling. Almost half of companies always offer to fund a place at an independent/international school while a further 46% only consider doing so in case there is no adequate state school.
- There are large variations in company policies in the event that the expatriate resigns during the assignment or asks for an early return. Claw backs are often determined on a case-by-case basis.

Survey Data Source: The RES Forum Assignment Package Design Survey, September 2015, 78 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 both individuals and organizations. • 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"> • Balancing 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.



International Reward and the New Global Mobility Model



Case study by Mazars LLP
Steve Asher Tax Partner - Head of Global Mobility Services

The changing nature of work is driving demand for more flexible working structures. New emerging roles present challenges for moving people between countries. We are beginning to see an increasing variety of employment structures that challenge long held assumptions around reward best practices and benchmarking.

The UK, for example, has recently seen an increase in self-employed individuals, often previously employees whom perhaps have been made redundant and re-branded themselves as independent consultants, or a younger generation that 'works for themselves' much earlier in their career, often working on a cross-border basis. Tax authorities continue to try to address the 'employee / self-employed' split and new laws are frequently introduced focussing on, for example, personal service companies and provision of workers through intermediaries and agencies. This has a direct impact on international reward considerations.

In the future there may well be more 'permanent global freelancers' with whom multinational corporations (MNCs), start-ups, new market entrants engage with, perhaps under a routine 'auction' procurement process, rather than the typical in-house assignment, project or business traveller arrangements with third party support as needed. How such individuals will actually be classified in the countries in which they are to work will be an issue at the corporate level, especially as regulation in many jurisdictions develops. As the 'Global Mobility Model' evolves so too will the regulatory framework and the need for all stakeholders to ensure proper compliance. The nature of reward in these circumstances is often unfamiliar territory.

It is not only the traditional assignments of high-level executives and managers that are increasing, but also the newer wave of workers who perform the day-to-day service delivery, product development and manufacturing functions generally held by mid and lower level workers. Reward planning for those workers can call upon a number of known practices, however, the cost of temporary assignments, restrictive immigration rules, and local laws which seek to regulate the terms and conditions applicable to 'posted' workers will all increasingly impact the kinds of mobility structures developed by companies seeking to compete globally.

The Global Contingent Workforce

Some economists suggest that 50% of the international workforce may be composed of 'non-employees' by 2020. If more companies utilize an 'external' or 'contingent', workforce through outsourcing, freelancers, temps and other non-employee workers, what does this mean for Reward policies? How will the increasing complexity of cross-border reward delivery influence the design of the reward package? How will best practices be developed for these new workforce challenges?

International Reward Strategy

So how do we begin to think about how to shape an approach to reward in these circumstances? Some examples of the mix of employment structures include: Traditional long-term assignments, Permanent transfers, Developmental training assignments, Developmental executive assignments, Virtual assignments, Commuter assignments, Frequent short-term international business trips, Self employed consultants, Self employed - employees, International agency workers, Project workers, and Global and regional executive and managerial roles.

This greater diversity of employment structure brings with it the need to identify higher costs and risks in terms of delivery of reward, including tax, fiscal and regulatory compliance for both the employers and employees. These elements play a crucial role in reward planning but will become more complex. The key considerations include:

Immigration: Business travellers, Visa free travel, Business visitor visas, Employment assignments, Visas, Work permits and Residence permits

Delivery: Payroll delivery in general, Equity compensation interaction with international payrolls, Bonus plans for employed and self employed structures, Pension plans and Termination payments

Corporate perspective: Corporate income tax deductions in each location, permanent establishment (PE) risks of employee and self employed arrangements, Applicability of tax equalization & tax protection programmes, Reliability of budgeting and cost projections and Burden of withholding & reporting.

Traditionally the scope of such an exercise might have included a comprehensive review of an organization's international reward framework; including the balance between basic salary, variable pay and benefits as well as home versus host-based pay, budget systems, lump sums, expat cafeteria systems and negotiation of personal agreements. However, organizations may benefit from taking a fresh look at their approach, in order to ensure that they have a coherent, flexible framework of international reward principles and policies able to respond to tomorrow's demands.

About Mazars Global Mobility Services

The Mazars Global Mobility Services team provide tax, fiscal, regulatory and international HR support on a worldwide basis to both large and small businesses. We support organizations managing employees on cross border assignments with challenges 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.

www.mazars.co.uk



**Chapter Introduction by:
David Enser, Co-founder, The RES Forum**

VUCA – Volatile, Uncertain, Complex & Ambiguous – the reality in which we as International HR operate, and the theme for both this chapter and RES Forum APAC and Americas events in 2015.

Geopolitics, mass migration, conflict, economic turmoil, demographic change, shifting norms and the end of certainties – all contribute to the shaping of an already complex HR function into one that sits at the heart of international exchanges between organizations & entities.

No longer the poorer cousin of the reward family, I believe mobility now has a unique opportunity to support strategy definition and execution in a way that previously didn't exist. A modern mobility organization can fulfil all the requirements of an expert and/or transactional function, whilst also providing additional benefit through its inherent expertise and the passion of those working within mobility for all things international be they historical, legal, cultural, or linguistic. Business has never before been so global and the need for facilitators and navigators between peoples, systems and cultures so great, and it is in this niche that I see the opportunity to flourish for mobility.

The global talent pool is evolving, the audience much broader through generation, race and gender, the demand greater to create moments that matter in a post-talent war world where choice sits in the hand of the candidate and where innovative start-ups take on established large brands in their fight to stand out and attract the first truly global generation and an increasingly mobile, global workforce.

Business models change, automation rules, value creation prevails and data is king.

