



# Take on the Challenge!

## *A closer look at 5 trends defining your global mobility success*

In today's global business, companies need to adjust to the rapidly changing environment and manage challenges with regard to increasing focus on costs and staff shortages in certain regions in order to stay competitive. Successful global companies encourage their workforce to go abroad also to develop the necessary skills to effectively work across countries.

This requires critical review of current global mobility policies since the labour market and its workforce are constantly changing.

Which issues and trends can be identified as crucial for global mobility success in the future? Diversification of assignment types and managing next generation talent with its distinct perspective on working internationally are only some of the challenges companies have to deal with.

# A Shift to Shorter Assignments

Within global business, an increase in alternatives for the traditional long-term assignment is clearly visible, including short-term assignments, business travellers and commuters. Main motives to prefer shorter assignments are initial cost reductions, performance of specialized tasks and face-to-face interaction within the local company without actual relocation. Such a change in assignment types has specific implications for policy development, recruitment and selection, and cross-cultural training. If global companies fail to adapt to this changing portfolio of international assignments they might become less competitive.

When assignment types change, an important step global companies should take is to alter their international mobility policies.

Using one single policy to cover all assignment types will no longer be sufficient, as different types of assignments will comprise different requirements, objectives and circumstances. Although 58% of the companies within Boxx' recent Policy Benchmark Study have a specific short-term assignment policy, the percentages for extended business travellers and commuters are lower. This indicates that global companies should focus on changing their policy accordingly in order to support all their international assignments in the most appropriate way.

MODEL		INTENDED LENGTHS				
		0-3 Months	3-12 Months	12 Months - 5 Years	Permanent	
BALANCE COMPANY & INDIVIDUAL INTEREST	Company	BUSINESS TRIP	(DAILY) COMMUTER ASSIGNMENT	LONG TERM ASSIGNMENT	LOCAL PLUS	INTERNATIONAL CAREERS
	Company & Individual		SHORT TERM ASSIGNMENT			
	Individual	EARLY CAREER TERM ASSIGNMENT	EARLY MID TERM ASSIGNMENTS	LOCAL HOST COUNTRY		

Source: Boxx global expat solutions

Recruitment and selection, and cultural training need careful consideration as they are key for successful international moves. Different assignment types with different types of objectives require different types of assignees as well. Global companies could therefore adapt their selection criteria accordingly to create a solid recruitment and selection process in line with the assignment objectives. Another policy element that might be reconsidered is the use of cross-cultural training for shorter assignments.

The added value of participating in a cross-cultural training for those who go abroad for a short period of time is often underestimated. More specifically, scientific research by Melone<sup>1</sup> shows that all assignees experience culture shock regardless of the length of their stay abroad. The biggest difference is that assignees on a shorter assignment will experience a culture shock 'fast forward'. That is, they do not have as much time to adjust to a new culture, as do assignees on long-term assignments.

Assignees need to be well prepared for these shorter assignments in particular. It might then be recommended to consider including cultural awareness and cultural communication training into the pre-departure requirements for shorter assignments.

## Upcoming Markets and Local Talent

Mobility patterns are shifting away from established towards newer markets due to the rapid growth of emerging markets. Consequently, there is an increased demand for skilled, internationally oriented employees to fill positions in these new markets. This asks for an integration of HR and global mobility in order to control the company's talent and respond directly to global supply and demand.

Common reasons to send assignees to upcoming markets include the transfer of knowledge and skills and the fulfilment of (senior) management positions. At the same time, global talent is recruited into the headquarters to further develop their skills and gain (international) experience. Entering upcoming markets can be very challenging though. Global companies should carefully manage aspects like risk and safety concerns, difficulties to integrate, quality of health care services, corruption, underdeveloped infrastructure, governmental regulations, housing and education standards, additional assignment costs and family suitability of certain countries.

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<sup>1</sup>F. Melone (2005), *Changing with times: Creative alternatives to long-term international assignments*

Companies are highly interested in local talent from upcoming markets. By taking a talent-based approach, global mobility can play an active role in the recruitment of worldwide talent and thereby the company's talent pool. Offering the possibility of gaining international experience to potential candidates is just one example.



However, talent management goes beyond identifying the best candidates for international assignments. As going on assignment is widely accepted as part of talent development, it is reasonable that mobility management is involved in the process of talent management too. Global mobility could for example be the linkage between assignee and home location through training, mentoring and coaching.

The above mentioned allows mobility management to monitor both individual and organizational development. Besides, global mobility can play an important role in career planning by providing support in repatriation and thereby prevent retention of talented assignees and loss of monetary investment. As such, global mobility might play an essential role in recruitment, development and retention of talented employees.

