

RES Forum Annual Report 2014

Key Trends in Global Mobility

Authored by Professor Michael F. Dickmann,
Professor of International HRM, Dean,
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Introduction by
Andrea Piacentini, Co-founder, RES Forum

Introduction

It is with great pleasure that I am once again writing the foreword to what is now the third RES Forum annual report on key trends in global mobility. The term 'annual report' is of course slightly misleading in the context of this document, as in reality, the report is an amalgamation of all RES Forum member information exchanges over the last 12 months, amounting to 50 member e-surveys and 250 spot emails exchanged between the Forum membership. This information, when combined, produces a truly unique story on the key trends within global mobility in 2014, a story which no mobility HR professional or relocation provider in the mobility space can afford to ignore.

Where this report is truly unique in the HR mobility space is that it not only reflects the hot topics and issues **for** global mobility professionals as identified **by** global mobility professionals, it also overlays that reality with both academic and professional research on global mobility, incorporating research on both international HR and strategic talent management. We can therefore see theory compared to practice over a number of key areas touching the mobility world, including compensation, organisational development, talent management, programme compliance and technology.

So what are the highlights of the report?

From **Chapter 1** we can almost feel the tension between the mobility function and the broader HR function, as global mobility teams fight to position themselves as strategic rather than service orientated support functions. The global mobility function knows where it needs to be but how can it get there? My opinion is that there is only one route to that strategic positioning and that is through greater alignment of the mobility function with the talent management function in HR. The mobility function forming part of a reward function might give HR mobility technical kudos but in doing so it risks becoming a dark science of technical but confusing concepts rather than an easily accessible strategic lever of talent management for organisations. Forming part of shared services takes the global mobility function even further away from any sort of strategic perception and positioning.

Chapter 2 brings us to a key emerging trend in the world of global mobility namely the increasing role mobility plays in supporting organisational redesign and the movement of talent in the broadest sense – the concept is simple; having the right talent in place and developing your own talent saves the company money (not having to buy in expensive talent) and also improves organisational and institutional knowledge, leading to more effective organisations. Also having employee development (international or domestic) as a meaningful opportunity for employees to grow their careers,

allows companies to focus less on financially expensive rewards and more on an intangible but ultimately rewarding and engaging element of their package, through which employees can grow their careers.

Chapter 3 discusses the ever increasing burden on mobility professionals in ensuring programmes are compliant with the multitude of areas which their world touches including payroll, tax, social security, immigration and Sarbanes Oxley amongst others. We chose to add to this chapter 'duty of care' obligations, again a seemingly cyclical concept where companies struggle with empowerment, in offering flexible policy packages, versus the paternalism and arguably less-optimised pre-scribed policy rule book. The cynics on one side will tell you that 'flex' reads 'chaos' whilst the opposing opinion is that over-prescribed rules result in less employee engagement. Who is right? Answers on a post card.....

Chapter 4 looks at package design and the compensation elements of assignment packages. Whilst this chapter may read like a summary of key policy element trends, some interesting information emerges from the RES Forum membership, namely the continuing predominance of the 'balance sheet' as well as the emergence of global nomads or individuals who are on open-ended international commuter assignments.

And finally we end with **Chapter 5** which looks at trends in programme management and technology. This is an area which we have heard much about in the Forum due to the technical partnership we have with the mobility industry technology leader Equus Software. We do realise, from our research that there is still a space in the market for a smart technology for smaller programmes (less than 30 assignees) evidenced by a majority of smaller programmes still using spreadsheets to manage their programmes - work flow and systemisation can clearly benefit smaller programmes as well as larger programmes.

Overall I have thoroughly enjoyed working on and reading the RES Forum 2014 Annual Report and hope you do to. Here's to our next update in 2015!

Andrea Piacentini
Co-founder, RES Forum



Foreword by
Professor Michael Dickmann

Foreword

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

Michael lectures in the areas of international and strategic Human Resource Management (HRM). He is the Dean of the School of Management and the Director of the Cranfield MSc in International Human Resource Management. Before joining Cranfield, he worked as the Head of Human Resources in a multinational corporation based in Munich, Germany. His research focuses on human resource strategies, structures and processes of multinational organisations, international mobility, global careers and change management.

Michael has published more than 100 academic and professional papers and reports. He is the lead author of two recent books on international HRM and global careers, part of the acclaimed Routledge series on global human resource management. Since 2012 he has also been the Editor of *The International Journal of Human Resource Management*.

Michael has a first class honours degree in Economics from London University and an MSc in Industrial Relations and Personnel Management from The London School of Economics & Political Science. Michael has several years of work experience with major consultancies and in industry. He has conducted a variety of consulting and research assignments with cutting edge multinational organisations 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.

The world has experienced a strong rebound of the global economy in 2012/13. Global mobility has gained in importance during this economic expansion. However, the challenges in this highly dynamic field are constantly changing. Amongst the key trends are the growth of new forms of international work, the evolution of the role, function and contribution of the global mobility function, its link into worldwide talent management and its ability to plan for, withstand and successfully master crises due to major humanitarian, security or economic factors.

The work of the RES Forum is highly valuable because it allows organisations to compile information very quickly in order to proactively develop strategies, policies and practices which successfully address the dynamic nature and ever-changing form of the major global mobility challenges. The strengths of the RES Forum surveys lie in its user-generated content, a unique perspective into the current issues on which professionals at the cutting-edge of global mobility in their organisations want information. It is therefore a highly flexible way to generate data, most often representing the organisational view.

This year's RES Forum annual report is an analysis of all of this survey data requested by members, along with data from research carried out by the RES Forum around key Global Mobility (GM) issues affecting organisations and their mobility programmes today. We complete the report by adding some recommendations from other global mobility projects along with general academic and professional literature and comment. In addition, this year's report presents case studies from an interesting array of multinational corporations which add mobility practice insights.

The surveys showed that there is a lively debate about the purpose, role and organisational integration of the global mobility function. In **Chapter 1** the case is made that the strategic role and talent management link are increasingly seen as key to global mobility success. The core view of the function entails four main value propositions: due diligence and programme compliance, expert on global people effectiveness, an inherent part of global talent management and global mobility as strategic advisor to the business. To professionals in the field it is no surprise that global mobility resourcing is historically driven by short-term business needs. In addition, a strong rationale is also leadership development. An unusual, major trend is to use international assignments for organisational transformation and restructuring. This adds a further, strategic dimension to the work of global mobility departments.

Chapter 2 shows that more than two thirds of organisations have a dedicated top talent strategy and almost half have a talent pipeline. There is a perception amongst mobility professionals that the effectiveness of worldwide talent

management is being supported by global mobility management. However, long-term career planning through global mobility for the leaders of the future is still in its infancy in many organisations.

Chapter 3 indicates that broad, varied definitions of crises and major incidents are being used within multinational organisations. Employers take their duty of care very seriously and have drawn up emergency plans to respond to a variety of natural and political/security crises. In the event of a major incident, it is highly probable that international assignees and their families will be evacuated. About a third of all organisations would also evacuate all local staff. The willingness to proactively intervene, seeking to increase the safety and well-being of their employees, is an indication of a developed sense of corporate responsibility. However, many employers distinguish between local and overseas staff. While there can be sound reasons for this distinction, these multinationals leave themselves open to public scrutiny if there was a crisis in which their measures backfired against their local staff.

Fairness is an important concept in the design of reward packages. **Chapter 4** looks at rewards in international mobility. This is traditionally an area in which RES Forum members have shown much interest and in which many surveys have been conducted. In one survey, the key question set is related to perspectives on fairness between international assignees and local staff. The data shows that more than half of organisations pay similar base salaries (international assignees – locals) but only a quarter have the same total compensation and benefit package. There is a moderate agreement amongst global mobility experts to provide more benefits to expatriates due to their special circumstances. Beyond fairness and package design considerations, global pensions are an important emerging topic. Less than a quarter of corporations have a global pension scheme in place but almost half are interested in creating one.

Chapter 5 takes a look at mobility programme management and technology. More than half of the organisations surveyed have a commuter/frequent flyer policy with clear criteria for inclusion into the policy. This is an area where the practitioners have been able to provide definitions that are not hitherto available in the academic literature. Many mobility activities are outsourced to external suppliers but less than a third of organisations outsource their administration and expatriate management completely. It is interesting to note that overall satisfaction with outsourcing service providers is high. In terms of technology used to track assignee movements it is striking that Centres of Excellence (COE's) mostly use relatively simple software tools – Excel sheets being the most popular. Only a third of organisations have full or limited interactivity with HRIS or payroll systems. In almost 60% of cases data has to be input into other systems manually. It seems that global mobility functions still have untapped efficiency opportunities.

This short overview traces some of the most pertinent developments in the field of global mobility. In addition, it indicates the major challenges and areas where there is much work to be done. The report integrates the work of the RES Forum over the last 18 months and provides expert commentary informed from research and experience. In this vein the report also presents a number of case studies from leading-edge organisations. These can serve as points of discussion and inspiration. Given that the surveys are user-generated by professional experts who run the assignment programmes in their multinational organisations which are confronted with the key global mobility issues of our times, who else would be better to contemplate these challenges and develop effective solutions?

Professor Michael Dickmann



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1



The Purpose, Operating Model and Value of Global Mobility

By David Enser, Co-founder, RES Forum

Over the last few years of global economic uncertainty, organisations have once again been forced to reconsider the value and relative importance of international mobility as an integral part of their HR and business strategies – the age old questions around Return on Investment come to the fore once more, alongside often increasingly complex methods of assessing the value of international deployment of critical expertise as well as the international development of future talent.

Add into the mix a greater focus on the Diversity & Inclusion agenda of international organisations, and the drive to enable career paths without borders where, among many factors, ethnicity, gender, age, and sexual orientation are no longer seen as limiting factors and we are left with an increasingly complex landscape of mobility programmes, policies, and contracting models to enable such broad and all-encompassing aims. The result? Alongside the pendulum-like swinging between focus on respective reward and talent agendas comes a growing expectation placed upon International Mobility (IM) Heads and their teams to be a jack-of-all-trades and a master of all – and along with this a desire to move away from the purely transactional to having a seat at the table when defining the strategic people agenda. Whether or not a majority of organisations will encourage this remains to be seen.

1 The Purpose, Operating Model and Value of Global Mobility

Global Mobility: A Key Challenge of the Early Decades of the 21st Century

The 21st Century is characterised by a dramatic increase in the speed, scale and dynamics of competition between multinational organisations. The work of the global mobility function supports individuals and organisations to be as effective and efficient as they can in their search for worldwide competitive advantage. Because corporations face differing contextual pressures, have varying organisational structures and compete in diverse ways, the operating model of the global mobility function, its purpose and value is highly distinct in multinationals. This chapter sets out to understand the current set-up and value-adding orientation of the global mobility function and explores the multitude of visions that mobility heads and other professionals in the field have.

Global Mobility: Delivering Value Now

Edström and Galbraith outlined the key purposes of international mobility from the perspective of organisations as:

- Developmental – investing in (highly talented) individuals to develop the leaders of the future and/or the necessary human capabilities for future challenges.
- Skills gap filling – rapidly finding highly qualified employees to fill a position that is difficult to fill locally.
- Control and coordination – staffing key positions (such as managing directors, finance directors) with trusted people (control) or with individuals who transfer the culture and approaches of the head office/wider company (coordination).

While more recently another key purpose has been added (knowledge networking and innovation), the RES Forum wanted to understand the purpose and value proposition of Global Mobility (GM) in its member organisations.

Amongst the thirty organisations that responded to the survey, six different, partially overlapping, purposes emerged¹. The survey results show that development is the predominant purpose of the mobility functions amongst its member organisations, especially given the background of global talent management and organisational capability growth.

Purpose 1 – Developing Talent and Leadership

- “To enable the movement of talent from one location to another in a cost mindful method designed to offer the right talent, in the right place, at the right time, to allow for continued business growth.”
- “To promote a cohesive worldwide leadership and management network.”
- “Facilitate the transfer of employees across borders to allow the company to utilise a global talent pool.”
- “To develop capabilities in local markets, expand competencies and provide global experience and exposure for our associates.”

Up to 80% of assignments have development as a core goal. A second, strong driver was in the intersection of global mobility expertise, business objectives and cost containment. It strongly focuses on the expert insights and professional service of global mobility staff.

Purpose 2 – GM Expertise to Support Business While Containing Costs

- “To provide expertise in complex employee transactions, involving multiple international jurisdictions.”
- “Provide expertise in global mobility policy development, consulting services and administrative support, to ensure an efficient, cost effective and compliant transfer process.”
- “Provide a policy that is competitive, consistent, equitable, cost effective and not overly complex, without losing flexibility in responding to business and employee needs.”
- “To assist the organisation in facilitating employee moves to work in a country different from their original country of employment, in an efficient and cost effective manner.”
- “Actively seeking tax optimisation opportunities that are delivering multi-million savings.”

Other purpose statements are geared strongly to broader business needs and may encompass developmental, skills gap, knowledge transfer and control drivers. This reflects the competitive pressures in a highly dynamic, global environment.

Purpose 3 – Serving Company Strategy in a Global World

- “To sustain our global expansion and help us meet the immediate and long term needs of the business.”
- “To transfer existing skills – manage employees and key individual contributors - around the organisation in order to manage our growth and deliver seamlessly across our divisions and geographies.”
- “The Global Mobility has evolved significantly over the years, from being just an employment entity recruiting and deploying people across countries, to the truly global function of managing the global moves of people it is today.”
- “Mobility function is critical in ensuring future growth through maximizing system potential.”

Sometimes, global mobility experts saw the primary function of their departments through the eyes of individual expatriates. This would allow them to serve globally mobile leaders at the cutting edge to enable smoother transitions and operational delivery.

Purpose 4 – Service Provider to Assignees

- “Act as focal point to answer whatever questions, respond to and solve non work related problems, so they can solely focus on their work.”
- “Serve the end to end travel needs of our international assignees.”
- “To provide transactional and compliant mobility support to international assignees (taxation, wellness).”

On occasion, global mobility experts contrasted their *status quo* with a future that could be more strategic, value-adding and seen as more integrated into the globalisation strategy of the organisation.

Purpose 5 – Struggling to Go Beyond the Transactional

- “Currently very reactive, transactional, operational, gets a bum on a seat (or hands on a deck, man on a rig..), more or less, in compliance with the law.”
- “Transactional function: good at getting employees from A to B and managing the compliance framework globally but not yet as acting as a partner to Business Unit stakeholders to maximise the potential of the mobility programme and offer true support.”

At times, one of the purposes of global mobility was seen in the skills gap area with an orientation to localisation/nationalisation of talent.

Purpose 6 – Skills Gap Filling and Localisation

- “To support the organisation where we have not been able to recruit locally and/or where we deem it advantageous to the organisation to equip our staff with international capability.”
- “Together with the business, senior HR and Talent Management (TM), to review every single assignment and assignee, to monitor their performance and potential, in order to develop succession plans and increase nationalisation.”

Overall, it is interesting to note that RES Forum members’ descriptions of global mobility purposes are very broad and operational. It goes beyond that outlined in the literature as control and coordination, skills filling, developmental and knowledge transfer. Additionally, it integrates strategic aspects (localisation), operational aspects (service provision) and expertise-based competitive responses (costs/tax). The field is broad, vibrant and dynamic – which raises the question where the global mobility function will go in the future?

Global Mobility Function – Delivering More Value in the Future

There was a large degree of consistency with respect to the vision of where the global mobility function should be in terms of its value proposition. Four components stood out:

1. Being a GM expert with respect to administrative and process knowledge to enable faultless due diligence and programme compliance. This large field may also include managing the internal and external service delivery process and quality.
2. Running a centre of expertise that understands and supports individuals in their international sojourns to enable them to be as effective as possible.
3. Shaping resourcing, development and performance ideas in the global mobility work to create seamless, worldwide integrated talent management.
4. Having a broader strategic remit that would lead to the function of strategic business partner/advisor on global mobility issues.

1st Value Proposition – Due Diligence and Programme Compliance

- “Due Diligence – has to be done properly right from the start. Cross-border taxation, immigration, employment legislation, host country practices, security, medical requirements, etc.”
- “Vendor Management – a clear supply chain model, what are the services that GM outsources or execute internally? - A global network of service providers that can be tapped into quickly and efficiently.”
- “Outsource processes to the various Centres of Excellence, Corporate Relocation team supports relocation/mobility, Legal does immigration, Benefits does health insurance, etc. We just facilitate the process and focus on development support.”

These statements show a strong operational orientation. Most respondents saw the global mobility function as broader.

2nd Value Proposition – Expert on Global People Effectiveness

- “Optimise end-to-end process.”
- “Scalable service-oriented set.”
- “It should be a Centre of Expertise...”
- “In close cooperation with talent and workforce planning, make sure that the organisation choose the right (number of) people, for the right reasons, to work abroad, strengthening the development of talents and future leaders as well as the possibility to deliver on the business strategy.”

The last statement already shows a broader concept of the GM function that extends into strategy and global talent management. This vision is expanded below.

3rd Value Proposition – GM as Part of Global Talent Management

- “Vision that the mobility function is part of the business talent DNA, rather than mobility.”
- “For Talent to recognise Global Mobility as a strategic function and partner.”
- “Have a very clear purpose and link with the Talent function.”
- “We need a seat on Talent Management and with the business.”

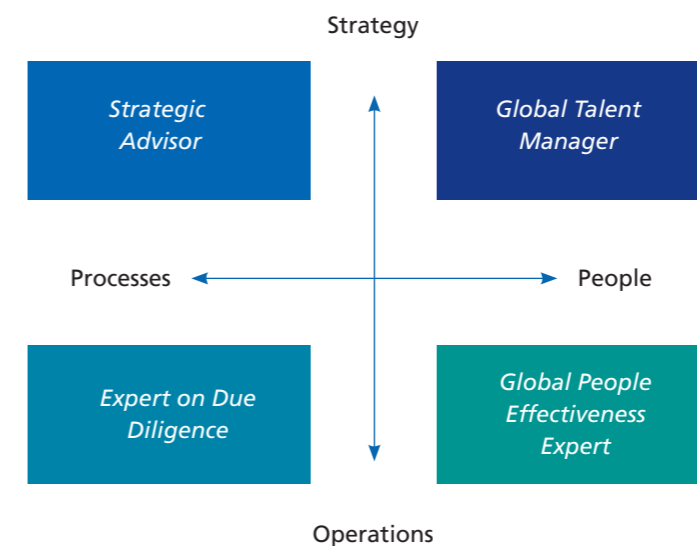
The most strongly endorsed function of the Global Mobility Department was highly strategic. Given the importance of global mobility for strategic and operational excellence and the leadership pipeline in multinational organisations, RES Forum members suggested a further function.

4th Value Proposition – GM as Strategic Advisor

- “We should be both a first class administrator and a strategic advisor to the business.”
- “Critical strategic tool to enable the delivery of the international business development plan.”
- “The team should be separated between transactional, back office kind of duties and a business partner type role.”
- “Responsible for Analytics and Reporting on value added data regards the Mobile work force – ROI etc.”

However, many global mobility teams seem to have a long way to go to fulfil the role of strategic advisor or Global Talent Manager. When asked how Global Mobility Managers were positioned within organisations it emerged that they were most likely (52%) to work with HR business partners to manage strategic business needs². Only one in ten (11%) worked as HR business partners. In contrast, a third (31%) had no strategic involvement but reacted to information provided by the business.

Figure 1.1: The Role of Global Mobility Functions



Dickmann, 2013

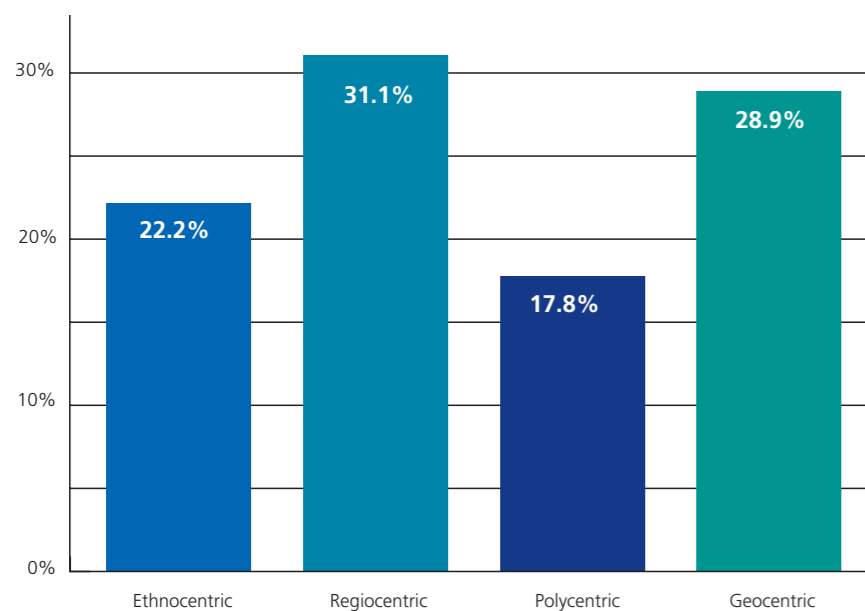
Unfortunately, it is not always the case that the RES Forum member organisations share the vision of their own Global Mobility Departments. However, the situation varies. While in some organisations top management seems to support the GM ideas (but other colleagues may not), in other organisations the GM function has a much harder standing or the corporation is absorbed with firefighting.

- “The organisation does share the view, but it’s firefighting.”
- “No, we are an afterthought and perceived as making life harder by ‘insisting on following red tape and not understanding business needs’.”

Global Mobility Operating Models

Given the different roles of global mobility functions, it would be interesting to see whether this is reflected in the organisational structure and reporting lines in organisations. Hennan and Perlmutter (1979) described, in a classic text, four different configurations that organisations can choose for their international strategies and structures. These ideas were picked up by a RES Forum survey³ that showed the member organisations used all four ways to organise their international activities. The most popular configuration was regiocentric where regional hubs operated with different ethos and philosophies (31%).

Figure 1.2: How would you describe your organisation?



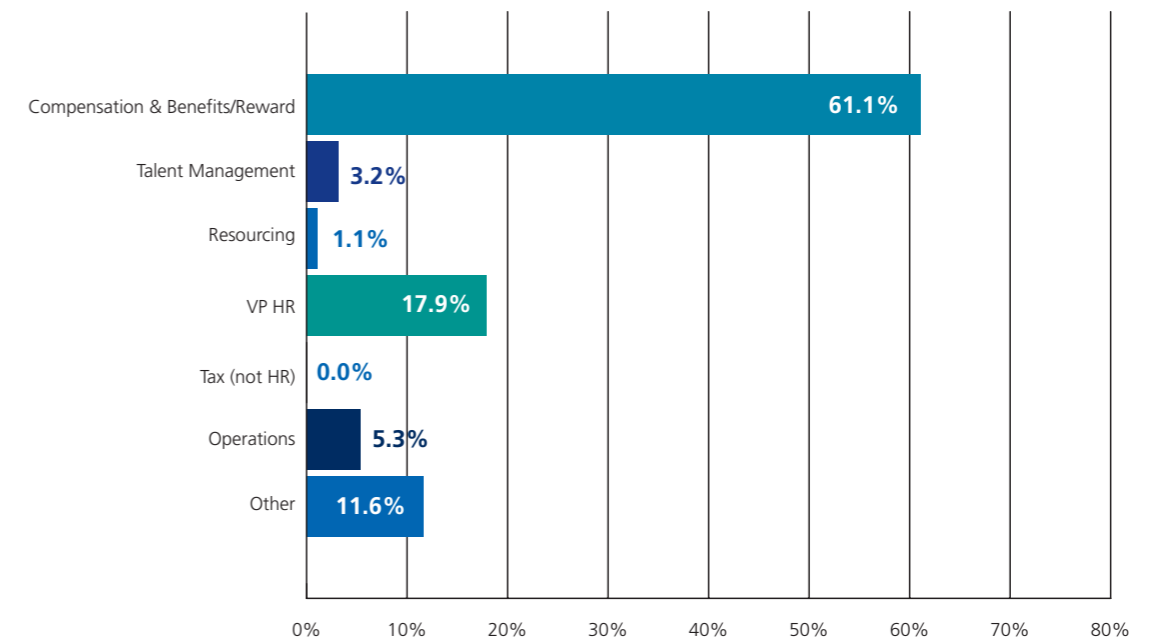
Nearly as many member organisations (29%) used a geocentric approach which they perceived to have a truly global culture and context-sensitive yet integrated approaches to global mobility. More than a fifth (22%) of organisations stated that they were ethnocentric, in which the country-of-origin shaped the culture and many of the policies and practices. Lastly, 18% argued that they were polycentric with each country having their own corporate identity, ethos and philosophy.

Several authors have made the point that centralised organisational structures lead to a stronger centralisation and integration of HR approaches, including global mobility policies and processes (Bartlett and Ghoshal, 1998; Dickmann, 2013).

In a highly popular survey, the global mobility operating models were explored⁴. 39% of organisations had their mobility function located in a single central unit with 30% using a Centre of Excellence model with regional hubs. 28% had either several, decentralised regional hubs or were decentralised into multiple locations from which they operated their global mobility.

Where the global mobility team reports to was of key interest.

Figure 1.3: Where does your Global Mobility Team report within your overall organisation?

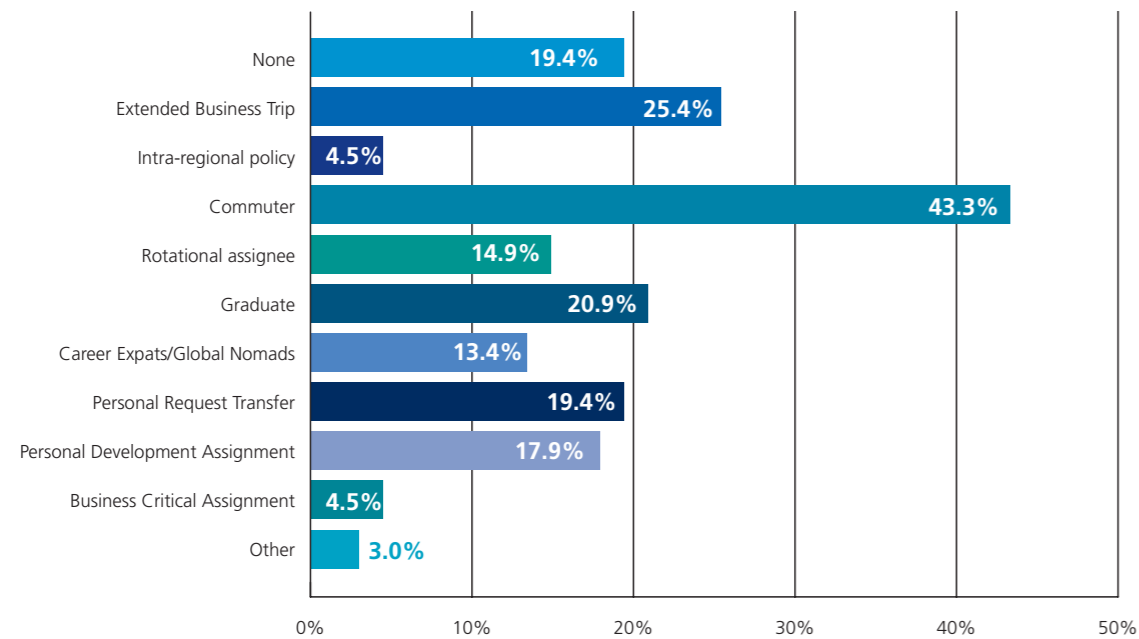


A majority of 61% of GM departments currently report into the rewards/compensation and benefit functions with a sizeable minority reporting directly to the VP Human Resources. The latter may indicate a higher importance attributed to the work of global mobility professionals which may also enable them to work more easily as strategic advisors. Given the strong link seen between GM and GTM (Global Talent Management) it was surprising that only a tiny number report into talent management or resourcing. However, this does not obviously preclude an intensive cooperation between the different HR functions.

