



International Journal of Engineering Researches and Management Studies

ISSUES AND TREND IN EMPLOYEES' GLOBAL MOBILITY

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ABSTRACT

The research dedicate sits concentration on the emerging business needs and consequently, new categories of work force. Constructed on conclusions from varied surveys, researches and reports it looks at issues and emerging trend in employees' global mobility and the associated risk for individual employee and the organization. A variety of factors, notably the ever-changing business need in host location, skills gap in the host location, talent and knowledge transfer, individual employee's issues and legal compliance issues have bearing on strategic thinking and actions when it comes to workforce mobility decisions. The study aims to condense the recent trends, issues, drivers and challenges in employee mobility for an enhanced understanding of workforce mobility as a chance for employees' growth and development or a challenge to their survival.

Keywords:- Global mobility, relocation management, international assignment, virtual mobility, millennial.

I. INTRODUCTION

The dire need for companies to supply skills in particular location and projects has evolved a new breed of workers for international assignments. The major concern for organizations is manning the organization with right skills at the right place and time. The growing emphasis on emerging markets has paved a momentous shift in mobility patterns. Talented and skilled employees from developing markets are in demand at home and internationally. For achieving this company are bound to make employees mobile keeping the cost and all associated risk in mind on the side of worker and the organization as a whole. In this era of flat world where technical aids have made every place and people connected, the organizations are encountered with a question whether they need to relocate individual employees to provide those skills, when relocation is so expensive and risky. It can cost a company three or more times an employee's base salary annually he/she spends abroad because of the added taxes, lodging, cost of living and other expenses. Why can't skills be supplied as and when needed? Employee Mobility has evolved from a transfer of skills and knowledge to a more multifaceted concept, designed to address a diverse set of business needs. Mobility in modern terms is just not recognized as relocation of a senior employee to needed destination but has gained far more popularity amongst millennial as a best career start and move. The emerging new approaches in global employee mobility are focused not only on the growing business need of best talent but are also keeping employees personal and professional preferences aligned while making any mobility decision.

II. OBJECTIVES

1. To find out the drivers of mobility in the organization
2. To find out the benefits of mobility for employees
3. To study trend in modern mobility in emerging scenario
4. To study various risk associated with employee mobility and their physical relocation
5. To examine the global Employee mobility challenges for India

Research methodology

The research is based on intense literature review. Various research report, survey reports, articles, websites and magazines were consulted as source of secondary data. Charts, tables and graphs are used for representing and analyzing the data.



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Relocation benefits offered by the organization to the employees

The relocation of the employee either physical or virtual offers many opportunities and benefits to its concerning workers on their personal and professional front. CapRelo in its article states some of the benefits provided by the organizations to their employees on their relocation as:

- **Reimbursement of household Goods:** Some employers will either pay a lump sum or provide direct reimbursement of household goods. Some organizations are finding a complete relocation management solution, where an autonomous relocation firm manages every aspect of the relocation.
- **Exploration tours:** The organizations may provide exploration trips to its talented employees and their families those relocated to an unfamiliar place to get aware about the new surroundings. This in addition to various other benefits provided by the company to its employees, aims at retaining most of the employees or selected employees.
- **Trailing spouse assistance:** To make the move comfortable and low-stressed for top executives some of the organizations assist the spouse of the employee moving along, in getting opportunities at new place in joining job, various communities and groups of common interest.
- **Housing benefits:** The housing benefits such as Loss-on-sale benefits, quick-sale bonuses and other incentive provided by the firm reduces employees concern of selling their home at reasonable price within stipulated time frame. In certain circumstances, temporary lodging may be the best resolution while an employee sells their home. This is another negotiable relocation benefit to be considered.
- **Property management:** The feature of property management in relocation policy of the firm offers a great relief to those employees who are temporarily relocating or those are attached with their property.

