

Annual Report 2011/2012

Survey results on

Global Mobility



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Survey results on Global Mobility

This report is written & produced by:



The **RES Forum** is an independent community of in-house Global Mobility and International Human Resources professionals. The Forum is not influenced by any external parties or third-party vendors, and is characterised by the high level of trust, participation and collaboration amongst its members.

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Foreword

A year has gone by and we are at that time again when the RES Forum stops, compiles the e-surveys that the RES team has conducted on behalf of its members over the past year, and summarises them into a coherent report.

This report shows the trends in key areas of mobility as generated by in house HR mobility practitioners – indeed this generation of information by members makes the report a unique piece of work - it shows what is on the agenda for organisations as defined by those same organisations. It is user-centric content rather than content generated by a 3rd party survey provider on what issues are relevant to mobility professionals. I thank the RES Forum Team for offering me the opportunity to write the foreword of this Annual Report and in doing so, to share with you thoughts that arose when familiarising myself with the e-surveys.

An overall observation is that the RES membership have continued to be active and have succeeded in generating an impressive amount of detailed, valuable and unique data, which mobility professionals can use for their benefit in their daily work. The Forum offers an outstanding channel for generating highly relevant and timely data – it is great to see that the RES membership makes use of it and that the RES team continues to support their members in this area.

'It is satisfying to know that the RES Forum is adding colour to this existing tapestry of research.'

Viewing the surveys from the numerical standpoint shows that rewards-related enquiries have been most popular. This is not surprising, given that developing principles and practices regarding compensation and benefits for various types of international assignees is at the core of most in-

house mobility professionals' job responsibilities. It is also an area requiring constant development to reflect contextual changes. In the process, getting to know what others are doing can be a good source of ideas. Over the past year, the RES Forum has surveyed the practice around application of negative cost of living indices; how relocation benefits are tiered; or what health package and other benefits are offered for expatriates in China, to name a few examples.

Furthermore, it is obvious that the RES Forum membership has retained an interest towards policy segmentation. This interest is in line with what can be seen in other trend surveys and research reports. Costs triggered by international assignments need to be contained and at the same time one should be able to attract employees to go on assignments and keep them satisfied with the terms and conditions. Like in many other occasions, one size does, in fact, not fit all. Providing everyone a standard package may result in assignees who are dissatisfied. Independent of this report, there are also several pieces of research which show that providing a 'one size fits all package' to all transferees leads to higher organisational costs than providing different packages to different assignee segments. It is satisfying to know that the RES Forum is adding colour to this existing tapestry of research.

'Global mobility is on its way to being appreciated even more than before'

Today when growth is at the top of many CEO's agenda, interest in emerging markets, which represent significant new opportunities, is of no surprise. The topic is well represented also in this report. The RES Forum surveys cover issues such as: 'Is it appropriate to send female expatriates

to certain countries?', 'How do assignees prepare for assignments to hardship locations', 'In what currency are assignees paid?', and so on. In many growth economies, safety and security is a challenge faced from a global mobility perspective and this is a topic that the RES Forum has surveyed just recently. The results for these surveys are for me a bit concerning. It is clear that many organisations represented in the RES Forum have lots of room for improving their practices and policies on safety and security issues.

On the basis of a broad review of studies, papers and seminars in the global mobility arena during the past year I would conclude that aligning global mobility with talent management has been one of the most, if not the most popular strategic theme and with good reason. For global companies, talent is the enabler of growth and success. To attract, develop and retain the best talent, companies need to be able to offer well-planned, well-supported international assignments. They also need to offer assignments from an employee developmental perspective. In particular newer generations that come into the workforce fully expect to have a chance to work abroad during their career. On the other hand, there is a convincing amount of research findings highlighting the fact that the experience of living and working abroad is essential for the development of global leadership competencies. Surveys that are included in this report indicate that many of the RES Forum companies are working towards linking talent management and mobility.

I believe that in the future we will increasingly see efforts to integrate global mobility to other related programs and processes and for it to become an inherent and inseparable part of global companies' life line. Linking global mobility to talent management is a significant step towards that. Along with strengthening integration, the role of global mobility as a critical strategic enabler will become clearer. In addition, this development will most likely be reflected in global mobility professionals' job responsibilities and roles. Philosophical discussions will ensue around who is responsible for global mobility or rather, who is responsible for broader international human resource management (IHRM) related issues: and who do the people who are responsible for international mobility report to? Is it Reward or the Talent Management Function? In fact, several surveys included in this Annual Report already signal these changes. RES Forum members were keen to learn how others manage distant teams, as well as learning about global resourcing and induction – traditionally these topics have not been at the core of interest of global mobility specialists. RES Forum members also wanted to know about the International Assignment Manager's current role. Overall I think that this line of development is absolutely fantastic: global mobility is on its way to being appreciated even more than before, - and the same applies to those who enable successful mobility, including you, global mobility professionals!

Marja Tahvanainen
31 May 2012



Andrea Piacentini
Co-founder of the RES Forum

Introduction

We are delighted to bring you the RES Forum Annual Report for 2012, our second annual report and a synthesis of all of our surveys over 2011 and into early 2012.

The RES Forum is the world's biggest truly international online community for in-house mobility and International HR professionals, covering programmes ranging from 5 employees to 20,000 employees in size. We measure our size by the active participation of our 300 members, located in over 30 countries, and their engagement with the forum as a virtual community. The volume of member generated surveys during 2011, which form the backbone to this report, are testament to this. Whilst other forums and similar organisations may disagree, for us names on a mailing list are not a true measure of size and worth as an organisation.

'The information contained in this report is what is truly keeping mobility professionals awake at night'.

In the 2012 annual report, the collection of analysis represents something very unique in the world of global mobility - content that is defined by in-house mobility practitioners over a sustained and measurable period.

This means that we do not offer a snapshot overview

of the mobility landscape or indeed predefined information which results in a predetermined answer. The information contained in this report is what is truly keeping mobility professionals awake at night. This user-driven output throws up some interesting developments and areas of discussion.

Our first observation for 2012 is that mobility programmes have been less radically overhauled over the last 15 months vis a vis the previous report period, 2010. Reduction of costs and introduction of policy segmentation were the main changes instigated during 2009 to 2010 and what we are now seeing is a 'settling of the land' as multinationals test those stripped back, reconfigured policies. Whilst the tweaking of benefits and policies will continue into 2012 we believe the true impact of the changes will only be evident in 2013 or later. This impact will be assessed from a cost, employee mobility and talent development perspective.

Another area of discussion in the 2012 report, and indeed two themes which we would like to juxtapose, are the ongoing duty of care considerations for organisations as well as the move to more localised assignment packages.

The historic tax equalisation approach to assignment management, although expensive, created for many a hygienic environment where many benefits were delivered on a 'net' basis as part of a generally high-touch approach. The world post-2009 has removed tax equalisation as a core philosophy underpinning assignment management; furthermore the

movement to packages designed on a localised basis has also illustrated a step towards a less paternalistic approach. Throw into the mix the poor duty of care results recorded by the RES Forum membership in the 2012 report and we, the RES Forum Team, have genuine concerns about short term savings resulting in increased assignment failure and reduced employee well-being.

'Whilst the tweaking of benefits and policies will continue into 2012 we believe the true impact of the changes will only be evident in 2013 or later'.

This could of course be unnecessary scaremongering... our 2012 report also shows that organisations are increasingly seeing assignments less from the compensation and cost perspective and increasingly from a talent management and talent selection point of view. Seeing assignments as both employee and employer driven opportunities will create greater acceptance of

the change experienced by an assignee and reduced support offered by organisations. Build into this the concept of 'expatriate competences' (that is to say suitability to adapt to a location and to be a successful assignee) and the chances of assignments failing are vastly reduced. This is notwithstanding the reduced compensation offered.

These are but some of the observations we have made in reading, editing and compiling the 2012 report. We hope you enjoy reading it as much as we did writing it and look forward to providing you the next update during 2013 into 2014.

Finally the RES Forum team would like to thank the following people without whom the creation of this document would not have been possible: Sophie Cranston, Ricardo Muyres, UniGroup UTS, Vanessa Cremers, Marja Tahvanainen and last but not least the RES Forum members whose continued engagement and loyal support to the forum made this report a reality.

Andrea Piacentini

31 May 2012

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International Assignment Management

Although global organisations increasingly favour a local workforce to run their business in overseas locations (particularly true in difficult economic times), many multinationals continue to send employees on short or long term assignments for the purposes of local business management.

These organisations often face a number of issues such as the lack of adequate technologies to track their expat population; the geographical distance between the assignees and the management / HR teams; the number of touch points in the process (e.g. HR, management, external vendors, etc.).

Who is responsible for the duration and/or extension of an assignment? What is the role of the International Assignment Manager? What does the management of international assignees exactly consist of? What tools do organisations use to track their assignee population?

These are some of the questions that are being addressed in this chapter, highlighting the complexity of Global Mobility processes and the challenges that all organisations have to face, regardless of their industry.

1 International Assignment Management

Assignment Duration and Extension Process

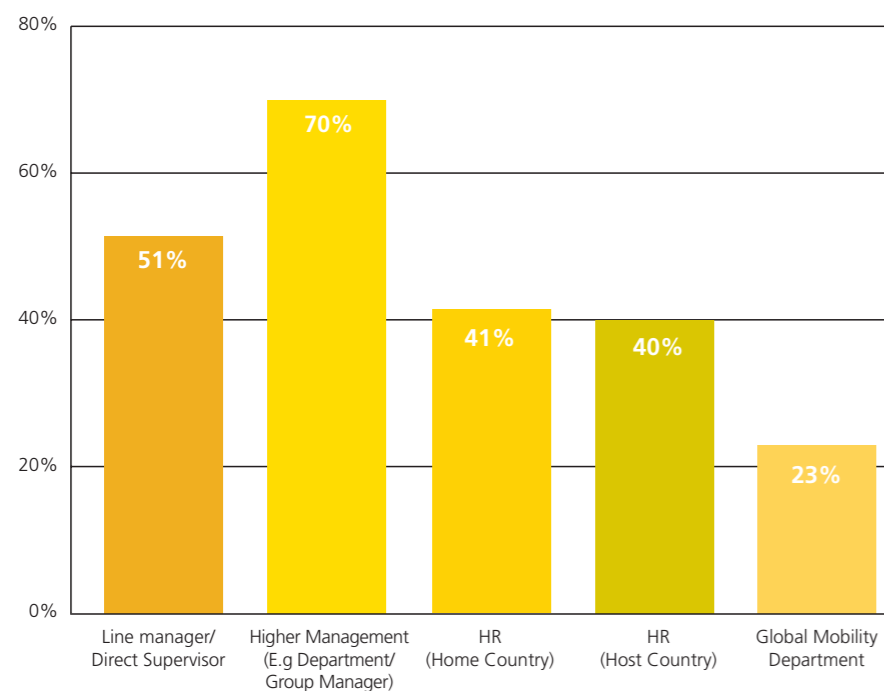
The results of the *Assignment Duration and Extension Process* survey show the typical assignment duration by assignment type, as well as extension and approval processes.

Almost an identical number of surveyed organisations use Long Term and Short Term assignments on a regular basis (respectively 99% and 97%). In addition, 38% of respondents use developmental assignments. The most common duration of a Long Term assignment is 5 years (49%). Just 6% of organisations have assignments that are over 5 years.

Assignment extension

In most cases (81%), the requirement to extend an assignment is assessed by the direct supervisor or line manager. However, 57% of respondents also state that senior management is involved when assessing the need for an extension. For the majority of respondents, the assignment extension is approved by senior management (70%). Figure 1.1 shows who is making the decision about assignment extensions.

Figure 1.1 Who must approve an assignment extension?



Survey quotes

“According to policy an LTA shall not last more than 3 years in the same country but there are numerous exceptions due to ‘business criticality’.”

“The business may submit an exception request to ask for an extension beyond 3 years. If there is good business reason, the IA team may approve the exception.”

“We normally close long-term assignments before 5 years, but we have a handful of exceptions that are 6-8 years on assignment.”

Some assignees exceed the internal ‘maximum duration’ that organisations have. From the survey, 45% of respondents state that about 5% of their assignees exceed this duration.

Managing Distant Teams

The *Managing Distant Teams* survey was set up to further understand how organisations manage distant or virtual teams, the challenges faced in doing so and how organisations overcome these challenges. 59% of surveyed organisations have geographically dispersed remote or ‘distant’ teams.

The key factor for successful, collaborative teams is regular communication. Almost all respondents with a distant team can bear testimony to this.

Survey quotes

“Communication as close and regular as possible given time differences: regularly status meetings, sharing of information (common data storage place, etc.), clear allocation of responsibilities.”

“Communication and making sure the remote teams feel part of the core team providing the service. Clear lines of accountability. Opportunities to visit HQ and get face time with their HQ team colleagues.”

There are two significant potential challenges with a remote team set up. 59% of organisations with a distant team have a priority focus on ‘lack of communication’ and 65% on ‘isolation/lack of team spirit’. For 71%, time management is a ‘secondary focus’.

Survey quotes

“The team spirit would always need to be in focus if the activities of the team are connected and dependent on each other.”

“Main issue is difficulty of handing over pieces of work from Melbourne to London given time zones. Potential for misunderstanding although no language difficulty, key pieces of information can get lost or overlooked. Communication is the key.”

Tracking of Expatriates and International Transfers

The intention of the *Tracking of Expatriates and International Transfers* survey was to assess the current technology practice for tracking international assignees and transfers.

The majority of surveyed organisations have purchased a customised HR system for personnel administration (46%) and/or payroll (44%). For personnel administration, 31% do not have any system in place. However, for assignment management, 72% use Excel/Word files, 38% use paper files and 38% have purchased a global customised system. Three-quarters (75%) of Global IA functions are responsible for tracking expat data.

Interestingly, 28% track less than 50 expatriates via an HR system and, as figure 1.2 shows, just 6% track more than 1,000 expats via an HR system.

Figure 1.2 Number of expats tracked via a system

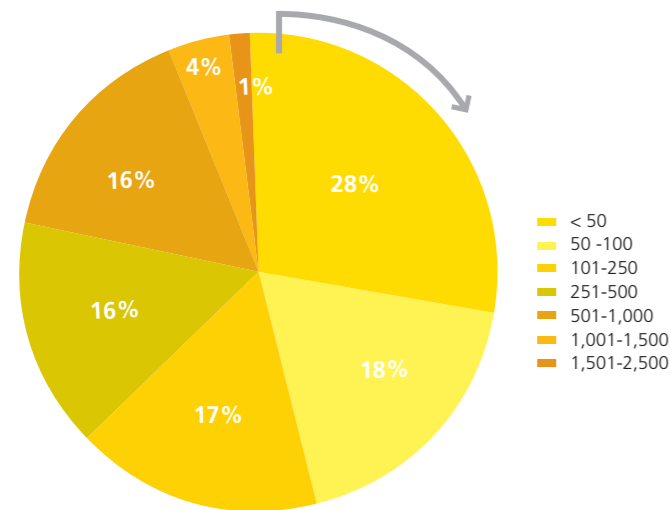
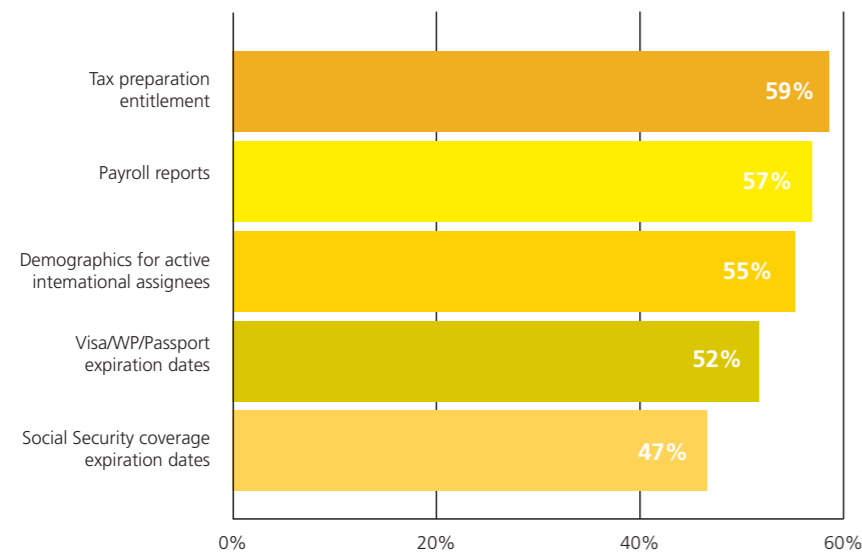


Figure 1.3 shows the top 5 ongoing reports which are run by the surveyed organisations. Number one is tax preparation entitlement with 59%.

Figure 1.3 Ongoing reports (top 5)



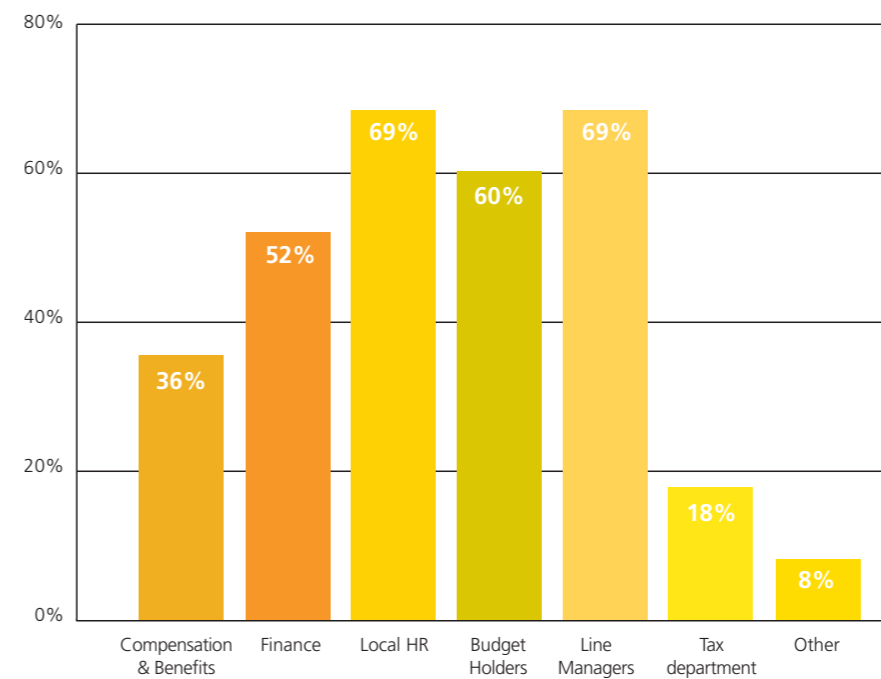
Almost all surveyed organisations (91%) issue individual assignment letters for each assignment. Furthermore, 62% of respondents track reminders for key actions using spreadsheets and 48% using the individual's calendar.

International Assignment Processes

The *International Assignment Processes* survey benchmarked global mobility processes. Compensation data is the main piece of information required when working on a potential assignment (84%), followed by personal data (77%) and the reason for the assignment (69%). 64% of organisations require a full cost projection to approve the cost of a move and only 19% look to compare the assignment costs to that of a local employee.

Two thirds of organisations (67%) calculate cost projections manually and 19% use an outsourced provider. 67% provide a full and detailed breakdown of all employee compensation and company costs, and a third (33%) provide a summary of the breakdown. The cost projections are primarily used by local HR and the Line Manager (both approximately 69%) as figure 1.4 shows.

Figure 1.4 Use of cost projections per department



56% of respondents only update cost projections at the start of the assignment. 33% update them on an ad-hoc basis when requested. For those that do update cost projections regularly, the most mentioned recipients are:

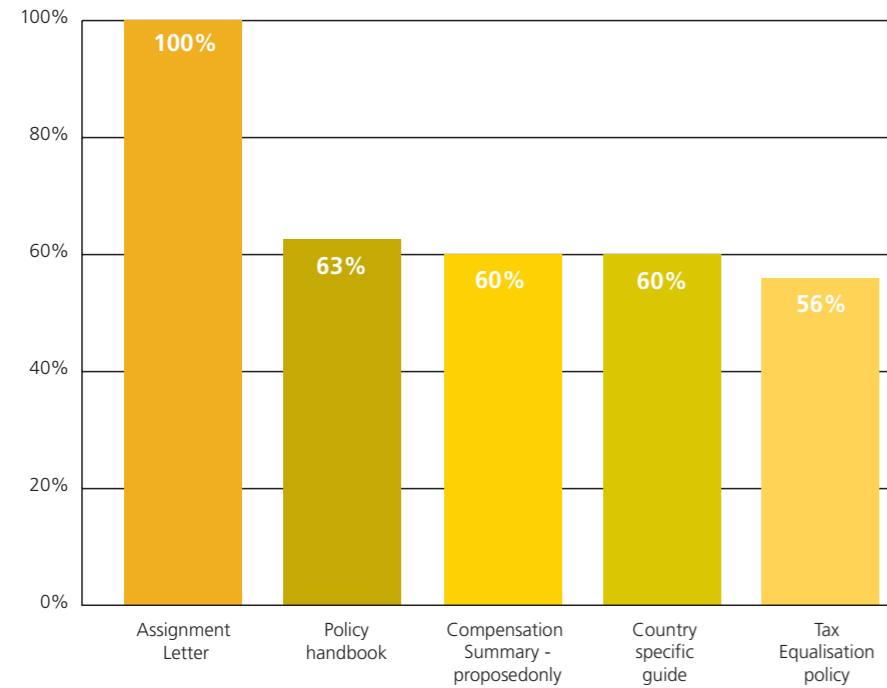
- Budget Holder (57%)
- Finance (45%)
- Local HR (52%)
- Line Managers (50%)

In 60% of cases, the Global Mobility Team makes the first contact with a potential assignee after the identification. The Global Mobility Team's first involvement is in 45% of cases an 'introductory call' which is usually a presentation of the package.

