



*The South African Reward Association*

**EXPATRIATE MANAGEMENT GROUP**

**TOOLKIT TO ASSIST IN EXPATRIATING AND REPATRIATING ASSIGNEES**

**Types of Assignees :**



**Selecting Assignees :**



**1<sup>st</sup> or 3<sup>rd</sup> World Destination :**



**Job Spec for the Assignment Job :**



**Duration of the Assignment :**



**Contractual concerns :**



**Pension, Provident and other insurances :**



**Medical Aid and Medical management & Medical Evacuation :**



**Family concerns :**



**Psychometric Assessments :**



**Assignment Salary :**



**Cost of Living :**



**Hardship Factor :**



**Mobility allowance :**



**Relocation Allowance :**



**Other Allowances :**





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**Home country accommodation :**



**LSD (Look, See Decide) Trip :**



**Host Country accommodation :**



**Schooling in the Host Country :**



**Expatriation to Host Country :**



**Arrival in the Host Country :**



**Transport / Vehicle in Host Country :**



**Home Trips :**



**Leave :**





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**Storage of goods in Home Country :**

**Transport / Vehicle in Home Country :**

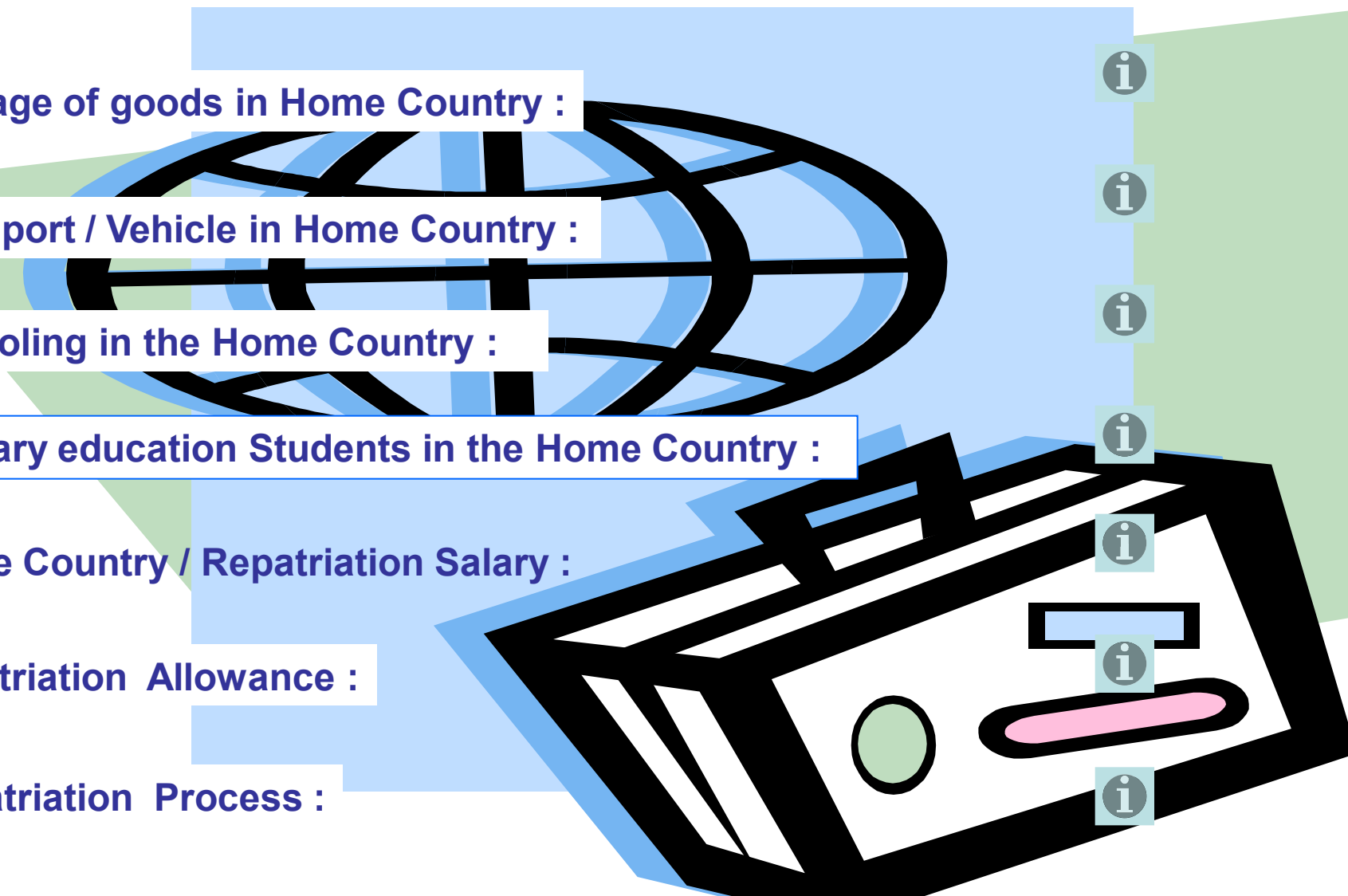
**Schooling in the Home Country :**

**Tertiary education Students in the Home Country :**

**Home Country / Repatriation Salary :**

**Repatriation Allowance :**

**Repatriation Process :**





## **TYPES OF ASSIGNEES :**

Companies have various reasons for sending Expats on assignment, which vary from establishing a new company in the host country; skills transfer; governance; mentorship; career advancement for the assignee

The duration of assignment will be determined by the Company's business requirement, taking into account the task to be achieved, and the longer term impact on the company in the host country. Skills availability in the host country in Africa is a big factor, as the labour market provides highly qualified graduates with very little to no work experience.

Culture transfer from the Head Office is another reason, when a specific culture is to be entrenched into the new company. This is when it is critical for the incumbent to understand the culture of the country and the values of the local nationals in that country if they intend to succeed

Should the assignment be purely to advance the career of the assignee, then a different remuneration philosophy is applied, as they are not specialists going out to train the local nationals, but they are going for their own development.





