



# World Mobility Perspectives: The Changing World of International Assignments

Issue 1: January 2013

*How the world works better*  
[www.crownworldmobility.com](http://www.crownworldmobility.com)

**CROWN**   
WORLD MOBILITY

# The Changing World of International Assignments

Update 2013



## The Changing World of International Assignments

International assignments result from international business needs. When businesses need experienced leaders in new markets, they often turn to assignees. When technical workers in a support center need training, they may be sent to an established company site in a different country for a period of time. When an employee is asked to relocate to meet a short-term business requirement, he/she may opt instead to commute so as not to uproot family. As the realm of international business grows and changes, so do the types of international assignments that support it.

Twenty years ago, it was common for even the most global of companies to have one – maybe two – international assignment types. Today, a company may need four times as many. This article will serve as a primer of eleven popular assignment types: defining them, identifying the business needs they serve and illuminating their key support and policy elements. In conclusion, a list of questions is provided to assist in assessing the appropriate assignment types for emerging business needs.

The eleven assignment types to be reviewed are:

1. Long-term Temporary Assignments
2. Short-term Temporary Assignments
3. Employee-requested Long- and Short-term Assignments
4. Extended Business Travel
5. Rotational Assignments
6. International Transfers
7. Commuter Assignments
8. Consecutive Assignments
9. Developmental Assignments
10. Project Assignments
11. Assignments in Difficult Locations

## Long-term Temporary Assignments

Long-term temporary assignments typically span one to three years, though it is not uncommon for there to be a mechanism to extend them to up to five years or more. Most companies are focusing on keeping long-term assignments to a five-year maximum as a cost management effort to align with the maximum period of many tax-related totalization agreements. Another reason is the recognition that if a business need exists that requires more than a five-year term to address, it may be more effective to consider a permanent solution.

Key characteristics that differentiate long-term assignments include:

- Family accompaniment, requiring education support for children, travel support for non-accompanying children and spouse employment assistance
- Assumption of home country owned-home retention, with support for property management
- Home country balance sheet approach to compensation
- Tax equalization

Today, long-term assignments are used to meet a variety of business needs, including:

- Global leader development
- Expansion into new markets
- New facility start-up

The hot topics related to long-term temporary assignments include:

- Whether the home country balance sheet approach is the only viable package to use. Companies may consider the use of a local plus package, where the employee's compensation is aligned with the host location norm. Support elements required that cannot be addressed through compensation – such as international schooling for accompanying dependents and provisions, such as home leave, that apply only to expatriates – are added on to this base.
- Inclusion of a localization provision in policy, clarifying that any assignment above a specified limit will transition to local status. In most cases, the policy will state how this transition will occur: immediately upon localization or through the reduction of benefits over a period of time.
- Linking of long-term assignments and the company's talent management initiatives. These assignment types are the most critical and most challenging to connect. Their duration makes "out of sight, out of mind" a much easier option. However, the company has the greatest financial investment in long-term assignments, making the return on investment a business imperative.

All things being equal, this assignment type is the most costly: high-expense elements such as tax equalization, allowances and family-size housing and living costs sustained over several years add up to a cost that typically runs between two and four times an employee's base salary. Many of the alternate assignment types that have become more popular evolved as lower-cost alternatives to long-term assignments. The challenge is to assess when a lower-cost alternative is appropriate and when the business reasons for an assignment necessitate a long-term assignment commitment.

## Short-term Temporary Assignments

Short-term temporary assignments are typically 3 - 12 months in duration, though the limits may vary by industry, with the most common variation being a six-month minimum and an 18-month maximum. In addition to duration, a defining characteristic of short-term assignments is the assignment objective or purpose. These assignments are typically designed to accomplish a specific task or goal, such as to train local staff in a specific skill or to gain technical proficiency from local staff, to fill a vacancy until a more permanent solution is put into place or to participate in a designated project.

It is common that short-term assignments are single-status engagements, meaning that family accompaniment is not a part of the assignment parameters. That said, within some industries and for short-term assignments that are typically longer in duration, this may not be the case.

Some consider short-term assignment to be a cost-savings instrument and, while it is true that an assignment that is shorter in duration and single status is less costly than one that is longer and includes family members, the savings may be considered a byproduct rather than an objective.