# Local Contracts for a Global Workforce

Sending employees abroad on a local contract is another popular alternative to the traditional long-term assignment. More specifically, companies weigh out the advantages of traditional expatriate compensations packages versus local contracts with reduced relocation benefits.

On one hand, an expat contract might be conversed into a local contract because, for example, the expatriate assignment becomes too lengthy (max 3-5 years), the temporary expatriate function becomes a permanent one (i.e. strategic value) or the expat prefers to stay rather than to repatriate. This is also known as ‘delayed localization’ and can be initiated by both the employer and the employee. Expatriate benefits are usually phased out over a specific transition period.

On the other hand, employees can be sent abroad on a local contract from the start, which is called ‘immediate localization’ or ‘permanent or one-way transfer’. The assignee will receive minimal or no relocation benefits and will be paid based on local terms and conditions. Reasons to choose this option includes cost savings, compensation parity between local and expat population or specific business cases. This complexity implies that local contracts need to be managed carefully. However, our Policy Benchmark Study indicates that 65% of the companies involved do not have a specific policy to manage this.



In general, employees on a local contract might best be managed on a case-by-case basis, since there are quite some difficulties companies might face. That is, working on local contracts might not work in all locations due to the cost versus benefit ratio of the host versus the home country. Careful selection of countries and approach is therefore required.

Another challenge is that employees will remain foreigners even though they are employed under a local contract. As such, foreign employees on a local contract are likely to face the same challenges as regular expatriates but without support from the home country entity. At the same time, the sending company could face increased retention rates because employees on a local contract might become more attractive to other local companies as well.

In short, managing foreign employees under a local contract can be a very complicated and demanding task for global mobility. With regard to policy design, it is worthwhile to take into account the following aspects:

- Compensation (*change base salary*)
- Retirement benefits
- Health care (*global versus local medical facilities*)
- Tax / social security
- Immigration (*legal employment, family members*)
- Schooling (*support, educational specialists*)
- Housing (*local standards*)
- Exclusion long-term benefits plans home country

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**65% of the companies do not have a specific policy to manage foreign employees on a local contract**

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## The Emergence of Millennials

A fourth trend that can be identified as important for global mobility success is the “Millennial” generation that is entering the (international) labour market. These Millennials bring along a different perspective on work, distinct from the perspectives of previous generations. This is where mobility management should step in to manage their new age expats properly to prevent high retention rates.

Millennials with their global mind-set have a large focus on individual, mobile careers rather than life-long employment. They have a strong desire to work abroad as an opportunity for personal and skills development. More specifically, they strive to develop competences that are transferrable across organizations and valued in the external, international labour market. Mobile careers are therefore expected to become the norm.

Global companies should adapt to these changing demands by offering various alternative forms of assignments, like the ones discussed above. Such shorter assignments are ideal to develop young high potentials. In this way, the next generation can be exposed to diverse experiences in a variety of foreign markets. However, Millennials are not looking for career progression only since they have other high priorities as well. This implies that potential relocation of Millennials should be managed with caution in order to keep assignments abroad attractive and beneficial.

Several specific elements for consideration in policy management are:

**Work-life balance**

Social interaction is an important aspect of the Millennials' daily life. Balance is the norm. As such, they are willing to sacrifice their jobs and/or careers to create a better balance between work and social/private life. Even if that means moving to another country.



## Flexibility

As mentioned above, Millennials are very flexible when it comes to jobs and careers; they are willing to make changes in order to meet their personal interests. Job-hopping is not uncommon. It is therefore important to offer flexible working conditions to keep international assignments attractive and retention of talented Millennials low. At the same time, flexible working conditions should not hinder their opportunities for promotion.

## Parental leave

Among Millennials, dual-career couples are very common. Besides, the willingness to travel for work has increased despite having children. As such, Millennials are urgently looking for employers who offer parental leave to combine both their professional and private ambitions. Offering parental leave for female as well as male assignees might prevent retention.

## The Growing Number of Female Expats

Changing perspectives on work are visible along with the emergence of a new generation, as described above. This includes different perspectives on the role that women might play in work settings as well. Diverse research findings demonstrate the added value of employing more women for (management) teams. Such positive results have been shown in a global setting as well, resulting in a worldwide increased demand for female expats over the past years. For example, in England alone the number of female expats increased by 116% since 2011, with many women in senior executive levels.<sup>2</sup>

This growing number of female expats can be identified as another trend in today's global business. Women who are qualified to go on an international assignment might have different demands with respect to assignment support compared to men. This is mainly caused by the double role women typically need to fulfil; both as a business woman and as a mother. As such, global mobility should understand the particular expectations and needs of their female expats. However, management might not be prepared in that sense for the increasing number of female expats.

