

Africa And Mobility Management: A Strategic Partnership

Africa, often described as an "engine of growth," is universally viewed as an emerging global business frontier. In fact, it's anticipated that several African countries, including Egypt, Nigeria and South Africa will outpace the growth of advanced economies going into next year. CEOs poised for expansion are looking to both established and emerging growth countries for their business possibilities, and Africa has their attention.

Opportunities abound for companies that develop the right workforce to fulfill a range of global business initiatives. However, a vast majority of executives express concern about the availability of key skills for their business initiatives in Africa.

Mobility presents an opportunity to satisfy the talent needs required to meet growth objectives in Africa. But the region brings a unique set of challenges along with the opportunities. Home to 54 recognised sovereign states and countries, ten territories and two de facto independent states, it is fraught with inconsistencies, infrastructure deficiencies, health and security risks and a scarcity of appropriate housing.

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Regional Overview

Mobility management professionals have described Africa as similar to China in terms of its regional challenges. Just as China has "Tier 1" cities which are deemed appropriate for relocating employees and families, Africa has locations that are more serviceable than others with suitable infrastructure. However, many agree that the standard of living in a number of locations is lower than Western families are accustomed.

Even in established towns, one might find unsafe and primitive conditions right outside the city limits. There is a proliferation of languages in Africa: English and Afrikaans are prominent, but also in the mix are French, Portuguese and Bantu.

A sampling of states in Southern and Central Africa include three of Africa's most populated countries – South Africa, Namibia and the Democratic Republic of Congo – as well as Madagascar, Zimbabwe and Angola. This area is rich in mineral resources, so mining, oil and gas are prevalent; and strong industries also include agriculture, textiles and tourism.

In the region termed North and East Africa, some of the countries found include Algeria, Egypt, Ethiopia, Guinea, Libya and Sudan. The development of infrastructure resources brings the telecom industry into stronger focus here. Additionally, North Africa, though plagued by political instability, can deliver good growth opportunities for sectors such as retail.

West Africa, rich in minerals, is also strong in the mining industry, and includes such countries as Cameroon, Angola, Nigeria, Senegal, Liberia and Morocco. While it is seen as the new area of growth, it does not have the infrastructure that exists in South Africa. Nigeria is a largely untapped market with a massive population. Countries such as Somalia and Kenya are becoming more attractive as they benefit from good governance and have relatively investor-friendly policies.

With differing levels of sophistication across Africa, the challenges of establishing or expanding operations, depending on the country or region, can be daunting.

Business Growth Drives Career Growth

Achieving sustainable global business development can only happen with a strong core of globally mobile employees willing to work in region. Fast-growing multinational companies find that driving a "people strategy" to support key individuals is important, if they are to enable the business to succeed.

This group of employees must be able to execute company strategy and have a strong understanding of such elements as the regional economy, culture, regulations and risk management. In today's environment, adding global experience to one's CV or resume is increasingly attractive to career-building professionals.

Because many businesses are in relative infancy in West Africa and other parts of the continent, there are some incredible career opportunities, as long as professionals who are prepared to make life in Africa work are open-minded and adaptable. Understanding how to work with other cultures and native workforces is a significant skill for global managers and leaders. Employees who relocate to African countries can gain deep experience in resourcefulness as they learn new ways of getting work completed effectively.

On a larger scale, socially conscious companies can show the impact of sustainable businesses run well, as they recruit and train locals, pay fair wages and give back to the community. The global employee, as an extension of the company, can have a positive influence on the company and in the community, leading to greater career growth and a more socially conscious leadership perspective. In addition, employees that succeed in a challenging environment like Africa often build skills that add to their career success.

Workforce Issues, Immigration and Transparency

Local employee ratio requirements and immigration in different African countries impact a company's approach to their growth in the region. A high

value on education, training and development are necessary elements for building the local workforce. However, labour laws are not well defined and when they do exist, the laws are not well enforced. Wholesale and retail is new to these markets, so skills in virtually all of the required areas simply do not exist locally. Additionally, many senior retail people are contracted expats (generally Europeans, South Africans or Zimbabweans), resulting in a lack of continuity of workforce, which presents challenges for businesses.

As in many emerging economies, infrastructure plays a major role in a corporation's ability to establish and expand operations, and on the living conditions and environment for relocating employees and families.

Adding to the workforce challenge, immigration regulations are tightening and processing documentation is taking longer. Protectionism (safeguarding jobs for local nationals) is more prevalent and more companies are finding that they must justify the need to "import" employees with certain skills and expertise. In South Africa, for example, new regulations require a company to hire 60% locals in their workforce. Many countries have a quota of expats that, once filled, cannot be increased.

Transparency is an international imperative, and globally active companies are managing complex compliance requirements. Because these requirements can differ in each jurisdiction where the company does business, companies must have a comprehensive plan, implement a review system and undergo extensive reporting and compliance requirements or face significant government fines. Expatriate costs often can equal a substantial additional percentage of an assignee's salary.

Laws and regulations such as The Foreign Corrupt Practices Act and the UK Bribery Act are positively impacting African business. In areas where business

has often been conducted through corrupt practices, companies with clearly defined global policies, transparent operations and above-board supplier relationships are steadily changing the environment for the better.