During the pre-assignment phase, 61% of organisations state that their Global Mobility Team communicates with the assignee on an ad-hoc basis. During the course of the assignment, 82% continue to communicate with the assignee on an ad-hoc basis and 63% with the spouse and/or family. This highlights the importance of maintaining a link with the expat and their immediate family.

All respondents have confirmed that they provide the assignee with an assignment letter. Other documentation that is often provided is shown in figure 1.5. 55% of organisations produce documentation manually. Besides that, 89% issue documents via email and 44% publish some of these documents via the Intranet site.

Figure 1.5 Top 5 most provided documentation



The International Assignment (IA) Manager Role

The *IA Manager Role* survey's aim was to gain an understanding of the role of an International Assignment Manager – what are their main responsibilities and what are the activities that organisations outsource?

In most cases (72%), the International Assignment team falls within the HR function of 'Remuneration and Benefits' and 34% falls within the 'Group HR Function'. 44% keep the IA administration in-house and 55% partially outsource it.

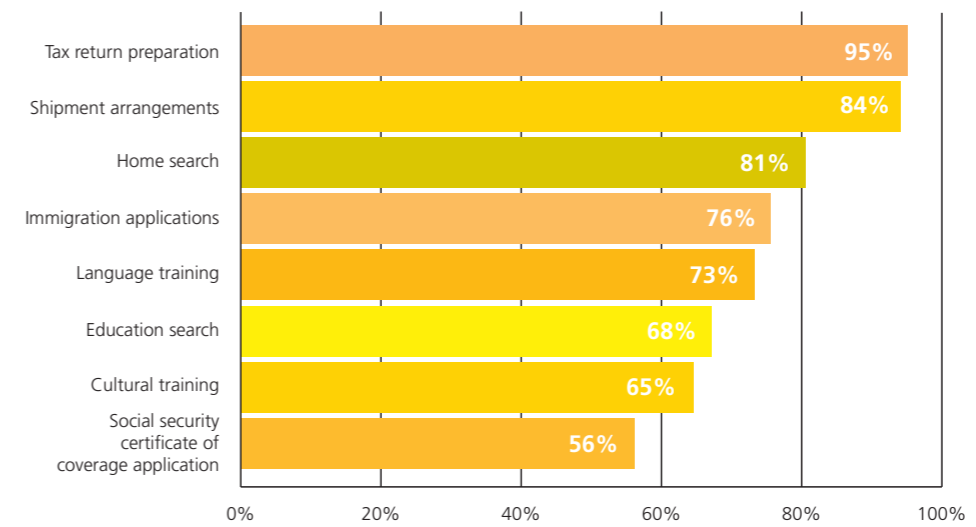
Survey quotes

"We don't have an IA team – we have an International HR team who look after all general HR issues in international offices but also manage assignments."

"IA function consists of 2 sitting within our Group HR team."

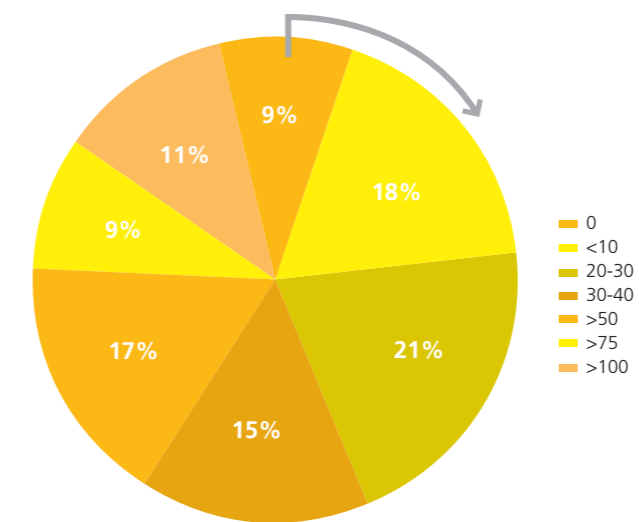
The task most commonly outsourced by the respondents is the Tax Return Preparation (95%). A majority also source out Shipment arrangements (84%) and/or Home search (81%). The other results (above 50%) are listed in figure 1.6.

Figure 1.6 Outsourced IA administration tasks



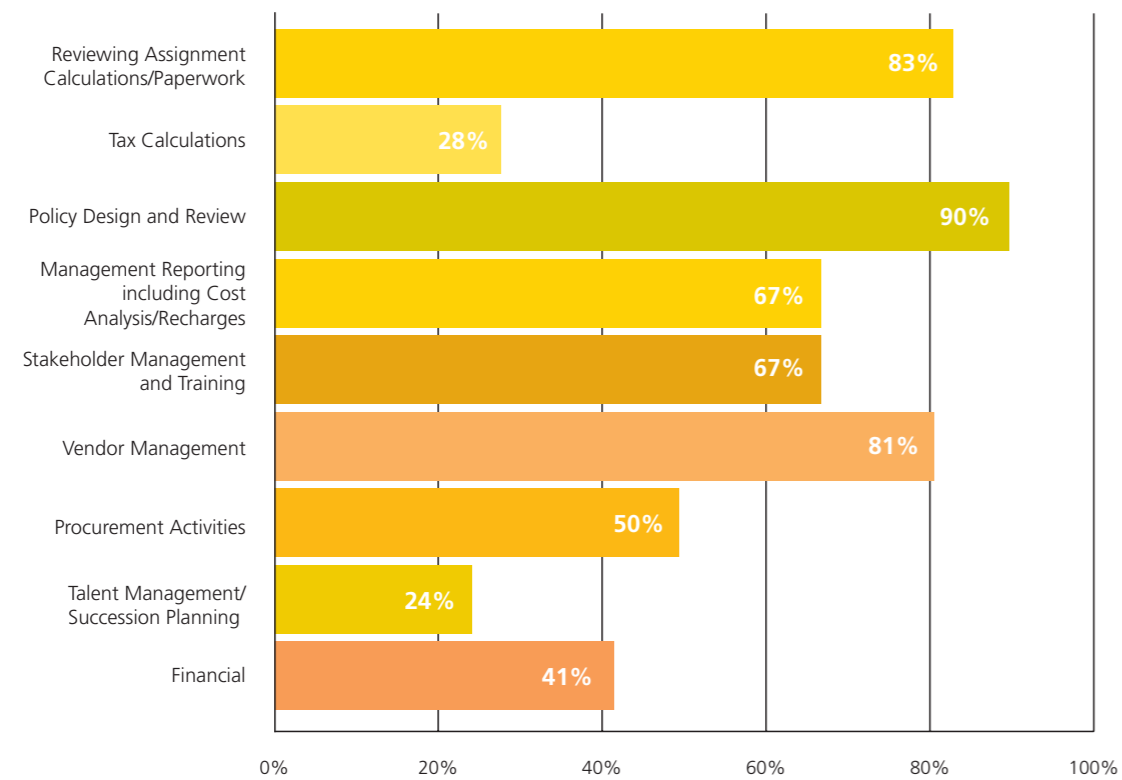
35% of organisations have located their IA function regionally with hubs in key locations, but the majority (52%) have centralised it in the EMEA region. For 78% of organisations, the IA Manager has an ongoing number of assignees to manage. Of these organisations, 77% do not manage only one specific type of assignment. The average size of the assignee population that the IA Manager manages varies considerably among surveyed organisations as shown in figure 1.7.

Figure 1.7 Size of assignee population managed by the IA Manager



This survey also identifies the key responsibilities of the IA Manager. These are listed in figure 1.8. IA Managers seem to be very much involved in the Policy design and Review, as well as Assignment paperwork and vendor management.

Figure 1.8 Key responsibilities of the IA Manager



RES Expert Opinion

International Assignment Management



“Although many aspects of Global Mobility programmes are today being outsourced to third party suppliers (e.g. tax, relocation, etc.), the majority of our members are still managing the overall expat process in-house. This undoubtedly emphasises that the role of the International Assignment Manager remains vital to ensure an effective co-ordination of the move and a good level of communication between the HR Team and the expat and their family before, during and after the assignment.”

Soline Descamps,
RES Forum

Talent & Resourcing



Although there is a wide range of reasons for selecting an employee to go on an international assignment, talent is becoming increasingly linked to mobility. Indeed, many global organisations are keen to understand how international assignments can be used in the attraction, retention and development of their workforce and a growing number are looking to use international assignments as a career development tool or to introduce specific Global Expat pools to mirror their Talent Management programmes.

The following chapter provides some interesting data on how talent interacts with mobility and what the latest trends are in this respect.

At the time of selecting a suitable employee to go on an international assignment, organisations tend to identify in the first instance a candidate within their own organisation. However, when this proves to be difficult, some organisations also look for external candidates, using different types of advertising for the vacancy, emphasising the need to have the right resources in place for their overseas entity.

This chapter shows how organisations proceed with the recruitment of staff overseas and what are the means most commonly used to do so.

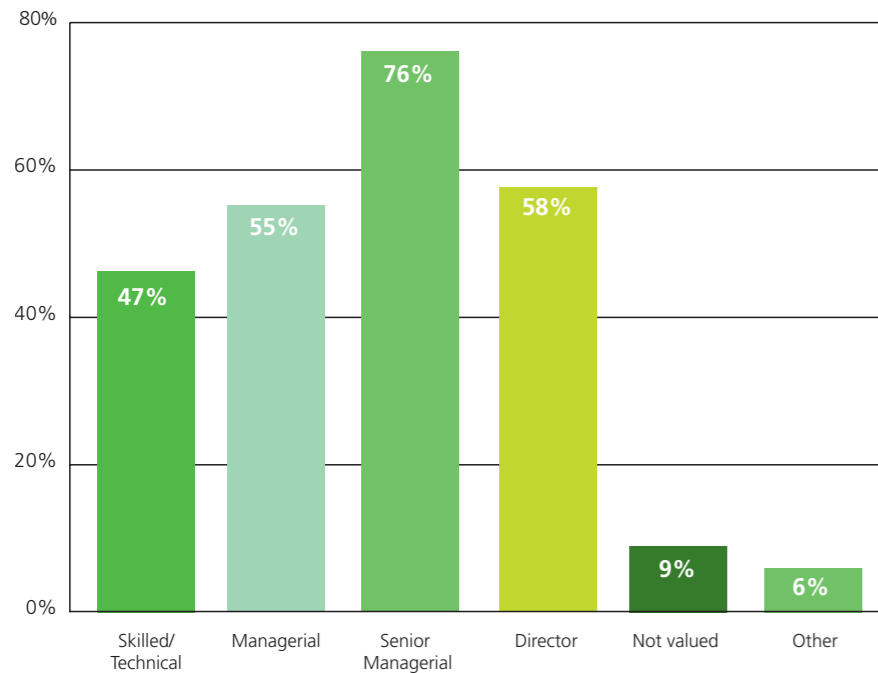
2 Talent & Resourcing

International Talent Management

The *International Talent Management* survey's aim was to look at the link between talent and mobility within the Global Mobility market.

62% of surveyed organisations state that an international assignment is not required for career development, regardless of the level, but it is valued by 91%. International assignment experience is important for career development mainly at Senior Managerial level (76%) as figure 2.2 shows. Having said that, 98% of respondents do not require an international assignment (IA) for career development in any particular job type.

Figure 2.1 Valued IA experience levels for career development

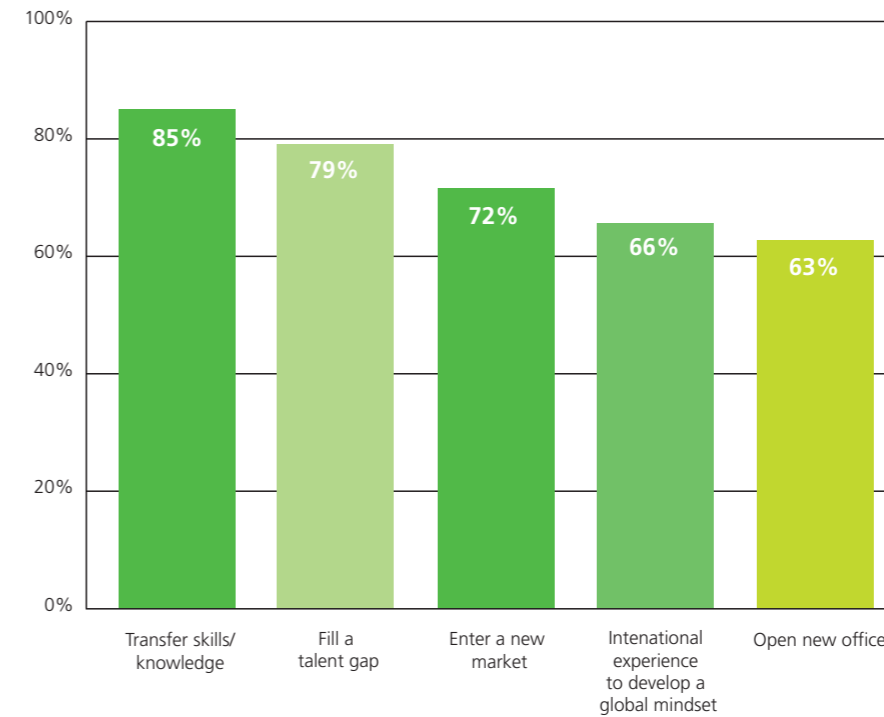


80% of respondents suggested that international assignments are used as an employee development tool. For 64% of these organisations, this is to broaden the market knowledge of their employees, 61% want assignees to build skill sets and 49% want them to build relationships.

However, comparing the current results with the results of a previous *Talent & Mobility* survey conducted in 2010, the trend is that the respondents use international assignments less as an employee development tool to broaden market knowledge (-25%), build skill sets (-18%) and build relationships (-12%).

There are multiple reasons for respondents to send employees on international assignments. The top 5 is shown in figure 2.2.

Figure 2.2 Reasons to send employees on assignment (top 5)



Comparing the above top 5 with the *Talent & Mobility* survey run in 2010, there is a downward trend.

Fewer respondents send an employee on assignment for the following reasons:

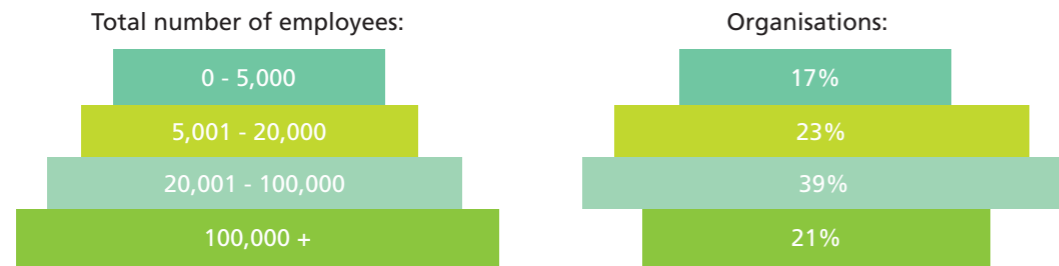
- Transfer skills/knowledge (-8%)
- Fill a talent gap (-12%)
- Enter a new market (-18%)
- International experience to develop a global mindset (-10%)
- Open new office (-21%)

Global Expat Pool

The *Global Expat Pool* survey looked at whether organisations maintain a Global Expat Pool, defined as a group of employees who are intended to take up an expatriate assignment, and whether this pool strategically overlaps with a talent management programme.

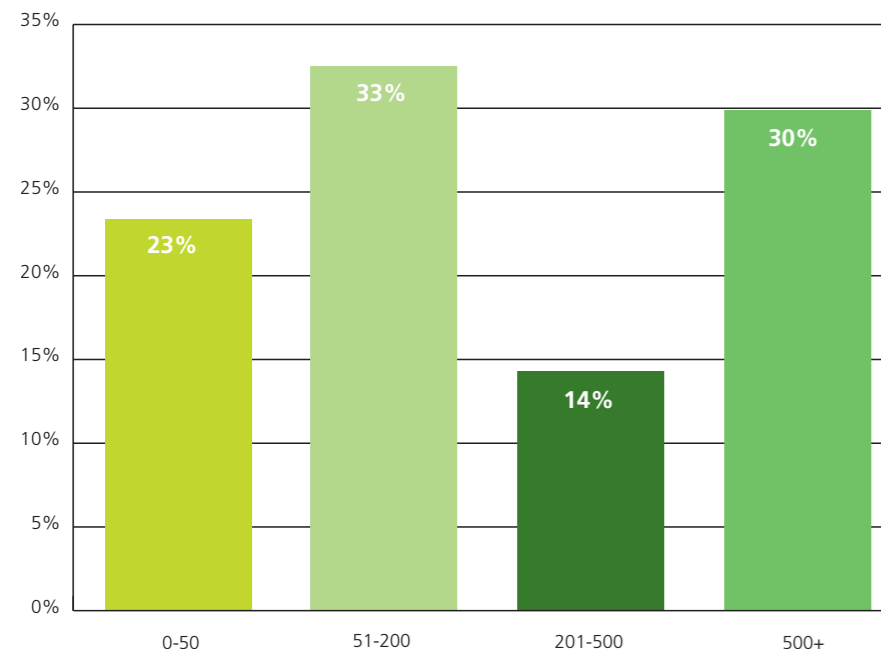
80% of organisations have a talent management programme and just 14% have a global expat pool. Of the organisations that have both, 62% state that there is no strategic overlap between the expatriate pool and talent management programme.

At the question 'How many employees does your company have?' the respondents answered the following:



Almost 30% of these respondents have more than 500 expats and 33% have 51 through 200 expats. Almost all respondents operate in more than 10 countries, only 8% do not.

Figure 2.3 Size of expat population



59% of surveyed organisations have two or three defined categories of expats. 11% have only one type i.e. all of the assignments are of the same nature. Moreover, 43% of respondents stated that there was no job guarantee on return from assignment for their expatriates.

Survey quotes

"The company's objective is to offer the Assignee a suitable regular position after the assignment. The planning of the Assignee's future career should be an ongoing process throughout the assignment. There is though no job guarantee. If no position is available within the company, the home country's termination regulations will apply, with a minimum redundancy period."

"We commit to them having a job on return but they would still need to apply for something and if nothing is available we would offer redundancy."

Of the respondents that have a global expat pool (14%), 67% have 1 to 25% of their employee population as part of the pool. 54% state that management level employees are eligible for the expat pool and 46% have all levels in the pool.

The following summary provides other results about Global Expat Pools:

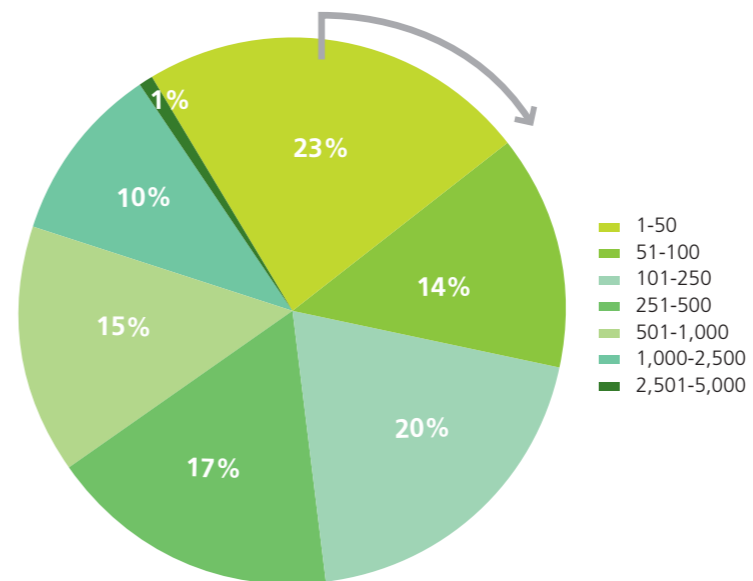
- 43% determine the salary for assignments of global expats with host country adjustments.
- 73% allow for some flexibility in salary offers, within a specified range.
- 69% may occasionally hire externally on expat terms, but this is not common practice.
- 67% do not have an expatriate management company.

Assignee Populations

The Assignee Populations survey analysed the size and structure of short-term and long-term assignee populations.