I hope you enjoy this chapter of our RES Forum Annual Report 2016.

RES FORUM



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5

VUCA Factors and their Effects on Business & Global Mobility



5

VUCA Factors and their effects on Business & Global Mobility

By Prof Michael F. Dickmann

Introduction

VUCA - an acronym that stands for volatile, uncertain, complex and ambiguous general conditions and situations and environments. While originally derived from military use, it has made its way into questions of strategic leadership in many organizations. Detecting, and thus being able to account for these issues, will enable companies to better deal with the challenges of the future. These developments come at a different pace and with a different relevance for organizations and individuals

VUCA is a concept that affects all of us and the shape these dynamic influences take are often called 'the new normal'. While there was a palpable sense of technological and societal progress in the past – for instance one can think about the 1960s – in many Western societies this optimism may be more subdued in the 21st century. Daniel Kahneman, the Nobel Memorial Prize in Economic Science Winner expressed this as “One thing we have lost, that we had in the past, is a sense of progress that things are getting better. There is a sense of volatility, but not of progress.” Given that progress often comes with a sense of direction, volatility increases the feelings of uncertainty. However, uncertainty has risks and opportunities. This is well expressed by J. Paul Getty, the US businessman who amassed a fortune through his oil company: “Without the element of uncertainty, the bringing off of even the greatest business triumph would be dull, routine, and eminently unsatisfying.”

Volatility and Uncertainty

Definitions of areas that are volatile and uncertain include those areas/countries/regions where there is political unrest, terrorism or armed conflict, and those where there have been environmental developments such as global warming, tsunamis, or low harvest yields/famines or health issues such as pandemics. As an example of this increased volatility, unfortunately, the number of terrorist incidents per year has more than tripled in the last ten years. This has a strong Global Mobility (GM) impact where multinational corporations (MNCs) operate in hostile environments. Often, their reaction is to increase localization efforts, draw up emergency plans and invest into intensive networking with government actors.

Complexity and Ambiguity

At times, it seems that all aspects of life have become more complex, and more multi-faceted. While the understanding of complexity is greatly advanced through modern science and higher education levels, it is often a question of perspective and depth of analysis that reveal the multiple layers of complex developments and organizational challenges. As the American author Ursula K. Le Guin argued: “I never knew anybody . . . who found life simple. I think a life or a time looks simple

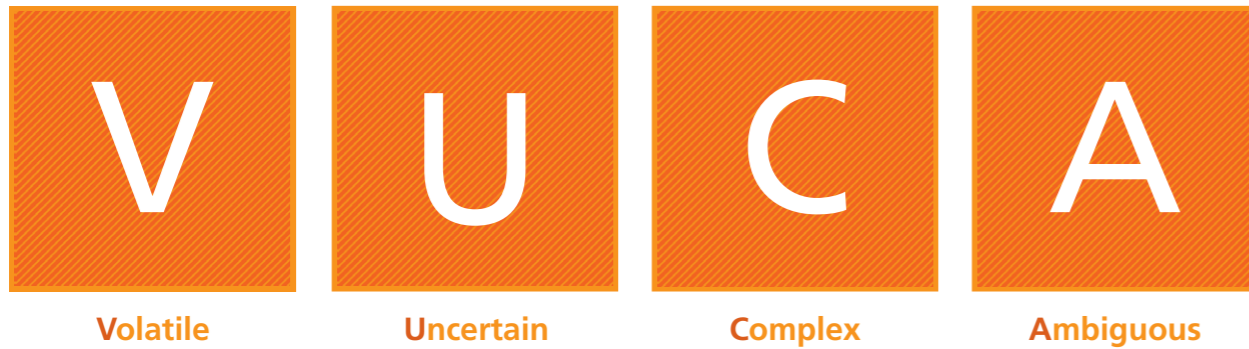
when you leave out the details.” This need to look at the diverse mechanisms is common to many business functions, including GM. For instance, it takes much effort and in-depth understanding to work with the large range of compliance issues that GM departments face. In addition, it is now clear that successful cultural adjustment is the result of adequate developments in emotions, behaviours and cognitive changes within individuals – not simply a question of well-being. To understand the 'true picture' often includes a journey through ambiguous information, confirming and challenging standpoints and, at times, trial and error. This is akin to what Adam Smith, the Scottish economist and political thinker, described as: “On the road from the City of Scepticism, I had to pass through the Valley of Ambiguity.”

Areas that are complex and ambiguous include demographic changes that may result in large increases in diversity, a new age distribution at work, and new societal work values and ethics. Globalization and hyper-competition have been much discussed in the past, but they have diverse effects in different contexts and for different organizations/industries. Technological changes may result in disruptive innovation (such as Apple's introduction of iPods and iPads as well as certain smart phone interfaces). These disruptive innovations have the ability to radically change organizations and indeed whole industries. For a company it can become their core competitive advantage when they manage to create a radical new product and/or service that triggers high demand from customers. This dream can, however, become a nightmare for competitors as companies such as Nokia or Blackberry can testify.

This chapter considers VUCA in the general context of international organisations and their employee relations before we then consider VUCA in the context of GM and the international assignee/cross border worker. This context setting is important as it is only through appreciating the broader context that we can begin to think about the GM solution.

VUCA Factors and their Effects on Business

It is crucial for organizations to account for all possible scenarios strategically and take account of much discussed 'megatrends' in order to ensure that they do not get left behind. Carpenter and Frederickson (2001) dealt with such challenges from a top management team perspective in the early 2000s. They stated that uncertainty, “is a consequence of environmental factors that generally result in a lack of the information needed to assess means-ends relationships, make decisions, and confidently assign probabilities to their outcomes”. In other words, when uncertainty can be reduced, better decisions with more confidence regarding the expected outcomes can be made. For this chapter of the report we conducted several in-depth interviews with GM experts. While this data collection cannot claim to be exhaustive, it allows us to understand to some degree the breadth and importance of the challenges that are currently faced by MNCs both in general and specifically in the GM arena. Among the VUCA topics being of greatest relevance for companies in general are the following mega-trends.



