



World Mobility Perspectives: Trends to watch for in 2014

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Global Mobility: Trends to watch for in 2014



The beginning of a new year brings with it the opportunity to reflect on our current state and determine where we are succeeding and what adjustments we need to make. Global Mobility, as an industry and as a department, is shaped and driven by many factors, from economic to geographic, from business needs to shifting demographics. Trends and observations offer us a lens with which to reflect on and assess our own strategies.

This year, world economies continue to be in flux. While many are growing stronger there is still a wide enough range of recovery from the global recession that we can honestly say that some economies are up and some are down. The World Economic Forum's 2014 Competitiveness Report says that the distinction between countries is less about being "developed or developing" and more about being "innovation rich or innovation poor." Our creative solutions will define our success.

Crown World Mobility's first Perspectives article of 2014 highlights ten Global Mobility Trends (including one observation) that are intended to stimulate creative thinking and innovative solutions. As you will see, the Trends reflect a number of drivers: demographic challenges, market needs and a desire to improve how we do things. Several new topics make an appearance, while a few from previous years continue to appear, albeit in their ever-evolving stages.

I. Assessment and Selection of International Assignees

The need to send the right person – and family – on any given international assignment is not new: what is receiving new, or at least renewed, attention is the application of assessment and selection practices to this endeavor.

Long-term assignment costs seem to consistently hover between three to seven times the annual salaries of most assignees, primarily because compensation- and tax-related elements cannot be mitigated much more than they already have been. In addition to the hard cost investment, companies are vested in achieving talent management objectives. These may be on-assignment goals, such as skill transfer or project-based assignments, or long-term goals, for example career or leadership development. While managers generally try to choose the best candidate for an assignment, the techniques or tools they apply successfully to hiring and promoting employees are often not as effective when it comes to identifying the employees – and their families – who will be successful on an international assignment.

International assignment candidate assessment focuses on helping managers, human resources staff and assignee candidates themselves to identify how well one might function in a different

culture. It is a complement to assessing technical competence and career potential. In its simplest form, think of it as a tool that will help to rule out employees and families who are the least likely to be successful in an unfamiliar culture. Candidates who are “high risk” due to a lack of cross-cultural competence or personal/family readiness for assignments can rarely compensate with technical ability or other credentials.

If this has always been true, why is this trending now? As companies have better integrated their international employee mobility and talent management practices, leadership has become more aware of what it takes to be successful globally. Combined with the growing availability of programs and resources to aid assessment, human resources and global mobility management leaders are more confident about including assessment in their candidate selection approach.

There is now a greater awareness that the sending managers and human resources need support to better establish selection criteria and an improved approach to the process. Small steps, such as selection check lists, and larger strategies that may include a more formal candidate assessment, are both considered viable options.



2. Assignments into Challenging Locations

Challenging locations, which may be located in emerging or high growth markets, are typically defined as assignment destinations with specific characteristics that make them more difficult to live in than an employee's home location. These characteristics may include lack of expatriate-style housing and reliable power and water supplies, limited education facilities for accompanying dependents, significant cultural differences, insufficient medical facilities, inaccessibility/limited transportation options and language barriers. One of the key challenges for companies with a need for expatriates in these locations is that the cost of the assignment is often much higher than it is for other assignment destinations. For example, housing may need to be constructed, families may need to reside in a nearby city rather than with the assignee and mobility premium and hardship allowances may be required.

Some companies utilize single status rotational assignments for more challenging locations, bringing employees in for a month at a time and then returning them home for a month. These are effective for some assignment types but not for others. They can result in split-family scenarios where the family might remain in the home country. For long-term assignments where the living conditions are sustainable, but not always of a standard required to support a family, the assignment location can become a barrier to the employee accepting the assignment. Often, the availability of schools determines family accompaniment in challenging locations.

