Collaborative deployment
An essential requirement for the future success of global mobility
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In EY’s Global Mobility Effectiveness Survey 2013, companies overwhelmingly said that deploying staff internationally was a crucial and growing business need and that doing so benefited workers in their career progression. Yet many lacked a formal mobility program, and 64% said they incurred “avoidable penalties” such as fines and interest for non-compliance – even as they become increasingly exposed to such risks in a global economy.

In recent years, the scope and complexity of those risks have only increased. Following the financial crisis, governments have sought out new revenue streams, including those derived from internationally mobile employees. At the same time, companies have worked to minimize or optimize costs in their global deployment operations, exploring new strategies such as moving assignees onto host country local packages to remove them from their home social security system. With the advent of data analytics, employers can more precisely quantify mobility options and costs.

One approach to dealing with these challenges is for global mobility to collaborate in a more fundamental and effective manner with other teams, countries and businesses, in a way that is mutually beneficial. It is a process our mobility professionals refer to as collaborative deployment. In this multi-disciplinary approach factors such as cost, reputational impact and opportunities to create business advantage are considered before assignees are optimally deployed across the world. Our objective is to encourage practical and pragmatic approaches to cross-border deployment and promote a greater sense of confidence and certainty in this field.

In this paper we explore the challenge and opportunities collaborative deployment presents, within the framework of four of our six identified global “megatrends.” These trends have been identified by EY as large, transformative global forces that define the future. In the context of global mobility, we believe these four factors are significantly impacting the mobility landscape and will continue to do so in the years to come:

▶ “Digital future”  
Has the information technology revolution accelerated collaborative deployment?

▶ “Urban world”  
Does the changing political and economic environment require employers to collaborate differently?

▶ “Global marketplace”  
Are emerging markets creating mobility challenges that only collaborative deployment can overcome?

▶ “Entrepreneur rising”  
Do the changing talent pool dynamics require closer collaboration?
In the 1990s, a global mobility program could easily be administered from a silo—indeed it was difficult to do otherwise. Now, stakeholders in separate geographies can collaborate through technology with global networks providing a central repository for data and input. Payroll departments can, for example, exchange data more easily and check for accuracy, while assignment costing data can be better anticipated and budgeted up front, all giving multinational companies a bigger picture of what they once struggled to comprehend.

One of the megatrend’s biggest opportunities and challenges is the explosion of data. Sophisticated global businesses have a ton of it, yet too few companies know what to seek or gather from existing sources. In terms of global mobility, programs that are trying to generate reports and data analytics may already have the information they need elsewhere in the organization. The question is, how can this information be identified, isolated and put to better use?

This presents a strong opportunity for collaborative deployment in partnering with internal teams that track and utilize employee data. The talent team is a great resource for understanding the demographics of current assignees and for learning more about potential assignees.
Through knowledge sharing, digital challenges can turn into opportunities for global mobility to take the lead and demonstrate strategic value.

Another challenge is that gaps can be more easily exposed, and governments could hold companies to a higher standard on compliance. In today’s environment, governments are increasingly accessing and sharing data across borders in an effort to identify and seek revenue from even cursory residential triggers. An audit in one location could raise alerts with other countries. Such dangers include expired work permits, gaps in payrolls and missing certificates of coverage. IT can be a solution to these problems – but it can also expose areas of weakness when different teams across several areas of expertise and geographies seek to manage expatriate populations. In our experience, companies often find themselves playing catch-up with the increasingly aggressive and informed approaches governments have been employing to capitalize on the new data sources available to them.

Examples of requests by governments for fresh data reports on mobility programs are evident in different geographies and across all deployment disciplines. Real-time reporting is increasingly required, such as in the United Kingdom (UK), where employers must report when an assignment payment is actually made rather than as a summary on an annual basis. Brazil has a monthly reporting obligation, so significant contribution differences reported only in the annual tax return may result in penalties and interest for a late payment that should have been paid months ago. Seconded employees now need greater transparency about the paid salary components during every phase of their postings, with statements that comprehensively show payments in home and host locations.

Mobility data analytics can help companies plan on a large scale, allowing them to pinpoint exactly what a policy costs and identify which moves are low cost and which types of expatriates are the most valuable. For example, we found that a client’s rotator development program of short-term assignments could generate social security cost savings and administrative efficiencies just by selecting assignees eligible to remain insured only in their home country.

