

International Assignment Policies: Mobilising Talent - The Global Mobility Challenge

Let's assume you have an outline policy for your assignees and you are fully aware of the different types of assignments available. Your approach and procedures are known and you now want to be able to utilise your employees in different locations – will they move where you want them? What's their view, and how do you incentivise your employees to move?

Mobilising Talent – The Global Mobility Challenge – Report - Ascertaining View

Almost all surveys seek the views of the employer regarding mobility and the barriers or incentives facing the business. An alternative, relatively novel approach, is to ask the employees – would they move, where do they want to go, and what would encourage them to do so? After all, if employees are reluctant to move it doesn't matter what the employer thinks.

This article is based on a report written by Ipsos on the findings from the 2017 Employee Mobility study, conducted by Ipsos on behalf of the Canadian Employee Relocation Council. In 2017, Ipsos partnered with the Canadian Employee Relocation Council (CERC) to launch a tracking study about employee mobility. This is the second such study, the first having been conducted in 2012.

The latest global poll is again co-sponsored by BDO. The survey was conducted in 20 countries around the world with approximately 14,500 respondents every month. Please contact the author of this article should you wish to receive a copy of the report or would like to have more information about participants, countries, numbers and methodology.

The Need For International Assignees

In today's global marketplace there is a continuing and in some cases an increasing need to be able to move individual employees to different countries. Naturally most people will move if they are offered enough money to do so, but the business

and economic climate prevailing does not permit organisations to throw money at potential assignees. Whilst it may help matters, simply increasing an employee's compensation is often not the incentive required to encourage an individual to agree to an international work assignment.

Historically, the main concern for the employer has been the cost of moving an employee abroad. It has been often stated that the costs of utilising an assignee is between two to five times the costs of a local hire. With additional issues ranging from reconciling tax and payroll issues, to compensation incentives and assignment structuring, the survey reveals that understanding employee sentiment may help alleviate some employer concerns and encourage the right employee to make the move, whilst potentially saving money.

Incentives such as a pre-assignment visit, additional home leave, and language training, together with immigration assistance for the assignee's partner, all issues which help provide a support structure for an individual, can often entice an employee to move abroad. These incentives that employers can offer may actually reduce the cost of international relocation to the company, increase the return on investment, and make for a much happier and more productive employee. Knowing what drives employee behaviour is the only way for an employer to effectively determine what those alternative incentives may be. By focusing on what people are looking for, businesses will be able to make better decisions regarding their international and expatriate policies.

Relocation is an investment in the employee and it is important that assignees are as effective as possible from the outset of their assignment. If the right compensation package and support structure is present employers will get the best return. Getting it wrong can quickly lead to a disaffected or departing assignee!

Top five incentives for employees to be more likely to take an international assignment

The 2017 survey showed that the top 5 incentives to encourage mobility by ranking were:

Rank	Incentive	%
1	A guarantee that they could move back to their current role after two years with further relocation assistance (-9%)	36%
2	Paid language training, if necessary (-6%)	36%
3	Immigration assistance for your spouse in order that they could obtain employment (-7%)	35%
4	Round trip airfare to return home for family visits (-8%)	35%
5	A 10% pay rise (-7%)	34%

Interestingly, only 18% of employees indicate they are 'very likely' to take an international job (a reduction of 7% from 2012). However, if there is a guarantee of a job at the end of the assignment this would increase the numbers of those 'very likely' to relocate to 28%.

Fear of the unknown is clearly still impacting employees' willingness to work abroad, from language barriers to job security after taking an international assignment. The retention of international assignees, post-assignment, has long been an issue facing employers. The number of assignees who either have no position to return to or leave shortly after an international assignee is significant. In more buoyant economic times many employees have no fear for their position or future post assignment. They are confident that their enhanced skill set and experiences will benefit businesses that are thriving and most would see a return to their old job/position as a distinct backward step. When economic times are difficult, job security and what the future may hold becomes of far greater significance. Five years on from the first survey, job security still features very highly today, perhaps not surprising given general economic concerns & uncertainty, but how many employers could realistically offer a former assignee their previous position on their eventual return from assignment?

Finding Common Ground

The survey finds that employees from every geographic location overwhelmingly selected

English speaking countries as their desired work relocation destination, with the United States (30 percent/-4) ranking first, followed by Canada (22 percent/+2), the United Kingdom (19 percent/-3), and Australia (also 19 percent/-1).

Assignees clearly want to understand more about the destination location – pre-assignment visits – and wish to enhance their ability to fit in by being able to speak the local language and have their partner work in that location. With the English language being a common language in which to converse wherever an individual is in the world arguably this just further drives the numbers of assignees wishing, or being able to move to English speaking countries.

