MOBILITY ON A SHOESTRING

International businesses are crying out for mobile staff but the obstacles continue to stack up. Besides the increase in protectionist labour policies in many key markets, mobility teams are also facing ever-tightening budgets. *HRM Asia* finds out how relocation experts are making every dollar count in this new business environment

Cross-cultural training; leadership development; succession planning; and engaging rewards: a comprehensive mobility programme can tick a lot of boxes for an international organisation's workforce. That's even truer in this age of globalisation and disruption, where businesses know that one bright idea from anywhere in the world can now become a global brand sensation. Still, it takes well-travelled, cross-culturally savvy leaders to ensure that full international potential can be realised.

Forward thinking, multi-market organisations therefore still pay a lot of attention to their mobility programmes, taking staff of all levels and supplanting them in international offices for both one-off assignments and longer-term team development. But where once profits and margins were high enough to allow the budgets for these projects to grow unchecked, today's business leaders need to see a much clearer projected return on every dollar spent. Luxuries and extravagances are out, replaced only by cost-effective enhancements that add direct value to the assignment being undertaken.

Kenneth Kwek, Managing Director of Cartus Asia-Pacific, says his organisation's annual survey on mobility issues has found cost control remains one of the biggest concerns for international relocation programmes, although it has been falling as apriority in recent years.

"There was a decrease of 26 percentage points in the number of respondents who said their company's focus on cost control had increased from 2010 to the present," he says. "However, the fact that the percentage stating their cost focus had 'remained the same' has risen over the same time period suggests that cost control is simply becoming 'business as usual' for companies relocating their staff internationally.

So where can savings be made?

Certainly compensation and benefits is one area that most companies have already cut back on for most, if not all of their international staff. Now that those gains have been realised, mobility teams have to look elsewhere to reduce the financial impact of their programmes going forward. As experts that *HRM Asia* spoke to confirm, that doesn't mean having to reduce the scope of any given mobility programme.

"COST SAVINGS CAN BE ACHIEVED IN MANY DIFFERENT AREAS OF MOBILITY. FROM THE MORE OBVIOUS LOGISTICS SAVINGS ON HOUSING, HOUSEHOLD GOODS SHIPMENTS, TEMPORARY LIVING, AND SCHOOLING TO LESS OBVIOUS COST SOLUTIONS LIKE LANGUAGE AND INTERCULTURAL TRAINING"

– KENNETH KWEK,
MANAGING DIRECTOR
OF CARTUS ASIA-PACIFIC

Going local

As noted, the main cash component of expatriate packages in Asia have been significantly reduced in recent years, with many employers of foreign talent offering only "local" salaries. These may not necessarily be

in local currencies, but the absolute value has definitely fallen to take into account the lower costs of living, particularly in developing economies of Asia-Pacific. The "hardship" allowances associated with foreign postings have been reigned in significantly.

Instead, employers are emphasising the career and lifestyle benefits associated with these moves to keep their mobile staff interested in global opportunities.

A similar economic experience is taking place in the private education markets, with many different tiers of international schools now available for expatriate children.

Where previously enrolments in the most celebrated international schools were a standard part of an international relocation package, today those benefits are likely to be far more modest, if they exist at all. Most common is for expatriates to be offered part-payment subsidies for education, with them paying at least part of the fees for their chosen school from the cash portion of their salary package.

The little things

Kwek says there are still a lot of savings to be found in the typical assignment support benefits that accompany each expatriate.

"Cost savings can be achieved in many different areas of mobility. from the more obvious logistics savings on housing, household goods shipments, temporary living, and schooling to less obvious cost solutions like language and intercultural training to reduce the risk of costly assignment failures," he says.

In terms of language training, online classes are fast-becoming a viable option, offering both flexibility and strong learning outcomes for a fraction of the outlay of traditional, intensive training. US-based service provider Global Mobility Solutions has crunched the numbers and believes organisations can save between US$4,500 and US$17,650 per transferee, while expanding access to training to the employee's wider family.

"When reviewing your mobility management policies, you should benchmark against other companies within your industry, and also leverage technology for key services," a recent whitepaper from Global Mobility Service advises.

Other cost areas that it believes are ripe for better management, and therefore savings and higher mobility returns, include transport services (movers and allowances), health benefits (both insurance coverage and add-ons such as gymnasium memberships), and temporary accommodation services.

Bigger picture

Beyond these incidental savings, the biggest budget enhancers come from having a strong understanding of all of the inputs and outputs of a mobility programme. If the HR or mobility team does not have an understanding of what each of its international assignments is hoping to achieve, it cannot hope to allocate resources effectively, and will end up spending more than is necessary.

"Companies that make the most significant savings over time look at every aspect of their mobility programme and do this on a continuous basis over time," Kwek says. He recommends three different approaches for mobility teams undertaking this assessment for the first time.

The holistic approach considers how the mobility programme is aligned with the organisation's overall business goals.

"This approach requires looking at how your company's mobility and talent management programmes complement each other, and developing a holistic view of business objectives, employee demographics, and the rationale for international relocation programmes," Kwek says.

Another option is to look at the framework for international relocations, and the policies underpinning it. "Cost efficiencies here can be achieved by increasing the level of flexibility in your programmes."

Alternatively, teams can leave their frameworks unchanged and follow a policy benefit-driven approach by determining the areas that represent the highest spends and streamline where possible (with consideration for the effect on employee experience). "This approach will be more viable for organisations with a lower tolerance to change," Kwek says.

Someone to help

Of course, not all expenses can be put on the chopping block – and just because a mobility team is facing budget pressures, doesn't mean they should try to do it all on their own. The value of a consulting partner only becomes higher when the margins are tighter, Kwek says.

"Employing a specialist relocation provider is a long-term partnership," he points out. "Typically they work with teams right across a business, in HR, Procurement, Finance and IT. In order to achieve the best outcomes, this long-term relationship should be viewed as a strategic partnership that can both add value to and control costs within a relocation programme."

By working on mobility across all parts of the business – in multiple locations – consultants are well placed to pinpoint cost pain points and drive reform.

"A client company's policy consultation is driven by timely industry data, comparisons and benchmarks. This enables Cartus to design a relocation policy that meets individual business needs as well as the complexities of individual moves. From this base, regular reviews and data analytics based upon actual programme components identify ongoing cost efficiencies and savings in the areas of policy, programmes, and processes."

An outside consultant is also best placed to ensure compliance across multiple geographies. Whether it is the tax, legal, immigration, data security, or other implications, missing even just one document or authorisation can involve significant fines and penalties for the business. Kwek says such mistakes can undo every cost-saving measure being considered above, and more. **hrm**