Modern trends in workforce mobility

The growing business need and workers' choices have shifted the tradition relocation to modern mobility. The changed pattern of working have given rise to new approaches to workforce mobility keeping in view the organization's need and worker's individual need. The PWC survey found mobility solutions as developed and designed globe-wide for facing advancing business realities:

- **Short-term assignments:** The assignment that does not last for more than 12 months generally more appealing to millennial who want to broaden their experience than to those with families because the distraction is reduced. The short-term assignment involves less cost which employers find more appealing simultaneously.
- **Project-Centric assignments:** The organizations are fetching employees of different skills and expertise within the organization for working on specific projects, which require either temporarily relocation or frequent travel of employees while the project is going on.
- **Commuting and extended business travel:** Can help employees to work without relocating. It is beneficial especially for those who are committed and hold dependents at home.
- **Mobility within country:** it is easier and more cost effective for the organizations to transfer skilled employees within the country boundaries than moving to mature markets.
- **Rotational employee programs:** Are gaining momentum in international market for developing high potential employee in their area of expertise in specific industries.
- **Reverse transfers:** The organizations move their key talents to acquire high skills and valuable experience from emerging markets to mature markets on assignments usually for short duration i.e. less than one year.
- **Global nomads:** the job role of certain specialists demand frequent business travels from one assignment to assignments which keeps them moving homelessly.



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- **One-way relocation:**, As organizations move their regional or global headquarters to tap new and emerging markets, causing permanent relocation of key managers and their families.
- **Virtual mobility:** technological advancement empowers employers to bring together key talents on single platform without physically relocating them.

Drivers of Employee Mobility

According to PwC Ireland Global Employee Mobility Survey, 80% of the employees said that business need in host location is the top most factor for which the companies send their employees on assignments, another important reason as per 64% of the employees surveyed, is skills gap in the host location, talent development and knowledge transfer holds 60% and 48% accountability for moving the employees on assignments.

- **Business need in host location:** when a company needs to expand its business in host location then it relocates its key employees to the host country.
- **Skills gap in talent the host location:** most of the time company relocate its employees to fill the required gap in skills of the host location; the company send its best talent to bridge this gap in skills.
- **Talent development:** the companies relocate its key talent to overseas for inducing rare skill and developing themselves through experiential learning by working on international assignments.
- **Knowledge transfer:** most of the time the transference of knowledge and skills is the basic purpose of relocation of the key employees. When the company wants to enhance the knowledge and skills of its existing employees it decides to relocate the key executives from head-quarters to upgrade the workforce at the required location.

Table 1-Top reasons for sending employees on assignments

Reason	Response (%)
Business need in host location	80
Skills gap in talent the host location	64
Talent development	60
Knowledge transfer	48

Source: PwC Ireland Global Employee Mobility Survey

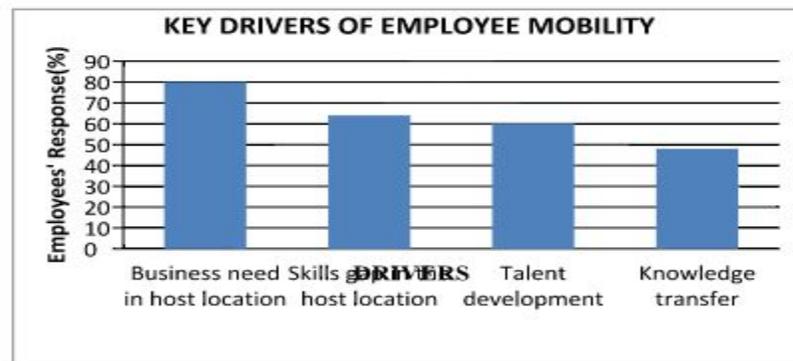


Figure 1



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Assignee profile

The profile of assignee over the years shows a very little percentage of female assignees to male assignees. The percentage of female assignees (24%) remained the same as in the year 2012. The age group of 30-39 consists of most of the assignees for international assignments which has also decreased in the past years.

Table 2- Assignee profile on the basis of Gender and Age.

Gender	2007	2010	2012	2014
Male	79	81	76	76
Female	21	19	24	24
Age	2007	2010	2012	2014
Under 30	19	29	14	15
30-39	37	36	38	31
40-49	31	24	33	38
50+	13	11	15	16

Source: Trends In Global Relocation:2014 Global Mobility Policy & Practices SURVEY

Modern mobile workforce and the associated potential risk

A significant increase in permanent and long duration overseas projects has result in increasing rate of workforce relocation, putting many potential challenges and risks in front of organizations. The Ernst & Young Frequent Business Traveler Report 2012 reported the major risk involved in frequent business travels as permanent establishment, employment law, prosecution, regulatory compliance, unexpected cost, employee difficulty in leaving host country, business reputation. According to the global mobility 2014 report the modern workforce and the associated risk are as follows:

