

Global Mobility In Times Of Conflict And Crisis

The RES Forum's research focus on global mobility in times of conflict and crisis, as a resource for our member companies and mobility practitioners, could not be more relevant or timely.

As the year 2019 drew to a close, few could have imagined the outbreak of a global pandemic resulting in untold human suffering over the ensuing 2 years, along with vast economic disruption in the form of lockdowns, travel restrictions, consumer shortages, and supply chain breakage. Even harder to conceive would be the onset of a large-scale conventional war in Europe in 2022, before the COVID-19 pandemic had fully run its course.

In theory, the prospect of a major war or pandemic were not entirely unknown risks, and planning for such contingencies has long commanded the attention of governments around the world. Outside the realm of infectious disease experts or military planners, though, leaders in private sector industries and MNCs might have regarded the possibility of either a pandemic, or a Russian invasion of Ukraine, as highly unlikely. To envision that both exigencies would unfold over the space of 24 months would undoubtedly have struck many as the contrived plot of a Hollywood blockbuster or science fiction.

The ongoing Ukraine crisis, which is the focus of the present report, required organisations with employees or operations in the impacted region to dispense with existing plans and improvise in the face of novel challenges. Global mobility professionals, in particular, continue to be called upon to navigate this terrain through the fog of factual and legal uncertainty, where rapid decisions are essential, without the luxury of possessing perfect knowledge. There's a difference between conceptualising risk as a purely intellectual exercise - such as business continuity planning or including a force majeure clause in a contract to excuse performance in the event of an act of war - versus the emotional impact when such a crisis actually materialises. The anxiety experienced by such professionals, under time-pressure, and dealing with life-or-death issues in some cases, is not trivial.

These relentless demands include the need to stay current with the proliferation of government sanctions imposed against

Russian interests, sometimes ambiguous, and educate key stakeholders as to how the company's ability to conduct business, or repatriate employees from either Ukraine or Russia, has been impacted. Beyond sanctions are the logistical hurdles, including the grounding of civilian air traffic in Ukraine, the unprecedented flow of refugees, the exclusion of even non-sanctioned Russian banks from the SWIFT system, and the lack of insurance that would normally attend mobility services, such as household goods shipping.

The present report reflects how companies identified their biggest challenges in response to the crisis, how companies continue to evaluate the inherent risk, the need for employers to remain cognisant of the psychological toll on those people forced to flee their homes and face an uncertain future abroad, the imperative of information sharing within an organisation, and a detailed discussion of risk planning in light of the lessons being aggregated. We conclude with a self-assessment tool, that allows companies to reflect upon their preparedness.

On that latter point, the appearance of two world-historic crises in rapid succession may portend a future where even more turbulence lies ahead. Indeed, the long-term consequences and costs of the COVID-19 pandemic may not yet have been fully reckoned with or quantified. Similarly, the outcome of Russia's military action is unknown, and the prospect of escalation on a frightening scale is not an eventuality that can be ruled out. Nor can it be ruled out that we will encounter in the near future other "black swan" events, a phrase popularised by Nassim Nicholas Taleb, the former Wall Street trader and statistician, to describe unlikely events, that come as a surprise, and have a significant impact on society or the world.

If that is indeed our future - and I fervently wish otherwise - then the practical goal for mobility professionals and others should no longer be the prediction of events which are unpredictable, but to cultivate a robust and agile mindset across your organisation when confronting a novel crisis. A written plan based on a prophesied event provides overall directionality, but an organisation cannot be locked into a plan, when a more supple approach is needed. To the earlier quote of Bear Bryant in the Introduction, I would add a quote attributed to Dwight D. Eisenhower: "Plans are useless; but planning is indispensable." The

implication of this somewhat paradoxical statement is that the best drafted plan can prove of limited value when future events move from speculation to reality, while the act of planning remains enormously valuable in terms of clarifying options and goals and inculcating the muscle memory of flexible problem solving in the face of rapidly moving, and previously unanticipated, events.

- Rich Ballot, General Counsel at BGRS

Introduction

"In a crisis, don't hide behind anything or anybody. They're going to find you anyway".