Assignment Types and Duration

There is a sometimes bewildering array of assignment types and associated services as well as benefits within global mobility. A RES Forum survey explored some of the variations⁵. Next to the 'classical' short-term, long-term and Local Plus assignment types, several other assignment variations were recognised through separate policy guidelines by the RES Forum member organisations.

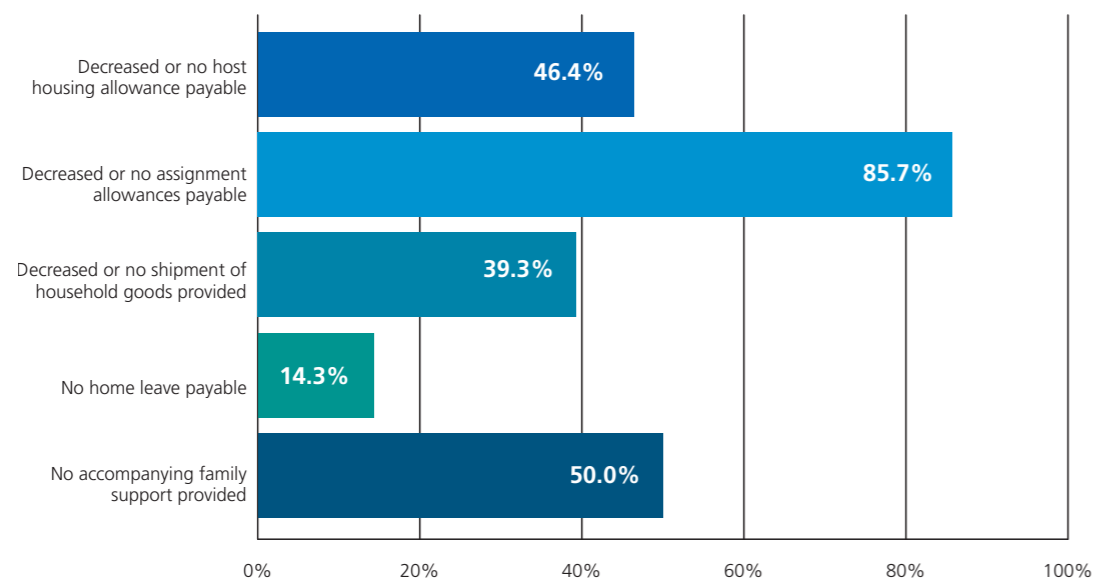
Figure 1.4: Do you formally recognise any other assignment types via separate policy guidelines?



Commuter policies (43%, see also below) - maybe due to their increasing use and business importance - were by far the most likely to be dealt with under an own policy framework. In about a fourth – fifth of cases, extended business trips (25%), graduate assignees (21%), personal request transfers (19%) and personal development assignments (18%) could also be found to have own policy guidelines.

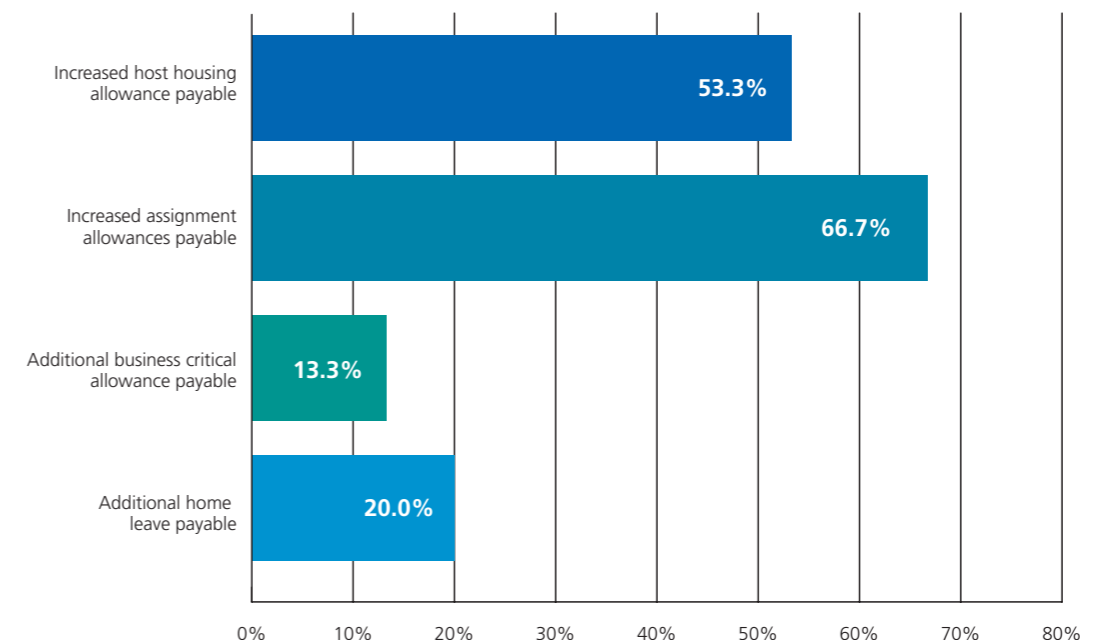
The typical assignment durations of short-term assignments were most likely to be 3-12 months and for long-term assignments 1–3 years. In addition, many organisations (46%) distinguished between developmental and business driven/strategic expatriation. Interestingly, developmental assignees would receive fewer assignment benefits as outlined below.

Figure 1.5: How does your developmental assignment support differ from your standard long term assignment support?



In turn, business-driven, strategic or business critical assignments were linked to higher support levels.

Figure 1.6: How does your business driven/ strategic/ business critical assignment support differ from your standard long term assignment support?



This data shows that organisations have begun to react to calls that developmental assignees do not have to be financially rewarded to the same extent as business-driven expatriates, as they have an intrinsic motivation to pursue their own growth. In a situation in which a company finds enough talented people who would be willing to work abroad, a developmental assignment can have a substantially different policy attached to it. However, it is important that organisations do hold up their psychological contract with their assignees with respect to further developmental opportunities and career progression over time.

Summary and Conclusions

- The purpose of global mobility is broader than outlined in the literature so far. Additional responsibilities include strategic aspects (localisation), operational aspects (service provision) and expertise-based competitive responses (costs/tax).
- There is an emerging, more strategic view of the global mobility function. It contains four areas of primary focus for its value proposition: due diligence and programme compliance, expert on global people effectiveness, an inherent part of global talent management and global mobility as strategic advisor to the business.
- There is a broad variety of organisational structures in relation to global mobility with regiocentric and geocentric configurations most common. This is a departure from the predominance of the ethnocentric approach of the 1980s and 1990s.
- Regiocentric and especially geocentric structures go hand in hand with global talent management. They encourage the identification and development of high potentials and future senior leaders irrespective of country of origin.

Chapter 1 - Appendix

What can multinationals do to increase expatriation success – General

- Organisations are experiencing much more varied assignment types (Baruch et al., 2012). Using a variety of new forms of international work increases the complexity of global mobility functions but has the potential for strategic use and benefits.
- Organisations distinguish developmental from business-driven (needs-driven) assignments and provide less generous benefits to the former. They are successfully using the different sets of motivational drivers associated with the various expatriation forms.
- Given the growth of developmental assignments it is important to refine retention mechanisms as the success of this form of expatriation is geared to long-term payback.

The next section will explore issues related to organisational development in more depth.

Area	Organisational action	Some characteristic that would help
Strategic Talent Approach	<ul style="list-style-type: none"> • Design and Implement adequate IHRM configuration • Define and execute corporate branding strategy that covers global careers • Clarify diverse purposes of global careers within organisation and specify those in relation to career opportunities / international moves • Create coherent global career approaches – they may be simply thinking in terms of careers rather than international mobility • Little or no significant gap between statements of top management and implementation • High kudos of international work 	<p><i>Strategy and Policy Considerations:</i></p> <ul style="list-style-type: none"> → Understand global competitive environment, industry and organisation-specific way to competitive advantage → Choose most suitable overall IHRM configuration – transnational, global, multidomestic or cognofederate – and design for internal variations → Select the primary purpose of global career steps – development, control & coordination, skills-filling etc – and design packages that take account of diverse interests & pay-offs → Globalisation strategy is seen as clear and attractive to pursue global careers → Coherent and consistent execution of global career policies and practices
Operational Considerations	<ul style="list-style-type: none"> • Clarify job expectations and responsibilities • Gain agreement as to job objectives between individual, home and host country • Provide overlap with incumbent to facilitate 'hitting the ground running' • Align any other conflicting expectations regarding performance standards, job, working environment etc. • Give discretion in the job • Pre-return preparation for the job • On-going support for time after return • Long-range planning for repatriation • Networking opportunities • Job challenge • Ability to use new global capabilities • Pre-return and after return dialogues to manage expectations / build realistic pre-return expectations • Briefing and update regarding organisational structure, goals, politics and changes in the new locations • Help for partner to find meaningful activity such as job and career re-entry • Help for family to (re)-settle 	<p><i>Operational Choices:</i></p> <ul style="list-style-type: none"> → In most cases, choose a job that the candidate will find only a slight stretch. Adjustment to a new team and new culture is already a challenge. → For earmarked top leaders the stretch might be larger. This might include changing divisions, functions or more radical job content alterations. → Staffing policies are perceived to be fair or advantageous → Selection looks at a range of factors, including personality factors linked into adjustment and re-adjustment upon return → Continuous communication with home during work abroad → No reduced responsibility and autonomy → Open and honest assessment of the global careerist's situation in relation to the organisation → Explore long-term career opportunities <p><i>Family Choices:</i></p> <ul style="list-style-type: none"> → Family boundaries need to be evaluated with a view to social obligation & individual expectations

Michael Dickmann, 2014

Cross Country Mobility - A Strategic Talent Initiative at Deutsche Telekom AG



LIFE IS FOR SHARING.



By Bernd Bösken,
Senior Business Advisor, Deutsche Telekom Executive Projects

Deutsche Telekom Aktiengesellschaft (DTAG) is a German based global company with 232,000 employees around the world. The organisation has around 500 assignees deployed for both strategic and tactical assignments for varying durations globally.

The company has a polycentric culture meaning that each country business has its own local business culture which was identified as making cross border movement and mobility more difficult

than it needed to be. DTAG had a strategic imperative to create a common "one company culture" and were keen to understand global mobility's role in creating this.

Why Cross Country Mobility?

The labour market is under pressure due to the changing economic environment and the intensification in competition; organisations are in an international "war for talent" which necessitates more creative and innovative recruitment and retention of their most valuable employees. For DTAG this means that we have to use our human capital more efficiently, by ensuring that our best people are perfectly placed, and by developing our key talent and highest performers in order that they reach their full potential. Clearly, as a company operating globally we have the advantage of offering our employees international job rotations through which we can maximise each individual's organisational fit and contribution and through which we can develop their skills.

The situation

According to a DTAG internal survey, international job rotations are perceived as valuable and are also supported locally in NatCos (National Corporations) but current Deutsche Telekom programmes are perceived as inadequate. Elaborating on the survey's findings, the following aspects needed to be considered. When aiming at building a strong ONE DT Europe Group, mobility and knowledge sharing are evaluated as high priorities. Clearly, employees believe that for improving the segment's overall performance, a flow of people and information across borders is necessary. To enhance mobility programmes, the most important levers are perceived to be the improvement of learning and skill development, and the support for family relocation and repatriation. So, as an employer we also have to make sure that our employee value proposition also considers the individual's direct environment.

Survey respondents largely agreed that international assignments should be mandatory for Executive Officer positions. This means that mobility is desired to be a step in our key talents' career path. Survey participants believed that managers should nominate their top talent for mobility programmes. This indicates that employees trust their managers' capabilities in evaluating their readiness to go on an international assignment.

What is our mission and what are our goals?

Based on the presented findings, our mission is to support developing a "ONE DT EU Identity" by creating a flexible and attractive framework for international mobility. Explicitly, this means that our goals are to ensure international transparency on vacancies and to reach at least the "2 in 2 out" target. Translated, this means that we strive to bring mobility alive by transferring at least two of every NatCo's employees every year. The international move ideally lasts for one year or longer and could be in the form of an assignment, a local contract or a 1 on 1 exchange. All NatCos' Chief Human Resources Officers have committed to fulfilling this target.

How will we achieve our goals?

Through the interplay between three newly established enablers, DT is determined to achieve their goals.

Enabler I: International Succession and Talent Management working group (the ISTG) has been formed – a working group within DT's segment of Europe – which holds conference calls every three weeks to facilitate international job placements. Therefore, the members announce the vacancies, they share the list of candidates and they manage and monitor international placements. Through this initiative transparency is ensured, cross – country mobility is supported as well as enabled and the international hiring process is accelerated.

Enabler II: "Mobility Sessions" – a road show in which all European NatCos have been visited and in which knowledge has been shared and exchanged – leads to an increased awareness regarding the international possibilities with DT. National HR managers as well as other functional managers participated and discussed the options to realise assignments and exchanges, created a common understanding of the terms as well as the involved stakeholders.

Enabler III: A strong communication campaign has been created consisting of the "Wall of Faces" and the "Go Mobile" – video series. The "Wall of Faces" is a collage of portrait pictures of all employees who have gone mobile in 2013 presented in DT's internal social network and at related internal and external events. The "Go Mobile" – video series consists of professionally created video clips in which employees who have moved abroad with DT reflect on their experiences. Both means emotionalise and personalise international assignments and increase the attention and interest to also "Go Mobile".

Embracing all three enablers, a strong communication network is created facilitating international opportunities.

Employees become well informed and well motivated to go abroad.

What are the outcomes?

So far, the implemented initiatives have resulted in great outcomes. The "2 in 2 out" and "Telekom X-Changes" numbers are compelling, a common understanding on how to create a "ONE DT EU identity" exists and a growing transparency about internationally available vacancies has been developed. Nevertheless, there is still space for improvement. For instance, a group wide job search platform has to be created and implemented, the current job offers format needs to be more specific and a consensus on staffing rules for management positions need to be reached. However, so far so good! We plan to re-run the employee opinion survey next year and we will be sure to share the results with the readership of the 2015 RES Forum annual report. •

A large bronze statue of Nelson Mandela stands in the foreground, with a young girl in a pink dress running through a misty spray of water in front of it. In the background, a balcony with a metal railing and white chairs is visible.

2



Organisational Development & Talent Management

by Heather Hughes, General Manager, RES Forum

In recent years, in-house Global Mobility (GM) professionals have talked a great deal about the repositioning of the GM function within their businesses, with a move towards Global Mobility teams working as business partners and infiltrating talent management structures. In fact as GM professionals we hear so much about highly developed long term career planning strategies that are interlinked with international assignment planning, and which are supported by Global Mobility's strong assignment selection criteria, that you might be forgiven for thinking that everyone was doing it except for you and your organisation. In reality, RES surveys over the past 12 - 18 months show quite a different picture as we will find out in this chapter. It will certainly be interesting to see how changes develop in the forthcoming years.

2 Organisational Development & Talent Management

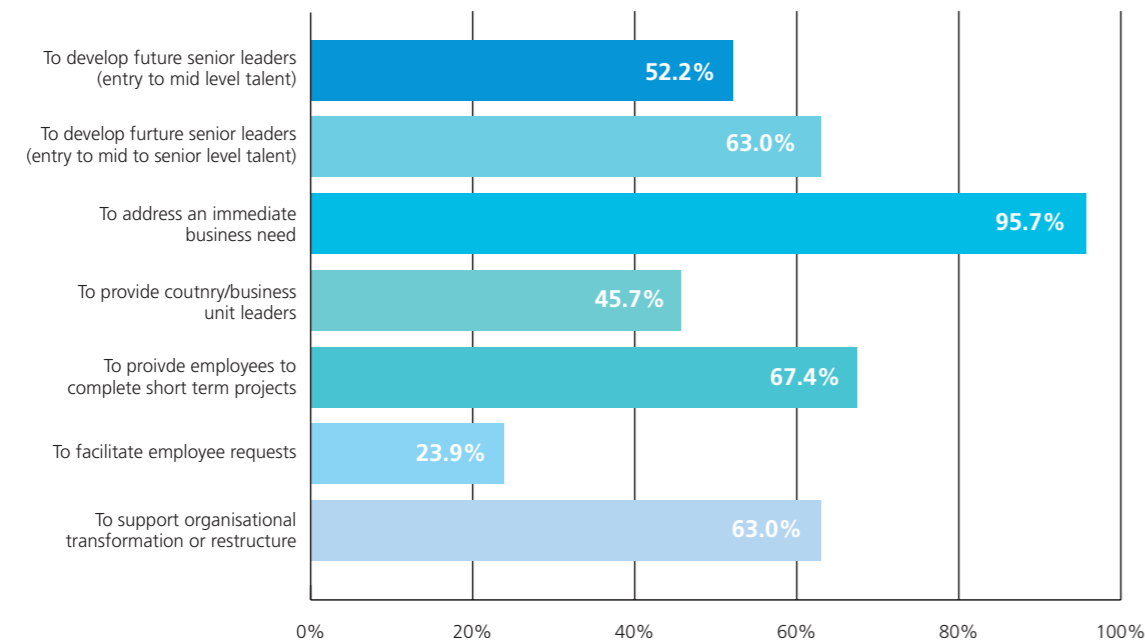
In the global war for talent, the ability to attract the right resources, develop them, provide them with motivation opportunities and careers as well as performance manage them, is crucial for organisational competitiveness. A large stream of literature has emerged that identifies opportunities for organisational development through global talent management and mobility (Scullion and Collings, 2011; Dowling et al., 2008). Recently, the focus has shifted on how non-traditional forms of mobility can serve the organisation (Vaiman and Haslberger, 2013; Andresen et al., 2013), with some authors identifying up to twenty different forms of international work (Baruch et al., 2013). Dickmann (2014) outlines a large number of individual and organisational approaches on how to successfully support the effectiveness of a global mobility programme from before the selection of expatriates to several years after their return home (or to the next move).

These ideas have also been surveyed by the RES Forum during 2013⁶. They are presented below under the headings of Resourcing, Talent Management and Global Careers.

Resourcing

The main objectives of global mobility are highly varied and often include a variety of drivers. This is not different for the member organisations of the RES Forum.

Figure 2.1: What are the main objectives of international assignments in your organisation?



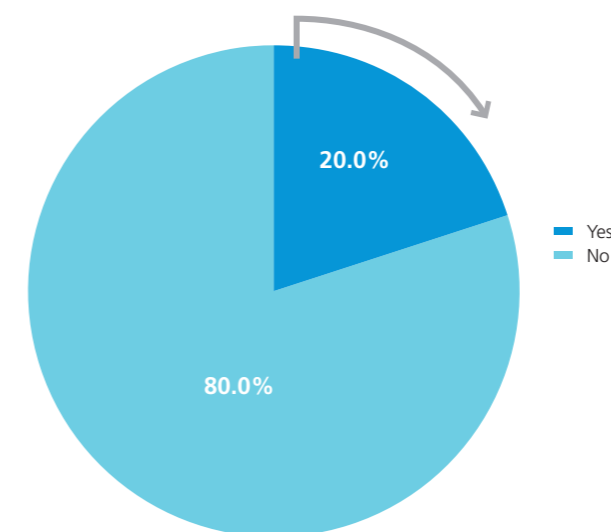
Firefighting in the shape of immediate business needs – including the completion of short term projects – is a key objective. However, the developmental purpose of international assignments is high (as shown also in other surveys). Interestingly, the RES Forum members have an unusually high propensity to use global mobility for organisational transformation or restructuring showing the global integration of their operations (See page 18, Global Mobility Operating Models: regio- and geocentric). This supports the move towards a more strategic purpose of global mobility.

When hiring employees, only about a quarter of organisations (26%) assess whether the candidates are likely to be internationally mobile in the future. The survey also shows that the old lament that global selection could be more sophisticated / more invested in, seems to still hold true (Harris and Brewster, 1999).

Harris and Brewster distinguish between open and closed resourcing. One precondition of truly open resourcing would be the information of an organisation's staff worldwide regarding vacancies. Therefore, the RES Forum was interested in the design of internal HR intranet platforms⁷. 90% of responding organisations had either a global intranet or a global and local intranet so that open job posting was highly possible. Indeed, about three quarter (74%) of organisations used it for international job postings. Typical issues with significance to potential expatriates covered on organisations' intranets were local and global careers (including job vacancies), mobility, compensation and benefits, learning and development, performance review, induction and general employment policies. However, the depth of information and aims seemed to be highly diverse. Point and Dickmann (2012) have found that major multinationals use their websites very differently with regards to global careers and many do not seem to use them to their full potential.

Only a fifth of organisations use a pre-assignment selection tool/support for potential assignees⁸.

Figure 2.2: Do you invest in pre-assignment selection tools/support for your potential assignees?



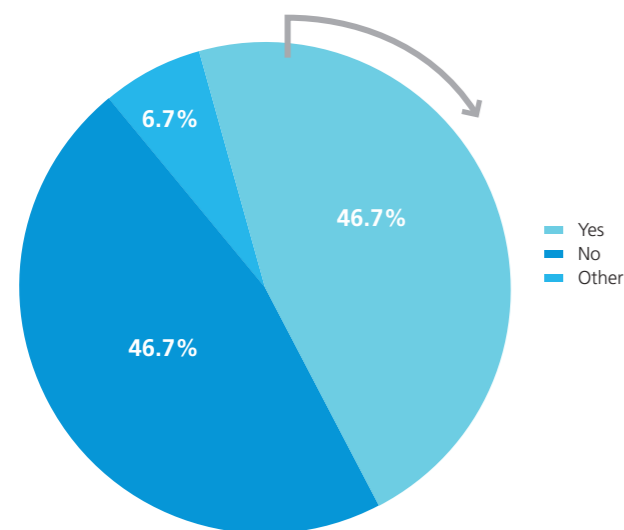
The dangers of the so-called 'coffee machine selection' are well known. Even where organisations have a formal selection system, pre-assignment support is often lacking and/or shows a low investment level (Doherty and Dickmann, 2012). Sophisticated selection as well as thoughtful and well-resourced pre-assignment preparation are likely to shorten the adjustment of expatriates to their new host environment and will probably lead to higher effectiveness of assignees (Caligiuri, 2012).

Talent Management

Global Talent Management is, without doubt, a key driver for the RES Forum organisations. More than two thirds of organisations (70%) have a dedicated top talent strategy to develop future leaders. 63% of organisations have as one of their main objectives 'to develop future senior leaders' and 46% want to 'provide country/business unit leaders'.

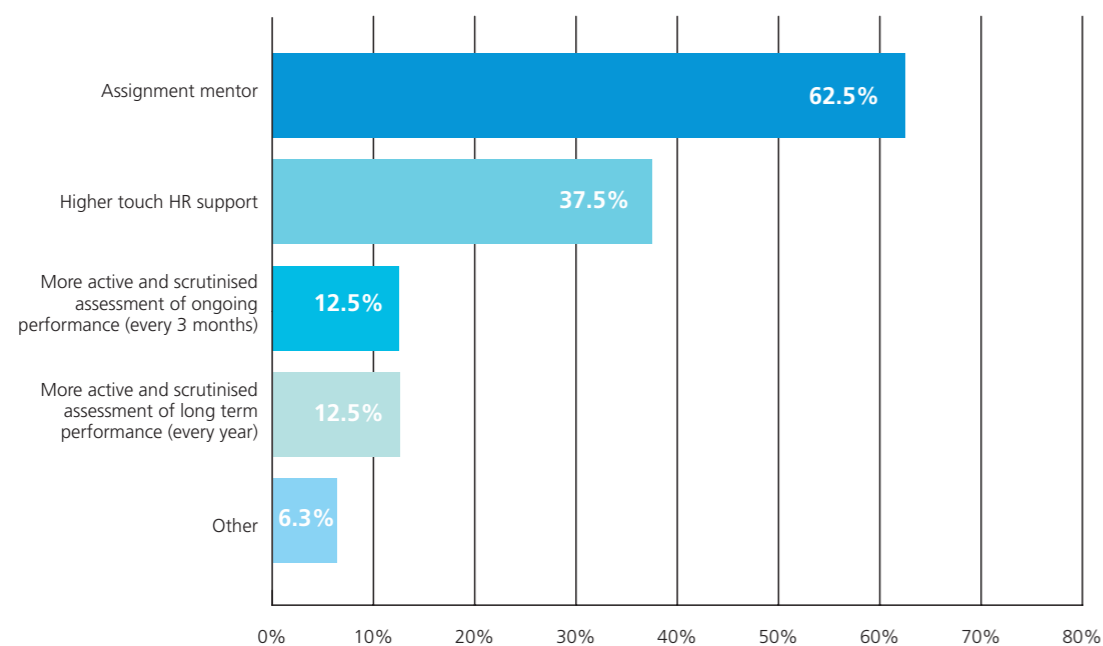
About half of the corporations have talent pipelines (emerging, senior leaders who are promotion ready) across all levels of the organisation and across all regions.

Figure 2.3: Do you have talent pipelines (emerging, senior leaders, promotion ready) across all levels of your organisation and across all regions?



In the survey, about a third of respondents indicated that they use foreign assignments as a key lever to develop their talent. These organisations apply a range of enabling measures to shape the development of their assignees.

Figure 2.4: If you use assignments as a key lever for development of talent, do you adopt any of the following approaches?

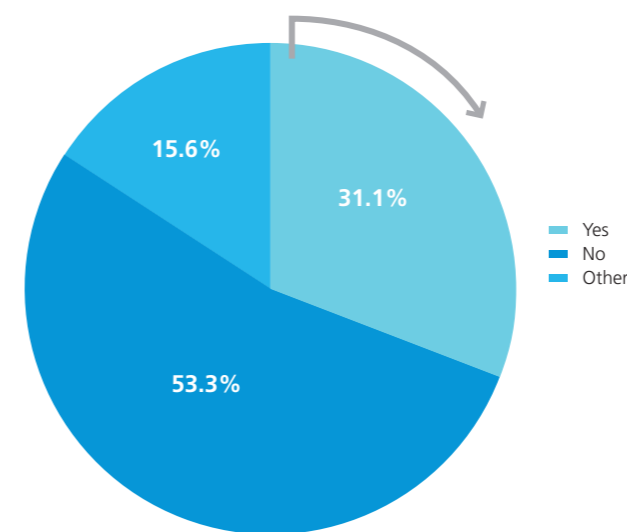


Given that these talent pipelines are truly global is a sign of how far the quest to find the right person for the job, wherever he/she is located, has progressed. This extent of integration bodes well for worldwide effectiveness and talent development and may mean a gradual destruction of the 'glass ceilings' for employees from foreign subsidiaries (Dickmann and Baruch, 2011) with the associated career opportunities.