- Business traveler:** An employee not on formal assignment, but engaging in business activities in two or more locations or jurisdictions for less than a month to attend meetings, trainings or conferences. An employee on tourist or business visitor visa is not permitted to engage in substantive work as of managing subordinates and performing system maintenance.
- Extended business traveler:** Employee sent cross border for the time frame of one to three months, being the employee of home country on the company roll receiving travelling expense. Also known as frequent business travelers, stealth expats and rogue travelers. This category can bring considerable compliance risk for employers because they frequently travels using a tourist or business visitor visa to enter a country for substantive work that benefits the host company, which result in violation of local immigration law and can create a local corporate taxable presence for the home country employer. The worker's visits to a particular country may be subject to local income tax withholdings and reporting, and social security obligations, even if compensation costs are not charged back to the host company.
- Short-term assignee:** A category similar to extended business traveller but with a longer duration i.e. between three to twelve months with a better pay package. If the short-term assignee's visa is not according to the nature of work he is performing in the host country or the assignee and employer do not fulfill local tax and registration needs, this worker can build substantial compliance risk. Reimbursement of spousal costs can also increase the tax cost and liability.
- Cross-border commuter:** An employee who generally works on week days in one or more countries and returns home to their country on the weekends.



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A key legal issue with this type of worker is ascertaining the appropriate income tax and social security withholdings and reporting in the applicable jurisdictions and avoiding twin taxation. The cross border commuters need to have proper work authorization in each destination.

- **Cross-border telecommuter:** An employee who works remotely for a company based in another country without physically moving to different places of assignments. Potential legal issues with this arrangement are the possibility that the telecommuter's employer could be subject to corporate income taxes in the host country based on the worker's activities there and that his or her home office or work practices could violate local labor laws such as health and safety requirements and wage and hour laws. The telecommuter will also be subject to income taxes and social security withholdings in the host country. Because the telecommuter will not physically enter the country, there would be no immigration issue.
- **Global nomad:** An employee with specialized skills works on assignments and keep moving from one to another without returning to their actual home are categorized as global nomads. The global nomad, whose responsibilities often connect several countries, may experience extensive exposure, depending on their activities in the destination countries. The legal challenge with a global nomad is providing him with an apt compensation and benefits package because this worker doesn't often stay in a country sufficient enough to accrue benefits such as social security. Organizations may need to create peculiar health insurance, compensation and retirement plans for this unique group, as well as evaluate their activities for appropriate work permit purposes.
- **Business expatriate:** An employee relocated to host country with pre planning to repatriate him/her to home country after working two to five years. This category consists of a senior or high potential executive sent overseas to cultivate leadership skills and global competencies for larger roles. This kind of worker is entitled to an expatriate package that often includes a housing allowance, relocation fees, cost of living differentials, tax reimbursement, and cross-cultural training and language classes. To avoid immigration issues, business expatriates need work authorization in the host country. In case of such employees organizations also come across a big issue of retention as most of the employees leave the organization within two years of returning from an international assignment.
- **Indefinite transferee:** An expatriate who is shifted to the local salary structure and benefits plan after being in the host country for five or more years. Long-term assignees will need work authorization and long-term, immigration residence planning from the beginning of the assignment.

Countries presenting the greatest challenges

The 2015 Global Mobility Trends Survey Report state that overseas assignments are growing in the very locations that present some of the toughest challenge. The BRIC countries (Brazil, Russia, India and China) are in most challenging locations for both assignees and mobility program managers. The twin challenge of immigration and cultural adaptation covers all locations. However, each location has its individual concern as governmental regulations in India, security in Brazil, quality of life and environmental concerns in China.

Table 3- Countries presenting the greatest challenges

For international assignees	For program managers
China	China
Brazil	Brazil
India	India
Argentina	Russia
Russia	USA



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Source: Brookfield, 2015 Global Mobility Trends Survey Report

Top choices for global destination

The global mobility survey 2012 shows that the most preferred location for relocation is United States (34%) and then United Kingdom (22%). Brazil and Ireland rest last on the list with 5%.

