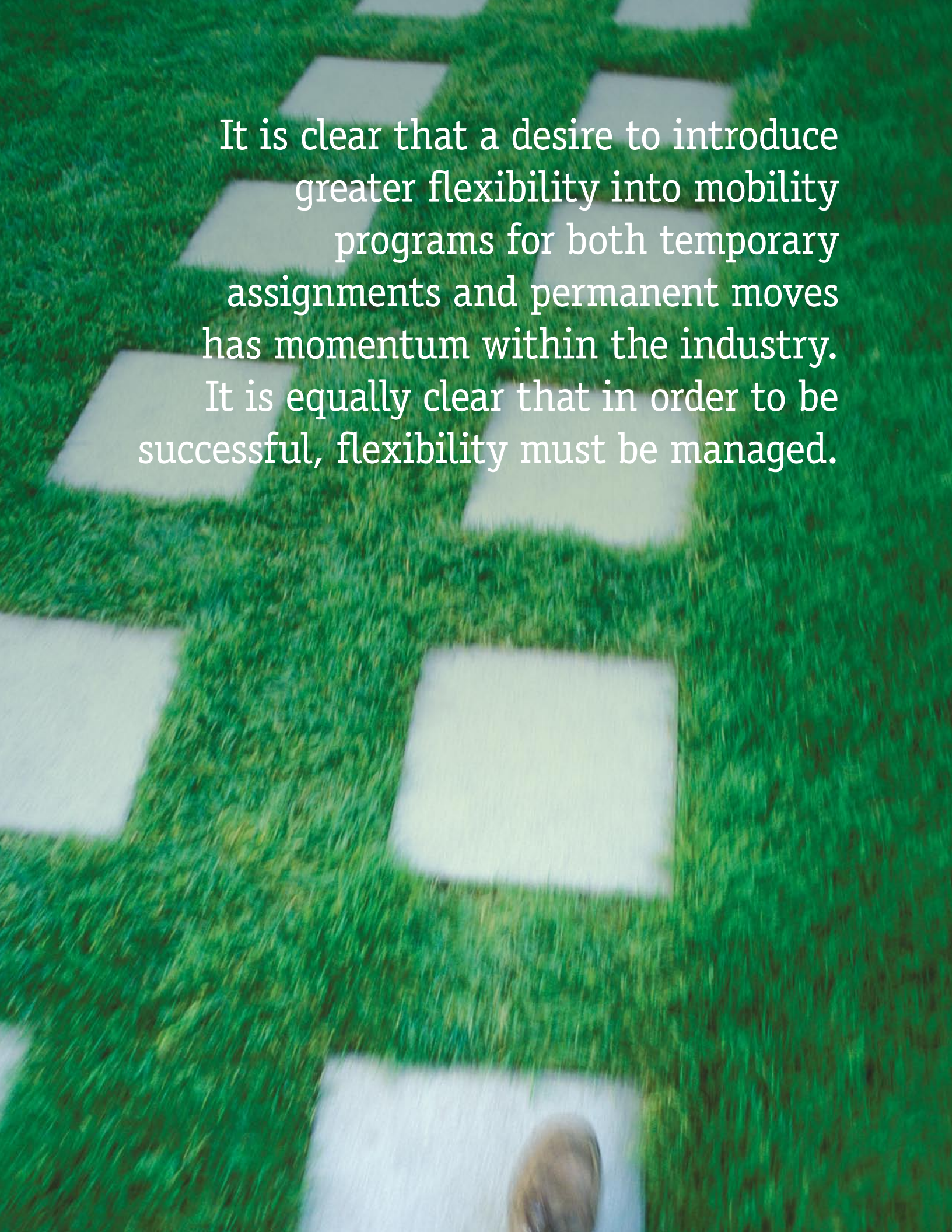


International Mobility: Introducing Flexibility into Policy Structures



A photograph of a stone path on a green lawn. The path is made of rectangular, light-colored stones set in a grid pattern. The grass is vibrant green. In the bottom center, a brown leather shoe is placed on one of the stones, as if someone has stepped on it and left it behind. The text is overlaid in white on the upper portion of the image.

It is clear that a desire to introduce greater flexibility into mobility programs for both temporary assignments and permanent moves has momentum within the industry. It is equally clear that in order to be successful, flexibility must be managed.

Executive summary

As we move through the recession, both survey data and other less formal sources of intelligence confirm that companies are continuing to look for innovation in how international assignments are structured and managed. In particular, many international mobility (IM) functions are responding to explicit requests from the business to build more flexibility into their programs. This white paper takes a closer look at how this is being managed and what the major challenges are when introducing more flexibility. It draws upon a series of interviews with senior IM professionals from 17 organizations in the pharmaceuticals, manufacturing, consumer products, industrial services, professional service, IT and telecommunications, retail, utilities, and financial services sectors.

We argue that IM functions do not – and cannot – manage program flexibility as a single strategic challenge. It forms one of three organizational changes currently being introduced in parallel: increased control, reduced delivery costs, and increased program flexibility.

We draw attention to a range of different logics that are being used to differentiate the provision of benefits, and the core considerations that lead to either adoption or the rejection of – or potential failure of – developments in program flexibility. The correct balance across these three organizational changes varies among organizations. Of the three, we argue that creating alignment with the level of decentralization is the most important need.

