

The Future Of Work And The Impact On Global Mobility

In this article, we explore key business and geopolitical drivers behind the latest mobility trends and their potential impact on the deployment of internationally mobile employees, the shift in assignment trends, and the increasing pressures on organisations and global mobility and HR teams to respond to new business opportunities.

The tide of change impacting the global mobility industry is significant, as organisations look to new markets and locations to remain competitive. In parallel, global compliance, immigration and uncertainty create increasing challenges on pressured global mobility teams.

The purpose of the article is to reflect on how your own organisation is evolving and adapting to shifting global economic patterns and how global mobility and HR teams can maintain governance over all forms of risk.

Which of the many roles should global mobility professionals play? Compliance and administration, supply-chain, talent, advisory and risk (fiscal, employment, immigration and data) or other? This represents an interesting challenge and an opportunity to shape the future of work.

Globalisation? It's Everywhere These Days...

Globalisation enjoyed a one-way growth spurt for a quarter of a century as a result of waves of economic reform. Between the 1980s and the 2007-8 global financial crisis, most of the economic trends reinforced the growth of globalisation in business, and the need to move talent to support that. This caused a massive increase in the numbers of companies that moved from being International to Multinational to Transnational and ultimately Global. Combined with the rise of technology, ever-smaller companies were able to join this global economy. This meant a substantial one-time surge of assignees, as pioneers from head office established new businesses, sourced local champions in privatisations, or built new factories closer to customers, or in areas with lower labour costs (depending on who they were explaining it to).

2018: Green Shoots Of Growth Rather Than Blooming Economies

As we now enter the fourth industrial revolution, organisations recognise that traditional business models, which worked for them in the past, won't necessarily work as effectively in the future. E-commerce and the dynamic impact of artificial intelligence (AI) and digitisation of many business functions has created disruption and challenge – certainly for those operating in mature, traditional markets.

Mckinsey Highlights: Optimistic Growth, Closer To Home Markets¹

Even during trade-related threats, respondents remain enthusiastic about their companies' prospects. Accordingly, when asked which countries will provide their companies with the biggest growth opportunities, the responses vary by region - though the United States is cited most often, followed by China.

- In developed Asia: respondents most often cite China and Japan, followed by the United States and Australia
- In Latin America: Brazil is most common (46% name it, compared with 8% of the global average)
- In Europe: Germany is cited most often, followed by the United States, China, and the United Kingdom.

Brexit - Should I Go, Or Should I Stay?

One of the key defining events that marked the turn from an outward looking global

focus to a more national based one was the UK's Brexit decision in 2016.

Brexit has been a catalyst for organisations to re-think where they see the greatest benefit of locating their headquarters, research laboratories, and other key high value or geography-dependent sites. Financial institutions that require passporting rights to operate across the EU are looking at options in Paris, Frankfurt and Madrid. As an example, Unilever, the Anglo-Dutch giant recently announced in March 2018 that they would be moving their Head Offices to Rotterdam, rather the current UK/Netherlands set up. The question remains at what stage Global Mobility enters the process to ensure compliance for those currently on international assignments and any prospective 'group moves' has a well thought through strategy for operational execution.

It is not however, one-way traffic out of the UK and in fact, using Fig. 1 below (Source: The Santa Fe Global Mobility Survey 2018ⁱⁱ), the UK remains one of the top sending and receiving destinations, with 2% net increase in sending internationals from the UK but with the UK level as a destination.

While the final outcomes from Brexit are still unclear on many fronts, this is a time of unprecedented change and indeed opportunity to prepare for the next decade and beyond in this 'brave new world'. The list of most common destinations and sending locations hasn't changed significantly from 2017, as seen in the Fig.1. (The increase in Spain may represent an increase in Spanish companies in the survey compared to last year).

Fig. 1: Top sending and receiving countries according to 654 global mobility/HR respondents in the Santa Fe Relocation Global Mobility Survey 2018

| Destinations (% most common) | | | Sending from (% most sent from) | | |
|------------------------------|------|------|---------------------------------|------|------|
| | 2017 | 2018 | | 2017 | 2018 |
| US | 18% | 14% | UK | 9% | 11% |
| China | 11% | 13% | France | 5% | 10% |
| UK | 8% | 8% | US | 14% | 10% |
| Singapore | 5% | 6% | China | 7% | 8% |
| Germany | 5% | 6% | Spain | 3% | 6% |
| France | 4% | 5% | | | |
| Australia | 4% | 3% | | | |

The Rise Of Chinese Companies

Furthermore, the Survey reports also that China has reclaimed top spot as the most challenging destination to send assignees globally.

| | | |
|-----------------|-----|--------------|
| 1. China | 15% | (+6%) |
| 2. India | 8% | (+1%) |
| 3. USA | 7% | (-2%) |

The change suggests that new companies entering China find the fast-paced nature of a highly competitive market a challenge.

