

The Pitfalls of Global Mobility

Six critical questions you must answer before you send employees to work overseas

Providers of Global
Assignee Management
Solutions

The pitfalls of global mobility – Six critical questions you must answer before you send employees overseas

Contents

1. Is your business at risk? Are you compliant?	3
2. How are you going to pay them?	4
3. How much will it cost?	5
4. Who is going and how do you select the person?	6
5. What is the reason for the move?	7
6. How long are they going for?	7
About IPM Global Mobility	7

The global world of business is changing rapidly and more and more businesses are beginning to expand their operations overseas.

Those of you who have already started this journey will be aware that sending employees overseas requires research and planning, due to the many pitfalls which could jeopardise your plans. There are a range of considerations to take into account when operating an international assignment programme.

The expatriation process is a complicated one, which is why it lends itself so well to out-sourcing. It is important that you address the issues below when you're preparing to expand your business overseas.

Here are 6 important questions which you should ask when you're preparing to expand your business overseas. Knowing your answers, and the action you need to take as a result, will have a huge impact on the success or failure of your project:

1. Is your business at risk? Are you compliant?

You should always check the requirements of **Home and Host country Tax** and **Social Security**, as well as **Immigration**, for any potential risk. The

Employee and family may be barred entry if the Immigration papers are not correct.

For more serious breaches, there might be fines for the employee and/or the employer, and even imprisonment. If there are a number of assignees and repeat offences in a country, then the company risks being exposed publicly. This could impact its ability to carry on business, and most certainly would **damage its corporate reputation**.

Even companies that manage all their international assignment administration in-house, will often outsource compliance aspects to specialist firms because of the complex nature of the ever-changing requirements.

These companies do often understand the risks, at least in principle if not in detail, but companies entering the international HR arena for the first time may be unaware of many of the requirements – **this is, of course, not a defence in law!**

The problems discussed may be avoided in the following ways:

- By working with professional companies which have extensive international experience of these issues, the process of relocation should be made smoother. This will incur fees, but these will likely be

less than the potential costs of non-compliance.

- Companies should emphasise, via written communication to line managers, the importance of providing human resources with the details of those who travel regularly, not just those on formal international assignment programmes. **Where possible, this information should be provided before travel commences.**
- Companies need to develop policies setting out guidelines for **different types of assignment.**
- In order for potential tax/visa issues to be more easily identified, systems should be established to **monitor employee travel and expenses.**

International mobility can be expensive for companies, but **non-compliance can be even more so!**

2. How are you going to pay them?

Every assignment is different, so knowing how to pay each individual assignee is crucial; especially if they break tax residence in the home country. Payment

facilities may be impacted by whether or not you have a legal entity, or Permanent Establishment, in the Host Country.

Do you have a policy framework, and a consistent process to ensure that all employees moving overseas to work are treated equally? Each type of assignment may have different Tax, Social Security and Immigration issues, Are you prepared for that?

A well-designed International Assignment policy is central to the success of any international assignment programme. It is important to have a structured guide which outlines the policy for managing all of your international assignees and all variations of assignment types. It should address any queries you, or the assignee and their family, may have and should cover all aspects of assignment preparation, ongoing administration and repatriation.

Benefits of implementing a comprehensive International Assignment Policy:

- It acts as a common standard to work to, so all assignees are treated equally and according to best practice.
- It can cover all types of assignments from short through to

long-term, commuter, local plus - with all the associated guidelines.

- It helps everyone understand what is expected of them.
- It acts as a point of reference for avoiding confusion, as well as answering many typical assignment queries.
- It helps ensure the success of the international assignment programme overall, by laying out clear guidelines for everyone concerned.

3. How much will it cost?

It is widely accepted that, next to the grossed up tax costs, some of the largest elements in the cost of running a global mobility programme are property and schooling related costs, policy allowances and the cost of relocation itself. For an assignment to be successful, the assignee needs to feel that the arrangements are fair. They will also expect to enjoy a standard of living at least equal to, if not better than, that in the home country.

Cost management is paramount to running a successful Global Mobility programme, but you need to be careful to avoid making cuts in the wrong areas. Another question for you is to ascertain

how much your time is worth, and how much of it do you spend on running your assignment programme? The highest potential cost is assignment failure, with the employee and family making a premature return home.

