

International Mobility in the High Technology Sector: the Challenge of Emerging Markets



TABLE OF CONTENTS

INTRODUCTION	3
Role of International Mobility Functions	3
Choices about the overall positioning and reporting arrangements for the IM function	4
Different responsibilities across the life cycle of the international assignment: Through life cycle management	6
EXPATRIATE DEMOGRAPHICS	7
Numbers of expatriates	7
Standardised policies or lighter touch	7
Types of policies offered	8
Other recent changes in terms	10
ECONOMIC CONDITIONS AFFECTING INTERNATIONAL MOBILITY	11
THE BUSINESS CONTEXT FOR INTERNATIONAL MOBILITY INTO EMERGING MARKETS	12
Definition of emerging markets	12
Emerging market themes in the high-technology sector	13
BUSINESS MODEL CHANGE	15
TYPES OF KNOWLEDGE BEING TRANSFERRED: COMPONENT KNOWLEDGE AND ARCHITECTURAL KNOWLEDGE	16
MEASURING VALUE OR RETURN ON INVESTMENT FOR ASSIGNMENTS	18
CREATING VALUE, LEVERAGING VALUE AND PROTECTING VALUE THROUGH INTERNATIONAL MOBILITY	19
Value creation	19
Value improvement and leverage	20
Value protection and preservation	20
SUMMARY AND CONCLUSIONS	21

INTRODUCTION

The Brookfield Global Relocation Service (Brookfield GRS) 2008 Global Relocation Trends Survey (GRTS) has gathered data from over 150 senior human resource professionals and/or managers of international relocation programmes to examine expatriate demographics, geography, economics and return on investment (ROI) considerations, trends in additional forms of international mobility and cultural and family considerations.

This White Paper is based on the 2008 GRTS data from 20 High-Technology firms and additional interview data from the senior international mobility (IM) functionaries of seven of these firms. This interview data, along with perspectives from other policy studies, has been used to identify a series of important issues.

- What are the pressures / forces that are driving greater standardisation in policy and practice, or more localisation of terms and conditions and a “lighter” touch from the centre?
- In managing mobility into emerging markets, how do organisations handle the trade off between sending those who are willing to go (having enough people committed to assignment) versus being able to send the most talented (competent)?
- How are changes in the business model changing the international mobility agenda?
- What types of knowledge and capabilities are organisations having to build in emerging markets and how does this shape the role of international assignments?
- How do organisations argue for and measure the ROI for the IM function or individual assignments?
- How does this calculation change when companies are sourcing into emerging markets?

Role of International Mobility Functions

Before exploring these questions, we have to remind ourselves about the currently different – but also changing - role and structure of IM functions in the high-technology sector. The study found that this role varies considerably. In some instances the function is very



mature and is afforded a central role in corporate HR reporting. In others, it sits in a more traditional ‘home’ which reports into a rewards and benefits function. In yet others, IM is positioned as a very transactional activity, handling mobility, part of which might include domestic relocations with the odd international need for this. Organisations also outsource different combinations of activity to third party providers and arrive at different solutions for each level of outsourcing.

The most important dimensions across which the role of IM functions appear to differ are:

- The extent to which they have been embedded into a broader three-box Ulrich HR model
- The division of responsibilities across the life cycle of the international assignment
- The recruitment model operated, which may vary from very “high to low touch”

It is clear from the study that in the high-technology sector, a number of IM functions have recently become more embedded in their corporate HR functions, or have moved towards a global talent management agenda. As this has happened, the IM function has become more influenced by the decisions being made by their organisation about the overall shape and role of the HR function.

Ulrich Model

1

Shared Services

Concentrate on administrative and transactional personnel activities separately from the main HR group through Service Centres for “back-office” processing. Commoditised services may be insourced or outsourced but enable common provision of standardised or optimised HR processes. Supported by e-enablement of service delivery encouraging employees self service. “Intelligent agent” guiding of staff and managers through complex policy.

2

HR Business Partners

“Embedded HR” model in which HR personnel provided dedicated support as generalists, business partners and account managers aligned to a business unit of a holding company.

3

Capability Management

Clarifies organisational capabilities and crafts necessary HR investments and policies through centres of excellence or expertise that maintain critical fields of knowledge and a specialist core HR functional structure.

Choices about the overall positioning and reporting arrangements for the IM function

One of the most pervasive impacts on the HR field has been the adoption of a “three-box model” of HR, based on the ideas of Ulrich. Some of the issues associated with the adoption of this model are touched upon at the end of the White Paper, but at this stage it is important to outline the main implications that the model has:

- The first box represents the more transactional aspects of activity, which may be delivered from service centres or processing hubs, in multiple geographical locations, or outsourced to third party providers. The questions raised by this aspect of the HR operating model is which aspects of the IM work stream fall into this category, and which other HR or global service activities might it encompass? Outsourcing scenarios can involve relatively narrow bands of activity such as support for immigration or school search activity, throughout the entire expatriation process, and the advent of multi-tower outsourcing deals may also mean that an organisation seeks to include finance and information service activities alongside HR transactional activities.
- The second box illustrates an embedded HR business partner (HRBP) structure. This raises the questions of what is the most appropriate relationship and split of responsibilities between central IM specialists, and in-country or in-business division HR partners over specific aspects of the international assignment life cycle?
- The third box describes more added-value and specialist centres of excellence or functional support. The question raised here is how does IM (or associated expatriation activity) become a centre of excellence in its own right, or should it report via another such centre, such as talent management?

The study found that even within a single sector – in this case high-technology – there were a multitude of structural solutions. This is crucially important, because the solution chosen either affords or denies the IM function entry into a range of HR issues now being linked to international mobility.

The particular solutions landed upon by different high-technology organisations appear to be determined partly by a historical legacy (for some of the more well – established organisations) where IM has been considered to be part of (variously) staffing, legal, tax, or reward structures, and partly by a more business oriented view (especially in the more recently established high technology organisations). In this scenario, there are instances of IM becoming part of a strategic orientation to the management of global talent.

One interviewee responded that in her role as manager of international assignments she is in charge of the global assignment programme and reports into the Vice President Human Resources for Compensation and Benefits. She sets policy centrally for relocation and works with a network of locally based people who “*process the expatriates in and out of their countries*”.

In one organisation, decisions on the IM strategy, policy, taxation, immigration and relocation are made by their global mobility group which is centralised in the home location and reporting to the head of HR Operations,

who in turn reports to the Board of Directors. The group is comprised of several regional specialists, with the detailed work managing the administration of expatriates is carried out by a shared services centre that also deals with other administrative functions, and reports in through a separate organisation structure.

Another organisation sees IM units organised regionally with each regional centre managing all international aspects of relocation while reporting to a global mobility manager sitting in the HR function. Most of the actual work of relocating employees is outsourced, and the task of the regional centres becomes vendor management, surveying trends in relocation around the globe and in their region in particular and making recommendations for changes to what they term “programmes” of terms for expatriates based on their observations of these trends. Issues of tax and reward are handled in separate units.

