

RELOCATION DONE RIGHT

As corporations become more globalised, relocating employees successfully has become a key tenet of business growth. But how can HR and mobility managers overcome complications arising from moving large volumes and different types of talent?

Akankasha Dewan finds out.



Today, relocation has become one of the key watchwords in businesses worldwide. Rather than relying solely on bringing someone new to boost growth, companies are focusing on putting the right talent in the right places – all in order to achieve optimal amounts of growth in the fastest amount of time.

According to the 2014 “Global Mobility Policy and Practices” survey by Cartus, while the majority of companies indicated their mobility activity was “status quo” over the past two years, 50% of companies expected to see their mobility volume increase overall for the upcoming two-year period.

The survey, which polled 172 mobility managers, also highlighted that 38% of respondents said their global mobility programme was critically important to achieving short-term business goals (up 13 percentage points from 2012), and 63% said global mobility was critically important to strategic global expansion (up 12 percentage points from 2012).

Expressing her personal opinions on the issue, Sheila Teyu, senior advisor for global mobility at Dell, says there are many invaluable things one can learn from working in a different country.

“Firstly, you learn to be more culturally sensitive, and learn survival skills you thought you never had.

“From a business standpoint, I think relocation opportunities also enable us to become better team members and business partners by learning to work in different group dynamics, grow our networks, and build stronger and more effective communication skills. Providing relocation opportunities is also a way for the business to attract talent.”

The evolution of relocation

With more companies relocating large volumes and different strata of talent for a diverse range of purposes, managing international assignments for assignees has become more complex and comprehensive.

This has raised a greater need for the international HR leader to provide a quality experience for relocating employees and their families.

According to a new report from Brookfield Global Relocation Services, these assignments not only create new challenges, but add some twists to existing assumptions typically held by mobility managers.

“Current trends are showing an increase in assignments from developing locations,” said Scott Sullivan, executive vice-president of Brookfield Global Relocation Services.

“Recognising the changing international environment, it can no longer be business as usual. It will require more flexibility in a company’s approach and assignment policies in order to ensure an assignee is successful in a new location as well as avoiding costly errors often at times associated with this type of assignment.”

Sean Collins, founder of Talent Mobility Asia, acknowledges a shift in relocation priorities and motivations, adding a mobility manager today has to shoulder a vast range of responsibilities to relocate employees successfully.

“If you look at mobility now, it is very different from what it was 10 or 20 years ago,” he says.

“In the past, it was very much multi-national – mainly involving sending senior people overseas to help start up companies in international locations and it was a very one-size-fits-all-expats kind of package.

“Now, because we’re all so global, and talent pools have been globalised, we’re getting all different segments of talent moving around.

“So companies have to build flexible policies to support all these different talent types – from those who have just started their careers and want some more exposure to the middle and senior management. We have got that whole range now, and companies need to segment that talent and build policies to support each kind.”

Teyu agrees, and adds she has seen an evolution in the process by which relocation packages are approached today.

The increasing reliance on flexible relocation packages

“Over time, companies have adapted different strategies to help accommodate them. Because there is so much focus on compliance and cost-control now, it is not as easy as before,” she explains.

“I know more and more companies are adopting a more flexible policy approach nowadays, which means relocation packages are no longer all standard or fixed. ‘Non-standard’ relocation packages are a new standard now, as this gives the business discretion in providing benefits which are not really mandatory (e.g. language lessons, spouse assistance, etc).”

She adds such flexible policies are useful

because they help cut down on overall costs (not sacrificing compliance) which then enables them to still provide good relocation opportunities for their employees. The employees, in turn, are happy to go when they see their main concerns addressed through the package.

Collins agrees with such an increased amount of evaluation in crafting employee relocation packages, and adds the country to which the employee is relocated plays an important role in customising these packages.

“Companies are looking at the type of packages they are giving to people. They are still using a typical expat package, but they have reserved these packages now mainly for principal talent, and those which showcase a lot of potential for development,” he says.

Collins explains companies are creating other low-cost alternatives today, such as local plus and local lite.

“Compliance is definitely one of the biggest challenges. With each country having different tax and immigration laws, I think global mobility managers have a need to be always on the forefront of these regulations to ensure their mobility programmes will meet the necessary compliance requirements for each destination they have moves in.”

– Personal view of Sheila Teyu, senior advisor for global mobility at Dell

“In fact, there are lots of different packages that are being created now to try and fit specific needs. Local plus programmes can be country specific, for example, in Singapore.

“Singapore is an attractive place for people to move to, so companies in the past would have provided significant support for housing and education and other elements on local plus. Now, they’re re-looking at where the support is really needed.”

He adds support is generally needed in elements such as education because it’s difficult to fit an international child into local schools.

Factors such as housing allowances, however, are being re-evaluated to see if they can be reduced.

“Housing is a personal choice – you can choose to live in a very expensive central area or you could choose to live a little outside the centre of Singapore and get more value for your money. So, companies are kind of reassessing and addressing expectations of their transferees and assignees.”