## **SELECTING ASSIGNEES**

**Selection of assignees is vastly different to recruiting for South Africa.**

**The success of the incumbent relies on far more factors than those applicable in a home country.**

**The skills sets are far more complex, due to the nature of an assignment, and as the host country environment gets more difficult, so do the skills increase.**

**A critical factor is the ability of the incumbent to deal with foreign cultures, as well as to operate effectively in an environment of chaos and uncertainty.**

**Emotional wellbeing of the incumbent and the accompanying family is pivotal to the assignment success.**

**Physical capacity to survive medically in a foreign country that may not have the same medical facilities as the home country and with tropical diseases that do not occur in the home country.**

**These issues should be assessed as part of the recruitment process, to avoid selecting purely technical skills and having the assignee and the family crash and burn in the foreign country.**





## 1<sup>ST</sup> OR 3<sup>RD</sup> WORLD DESTINATION

The security risks are not as prevalent in 1<sup>st</sup> world countries, as far as personal security and medical facilities, but the same considerations do need to be taken into account when moving people to a foreign country – as the reality is that people react to unfamiliar surroundings no matter how sophisticated they may be.

3<sup>rd</sup> world countries present more complex concerns, due to the lack of the same type of facilities that assignees are accustomed to in their home countries. There may not be the same shopping malls, theatres, cinemas, restaurants, clubs or even libraries, schools or hospitals that are remotely the same as they are accustomed to – plus a totally different culture and possibly language which is totally confusing for the whole family.



Assignees need to be selected, assessed and educated according to the country of assignment, to minimize shock, disruption and ensure productivity as far as possible. To ensure that the assignment is a positive growth experience for all involved.





## **JOB SPEC FOR ASSIGNMENT JOB**

The job specification for foreign assignments must take all these additional complexities into account, as managing in the foreign country will always be more demanding and require finer tuned skills and abilities than in a known environment.

Most home country HR people are unaware of these issues, and in creating the job specs to grade these posts, simply ignore all of the above.

It is critical that the spec contain all the details of and accountability for the successful management of these critical areas, to ensure that the incumbent is aware of the additional requirements, and that the salary is calculated with this in mind too.

The HR people dealing with assignees need to ensure that they intricately understand the additional stresses and uncertainties that assignees need to deal with in the host country, and to account for them and define them in the job spec, to avoid assignment role and responsibility confusion or ignorance between the employer and the assignee during the assignment.



***Assignees need to wear many hats while working in a foreign country, and all parties must be aware of these roles.***





## DURATION OF ASSIGNMENT

Assignees are costly employees, resulting in companies utilising their skills in as little time as possible.