- Paul William "Bear" Bryant

Our opening quote is not from a CEO or a politician. They may not even be a household name today, especially not in Europe. But many consider Bear Bryant the greatest American college football coach of all time. Mainly due to his 25-year tenure, leading the University of Alabama's football team to six national and 13 conference championships. However, Bryant was man who, despite all the success, also dealt with his fair share of crises. What we can take from him, whether we are into American football or not, is that a time of crises is not a time to hide.

Right out of the COVID-19 pandemic, with the RES Forum research agenda focused on understanding how best to manage the New Normal, Global Mobility (GM) is confronted with another crisis. On February 24th, 2022, Russian forces headed West to invade Ukraine - a move that soon became the largest conventional military attack since the end of World War II. A few months later, military operations in Ukraine were in full force. Despite resistance in Kyiv and other parts of the country, which led to a temporary push back of the Russians, the situation is far from resolved. In fact, at the time of writing, there is no end in sight.

It is inevitable that this war also had an impact on business. Besides ceasing operations in the actual battle regions, many (Western) Multinational Companies (MNCs) also reconsidered their presence in the home of the aggressor, Russia. Partially, this is down to governmental sanctions from the West. But also, because a presence in a country that is engaging in war, violating international law, and tolerating (if not ordering) war crimes and genocide, is not acceptable for many MNCs. Western fast-food chains and coffee shops

have closed their doors. Major automakers and suppliers have suspended production in Russia and ceased exporting spare parts and final products. Other companies followed suit by ceasing operations in Russia.

The consequences are many and varied. From forfeited profits and logistical challenges to broader questions, such as a lasting strategic (re-)positioning of the value chain. And, of course, it affects people management and GM.

In the first days and weeks of the war, GM departments were challenged with helping their employees in Ukraine find safety. While international assignees could be evacuated relatively easily, the situation for local employees was more challenging. For instance, male Ukrainians between 18 and 60 were not allowed to leave the country. With the advance of the Russian forces, escape routes were closed, and communication with those who remained became more difficult.

Shortly after, MNCs faced another challenging scenario in response to shutting down operations in Russia - how should they deal with assignees and local employees based there? Suspension, or even termination, of assignments was a strong possibility, similar to laying off local employees. However, these decisions had to be made quickly, under pressure and with a lot of uncertainty attached.

To cut a long story short, GM must prove, yet again, that effective risk and crisis management pays off. In the RES Forum research report on Risk Management, we concluded that high quality risk management addresses all areas of the SAFE framework. And we believe that this has been proven by the war in Ukraine. In particular, strategic planning and operational execution, as well as risk management for the organisation and its global workers, were identified as key issues.

In this report, we investigate how the GM industry was - and still is - affected when the war in Ukraine began. To collect data for our research, we interviewed experts in GM, covering every role from current and former expatriates, GM managers and consultants, and other service providers in the industry. Interviews were semi-structured. We approached participants with a rough idea of the topic and then we let the conversation flow.

Reactions Of Western MNCs

We began by asking our respondents where they see their organisations' biggest challenges in response to Russia's invasion of Ukraine. It is clear that there is a major difference between organisations with staff in Ukraine and those without.

Not surprisingly, the biggest challenge facing those who (at the time) had employees in Ukraine, was to get them out of the country. For employees that wanted or

needed to stay, safety was paramount. This challenge was stretched to include family members, which proved to be particularly challenging for Ukrainian nationals and their extended families.

It was a different challenge for organisations that did not have staff in Ukraine. In fact, we can summarise their challenge in terms of Reputation Management and People Management.

The first deals with how the organisation positions itself in public statements and in calling for or organising support for Ukraine, for example. Tied to this is the impact of their responses to the crisis on their brand and their Employer Value Proposition.

People Management concerns the global workforce who are indirectly affected by events in Ukraine. For instance, respondents shared that, while they were not doing any business in Ukraine, they did have operations in Russia, as well as Russian employees among their operations network. For them, the biggest challenge was to treat those people as individuals and not make them subject to collective punishment simply due to their nationality.

