

# Global mobility effectiveness survey 2009





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# Executive summary

The world is embraced in an unprecedented economic downturn which is bringing both challenges and opportunities to global multinational companies. Unlike other downturns however, HR is being challenged to do so much more: handle a more complex, and in some cases still increasing, assignee population; oversee more diverse policies and types of assignment; manage or reduce cost; run efficient processes; reduce organizational risk. All of this is mostly with the same or even less resource than before.

Our *Global mobility effectiveness survey 2009* is running for its second year and offers a comprehensive and broad range of views with 155 participating global multinational companies headquartered in the Americas, Asia-Pacific and Europe. The survey's task is to assess the effectiveness of the global mobility function, its processes and policies, and to offer comparison with our first 2008 survey. Additionally, the survey was expanded this year to provide benchmarks of key objectives for international HR management in this current economic climate.

The results of the survey are detailed on the following pages and show comparisons by geography, by market best practice or expectations, and our 2008 survey. The key results of this survey include:

- ▶ 71% of companies have a classic long-term assignment policy, 67% have short-term policies but only 22/23% have commuter or regional policies.
- ▶ Only 18% of surveyed companies have differentiated strategic or developmental policies while a further 10% are going that way.
- ▶ Companies lose up to 15% of their assignees within 2 years of repatriation but repatriation is seen as the most important phase of an assignment by only 1% of respondents.
- ▶ Preparation (55%) and selection of assignee (36%) are the 2 most important phases of the assignment but 61% of IHR teams are not involved in assignee selection.

- ▶ Companies surveyed were asked to rank in terms of urgency areas in need of improvement with the top 4 being in order: 1. assignment administration; 2. cost control; 3. processes; 4. policy.
- ▶ The top 4 risks were similarly ranked as: 1. income tax & reporting; 2. accidental expatriates; 3. social security & reporting; 4. corporate tax.
- ▶ Only 20% of companies know their true expat cost, 58% have an approximate cost only, 81% are looking to take measures to save cost.
- ▶ Of the key areas of focus for managing cost the top 5 in order are: 1. global mobility processes; 2. localizations; 3. policies; 4. vendor outsourcing; 5. strategy approach.

We hope that you will find the survey of interest and of use in allowing you insight into other organization views, geographical disparities and into the future objectives of our survey participants. We also encourage you to look at your own international HR function and challenge your current processes and approaches: in these past years of growth many opportunities or issues have been pushed aside and now is the time to go back and look whether they can unlock value, be it in process efficiency, policy cost management or risk reduction.

Ultimately this survey is about taking a different look at the way we see the international HR function. We look forward to your feedback and your participation in our 2010 survey.

**Kevin Cornelius**  
Human Capital Partner

**Chris Debner**  
Human Capital Senior Manager

June 2009

# Global mobility effectiveness survey

## 1. Introduction

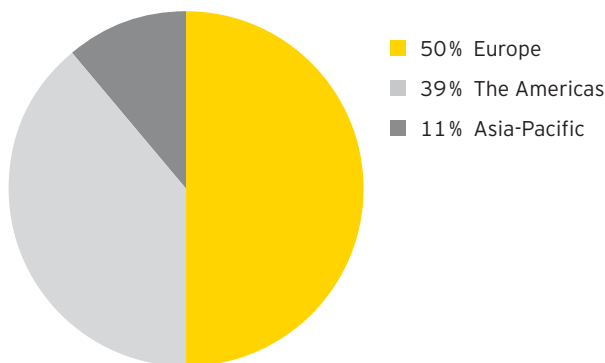
The *Global mobility effectiveness survey 2009* analyzes the effectiveness of the global mobility function, processes and policies of leading multinational companies and offers comparison with our first 2008 survey. Additionally, the survey covered questions related to the current economic climate by analyzing cost management strategies in the international HR environment.

Questionnaires were received from 155 organizations headquartered across Europe, the Americas and Asia-Pacific from a diversity of industry sectors providing statistically significant findings across the geographies and sectors.

## 2. Respondents' company profile

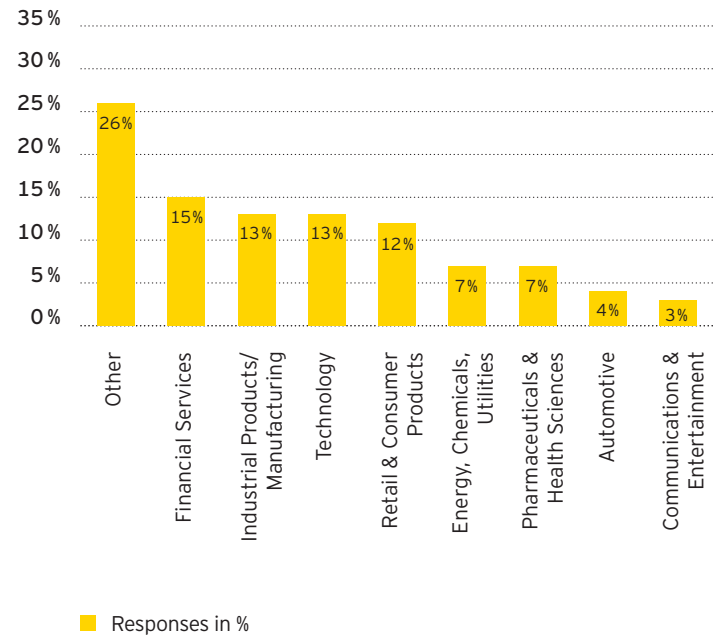
50% of the participants of our *Global mobility effectiveness survey 2009* are headquartered in Europe, 39% in the Americas and 11% have their headquarters in Asia-Pacific, demonstrating the global dimension of the survey and providing contrast across the three geographic areas.

### Where is your Company headquartered?



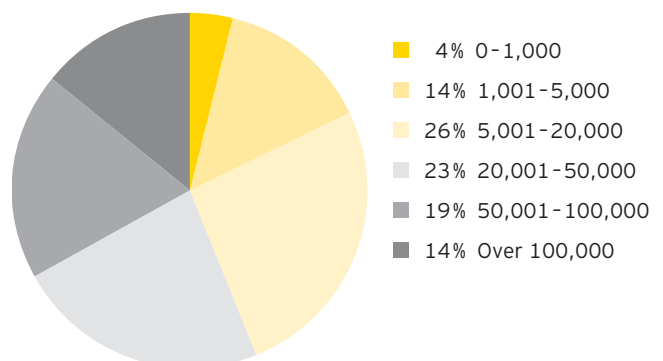
The participating respondent companies operate across the full range of industry sectors with Financial Services (15%), Industrial Products/Manufacturing (13%), Technology (13%) and Retail & Consumer Products (12%) most strongly represented.

### To which industry sector does your Company belong to?



Over 50% of the respondents surveyed represent multinationals with more than 20,000 staff, and 14% with more than 100,000 employees. But also smaller companies participated in our survey with 44% having less than 20,000 employees.

### How many people are employed in your Company worldwide?



# Global mobility effectiveness survey

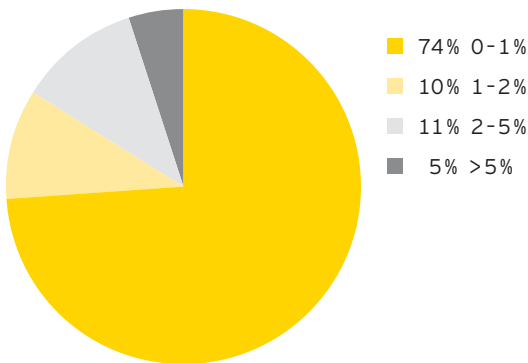
## 3. Types of assignments and policies

Assignments are mostly covered and defined by policies with the most common being short-term (often less than 12 of 18 months in term) or long-term assignment policies (often 1-5 years in term).

### 3.1. Short-term assignments

Almost three-quarter of the respondents indicated that less than 1% of their total global employees are expatriates on short-term assignments.

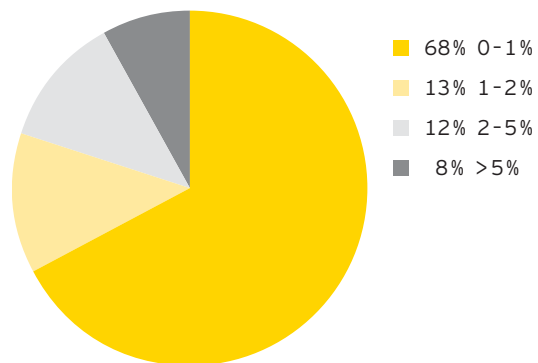
**What % of the total number of employees are assignees?  
Short-term < 12 months**



### 3.2. Long-term assignments

In 68% of the companies surveyed, long-term assignees represent 0-1% of their total workforce.

**What % of the total number of employees are assignees?  
Long-term > 12 months**



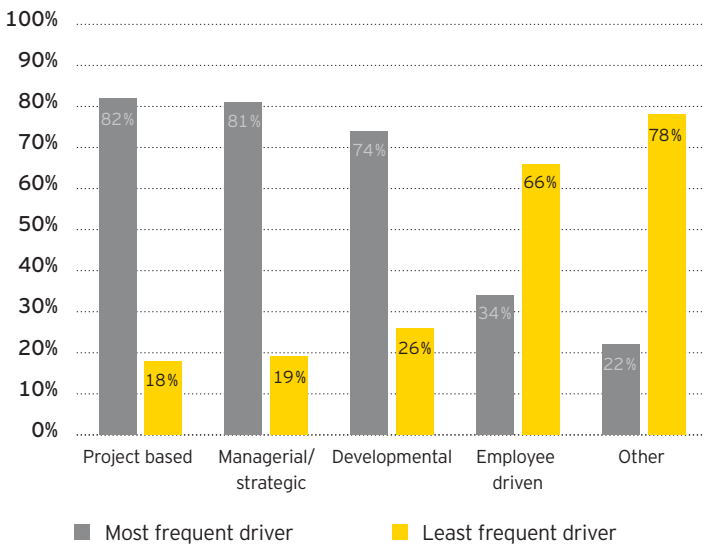
As a general trend it can be observed that European headquartered companies send more expatriates on short-term assignments than American and Asian-Pacific based companies. 15% of the European companies indicate that over 2% of employees are short-term assignees, whereas only 11% of the American and 8% of the Asian-Pacific companies have over 2% of their employees on short-term assignments. In contrast, there are more long-term assignees sent from Asian-Pacific headquartered companies than from Americans or Europeans: 30% of Asian-Pacific corporations indicated that over 2% of their employees are on long-term assignments while only 15% of the American and 18% of the European companies reported such a figure.

# Global mobility effectiveness survey

## 3.3. Drivers for assignments

The survey showed that most international assignments are project based, followed by managerial and strategic assignments which were cited as the second most frequent driver. The least frequent assignments are employee driven, besides other reasons cited.

**What are the main drivers in your Company for sending people across borders?\***



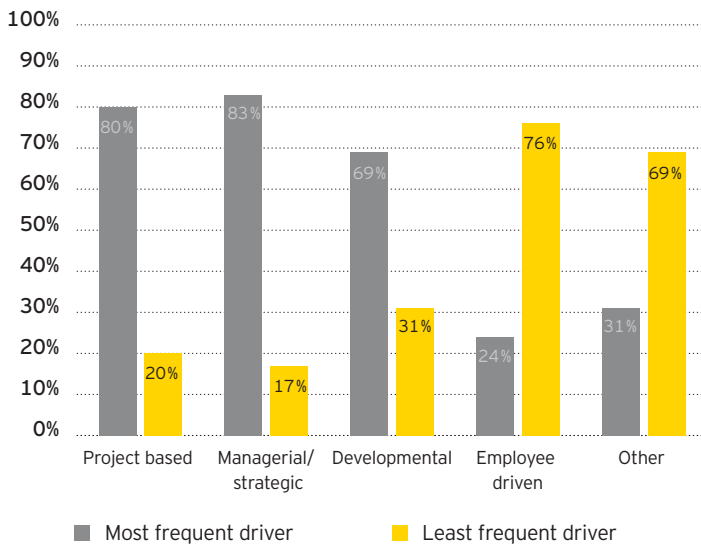
\* Multiple answers possible

The geographical comparison shows that in Europe employee driven assignments occur more frequently than in Asia-Pacific, but substantially more than in the Americas. Employee driven assignments are less expensive for companies due to possible savings in traditional expatriate allowances, such as mobility premiums. Among European headquartered companies the use of this type of assignment has risen noticeably compared to last year's results. Therefore, companies in the Americas may consider whether employee driven policies would work efficiently within their HR functions.

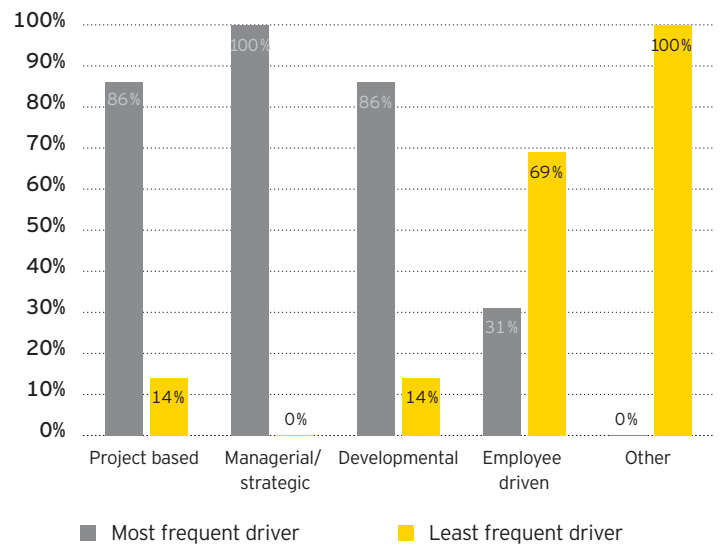
In Asia-Pacific, managerial and strategic reasons are the most frequent driver for international assignments. But interestingly in European and American headquartered companies there was approximately a third who indicated "other drivers," which may be global nomads, technical skills, etc., whereas none of the Asia-Pacific companies experienced such drivers. This may be a result of the stage of growth or complexity of an assignment program or simply of different corporate cultures across the geographies.

# Global mobility effectiveness survey

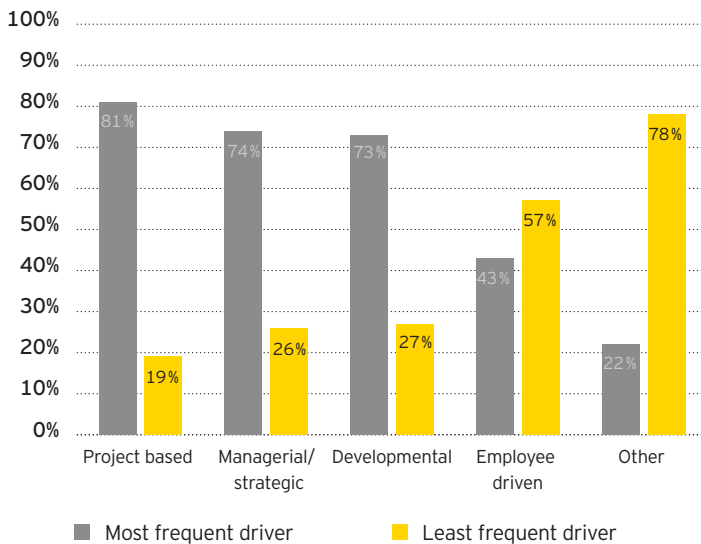
## The Americas\*



## Asia-Pacific\*



## Europe\*



\* Multiple answers possible

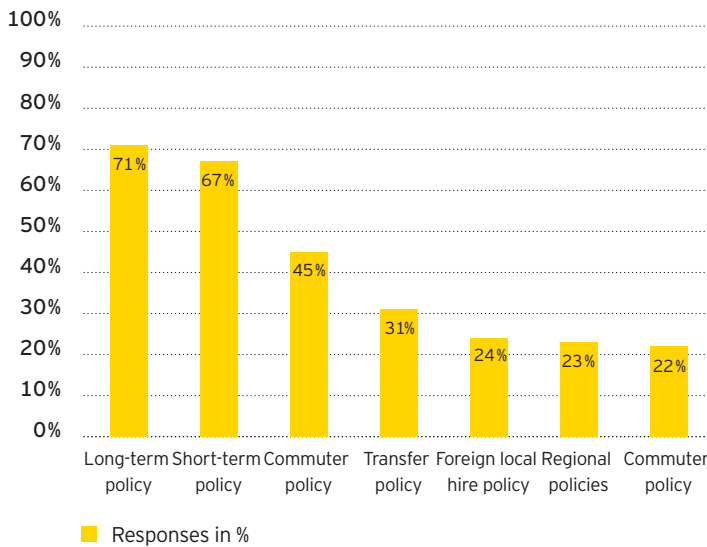
# Global mobility effectiveness survey

## 3.4. Assignment policies

We surveyed the types of assignment policies used or deployed by respondents and unsurprisingly found that long-term policies (71%) and short-term policies (67%) are most commonly used.