Global Careers

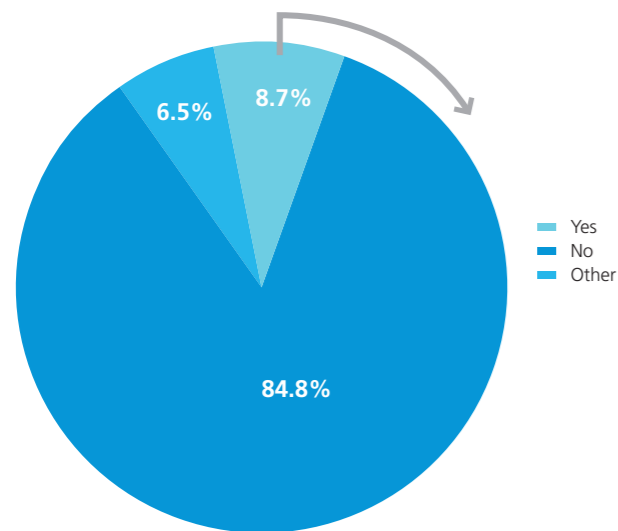
Repatriation and subsequent career progression has become a 'hot topic' in recent years. Several observers claim that this is one of the key problems in international mobility. The lack of career progression and the potential reverse culture shock is a major problem for repatriates (Doherty, Dickmann and Mills, 2011). But the problem is not only for individuals. In organisations in which career progression after return is endangered, fewer high potential staff are willing to go and work abroad. Some organisations have factored these challenges into their international mobility policies and practices.

Figure 2.5: When an employee goes on assignment, do you consider what their next role will be when they repatriate?



About a third of organisations (31%) consider the next role for the assignee at the point of departure. However, it might be argued that true long term global career planning, especially if the organisation manages their leadership pipeline, would consider even more than the immediate position after return.

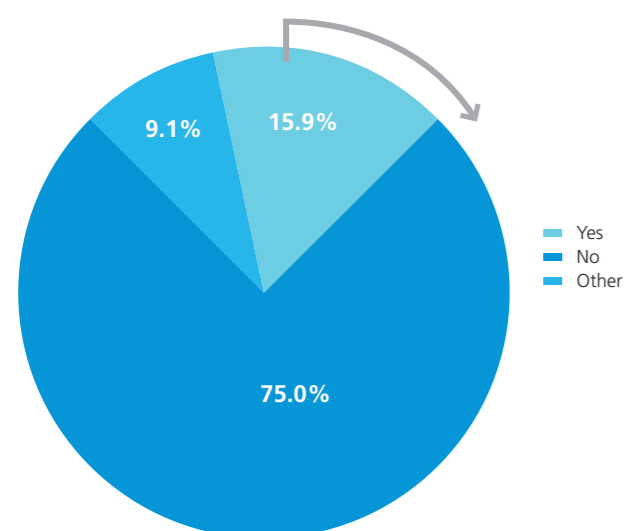
Figure 2.6: When an employee goes on assignment, do you consider what their subsequent role (e.g. 2 positions into the future beyond repatriation) will be when they repatriate?



The survey responses give a sobering picture with respect to long-term leadership planning through global assignments. Less than a tenth (9%) of organisations consider career planning up to two positions beyond repatriation. This is likely to be connected to the dynamic labour market and management churn. It is ironic, however, that repatriates who had gone on a developmental assignment had the (slightly) higher propensity to leave the organisation in the first three years after return (Doherty and Dickmann, 2012). In addition, only 6.5% of RES Forum member organisations track the career progression of returning assignees.

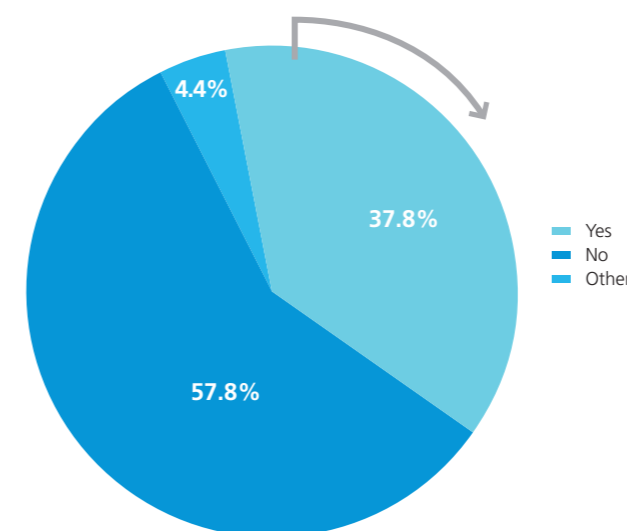
There are some organisations that require their senior leaders to have international experience. Some research indicates that those CEOs from the Fortune 1000 organisations who had worked abroad were earning more than their peers (Hamori and Koyuncu, 2011). Within the RES Forum organisations, less than a quarter required their senior leaders to have had a global assignment.

Figure 2.7: Does your organisation require senior leaders to have had international assignment experience before being promoted into a senior leadership role?



However, there is a strong trend towards global work in many organisations. In almost two out of five organisations (38%) the willingness to be internationally mobile is assessed for key talent.

Figure 2.8: Does the ability to be internationally mobile feature as part of the assessment of key talent (key talent being the top identified managers who will progress 2 levels in 5 years)?



While the large assignee populations in the RES Forum member organisations indicate that organisations see the value of international work, the instances of active measurement for return on investment of global assignments is 2%, an astonishingly low number. If global mobility functions truly want to become a strategic advisor, it is likely that more attention has to be devoted to this area.

Summary and Conclusions

- Global mobility resourcing is historically driven by short-term business needs. In addition, a strong rationale is also leadership development. An unusual, major trend is to use international assignments for organisational transformation and restructuring. This adds a further, strategic dimension to the work of global mobility departments.
- In many cases, organisations use relatively straight-forward means of assignee selection. The literature suggests to employ more sophisticated methods as these would reduce the risks of assignment failure and speed up as well as potentially increase the value added by the expatriate.
- More than two thirds of organisations have a dedicated top talent strategy and almost half have a talent pipeline. The effectiveness of worldwide talent management is being supported by global talent management.
- Long-term career planning through global mobility for the leaders of the future is still in its infancy in many organisations.

Chapter 2 - Appendix

What can multinationals do to increase expatriation success – Resourcing, Talent & Performance Management

Area	Organisational action	Some characteristics that would help
Resourcing	<ul style="list-style-type: none"> • 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') 	<p><i>Some Key Individual Characteristics:</i></p> <ul style="list-style-type: none"> → Self-confidence & optimism → Willingness to learn about different cultures and business environments → Inter-personal orientation → Good communication skills → Cultural sensitivity & willingness to critically review own values and norms → Openness → Global mindset → Behavioural flexibility → Inquisitiveness → Ability to successfully manage uncertainty → Resilience
Training and Development	<ul style="list-style-type: none"> • Provide rigorous training for increased job demands • Provide inter-cultural training (pre-departure and post-arrival) and language classes • Include 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 organisations) • Systematic development of professional skills • Systematic development of personal skills • Systematic development of leadership skills • Repatriation seminars on the emotional response 	<p><i>Training & Development 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 Selection) → 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 → Use of professional skills in next position → Use of personal skills in next position → Use of leadership skills in next position

Area	Organisational action	Some characteristics that would help
Career Issues	<ul style="list-style-type: none"> • Link selection to individual's long-term career plan and organisational 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 • Re-entry planning • Career advancement and further opportunities • Mentor system / International work sponsor system 	<p><i>Career Planning:</i></p> <ul style="list-style-type: none"> → The mutual dependency of individuals and organisation 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 how to apply insights and use social capital in the job upon return. → Long-term career planning → International experience is also symbolically valued as career capital
Performance Management	<ul style="list-style-type: none"> • Use globally integrated performance management system to encourage comparability • Find a balance between local and global objectives • Assignment-specific objectives should be meaningful and attractive to local operating units and appraisers • The primary purpose of the assignment (developmental, control, coordination, skills-filling) should be reflected 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 organisation 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

Michael Dickmann, 2014



the power of big. and small.

Our Journey to the Middle East



By Joerg Hatos, Mag. (FH),
International Assignments Manager CEE&EEMEA
Kraft Foods CEEMA GmbH, part of the Mondelez International
Family of Companies

Synopsis - How to attract critical talent to our newly established Headquarters in Dubai?

In December 2012 Mondelez International decided that Dubai was, from a corporate perspective, the best strategic location to be the Headquarters for the newly established Eastern Europe, Middle East and Africa (EEMEA) regional business.

Despite the obvious attraction of a zero income tax environment Mondelez soon realised that the location was not immediately attractive to their current and potential workforce. High cost of living, an uncomfortable climate and cultural differences made the location less appealing than had been expected.

What did we do to attract talent?

The company implemented a strategic workforce planning team across various Human Resources functions; Compensation & Benefits, Human Resources Business Leaders and Global Mobility. It was important for us to gather and effectively tap into all the skills we possessed internally within Mondelez in order to make this work within an extremely tight time frame.

We looked at all potential options to attract internationally mobile talent and asked ourselves the following questions:

- Do all the employees have to be on the ground, or can we apply a remote team member setup?
- Who are our high potential/mobile employees that should come on international assignment terms to Dubai?
- Who would agree to come on local employment terms to Dubai?

We also wanted to consider further implications of those recommendations:

- For those on international assignment terms we wanted to apply stricter localisation principles. What terms to apply to those who move onto a subsequent assignment?
- Very comprehensive cost and benefit comparisons at all levels were completed to prepare ourselves for the next stage.

The Results

From our package cost comparisons, it was evident that our global mobility offering did not present an attractive enough proposition for the workforce we physically needed in Dubai. We decided that we had to provide flexible solutions to our senior management team in order to attract the right talent to our regional Headquarters.

Another important aspect was that we wanted to be fully transparent with all of our employees. The only way to achieve this was to openly share our newly established and approved reward and employment principles.

The Offer

All employees below a certain manager level were offered a local United Arab Emirates contract. In this scenario, additional principles were determined in order to have fair and consistent guidelines on how to handle the compensation side, the years of employee service and guidance on the management of subsequent international assignments. All employees above a certain managerial level had a choice of either a temporary international assignment or a local employment contract.

The Outcome

As mentioned we wanted this to be a cost effective solution to the business and a fair offering for the employee, and decided the best way to achieve this was to be open and honest with all employees. We presented all employees with both options in one to one meetings to help facilitate their decision making. We have since relocated all employees successfully.

Interestingly, of the proportion of those senior managers who had the choice between an international assignment and a local employment contract, the majority decided to take the international assignment option. This decision was not only driven by obvious home country factors (such as higher relative wages or low tax), or the employee's family situation (school age children), but also by complex factors such as the home country long term benefits (for example pension).

We moved our employees in waves and, given volume of moves as well as speed of getting employees hitting the ground running, we had to immediately react to various challenges that the relocation process accelerated:

- Authorisation processes with several government bodies were more challenging than expected.
- The volatile and highly competitive housing market, as well as the the wage protection system that forces all companies in the United Arab Emirates to pay the employee's salary in the country are not appealing to employees - (our international assignees expected a home payout).

Since our final wave of moves, we have conducted an employee satisfaction survey on the whole exercise. The results show that the overall satisfaction levels of employees is well above the average against our company norms as well as external norms on employee satisfaction. But our work does not end there - we are currently in the process of working out action items from the employee satisfaction survey based on the feedback received. Whilst our relocation to the new headquarters can be considered a 'success' the hard work of sustaining that success begins now! •

3



Programme Compliance & Duty of Care

by Jose Segade, Co-founder, RES Forum

Meeting obligations around programme compliance and employee 'duty of care' are perhaps the areas that are most likely to induce sleepless nights for today's Global Mobility (GM) professionals. Clearly, the GM function is expected to help ensure cost containment and speed-to-market as organisations flex their international muscles, while at the same time having to balance this against the needs (whims?) of increasingly active tax and immigration authorities, and all this against a backdrop of ever-improving technology which lessens the scope for organisations to shy away from their obligations. What could possibly go wrong I hear you ask...

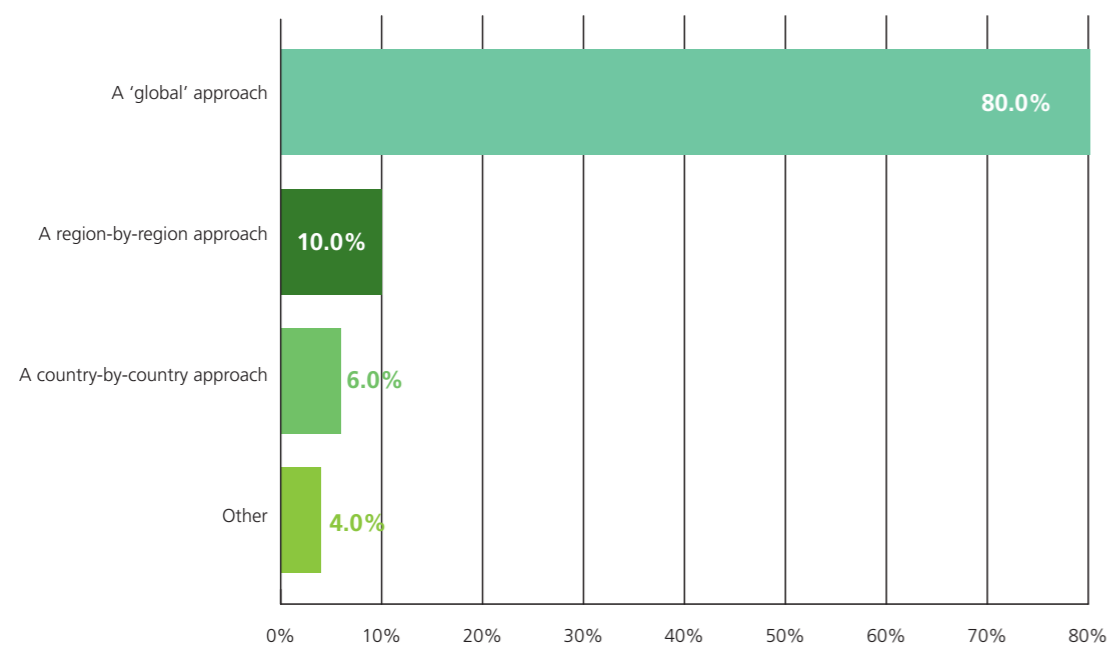
Whilst these areas offer some of the biggest organisational risks (financial and reputational especially) they also provide great opportunities for GM to demonstrate real value. Understanding and managing these risks is of course key. These are technical areas however, and having competent and forward-thinking service providers to help navigate through the myriad of possible issues is a key partnership upon which much often hinges.

3 Programme Compliance & Duty of Care

Compliance with the local and international laws on social security, taxation and other employment related rules and regulations, has always been a major challenge to multinational organisations. The underlying reasons are related to the complexity of legal and institutional influences, the variety of different countries that modern multinationals tend to operate in and the dynamic developments that the regulatory context experiences. It is, therefore, small wonder that many organisations choose to outsource part, or all, of their global mobility activities. The approach to outsourcing will be discussed in this and the following chapter.

The RES Forum member organisations are highly active in terms of global mobility and use a range of assignment forms, including short and long term assignments as well as permanent transfers⁹. There is a fairly even distribution with regards to these three forms of international work. 80% of respondents in this survey used a global approach to their international relocation policies with a minority using more polycentric policies.

Figure 3.1: Which approach or philosophy does your company use to develop international relocation policy?



It is important to note that 'global' and 'regional' is not the same concept as in the discussion in Chapter 1 regarding regio- or geocentric orientation of corporations. Global means here an approach that attempts to consistently apply mobility policies and practices around the world. This generally aims at increases in oversight, comparability, fairness and efficiency.

Assignment Compliance

Compliance is an important topic for organisations and one in which three quarter of RES Forum members have low risk tolerance¹⁰. The only slight exception is corporate tax compliance where a third of organisations have medium-high risk tolerance, possibly due to the potentially large sums involved and the professionals managing this area. Working with specialist providers is highly common in this field.

Figure 3.2: How would you describe your approach to immigration compliance work (e.g. visa applications and renewals, assessment of actions required for individual situations)?

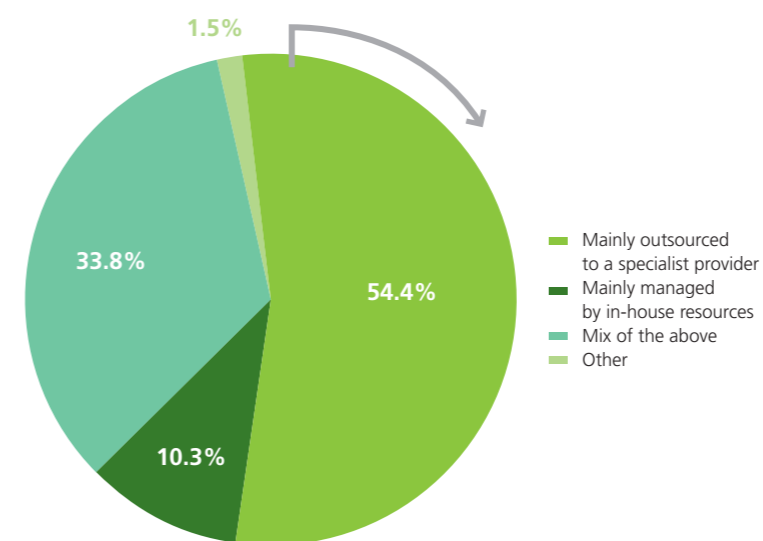


Figure 3.3: How would you describe your approach to tax compliance work (e.g. tax return preparation, tax equalisation calculations, assessment of share option taxability)?

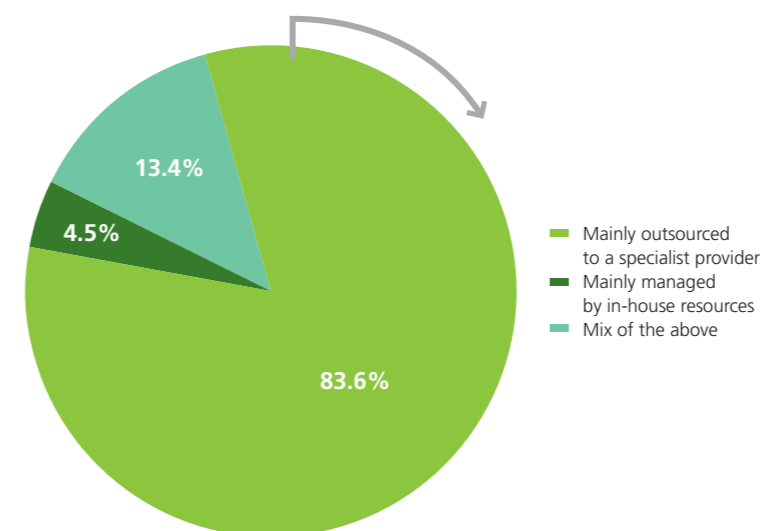


Figure 3.4: How would you describe your approach to corporate tax compliance work (e.g. assessment of Permanent Establishment (PE) risks and transfer pricing structures)?

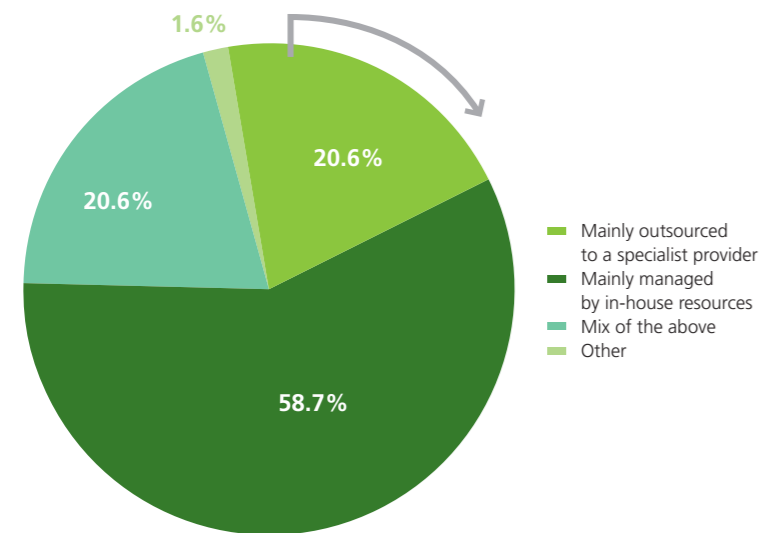


Figure 3.5: How would you describe your approach to social security compliance work (e.g. certificate of coverage applications, assessment of actions required for individual situations)?

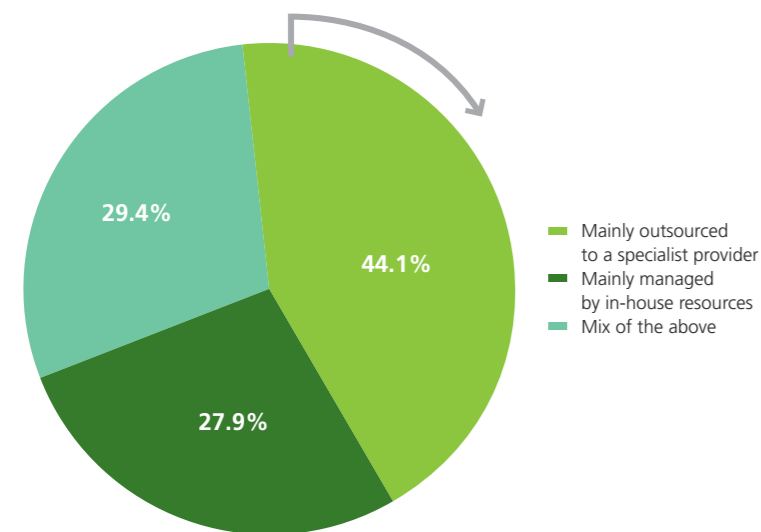
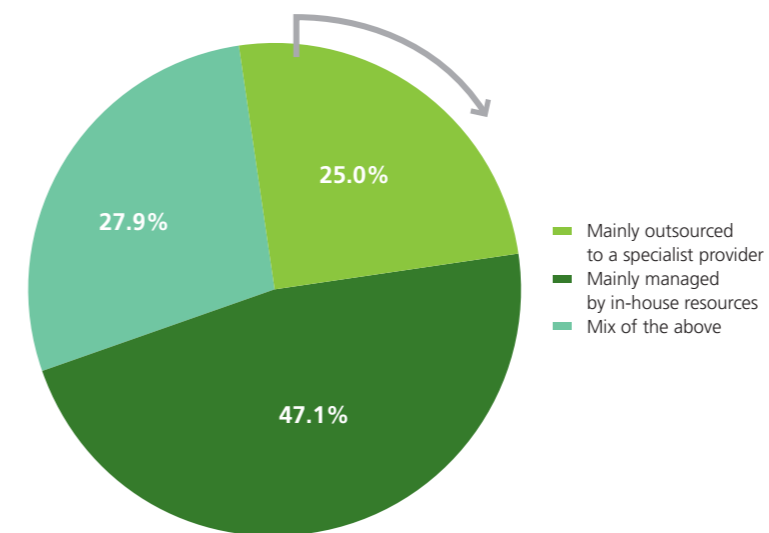


Figure 3.6: How would you describe your approach to expat payroll compliance work (e.g. certificate of coverage applications, assessment of actions required for individual situations)?



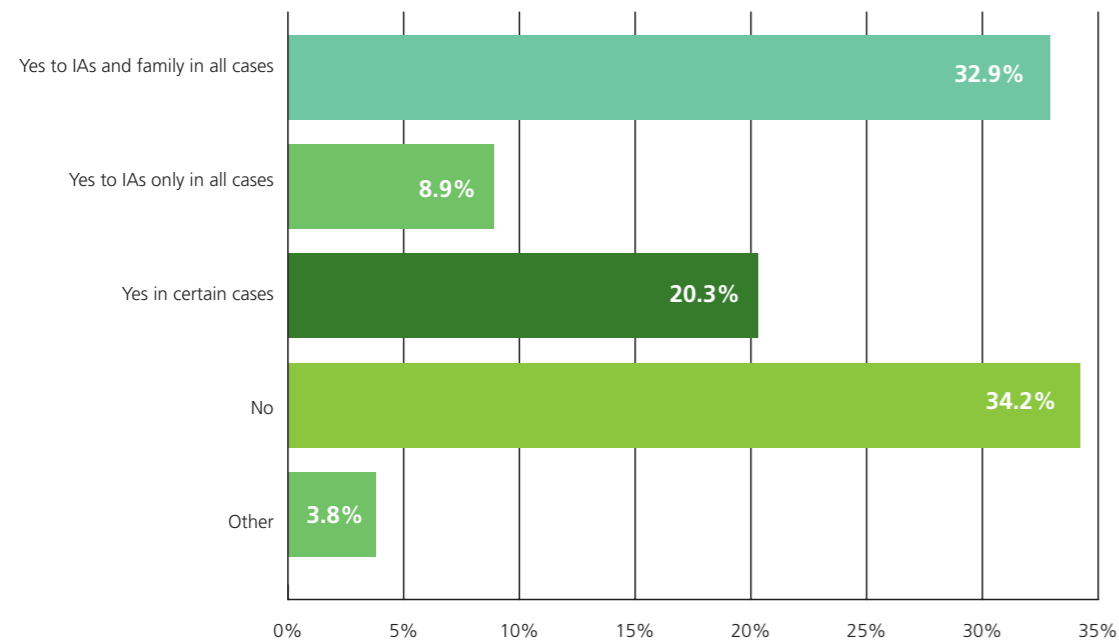
With the exception of expatriate payroll compliance work, the bulk of compliance work is conducted by specialist outsourcing service providers. This is especially the case for tax compliance which more than four fifths of RES Forum organisations outsource. While the survey did not specifically ask for expatriate population sizes, it is likely that the larger the assignee population, the more the work is done within the company or through a mix of in-house and outsourcing provider.

Overall, assignment compliance is mostly outsourced. Organisations increasingly seek to use an approach that reduces their own risks. This is most likely to be in areas in which a deep expertise is needed, outsourcing providers have benefits of scale and scope (and are able to pass some of these on) and dynamic developments that are difficult to keep abreast of. In later chapters the quality, reliability and cost issues related to outsourcing are explored.

Pre-Assignment Medical Checks and Other Health Issues

Another way for employers to show that they care about the well-being of their globally mobile employees is to offer pre-assignment medical checks. Almost two thirds (62%) of respondent organisations offer a medical check¹¹.

