

International assignment perspectives — *special alert*

Enhancing Global Mobility—the Latest Trends

For an update on the latest trends in the global mobility arena, we touched base with Eileen Mullaney, author of the *IA Perspectives*’ article, “Global Mobility in a Brave New World.” Since the publication of her article, Ms. Mullaney and her team continue to work with companies on a variety of global mobility issues. On a recent global mobility webcast, they also took the opportunity to ask an audience of employers a series of polling questions. The latest questions and survey data provided the team with a wealth of information about the most recent global mobility trends and challenges.

Many of the current issues are around general policy administration and, more specifically, the impact of the weakening dollar and pay delivery. When asked to identify the biggest challenge in their global mobility programs, the majority of respondents (44 percent), said, “inefficient process administration,” followed by “effective cost management” (28 percent). The reasons behind these responses are clear. More employers are expanding globally and the number of employees on all different types of global assignments is steadily increasing.

This increase has created the need for a more formalized infrastructure for global mobility programs to deal with complex regulatory issues and the application of policy, and at the same time look for ways to simplify the administration of the policy for the company. In this regard, we are seeing more companies move towards the use of lump-sum allowances rather than reimbursement of actual expenses in the home leave area. We also are seeing more companies consider the use of lump-sum allowances for temporary living expenses. Lastly, more lump sums are being used as delivery mechanisms for allowances in developmental or modified packages.

In the home housing area, more companies are looking at policy provisions that are appropriate for a global assignee population, rather than a majority US outbound population. Accordingly, some companies are moving away from the use of a home housing norm and will no longer provide any sales or property management support for the home-country house. Exchange rate issues are at the top of the list for all assignees. We are certainly seeing more frequent updates

to balance sheet allowances for exchange rate changes. Also, companies are looking to deliver more allowances or reimbursements in kind, rather than in cash—school fees and host country rent are paid directly by the company, even if there is no tax advantage for the company to deliver in kind. In this way, the company, rather than the individual employee, absorbs the exchange rate risk.

Another survey question asked, “What are the business drivers for your global mobility program?” The top answer was “expansion into new markets,” coming in at 45 percent, with “talent management and retention” coming in second with 30 percent of the responses. Expansion into new markets will continue to be the trend for many organizations—a new market may be a new country or a new city, due to organic company growth, or as a result of merger or acquisition activity. Often, global assignees are the first on the ground at a new location, so the challenge for the company’s program administrator is to understand all of the set-up requirements (i.e., entity structure, immigration, employment, documentation, payroll, tax, etc.) as well as the associated timelines for the first assignee in the new location.

From a talent management perspective, for non-technical positions, there has been more emphasis on assignee selection and repatriation planning. Employers are doing a much better job of documenting the purpose of the assignment, measuring it and discussing it throughout the assignment. In other words, more employers are not simply sending assignees overseas; they are looking to send the right assignees for the right reasons. We can no longer say “one size fits all” when it comes to assignments. Employers are setting up different policies for different assignees. This goes back to the framework that was detailed in Ms. Mullaney’s article: although there are several policies, each policy is designed for a particular type of assignment within one global framework. Employers are defining assignment-selection criteria and determinants so that each assignment type is clear.

“We are seeing the beginning of a sophisticated talent-planning model that more employers will adopt as global assignments become a part of, rather than the exception in, an employee’s career path,” said Ms. Mullaney.