Interestingly, for Asian-Pacific headquartered companies, transfer policies, foreign local hire policies and regional policies play a more important role than in the Americas and Europe, whereas many European companies still have only one global policy.

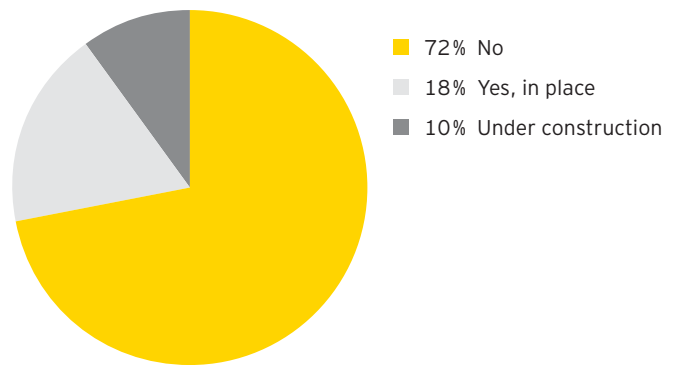
**Which policies for internationally mobile employees exist in your Company?\***



\* Multiple answers possible

The majority of the surveyed companies (82%) have not differentiated their policies, i.e. for developmental and strategic assignments; however 10% of those are constructing new policies. Recent trends have shown that companies are moving towards such differentiated policies to seek benefits from cost savings, a better alignment of their international assignments with their global talent management processes and a better fit of the business cases and the assignees. If these approaches do deliver value, there are many survey respondents who may wish to evaluate a change in policy approach to unlock these benefits.

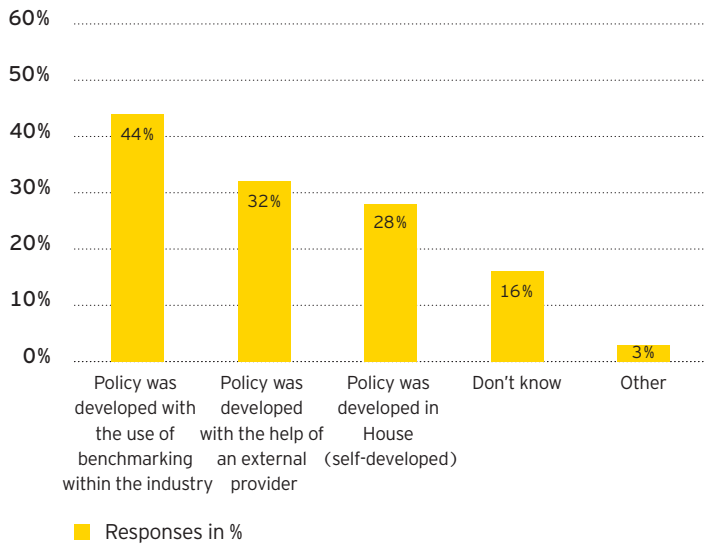
**Do you have different policies for developmental and strategic assignments?**



In 2009, 44% of the respondents developed their policy with the use of benchmarking and 32% used external providers to develop their international assignment policy. In comparison to our 2008 survey a general trend can be seen for engaging external providers to develop international assignment policies.

# Global mobility effectiveness survey

## What describes the approach your Company took in developing your policies best?\*

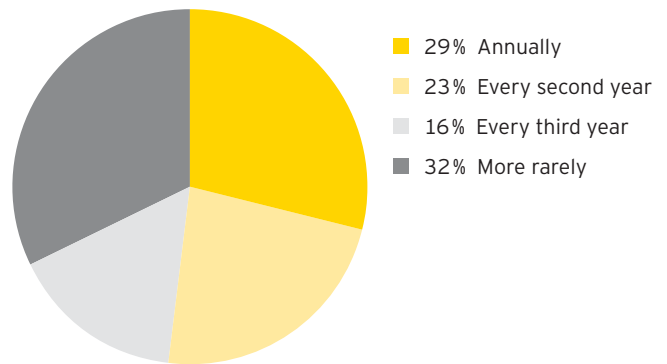


\* Multiple answers possible

In constantly changing markets and business objectives, companies are encouraged to update their policies regularly. This is especially true in the current economic situation as cost awareness and the need for raising efficiency are as high as never before. However, according to the survey only 29% of participating companies review or benchmark their policy annually and 23% do it every second year.

By taking a closer look on the three geographic areas of our survey, it can be observed that policies are more often reviewed in the Americas and in Europe than in Asia-Pacific.

## How often do you review / benchmark your policy?



# Global mobility effectiveness survey

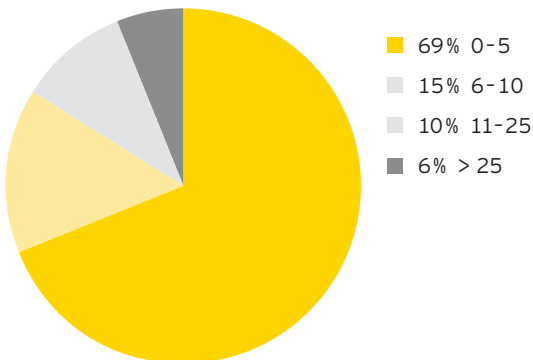
## 4. Global mobility function

The following questions looked at the staffing and geographical organization of a company's global mobility function.

### 4.1. Organizational setup

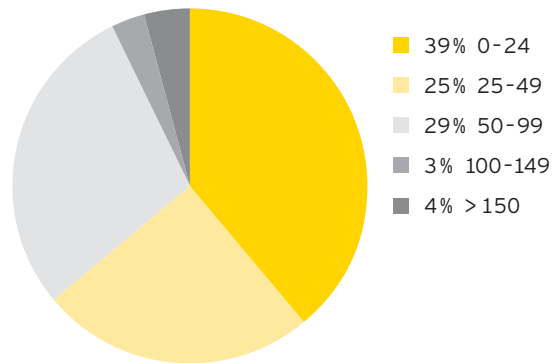
Out of the participating companies, 69% were found to have less than 6 full-time employees dedicated to their international human resource management.

**Please provide the number of dedicated IHR staff in your Company. (Number of FTEs)**



The majority of the participating companies (39%) indicated that one international human resource employee handles on average less than 25 assignees. In 25% of the companies one dedicated international human resource employee handles 25-49 assignees and in 36% of the companies the number of assignees per IHR employee is even higher. This shows a wide variance in the level of potential interaction between global mobility functions and their assignees and allows considerations of the balance between complexity and efficiency of global mobility functions.

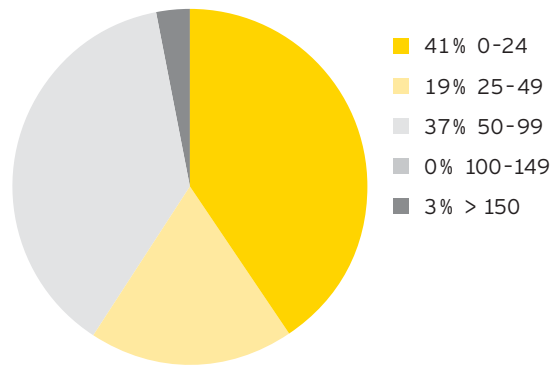
**How many assignees are handled on average by a dedicated IHR employee?**



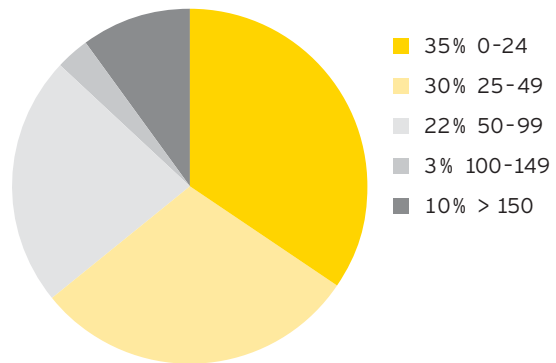
# Global mobility effectiveness survey

The geographical comparison shows in Europe that international HR teams handle the highest number of assignees per team member. In Europe, one full-time IHR employee is on average responsible for 46 assignees, in an American headquartered company an IHR employee is typically responsible for 41 assignees and in Asia-Pacific the IHR team member covers on average 30 assignees. The results are more pronounced for larger assignee populations where 10% of European headquartered companies noted that an IHR team member is responsible for more than 150 assignees, compared to 3% of American headquartered companies.

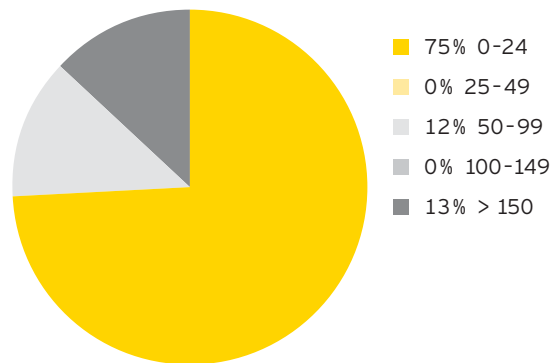
**The Americas**



**Europe**



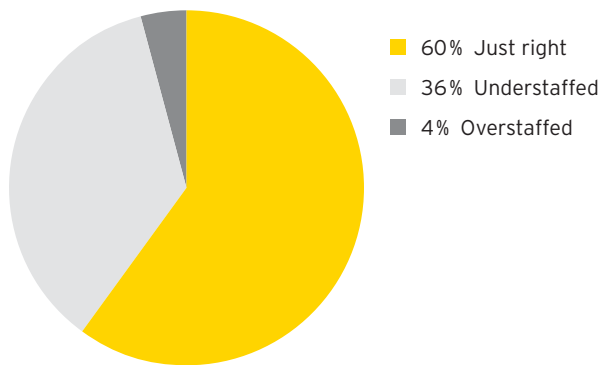
**Asia-Pacific**



# Global mobility effectiveness survey

60% of the participants believe that the number of their dedicated international human resource staff is just right, whereas 36% have the perception that their IHR is understaffed. Although IHR employees of European headquartered companies have to handle more assignees, significantly more respondents of American based operations say that they are understaffed.

## Do you believe that your IHR is overstuffed/understaffed?

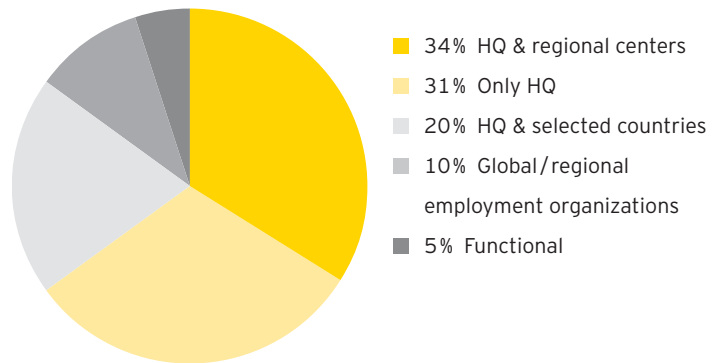


The majority of global mobility teams (34%) are located in headquarters and regional centers and 31% are to be found only in headquarters, adhering to the general trend seen in the market to centralize the global mobility function and administration of the assignments.

Over the last few years a growing number of multinationals have set up a global and/or regional employment organizations. Reasons for establishing a global employment organization are multiple and range from an increase in the effectiveness of their global mobility function to permanent establishment risk reduction. The benefits deriving from a GEO are numerous while at the same time the complexity of designing and implementing such a structure should not be underestimated.

In 2009 more companies (10%) reported to have such a global and/or regional employment organizations in place compared to 2008 (7%), and our experience in the market shows that an increasing number of companies are also contemplating a move into such a structure.

## How is your staff geographically organized?



# Global mobility effectiveness survey

## 4.2. Meeting expectations and return on investments

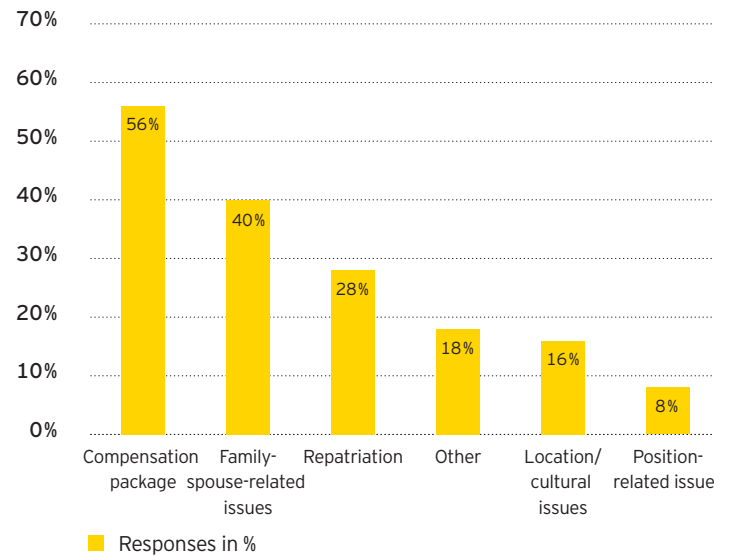
This chapter focuses on the most common assignee issues and analyzes the issues linked to repatriation.

It is important when analyzing the results of a global mobility function in meeting expectations, to look at it from two sides, both the company executive management's perspective and that of the assignee. If the assignment experience has turned out to be negative and/or led to the termination of the employee, global mobility investments may have been lost.

The use of key performance indicators (KPIs), which are closely linked to the company's overall business strategy for the global mobility function, has become more wide-spread in recent years. However, the complexity of identifying the right KPI's for a company and the availability and comparability of quantitative and qualitative data around the assignment process remains a challenge for many.

56% of the respondents of this survey agreed that the main issue where assignee expectations were not always met is the compensation package, followed by family- and spouse-related issues (40%) and repatriation (28%).

**What are the most often addressed issues by international assignees, i.e. what did not meet their expectations during an assignment?\***

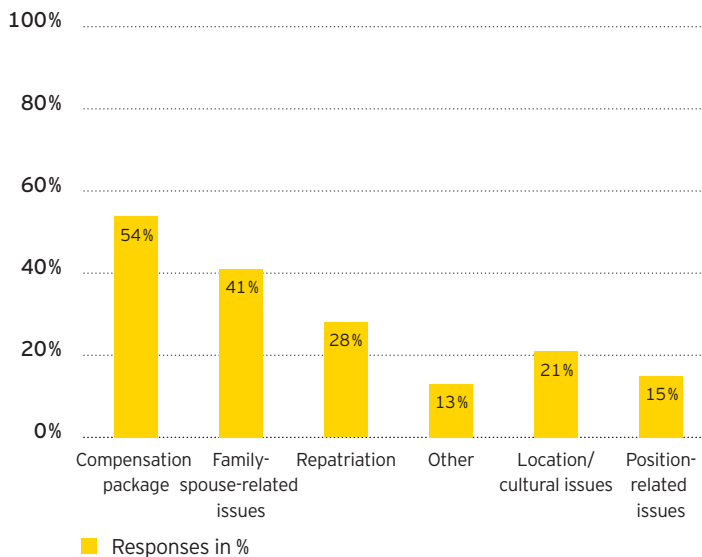


\* Multiple answers were possible

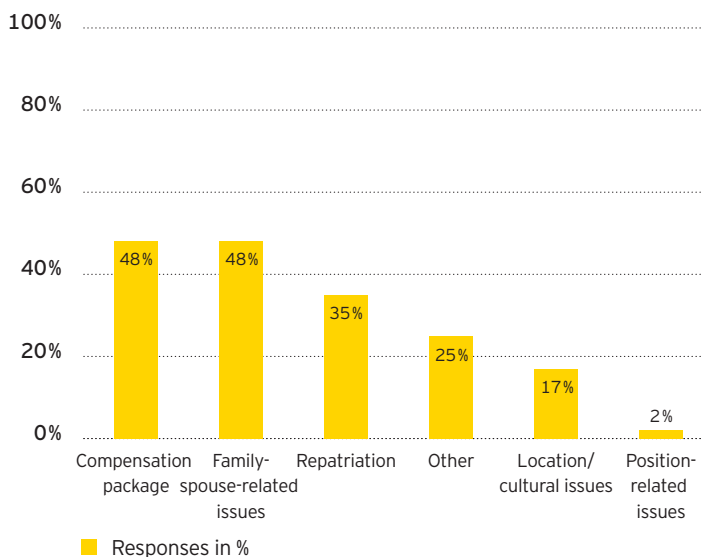
# Global mobility effectiveness survey

The geographical comparison shows that in Europe family- and spouse-related issues as well as the repatriation phase of an assignment are much more often addressed by assignees than in the Americas or in Asia-Pacific. In return, compensation packages seem to be especially important and difficult to handle in Asia-Pacific.