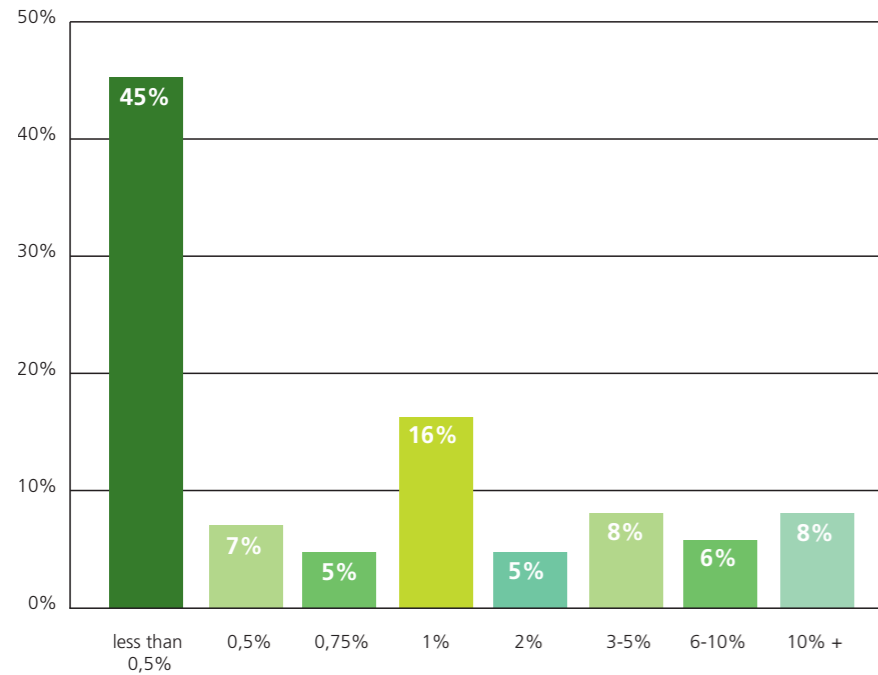
There was a wide level of variance amongst surveyed organisations in terms of the size of their assignee populations. Interestingly, the proportion of organisations that have between 2,500 and 5,000 international assignees is extremely small (only 1.1%). This is shown in figure 2.4 below.

Figure 2.4 Number of international assignees



For 38% of organisations, 81 to 100% of their total assignee population are long-term assignments. For 15% of organisations, it is just 1 to 10% of their total assignee population. Furthermore, for 57% of respondents, 1 to 20% of their assignee population consists of short-term assignees. In total, expats represent around 0.5% of the total employee workforce for 45% of surveyed organisations.

Figure 2.5 Percentage of total employee population made up of expats



Almost a third (33%) of organisations have assignees in less than 11 locations. Only 28% have assignees in more than 30 locations. 35% consider one or two locations to be a 'new market' when 29% considered three or four locations to be a 'new market'.

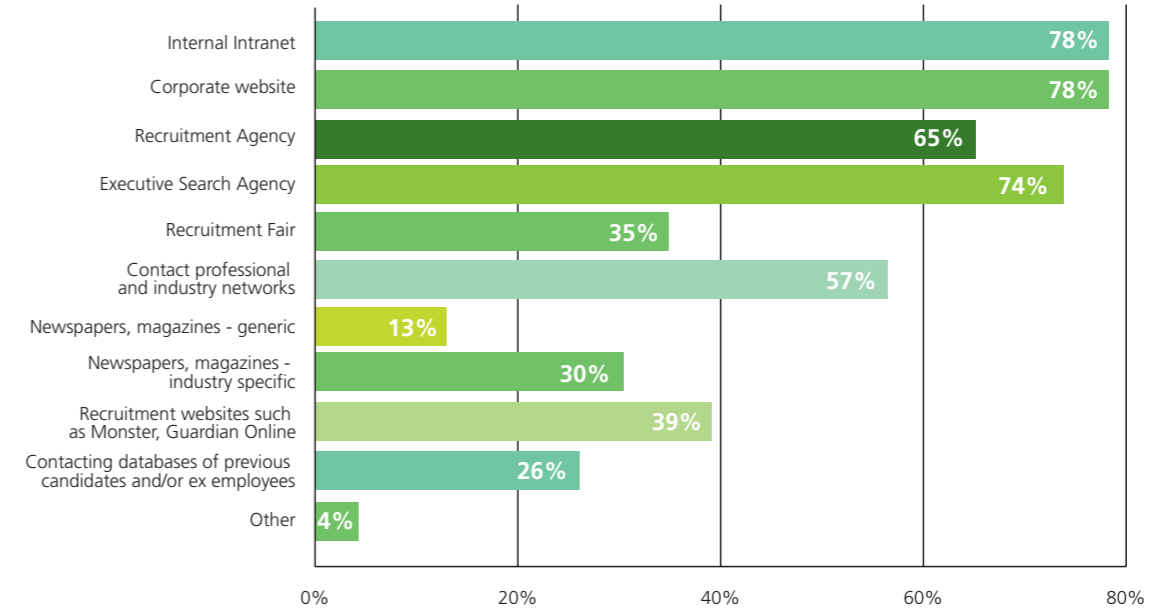
Recruitment & Induction

The *Recruitment & Induction* survey gives a view of organisations' approach to external recruitment and induction of Senior Managers. 65% of respondents operate in five or more country offices outside the UK and employ a senior/ country office manager to lead and manage one or several offices.

Recruitment

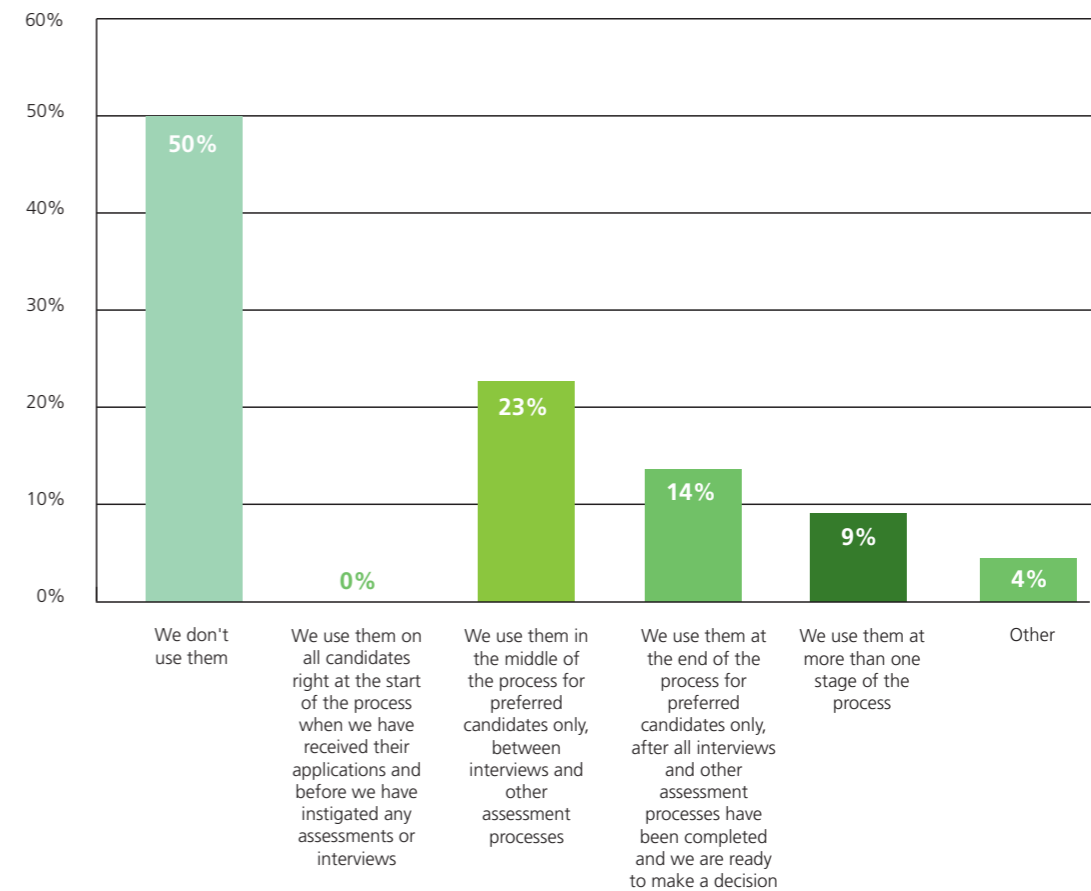
Figure 2.6 shows that the most popular medium for advertising a senior management position is via a corporate website or internal Intranet (both 78%) or via an executive search agency (74%). The least popular medium for advertising a senior management position is via a generic newspaper/magazine at 13%. Of the organisations that do advertise in the printed media, 65% place adverts directly in the media, 15% use a media buyer and the remainder (20%) use both (depending on circumstances).

Figure 2.6 Medium used to advertise a vacancy



The candidates express their interest in the job offer often via a letter and/or CV (68%) or via a recruitment agency/ executive search (73%). Half of organisations receive applications via an application form. 50% of organisations do not use psychometric tools during the application process, as figure 2.7 shows.

Figure 2.7 Use of psychometric tools



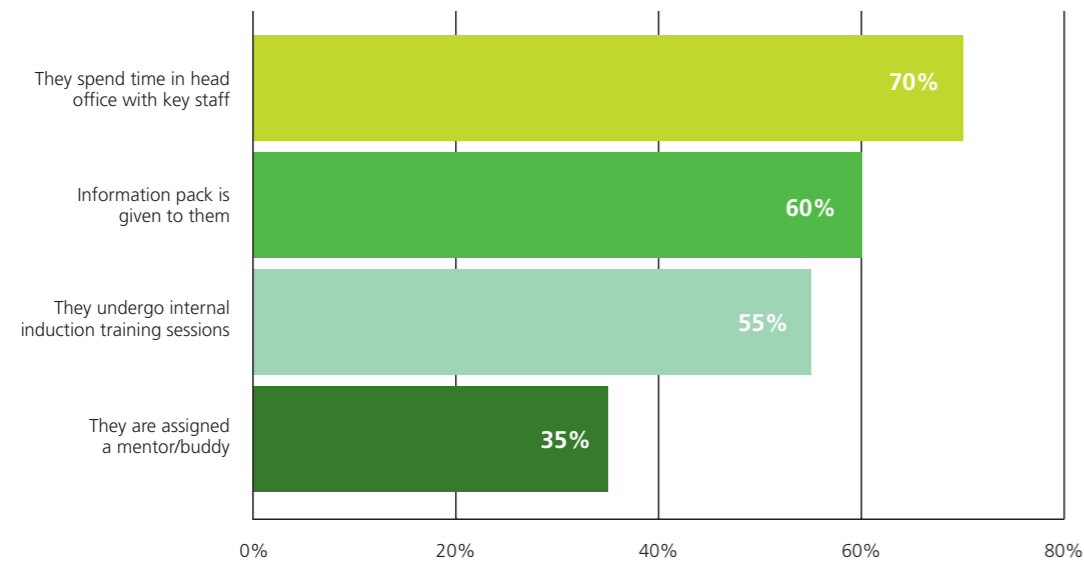
55% offer three or more interviews to candidates as they work their way through to the final stage of the process. But for 41% of organisations, the number of interviews depends on the circumstances.

64% have an interview panel consisting of a recruitment manager, a peer manager and an HR representative versus 14% who just have a recruitment manager. The remainder has a recruitment manager and an HR representative (23%) or a recruitment manager and a peer manager (18%). In most cases (71%), the divisional management team has the responsibility of making the decision on selecting the country office manager. The Board (52%) and HR (33%) have this responsibility less often. How interviews are conducted varies (68%). It depends on the circumstances, the availability of managers and/or the location of the candidate. 32% use a mixture of an interview via the phone or Skype and a face-to-face interview.

Induction

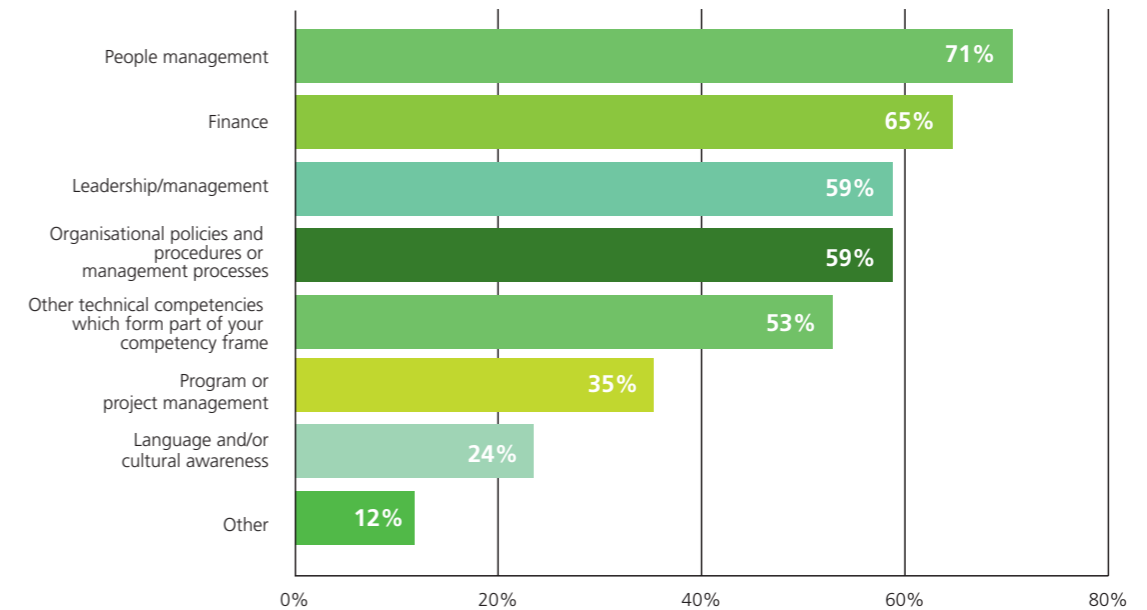
42% of organisations run senior management inductions lasting from 1 to 3 months. But 32% have no induction period. As figure 2.8 shows, 70% deliver induction to their country office manager by spending time at the Head Office with key staff and 60% simply give him (or her) an information pack.

Figure 2.8 Delivering of induction to the country office managers



71% of organisations that provide induction training include the topic 'people management' as mandatory. 65% include 'finance' as a mandatory topic. Figure 2.9 shows all the results.

Figure 2.9 Mandatory topics of induction training



RES Expert Opinion

Talent & Resourcing



“Clearly, this chapter shows that organisations are shifting more and more from ‘fitting jobs to suitable staff’ to ‘fitting staff to suitable jobs’ and are therefore recognizing the importance of interactions between Global Mobility and their Talent programmes.

HR teams will increasingly need to develop talent-based frameworks where Mobility will be redefined as a key element of the talent cycle; this in order to manage the growing demand for global talent and the new challenges that this engenders.

This will be achievable through a review of policies, as well as the implementation of new processes and IT tools to support the global talent strategy and international sourcing needs within organisations.”

Soline Descamps,
RES Forum



3

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FORUM

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Rewards

Historically reward has been seen as the key element of an international assignment package – indeed the days of the ‘olde worlde’ assignment package together with perceived ‘gravy train’ rewards are for many the personification of the term ‘expatriate’.

For that reason trends in the reward of expatriate assignees is often the source of many surveys and data requests from within the RES Forum.

This chapter shows some interesting trends vis-à-vis the reward trends chapter from the 2010 report. In addition it gives a valuable temperature check on what a competitive expatriate package looks like and how organisations segment the support they provide to different categories of assignees.

3 Rewards

Benchmarking of Assignment Allowances and benefits

The respondents to the *Benchmarking of Assignment Allowances* survey adopted three Cost of Living indices for their organisation.

- 42% **Cost-effective home-based/medium index**
- 27% **Expat/inefficient purchaser index**
- 27% **Cost-effective international/minimum index**



The allowances that are provided the most by the respondents are relocation allowances (85%) and location/hardship allowances (80%). Furthermore, 47% provide a mobility premium.

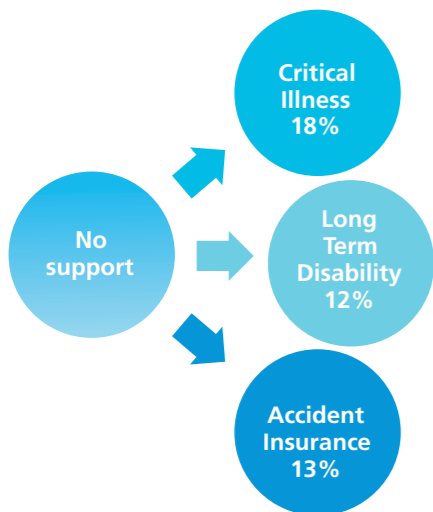
Most of respondents only pay fees for private schools in special circumstances (39%) and just 12% always pay these fees for private schools. Paying fees for local and international schools is more common, respectively 28% and 30%.

The use of an exclusive package/policy between two headquarter locations is quite unusual and applied by only 3% of organisations. In other words the vast majority (97%) have no package/policy between two headquarter locations.

95% of surveyed organisations do not operate a specific package/policy for European assignments. Perhaps a surprising result, because European packages/policies are often less expensive than intercontinental packages/policies.

Health and Welfare Benefit Provision

A review of the *Health and Welfare Benefit Provision* survey has shown that almost all surveyed organisations provide health coverage for their assignees (98%), and 96% also provide health coverage for the family. However, around 15% of organisations do not provide 'critical illness insurance', 'long-term disability insurance' or 'accident insurance'.



Flexible benefits scheme

Over half (56%) of organisations do not operate a dedicated flexible benefits scheme for assignees. 40% has a scheme in some locations and a small percentage (4%) has a global scheme in place. The size of the assignee population, and indeed the size of the organisation, may determine this provision. In addition, 14% will not allow an assignee to continue to participate in their home benefits scheme. Almost half (56%) will allow continued participation and 31% partial participation in the home country flex.

Survey quotes

"We are looking at the health of frequent travellers and may factor something into our wellbeing initiative which is being designed at the moment."

"A new global travel assistance program for all employees will be extended to family members of those on assignment."

Destination Pay Policies

About half of respondents to the *Destination Pay Policies* survey operate a destination pay policy. More than half (55%) of them offer a 'destination pay' package when transferring an individual to another country on a fully permanent basis, 42% offer the package when locally hiring a non-local national into a permanent role in the host location.

Just over half (52%) of surveyed organisations provide a repatriation agreement or commitment for 'destination pay' assignments. The main reason that 48% do not have this repatriation agreement/commitment is that they only operate home-based packages (67%).

Employment contract

60% of organisations that assign an employee on a destination-based package maintain the home employment contract throughout the assignment. The survey quotes below give an indication of why some participants maintain assignees on a home rather than host contract:

Survey quotes

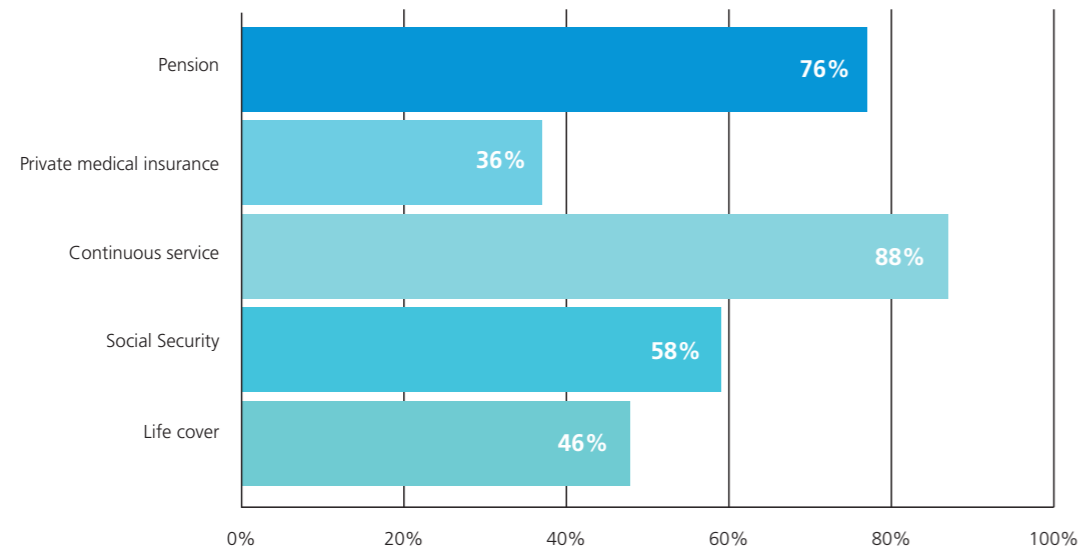
"The employment remains with the home country but the individual receives a host salary. They remain in home country pension and social security where possible. This approach does not work for some countries."

"Remain a home country employee with an assignment letter 'sitting on top' of their employment contract."

"They remain home country employees unless they are severing all ties and becoming a local hire."

'Continuous service' (88%) and 'Pension' (76%) are the most maintained home terms and conditions/benefits for the duration of the 'local plus' assignment. An overview of all the results is shown in figure 3.1.