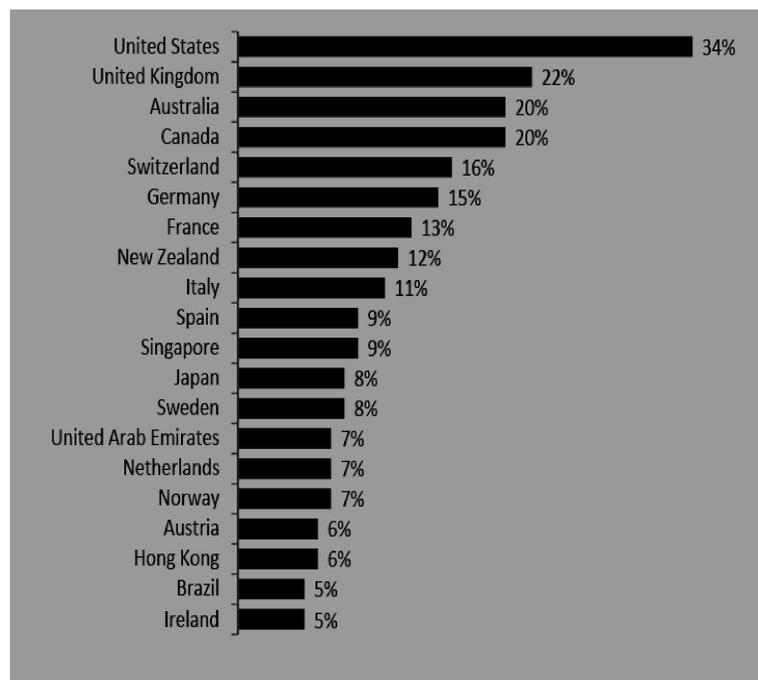


Figure 2

Source: CERC, 2012 Global Mobility Survey

Top global Employee mobility challenges for India

According to the various researches conducted on employee mobility and talent management some of the major challenges posed in front of Indian workforce are gathered as:

- Compliance (tax/social security/payroll) issues:** The biggest issue of compliance in terms of tax, social security and payroll has grown from 61%-66% in the year 2013 in India when it comes to global mobility. The organizations and employees come across certain compliance issues as: home and host country tax filing requirements, payroll withholding, permanent establishment risks created by international assignees, individual tax compliance risk management, nonresident tax filing requirements, accounting for assignment costs, tax-efficient employment structures for employees working abroad.



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- **Security issues:** The issue of employee security has shown a considerable increase of 16% over the year. The unfamiliar faces, places, political, legal and regulatory environment bring abundant security concern to the employees relocating to new place along with families mostly those who are moving abroad for the first time.
- **Availability of suitable housing:** The provision of suitable housing facility by the employer seems to be quite manageable challenge with an increase of 1% from 2012-2013 for the relocating employee especially in case when the employee is moving along with his family for a longer period.
- **Availability of suitable schooling:** Other issue for the relocating employee and his family is the proper schooling of children which has been observed as constant from 2012-2013. Due to unfamiliarity with place, people and culture the schooling of the children shall be influenced greatly. The children may not fit and feel well into the new surrounding and may get distracted.
- **Elevated compensation required as an incentive:** Another important issue posed in front of the employer and the employee both is high compensation deals. The organizations are compelled to offer high compensation packages against relocation for overseas projects in need of settling in and meeting their increased livelihood expenses.
- **Immigration issues:** Immigration laws and the rules for applying for visas can diverge from jurisdiction of one nation to another. Since the global economic crunch, immigration authorities have become increasingly strict in inspecting proper work authorization. The reason being higher unemployment rates during the financial crunch has made many countries more defensive of their local workforces. If the employee is caught travelling without suitable visas he gets stopped at customs, detained and deprived of entry to a country. But the cost has grown higher. Governments are imposing hefty fines and even criminal penalties on companies that send workforces into countries without appropriate work authorization.
- **Retention of assignees:** After the employee is relocated to the destined location, he/she faces certain issues that would discourage him/her to stay there or compel him/her to move back to home location. The organization that has spent a high cost on relocation of employee faces another challenge of employee retention at the place on the designated assignments.
- **Confidentiality of data regarding expatriate packages:** The issue of maintaining confidentiality of expatriate packages data has declined from 13% in 2012 to 9% in 2013.
- **Other:** The other miscellaneous issues account for an increase of 5% from 2012-13.