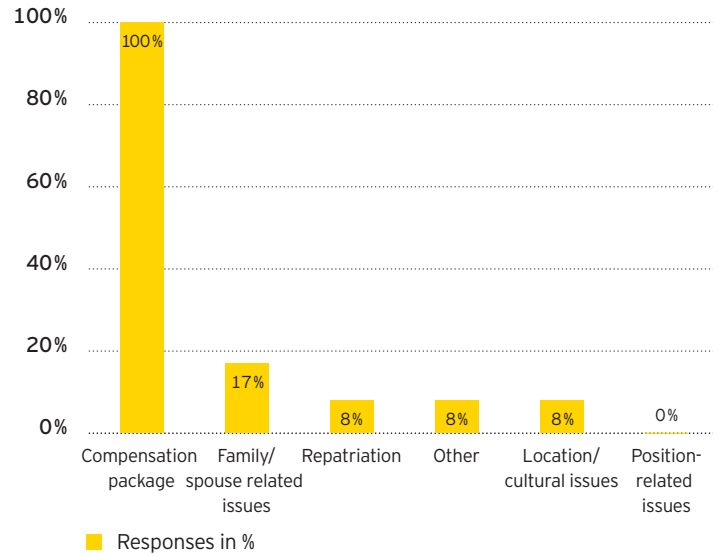
## The Americas\*



## Europe\*



## Asia-Pacific\*



\* Multiple answers were possible

A defined repatriation process linked to the global talent management system, with home country support and recognition, are some of the proven ways to manage assignee expectations and keep valuable experiences gained within the global organization. Such processes will be more acutely needed by global mobility functions where IHR employees have to handle on average a higher amount of assignees, but all IHR will still likely face resource constraints in addressing these issues sufficiently.

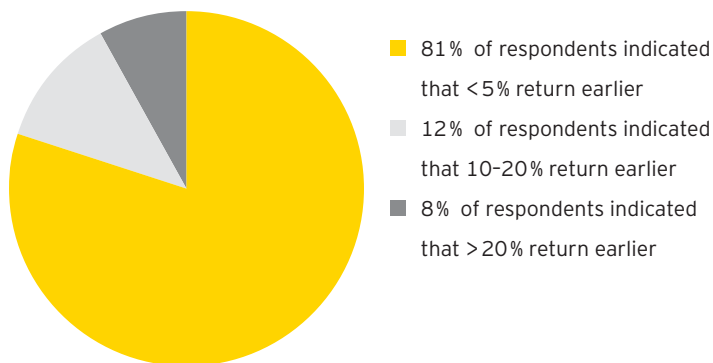
To manage family-related issues, spousal support and/or allowance is often provided. It is becoming increasingly more important to find alternative ways to support spouses than simply the payment of allowances which can be spent on a discretionary basis. Innovative solutions can be considered such as providing more hands-on spousal support with spouse business networks, assistance in job search and in obtaining work permits. Another trend that can be observed are the so-called virtual careers: while the spouse accompanies the international assignee he/she continues to work on a virtual basis for his/her employer in the home country - although this throws up other immigration, tax and social security issues.

# Global mobility effectiveness survey

When an assignee returns home before the planned end of their assignment, this may lead to a considerable loss of return on investment for the company and on the other hand to dissatisfaction of the assignee. That said, 81% of the respondents indicated that less than 5% of their assignees return before the contractual end date. However, for the 8% of respondents indicating that more than 20% of their assignees repatriate before the end of the assignment, there seems to be work to be done. Whereas 10% of assignees from European and 9% of assignees from American headquartered companies return earlier than expected, only 6% of assignees from Asian-Pacific based corporations go back before the end date of their international assignment.

The answers to our survey questions on the repatriation phase show that most assignees return to another position (38%), which is not astonishing as their newly gained experiences and knowledge enable them to take new responsibilities. However, 24% of assignees return to their previous position/department. 23% of all expatriates go again on assignment during the next 2 years following their repatriation and 12% resign from their company in the following 24 months after coming back from abroad what implies a considerable loss of investment and loss of valuable knowledge for the company. In comparable studies the percentage of assignees who leave their companies within 24 months after repatriation is even higher and ranges between 15% and 40%.

## What is the appropriate % of international assignees who return from their assignment before the contractual end date?



# Global mobility effectiveness survey

When taking a closer look on the geographic split some considerable differences of assignees' next steps after repatriation can be observed:

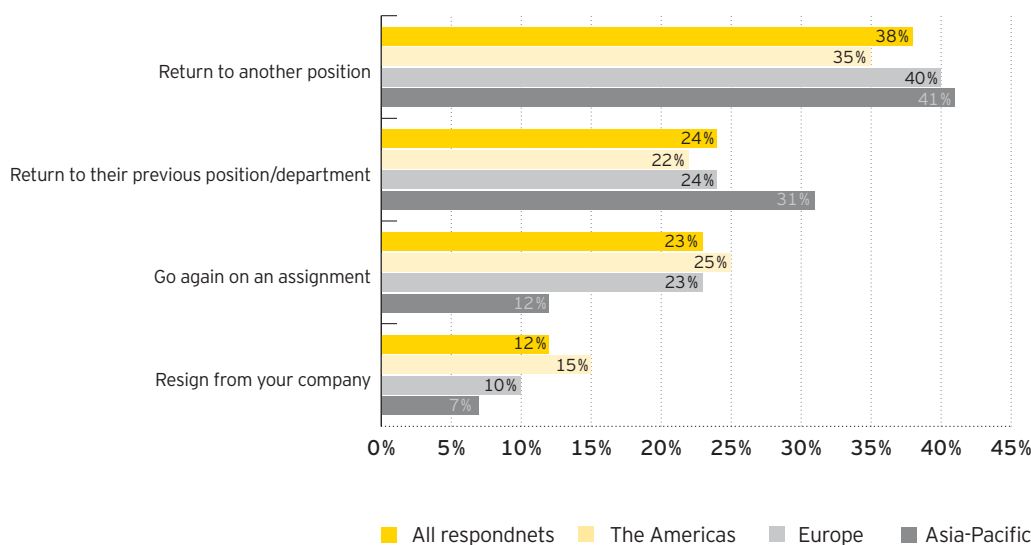
In Europe and in Asia-Pacific around 40% of home-coming expatriates return to another position. In the Americas it is only one third of the assignees that take new responsibilities.

In Asia-Pacific 31% of the assignees return to their previous position and/or department. In the Americas and in Europe this number is clearly smaller: slightly over 20% fill the same job they occupied before their assignment.

In the Americas and in Europe one quarter of the returned expatriates go again on an international assignment during the 2 years following their initial assignments. In Asia-Pacific only 12% go again.

American headquartered companies have to accept the largest loss of expatriates in the 2 years after their repatriation and therefore have presumably issues with the repatriation phase as 15% of returned expatriates leave their companies during this time, while in Europe 10% and in Asia-Pacific only 7% resign from their companies.

## During the first 2 years after repatriation, what percentage of your assignees:



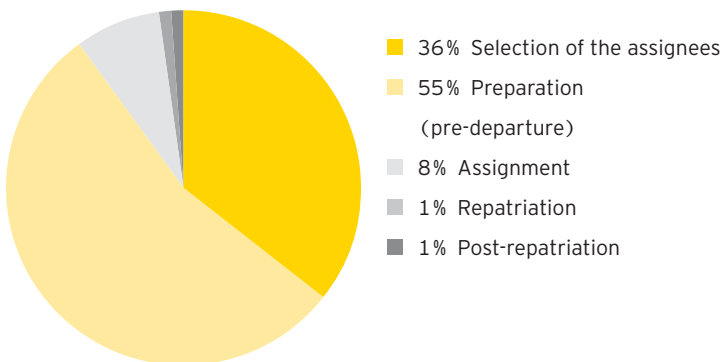
# Global mobility effectiveness survey

## 5. Global mobility processes

The following questions analyze the importance and challenges of different global mobility processes.

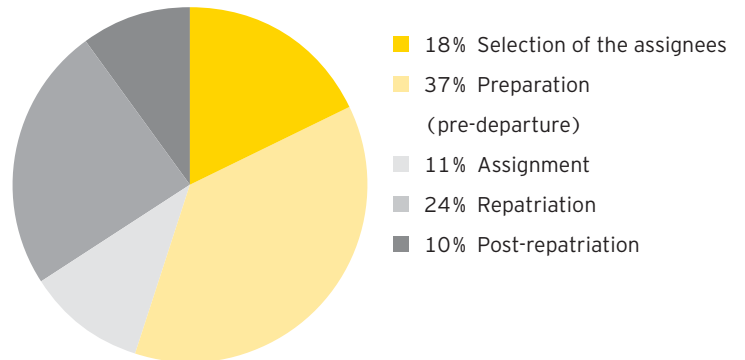
When asked for the most significant phase of the international assignment process, the majority of the participating companies (55%) considered the preparation (pre-departure) phase as the most important followed by the selection of the assignees (36%). This seems to be especially true for companies with headquarters in the Americas and Asia-Pacific, which seem to focus almost exclusively on these two phases, whereas in Europe the assignment phase, repatriation and post-repatriation are weighted with greater importance.

**Which of the following phases of the international assignment process is the most important from your experience?**



Another picture emerges when asking about the most difficult phase of the assignment process. The participating companies report the most difficulties with the preparation of their assignees (37%) and their proper repatriation after the assignment (24%).

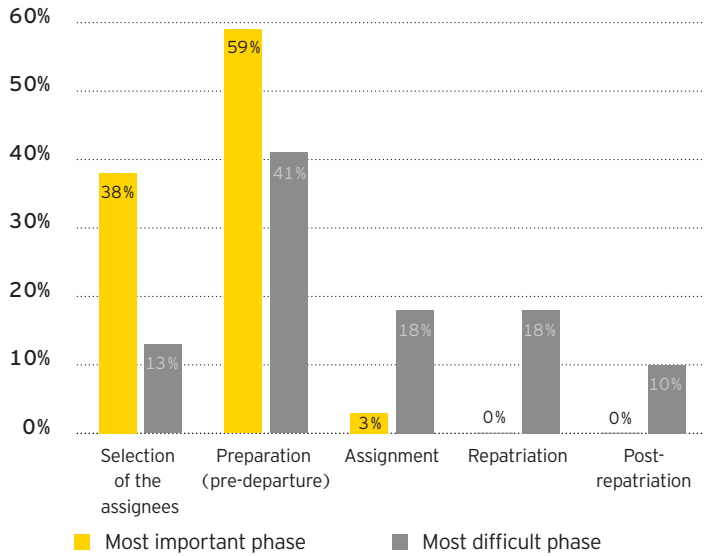
**Which of the following phases of the international assignment process is the most difficult from your experience?**



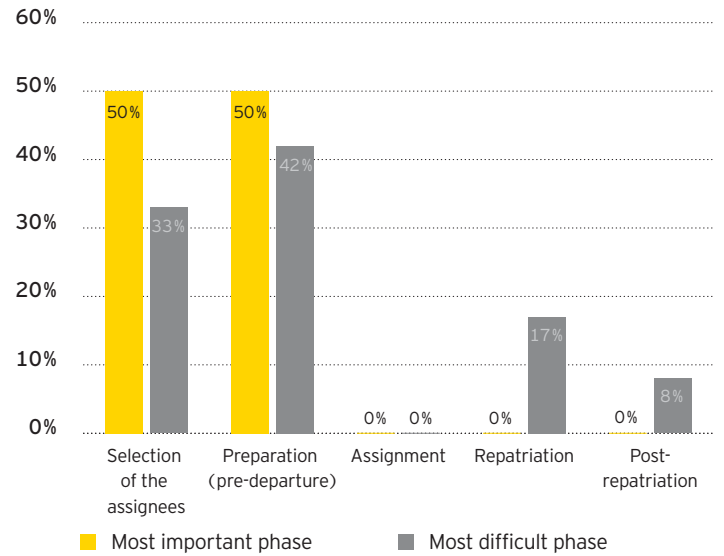
The juxtaposition of the most important and most difficult phases in the geographic split shows some interesting insights with a clear and surprising gap in distinction between what is important versus difficult especially in the repatriation and post-repatriation phases. In talking to some companies about the results it seems that although the awareness is there - the business demands greater focus on the earlier stages of the assignment process and hence objectives (importance) are set appropriately. A greater awareness of the potential loss of investment coming from the repatriation stages may help change the business focus.

# Global mobility effectiveness survey

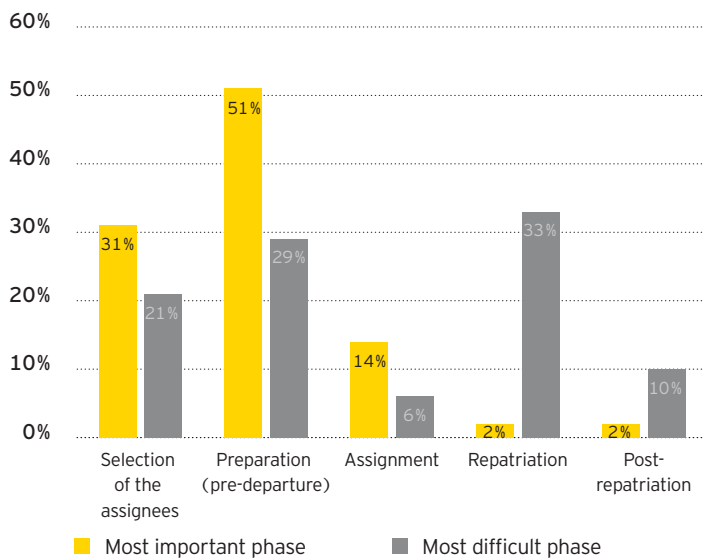
## The Americas



## Asia-Pacific



## Europe



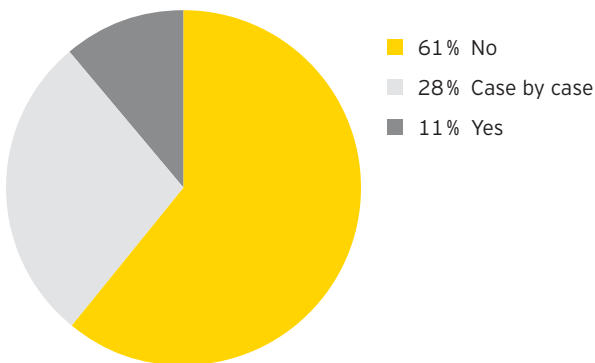
# Global mobility effectiveness survey

## 5.1. Selection

The right selection of and business case for the assignee is an imperative for a successful assignment. As expected, it was therefore declared as one of the most important phases by the participants of our survey.

It is interesting to see that only 11% of the global mobility professionals surveyed could report that they are actually involved in the selection process of assignees, and only 28% reported to be involved on a case by case basis, thus showing the vast majority of global mobility professionals are not at all involved in the selection process despite perceiving it to be one of the most important ones. Companies should therefore consider increasing the involvement of the global mobility function in the selection process, given the fact that this is often the first and most critical stage in the overall success of the assignment. Global mobility professionals have better insight into the characteristics and requirements needed for working overseas and should partner with line managers to help select the best possible candidates.

**Is your IHR involved in the selection process of assignees?**



## 5.2. Preparation

For 55% of the participating companies a good preparation of an assignment is most important and for the majority (37%) also the most difficult possibly due to rapidly changing economic and regulatory environments faced by companies, an increasing number of assignment types and different country combinations involved and heavier demands by the business on an increasingly resource-scarce IHR function.

American and Asian-Pacific based companies especially recognize the importance of this phase, but at the same time seem to have the most difficulties to manage it properly.

## 5.3. On assignment

On assignment challenges were considered less crucial, only 8% of the respondents voted these "most important" pointing towards the difficulties relating to the assignee and family adapting to the new culture and business environment. However, this result is surprising as in a recent straw poll of HR directors around the world talent management and succession planning is a key objective - which would fit into this part of the assignment process.

In the Americas only 3% of the surveyed companies perceive this phase as most important, though compared to the other geographic areas they face at this point of an assignment the greatest challenges as 18% admitted that it is the most difficult one.