Figure 3.1 Home terms and conditions/benefits

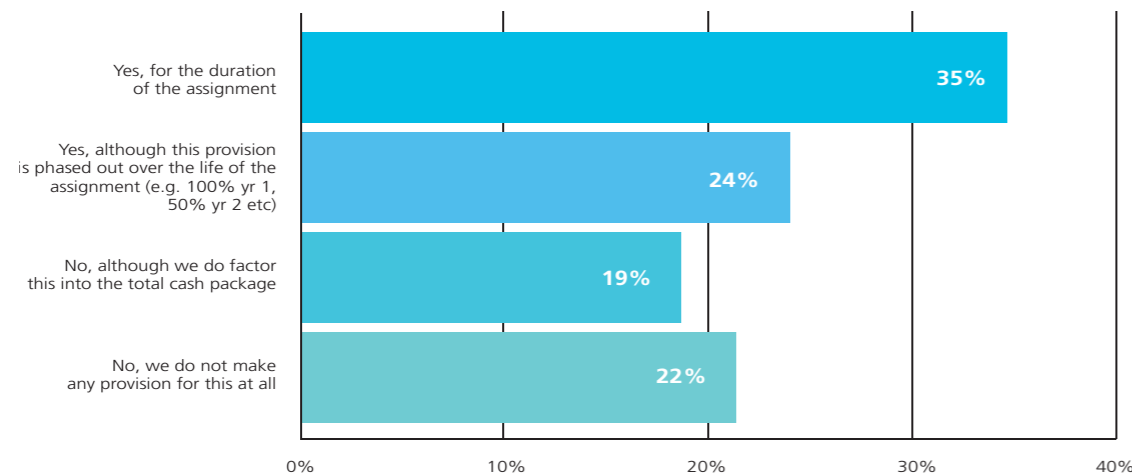


Additionally, 79% of respondents determine local salary for assignees on 'local plus' arrangements with reference to the local external market and local national peers.

Offering a split payroll does not appear to be common. Only 17% of surveyed organisations offer a split payroll to employees assigned on a destination package.

The policy on 'providing housing assistance in the host country' varies among the surveyed organisations. But most (59%) of them provide housing assistance in the host country. Figure 3.2 provides an overview.

Figure 3.2 Do you (the respondent) provide housing assistance in the host country?



Some other results of the Destination Pay Policies survey:

- 82% of respondents pay a one-off re-settlement allowance ('miscellaneous relocation allowance').
- 62% do not pay a hardship allowance.
- 60% do not offer any Goods & Services allowance.
- 53% offer home leave support to employees on a destination package.
- 41% provide education assistance for dependents, for the duration of the assignment (38% do not make any provision for this at all).
- 70% offer private medical insurance.
- 72% do not provide a one-off mobility premium.
- 54% offer tax assistance throughout the assignment.
- 62% do not make any provision for transport costs in the host location.

Balance Sheet Packages – Handling Utility Payments

The main result of the *Handling Utility Payments* survey was that 78% of respondents operate a balance sheet approach and that over half of these organisations (60%) do provide support for utilities. Of the organisations that provide support, 38% pay all utility costs, while 40% of them pay up to a certain limit only, either by an allowance to the assignee or reimbursement against receipts.

Survey quotes

"We provide a fixed utility allowance per country. Assignees pay bills themselves. If costs exceed their allowance they can claim up to 50% extra utility costs with receipts."

"We have different approaches, but we are moving towards using external date for allowances."

"Housing is leased in the Company's name and utilities are paid directly by the Company."

Tiering of Relocation Benefits

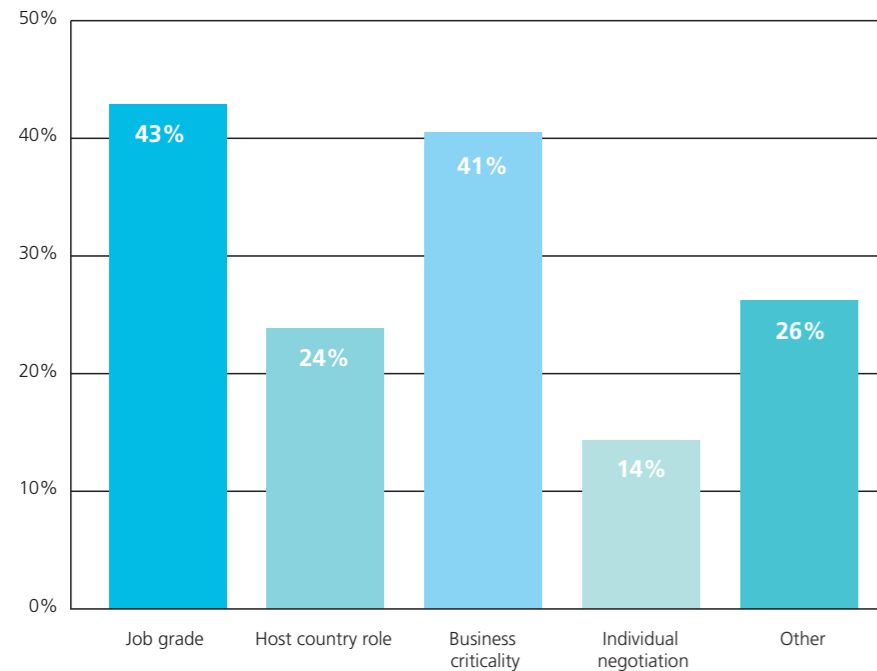
In a survey from late 2011, 76% of organisations that responded to the *Tiering of Relocation Benefits* survey, have reviewed their international assignment policy and relocation benefits package(s). For 46% of respondents, cost pressure was the main driver for the review.

Survey quote

"The feeling is that assignments are money making opportunities for the individual and often secondees get rich. The aim is to create more mobility opportunities and reduce costs."

57% of surveyed organisations differentiate in treatment/scope of relocation benefits offered among transferees. The basis for the differentiation varies. Figure 3.3 shows an overview of the possible subjects which the organisations use for their differentiation.

Figure 3.3 Subjects of differentiation



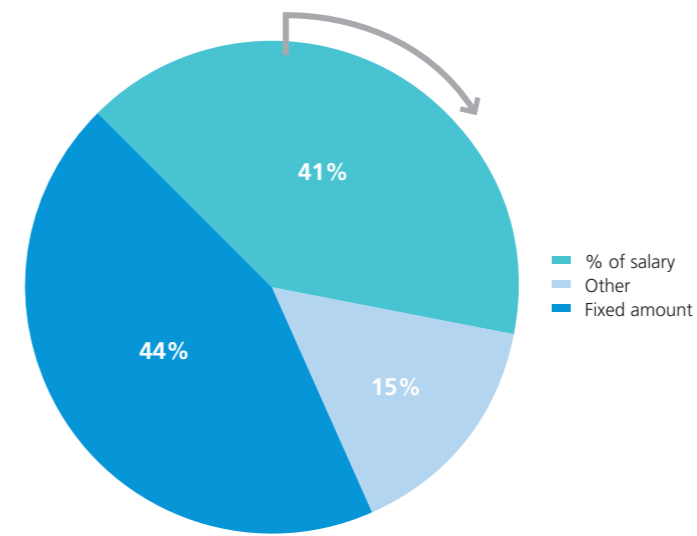
The surveyed organisations offer their assignees different packages concerning their relocation. An overview of what they do and do not offer to their assignees:

- 54% do not offer different DSP packages to their international assignees.
- 65% do offer a pre-decision 'look & see' trip to all international assignees.
- 74% do not offer unaccompanied home search support.
- 35% offer additional spouse/partner support to all assignees as part of the relocation benefits (31% offer this to some employees and 30% of the respondents never offer this).
- 88% offer household goods shipments (air/sea/road) to all assignees as required.
- Only 50% offer language training to all assignees and family members as needed. However, 85% do offer language training to their employees (and selected family members) when necessary.
- 56% do routinely offer cross-cultural training, 90% of these trainings are delivered by an external provider.

Allowances

- 'Start up' cash allowance
Most of respondents (81%) pay a 'start up' cash allowance in the new host country to compensate for miscellaneous costs/losses incurred during the move process. Overall, they prefer two different ways of calculating this, fixed amount versus a percentage of base salary, as you can see in figure 3.4.

Figure 3.4 Calculation methods for 'start up' cash allowance



- Other allowances
The respondents also answered questions concerning organisation allowances for home leave/travel, international schools and kindergarten fees.
 - Home leave/travel allowance; 62% of respondents offer their assignees a ticket home, 19% offer them cash for travelling home.
 - 43% of organisations cover the costs of international schools for their international assignees in all cases. 51% offer this in some cases (see survey quotes below).
 - 58% do not support kindergarten fees.
 - Of the respondents who do support international schools and/or kindergarten fees, 65% of them pay the full cost.

Survey quotes

<p><i>"Based on language differences and the standard of state education, in line with home standards."</i></p>	<p><i>"Offered to all expatriates (not local hires) unless local schools are ok with regard to curriculum and language, no differentiation is applied on job level."</i></p>	<p><i>"Where the school costs exceed what the individual is paying in their home location we cover the difference. But we only meet the excess cost, i.e. they are still expected to pay what they would have paid in their home."</i></p>
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Frequency of benefits provision and cost saving trends

The results from the *Cost Saving Trends* survey assisted organisations in benchmarking the level of support they provide and the demographics of their assignee population, as well as any recent changes they may have identified, all from a cost savings point of view.

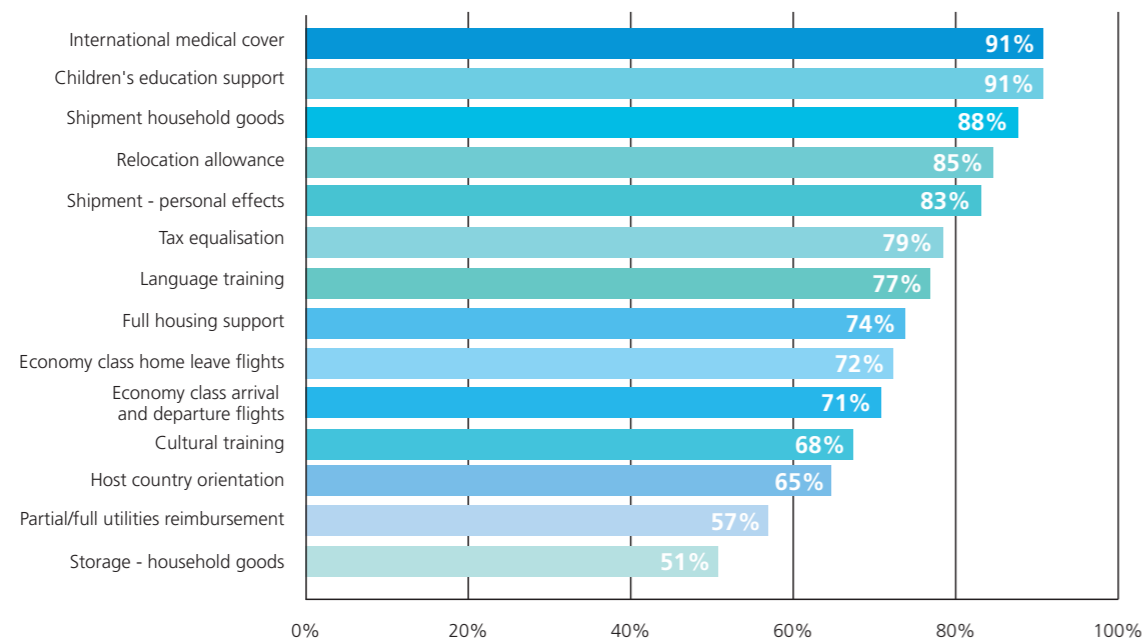
Assignments

From the survey, it became clear that 95% of organisations distinguish between types of assignment, primarily based upon duration (98%). However, other distinguishing factors were also cited, such as intent, business need, and talent. 71% of assignees are treated as long-term assignees. Local plus transfers form, on average, 26% of the assignment population.

75% of the assignee population has either a spouse/partner, and/or family. However, only 54% are accompanied and 20% are unaccompanied or only partially accompanied. Just over half of the organisations (51%) said there had been no change in their assignee family status but 28% have seen an increase in unaccompanied status.

Figure 3.5 shows the most commonly provided benefits (more than 50% of respondents offer these to their assignees). The benefits are typically offered by the surveyed organisations as a part of their assignment packages.

Figure 3.5 Most commonly offered benefits as part of assignment packages



Furthermore, over one third (35%) of respondents provides a salary increase to their assignees. The two most provided incentive payments are location/hardship allowance (83%) and assignment/mobility premium (54%).

62% of organisations limit their flight class to economy while 26% provide business class where flight duration is deemed to require it. A small number of organisations (14%) upgrade the flight class only for senior assignees.

Almost all respondents (94%) provide some cost of living allowance (COLA). However 64% do not deduct a negative COLA. The medium (home-based) COL index is used by 54% of organisations. The remainder of organisations are fairly evenly split between using the expat (inefficient purchaser) versus the international (minimum) index.

Survey quotes

"We compensate eventual increase of cost of living using host country salary scale."

"However, we do have non-equalised assignments too, where a cost of living difference is not considered at all."

"We have a host plus package - host comp plus an allowance to partially offset higher living costs."

Assignee rental leases & deposits

The *Assignee rental leases & deposits* survey addressed the way that organisations handle leases or residential tenancies on behalf of expatriates.

The majority of surveyed organisations provide accommodation to their expat where the lease is in the name of the organisation. In 43% of the cases, the expat carries full costs by claims brought by the landlord. 26% of organisations carry the full costs by themselves. The survey quotes below give a view of how organisations deal with this.

Survey quotes

"Depending on the claim. If the expat is responsible, the expat pays full costs."

"We have assignees to sign a 'license to occupy' which allows us to differentiate between accidental damage and normal wear and tear, the assignee is responsible for 100% of accidental damage."

Of the organisations that pay initially, yet make the employee ultimately responsible for claims made by the landlord, 51% recover the money from the expat by asking the expat to pay the money back to the organisation. 34% recover the money by deducting it from the next salary.

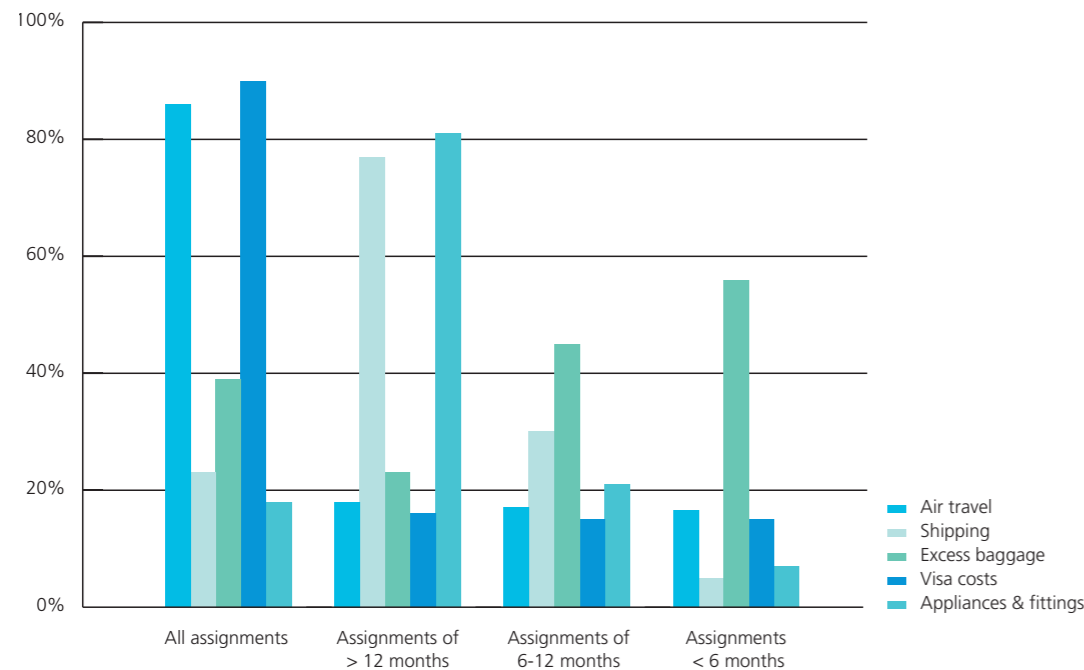
50% of organisations use an independent consultant who checks the claims and negotiates with the landlord. Therefore, the final amount of the claim is accepted by the organisation and the expat. In 26% of cases, the expat signs an agreement in advance to accept any costs brought by the landlord.

International Compensation

The main result of the *International Compensation* survey was that most respondents (93%) offer a level of relocation support to their assignees. There is a relatively common approach to providing settling-in support to long-term assignees (72%), focusing on duration (62%), family size (33%) and also on the motivation of the assignee towards the assignment (26%). However, traditional assignments are only part of the story with 70% of organisations supporting employee-requested moves and permanent relocations.

70% of organisations support initial relocation costs with immigration, travel and lodging being standard albeit with caps imposed by two thirds of organisations. The most paid relocation items are air travel and visa costs, as shown in figure 3.6.

Figure 3.6 Paid relocation items per assignment type



'Look-see' trips are not commonplace for any assignment under 12 months in duration (19% provide it) and 10% of respondents do not provide a look-see trip at all. Family considerations do not appear to sway the decision to provide an orientation trip (just 16%), rather, the length of assignment is the determining factor (82%).

Destination services support is a key area where there is a marked difference in the level of assistance provided:

- 39% of respondents provide assistance, irrespective of duration, however a greater number (49%) of organisations provide this for assignments of over 12 months only. 21% provide support for assignments of less than 12 months. Location is considered a key distinguishing factor (46%), ranking above motivation (30%), family size (28%) and seniority (22%).
- For those organisations providing assistance, home search (100%) followed by education search (86%) are given top priority as a value-add, whereas being met at the airport is only being provided by 33% of organisations.

Accommodation is provided by almost all surveyed organisations (99%) and a third (32%) deducts a housing 'norm'. 79% of respondents do not provide any financial assistance to assignees in maintaining or leasing their home country property.

Transport

Equal numbers are represented by those organisations that provide transportation support (42%) to those that do not provide transportation support (40%). The host location accounts for 70% of the consideration when deciding which way to go, and thus reflecting the lack of a home transport norm policy (97%).

Home leave appears to be universally provided (99%) and increases in line with the duration of assignment. Almost 100% of temporary assignees remain tied to the home country for service and pensionable salary reasons. Since the majority of assignees (70%) is also on a home compensation base, 70% provide a COLA/per diem for all assignments and for two thirds (66%), the assignee is protected with no negative COLA being taken.

As the assignment duration increases, so does the trend for host-based compensation (including social security) and a quarter (27%) have a headquarters or hybrid arrangement in place. 84% of assignees are tax equalised with a small number (22%) being tax protected or indeed having no host tax paid on their behalf (13%). Almost all respondents (97%) provide tax preparation support to their assignees on assignments lasting more than 6 months.

Spousal and education support are provided mainly to assignees on assignments lasting longer than 12 months (66% and 74%) but a number of organisations do not provide any assistance at all (28% spousal and 14% education support).

35% of organisations do not provide a location allowance and 49% do not incentivise via a foreign service premium.

Expatriate Payroll – Administration, currencies, systems and processes

The objective of the *Expatriate Payroll – Administration, currencies, systems and processes* survey was to assess current practices around expatriate payroll. 62% of the surveyed organisations handle payment calculation in the host country. In 77% of the cases the payroll administrator in the host location will execute the payment to the expatriates. Data maintenance is mainly divided between host country administrative teams (50%) and payroll administrators in headquarter locations (37%).

70% Pay their expatriates monthly

In 81% of cases, payroll also takes responsibility for the transfer of data to accounting post-payroll. Pension contribution management (68%), tax filling (34%) and cost recharge (36%) are less likely to be managed by payroll.

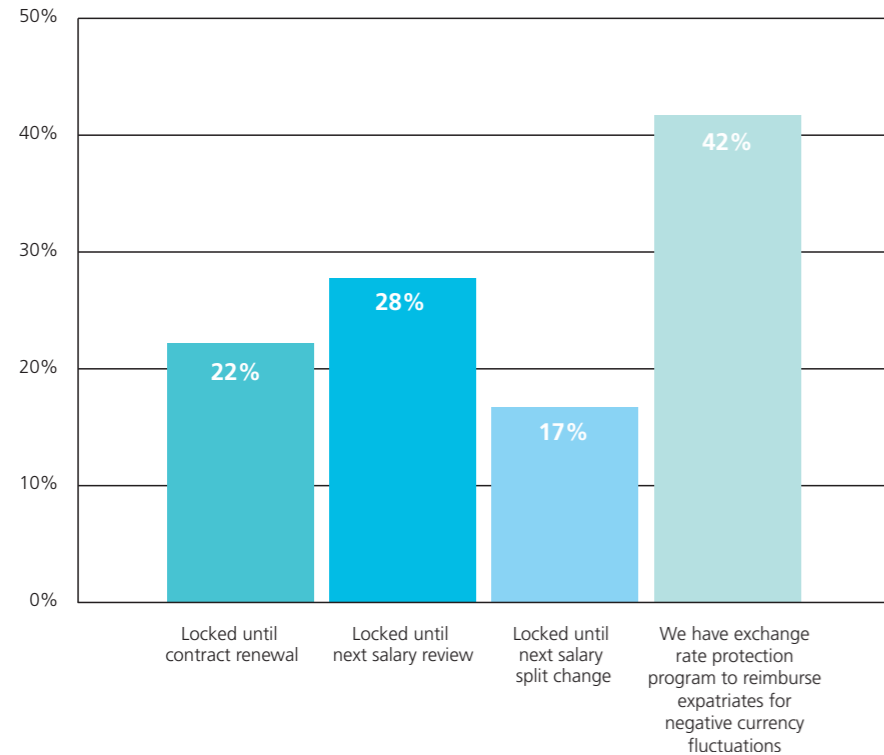
49% of respondents allow multi-currency payments to international staff. In 48% of cases, expats receive a split payment, 33% in home country currency and 24% in host country currency. Of the respondents that pay split payments, 46% allow multiple percentage changes per year.