This is a valid point on a societal level. After all, where Russia's public opinion may be portrayed as supporting the war, one must not forget that this "public opinion" is shaped by a mixture of propaganda and misinformation, as well as a brutal policy of the Russian regime to (violently) oppress any kind of opposition. As such, it is essential for any organisation to make sure their workforce differentiates between and respects individuals, while not condoning Russia's action and the country's leadership.

Another notable observation was that, while the strategic decision to leave the Russian market was made very quickly in many organisations, the operational side was often managed poorly. In other words, it is now up to GM to get non-Russian employees out of the country. Whether Russian employees will be given an opportunity to work abroad or simply laid off is another problem. Should the decision be made to retain them in the organisation, GM departments will face yet more logistical challenges.

Risk Analysis

Having analysed the initial reactions of GM, we turn our attention to risk analysis. We asked

respondents what they consider to be the biggest risks connected to the conflict, and how these risks would affect GM in the short- and long-term. Without doubt, those organisations with a solid risk management plan, were much better placed to deal with this new conflict.

Based on our initial research, we further explored the risk analysis component in a RES Forum Strategic Advisory Board meeting, applying elements from the design thinking process. Specifically, we asked the senior GM executives to anonymously share a risk they believe is linked to the conflict. This resulted in a broad list, covering things like wider escalation, issues around IT security, and risks concerning employment relations. All responses were clustered and presented to the group with the goal of ranking them via an anonymous dot voting system.

Below, we report the aggregated results from highest to lowest ranked risk.

1. Evacuation risks (how to get Ukrainian men out of the country)
2. Wider escalation of the conflict
3. IT security
4. Reputational risks
5. Supply chain risks
6. Worker rights (particularly concerning Russians working abroad)
7. Salary payment issues (practicalities of international money transfers)
8. Decreased willingness of employees to take international assignments.

It's clear that our initial quote has a lot of truth in it – hiding is not an option here. GM must not only tackle these risks, it should lead the organisation's crisis management response.

For each of the risk areas, GM – together with the appropriate stakeholders – must define boundaries that outline the appropriate level of risk aversion. It is important that the organisation is clear about what types and levels of risk it, and the individuals affected, are willing to be exposed to. It might be that an organisation is willing to accept substantial monetary risks with its investments abroad, but that it would only accept minor risks in terms of compliance or threats to the lives or health of its employees.

Interlinked with the risk boundary step is an analysis to identify risks and to assess their likely impact. One approach is to look at the likelihood and possible impact of a potential threat.

		IMPACT				
		Trivial	Minor	Moderate	Major	Extreme
PROBABILITY	Rare	Low	Low	Low	Medium	Medium
	Unlikely	Low	Low	Medium	Medium	Medium
	Moderate	Low	Medium	Medium	Medium	High
	Likely	Medium	Medium	Medium	High	High
	Very likely	Medium	Medium	High	High	High

After identifying risks and their impact, organisations must decide their risk management approach. In some scenarios risk can be transferred to other entities, such as hedging through specific insurance.

In addition, research in the Afghan conflict showed that, before the Taliban took over, organisations tried to avoid some conflict/terrorism risk by establishing no-go/no-travel zones. At times, it is useful to go beyond the probability/impact assessment to understand the wider nature of dangers. For example, if the organisation can deal with issues as they arise, and if that action is not inferior/more costly than taking steps in advance, then firms often simply wait for the event to occur. However, pre-crisis planning is essential where dangers are deemed too large or too fundamental, or if the event necessitates pre-planned, rapid reactions.

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We expand our discussion of GM risk management in the implications section of this report.

Human And Ethical Angles

Finally, we thoroughly investigated the human and ethical side. While it is necessary, from a professional perspective, to think about this conflict on a rather abstract level, we must not forget that for the individual humans involved, this is an enormous tragedy. We are talking about severe injuries and the death of friends and family, brutal violence - both physical and emotional - and many other possible life-changing events.

For international assignees in this situation, the world will never be the same again, and nobody can foresee the long-term implications of this conflict on their mental wellbeing. Therefore, when deriving our implications, we do so with ethical considerations in mind.