There are numerous classifications for assignees, the most basic being as follows:

**Business travelers** : stay on home country payroll, and receive per diems for the time away – usually not more than 6 weeks at a time. May travel frequently.

**Short Term / Secondees** : these people normally go on an assignment salary on the host country payroll, but as the assignment is usually between 6 and 12 months, they do not relocate families with them.

**Expatriates / Long term Assignees** : these are the people that go for over 12 months, and relocate their families with them for between 2 and 4 years, depending on the business requirement.

***The business requirement will always dictate the duration of assignment.***





## **CONTRACTUAL CONCERNS**

**The company structure will dictate how the income tax will be treated.**

Some companies suspend the assignee from the home country payroll for the duration of the assignment.

Some companies keep the assignee on the home country payroll, and only pay the assignment allowances in the host country.

**There is no right or wrong way – this structure must be discussed with your Finance and Tax people, in order that the income taxes are aligned to the corporate tax structures.**

Contracts of employment with the host country company – or a company in a 3<sup>rd</sup> country may be established, depending on your company structure and policy in this regard. Always be sure that the jurisdiction is clearly stated in each contract.

We advise that you seek professional advice on these issues, as they are a critical area of assignment management, and if not addressed from legal and tax perspective, can be minefields to manage for the company and the individuals.

**Take nothing for granted – seek professional advice – your best investment in this arena.**





## PENSION, PROVIDENT AND OTHER INSURANCES

Another critical area to ensure that you are compliant with the legislation of the home country if you keep the assignees on the home country funds.

If you have an offshore pension fund, put the assignees onto the fund for the duration of their assignment.

Some companies transfer the accumulated funds in the home country into preservation funds for the duration of the assignment.

If the Host Country has an established fund, then the assignee should be able to join that fund. Always establish the legalities around this, as some are only for permanent residents.

For 3<sup>rd</sup> Country Nationals, where the strict international laws on money laundering prohibit funds from accepting 3<sup>rd</sup> party payments, it is sometimes beneficial to contact with the assignee that the funds be paid directly to the assignee, and that they source and pay their own pension and insurance contributions – providing the company with the details of these funds and insurances, in case of any emergency whilst out of the home country.





## **MEDICAL AID, MANAGEMENT AND EVACUATION**



Research shows that assignees value the security and family risk issues far more than their salaries.

It is imperative that all medical issues and concerns are taken into account, and that the assignees and their families feel that their wellbeing is considered by the employer.

It is always the best solution to have a Tropical Diseases Specialist go to the host country and establish what facilities exist in that country, and to draw up a medical management and evacuation plan for the company.

Ensure that all assignees are insured by the company for medical evacuation – there are a number of options to choose from, South African as well as for 3<sup>rd</sup> country nationals.

Research the options, and make sure that you read the fine print, as some do not cover certain conditions, activities or war or terrorism.



***Make sure that the cover is relevant to the work and the country of assignment***





## **FAMILY CONCERNS**

One major concern in this day and age is the dual income and the spouse career.

One of these may have to be put on hold for the duration of the assignment, as it is not always feasible for the spouse to work in the foreign country.

Parent / In laws may not be well, and potential assignees will need to notify the company that there could be a need to return home in the event of a close family member's ill-health. These costs not only inflate the cost of the assignment, but result in loss of productivity.

Companies need to ensure that the whole family is considered when sending assignees to a foreign country, and to be compassionate in instances where the family does need to come first.

This is one area that is not addressed by many employers. It is one place that companies can make a difference by investing a little more time and money into ensuring that the family is treated as a major component of success.

**An Assignee is not an island. The family concerns are the one thing that can either make or break the assignment.**



## Mental and Emotional wellbeing of the family

In South Africa psychometric assessments are not always used, due to the stringent labour laws in this country.

However, when recruiting and selecting assignees, it is not for work in South Africa, and therefore not an issue.

It is so important to make sure that the family will sustain the additional stresses and demands of an assignment, in light of the fact that the lifestyle in the host country will be significantly different to that of the home country. It is the company's responsibility to make sure that they do not wreck marriages and homes as a result of sending people out totally unaware of the potential damage that they could be causing to their family members.

A happy family in the host country will enable the employee to focus on the work and not stress constantly about the miserable family.

