

EMERGING TRENDS IN
GLOBAL MOBILITY:

POLICY & PRACTICES
SURVEY

2007

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INTRODUCTION & OBJECTIVES

The *Cartus 2007 Global Mobility Policy & Practices Survey*, co-sponsored by the U.S. National Foreign Trade Council, was conducted in November/December 2006 and attracted responses from 184 HR practitioners based in the United States, EMEA, and APAC.

The survey focuses particularly on the extent to which organizations globally are employing new types of cross-border transfers as alternatives to traditional long-term international assignments. The survey explores challenges and mandates for HR practitioners that result from these new types of transfers and identifies other hot topics.

This is the third in a continuing series of web-based surveys exploring current perspectives on how evolving objectives for global mobility programs drive new approaches. Cartus performed similar surveys in 2002 and 2004. The 2007 survey is the largest in scope, both in terms of topics explored and in terms of companies surveyed, achieving a 26% increase over the 146 respondents reached in 2004.

184 respondents

Headquartered in
19 countries

In 25 major
industry segments

Representing more
than 83,000 assignees

THE SAMPLE

DEFINITIONS

Policy types studied include the following traditional and emerging forms:

- **Long-Term Assignment:** Relocation from one country to another for the length of assignment – typically 1 year or more
- **Short-Term Assignment:** Relocation from one country to another for the length of assignment – typically up to 1 year
- **Localization:** Integration of employee into compensation and benefits system of the host country *either* as a transfer from or an alternative to an international assignment for a temporary or indefinite period
- **International Commuting:** An employee who works in the country of assignment and commutes frequently to his/her home country
- **Extended Business Travel:** An employee who does not relocate but travels regularly to the assignment location
- **Developmental:** An assignment – generally short-term – with the major objective of broadening the experience of an employee and providing a career-development opportunity
- **Intra-regional:** Policies designed specifically for assignees moving between countries within a specific region (e.g., within EMEA), usually with a dual objective of flexibility and cost control
- **Core/Flex:** A policy approach combining core and discretionary elements, designed to provide choice for the business, region, or assignee

EXECUTIVE SUMMARY

Over the three years since Cartus last conducted its Policy & Practices Survey, significant new trends in activity, demographics, and attitudes have emerged. More importantly, these factors have generated new policy solutions in response. Our survey results revealed significant shifts in three key areas:

- **Assignment Length.** Organizations are moving toward shorter duration assignments that support business and employee goals at reduced cost.
- **Policy Flexibility.** Organizations are employing multiple policy approaches that are better suited to meeting variable business, budget, employee, and geographical needs.
- **Talent Management.** Recruiting, retaining, and growing global talent is a key challenge that has led organizations to introduce specific developmental policies.

Considering the continuing overall increase in assignments, along with findings on new and more challenging locations, the research raises questions about the evolution of a new, more mobile global workforce requiring new forms of policy and program support. The following key findings support the major shifts listed above and give a comprehensive picture of current attitudes and practices in global mobility.

ASSIGNMENT TREND DATA

- ▶ **Assignment volume has grown and is expected to increase.**
The average volume per company has risen sharply. In 2007, 24% of companies have more than 500 active assignees (compared to just 12% in 2004), while only 35% of companies have 50 assignees or fewer in 2007 (compared to 47% in 2004).
- ▶ **Assignee profiles remain consistent.**
Despite increasing assignment activity, the profile of the typical assignee and family has not changed dramatically: 79% of assignees are male, 67% are married, and 68% are between the ages of 30 and 49. This profile drives policy and does not inherently provide the flexibility to meet the needs of groups that are not in the majority in terms of gender, age, or marital status. Since poor family adjustment is listed by respondents as the most common reason that assignments fail, this policy gap could have continuing consequences.
- ▶ **All policy types are expected to grow – new forms are on the rise.**
Despite the trend toward shorter term assignments, all policy types – even long-term assignments – are expected to grow in the next two years, although at a slower rate than other types. Of note is the dramatic increase in the emerging developmental policy type, as well as increased volume in international commuter and extended business travel.
- ▶ **Policy is not keeping up with changing assignment forms.**
Even as corporations recognize the value of creating policies adapted to meeting more refined assignment purposes, the gap between areas of assignment growth and creation of specific policies remains wide. Thus, in several of the faster growing

areas, more than 50% of respondents expect increases while far less than 50% have formal policies. The trend is most strongly felt in developmental, international commuter, and extended business travel policies.

▶ **New locations pose new challenges.**

Not only is the volume of assignees on the rise, so is the number of destinations, which increased dramatically over the past three years. In 2007, respondents name 51 different countries when listing the top three destination locations, **a 76% increase over 2004**. While the United States has been the most common destination over the past 6 years, that picture may change. Over the next two years, respondents anticipate that China will move into first place. China (38%) and India (11%) were also listed as the two most challenging locations, i.e., needing greater flexibility in assignment programs, followed by the United States and Russia (6% each).

POLICY DYNAMICS

▶ **Shorter-term policy types reflect different business drivers.**

Companies are shortening the duration of international assignments as they differentiate among the reasons for assignments of different length. Companies cited *management and leadership roles* (46% of responses) as, far and away, the most important business driver for long-term assignments, as compared to *project-based* (31%), *technical-skill transfer* (29%), and *knowledge transfer* (19%) as the leading reasons for short-term assignments. This conclusion is supported by Cartus' 2004 survey of assignees, which found that long-term assignments were the most highly rated for promoting professional growth. Respondents cited *consistent policy application* (30%) for long-term assignments, while ranking *tax compliance* (27%) and *controlling assignment lengths* (23%) as the greatest challenges for short-term assignments.

▶ **Assignments are more closely linked with talent management.**

As assignment durations shorten, companies have increasingly differentiated between those that are merely tactical and those whose primary purpose is growing leadership in the organization. In fact, even though only 47% of respondents saw an increase in developmental assignments over the past three years, 64% expect an increase in the next two years. This difference is the greatest for any policy type.

▶ **Demands for policy flexibility are increasing.**

Driven by budget constraints, employee needs, and regional issues, demand for flexibility in policy types is on the rise. A resounding 70% of respondents pointed to this mandate, leading to the increased use of approaches such as core/flex.

▶ **Regional factors drive policy development.**

A closer examination of policy types by geographical location reveals certain new "fits." For example, 2004 survey data indicated that intra-regional policies had become more common in EMEA, as the emergence of the EU broke down legislative and administrative barriers among European countries. In the past three years, however, intra-regional policies in APAC (reported by 64% of respondents) have grown to nearly the same level as in EMEA (67%).

▶ **Localization decreases.**

Use of localization policies has decreased from 61% (2004) to 53% (2007). This trend may be influenced by a relative reduction in long-term assignments, which often lead to localization at their conclusion. It could also reflect the increasing development of policies for employees moving permanently to a new location (more than one-half distinguish between localization and permanent moves).

▶ **Intercultural and language training are increasingly offered.**

Intercultural and language programs essentially doubled in the frequency with which they are offered to accompanying families, intercultural rising from 28% (2004) to 55% (2007) and language from 30% to 58%. The increase may well relate to their ability to address the main reasons for assignment failure (see page 19).

HOT TOPICS

▶ **Business strategy trumps cost.**

Forced to choose between the two, an overwhelming 78% considered *business strategy* to be more important than *cost*. Similarly, fewer corporations are attempting to demonstrate return on investment (ROI) on international assignments, principally because they say they have no mandate from management to do so. These findings point to an increasing acceptance of the cost of assignments as a necessary means of supporting global business strategy.

▶ **Retention and employee development are key challenges.**

Employee retention is an ongoing concern, although qualifying this element still proves elusive to respondents. They consider loss of assignees to be about the same or even lower than overall company turnover, unlike the prevailing industry consensus of high repatriation losses. More than 25% of respondents, however, answered that they do not know. Additionally, responses point to disparities between assignments being positioned as necessary for advancement and actually being required.

▶ **Family concerns lead as a cause of assignment refusal.**

Among the top three reasons for employees to turn down assignments, *family or personal circumstances* is cited almost twice as often (90% of respondents) as *concern with career* (48%) or *compensation* (46%). Among those stating this reason, the *spouse's career* is the primary concern in 52% of responses. *Concern over region safety* received only a 5% mention.