Globalization

Globalization and the wider integration of political and business realms across the world. It is hardly news to state how integrated national economies have become and how the 'growth engines of the world' (China, the USA, and sometimes emerging markets) impact the health of the global economy. In addition, geopolitical issues have a strong impact. Issues such as the sanctions levied against Russia have caused a plunge of the Ruble against other currencies. In essence, the oil/commodity price fluctuations have had a massive impact on earnings for many companies including RES Forum member organizations. In addition, laws may encourage or force companies either to localize several aspects of their value adding activities (such as China's demand that incoming companies ensure that the latest technology is used in production, or that they partner with local organizations), or that they localize aspects of their staffing (such as the local regulations in countries including Nigeria).

Demographic Changes

Demographic changes, including the aging society in many developed countries, population growth in most emerging economies and migration patterns. Companies feel the strong need to adjust to demographic changes with respect to their business models and in the way they want to attract, recruit and manage their staff now and in the future. For instance, adidas foresees that 55% of future graduates will come from India, China and the USA. Trends are speeding up and the need to create attractive global careers is increasing. adidas now has a 'careers without borders' approach. Other companies may benefit from implementing novel attraction strategies and explore how to reshape their rewards, recognition and retention approaches – as an example, many of the MNCs we talked to in researching this chapter were working on diversity activities for their domestic and internationally mobile workforce. Also, the demographic change means not only a shortage of skilled labour but also an increase in pension expenditure for many countries. This trend will undoubtedly result in increased taxes and a higher burden for employers.

What the Experts say

The next couple of years will be heavily focussed around immigration, given the current migration crisis in Europe and the UK referendum on continued EU membership. HR and Mobility

professionals will need to remain on top of this agenda in order to minimize delays to mobilizing talent and manage the business' expectations.

Selina Jones-May, *WorleyParsons*

Urbanization & Shifts in Consumer Trends

Migration towards urban centres also means that the life-style and consumer interests are radically changing. David Enser (adidas Group) argued that the environment and FMCG industry are fundamentally changing. Consumer trends are shifting much faster, with business growth likely to take place in key cities such as Shanghai, Tokyo, LA, Paris or London. adidas works on the integration of the customer in the debate on where to go in the future and in the design process. Through the use of 3D printing and laser cutting, adidas can transfer the manufacturing process to be much more flexible, faster and more specifically linked to consumer preferences. What would stop adidas from going to the next World Cup Stadium and producing products there on location? Another example of a company already responding to these megatrends is Local Motors. The USA-based car manufacturer produces cars in small series and heavily relies on Open Source and Crowdsourcing. Blue prints are published on the internet and combine new designs with existing components, such as engines of well-known manufacturers. By announcing a collaboration with BMW, in a competition entitled "BMW Urban Driving Experience Challenge" the two companies asked a global community of designers, engineers and manufacturers to develop a value-adding, socially responsible vehicle that contributes to global wealth. By responding to these trends, BMW showed that the company is open to new challenges and willing to tackle the change that might come in the future.

Co-opetition

Co-opetition (Cooperation between competing companies) and Novel Forms of competing. Many organizations work hard to understand their consumers/clients better, to increase trust levels and to display meaningful and lasting corporate responsibility. Some organizations are engaged in co-opetition with other organizations who cooperate in some areas and yet compete in other areas. For instance, Bernd Büskens from Deutsche Telekom argues that his company is using co-opetition with Google, Facebook and Apple. This requires a refined skill set amongst people who negotiate and implement these new competitive and collaborative approaches. In general, what has become clear is that companies have to be highly agile (and calculated) in risk taking when they are identifying new trends, as well as in designing their response and subsequently implementing it. Amongst some of the key drivers are new technologies as we have seen in industries that have seen disruptive innovations (through organizations such as Amazon). While these developments have been discussed in the Strategic Management literature for quite some time, they are becoming more and more relevant for GM and HR professionals as well.

Corporate Responsibility

Many companies agree that corporate responsibility is increasingly important in the 21st century and that a strategic approach can be highly valuable for an MNC (Cardarelli et al., 2016). Corporate responsibility is a broader concept than corporate social responsibility as it extends beyond the social areas to include environmental, political, technological and other domains. As in other areas, one of the keys to success is integration. Ekkehard Wirth from Siemens argued that the German conglomerate has a large range of environmental, engineering, transport and health solutions. Their systemic approach to the challenges of current and future developments, e.g. urbanization, allows support to mega-cities through integrated transport, building management and health solutions while cleaner energy production could counteract some of the key pollution and global warming challenges that emerging market countries and the world, overall, face.

The New World of Insecurity

The world is currently facing serious global challenges due to increased numbers of natural disasters and epidemics such as Ebola and the more recent Zika virus. Tsunamis, earthquakes, hurricanes and (often human caused) famines have taken their toll on local and national communities. While organizations engaged in crisis and disaster response have learnt many lessons in the last decades, the growing threat of hostile environments, shaped by terrorist activities or armed conflicts, has introduced many more constraints. For aid agencies this means that they send fewer staff directly to the affected areas while relying more on locally operating organizations. Ben Emmens, Director of 'The Conscious Project' and formerly an employee at People in Aid, argues that new forms of co-operation have emerged but that these have other challenges in relation to the joint understanding, the remote management and the accountability of Western aid organizations who are often raising the necessary funds and promising the delivery of aid. Many issues, including those of corruption, trust and capability levels, impact on the success of working in hostile environments (Dickmann et al., in submission).