***Divorce and dismay should not be the products of any assignment!!***





## ASSIGNMENT SALARY

### HOW DO YOU PAY THESE PEOPLE??

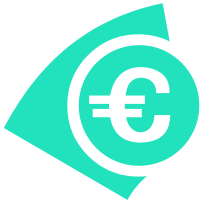
There is no right or wrong way, but there are some fundamental criteria that need to be addressed in calculating assignment salaries.

The host country currency may be used in a 1<sup>st</sup> world country, which assignees would be able to meaningfully and consistently benchmark against their home country currencies and establish the value of the assignment.

The host country currency in a 3<sup>rd</sup> world country may simply not be an option, due to the volatility of the currency, or the ability to take the funds out of the country at an established value at the end of the assignment.

Many companies offer split salaries, thereby enabling assignees to receive sufficient in the host country to cover their daily costs there, some into their home countries to cover pre-assignment costs there, and some offshore that will enable them to save funds in a hard currency and thereby establish value of assignment at the end of the assignment.

***These options are tied to company structure, legislation and taxation – which must be evaluated prior to any agreement.***





## **COST OF LIVING**

The Cost of Living factor is a calculation of the difference between the cost of goods in the host country and that of the host country.

There are a number of companies that conduct this research on a regular basis, such as ECA, MERCER and ORC.

These companies sell this data to companies and it is important to have justifiable data when calculating offers for assignees.

A good thing to do is to go to the country personally and from an HR perspective, price goods in the relevant city or town that the assignee will be living in, to make sure that the costs are fairly stated in the research.

These factors need to be regularly updated, and the inflation in the host country must be monitored, to ensure that the assignee's quality of life is not further compromised by escalating costs that are not accounted for in their salary build up.

**Cost of Living factors assist in maintaining the quality of life**





## **HARDSHIP FACTOR**

The Hardship or Location factor is a researched factor of the difference between the home country and the host country, based on many criteria, such as climate, security, language, culture, facilities and many more.

This factor is applied in the calculation of the assignment salary, to compensate for the difference and the disruption to the family.

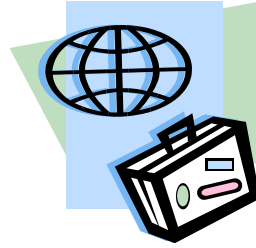
This data is available from ECA, MERCER or ORC – and should also be verified in certain cities or towns where the assignees will be required to live.

This factor can also change during an assignment, and therefore needs to be monitored – in cases of terrorism, war or environmental crises – such as the tsunami.

Assignees tend to notify HR of these changes, but at all times there must be a rational assessment of these issues, to make sure that the assignees are safe, and also to protect the company from excessive costs.

***Hardship factor compensates for discomfort and disruption***





## **MOBILITY ALLOWANCE**

Depending on how the assignment salary is calculated, and the company policy on remuneration, some companies do pay a Mobility Allowance.

This is to compensate for the incumbent's willingness to accept the assignment, and to disrupt the family along with all the additional stress and confusion that an international move creates in family life.

This is normally paid monthly, but some companies pay a lump sum at the beginning of the assignment.

Some companies do not pay this, but compensate in other areas – it is once again not set in concrete, and it is at the company's discretion as to whether this is a relevant allowance in the full salary calculation.

It is a method of covering any shortfall in the salary build-up if the cost of living and hardship factors are not significant for a specific country, and there is a need to entice assignees to go to that country.

***Mobility Allowance is a tool to ensure willingness to accept assignment***





## **RELOCATION ALLOWANCE**



Various costs arise on arrival in the host country, in spite of the company providing accommodation and furnishing and other goods.

The Relocation allowance provides the funds on arrival in the host country, in the host currency (or a hard currency) to purchase the necessary items required at that stage.

Company provided furnishings tend to all look the same, and families need to make their accommodation “home” as soon as possible, and often the personal effects shipped to the host country only arrive weeks after they have moved in.

Companies need to provide the funds and the time to the assignee to establish this comfort and sense of home for the family in order to have the assignee operative and productive as soon as possible.

The host country is a daunting place to live on arrival, and this enables the family to create their own “space” in the country, where they feel comfortable and

***Relocation assists the assignee to settle into the host country on expatriation***





## **OTHER ALLOWANCES**

Some companies provide other allowances such as:

Education allowance for the spouse to study whilst in the host country

Housing allowance if they do not provide the accommodation

Schooling allowance if they do not pay for the schooling in the host country.