Given the increasing trend to outsourcing of the administration of relocation observed in the high-technology sector, the task of vendor management becomes important. One organisation places IM in a Centre of Excellence (COE) for HR Operations which also includes compensation and benefits, HRIS, staffing and HR projects. This Global Mobility group within the HR COE determines a central policy on Vendor Management, then rolls out the policy to its regions; the management of expatriates is placed together in the same unit with that of the management of immigration, a largely legal and compliance function. This positioning is reflected in the IM structure of another global high-technology organisation which has outsourced its administration and operation of the IM function; the outsourcing company manages around 5,500 movements a year through a substantial team in a centralised COE, leaving strategy, policy development and management of the outsourced contract to the manager and her team of two direct employees. Local support to the employee is minimal, limited to the services that have to be provided on the ground such as help with housing and schooling; everything else is managed through the outsourced Centre. The core team of three *“manages directly every strategic or high spend area for vendors; we oversee around 18 – 20 vendors directly. It’s like a bicycle wheel; the hub is the Centre, the spokes are the different*

types of service and, depending on what those are, we [the three core employees] may manage it directly, but the hub, the coordination, is still done by the Centre.”, according to the head of IM.



Respondents in the high-technology sector who have global responsibility for the IM function are undoubtedly on top of market trends in their area of expertise. Although the majority of them (75%) are still positioned in the reward or compensation and benefits area of the HR department, most of these report a long-term intention to move the function toward talent management as both a strategy and as a positioning of the function within the organisation. Nearly half of the interviewed managers expressed a degree of frustration that senior management still consider international assignments as purely a short term operational “fix” with little or no recognition of the potential for development or for knowledge transfer, and show little or no sign of changing the structure or reporting relationship of the IM function. Given a generally recognised global trend in large organisations to manage talent and capture and transfer knowledge, IM specialists in the high-technology sector are ready and willing to move their functions in this direction once their organisations give them the resources and structure to do so. This is a theme which will recur regularly over the course of this White Paper.

Different responsibilities across the life cycle of the international assignment: Through life cycle management

There is an ongoing debate surrounding the challenges of management responsibilities through the life cycle of the assignment. From agreeing on the purpose and need for mobility, to the selection of the expatriate, agreeing on assignment terms, monitoring performance, measuring ROI and, finally, assessing strategic contribution, what should be the relative split of responsibilities between the IM function and in-country business partners across the whole life cycle of the assignment process?

One interviewee from a relatively young organisation explained that *“we’re still quite heavily centralised so, frankly, we don’t have the battles between geographies that occur in some more mature companies. Usually, a request for transfer comes from a business group to us; we reach out to the business to understand the full details of the request; depending on the level of individual, we then seek authorisation from the line for the move, understand whether they are prepared to accept the costs associated with the move, then we make a formal decision whether to proceed.”*

A slightly more flexible approach is used at one of these “more mature companies” where decisions on assignments are made by the line-manager; the IM function offers advice on the package, proposes a suite of menu – driven options and makes recommendations to the assignment manager, but final decisions on the nature of the assignment and the terms rest with the manager.

However the trend does not necessarily follow the degree of maturity of the company. Another well-established organisation manages expatriation centrally even though the operation is highly globalised; relocation consultants equivalent to the classic HR Business Partner – divided by

region and who manage the details of IM in their region – report directly to the HR global mobility director in the home location. The administration of moves is conducted separately in a shared services centre.

Some of the organisations interviewed are beginning to look at IM as a strategic tool in the management of talent, which inevitably places more importance overall on life cycle management of the expatriate. This interviewee commented: *“It’s always kind of been there in talent management but it’s gotten more so in the last year; [the company] has hired a talent manager and she’s really driving the agenda. The CEO is becoming more interested in talent management and that includes IM”*. This organisation is, therefore, orienting its IM policies toward the long-term development of knowledge and capability which we will discuss further in a later section of this White Paper.

This approach, however, is relatively rare. We can observe that the majority of organisations surveyed tend to retain relatively centralised control over the management of the lifecycle of the international assignment. The risk of this approach, expressed by several respondents, is that host managers will tend to ‘do their own thing’ when confronted with a decision on policy that doesn’t suit them, creating an unacceptably high percentage of ‘exceptions to the rule’. Even where they do not yet have organisation support, IM specialists see the need, driven by technology solutions offering flexible ‘menus’ of assignment terms, to push responsibility for decisions over different elements of the assignment further toward the employee and the host manager. This is entirely consistent with the theory and practice of HR strategists who aim to push responsibility for employee management from the HR function to the line in order to ensure accountability for the people management task exists in the same place as accountability for organisation performance.

“It’s always kind of been there in talent management but it’s gotten more so in the last year; [the company] has hired a talent manager and she’s really driving the agenda. The CEO is becoming more interested in talent management and that includes IM”

EXPATRIATE DEMOGRAPHICS

Numbers of expatriates

IM functions in the sector also have to deal with expatriate populations of quite a different size. In response to the question ‘How many international assignees does your company have worldwide?’ it can be seen that from 100 to 500 was the modal response. However, behind such data there can be a complex mix of mobility populations. Each organisation interviewed had, to a greater or lesser extent, a range of short-term, long-term, permanent or temporary assignments which comprise the numbers given in the chart below. Thus, one organisation has around 200 – 300 short-term assignments every year, and around 500 long-term (over one year). Another has 920 assignments and transfers under management but the total comprises both employee-driven requests for international moves and management-led initiatives for specific skills requirements. Another organisation had 260 relocations last year, but these comprised both temporary assignments (defined by them as anyone who returns to their point of origin) and permanent moves (those who become a local employee on transfer).

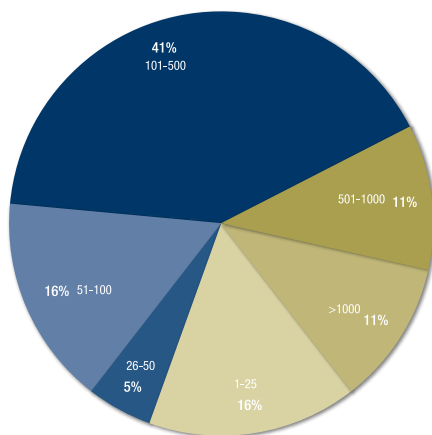


Figure 1:
Number of assignees per company

Standardised policies or lighter touch

There is also a tension faced by IM functions between moving towards more standardised approaches to policy, slowly eradicating historical legacy arrangements and idiosyncratic assignment ‘deals’ in order to bring a degree of control over mobility, and allowing local businesses, especially when operating in emerging markets, flexibility to establish terms and conditions that will attract and retain the most appropriate assignee. Ten years ago, many could be forgiven for believing that organisations had as many variations of policy as they had international assignees.

When asked which method of relocation assignment policy standardisation the organisations use, the clear trend in the high-technology sector is toward global standards (80% reported standardisation at this level) with the rest offering some combination of global, regional and/or divisional approach. Of course, for those organisations that have set up shared service centres to assignment administration, the handling of standardisation becomes easier and can be an important enabler of subsequent growth in expatriate numbers.

However, the term “standardisation” can hide some important nuances of approach which balances a global approach to expatriation – with all the attendant benefits to automation, efficiency and scalability – with an offering to managers that retains a high degree of flexibility. One organisation offers a “baseline” of offerings containing the compulsory coverage required for any expatriate move, which is supplemented by a “menu” of benefits such that: *“One business manager might have five people on assignment, each with five very different provisions set up due to the nature of the individual. When we outsourced our relocation a few years ago we had to bring 27 programmes down to seven and, this way, we don’t have as many exceptions, they’re covered by our programme.”*

Another organisation professes to have one deal for long-term assignments: *“we have one package for international moves. Within that package there are*

“One business manager might have five people on assignment, each with five very different provisions set up due to the nature of the individual.”

some things that they have to give them, and a list of options based on the circumstances that you may like to offer them. We have centralised policy development and administration”.