KEY IMPLICATIONS Effective Communication

Armed conflicts and other crises often unfold in highly unpredictable ways. This means that business continuity protocols and conflict responses should be implemented before the outset of the crisis and executed in an agile and rapid way. One of the key success ingredients for GM in such situations is

intensive communication with assignees and local employees. This includes sharing information through a crisis response centre that can be contacted at any time. In addition, it is critical to have an effective employee tracking system, providing an overview of how developments might affect different people.

Effective Risk Management

High quality risk management addresses all areas of the SAFE framework. Strategic planning, operational execution, and risk management for the organisation and its global workers are key. This also applies in the current situation.

Strategy - A stronger strategic position is made possible through analysis of the organisation's global work needs and competitive landscape. Proactive GM strategies that guide the organisation through crises and conflicts are crucial. In this regard, scenario planning and reliable data, as well as excellent analytics, are key to unearthing evidence-based GM insights and drawing the right conclusions.

Operations - In addition to the strategic component, operational excellence is fundamental to a high-quality professional in the GM arena. Having the right data at the right time and delivering rapid response capability through data automation is crucial to designing and delivering good GM approaches. In dynamic situations, as we find in times of crisis and conflict, this can be a true differentiator. In this regard, it is also essential to plan, implement, and monitor rapid responses to various crises, thereby identifying and managing operational risks. This will often go beyond data automation to include a crisis response committee, with true operational decision powers, and strong links to external advice.

Individuals - The war in Ukraine has, once again, reiterated the importance of employee wellbeing and Duty of Care. Excellent risk management benefits should focus on the wellbeing of all employees working abroad. This includes planning responses to potential dangers and threats faced by assignees, business travellers and local staff and their families. Conflicts and hostilities always demonstrate how employees, and their loved ones, are affected as human beings. In this regard, a flawless planning and execution with a human touch by the GM department can, in the eyes of international workers, be a true game changer.

PREPARING FOR EXTENSIVE RISKS Pre-Crisis, Acute Crisis And Post-Crisis Planning

We conclude with a detailed perspective on risk preparation, based on the temporal structure of crises, i.e., before, during, and after. For this report, we consider armed conflict as

a sub-form of crisis. Conflict zones are areas where the dangers to organisations, employees, and their families are particularly great, as can be seen in the Ukraine war. Many organisations resort to instant evacuation at the emergence of a large-scale conflict, but some decide to continue operating in the hostile environment. It is clear that the stakes are very high and, therefore, that the conflict reaction and risk management of organisations needs to be both sophisticated and rapid. It helps to plan and implement acute crisis activities, and to continually review crisis planning to capture lessons for the next conflict.

Pre-Crisis - In a pre-crisis phase, companies must gather information about potential terrorist or hostile nation / entity threats. In our interview, one risk expert shared that his organisation undertakes extensive geopolitical and, as a result of the Ukraine war, geo-economic risk analysis using PESTEL (political, economic, social, technological, ecological and legal) approaches. He stressed the importance of real-time information to adjust swiftly to changing situations.

Given this, organisations should provide training to executives and their families, and form a crisis management team who are prepared for the possibility of a terrorist attack or (civil) war. There are various ways in which MNCs can increase the safety and security of expatriates in hostile environments. For instance, it is argued that MNCs can guide expatriates during terrorist or war related incidents with formal HR policies covering employee safety and security, and with clear evacuation plans, laid out before hostilities begin.

"We need to acknowledge that even low risks events can happen. Before COVID-19 and the Ukraine war we did not pay enough attention to this in business continuity planning but now we do. This is shown in how we are planning for developments with respect to Estonia and Lithuania".

- Senior GM Leader

MNCs can offer training and briefings to increase expatriates' awareness of potential risks, and provide them with guidance on how to react if hostilities were to start. MNCs should, therefore, gather intelligence on potential hazards and risks by collecting and analysing information on possible crisis triggers. Interestingly, research shows that for-profit organisations have a lower organisational preparedness than public organisations. There is much to be learnt from the United Nations and government approaches.

Acute Crisis - In the acute-crisis phase, it is vital to have a crisis management team on hand. This team would implement safety and security plans on site, then guide and support expatriates during incidents. Studies amongst GM professionals have shown that many MNCs work with governments, insurance and risk management firms, and

private security forces, when executing crisis reaction plans and provisions. These organisations would often take care of operational issues in terms of evacuations or other physical security concerns.

