

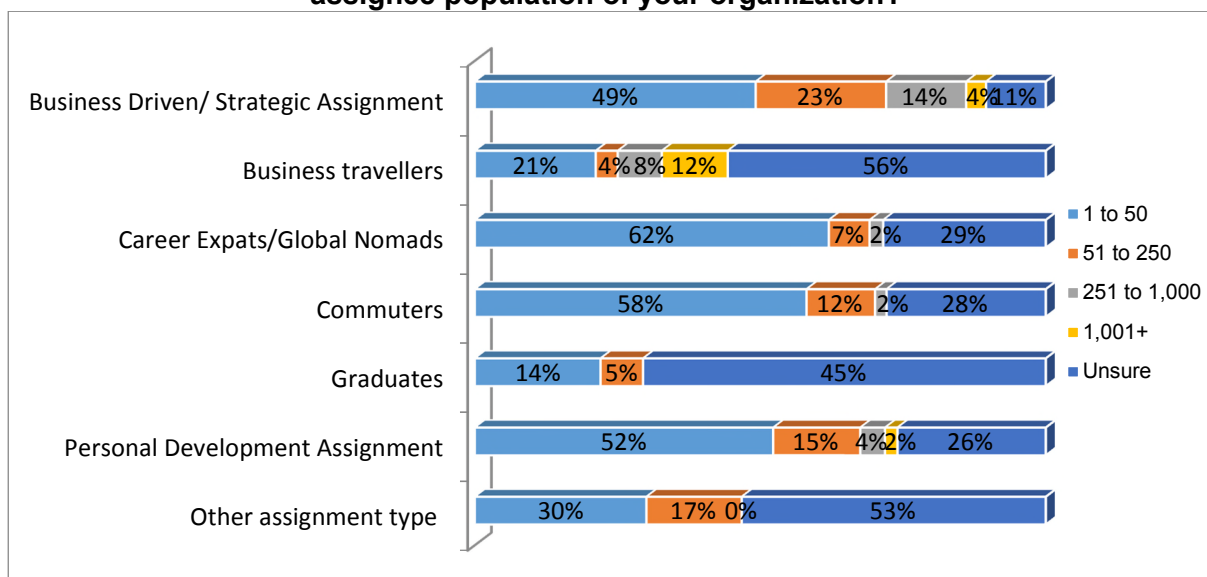
## Programme Management and Compliance : The backbone of a successful Global Mobility Function?

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“It is not enough to take good decisions and make good choices. It is necessary to take heed and comply with whatever you plan.” Israelmore Ayivor’s quote perfectly captures the challenges of global mobility (GM) programme management; especially if one factors in the frequently changing legal regulations of governments around the world which, by their nature, increase the complexity that GM departments have to handle. This article investigates the trends in GM programme and compliance management and is based on research amongst RES Forum members in 65 large multinationals across a wide cross-section of industries.

As seen in our Annual Reports 2015 and 2016, our survey amongst the 1400 companies that constitute the RES Forum membership showed that the diversity of global assignment types is high. Business critical and personal development assignments are more popular compared to cross-border commuting, career expats/global nomads or international business travel. Because of these many forms of international working arrangements, the compliance and programme management challenges are diverse and pressing. The assignment populations of the responding organisations can be seen in Figure 1.

**Figure 1. For each of the following assignment types, what is the TOTAL global assignee population of your organization?**