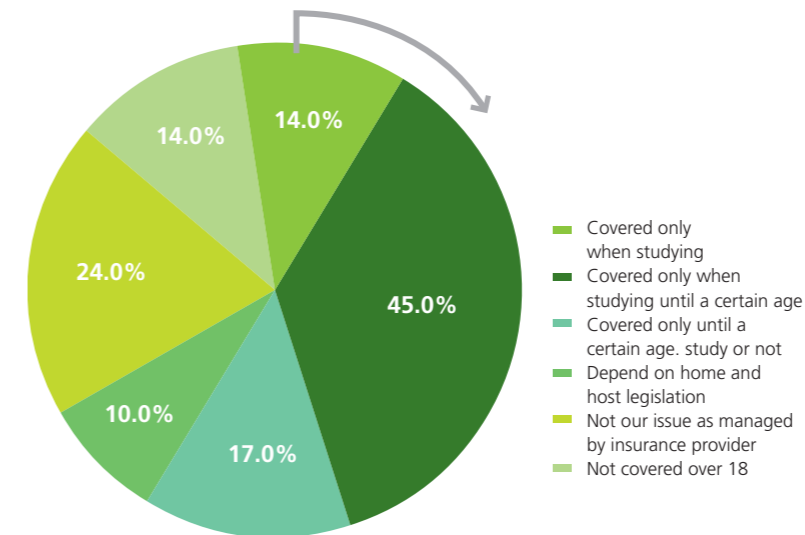
Figure 3.7: Does your company provide medicals to all International Assignees (IAs) (and accompanying family members)?



More than half of organisations that provide a medical check (54%) insist that it is compulsory for the employee. Most organisations relied on general practitioner doctors operating according to relevant guidelines (e.g. in the EU, ISOS Network) or their own doctors/health teams. Some organisations found that on occasion local legislation could be a barrier while others were reluctant to check all family members due to local cultural issues. Some organisations related the extent of their medicals to the job that assignees were to undertake, with office jobs not needing a full medical while work on oil rigs or in camps in Afghanistan would necessitate in-depth assessments.

It is well known that organisations provide extensive health coverage for assignees and their families (Dickmann and Baruch, 2011; Dowling et al., 2008). The RES Forum explored what the provision was for dependent children older than 18¹².

Figure 3.8: Children Health Coverage



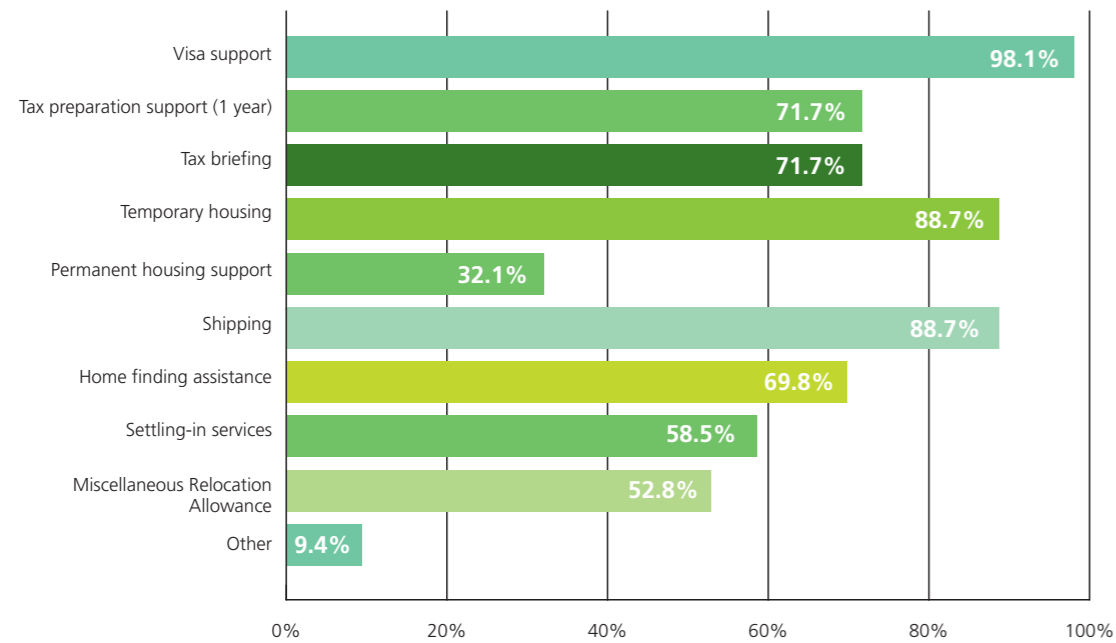
The trend was that children in full-time education were normally health insured via the firm if they did not pass a certain age, mostly around 24 years old. While some organisations covered their expatriates' children's health insurance up to a specific age even if they were not studying, this was a clear minority.

Relocation Support for New Hires

The majority of assignees are long-standing employees of their organisations. However, at times organisations chose to relocate new hires immediately. In May 2013 the RES Forum explored their support in two surveys, distinguishing between head-hunted and international new hires¹³. While only 28% of organisations had a policy to address applicable relocation support for head-hunted individuals, more than half (51%) of the organisations had this for international new hires. Head-hunted individuals had a large chance to receive the following benefits: flights, temporary accommodation, shipment, destination services, immigration support, tax support and miscellaneous allowances. Permanent housing support, school fees and flights home, however, were far less likely to be included in the benefit package.

On average, international new hires had a higher chance to get specific benefits. These are outlined in Figure 3.9.

Figure 3.9: Indicate whether you provide this benefit for your international new hire population



The company was most likely to pay tax on the above benefits (74%). In addition, the benefits for both head-hunted and international hires were most likely to be extended to those recruited in higher hierarchical positions.

There is a dual dependency (Larsen, 2004) between individuals and their employers that is especially strong in the area of global mobility. The help needed by the expatriate during times of crisis can be tremendously high which is explored below.

What are Major Incidents?

Major incidents can vary dramatically and are mostly identified and classified by group security teams in multinationals and/or in consultation with the Foreign Office, NGOs and governments. Two respondents outlined a variety of major incidents:

Respondent 1: "Disease, violent crime/kidnapping, civil unrest, politically motivated violence, terrorism, war."

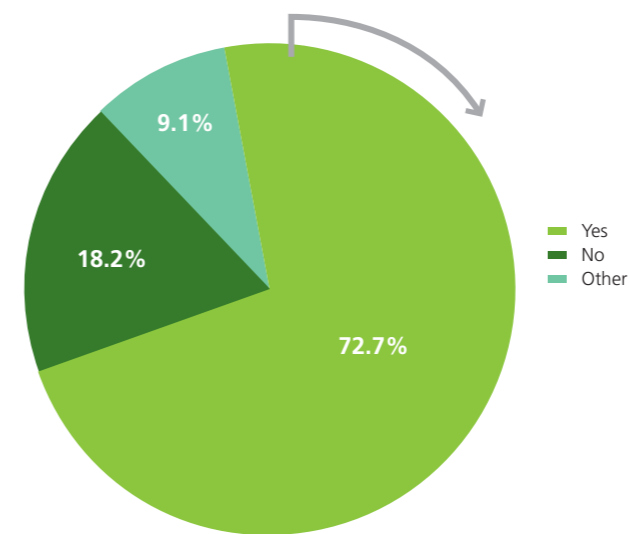
Respondent 2: "Threat of regional war. A complete breakdown in law and order caused by a military coup. Violent civil unrest or insurgency. Specific targeting of expatriates by extremists. Natural disasters causing severe hardship (Japan, Haiti, etc.). Significant terrorist event that increases the threat continuum. An attack on commercial air operations causing a significant decrease or cessation of air operations. Pandemic."

Duty of Care and Major Incidents

Many multinationals operate in countries that are characterised as fragile and conflict affected states. The Department of Foreign Investment and Development defines these as "those where the government cannot or will not deliver core functions to the people" (DFID 2005). The lack of effective delivery of core functions can mean a highly dangerous security context (as in the Arab Spring or some countries such as the Democratic Republic of Congo, Angola, Sudan, etc.) or ineffective responses to health threats. In addition, the multinationals span of operations is so wide that they are exposed to many large-scale natural disasters such as earthquakes, tsunamis (Japan), or hurricanes (Haiti, other Caribbean countries, USA). Little is known about the emergency response planning of organisations outside the governmental and humanitarian assistance sectors which was a starting point for a RES Forum survey¹⁴.

In general, as a response to major incidents most organisations have an evacuation process in place or strongly support evacuation for some, or all, of their employees.

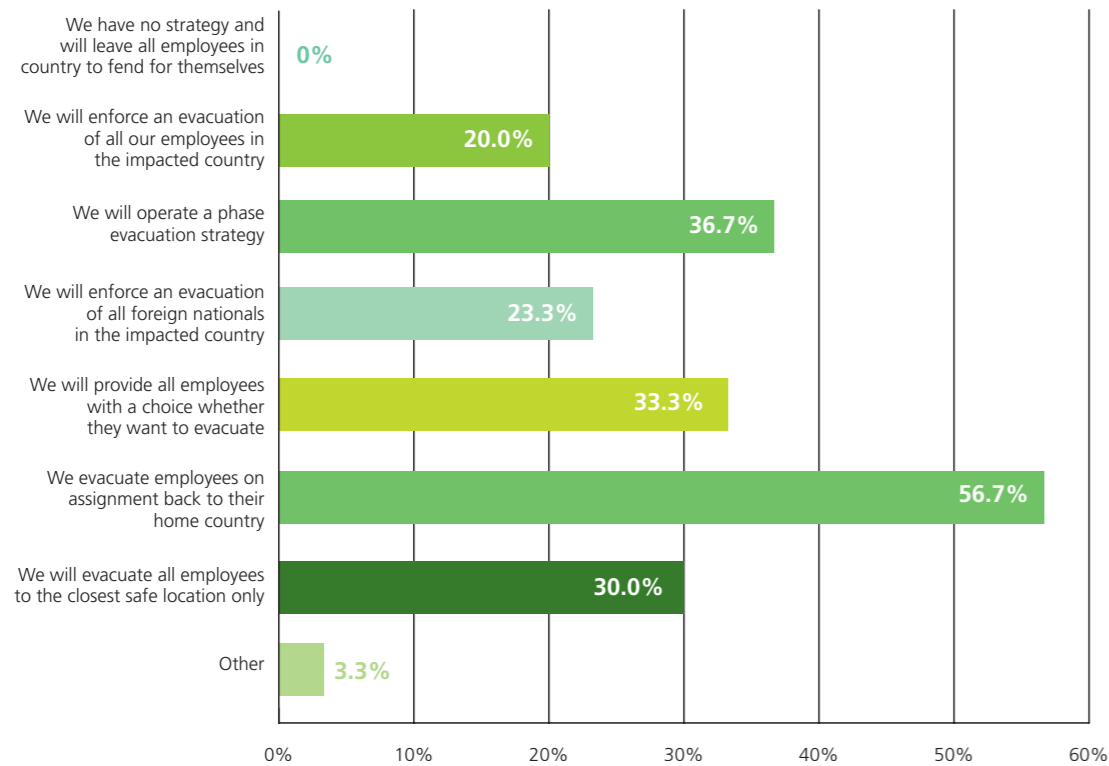
Figure 3.10: Do you have a formal plan in place to support evacuation planning in the event of a critical incident?



The internal processes, however, vary strongly in relation to what country or employee population are affected. Given the large diversity of crises and their varying scale of severity, many decisions will be taken on a case by case basis within the framework of the formal emergency plan. Overall, there is an interesting contrast of multinationals who are strongly concerned about their workforce and try to get them out of harm's way with those of humanitarian agencies who develop their 'surge capacity' in response to crises and catastrophes. Given the flow of people (and goods) in opposing directions and the experience of organisations such as Worldvision or the UN World Food Programme, a close coordination may be fruitful.

The survey gave an interesting indication regarding the broad evacuation strategies of organisations.

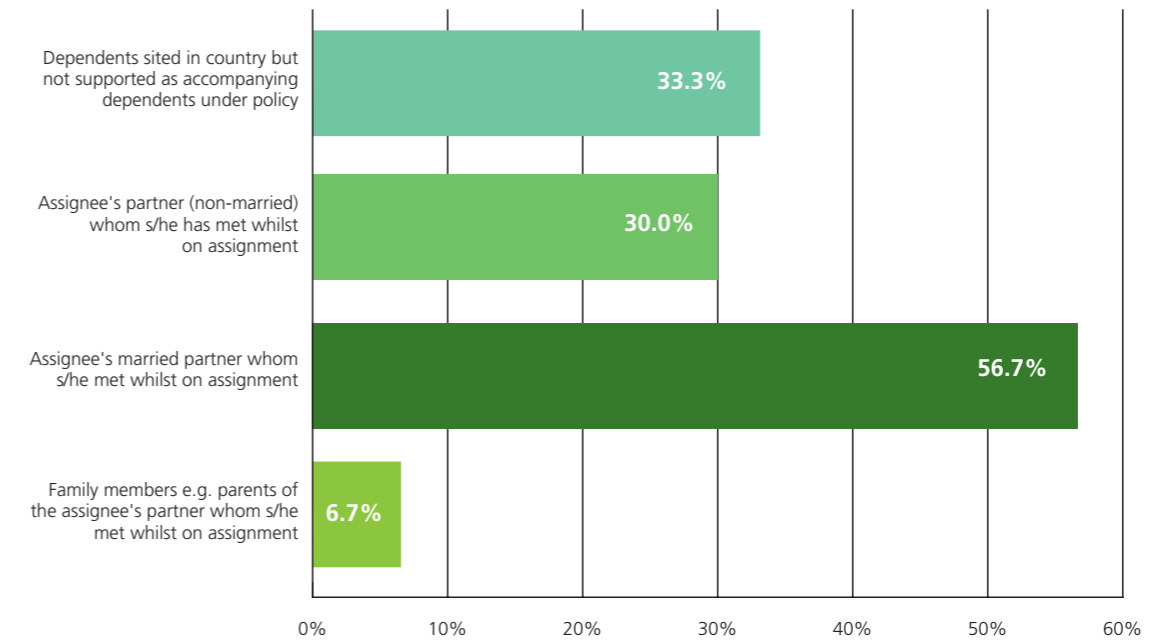
Figure 3.11: What is your broad strategy in the event that evacuation from a country is necessary?



The data shows that many organisations have foremost their international assignees in mind with regards their emergency response. 57% will evacuate all expatriates back to their home countries. The second most popular response, which is likely to be in addition to other selections, is that organisations operate a phased evacuation. In essence, this is a response to the severity of the crisis and the dangers faced by staff. More than a third of organisations specify that they will withdraw critical staff at the latest opportunity to maximise their chances of continued operations. A third of all organisations will involve their staff in the decision whether to evacuate. Probably driven by cost and operational considerations, about a third of organisations will evacuate all employees but only to the closest safe location.

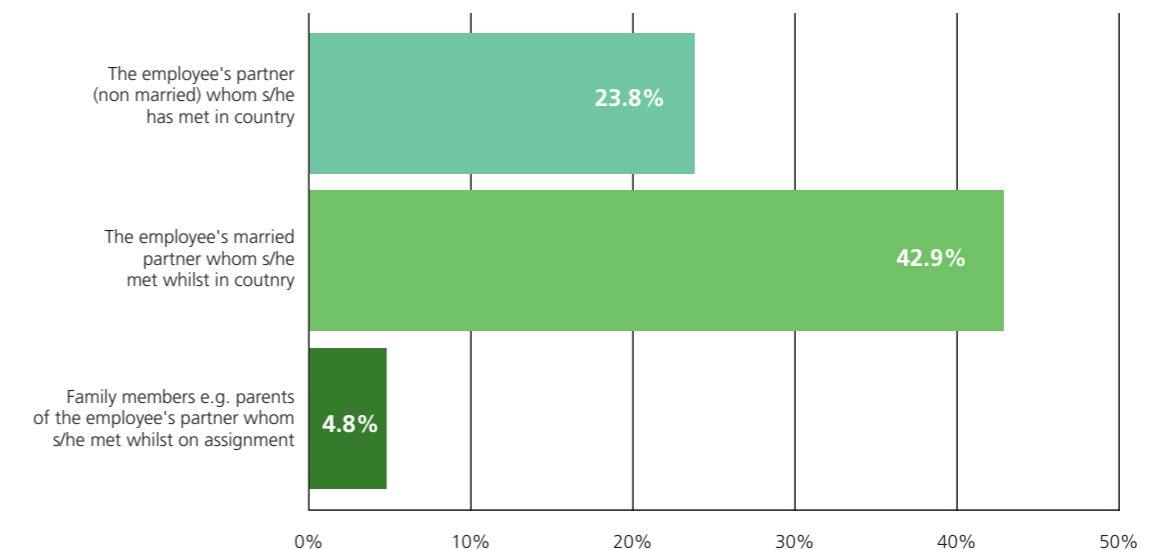
This survey wanted to understand who was covered by the major incident response plans of organisations. With regards to international assignees essentially all organisations would evacuate the assignee, accompanying partner and accompanying dependents. However, where expatriates meet a partner during their stay abroad or in the case that accompanying dependents are not covered under the overall company global mobility policy, fewer organisations would evacuate them.

Figure 3.12: With regard to international assignees temporarily assigned to a host country in which an incident occurs necessitating evacuation, do you support the evacuation of...



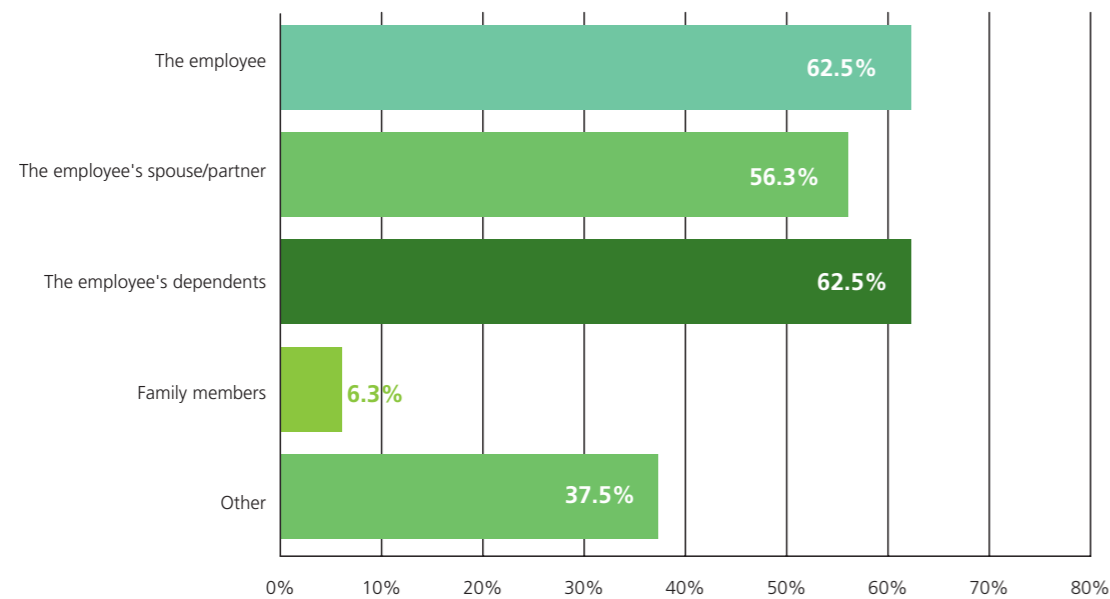
About four fifths of organisations would also evacuate the employee, spouse and dependents in the case that he/she is a foreign national who was recruited locally or was a permanent transfer. Again, fewer organisations would evacuate those partners and family who became part of the foreign worker's life during the time he/she lived in the crisis-affected country / after the contract was entered into with the foreign national.

Figure 3.13: With regard to a local employee who is regarded as a foreign national in the host country, in the event of a critical incident necessitating evacuation, do you support the evacuation of...



Many organisations would also evacuate local employees and their core families who are citizens of the country. However, almost no company would offer this help to the extended family of local staff.

Figure 3.14: With regard to a local employee who is a citizen of the country in which they work, in the event of a critical incident necessitating evacuation, do you support the evacuation of...

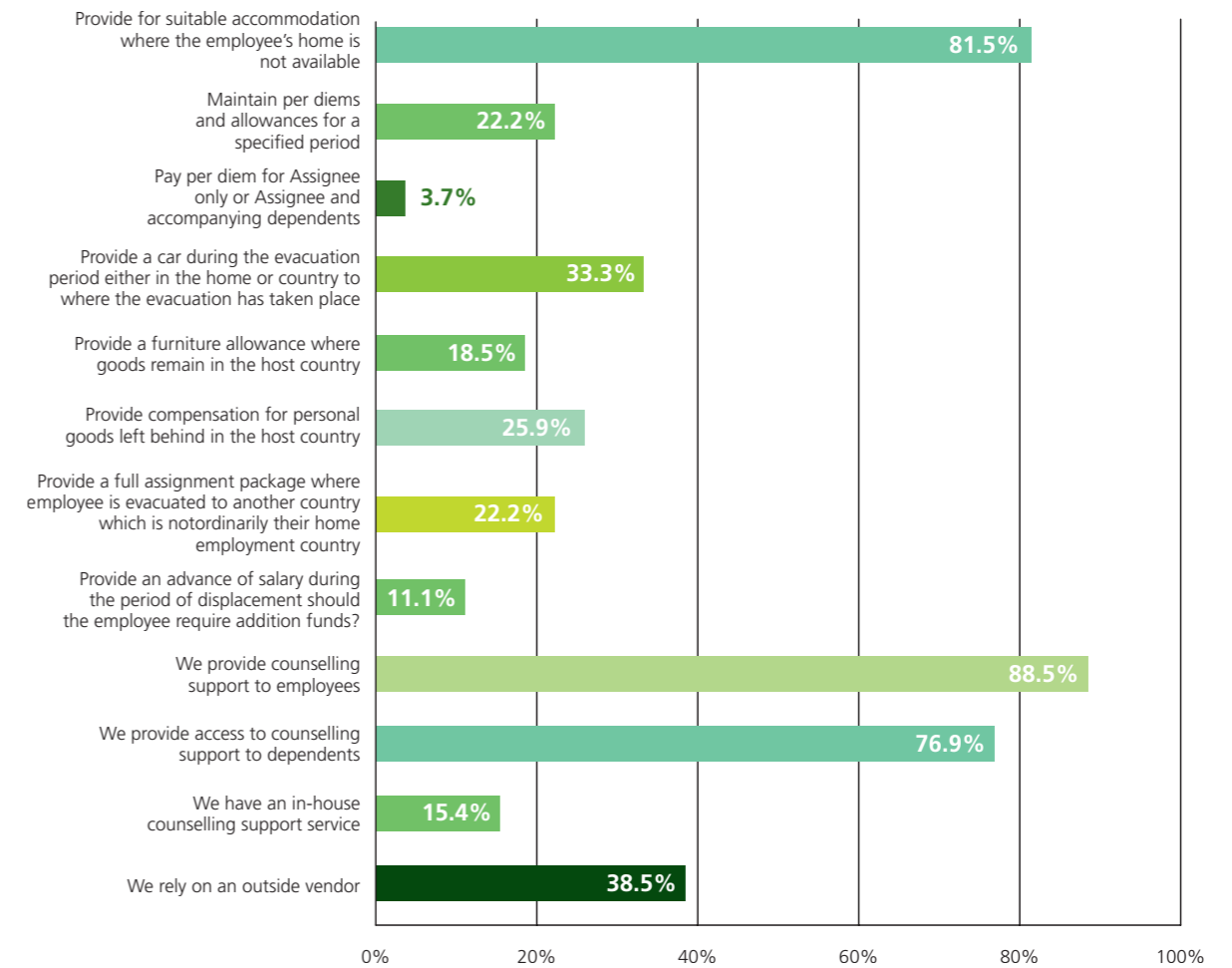


The most likely scenario in evacuating local staff and their core family would be to move them to a safe in-country location.

Overall, the data indicates that international assignees, foreign staff on local contracts and locals are treated by some organisations in a different way. The move to a safe location, whether it be in or out of the country, is likely to be endorsed by the public. However, where locals are seen to be disadvantaged and to face substantial risks, this may raise ethical questions around corporate responsibility. In the event of a major crisis where non-evacuated locals may be seen to suffer, this may leave employers exposed to the scrutiny and critical questions from the UN's International Labour Organisation, the world press and other interested parties.

Where expatriates have been moved back to their home countries due to an emergency, organisations provide a range of further support measures. These are outlined in Figure 3.15.

Figure 3.15: Support Measures



Summary and Conclusions

- Much of assignment compliance is outsourced. One of the key drivers is that multinationals want to reduce their own risks. This is most likely to be in areas in which a deep expertise is needed, outsourcing providers have benefits of scale and scope and in which dynamic developments occur that are difficult to keep up with.
- New hires that are meant to cross national borders to start their work are given a variety of relocation support measures. Health checks are common for expatriates and can be extended to family members.
- A broad, varied definition of crises and major incidents is being used within multinational corporations. Employers take their duty of care very seriously and have drawn up emergency plans to respond to a variety of natural and political/security crises. In the event of a major incident it is highly probable that international assignees and their families will be evacuated. About a third of all organisations would also evacuate all local staff.
- The willingness to proactively intervene seeking to increase the safety and well-being of their employees is an indication of a developed sense of corporate responsibility. However, many employers distinguish between local and overseas staff. While there can be sound reasons for this distinction, these multinationals leave themselves open to public scrutiny if there was a crisis in which this decision backfired against their local staff.

Chapter 3 - Appendix

What can multinationals do to increase expatriation success - Programme Compliance

Area	Organisational action	Some characteristics that would help
Tax & Social Security	<ul style="list-style-type: none"> • Provide good support for yearly taxation and other local/cross-border administrative issues • Guarantee security as much as possible and provide protection in high risk areas • 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 	<p><i>Administrative Issues:</i></p> <ul style="list-style-type: none"> → Consider periodically whether the assignment objectives have been fulfilled and, therefore, keep the option of early return open → Provide support through corporate sponsor, mentors and coaches who proactively approach the assignees in regular intervals during the work abroad
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 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 organisations 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 recognise symptoms 	<p><i>Social Facilitation:</i></p> <ul style="list-style-type: none"> → Consider setting up local 'buddies' for self-initiated, assigned expats and other international workers and their partners → Support partners in carving out meaningful roles for themselves → Design organisational approaches that encourage host country nationals to view expatriates as 'ingroup' rather than 'outgroup' → Brief and prepare locals with liaison roles

Michael Dickmann, 2014



Chimera sculpture at the top of Notre Dame Cathedral, Paris, France



By Paul Bernardt, Managing Director, UniGroup Relocation Network

Assignment package design and the compensation elements of assignment packages have historically been key areas of attention with respect to international assignment programme management, both from a cost to company perspective and an employee's own assessment of the assignment's value to them. The shift to segmented policy types and shift away from organisational paternalism, as well as the sea change in assignments being considered developmental first and foremost, has arguably armed companies with the means to potentially reduce costs in the area of international assignment compensation whilst stressing the broader 'Total Reward' and non-compensatory value of an assignment.

At UniGroup Relocation we are interested in this area both from observing the ongoing development of compensation trends (we recall that the last report suggested a shift from balance sheet to Local Plus) as well as the introduction of more flexible compensation and what this means for vendors who support assignees during the relocation and assignment process.