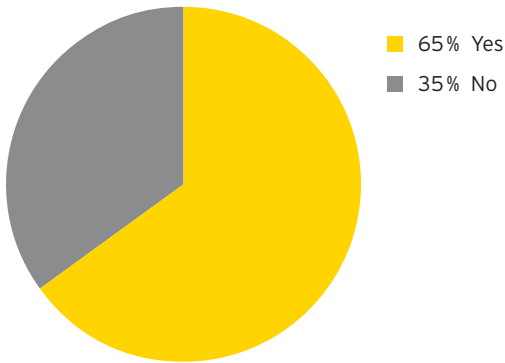
# Global mobility effectiveness survey

## 5.4. Repatriation/Post-repatriation

Only 1% of the responding companies see the repatriation phase as the most important one, whereas 24% declared repatriation as most challenging. In particular European headquartered companies see complexity in bringing home their expatriates and 33% declared this phase of the assignment to be most difficult. Interestingly American companies do not perceive the repatriation phase as difficult as their European counterparts, although they have the highest turnover rate of repatriates.

The majority of the companies surveyed reported to have a standardized repatriation process in place (65%) which helps to deal with assignee retention and readjustment to the home country environment. However, 35% of respondents indicated a lack of such processes in their organization, possibly leading to a higher expatriate turnover and subsequent related costs.

### Do you have a standardized repatriation process?



Linking talent management systems to assignment management and preparing for a future job already in the assignment preparation phase and also initiating the repatriation process with engaging in discussions with expats up to one year before the end of the assignment has proven to be a key in the long-term retention of returning assignees.

## 6. Global mobility services

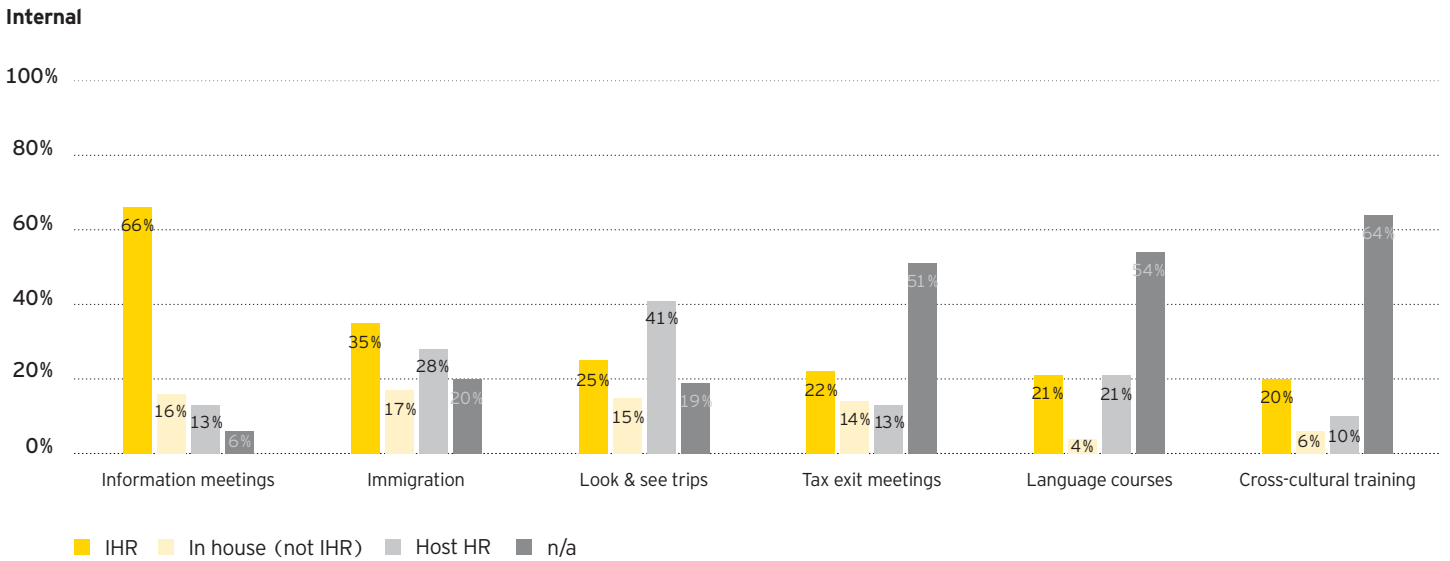
The following chapter looks at the use of global and local service providers and the split of in-house activities between IHR and local HR during the preparation and during an assignment. Additionally a look was taken at the use of technology and future trends in global mobility.

### 6.1. Preparation services

When preparation services are performed internally, they are most often shared between IHR and host HR. Information meetings and immigration are in the majority of cases organized by IHR, while look & see trips are arranged by host HR. Tax exit meetings, language courses and cross-cultural trainings in the majority of cases are not dealt with by either home, host HR or IHR.

# Global mobility effectiveness survey

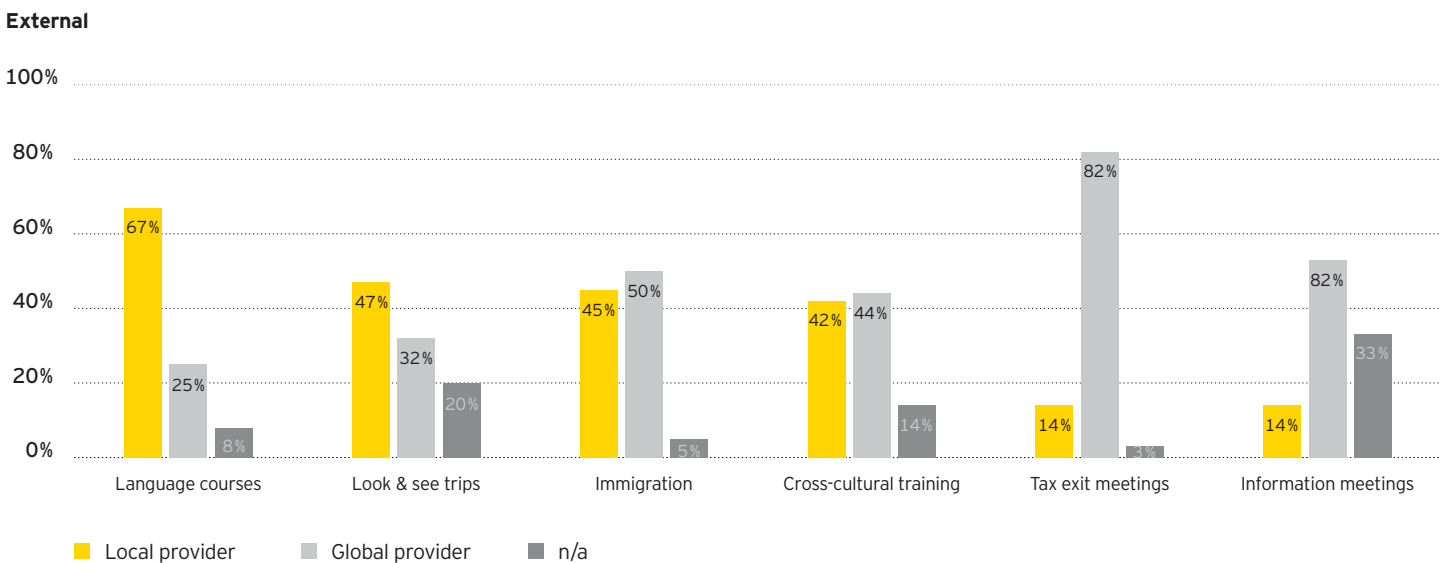
## Which activities are performed to prepare staff for international assignments?\*



Where preparation services are outsourced, local providers are charged with language courses and look & see trips, whereas global providers more often take care of tax exit meetings, information meetings, immigration and cross-cultural training.

When grouping the responses into the three geographical areas, it can be found that more global providers are used in the Americas and in Asia-Pacific while European headquarter companies still use more local providers.

## Which activities are performed to prepare staff for international assignments?\*



\* Multiple answers possible

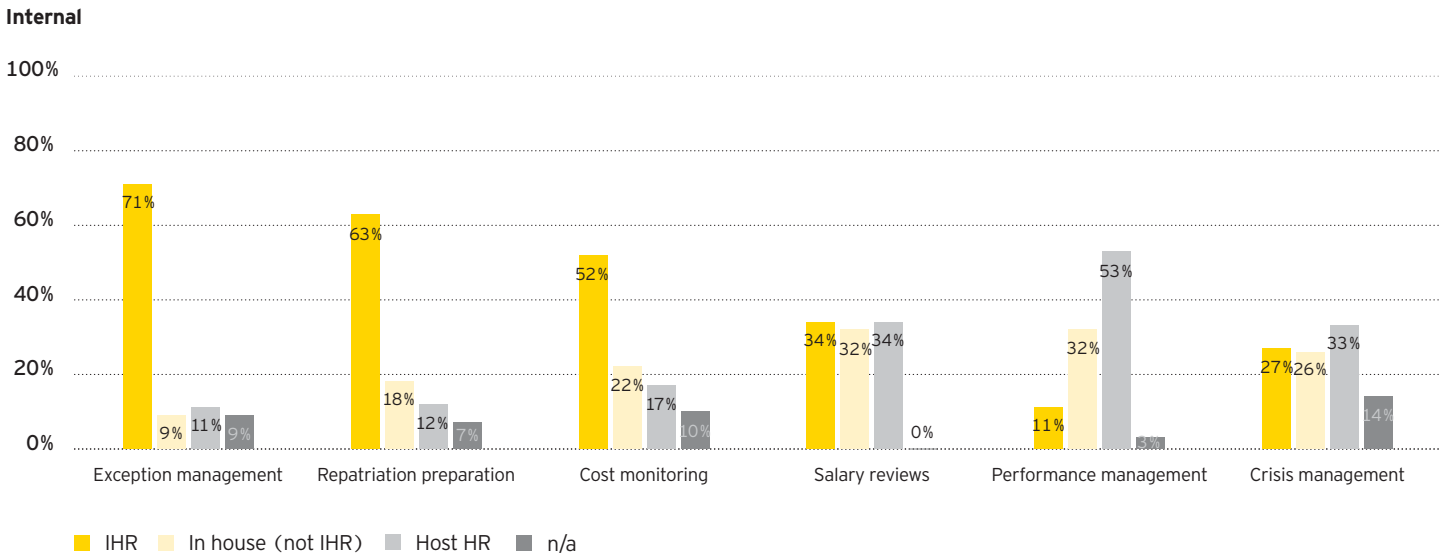
# Global mobility effectiveness survey

## 6.2. Ongoing assignment services

Activities performed during assignments such as performance management, salary reviews, crisis management, exception management, cost monitoring and repatriation are normally linked to strategic decisions and therefore kept internally. This is seen as leading practice among multinationals also according to other surveys.

Exception management, repatriation preparation and cost monitoring are mostly performed by IHR, whereas host HR takes care of performance management and crisis management. Salary reviews are as often addressed by IHR as by host HR. Other In-house HR functions are mainly involved in performance management, salary reviews and crisis management.

### Which activities are performed during international assignments?

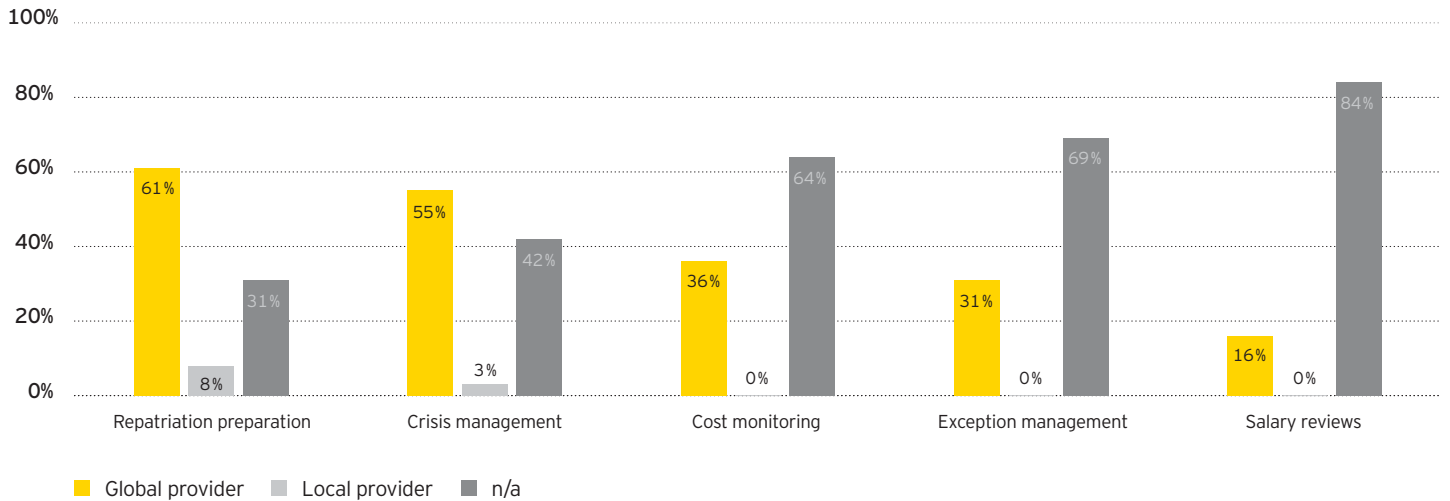


# Global mobility effectiveness survey

Where companies have outsourced their ongoing assignment services, almost only global providers are used, with a few exceptions in repatriation preparation and crisis management where also local providers might be employed.

## Which activities are performed during international assignments?\*

### External



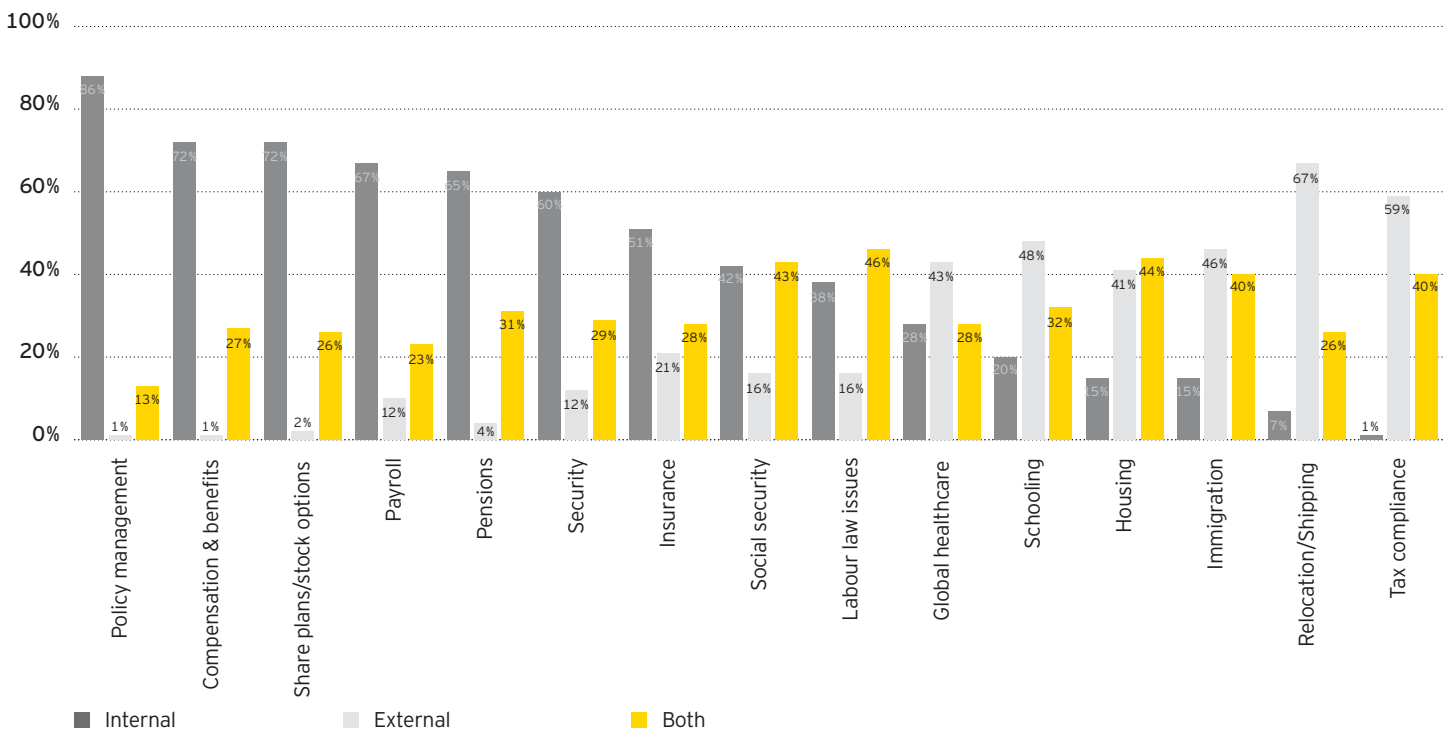
\* No respondent does performance management externally

# Global mobility effectiveness survey

Policy management, compensation & benefits, share plans/stock options, payroll, pension, security issues and insurance are in most cases managed internally. Most companies report that internal as well as external services address social security, labor law issues and housing, whereas global healthcare, schooling, immigration, relocation/shipping and tax compliance are in most of the surveyed companies handled externally.