We then signal a range of program flexibility challenges that are associated with each of three different levels of decentralization, where decisions are primarily made by

the central IM function, by line managers in consultation with local HR Business Partners (HRBPs), or solely by line managers and the receiving business unit. We found that while the above levels of discretion might exist on paper, or according to policy, this often bore little resemblance to the reality of how decisions were made and are often more a reflection of dominant influence and centers of power within the organization, regionally or otherwise.

New program flexibilities have to be designed to match changes in the internal business drivers and this report draws attention to seven key drivers:

- Knowledge transfer into or across locations to build capability or to fill skills gaps, or in reverse direction, from local markets into regional or central operations.
- Expansion of business operations.
- Resourcing people into more challenging countries.
- Management of expatriation as part of a broader talent management strategy and as a way of building up a cadre of global leaders.
- Delivery of cost reductions.
- Changing demographic of assignees.
- Changing business, national government and pan-national regulatory regimes.

We note that under the umbrella definition of ‘policy flexibility’ there is a range of different arrangements that – however configured – are intended to convey a shift in expectations between the organization and its employees in terms of what the international mobility package may comprise. Among the possible versions of flexibility that companies may consider and adopt, this paper concentrates on two primary variations.

Figure 1: Among the possible versions of flexibility that companies may consider and adopt this paper concentrates on two primary variations:

Mutual Benefit: this is usually a reduced package of benefits based on the assumptions around a long term assignment. Alternatively, for permanent transfers or localizations, it may offer a package in between a conventional long-term assignment and local terms. This type of policy or tier is usually introduced as an additional option into an existing range of assignment types.

Core Plus: this implies that for any given assignment type, there is a core of required benefits, such as immigration and travel to host country, which can then be added to as needed depending on circumstances or as an incentive.

The first can be characterized as a program that is usually at a mid point between a conventional long-term assignment and local terms. This is often called Local Plus but the term implies a degree of permanency to the mobility program being discussed which is created by the use of the word ‘Local’ and its association with Localization. Instead, we prefer to use the term ‘Mutual Benefit’ which is becoming associated with the type of program flexibility which recognizes that mobility may be driven by a number of personal, developmental and other circumstances specific either to the company, the potential assignee or both.

The second is Core Plus, which provides that for each assignment type, there is a core of required benefits (such as immigration or travel to host country) which can then be added to as needed depending on circumstances or the need for incentive.

We argue that a key consideration in these options is the basis upon which the organization chooses to differentiate the provision of benefits, which may vary by grade and level of seniority, by geographical market, by demographic segment and associated individual needs, or by the type of transfer or assignment.

We found that the governance arrangements designed to manage these two forms of program flexibility are based around identifiable considerations and that it is important

for organizations to define and make explicit the reasons for offering flexibility and for how it should be determined across types of individual need or assignments. Findings suggest that it is important to ensure that those reasons and methods are reflected in the guidance and process built into candidate selection and other pre-assignment processes. The clear risk is that undifferentiated negotiation becomes the norm and unintended consequences which cannot be controlled are unleashed.

We also point out that developments in program flexibility often mean that the IM function is transferring risk and responsibility to the assignee, who is given the responsibility to select an “appropriate” set of benefits or to pursue a particular form of flexibility.

We recommend that new policy offerings are assessed against two key issues: diversity and corporate duty of care.

We point out that the two developments in program flexibility discussed have implications for the various stakeholders in the international mobility process i.e. line management, corporate HR, HRBPs, the IM function, and the international assignees themselves.

Figure 2: Program flexibility challenges associated with different levels of decentralization

Discretion levels	Challenges for the IM function
Manager/receiving business unit solely decide	<ul style="list-style-type: none"> ▪ The need to establish robust protocols, decision arrangements, data capture and information provision, and then educate the business, before it makes decisions about the form of any program flexibility. ▪ Success of program flexibility depends on the sequence and timing of key parties’ involvement (such as the local HRBP and the IM function).
Manager in consultation with the local HRBPs	<p>Program success depends upon the:</p> <ul style="list-style-type: none"> ▪ Quality of skills, knowledge and level of interest in mobility displayed by the HRBPs. ▪ Extent to which HRBPs have been allowed to build their own arena/role within the local operations. ▪ Clarity over the role that HRBPs must play, what attitudes they need, and what local behaviors they need to moderate.
The central IM function	<ul style="list-style-type: none"> ▪ The extent to which program design meets strategic assignment objectives, business unit demands for flexibility, and the desires of international assignees.

Understanding strategic considerations and drivers behind program flexibility

This paper discusses two specific types of flexibility that we see being considered and adopted; Mutual Benefit and Core Plus:

- **Mutual Benefit:** this is usually a reduced package of benefits based on the assumptions around a long term assignment. Alternatively, for permanent transfers or localizations, it may offer a package in between a conventional long-term assignment and local terms. This type of policy or tier is usually introduced as an additional option into an existing range of assignment types.
- **Core plus:** this implies that for any given assignment type, there is a core of required benefits, such as immigration and travel to host country, which can then be added to as needed depending on circumstances or as an incentive.

However, before detailed consideration is given to these, it is important to first highlight two prior high-level strategic considerations that guide the thinking of IM functions about such program flexibility:

- How is their program flexibility to be aligned with other important changes in mobility?
- What are the underlying drivers in the organization that are leading to a requirement for more program flexibility?