Research from Santa Fe China indicates that much of the Chinese outbound mobility seen so far is in the preliminary phase where key individuals are sent from Headquarters to set up the initial overseas markets. International development ideas such as the Belt and Road initiative see Chinese companies investing huge amounts in infrastructure at all points between China and Europe. Whilst the labour dispatched to build facilities may not feel like expatriates in the traditional meanings of the word, the issues of compliance and risk management still apply, and the strategic aspects of workforce planning would still be relevant.

Changing Assignment Types Trend

In the Santa Fe Global Mobility Survey, we have for the past three years asked participants about their current and future assignment trends. The results show that short-term assignments continue to be where the growth lies, with the traditional long-term assignment numbers being broadly flat. However, with deeper analysis, there

seems to be much more to it than that: is this just companies using short-term assignments instead of long-term, or are they looking at something more structural in how they use assignees in their business?

As organisations re-think their talent strategy to ensure that they optimise their best talent, for example in under-performing markets, the future investment in international assignments or permanent transfers will be based on more commercial analytics, the returns and investment become more of a business/people algorithm underpinned by robust data analytics that connect HR, Finance and Business Operations in more informed, dynamic way.

Whereas once it would have been necessary to relocate for a period of time, it is now possible to work with a team in another location using a combination of business trips and technology. In addition, the re-integration after a long-term assignment, the challenge of what assignments mean for dual career families, and the wider range of assignment destinations mean that the old model is fragmenting. Whilst there may be a similar number of assignees being spread across more countries means that the corporate network in any given country will be smaller.

The best companies we work with are being smarter about linking their Global Mobility programmes into their Talent Development programmes. As the long-term strategic opportunities fade in a lower-growth environment, using a series of thought-through shorter-term developmental assignments can enable companies to obtain most of the value of a long-term, without the costs and disruptions.

Stable And Agile

“Over the next decade, AI won't replace managers, but managers who use AI will replace those who don't. The most nimble and adaptable companies and executives will thrive!”

‘The Big Idea’ HBRⁱⁱⁱ July 2017, illustrates that organisations are recognising that nimble players are able to disrupt niche markets in traditional markets, and supply-chains and larger organisations are having to re-think not only their business strategies but also the infrastructures that support their internal supply-chains. Although it is hard to predict exactly which companies will dominate in the new environment, a general principle is clear: Organisations that can rapidly sense and respond to opportunities will seize the advantage in the AI-enabled landscape. So, the successful strategy is to be willing to experiment and learn quickly.

Over the last decade however, the trend has shifted. Firstly, there has been a slowdown in the number of new factories being built in developed markets, or even the recently emerged countries in Europe. Secondly, many organisations have completed re-structuring of their supply/value-chains by relocating service centres and research hubs, reducing the mobility that went with that exercise. With the advancement of technology, even that has slowed down, with self-service IT or artificial intelligence replacing labour, regardless of how inexpensive it is, and partisan resistance to too much exportation of jobs. Effectively, therefore, organisations can increasingly source skills and expertise, either through local staff, outsourcing or AI without the need for international assignments.

Fig 2: Changing Assignment Types

| Type of travel | Business trip | Commuter assignment | Short-term assignment | Long-term assignment | Permanent transfer or hire |
|-------------------------|---|---|---|---|--|
| Old scenario | Trips for preparatory or relationship purposes. | Project-based, with no physical move. | Traditional up to one year model for projects or roles, with physical move. | Traditional two to three year model with assignment benefits for 'strategic' reasons. | Usually for external hires or localisation |
| New world | What used to take a business trip can now often be a Skype call with screen sharing of presentations. | What used to take a commuter assignment can now be accomplished with remote working combined with a few business trips. | Short-term assignments could become commuter assignments, with less disruption to careers and families, as the lower cost of airfares relative to their expatriate costs redresses the balance. | The disruption to a dual-career couple with children can be mitigated by trading a Long-term assignment for a Short-term assignment followed by a period of commuting. A small apartment and lots of flights will cost less than a family house and expatriate school fees. | Where no home to return to, move is 'permanent' to make clear that there is no intention to return back to the source country. |
| Typical scenario | Was a Commuter assignment, now a series of business trips. | Was a Short-term assignment, now a commuter assignment. | Was a Long-term assignment, now a short-term assignment followed by commutes or business trips. | Fewer Strategic assignments, relatively more Developmental assignments. | Assignments from source countries other than headquarter deployed on a move to move basis. |

Who Manages And Who Is Accountable For Business Travel?

With the continued growth in Business Travellers and greater fluidity and ambiguity in determining formal assignment types and accidental ones, global mobility and HR teams will need to ensure they work diligently to educate and escalate the need for more structure with business leadership. Today, there is the potential for a compliance breach and in the absence of a formalised, systematic approach, global mobility will be expected to take accountability merely because the word international is included in business travel.