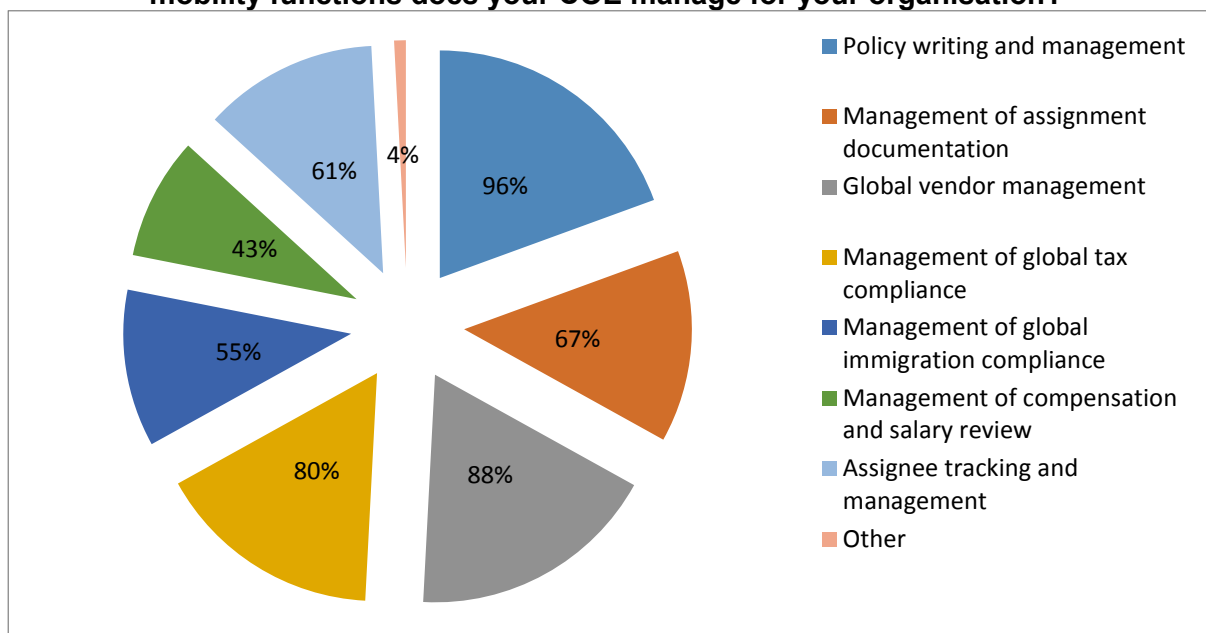


## Centres of Expertise

Three quarters of all respondents had a GM centre of expertise (CoE). CoEs support globally standardised processes, enabling cross-border coordination and integration. In RES Forum Annual Reports from prior years (2014, 2015) it was argued that GM departments are moving towards becoming more strategic. They are broadening their scope and moving towards a clearer delineation of roles as well as more value-add and consulting activities. A CoE structure may facilitate these developments as it may be seen as a move towards professionalisation and cost-saving while freeing up key GM staff for more strategic work.

The remit of GM CoEs vary but cover a large number of activities, as can be seen in figure 2. Whilst 96% undertake GM policy writing and management, the management of compensation and salary reviews (43%) is less frequently within the GM function's remit. The definition of the GM function's role will also have an influence on what activities may be outsourced and whether external vendors will cooperate on a local, regional or global level.

**Figure 2. If you have a mobility Centre of Expertise (COE) in your organisation, what mobility functions does your COE manage for your organisation?**



## Outsourcing Activities and Challenges

69% of responding companies predominantly insource their GM work. Of these, 49% have a global structure in which one HR service centre manages GM activities, and 31% work through several regional hubs or service centres. 18% have a polycentric structure in which GM is managed and executed locally. It is interesting to note that where GM is managed in-house, the international mobility approach is less integrated than it is for the sample overall. About 12% more of

the companies who manage GM in house have a polycentric structure and 15% more firms have a regiocentric structure than indicated in the answers for the whole sample. This is likely to indicate that companies who are insourcing probably still have efficiency gains to be realised through higher degrees of standardisation and integration (Dickmann, 2017; Bartlett and Ghoshal, 1999).

16% are currently considering or would be open to consider (11%) a move from insourcing to outsourcing. Overall, however, almost all firms rely on outsourcing to some degree. The key services that are being bought are tax service provision, household goods shipment, destination services such as home and/or school search, immigration provision, language lessons and intercultural training.

In contrast to research for the 2014, 2015 and 2016 RES Forum Annual Reports, the multi-vendor model (44%) has gained more popularity over the one vendor model. Key drivers for the choice to work with several outsourcing providers included the ability to retain in-house control (27%), to support assignees better (27%), to capitalise on existing knowledge within the organisation thus allowing the running of large parts of GM with the support of vendors for only a few specific services (23%), or a drive towards achieving optimum perceived cost savings (17%). Where firms opted for a one vendor model, they strongly preferred to work with relocation management companies rather than with professional service firms such as EY, KPMG, PwC or Deloitte. Some did indicate that they worked directly with their tax advisors and immigration attorneys.

Organisations consider a wide array of factors when deciding whether to engage a professional services firm/relocation management company. Looking at the factors that respondents stated are of greater than average importance we can see that the key drivers for outsourcing are to improve compliance with the company's internal and external standards and regulation, augment service reliability, increase GM management service quality and to fill a skills/knowledge gap.

What is important for firms when working with outsourcing providers? During an outsourcing relationship, the price charged has the lowest importance for companies. Instead, the outsourcing provider needs to demonstrate that it has excellent knowledge/skills, cooperates well with the company staff, is flexible and able to react to non-standard requirements well and is accountable.