Other strategic changes in mobility

The first consideration is the alignment of existing and future levels of flexibility with other strategic challenges. IM functions do not – and cannot – manage program flexibility as a single strategic challenge. It forms one of three organizational changes currently being introduced simultaneously:

- **Increasing control:** with more centralized oversight over mobility, regularizing the governance arrangements, and standardizing policies
- **Reducing delivery costs:** with various program offerings that enable what have been termed ‘expatriate light’ arrangements

- **Increasing program flexibility:** with policy variations designed to match the different drivers behind flexibility; the management arrangements and appropriate discretion levels that reflect the balance between centralization and decentralization of governance philosophies; the different logics used to differentiate the provision of benefits; and the core considerations that lead to the rejection of – or potential failure of – developments in program flexibility

Program flexibility needs to be aligned with these other changes taking place. Rather like setting the combination to unlock a safe, mobility functions have to ‘set the dial’ for each of these three strategic drives, so that all three are aligned correctly. The correct combination looks different from one organization to another. Indeed, even within a single organization, certain businesses or geographies might demand different combinations. In particular, it is very important to understand the impact that the level of decentralization has on options for program flexibility.

Depending on the various stakeholders’ discretion levels that currently exist, or is planned to exist with the new program flexibilities, we recommend that IM functions address the matching challenges outlined in Figure 2 (pg. 4).

In many instances it was obvious that while these levels of discretion might exist as rules of thumb, or according to policy, this may bear little resemblance to the reality of how decisions were taken. Consequently, choices about program flexibility made by the IM function were based on two key judgements:

- Broader considerations of power within the organization e.g. the existence of strong regional layers inside the organization.
- The historical growth pattern of the organization, which might have created dominant cultures that are resistant to new policies.

This political dimension to the introduction of program flexibility invariably raises questions about appropriate timing:

“... we have been trying to harmonize and integrate our policies for over three years now – there is a high level of autonomy in Asia, Latin America and the Middle East... however, now [in an environment of

cost pressure and recession] seems the right time for us to actually do it”.

Our recommendation is that in order to introduce flexibility into a mobility program effectively, it is critical to build consensus among the various stakeholders and influencers within an organization. It is important to secure and leverage the leadership of individuals who possess either formal authority or significant influence and who can offer vigorous support to the initiative.

Internal business drivers for program flexibility

The second consideration is that program flexibility has to be designed to match changes in the internal business drivers. Again, depending on the specific drivers that have led the IM function to consider flexible offerings such as Mutual Benefit or Core Plus, we recommend that the function analyzes the actions necessary to meet each of the challenges

summarized in Figure 3 and puts in place a process or policy to address each challenge.

The choice of policy element and the management arrangements deemed necessary also generally depend on which of the above issues are driving the demand for flexibility. While these demands often vary across business sector and geographical market, a common consideration is that in responding to the challenge of introducing more flexibility into the existing range of policies, most organizations are keen to ensure they have a non-discriminatory approach.

For most organizations, there is concern over compliance risks, new developments within global regulatory regimes, and external corporate reputation. This draws attention to considering not just whether the approach to program flexibility is providing cost savings, but whether it is also providing value to the organization.

Figure 3: Flexibility challenges associated with assignment drivers

Driver	Flexibility challenge
Knowledge transfer: <ul style="list-style-type: none"> ■ Into or across locations to build capability or to fill skills gaps ■ In reverse direction, from local markets into regional or central operations 	<ul style="list-style-type: none"> ■ The duration of time needed for knowledge transfer to take effect. ■ The level of skill or level of the hierarchy at which international mobility now needs to be encouraged.
Expansion of business operations	The requirement to incentivize – and provide a value proposition – to a larger group of people to go on assignment simply in order to resource the expansion.
Resourcing people into more challenging countries	<ul style="list-style-type: none"> ■ Match policy elements to the specific short-comings and local conditions. ■ Incentivize employees to take the assignment.
Manage expatriation as part of a broader talent management strategy and way of building up a cadre of global leaders	Trade-off of assignment conditions that assist the personal development of the assignee versus conditions that local operations will pay for in order to meet the short-term business contribution of the assignment.
Deliver cost reductions	Manage the work-life balance implications and welfare considerations of the assignee and their family associated with each form of saving.
Changing demographic of assignees	Match the greater diversity of individual financial and career circumstances, family support structures, expectations of personally tailored service and attitudes towards reward.
Business, national government and pan-national regulatory regimes	Match the tax, immigration, entry visas and mobility tracking requirements with the impact they have on the work-life balance and family implications.

Mutual Benefit and Core Plus approaches

Within the idea of flexibility there is a range of different policy options that – however configured – are intended to convey a shift in expectations between the organization and its employees in terms of what the ‘package’ may comprise. We have differentiated, and now give consideration to, two primary variations of flexibility: Mutual Benefit and Core Plus.

In practice, these variations can be complex and there are many versions of flexibility being implemented or considered which may not fit neatly into this distinction. The policies offered might:

- Involve the removal of mobility incentives for certain types of moves (e.g. self-initiated, career development) but not for others.
- Tax-equalize different elements.
- Involve parallel reductions in the level of additional support (such as reductions in hardship, housing and education allowances as working and living conditions improve in many countries) alongside improvements in other forms of support (such as assistance with finding housing and schools, flight policies and home leave).
- Involve different terms for different types of employees, such as new hires versus existing employees.