All interviewees from major MNCs stated that they have a central unit that liaises closely with other governmental (e.g. Foreign Office) and specialized (security analysis and training) organizations to understand threat levels, enabling them to react quickly to crises. For instance, Chris Gilsean from Doosan Babcock explained that they have a Security Committee who works together with International SOS and governmental organizations. With respect to Libya, they acted on external advice to shut down their operations after the Arab Spring developments endangered their staff. This may have huge financial implications for organizations. In essence, organizations have to weigh up the business opportunities with the opposing security (and reputational) risks.

The list of VUCA influences is, of course, much larger. Here we have focussed on those elements that interviewees outlined as being the key challenges for their organizations. In reality, much of the work within organizations required to analyse such situations and to develop an appropriate response is managed by a strategic unit within their organizations. However, at times Global Mobility can be part of this process with major input at an early stage (adidas, Doosan Babcock).

One of the basic problems for organizations dealing with a VUCA world in reality is that it is very hard to plan strategically for the unknown. However, failure to adapt and account for the VUCA context can lead to significant problems for a company. Thus, it is in the nature of VUCA environments that more information is better, because it can (if processed correctly) lead to organizations being better prepared. Only when organizations are aware of what the challenges are, will they be able to successfully prepare and develop suitable programmes. Where some (international) HR departments are trapped in their day-to-day operational thinking, the view for strategic problems is not accounted for sufficiently and thus challenges may not be identified until they become actual problems.

General Issues/Questions that organizations need to answer:

- How do companies identify the different VUCA problems/challenges? Based on this, how do they determine how important particular issues are, and what level of impact they may have?
- How do they create structures and processes that enable them to be prepared for challenges that may present themselves?
- How do they evaluate whether or not to devote resources to a particular challenge?
- Overall, what is their ability to influence the consequences of VUCA?
- Are they able to use their current strengths and mitigate their perceived weaknesses?
- Are they able to manage the threats and exploit the opportunities of the future?

VUCA Factors and their Effects on HRM and Global Mobility

It has become clear from the above that VUCA factors have a major impact on business. In addition, international HRM, talent management and Global Mobility (GM) are affected significantly, since many of the future trends directly impact the management of people. While there are always likely overlaps between the overall business and functional perspectives, there are specific HRM and GM VUCA challenges.

What are the key VUCA topics in relation to HRM and GM for RES Forum organizations? In relation to GM the key topics for organizations included demographic changes, political and regulatory changes, high degrees of globalization, increasing levels of competitiveness, technological change, terrorism, staff health as well as environmental threats. For instance, adidas outlined the danger of unstable talent pipelines and working within contexts where labour relations are highly volatile. Its manufacturing has previously, like that of other organizations, come under scrutiny by the wider public and agencies interested in labour standards. This case showed that with adequate strategic responses and forward planning things can move from being a threat to being perceived as a strength. In recent years adidas has had positive reports in relation to its HR operations and has won awards for its sustainability agenda.

What the Experts say

Technology and the reporting that comes along with it is so powerful in promoting the mobility

function to not only being an "executer", but a knowledge and content provider to the Business.
Tanya Thouw, SAP

On a similar theme but changing company and industry, Deutsche Telekom is faced with a highly unpredictable world. One of the key examples of this unpredictable and highly competitive environment is the investment that Facebook made with their expensive and strategic acquisition of WhatsApp. The company can use the existing Deutsche Telekom infrastructure to offer telephony and other services – a process that is called ‘over the top’ (OTT). Deutsche Telekom has responded by investing massively in technology and infrastructure. This has meant high financial risks and, at times, highly dynamic situations. Deutsche Telekom has now integrated issues of volatility and uncertainty into their global talent management approach so as to sensitize managers and encourage them to prepare and factor VUCA into their decision-making.

VUCA Risks & Opportunities

What are RES Forum organizations’ levels of awareness in relation to political, environmental, health and other risks and opportunities in different regions/countries? In essence, most interviewees felt that they had established some unit, not necessarily in GM but more likely in strategy, that would scan the environment for emerging threats and opportunities. Some organizations also had established approaches to go beyond awareness to enable leaders to act appropriately. However, normally VUCA issues were seen as less important than day-to-day GM issues such as compliance or reward package design. In addition, while several respondents argued that volatility and uncertainty are most pertinent as management issues and should be incorporated into talent management (TM), they saw little link between TM and GM (see Chapter 2).

What do organizations regard as the key risks and issues specifically for GM? Doosan Babcock argued that they were concerned that they did not know where assignees and local staff were exactly at any one moment. Terrorist atrocities were perpetrated in city centres where they had staff and they did not know whether their expatriates or locals were affected. Beyond this, the ability to evacuate staff and their families was seen as highly important. In general, while some companies considered the impact of showing presence in a difficult situation, most organizations lean towards evacuation as their crisis handling strategy of choice. Other companies pointed out that they gave security training to expatriates who go to hostile environments and that some have a preference to assign experienced staff to difficult or dangerous environments. Several organizations made the link to demographic changes and mobility needs (discussed above and in Chapter 2) arguing that these factors are also key challenges for GM departments.

In addition, a major challenge for one responding organization was the perceived need to stress to their workers that GM is good for their careers. To live up to this picture, internal changes for career planning and repatriation were paramount. Often they felt that currently staff were holding out for substantial monetary rewards before acknowledging that they were willing to work abroad. Given this, people did not understand the broader growth and development benefits of working abroad. In a situation where HR’s voice was not really heard by top managers, this represented a substantial, and as yet unresolved challenge.