Table4-Challenges of Global Relocation in India

Issues	2013(%)	2012(%)
Compliance (tax/social security/payroll) issues	66	61
Security issues	53	37
Availability of suitable housing	44	43
Availability of suitable schooling	31	31
Elevated compensation required as an incentive	22	40
Immigration issues	22	47
Retention of assignees	19	20
Confidentiality of data regarding expatriate packages	9	13
Other	13	8

Source: Ernst & Young, Global Mobility Effectiveness Survey 2013



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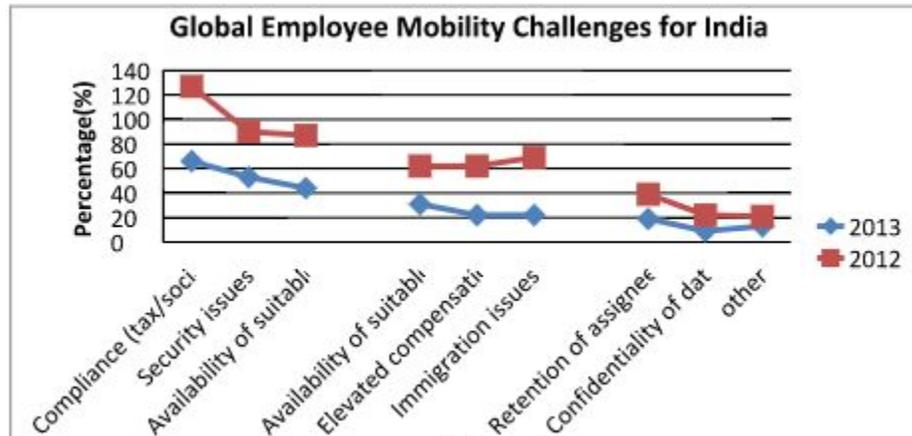


Figure 3

III. SUGGESTIONS

Cultural differences and family settlement issues: Moving to a new country and settling with family in an unfamiliar culture, in new surroundings can be extremely challenging. The commonest reason of an unsuccessful global relocation is the employee's family's inability to blend themselves with foreign culture and whereabouts. Employees who move without their families are less focused on assignments and more concerned about their families across border. The unsuccessful relocation of employee relocation can cost organizations highly in terms of time, money and efforts. To mitigate this risk many organizations are providing expertly designed cross-cultural training programs to employees and their families. These programs are especially designed to focus on changing business and social environment and managing cultural difference.

Developing talent from exposure: Gaining International experience is a key to employee development; despite of technical advancement that connect the society, there will never be any substitute for experience gained on the ground.

Employee involvement in mobility decision: The emerging new approach should concentrate on employee's preference in mobility decisions. The best mobility strategies must be agile, flexible and persistently evolving to meet the precise needs of every generation and each set of employees and the organizations as a whole.

Encouraging millennial: The millennial generations (those born between 1981-2000) are more inclined on interest and opportunities instead of financial rewards. They look for job fulfillment, self-satisfaction and quick career moves. The chance of travelling and gathering new understanding, skills and additional knowledge appeals the millennial more than any other incentive either in cash or kind. They are more interested in working on overseas assignments.

Immovable Mobility: In this era of globalization where the concept of virtual organization and flexible workforce is gaining momentum, does the employee need to be available every-time on the work place or must be accessible when needed. The most talented employee for overseas assignments may not be willing to relocate, so alternatives to traditional mobility such as virtual meetings and commuting are an effective mode of making best skills accessible. Another effective movement of best skills is through extended business travel and short-term, as and when-needed



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visits. Now a days, employers are leaving the option of where to stay to the individual employee, but this leaves substantial challenges for the HR department, which must ensure that immigration and tax compliance requirements and duty are promptly fulfilled. The main drive for mobility without moves is not necessarily cost control, as short-term assignments and commuting are often costly; lodging and travel are considered. The organizations are even facing other risk in the form of travelling employee commitment towards home and host country and employee engagement.

IV. CONCLUSION

The shift in global business needs has created new categories of employees to meet the emerging professional requirements. The employees understand the worth of gaining experience on overseas assignments and consider it as a chance to their talent growth on a wider ground. The new approaches in workforce mobility evolved as a great opportunity to the employees who are willing or not willing to physically relocate for overseas assignments. The technical advancement let these workers use aids like email and video conferencing to connect with teammates spread world-wide and perform their work from anywhere.

The evolving mobility brings with it wide opportunities of career growth and talent enhancement for employees and business growth and expansion opportunities for employers. With growing workforce mobility the organizations also come across the intricacy of managing a global mobility function that may encompass a diverse selection of approaches, talent and knowledge transfer as and where needed, as well as mitigating the risk, managing compliance issues, costs and return on investment. It creates a challenge for employers as all of these new categories create a distinguished tax liability, immigration issue, work environment and employment law challenges. The organization must go for proper career and talent management program and best suited mobility by aligning talent management with employee mobility strategies.

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