4



Reward Package Design

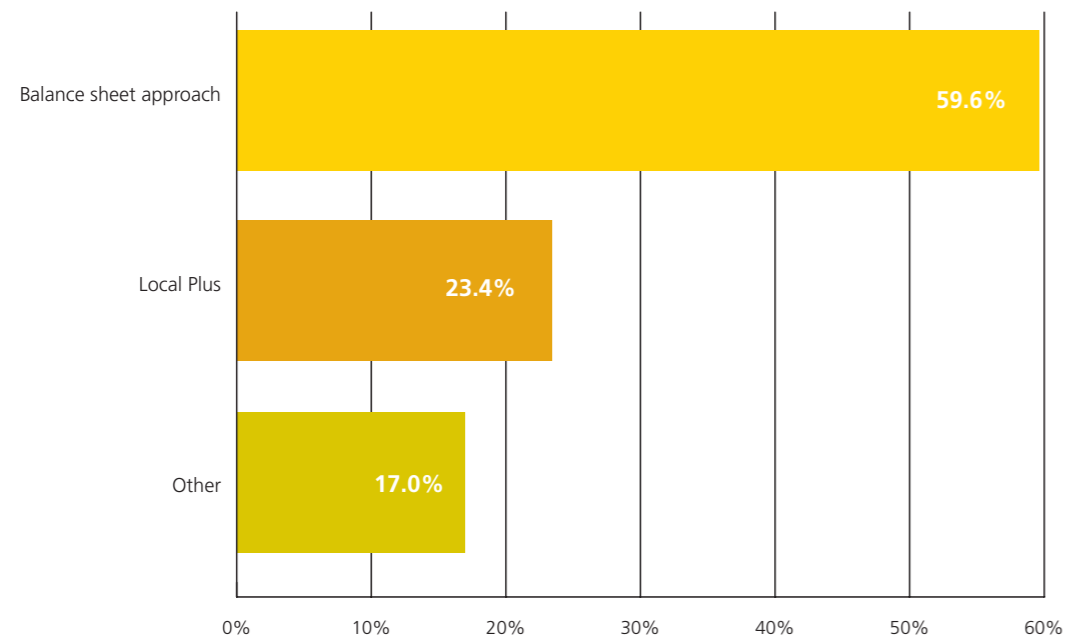
4 Reward Package Design

How to design the reward packages of internationally mobile staff has been a key topic in multinational organisations for many decades. Research in global organisations has shown that they are significantly overestimating the importance of financial drivers for expatriates (Dickmann et al., 2008), especially if organisations perceive 'barriers to mobility'. Where corporations regard it as hard to find enough high quality talent to work abroad the temptation to offer very generous expatriate packages is high.

In contrast, many international workers, be they self-initiated or company-assigned, state their own development, career progression and at times, adventure, as key drivers to work abroad. These are mostly rated as more important than financial incentives by the expatriates.

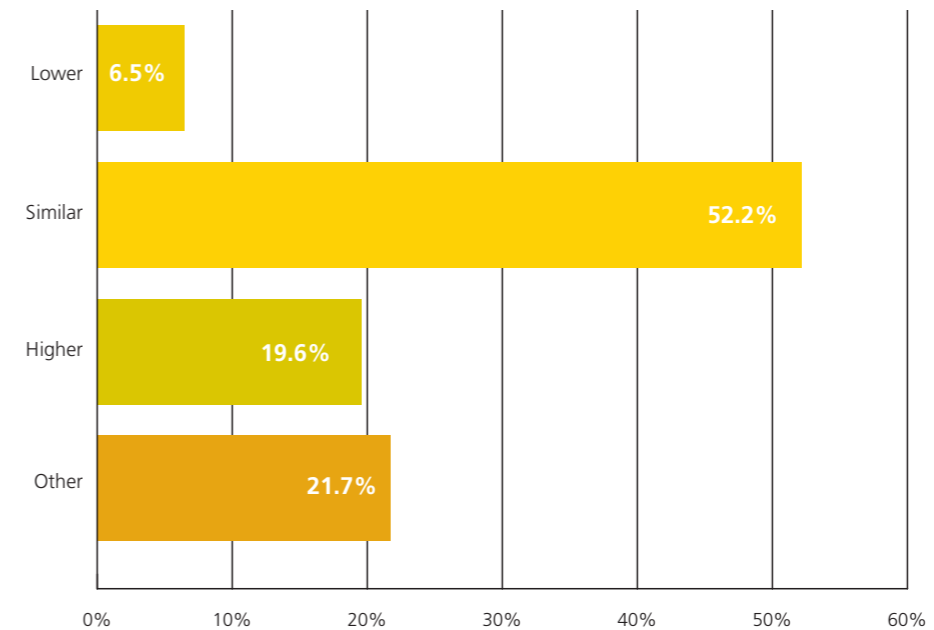
In the first chapter this report has made the case for a more strategic advisor role of the global mobility function. Given strategic partner considerations, international mobility experts are charged to have a longer term perspective and also to look at the overall impact of global mobility, beyond the performance of individual expatriates. For this reason the RES Forum explored expatriate packages in comparison to local packages, as this would incorporate a perspective that factors in likely local reactions¹⁵.

Figure 4.1: For these specific expatriates, what method do you apply to calculate their compensation?



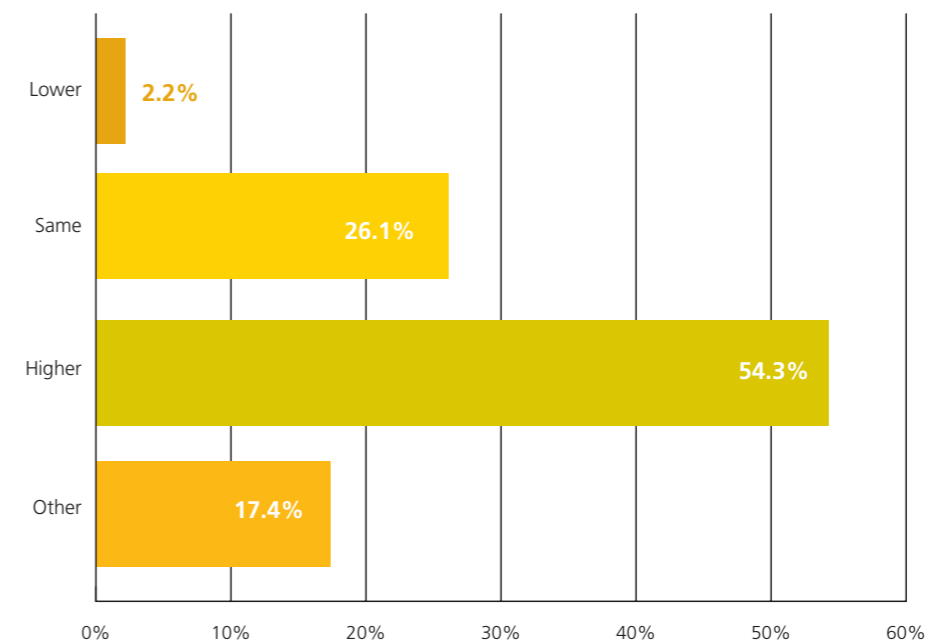
50 organisations answered the survey, most of which had large assignment populations. Having many expatriates in Western Europe, the survey honed in on the fairness of their packages vis-à-vis locals. Most organisations used a balance sheet approach to calculate the compensation of expatriates with about a quarter using Local Plus.

Figure 4.2: How does the base salary of an expatriate in Western Europe compare to the one of a local employee in a similar position?



While it was possible that expatriates in Western Europe received a lower base salary or even a lower total compensation and benefits package, it was highly unlikely.

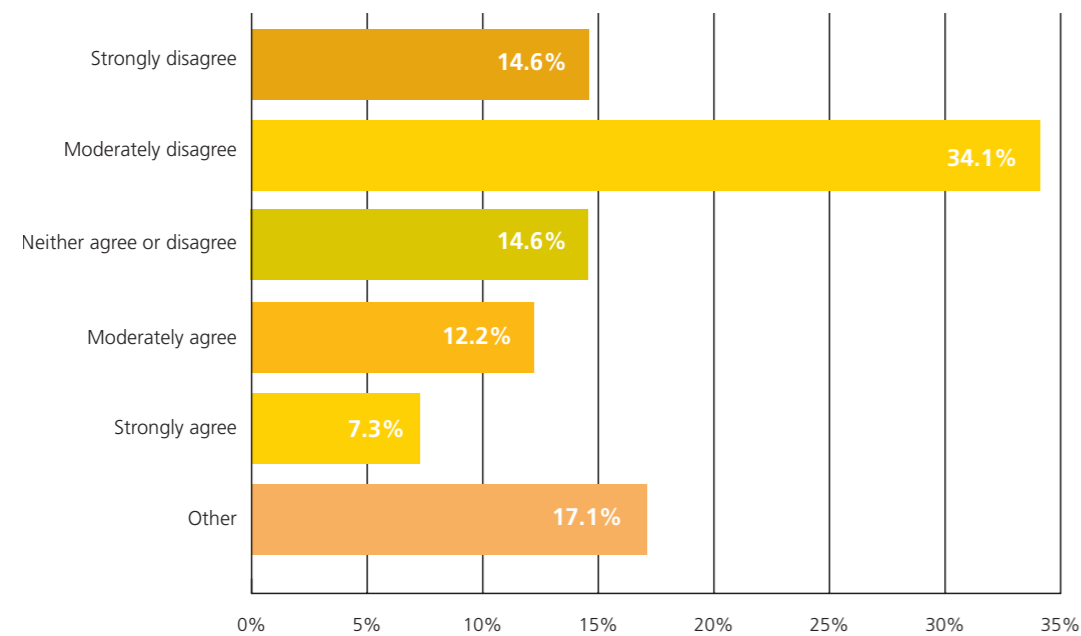
Figure 4.3: How does the total compensation and benefits package of an expatriate in Western Europe compare to the package of a local employee in a similar position?



As can be seen, about half of expatriates receive a similar base salary, but when additional compensation and benefits are included, this proportion shrinks to about a quarter. The results depend on whether a balance sheet approach is used, in which case the home and host location of the expatriate become paramount. If a Local Plus approach is used, then base salaries of expatriates will be similar to local pay. The additional benefits that expatriates gain (e.g. education allowance, housing, home leave transportation) increase their total rewards, normally beyond that of their local peers. Other surveys have indicated that this expatriate premium can easily be 50% (Doherty and Dickmann, 2012).

The RES Forum members were asked about their perception of fairness with regard to local and expatriate pay. About half of member organisations (49%) disagreed with paying international assignees a higher base salary than locals with only one in five organisations endorsing this.

Figure 4.4: How do you feel about the following statement? 'Providing a higher base salary to expatriates compared to local employees on a similar position is fair.'



The respondents had a highly differentiated view on this topic, setting the notion of fairness into the context of the organisation, location and specific cases.

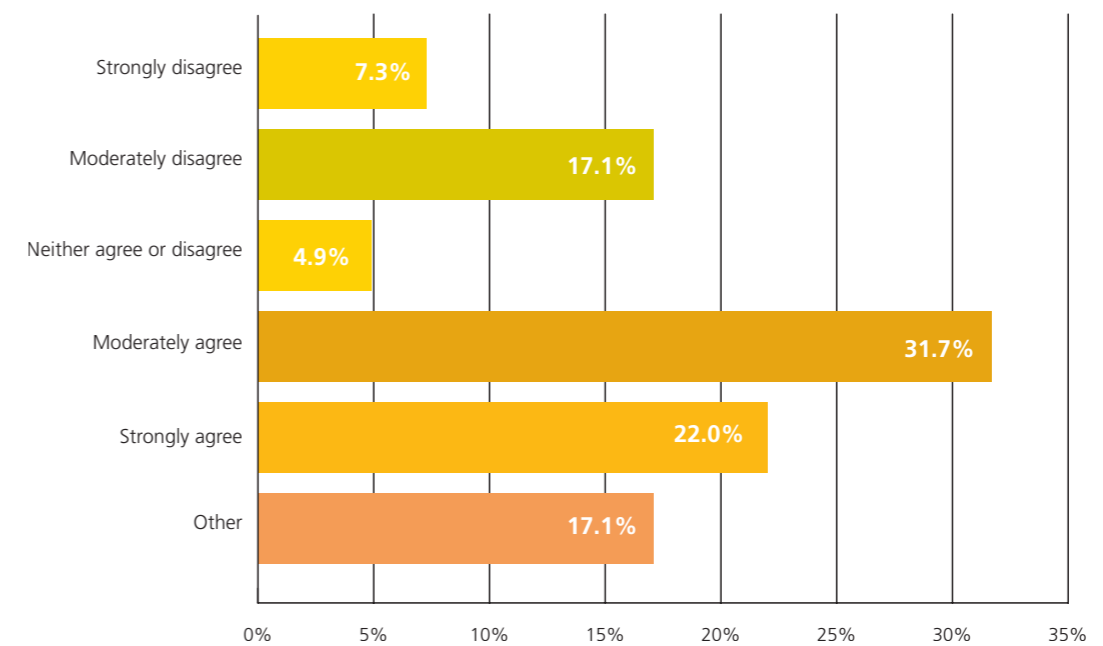
Base Salary: What is Fair?

Some statements regarding the fairness of a higher base salary for expatriates included:

- "Depends on the business driver. If the skill can be found locally, then it is unfair. If there is a need for the special skill, then it is fair."
- "Depends on the purpose and duration."
- "It is not about fairness but about your assignment philosophy."
- "Employees are not experienced in living in a new location, plus they have been flexible to move – and this should be temporarily rewarded for a limited period."
- "Depends on a number of factors including role, host location, non-cash compensation, etc."

When looking at the total rewards package, less than a quarter of organisations (24%) challenged the notion that expatriates should have a higher salary compensation and benefits package.

Figure 4.5: How do you feel about the following statement? 'Providing a higher salary, compensation and benefits package to expatriates compared to local employees on a similar position is fair.'



Again, there is a rich discussion around this topic which, for many, boiled down to not agreeing that base salary should be higher but agreeing that the expatriate is in a special situation which should be associated with higher benefits.

Higher Salary Compensation & Benefits: What is Fair?

Some statements regarding the fairness of a higher salary compensation and benefits package for expatriates included:

- "As long as the difference is reasonable, e.g. it covers flight home, education etc. and not necessarily salary/incentive levels."
- "Provided the benefits provided are to meet the needs specific to that of an expat that is fair."
- "Accommodation I think is the one benefit we can never get out of paying for them."
- "... we appreciate that a non local would need expatriate benefits (kids in international school, secure housing..., visits home etc.) so we provide but deduct 10-20% of salary depending on location... Inevitably, the locals receive less than the non locals but we try to be competitive with the local labour market as well as fair and idealistic and this is the best balance we have reached."

International Relocation Policy Benchmarking

The start of an international assignment can be one of the most difficult experiences for expatriates and their families, irrespective of the honeymoon phase that is outlined in the literature. The reason for this is that the emotional and administrative experiences may diverge. The relocation policy is likely to have a part in shaping the start of an assignment in the host country and also in determining some of the substantial costs for global mobility departments.

In March 2013 the RES Forum undertook a benchmarking exercise with regards to international relocation approaches which had a high response rate of 90 member organisations¹⁶.

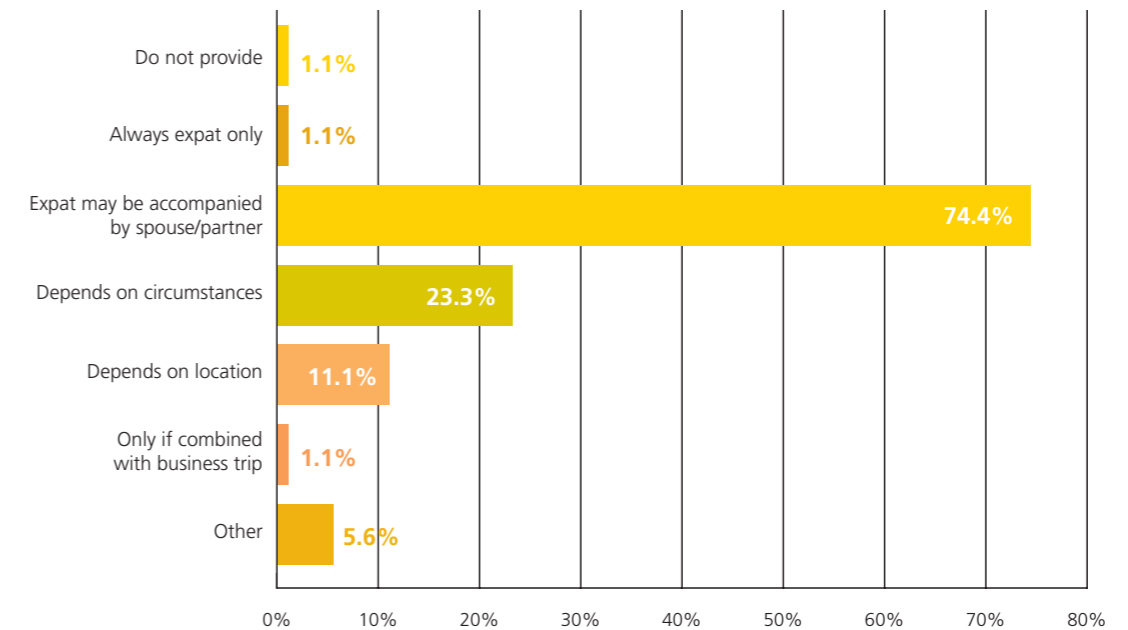
The survey shows that some areas are more likely to be covered than others. The top and bottom expense areas that organisations are likely to pay for include:

Figure 4.6: Relocation Costs most and least likely to be paid by organisations

Most likely (> 50%) to be paid	Least likely (< 50%) to be paid
Allowance to cover miscellaneous costs	Loss on sale of car
Language lessons	Travel/quarantine costs pets
Pre-decision visits	
Cross-cultural training	
Medical Coverage	
Housing	

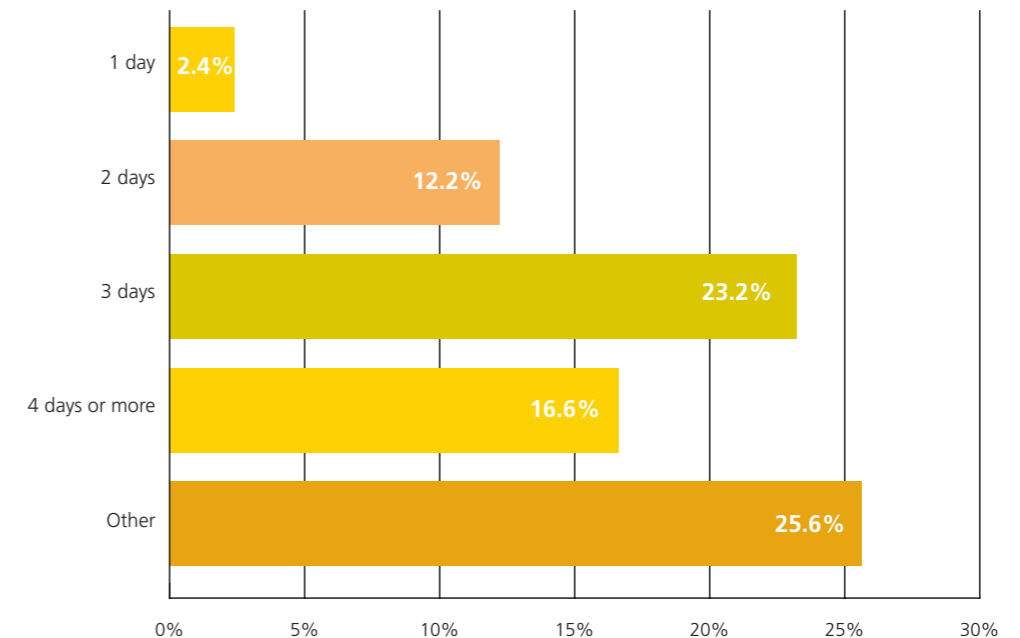
While only a small percentage of organisations (7%) cover the costs of travel and quarantine for pets, two thirds (67%) of organisations do not give any assistance in this area. In addition, 73% of organisations do not protect the assignees from the loss on the sale of home country cars.

Figure 4.7: What is your general policy towards providing pre-assignment (pre-decision) visits to the host location?



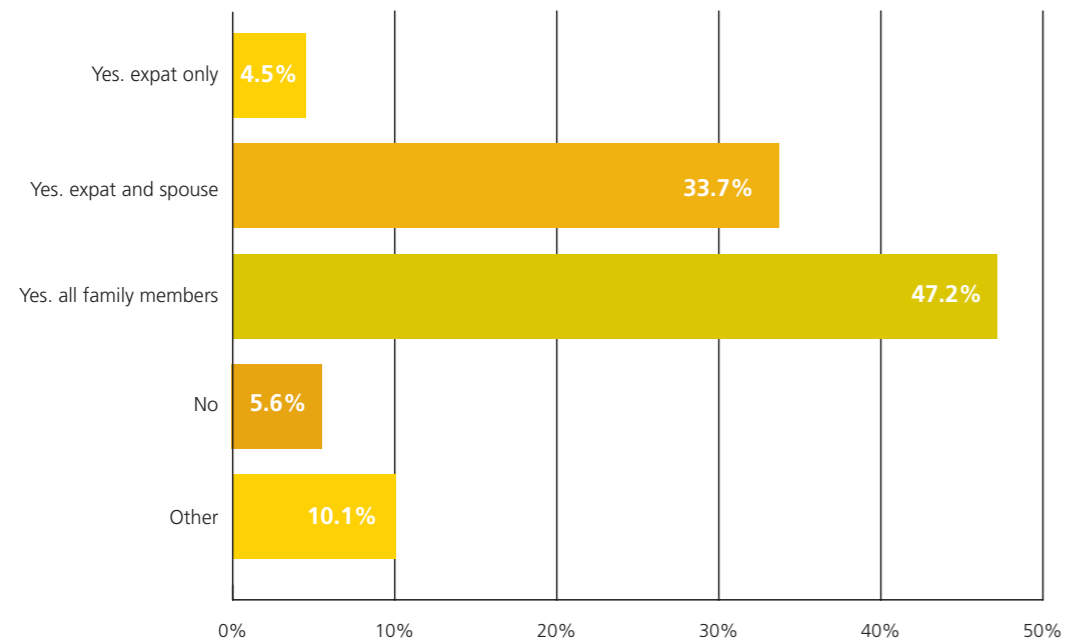
In contrast, organisations are more generous in a range of other supporting activities, some of which are also covered for family members. Pre-assignment and pre-decision visits to the host location are commonly possible and paid for by the employer. Their duration can be substantial (4 days plus) so that the potential expatriate and his/her family can experience the host environment and build initial contacts with locals, especially colleagues.

Figure 4.8: If you do provide pre-assignment trips, what time limits do you set?



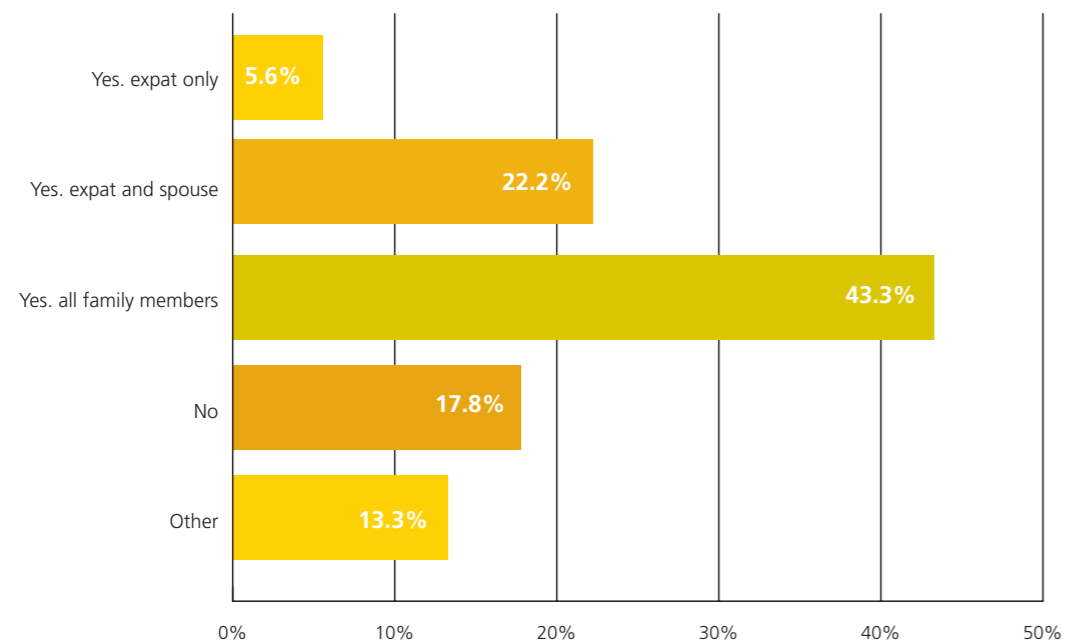
Hotels, meals and airfares are normally covered by the organisation and often car rental costs are included. Other expenses, however, such as laundry, phone or childcare are normally borne by the employee.

Figure 4.9: Do you provide language courses/classes?



Language courses/classes and cross-cultural training are widely financed by employers. These can be used either only by employees or also by their partners and children. They often have a cap either by costs or hours.

Figure 4.10: Do you provide the expatriate with cross-cultural training?



About 80% of organisations also provide a transfer/relocation allowance to expatriates often consisting of one month's salary, frequently capped at \$ 10,000 or \$ 5,000. Where family members do not accompany the assignee, two thirds of member organisations do not adjust the allowance payable.

Provisions while on Assignment

Salary costs are obviously important in the design of the expatriate package. The salary of more than 9 out of 10 short term (91%) and long term (92%) assignees is determined by the home-based balance sheet approach while 90% of Local Plus employee's salaries are set through an orientation of the host market. In two thirds of cases (67%), assignment compensation was not linked to performance while a third of organisations (34%) paid annual assignment bonuses for achieving required performance levels. Distinguishing between the above three types of assignments; the likelihood of receiving cash allowances or other support elements was investigated.

Figure 4.11: Which of the following cash allowances or support elements are payable for each of the assignment types listed?

	Long term	Short term	Local Plus
Mobility premium/ allowance	86.8%	7.9%	5.3%
Cost of living allowance (based on comparison between home and host living standards)	90.0%	10.0%	0.0%
Host living allowances (based on host set norms for family size and grade/salary)	77.8%	16.7%	5.6%
Business critical allowance	60.0%	40.0%	0.0%
Hardship allowance	93.8%	4.2%	2.1%
Host housing allowance	78.3%	13.3%	8.3%
Education allowance	92.7%	1.8%	5.5%
Home leave allowance	78.9%	17.5%	3.5%
Other	16.7%	50.0%	33.3%

It is still the case that many employers pay a hardship, education and cost of living allowance for long-term expatriates. They are much less generous with respect to short-term assignees or Local Plus staff. With respect to the support of partners, organisations distinguish between the assignment types.