What the Experts say

Global Mobility needs to be fast paced to ensure that commercial solutions are implemented within tightly set deadlines. There is a requirement to ensure that compliance and a consistent policy framework are maintained, whilst providing creative, flexible solutions to deliver upon the client’s specific requirements.

Selina Jones-May, *WorleyParsons*

What might be the company’s ability to avoid these threats and/or capitalize on opportunities? Overall, most organizations felt that while they had developed mechanisms and insights to deal with volatility and uncertainty, they had much further to go to cope successfully with complexity and ambiguity.

We can conclude that there are six major ways to deal with VUCA threats and opportunities for GM.

These can be split into:

- Specific / host-country actions:
 - 1. Avoid the (hostile) operating environment by withdrawing/not operating in the country.**
Some companies tried to avoid these threats by making a balanced decision regarding when to sacrifice business in order to reduce risks.
 - 2. Prepare international assignees better for hostile environments.**
Companies have moved to providing expatriates with better information regarding the threats they may face and how to react to them. This can also incorporate sending them on specialized training courses with security firms.
 - 3. Plan and practice emergency responses to crises.**
Companies spent substantial resources to be able to act quickly and evacuate staff in times of crises.
- Company-wide / out of host-country actions:
 - 4. Develop all managers to analyze VUCA factors and integrate these into decision-making.**
Beyond the security aspects, some companies invested heavily into the preparation of (all) managers to enable them to cope with a VUCA environment and to prepare them to be ‘fit for the future’ in a more complex, uncertain, ambiguous and volatile environment. This included challenging them in formal courses and through providing a better learning environment with a greater range of tasks often coupled with more resources. This also involved going beyond needed skills towards a more conscious analysis of personality and interest when making the selection of who to send abroad.
 - 5. Design flexible, yet more specific GM strategies, policies and practices for sub-groups that allow better and more cost-effective management of assignees.**
In relation to complexity, companies have responded to understand underlying patterns and interests of GM. There are so many different short-term, long-term, stealth expatriates, digital nomads, etc. (Baruch et al., 2013). One of the trends has been to move beyond standard expatriation policies which had a ‘one size fits all’ approach to develop nuanced approaches that factor in different lengths, locations, interests, assignment objectives, etc.
 - 6. Minimize the engagement of international assignees in hostile contexts through the use of virtual teams.**
Some MNCs moved to avoid the issues of a hostile environment and security threats as well as preserving more operational freedom while saving costs through the use of virtual teams. How to manage these virtual teams effectively is outlined on the next page.

Side-Stepping Volatility and Uncertainty through Effective Virtual Teams

One of the options to deal with terrorist threats and hostile environments is a stronger local staffing of operations and the use of virtual teams. Based on the work of Govindarajan and Gupta (2001), Steers et al., (2010) and Meyer (2014), there are a range of considerations with regard to how to create effective virtual teams. The challenges to working internationally are obvious: differences in geography, time, language, diversity, culture, size and technology. Six key challenges can be identified for the leaders of global virtual teams. Below, these key challenges are identified and recommendations on how to successfully increase virtual team effectiveness are provided. GM professionals, in co-operation with sending and receiving management, can use these insights in the selection, development and performance management of virtual team leaders.

Challenge 1: Virtual team leaders need to diminish and overcome communication barriers.

Communication is highly important and while the business language is English people from different backgrounds have different English abilities. Indeed, even when English is one's mother tongue, there are diverse preferences in relation to what is communicated between the lines. Edward Hall's insights regarding high-context vs. low-context societies mean that the Germans and the Dutch often convey their meaning most clearly through spoken words. In contrast, many Far Eastern cultures (but to some extent even the British) convey meaning between the lines or through the general context. To increase clarity, virtual team leaders need to make sure that information is communicated ahead of time and that minutes of meetings are circulated after meetings. They need to use technology well but also need to be aware that periodically seeing people face-to-face is important. Leaders should allow some time towards the end of meetings to encourage members to make comments if some have not done so.

Challenge 2: Virtual team leaders need to know their team and build trust amongst all members.

In many parts of the world, often those that have a more holistic approach to work and life, building relationships is highly important and it is impossible to effectively work if leaders are focused on immediately working on the task requirements. Global team members need to get to know one another on a personal level, and need to have the chance to meet professionally and personally. Team leaders can then initiate team-building processes (Tuckman, 1965), 'forming, storming, norming, performing' and can work towards establishing mutual trust. Virtual team leaders need to use team-building activities to ensure that all members are comfortable working with each other and that they understand each other's background, experience, skills, knowledge and abilities. It has been argued that trust needs understanding, appreciation and experiences of mutual reliability. Thus, leaders may structure work in a way that there are several cycles of deliverables for each team member. Thereby, individuals will start to appreciate that they can rely on each other and trust can develop. However, if the team is not operating effectively a team with respect to trust among members then action by the team leader is called for.

Challenge 3: Virtual team leaders need to create clarity of team objectives and align individual goals.

Leaders need to make sure they understand the work priorities and performance goals of each of their team members. Non-aligned objectives may be caused by a head office – local conflict in that different parts of the same organization pursue different goals. Leaders also need to identify symptoms of non-commitment to the goals of the team, e.g. individuals not attending team meetings, people not living up to commitments to each other or deadlines missed which affect team success. Virtual team leaders need to link team goals with members' performance objectives. This means that head office leaders need to liaise with local higher management so that there are no goal conflicts. However, one of the early steps is to engage and excite the team with a compelling vision that the team needs to achieve.