### **Which services are outsourced?**

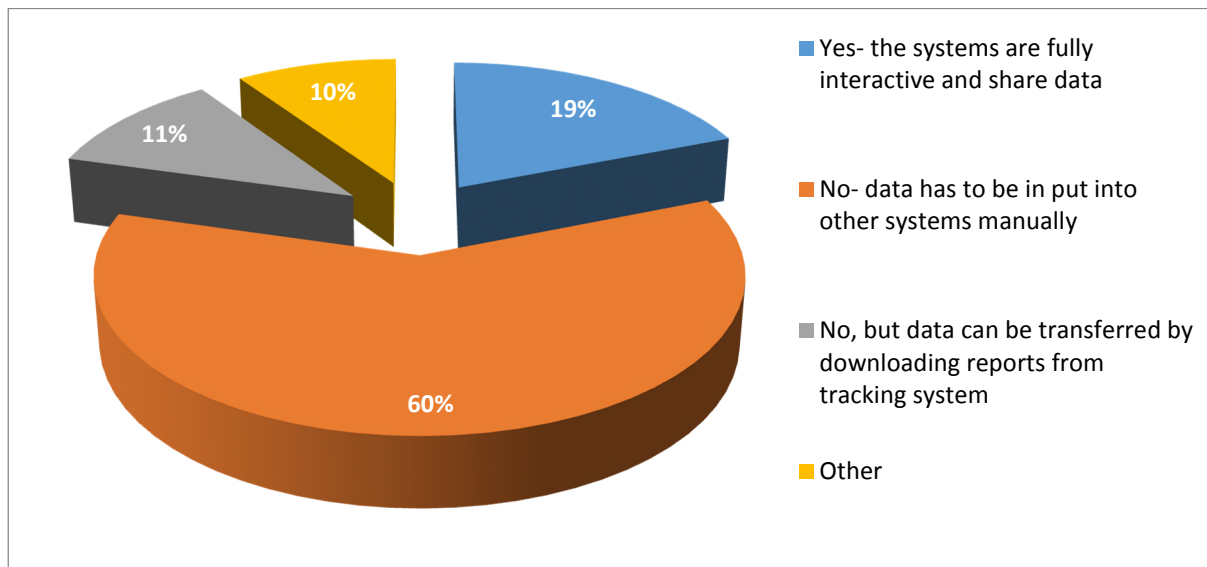
Personal tax compliance is almost always outsourced (94%) with immigration and social security compliance work often outsourced (58%) or conducted as a mix of outsourcing and in-house work (34% for immigration and 22% for social security respectively). The most likely areas of total in-house provision are expat payroll (50%) and corporate tax (43%) compliance work. Companies are eager

to work with external vendors where they lack the necessary know how or where they expect legal regulations to change quite rapidly.

### Assignee Tracking and Management

Due to the regulatory frameworks in different countries and the associated risk of falling foul of these, assignee tracking was highly important to responding organisations. Given the number of large firms in our sample who have extremely sizeable assignee populations, as figure 3 shows, it is surprising that only 19% have a fully interactive assignee tracking system and 60% have to input data into other systems manually if they want to use them for management decision making. Beyond risk exposure, better implementation of information technology systems could lead to greater efficiency gains.

**Figure 3. Does your assignee tracking system interact with other HR systems such as payroll and HRIS systems?**



The RES Forum wanted to know whether firms have a clear picture at all times of their exact assignee population including where they are located. The answer is sobering in that only a quarter claim that their tracking system is accurate. A further 59% stated that they believed their system to be reasonably accurate with 16% of organisations admitting that their reporting systems are not accurate. This exposes companies to compliance risks and may also endanger individuals and the reputation of the organisation in case of a humanitarian or natural disaster or a terrorist attack that requires a guided and rapid corporate response.

### Expatriation vs. Frequent business Travel - The long term benefits

Current research has proven that both self-initiated and company-sponsored expatriates gain substantially over the long-term from working abroad. Returnees felt that even 12 years after their assignments had ended, they had

strengthened their knowledge, skills, abilities, their networks, personal insights and motivations as well as their internal and external marketability from their global work (Dickmann et al., 2016; Suutari et al., in press). Welch and Worm (2006) as well as Baruch et al. (2013) argue that frequent business travellers can gain many advantages from their international work but there are also many drawbacks to this type of working pattern. Those organisations which encourage these professionals to travel in the light of their responsibilities in several countries are under obligation to manage immigration and social security requirements. For this, efficient and error-free tracking of international business travellers is needed.

Companies use a number of different ways to track their business travellers. Data from corporate travel providers is the most popular way to track 'frequent flyers' but notifications from the business units, the employee, the tax provider, through in-house tracking tools or from the company's security team are also often used. However, the fact that 42% do not track their regular business travellers is truly astonishing. As one survey respondent put it, "Oh boy, do we need to do this."

Programme management and compliance is the backbone of successful GM functions. It allows organisations to draw up an efficient GM programme and manage the risks to individuals and the company alike. Organisations of today ignore this at their peril.

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