Home trip allowances – if they do not book and pay for the annual leave trips

Car allowances – if they do not provide a fully paid for vehicle in the host country.

In 1<sup>st</sup> world countries, where the public transport system is reliable, they may provide a traveling allowance, to cover trains, underground tubes or busses.

These allowances are part of the total package paid to the assignee, and need to be included in the total cost to company for each assignment.

Strong benchmarking should be made when paying these allowances, to ensure that the assignee is being equitably remunerated for all these benefits.

***Make sure that all Allowances are fair and equitable***





## HOME COUNTRY ACCOMMODATION

Assignees have many options open to them when they accept an assignment, and their decision will be made on their personal circumstances.

In South Africa we as HR do not tend to get involved in these decisions.

Abroad, it seems that companies do offer assistance in selling and renting property.

Assignees may get family or friends to look after their homes while they are away, others may rent the property out – and others may even elect to sell their homes.

Should your company decide to assist, it would be necessary to define clear lines of accountability, or your company could find itself in some way financially responsible for any losses.

The home country accommodation becomes an issue for the employer on repatriation, as they may not have a home immediately on return from assignment. Some companies do provide interim housing in the form of B&B or furnishes apartments for a limited period.

***The House in the Home Country is an important issue for assignees***





## **LSD (LOOK, SEE, DECIDE) TRIP**

This is a trip that the assignee and the family should be given as part of their decision making process in accepting the assignment.

When companies ask employees to move internationally to a country that they have never visited or have any knowledge of, it is normal for them to send the family to that country to spend a few days and be shown housing, shopping, schooling, recreation and religious worship facilities, as well as the working environment.

These trips are usually for 3 to 4 days, and must be managed in-country to make sure that the visitor's queries are answered.

This is a critical part of the employee's decision in accepting the assignment, if the family deem the country to be an option for them to live in, and if the employee finds the working environment challenging and acceptable.

Many companies have learnt the hard way by not sending families on the LSD trips.

***LSD trip must be part of the decision making process for the family***





## **HOST COUNTRY ACCOMMODATION**

In 3<sup>rd</sup> world countries, most companies provide accommodation for assignees, as there are security issues to be taken into account, and power and accessibility.

In many of the countries, generators are required at the homes, and in some countries houses are not an option, due to the high costs, or the personal security – resulting in apartment blocks or housing communities being rented for all the assignees and families.

In 1<sup>st</sup> world countries, housing may not be an option based on costs, whereas apartments could be the only affordable option – companies may rent these premises for the assignees, or simply provide a housing allowance for the assignee to source their own apartment.

It is necessary to ensure that the quality of the housing is of a good standard, and to ensure that the maintenance is kept up if the company has signed the rental agreement.

One of the biggest failure criteria for assignees is discontent with their homes, as this is where their families have to be while they are out at work.

***Make sure of the quality and standard of the accommodation***





International schooling is always a concern for parents.

The nature of assignments is that the move is temporary, so parents do assess the schooling in the host country harshly, knowing that their children will have to reintegrate into the home country schooling at the end of an assignment.

In most of the African continent countries there are American and British international schools, but be aware as HR that most of these schools have waiting lists or strict criteria for entrance.

Some require entrance exams to be written – which is best done during an LSD trip, so that the parents know before accepting the assignment, whether their children will be able to attend the school in the host country.

The school terms are also different in the international schools, so reintegration into South African schools must also be considered from the perspective of start and end of assignments.

***A critical factor for parents for many reasons***





## **EXPATRIATION TO HOST COUNTRY**

Now, for the move – you have done everything to prepare the family – how to make sure that this will go smoothly?

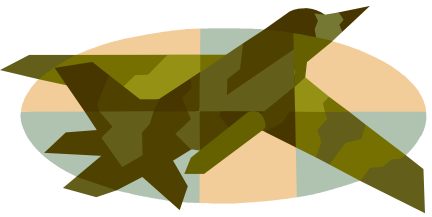
Ensure that all visa's and work permits are finalised before they leave for the host country.

Make sure that all inoculations are administered and that all the legal paperwork is in the possession of the family before they leave.

Make sure that accommodation is arranged in the host country, and transport.