▶ **Areas for improvement show gaps.**

When asked what aspects of their international mobility programs they are most interested in improving, respondents focused on talent management issues such as selection, performance evaluation, and career management. Strangely, however, policy support is lacking in two of the three most frequently cited areas: (1) *repatriation and career management* (75% of respondents do *not* have a formal repatriation strategy linked to talent management and retention, and repatriation assistance for long-term assignments dropped from 60% in 2004 to 42% in 2007) and (2) *candidate assessment and selection* (which ranks in frequency above only *club membership* and *rest and recreation leave*).

RESPONDENT PROFILE

As in our past surveys, respondents are located in the Americas, EMEA, and APAC, although the majority are located in the United States and have their corporate headquarters here, as well. It should be noted that these demographics do not impact the applicability of the data on a global basis. As reflected in the section on policy approaches, companies primarily responded on a global policy basis (82%), but also used a regional (25%) or country-specific (23%) approach.

DEMOGRAPHICS

The HR professionals who responded to the survey are overwhelmingly Americas-based (79%), compared to EMEA (12%) and APAC (9%). Similarly, they reported their head office location as Americas in 73% of cases, followed by EMEA (20%) and APAC (7%).

The industry mix is evenly spread across manufacturing, technology, financial services, chemicals, pharmaceuticals, and telecommunications. The relatively large “other” category includes many hi-tech companies (computer hardware, software, telecommunications), which in broad terms would make technology the largest single group.

CHART 1: Distribution of Respondents by Size

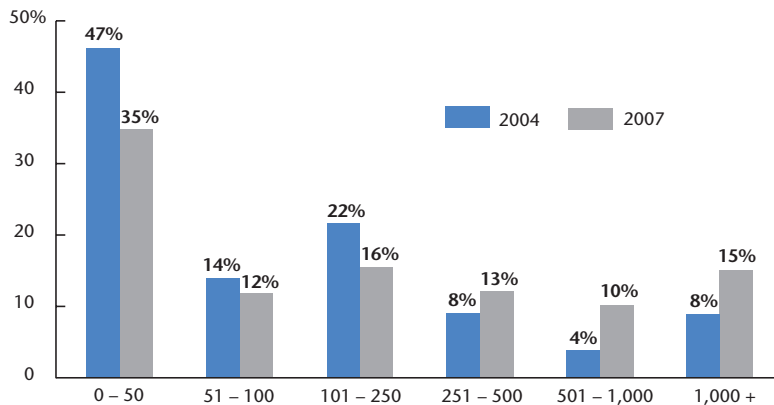
# of Employees	% of Companies Responding
1 – 10,000	30%
10,001 – 50,000	34
50,001 – 100,000	36

At a macro level, the distribution of respondents by number of employees is very even, as Chart 1 shows. At a finer level of analysis, a trend toward smaller companies responding to the survey is apparent. Specifically, companies with 1,001– 10,000 employees represented 26% of the sample (compared to 20% in 2004), while those with 10,001–25,000 fell to 18% (from 28% in 2004).

Trend Data

Companies today report consistently larger numbers of employees on assignment (see Chart 2). In 2004, only 12% of respondents had over 500 assignees, compared with 24% in 2007. Conversely, nearly half (47%) had 50 or fewer employees on assignment in 2004, compared to only one-third (35%) in 2007.

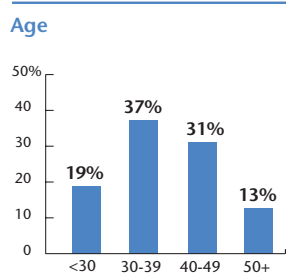
CHART 2: Assignee Volume Ranges (2004 vs. 2007)



Two influences may be at work here. First, tracking of assignees is likely better than three years ago, particularly in view of the recent visibility given to “stealth” expats. Second, the trend away from long-term assignments points to companies sending more employees on shorter term assignments.

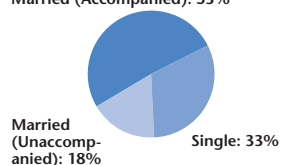
Companies have, on average, approximately 1% of their population on various assignment types at any given point – a figure that has remained relatively stable over the past several years.

CHART 3: Assignee Profile

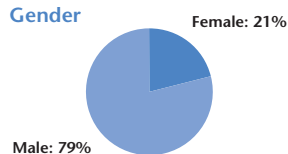


Family Status

Married (Accompanied): 53%



Gender



ASSIGNEE PROFILE

By far, the largest group of assignees (68%) is between 30-49 years of age (mid-career) and is married with an accompanying spouse and children on assignment (45%); 13% are in the latter part of their careers (50+), and 19% are at the beginning (<30). (See Chart 3.)

Overwhelmingly, assignees are male (79%), a continuing statistic that corresponds to other trend data. The 21% female assignee population compares closely with the 23% finding in a recent survey by the National Foreign Trade Council, in association with the Society for Human Resource Management.

Combining all married categories (accompanied and unaccompanied), this group represents 71% of the assignee population. It is thus not surprising that the reason most frequently given for turning down an assignment is family issues.

A Self-Fulfilling Prophecy?

The relatively low proportion of single and female assignees raises a serious question about policy design: Are we still designing policies to reflect the needs of the majority (male, mid-career, married) at the expense of other demographics? Moreover, has spouse support been historically designed for female spouses, a fact that may perpetuate a bias against married female assignees? Clearly, the dual-career issue has yet to be solved.

TRANSFER ACTIVITY

Historical Perspective

Over the past three years, a great majority (89%) of respondents indicated that their assignee population either increased or remained constant (see Chart 4). A full 65% saw an increase in all transfer activity, while only 11% indicated a decrease, a ratio of nearly six to one. Not surprisingly, the percentage of companies reporting a drop in long-term assignments is nearly double that of any other policy type. However, the volume was greater than they had expected, based on 2004 survey results, as shown in Chart 5.

CHART 4: International Assignment Activity in the Past 3 Years

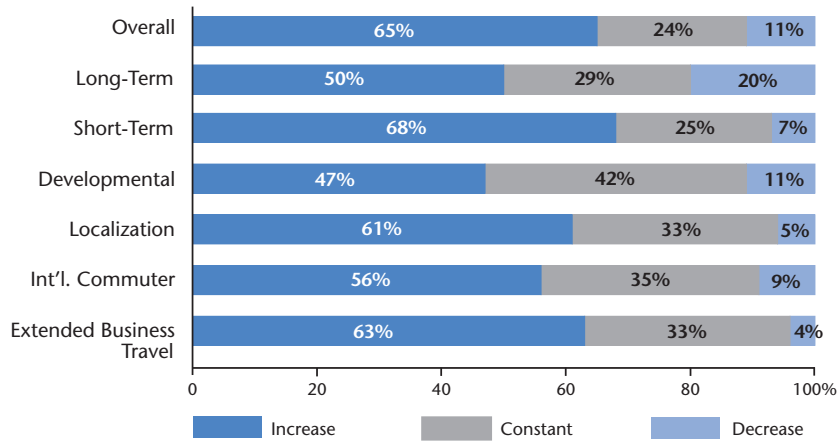


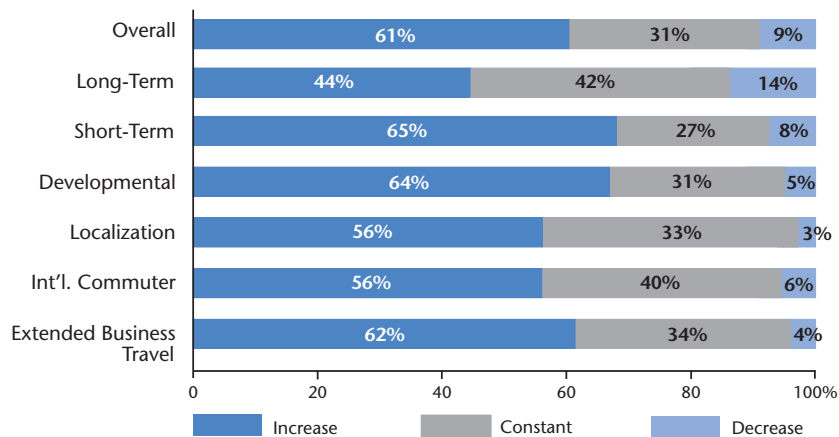
CHART 5: Expectations of Increasing Assignment Volume by Policy Type

	Predicted 2002	Predicted 2004	Actual 2004-2007
Long-Term Assignments	26%	38%	50%
Short-Term Assignments	61	63	68
Localized Transfers	51	61	61

Future Perspective

Overall, companies expect activity in the next two years to mirror the historical pattern of the past three years, although they see a shift in the balance between long- and short-term types of assignments (compare Chart 6).