In comparison to our 2008 survey the trend towards outsourcing has increased and more companies assign activities such as immigration, housing and schooling, relocation/shipping and tax compliance to external providers.

## How does your Company address the following topics?



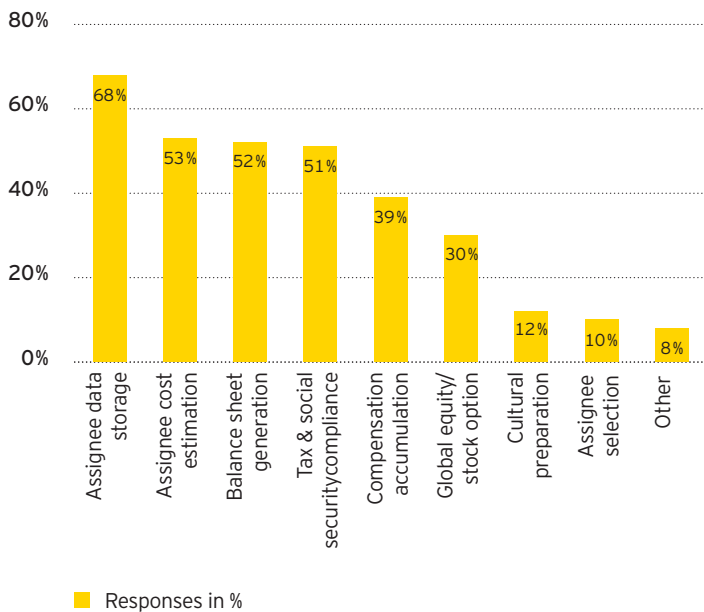
It has been seen that the more decentralized an organization is and the more stakeholders are involved in providing global mobility services, the higher the risk in compliance, cost and control issues. Readers of this survey may therefore benchmark where they sit in terms of provision of global mobility services with the above survey data.

# Global mobility effectiveness survey

## 6.3. Technology

The majority of the participating companies use technology to manage assignee data storage (68%), assignment cost estimation (53%), balance sheet generation (52%) and tax and social security compliance (51%).

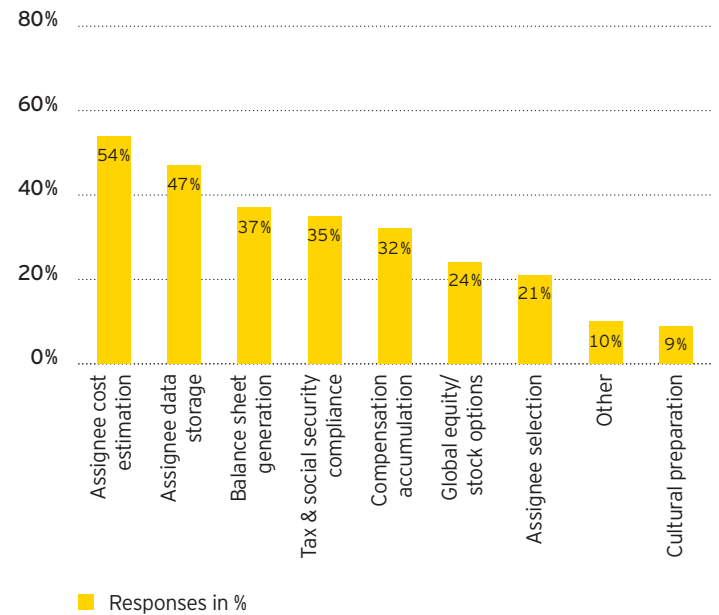
**In which areas are you using technology to support your global mobility process?\***



\* Multiple answers possible

Further possibilities to use technology in the future are mainly seen in assignee cost estimation (54%), assignee data storage (47%) and balance sheet generation (37%).

**In which of the following areas do you plan to use technology in the future?\***



\* Multiple answers possible

Use of technology is another way to shift global mobility professionals' focus to strategic issues rather than dealing with time consuming administrative tasks as well as to reduce costs and make efficiency savings. Most of the global tax services providers also have global databases available for the administration of assignee data, tax returns, cost collection and estimations and balance sheets, which can significantly save global mobility time and cost.

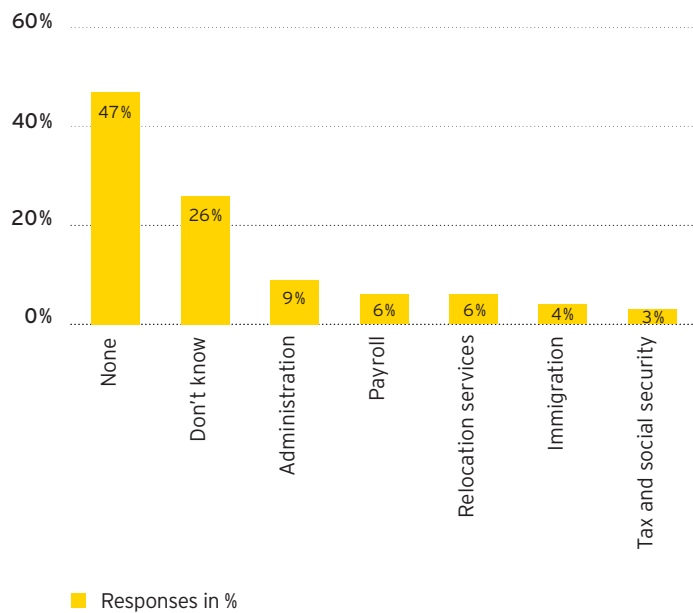
On the other hand it is surprising in some ways that the use of technology is not more widespread in certain key areas of IHR administration, especially cost estimation, assignee data storage and balance sheet generation, or in challenging areas of global corporate compliance such as compensation accumulation or global equity.

# Global mobility effectiveness survey

## 6.4. Future trends

Most of the participating companies (47%) do not plan to outsource any IHR and in-house activities during the next 1 to 2 years. However, those who will outsource mentioned administration, payroll, relocation services, immigration and tax and social security as areas that will be passed to external providers. In comparison to 2008, a decrease in outsourcing plans can be observed in most areas.

**Which of your IHR and in-house activities are you planning to outsource during the next 1 to 2 years?**

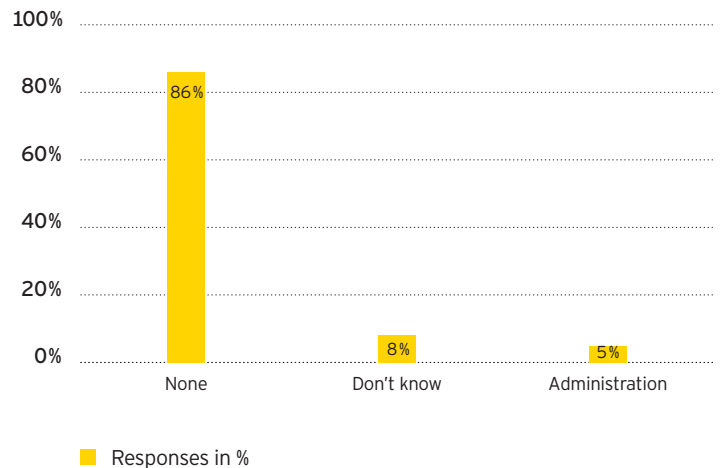


A similar picture shows when looking at the insourcing intentions of the surveyed companies. 86% of participants said that they had no plans to insource currently outsourced activities. In the Americas and in Asia-Pacific, no company reported any intention to plan any activities during the next 1 to 2 years.

Again, in 2008 the percentage of companies planning to insource any activities was much higher.

Outsourcing as well as insourcing means a big change effort that many companies are apparently not willing to assume in the current economic situation, or alternatively they have already completed their plans.

**Which of your IHR and in-house activities are you planning to insource during the next 1 to 2 years?**



# Global mobility effectiveness survey

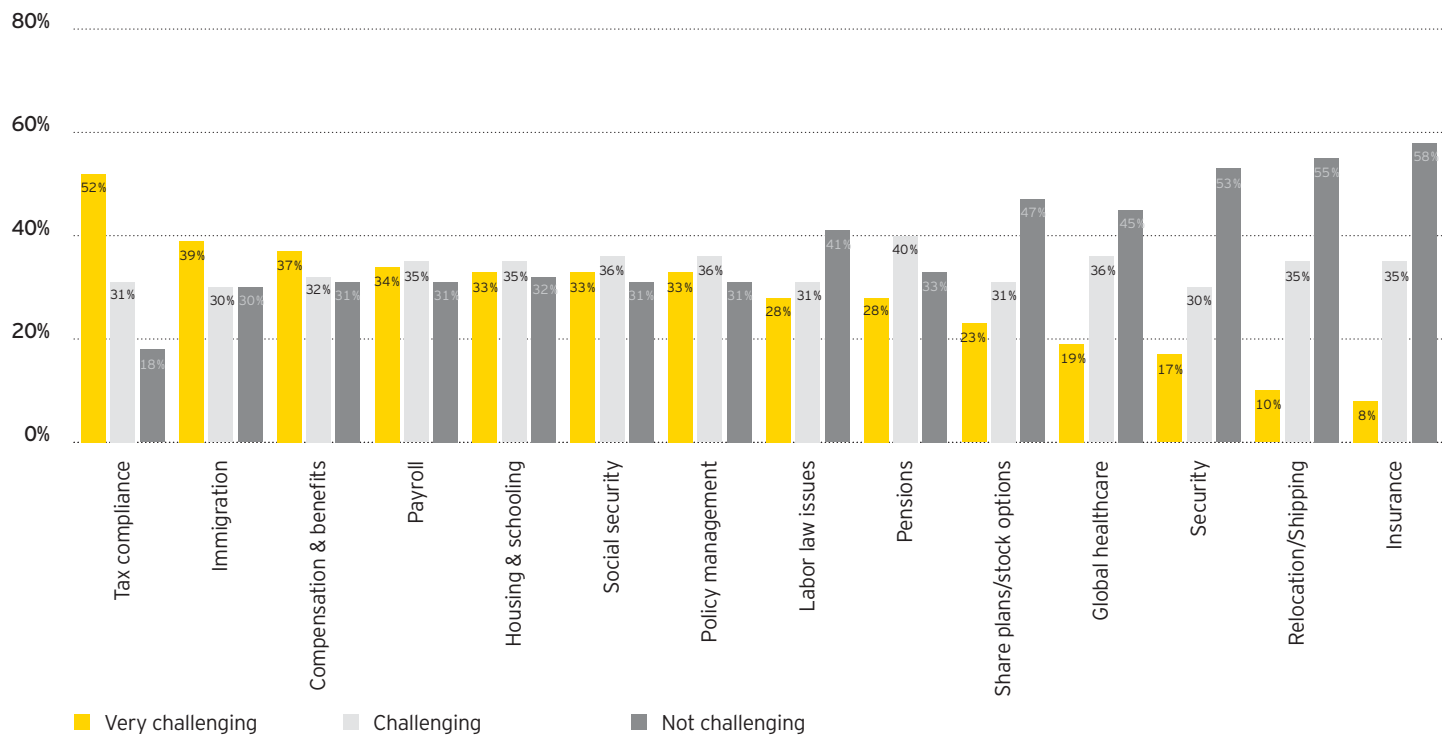
## 7. Risk management

The most challenging IHR topics were indicated by the participating companies to be tax compliance (52%), immigration (39%) and compensation and benefits (37%). The importance of tax and immigration compliance is considered one of the key challenges also by other similar surveys conducted in the last two years. This is likely due to a constantly changing regulatory environment, new types of assignments and the higher variance in assignee nationalities. In fact with tax laws now changing in response to falling tax revenues in certain countries, and increased immigration scrutiny in many markets due to rising unemployment, our view is that these challenges will only increase.

Companies seem to have less difficulties in dealing with security for their assignees, relocation/shipping and insurance as these topics were named as the least challenging.

Whereas tax compliance and immigration are still on top of challenging IHR topics, the comparison with our 2008 survey shows that companies reported more difficulties last year in policy management, payroll, labor law issues and social security and it is likely that their priorities have changed rather than difficulties in these areas decreased.

Which of the following IHR topics are the most challenging in your company?\*



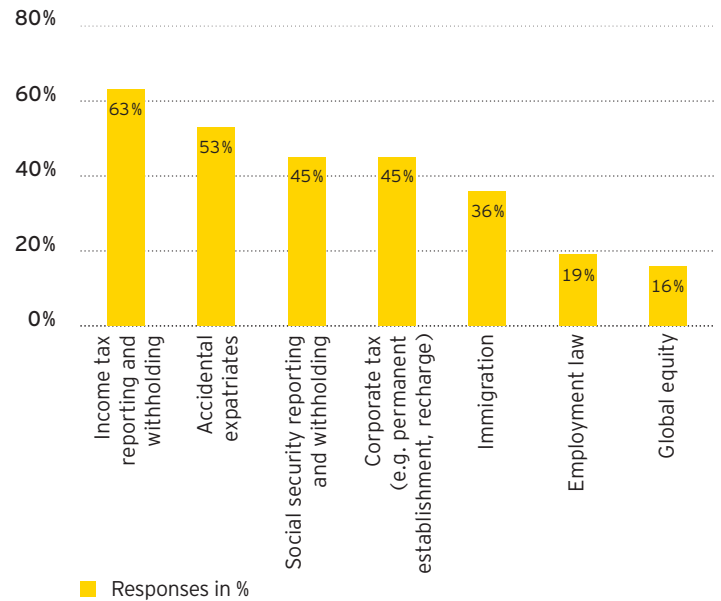
\* Multiple answers possible

# Global mobility effectiveness survey

The main issues in the global mobility process where compliance risks are identified by the respondents of this survey are income tax reporting and withholding (63%), accidental expatriates (53%), social security reporting and withholding (45%) and corporate tax (45%).

These global mobility risks can adversely affect business objectives and/or result in penalties, additional taxes, loss of cost control, financial statement exposure, harm to company reputation and/or lost tax/cost saving opportunities. Therefore setting up a risk management process to monitor and improve current internal controls has become higher up in the global mobility managers' agenda. Many multinationals have already developed and benefited from a common global risk management methodology to include improved results in the global mobility function, to avoid any potential harm to the company's reputation.

**What are the main areas in your global mobility process where you see compliance risks?\***

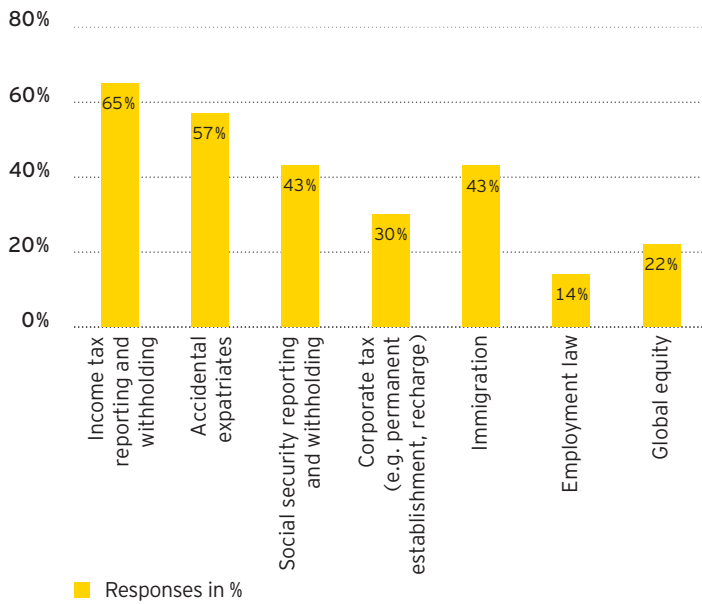


\* Multiple answers possible

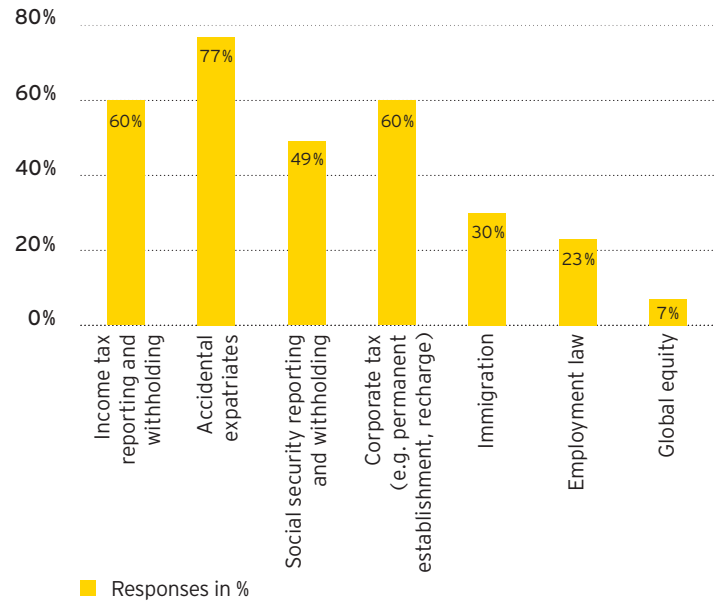
# Global mobility effectiveness survey

In the Americas, immigration issues (43%) are also seen as a significant compliance risk, whereas in Europe, accidental expatriates (77%) and corporate tax (60%) seem to be big challenges in addition to income tax reporting and withholding.