Types of policies offered

A recent trend, in part associated with this need to balance standardisation with flexible response to business needs, has been to increase the number of mobility packages or options that are available. By introducing multiple assignment policy types, organisations have helped to structure assignments to fit individuals and locations. Many organisations model assignments to take maximum advantage of tax positioning regimes, immigration rules, etc. Their policy variations, therefore, have to manage (not necessarily reduce) costs, and also make sure the assignment fits the business need and the employee circumstances. IM functions produce policy guidelines which state the policy-positioning each variation is designed to be applied to.

65 percent of respondents to the survey were looking for alternatives to long-term (over one year) assignments, and the overwhelming majority of those looking for alternatives (93%) cited cost effectiveness as the reason.

When asked what they were developing as alternatives to long-term assignments, the stated primary alternative programme is shown below:

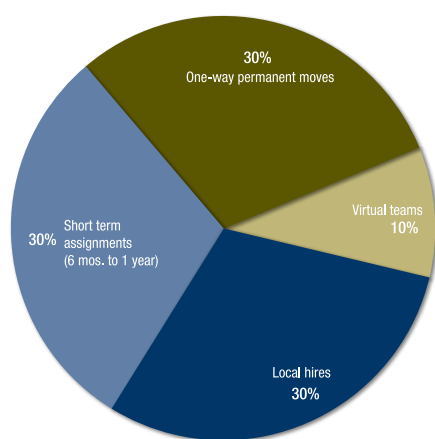


Figure 2:
Types of alternatives to the long-term assignments

IM functions have recently expanded the number of packages that they offer in order to deliver the sort of flexibility sought by their organisations. Most offer one tax-equalised policy, one non-equalised, and then offer various combinations of packages based on career or assignment duration alternatives.

One organisation describes the four types of packages available. The first type represents 30-40% of their total movement and is “employee-driven”. The employee requests an international transfer and, if accepted, they receive support with administration, a relocation allowance, flights paid for and little else. The second category they refer to as their “commuter” package which primarily deals with consultants who are going to work on a client’s site; they are travelling almost every week and are abroad for many days a year and become liable for tax services, housing, and travel. The third package is known as assignment with a short-term package, usually more than six months and up to one year. The assignees receive furnished housing and a COLA, but no support for family members. The company, however, supplies home flights so the individual can rejoin their family, or vice versa. Above one year the fourth package applies, the full assignment, up to two years, in which case the employee will receive housing, schooling and relocation assistance for the full family and the “usual benefits that are provided”.

Another organisation breaks its relocation programmes into four “strategy categories”: to attract, which would be a one-way move; business development, which would call for a long-term expatriation; knowledge transfer, which would likely be a short-term assignment; and professional development, which would usually be a longer term assignment of two years. The requesting manager, whether home or host, would make the decision regarding which strategy applies to a given move. For each category there is a recommended package devised by the IM function (a base package) which the manager does or does not have to accept.

Taking the two examples above of different offerings, one can observe the development of a range of offerings based on rather strictly defined terms, and one which begins to take into account the strategic priorities of the organisation and recommends (but does not dictate) terms associated

with those categories. This is a crucial evolution in thinking about the nature of IM and reflects a trend to move the function into strategic discussions about the management of talent.

Probably reflecting its relative lack of maturity and state of rapid growth, a third organisation, by contrast, currently limits the offerings to long-term expatriate assignments mainly through what they call a “standard package”. A review is currently under way to analyse whether the policy is appropriate and fits the purpose; in this particular organisation the reporting relationship to the Head of Compensation and Benefits reflects its orientation to reward. Part of the discussion is “to move mobility toward the talent management agenda” but “there probably aren’t the resources in place yet to do this”.

Another relatively young, but fast growing, organisation has an IM function that is still greatly driven by short-term project needs with the majority of assignments made in a kind of “hit squad” fashion: “we aren’t a consulting organisation, so we try to reserve our assignments for critical business needs”. They have two types of programmes available, one of which applies to those transferring permanently to another location, and one which covers all other types of assignment. These are managed centrally. The types of employees generally covered by these assignments are those who have a “critical skill needed in another geographic location and those identified as having long-term potential”.

Though it is unwise to point to a trend with such a limited sample of organisations, it does seem that the sophistication of the strategy and policies of the IM function relates to the degree of maturity of the company involved. The more mature the company, the more likely they are to have moved away from filling an immediate business need through their assignment policy to a more long-term strategy of managing talent. The last two examples are of companies who are in a process of transition (at different stages); either thinking about or beginning to implement IM policies supporting talent management. There is, however, the exception that proves the rule. One of the largest and most well established organisations surveyed uses international assignments exclusively as a means of meeting short term operational requirements. The head

of the IM function mentioned that it has only in the last 12 months introduced a 6 month ‘posting’ aimed at high potential or senior individuals who can use their assignment for individual development purposes: “We have just started rotational programmes and this is probably our first foray into linking talent management with mobility, but it’s just a small sliver. I’d like to say it was strategic, but it was more of a fluke; but it’s a good indication of the long term direction, where we need to be”. She did also comment that the shift toward using international assignments for development and knowledge transfer was one of their top strategic priorities for the next 12 months to 2 years.

Organisations are rightly coming to realise that their HR functions can play a strategic role in the creation and capturing of value. IM functions have recognised the trend and are showing signs of linking the policies they offer to the strategic need to develop their people. Traditionally – and still most often seen – the use of assignment ‘packages’ for development has been limited to a select few. Organisations now need to recognise that as international boundaries break down, the management of knowledge and talent in the context of international assignments needs to apply to a broader population. Recognition from senior management – at Board or Executive level – of the strategic nature of talent management is a key prerequisite for this shift to take place.

An additional important issue is that of the transition to local benefits. When doing this, a range of different schedules that best match the organisations approach are being considered, as shown in the chart below:

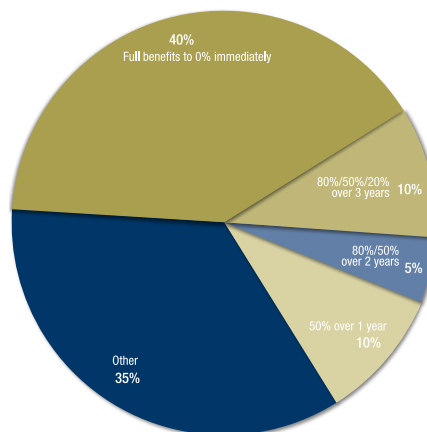


Figure 3:
Localisation transition schedules

Other recent changes in terms

Other than a broad (and patchy) orientation of IM toward talent management among the respondents – to which we will return, below - the nature of recent changes or innovations in the offering in the IT sector have been partly dependent upon the relative state of maturity of the organisation; as one interviewee said: “I get to compare our programmes with others as I’m on the M&A team and it’s rare that I see something we don’t have.” This was from a well established company. Less mature companies, on the whole, are marking the shift from the extremes: relatively short-term assignments (for managing crises or short-term needs) or permanent moves, to the use of long-term assignments (of around two years) to provide career development opportunities to employees; usually a small, but growing, percentage of those moved. They are, in addition, noting the need to move from relatively centralised and standardised packages to more flexible and menu – driven ones.