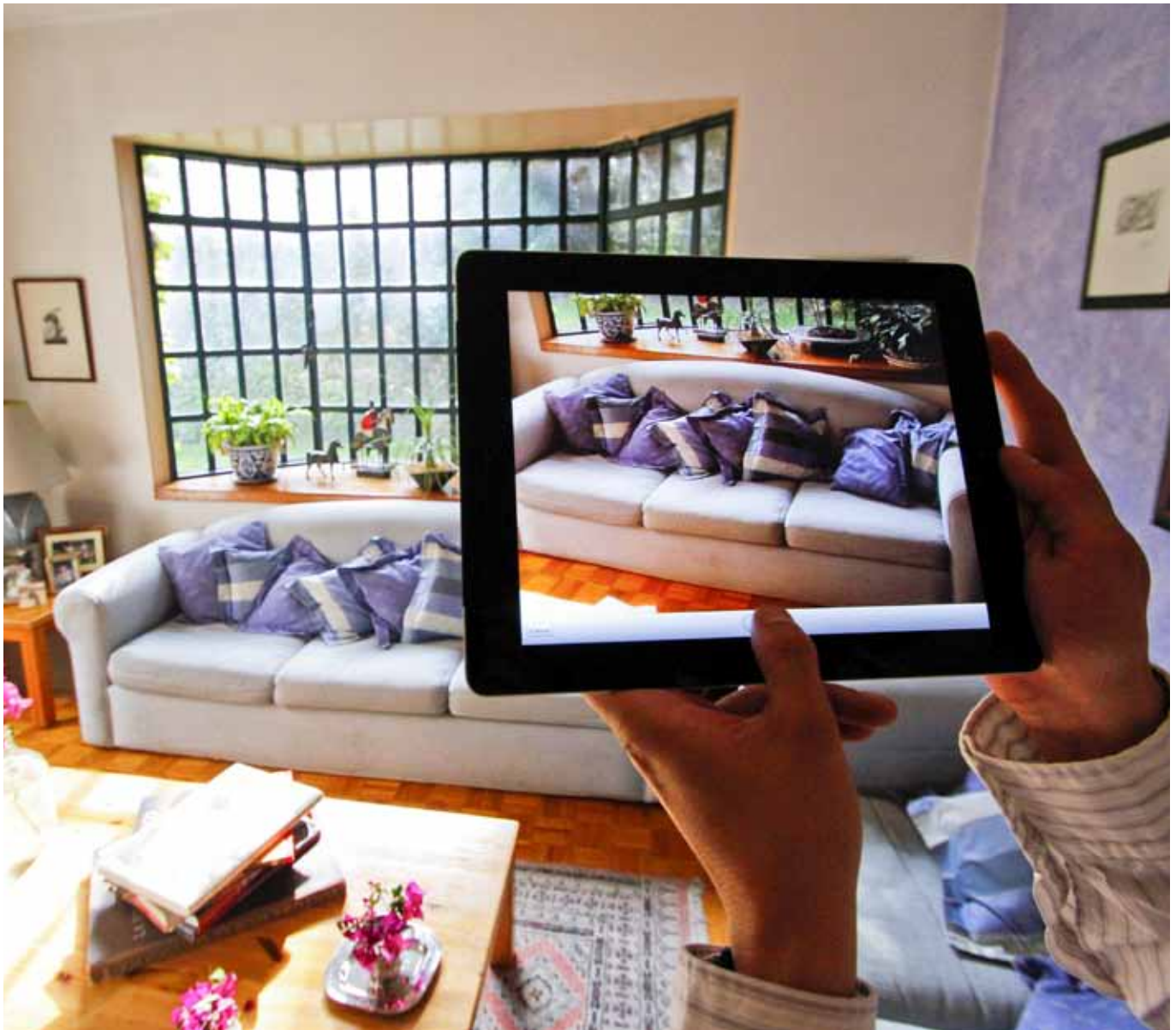


3. Assignments from Developing Locations

Two factors are contributing to an increase in assignments from developing market locations. First is an emphasis on talent development, which leads companies to identify high potential employees and put them on a development track regardless of where they are based. Second is the recognition that there is an advantage to sending employees from developing locations on assignments so that once they return to their home location their experience can be leveraged.

Assignees from developing locations present their own set of challenges. These include assignment compensation, family issues, repatriation expectations, cultural adjustment, language barriers and even immigration difficulties. New or inexperienced mobility managers may struggle to find solutions to such challenges.





4. Millennials and Mobility

Generations are marked by the cultural, political, economic and social norms of their youth, so it makes sense that each generation of international assignees is influenced differently. Millennials – generally employees in their 20s and early 30s– have different characteristics from past assignees in this age range. They may have more international travel experience. They are very comfortable with technology – possibly even more comfortable than they are with people. They do not necessarily aspire to “move up” in their organization; they value experiences more.

How do these traits impact the mobility of Millennials? Millennials tend to pro-actively manage their careers and therefore have expectations about assignments that their predecessors may not have had. They expect their work to be personally, as well as professionally rewarding. Because they are more connected to the world through technology and have more travel experience or awareness than past generations, they do not require the same kind of support as older assignees.

Supporting Millennials means making the value proposition of assignments very clear to them and adapting policy and program support to integrate with their needs. This generational demographic varies across industries and cultures – ranging from the adventurer assignees who raise their hands, to the elite, highly-educated assignees with greater expectations.