Challenge 4: Virtual team leaders need to build appropriate team composition and interaction.

Leaders need to work towards a team composition that has a balance of diverse interpersonal styles and interests when assembling the team. The insights of Belbin (2012) with respect to individuals' roles in teams may be highly useful in this respect. Virtual team leaders also need to ensure that the team possesses the necessary knowledge, experience and skills. The recommendation is that they should work towards appropriate, friendly and goal-directed interaction. It helps if they appreciate the diversity of the team member's perspective. Only then can the key strength of diverse thoughts be realized for innovation in a globalized world. It is important to realize that cultures differ in relation to team interaction and decision-styles. Bader and Schuster (2015) showed the importance of expatriate social networks and the beneficial impact on social support. Besides family and friends, colleagues from both home and host country also play an important role in this regard. Steers et al., (2010) depict drastically different interactions and styles in relation to various degrees of power-distance, individualism, masculinity and uncertainty avoidance (to take Hofstede et al.'s 2010 cultural dimensions). In Norway you will find consensus-building at the heart of decision-making with the willingness to re-evaluate frequently. Germans are highly direct in their arguments and often confrontation is an accepted communication pattern. While theoretical debate is welcomed in France, political coalition-building will move the agenda ahead. It is well known that direct confrontation is avoided in some cultures such as Japan and China so that informal one-to-one discussions, with team members closely watching their superior, are preferred. Global teams need to have a good understanding of the values and norms of decision-making and team interaction and good global leaders will be willing to experiment and flex where appropriate.

Challenge 5: Virtual team leaders need to exhibit strong leadership and to reduce ambiguity.

There needs to be a subtle difference to normal leadership in co-located teams. Santos et al., (2001) argue that leaders of global virtual teams need to remove more ambiguity and show stronger guidance/define roles more clearly than those in teams that can co-ordinate more easily. They often have to have a set of stronger culturally guiding attitudes and behaviours with which they influence the team members and build a team culture around. Alternatively, they need to be able to identify team differences, bridge these carefully and be able to build a consensus around shared team values, norms and interactions.

Challenge 6: Virtual team leaders need to watch their own health and work-life balance and that of their teams.

The reality of these leaders is that in addition to their remote work they are often frequent business travellers. There is enormous strain on many senior managers who fly across continents (or countries) and spend a lot of time travelling. Most companies are not good at integrating these travel times into their performance appraisals, instead, they expect almost constant work. In addition, this work pattern can cause a range of family issues which inevitably in return can affect the team leader's psychological well being. Furthermore, isolation and loneliness impacts frequent business travellers.

Overall, it is clear that the leaders of virtual teams need a range of capabilities that go beyond team leadership of co-located teams. For instance, communication via an electronic medium, e.g. via Skype, is limited. In such cases leaders may lose some of their personal persuasiveness when sitting still in front of their computers. Virtual team leaders need to compensate for this through empathy and clarity. It is a good idea to check for understanding, elicit feedback and work towards joint action planning where appropriate. In addition, the transformational and transactional leadership attributes from the leadership research are important. In reality, the GLOBE research (House et al., 2001), exploring universally and context-sensitive leadership attributes, will be useful for the successful leadership of global virtual teams. For instance, charisma and vision are universally seen as 'good' leadership attributes.

Also personality issues are important. Effective virtual team leaders (and their members) should be open to different cultures, should be willing to identify and challenge their own cultural norms and preferences, should display a strong learning ability and willingness, and would benefit from extroversion, etc. Haslberger et al., (2013) argue that cognitive confidence and behavioural adequacy are important in cross-cultural adjustment. These insights are probably transferable to virtual team leaders and translate to the selection criteria for GM professionals and senior managers in MNCs.

Conclusions and Learning Points

- ▀ VUCA stands for volatility, uncertainty, complexity and ambiguity – factors that all MNCs have to grapple with. Finding ways to reduce uncertainty, complexity and ambiguity leads to employees /managers making better business decisions.
- ▀ There are a large number of important VUCA trends that have substantial impact on businesses. Companies often react to globalization and geo-political developments through increased localization as well as initiatives that increase flexibility, learning and agile reactions.
- ▀ Demographic changes have a multitude of effects. Global organizations are devising new ways to attract, recruit and manage their staff. They aim for greater diversity within their operations and encourage global careers. Rewards and recognition approaches are being rethought and we may see a development towards greater individualization of total rewards.
- ▀ Amongst the key VUCA challenges are disruptive change and new, emerging business models. Rapid consumer preference shifts may lead to increased efforts to be nearer to the consumer, allowing consumers to co-design products or services, with companies using more flexible technology to achieve this. The increased agility and aggressive business strategies of competitors often needs a substantial investment into new technologies or new markets. Co-opetition becomes more popular but needs new HR practices and staff capabilities as well as perspective changes on competition to achieve success.
- ▀ Integrated solutions to react to increasing urbanization and environmental challenges provide an opportunity for organizations to demonstrate both corporate responsibility and sound business rationale.
- ▀ While most organizations have developed mechanisms to respond to crises, the increasing terrorist threats can also be managed through an expansion of networked work and localization approaches.
- ▀ There are six major ways to deal with VUCA threats and opportunities for GM. These can be split into:

Specific / host-country actions:

 - 1) Avoid the (hostile) operating environment by withdrawing/not operating in the country.
 - 2) Prepare international assignees better for hostile environments.
 - 3) Plan and practice emergency responses to crises.