For EY, much of our collaborative mobility advisory efforts have focused on assisting our clients to anticipate and respond to requests from governments for comprehensive data through developing, delivering and better utilizing new channels of information. These efforts have taken many forms across all mobility disciplines, including helping track the location, status and expiration time frames of key assignee compliance documents; to confirm whether they filed tax returns; and even to locate a sofa or box of kitchen utensils in the transportation cycle. Assisting our clients with gathering data in more efficient, creative and helpful ways – and presenting that information to different stakeholders, on mobile and desktop platforms – underpins our efforts to respond to this new digital environment through the building of collaborative, integrated service offerings.
“Urban world” – does the changing political and economic environment require employers to collaborate differently?

In the wake of the financial crisis, populations across the world are feeling more uneasy about the open borders of globalization. Amid falling wages and job uncertainty, governments have responded with tighter regulations on global mobility of working expatriates, and they are also making efforts to ensure that tax revenue is realized from cross-border movements. Governments in locations as diverse as the United Kingdom (UK), the United States (US), Saudi Arabia, Gabon and Vietnam have adopted more protectionist approaches in their immigration programs. These include strict entry or term quotas, restrictions on when mobility exemptions are permitted, measures to distinguish domestic versus foreign candidates for certain positions, and strict requirements to support work permit applications.

Social security policies and programs have also been overhauled. For example, the impact of the EU social security regulation on the free movement of individuals cannot be understated. An updated EU agreement which took effect in May 2010 (followed by a series of amending regulations) has brought significant change to social security policies within the region. In some cases it has meant more upheaval and less certainty for affected individuals and employers, particularly those who normally work throughout the EU or have multiple employments or directorships. To a certain extent, however, member states are still able to interpret regulations autonomously and thus respond to local political and economic pressures, with the consequence that short and long-term multi-jurisdictional planning can be difficult. In addition, new government authorities will enhance information sharing, creating a challenge for employers to ensure compliance in all areas, particularly with respect to business travel.
practical burdens on employers have been introduced, with many not realizing that using cross border workers may trigger complex registration requirements in another EU member state.

It is also impossible to ignore the political uncertainty that dogs the EU, particularly with regard to freedom of movement and welfare benefit rights. In the UK, the occasional furor around benefits provided to migrants, particularly from the newer Eastern European member states, has become a political issue. Even in Germany, some politicians have expressed discomfort about how workers with families outside the country receive family benefits well in excess of a typical wage there.

Regardless of the reasons behind this shift, the point is that the current climate vastly differs from what was evident 15 years ago, when many governments, particularly in developing markets, were facilitating the entry of foreign talent instead of inhibiting it.

So, what does the future hold? It can be expected that government authorities will enhance information sharing, creating a challenge for employers to ensure compliance in all areas, particularly with respect to business travel. Within two years, authorities in the EU are expected to have access to exchanged data, which could allow them to target audits to uncover cross-border exposures.

On the positive side, there should also be advantageous changes. It is not an unreasonable, or unwelcome, conjecture that paper A1s and certificates of coverage in the social security field will disappear in response to these new developments. Time-consuming in-person, direct paper filings will continue to wane. Individuals in the EU could have easy access to their EU-wide contribution history, making it significantly easier to obtain benefits. Authorities may become more efficient, perhaps freeing up staff to monitor compliance more appropriately.

Yet the reality is that governments will continue to exercise their national authority and data-reporting expectations in response to domestic political and economic needs. We believe this reality obliges businesses to ensure their mobility advisors equip them with process, technology and collaborative compliance and advisory approaches. This should enable them to better manage their data sources and obligations, so as to effectively respond to the changes inherent in the anticipated environment.

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![](image)

Over the past 15 years, the tremendous and shifting potential of emerging markets— in China, India, Southeast Asia, Latin America, Central Africa and the Middle East— has spurred major migrations of expatriate workers. 60% of surveyed companies expect those assignments to increase in coming years, according to the 2014 EY/Harvard Business Review study Strategic Global Mobility: unlocking the value of cross-border assignments. This means companies will face new challenges in new markets, including setting up new entities where they have no experience. This is where global mobility practitioners interacting with each other strategically is vital. They can involve several departments to understand the bigger picture and help with business expansion to new and maturing markets. Immigration services, particularly the securing of an assignee's work permit, are usually the first “moving piece” in global deployment. If a company does not have an entity in the host country, arranging visas for inbound assignees can be a challenge. It’s therefore important to work with corporate tax and local business stakeholders in the new locations so that entities are set up to correctly accommodate international assignees. Global mobility can either coordinate or help human resource (HR) in the new country arrange a sponsorship license, for example, that fits the anticipated inbound assignee population.