Many elements of short-term assignment support are the same as – or very similar to – long-term assignments. There are some fundamental differences: for single-status assignments, elements that address accompanying family needs are eliminated and elements such as housing are addressed differently.





Substantive differentiating elements of short-term assignment support include:

- Compensation for short-term assignees – especially for single-status assignments less than a year – most typically maintains home country salary and benefits. Because more of the assignee's home country living costs are retained, the differential approach practiced by the home country balance sheet for long-term assignments doesn't apply. Short-term assignees typically maintain their housing, autos and other home country expenses and are provided with a per diem or similar allowance for host location living, transportation and incidental expenses.
- Costs to maintain one's home country housing may be incurred by short-term assignees and, to mitigate this expense, companies may provide a home maintenance allowance to offset costs associated with lawn care, snow removal and similar upkeep elements.
- Home leave for single-status short-term assignees most commonly includes travel to the home location every 3 months. Some companies provide an allowance equal to the cost of the home leave travel for non-accompanying family to apply to a visit to the host location.

Because the financial commitment and the career disruption of short-term assignments is less than that of long-term assignments, companies may seek to accomplish goals associated with long-term assignments in short-term assignments. In general, however, it has not proven to be a successful substitution. Short-term assignments are well-suited to easily quantifiable objectives, but goals such as global leadership development and new business or market start-up typically require a more sustained commitment.

### Employee-requested Long- and Short-term Assignments

There is another category of assignment types that applies to both long- and short-term assignments, and that is employee-requested assignments. The key element for the company is the fact that the employee has not been asked to take an assignment but has requested to do so for his/her own personal and/or professional reasons. The company may wish to provide support for the employee during the assignment – most companies do – but at a reduced benefit level.

Examples of policy differences include:

- For long-term assignments, the employee may be transitioned to local status rather than utilizing the home country balance sheet.
- For short-term assignments, only relocation benefits may be provided (travel to/from the host location, personal goods shipment) if the assignment is requested in order to accompany a spouse.

### Extended Business Travel and Rotational Assignments

Policies addressing extended business travel are growing in popularity. The primary reason is compliance-related: employees undertaking normal business trips are typically not on the Mobility Department's radar and if these trips get extended and/or there are many of them within a specific timeframe, there may be tax, immigration and other regulatory compliance implications that can cost the company money, time and even their presence in the host country.

There is a wide variety of extended business travel time limits, but the most common is a minimum of three weeks and a maximum of three months, bridging a gap between regular business trips and short-term assignments.

Extended business trips' objectives are typically project-based. In many cases, projects may require an employee to be on-site for an extended period of time, return home and then return to the host location. Sometimes this pattern is repeated over a long period of time. In these cases, extended business travel becomes a rotational assignment. One of the most important elements of extended business travel and rotational assignment support is to track time in the host country to ensure that regulatory parameters are not breached.

Extended business travel and rotational assignments are almost always single status. The governing policy is generally a simplified version of short-term assignment policy, minimizing assistance in areas such as shipment of personal goods and eliminating unneeded components such as temporary living, allowances and home leave.

It is important for companies to know how extended business travel and rotational assignments apply to business reasons for international assignments. One of the challenging aspects for companies is that they may want to use them in place of short-term assignments because they are perceived as requiring less administration and expense. This is because extended business travel and rotational assignments are designed to meet the needs of particular assignment duration patterns and do not include elements that are needed to support an assignee for a longer period of time. However, in order to reap the benefits of a given assignment type, it is necessary that it be matched with the appropriate support program.

## International Transfers

Permanent international relocation, or international transfers, has been part of international employee mobility for a long time. Sometimes called one-way moves or indefinite transfers, international transfers are akin to domestic relocation, with international-related elements added in. Traditionally, international transfers have been used when an employee fills a permanent position in the destination country. Interestingly, it does not guarantee that the employee will not move again or even repatriate eventually. International transfers may be used when the duration of the stay is unknown or for employee-requested transfers.

From an administrative perspective, the key differences between an international transfer and a long-term temporary assignment are:

- Home sale and home purchase assistance are often provided for employees undertaking a permanent transfer. For the most part, companies reference their domestic relocation home sale and home purchase policies or, if none exist, reimburse reasonable and customary costs.
- International transferees are put on the destination location's payroll and all compensation and benefits follow that location's practices.
- Transitional assistance such as a spouse/partner employment allowance is typically provided (as it is for long-term assignees), but other elements of post-relocation support, such as education assistance for accompanying dependents, are not provided.