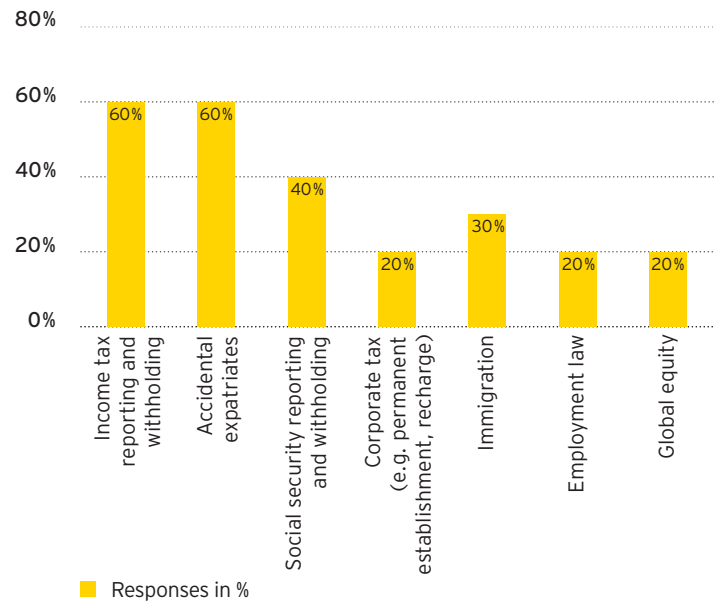
## The Americas\*



## Europe\*



## Asia-Pacific\*



\* Multiple answers possible

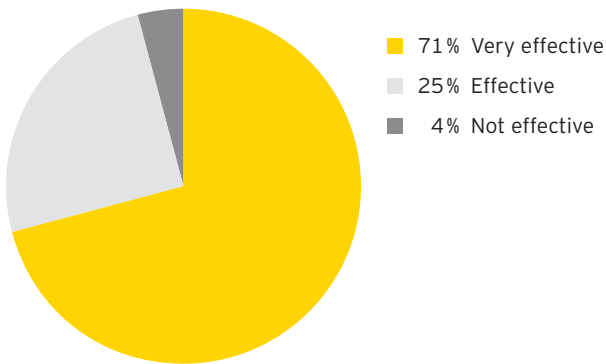
# Global mobility effectiveness survey

## 8. Global mobility effectiveness

A large majority of the participating companies (71%) stated that their global mobility function is “very effective” and 25% indicated that it is “effective”.

American and European headquartered companies were more self-confident in their answers to this question than Asian-Pacific operations which judged only 30% of their IHR functions as “very effective” and 50% as “effective”.

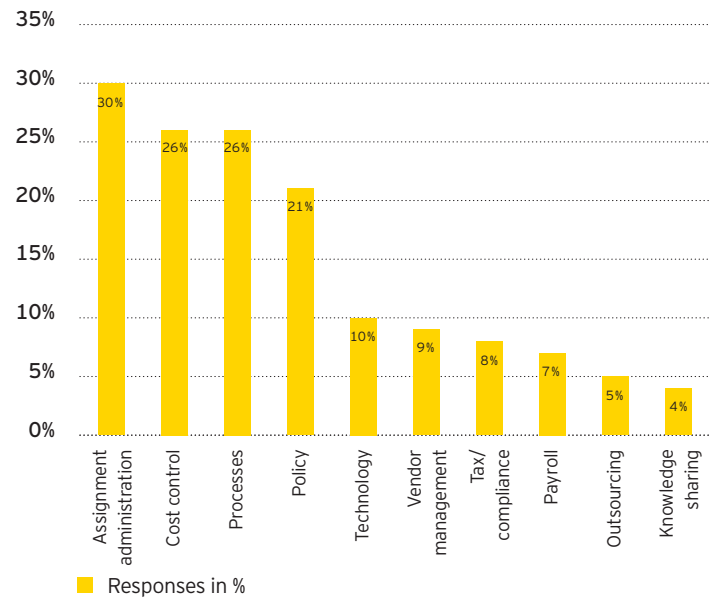
How would you rate the effectiveness of your IHR function?



In order to achieve excellence in global mobility, the surveyed companies see urgent need of improvement in the following areas: assignment administration (30%), cost control (26%) and processes (26%).

As the global mobility function thrives for excellence, the following three areas were seen as requiring the most urgent need for improvement: consistency of policies, processes and structure (44%), centralizing global mobility knowledge (31%) and the use of technology and HR systems (13%).

Where do you see the most urgent need of improvement in your IHR functions? / What are your top priorities for this year?\*

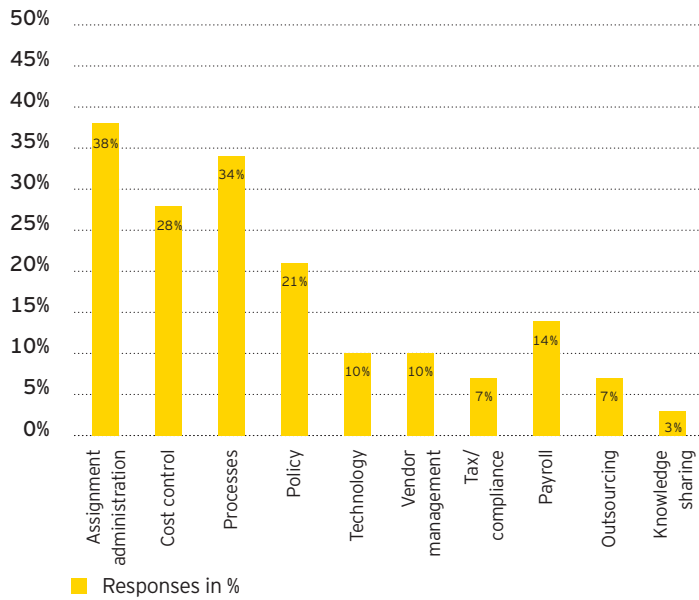


\* Multiple answers possible

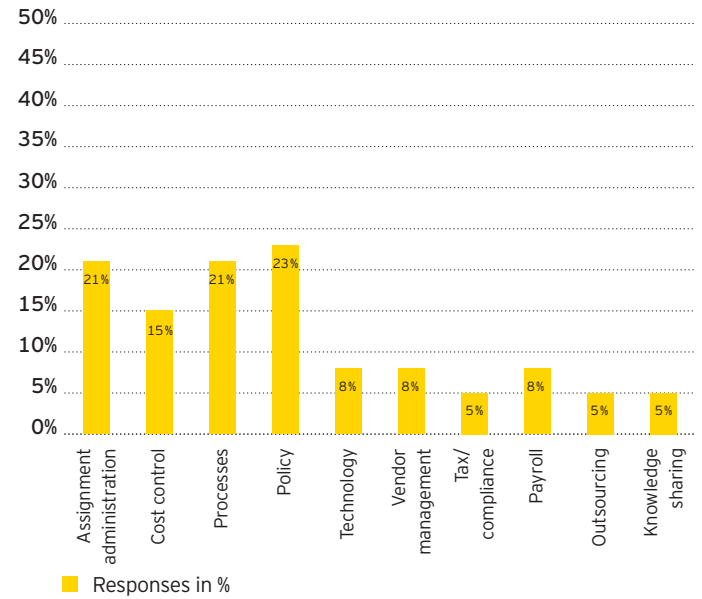
# Global mobility effectiveness survey

When comparing the three different geographical areas, it is interesting to see that in the Americas assignment administration (38%) and processes (34%) are priorities for improvement, in Europe policies (23%) are the top priority, whereas in Asia-Pacific processes (50%) and tax/compliance (38%) are the most important areas of improvement.

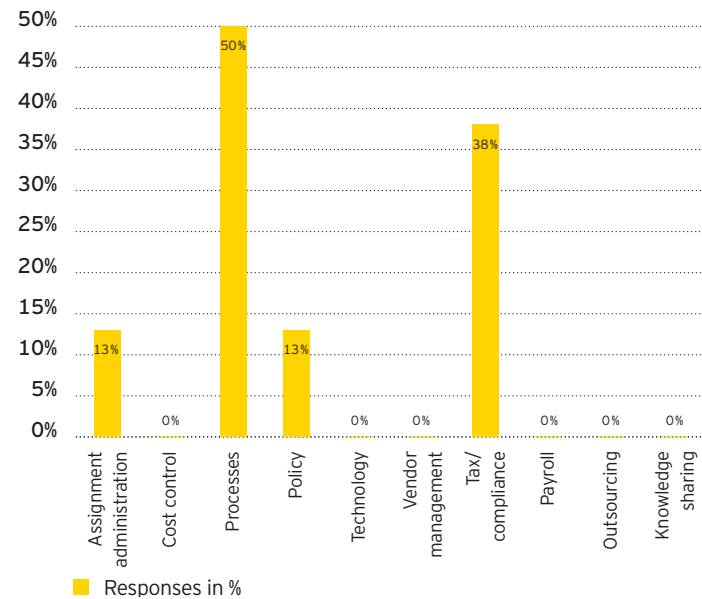
## The Americas\*



## Europe\*



## Asia-Pacific\*



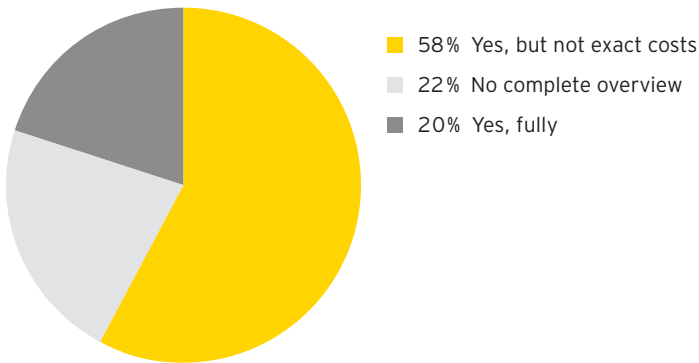
\* Multiple answers possible

# Global mobility effectiveness survey

## 9. Cost and control

58% of the participants admit that they do not know the exact costs of their international assignments while 22% state that they do not have a complete overview. As a result companies will not be in a position to provide exact figures for cost savings either but approximations only.

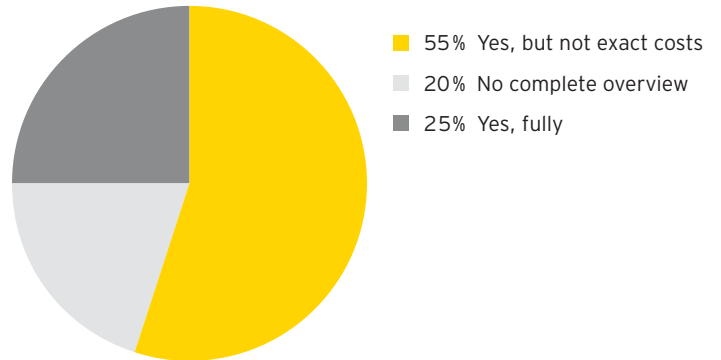
**Do you have an overview of the cost of your assignments?**



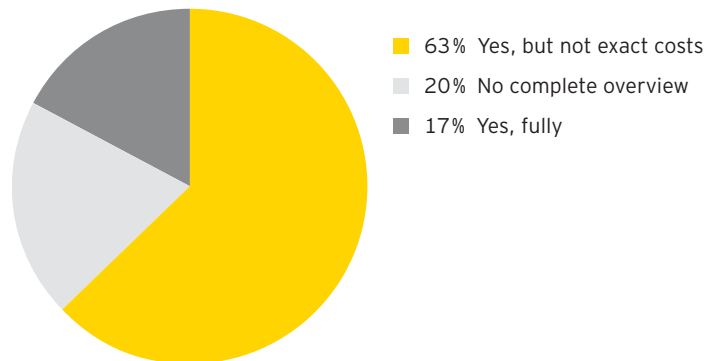
Especially companies from Asia-Pacific have to acknowledge that they do not have a complete overview of the cost of their assignments (36%).

American companies, however, have the best overview of their assignment costs. 25% affirm that they have a full overview and with this result come in first before companies with headquarters in Asia-Pacific (18%) and in Europe (17%).

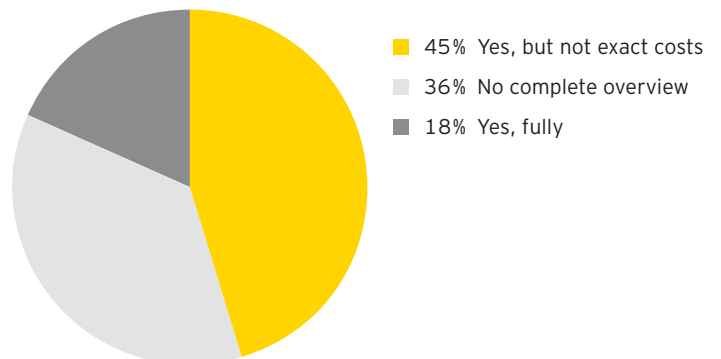
### The Americas



### Europe



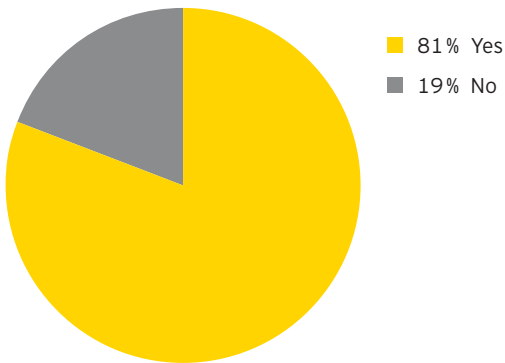
### Asia-Pacific



# Global mobility effectiveness survey

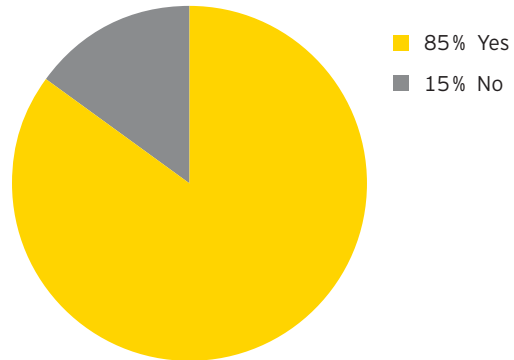
An overwhelming majority of 81% of the surveyed companies are planning measures to save costs in global mobility.

**Are you planning any measures to save costs in global mobility?**

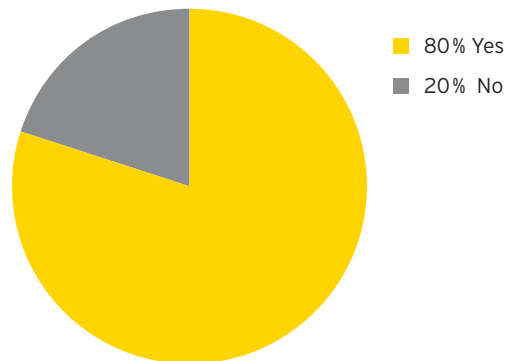


Especially in the Americas, companies intend to save costs in IHR: 85% of the American participants are planning such measures while most of the companies that do not have key initiatives for cost savings are located in Asia-Pacific (30%).