A key consideration in the above variations is the basis upon which the organization chooses to differentiate the provision of benefits. Whether these benefits consist of an

additional policy type somewhat reduced compared to that of a long-term assignment (Mutual Benefit) or whether there is a degree of core versus discretionary elements (Core Plus), we found that four different logics were applied to the way in which benefits might be differentiated (see Figure 4).

In short, although more organizations may state they have introduced Mutual Benefit or Core Plus policies, the exact meaning and implication of these arrangements differ markedly.

Developments in Mutual Benefit policies

As an example of introducing Mutual Benefits arrangements, one pharmaceutical organization intends to develop a flexible policy, and is piloting this under the label of “*assisted international mobility*”. The motivation is to extend international opportunities to junior emerging talent working in operational roles. Under the current pilot scheme, flights and destination support are provided, but high cost items such as housing are not. The organization keeps in close contact to manage employees, but the career opportunity does not carry high investment costs. The intention is that, as younger managers experience international mobility on this basis, it will start to change future mindsets towards entitlement.

In a telecommunications organization the driver behind developing a more flexible approach came after a review of exceptions. Unregulated governance was causing exceptions costing millions of Euros. The review showed however that there were consistent patterns to the exceptions that could

Figure 4: Different logics used to differentiate benefits in either Mutual Benefit or Core Plus offerings:

- Benefits vary by grade and level of seniority: this is implicit in many existing international assignment systems with different arrangements for executive-level assignments, generally on full balance sheet long-term assignment arrangements, and other knowledge-transfer type assignments operated at lower levels of the hierarchy.
- Benefits vary by geographical market: strong regional structures within an organization may mean that different zones such as North America, Asia or Latin America, have their own arrangements over flexible provision.
- Benefits vary by demographic segment and associated individual needs.
- Benefits vary by nature of mobility – the type of transfer or assignment: the distinction between whether or not the mobility is permanent or temporary is particularly important in dictating the type of benefits that are on offer or are determined to be flexible.

be accommodated through introducing a more flexible offering, especially with regard to the level of self-initiation behind the assignment:

“...With Local Plus the company is saying we want that person in that location to be long-term, or we have a personal request from the employee to go there, in which case support from the company should be kept to a minimum. We have more scope to apply it to permanent transfers than to short-term assignments – the latter are more company-driven”.

Two options were considered:

- Offering a menu of benefits.
- Offering a lump sum to anyone who wants to move on a permanent transfer.

A menu-based approach was rejected because it would create *“too many headaches and a lot more administration”*.

It was decided that the chosen solution must depend on the corporate culture. In some parts of the organization a culture of negotiation had been prevalent whereas in other parts the culture was driven by values based on equity. As a consequence, differentiation of benefits based on different demographic needs was also rejected. Instead, a logic based on differentiating benefits according to the different reasons for the assignment was favored:

“... If it is developmental and training based versus business critical... This is not then based on how good a negotiator they are, how much they can persuade their boss to give them additional benefits, how weak the boss is in terms of rebuffing them... internal demographics should not be a factor to influence the distribution of benefits either”.

In another example, a telecommunications service organization introduced a more flexible policy because its existing expatriate packages were considered by the business to be too rich and were not applied consistently. The businesses asked for a leaner, more flexible policy. A two-month project has been run to engage business units so that they contribute to the establishment of agreements with the central Compensation and Benefits function and local HRBP about the policy elements.

“... The key thing is the political will to implement it [policy], but in difficult economic times people are more willing to comply. They are looking for a governance process where they can, with conscience, offer packages in China or the Middle East that are globally aligned”.

“... It has been quite an effort to define who such a policy should apply to, what people should fall under it – people from abroad or locals who live in the country already – check the questions we should ask the stakeholders and check they are willing to work with us. However, arriving at consensus was not hard as the design elements are relatively limited. The key thing is the political will to implement it, but in difficult economic times people are more willing to comply. They are looking for a governance process where they can, with conscience, offer packages in China or the Middle East that are globally aligned”.

This one-way policy is mainly applied to permanent transfers and has introduced individual flexibility through an allowance that people can spend on housing. The flexibility for the assignee to downgrade elements is limited as benefits cannot be encashed. Local business units can reduce allowances or benefits within each policy element but cannot exceed an upper threshold (with exceptions for housing in certain hardship locations). The philosophy is that:

“...we do not have a cafeteria approach, but we are working towards more flexibility. It is not HR that says what is good for you; we simply offer the option to the employee with the restriction that you cannot have it all. This gives us a framework [for allowing cost reductions] for the business”.

The advantage to the assignee is access to a range of global benefits. Rather than accept local conditions that might result in lower medical insurance benefits, arrangements have been standardized around an international insurance scheme and the organization is looking at moving assignees on to an international pension plan. It is also assumed that there will be attraction and retention benefits in the markets to which it applies.

The advantages to this IM function are considered to be threefold:

- Imposition of upper thresholds around benefits.
- Creation of a set of more formalized contracts and a regularization of what had previously been very decentralized and variable practices.
- Removal of previous time limitations on certain assignments in specific geographies, which can now be moved on to a reduced package.