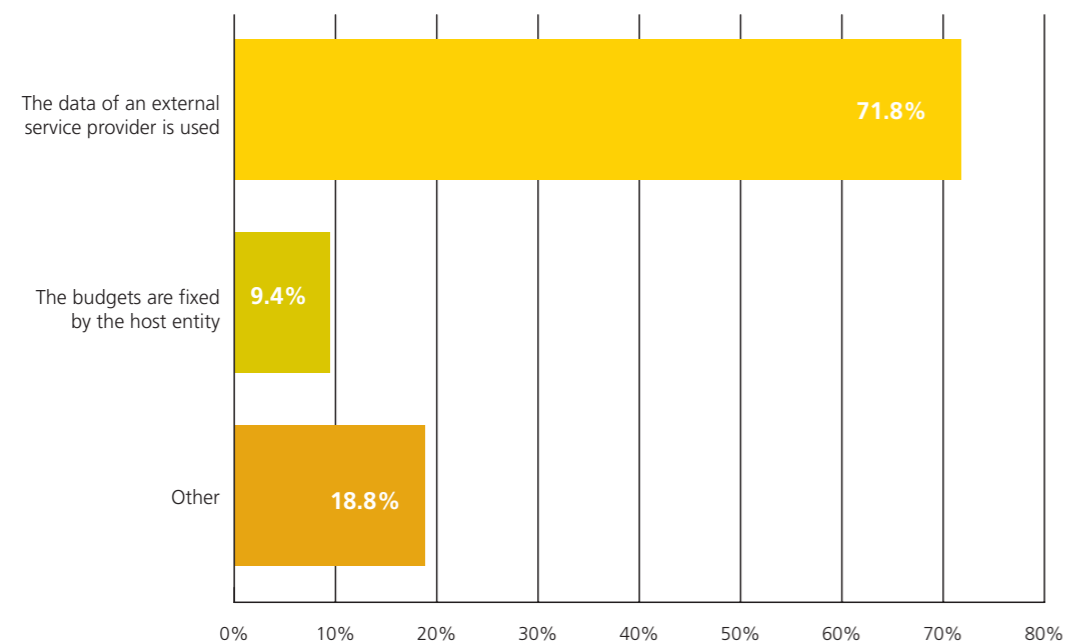
Figure 4.12: Describe your spousal/partner support assistance support

	Long term	Short term	Permanent (Local Plus)
No support provided	20%	49%	29%
One-time cash allowance	13%	1%	1%
Annual cash allowance	4%	1%	1%
Specialist provider used	11%	2%	3%
Other	14%	3%	6%

Housing is one of the highest on-going costs during a foreign sojourn. About a third of employers (30%) deduct a hypothetical housing cost while approximately two thirds (64%) do not¹⁹.

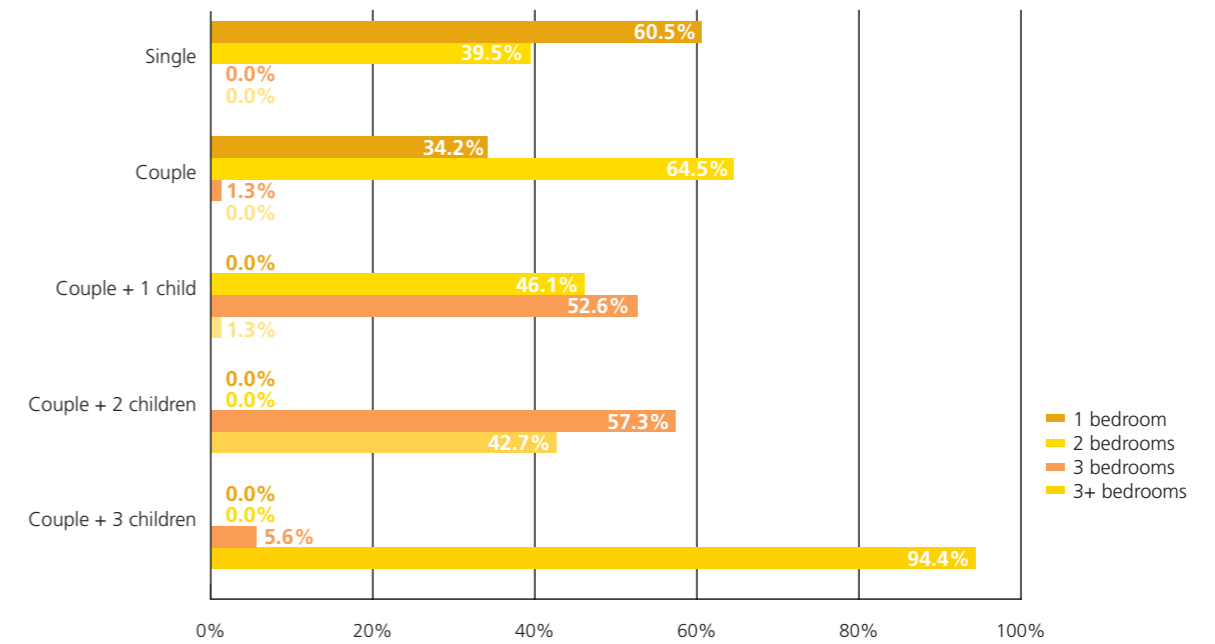
A survey on housing policy went into more depth²⁰. A large majority of organisations either exclusively used external service providers (72%) or a mixture of service providers and host entity information (19%) to determine the host country housing budgets for expatriates. Four external service providers predominantly delivered the housing data.

Figure 4.13: How do you determine the host country housing budgets for your expatriate population?



Housing budgets vary by family size (99% of organisations) and job levels (64%).

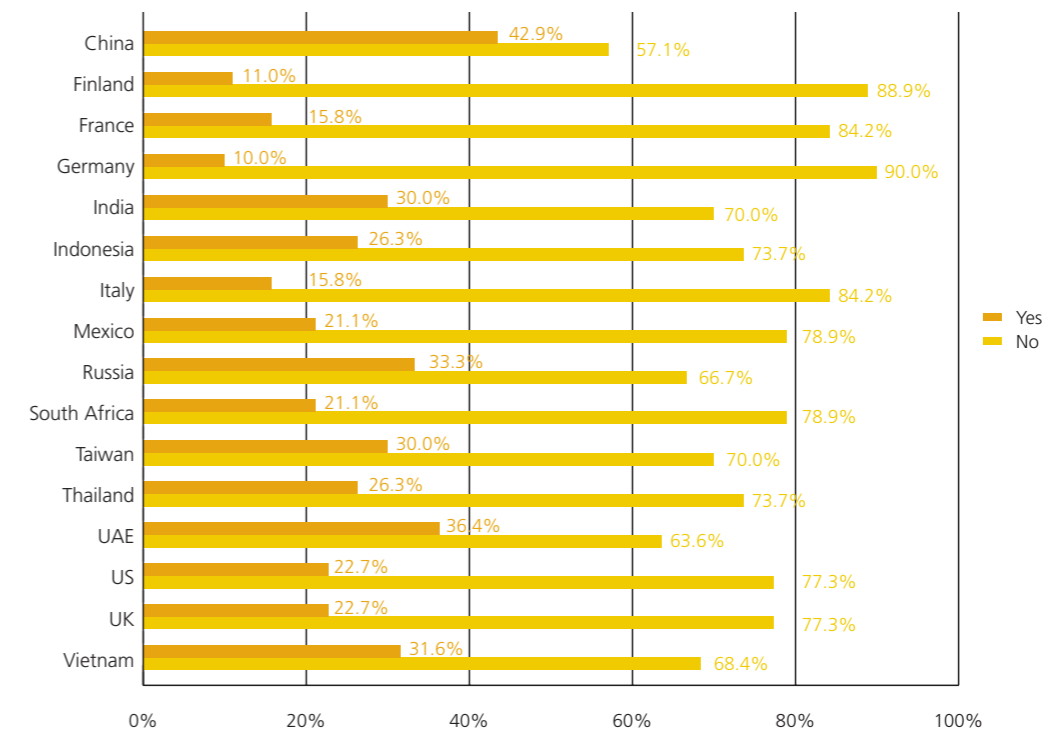
Figure 4.14: How many bedrooms do you provide per family size?



There is a tendency to provide the minimum number of bedrooms needed by the family or one extra. In addition, the seniority of the expatriate impacts the housing allowance.

At times, housing is also paid for employees on 'Local Plus' contracts²¹. Local Plus was defined as permanent local hires of non-host country employees and/or transfers onto a local contract of staff previously on expat terms in the host location. The most likely countries in which housing is paid for Local Plus staff are China, UAE, Russia, Vietnam, Taiwan and India.

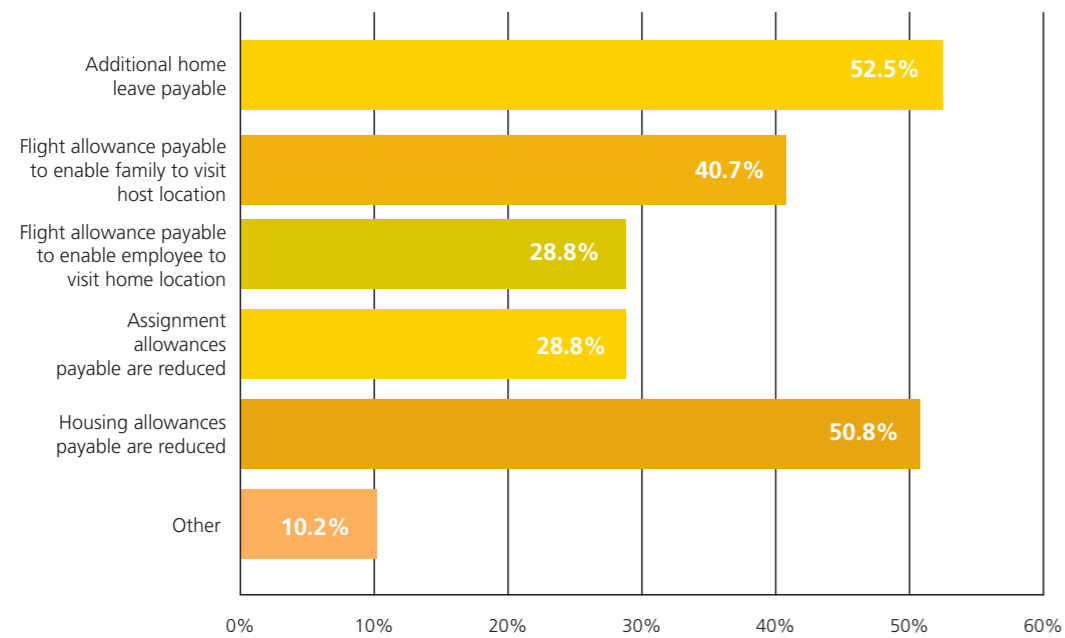
Figure 4.15: Do you pay for housing for your Local Plus employees in the following countries?



The RES Forum member organisations also provide international medical coverage through external providers²². While the organisations use a wide variety of providers, four are used most frequently by RES forum organisations: Cigna (always recommended as good); Allianz (always recommended); BUPA International (sometimes recommended) and AXA (sometimes recommended).

About three quarters (77%) of organisations pay flights back to the home country (normally economy if the length of flight is not excessive (e.g. shorter than 7 hours)) with a further 15% of employers reimbursing the costs that expatriates incur²³. An earlier survey had gone into more detail²⁴. 78% of organisations provide home leave once a year and a further 13% of organisations at least twice. Almost two thirds (58%) of organisations specify that the expatriate and family have to travel to their home country while 29% allow choice of travel destination. 71% grant flights for the whole family while 28% of organisations only finance transport for the assignee. With regards to visa renewals, a fifth (21%) of organisations specify that assignees can travel to their home country while more than half (55%) insist that they fly to the nearest location in which they can obtain a visa. Another survey²⁵ showed that if an expatriate goes on the assignment unaccompanied, he/she will receive some additional benefits.

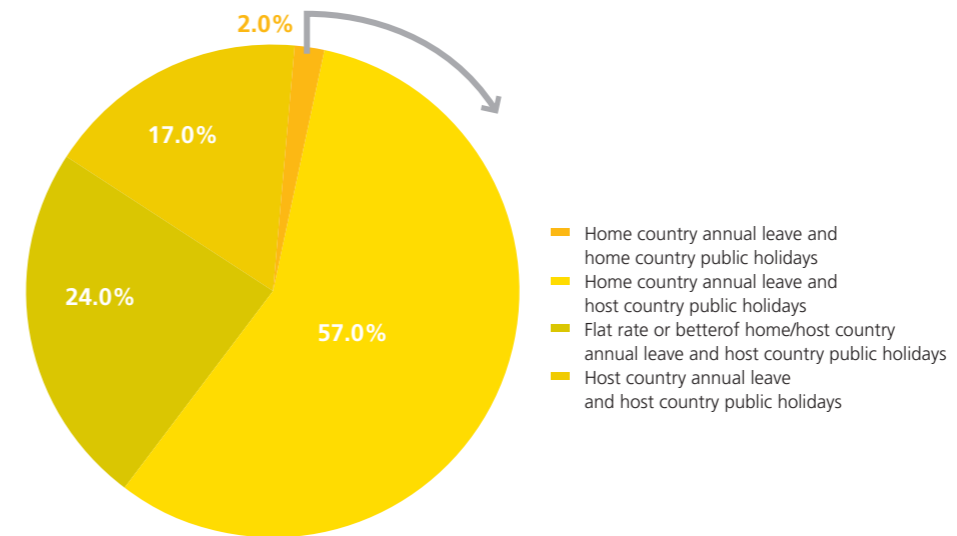
Figure 4.16: Does the assignment support differ if an assignee goes on assignment unaccompanied (family remain in the home country) for the FULL duration of the assignment to the host location?



In a further survey it was shown that two thirds (66%) of organisations also pay for non-accompanying family members to allow them to visit the employee in the host country²⁶. Overall, it seems that organisations are highly aware of the importance of employee well-being and its effects on employee performance. Therefore, from an ethical and success perspective they enable employees to stay in regular contact with family members and their social networks in their home countries.

The vacation entitlements of expatriates are closely geared to the home country annual leave²⁷.

Figure 4.17: Vacation Days



Almost all (98%) organisations opt for granting host country public holidays. More than half of respondent organisations (57%) give home country annual leave with a further quarter (24%) granting a flat rate or better of home/host holiday provision. It is interesting that only 17% of organisations go truly local with respect to holidays.

An emerging topic is that of setting up a global pension scheme for assignees. Less than a quarter of organisations had a global pension scheme in place²⁸ but almost half of those who did not have one were interested in implementing one.

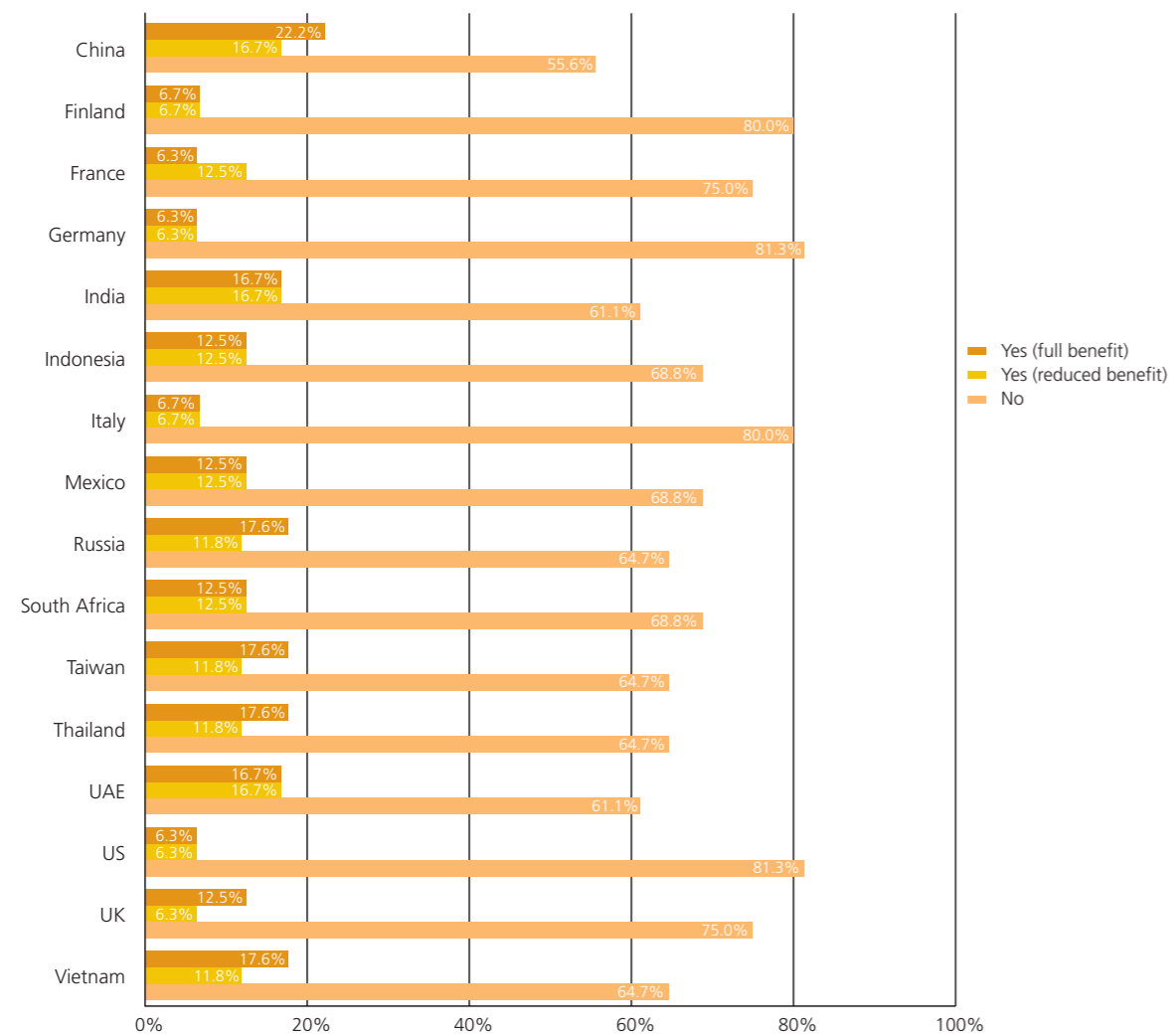
Global Pension Scheme Providers quoted by respondents to the survey	Global Pension Scheme Consultancy Providers
Fidelity	Mercer
Zurich International Life	AON
Swisslife	Buck
CSFB	PwC
Carey Group	BWCI
Nordben	Aegon
Royal Canadian	
Mercer	
Towers Watson	
Divinvest	
Jersey Trust	

Schooling for dependent children of expatriates and 'Local Plus' employees can be an important topic, especially in situations where the assignee's children cannot speak the local language and/or state schools are perceived (on average) as providing a relatively low quality education. About two thirds of employers include schooling in their expatriates' benefits package²⁹.

A large majority of organisations pay the full tuition costs while others have maximum amounts they pay or restrict the number of children to two. Two thirds (64%) pay transport, more than half pay for books (56%) and a third (32%) pay for school uniforms.

This generous provision is very different to 'Local Plus' employees. In the majority of cases 'Local Plus' staff do not receive this schooling benefit. It is least likely to be provided in countries such as the USA, Finland, Germany and Italy.

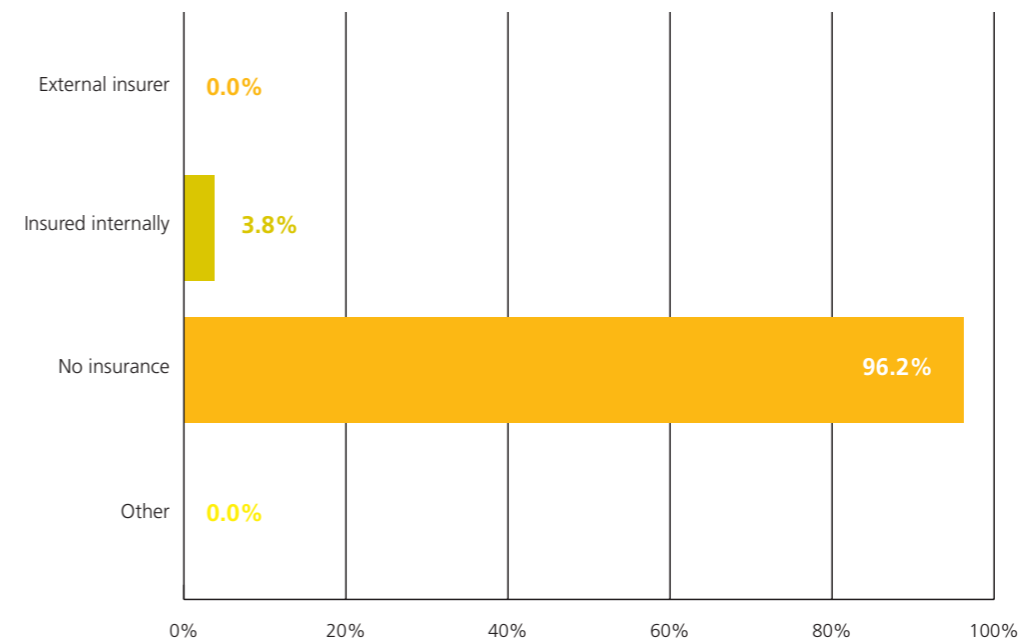
Figure 4.18: Do you pay for schooling for your Local Plus employees in the following countries?



Most RES Forum member organisations pay tuition fees and some other school expenses for their inbound assignees to the UK. Comments showed that this is predominantly the case if English is not the children's first language or that there is no suitable state school available. The 'Local Plus' staff do not normally receive these benefits, especially if they are located in European countries. However, where staff receive schooling benefits, this does not seem to be phased out. Given this absence of a scale-down policy, the negotiation to transit 'Local Plus' (or expatriate) staff to fully-fledged local contracts may become more difficult.

Exchange rate protection could be used by organisations to mitigate against some of the currency and saving risks that expatriates face. However, a small majority of RES Forum organisations who responded to the survey (53%) do not offer any mechanism for assignees to protect themselves against currency fluctuations³⁰. Where organisations are using exchange rate protection, all apply it to the full assignment period and 71% protect the fixed salary. Interestingly, organisations do not normally take out corporate insurance to cover themselves against the exposure that they undertake on behalf of the assignee.

Figure 4.19: How does your company insure against exchange rate risk?



The use of exchange rate protection may be related to the ability of the assignee to lose or benefit from currency fluctuations. Where corporations use the 'balance sheet' approach to expatriate compensation, the split in payments between home salary and host assignment allowance would reduce the exposure.

Commuter and Frequent Flyer Policies

One of the key emerging trends is that of increasing numbers of frequent international commuting (Baruch et al., 2013; Dickmann and Baruch, 2011). There is considerable uncertainty regarding how to define what constitutes frequent business commuting with most definitions focusing on either the number of flights that international workers have over time (e.g. over a month/year) or the working time they spend in at least two locations. The RES Forum members were asked how they decide who is a frequent flyer/commuter and identified several more ways to determine eligibility.³¹

Deciding Eligibility for Commuter Policy

Most frequent criteria:

A. Time spent in location:

- "10 days a month working in another country. Up to 24 months total."
- "Typically if less than 70% of time spent in one work location – deemed a commuter rather than an assignment."

B. Trips over a period of time:

- "Weekly or bi-weekly travel within Europe; maximum 6 months."
- "Based on regular trips (e.g. one week in four, 4 days a week) over a significant period of time."

C. Tax implications:

- "Pattern of travel to a specific location that means we need to track you for immigration or tax purposes."
- "Based on whether there are company tax compliance obligations in two countries as a result of time working outside of home country."

Less frequent criteria:

D. Travel time:

- "Based on travel time, weekly commute to spend a weekend or once every two weeks."

E. Responsibility in at least two countries:

- "The employee must have a home and host country job responsibility and a regular work pattern between the two."

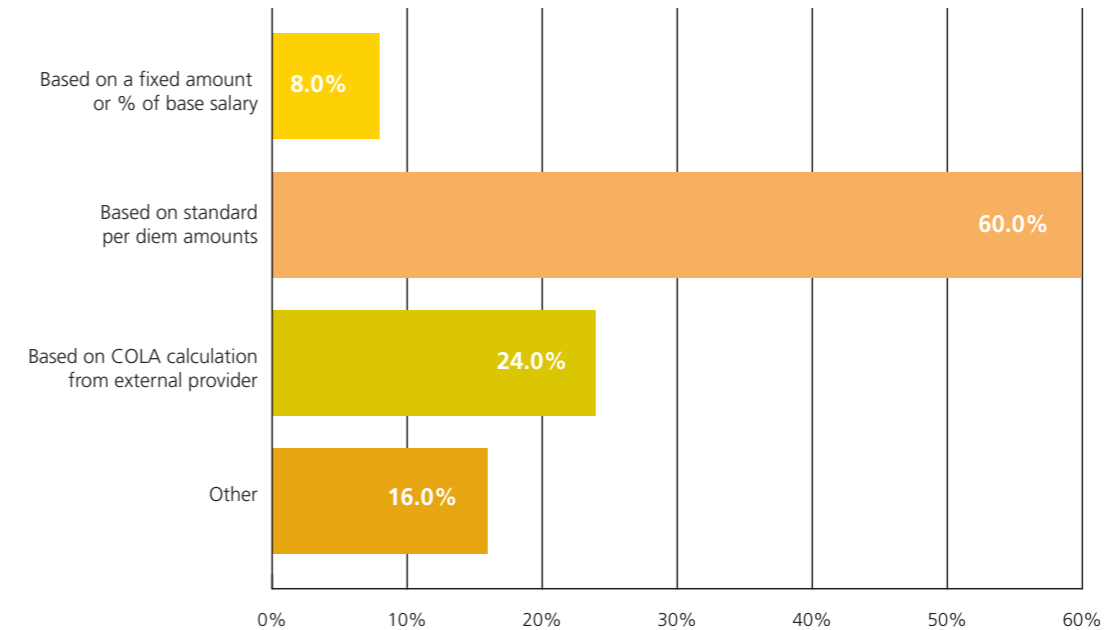
F. Replacement of expatriate assignment:

- "Should be an expat position and only on request of the expat; only possibility if the role allows to commute, the host location should be within 2hrs travel distance and for 3 years max."

Just over half of organisations (56%) had a commuter policy and those that did had developed a global approach.

About two thirds of organisations (64%) would pay specific living allowances which would mostly be standard per diem amounts.

Figure 4.20: Is the specific living allowance...