Have excess baggage vouchers and flight tickets ready and delivered to the family so that they do not have any added stress.

Have a meeting with the family if possible to make sure that all the queries are addressed, and that they leave confident and knowing what to expect on arrival.



***Make the landing smooth and secure***





## **ARRIVAL IN HOST COUNTRY**

There is nothing worse for any family than to arrive and not be met at the airport, to not have a home to move into – or not know which hotel they should book into.

Always make sure that you have someone on the ground at the destination to see them through the process of getting through customs, getting their luggage and transport to their accommodation.

Have someone make sure that there are the basics in the home of tea, coffee, milk, bread and toilet paper!!

Someone needs to meet the family the next morning to take them wherever they need to go, to get to work, school, to shop or to arrange work permits etc...

The better this time is managed, the more readily the family will settle down in the host country.

Arrange for the family to meet other expatriate families so that they can start to set up a social circle as soon as possible.

***Have a plan and people in place to meet the family***





## **TRANSPORT / VEHICLE IN HOST COUNTRY**

It is according to company policy as to what transport the assignee will be given in the host country.

Most companies give company vehicles in Africa, as there is no public transport system, and the security and climate are major factors.

The vehicle should be available on arrival, so that the family can assume independence as soon as possible.

School children should have some form of company transport to get them to school and safely home, as the spouse will not be given a vehicle, and it may take some time before the assignee is able to purchase a vehicle in the host country.

The company should be aware of this and offer company drivers to transport the spouse as far as possible to alleviate pressure on the assignee.



***Get it in place as soon as possible***





## HOME TRIPS

Some companies insist that the annual leave be to the home country. Others permit any destination, provided that the cost is no more than that of the cost of a home trip – the assignee to pay in any additional costs.

Assignees do need to leave the host country particularly if it is a stressful, intimidating environment. It is preferable for families to visit family in the home country, to keep family ties and permit children to visit friends.

Some companies only pay for one trip per annum, others pay for 2 trips per annum.

This will depend on company policy, based on numerous business drivers.

We suggest that the time and number of trips out of the host country be fair, based on the environment and living conditions in the specific country.

Another option is to permit paid for R&R (rest and recuperation) trips to a neighboring country during the year, to get some respite from the work and social conditions in the host country.

***Make it suitable for the work and social conditions of the host country***





Annual leave should consider the time spent flying to the home country. As you may have more than 1 home country, you need to look at an average, to make it fair, as some may have a 6 hour flight, and others 12 hour flights.

Annual leave must be sufficient time for the assignee to get home, and to have medical tests, catch up on home country issues that may need some administrative work, such as taxes and insurances.

Sick leave should also consider that in some 3<sup>rd</sup> world countries, they will need to go to their home countries for treatment not available in the host country.

Medical evacuations will usually be to the home country – so some flexibility needs to be built into the leave policy

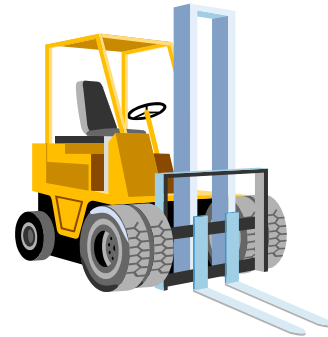
Compassionate leave is another big issue – families need to be able to get home for funerals and bedsides of critically ill relatives. Try to limit these trips to immediate family, or the company could be paying for innumerable trips.

***There are many issues to be addressed on annual leave***





## **STORAGE OF GOODS IN HOME COUNTRY**



Most companies permit storage of household goods in the home country. Some pay for the storage and insurance, while others work on an average per household, and pay an allowance, for the assignee to arrange their own storage.

Commonly the stress of moving and managing all the aspects of the move are daunting for any family, and the assistance from the company in identifying the most cost effective storage company, and getting corporate rates takes much of the pressure off the family.

The company can go to tender for a new country, and get the most cost effective and efficient company to provide these services for all their assignees to a specific country. This way the company is ensuring corporate governance of costs and quality of service.

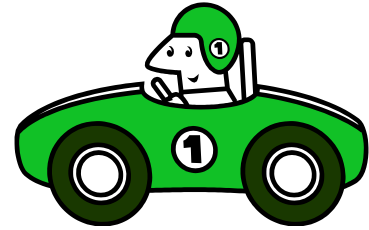
These issues are imperative for the family having to leave their goods for a number of years.