- Tax return preparation assistance is often provided for the year of transfer, but beyond that the employee is responsible for all tax liabilities.

## Commuter Assignments

Instead of taking a short- or long-term assignment or even an international transfer, an employee may commute regularly between their home location and the work site in another country. Because of the need to commute regularly, these assignments are most frequently used intra-regionally. Commutation may be weekly or bi-weekly, though there are cases where it is tri-weekly or monthly.

In most cases, commuter assignments are requested by an employee who may have been asked to take an assignment or relocation but may not want to do so for personal reasons. Spouse/partner employment, children's education and extended family commitments are some of the most common reasons. Typically, employees commute to the work location on Monday morning and return to the home location on Friday evenings.



Commuter assignments are not applicable for all business needs. They are most effective for project assignments and other tactical initiatives. They are rarely used for global leadership development and other strategic goals. A commuter assignment may be used on a more permanent basis for employees who have job responsibilities in both locations.

Key elements of commuter assignment support are:

- Furnished accommodations in the work or host location, as well as reimbursement for food and transportation.
- A home housing maintenance allowance may be provided in recognition of the employee's limited availability to perform maintenance tasks.
- An assignment or relocation allowance may be provided as a lump sum to assist the employee with any number of expenses or losses related to undertaking a commuter assignment, such as club dues, increased child care costs and currency conversion charges.

Commuter assignments come with some very specific challenges, such as:

- Commuter assignments may be of any duration, but it is most common to establish a timeframe of 18-24 months. Often the same family parameters that require a commuter assignment over a temporary assignment or permanent transfer can cause a commuter assignment to become too onerous.
- Remuneration challenges of commuter assignments frequently do not get as much attention as they do in other assignment types. Because they are often put together under short notice and at an employee's request, all aspects of compensation may not be fully considered before an assignment begins.
- Commuter assignments have the same compliance challenges of extended business trips. Companies need to assiduously track time in country to ensure that immigration, taxation and other regulatory statutes are adhered to.
- Because commuter assignments are typically provided in response to an employee's request, it may seem counterintuitive that retention is one of the biggest challenges. Commuter assignments can be very wearing both personally and professionally, and if not effectively monitored and addressed, may lead an employee to consider alternatives outside the company.

Commuter assignments can be a benefit to both the employee and the company. They offer flexibility and may even be more cost-effective than other options. However, they may also require more frequent oversight than more traditional assignment types to ensure they are effective over long time periods.



## Consecutive Assignments

Most long- and short-term temporary assignments assume that the assignee will repatriate to the home location or another permanent location in the home country following the assignment. For employees undertaking more than one assignment in a row, typically referred to as consecutive assignments, some aspects of temporary assignment support are not effective.

Consecutive assignments are particularly appropriate for strategic initiatives, such as global leadership development, but they are also effective for technical professionals who support facility start-ups for the company.

Among the elements that differentiate consecutive assignments from other assignment types:

- It may not make sense to utilize the home country balance sheet approach or any home-based compensation system for an employee undertaking several consecutive assignments. These assignees' personal financial situation and expectations for compensation may be more effectively addressed via a local plus approach.
- Elements of the consecutive assignment policy may resemble a permanent transfer policy: home sale in place of property management, for example.
- Repatriation, re-integration and retention post-assignment may be more challenging, as the employee has become part of an international cadre, a standing that may not have a similar stature in the home location operations.

Consecutive assignments are not commonplace in most international assignment programs, but in some companies and in some industries, there is a cadre of internationally mobile employees for whom a dedicated program is more effective than trying to apply a program designed for a different mobility type.

## Developmental Assignments

Developmental assignments – and the two other assignment types that follow – have a distinguishing characteristic that differentiates them from those described above. Those above are all defined by their duration. Long-term, short-term, transfer, extended business travel, rotational, commuter and consecutive assignments are all based on how long the assignment is rather than on the reason for the assignment. The three assignment types that follow represent the latter: they are assignment types that are designed around specific business scenarios.

Developmental assignments address strategic needs within a company: to help an employee gain critical skills. They are often utilized for employees identified as high-potential at any point in their career, or they may be specific to early-career employees.

Developmental assignments may be on a long- or short-term basis. They may be family accompanied or single status, though early-career developmental assignments that are short-term may be single status only.