One particular issue to emerge was related to vendor management, as IM functions attempt to drive more of a partnering relationship. Formerly, a relocation company would tell its vendors “you don’t talk to anyone else, we own this relationship”. This organisation has driven a different type of relationship making access to vendors easier for employees. The interviewee described the nature of this changing relationship:

“We’re managing our vendors a little differently. We’re looking to have more openness with our vendors in host locations, rather than treat them as second tier vendors; we’re giving them much more authority to work directly with our people rather than feel the need to work through the relocation company on everything. It didn’t seem surprising to me but it doesn’t reflect the

way it usually works. As a receiving manager or relocating employee, you’d have the opportunity to go directly to the partner on the ground, for example the housing agent, rather than have them talk to the relocation agent at HQ and then have them come back to you. What we’re trying to eliminate is the sense of turf ownership among the relocation companies. Also the relocation company does not charge finders fees so there’s no revenue stream from the vendor to the relocation company. Which means the relo company has no impetus to have any problem with anyone we want to work with.”

A further general trend in policy design, which one might observe is the move toward greater consideration of the individual’s needs in expatriation, and in particular the greater consideration of the individual’s willingness – or otherwise – to travel abroad. For the large organisations there is an attitude – even where the need for an expatriate assignment to reach higher levels is accepted – that there will always be someone else who can fill a position. In the smaller organisations there is a less developed sense of “requirement” for the individual to travel, and more of a philosophy that the needs of the individual are as important as the needs of the business. One respondent expressed it thus: “There’s no expectation that expat moves are a requirement. We try and use the carrot more – people will see you as more qualified, resulting in greater impact on your career etc. Not tangible yet but we’re trying to tie it to development actions. We don’t tie it to pay. We always emphasise that if it’s not the right thing for you then it’s the wrong thing for [the organisation]. We’re pretty hard line on that.”

By far the most noticeable shift, however, is that toward talent management even though this shift is only under discussion, or in early stages of implementation. In certain

“There’s no expectation that expat moves are a requirement. We try and use the carrot more – people will see you as more qualified, resulting in greater impact on your career etc. Not tangible yet but we’re trying to tie it to development actions. We don’t tie it to pay. We always emphasise that if it’s not the right thing for you then it’s the wrong thing for [the organisation]. We’re pretty hard line on that.”

cases, the association of international assignments and personal development is well established and reinforced by a formal policy position (or by custom and practice), that one does not achieve a senior position in the organisation without having an international posting on the Curriculum Vitae (CV). Certain international assignments are set aside for high potential staff with a proportion of the budget paid for centrally, and the “high – potentials” rotate through these positions every 6 – 12 months. This, of course, is a classic example of the need to gain experience valuable to a senior position. The organisations concerned do not, however, define in any more detail the precise skills – other than “*cultural awareness*” – that the employee needs to acquire in order for the organisation to gain value from the assignment. In another case, the relatively low number of assignments for development purposes is limited to those employees designated as “*high potential*”. All other assignments, the vast majority, are still related to filling an immediate business need.

A fast growing organisation has identified the development of internal talent as a key priority in HR. Much of its practice, to date, has been acquiring skills from outside. The IM function is a part of this orientation. The mobility director says that, at present, this is reflected in the use of relatively intangible offers to the employee of the benefits that will accrue to the individual, their enhanced reputation in the company, the marketability of their CV as a result of the posting and so forth. However, they have just introduced a targeted 15% bonus on base pay for “*talented individuals on assignment*” which is a more tangible sign of the emphasis on talent development.

One organisation is in the process of putting “*talent management CVs*” online for all employees which allows them to indicate whether they would like an international assignment, and where. This is a first step toward a wider initiative of creating a true internal market in which supply can be matched with demand, with a relatively “*light touch*” from the central IM function. They are also beginning to track assignees following their assignment to enable a discussion about the broader benefits of the assignment to the individual and to the organisation.

Although only one example out of the several interviewed, the creation of a true internal market of supply and

demand, with the responsibility of the choice of individual, the range of benefits offered, and the type of assignment, resting on a discussion between the Line Manager and the employee, is a welcome trend. IM experts retain responsibility for creating the conditions under which the market functions, providing the technology platform in which it operates and managing the supporting infrastructure for the move through outsourced service providers.

Other interesting recent developments in IM are related to emerging markets, which are dealt with separately later in this report. The final noticeable trend is efforts at cost reduction, which we consider below.

ECONOMIC CONDITIONS AFFECTING INTERNATIONAL MOBILITY

Economic conditions continue to exert an important influence. When asked the question ‘in response to economic conditions that may be affecting your company, has there been an effort to reduce international assignment expenses?’, 70% of the GRTS respondents in the high-technology sector answered ‘yes’. The primary areas for cost reductions in the sector are shown below.

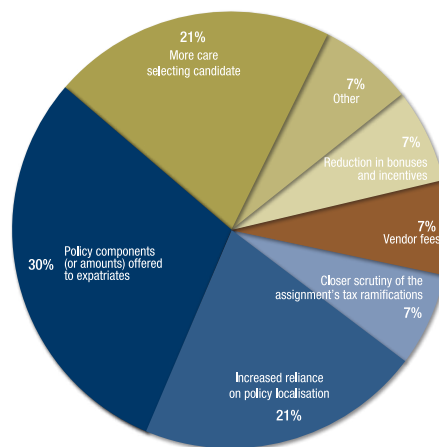


Figure 4:
Primary areas for cost reduction

The general orientation is clear and, particularly for our U.S. based respondents, the reasons why there should be an orientation to cost reduction – with an economic downturn and a credit crunch – are perhaps obvious.

“As things slow down in the U.S., we’re not hiring as much so we’ve got to sort through the resources we have rather than relying on recruitment. So you see a pick up in short-term assignments.”

What is less obvious is the kind of debate existing behind the statistics revealed by our interview data. In a slightly surprising reversal of what one might expect from a line/HR discussion, this interviewee comments: *“We’re trying to keep costs down but that’s a hard one to do... my boss and I have made several presentations to the ‘higher – ups’ saying ‘you know, if you quit doing this you’ll save money’... but they’re reluctant to do that. Relocation, overall, is a small part of the [organisation]; they’re concerned that if they don’t provide these provisions then employees will think ‘I’m not going’. I think they’re wrong; I try to remain competitive with the market, and I think there are things we can cut out of our offers, but I haven’t found a willingness to do that yet.”*

Clearly the perceived risk, at least in this organisation, to the willingness of employees to move outweighs the relatively minor (in the eyes of senior executives) financial benefits to accrue from trimming the expatriation offerings.

A second organisation confirms that the IM function is not the prime target for cost reduction, and might see, in fact, an increase in workload due to the need to source more internally rather than externally:

“As things slow down in the U.S., we’re not hiring as much so we’ve got to sort through the resources we have rather than relying on recruitment. So you see a pick up in short-term assignments. We don’t have a lot of pressure on costs, there’s no mandated cost – cutting, by 10% for example, but we do have regular check – ins by our finance folks that we’re going out to bid at market and getting good value for money.”

IM functions are not, immune to cost reduction initiatives, but our conclusion from the interview data is that there is

no real evidence at this stage of external (to the function) pressure on costs. If pressure exists it derives from the professionalism of the IM experts themselves, who, aware as they are of market trends, are attempting to preserve a modicum of realism over the cost of assignment packages in the face of managers who want to have ‘the expert employee at all costs’. We believe that the trend toward the host manager and his line function taking responsibility for both the range of benefits offered within a predefined range, and more importantly for the cost of the assignment, will allow the IM function to concentrate on the value added, rather than the cost, of international moves. We will deal with the measurement of this value below.