***Ensure quality and cost effective storage service***





## **TRANSPORT / VEHICLE IN HOME COUNTRY**



Should the assignee have a company car in the home country, does that form part of his salary – does the car remain theirs whilst away, or does the company simply take the car back for the duration of assignment.

If the assignee has their own car, they may wish to sell it and avoid depreciation whilst away, or they may wish to place it in storage with their household goods.

Given the varying differences in the costs of vehicles, and the insurance thereof, it is important to place limits on the costs if the company is willing to pay storage and insurance for the vehicle for the duration of the assignment.

Companies may want to work on an average vehicle cost and the relevant insurance, and simply pay the assignee an allowance for the storage.

Whatever the policy should be, it must be fair amongst all assignees. The CEO who gets R500,000.00 evaluation, and the lower manager who may get R150,000.00

It must be based on a fair evaluation across all assignees.

***Keep it fair***





## **SCHOOLING IN HOME COUNTRY**

For various reasons assignees may elect to leave their children in school / boarding school in the home country.

Maybe there is no sport for them to participate in in the host country, maybe they are at a critical stage in their schooling ,and to move would be disruptive.

Whatever reason, the company should not suffer excessive costs for the assignee's personal decision.

Some companies do not pay at all for home country schooling, whilst others will pay only for boarding fees, and others will pay for schooling, but no more than the costs would have been in the host country.

Another decision for policy is whether or not the company will pay for trips to the host country for the children in the home country for all school vacations, as their parents live in the host country.

***Family issues are #1 to assignees***





## TERTIARY EDUCATION STUDENTS IN THE HOME COUNTRY

Many tertiary education students live at home with their parents, which creates an issue when it comes to college and university vacations – where do they go for the holidays?

Some companies do pay for the students to fly to the host country to spend vacations with their families. It is important to place some limitation on the age of these students, as some may study through to Doctorate qualifications, and the company should not have to cover these costs after a certain age.

Some studies can be done by correspondence, and should the family wish to take the student dependant with them to the host country, the company may assist with the correspondence studies in so far as internet at home or assignment submissions. Once again, clear criteria need to be defined to protect the company from excessive costs.

Should the family elect to travel to another destination for a holiday, would the company cover the costs for the student to travel to that destination – if so, policy to clearly state limits.

***Be fair, but be cost aware***





## REPATRIATION ALLOWANCE



Moving back to the home country after an assignment can be just as disruptive and unsettling for the employee and their family.

Their goods are often in storage and their homes have tenants, or maybe they need to still identify and purchase a home.

The settling in allowance provides the funds to find interim accommodation for the family whilst their house, stored goods and the goods being shipped from the host country all come to fruition.

The employee needs some time and funds to provide a home for the family in the interim, and to make the repatriation as smooth and comfortable as possible.

A happy Repatriate is your best source for future assignments.

***Repatriation Allowance assists the assignee to settle into the home country after the assignment on repatriation***





## REPATRIATION PROCESS

No assignment is successful until the assignee is successfully repatriated and integrated into the company, and the family has successfully reintegrated into their social and school environment.

Repatriation is so often ignored, as the company deems that the individuals are returning home – but often home is not the home they remember! Friends have moved on in their absence, social environments, governments and support systems may not be the same at all, resulting in culture shock all over again for the whole family.

The company needs to address this from a physical work perspective, as well as the emotional and mental perspective, ensuring that a holistic approach is taken to repatriation. There are specialists that focus on this service, assisting companies and their staff to adjust to the return of employees.

***As critical as finding the right person to send away***





## HOME COUNTRY / REPATRIATION SALARY

This is an area of great debate.

Some companies record the pre-assignment salary which is adjusted annually by the average increase in the home country, so that it does not stagnate whilst away.

However, often the assignee is promoted whilst on assignment, or the job that they take up on assignment is a higher grade than they filled in prior to assignment.

When they return to the home country, what happens to them, are they guaranteed a position equivalent to the post held on assignment? Are they guaranteed a job back at all? Do they get the jobs back that they held prior to assignment.

These decisions are important, as the assignee has jeopardised not only his family by going on assignment, but also his career within the company. Companies need to focus on this as a critical area in persuading employees to accept assignments, and also to provide some security in returning home.

***Know what you intend to do with the person on repatriation***