Survey quotes

<p><i>"Split pay is allowed but general rule is all pay is received in the home currency."</i></p>	<p><i>"Long-term - host payment. On request we can arrange part of pay to be delivered by home. Short-Term policy - home payments."</i></p>	<p><i>"Depends on package type. Those on host based packages receive their pay in host currency; those on home based packages receive their payments in a mix of home and host currencies."</i></p>
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42% of organisations offer currency protection against negative Foreign Exchange fluctuation. Some other organisations use a different method as shown in figure 3.7.

Figure 3.7 Modifying exchange rates



76% of respondents have clear system protocols and authorisations built into their payroll systems. Furthermore, 56% of them have a concept that allows only HR staff with direct expatriate responsibility to amend payroll data.

Benchmarking of Transfer Allowances

The *Benchmarking* survey gives some information about what the surveyed organisations provides to their expats.

Almost all respondents (98%) offer at least one home leave trip for unaccompanied expats per annum. 35% of them offer one home leave trip per annum, 18% offer two trips and 20% four trips per annum.

Not all respondents support the transfer of the expat to and from the airport. 33% support the transfer per taxi, train or rental car.

Less than half of respondents (43%) provide Relaxation & Recreation benefits for severe hardship locations. Exactly half of the respondents will cease the expat's allowance when the expat purchases a house at the host location.

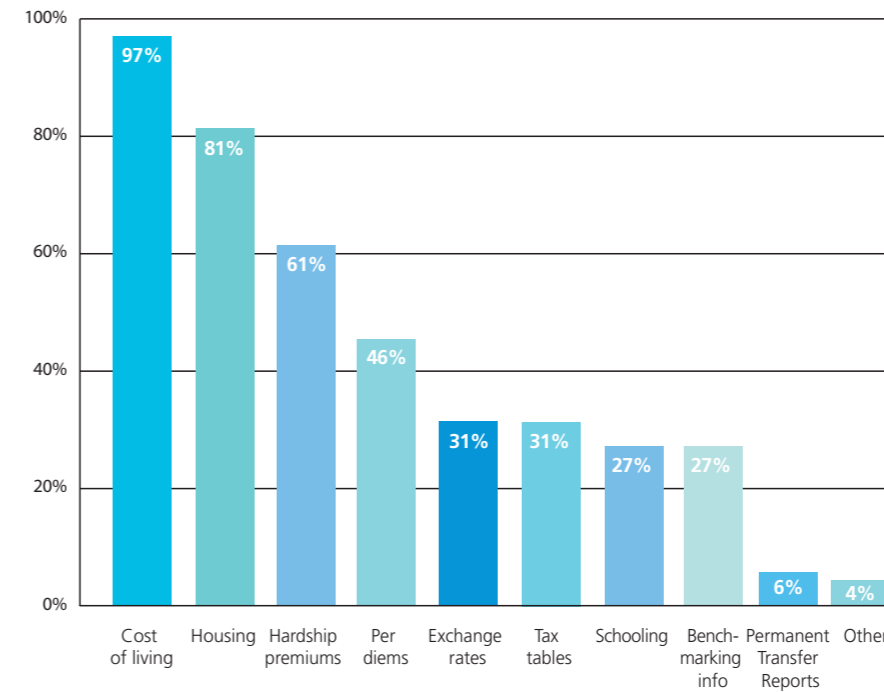
Expatriate Compensation Data Provision

The *Expatriate Compensation Data Provision* survey gives a view of how organisations work with expat compensation data like Cost of Living and Housing allowances.



Almost all of organisations purchase Cost of Living data from an external provider. 97% purchase Cost of Living data. Other purchased data are listed in figure 3.8.

Figure 3.8 Purchased data



The most used Cost of Living Index for expatriate assignments is Low Uplift (40%). Additionally, 36% use Medium Uplift and 24% High Uplift.

43% of organisations do not cap housing allowances, but 28% do cap it. The percentage of organisations that do not cap Cost of Living allowances is 70%, and 22% do cap Cost of Living allowances. More than half of organisations (51%) review their caps every year.

Negative Cost of Living Allowances

The objective of the *Negative Cost of Living Allowances* survey was to understand practices around the application of negative Cost of Living indices.

99% pay a Cost of Living allowance (COLA) for Long Term Assignments, 36% also pay COLA for Short Term Assignments, 33% for Developmental Assignments and just 11% for graduates. Of the respondents, they all apply the negative deduction to the compensation package for Long Term Assignments.

All organisations which apply negative COLA apply this across all jurisdictions. 58% of respondents apply a negative COLA at the request of the Headquarter location and 90% have to consult with the Headquarters first.

When running expatriate compensation calculations, 82% show a Cost of Living index, 80% show applicable FX rates, 65% show spendable income portion, 41% show typical housing spend portion, and 22% show all changes in FX / Cost of Living index since any previous calculations were done for an individual.

Repatriation Policy

The *Repatriation Policy* survey looked at whether organisations have a repatriation policy in place and what support and benefits they provide their assignees before returning to their home location.

76% of surveyed organisations have a repatriation policy in place. For 95%, this is part of the long term international assignment policy.

Most commonly offered benefits upon repatriation

The vast majority (84%) state that their organisation pays for temporary accommodation, for 73% this is for up to a month. Additionally, 76% provide an allowance on repatriation. For 40% this is a percentage of salary and 38% a fixed amount.

Least commonly offered benefits upon repatriation

Most organisations (84%) do not support the repatriating employee with home purchase costs. Also covering costs of travel or quarantine for pets is not common. 65% do not cover these costs.

Furthermore, 72% do not pay for increased shipping costs on return, while 16% allow a 10% increase in volume. The vast majority (86%) do not offer pre-repatriation trips to the home country.

Survey quote

"It is expected that an assignee retains home country housing. If the assignee sells the home and returns to the original home location, no home purchase assistance is provided."

Benefits associated with changes in circumstances

If an employee resigns and is repatriating, 58% will only provide relocation expenses if required by law and 30% make a case by case determination. At least 54% of respondents will provide relocation support to partners that assignees have met during their assignment and 14% provide it partially.

RES Expert Opinion

Rewards



"The biggest single trend in assignment compensation in the last 5 years has been the move away from the traditional 'balance sheet' to locally based packages. This gradual change became a flood in 2009 with the economic downturn extending beyond a normal recession.

The change in focus is obvious. Whilst in the past assignment compensation was about keeping whole with the home country, now it is seen as an enhanced version of a local contract, with the aim of the enhancements being to help transition employees to the new location."

Andrea Piacentini,
RES Forum



Organisations have to take care of their assignees before, during and after their expatriate assignments. This chapter represents an interesting subject area in light of a perceived increased threat to international business travellers, often due to terrorist alerts but also environmental and natural disasters. Companies must focus more and more on duty of care issues both as a consequence of the debate around what constitutes good, responsible corporate practice but also heightened risk of litigation from employees themselves faced with harm whilst travelling internationally for business reasons.

Whilst levels of paternalism may be reducing in organisations, companies' recognition of their duty of care in offering assignees robust security support is not. A pioneering spirit is a core competence of a successful international assignee. However, assignee safety is paramount for organisations – indeed the cost (both to the individual and the Company including the cost to a Company's reputation) of addressing or extracting employees from difficult situations where security has been compromised, often far outweighs the cost of any preventative measures taken to provide security.

Duty of Care & Employee Relations



On the other hand, companies are clearly sensitive as to when a security briefing is required and are using this support selectively for riskier or hardship locations – this may be a nod to the more cost conscious times we find ourselves in or it could be just a nod to common sense and the avoidance of unnecessary costs. What is apparent is that companies who cut corners and cut costs with respect to assignee security are risking much by doing so.

Most organisations recognise that there is a start, a middle and an end to an assignment and their duty of care to an employee extends through all phases. If we add to the mix the oft-quoted high attrition rate of repatriated assignees, we can understand that the middle and repatriation phase of an assignment are key elements of the employee experience which an organisation ignores at its peril. In that regard, it was somewhat surprising that so few respondents have a formal repatriation policy.

4 Duty of Care & Employee Relations

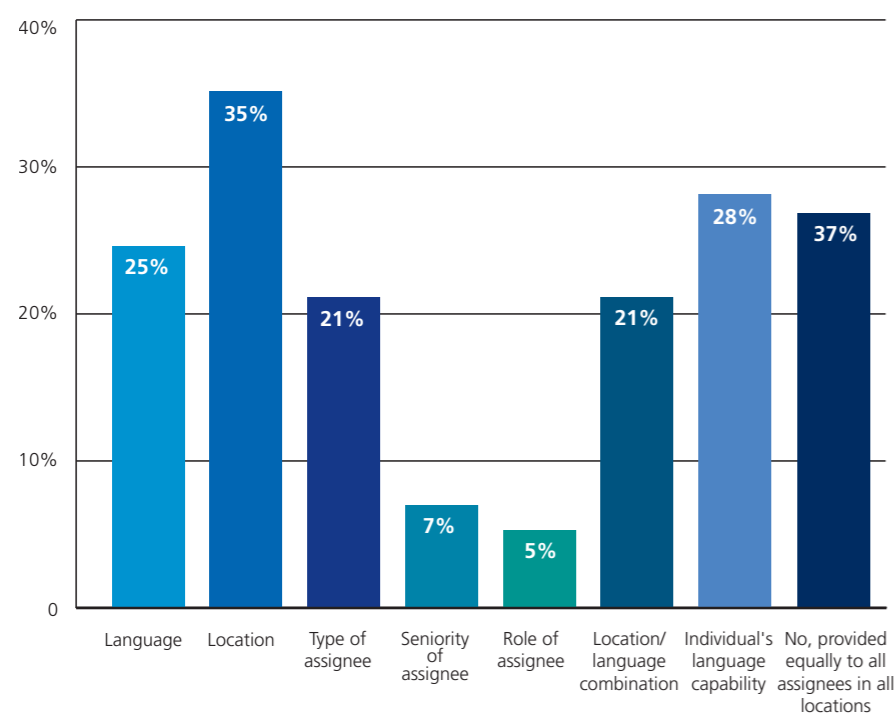
Language Training Support

The objective of the *Language Training Support* survey was to assess common practice around provision of language tuition to expatriate employees, their partners and families. Whilst English grows in importance as the international language for business, a working knowledge of the language of the host country often helps expatriate employees and their families to assimilate, settle and become productive in a new location.

Almost all respondents (98%) provide language support for the host country to International Assignees and 89% offer lessons to the accompanying spouse or partner of the assignee. Host country language support is less commonly provided for Short-Term Assignees (44%), permanent transferees (47%) and accompanying children (44%). Interestingly, 69% of respondents reported that they do not receive requests from assignees for language support specifically aimed at children in the home country (for reintegration purposes).

For 35% of organisations, the type of language support varies by location and for 28% by the individual's language capability. But as figure 4.1 shows, 37% provide support equally to all assignees in all locations.

Figure 4.1 Providing support varies by...



Survey quotes

"Provided upon request only and after assessment of business needs to interact in host language as English is the operating language in most of our offices."

"The number of hours varies by type of assignee. If the language between the host & home country is common or the employee already has the language skills, it would not be provided."

The most popular method of offering language support is to offer a fixed number of hours of language tuition; this being the case in 91% of cases for International Assignees and 85% for the accompanying spouse or partner. Just a few organisations offer language support with no limits in terms of time/cost. A total of 63% of respondents base the limit of lesson hours on an internally agreed limit and 37% base it on the advice from a language provider.

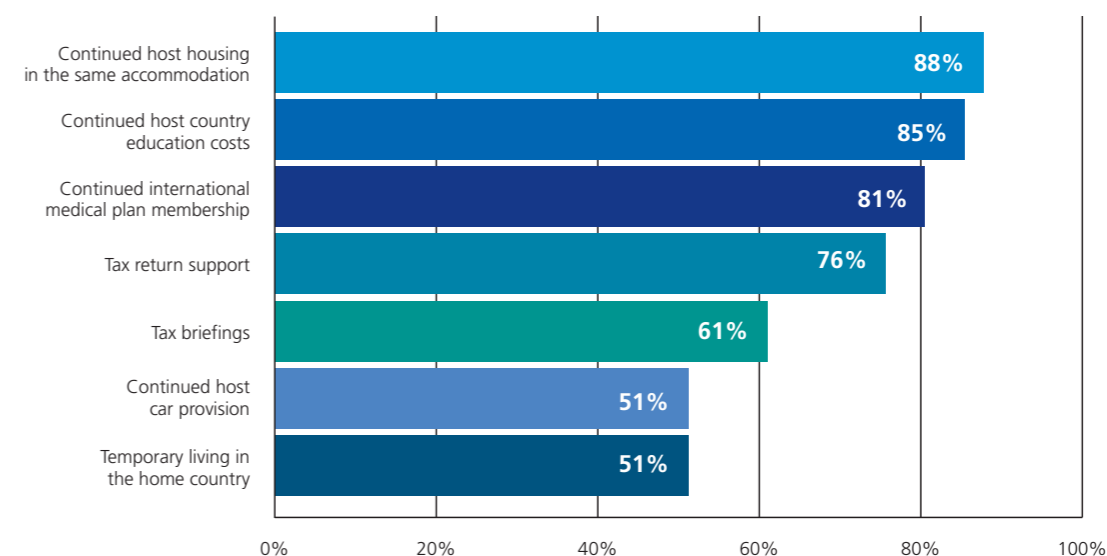
Repatriation Policy and Support

The *Repatriation Policy and Support* survey looked to further understand current trends in repatriation support and the policies which exist within organisations.

Surprisingly, only just over half of organisations surveyed (53%) have a formal repatriation policy. Almost all (93%) provide tax return support to assignees and their families when they repatriate to their home country. A majority also provides tax briefings (77%) and temporary accommodation in the home country (80%). 35% offer a temporary/rental car in the home country.

For families who remain in the assignment location after the assignee returns home, 88% of respondents provide continued housing in the assignment location, 85% provide education costs and 81% provide continued international medical plan membership. Figure 4.2 shows all results above 50%.

Figure 4.2 Support to expat's family after return of the expat



Travel Tracking

The *Duty of Care (Travel Tracking & High Risk Locations)* survey sought to understand how organisations monitor employee travel patterns, particularly across locations deemed to be of 'high risk.'

78% of respondents use an external service provider to manage travel booking for UK-based employees. 26% have an in-house booking facility. In 75% of cases, employee travel is sanctioned by a local manager and for 72% this level of approver is not different for international travel.

65% of respondents expect travellers to complete a full pro-forma prior to travel, this in order to enable emergency contact, and 57% gather detailed travel requirements of their travellers. 71% of organisations offer their employees travel information, advice and training in some format to assist their pre-assignment decision-making.

Survey quote

"The travel service provider's tool is linked to our system, SAP, so that for example travel booked through their site flows automatically through the company's expense recording system."

Global Mobility Satisfaction Surveys

The objective of the *Global Mobility Satisfaction Surveys* survey was to examine the level of surveying undertaken by Global Mobility functions, and to look at expected levels of response and survey content.

One of the most interesting results of the survey was that 42% of organisations do not send out customer satisfaction surveys to their expats, although it should be noted that some respondents have the intention to set up a survey as is shown by the survey quotes below. 38% of the respondents survey their expats post-arrival to host country and 30% post-repatriation. The majority of respondents do not survey Home HR (72%), Host HR (70%), Home Business (75%) and Host Business stakeholders (75%). 63% include a level of 'free text' responses in their surveys, while 58% use a 'rating scale allowing neutral choice'. 58% allow anonymous responses in their surveys.

70%

Manage their surveys internally

Survey quotes

"We are looking to implement surveying shortly for all expats. This will be approx 1 month after assignment start and again 1 month after assignment end."

"We have not done so in the past but are looking to implement post transfer, mid assignment, post repat, and 1 year after return."

Repatriation of Assignees

The *Repatriation of Assignees* survey sought to understand organisations' practice with regards to managing the repatriation process for their international assignees.

The vast majority of organisations surveyed (81%) consider themselves to have a formal repatriation process. Surprisingly therefore, only 40% have a formal repatriation policy which is applied in all cases and 46% have some general repatriation guidelines and principles.

Survey quotes

"We have recently written some repatriation guidelines, however they are quite basic and still not fully distributed."

"We are reworking our IA policy now, to include a formal repatriation policy. This is to ensure that repatriations run smoothly and that expats stay with the company after assignment is over."

In 48% of cases the home country HR starts developing the employee's local package (salary, bonus etc.) between 2 to 3 months prior to repatriation, while 27% of respondents begin this process between 3 and 6 months prior to the expected repatriation date.

Home country HR and/or home business management communicate in 76% of cases with the assignee on an 'ad hoc' basis prior to repatriation. 66% of the respondents' Global Mobility Teams make 'ad hoc' contact with the assignee during the three months prior to repatriation.

71% of respondents provide a repatriation letter to the assignee, while 34% also offer local benefit information.

A minority of surveyed organisations (43%) review the assignee's performance against pre-set objectives. Of these organisations, 57% conduct this process during the assignment while 40% do so upon repatriation.

Although 65% of respondents do not guarantee the assignee a job in the home country upon repatriation, 79% of organisations do support the assignee with identifying new career opportunities in the home country at the end of their assignment.

Career support

49% of respondents provide career support with a summary of relevant job opportunities available in the home country entity for employees to apply for. 44% of organisations review experience and skills acquired by the employee during the assignment, and create a relevant role to maximise the return on investment of the assignment.

In a majority of cases (57%), the organisation starts identifying new career opportunities for the employee in the home location between 3 and 6 months prior to repatriation, followed by 26% of respondents who begin this process between 2 and 3 months prior to the intended repatriation date. The vast majority of respondents (85%), do not track the career progression of an employee after repatriation.

Exactly a quarter of respondents provide school search assistance to the whole family of the assignee if required, and again 25% provide house-hunting support to the whole family when required. The most commonly offered career assistance support items for repatriation are 'informal on boarding programmes' (28%) and 'scheduled visits to home country office prior to repatriation' (27%).

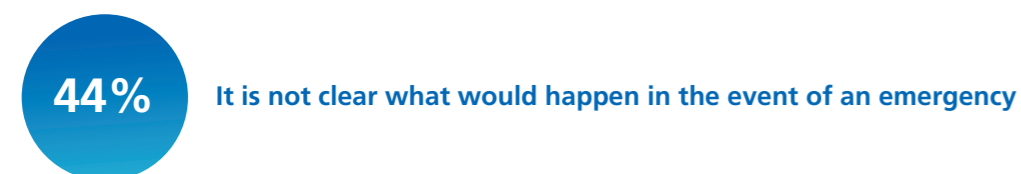
Most organisations do not track or have only a rough estimate of the number of employees who leave their organisation within 12 months after repatriation. For 46% of respondents, less than 10% of the employees leave the organisation within 12 months of repatriation. The primary reason for assignees leaving their organisation upon repatriation is the lure of a better career opportunity available externally (64%). 90% of respondents do not compute the cost to the business of assignees leaving the business soon after repatriation.

Security

The key objective of the *Security* survey was to gain an understanding of the provision of security measures for international assignees.

Evacuation Policy

Almost half of respondents (47%) have a defined evacuation policy that covers terrorism, medical emergencies, natural disasters and civil unrest. Surprisingly, 31% do not have a policy that covers any of these areas. For those that have a defined evacuation policy, 62% state that there are defined process teams and support mechanisms to implement evacuation plans across the globe.



44% of surveyed organisations are unclear on who they would evacuate in an emergency. 30% would evacuate all foreign nationals. 26% would only evacuate those who are employees of another location (i.e. expats).

Employee Tracking

44% of respondents state that they are unable to effectively track their employees. 32% use an in-house employee tracking system while 32% use a procured employee tracking system. In an emergency, 89% of respondents are confident that they could contact their staff, 71% could evacuate them if needed, but only 57% can easily locate them.

The vast majority of respondents (89%) do not have dedicated evacuation centres and would instead endeavour to return people to their 'home' country.

Staff representation in country offices outside the UK

The objective of the *Staff representation in country offices outside the UK* survey was to examine organisational approaches to staff representation, formal or informal, as well as the recognition of trade unions and other representative bodies, and the levels of support given to employees who wish to express their views about the working environment.

74% of organisations have operations in five or more countries outside the UK. The majority of respondents have operations in Central, South or South-East Asia (92%), Africa (72%) and Latin America / Caribbean (71%).