Organisations must re-examine the strategic reasons for their International Assignment Programme, rather than just take the cost cutting knife to them. If not, then you will need to consider:-

- Where will you find your future leaders – those who will be providing the strategic direction for your business?
- How will you find and retain top talent/the core knowledge and skills – those who are most vital to the effectiveness of your business
- Who will take on your critical business roles?
- Where will you find the specific technical skills to retain competitive advantage?
- Where will you find short supply resources?

Those business leaders responsible for global mobility, therefore, need to understand the impact any cost reduction exercises will have on business strategy

and the expected outcomes for international assignments.

Whatever cost-reduction exercises you engage in, you need to ensure that you have the flexibility to design and apply the right type of packages to deliver your business strategy.

Consider the use of **different assignment types** and identify areas of your current policy which you may be over-delivering on. Then investigate whether there is an opportunity to reduce the benefits available and, consequently, to reduce the costs.

4. Who is going and how do you select the person?

Companies want the highest possible **“Return on Investment”**, therefore, choosing the right people: those who are dedicated and motivated to succeed, are more likely to adjust to the foreign culture and environment and thereby succeed in the international assignment; is paramount.

Issues such as ageing parents’ health, schooling, the family’s ability to adapt into a new culture, dual careers etc are matters that must be taken into account.

The **employee’s family** also plays an important part in the success of the assignment. This depends on the attitudes of the family at the time the offer is made, their willingness to relocate and the ability of the family to adjust during the global assignment.

Aside from assignee selection, focus on making the assignment happen is imperative.

Ideally, the employer will have defined the selection criteria carefully, noting which of them must be met, as an absolute minimum, and the relative importance of other criteria in rating each assignment’s success. Ideally, the criteria should drill down on deliverables rather than delivery methods.

There may be an intuitive preference to select a provider who will take responsibility for delivery of every aspect of service themselves, on a one-stop shop basis. But there are organisations, who **do not offer compensation and relocation services** under one roof but who may well be able to demonstrate an excellent track record of managing other third party suppliers.

In such a case, the employer experiences a seamless service. There are several tools available to assess the assignee and family’s potential adaptability for

living in a new cultural environment. Some criteria may seem fairly basic, but are important none-the-less. Providers must be able to demonstrate that their systems are robust and secure and that **disaster recovery systems are in place.**

5. What is the reason for the move?

International assignments take place for several reasons i.e. troubleshooting, lack of local skills and experience, employee development, talent management, moving into new markets.

Whatever the reason, you will need to know what specialist skills are required in the host location, and then be able to select the most appropriate employee.

As well as selecting employees who will adapt to the new culture it is of the highest importance to select the employee with the relevant skills and experience to fulfil the role.

Getting it wrong is costly and potentially soul destroying for the assignee and family.

It is important to understand the underlying reason for each assignment, **to ensure that you are investing in the right person.**

6. How long are they going for?

Assignment types are many and varied - Long term (3-5 years); Medium term (1-3 years); Short term (3-12 months); Commuter; Business Tripper; Permanent Transfer or Permanent Transfer with additional benefits - to name but a few.

It is essential to have a **policy framework for each type** to ensure consistency of treatment among your employees.

Tax and Social Security planning will be impacted by the length of the assignment. Immigration, in the shape of Visas and Work Permits, may determine the length of the assignment.

IPM Global Mobility provides support and solutions for all the challenges listed in this guide — and more. So remember: when you need help, we're ready to give you a hand. Let us hear from you! Good luck with your international assignments program.

IPM Global Mobility team.

About IPM Global Mobility

If you are faced with managing your Mobility Programme, or are grappling

with the technical problems, or associated compliance issues, you should consider outsourcing to specialists like us.

Organisations, which want to focus on their core competencies, understand the benefits of outsourcing an activity that often proves to be disproportionately resource-hungry when handled by those who cannot devote their full attention to it.

We are recognised as a leader in the provision of fully integrated outsourced global assignee management solutions.

We provide comprehensive relocation support services to a wide range of clients and their assignees including those expanding operations to overseas locations for the first time, those experiencing a surge in global mobility from emerging markets, through to multinationals with an established global workforce.

Questions? Get in touch!

We are always here to inspire and help, so don't hesitate to contact us if you run into any problems or have any questions along the way of your international assignment programme.

info@ipmglobalmobility.com
+44 (0)845 458 5643 (UK)
+44 (0)1733 364040 (International)

ipmglobalmobility.com