CHART 6: Anticipated Assignment Activity Over the Next 2 Years



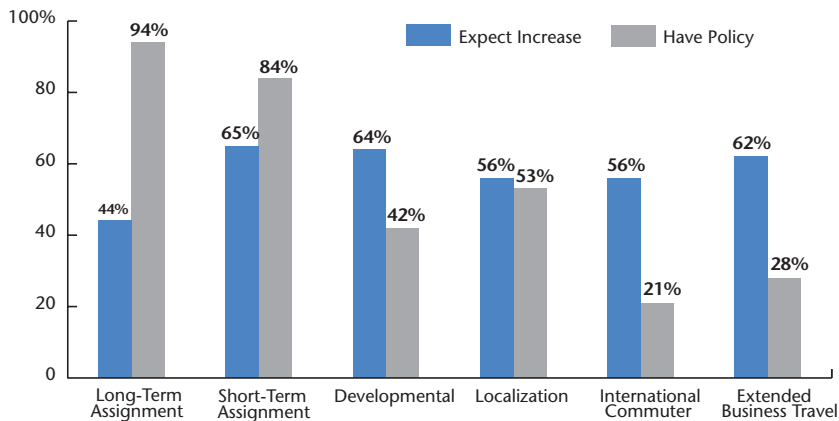
While a significant majority (61%) anticipate overall growth in transfer activity (compared to 73% in 2004), just 44% expect to see an increase in long-term assignments and 14% expect the number to decrease. How, then, do companies

expect to meet their growing international business needs? Clearly, that will be through the use of alternative types of assignments. The categories expected to have the largest increase in activity are short-term assignments (65%), developmental assignments (64%), and extended business travel (62%). But what policies are in place to support the expected increase?

Policies Covering Emerging Trends

Chart 7 shows the relationship between the expected increase in each category and the state of policy development within respondent organizations. As expected, more than 95% have long-term policies in place (93% in 2004), but that category again shows the lowest growth expectation. Most companies (more than 80%) have short-term policies today (81% in 2004), and many companies (53%) have localization policies, although that total has decreased from 61% in 2004.

CHART 7: Relationship Between Companies Expecting Volume Increases in the Next 2 Years and Those With Established Policies



The reverse situation occurs with developmental, international commuter, and extended business travel policy types, where expectations strongly surpass structure. More companies expect an increase than have policies to support those transfers. The gap is largest with international commuter and extended business travel, where fewer than half the companies expecting an increase have a policy.

DESTINATIONS

Historical View

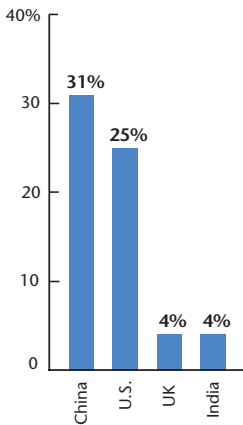
Not only is the volume of assignments on the rise, so is the number of destinations. In 2007, respondents named 51 different countries in their list of top three destination locations, a 76% increase over 2004. Since 2004, assignee activity into/out of China has increased and activity into/out of the UK has decreased significantly (see Chart 8). Adding Hong Kong to the China

CHART 8: Most Frequent Assignment Destinations (Past 3 Years)

2004		2007	
United States	34%	United States	30%
United Kingdom	28	China	23
China	19	United Kingdom	8
Singapore	19	Germany	5

data does not affect the ranking but does make China a closer second place. The United States continues to see the most activity, consistent with other surveys (and the survey participant profiles). Germany has replaced Singapore on the list of top four destinations.

CHART 9: Most Frequent Assignment Destinations (Next 2 Years)



Future View

Looking ahead, respondents expect China to replace the United States in the top spot (see Chart 9). The United States and China together will represent 56% of the total activity, while the UK and India (expected to replace Germany on the list) will represent only 8% of the total.

The anticipated increase into BRIC countries (Brazil, Russia, India, and China) does not appear, as Brazil received a 1% mention and Russia, none. Nor were they prominent destination locations over the past three years. When asked in which emerging markets companies anticipate increased *business activity* in the next two years, however, the top locations were China, India, Brazil, and Russia.

Geographical Challenges

When asked to identify the most challenging countries for international assignments, 38% mentioned China, followed by India (11%) and the United States and Russia (6% each). Given that three of these countries are expected to be among the most frequent assignment destinations over the next two years, this speaks to the need to address some of the expected challenges through program and policy analysis and possible redesign. Eight major themes emerged as reasons why these locations pose challenges, as shown in Chart 10.

CHART 10: Principal Location Challenges and Comments

Challenges	Representative Comments
Infrastructure/Hardship/ Security	<ul style="list-style-type: none"> • "Access to service and support limited." • "Difficult living conditions."
Living Conditions (Housing, Medical, Education)	<ul style="list-style-type: none"> • "More challenging to find appropriate accommodations, schools, etc."
Compensation/Payroll/ High Cost	<ul style="list-style-type: none"> • "Difficulty finding the right mix of benefits to attract the right people to these locations."
Compliance (Tax & Immigration)	<ul style="list-style-type: none"> • "Tax and immigration requirements are getting more complex, requiring new approaches to visa processes and compensation."
Cultural Adaptation & Language	<ul style="list-style-type: none"> • "Difficulty in sending families." • "Greater language barriers and extreme cultural differences." • "Perception of ease in U.S."
Policy Flexibility Needed	<ul style="list-style-type: none"> • "Assignees are becoming more global and do not require the full equalized package - business lines are looking to reduce packages and provide more incentive compensation tied to assignment success." • "Varied needs depending on type and structure of business and employee level." • "Asia wants more flexibility when relocating intra-Asia." • "Flexibility is needed to stay competitive in China market."
Lack of HR Experience; No Local HR Support	<ul style="list-style-type: none"> • "Company lacks a global mindset or the right staffing to assist in developing a global process for mobility." • "Issues with setting up foreign entities and start-up operations."
Recruiting/Talent Management/ Managing Expectations	<ul style="list-style-type: none"> • "We are sending a different breed of employees with different expectations." • "More difficult recruiting to these locations; required extra effort."

Correlating these results with the reported profiles of assignees – 53% married with children accompanying them on assignment – it is no surprise that medical, education, and security are major issues.

ASSIGNMENT DRIVERS

Respondents increasingly point to *management and leadership roles* as reasons for assignments – up from 19% in 2004 to 46% in 2007. (See Chart 11.)

CHART 11: Why Employees Are Transferred

2004: Long-Term		2007: Long-Term		2007: Short-Term	
Knowledge/Skills Transfer	23%	Mgt./Leadership Role	46%	Project-Based	31%
Leadership Roles	19	Technical-Skill Transfer	14	Technical-Skill Transfer	29
Start-Up	14	Start-Up	10	Start-Up	12
Leadership Development	14	Knowledge Transfer	10	Knowledge Transfer	9
Skill Development	11	Career Development	9	Skill Development	7

By contrast, companies are using short-term assignments for career development, though leadership/management, and leadership roles much less frequently. As would be expected, the drivers for STAs are quite different; the overwhelming reasons are to complete a project or transfer a technical skill. However, with the advent of the developmental assignment, which tends to be short-term in nature, the drivers may change. Many companies (57%) state that the principal driver for developmental assignments is *leadership/management-skill development*.

These results fully support our survey of assignees conducted in 2004, which found that long-term assignments are rated more highly than alternative assignment types as being very helpful in terms of professional growth.

