Trends in Managing International Assignments – it's all about value

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Phil Renshaw digs deep into the world of international assignments

As the world of Brexit and Donald Trump continues to dominate the airwaves, it is not surprising that businesses organising international assignments are asking what to expect. In an increasingly VUCA environment (volatile, uncertain, complex and ambiguous), these questions are understandable. However, in many respects, this is not helpful. There have been new and often unpredictable events around the world for many years affecting the day-to-day implementation and support of international assignments. This can range from a specific new visa requirement to changes in global shipping methodologies affecting transportation costs.

The uncertainty triggered by the Brexit and Trump phenomena risks moving our focus from the strategic to the purely tactical. In many respects the basics remain the same and there is a need to get these right first. Most people involved in the organisation and implementation of international assignments struggle to demonstrate the value that is generated by these assignments. Without clarity regarding the strategic impact of international assignments and a clear alignment with the overall business, the Global Mobility (GM) function cannot enable assignees to deliver to maximum effect. Nor indeed, are they able to demonstrate that GM is anything but a manager of cost. Departments supporting GM, including tax specialists, will likely have to be reactive through no choice of their own.

Acting strategically

Consultancies continue to produce surveys informing us about the challenges in Global Mobility. These continue to show that whilst the majority of organisations would like to demonstrate the value that is generated through international assignments, an incredibly tiny number actually claim to do so. The solution to this is relatively straightforward and will be no surprise to those involved in the management of tax.

Unless activities are organised on a strategic basis aligned with the business such that interventions are managed with clear business cases and effective planning, it is incredibly difficult both to evaluate the effect and be perceived to be adding long-term value. The risk which otherwise arises is a reactive focus on task and hence cost. As a result, questions as to the latest issues affecting international assignments (IAs) quickly turn to a discussion of cost management instead of value achievement. This is highlighted by the continuingly high rate of assignments which are described in surveys as being used to plug skills-gaps. Such a justification has the hallmarks of short-term, reactive business practices rather than strategic long-term ones.

A 2016 survey by the RES Forum found that almost 2/3 of respondents said that the objectives of international assignments were achieved. This appears to be positive yet 35% said they did not know whether the achievements were met and nobody stated that they were not met. This failure to identify failure seems extraordinary and draws into question the validity of such responses. Furthermore, it supports the underlying problem that business cases are not undertaken, long-term planning does not follow and hence the true value generated is unknown.

Latest trends

The current uncertainty in world trade is undoubtedly affecting the organisation of international assignments. Individuals being asked to move between the UK and EU locations, for example, are nervous about the impact on their rights to work and stay especially when partners and families are involved. From an organisational perspective however, this should simply affect the business case analysis. For example, noting an increase in the cost of persuading people to go and the potential future cost of organising visas or returning individuals home early. Whilst such an EU-based calculation may therefore be more complicated than it otherwise was, an expert should see parallels with organising assignments to other historically more complex countries where such issues have existed for many years.

It would seem undeniable that the amount of political unrest, armed conflict and terrorism is increasing throughout the world and affecting where and how assignees are sent. These factors create an increased need for detailed risk assessments and, for example, the creation of emergency response plans. However, such risk assessments should already have been taking place as part of the business case analysis process. Similarly, the need for assessing such issues should not be surprising if GM is acting strategically, aligned with the business and involved in operational discussions.

Technology continues to offer both new opportunities and challenges for GM. On the one hand it increases the ability to track costs and value. On the other hand, it gives governments the ability to track individuals to question their work status and hence both visa and tax obligations. Strategically technology is more important than the specific organisational requirements of individual countries when considering a single assignment.

The complexity of assignment reward packages continues to grow. This is, perhaps, a function of the VUCA world. Larger organisations no longer have a single approach for all circumstances and this flows through into reward packages. Again, however, this supports the absolute need to have clear business case propositions for every IA and to understand how they fit with the wider strategic business plan. Otherwise it simply becomes an administrative cost-based activity the value of which cannot be determined.

As the growth of emerging economies continues so this has a knock-on effect on to the number of assignees sent to work there or from there. This trend may of course be affected by both Brexit and Trump to the extent they affect global trade. The ability to predict the outcome of this is extremely difficult. Hence when considering business cases for sending assignees to emerging economies one needs to identify unique or specific risks and adjust the assessment accordingly. Whilst this will be challenging it emphasises the importance of including a section in any business case evaluation template to draw attention to the known-unknowns. Assessing these risks is crucial to demonstrate value.

One final trend to draw attention to is the impact of the increasing diversity in the workforce. These demographic shifts create additional challenges for those involved in Global Mobility. For example, the ability for unmarried partners and their children to travel with an assignee can be a challenge in several countries. Such issues may impact upon the relationship between an organisation’s overall Talent Management agenda and its ability to implement it for those individuals affected.

Conclusion

Whilst there is always a desire to understand the latest changes affecting the use of international assignments, organisations with clear processes in place ought to be able to manage these. Unfortunately, the data shows that such processes tend to focus on cost

management issues and do not drive or work alongside an organisation’s strategic agenda demonstrating value creation. This is where the focus is needed. Tax specialists can have a role in enabling this change simply by continuously challenging those that seek their input on a reactive basis and bringing into play their experience of the benefits generated by working strategically as partners within the overall business.