Similarly, global mobility can work with payroll to help them understand what may be required when assignees enter...
a new market and what compliance and information-filing obligations must be fulfilled. Such efforts to address information management expectations can extend to all payrolls globally, forming a network of knowledge to effectively consider the complexities of international payroll and compliance. This is especially important in emerging markets, where tax and payroll systems may not be as advanced.

It is striking to note that governments in emerging markets are increasingly drawing upon sophisticated data-tracking techniques combined with new cross-border agreements. In particular, host countries are seeking to restrict access by temporary or long-term assignees to local benefits (such as health coverage) and to remove or curtail exemptions to expatriates in making local contributions, even if the assignee cannot personally claim coverage.

Just keeping abreast of the legislative changes in emerging markets is a challenge. For example, in some territories in China, updates are literally posted onto the doors of government offices. Elsewhere, particularly in Africa, communication between governments at home and their consulates abroad are often slow and imprecise, resulting in misunderstanding and confusion. Direct relationships with authorities are therefore crucial.

Audit activities by local authorities in emerging markets is markedly increasing, with countries like Nigeria, Vietnam and South Africa becoming more sophisticated in how they link data points, such as tracking the tax and benefits obligations of mobile workers through reviewing their immigration status or presence. Such efforts, and punitive penalties, will grow more widespread.

We predict that the more “developed” economies such as Brazil, China and India will soon place more pressure on industrialized countries for new cross-border agreements to require the tracking, reporting and repatriation of benefits, and tax payments to host countries arising from shorter terms of stay. Australia, India and Switzerland have already allowed some benefits to be “cashed out” when an individual departs a home country for a defined term, sometimes triggering a hefty withholding tax. Such changes will require multiple stakeholders – not just the mobility function – to review and to agree on new strategies.

It can be important to partner with HR in the home and host countries, because many developing countries still have immature internal infrastructures and are bureaucratic in the extreme. Even when totalization agreements are in force, certificates of coverage or even consistency in approach can be hard to obtain. The result: increasingly sophisticated data mining and international agreement negotiation, combined with uneven application of rules, poor communication between bureaucracies, and a lack of understanding from local authorities. This requires close collaboration with individuals and companies on the ground.

While these emerging markets continue to undergo rapid changes, they remain important to underlying global business growth and require evolving mobility strategies. Developing these strategies in an integrated manner is, we believe, imperative.
The fourth of the megatrends we are considering from a mobility perspective is that which impacts talent itself. The very nature of employment is changing, with more opportunities for self-employment and entrepreneurism, particularly popular among young people. We are moving into a culture where self-starters are rewarded and the barrier to entry for innovative ideas is considerably lowered.

What does this mean for global mobility? Employees are increasingly mobile between organizations, and retention is more of a challenge. Younger employees, particularly Millennials (those born between the mid-1980s and mid-1990s), are prioritizing international work — they see it as an incentive. In a world where the market for talent and attitudes toward working overseas have significantly changed, one size no longer fits all in terms of mobility.

Many employers recognize that accommodating the demand for international work experience can be a differentiator in a competitive talent market. They place great value on developing attractive programs but seek to strike a balance between meeting corporate objectives, minimizing costs and effectively administering such moves. Talent teams, recruitment teams and HR can work with global mobility to elaborate on the company’s assignment policies and present them as a distinguishing incentive. The collective advice can target locations that best satisfy the employee’s expectations or provide guidance on how short-term experience assignments can best be staffed, considering the histories or nationalities of individuals to accelerate their deployment.

Additionally, foreign-local hires (also known as third-country nationals) come into sharper view in a more entrepreneurial environment. We define them as individuals hired locally in a country that is not their country of origin, nationality or usual home base. International assignment policies do not usually apply to these employees, and they are ineligible for assignee-type benefits — yet they sometimes have assignee-type requirements (such as schooling for children who don’t speak the local language) and tax return requirements.
based on their citizenship. To fully understand the implications of foreign-local hiring practices, global mobility teams should work closely with HR departments and recruitment teams. Through such close collaboration, HR teams also gain knowledge from global mobility teams about international taxability and other issues.