THE BUSINESS CONTEXT FOR INTERNATIONAL MOBILITY INTO EMERGING MARKETS

Definition of emerging markets

The word emerging has different connotations depending on whether it is applied to a market or an economy. The term emerging market applies to country markets in the world that are expected to experience considerable growth and financial return. Therefore, it is possible for an organisation to consider a developed economy as an emerging market, based upon its prior geographical presence and investments. This said, most organisations use the term emerging in the context of the nature of the economy. For the World Bank, an emerging (or developing) market economy, however, has a much clearer definition. It is an economy with low to middle per capita income, with gross national income of \$10,725 or less per capita. This includes 20 percent of the world’s economies covering 80 percent of the world’s population. Such economies are classified as emerging because recent economic reform programmes mean that they have “emerged” onto the global scene and the reforms are usually associated with stronger economic growth. The process of moving from a closed to an open market system means that accountability is still being built into the system and also that there is a degree of investment risk.

The attraction of investing in an emerging market, therefore, can look different across sectors. Moreover, the markets might serve a different purpose; large population markets might be seen as strategic opportunities to grow a customer base. Although China is now an economic powerhouse, it is classified as an emerging economy alongside countries as different as India, Indonesia, Vietnam, former Soviet bloc countries and some Latin American economies such as Brazil and Mexico. Other smaller population markets might provide niche opportunities, or act as gateways to other economies. These include countries such as Malaysia, Poland, Hungary, Algeria and Morocco. Yet others might offer long-term opportunities. The business case to send an international assignee might therefore simply be to capitalise on growing consumer market expenditure to balance declining markets elsewhere. It might also offer the opportunity to apply a rudimentary business model that will, over time, develop into an established full-product or service model, it might be associated with the relocation of production or processing capabilities that are really being driven by other economic factors, or indeed might also be driven by the ability of the sector to help manage the economic transition process itself.

In short, the definition of emerging economy is not only different across sectors, but also across organisations within sectors. Moreover, the local labour market conditions from one emerging market to another will be different. Each emerging market tends to have a different profile in terms of economic possibilities, political stability, level of physical and institutional infrastructure, and people development (in terms of the pool of labour, wage and skill shortage levels). As we shall see below, in the case of the trend for movement from 'developing' to 'developed' countries, the 'emerging market' may be the 'West' from the perspective of other parts of the world which are now offering the potential for exporting cost effective labour.

Emerging market themes in the high-technology sector

In the IT sector, changes to expatriation strategy range from very little reported modification, through to a rethink about the nature of expatriation. One regular reported theme across most of the respondents concerns the approach in emerging markets to capabilities development. Several respondents reported that their organisation used expatriates



at the beginning of their operations in emerging markets. This case is typical of this trend: *"Take Egypt: we may send someone on our sales organisation to start something but, in the longer term, we realise we're better off with someone local who understands the markets."*

Expatriation in these circumstances is used not only as a way of transferring company capabilities, policies and procedures to the new location, but also the organisation's 'way of doing things'. Thus: *"In terms of managing capabilities, people with a long history of [the organisation] start the operations, hire, ramp it up, but typically after 2 – 3 years locals take over."*

It is recognised that there are long-term advantages to moving out, or at least scaling down, the expat presence after two or three years once local nationals are considered competent. In some cases, it is almost as if there is a 'hit squad' of expatriates who specialise in this start-up activity for the organisation: *"We're opening in Panama right now and we've taken the Costa Rica people and moved them to Panama to get everything set up and to make that happen, making sure everything goes right and establish our culture and reputation there, so we definitely wanted certain people to go there and to do that."*

“It’s the developing regions, especially in Asia, that are causing this pressure [for change]. All the tech companies are moving into these areas so there is a lot of competition for people. It used to be easier to send people there and was defined as low cost, it’s not any more.”

Once the organisation has established a presence in an emerging market, the direction of flow of capability can be reversed as the developing country proves to be a cheaper source of skilled workers than the developed country. As one interviewee commented: *“We see more expatriations out of emerging markets and the reason is we’re growing significantly, so we start to use the resources that are more cost effective than from developed countries. [There is] a lot of outbound from emerging markets into developed ones.”*

A second issue for IM specialists, related to emerging markets, is the increasing complexity of terms required with these types of movement. Compliance can be an issue as the COEs are exposed to unfamiliar rules on taxation, working conditions and visa requirements.

However, exposure to these types of markets drives a more fundamental shift in the structure of expatriation policy. More flexibility of offering is the solution for those organisations who currently have a limited or highly structured “package” available (in at least one case, an organisation which already boasts a broad menu of available benefits to expats, the reported change to IM strategy as a result of emerging markets is ‘none’). For other organisations the rethink is clear: *“I think we’ll become more flexible even though we’re centralised; regionally, geographically more partnering with our regional representatives particularly in Asia and in Europe. Lots of pressures with regards to housing, schooling... We’ll see different needs that will need to be addressed. In the past we paid local salaries that should be enough for housing. With the housing market going crazy then people can’t pay for their housing. Or in Singapore, if you’re a local*

person you get subsidised housing. As an expat, what do you do? You try to build flexibility in without letting the cows out of the barn, that’s the challenge, you know. We don’t want separately negotiated packages. We try to protect the employee from the excess of the company – and vice versa. But regionally ‘one size fits all’ is just not working any more.”

Conversely, emerging markets can be the cause of a rethink of deals for employees moving to developed countries: *“We feel that we don’t need to incentivise people as much as we do. There are some that we do where we need the talent [in countries] such as India or China but for others there is less of a need to incentivise with link to home salaries with developed countries.”*

Finally, there are certain markets which may still be classified as ‘emerging’ (at least according to the economic definition we described above), but where the acute competition for resources in the high-technology sector is already beginning to have an effect on IM strategy. One organisation suggests that the package offered to expatriates moving into these markets may have to evolve to keep pace with this competition; *“It’s the developing regions, especially in Asia, that are causing this pressure [for change]. All the tech companies are moving into these areas so there is a lot of competition for people. It used to be easier to send people there and was defined as low cost, it’s not any more.”*

Organisations surveyed, therefore, tended to fall into two categories with similar numbers in each. First, there are those who do not make any exceptions for the particular cases of emerging markets (defined by the organisation as ‘new’ markets) from ‘regular’ international assignments as they believe their policies are sufficiently broad to deal with the situations presented by these markets. Second are those organisations which are moving to more flexibility in provision of benefits in these markets to take into account the unusual level of support needed. A hardship allowance may be more appropriate in one country than another, for example.

However, it is also worth noting that three organisations mentioned one important trend – to move away from the ‘sugar-coating’ of packages for international assignments

that has long been the ‘norm’ in more well established organisations for moves to countries considered to offer a lower standard of living than the home country. The trend is in recognition that these packages need to be fair and commensurate with the terms and conditions offered to local employees at the equivalent level.

Related to this observation is the increase in movement of employees away from developing country markets to the West, which offers economic benefits as well as socialisation and value capture through knowledge transfer. We may, tentatively, conclude that these two trends show the maturing of the IM function to one which adds strategic value through facilitating the movement in all directions around the organisation, balancing the fair treatment of the individual with both operational requirements and the need for effective management of knowledge. A welcome development, but we need to be realistic about the limited extent to which this is occurring in the sector. Only two organisations surveyed may be said to have come close to adding long term value in this way.

BUSINESS MODEL CHANGE

When more approaches, such as strategic workforce planning, are taken into consideration, there needs to be a relatively stable business model that enables such predictive manpower planning to be undertaken, but also investments made in local educational and training COEs, to develop skills in country.