Based on Santa Fe's 2018 Global Mobility survey results, HR and global mobility teams see themselves both accountable and responsible for managing international business travellers, with only 11% of senior management taking accountability. Interestingly, while 68% of respondents in the same Survey report having a formal programme for managing business travellers, only 21% have technology to manage it effectively. The 6% who neither track nor manage international business travellers may be fortunate not to experience compliance issues. However, if they do, they are potentially more likely to be subject to penalties than those who can demonstrate a process or technology solution that had failed situationally, since government agencies are placing more onus on corporations to self-regulate their compliance obligations.

What Next For Global Mobility And HR Functions?

Globalisation in this fourth industrial revolution will see new niche markets and disruptors influence global giant corporations' purpose,

structures and strategies. From a people perspective too, technology is enabling access to education and interaction for a more diverse society, especially females in locations where there have been restrictions and boundaries. Forbes Insights^{iv} provide overwhelming data to support this position:

'Looking forward, companies must also grapple with an ageing workforce, a declining pipeline of qualified talent, and the challenges of managing a multigenerational workforce. But as long as organisations can keep their "eye on the prize," that is, to keep diversity and inclusion efforts at the top of their priority list, it will position them to weather these challenges and come out ahead of the competition.'

The vogue 'Talent Mobility' term has been bandied for some time, but the reality for some organisations is that HR and Global Mobility teams are dislocated from the true value they could be delivering. There is a wave of transformation and it is underpinned by technology and how organisations can re-harness their engagement with their people to take advantage of new work practices, new roles (some haven't been created yet) and a new purpose in what value they create internally and externally.

We invite you to reflect on the changes in your industry, organisation, department and your own job:

- Are your international assignment and mobility policies fit for purpose?
- Who owns compliance, including for international business travellers?
- What will be the impact of technology on your existing roles?
- How does Global Mobility integrate with

other HR functions and business functions?

- Will Global Mobility continue to exist in its existing format?
- HR and commercial data – how could the data held by global mobility facilitate competitive advantage?

Finally, we provide you with our view on some of the changes you should be expecting over the short to medium-term.

If you would like full details of these Papers, these are available on The future of Work and the Impact on Global Mobility Santa Fe website page.

References:

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- Santa Fe Relocation: The Global Mobility Survey: REACT 'Transformation in the age of uncertainty'*
- The Business of Artificial Intelligence What it can – and cannot – do for your organization. Erik Brynjolfsson and Andrew McAfee. The Big Idea, July 2017.*
- Forbes Insights Global Diversity and Inclusion Fostering Innovation Through a Diverse Workforce.*

SANTA FE RELOCATION

Santa Fe Relocation is a global mobility company specialising in managing and delivering high-quality relocation services worldwide. Our core competence is providing services that help corporations and their employees relocate and settle in a new country. Santa Fe Relocation is wholly owned by the Santa Fe Group, which is listed on NASDAQ in Copenhagen, Denmark. For more information, visit us at santaferelo.com

Fig 3: Tomorrow's world, today

| Today | Tomorrow |
|--|--|
| <ul style="list-style-type: none"> • Compliance is critical, and becoming more complex for a variety of reasons. The move towards more short-term assignments, more flexible policies and new work patterns adds to this complexity. • Short-term business travellers increasingly formalised into an assignment type with pressure to be managed within global mobility programmes. • AI and technology will replace traditional activities - we already read about 'chatbots' in HR dealing with routine tasks and even policy support. Certainly, the recruiting industry already relies on such AI. • Pressure on employee head count as organisations seek to leverage technology to deliver operational services. • Pressure on Global Mobility professionals to provide more effective data analytics. • Pressure to demonstrate commercial awareness (around 40% of respondents know their total programme costs, 22% compare forecast versus actual assignment costs). • Pressure to be more engaged in advisory activities with business leadership. • New destinations and projects being undertaken in emerging locations, requiring greater due diligence. • GDPR - only 30% of Global Mobility professionals were aware of and planning for it, prior to its implementation. | <ul style="list-style-type: none"> • Talent: greater engagement on objective assessment of assignee suitability. Enable diversity by challenging traditional thinking on assignment profiling. • Talent: development of new policies and innovative ideas to enable greater culture, gender and generational diversity. • Talent: greater engagement with talent and HR to track post-assignment retention and include in data analytics. • Data analytics: increasing focus on providing talent and commercial analytics to demonstrate return on investment. • Employee experience: focusing more on how AI and technology can drive the employee value proposition to enable a positive employee and family experience as part of their internationally mobile career. • Advisory: focus on earlier engagement on international projects, new territories, and new work patterns, including contingent assignees, as talented employees see parallel career paths in the 'gig' economy. • Risk: broader responsibility for overall risk for internationally mobile employees, in conjunction with internal and external subject matter specialists including corporate and employment tax, legal, HR and externally, with immigration, taxation and relocation partners. • Supply-chain owners: redefining Global Mobility global/local collaboration service models that enable the operational work delivered today in more cost-effective and risk-assured governance processes. |