Globalisation continues apace and with it the Global Mobility Manager’s task of ensuring they become specialists for each and every new location. Much is publicised and discussed about emerging markets (with the “BRIC” locations dominating the headlines and watch this space for “CIVETS”, the next grouping of emerging countries), but an “established” location can be just as challenging when you are sending assignees there for the first time. Let’s face it, it’s unfeasible for a GM Manager to be knowledgeable about all locations in advance of landing there, so they will need to first plan, then pose a series of questions to the right people and organisations to research and uncover the key issues.

So what are these fundamental questions that GM professionals need to determine prior to sending an assignee to a new host location? Firstly an understanding from the business on the “type” of assignee likely to be sent and the approximate numbers; the length of time they will need to be there; their likely roles and duties and what corporate structure is in place in Location X to facilitate these moves. Once there is an understanding of the likely assignee demographic the GM Manager can research the areas discussed below. In reality, these will not be distinct or stand-alone categories, but will overlap to provide a cohesive plan necessary to meet the upcoming challenges.

What is the Corporate Structure?
One of the most important factors to determine up-front is the type of business structure which exists in Location X. This may be a new country for the organisation as a whole and in such cases a subsidiary or branch may not be established or even warranted at present. For example, an organisation may determine that a representative office or agent is applicable in the early developmental stages, where non-transactional operations (such as marketing) are initially required. Likewise the assignee may be destined for a joint venture or client’s organisation. Dependent upon the location, such a structure may not be entitled to sponsor or hire a foreign national. Even if there are no immigration limitations, depending upon the seniority and authority of any proposed assignee attached to a rep office or agent – their very existence may form a permanent establishment in Location X, which in turn may mean the company becomes liable for corporation tax in that jurisdiction.

It is critical, therefore, that from the outset the GM Manager works closely with Corporate Tax and Legal to realise the corporate structure and any limitations it may pose, both in terms of employment, immigration and tax.

What Employment Legislation will be applicable?
The adage that the GM Manager needs to know “a little about a lot” holds particularly true when exploring a new country and building the necessary knowledge base – uncovering issues that will affect policy and practice and determining when to bring in more detailed, professional advice. Location X will offer a whole new set of employment legislation challenges, a rudimentary grasp of which will be important in the development of a new location plan.

Whilst an assignee may remain covered by their home terms and conditions and seconded to the new company, local employment law in Location X may still trump all other laws. An employment contract may be a necessity, even for seconded staff – sometimes to comply with employment legislation, others times just to secure a visa. Employment legislation such as working time directives, statutory benefits and collective labour laws may also be valid for assignees working in Location X. Collective bargaining agreements in some countries may lead to additional terms and conditions (extra holiday for example) applicable for all staff on site.

If there is an established subsidiary in the location the GM manager may be able to tap into that HR expertise (albeit they may not have experience with foreign nationals and/or seconded employees), as well as seeking professional legal advice on the finite details. Such due diligent investigations ensures that both the organisation and individual are covered and minimises the risk of litigation issues arising in the future.

What are the Immigration and Residency rules?
In simple terms – all the diligent investigations and policy development in the world will come to nothing if you can’t get the employee into the country. To uncover all the immigration variables for Location X the GM Manager will once again need to pose a series of relevant questions.

Firstly, they will need to assess internally: to understand the likely assignee demographic; the anticipated timeframe (e.g. start date and assignment length) and the approximate number of possible assignees. Armed with this basic outline they can research the relevant host country immigration options, ensuring they understand issues such as: time restrictions on visas; whether a visa limits the type of duties that can be undertaken; whether an employee has to have been employed for a certain period by the company or hold relevant qualifications; whether the visa option has a quota – and whether that quota has already been reached?

Dependents - their ability to accompany the employee and even work in the new host - remains high on the agenda for both individuals and organisations. Whilst a company may acknowledge same sex or unmarried couples through their global mobility policy and home country benefits programmes, Location X may fail to recognise these as valid partnerships for immigration, causing entry issues. In addition, securing a visa or permit for your employee doesn’t necessarily entitle their spouse or partner the right to work.