Our recommendation is that IM functions be clear about the underlying basis on which benefits may be differentiated. As

will also be reinforced in the discussion in the next section, the fourth logic, where benefits are varied by the nature of the mobility (the type of transfer or assignment), appears to be the most robust basis for designing flexible programs.

Developments in Core Plus arrangements

Core Plus policies are used less frequently than Mutual Benefit. We use two examples from the interviews to illustrate the sorts of developments taking place.

One financial and information services organization offers a Core Plus arrangement. It developed a system that differentiates levels of assignment support and benefits driven by the type of assignment or assignee. Different benefits depend on the nature of the assignment ranging from business critical to developmental and to employee-requested (see Figure 5).

Having established the six types, the next step was to enable the organization to move even more flexibly, into various hybrid positions between the six anchored points. A number of elements were made non-negotiable, such as the approach to pay and compensation (everyone is

Figure 5: The Core Plus Approach in the Financial and Information Services organization: Six differentiators

Six different types of moves are differentiated, each of which triggers a progressively richer set of benefits. The different array of benefits is explained to the assignees, and is supported by a short narrative to educate managers as to when each option is appropriate.

- **Employee-requested moves.**
- **Professional development moves:** initiated by people wanting to broaden their own capabilities through more complex jobs.
- **Career development moves:** initiated by the business for longer-term talent and future leaders, where the organization wants the employee to have experiences that are motivational.
- **International careerists:** for business units that have posts that need to be staffed by sequential and successive assignments, but where the professional moves do not need a high level of personal support.
- **Important business need moves:** used to extend the business into certain areas but are dependent upon skills not found in-country, and where the individual demonstrates they are the strongest talent for the position.
- **Critical business-need:** moves often requiring a specific individual to become mobile.

tax equalized) and a core set of lean benefits. It was also understood and accepted that the organization would continue to use international assignments to support its business driven international mobility requirements.

However, beyond this, HRBPs and the business could 'layer in' additional benefits based on individual assignment circumstances. These two stakeholders could negotiate in elements from a more generous package if they negotiated out some of the other arrangements with the assignee. If the business unit did not have the budget, or the IM function did not think it appropriate, given the individual's status, that an individual receive an element from a higher-level package, there was a discussion at the start of the sourcing process about this. An individual might volunteer to exchange certain elements – say adding school fees in exchange for an altered housing allowance – to bring the package in line with expectations.

The challenge was to prevent businesses from cherry-picking the less costly elements from the package and avoiding the more costly options. This was handled by making the individual assignee responsible for choosing benefit elements, but also by ensuring that there was more focused management of the components in the package, transparency in discussions, and an avoidance of equity problems that are often associated with individualization.

In a high technology organization, a Core Plus policy provides flexibility in the options that a manager can offer the employee in order to support them. There is a minimum given as standard, additionally, the manager can choose options so that the assignee is productive immediately. Non-negotiable elements include immigration, tax, the mobility bonus and the cost of living bonus. Optional elements include things like pet shipment. Options depend on, for example, the country of assignment and family circumstances. The assignee's needs are considered paramount and the manager, HRBP and the assignee between them craft a package to suit these needs.

The organization does not enter into personal negotiations, where for example an assignee has no family but wants additional money instead. It believes that by offering a very flexible program, which can be crafted to individual needs under the leadership of the recruitment consultant, and

by benchmarking its programs so they are at or above the market, it can avoid the need to offer flexibility that allows for any encashment of elements.

Our recommendation is that in pursuing Core Plus options, IM functions be clear about the processes by which flexibilities can be negotiated. There is a risk that benefit costs can increase, but these risks can be mitigated to the extent that there is:

- An equal level of negotiation skills across the individual manager, the business unit and the assignee
- Equal information provided to each party
- Transparency of the discussion

In order to reduce potential problems of inequity, organizations can place financial bounds around the negotiation and aim to provide more information to all parties. The success of the new flexible arrangements can also be assessed by looking at rejection rates of business critical assignments. Finally, IM functions should apply a series of core considerations to the design of their program, as outlined in the next section.



Key considerations surrounding Mutual Benefit and Core Plus flexibilities

Implementing and using flexibility is not without risk and should take into account a number of related issues (see Figure 6).

Figure 6: Seven main considerations for the governance arrangements to manage Mutual Benefit and Core Plus flexibilities:

- The link to talent and career management systems.
- Transparency - judgements about equity and corporate reputation.
- Level of maturity of the operations and local HR Business Partners.
- Guarding against creating undesirable future behaviours.
- Attitudes towards a suitable level of personal support.
- Attitudes towards encashment.
- The impact of unintended consequences and duty of care.

Link to talent and career management systems

The first consideration concerns the extent to which there is a link between mobility and talent management systems. Where the introduction of program flexibility is linked to broader talent considerations, specific elements of the policy tend to become more important, such as authorization processes, the level of pre-assignment support, and strategic assignment planning.

For example, in one pharmaceutical organization the main reason to tighten policy around authorization processes was triggered by the need to more closely align the talent pool and the international assignment population - only 20% of people on international assignment were formally in the organization's talent pool.

In another pharmaceutical organization, policy adjustments in the provision of personal support were triggered by a

business drive to build capability in its Chinese operations – a drive which also required considerable local talent development. This company now provides top candidates with a preview trip to the proposed assignment location to assess their needs (family, children's schooling, etc.) even before a formal assignment offer is made. The trip is funded by the receiving business unit or geographical area.