Whilst employees from Latin America predominantly wish to go the US or Canada, countries with a similar language or culture are very popular with Spain and Italy featuring as destinations of choice.

Global Willingness To Move

Willingness to take a foreign work assignment is not the same around the globe. There are certain geographic locations that have a concentration of employees who are eager to work abroad. The survey shows that employees from Latin America (34 percent/no change) and the Middle East and Africa (28 percent/-4) are the most likely to relocate internationally for work. However, employees who say they are very likely to take the assignment are significantly less in North America (18 percent/-7), Asia Pacific (14 percent/-10) and Europe (13 percent/-8). Perhaps some individuals see better economic opportunities elsewhere whereas others may have stronger family or cultural/regional ties and wish to remain in their home location. Wider family issues – grandparents and closeness to the extended family – are often barriers to movement for those from Asia Pacific. Additionally, the issue of dual careers may be more prevalent in Europe & North America where the barriers to mobility that this creates may often just be too significant to overcome.

Not all employees are resistant to an international work assignment. Not surprisingly the survey finds that there is a group of people who are eager to take foreign work assignments. This demographic consists of a mixed group, which includes senior executives and decision makers (24 percent/-6), people under the age of thirty-five (25 percent/-3), men (19 percent/-8), low income earners (19 percent/-8) and those who are not married (22 percent/-5). Again, the existence of dual careers and the career progress/income of the non-assigned partner is a barrier as is the existence of children of school age – meeting the needs of the family is essential – and where neither of these two factors needs to be addressed individuals are typically more inclined to move. These factors are however helping to drive up the

number of commuters/business travellers and unaccompanied but shorter assignments. We are seeing a trend towards longer assignments at the early/latter stages of an employees' career with more business travellers and commuters in between at a time when the issue of dual careers and children is likely to be of greater concern to the potential assignee.

Employees in different industries show a varied amount of eagerness to work abroad. People working in marketing, advertising and public relations are now most disposed to consider an international move for work (32 percent), followed by those working in arts, entertainment and recreational (31 percent) and aerospace & defence (also 31 percent). Traditional industries for assignments then follow with mining/natural resources at 30 percent and oil & gas at 29 percent. Telecommunications and information technology is now at 20 percent down from 28 percent. Those industries towards the bottom of the list for movement include education, agriculture, travel & tourism and medical health care. Is this due to less generous payment practices in these industries?

Despite industry or sector, companies need to be flexible in their approach to dealing with specific individuals, as well as put in place broad HR policies that address employee concerns.

The Impact Of Relocation & Government Policy

Factors beyond an employer's control clearly influence assignees willingness to move. Host government policy with regards to health care, social security, education and taxes, all have a major bearing on whether an individual will accept an assignment. Not surprisingly the better the first three actually are or are perceived to be, the more likely a move will be accepted. Naturally, individuals also want a taxation regime that has a low tax burden as opposed to a higher tax burden. However, public funding for better health care, social security and education usually comes as a consequence of a higher tax burden, not a lower one. Two other factors also draw (or put off) potential assignees, these being an innovative economy and a friendly approach to immigrants. All want to feel welcome and work in a country where the economy is expanding.

The tax burden is an interesting issue, particularly as rumours of the death of tax equalisation continue. Tax equalisation, whilst potentially more expensive for employers, should remove tax from the equation as to whether an individual will move as they are neither better or worse off from a tax perspective as a result of a move. However, where there is potential for lower taxes naturally prospective assignees personally want the resulting benefit. Tax protection, where individuals can obtain a tax windfall, is increasingly the preferred

option in countries with a low tax burden such as the UAE, Singapore and Hong Kong. The main challenge in this instance, whether assigned or on some type of local package, is not the initial move where the individual gets the tax windfall but the subsequent/return move when the assignee is reluctant as they want to maintain their net package.

Summary

International businesses thrive on mobility. The willingness of employees to move is essential for the better well-being of the organisation. The decline in the numbers of those who are very likely to move from 5 years ago may be due to continuing uncertainty both within the business and political worlds. Despite this, it is clear that addressing job security and family concerns is extremely important in encouraging more to move as opposed to offering a simple pay rise.

The above comments provide a general overview of the report and the thoughts of employees about the possibility of an assignment. Addressing employees' requirements and perspectives and blending these with the needs of the business helps to shape and direct an employers' policy. An amalgamation of employers and employees' views and requirements is likely to result in the best policy.

Do remember that policies should not be static documents. Business entities change as does their business plans and approach, alongside the economic and political climate in individual countries or regions. Employers should keep matters and policy under periodic review to ensure theirs is the best policy for the business, their employees and the times.



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