Unfortunately the GM Manager doesn’t have a crystal ball and can never accurately forecast the organisation’s decisions two years hence. However, if it’s possible to pre-empt as many future intentions as possible and secure the appropriate immigration “vehicle” then in the long term this should provide options for the employee and company.

What Policy and Practical issues need defining?
Entry into any new location offers the GM professional the opportunity to review the tenets of the existing policy, whilst also investigating any specific practical issues which may need addressing. Hopefully the basic principles of the policy strategy will hold true, however elements such as compensation (e.g. home or host packages) and assignment benefits (e.g. accommodation and medical cover) may require review. In such cases many GM Managers develop specific country or city addendums to meet the variances, thereby not diluting the policy principles, but ensuring the location specifics are met.

Evaluating common assignment benefits will often require both external and local advice, for example, accommodation will always be an essential element for the assignee and knowledge of the new rental market will be necessary for the GM Manager. Whilst data specialists can provide the appropriate allowance scales, relocation agents will have their finger on the market’s pulse and be able to offer the ‘real-life’ situation – critical when you need to secure accommodation as soon as possible once the assignee has arrived. Perhaps the GM Manager may find that in Location X Landlords will only accept rental payments in a hard currency; or they will only accept a year’s rental amount up front; or that they won’t accept rental contracts in Company names. In Location X the term “unfurnished” may mean no white goods or even no kitchen fixtures or fittings. None of the above issues are insurmountable, but prior knowledge enables the GM Manager to provide the appropriate support, or craft relevant allowances.

For those employees with accompanying children another issue close to their heart will be education. Having an understanding of the state schooling system, as well as the international school options available, will assist in pre-assignment briefings with potential assignees. In discussions with experts, or through their networking contacts, the GM Manager may discover that most assignees utilise the state system (rather than the usual expectation that private education will be applicable). They may find that where the state system isn’t appropriate - Location X has very limited places at international schools, or long waiting lists, or even no international schooling option at all. In such circumstances there may be little the organisation can do but counsel the employee up front so they can make an informed family decision. No amount of money can create an appropriate school place if none exists, but understanding and informing employees on the options available enables them to review these against their own personal circumstances.

Another highly valued assignment benefit is the medical cover provided to assignees and their families. Here the GM Manager may be able to obtain information from internal specialists who manage existing healthcare cover, or from external specialists primed to the new location. Location X may offer excellent state healthcare facilities – and it may necessitate a cultural change for prospective assignees, getting them to accept and use state healthcare when they have previously gone private. Expectations and level of cover may well differ between home and the new host, many organisations will lay the emphasis on the individual to understand any differences in advance, whilst ensuring that basic levels continued to be covered.

The list of assignment benefits can go on, from cash-based allowances (such as Location premiums), to tangible benefits (such as company cars and expatriate club membership), through to benefits designed to meet particular locational needs (for example additional security cover or language training). Some may be existing policy elements which just need clarifying for Location X, others may be created specifically to address the findings from the Location X investigations.

Along with the determination of relevant policy benefits – the GM Manager will need to investigate and plan for the key practical issues that will arise, trying to ensure that the settling-in period is as smooth as possible and that any compliance risk (both to the organisation and individual) is minimised. Form filling or waiting in-line is the bane of most of our lives, but it's unlikely that these elements can be ignored or put aside when entering a new location.

GM Managers may find that in the new location the assignee will need (sometimes in person) to secure a relevant document, or ID number, or present themselves to authorities – in order to facilitate further services. For example, in Location X it may be necessary to secure an ID number before being able to open a bank account; register with healthcare services or even secure a rental lease. Whilst such bureaucratic administration can easily be dismissed as insignificant and scarcely strategic, any executive who has been thwarted by red-tape on their arrival can tell you that understanding up front what needs to be done will cut time-consuming inquiries, avoid annoying surprises and allow them to prioritise on arrival. Be prepared should not be just a motto for the Scouts, knowing what, how and when to tackle the formalities is half the battle.