The business model represents the core logic that creates, captures and leverages value in a way that generates both profitable and sustainable revenue streams. It is the dominant performance logic that specifies:

- How business is done, who the customers are
- Where the costs and profits are
- How and why the organisation works as it does
- How financial and non-financial resources have to flow through the organisation
- What organisational capabilities are necessary to ensure consistent implementation of the business model

The challenge faced today is that as organisations continue to internationalise, many are also changing the design of their business model. International Mobility functions, therefore, can find that they are playing an important strategic role in helping the organisation execute its strategy. In addition to the opportunity to grow in emerging markets, some organisations have also made changes in their underlying business model on an international basis, and it is the business model change, rather than the market opportunity, that begins to drive the international mobility requirement.

However, perhaps surprisingly, in the high-technology sector there was little evidence that business model change was a major driver of changes to IM strategy and practice. One can only speculate as to why this might have emerged from the data and, of course, we have to be wary of the truism that ‘the absence of evidence is not the evidence of absence’. For the larger organisations interviewed, there was a sense that the business model and external market conditions were relatively stable, or that major change (a merger, or acquisition for example) had happened a few years in the past and IM strategy was now past the major revolution phase. There is, undoubtedly, evolution of policy taking place – as we have discussed in the various sections of this White Paper – but little that would suggest a fundamental shift in thinking.



“[this company] has to respond very quickly to what’s going on in the general economy so my group also has to respond very quickly. So there’s frequent realignments within the organisation and, as that happens, we have to respond to that – train our folks with our systems.”

Among the smaller, younger and rapidly expanding organisations interviewed, it is possible that the nature of change is such that there is a continuous readjustment taking place which has become a ‘way of life’ for IM managers. Reinforcing this possibility, one organisation commented: *“[this company] has to respond very quickly to what’s going on in the general economy so my group also has to respond very quickly. So there’s frequent realignments within the organisation and, as that happens, we have to respond to that – train our folks with our systems. We’re trying to train our folks in the field to initiate relocations directly without us having to initiate it. We’re using our relocation agent’s software tools to do that so we’re constantly having to train people on how to use that. We’re talking about our HR people and recruitment people on the ground. Increasing flexibility and speed as well as watching the developing tax and immigration rules as regards what we can do.”*

TYPES OF KNOWLEDGE BEING TRANSFERRED: COMPONENT KNOWLEDGE AND ARCHITECTURAL KNOWLEDGE

The GRTS asked respondents if a clear statement of the assignment objective (business justification) is required to obtain funding for a relocation/assignment. In the high-technology sector, 35 percent of respondents in high-technology sector answered no, with 55 percent responding that no cost-benefit analysis is required as part of the business justification for a relocation or international assignment. However, such a statistic can be misleading. It reflects the different allocation of responsibilities across the life cycle of the international assignment afforded to IM functions discussed at the beginning of this White Paper. In this sector, it was clear that some of the respondents were in operational or implementation roles and, therefore, uninvolved in the process of

justifying moves. In other cases, the responsibility for gaining approval for the move lies clearly with the line manager – usually in the host business unit – where the business case is made for the projected move. Thus, one interviewee commented: *“Programmes are flexible menu driven approach. There are certain basic provisions that a manager has to provide. Everything else is optional. The decision is made by the paying business manager, our service provider supplies a cost estimate and they have to get it approved at a very high level.”*

Another way of understanding the real role being played by international assignments in emerging markets is to consider the different types of capability and knowledge that are being created or transferred in-country by the assignments. A distinction that is often made is between component (operational) knowledge and architectural knowledge.

Component knowledge refers to an understanding of the nuts and bolts of the operations of the business, often also associated with specific products or functions. It is based on knowledge of the parts of the business rather than the whole.

Architectural knowledge, on the other hand, requires a shared understanding of how the new strategy and business models require understanding of interconnections between the operational (component) knowledge. In short, how do things fit together?

Once they had understood the distinction, there is evidence from the interviews that, in the high-technology sector, the deployment of these types of knowledge serve different ends for their organisations. Undoubtedly, component knowledge, where recognised as such, tends to be the focus of short-term assignments (*“you should be able to transfer that knowledge in a year”*) and usually at more junior levels in the company. One respondent

said: *"it might be that we've developed a product at a particular site in the U.S. and it needs to be taken to Asia for manufacturing. There may be the individual has a particular skill to transfer from one country to another. Sometimes it could be to a customer site to help them out."*

As we have previously observed in this White Paper, the less mature organisations in the survey use the transfer of knowledge for quite pragmatic purposes, if it can be said to be the strategic management of knowledge in any sense. The business objective is the primary one, and individual development, or building of knowledge in the organisation are, very much, secondary: *"At the lower levels you're just looking to fill slots, get the people who are available, really pragmatic. The right technical people - there's not a whole lot of DNA there; you're just finding someone who can do it. And if you find someone who can do it in Ireland then it's probably a good guy to do it in Chennai so you're not having to reinvent the wheel all the time."* Another said: *"We're trying to take our technical skills and have them grow others locally in the new office those skills."* Thus, the development and building of component knowledge, even in the most pragmatic, business driven, short-term missions, can and does occur both in the host location and in the home country (or second location) on return – a potential double benefit to using assignments as a vehicle for knowledge transfer.

Architectural knowledge, on the other hand, is managed at a higher level, and through longer term assignments. Organisations with well established expatriation strategies use the assignment experience to build architectural knowledge for the long-term value of the company as these individuals move to higher positions. This type of knowledge, however, tends to be vaguely defined or not specified at all – some examples:

"It's more the general leadership abilities"

"The knowledge they're expected to gain is intercultural knowledge; to act in an international environment, to have specific experience abroad to negotiate with a customer or be a competent partner in business"

"Important that someone is able to build an international network"

"No plan in place on what has to be developed in assignments or for assignments."

When we consider the potential benefit of architectural knowledge transfer to a host location, however, the examples are more specific: *"It falls more into business development – getting into project skills. When we moved into Costa Rica, we acquired a company that was there but they didn't have any [organisation] management type skills so we put people down there as managers to transfer that type of knowledge to local individuals so the business could continue to develop there."*

There is a stated advantage, especially evident in emerging markets, for an expatriate manager to use architectural knowledge to build cultural, political and project structures which are familiar to home country senior management. As one respondent put it: *"they've been home grown here"*. They are able to build liaisons with the local community and with HQ, they are likely to be enculturated already with the organisation's broad mission, values and objectives, and of course they can develop that most intangible of concepts, the organisation's 'way of working'.



A challenge for IM function managers, therefore, is to recognise that there is added value in developing a strategy for the development of both types of knowledge

in the organisation, which will require a different approach depending on the type of knowledge to be prioritised and is greater than the development of individual competence. The challenge is particularly acute in the area of 'architectural' knowledge, which – as we have seen – is likely to be less tangible, less easy to define and yet strategically valuable when acquired and developed. A key question becomes: to what extent can IM functions become strategically more 'aware', in that they are able to participate in and contribute to high level thinking on the types of architectural knowledge needed for the long-term advantage of their organisation?

MEASURING VALUE OR RETURN ON INVESTMENT FOR ASSIGNMENTS

On the question of ROI, although all interviewees noted the importance of the issue, for the vast majority the reality is that this is a work in progress; all felt that it was an area in which they could do better. The GRTS data supports this position. 85 percent of respondents in the sector note that they do not measure ROI.

The interview data for the high-technology sector, however, reveals a range of positions to ROI from "we don't do it" through "we'd like to be better at it" to "we're doing a lot to measure it".

One organisation is at the former extreme of this range: "we're starting to put together some cost information on assignments but, to be fair, our businesses haven't up to now been provided with any information about the cost of assignments. But really we don't measure ROI at all".

