

The RES Forum Annual Report 2016

Beyond Uniformity – A World of Opportunity

Authored by Professor Michael F. Dickmann,
*Professor of International HRM,
Cranfield University, School of Management, United Kingdom*

Executive Summary

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Beyond Uniformity – A World of Opportunity Executive Summary

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This is an introduction to the
RES Forum Annual Report 2016.
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Report introduction by
Andrea Piacentini
Co-founder, The RES Forum

The RES Forum Annual Report 2016 offers a timely perspective on the most relevant HR challenges affecting the Global Mobility (GM) practitioner and our industry more broadly. The report itself provides analysis and thought leadership on the way forward on many of these challenges.

This year we investigated new emerging areas of interest within the GM field. For instance, in Chapter 1 we discuss Employee Diversity (specifically the gender pay and career gap), seen through the Global Mobility lens. In Chapter 5 we focus on factors referred to as VUCA (Volatile, Uncertain, Complex, Ambiguous) influencing GM.

We also have another look at, and offer some fresh perspectives on, the main areas of interest for GM leaders relating to Assignment Remuneration, Programme Management/Technology and Talent Management. These three areas were the focus of much discussion amongst our 900 RES Forum members and we see strong evidence from our membership that practice and thinking in these areas is evolving, specifically in the areas of Programme Technology and Talent Management. Reflecting on the key themes of the report, I wanted to share with you my view on some very specific areas discussed and what these discussions mean for GM and more broadly HR practitioners.

1. Employee Diversity: the gender pay & career gap

In broad HR terms, the pay and career diversity agenda has been gaining significant profile in the last 12 months. Across Europe, in the USA and beyond, organizations of all sizes are readying themselves for statutory requirements in disclosing gender pay differences as well as defining the narrative as to why such differences may exist.

Current thinking in the domestic context suggests that there are four main areas which contribute to the gap:

- Historical job segregation and 'woman's work'
- Impact of family/caring
- Lack of part-time flexible work in better paid positions
- Lack of women in senior role

However, research has shown that historically gendered behaviours may also contribute to the gap. For example, men take more risks, so men go to riskier assignment locations. Higher stakes in potentially higher growth markets with greater opportunities, tend to deliver greater scope for career development and men therefore earn greater career capital from their 'gamble'. This is all evidenced in our research which shows that men are more likely to achieve career benefits through an international assignment than women who have been through the same international assignment process.

International assignments provide a unique 'test tube' environment to explore such ideas and build hypotheses. If we believe this evidence, then is it safe to conclude that in the domestic context men are more likely to take career challenges such as stretch projects or even jumping from one function (say Finance) to another (say Marketing) and therefore reaping the benefits of those riskier but broadening assignments? The evidence from the International Assignment (IA) perspective certainly suggests so.

And what of the gender pay gap relating to international assignments if it does actually exist? Does it impact the employer's reputation in any different way to say a domestic pay gap? The truth is it depends - if mobility is a key part of your employee value proposition, as it is for many RES members, then the existence of such a gap for international assignees can reduce the value of the employer brand. If you are selling international assignments and international careers as something to attract candidates then it is not to be dismissed lightly.

2. The evolution of the GM function – evolve or die

Since the publication of the RES Forum Annual Report 2015, I have been taking the concept of 'Evolution of the GM function - evolve or die' on the road at various events, including the International HR Adviser's 2016 Corporate Relocation Conference & Exhibition. The argument was simple – mobility practitioners need to evolve their roles to include more value-add activities, such as Strategic Workforce Planning or Talent Management, coupled with good quality performance metrics. Otherwise they may cease to exist as a dedicated function/specialism.

The report suggests we still have some way to go. Assignments should grow as an integrated lever for the development of future leaders and as part of the Talent Management function. Although the trend is improving in 2016, we could do better in this area.

3. Assignment Reward and the journey towards segmentation

Interestingly, assignment segmentation (based on the value to the organization as well as the developmental value to the assignee) now appears to be an area of focus in package evolution. Why would companies not assess International Assignments on this basis? It's about time they did, we say.

4. VUCA

VUCA (Volatile, Uncertain, Complex, Ambiguous) is an interesting subject and it might even represent the last frontier for the 'old world' International Assignment. In the world we live in, where companies are continuing to chase growth and margin (all in a low inflationary environment), the stakes could not be higher. But how does this tie into the earlier point about gendered behaviours and risk taking driving greater career rewards? And are men the biggest beneficiaries of this new VUCA world? It might be too early to answer these questions, but we can conclude that VUCA factors are becoming more important for the way we look at International Assignments.

On behalf of The RES Forum Team, I would like to thank all RES Forum Members for their input. Thanks to you it was possible to make this Report. We hope this year's Report gives you more insight into and food for thought concerning Global Mobility. The topics will be discussed in more detail during our events, so we hope to see you there.