Of the surveyed organisations, many do not recognise unions in:

- Africa (95%),
- Asia (84%),
- Latin America and the Caribbean (77%), and
- in other regions of the world, including North America and Europe (59%).

29% of organisations operate a formal staff representation scheme in some of their non-UK country offices, 38% do not operate this scheme and the remainder (33%) did not know the answer to this question. Questions around the operation of an informal staff representation scheme gave some different results. 24% of respondents operate an informal scheme while 40% do not. Of the respondents that do provide formal or informal representation, 56% provide training for employees and 42% had official policies and procedures in place for staff representation.

For those organisations with no staff representation mechanism, direct meetings with management is the primary medium by which employee views are heard (53%).

Club Membership

The *Club Membership* survey's aim was to look at whether club membership was still provided to expatriates as a benefit. The majority of respondents (74%) do not provide club membership support for their expats. This is consistent with the survey in 2010 in which it was reported that 70% of surveyed organisations did not offer club membership as a benefit.

The organisations that do offer club membership do not offer it to all of their employees. It is a benefit that is determined by:

- The expatriate's position within the organisation; 39% of respondents stated that only selected employees were eligible for club membership.
- The location of posting; 46% of participants provided club membership in hardship locations and 38% stated that club membership was supported in locations where it was deemed local policy. As such, the main reason for providing club membership was for the social benefit of expatriates and their families (67%), although business entertainment was also a significant reason (38%)

Expatriate Engagement Surveying

The majority of respondents (64%) to the *Expatriate Engagement Surveying* survey do not currently undertake expatriate opinion surveys within their organisation. But 74% of respondents would consider implementing an expatriate engagement survey.

Survey quotes

"Maybe, we are currently working on a new approach for our expats so once implemented we will conduct a survey or maybe even before."

"We are actively considering introducing something this year."

Assignee Security

The objective of the *Assignee Security* survey was to understand practices around assignee security.

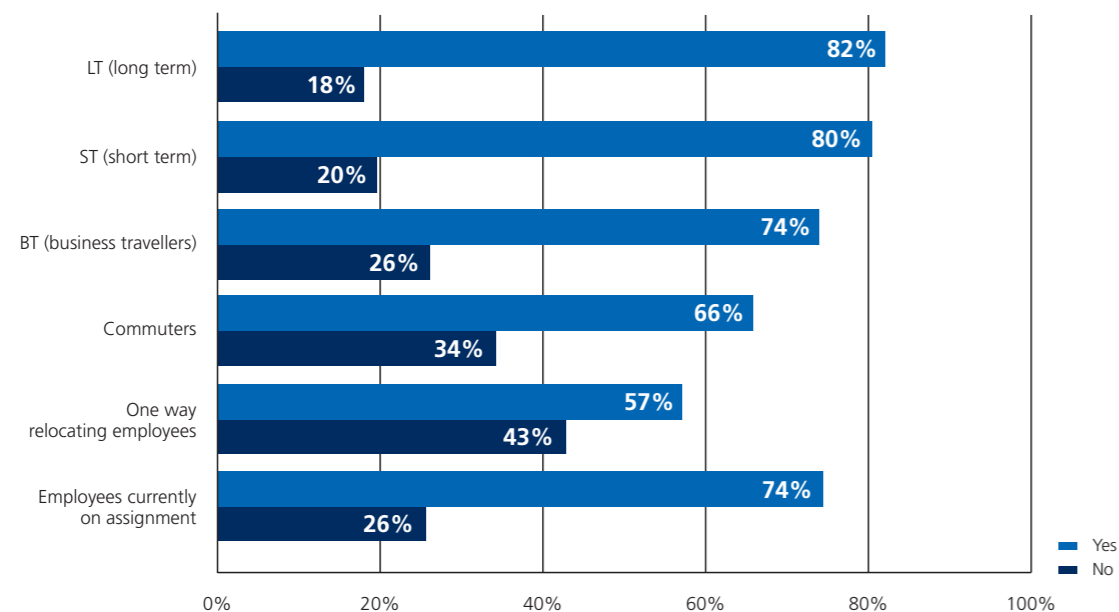
Survey quotes

"Only offered on an ad-hoc basis i.e. where and when required if a location has particular security concerns at that time or if moving to a new location where security is required."

"We have an internal security team that manages this for our full expats, and deemed dangerous locations."

Security services are most commonly provided to long-term (82%) and short-term (80%) assignees and least commonly provided to those employees on one-way relocation (57%). Figure 4.3 shows all results.

Figure 4.3 Offering security services per expat category



Emergency response is the most commonly provided security policy item (89%) whilst a security briefing plus ongoing coaching support was least commonly provided (47%). The majority of organisations (84%) also provide security alerts and/or security briefings (in person or web based).

Other key findings are as follows:

- Level of security is most commonly codified and defined via a corporate policy (82%).
- Security support services are most commonly provided via an outsourced provider (73%).
- Over three quarters of the organisations have a plan (87%), team (84%) or policy (76%) to deal with security.

RES Expert Opinion

Duty of Care & Employee Relations



“Engagement surveying specifically targeted at expats and, if applicable, accompanying family members, is clearly an area that is under-utilised by RES Forum member organisations. In terms of protecting the significant financial investment made by organisations on their expats, using a robust, academically sound methodology to measure expat attitudes and perceptions would seem to be very logical. Whereas in the past, organisations tended to refer to levels of satisfaction amongst their employee population, the trend now is very much to look at the wider measure of engagement, with the goal to achieve ‘sustainable’ levels of engagement amongst employees and expats alike. Linking any such studies to an evaluation of the effectiveness and value derived from individual expatriate policy components by the expatriate and their families would seem to be a highly effective way to assess the overall ‘health’ of an expat programme.”

Jose Segade,
RES Forum



This chapter offers information about different approaches of organisations concerning local, regional, permanent cross border and domestic moves.

Often considered the poor relation of global mobility, domestic relocation in vast countries, like the USA for example, does remain important and often programmes are as sophisticated as international relocation in terms of programme management, cost and stakeholder management.

Local Plus type assignments continue to be appealing to companies trying to save costs and not go for full blown assignments.

Regional moves also remain an interesting trend as organisations try to understand if a regionalised policy can deliver benefits both from the perspective of employee mobility and cost.

This chapter considers among other things, the following questions:

- What support and documentation do organisations offer for local moves?
- Are there differences between international and local hiring and reward?
- What are the trends in the area of Local Plus and Localisation?

5

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Local, Regional & Domestic Moves

5 Local, Regional & Domestic Moves

Domestic Relocation Policies

The objective of the *Domestic Relocation Policies* survey was to assess approaches to domestic relocation.

21% of surveyed organisations have a global aligned approach to domestic relocation. Half of respondents (53%) have a country specific approach. Of the 21% with a global aligned approach, two thirds (67%) has a fully documented policy/set of guidelines.

'Temporary accommodation' is most commonly offered by the surveyed organisations in terms of relocation support (89%) followed by 'travel to new location for whole family' (78%) and 'home search using DSP/agency' (74%). Of the respondents that do not provide guaranteed sale support, 92% do not offer support in the form of loans if a home in the origin location cannot be sold under any circumstances.

Around half of respondents do not offer housing allowance support and 89% do not offer additional allowances for rented accommodation if the employee is moving to a higher cost location.

Exactly half of organisations do not offer lease break assistance in the origin location for rented accommodation. However, 95% support agent fees for rented accommodation in the destination location. Furthermore, relocation payment is the most offered allowance (54%) followed by trips to former location (50%) and general resettlement (46%).

Other main results are summarised below.

- 67% reimburse any tax liability on benefits provided.
- 67% apply a claw-back if employee resigns within first year/second year.
- The clear preference in terms of support is to offer specific policy benefits (93%) rather than cash lump sums (19%).
- 74% offered a preview trip to the new location to enable home search. In 85% of cases an overnight stay is offered for such trips.
- A clear majority (82%) offers guaranteed home sale service. The remainder does not offer this.

Intra-regional Assignments

The objective of the *Intra-regional Assignments* survey was to understand practices around intra-regional assignments. Just 14% of respondents have intra-regional policies in place for temporary international assignments. Other main results are summarised below.

- 78% of those who do offer such a policy do it for some regions and not all.
- The key differentiating elements of the assignment compensation in intra-regional policies compared to the core policy are Cost of Living Allowances, housing benefit and transport support (all 75%).
- 92% do not operate Business area/unit-specific policies.

US Domestic Relocation Policies

The *US Domestic Relocation Policies* survey sought to ascertain current approaches amongst the group around provision of US domestic relocation policies to eligible employees. Just 31% of surveyed organisations operate a US domestic relocation policy.

The main results of this survey are:

- Of the surveyed organisations that do operate a US domestic relocation policy, 71% operates in 1 to 15 states.
- 36% offer the same level of support to all assignees under the terms of the policy.
- For 93%, policy delivery follows a component/service-based approach.
- 86% of US domestic policies still provide for assistance in the area of home sale.

The survey quotes below gives a view of how the home sale assistance programme of some respondents works.

Survey quotes

"The tier determines eligibility to a benefit. We provide support for marketing assistance, reimbursement of legal and other one-time selling costs, may also be eligible for a guaranteed home buyout option and loss on sale."

"Amounts vary on a case by case basis and eligibility is dependent upon the level of support employee brings to the business (strategic, sales, etc)."

Local Plus and Localisation Trends

The intention of the *Local Plus and Localisation Trends* survey was to understand the number of organisations using local plus policies in their own right and/or as localisation support and, for the latter, the level and timing of the support being provided.

Two thirds (66%) of respondents use or have used Local Plus arrangements. 41% of them used the Local Plus as part of the assignment portfolio and 37% used it when flexibility on the package was required.

The reasons for surveyed organisations using Local Plus is mainly for cost savings (69%) followed by localising (42%). 92% of respondents do localise assignees on extended assignments. The majority seeks to localise employees after 5 years (59%) or 3 years (34%). But 8% do not localise at all.

Almost two thirds (65%) of respondents offer a phased-out/hybrid approach and the main support areas are education support for children (76%), partial housing support (72%) and tax preparation assistance (67%).

US Domestic Relocation

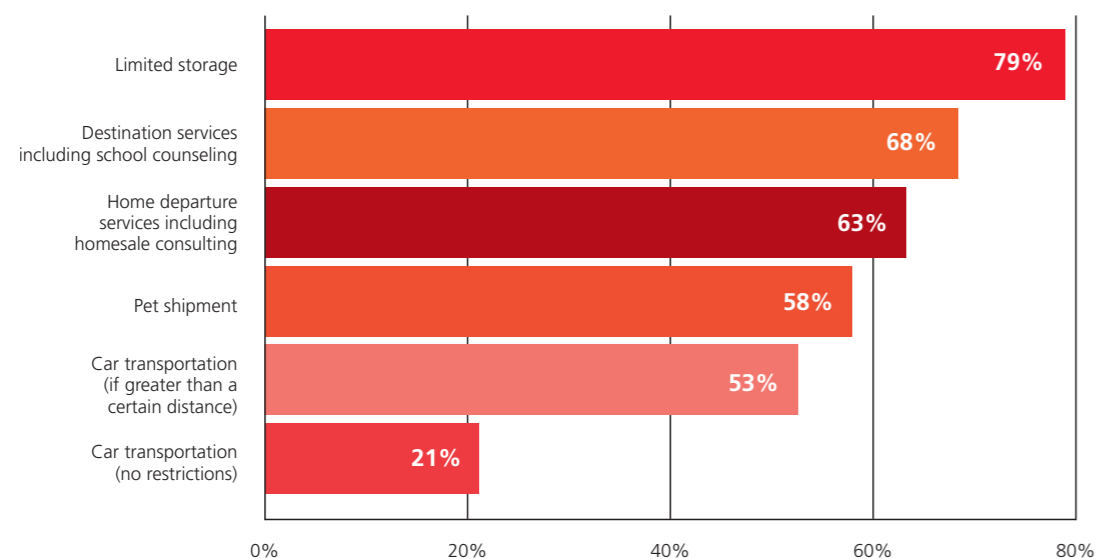
The objective of the *US Domestic Relocation* survey was to assess current trends and practices regarding domestic relocation in the United States.

59% of surveyed organisations outsource their US domestic relocation management to an external provider and the remainder administers it internally. 53% have a domestic relocation policy specific to the US. In 65% of cases it is a tiered policy.

The vast majority reimburse actual costs relating to home-finding (84%) and temporary living (86%), whilst 57% offer a lump sum allowance to cover other miscellaneous relocation costs. Of those that pay lump sums, 67% gross-up the lump sum allowances for tax.

71% do not have a guaranteed buy-out option for homeowners. Moreover, two thirds of the respondents (67%) do not cover loss on home sale. 83% covered lease cancellation fees for renters. The majority (79%) of organisations offer limited storage. The remaining results are shown in figure 5.1.

Figure 5.1 Offered benefits



International vs. Local Hiring & Reward

The objective of the *International vs. Local Hiring & Reward* survey was to look at the criteria applied to determine whether vacancies are advertised locally or internationally, and the determination of pay and benefits to those hired internationally.

Survey quotes

"In our company vacancies are always open for the entire organisation first. If no internal candidate is found we will go to the external market."

"We ask the country to make a decision based on their local knowledge of the market place."

More than half of respondents do not always assess local talent before inviting international employees to apply for open positions. Half of them do not identify certain roles by country which are automatically open to international candidates and therefore subsequently advertised internationally from the start. Though for the other half that do, this is determined for 57% by a certain job or role.

When hiring internationally, 54% base pay on local scales regardless of origin country. Only 13% utilise a home-linked scale. For 64% of respondents only employees on true expatriate contracts are eligible for expatriate benefits and 27% offer these benefits to employees on a discretionary basis.

Support for Local moves

The *Support for Local moves* survey sought to understand practice with regards to the provision of relocation support for senior-level moves on a local basis.

Immigration assistance was offered by 93% of surveyed organisations, whilst around 30% do not offer any form of home or host country tax assistance to these types of moves. All organisations offer temporary accommodation (one month). Aside from immigration assistance, other support items were the transfer flight (98%) and surface shipment (86%).

Whilst most relocation support items were offered on a one-off basis, a number of organisations did report that certain items were offered on a prolonged basis in certain cases (e.g. schooling assistance, housing support and home leave).

Survey quotes

"Typically only housing and education support is granted for a longer period (mostly up to 3 years)."

"Education and housing assistance is sometimes offered on an ongoing basis for 1 to 2 years."

Transfer documentation for Local transfers

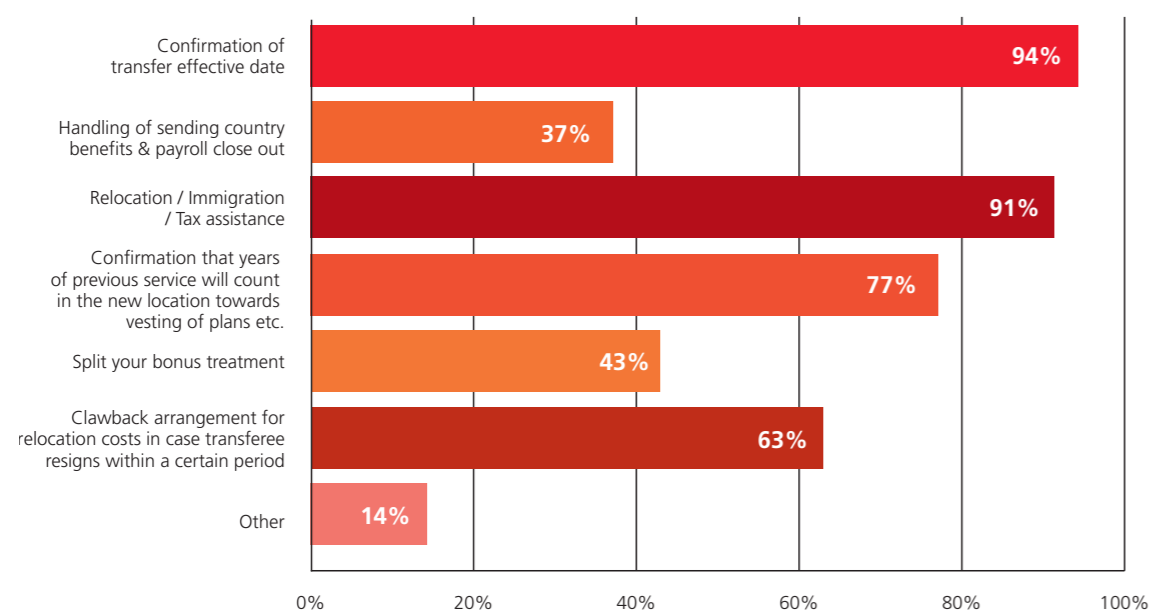
The majority (77%) of respondents to the *Transfer documentation for Local transfers* survey handle local to local transfers and the remainder do not.

The majority of organisations who handle local to local transfers, offer relocation (100%), immigration (96%) and/or tax (87%) assistance.

Of the organisations that only issue an offer letter/employment contract to its local to local movers, 73% include some wording in the contract around terms relating to the transfer.

Figure 5.2 shows an overview of items which are addressed in standard Transfer memo/ LOU for local to local moves by surveyed organisations.

Figure 5.2 Addressed items in standard Transfer memo/ LOU



Local Plus Packages in Asia

The *Local Plus Packages in Asia* survey aimed to get a better understanding of how organisations localise their international assignees in Singapore, Hong Kong and Tokyo; specifically as to whether they use the Local Plus approach.

Most respondents (43%) have international assignees who are on a Local Plus package in Singapore followed by Hong Kong (39%). Just 18% have this type of assignee in Tokyo.

The length of the assignment before the Local Plus package starts to apply, is for 35% of the surveyed organisations less than a year, while 22% introduce the Local Plus package at 3 years and another 22% introduce it at 5 years. In most cases the Local Plus package has a structure of a local employment contract followed by local medical scheme and local pension plan.

Contribution towards housing and schooling are also generally provided to Local Plus employees:

- Of the respondents with expats in Hong Kong, 92% provide contribution towards housing and 58% towards schooling.
- For Singapore, the percentages are 88% for housing and 77% for schooling.
- Of the few respondents with international assignees in Tokyo 83% provide contribution towards housing and 67% towards schooling.

For 62% of respondents, these schooling and housing benefits are phased out over time.

78% of surveyed organisations pay their local plus employees on the same salary scale as local employees. 65% have employees who have been on a Local Plus package without having been on an assignment package prior to the transfer. Furthermore, 70% of respondents who do not localise long term assignees on Local Plus packages have a localisation policy in place which does not include any other benefits than the ones provided to all local staff.

RES Expert Opinion

Local, Regional & Domestic Moves

Domestic relocation aligning with international relocation



“The trend towards aligning domestic relocation with international relocation is an interesting one and would, on the face of it, seem a very obvious thing to do - relocation is relocation surely, irrespective of movement across borders? Whilst this is true to a point, with the core compensation requirements being very similar, there are more subtle variations between domestic and international relocation which are ignored at a company's peril, for example the differences in schooling, language and culture. However with the move to 'Local Plus' for international assignees gathering momentum alignment of domestic and international policies makes sense. This might offer even more opportunities for policy, compensation and resource consolidation saving companies money in the longer term.”

Andrea Piacentini,
RES Forum



The information in this chapter relates primarily to emerging markets and hardship locations, with the usual suspects – China, Russia, the Middle East and India – all featuring in the surveys referenced throughout this section.

Topics covered include:

- Gender, acceptance and assignments to the Kingdom of Saudi Arabia
- Payment of Hardship Allowances to expats in Russia
- Currency and contract structuring for international assignees in People's Republic of China

2011 proved again to be an interesting year for cross-border movement of staff into these areas – with ever increasing scrutiny of the ways in which international staff are transferred by authorities in such locations, it proved a busy time for the mobility professional managing such transfers.

Personnel compliance and the impact of cross border movement of staff on corporate tax positions was a favoured area of discussion amongst RES Forum members but perhaps most prevalent was how to respond to China, its greater assertiveness around contracts, currency and tax compliance processes and of course the beginning of mandatory enrolment of foreign workers into the Chinese social security system.

One can only speculate how long it might be before other countries, either geographically, economically or politically close to China, may begin to be as assertive or adopt in some way similar practices to those in China, or how other 'Hardship' yet burgeoning economies may impose their own versions of such significant change on the mobile workforce in future.

6

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Emerging Markets & Hardship Locations

6 Emerging Markets & Hardship Locations

Support for intra-EU and China Mobility

The *Support for intra-EU and China Mobility* survey sought to examine the approach of participating organisations to intra-EU moves, as well as the support provided for university recruiting and relocation offered for moves into China.

79% of organisations do not differentiate the level of support offered to intra-EU moves versus moves originating from outside of Europe.

43% offer a 'discretionary allowance' to all assignees, while the same percentage provides no allowance. A discretionary allowance is a substantial sum that an employee can use however they wish, so not in lieu of but in addition to the relocation support.

72% of organisations that do provide such an allowance offer the same amount to assignees regardless of origin location or any dependent family members.

In addition, 58% of respondents outsource relocation support for moves into China.