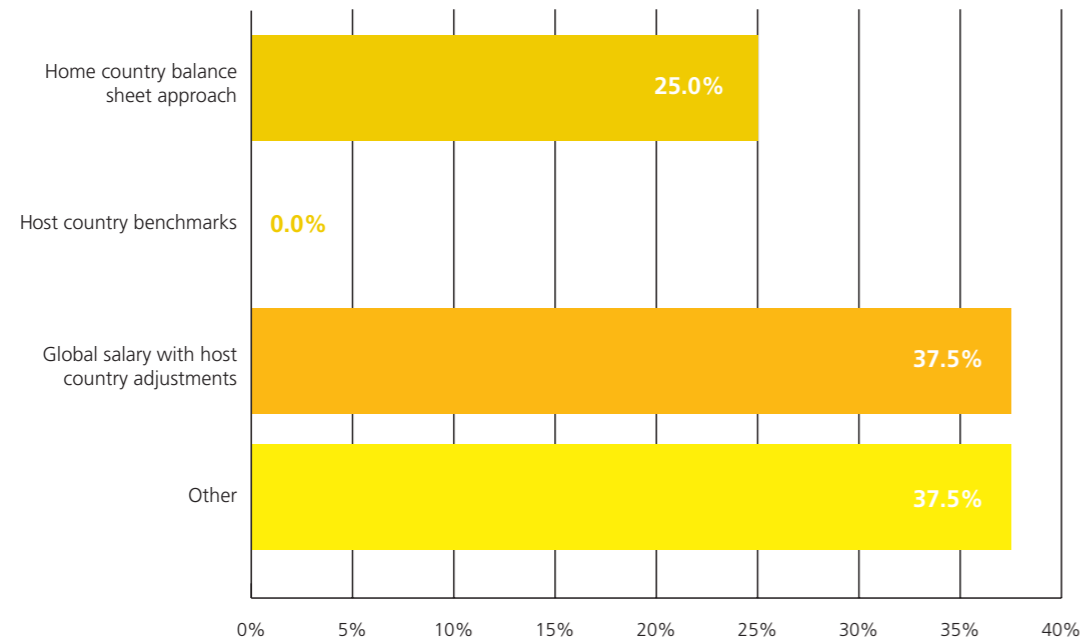
In addition, many organisations (71%) would offer support with transportation costs in the host location(s). A large majority of organisations would use tax equalisation (78%) with almost one in seven (14%) using tax protection approaches.

International commuters and frequent business travellers are increasingly important for global organisations. Other surveys show that there are many challenges associated with this form of international work: high levels of stress, major work-life balance issues, health concerns and a feeling of isolation in the host country as well as social deprivation at home. Little is known about whether and how these challenges are managed by individuals or organisations, this might be an interesting area for further investigation in future.

Global Nomad Pools

Another unusual target group for global mobility departments to think about are global nomad pools³². Global nomads can be defined as a group of employees who take up consecutive international assignments within their employing organisation. Only a small percentage of RES Forum member organisations who took part in the survey (16%) had a global nomad pool. The salary of global nomads is established using a mix of approaches as depicted in Figure 4.21.

Figure 4.21: How is the salary established for assignments of Global Nomads in your organisation?



While global nomad pools are sometimes seen as a good approach to develop global talent (Scullion and Collings, 2011; Dickmann and Baruch, 2011), these pools are not common in RES Forum organisations. The reason may be to do with either the specific circumstances that organisations with global nomad pools face, or the relative lack of popularity may be to do with the difficulty to sell permanent mobility to families due to the frequency of disruptions that this can entail. Some of the challenges that permanent mobility can bring have been identified within humanitarian agencies and the UN, where tales of family problems, loneliness and difficulties to encounter lasting relations have been reported (Dickmann, Parry et al., 2010).

Permanent Transfers

One of the issues where academic and professional writing diverges most is that of permanent transfers. While academics are interested in the adaptation of permanent expatriates, their effectiveness in their new country and how they feel regarding return in later years, organisations run the risk of losing these individuals in their official data as they may be counted as local staff. However, during the transition phase these individuals are highly interesting to organisations due to the wide array of choices in terms of compensation arrangements possible. The RES Forum explored the issue of compensation of 'one way' expatriates in more depth³³. Three quarters of organisations (75%) had a compensation strategy to construct reward packages for permanent transfers. While organisations seem to increasingly favour the 'Local/Local Plus' approach, 57% of organisations see a trend in request for net-to-net calculations. In two thirds of cases employees are driving this request while the company often does not want to upset the staff members. Nevertheless, RES Forum member organisations most often set the salary at local market rates and phase additional benefits (schooling/ housing etc.) out over time.

Charging of Assignment Costs

The function and structure of global mobility is intimately linked to who is paying for assignment costs. In addition, some authors make the point that it depends on the assignment purpose and which unit of the organisation will benefit from the foreign work and when that cost should be allocated (Dickmann and Baruch, 2011). In essence, their argument is that a purpose that benefits the host country immediately, or in the longer run, such as skills gap filling or 'firefighting', should be paid by the receiving unit.

Figure 4.22: Key Value Areas of Global Mobility – Expatriation

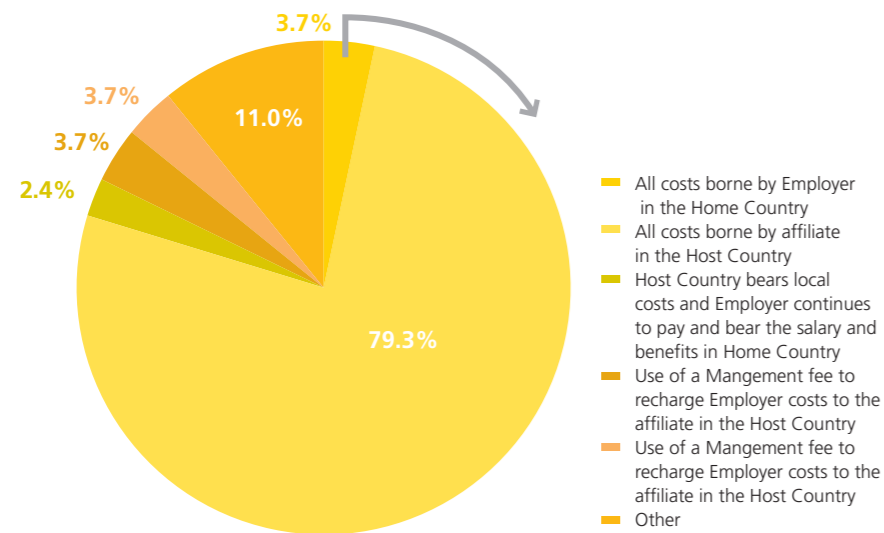
Assignment Profile	Business Drivers	Payback & Cost Allocation
Short Term Business Needs	<ul style="list-style-type: none"> Skills Shortage Rapid Deployment 	<ul style="list-style-type: none"> Short term payback to host country Cost allocation to host
Long Term Business Needs	<ul style="list-style-type: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

Dickmann, 2013

In contrast, when expatriation serves the strategic business needs of Global Talent Management (GTM), general career development or leadership purposes, the medium to long-term payback is likely to be for the home country or the overall organisation. This could be a reason to allocate the cost to the sending unit. Lastly, if long term business needs in relation to the diffusion of innovation and knowledge as well as greater business control and coordination are the primary purpose of the assignment, then the benefits are likely to accrue to both home and host units. This is an argument for sharing the costs of global mobility between sending and receiving business units.

In a time when the return on investment of global mobility is increasingly scrutinised by organisations, the RES Forum surveyed its members to understand how the costs of assignments are allocated³⁴. The results are depicted in Figure 4.23.

Figure 4.23: Charging of Assignment Costs



A large majority (79%) of assignment costs are entirely borne by the receiving country. In contrast, only a tiny share i.e. 4% of organisations has the home country shoulder all assignment costs and less than 20% of organisations share the costs. Where the costs are shared, it is common for the host to pay the salary and other local mobility costs (accommodation, travel, local tax) with expenditure such as pensions, medical, insurance and social benefits in the home country more likely to be paid by the home unit.

Almost one third of organisations (32%) have, at one stage or other, utilised a home country budget to cover some or all assignment costs related to host country sojourns. Most often this was due to the assignment having a developmental purpose or happening during early careers (especially in graduate programmes).

For short-term assignments of less than 12 months duration, the picture is different. Much more of the cost stays in the home country with some organisations covering all costs. The majority of organisations however, have opted for a 'cost split', to retain the salary and benefit cost of the assignee in the home country while the host country pays flights, accommodation and other expenditures such as *per diems*.

In the current business climate the assignment costs and return on investment of expatriate work is increasingly scrutinised. In the RES Forum, member organisations' global mobility costs are normally borne by the host unit. If the primary assignment purposes are linked to short and long term business needs (rather than to strategic drivers) this makes sense as the host departments will benefit from the global resource. Given that managers are accountable for their own budgets, the host unit should, therefore, have a major part in the decision to expatriate. This may, of course, raise problems for developmental, strategic assignments that have the purpose of strengthening the whole organisation in the long term future, rather than to add value in the short term. This reiterates the important role of global mobility professionals in worldwide talent management as well as the key function that HR and Global Mobility Departments to cooperate across borders and to assess the overall value associated with developmental moves. There is a need for a robust assignment costing process (as well as a sophisticated evaluation of likely benefits over time) to be used to support local business and the head office in this contested territory.

Summary and Conclusions

- The balance sheet approach is the predominant means to design international reward packages.
- Fairness is an important concept in the design of reward packages and with respect to local staff. It is likely that a range of operational and philosophical perspectives are drivers of these considerations.
- More than half of organisations pay similar base salaries (international assignees – locals) but only a quarter have the same total compensation and benefit package. There is a moderate agreement amongst global mobility experts to provide more benefits to expatriates due to their special situation (e.g. travel home).
- Most organisations offer language and cross-cultural training which should enable a better adjustment of expatriates.
- As expected, long-term assignees gain more allowances and benefits than short-term or Local Plus staff.
- Housing is one of the highest on-going costs when living abroad. About a third of employers have moved to deduct hypothetical housing costs from expatriate incomes. Organisations strive to arrange housing in a way that expatriates either have the minimum required bedroom number or one more than minimum.
- Global pensions are an important emerging topic. Less than a quarter of corporations had a global pension scheme in place. However, almost half of all respondents were interested in one.
- Depending on the national context and availability of good educational options there were some countries in which primary and secondary education was often paid by the organisation. In the UK two thirds pay full tuition costs for expatriate children. However, Local Plus staff often do not receive this benefit.
- More than half of organisations had a commuter/frequent flyer policy. Criteria for inclusion into the commuter policy were: time spent in location, trips over a period of time, tax implications, travel time, responsibility in at least two countries and replacement of expatriate assignment.
- Global nomads tend to have their remuneration established as global salary with host country adjustments or through the use of home country balance sheet approach.
- Three quarter of multinationals had a compensation strategy to construct reward packages for global transfers.
- Almost 80 percent of assignment costs are borne entirely by the receiving country. This should be contrasted by considerations of assignment profiles and organisational drivers. Assignments triggered by strategic business needs may be funded to a larger extent by the corporate head office/unit.

Chapter 4 - Appendix

What can multinationals do to increase expatriation success – Reward Package

Area	Organisational action	Some characteristics that would help
Reward Design	<ul style="list-style-type: none"> In negotiation: understand individual motivations In negotiation: understand the implications of diverse primary goals on individual and organisational benefits Consider rewards for developing an international perspective; worldwide network, global skills, abilities and knowledge For repatriates: tie-over pay 	<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
Reward Principles	<ul style="list-style-type: none"> Perceived reward equity: Create salary transparency and avoid large pay differentials between locals and expatriates as well as within the expatriate population Minimise insecurity and tax exposure to both individuals and organisations Understand the diverse social security and taxation systems and find a solution that balances organisational 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
Rewards & Exit	<ul style="list-style-type: none"> If competitive pressures or unforeseen circumstances (reorganisations, disinvestments) pressurise the organisation to make repatriates redundant, create a fair process and a fair deal Reduce risks with respect to negative comments within (internet-based) social networks Retain contact if people may return to the organisation 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 organisation sends with respect to global careers – if many people leave the organisation upon return it sends a sign to potential expatriates that there are high risks involved in international mobility

Michael Dickmann, 2014



Archibald Fountain, Sydney, Australia

Will Technology transform the World of Relocation?



By Paul Bernardt
Managing Director at UniGroup Relocation Network

The mobility industry is relatively small. It takes a myriad of suppliers to service families moving internationally, usually small to medium sized local businesses. As a consequence, the mobility industry attracts little attention from the technology industry. There simply is not enough money to be made. That is why, in my opinion as the Managing Director of UniGroup Relocation Network, the mobility industry

is slow to move with the times in adapting to new technology, as most of the investment required for such potentially expensive changes comes from within, and not from outside.

However, this playing field will dramatically change in the next few years, stimulated by the trend in corporate mobility programmes to issue more lump sum allowances, and empower the transferee to purchase their own relocation support. Current research suggests that lump sums are not very effective. However, the fault lies not with the transferee who allegedly is unable to spend the money wisely. The main cause is that the relocation industry has not yet properly adapted to this new buying concept. Transferees are lost in a jungle of small to medium sized mobility suppliers, from housing agencies to moving companies resulting in ineffective spend and poor return on investment.

This inefficiency in policy implementation will inevitably change, in our opinion, in the same way that technology has already revolutionised many industries. 'Creative destruction' will take place, meaning that technological innovation will drastically change the way in which this market has traditionally functioned.

Chaos theory suggests that in times when a company or an industry has reached its boundaries, one needs to look down into the core of the organisation or industry, because the future trend often reveals itself on a smaller scale. This is already happening in our industry.

On a small scale, our own company has started with an application whereby the transferee is 100% self-serving. They do their own survey, determine in- & exclusions, plan dates / transit time, and subsequent price. There is no interaction with a move manager or a surveyor, meaning a direct cost saving of several hundred Euro.

In my vision, very soon, new players will enter our industry, with a technology background. You will see on line platforms, whereby access is granted to suppliers that meet certain criteria, possibly with support from industry organisations, such as EURA, ERC, FIDI etc.. The fact is that private clients will only accept a competitive environment. In short, transferees log in and arrange their own relocation, using suppliers of their choice, and reviews/likes will be self-policing. Suppliers with the best rating and ranking will probably benefit most from this. It is not the end of the world, but it will be the end of the traditional Relocation Management Company as we know it today.

So my advice to suppliers in our industry is this: do not try to be all things to all men, or more precisely, many things to many types of clients; become the very best at your core service, be it: tax, immigration, destination services, furniture rental, household goods moving or spouse support. Whilst it is tempting to offer a complete solution, and therefore lock in the client, knowing what you do best and focussing on that, can deliver better outcomes for the client and ultimately delighted customers. •



By Vicki Marsh, Head of Operations, UK, Equus Software

The HR world continues to evolve in its use of evermore sophisticated information systems to manage employee data, systemise workflow, improve process and eliminate waste. Mobility technology is at the cutting edge of such innovation. While many larger mobility programmes are leveraging workflow and HRIS integration of systems, companies with smaller programmes can also benefit by embracing technology to improve programme management. Starting simple and preparing for growth and integration with other systems as the mobility programme expands will allow smaller organisations to achieve similar strategic and productivity gains as their larger, more mature counterparts.

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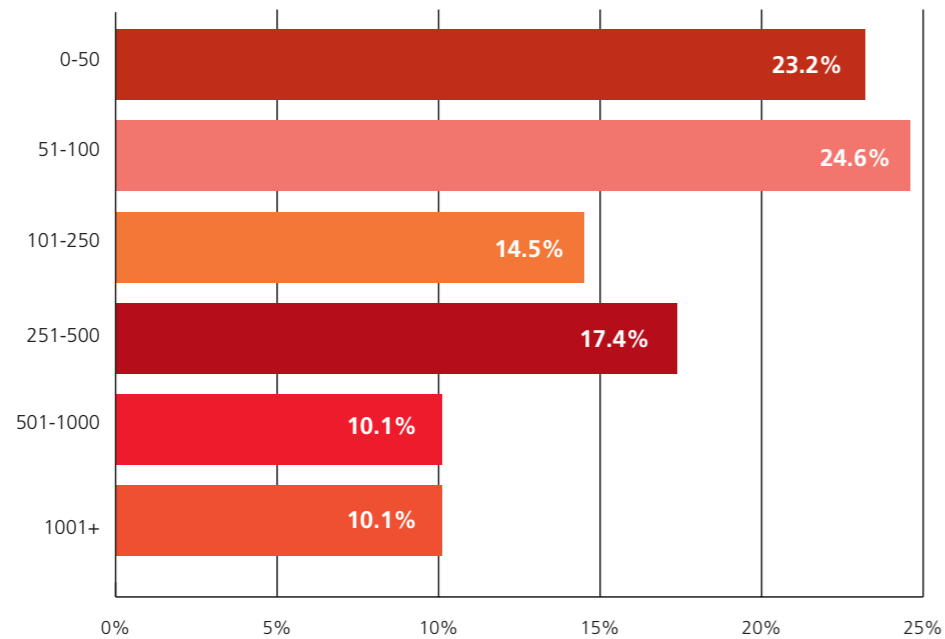


Programme Management & Technology

5 Programme Management & Technology

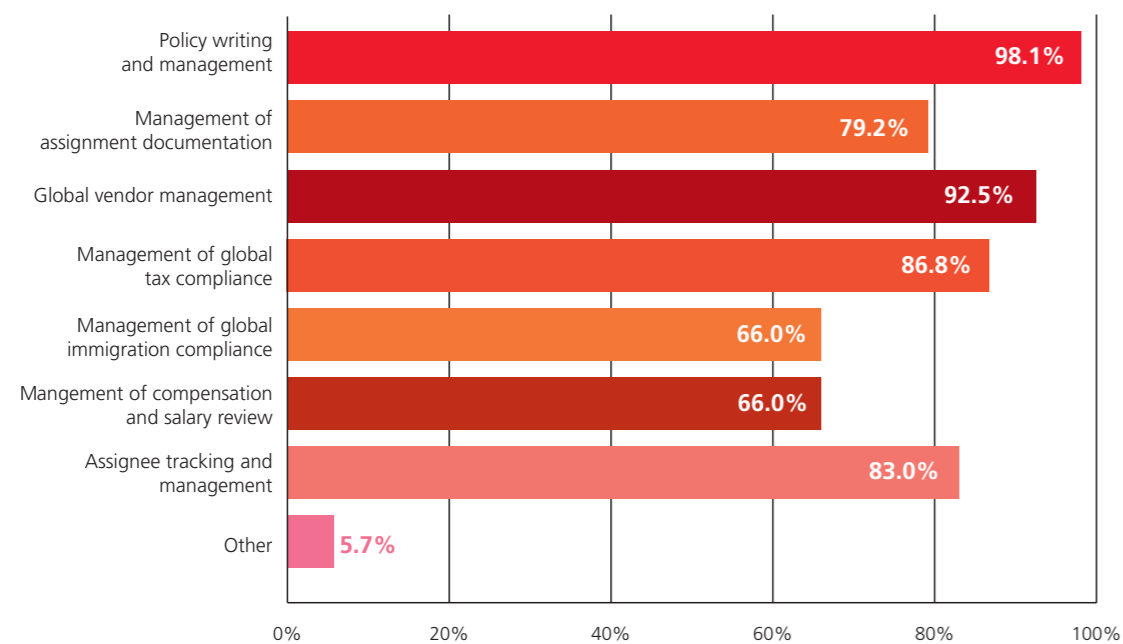
As one would expect, the global assignee population given in the different surveys of the RES Forum, varies depending on the respondent organisations. However, the numbers of expatriates per company is normally well spread as in the Programme Management and Mobility Technology survey³⁵.

Figure 5.1: What is your global assignee population?



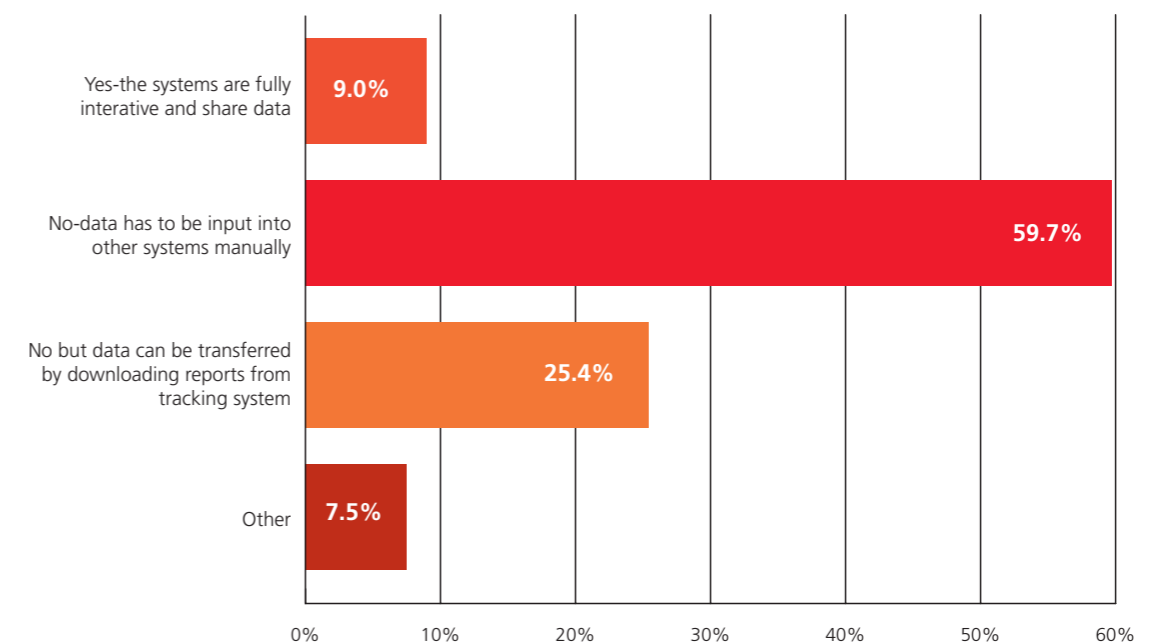
Within the organisations, the mobility teams report most frequently to Reward (60%). Most organisations (70%) have a Mobility Centre of Expertise (COE) which undertakes a range of activities.

Figure 5.2: What mobility functions does your mobility COE manage for your organisation?



These centres often track assignee movements. The most common software used to do this is simply an excel sheet (48%) with externally sourced (34%) and in-house developed (21%) assignee management software also being popular. More than three quarters of respondents (77%) did not view their assignee tracking system as intelligent with only 6% claiming full interactivity and automation. It seems as if there is a severe lack of use by organisations of intelligent systems that can suggest/carry out next steps in the assignment process such as notifying vendors or updating payroll data. This lack of sophistication is also shown when respondents commented on the interfaces to other HR systems.

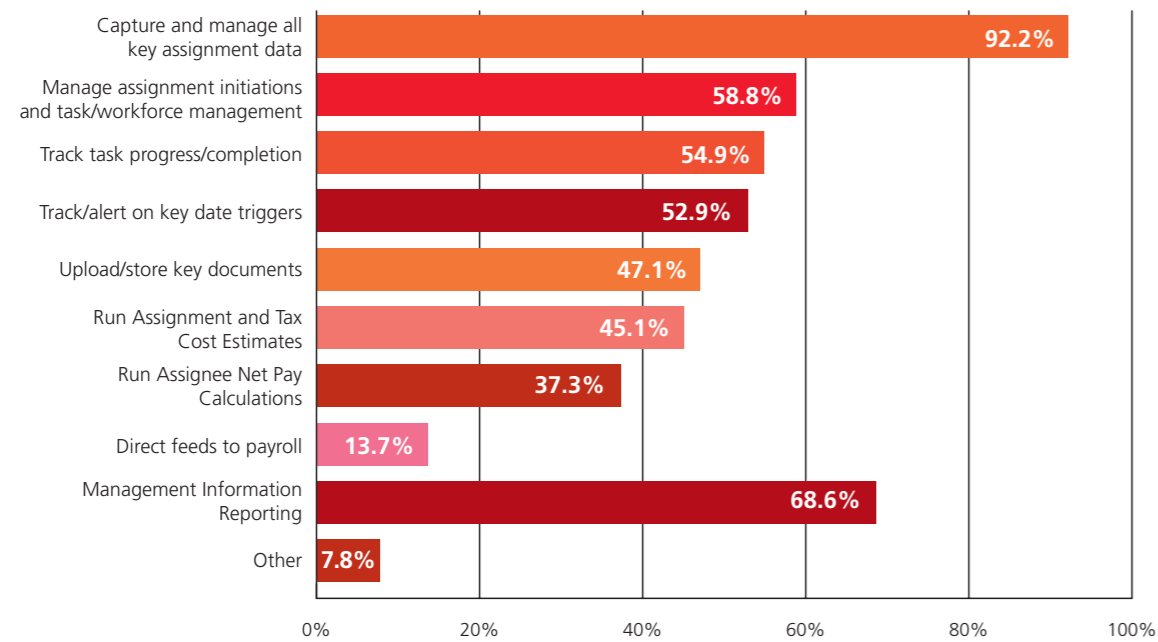
Figure 5.3: Does your assignee tracking system interact with other HR systems such as payroll and Human Resources Information System (HRIS) systems?



Only 29% of respondents claimed that their assignee tracking tools would be fully accurate with 57% indicating that their system is reasonably accurate.

In a further survey³⁶ respondents outlined what they use their expat technology system to deliver.

Figure 5.4: What do you use the expat technology system to deliver?