Overcoming challenges

Such flexible packages have, in fact, also helped in overcoming some of the biggest challenges typically associated with mobility programmes. According to the Cartus survey, mobility managers worldwide stated the three biggest challenges causing them to lose sleep were controlling costs (77% of respondents), housing (47%) and compliance-related issues (45%).

“A lot of companies are doing the surveys and the ‘voice of the customer’ as they call it, to find out which benefits and allowances are most valued to employees,” Collins says.

“That way, they can maybe re-adjust and concentrate on the support that provides the most value and the most impact. Sometimes, the most valuable types of supports are not the most costly.

“For example, spouse support is a very low cost item, but can add huge impact to the family. So, companies are trying to re-look at their packages. Things like mobility premiums are being reduced, and cost of living and housing allowances are being revised after looking at more efficient indexes.”

Teyu also admits that while cost containment is not a new challenge for global mobility managers, she believes they face constant pressure from the business to cut down on programme costs. She adds managers, however, need to ensure they do not cut costs by sacrificing compliance.

“Compliance is definitely one of the biggest challenges. With each country having different tax and immigration laws, I think global mobility managers have a need to be always on the forefront of these regulations to ensure their mobility programmes will meet the necessary compliance requirements for each destination they have moves in,” she says.

She explains that in her experience, another challenge is explaining to the business the compliance issues present in international relocations, even on business trips.

“All the business tends to see is that this employee has a visa to go, so it must surely be all

right to go. They don't realise until too late that a business/tourist visa is not always the right type of visa for the work they are doing in that country, and there may be potential tax liabilities under certain countries' tax laws when they cross over a certain number of days."

Having enough knowledge about the complications involved in overcoming compliance and cost-related issues is therefore, integral, if mobility managers wish to minimise the risks of relocating employees overseas.

"Next, I think one of the biggest challenges for global mobility managers out there is also educating the business and making them

aware of these compliance risks so we can catch them before they actually leave the country," she says.

"It's important for HR business partners to actively communicate with global mobility managers when doing any long or short-term international moves to assess any compliance concerns."

Outsourcing relocation programmes versus designing them in-house

But do companies generally have such in-house resources and knowledge necessary to craft optimal relocation packages?



Flexibility on a platter: Companies are reassessing the expectations of their transferees in areas such as housing allowances.

“Well, the larger companies would typically have a mobility expert in-house,” Collins says.

“But small or medium-sized companies may not have the volume to justify a full-time person dedicated to mobility. Mobility is a very technical area, and you have got very complex kind of mobility situations to deal with every day, such as tax and legal compliance, so it’s a very specialised part of HR.

“For companies who do not have the volume to justify a full-time mobility person or a function, then it typically falls to HR to do the job. That is precisely when issues can arise because the expertise simply isn’t there.

“Essentially you have a way to track and highlight potential tax and legal risks, and that’s very important. It is about really just leveraging expertise that’s out there in the industry to come and help support them in their role.”

— Sean Collins, founder of Talent Mobility Asia

“The HR manager or director would be busy with other parts of their role, so they may not have the time to dedicate to learning about the latest regulations or spending enough time on developing policies or strategising business.”

In such situations, Collins advises companies should engage with external vendors to craft the most relevant and strategic relocation packages.

“If companies don’t have the in-house expertise or manpower to manage their assignment programmes, there are vendors out there they can source. Those vendors can help bring in some of the expertise to manage the administration of the assignment programme,” he says.

He adds hiring external vendors to successfully relocate employees is a good investment by a company to get some solid policies in place. Such policies will also ensure a consistent approach globally throughout the company and get some systems in place for compliance.

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very important. It is about really just leveraging expertise that’s out there in the industry to come and help support them in their role.”

Crafting in-house relocation programmes

For those companies who do not have the resources to engage external vendors, Teyu suggests crafting an internal relocation package that strikes a perfect balance between three key elements.

This includes, first, a package which meets compliance requirements in the host location, including governable and local employment law requirements.

Second, the company and business itself must be agreeable to the costs and contents of said package.

The last element involves a mindful and active role by the company to provide the best support to relocating employees.

“As a company, we do believe in providing a ‘duty of care’ to assignees, so while the business can keep pressuring us to cut costs, as global mobility managers, we do have to be mindful of the employee’s best interests and experience too,” Teyu says.

Collins adds crafting an internal mobility package should also be done keeping in mind the requirements and motivations of the company and the type of employee being transferred.

“When we look at an intern, for example, they’re bound to have a completely different package compared to a senior leader.

“It also really depends on the culture of the company. Some companies are typically very generous – they do a lot of hand-holding. Other companies are more laid back and promote mobility and expect their people to put up their hand and grasp opportunities and largely invest themselves in the experience.

“The key elements of support are making sure the right visas are in place and making sure the family gets settled in. The core kinds of support you see in most packages are things like the flight allowance, the shipment allowance and some temporary housing so you at least get the family settled.

“Then, you will see some optional but, obviously, quite valuable things like intercultural training, spouse support, and language training if they go into a country which doesn’t speak English or their first language.” **H**