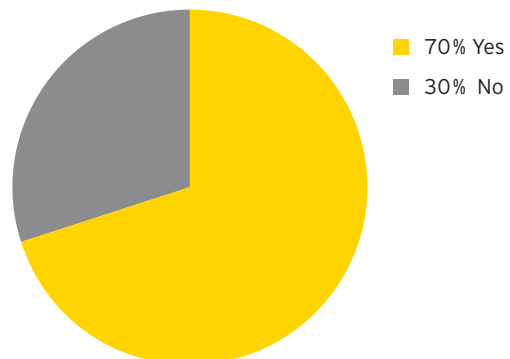
## The Americas



## Europe



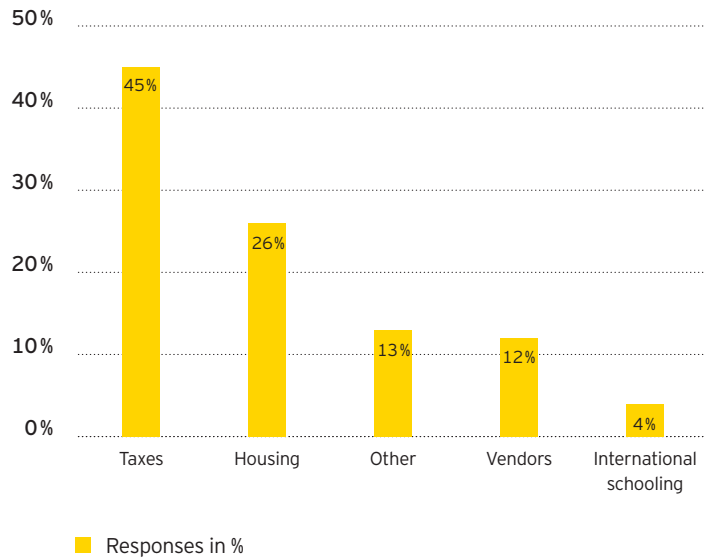
## Asia-Pacific



# Global mobility effectiveness survey

As expected, the majority of respondents (45%) declare taxes to be the main cost drivers of their international assignment programs, followed by housing, which was named by 26% of the participating companies. Other responses (13%) can be grouped into allowances, exceptions to policies and the cost of assignees who are overstaying their assignments.

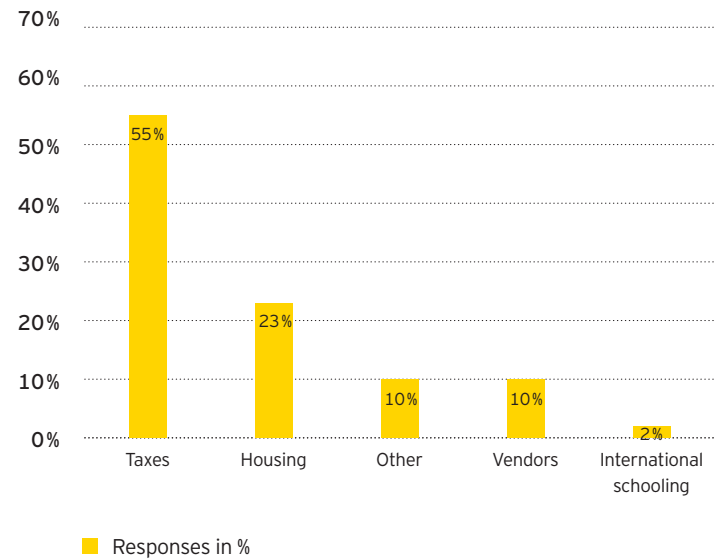
## What is the main cost driver in your assignment program?



The companies out of the three geographic areas report a significant difference when asked about the main cost driver of their assignment programs.

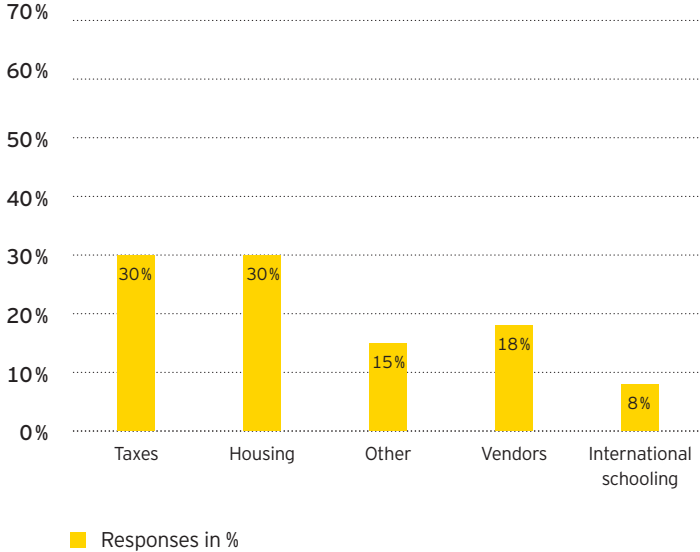
Companies from the Americas (55%) as well as from Asia-Pacific (67%) assert with an absolute majority that taxes are the main cost drivers, while only 30% of the companies from Europe can agree with this appraisal. In Europe, housing seems to be one of the main cost drivers (30%) besides taxes, followed by vendors (18%).

## The Americas

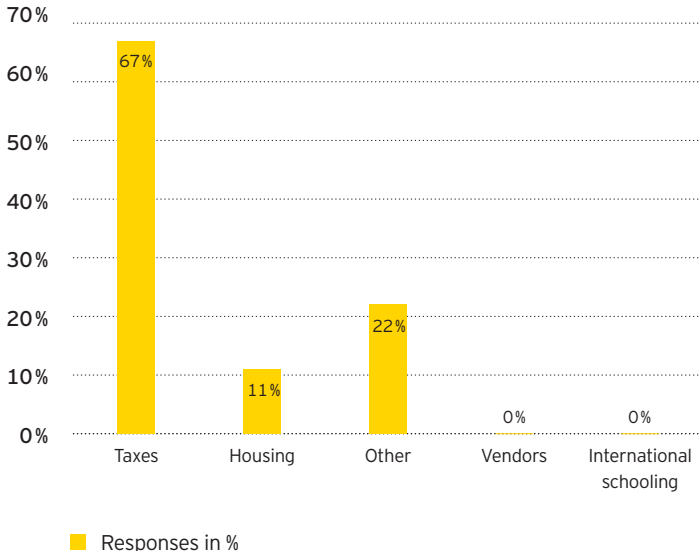


# Global mobility effectiveness survey

## Europe



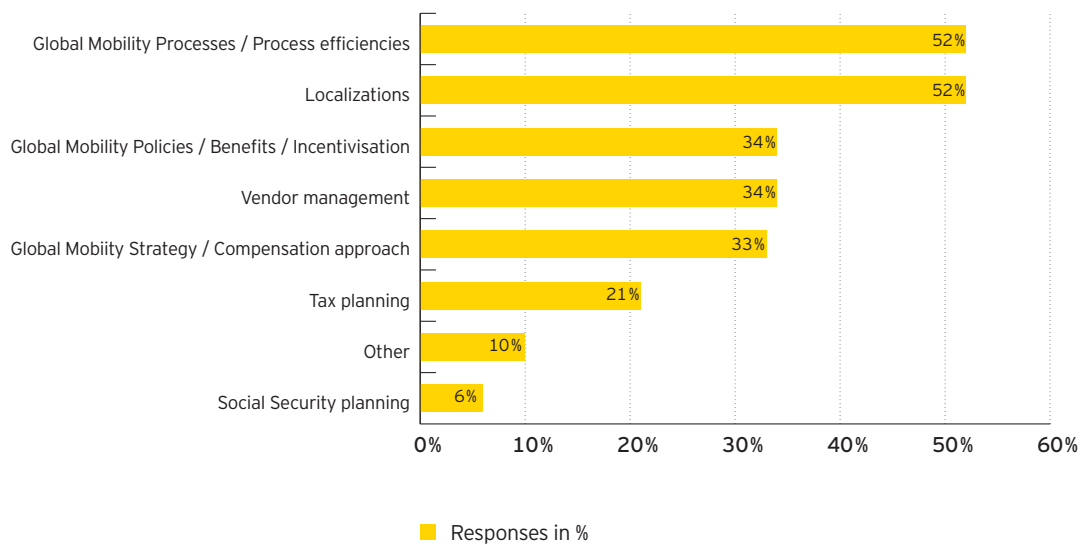
## Asia-Pacific



# Global mobility effectiveness survey

The following question analyzed where companies put their focus on cost savings in their global mobility programs. Essentially, they see possibilities for cost savings through improvements in global mobility processes (52%) as well as in localizations (52%). One third respectively put their focus on global mobility policies, benefits and incentivization as well as on vendor management and outsourcing. While we have seen before that taxes were identified as the main cost drivers of assignments, it is interesting to see that only 21% focus their cost savings initiatives towards taxes. This shows that more limited savings related to taxes are expected, or understood yet as tax laws in response to the global economic crisis are just starting to change.

## On which areas are you focusing your efforts to achieve cost savings?

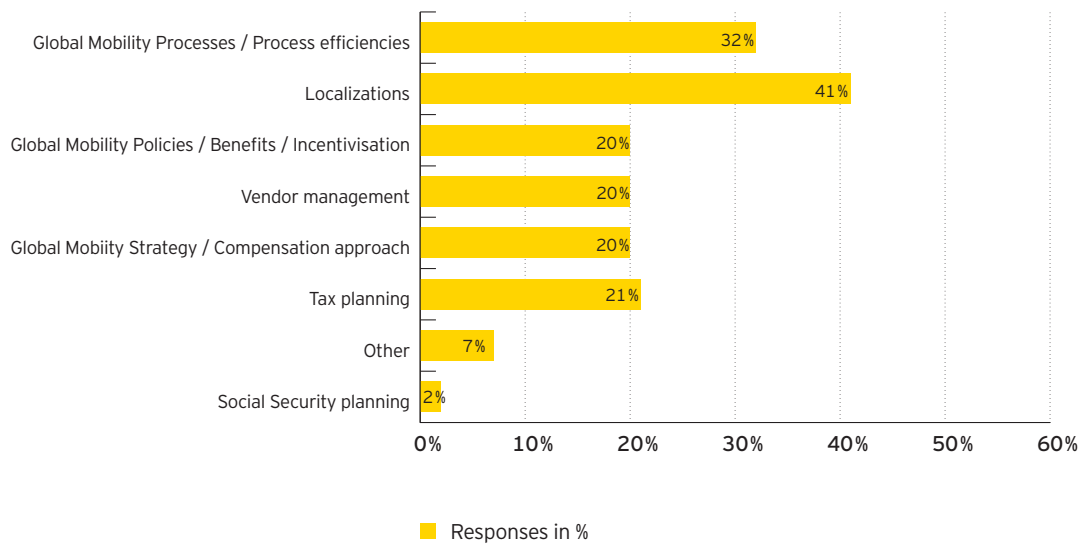


# Global mobility effectiveness survey

Companies with headquarters located in the Americas put their priority to achieve cost savings on localizations (41%), in contrast to European companies which expect possible cost savings mainly in global mobility processes and increasing process efficiencies (30%).

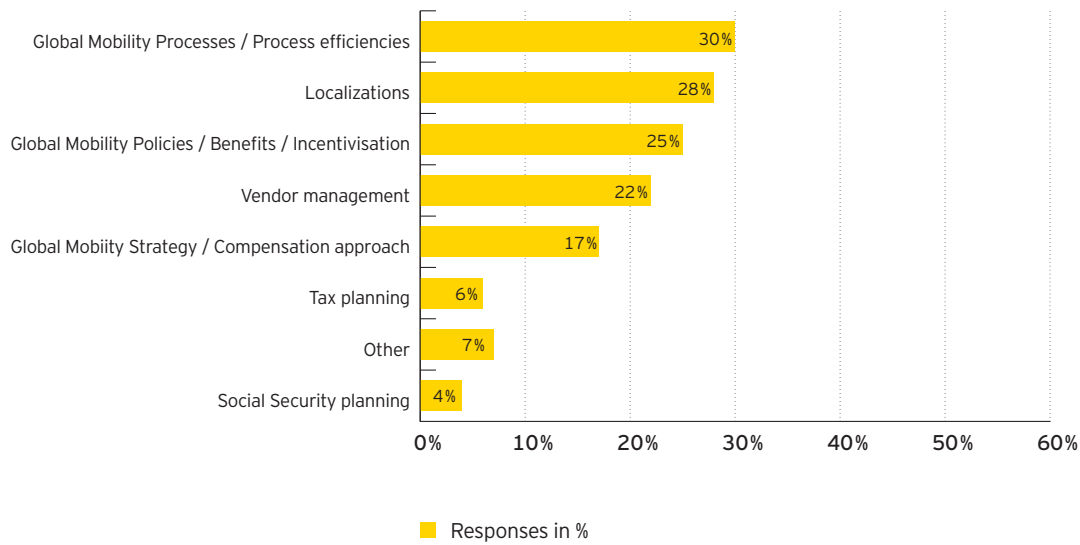
Conspicuously few companies headquartered in Europe focus on tax planning to achieve cost savings (6%).

## The Americas

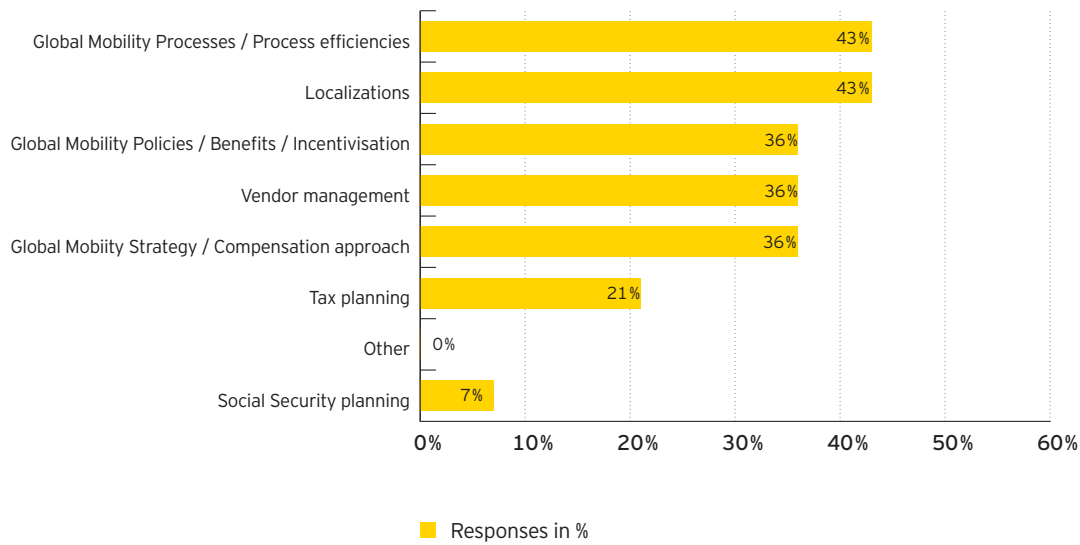


# Global mobility effectiveness survey

## Europe



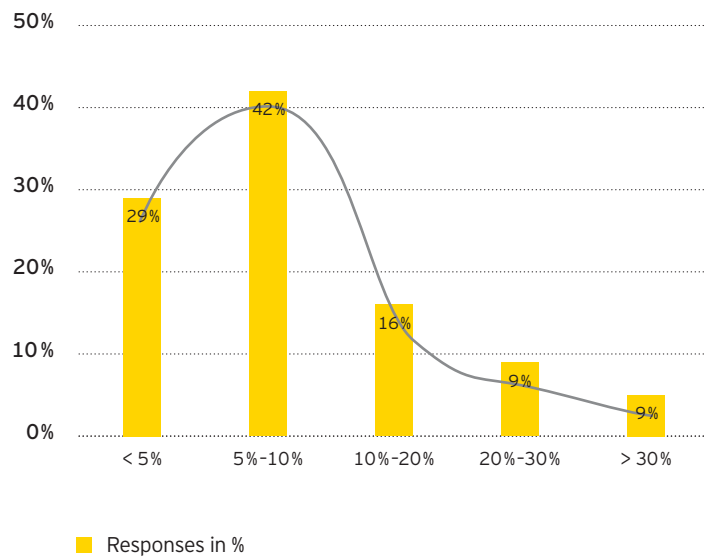
## Asia-Pacific



# Global mobility effectiveness survey

On average, 95% of the participating companies are expected to reduce total assignment costs by 12%. The majority considers 5% to 10% of cost savings as realistic. Only few (5%) expect to save 30% and more of their assignment costs.