Another practical and compliance process worthy of stringent scrutiny will be pay delivery – it goes without saying that assignees need money to live on and will want to access funds right from the word go! Clearly it's a fundamental principle that the employee needs to be paid, but it is also critical that the company is compliant and manages any payroll withholding requirements in the new host location. In addition, it may be discovered that Location X necessitates a local salary (paid in local currency); or there are restrictions on the ability to take currency out of the country; or runs different payroll cycles (e.g. paying bi-weekly, or 13 times per year, or providing additional “month’s” salary before Christmas). Expert advice from external specialists can assist the GM Manager in determining what the issues are and then how to comply, even an established branch or subsidiary may never have experienced foreign workers joining their payroll.

What is the Tax and Social taxes position?

Lastly, and by no means least, with each new country there will be new tax and social taxes to manage. Despite harmonisation in many areas no two tax jurisdictions will be the same and with tax and social taxes playing such an important part within Global Mobility this area can be one of the key drivers in terms of assignment design and structure; compensation delivery and on-going compliance.

Once again, the GM Manager cannot be expected to be an expert in Location X’s tax rules and regulations, in fact even the tax specialist contacted in the Home location is likely to rely on the expert advice of their counterpart in Location X. As a starter, the internet will offer some easy and high level information on Location X, for example – it’s general income tax rates; tax year and any reciprocal agreements. Initial and broad outlines can be requested from tax experts, for example an understanding of the high level principles; income and corporate tax rates and obligations; effects of visa and residency; key filing and payment dates and the
social security structure. More specific information is likely to be driven by the individual employees, their packages, their home locations, and length of assignment.

Any opportunity to structure an assignment to maximise beneficial tax positions should be done up front. It’s not always applicable or practical for the “tax tail” to wag the “assignment dog”, but prior knowledge is power - and may enable planning opportunities which minimise tax costs. Location X may operate a regime or ruling beneficial to both employee and/or an organisation. Understanding what opportunities (or obstacles) are out there enables the GM Manager to structure assignments efficiently, wherever possible.

A whole host of questions
In essence, entry into a new location is a game of posing the right questions to the right bodies. The trouble is – you don’t know, what you don’t know! How does the GM manager uncover all the issues when they are not sure of the right questions to pose in the first place?

In an ideal world the GM Manager would be given ample time and opportunity to research a new location with the due diligence required to determine all the issues and solutions. Realistically, often it’s a mad scramble to catch up with employees who have already landed and are already experiencing some of the difficulties and obstacles in their daily life. Policy decisions made on the hoof in this way never offer the opportunity of thorough review or benchmarking and are often a knee-jerk reaction to a specific employee’s issue, which can set an unhelpful precedent.

Even with time, it is often difficult to uncover all of the issues because it’s difficult to pose a pertinent question to an issue you don’t know exists yet! To help manage issues, both before and on arrival, the GM Manager could build a checklist or guide to the usual and most obvious questions under the headings above, which will help tease out the nuances of the new location. The ability to network with other companies trading in Location X will be invaluable, as will the knowledge and experience of specialists in their field. Whilst the internet provides a vast library at your fingertips and can provide a quick and dirty answer, often sites are directed towards individuals (rather than organisations) and data on the internet can be too broad, vague or even inaccurate!

A new location is an exciting challenge for the business as a whole and, given the opportunity, an exciting challenge for global mobility professionals, enabling them to reassess policy, build key contacts in the host location and most importantly play a central role in their organisation’s expansion.

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Helen also helps to develop and train on the Expat Academy courses and this topic will be further explored in the next “Global Mobility: from Administrator to Advisor” course. Further details can be found at www.expat-academy.com.