It is interesting to note that some companies treat their expatriates differently from local partners and family when it comes to terrorism. Fortunately, this is not the norm in terms of actual war and armed conflict. Sometimes, MNCs – especially those with a small presence in host countries – do not have an elaborate crisis reaction approach, which indicates that much of the host country risk is borne by assignees themselves. What the recent major crises have shown – be it the pandemic, armed conflicts due to insurgents, or the Ukraine war – is that proper Duty of Care for MNCs includes crisis planning and a crisis response team (or specialist organisation) which monitor the situation and take decisive action.

Post-Crisis - Finally, in the post-crisis phase, MNCs must support international assignees through any psychological trauma and their readjustment to the work and social environment. Where employees are expatriated to avoid conflict in their home country, it is essential to give them heightened levels of support.

As one interviewee put it: “You have to keep in touch for a while. I expect many traumatised people, and we will have to have the bandwidth to deal with many staff through our counselling services or through other professional, external help”.

Unfortunately, current research indicates that organisations are often ineffective in their simultaneous response to the material and psychological needs of individuals in the aftermath of a terrorist event.

Another important step in the post-crisis phase is for MNCs to reflect on the effectiveness of their crisis management and, critically, evaluate where improvements can be made.

“You need to plan early and act swiftly, otherwise your window of opportunity closes. Fuel shortages and curfews get imposed quickly in armed conflicts, you may need vehicles at your disposal which risk being requisitioned, free movement might be restricted if you hesitate too long. Therefore, organisations need to allocate a budget to their contingency plans in advance”.

- Matthew Judge, Anvil

A team comprising a cross-section of the organisation – HR, GM, operational business leaders – that can explore the broad business continuity implications and can work through a range of crisis scenarios in the aftermath of a

conflict, is vital to improving future responses.

One other implication from broader research is that firms reduce the number of their foreign subsidiaries in response to terrorism and armed conflict.

“We have learnt from Covid and now from Ukraine that we need more in-depth scenario planning at a much more granular level.... In case the conflict spreads to Lithuania and Estonia, we already have looked at accounts, locations and countries. This would mean that we have information to relocate our large employee populations from the Baltic countries to Spain. We know specific locations in Spain, have looked at office spaces and temporary employee accommodation”.

- Senior GM Leader

We conclude with a brief self-assessment of your organisation’s crisis preparedness. In this, we have listed a broad range of insights and examples from operating in dangerous environments.

We recommend taking some time to complete this assessment, then to take a step back to interpret your score. If you score predominantly ‘very low’ or ‘low/medium’ then it is time to assess the crisis response and business continuity planning for your organisation, considering the ever-shifting geopolitical situation.

Brief Self-Assessment

To What Extent...	1. Very Low Score	2. Low/ Medium Score	3. Medium/ High Score	4. Very High Score
... are you taking risk – even if they are minute in terms of likelihood of occurrence – seriously and have developed a response approach?				
... have you undertaken in-depth/ granular crisis and armed conflict scenario planning?				
... have you found ways to avoid major conflict risks?				
... does your organisation proactively flag health & security risks to international assignees and local staff?				
... have you entered into a formal arrangement with insurances / travel companies or crisis response firms which will actively take care of emergencies?				
... is the incident response plan regularly reviewed, tested and known to the GM function?				
... does your organisation provide emergency evacuation from major disasters/ terrorism / war and provide hostage negotiation services?				
... does your Company provide emergency medical evacuation?				
... are security briefings offered to local staff and globally mobile employees in higher risk locations?				
... are mental health and wellbeing resources and services in place for affected staff in or having been evacuated from a conflict area?				

RES FORUM

This report has been provided by the RES Forum, and was compiled in association with Harmony Relocation, BGRS, WBN – Worldwide Brokers Network and Anvil Group. It was written by Professor Michael F. Dickmann, Professor of International Human Resource Management, Cranfield University, School of Management United Kingdom and Dr. Benjamin Bader, Senior Lecturer (Associate Professor) in International Human Resource Management & Deputy Head of Leadership, Work and Organisation Subject Group, Newcastle University Business School, United Kingdom.

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