Infrastructure And Housing

With differing levels of sophistication across Africa, the challenges of establishing or expanding operations, depending on the country or region, can be daunting. Though bringing relocating employees and families to locations such as South Africa means the housing is decent, the commute to work and school is palatable, and the area may be relatively safe; other locations, like Liberia or Guinea, are far less desirable. In such cases, the company may arrange for the family to be housed in more than one location. For example, if the employee is based in an area with harsh living conditions, the family might be housed elsewhere, and the assignee would then join on weekends or holidays. Alternatively, the family might remain in their home country, or in another country close by, and arrangements would be made for the employee and family to be together multiple times during the year.

Securing rental properties for relocating employees in Africa can bring substantial financial challenges to corporations. Landlords often require payment for the entire lease term up front, which could add up to two years or more. That presents companies with a big risk, if an assignment ends early or an unsavoury landlord is encountered. In some cases, companies could find they have paid for a rental that cannot be inhabited or is not available, and cannot get their investment back. When companies are committed to a lease and their employee and family depart early from an assignment, rather than absorb the financial loss, they may place another employee in the rental or sublet it to another company for their relocating employee.

As in many emerging economies, infrastructure plays a major role in a corporation's ability to establish and expand operations, and on the living conditions and environment for relocating employees and families. Electricity in Africa is scarce and internet capabilities are limited though regional advancements in telecommunications are helping to improve

connectivity. When measured against the size of the continent, Africa's road density is sparse and water storage capacity requires significant expansion. As infrastructure improves, it will positively impact work and housing conditions, opening up more possibilities for locating both businesses and relocating employees/families.

Health And Security

Depending on the location of the global assignment in Africa, the challenges can be inconvenient or significant. Some of the more serious ones include security and safety issues, and health concerns from regional and life-threatening diseases. Worries about illness are not unfounded as there are areas such as Ghana where exposure is certainly more present and alarming.

For expats who are used to advanced medical care and facilities, health services and clinics may seem inadequate and expat patients will likely be transported to other facilities if local hospitals are not equipped to handle their injury or illness.

The uneven distribution of income results in extreme poverty frequently coexisting with wealth. With such widespread poverty and unemployment, theft and property crime is common. In areas such as Johannesburg where crime is high and extortion is likely, or in locations where street signs are not present, mobility management partners frequently suggest drivers for relocating employees and families to heightened safety measures. The driver can often double as a local guide, steering the family away from questionable foods and undesirable areas.

Global expansion has the potential to bring a company diversification and revenue opportunities, cultural sensitivity, heightened competitive intelligence, new management practices and enhanced talent management and development.

Talent Mobility In Africa's Future

As African countries become more viable for global assignments and business migration into the continent increases, companies will look for more support from governments and their service partners to help build and maintain a workforce with a blend of foreign nationals and local employees. Clearly, mobility can be extremely expensive in some areas if there are two homes being sustained, if security is increased and if hardship pay is provided. A mobility management partner brings an experienced lens to the business investment that helps contain costs through the proper use of resources and expertise.

As we look toward the future, more integrated solutions are needed that address technology, changing assignment trends, immigration restrictions, housing and tenancy management. With more globalisation comes more standardisation and ever more rigid compliance demands. Exceptional service partners are adept at supporting the compliance needs of their clients.

Going forward, companies will expect more speed, more appreciation of and action on global trends, and more flexibility. Those who serve companies coming into Africa need to respond quickly and capably to more requests. The time frame to deliver on these corporate needs is critical.

Outsourced mobility management is particularly essential in parts of Africa where infrastructure and workforce consistency are scarce. Connecting with realistic, informed and expert service partners and trustworthy on-the-ground resources is important. The best scenario is a seamless team that understands the internal culture and business imperatives, appreciates the concerns of the assignee, and can pilot the company and assignee through the difficulties and possibilities of the local environment.

Companies doing business in Africa can rely on their mobility service partner for a wide range of their relocating employees' needs, confident that the mobility partner will be setting realistic expectations, locating appropriate housing and schooling, flagging and educating on security issues and health risks, providing access to services and

reducing stress through information, assistance, language and cultural training and destination familiarisation.

Global expansion has the potential to bring a company diversification and revenue opportunities, cultural sensitivity, heightened competitive intelligence, new management practices and enhanced talent management and development. For such growth to be successful, a company must be focused on its core business. Outsourcing mobility management smooths the journey for relocating employees and families, ensures the company has the proper experts and providers at hand and improves mobility tracking and reporting. It is the optimal strategic partnership.

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Key Trends In Global Mobility

Andy Piacentini will explore some key emerging themes from research within the RES Forum and their membership of 750 mobility professionals. The presentation will focus on policy, workforce planning, talent and the future of the mobility function.

Hosted by Andy Piacentini, Standard Life & RES Forum.

Documenting Expatriate Reward

Juliet Carp, employment law specialist at Dorsey & Whitney (Europe) LLP, and author of "Drafting Employment Documents for Expatriates" will explore tips and traps associated with documenting expatriate reward. With a focus on risk reduction, discussion will cover areas such as retaining discretion; links to policy documents; variable remuneration; documenting high value benefits such as housing, schooling, pension and share plans; and approaches to tax equalisation.

This is part of a day's free seminar programme, details of which can be found on page 10

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