POLICY APPROACHES & TRENDS

As companies change their global strategies over time, their international assignment policies adapt to meet evolving business requirements. This kind of change drives not only adjustments in traditional policy approaches but also the creation of new policy types. This survey focused closely on these trends, particularly on the maturation of core/flex approaches and the emergence of developmental assignments (defined variously by their practitioners) as more common policy approaches. Related to the content of these policies is the equally important factor of how they are administered, an issue that inevitably sets the concerns of cost and standardization against issues of flexibility and control.

This section considers core/flex, long- and short-term assignments, and developmental assignments. In the following section, we delve into the more variable policy practices relating to localization, international commuters, and extended business travel.

CHART 12: Policy Approaches

Frequency of Policy Types*	
Global	82%
Regional	5
Country-Specific	23
Tiered	15
Core/Flex	11

*Multiple responses possible

POLICY APPROACHES & THE NEED FOR FLEXIBILITY

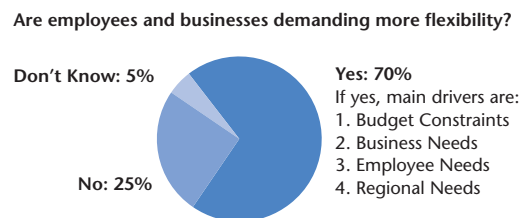
To understand how companies manage policy, we first asked how global their approach is. The vast majority of respondents (82%) utilize a global approach or policy, with some percentage also using additional approaches in combination with the global design (see Chart 12). Almost a quarter have either regional or country-specific needs that are not being met by the global policy and, as a result, have created policies to address these needs. Of those companies with both global and intra-regional policies, 60% said the intra-regional policy makes the policy more region specific, and 60% wanted to reduce cost; only 24% said their intent was to provide less support.

Policy Flexibility

The most significant challenge to the creation of a rational HR strategy and international assignment program is the conflict between the need for a unified global strategy and the need to address local, business unit, or employee differences, particularly those that

are legally mandated. Commensurate with the need for regional or country-specific policies, an overwhelming 70% of participants said that their employees or businesses are demanding that their policies provide more flexibility to address their specific needs (see Chart 13). This is supported by our experience with our client base, which is asking the same of Cartus.

CHART 13: Policy Flexibility



The primary drivers of flexibility are *budget constraints* (43%) and *business needs* (42%). China addendums or regional policies are examples that meet budget/business and/or regional needs. *Regional needs* were identified by 30%. *Employee needs* (35%) reflect HR's mandate to balance the business/cost side of the equation with the demands of the employee, considering changing definitions of family, career expectations, and demographic shifts.

CHART 14: Advantages & Disadvantages of Core/Flex or Discretionary Policies

Advantages	
Business Flexibility	36%
Better Core Management	28
Employee Flexibility	28
HR Responsiveness	27
Regional Flexibility	19
Disadvantages	
Perception of Inequality	60%
Lack of Global Consistency	54
Administrative Complexity	53
Lack of Defensibility	25

Core/Flex Emerges

One way that companies are addressing the consistency/flexibility challenge is by using a core/flex (or discretionary) approach. This approach differs from the traditional tiered-policy approach in which, for example, senior executives might receive a more generous program than mid-level employees. The policy is usually designed with core and elective policy elements that can be customized based on a number of factors, including employee level, business or local/regional needs, and the sending manager's discretion. Core/flex can offer a choice in both benefit and service support levels and may use assignment objectives, project type, duration, and employee level as criteria. Of survey respondents, 13% currently have core/flex in place, while 39% are considering implementing it despite the drawbacks cited (see Chart 14).

LONG- & SHORT-TERM ASSIGNMENTS

Long- and short-term policies, the traditional approaches to varying assignment needs, differ in many respects other than duration. This section examines and contrasts key elements of these assignment forms.

One of the major differences between long- and short-term policy approaches concerns home or host methodology for addressing compensation, medical, and pension elements. Practices vary considerably, but distinct differences between policies appear (see Chart 15). A large change has occurred

in international medical plans for long-term assignees, which grew from 29% in 2004 to 60% in 2007, as formal plans from major providers have become more common.

The most critical policy or administration challenges companies face also vary widely between the two assignment types (see Chart 16).

Long-Term Policy Specifics

As shown in the Data Table on pages 21-22, home sale assistance is being provided less frequently, as are property and tenancy management. Foreign service premiums continue to decrease, although hardship allowances increased an equivalent amount. Storage of household goods dropped somewhat, although shipment of household goods remained essentially the same. Non-accompanying dependent visits increased noticeably.

Short-Term Policy Specifics

Regional dynamics influence short-term policies, which are used most in Europe (75%), the United States (36%), China, (33%), and India (15%). Policies also vary in their parameters regarding family accompaniment (See Chart 17).

DEVELOPMENTAL POLICIES

Somewhere between the traditional long-term assignment and a typical 6-9 month tactical assignment lies a new assignment type, termed “developmental.” Although an emerging type – and thus subject to much variation – the central core of the developmental assignment, and, therefore, of the policy provisions supporting it, is more strategic. The policy involves the assignee, not just the task, and a timeframe more in keeping with the trend toward shorter term assignments.

CHART 15: Use of Home or Host Methodology

Compensation	Long-Term	Short-Term
Home Country	64%	90%
Host Country	7	1
Combination of Home & Host Country	22	3
Medical	Long-Term	Short-Term
Home Country	28%	55%
Host Country	7	3
Combination of Home & Host Country	14	4
International Medical Plan	60	45
Pension	Long-Term	Short-Term
Home Country	83%	89%
Host Country	3	1
Combination of Home & Host Country	3	1

CHART 16: Most Critical Policy or Administration Challenges

Long-Term	
Consistent Policy Application	30%
Controlling Assignment Costs	20
Immigration and Visa	15
Short-Term	
Short-Term Tax Compliance	26%
Controlling Assignment Lengths	22
Controlling Assignment Costs	11

CHART 17: Short-Term Assignments – Criteria for Accompanied Status

Short-Term	
Always	17%
By Exception Only	27
Over a Certain Duration	33
At Manager's Discretion	15
Not at All	6

Trends

Clearly, as shown in Charts 4 and 5 (page 7), developmental assignments are expected to become more common, even though 30% of respondents with developmental assignments have no formal policy. Of the 42% of respondents with a formal policy, 13% said that their policy is the same as their short-term policy, while 10% said that it is the same as their long-term policy. Another 18% said that theirs is a scaled-back long-term policy, while 4% called it a scaled-back short-term policy.

Of the 40% who use this assignment type in certain markets more than in others, the most frequent location cited is EMEA (70%), followed closely by APAC (45%) and Americas (40%). Based on the first-hand experience of the Cartus EMEA team, these assignments are often rotational in nature.

Issues

Although developmental assignments fall somewhere between long- and short-term assignments in several surface characteristics (e.g., length, use of existing policy), they relate more closely to long-term assignments in terms of organizational purpose (see Chart 18). Typical assignment length is less than 12 months (40%), followed by 12-18 months (30%), and greater than 18 months (28%).

CHART 18: Assignment Drivers (Long-Term vs. Developmental)

Long-Term		Developmental	
Mgt./Leadership Role	46%	Leadership/Management Skill Development	58%
Technical Skills Transfer	14	Technical Training	38
Start-Up	10	Corporate Culture Transfer	25
Knowledge Transfer	10	From Emerging Markets	21
Career Development	9	As a Retention Strategy	13

Respondents were also asked to specify their most critical policy or administration challenge associated with developmental assignments. In order of importance, their responses were:

- Repatriation/Retention/Career Management/Expectation Management (33%)
- Consistency/Equitability/Defensibility/Parameters (26%)
- Cost and Length Containment/Cost Estimation (20%)

Note: The Data Tables, beginning on page 21, contain a full list and comparison of policy elements for long-term, short-term, and developmental assignments.

INTERCULTURAL & LANGUAGE TRAINING

Two of the major contributing factors to assignment success relate to tools used in communicating effectively with people in the host country. (See page 19 for a more detailed discussion of assignment failure.) Reflecting this recognition, the frequency of both intercultural and language training increased dramatically from 2004 to 2007 in long-term assignments, as Chart 19 shows.