5. Spouse/Partner Employment Challenges

This is a trend that continues to grow, primarily because the challenges presented do not lend themselves to easy solutions. Immigration restrictions for working spouses and difficulty in finding a job in one's field at his/her current level are standard challenges that are outside the realm of most spouse employment assistance programs. When working is not an option, loss of the spouse's income may have an impact on the family's lifestyle, on the spouse's career post-assignment and even on whether the employee accepts the assignment.

More and more, employees are asking their companies to provide assistance to their spouses to help address some of these challenges. While income replacement is exceedingly rare, companies are developing or upgrading programs that help a spouse maintain a career while accompanying the employee on an assignment. Another outcome stemming from this trend is that of the split-family. When a spouse/partner is unable or unwilling to leave their job in the home location, some employees are going on the assignment unaccompanied. This alternative approach brings its own challenges to the family and the assignment.



6. Employee Mobility and Talent Management Integration

As more companies apply talent management objectives to international assignment initiatives, the integration of these two practices becomes stronger. As recently as a few years ago, talk of the role of talent management in employee mobility (and vice versa) was largely just that – talk. In the past couple of years, larger companies have implemented approaches and now many smaller companies are developing programs and practices that promote alignment of employee mobility with the company's talent management initiatives. These steps include setting specific post-assignment objectives, identifying a home location mentor and establishing specific responsibilities for the employee-mentor relationship and regular meetings during home leave specific to post-repatriation implications of assignment-related skills and competencies.

Another critical aspect of this on-going trend has to do with the Global Diversity and Inclusion initiatives of many best-practice companies. There is a greater push to recruit, develop and retain key demographic groups, specifically emerging future managers and leaders in/from developing locations (see Trend 3), and women. The more integrated Mobility is with Talent initiatives, the better the outcome for long-term global HR goals.



7. Flexible Policies

Policy with built-in flexibility returns as a continuing trend because it can address many issues faced by mobility leaders and business managers, including the differing needs of assignees from different cultures and different generations, as well as different assignment drivers. Flexibility may take the form of a tiered policy or options for selection by a manager or by an employee. Another trend in flexible policy is the use of core-flex elements, where compliance and other critical elements that apply to all assignees are considered core and other elements that may be needed by some assignees and not others – or that may be applied differently based on circumstances – are considered flex. For example, temporary accommodations may be designated as flex because not all assignees need it, and the duration limit may be tied to whether a pre-assignment trip is taken, whether assignment housing can be located prior to arrival and if furnished housing is available.

8. Intra-regional policies

Another policy trend is that of separate policies for intra-regional moves. This is especially prevalent in Europe. Within the EU specifically, the number of intra-regional moves is increasing rapidly and there are more options that can be offered than those typically found in an intercontinental move. Classic examples include the option to drive one or both vehicles, a less cumbersome land shipment approach, a voltage adjustment allowance and a modified approach to home leave.

Within North America, it has been common for companies to base their approach to assignments between the US and Canada on their domestic relocation policies. However, more companies are recognizing the challenges involved in adapting these policies to the special requirements of temporary assignments and are developing an intra-regional temporary assignment policy to meet the needs of this population. Intra-regional policies are also common within Asia and increasing within Latin America. The challenge for a global mobility program is to ensure that the benefits of an intra-regional policy are obtained while retaining the key aspects of the global policy that provide consistency and equity for employees.

9. Focus on Compliance with Immigration Regulations

For companies with assignments in locations with well-established practices, compliance challenges may not feature at the top of their “problem” list. However, as more companies send assignees to less established expatriate destinations, and as more countries modify their regulations regarding expatriate employees, the need to stay on top of these issues grows. Mobility leaders are focusing on better partnering with their outside immigration and mobility services providers, and working within their organizations to ensure that business managers and employees understand the risks of non-compliance to themselves and to their companies. As a result, more mobility departments are integrating the tracking of all the international business travelers in their systems to support compliance monitoring.

10. Brazil

Less a trend and more an observation: this year Brazil will host the 2014 FIFA World Cup, taking place during June and July. Brazil is also preparing to host the 2016 Summer Olympics. As a result of these global sports events, companies with assignments and frequent business travelers into and out of this key business location need to prepare well in advance. Temporary housing, rental units, hotels, rental cars and air travel will have limited availability and elevated rates. Our advice to mobility teams is to use this as an opportunity to team up with business and HR partners to develop a plan that includes limiting all but essential assignments and travel during the months just before, during and following the World Cup, and proactively preparing for essential assignment needs.



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