Expats in Russia

56% of respondents to the *Expats in Russia* survey have, or are planning to have, assignees in Russia. 67% of them pay hardship and 89% pay a cost and quality of living allowance in Russia. These allowances are mostly (52%) based on the 'efficient purchaser' index with only 30% of respondent companies basing this payment on a 'full expatriate' index.

Interestingly, comparing these results to a similar survey conducted in 2010, it shows that these results are reversed; in 2010 the prevalence of usage of a full expatriate index was 52% whilst the efficient purchaser index was used by 38% of respondents.

55% of respondent companies review assignment allowances annually and 14% do this bi-annually.

80% state that no negative feedback has been received from assignees with regards to housing allowances offered in Russia. This percentage was 92% in 2010.

If it was deemed that the assignees' housing allowance was insufficient, 57% would manage this on a case by case basis.

All respondents offer their employees home leave travel support. For 57% this was one flight a year and for 43% of them it was an economy-based seat. 71% do not offer R&R support.

The majority of organisations are not experiencing difficulties in attracting either local talent (79%) or non-local talent (75%) to Russia.

70% of surveyed organisations pay expats locally in Russia. The remainder do not pay locally. The majority do not compensate for exchange rate movement (60%) between home and Russia or bank transfer fees (75%). This is a decreasing trend, because the percentages in 2010 were respectively 34% and 63%. So, in comparison with 2010, fewer organisations compensate the exchange rate movement and bank transfers.

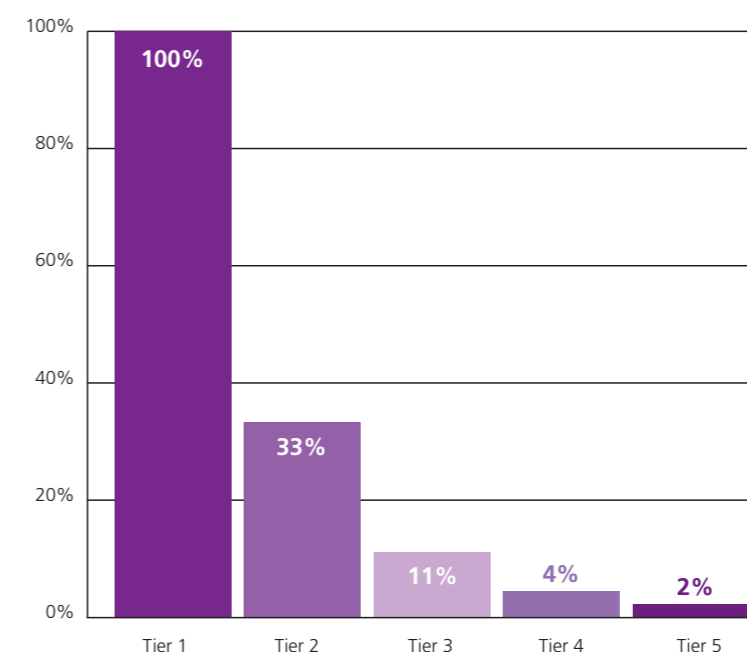
Expats in China

The *Expatriates in China* survey conducted in 2012 looks at expatriation to China. It therefore provides a comprehensive look at both pay contracting and health issues. 82% of the respondents are present in China.

Demographics of Expat Population in China

80% of surveyed organisations have between 1-50 expatriates and local expatriates in China, 11% have 51-100 and 9% more than 100 expats. All of the organisations which are located in China send their employees to Tier 1 cities. Tier 1 cities are Beijing, Shanghai, Guangzhou and Shenzhen. Tier 2 cities are developed provincial capitals such as Chengdu. 33% also send their employees to tier 2 cities. Third tier cities are less developed provincial capitals like Zhengzhou. Tier 4 cities are all other prefecture cities like Yiyang and fifth tier cities are of a county level. The top three cities are Shanghai 87%, Beijing 69% and Guangzhou 27%.

Figure 6.1 Organisations sending employees to tier cities

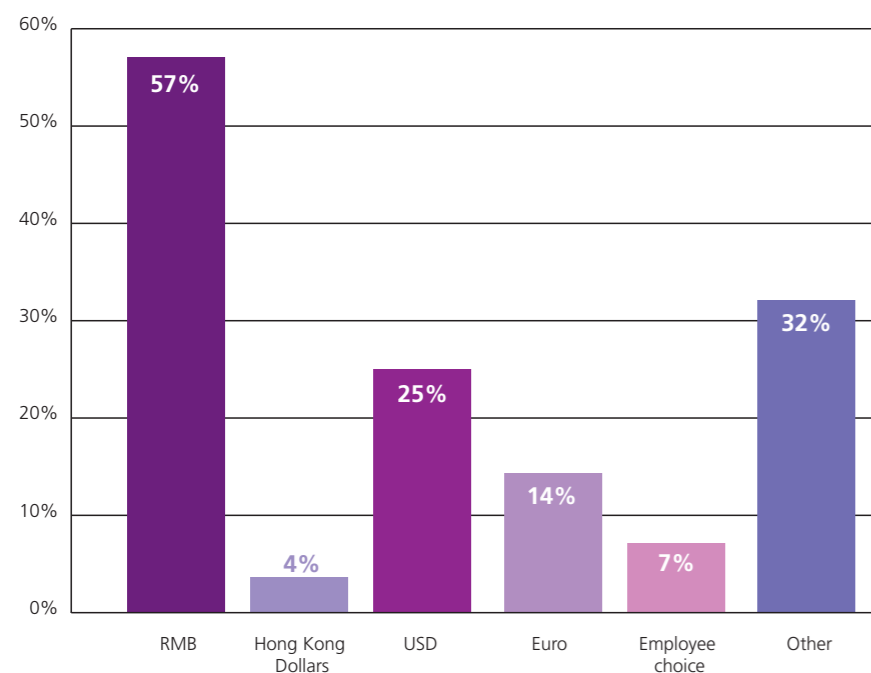


Pay delivery and employment contracts

67% of respondents stated that their expatriates' main employee contract was in the home country and 17% at headquarter location. Comparing this with the 2010 survey, fewer assignees are on a secondment. In 2010, 91% of assignees were on a secondment. 62% of respondents stated that the business nature of the hosting company in China is a Wholly-owned foreign enterprise, 41% a joint venture and 31% a representative office.

The majority (64%) are not familiar with state administration for foreign exchange legislation, although 86% have changed the way in which pay is administered following recent legislative changes. More than half of respondents (57%) use RMB to pay expatriate staff in China. Other expatriates are often paid in their home country currency (32%). 52% state the salary of employees in RMB in their contract. Almost two thirds (62%) of respondents have located their payroll administration in China and 31% in the headquarter location. The majority (70%) do not deliver all of the income of their expatriates in China itself.

Figure 6.2 Currencies used to pay expat staff in China



For 63% of the surveyed organisations, employment costs are fully absorbed through the Chinese entity. Therefore, 50% have no recharge in the accounting process. For capturing and declaring all income, 83% have a robust process for monthly individual tax returns. 69% do not have all staff enrolled in Chinese social security. But 82% of those that are not, are planning on doing this in the near future, in order to follow newly introduced Chinese government legislation making social security enrolment for foreign staff mandatory as of July 1st 2011.

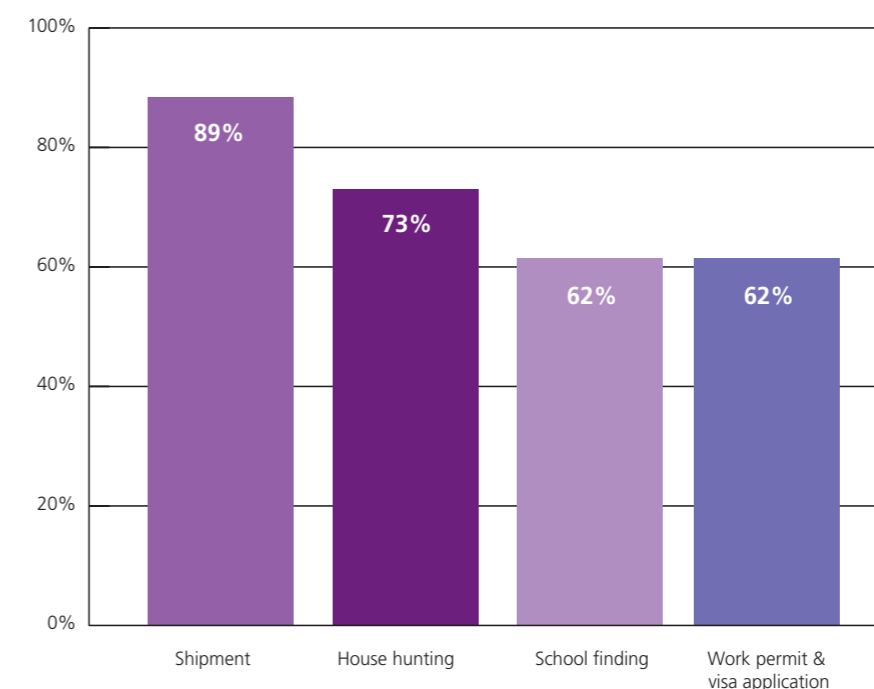
Health and other benefits

The retirement plan for expats in China is mostly administered in the sending country location followed by the headquarter location (41%). Almost two thirds (65%) administer the health insurance for expats in China at the headquarter location. In 88% of the cases health and security features are included in the policy.

Reflecting one very specific question that a member asked of the forum, reference to the occurrence of rabies is not commonly included in health policies for expats in China. 84% do not include this in their policy, although 54% cover pre-departure vaccinations for rabies. There were no reported cases of rabies or animal bites among assignees.

The most outsourced element of the expatriate relocation support package is shipment (89%). Other frequently outsourced elements are shown in figure 6.3.

Figure 6.3 Outsourced elements concerning relocation support



Permanent Establishment Risks and Payroll in India

The *Permanent Establishment Risks and Payroll in India* survey looked at how organisations deal with the difficult issue of Permanent Establishment risks in India.

78% of respondents have expats in India over 90 days a year. A slight minority (47%) have 1 to 5 expats in India.

To avoid PE risk, 37% of organisations employ people directly in India. Other organisations (37%) operate a shadow payroll in India for overseas employees and second them to India. A few respondents (19%) set up a branch of the non-Indian organisation in India and second people to that organisation and thereby ring fence revenue associated with it. At least 19% keep them under 183 days in a fiscal year and use treaty agreements to exempt them from India tax.

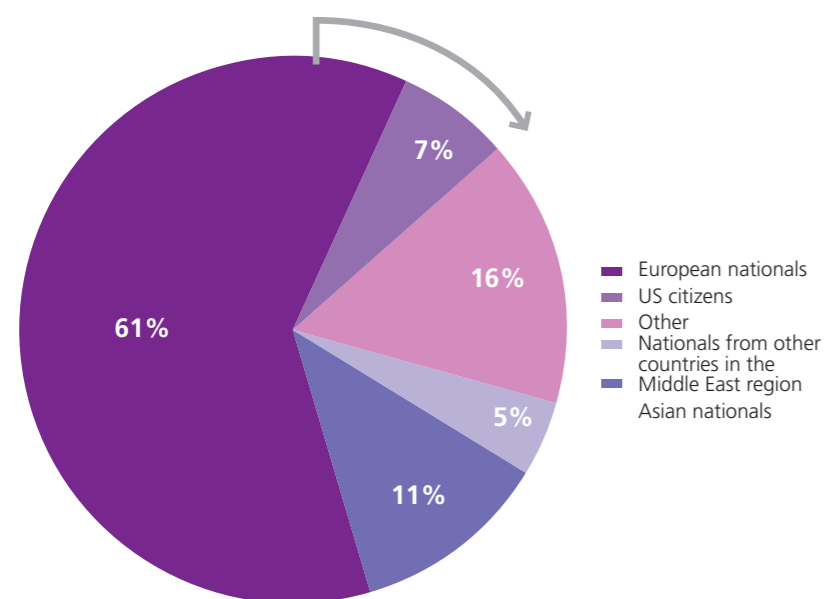
If the assignee is seconded to India, 62% of surveyed organisations let the costs remain in the Indian entity.

Expats in the Middle East

The *Expatriates in the Middle East* survey gives some information and experiences about having expats in the Middle East, especially in the Kingdom of Saudi Arabia (KSA) and the United Arab Emirates. 31% of surveyed organisations do not handle expatriate moves into the UAE and the KSA.

33% of the respondents handle expatriate moves into the UAE and the KSA. Just 3% handle only into the KSA and 33% only into the UAE. These expats are mostly Europeans (61%) whilst relatively few of them have another nationality as shown in figure 6.4.

Figure 6.4 Nationality of expats in the Middle East



In 52% of cases, organisations deliver pay to their assignees in these locations by a home/host package with hypo tax/ COLA/housing, and 30% pay in local host currency. Moreover, 63% consider the KSA to be a 'hardship' location and 62% provide a hardship allowance for expats working in the KSA. Extra home leave/rest & relaxation leave is provided less frequently to expats in the KSA (40%).

82% of organisations provide children's education assistance to their expats in the Middle East region. 62% provide this support by reimbursing all allowable expenses. Furthermore, providing club membership to expats in the KSA is not common. Just 16% provide it.

Survey quote

"We always pay for international schools with the exception of UK, US and Australia."

Handling of Expats in the Middle East

The *Handling of Expats in the Middle East* survey aimed to provide a spotlight on expat policy in the Middle East. 78% of respondents have expatriate employees within this region. Every country in the Middle East was represented by at least one respondent, although the 'top three' countries were the United Arab Emirates (89%), Saudi Arabia (48%) and Qatar (38%).

73% of surveyed organisations operate a home-based build up mobility policy for their expatriates. 29% have more localised policies that are based on host-country compensation. 87% of respondents stated that this is a global policy and for 67% this policy is standardised across the Middle East region.

The policy items offered to long-term expatriates in the region by the majority of respondents are:

- 93% international medical cover
- 93% home leave
- 91% host country housing
- 77% education support
- 77% COLA
- 64% tax equalisation
- 63% hardship allowances

Reward and Security in the KSA

The *Reward and Security in Saudi Arabia* survey offers some practical data and experiences about sending an assignee to the Kingdom of Saudi Arabia (KSA). This survey is especially focused on the security of female employees working in the KSA.

62% of organisations have operations in the Middle East, including the KSA. Most of these organisations (63%) deploy less than twenty people a year from outside the region to the KSA. More than half (56%) of assignments to these locations have a duration of more than 12 months.

Female expats in the KSA

53% of surveyed organisations do not consider the gender of an assignee in the staffing process, whilst 33% do consider this if raised as a concern by a client or due to concerns about security and well-being. 81% of organisations that have assignees in the KSA note that less than 10% of their Middle East staff from outside the region are female.

1 Reported incident due to cultural misunderstandings

Only one respondent noted that a female staff member had reported an incident due to cultural misunderstandings. However, 36% did not know whether such incidents had perhaps been reported locally only. 71% know for sure that none of their female staff members have ever been detained by the religious police. The other respondents just don't know.

88%

Offer cultural training prior to assignment to the KSA

38%

Offer security training prior to assignment to the KSA

Cultural training (especially for the KSA) is offered by 88% of the organisations. Just 14% also offer cultural training specifically for female staff.

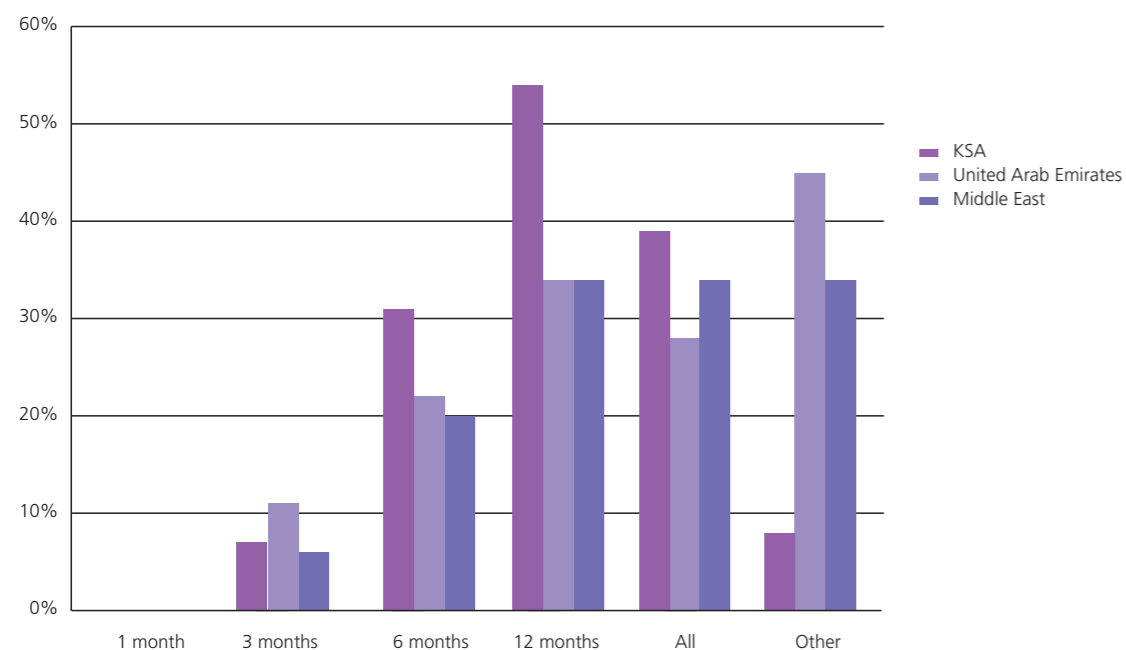
Survey quotes

<i>"We do not de-select women however we do not currently have any female assignees in the country."</i>	<i>"We plan on hiring women and are in the active stages of obtaining all approvals."</i>
<i>"Attitudes are starting to change in KSA and we have recently sent females on short term contracts."</i>	<i>"Our assignments are subject to obtaining legal permission to work in KSA. Women can work only on their husband's work permit."</i>

Hardship allowances

A small majority offer hardship allowance to assignees in the KSA for assignments of 12 months (54%). However, 39% offer hardship allowances regardless of duration. Figure 6.5 shows for what duration of assignment, respondents offer hardship allowances in the KSA, the United Arab Emirates and other regions in the Middle East.

Figure 6.5 Hardship Allowances



RES Expert Opinion

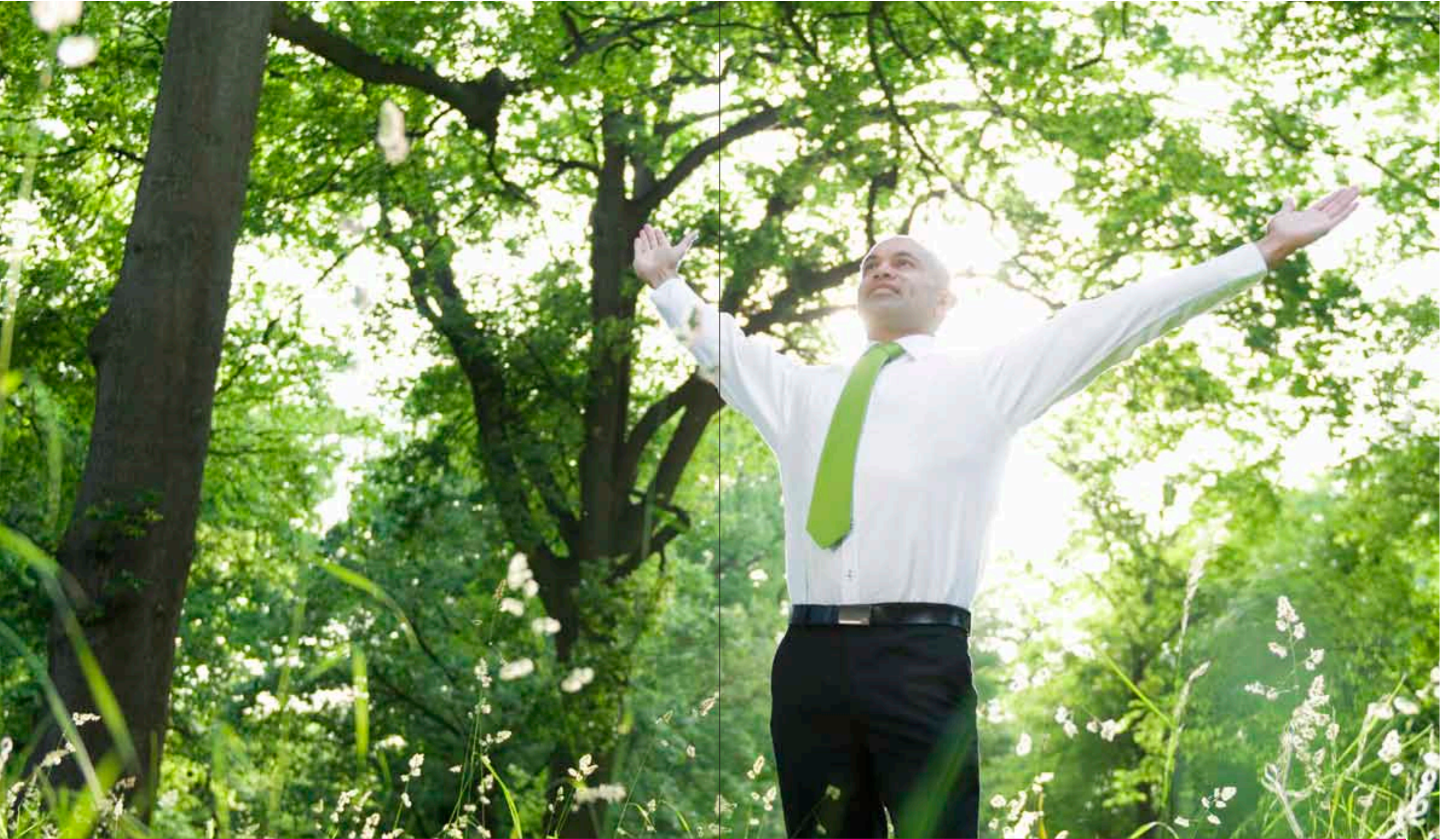
Emerging Markets & Hardship Locations



"As noted in the chapter 6 introduction, many 'hardship locations' now have rapidly developing economies of their own and are beginning to be much more stringent in the way they manage compliance and regulation of inbound foreign workers – likely any mobility manager with staff operating in these locations has an anecdote or two around the challenges they have faced in this regard.