CHART 19: Intercultural & Language Training Offered to Accompanying Families

Training Type	Accompanying Families Always Offered the Training	
	2004	2007
Intercultural	28%	55%
Language	30	58

The major reason for the lack of uptake in intercultural training was *time constraints* (33%), followed by *cost* (21%); *Not valued by the assignee* as a reason scored only 9%. Reasons for the lack of uptake in language training were *not valued by the assignee* (21%), while *cost* scored a mere 11%; *time constraints* scored highest as a reason, with 40%.

OTHER POLICY TYPES

In this section, we report on:

- Policies and practices that support assignments within a certain geography (intra-regional);
- Those reflecting benefits appropriate to the destination (localization); and
- Limited-scale assignment forms that have only recently been codified under fixed policies (commuter and extended business travel).

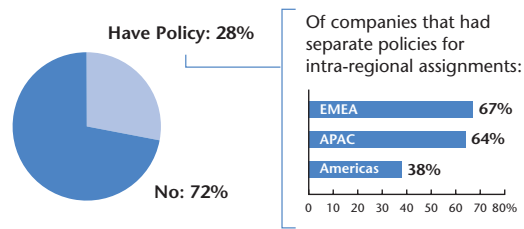
As awareness of these variants increases and systems for tracking companies' experience expand, greater visibility is being given to these assignment types.

INTRA-REGIONAL

Many companies place employees in intra-regional assignments, although the definition can vary widely as can the policy choices adopted. In fact, companies may consider core/flex an appropriate approach to these kinds of assignments, so a comparison of attitudes towards these two types is included here.

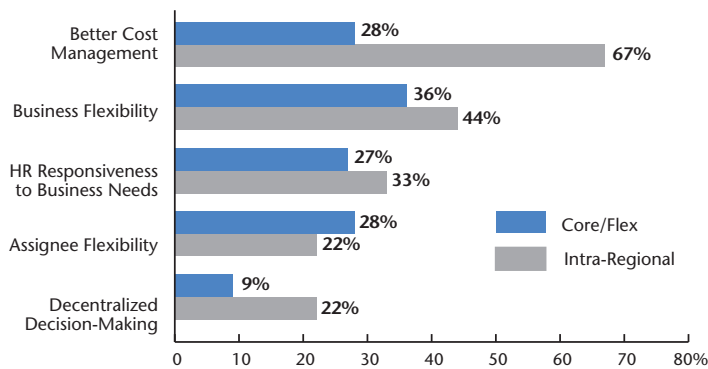
The motivation for creating an intra-regional policy, compared to a global policy, is equally weighted between *more region-specific support* and *reduced cost approach* (60% for each); only 25% of respondents cited *less support for assignees* as a differentiator. Overall, only 28% of respondents reported formal intra-regional policies and those tend to apply to EMEA and APAC more than to the Americas (see Chart 20).

CHART 20: Intra-Regional Policy Considerations



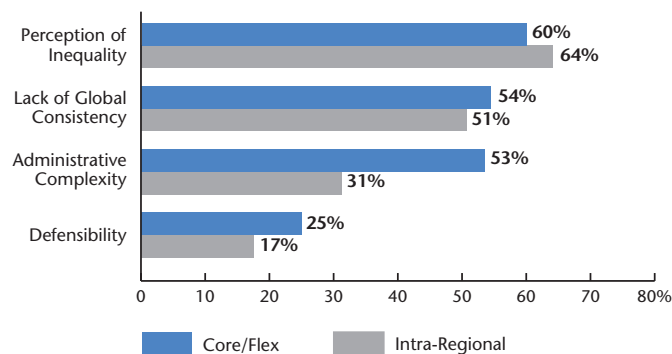
Not surprisingly, cost and flexibility issues are paramount in both intra-regional and core/flex policy design, although the respective value differs (see Chart 21).

CHART 21: Advantages of Intra-Regional and Core/Flex Policies



When comparing disadvantages of the two policy types (see Chart 22), the greatest difference relates to *administrative complexity* (31% for intra-regional vs. 53% for core/flex).

CHART 22: Disadvantages of Intra-Regional and Core/Flex Policies



Policy Trade-Offs

Lack of global consistency continues to be a prevailing challenge; there is a need to design policies so that, to a degree, the consistent core reflects company values and the discretionary elements meet the business and employee needs.

A single global policy has some built-in inequities as well, as it makes certain assumptions about the business's needs, family composition, and where in the world the company is sending its people. The emergence of intra-regional, as well as core/flex, policies bears witness to the fact that the same formula can no longer apply as the elements change. Companies increasingly prefer to capture those changes in formal policy design rather than in grassroots, under-the-radar policies that attempt to deal with the demand for flexibility.

LOCALIZATION

Localization is defined as integration of the employee into the compensation and benefits structure of the host country, either as a transfer from or an alternative to an international assignment for a temporary or indefinite period.

More than half (53%) of survey respondents have a formal localization policy (down from 61% in 2004), although its structure may vary. For example, 45% of respondents make a formal distinction between localization and permanent move policies; an additional 21% treat them differently but without a formal policy. Companies report the most frequent use of localization as:

- Transition at the end of a traditional assignment (78%)
- Permanent headcount transfer (60%)
- Local hire of foreign national (53%)

It comes as a surprise that 44% of respondents use a Pure Local approach, as this result is significantly higher than the level reported in 2004 (31%) and differs from Cartus' own experience, where the most frequent level is either Local Plus or Transition. This pattern does change for emerging markets or hardship locations (see Chart 23).

CHART 23: Approaches to Localization*

Situation	Pure Local	Transition	Local Plus
Basic Policy	44%	33%	23%
Emerging Markets and/or Hardship Locations	18	21	25

* Multiple responses possible

Localization is most often used in the United States (see Chart 24), where host-based pay is commonly applied to assignees coming into headquarters. Transferees are expected to take local packages due to the higher compensation structure in the United States.

CHART 24: Areas Where Localization is Most Often Used or Needed

Frequency of Usage	
United States	26%
United Kingdom	10
Singapore	9
China	8

Since localization focuses not only on financial (compensation) factors but also on pension and medical insurance, it is important to see how companies with localization policies treat those issues. In these areas, a majority of employees, but by no means all, are handled on the host plan, as shown in Chart 25.

CHART 25: Home/Host Treatment of Pension and Medical Insurance

Localization Policy Element	Host Country	Home Country	Combination	Int'l. Plan
Pension	67%	15%	7%	2%
Medical Insurance	77	10	0	6

CHART 26: Localization: Top Concerns

Compensation	49%
Retirement	42
Income Taxes	3

Heading the list of issues driving localization are *containment of mobility costs* (53%) and *reduction of assignees* (39%), two ways of expressing a similar financial concern. Next comes *part of globalization strategy* (27%) and *achieving equity with locals* (27%). Chart 26 reflects top concerns of respondents about localization.

INTERNATIONAL COMMUTER & EXTENDED BUSINESS TRAVEL

Along with the reported increase in the use, over the past three years, of international commuter and extended business travel companies indicated a range of challenges currently being faced. Key among these, of course, is that despite the trend – 56% expect an increase in international commuter, and 62% expect an increase in extended business travel – 80% of respondents do not have an international commuter policy, and 72% do not have an extended business travel policy. For those that have both policies, 82% said they are different.

In fact, these are often the policy types that lead to the “stealth expat” phenomenon, where companies struggle to ensure that this group of transfers is in compliance with local tax and immigration laws. If more companies had formal policies, one might expect to see a reduction in the difficulties. Currently, only 3% have no real difficulties with international commuter and extended business travel.

CHART 27: Variations in Regional Policy Use

Region	International Commuter	Extended Business Travel
APAC	23%	38%
EMEA	52	33
Americas	25	29

Currently, international commuter is used most frequently in EMEA, while extended business travel is spread relatively evenly across regions (see Chart 27). Respondents were asked (whether or not they have a formal policy) where they have had the greatest difficulty over the years with these types of assignments. *Tax compliance, tracking, visa/immigration, and cost* all appeared frequently (see Chart 28).

CHART 28: Greatest Difficulties

Rank	International Commuter	Extended Business Travel
1.	Tax Compliance 49%	Tax Compliance 60%
2.	Tracking 38	Tracking 59
3.	Stealth Expats 36	Visa & Immigration 49
4.	Cost Management 30	Stealth Expats 45

HOT TOPICS & CHALLENGES

COST CONTROL

Cost control is always important, but it is not always the highest priority: only 47% of respondents cited an increase in their company's focus on cost control, compared to 67% in 2004. And forced to choose, 78% said that *business strategy* is more important than *cost*. Where cost control is under consideration, respondents listed a number of approaches. (See Chart 29.)