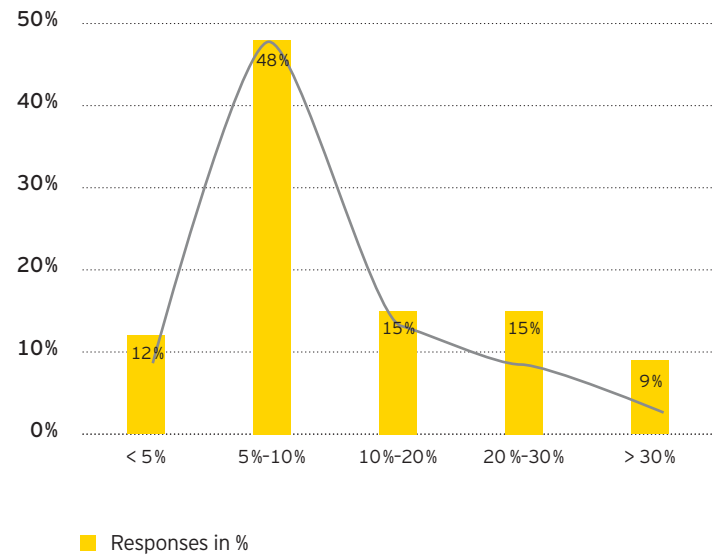
## By what percentage are you expected to reduce total assignment costs?



A very varying picture is showing when looking at the expected reduction of total assignment costs in the three geographic areas of our survey.

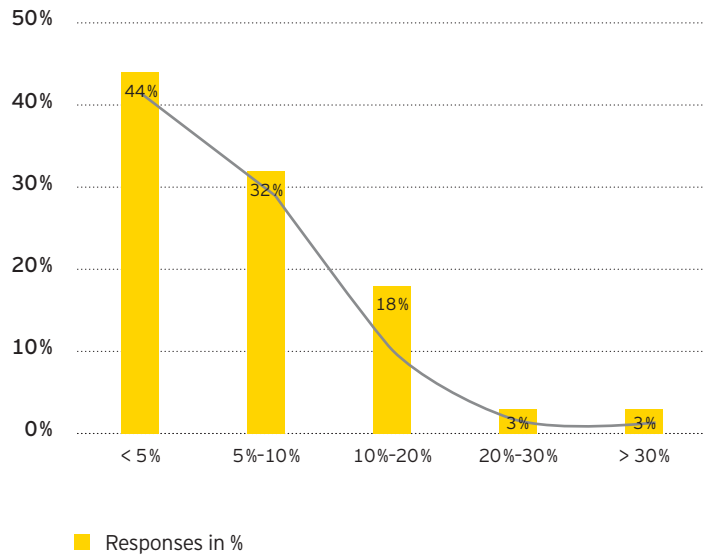
Asian-Pacific companies expect the highest cost reductions (100% expect to reduce on average 16% of their costs), followed by American companies (91% expect to reduce on average 13% of their costs) while 97% of the European companies only expect to reduce on average 10% of their total assignment costs.

## The Americas



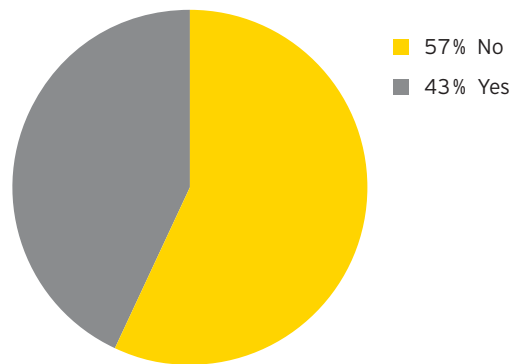
# Global mobility effectiveness survey

## Europe

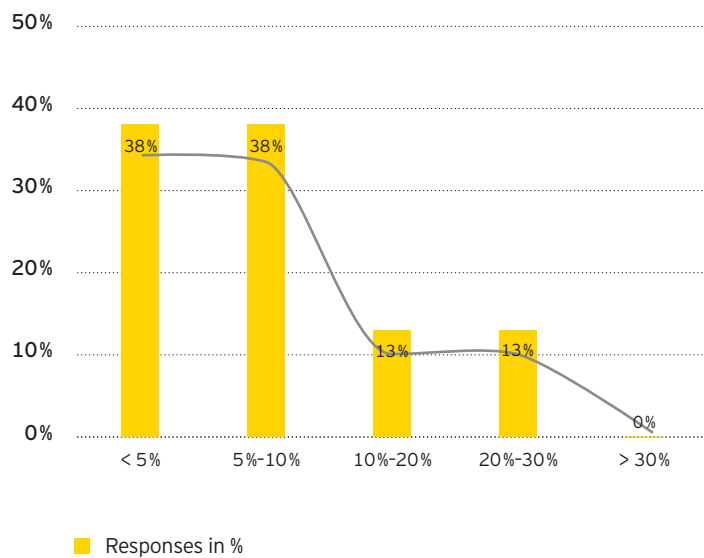


The majority (57%) is still not forced by cost pressure to reduce the total number of assignees, while 43% say that they are planning to reduce the number of their assignees.

### Are you forced by cost pressure to reduce the total number of assignees?



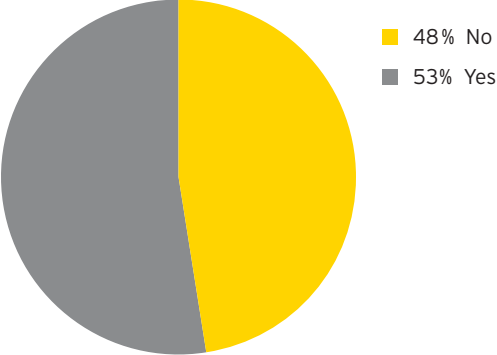
## Asia-Pacific



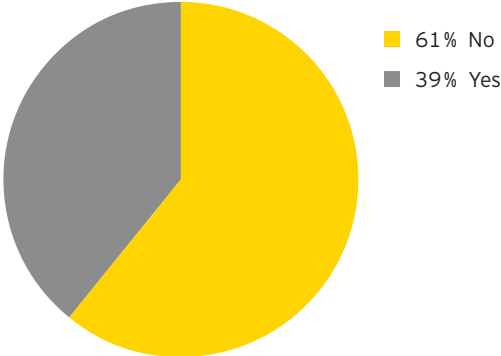
# Global mobility effectiveness survey

It is striking that 53% of companies headquartered in the Americas are forced by cost pressure to send presumably less assignees while only 39% of European and 27% of Asian-Pacific companies have to take this measure.

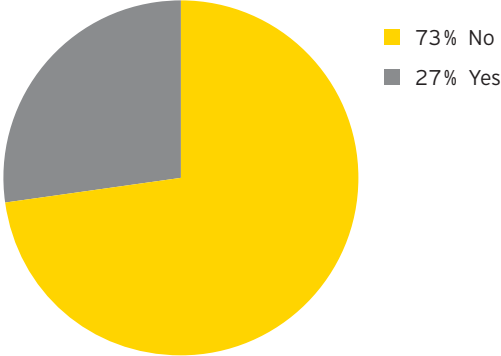
## The Americas



## Europe



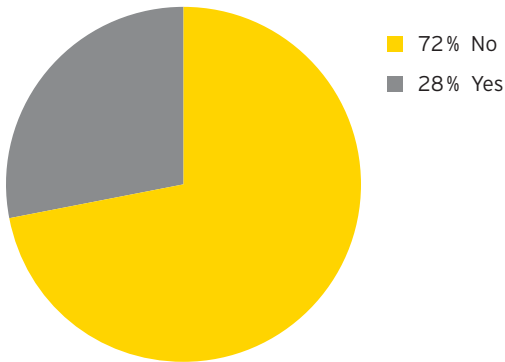
## Asia-Pacific



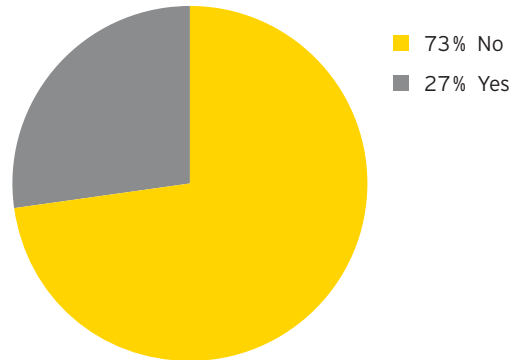
# Global mobility effectiveness survey

28% of the participants expect that the headcount of their global mobility team will be reduced due to the current economic situation. It is interesting to see this result, when it is understood that 35% believe that their IHR is already understaffed and 61% feel that the number of their dedicated staff is just right.

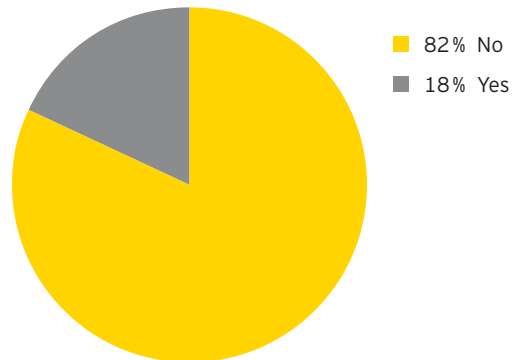
**Do you expect that the headcount of your global mobility team will be reduced by the current economic situation?**



## Europe

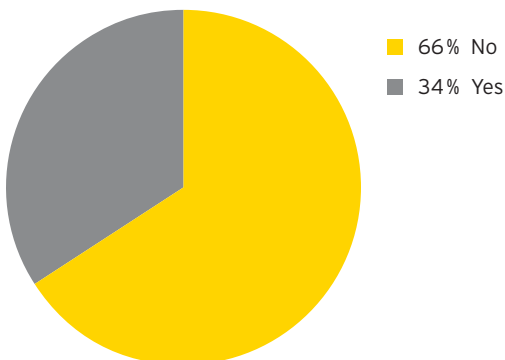


## Asia-Pacific



Especially American headquartered companies expect that the headcount of their global mobility team will be reduced by the current economic situation (34%), whereas only 27% of the European companies and 18% of the Asian-Pacific countries presume a reduction of their dedicated staff.

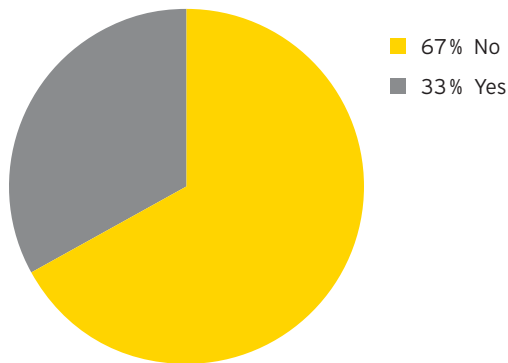
## The Americas



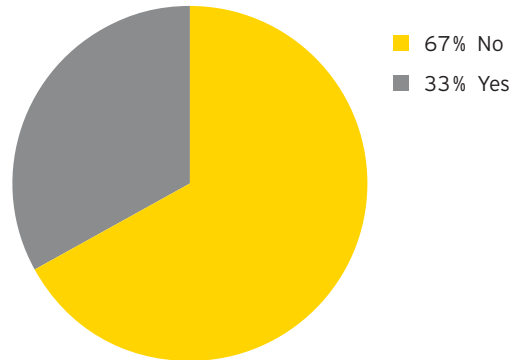
# Global mobility effectiveness survey

The answers to the following question show that cost pressure is responsible for halted initiatives and projects in global mobility. Most projects and initiatives in global mobility are traditionally aiming to increase the efficiency and compliance of international assignment programs and therefore generating cost savings in the mid- and long-term. The fact that a third of the respondents will stop projects and initiatives is surprising and may lead to a reevaluation on how projects are positioned within the organization.

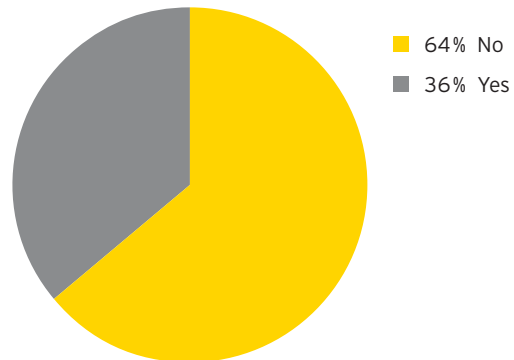
**Did you have to stop any initiatives and projects due to the current economic situation?**



## Europe

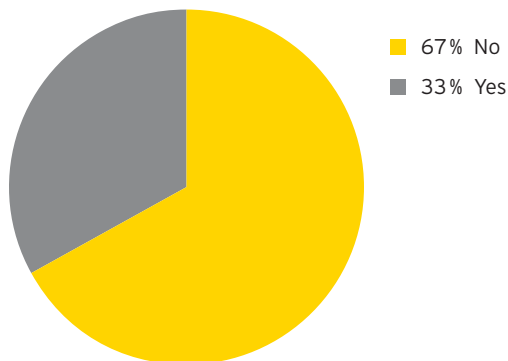


## Asia-Pacific



In all three geographic areas the current economic situation is responsible for halted projects in global mobility. Slightly more companies from Asia-Pacific reported that they had to stop initiatives (36%) than from the Americas (33%) or Europe (33%).

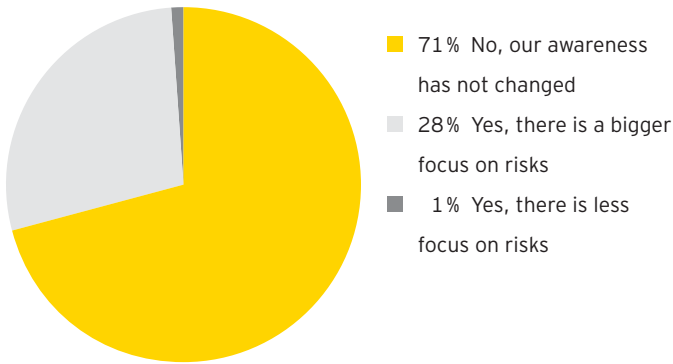
## The Americas



# Global mobility effectiveness survey

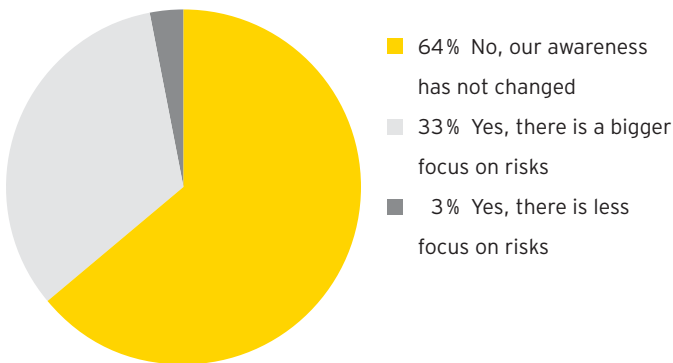
While recent surveys showed that the awareness for risk in global mobility is already high, our result shows that while 71% state that their awareness has not changed, almost 30% have now an even bigger focus on risks.

**Has your awareness of risks in global mobility (compliance, financial, reputation) changed in the current economic situation?**

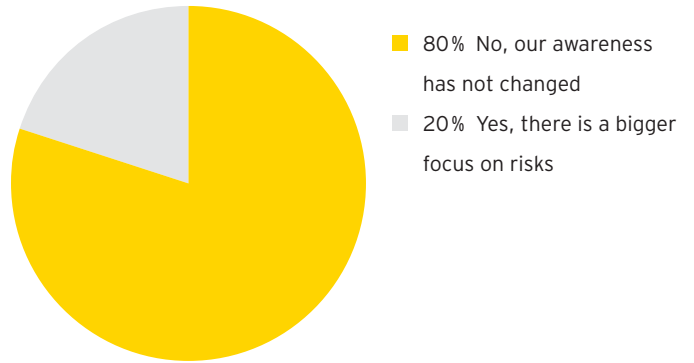


Especially companies from the Americas (33%) and from Asia-Pacific (36%) report that their awareness of risks in global mobility has increased due to the current economic situation.

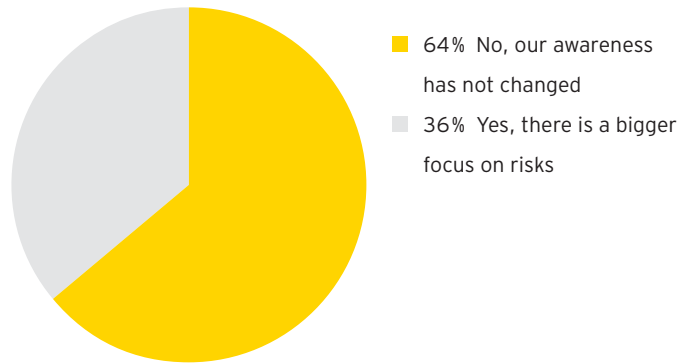
## The Americas



## Europe



## Asia-Pacific



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