Key attributes of developmental assignment policy include:

- Developmental assignment policy may be a simplified version of the long- or short-term assignment policy. In many cases, developmental assignments are viewed as having intrinsic career value to the assignee over long-term and there is an expectation that employees will be able to do with less support.
- Talent management-related elements may be emphasized more. Home leave may be tied tightly to office visits and specific tasks to be accomplished. A career mentor or sponsor may be assigned and the policy may state specific things to be done by the assignee and the mentor.
- Developmental assignments may be group-oriented, meaning that the company may select a number of employees who undertake the assignment at the same time. Housing and transportation may be shared rather than provided on an individual basis.

### Project Assignments

Project assignments are typically used to transfer highly or specifically skilled employees to a work location for a temporary time period to accomplish a specific goal. These assignments are commonly used for client work, facility build-out, technology roll-out and similar initiatives. Project assignments are most commonly short-term, although they can be long-term depending on the project needs. They are also often single status, given the short and intense nature of the work to be done.

Like developmental assignments, they may be group-oriented and, as such, have policies designed to meet group conditions. In other cases, the company's short-term assignment policy may be used or adapted. For example:

- Cultural training and/or language training may be optional or not provided (which can be counterintuitive when there is the need to lead or work effectively with local teams)
- Home country housing may be the employee's responsibility
- There may not be a relocation allowance provided

The differentiation of an assignment as project-based allows the company to design a support package that specifically meets the needs of a specific project, rather than a general approach that would meet the needs of a wide array of assignment needs. This is particularly useful for assignments involving joint ventures or when parameters need to align with a client's program requirements.

### Assignments in Difficult Locations

Difficult locations are typically defined by living conditions that are far more challenging than those the employee experiences in his/her home location. Housing, living standards, remoteness, transportation options, limited education or medical facilities, and significant cultural differences are all elements that make this assignment type different than others.

Assignments in difficult locations may be long- or short-term, or even permanent. A distinguishing characteristic is that they are almost always single status due to the limitations of the host location. Families may or may not remain in the home location: it is common to relocate families to a third location where the assignee can visit frequently. Rotational programs are another frequently used approach for this assignment type.

Policy considerations to support assignments in difficult locations include:

- Split family support, where the family may be relocated to a location with adequate housing, schools and other elements. The location may be in the same country as the assignment or in a different country. If near the work site, the employee may actually commute to the family location weekly.
- Policies for assignments in difficult locations often rely heavily on the use of premiums and allowances. For example, a foreign service premium is almost always provided.
- Assignee selection and assessment may have a larger role in this assignment type to help ensure that employees undertaking these assignments are best able to handle their rigors.

### Which Assignment Type and What Assistance to Include?

All of the assignment types described in this article have things in common as well as elements that clearly differentiate them from each other. The challenge for Mobility Leaders is to determine if the company needs a new assignment type and what assistance it should include.

The following list of questions is intended to help Mobility Leaders in their deliberations.

#### 1. What is the business reason for this assignment?

If the types of assignments needed to support different business objectives have been established, decision-making is simplified.

#### 2. Is the reason for the assignment a typical one for the company or is it different from other recent assignments?

This may indicate a shift in business strategy that may necessitate a new assignment category. This is frequently how policies for project assignments or assignments in difficult locations are germinated.

#### 3. What is the minimum timeframe needed to accomplish this objective?

Some business managers may assume a long-term assignment is needed, without realizing that there may be a shorter, less disruptive option available.

#### 4. Can the objective be modified to accommodate a different assignment type?

If the "right" candidate needs flexibility, can the assignment type be adapted to meet the need?

#### 5. Is the assignment request employee-initiated?

Managers who receive the request for an assignment and are able to meet the request may not be aware that an alternative approach to the standard long- or short-term policy is available.

#### 6. What is the most likely next step for the employee post-assignment?

Will the employee be repatriating to the same or a similar position as pre-assignment or is the employee being groomed for a promotion? Is it possible that the employee may not repatriate to the home location?



This article was co-authored by Jacqui Hauser (Independent Consultant) and Lisa Johnson of Crown World Mobility's Consulting Group. For questions regarding this article or any other services provided by Crown World Mobility's Consulting Group, please contact Lisa Johnson at [ljohnson@crowww.com](mailto:ljohnson@crowww.com) or +1 973-455-7481.