Even an organisation which prides itself on being relatively sophisticated in other areas of IM management says "We don't measure the success of expatriation. Like most other, once we get the employee back home, what happens to them, we don't have any records of that at all. We don't have any data of why people are leaving even. No one did anything with them." As to the reason why, the interviewee simply commented that "measurement hasn't become important enough".

In some cases, the relative immaturity of the organisation is quoted for the lack of attention to the measurement of

"We don't measure the success of expatriation. Like most other, once we get the employee back home, what happens to them, we don't have any records of that at all. We don't have any data of why people are leaving even. No one did anything with them." As to the reason why, the interviewee simply commented that "measurement hasn't become important enough".

assignment success: "There's really not a methodology for ROI at this point. We've only been expatriating people for 4 years so we're really only at the point of getting enough data to quantify what's going on. This is something we'll be working more on".

The final comment of this interviewee is significant as there does appear to be a firm trend, for all organisations spoken to, to improve their measurement of ROI. In several cases this is driven by the professionalism of the HR people to understand the value that their work is adding to the business; in others, it is driven more by the line, either under pressure to justify expatriation expenditure, or as part of a broader move to manage costs.

One place where there is a degree of sophistication in the measurement of the economics of international assignments is in the justification required in order to gain approval for the assignment before it can take place. One organisation describes the nature of this process: "We already have the business justification process where the manager has to say why I need him, or what return will I get from him. It could be 'I'll build him up and turn him into a manager'. But we are at the very beginning, what we don't have is a true repatriation programme or reviews after the assignment – was this successful and did we reach the goals that were defined initially?"

Indeed, while the up-front process (either led by HR or by the line) appears relatively common, it is the latter step – repatriation and review of the success of the assign-

ment – which is largely missing from the respondents who make efforts at measurement. The most common method for measurement is undoubtedly the performance appraisal. Thus: *“We remind businesses at every step of the way what the performance is and then review with someone when they come back what they got out of it, etc. We don’t have a formal process for measuring the ROI. It’s done through a performance review process.”*

Most of the responding organisations expressed their intent to develop further this post – assignment assessment. One is further forward than most, with plans for such a review well advanced, according to the interviewee: *“We have a project running this year to look at processes around repatriation... What we’d like to have is a business justification template that has clear objectives of the assignment in the form of KPIs, so it needs to be measured, then at the end of the assignment a review process that looks at the cost, and whether the objectives were achieved. Was the new entity built? Was the Knowledge Transfer successful? Was the employee promoted? Is he still with the company? A bit like a small project. That’s how we envision tracking it. We intend to apply this to all assignments except the employee driven ones.”*

We can conclude, however, that for most of the companies surveyed, measurement of the function’s value



is work in progress – quite striking that the majority said they were working on this and that it was a major priority for the coming fiscal year. Here is another example:

“We’re just now maturing to a level where we’re looking in the next fiscal year at a balanced scorecard approach to total mobility that will show everything from financial, customer satisfaction, and business development. We need to know whether the business groups are satisfied with what we’re doing. The utopian part of that is a measure showing the ROI of an assignment to the business. That’s probably a couple of years out”.

It seems that the gradual move of the IM function towards being a strategic tool of organisational talent management is being accompanied by a slow, but sure, recognition of the broader measurement of the effectiveness of the function than simply cost.

CREATING VALUE, LEVERAGING VALUE AND PROTECTING VALUE THROUGH INTERNATIONAL MOBILITY

A conclusion that can be drawn from the GRTS study is that the contribution of the IM function to the business and its functioning, or more specifically how it contributes to value inside the organisation, has been of interest to practitioners, service providers and academics alike for a long time. This value contribution should be considered in three ways.

Value creation

This is seen by ensuring the organisation has the ability to build and acquire talent and, in turn, develop the value proposition inherent in the business model. For international mobility functions this requires:

- Being able to answer the ROI question and focusing senior management on what the function does well and how this is achieved
- Managing immediate and sustained talent challenges, such as those outlined earlier in the White Paper, that are associated with resourcing emerging markets, establishing new operational hubs and strategic start ups

- Developing HR processes that help move talent to market and support the positioning of people in those markets to create economic value. An interviewee explains: *"...it is helping the business meet its objectives by getting the right people to hit the ground as quickly as possible with minimal cost to their family"*
- Understanding the new organisational capabilities central to the business model and establishing new processes to deliver this. An example given was the establishment of a new technology centre in China that could only be established by moving people on a rotational basis to establish the business

Value improvement and leverage

This is created by enhancing the business model as it develops and learning how best to execute the business strategy. For international mobility functions, this requires:

- Establishing international mobility frameworks to be involved with the transfer of knowledge and maximise the benefits associated with the role. Examples of this include *"cultural training and language training to make sure people in role get the maximum benefit, and having the policy provisions to support that"*. Understanding the networks is also an important leverage factor: *"... unlocking internal networks and know how"*



- Assisting in the optimisation of policies and practices. This is judged at the individual level *"...by people receiving the right package and costs being appropriate"* and *"at the functional level by the firm getting the best service for its money"*
- Managing the learning that results from any change or execution process associated with market and business model development, an example being one organisation conducting experience audits and analyses of the networks and connections that their international assignees have. An interviewee explains: *"... we leverage by being able to resource new senior teams, rotate experts to bring in new perspectives and the freedom from bias that brings"*
- Having multiple channels of connection that ensure engagement of the business with such issues. An interviewee explains: *"... we leverage IM through our relationship with other HR functions and other parts of the firm"*. Another draws attention to the cross-functional co-ordination needed between IM and corporate tax and group legal functions
- Enabling to leverage future mobility investments to develop talent within the organisation and enable future strategic development *"...It is not about getting value out from the people on assignment today, it is about linking into the fact it works for us, that we can look at the profit levels to demonstrate this, and so what is the opportunity to do even more of it, multiply our leadership capability. It is not about more ROI today, it is about how we can leverage more investment to make better opportunities"*
- Maximising the value from strategic relationships with outsourced relocation providers and third party vendors, thereby ensuring that contracts are 'fit for purpose' and individual employees are receiving value for money services that meet their needs

Value protection and preservation

- This is demonstrated by making sure that any value that has been created does not then get lost. For international mobility functions, as one interviewee noted, *"...this is one of the most critical processes to get right"* whilst another commented that *"...managing risk is absolutely*

an important part of our business". It requires:

- Constructive surfacing of the risks inherent in a business or resourcing model and appropriate mitigation strategies.

One interviewee pointed out that *"...There is scope for operations to be highly compliant or less so" and another that the compliance penalties can be high. Specifically, the value can be preserved: "...reputational or governmental compliance risk management, meaning not moving people before they have work permits, making sure they are compliant with tax regulation and have the necessary regulatory approval for roles"*

- Ensuring that the organisation has a strong reputation across a range of stakeholders. One interviewee notes *"there is still plenty of more work that we can do in building up stronger relationships with the business, understanding their needs more, providing better advice"*.
- Retaining its best capabilities, both people and systems, through effective repatriation and successful post-assignment retention.

In short, articulating how the IM function contributes to the creation, improvement and leveraging of value represents a central challenge but the general view was that *"...I believe that we can be evaluated in such terms"*.

SUMMARY AND CONCLUSIONS

Organisations in the high-technology sector are at various stages of shifting the orientation of their IM functions. The nature of the IM functions in the organisations studied can be categorised according to the degree of movement they have made in this direction.