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<sup>2</sup> NatWest International in The Telegraph, 26 January 2016

Even though the number of female expats has grown over the past years and is expected to grow even further, there are still few women on international assignment. However, taking on an international assignment might be an ideal way for women to advance their career. At the same time, women are generally seen as more cross-culturally competent and potentially important for managerial decision-making, which highlights the added value of sending more women on an international assignment.

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**“Taking on a foreign assignment is one of the best ways to advance women’s careers”**

Yelena Mackay, expat business woman and author

*The Telegraph, 26 January 2016*

So, if women do have the qualities that companies need for success in today’s global business, why is it still more difficult for them to take the expat route? Women face barriers that go beyond the typical difficulties expatriates face. Global mobility management might not be aware of these (invisible) barriers and consequently will not be able to cover such elements through policies and practices.

Examples of barriers and solutions to overcome these difficulties are:

### **Work-family conflict**

For female expats in particular, the effect of personal life on working life and vice versa is very important. Family support is equally important as individual support, which emphasizes the necessity for global mobility management to support both work-life balance and family life during an international assignment.<sup>3</sup>

Global mobility management could for example add or enhance attention to policy elements like day care, educational assistance, and language and cultural training for children. This could help female expats to support their family life while working abroad. Another option might be to increasingly send women on short-term assignments rather than choosing for the traditional long-term assignments to help them balance their career and family needs. Furthermore, in today’s changing society it is not uncommon to have single parent families. Mobility management could consider additional support in these situations so that even single mothers have career opportunities abroad.

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<sup>3</sup> Ellen Jansma (2015), Head International Mobility at Philips, MBA thesis: *Working on the other side of the world: The influence of expatriate psychological contract breach on performance and satisfaction with the moderating role of age and gender*

In essence, global mobility management might consider flexible approaches that allow female expats to combine their professional ambitions with their responsibilities at home. This will enable women to accept an international assignment without facing too many barriers that interfere with their wish for a work-life balance.



### Partner support

In all expatriate situations it is advisable to provide incentives or support to help the expat's partner settling-in in the host country. When it concerns a male partner however, there are certain factors global mobility management should pay specific attention to as male partners face distinct difficulties.

First and foremost it might be more difficult for a male partner to give up their career in the home country. More specifically, male partners are often less willing to make career concessions to accompany their female spouse abroad. Particularly in such cases dual-career support, and training and development opportunities will be highly valued. This support should be provided before, during and after the assignment so that both the expat and partner have thorough opportunities to reach their career goals.

Especially in male-dominated societies, it can be rather challenging for a male partner. In these societies, the male typically has the highest position in both business and society. The male partner does not want to feel inadequate and might prefer to have a job too rather than a complete 'role reversal'. This can be quite challenging as the home company cannot guarantee a career abroad for the partner as well. Nevertheless, global mobility management should recognize such challenges and react accordingly to make the expatriation of a woman a success, since an unhappy partner might cause expatriation failure.

### Cultural barriers

In general, women are better able to adjust to foreign cultures. Depending on the degree to which a culture has been involved in the process of globalization, female expats are firstly seen as business people, secondly as representatives of their home culture and only thirdly as women.<sup>4</sup> Nonetheless, female expats might face greater difficulties in adjusting to certain cultures compared to their male counterparts.

For example, doing business in the EMEA region has severe cultural barriers, especially in male-focused industries. In these situations, cultural attitudes towards the role of women in childrearing and family life might largely differ from those in the home country. It might not be common to do business with a woman or to have a female decision-maker since men are typically higher ranked in society as well as the business environment.

Global mobility management needs to be aware of such issues and manage the expatriation of female employees accordingly. The female manager could for example be accompanied by a male colleague when visiting clients to show that she is an equivalent business partner. Former female expats could also function as a mentor and role models for future female expats as they have the experience of working in a certain country and culture, and are fully aware of what (not) to do when doing business abroad.

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<sup>4</sup> Dean Foster, intercultural trainer, in *Women on international assignment: An evolutionary perspective*

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*In everything we do, our empowered professionals deliver sincere attention to our clients' challenges. It helps that we are a fully independent family-owned company. We don't compromise on quality. By working with the best in our handpicked global network of partners, called Frame we can deliver unmatched standards.*

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