CHART 29: Cost Savings Being Considered

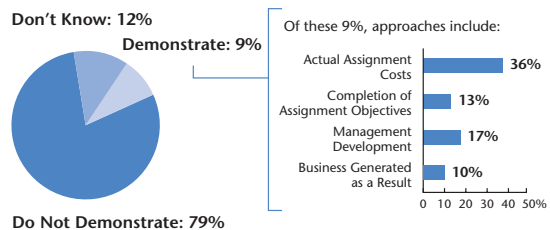
Rank		
1.	Administrative Process Improvements	60%
2.	Policy Changes	54
3.	Reducing Assignments	29

Given the expectations for continued assignment activity, reducing assignments may be problematic. Replacing larger scale traditional policies with emerging lower cost policy approaches does offer potential. This trend is reflected in the continuing reduction of foreign service premiums (47% in 2007 vs. 53% in 2004) and of home sale support (30% in 2007 vs. 35% in 2004) reflected on pages 20, 21, and 22.

ROI

Trade-offs between business needs and cost point to the issue of measuring the effectiveness of international assignments. Fewer participants are, in fact, attempting to demonstrate ROI; assignments are considered just the price of doing business globally. When asked how they demonstrated ROI, companies mentioned actual assignment costs much more frequently than performance-related measurements (see Chart 30).

CHART 30: Companies Demonstrating Return on Investment (ROI)



When asked what prevented them from calculating ROI, companies listed the following reasons:

- No mandate from management (31%)
- Don't capture enough information to calculate it (29%)
- Don't know (13%)
- Have tried but found it too difficult or inexact to calculate (12%)

The main conclusion that can be drawn is that ROI is not yet an established metric for justifying international assignments as a business strategy.

ASSIGNMENT SUCCESS & FAILURE

The inverse of ROI (the demonstrated benefit of a successful assignment) is assignment failure. When asked the three most common factors that make assignments fail, personal issues strongly outweighed business or environmental ones (see Chart 31).

Similarly, the main reasons that employees turn down assignments relate to personal, more than business, concerns. Nearly double the number of respondents cited *family or personal circumstances* as they did *concern with impact on career or insufficient compensation and benefits*. *Concerns about region safety* was mentioned by less than one quarter of respondents.

Another measurement of assignment success is the degree to which the experience gained by the assignee adds value to the organization. This experience is secured by repatriation programs, which respondents acknowledged is the area they are most interested in improving. Repatriation programs feature, in order of frequency:

- Advance return career planning (51%)
- Post-assignment debriefing (42%)
- Cultural re-entry support or workshop (41%)
- Post-assignment career tracking (27%)
- Spouse career re-entry assistance (36%)

Retention

As Chart 32 demonstrates, retention has fallen in the past three years. In comparing assignment loss to total turnover, however, respondents gave a relatively positive account (see Chart 33). By contrast, a full 36% of participants in 2004 thought that the rate was lower than regular turnover, showing, at least, that the trend is toward recognizing higher attrition rates.

Nearly half of respondents (41%) feel that their companies position international assignments as being necessary for promotion to higher level positions in the organization; 12% did not know. Of those that responded in the affirmative, however, only 24% could validate that international assignments had, in practice, been necessary for a promotion.

CHART 31: Why Assignments Fail*

Reason	Incidence
Family Adjustment	71%
Assignee Personal Style	48
Cultural Differences	40
Outside Business Conditions in the Assignment Location	28
Lack of Ongoing Support	17
Lack of Preparedness of the Receiving Organization	13
Language Skills	7
Other	6
Don't Know	14

* Multiple responses possible

CHART 32: Percent of Assignees Leaving in 1–2 Years*

	2004	2007
None	23%	9%
1 - 25%	69	77
26 - 50%	8	14

* 25% of respondents answered "Don't know"

CHART 33: Assignee Loss Compared to Overall Company Turnover

Higher	16%
About the Same	31
Lower	26
Don't Know	27

FUTURE FOCUS

Responses to the question concerning aspects of the international mobility program that companies are most interested in improving mirrored, in many ways, responses in 2004, which focused on strategic issues over tactical components (see Chart 33).

CHART 33: Program Aspects Companies Want Most to Improve

Repatriation & Career Management	54%
Performance Measurement/Evaluation	47
Candidate Assessment & Selection	46
Global Leadership Development	36
Relocation Support Services	33
Spouse Assistance	16
Other	6

To illustrate the breadth of concerns with which companies are dealing, following is a selection of the answers provided to the question, “What hot topic, challenge, or mobility issue do you see your organization facing that the survey did not ask about?”

- Insourcing vs. outsourcing and the shift to HROs
- Career expatriates
- Outbound assignments from non-HQ countries
- Stealth expatriate tracking
- Tax issues
- Repatriation of developmental assignees
- Low-compensation to high-compensation country challenges
- Currency restriction challenges (e.g., China)

Finally, when asked to list the greatest mobility challenges in terms of their future impact on the organization, companies listed as their highest priorities cost control, talent management, developing global competencies, and designing equitable compensation packages, followed by immigration and work permits, program tracking/stealth expats, and measuring program success.

SURVEY IMPLICATIONS

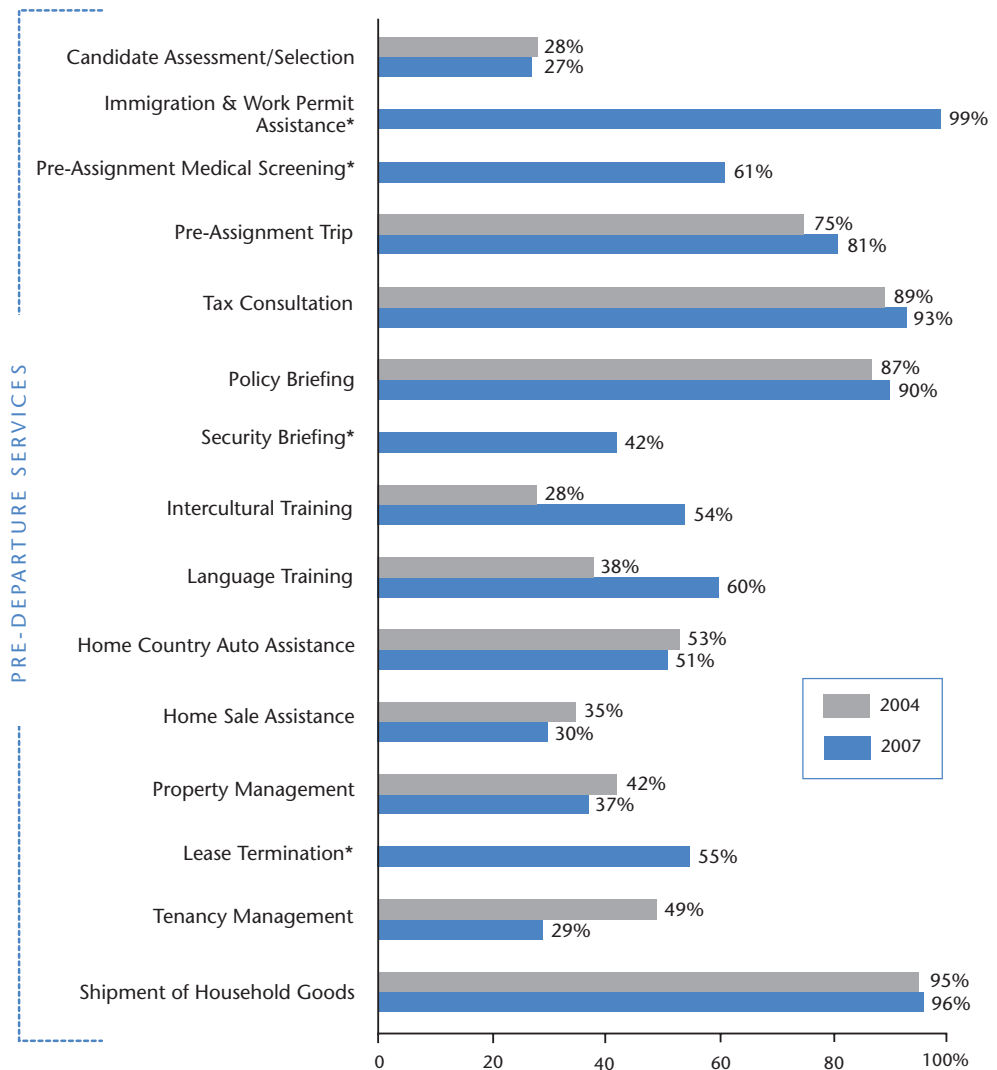
In a practical sense, new policy paradigms – taking the form of core/flex, developmental, international commuter, and extended business travel policies – now give corporations an increasing number of frameworks to apply in varying business circumstances. The result is a closer correlation between the **practice** of allocating human resources strategically (which is the underlying purpose of an expatriate assignment policy) and the **structures** that corporations use to further their business goals cost-effectively.