First, there are 'well – established, traditional' organisations whose IM approach can be characterised as highly structured, well organised, and generally quite centralised. They tend to focus on compensation, legal and policy aspects of expatriation, and their reporting structure (often through the Head of Compensation and

Benefits) reflects that orientation. They are reactive to the needs of their international business units for requests for international moves, but often retain a high degree of decision making authority over the packages and terms offered to employees being relocated. They will have a sophisticated policy for the use of international assignments for the long-term development of individuals who are designated as high potential or who otherwise have aspirations for senior positions. The types of offers are relatively standardised, though there may be a broad range of offers to match a variety of relocation scenarios.

Second, there is a category of organisation we may define as 'new and evolving'. Their IM functions are reacting to a rapidly changing business context. They are also usually centralised in their approach, but tend to provide solutions to employees more tailored to individual circumstances. The nature of assignments will be highly reactive to short-term business requirements with little or no thought given to the long-term development of the individual or to the need for knowledge transfer, or talent management, apart from specific component knowledge of - for example – emerging markets. In this case, certain individuals may be used as 'trouble-shooters', using their expertise to transfer from one new country market to another. The IM function will usually be considered as a strategic resource by senior management due to the high risk of failure of key short-term projects caused by the lack of qualified personnel (rather than due to any particular talent management agenda).

Third, there is a category which is 'well established and proactive'. In this case, the IM function is moving toward an agenda of adding strategic value through being part of a wider initiative for the management of talent in the organisation. International moves, both short and long-term, are increasingly viewed as a means for developing new component and architectural knowledge across national boundaries. There is also likely to be emphasis on the long-term development of the individual, but this will be seen in the wider context of ensuring that the organisation is creating and leveraging value through developing the right kinds of strategic capabilities. The packages offered to employees are likely to be standardised but offer a high degree of flexibility, both to the employee and to the manager, through a 'menu driven'

system supported by – and often internally developed – ERP solutions. Authority over both the assignment itself and for the specific package are often left with the line manager who will use the IM function as a source of advice and recommendation, but not of decision. Operational aspects of IM are outsourced, leading to the development of a capability in the IM function for the management of strategic partnerships with outsourcing organisations.

These categories are, of course, tentative, emerging and not intended to be all-encompassing, but they serve to offer a broad picture of the state of play in the high-technology sector.

Our final conclusion relates to the theme of this paper, that of the nature of IM in relation to emerging markets in the high-technology sector. There are two or three interesting emerging trends to highlight.

There is a universal recognition by all organisations surveyed, that developing local knowledge is paramount for the long-term health of operations in emerging markets. International assignments are, therefore, specific and limited. They are used, in the first instance, for ensuring that the organisation's strategic objectives, management processes, and 'ways of working' are embedded in the new location; then, secondly, that this 'architectural' knowledge is successfully transferred to the local staff who will take over the operation in the longer term. The same individuals who develop the capacity for this type of work will often be used in repeated projects for establishing operations in emerging markets. We might indicate that the nurturing of such capability is a strategic value to expanding organisations.

Component knowledge – knowledge of a particular technical solution, or of the company's sales process, were two examples given – is another source of value offered by assignments in emerging markets, but is used in a different way which is not exclusively related to the emerging market itself; is a type of knowledge valuable in any location in which the company operates. However, the knowledge may prove particularly useful in the uncertainty of a new operation and is particularly evident in the IM strategy of new and expanding organisations

Emerging markets present a particular challenge to policy makers in the IM function as they are faced with assimilating new rules, policies, approaches and legal structures from unfamiliar locations. Those with flexible, menu driven approaches to assignments tend to be able to react better than those with less developed, evolving policy structures or those with relatively standardised policies controlled by centralised authority. In rapidly developing economies – such as those found in the Far East – the challenge is slightly different as there policies for housing and local salary, for example, are found to become inappropriate or unfair relatively quickly as prices and wages inflate.

Finally, an interesting emerging trend is that of assignments from emerging markets to developed markets. As local employees develop value adding knowledge – especially component knowledge - their low cost relative to developed country employees with similar knowledge makes moving them to developed countries increasingly attractive and an important source of added value for IM functions.



BROOKFIELD GRS GLOBAL LOCATIONS

AMERICAS REGION

TORONTO OFFICE

39 WYNFORD DRIVE

TORONTO, ON

M3C 3K5

PHONE: 416-510-5800

EMAIL: RELOADVISOR@BROOKFIELDGRS.COM

CHICAGO OFFICE

900 SOUTH FRONTAGE ROAD

SUITE 200

WOODRIDGE, IL 60517

PHONE: 800.589.7858

EMAIL: RELOADVISOR@BROOKFIELDGRS.COM

EMEA REGION

LONDON OFFICE

FOUNTAIN HOUSE

130 FENCHURCH ST, 4TH FLOOR

LONDON, ENGLAND EC3M 5DJ

PHONE: +44 (0) 20 7398 8600

EMAIL: RELOADVISOR@BROOKFIELDGRS.COM

ASIA PACIFIC REGION

SINGAPORE OFFICE

8 SHENTON WAY

#09-01, TEMASEK TOWER

SINGAPORE 068811

PHONE: +65 65350010

EMAIL: RELOADVISOR@BROOKFIELDGRS.COM

brookfieldgrs.com

©2008 BROOKFIELD GLOBAL RELOCATION SERVICES.

ALL RIGHTS RESERVED.

ABOUT THIS RESEARCH

Paul Sparrow is Director, Centre for Performance-Led HR and Professor of International Human Resource Management at Lancaster University Management School. He has published over 100 books, journal articles and chapters and consulted with major multinationals, public sector organisations and inter-governmental agencies. His research covers cross-cultural and international HRM, HR strategy, cognition at work and changes in the employment relationship.

The Centre for Performance-Led HR (CPHR) at Lancaster University Management School brings together world-class experts to work with top HR directors from 15 sponsor partners. It has been established as a problem-based research group that researches the most pressing issues facing senior HR specialists today.



We would like to express our sincere gratitude to all of the organizations in the finance, insurance, and real estate sectors that participated in this report. Thank you for your interest, forthright comments and your accessibility in contributing to our research.

ABOUT BROOKFIELD GLOBAL RELOCATION SERVICES

Brookfield Global Relocation Services is the leading full-service outsourcing partner of end-to-end employee relocation, assignment management and mobility consulting services for multinational organizations worldwide. Brookfield Global Relocation Services is a Premier Service® company serving corporations in more than 110 countries and managing more than a billion dollars (U.S.) in relocation related transactions for our clients. With the broad reaching strength of Brookfield behind us, we offer a combination of business-to-business services unmatched in the industry.

Whether expanding into new markets or considering a strategic acquisition, Brookfield Global Relocation Services guarantees our attention will be focused on supporting the success of your relocating professionals through a single point of coordination, regionally located service centers and a globally integrated service structure designed to reach around the world. Brookfield Global Relocation Services offers you the peace of mind that comes with guaranteed service levels, scalable resources and the convenience of one point of accountability from start to finish..

This research paper is for informational purposes only. Complying with all applicable copyright laws is the responsibility of the user. Without limiting the rights under copyright, no part of this document may be reproduced, stored in or introduced into a retrieval system, or transmitted in any form or by any means (electronic, mechanical, photocopying, recording, or otherwise), or for any purpose, without the express written permission of Brookfield Global Relocation Services.

The information contained in this research document represents the current view of Brookfield Global Relocation Services on the issues discussed as of the date of publication. This publication contains general information only and Brookfield Global Relocation Services is not, by means of this publication, rendering professional services or advice.

Brookfield Global Relocation Services