A high technology organization that until recently only used mobility for business critical assignments, and not for developmental assignments, now has its IM function working through a talent planning network to define global roles, identify positions that should be permanently managed on a rotational basis for succession planning and identify new posts for the return of such assignees.

Transparency and equity issues

The second consideration, generally seen as a side-effect of the way in which the entitlement to benefits is differentiated in the design of program flexibilities, concerns issues of equity (see Figure 7).

Figure 7: The perceived impact of inequity or lack of transparency in program design

Typical opinions expressed suggest that:

- Inequity in benefit provision biases the whole subsequent international assignment life-cycle: *"... it creates a culture of general mistrust"*
- Inequity can challenge the corporate culture, leading to the development of broader HR issues: *"... If you offer one thing to one employee and a different set of benefits to another, you have employee relations issues and issues of differentiation that we don't particularly want to answer... You can't have two people on the same job grade receiving vastly different benefits and support depending on the generosity of the local manager. For us that is not the way to go".*
- Conversely, satisfying equity considerations can make dealing with cost pressures easier: *"... If you are a bit more rigorous and fair in how you treat people across the board then in the long-run, when you need to control costs, you are less likely to offend people".*

An interviewee notes:

“... the thing that upsets assignees more than anything else is to be sitting next to someone who has a different deal. There is no such thing as a secret between assignees”.

Related to these questions of transparency and equity are concerns about non-discrimination. The key principle applied to flexible offerings is the need to avoid the potential for discrimination. In explaining the organization's reason for the rejection of flexibility, one interviewee from a high technology company explained:

“...we need a non-discriminatory approach. We would have diversity concerns [with personal flexibility] and this could have unintended consequences”.

For this organization, it was considered better to have a centrally managed exceptions process rather than a devolved pattern of decisions that evolved over time as decisions on individual assignments were made. This could then be adapted on an as needed basis to add in new rules as the demographic make up of the organization changed.

Level of maturity of the operations and local HR Business Partners

A third consideration is the level of maturity of line managers, or the HRBPs, who are making decisions about flexibility. The level of corporate awareness with regard to the broader

organizational needs of the business unit that is seeking flexibility is key. As one interviewee noted, some managers were unable to negotiate the suite of entitlements effectively, whilst others could operate a flexible policy and could be delegated to effectively.

The ability to scrutinize arrangements to the corporate benefit of both business operations and assignees varies significantly. This level of maturity is also often linked to the volume of moves a receiving unit, or HRBP, is used to handling.

The level of corporate awareness with regard to the broader organizational needs of the business unit that is seeking flexibility is key.

In one organization, the need to make sure that all discretionary elements were considered and offered where appropriate required the support of HRBPs. The IM function was considering offering assessment programs for the spouse and the family to ensure that assignees were ready to take on mobility, but they feared that for the local HRBP: *“... it is just about finding someone to fill an empty space”.*

In order to ensure that the HRBPs encourage the option, the IM function has been providing training around the competencies essential for successful mobility, with the intention to: *“...embed this in their minds so that they know the importance of these things”.*

Guarding against creating problematic future behaviors

A fourth consideration is the question of future behaviors and future liabilities that might be created by the new flexible offerings. For example, rewards may be artificially inflated at too early a stage in an international assignee's career, or as a consequence of moves from low-paying to high-paying jurisdictions (e.g. from Europe to the Middle East, or from China to the US):

“... If we give someone extra money, how do we get them back to live with the level of earnings they had



before? We need to be mindful of possible future problems. . . if you give at the beginning, how can you take it away afterwards? We will need to look at policy structures and develop them in a global context”.

Attitudes towards level of personal support

A fifth consideration concerns the need to align new program flexibilities to the company’s overall HR philosophy regarding the level of support that should be provided to assignees. Some organizations have very ‘high-touch’ models in which the IM function does a lot of ‘hand-holding’. Others have a very hands-off and individual responsibility philosophy.

“... If we give someone extra money, how do we get them back to live with the level of earnings they had before? We need to be mindful of possible future problems...”

The more that individuals are expected to self-manage, the more comfortable IM functions are with offering budget-based menus for the assignee to choose how to spend the available resource.

Attitudes towards cash in lieu of benefits

The sixth key consideration concerns the attitudes held towards the principle of providing cash in lieu of benefits. An interviewee from a pharmaceutical organization that has rejected cash in lieu element to their mobility offerings argues against it on the following grounds:

“...using a budget approach to [mobility] is about entitlement. In extremis, a single person does not receive family allowances like children’s schooling, but then as they do not have any need, they are not entitled to have it. . . encashing isn’t really a flexibility – it is an approach to [managing budgets] which gives people more money. . . Encashing does not drive [appropriate] behaviours”.

There are two underlying reward principles involved in the offering of cash in lieu of benefits which should be examined:

- Entitlement versus need
- Compensation versus reward or incentive

The first principle that may be invoked by flexible policies is the distinction between entitlement versus need. In providing individualized services, IM functions have always had to understand an individual’s position and their needs. Being part of a certain demographic group, being entitled to a certain type of assignment package or having an idiosyncratic set of individual circumstances, always creates needs. Most decisions regarding exceptions are driven by consideration of these needs. The argument is that if the need is not met, this will make the successful conduct of the assignment unlikely. The principle followed is that the individual either has these needs or not. If not, then any argument that the assignees are entitled to the cash equivalent of this component is not deemed legitimate and the assignment benefits and associated costs are not transferable.