APPENDIX: DATA TABLES

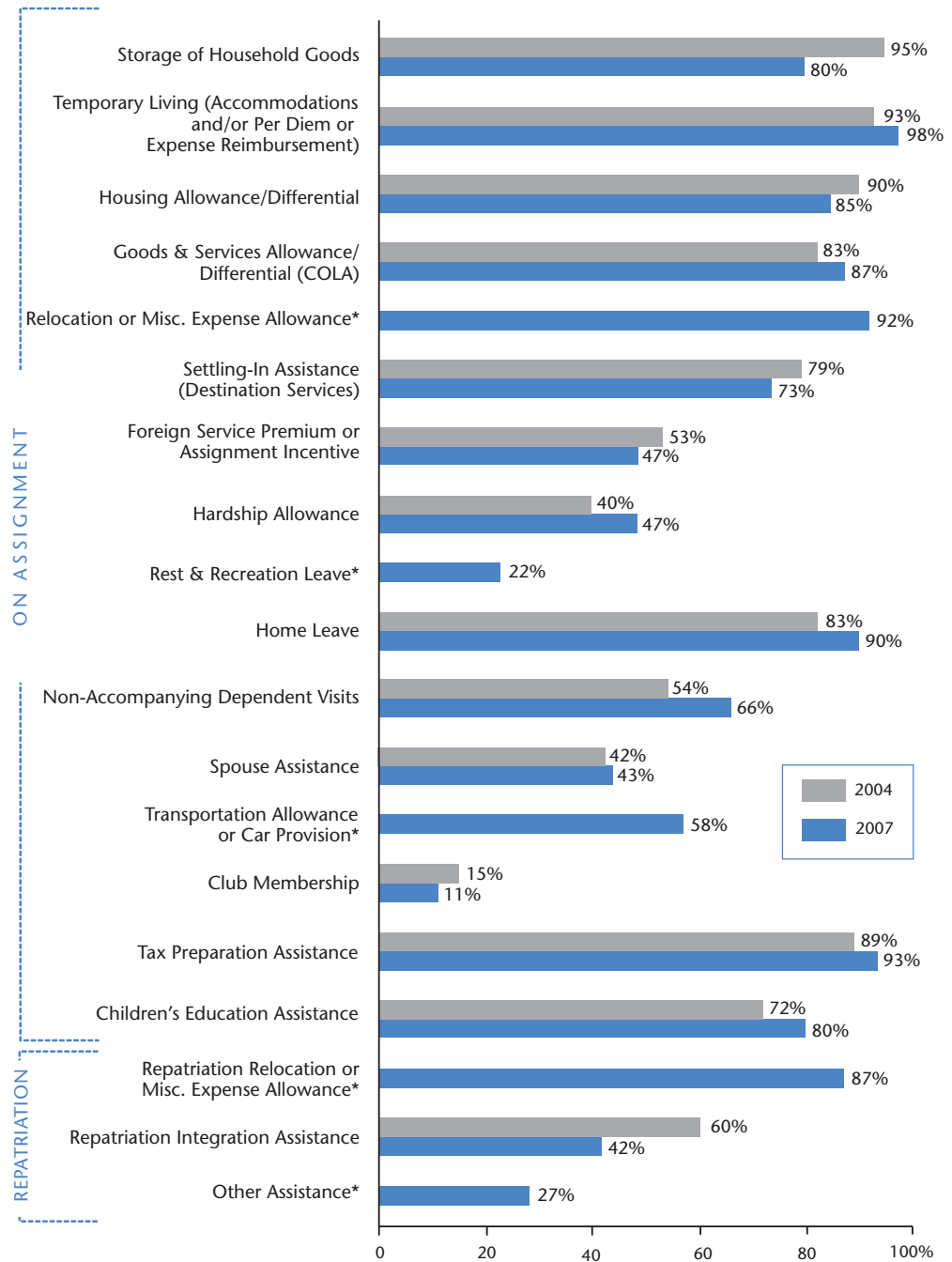
I. LONG-TERM POLICY ELEMENT TRENDS (2004 VS. 2007)

A comparison of long-term policy approaches between the 2004 and 2007 surveys reveals the following key trends, some implying efforts to reduce cost and others supporting components associated with improved assignment success:

- Home sale assistance is uncommon and falling in usage; a similar trend also appears in property management and tenancy management.
- Intercultural and language training have nearly doubled as policy components.
- Foreign service premiums continue to decrease in popularity, although hardship allowances increased an equivalent amount.
- Storage of household goods dropped somewhat, although shipment of household goods remained essentially the same.
- Non-accompanying dependent visits increased noticeably.
- Repatriation integration assistance dropped significantly.