Andrea Piacentini

Co-founder, The RES Forum



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Michael lectures in the areas of international and strategic HRM. He first worked in Cranfield University during his PhD on International Human Resource Management (IHRM). After being the Global Head of Human Resources in a multinational corporation based in Munich, Germany he rejoined Cranfield to lead its work in the areas of national cultures, global mobility and IHRM. His research focuses on human resource strategies, structures and processes of multinational organizations, cross-cultural management, international mobility, global careers and change management. He is the director of the Cranfield MSc in Management, a highly innovative, practice-centred masters that incorporates an internship with leading-edge organizations.

Michael has published more than 100 academic and professional papers and reports. He is the lead author of three books on international HRM and global careers, part of the acclaimed Routledge series on global human resource management. His latest book *International Human Resource Management – Contemporary HR Issues in Europe*, co-edited with Prof Chris Brewster and Prof Paul Sparrow, was published by Routledge in 2016. Since 2012 he is also the Editor of *The International Journal of Human Resource Management*.

Michael has a first class honours degree in Economics from Queen Mary University of London and an MSc in Industrial Relations and Personnel Management from The London School of Economics & Political Science. Michael has several years of work experience, both with major consultancies and in industry. He has conducted a variety of consulting and research assignments with cutting edge multinational organizations mostly from the financial, automotive, telecommunications, chemical, electrical engineering and electronics industries. He has also consulted for humanitarian agencies, government and the United Nations. He has worked in his native Germany, Australia, the USA, Colombia, Spain and Britain and speaks English and Spanish fluently.

Adventure - that is a key driver for many international assignees. Expatriates are often particularly successful if they are bold enough to go on a journey of exploration, with a willingness to learn, to be flexible and to network with local citizens. Ellen Ochoa, the former US astronaut and director of the Johnson Space Centre put this spirit into words: “What everyone in the astronaut corps shares in common is not gender or ethnic background, but motivation, perseverance, and desire - the desire to participate in a voyage of discovery”.

This voyage of discovery is highly likely to benefit the organization and the individual. However, amongst international assignees, just like in space, women are severely underrepresented. The evidence from many studies indicates that there are many women who would want to work abroad and that companies would be well advised to encourage a better gender balance in Global Mobility (GM).

- Chapter 1 explores gender diversity issues in more depth. To increase gender diversity amongst assignees, multinational corporations (MNCs) need to establish a host of flexible HR policies and practices, including GM approaches that take the special situation of women and families into account. The chapter concludes that:
- Finding suitable female expatriation candidates and motivating them to accept working abroad is more difficult than finding and motivating male assignees. This is the case even though female and male assignees tend to be treated equally.
 - The short and long-term effects of working abroad for women are highly positive. They are promoted faster, achieve higher performance ratings and better reward developments compared to non-expatriated peers. However, male repatriates benefit substantially more from their work abroad.
 - Early repatriation, be it driven by poor performance or at personal request, is less pronounced in female than in male assignees.
 - Many MNCs and their leaders could implement a broader range of flexible working policies and practices. This may alleviate some of the female expatriation resourcing issues and aid in redressing the gender balance in the future in global organizations.

A key way to implant diversity into the DNA of GM and the wider organization is to integrate these topics into Talent Management activities and into the fabric of thinking and decision-making of individuals in all areas of the company.

Chapter 2 outlines pertinent organizational development and Talent Management considerations in GM.

- Global Talent Management (GTM) is critically important for the success of individuals and organizations. However, about 80% of organizations experience a high degree of independence of GTM and GM departments. Given that most organizations believe that their competition is worldwide, the stronger integration of GM and GTM is likely to be beneficial.
- Approximately one in five organizations has less than 40% of their required candidates for international assignments. The constraints for GM are highly diverse in the surveyed organizations.
- For global careers in general, about a third of respondents indicated that the careers of repatriates unfolded better than their non-expatriated peers.
- Assignees normally perform better than their non-expatriated peers which indicates strong behavioural and cognitive learning.
- Companies and expatriates have realistic expectations of the assignment objectives and the time frames in which they have to be achieved.

Chapter 3 shows the programme management and compliance status quo of the RES Forum members. Within GM, these areas have always been at the core of service and value delivery. Within a VUCA world (Volatile, Uncertain, Complex, Ambiguous), compliance especially has to be designed to manage risks carefully and to be able to flexibly react to highly dynamic developments.

- Programme management and compliance is highly centralized within organizations. More than 80% of companies either have one global centre of expertise or regional GM centres that cover several countries.
- In general, corporations do not use multi-vendor outsourcing for quality reasons. The key motives to work with several expatriate service providers are to retain in-house control of the overall mobility programme or to ensure maximum cost savings.
- Assignment compliance is an area in which many companies outsource a sizeable amount of the work to third parties. This helps MNCs reduce their own risks and/or to manage them more effectively.