However, we at the RES Forum also believe we are at the beginning of an interesting new chapter in terms of the export of talent from 'emerged' economies – with the rapid international expansion of banks & financial institutions, global brands and service companies onto the international stage based in 'emerged' countries, we now face new challenges around encouraging talent to go on assignment to 'developed' markets which may be perceived as being 'away from the action', along with designing compensation and benefits policies that reflect both different spending patterns and different cultural norms around family and gender role which may be in direct contradiction to the traditional expatriate approaches that exist in so many multinational organisations today."

David Enser,
RES Forum



7



Summary RES Forum Annual Report 2010

7 Summary RES Forum Annual Report 2010

The Annual Report 2010 was produced in collaboration with Altair Global Relocation, with a foreword provided by IHRM Professor Marja Tahvanainen (Helsinki School of Economics).

The RES Forum's inaugural Annual Report was a consolidation of the 55 electronic surveys commissioned by the surveyed organisations (RES Forum members) during the course of 2010 and early 2011.

Unlike other 'off the shelf' Global Mobility surveys, the Annual Report outlined the key issues upper most on the agenda of in-house, International HR Managers represented by the RES Forum's 200+ member organisations.

Containing over 70 pages of data, trends and analysis, the Report was categorised into the following topics, which formed its eight distinct chapters:

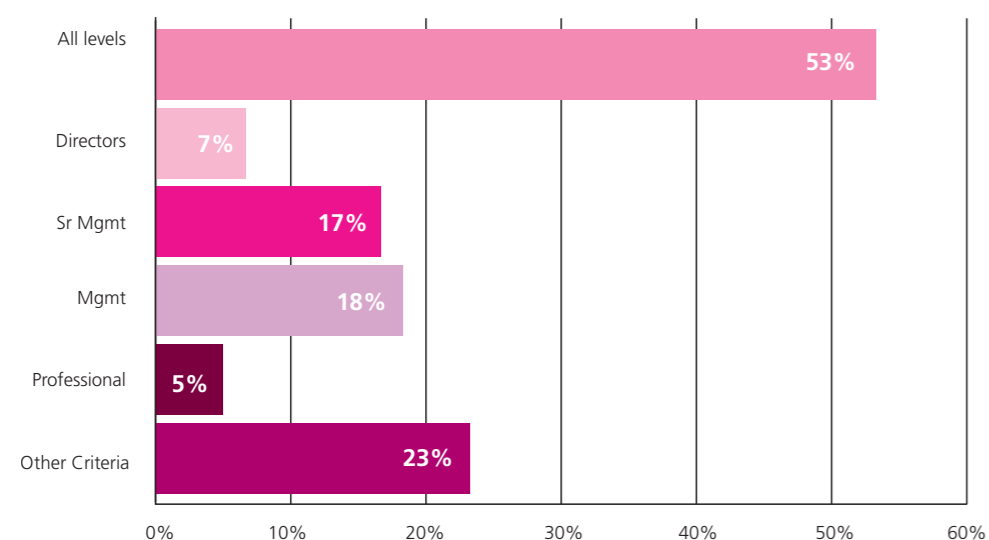
1. Talent Management
2. Assignment Types
3. Expatriate Compensation
4. Compliance
5. Pastoral Care
6. Housing Policy
7. Programme Administration
8. Outsourcing

This summary gives a flavour of some of the key trends emerging within the RES Forum membership which were reported in the Annual Report 2010. It also provides an interesting frame of reference for the new Annual Report 2011/2012.

Talent Management

Having defined that assignments are essentially about developing talent, the surveyed organisations posed a number of interesting questions during the course of 2010: Should all assignments be considered the same in terms of what they offer organisations?; Consequently, should all assignees be supported equally from a policy, compensation, and benefits point of view?; How do organisations effectively track talent during the assignment cycle?

Figure 7.1 Talent Pool Eligibility



Perhaps reassuringly, and as shown by figure 7.1, the majority of the surveyed organisations do set their Talent Management Agenda across all levels of the organisation. Nurturing the aspirations and championing the right to succeed across all echelons of an organisation is arguably an oft-forgotten HR objective, though from a philosophical point of view, an approach that most surveyed organisations would seem to uphold.

Other topics reviewed in this chapter were the selection of employees and suitability for international assignment, the most popular internal/external resources used to assist a candidate for expatriation in their decision-making process, reasons for assignment refusal, barriers to mobility and repatriation strategies.

Assignment Types

Unsurprisingly, discussion amongst the surveyed organisations around the design of assignment policy framework was both recurrent and varied during the course of 2010. Designing and operating effective transfer and assignment policies that adequately address the needs of the assignee and the business is, in theory, one of the few 'controllables' in the mobility domain. What became clear from the data was that the different drivers behind an assignment (permanent shift in career centre location, business-critical/strategic, project-based, developmental and personal accommodation, etc.) have fuelled an ever increasing segmentation of assignment policy types amongst the surveyed organisations.

As outlined in the Annual Report 2010, preserving the integrity of an assignment policy, balancing the cost to the business versus the value delivered to the assignee, and retaining an appropriate degree of transparency are all key factors in effectively managing assignments and the different assignment types. Perhaps now more than ever, the onus is on International HR managers to offer understanding, and provide vision, when designing assignment policies; regular benchmarking of data, such as the surveys that are surmised in this chapter and are requested by the surveyed organisations on a weekly basis, can certainly help with the former if not the latter.

One of the topics covered in this chapter is the position taken by the surveyed organisations in defining a consecutive period of time spent overseas as a formal 'Short-Term Assignment' versus a normal business trip. Just under half of the surveyed organisations set the threshold at 90 days. An interesting statistic when viewed in the light of organisations' low tolerance to compliance risks whether in the areas of tax, social security or immigration.

Other topics reviewed in this chapter were local versus expatriate terms, the challenges of localising expatriates, local plus/destination pay policies and career expatriates.

Expatriate Compensation

As the 'corporate belt' continues to tighten in response to the current global economic climate, this chapter places the emphasis on how organisations look to attract and retain the right people through the reward package structure. This is particularly relevant when those employees become internationally mobile, as their cost base typically rises and is more visible to those charged with justifying the bottom line. The chapter provides details on the different reward methodologies used by organisations.

Unsurprisingly, we find that most organisations are looking to reduce their overall cost base and are stripping away many of the non-core perks associated with international assignments; however, they still see a clear need to maintain the key essentials required to support expatriate staff. This is still often attained by using complex cost of living and tax modelling to ensure spending power parity for the assignee, even when that is negative; but more and more, organisations are also looking at alternatives to this traditional approach.

Other topics reviewed in this chapter were split payrolls, expatriate allowances, expatriate bonus payments, pensions, company car provision, managing hardship locations and Short-Term Assignment compensation methodologies.

Compliance

In this chapter, the discussion centres around the various compliance issues inherent to global mobility, as organisations strive to balance business and employee needs whilst adhering to regulations in the various countries in which they do business. The role of the mobility professional has developed over time and increasingly there is a need to understand the minefield of cross-border employee compliance, in line with increased focus on expatriate staff by government agencies in relation to tax, social security, and immigration.

The consequences of non-compliance have also steadily worsened: increased scrutiny in other areas of business practice; communication between authorities in multiple countries resulting from noncompliance in a single location; business blacklisting; office closures; bans from making bids on new projects; and expatriate staff expulsion are just a few. Increasingly, the employee is affected also, not just the employer. Responsibility in many cases lies with an employee to correctly submit documentation or bear the consequences; but it is also the employer who potentially suffers from increased regulation of expatriate staff around contract location, social security enrolment, and currency import & export controls – all topics discussed in this chapter.

Pastoral Care

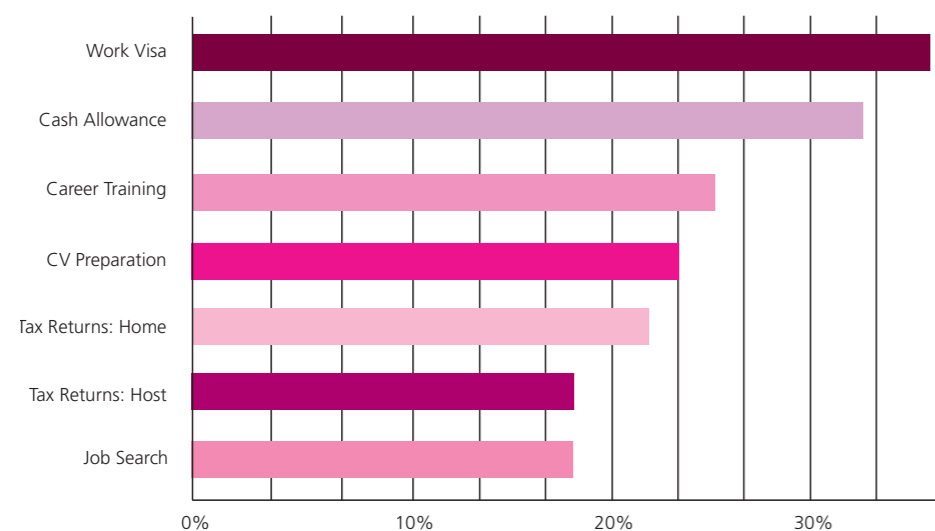
This chapter was a culmination of results from the surveys regarding support offered by organisations to trailing partners and dependents of assignees.

As John Donne said, “No man is an island,” and many organisations have realised that the support offered to trailing partners and dependents often determines whether an assignment is accepted and ultimately successful.

Against the backdrop of offering dependent and partner support, organisations recognise the costs involved, their obligations to support assignees’ personal circumstances, and the need to optimise any organisation spent in the area of partner and dependent support.

Figure 7.2 indicates what support is most commonly provided to trailing partners during an assignment:

Figure 7.2 Partner Support Services

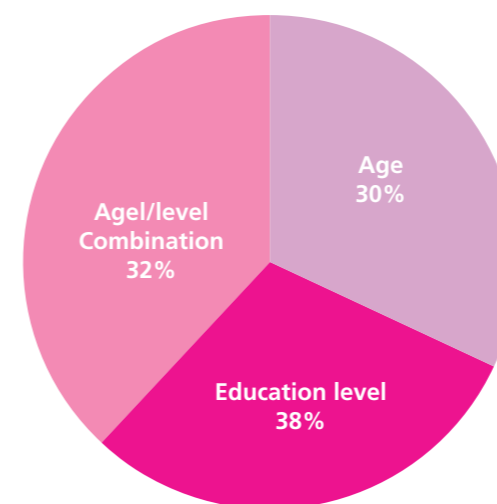


Free-form comments provided in this survey indicated that the degree of support may vary based on a number of factors such as:

- Cost
- Strategic importance of the assignment
- Individual negotiations between employees and their employers
- The extent to which an organisation acknowledges that the well-being of an accompanying partner and children will materially affect the success of the assignment in general.

The Forum also conducted a number of surveys on support provided to the offspring of assignees. Reflecting the pan European nature of Forum membership, age alone (typical in the UK) was not the only defining criteria applied to secondary education support. In addition, an organisation’s duty of care and support of an assignee’s family extends not only to accompanying dependents but also those who remain at home.

Figure 7.3 General Education Support Eligibility



Expat Housing

Assignee housing remains a topical discussion area for the surveyed organisations as they assess the level of assignment support to provide to an assignee.

With housing, it is often a case of there being no right answer but rather what is right for a specific organisation based on culture, employee needs and, most importantly, cost.

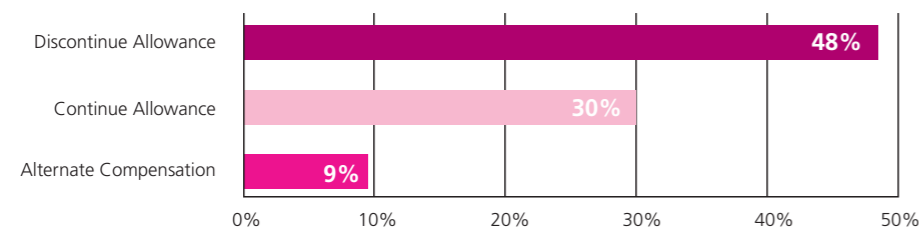
The organisations were surveyed on the level of housing support they provided to assignees. It came as no great surprise that the great majority of respondents (88%) state that their organisation pays for expatriates’ host location rentals.

However, when queried about host location utilities, the response was almost evenly split, with 40% paying for expats’ utility costs and 44% of organisations not taking on this expense.

Verbatim comments indicated that some organisations include utilities costs in the assignee’s COLA, and some base payment of utilities on lease terms or location.

The surveyed organisations also answered questions around support provided to assignees should they decide to purchase a home whilst on assignment. It is not surprising that 94% of respondents actively discourage such endeavours, due to the enormous expense involved and the ultimately temporary nature of most international assignments. When queried about supporting the costs of such a purchase, most (90%) answered that they do not cover any of the purchase costs and almost half reported that they discontinue payment of any housing allowance at the time of purchase.

Figure 7.4 Housing Allowance After Home Purchase



Programme Administration

This chapter covered a number of themes related to the ongoing management of assignment programmes. Key areas of interest included:

- International assignment managers and the training of such specialists
- Strategic programme priorities amidst the current economic situation
- Budgetary reactions
- Use of key performance indicators.

When asked about GM Manager core responsibilities, the surveyed organisations replied as follows: Clearly the technical nature of international assignment management requires assignment managers to perform an advisory role to their business and client groups, a reassuring fact for those performing such a role as they add value to organisations.

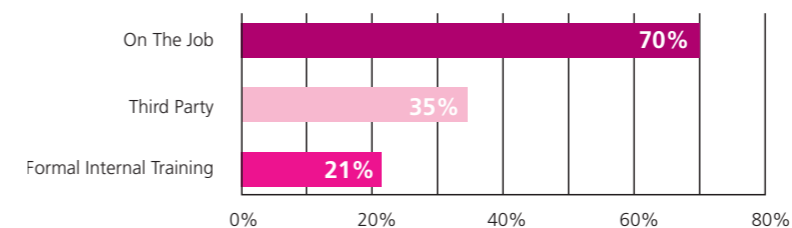
When asked about how assignment managers are trained for the role they perform, the prevalent training types were as follows:

- Advice on Issues and solutions (94%)
- Meet and Brief assignees (88%)
- Produce Assignment Costs (84%)
- Manage Suppliers (73%)
- Develop Policy (73%)

Of the major trends that the surveyed organisations believe will dominate the mobility landscape in the near future, the most prevalent responses were:

- Compliance
- Cost control
- Outsourcing
- Alternatives to classic 'expat' policies (i.e., home-based approaches, local moves, and short-term assignments).

Figure 7.5 Prevalent Training Types



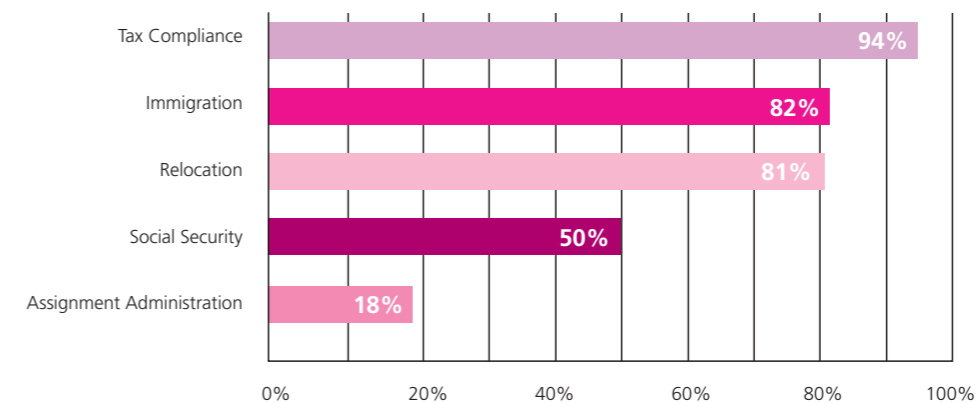
Outsourcing

Outsourcing allows organisations to more easily attach a cost to services whilst centralising allows scalability on headcount, systems, and knowledge to be achieved.

However, service and cost are often at the heart of a reverse decision (namely bringing activities in-house), with service level agreements in the outsourced context often not reflective of the actual service an organisation may wish to provide. At the same time, although more easily identified, costs are not always reduced when outsourcing takes place, hence the move to bring the outsourced services back in-house.

Not surprisingly, tax support services are the principal activity outsourced by the surveyed organisations with assignment administration being outsourced by a fairly small proportion of respondents. These results are shown in figure 7.6.

Figure 7.6 Outsourced Services



RES Forum E-Surveys referenced in this Report

1. Assignment Duration and Extension Process, January 2012 (72 respondents)
2. Managing Distant Teams, July 2011 (29 respondents)
3. Tracking of Expatriates and International Transfers, April 2011 (73 respondents)
4. International Assignment Processes, April 2011 (75 respondents)
5. IA Manager Role, April 2011 (89 respondents)
6. International Talent Management, March 2012 (67 respondents)
7. Talent & Mobility, September 2011 (75 respondents)
8. Global Expat Pool, March 2012 (77 respondents)
9. Assignee Populations, January 2012 (87 respondents)
10. Recruitment & Induction, January 2011 (34 respondents)
11. Benchmarking of Assignment Allowances, April 2011 (62 respondents)
12. Health and Welfare Benefit Provision, March 2012 (58 respondents)
13. Destination Pay Policies, August 2011 (57 respondents)
14. Handling Utility Payments, December 2011 (85 respondents)
15. Tiering of Relocation Benefits, September 2011 (75 respondents)
16. Cost Saving Trends, January 2011 (65 respondents)
17. Assignee rental leases & deposits, August 2011 (70 respondents)
18. International Compensation, December 2011 (74 respondents)
19. Expatriate Payroll – Administration, currencies, systems and processes, July 2011 (62 respondents)
20. Benchmarking, September 2011 (40 respondents)
21. Expatriate Compensation Data Provision, April 2011 (71 respondents)
22. Negative Cost of Living Allowances, January 2012 (64 respondents)
23. Repatriation Policy, March 2012 (55 respondents)
24. Language Training Support, July 2011 (59 respondents)
25. Repatriation Policy and Support, July 2011 (64 respondents)
26. Duty of Care (Travel Tracking & High Risk Locations), September 2011 (55 respondents)
27. Global Mobility Satisfaction Surveys, December 2011 (64 respondents)
28. Repatriation of Assignees, January 2012 (70 respondents)
29. Security, March 2012 (49 respondents)
30. Staff representation in country offices outside the UK, November 2011 (34 respondents)
31. Club Membership, March 2012 (92 respondents)
32. Expatriate Engagement Surveying, July 2011 (74 respondents)
33. Assignee Security, February 2012 (52 respondents)
34. Domestic Relocation Policies, January 2012 (34 respondents)
35. Intra-regional Assignments, January 2012 (60 respondents)
36. US Domestic Relocation Policies, September 2011 (45 respondents)
37. Local plus and Localisation Trends, January 2011 (79 respondents)
38. US Domestic Relocation, September 2011 (38 respondents)
39. International vs. Local Hiring & Reward, March 2012 (49 respondents)
40. Support for Local moves, January 2012 (60 respondents)
41. Transfer documentation for Local transfers, February 2011 (70 respondents)
42. Local Plus Packages in Asia, March 2012 (38 respondents)
43. Support for intra-EU and China Mobility, December 2011 (47 respondents)
44. Expats in Russia, March 2012 (52 respondents)
45. Expatriates in China, March 2012 (55 respondents)
46. PE Risks and Payroll in India, March 2012 (36 respondents)
47. Expatriates in the Middle East, April 2011 (67 respondents)
48. Handling of Expats in the Middle East, March 2012 (72 respondents)
49. Reward and Security in Saudi Arabia, September 2011 (42 respondents)

Colophon

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