However, some organizations, regardless of sector, have large groups of individuals whose expectations and demands are driven by a value based on self-worth, rather than need. Such organizations are witnessing the establishment of program flexibilities driven by an entitlement principle:

“... People see their assignment letter as the start of the negotiation. . . we have more single assignees wanting more flexibility. They view the size of the package as a signal of job worth. They are not driven by a needs mentality”.

The problem is that by encouraging an individual, or groups of individuals, to become mobile, the organization is actually perceived as making a judgement about that person’s worth. The worth might be reinforced by another judgement that the organization has made about the person by conferring the label that they are “talent”. Taking on board these judgements, an individual can argue from a viewpoint of self-worth that if a sum of money is assigned to each of two “talented” individuals to move, then regardless of each one’s individual needs (driven by family, children, home arrangements, etc.) both deserve the same

financial package. All elements in the package are treated as entitlements, to be spent or cashed in according to preference, not need.

“... People see their assignment letter as the start of the negotiation... we have more single assignees wanting more flexibility. They view the size of the package as a signal of job worth. They are not driven by a needs mentality”.

On the other hand, the program flexibility may discourage certain groups, such as working mothers, and the potential for discrimination may arise.

In an organization that has rejected this approach and the ability to trade-off certain items, the argument is that:

“... Companies that just offer cash allowances for everything – well, that is very easy and simple to administer but you don't know exactly what it is you are spending your money on, or that they spend it to get the [welfare condition] that you intended”.

Attitudes towards providing cash allowances may potentially differ across geographies and cultures. One organization found that offering cash for benefits was popular in Middle East locations where taxation is low, but was less popular in Northern Europe where benefits attract tax savings, but cash is taxed.

A second rewards principle that may be invoked by Mutual Benefit or Core Plus policies is the distinction between compensation and incentive. IM functions need to be mindful about the behaviours that become incentivized by their policies, and the extent to which the package elements compensate for the conditions of the assignment, or act as an incentive to mobility by providing reward. There may be a desire to incentivize or prevent specific behaviours through

the choice of policy.

For example, in one organization, a cash allowance was offered to those with an accompanying spouse. Initially, they offered a coaching session for partners to alert them to the issues they could expect to face in the host location. They found only 1 out of 26 people to whom the coaching was offered took up the offer. The reason appeared to be that coaching had been offered as a part of an overall spousal allowance:

“... We got into endless discussions... if you only give them €3000 instead of €4000 and make the coaching compulsory, they get upset. We had tried to force it on them, because we know better what is good for you, but we decided it was not worth the hassle of having unhappy spouses over this one... eventually we said, OK, we will just give them the €4000 cash!”.

The impact of unintended consequences and duty of care

As the previous discussion of attitudes to cash allowances shows, there are always implicit ‘duty of care’ and unintended consequences to be considered in the approach taken to program flexibility. We now examine these considerations.

Developments in program flexibility often mean that the IM function is transferring risk and responsibility to the assignee, who is given the responsibility to select an ‘appropriate’ set of benefits or to pursue a particular form of flexibility. This raises two key considerations:

- Diversity considerations: where particular employee segments are seen to overly subscribe to, or be denied access to, one of the forms of flexibility, thus producing unintended consequences.
- Duty of care considerations: where people given a budget for themselves may tend to go for options which are not necessarily in their best interests.

Diversity

Returning to the example of Core Plus in the financial and information services organization, it is possible that organizations that opt for flexibility driven by assignment type find that, over time, demographic patterns emerge in

the proportion of assignees that go on assignment under each option. It becomes possible to argue that the flexibility indirectly discriminates against certain groups of employees. If particular employee segments - geographic, cultural, gender, etc. – are seen to overly subscribe to, or be denied access to, one of the brands of assignment type, then broader HR issues could emerge.

We recommend that organizations put in place the tracking mechanisms required to assess the impact of different flexible offerings on key demographic groups.

Duty of care

A clear concern invoked by flexible policies is the possibility that policies might be detrimental to the personal safety and comfort of the assignee and their accompanying family. For example, if there is a flexible option on host housing allowances, where the assignee may gain a financial advantage by accepting a reduced benefit, it is possible that an assignee might choose cheaper accommodation in a less appropriate location which makes their partner and family unhappy and subsequently leads to an adverse effect on the assignee's safety and perhaps performance.

A key recommendation is that in order to ensure the robustness of existing arrangements and their alignment with other processes, IM functions audit themselves, and other key stakeholders in the mobility process, against each of these considerations.

In pursuing flexibility, IM functions need to ensure that line managers, corporate HR and local HRBP understand the importance attached to the seven core issues identified above.

Building appropriate relationship management models to manage the flexibility

Finally, the two types of program flexibility discussed here have implications for the various stakeholders involved in the international mobility process i.e. line management, corporate HR, HRBP, the IM function, and the international assignees themselves. As one interviewee observed:

“... With all this flexibility in the system in terms of what assignees get, I think the pressure comes back on mobility as a function to be a constant... As people move across regions and everyone is comfortable with the fact that project assignments may be compensated for at different rates... it is our service delivery that must look and feel the same [to all assignees] to the greatest extent possible... we become the orienteering point when everything else seems in flux”.