I. LONG-TERM POLICY ELEMENT TRENDS (2004 VS. 2007) (CONTINUED)

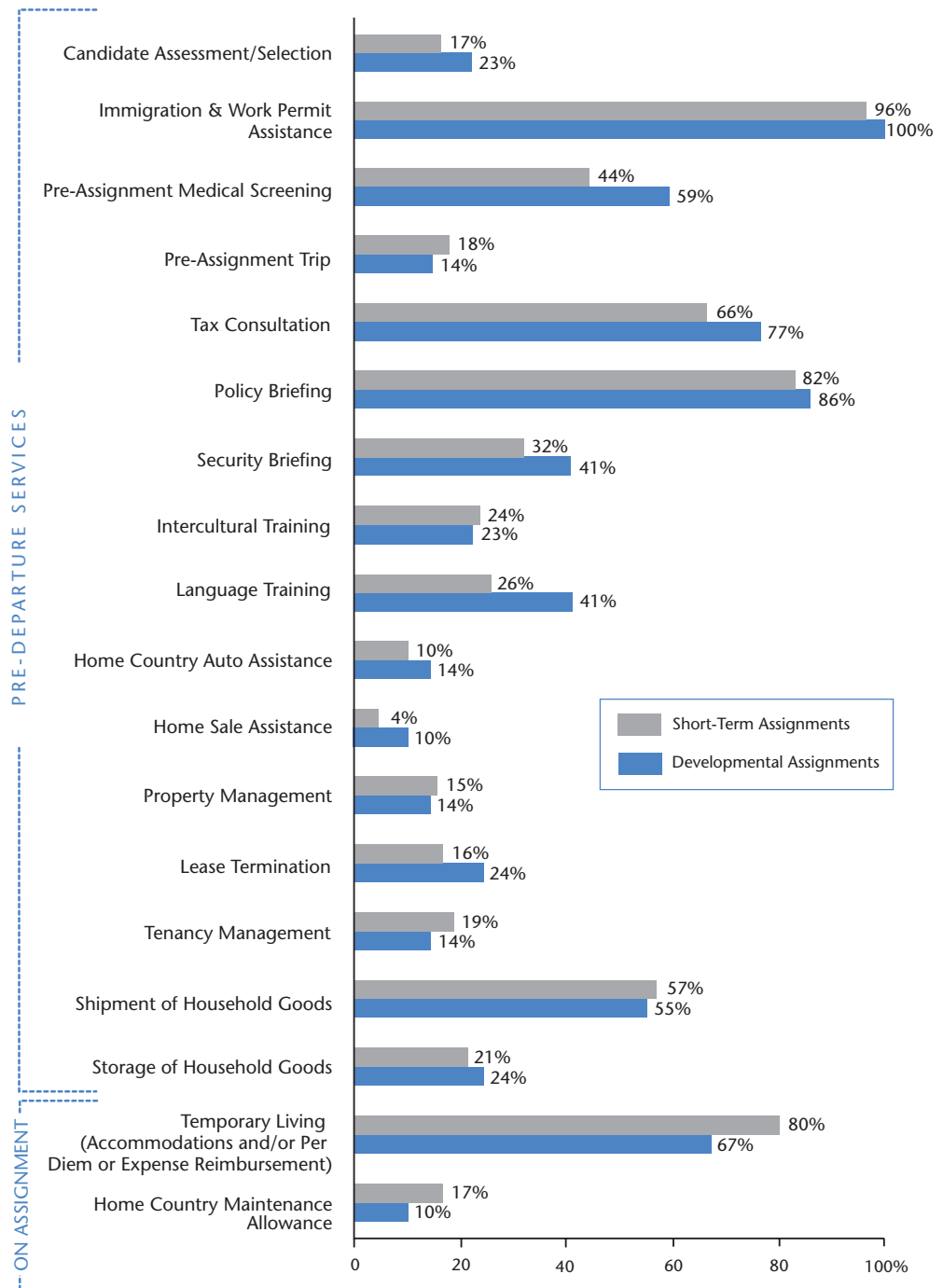


* Question not asked in 2004 survey

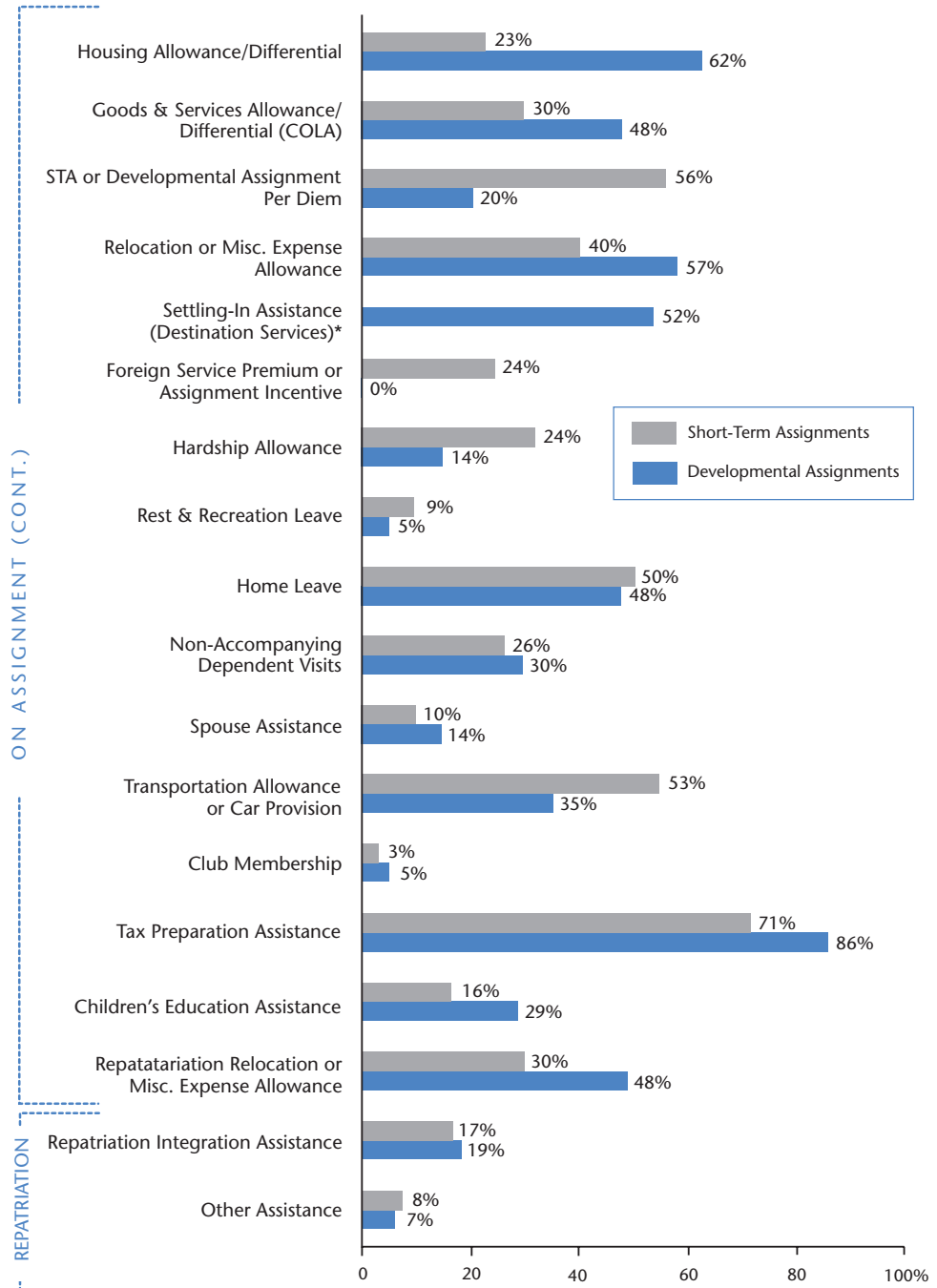
II. SHORT-TERM VS. DEVELOPMENTAL POLICY ELEMENT TRENDS

Developmental policies respond to the need for a policy type with aims that differ from the short-term policies and, thus, show the following differences:

- Assessment is almost never performed, even in developmental assignments.
- Allowances tend to be more prominent in developmental assignments in view of the higher current or anticipated organizational level of the assignee.
- Tactical service components, related to housing and household goods storage, for example, are similar in both short-term and developmental policies.
- Language training relates in strength to long-term assignments, but intercultural training is similar in frequency to short-term assignments.
- Repatriation support in developmental assignments is minimal.



SHORT-TERM VS. DEVELOPMENTAL POLICY ELEMENT TRENDS (CONTINUED)



The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that proper record-keeping is essential for ensuring transparency and accountability in financial operations. This section also outlines the various methods and tools used to collect and analyze data, highlighting the need for consistency and precision in data collection.

The second part of the document focuses on the analysis of the collected data. It describes the various statistical techniques and models used to interpret the data, including regression analysis, time series analysis, and hypothesis testing. This section also discusses the challenges associated with data analysis, such as missing data and outliers, and provides strategies to address these issues.

The third part of the document discusses the application of the analysis results. It describes how the findings are used to inform decision-making and to identify areas for improvement. This section also discusses the importance of communication and reporting, highlighting the need for clear and concise communication of the results to stakeholders.

The fourth part of the document discusses the future of data analysis and the role of technology. It describes the various emerging technologies, such as artificial intelligence and machine learning, and their potential to revolutionize data analysis. This section also discusses the importance of staying up-to-date with the latest developments in the field.

The fifth part of the document discusses the ethical implications of data analysis. It describes the various ethical issues, such as privacy and data security, and provides strategies to address these issues. This section also discusses the importance of transparency and accountability in data analysis.

The sixth part of the document discusses the role of data analysis in various industries. It describes the various applications of data analysis in fields such as healthcare, finance, and marketing. This section also discusses the importance of data analysis in driving innovation and growth in these industries.

The seventh part of the document discusses the role of data analysis in public policy. It describes the various ways in which data analysis is used to inform policy-making and to evaluate the impact of policies. This section also discusses the importance of data analysis in ensuring the effectiveness and efficiency of public services.

The eighth part of the document discusses the role of data analysis in education. It describes the various ways in which data analysis is used to improve teaching and learning. This section also discusses the importance of data analysis in ensuring the quality and effectiveness of educational programs.

The ninth part of the document discusses the role of data analysis in sports. It describes the various ways in which data analysis is used to improve athletic performance and to prevent injuries. This section also discusses the importance of data analysis in ensuring the safety and well-being of athletes.

The tenth part of the document discusses the role of data analysis in the environment. It describes the various ways in which data analysis is used to monitor and manage natural resources. This section also discusses the importance of data analysis in ensuring the sustainability of the environment.

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