From a social security perspective, for example, relocating families is a necessary area for collaboration to prevent upsetting surprises. If a spouse is going to take a gap in their career, they may want to know where it leaves them from a state pension perspective. If they are looking for work in the host location, they may want to know their visa options. A gay couple in the Netherlands may want to take good stock of their position if transferring to a country that currently takes a different legalistic view of their relationship.

Placing children into the mix can make the situation even more complex. Assignments involving a transfer overseas for even a short period have faltered because a child with ongoing health problems was at risk of losing their state health care coverage. A delicate collaborative balance has to be struck to ensure that the aims of all parties are met or a compromise is found.

A mobility manager has to work with expatriates so that any negative effects during an assignment are, at best, mitigated or, at worst, identified and communicated. The trend toward cost optimization (taking an assignee out of their home scheme and into a host scheme to save costs) has also compelled businesses to be exhaustive in how they present the impact to assignees, particularly where the assignee may overide the employer’s wishes (for example, by applying for their own certificate of coverage). The most evolved multinational assignee programs look at more than the costs and want to know if their policy is robust enough to satisfy any assignee concerns. The most sophisticated employers provide briefings on tax and the related social security and immigration implications.

Issues and risk exposures also arise for frequent business travelers. The line between “visiting” and “working” in many countries is a fine one, and governments are increasingly focused on identifying the difference. Even where social security agreements are in place, very few cover scenarios where individuals regularly work in several countries as a normal part of their role. Clashes will come on a more regular basis as the authorities hold employers responsible for the need to track such individuals and employers grapple with internal systems not fit for this purpose.

Another challenge is the number of individuals who will soon reach retirement. So many workers have been able to work in so many places, and, historically, few employers have fully briefed them as to the implications of dropping in and out of social security programs. Many are about to review their pension position and may learn that they have less coming to them than they may think and that they need to obtain pensions from multiple countries, with fluctuating currency rates being another factor to be considered.

In such an environment, it is our opinion that the most successful mobility programs offer an integrated, collaborative business approach involving employee education, dedicated tracking technology functions and collaborative mobility specialists. Just as in other areas, the approach has to be based on collective buy-in and an informed understanding of the inter-related nature of the problems in order to anticipate and address the needs in mobility programs.
The nature of work is changing, and global mobility is not immune – in fact, it is often where new attitudes toward work and employer-employee relationships first emerge in a globalized world. Global mobility increasingly must answer questions from managers and HR about the UK employee who is “working from home” in New Zealand, or the US employee who followed her partner to London without notifying the business and then was turned away at the border.

To deal with these and similar challenges stemming from megatrends, companies must foster a spirit of collaborative deployment – because the world and its forces are simply too complex for siloed functions to address. Such a strategy improves program performance and boosts the role of global mobility in the organization, shifting it from a reactive, administrative function to a strategic business partner.

The common themes of the megatrends are interconnectivity, ease of physical and virtual relationships across borders, and growth as a clear business driver – which means global mobility should seize this opportunity to expand its reach, improve its services and partner with as many other groups as possible.

With that goal in mind, EY outlines and embraces approaches that can better address, respond to and shape how mobility advisors assist their companies in coming to grips with these needs in an ever-shifting environment. We can offer specific ideas or strategies to grapple with country-by-country needs, but our primary objective is to create a foundation of collaboration among many disciplines to address the broader challenges.

Mobility covers assignment policy, cross-border social security and compensation arrangements, labor law, tax triggers, and valuation strategies. Focused collaboration among these groups, in pursuit of clear goals and objectives, is imperative for a multinational company, and to address only one area does not create a long-term, holistic solution but rather a system in which old problems remain and new ones quickly surface.

The simple fact is that the environment in which mobility must operate – one increasingly typified by smart borders, negative political pressures, previously unexpected calls for assignee justification, cost or expense calculations and other factors – is unprecedented and cannot be addressed with assumptions and approaches first envisioned 10 years ago. To drive the creativity necessary to co-develop the genuinely innovative solutions that this environment requires, we must be focused not just on integration but also collaboration.

As described by Marcia Conner in The New Social Learning, “Training and experience often gives people solutions to problems already solved. Collaboration addresses challenges no one has overcome before.” As the 21st century unfolds, confronting the complexity of global mobility demands nothing less.
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