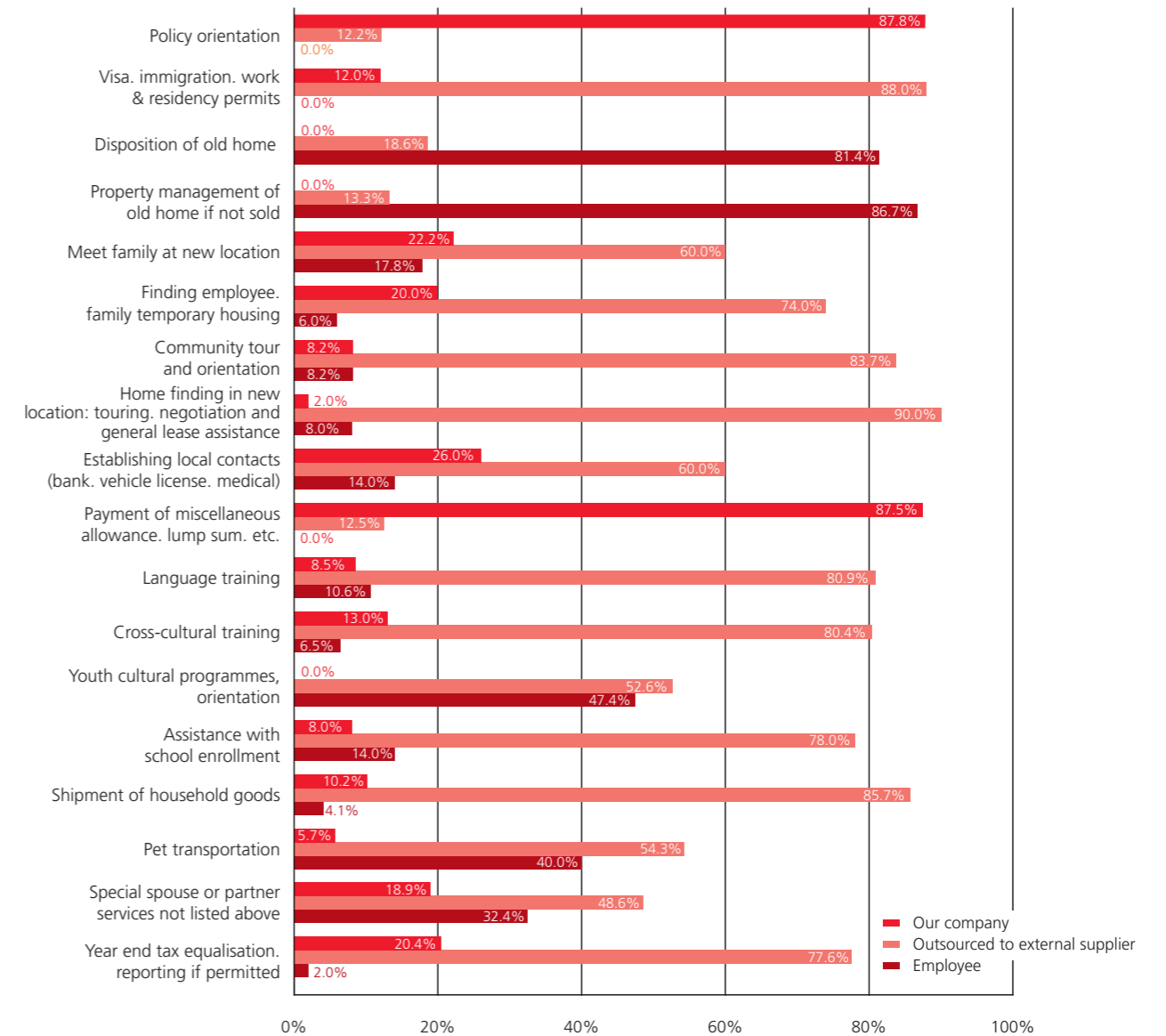
The key functionality a global mobility team use their software for is to capture and manage all key assignment data such as policy type and family info (92%). In addition, the technological solution is frequently used for management information reporting (69%). While the key functionality is highly administrative, some approaches may be used to guide policy, be more proactive and fulfil a more strategic role. In a later survey³⁷ it emerged that two thirds of organisations had purchased assignment management software. The most popular software used in order of frequency was:

- Equus Assignment Pro
- KPMG
- Deloitte GA
- SAP

In another survey, the RES Forum asked its members to explore the diverse approaches to in-house and outsourced provision of global mobility services and to ascertain the performance of global mobility service providers³⁸.

Less than a third of organisations outsourced their administration and management of international mobility completely. A large majority preferred to provide some global mobility services in-house, presumably due to efficiency, effectiveness and learning reasons (Dickmann and Baruch, 2011). The chart below shows who works on some of the most common activities associated with expatriate assignments.

Figure 5.5: From the list below, which entity performs the various tasks usually associated with international mobility?



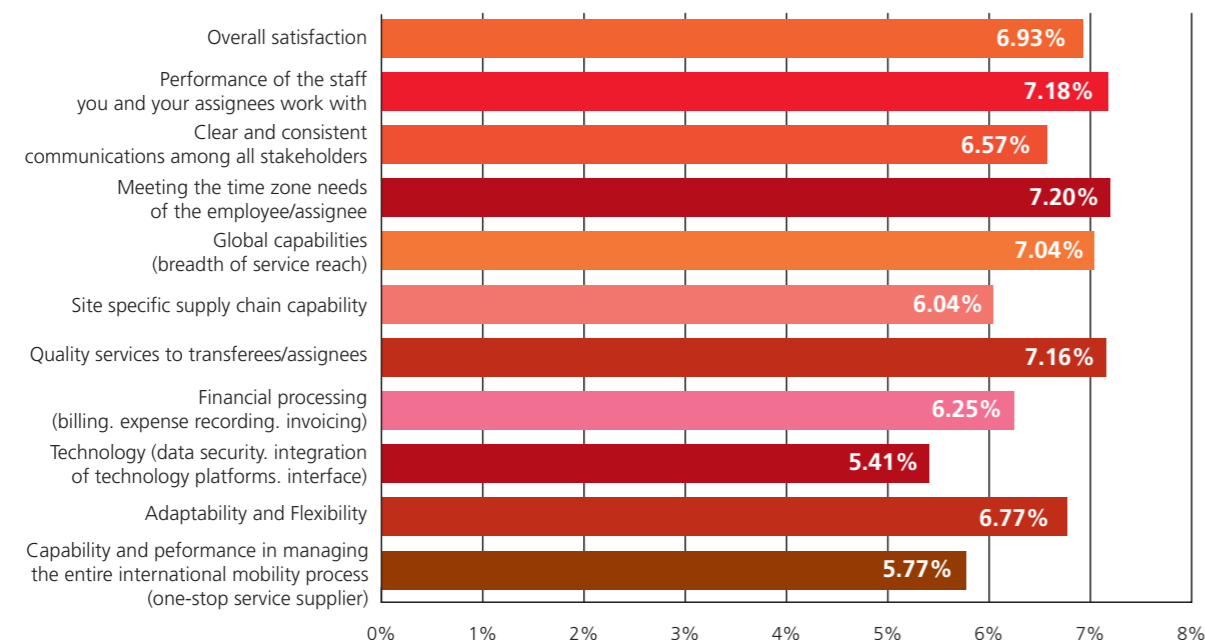
The chart shows that service provider organisations provide the bulk of services in these common GM activities. A further RES Forum survey on outsourcing supports the high likelihood of outsourcing of specific services³⁹. Overall, it is no wonder that other surveys have found a substantial part of the GM department expenditure goes towards outsourcing. The most likely activities for organisations to provide are the setting of GM strategy (not in the chart) and policy orientation. In addition, the payment of miscellaneous allowances and lump sums (possibly when negotiated by the expatriate) was in the realm of company activity. The international assignees were normally asked to take care of their old home, either through selling or managing it. All other activities were most likely to be conducted by outsourcing service providers. Even though the RES Forum member organisations tend to be large and to have substantial expatriate populations, it shows that the specialisation and economies of scale of outsourcing providers were appreciated. This raises important questions regarding quality and cost effectiveness of service provision.

The ten most used GM Relocation Management Companies (RMC's) by the RES Forum members were (in alphabetical order):

- AReS
- Altair
- Brookfield
- Cartus
- Crown
- EY Mobility
- Interdean/Santa Fe
- Sirva
- Sterling Relocation
- UniGroup Relocation Network

There is reasonable satisfaction with RMCs overall.

Figure 5.6: How satisfied are you with the performance of your primary RMC on the following attributes? (Mean score out of 10)



RMC's were seen as best able to meet the time zone needs of assignees, and also with respect to their global capabilities. The latter is presumably especially important for small to medium sized organisations as it would be very hard for them to provide similar services. RMCs got least appreciation with respect to the technology solutions they used with data security, the integration of technology platforms and interfaces often seen as a challenge. In addition, the survey showed that RES Forum members were most satisfied with the 'bread and butter' standard services of RMCs such as, managing the suppliers that provide household goods shipment or those that provide local host community orientation and tour services. In contrast, where innovation and cost saving were concerned, RES Forum member organisations had the lowest satisfaction with RMCs. Thus, proposing and introducing cost reduction initiatives and lowering the total cost of the mobility function were experiencing the lowest satisfaction levels. Given the constant pressure on organisations to decrease their GM costs and increase their return on investment, this creates challenges in the management of the outsourcing relationship and the creation of learning and cost improvements.

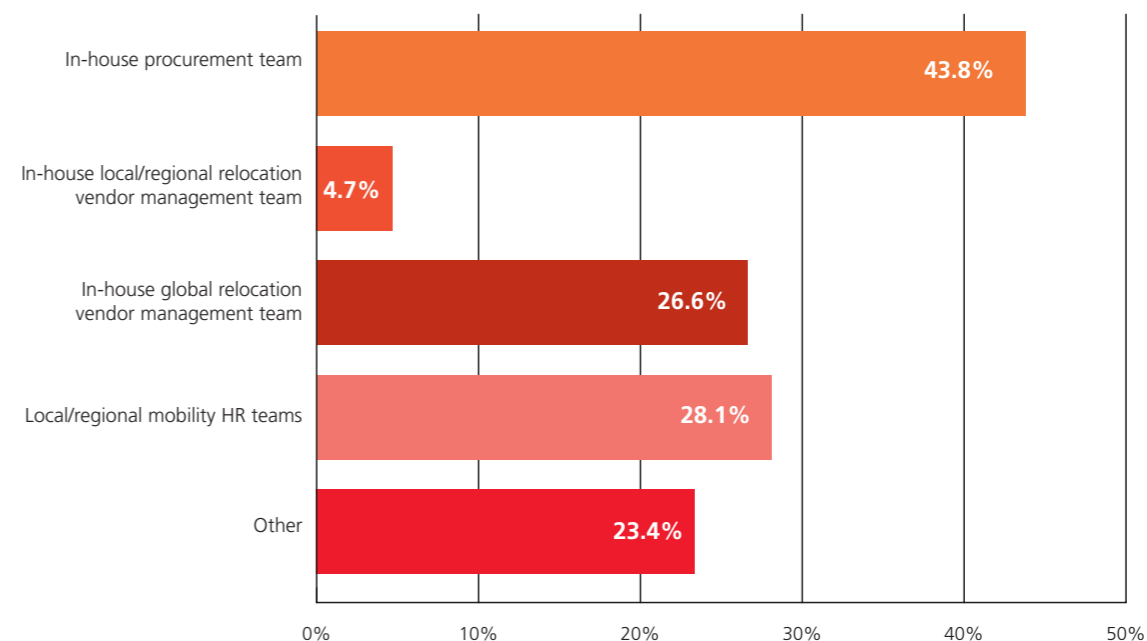
Best rated outsourcing providers in specific areas

Taking a closer look at the specific services that outsourcing providers offer, the RES Forum asked its members to rate their level of satisfaction. Because sometimes the numbers or organisations using specific organisations were low, we only provide data for service providers who were used and evaluated by at least three RES Forum members. The best providers in the below categories were:

- A. Household goods shipment suppliers
Best: UniGroup Relocation Network, Asian Tigers, Santa Fe/Interdean,
- B. Language training suppliers
Best: Communicaid, Berlitz
- C. Cross-cultural training suppliers
Best: Communicaid, Berlitz
- D. Tax preparation and counselling suppliers
Best: BDO, PwC, Deloitte
- E. Immigration, visa, working papers, residency permit service suppliers
Best: Fragomen, PwC, EY Egan

Supplier contracts are being reviewed periodically and in the process go out to tender⁴⁰. The most popular times are every 2 – 3 years (39%) or they are reviewed when necessary (33%). The sourcing and selection of vendors for relocation suppliers can be done by a variety of functions, but is most often conducted by the in-house procurement team.

Figure 5.7: Who manages sourcing and selection of vendors for relocation suppliers?



The most likely functions to manage the roll out of the new supplier contracts and process set up for new relocation vendors is the local/regional mobility HR teams who are also most likely to take care of the on-going management of vendors. Outsourcing providers, therefore, interact most frequently with HR teams on the global (33%) and local (33%) level.

70% of organisations had one global vendor of destination services contracted although only half of these guaranteed exclusivity⁴¹. Destination services are important because it is through these services that the start in the new location can be either smooth or difficult for the expatriate family. Organisations were seeking ease of administration above all (87%) as their main benefit when dealing with destination service vendors. It is therefore understandable that ‘dependability’ was a high competitive priority for organisations. 91% of corporations would either recommend or highly recommend their destination service vendors. It seems that these organisations are normally doing their work well.

The RES Forum also conducted a survey exploring the management of mobility programmes with a population of under 250 expatriates and contrasted this to an assignee population of between 250 and 500⁴². While organisations with smaller expat populations were less likely to have a centralised mobility team (72% versus 81%), many other factors were quite similar. While larger expat populations were slightly more likely to be managed by more global mobility experts, the differences were rather low. In essence, staffing levels do not simply relate to the number of assignees but also to the level of outsourcing, the breadth of management activities (hands off versus high intensity) and the global mobility structure (centralised versus devolved/local). In addition, the management of outsourcing organisations, information gathering and networking in the global mobility field as well as benchmarking, are important responsibilities irrespective of the size of the expatriate population.

Summary & Conclusions

- Almost 80 percent of RES Forum organisations have more than 50 global assignees, making programme management and technology highly pertinent. More than three quarters have a Mobility Centre of Expertise (CoE).
- There is a large array of functions that Mobility CoEs manage for their organisations, principally including policy writing & management as well as global vendor management.
- The Mobility CoEs track assignee movements mostly with relatively simple software tools – Excel sheets being the most popular, used by approximately half of the surveyed organisations. Only a third of organisations have full or limited interactivity with HRIS or payroll systems. In almost 60% of cases data has to be input into other systems manually. It seems that global mobility functions still have untapped efficiency opportunities.
- Several functions are outsourced to external suppliers but less than a third of organisations outsource their administration and assignment management completely.
- Overall satisfaction with outsourcing service providers is high. Supplier contracts are reviewed periodically (mostly every 2-3 years) and often go out to tender.

Chapter 5 - Appendix

What can multinationals do to increase expatriation success – Programme Management and Technology

Area	Organisational action	Some characteristics that would help
Programme Management	<ul style="list-style-type: none"> • <i>Create clarity on scope of GM function, including:</i> <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 vs administrative ease → In-house vs vendor provision → Strategic vs tactical → Cost vs 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 organisations • Manage specialist GM training and development organisations 	<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

Michael Dickmann, 2014

Global Mobility Transformation at Lloyd's Register



By Selina Jones-May,
Head of Global Mobility, Lloyd's Register

Background

Lloyd's Register Group is a global independent risk management and safety assurance organisation delivering solutions in the energy, marine, management systems and transportation industries. The organisation has offices in 246 locations covering 186 countries and 200 formal expatriates.

Original model

Prior to the transformation process outlined in this case study,

Lloyd's Register did not have a separate global mobility function and its global mobility model was heavily decentralised. Operational global mobility activities were delivered worldwide by approximately 60 HR professionals within the existing Region and Local HR teams, the majority on a part time basis in addition to their primary responsibilities. The strategic global mobility activities, such as roll out of policies and processes were managed and overseen by the Group Reward team in London. The global mobility programme had developed organically and in 2012 the organisation created a new Head of Global Mobility position to review and deliver improvements to the programme, business and ultimate assignee population.

Review of operating model

Following her appointment as Head of Global Mobility, Selina Jones-May embarked on a wide scale review of the global mobility operating model and programme with the objective of designing solutions which would not only be in line with best practice but ensure best fit for Lloyd's Register. The robust due diligence exercise was broken down into four key areas:

1. **'On the job deep dive'** – Selina reviewed all current processes and involved herself in key operational activities for this initial period. This generated a first hand understanding of the areas which required future improvement, focus or overhaul versus best practice.
2. **Internal research** - Selina ran a comprehensive 'desk analysis' process with the Region and Local HR teams. This involved designing a detailed timesheet (outlining the separate categories of global mobility work) which the teams were required to accurately complete. The results were aggregated to summarise the total amount of time Lloyd's Register was dedicating to operational global mobility activities.
3. **Stakeholder feedback** – Selina invested a significant amount of time meeting and obtaining feedback from all of the key internal stakeholders involved in or impacted by global mobility activities to understand their issues, challenges and desired end state. Stakeholders included the assignee population, HR, business leaders, finance and external vendors. Forums for feedback included face to face meetings, webinars, expat surgeries and overseas business trips (including a remote shipping yard in China).

4. **External benchmark** – Selina also tapped into external market data including several well reputed global mobility benchmarking surveys to re-confirm her understanding of current market practice. Referencing this independent data provided considerable weight to her business case submission.

Outcome of review

The review concluded that Lloyd's Register's global mobility operating model needed to be transformed from a decentralised to centralised structure. Despite the considerable hard work of the HR professionals involved locally, the decentralised operating model was no longer meeting the expectations or needs of the business and stakeholder community, had significant process and cost inefficiencies and a lack of governance for the organisation in terms of global cost management, compliance, policy and vendor management. The key recommendations were underpinned by a two phase plan:

1. **Phase 1 (2013):** *Creation of a centralised Group Global Mobility Centre of Expertise team in London to focus on strategic global mobility activities.*
This would involve the creation of two additional headcount positions to support international relocation, vendor management, policy and project activities.
2. **Phase 2 (2014):** *Transition the operational activities from the HR teams to three newly created Regional Global Mobility Centres of Expertise.*
This would involve transitioning the work from the 60 HR Professionals to three new Global Mobility Specialists located in Houston (for the Americas), Hong Kong (for Asia) and London (for EMEA).

Building a robust business case

Following conclusion of the review Selina commenced preparation of a robust business case for the centralisation of global mobility. The business case summarised the outcome of the review, the disadvantages of the current model (including feedback and desk analysis financials), the tangible benefits which could be obtained through centralisation and incorporated external benchmarking data on the high percentage of companies who also operate under a centralised model. The business case outlined that the following benefits could be achieved from centralisation:

- **Increase in headcount efficiencies:** Lloyd's Register's ratio of HR professional headcount to assignee population was approximately three times higher than the market average. This was predominantly due to the number of people performing these duties infrequently and the consequent lack of economies of scale which could be achieved. A centralised delivery of operational activities would enable Lloyd's Register to get back in line with the market in terms of headcount efficiencies.
- **Control and governance:** Clear control and governance of all operational activities, process and policy decision-making by the Head of Global Mobility.



- **Cost management:** Total visibility and control over all cost and financial decisions of a global mobility nature by the Head of Global Mobility.
- **Compliance:** Central monitoring and management of tax, social security and pension compliance, including proactive planning for new assignments. Immigration activities would continue to be managed by Local HR teams with close monitoring by the new Regional Global Mobility Centres of Expertise.
- **Service levels:** Last but certainly not least, a significant improvement in service levels to the assignee population and other stakeholders. Ultimately, to achieve Lloyd's Register's mission statement for the global mobility function to 'become a key enabler in the deployment and retention of our various talent pools'.

Gaining global alignment

Following a lengthy period of socialising the centralisation proposal, Selina presented the business case to the global senior leadership, including representatives for both the business and HR.

Phase 1 received alignment quickly and the additional headcount were recruited and onboarded in late 2012. Alignment to commence with Phase 2 was received in April 2013 and, following a period of consultation and communications, the recruitment process for the additional headcount commenced in August 2013.

Creation of the Group Global Mobility Centre of Expertise (Phase 1)

The new Group Global Mobility Centre of Expertise has been in operation since December 2012 and achievements to date include:

- Transitioning towards centralised management of all of the organisation's global mobility vendors, which has delivered significant cost savings and improved service levels;
- Management of a successful RFP and transition of International Private Medical scheme to BUPA International. Lloyd's Register and BUPA were jointly shortlisted in the European Expatriate Management & Mobility Awards (EMMAs) for the project;
- Implementation of a centralised delivery model for UK Domestic Relocation within the Global Mobility function from January 2014.

Creation of the Regional Global Mobility Centres of Expertise (Phase 2)

The new Regional Global Mobility Centres of Expertise are due to be formally in operation by April 2014. The recruitment process for the additional headcount culminated in December 2013 and the following activities are being undertaken prior to the official launch of the new centralised delivery model of operational activities:

- Drawing up consistent functional objectives and a competency framework for the new Global Mobility Specialists;
- Process mapping the end to end assignment life cycle for the new operating model;
- Formalising an 'Authorised Approver Matrix' for all new assignments, assignment extensions and policy exceptions.
- Consultation sessions with core global mobility stakeholders to ensure alignment on new processes prior to launch.
- Roadshows (for UK attendees) and webinars (for non UK attendees) to roll out the new global mobility operating model to the full organisation.

How will success of the centralised model be measured and monitored?

The effectiveness and success of the new operating model will be determined through the following objective measures:

- Direct functional line management of the new Regional Centre of Expertise hires by the Head of Global Mobility to ensure consistent delivery of objectives in line with the centralised operating model;
- The new function and Regional Centres of Expertise have been set cost saving targets to demonstrate the return on investment of the new model and additional headcount;
- An automated assignment management tool will be implemented by the function to deliver better reporting, governance of all core processes and financial oversight.

Review of vendors and RFP processes

Like most organisations Lloyd's Register outsources a number of its global mobility activities, such as cost of living data, international relocation services, international private medicine, expatriate tax services, and immigration to external parties.

Traditionally Lloyd's Register has engaged with several vendors for these services due to the decentralised model and delivery of packages at a local level. Since 2013 the global mobility function have reviewed all the current vendors in place and are running a series of comprehensive RFI and RFP processes. The goal is to move to a single / dual vendor model for all services and ensure that the vendors selected are delivering a high quality, value add and commercial solution to the organisation. Global consultation has been an essential component to gain local and regional business buy in and the processes have been highly interactive, including 'virtual' global beauty parades by Webex, so the selected panel members based overseas can participate and provide feedback in live time. •

Associated British Foods - A Decentralised Group

Associated British Foods



By Nick Jackson,
Associated British Foods

Background

Associated British Foods is a large UK plc which includes brands such as Twinings, Silver Spoon and Primark. The Group is very decentralised as a result of significant differences in the technical sphere, markets and operating conditions facing each area of the business, though the majority are focused on the production and distribution of food and agricultural products. Consequently, each business is responsible for its own international mobility and this is dealt with by HR teams who have little or no experience of it.

At the beginning of 2013, we began a project to review and address international mobility across the Group, on the basis that it is both a key strategic area and a simple fact of life for an international business. This means that we must look at it from the perspective of doing what we need to do more effectively and with an awareness of the associated risk, as well as identifying and understanding the opportunities and future requirements of each business.

The desire from the organisation's leadership is that HR teams should be able to deal with the majority of mobility issues for themselves, but should also know when to ask a question and what that should be. It is not yet clear what kind of support will be needed to supplement HR teams in the long term and whether it will be internal (e.g. Centre of Excellence) or external.

How we approached the issue

It is important to appreciate at the outset that centralisation would not fit with our culture and so creating engagement is essential to get people to buy in through their own choice. This impacts significantly on the development of frameworks as well as in discussions around the use of shared resources.

It was, however, apparent that an increase in the sharing of information and experiences could bring benefits and was an idea the HR community were keen to embrace.

To begin with, I spoke with each business to determine the level of existing expertise and the amount of international movement, so as to prioritise the project. What became obvious very quickly was that, when viewed across the Group, the population was both larger and more complex than had been expected. Whilst there had not been any particular intention to do so, we had implicitly created a range of different 'assignment' types, including one-way transfers, long term assignments, 'Local Plus' and a variety of short term assignments, as well as cross-border commuting. Unsurprisingly, we also have a large number of frequent business travellers which had received only limited attention. Whilst we still do not have a population running into the high hundreds, the number of employees affected is approximately three times the original estimate.

In order to move forward, we identified three core strands to the project and these have become the focus of all activity since then. These are:

- to identify and track the population
- to develop frameworks and tools for use by HR teams in each business
- to identify the cost of international mobility

All three of these strands has been approached by starting in one or other of the businesses and then applying the learning and the principles established to the other businesses. At each stage, we have needed to articulate the benefits and/or risks, as a means of creating the necessary engagement.

Different companies have different reasons for undertaking international moves and different desired outcomes from them. How and why they might link talent management to mobility will range from the simple need to perform a specialist task, to the development of a cadre of leaders for the future good of the business. Our challenge is that we have all of these differences within one Group. The wide variety of commercial landscapes across our businesses means that we encounter a wide range of different strategies, corporate cultures and requirements. This means, in turn, that our approach to each of the core strands of the project needs to be sympathetic to this.

So, at all times, in applying the learning from one business to the challenges in another we need to question how common themes might have a different impact.

What we did

One of the first things we did was to speak with employees, who had been on international assignment. The intention was to understand how they had felt being 'on the receiving end' of assignment. It quickly became apparent that there was a significant difference between the level of support that they received for their international moves and that which they were accustomed to receiving as employees of the business.

We therefore started from a position of needing to develop frameworks and use suppliers in such a way that the international mobility experience was in keeping with the overall 'HR brand'. In practice, we determined that we did not have a strong understanding of the range and nature of services our suppliers offered. This meant that we were not getting value from either the price paid or the effort invested.

Significant effort has gone (and continues to go) into developing a better understanding of our vendors and how we want to use them. We have been clearer with them about what we want from them and have allowed them to be clearer with us on the same. This has seen both an improvement in the business' perception of most of our vendors, and an improvement in their engagement with us, which results in improved quality and consistency of service, delivery times and communication.

Associated British Foods

When articulating to HR the breadth of international mobility as an issue and developing checklists for them to use, we found it useful to refer to the assignment lifecycle. We concluded that we had been spending most of our time on the 'pre-departure' phase, on the operational/functional aspects of arranging a move. We actually wanted to increase the emphasis on the 'pre-assignment', 'on-assignment', 'repatriation' and 'post-assignment' phases, so as to place more emphasis on role definition, assignee selection and objective setting as well as improving the career conversation at every stage. The aim of this is to drive value and an improved experience, although we have not yet addressed how we might measure this. We have, however, encouraged HR to challenge the business more around the reasons for moving people with the aim that this drives the type of package. It is simply a more structured approach to putting the assignment package together.

We created tools in one business for use by HR to remove some of the inconsistency from planning new moves (e.g. checklists, cost projection template, business case template, framework exception sign off). We then took this to other businesses to consider how it would need to be adapted in order to be appropriate and usable. We have found that, for the most part, the tools are fairly transferable and that it is the way in which they are used and the degree of flexibility required which differentiates one business from another.

On the subject of cost, one business had developed a template for tracking this for its entire population and we have shared this across the Group. We are working to populate it in each business to understand actual cost. A further benefit of doing this is that we are quickly developing a sense of what we do not yet know or are not recording. This, in turn, is shaping a review of governance which will be worked into 2014's schedule.

We now have frameworks in place for most businesses. They do not always want the restrictions of tightly defined policy, but prefer to retain flexibility within guidelines and principles. Our relatively small numbers give us the opportunity to do this.

A key innovation of what has been an extremely busy year is the creation of an international mobility 'forum', where the HR teams dealing with mobility in each business come together as a group every three months or so for half a day. We use this time to discuss progress with the core project aims, to review technical (e.g. immigration, tax and social security) developments in our key territories and to discuss learning from particular cases or experiences. Most recently, we have also begun to invite vendors to these meetings to ask them to give us a sense of developments in international mobility as they see them, as well as to facilitate the further development of relationships.

Plans for continued development

We have been very pleased with progress this year, but there are a number of things which lead on from the work we have already done, which mean the coming year will be both exciting and (again) busy.

We will keep a close eye on progress in respect of capability in each HR team and the numbers and types of moves. There remains no intention to centralise mobility as a function, but we will need to ensure that our developments are sustainable and this will require specialist support in some form.

It is our intention to build on the cost work we have done and to understand that this is just one half of the value equation. We will, therefore, be working with each business to create a view on what constitutes "value" and how this might be measured.

If our decentralised model is to thrive, communication is key and we will be seeking to create more effective links with talent, tax, finance, financial controls and the businesses themselves, to ensure we capture both the risks and opportunities from international mobility. We have come a long way in a short space of time, and we are excited about the future. •



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