Company-wide / out of host-country activities:

 - 4) Develop all managers to analyze VUCA factors and integrate these into decision-making.
 - 5) Design flexible, yet more specific GM strategies, policies and practices for sub-groups that allow better and more cost-effective management of assignees.
 - 6) Minimize the engagement of international assignees in hostile contexts through the use of virtual teams.

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What can MNCs do to Increase Expatriation Success? Programme Management 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	<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"> - Capture and manage key assignment data related to assignment progress (objectives, initiations, task/workforce management, task progress & completion) - Storage of key documents - Run assignment & tax cost estimates 	<p><i>Considerations:</i></p> <ul style="list-style-type: none"> • Define the needed technology integration into the overall HRIS system. • Explore the user-friendliness of packages. • Assess the speed of and access to relevant data. • Consider the decisions that will be informed by the data.
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:</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 Impact of Technology in the VUCA World



Case Study by Equus Software
Vicki Marsh *Head of Operations, UK*

Global Mobility (GM) professionals are not strangers to the VUCA world. Mobility has always been subject to Volatility, Uncertainty, Complexity and Ambiguity – simply by operating across every region, every possible location, there are natural disasters, wars, sudden economic changes and unexpected trends to deal with somewhere in the world. Mobility is never stable, nor is it predictable.

However, the industry has been (arguably) slow to respond to such forces, looking to traditional areas such as package redesign or benefit updates as primary tools in battling changing demands. Policies remain the back-bone of the mobility service and typically organizations still carry out policy reviews every 3 – 4 years, involving mammoth data gathering exercises and detailed analyses taking hundreds of hours of mobility expertise.

Volatile	Uncertain	Complex	Ambiguous
ENABLE Better, faster decision-making, avoiding paralysis caused by frequent change	INFORM The business by providing insight to and better understanding of business performance	SIMPLIFY Administration-consolidate and integrate systems & make information accessible to all	PREDICT Future trends, patterns & problems through data consolidation-reducing uncertainty

It is becoming more accepted that great technology is required to support even the smallest of programmes, however game-changers such as social media in the workplace, mobile technology and self-service initiatives still encounter resistance in many organizations. These are the very tools that aid the mobility professional in the fast-paced, confusing VUCA world.

In the VUCA context, the mobility programme is under even more pressure – VUCA can feel like a threat – but what about the opportunities?

Enable

The GM industry is better equipped than any to see VUCA issues as a whole. Mobility has expertise in every region, access to information on every country and at every level of the organization. However, successfully leveraging this situation requires the right tools.

Technology is the enabler to understanding the business, industry and the economic environment. Technology has the power to make sense of the huge volumes of data we collect during the assignment lifecycle – demographics, cost, policy and movement over time, all of which must be analyzed and visualized in real-time to enable quicker, more informed decision-making for the business.

“With a common tool, I have the ability to create consistency, to bring efficiency to my global team, to have oversight on costs & risks and to subsequently put that data in the hands of anyone I need to influence or bring to a decision.”

David Enser, *Head of Global Mobility at adidas*

It is simply no longer possible to run a mobility programme without centralized, fit-for-purpose technology providing real-time global access to information to stakeholders wherever they are. Not only is great technology necessary to deal with unexpected change and reduce operational sluggishness, but upcoming talent expects the latest tools to be available to them. Cutting edge technology is fast becoming as much a part of the war for talent, as corporate brand and working culture.

Inform

The key to getting ahead of the issues is knowing your organization. Knowing exactly where your people are at any point in time is essential to mobilizing in the event of a disaster; and knowing who they are and what they can do, enables the business to take advantage of new economic capabilities. Above all, knowledge of the programme as a whole helps to expect the unexpected, as well as uncover significant cost-savings and transformational opportunities:

“‘On-demand’ access to reliable and accurate International Assignment (IA) programme data has proved a game-changer for us. In recent times, our businesses have suffered the direct impact of the VUCA world. But with key programme data (assignment terms, volumes, cost and policy analytics) at the fingertips of the HRDs and Financial Controllers, Mobility has been able to adopt an agile and proactive position to aid the transformation and reshaping of our business and reduce IA programme spend by over 40% within the past 3 years.”

Gareth Davies, *Head of Mobility at Rolls-Royce*

Further, organizations like Rolls-Royce see increasing value in central access to skills and capabilities of their workforce – assignment experience, visa status, performance over time; using the information to measure return on investment. Identifying immediately available and viable candidates with the right skills and experience – candidates not at risk of triggering a compliance issue – can save a project-based organization valuable time and recruitment costs in the event that they win an unexpected new contract, or have to mobilize in the face of a sudden economic challenge or natural disaster.

Simplify

Advances in technology for specialist purposes call for smart consolidation. Many organizations use six or seven different tools, spreadsheets, HR databases, business traveller or talent databases, and performance management systems, often duplicating similar information. Even smaller programmes run by only one or two people require information consolidation – those six or seven systems are often represented by six or seven spreadsheets – and email, of course.

“Our Mobility technology gave us the platform to standardize the way we deliver compensation and payroll instructions around the globe. This has enabled us to utilize our resources more efficiently. We no longer have to run multiple highly differentiated processes to deliver payroll, for example.”

Steve Salmon, *Global HRIS Lead, BP*

To maximize value and ensure data integrity, all these tools need to speak to each other seamlessly. It is becoming imperative that we integrate to facilitate the exchange of essential data and formulate the most accurate and informative picture of the programme within the wider HR context at any point in time. And standard integration is becoming the new ‘norm’ in the mobility world. Further, one integrated system allows division of responsibility by role and allocates responsibility for the tasks and integrity of the data associated with that role, minimizing the administrative burden on the mobility team.