“... With all this flexibility in the system in terms of what assignees get, I think the pressure comes back on mobility as a function to be a constant...”



The introduction of new program flexibilities requires these stakeholders to collaborate in new ways. A number of IM functions are currently involved in projects that are bringing together various internal stakeholders either in the design of more flexible policy options or in the negotiations about how they will be transitioned into new policy or governance arrangements.

For example, one IT organization has set up a formal project under a senior VP HR, mandated through formal project planning processes and gateways, requiring the development of a methodology and transition model for the business units.

Clearly, those involved in the IM function collaborate with a wide range of these stakeholders, either through formal reporting, team or project arrangements, or through informal connection. The extent to which key people in the function are personally networked across these various parties is very important, both in ensuring effective management of each international assignee, but also in educating and promoting the IM function's perspective on, or the corporate implications of, the new program flexibilities discussed.

In a consumer products organization the nature of these relationships is considered critical to the IM function being able to meet many of the broader implications of new program flexibilities. By working more closely with their in-market HRBP and looking at the talent pipelines in each market, the IM function is able to see the future demographic and welfare challenges it will face as this talent pipeline matures, and design policies accordingly:

more creative way... but this is two-way. HR Business Partners also have to learn to engage us at an earlier stage. If you continue to ask at the last minute if we can do the impossible [referring to some geographic moves that are involve complex immigration arrangements] then we will continue to disconnect with each other”.

We recommend that in to order to address these sorts of relational issues, IM functions consider alternative arrangements, such as case-based systems rather than handover models. In the traditional handover model, key decisions are made between HR Business Partners, line managers, and the IM function, but for large parts of the assignment life-cycle the assignee is under the control of one stakeholder and then handed over to another at a later stage. However, as the industry moves into an era of increasingly customized and flexible program arrangements, the question arises whether IM functions should return to an integrated more case-based approach to expatriate management, whereby:

“... at the table we have all the right people having conversations about the individual move and being quite prescriptive about that [from a welfare perspective] – listening to what we need: the immigration, tax, HR Business Partners in home and host locations, and IM people”.

We believe that the time has come to consider a return to this organizational model.

“... at the table we have all the right people having conversations about the individual move and being quite prescriptive about that [from a welfare perspective] – listening to what we need: the immigration, tax, HR Business Partners in home and host locations, and IM people”

“... HR Business Partners historically have assumed that [as a function] we are unhelpful, but their mindset is changing now. They can see that we are more willing to find a solution ahead of the curve, and in a

Final thoughts and conclusions

IM functions should not attempt to manage program flexibility as a single strategic challenge, but design new offerings in relation to broader considerations of control and discretion levels that reflect the desired balance between the centralization and decentralization of governance philosophies and considerations about delivery costs.

Policy variations should be designed to match the range of drivers behind the need for flexibility such as the need for knowledge transfer, expansion of business operations, resourcing people into more challenging countries, management of expatriation as part of a broader talent management strategy, and changing assignee demographics. An assessment of these drivers raises the need to design new flexibilities that manage a number of issues such as the time it takes to transfer knowledge and skills, incentive and motivation, assignee perception of personal benefit, work-life balance and corporate duty of care.

It is also clear that in responding to the challenge of introducing more flexibility into the existing range of policies, organizations should ensure that the new practices do not have a discriminatory impact on certain segments of their assignee populations.

We recommend that IM functions be clear about the underlying basis on which benefits may be differentiated when considering Mutual Benefit and Core Plus options and identify four logics in this differentiation, the fourth being the most robust:

- Grade and level of seniority
- Geographical market
- Demographic segment and associated individual needs
- Nature of the mobility and type of assignment

In pursuing the Core Plus option, IM functions should be clear about the processes through which flexibilities can be negotiated and ensure that individual managers, the business unit and the assignee all have equal levels of negotiation skills, that equal information is provided to each party, and there is transparency of the discussion.

We recommend that the governance arrangements designed to manage these two forms of program flexibility be based around the series of the seven key considerations and that mobility decisions and outcomes be audited against them. In addition, tracking mechanisms should be put in place to assess the impact of different flexible offerings on key demographic groups.

In order to address important relational issues and the implications of program flexibility for the stakeholders in the international mobility process - i.e. line management, corporate HR, HRBP, the IM function, and international assignees - IM functions should consider more collaborative cross-functional approaches to candidate selection and assignment planning and to the decisions around the flexibility to be offered in individual cases.

It is clear that a desire to introduce greater flexibility into mobility programs for both temporary assignments and permanent moves has momentum within the industry. It is equally clear that in order to be successful, flexibility must be managed. Companies must have clear objectives and outcomes in mind and must approach flexibility as a means to arrive at appropriate decisions which facilitate mobility within their organizations. Successful flexibility should be based on sound principles that permit the provision benefits that are fair and equitable at an individual level and that also enable mobility to continue to be part of the engine that drives and supports the superior selection, motivation and deployment of key talent.

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Gill Aldred is the Sr. Director, Consulting Services, based in the Brookfield GRS London office. Gill has more than 19 years experience in international HR management and assignment administration in both corporate and consulting environments. Gill's experience include implementation project management; policy development; compensation and benefits management; recruitment and cross-cultural training.

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