- Employee compliance issues are most frequently outsourced. External expert organizations often have the benefits of scale and scope due to working with a range of companies.
- Corporate tax and payroll compliance is more frequently done in-house or in close collaboration with service providers due to the perceived importance for the organization and the availability of specialized in-house expertise.
- Assignee tracking solutions have become more accurate and sophisticated with fewer companies relying on Excel spread sheets versus prior years and more companies sourcing their software externally. However, there are still substantial efficiencies to be realized through technology.
- More than a third of companies do not track regular international business travel. This leaves them exposed to a range of compliance risks and is seen by GM professionals as one of their core challenges.
- MNCs are particularly content with outsourcing providers in the areas of household goods shipment, immigration provision, destination service programmes and tax services provision and often recommend their providers.
- Other key assignment compliance challenges include the accuracy of data gathered, the non-integration or non-availability of high quality GM information systems, the lack of internal awareness, and the lack of collaboration or lack of prioritization of GM issues. GM experts argue that the company culture needs to be changed to stress the importance and the risk of GM work and that the awareness of key GM bottlenecks and challenges needs to be raised.

Chapter 4 focuses on reward package design. The function has experienced, over time, increasingly complex and varied GM approaches. The underlying drivers that shape the design of these policies and practices are effectiveness, business needs and individualization considerations. The data indicates:

- That a number MNCs decrease their reward packages in response to such factors as individuals initiating moves or assignments being developmental, which result in assignment packages becoming less generous. MNCs seem to be most generous for business-needs/strategic assignments.
- Almost all short and long-term assignment packages used the home-based balance sheet approach. However, some short-term assignees stay on their home payroll while gaining a per diem.
- The median (efficient purchaser) Cost of Living Allowance (COLA) index is most frequently used by companies to determine compensation abroad. With respect to other benefits such as cash

allowances, companies are most generous to their Long Term International Assignees (LTIA's). However, even for Short Term International Assignees (STIA's) three quarters pay housing costs and a majority pay home leave allowance.

- Less than a quarter of MNCs link assignment compensation to performance.
- Many MNCs provide support for family members when they accompany a long-term assignee. Three quarters of corporations reduce the housing allowance and almost half reduce the assignment allowance when the family does not accompany the expatriate for the full period abroad. In turn, MNCs tend to increase other benefits such as home leave and flight allowances.
- There are large variations of company policies in the event that the expatriate resigns during the assignment or asks for an early repatriation. Claw backs are often determined on a case-by-case basis.

 **Chapter 5.** Political unrest, terrorism or armed conflict in countries/regions dominate not just the news but are also key factors to contemplate when designing and executing GM programmes. Environmental developments such as global warming, tsunamis or insufficient harvest yields/famines add to the volatility in the operating environments of organizations and increase the uncertainty for locals and MNCs. Disruptive technological change, or simply superior products and services enabled by incremental technological advances, keep organizations on their toes and can shape the way that international assignees are tracked, managed and security protected. This chapter looks at this 'new normal' and how volatility, uncertainty, complexity and ambiguity (VUCA) shape the strategies of MNCs and their GM approaches.

The key lessons to be learned from Chapter 5 include:

- A large number of important VUCA trends that have substantial impact on businesses. Companies often react to globalization and geo-political developments through increased localization as well as initiatives that increase flexibility, learning and agile reactions. Finding ways to reduce uncertainty, complexity and ambiguity leads to better business decisions.
- Amongst the key VUCA challenges are disruptive change and new, emergent business models. The increased agility and aggressive business strategies of competitors often need a substantial investment into new technologies or new markets. Co-opetition becomes more popular but needs new HR and employee capabilities.
- While there is a range of other activities, there are six major ways to deal with VUCA threats and opportunities for GM. Important actions are:
 1. Avoid the (hostile) operating environment by withdrawing/not operating in the country.
 2. Prepare international assignees better for hostile environments.
 3. Plan and practice emergency responses to crises.

4. Develop all managers in order that they can analyze VUCA factors and integrate these into decision-making.
5. Design flexible, yet more specific GM strategies, policies and practices for sub-groups that allow a better and the more cost-effective management of assignees.
6. Minimize the engagement of international assignees in hostile contexts through the use of virtual teams.

- Demographic changes have a multitude of effects. Global organizations are devising new ways to attract, recruit and manage their staff. They aim for greater diversity within their operations and encourage global careers. Rewards and recognition approaches are being re-thought and we may see a development towards individualization in terms of rewards, assignment compensation and the elements of the assignment package .




These VUCA topics are likely to strongly shape the GM practices of the future. Above all, good information is needed to be able to successfully respond and proactively plan to design an effective GM programme in a VUCA world.

This year's report is full of data that can guide GM professionals' decisions. It reflects the cutting edge practices of major MNCs but also the challenges these organizations face in managing their GM programmes and ensuring practices are keeping up with broader trends in data and measuring Return on Investment (ROI) of spend. May the data, the company case studies and thought pieces presented inspire readers and improve GM practice.

Prof Michael F. Dickmann

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This is an introduction to the RES Forum Annual Report 2016. To read the full report:

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The RES Forum recognizes that there are GM service providers who have a wealth of expertise, and in-depth industry knowledge that they can offer to our members. To be able to benefit from such experience, the RES Forum has established a relationship with the following preferred Technical Partners:

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A nighttime photograph of a city skyline, likely Bangkok, featuring a complex highway interchange in the foreground with light trails from traffic. Several large billboards are visible, displaying various advertisements. The city skyline with numerous lit-up skyscrapers is in the background under a dark, cloudy sky.

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