Predict

Utilizing the best tools that are consolidated, integrated and provide real-time information directly to stakeholders adds a dimension of empowerment to the mobility leaders’ arsenal – that of predictive capabilities. Beginning with cost predictive analytics, we see higher demand for help understanding cost trends within the context of movement, assignment success and benchmarked return on investment, facilitating better-informed investment decisions within the business.

“Predictive Analytics combined with the ability to perform “what-if” analysis of changes to your policy across your entire population of mobile employees will mean that enacting proactive changes and rapidly reacting to trends will become a reality for mobility programs of the future.”

Mark Thomas, *CEO, Equus Software*

Organizations are moving towards an approach of core consistency with peripheral flexibility, enabling an agility never before achieved in mobility programmes. More frequent policy updates are driven by assignee demographic trends and expectations around future workforce changes. With the right tools, policy review no longer needs to be a major three yearly exercise. The data is informing and predicting in real-time and these predictions are shaping the future of the support provided to mobile employees. True continuous improvement is finally achievable.

At Equus we welcome VUCA. VUCA challenges our innovations and forces game-changing agility to come up with the best tools in the industry. While others fear what is coming next, we are already working on it. Mobility can do the same – with the right tools and the power of global knowledge, masses of data and a huge network of cross-industrial priorities, Mobility is absolutely in the best-placed position to drive the strategic direction of global workforce operations – now and far into the future.

About Equus

More than 200 global organizations rely on cloud-based technology from Equus to support their talent mobility programs. Equus technology allows program managers to focus on adding value to their business by automating mundane, transactional work, while providing strategic insight to their business through data visualization. Equus’ clients are the happiest in the industry because of a track record of successful delivery, continuous innovation and a staff with deep experience in corporate mobility.

www.equusoft.com

Evolving from a Transactional to a Strategic Mobility Function



Case study by AIRINC
Kay Hall *Managing Director, EMEA*

Interviewing Pearson
Lucinda Davis *Global Mobility Director*

Kay Hall, Managing Director EMEA at the RES Forum's Technical Partner for International Assignment Data Services, AIRINC, spoke with Lucinda Davis, RES Forum member and Global Mobility Director at Pearson, to discuss how Pearson's Global Mobility program has evolved over the years.

How has your Global Mobility function evolved over the last four years?

Over the past four years we've shifted our focus from operational effectiveness to becoming a strategic partner to the business. Global Mobility is now a Centre of Excellence (COE) reporting to Talent.

How did you go about this?

The first step in moving from operational effectiveness to operational excellence was to ensure that we had a robust and fully functional global service delivery model. This step included creating process maps, templates, and guidance documents to encourage global consistency. Simultaneously, we improved the quality of the data underpinning our program and optimized our use of technology, freeing up our advisors' time to spend with our stakeholders within HR and - most importantly - the wider business. The second step of our journey was to focus on being more strategic and aligning mobility with the needs of the business. Since we needed a better understanding of what was driving mobility, we began capturing business rationales and objectives for all relocations from the moment of initiation.



Because of this simple step, our advisors found themselves much more engaged with the business and better able to understand its needs. Inadvertently, we started on our journey to gain trust and credibility from our business partners. We made significant efforts to involve key stakeholders in the redesign process, a decision that proved critical for endorsement and buy-in. This level of ongoing communication with the business and with HR as a whole remains a key priority.

So a thorough overhaul of your program. How does your policy framework differ today?

We now have a tiered policy approach that offers greater flexibility for the business. If a flex can be justified and will not create any issues for employee relations, certain policy elements can be adjusted within defined parameters.

How have you been able to connect Global Mobility (GM) with Talent Management (TM)?

This was the third important step in our journey. Our new global career framework was an essential building block that gave us a clear and consistent measure of talent across the globe. We worked closely with Reward to understand the career framework and corresponding salary scales. Our aim was to understand the role of international assignments within the career development cycle. This knowledge, in turn, helped us develop a rationale for our tiered policy suite.

At Pearson there is an expectation of co-investment by the employee. The greater the learning experience, the more we expect an employee to invest his or her energies in the assignment. From a reward perspective, this expectation translates to leaner support packages for career-boosting assignments.

Aligning our tiered policies to our career framework in this way ensures that employees are treated in a consistent way across the globe and makes the policy much harder to dispute. The company benefits by being more efficient and the employee is treated more fairly and with more transparency.

Today, we make sure that the assignment intent is clear from the outset, and we work with TM to plug gaps in our data so that we can have a better understanding of assignee performance.

What does the future look like?

It is an ongoing journey to adapt to market changes and business decisions. We would like to become even more transparent and maintain a dialogue with our key stakeholders, so that we all keep learning from one another.

A few examples of new initiatives are:

- Addressing new cultures and generational needs to be prepared for the future. Ensuring Mobility has a part to play in the value proposition, and ensuring we're doing enough to attract talent into emerging markets.
- Further alignment with our reward team, particularly in terms of philosophy and overall approach to compensation.
- Executive & STBV compliance - working closely with colleagues in our tax and executive reward team to ensure we've a robust and consistent compliance model which is scalable, whilst protecting Pearson and the employee.

About AIRINC

AIRINC has been the leading authority on international mobility data since 1954. With a unique on-site data collection model, rigorous data analytics, and experienced consultants offering unparalleled insight advice, AIRINC has long been viewed as the data provider best equipped to solve cross-border compensation issues.

www.air-inc.com



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RES Forum Technical Partners

The RES Forum recognizes that there are GM service providers who have a wealth of expertise, and in-depth industry knowledge that they can offer to our members. To be able to benefit from such experience, the RES Forum has established a relationship with the following preferred Technical Partners:

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