WORLDLINK

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Linking personnel and human resource professionals around the globe

UK finally outlaws age discrimination but all not yet cut and dried

THE MOST significant change in UK employment law for a generation came into effect on October 1st this year with the Employment Equality (Age) Regulations 2006 which prohibit harassment and discrimination on grounds of age. In particular employers are urged not to dismiss people for retirement before 65 unless there are exceptional reasons for doing so.

The regulations are a response to the EC's Equal Treatment Framework Directive which required the UK to implement national legislation preventing age discrimination by December.

CIPD diversity adviser Dianah Worman told *WorldLink*: "Changing demographics – a shrinking proportion of younger people in the labour market – plus skill shortages make it imperative that employers make better use of older people. Some have already extended their retirement ages or abolished mandatory retirement well ahead of the regulations, but the legislation should help those who are dragging their feet."

As well as applying to retirement the regulations:

- give older workers the same rights to claim unfair dismissal or receive a redundancy payment as younger workers;
- allow pay and non-pay benefits to continue which depend on length of service requirements of five years or less or which recognise and reward loyalty and experience and motivate staff;
- remove the lower and upper age limits in the statutory redundancy scheme, but leave the current age-banded system in place;
- provide exemptions for many age-based rules in occupational pension schemes.

As *WorldLink* went to press, HR professionals were confused over a number of aspects of the regulations and were waiting for case law for clarification. Employers Forum on Age director Sam Mercer said: "The Government has set out to reassure UK plc by introducing a default age for retirement and by allowing employers to use age criteria in limited circumstances.

"However trying to prove age is an essential requirement in the workplace is difficult and costly."

Already the legality of a default retirement age of 65 has been challenged as failing to meet EU requirements.

Other areas of concern include how the regulations will affect pay scales given traditional links between age and pay seniority; whether the traditional 'milkround' to recruit graduates will be affected; how to handle redundancy of older workers; and, not least, how the new rules will be apply to pension schemes.

Implementation of the regulations as they apply to pension schemes was delayed for two months as the original proposals were deemed unworkable. Under the new proposals, it will be very difficult for many employers to have schemes where members earn benefits at different rates, as it could be deemed to be indirectly discriminatory. However, it is permissible for members to be on different benefit levels if they are in separate schemes under different trusts. Yet transferring members to separate schemes can be an expensive and complicated exercise.

- *www.cipd.co.uk/EmploymentLaw/FAQ/_Agediscrim/_FAQ/QA_14.htm*

AHRI returns to its members

After six years of ownership by Deakin University, the Australian Human Resources Institute (AHRI) has been re-purchased by the HR profession.

The institute went into receivership in 2000 and was bought by Deakin in an arrangement that turned full circle this month when AHRI's new national president and interim CEO, Peter Wilson (pictured below), signed documents buying it back on behalf of the membership.

Peter Wilson

"We are delighted that AHRI is finally owned and operated once again by the profession," said Wilson. "It makes sense that the 11,000 professional members should be deciding their own future and we are now in that position. I would like to pay tribute to Deakin and to former CEO, Jo Mithen, who have been good trustees of AHRI for the past six years.

Until last year Wilson was the general manager of human resources and risk management at packaging company Amcor, a position he held for seven years. For 10 years before that he worked for the banking group ANZ. Four years ago he was made a Member in the Order of Australia (AM) for services to workplace safety and community.

It is expected that a new CEO will be appointed to replace Jo Mithen early in 2007 when Wilson will stand down from the interim role. Meanwhile he will follow Jo as the APFHRM's second WFPMA Board member, a position she held for two years.

Also paying tribute to Jo Mithen, who has now joined a law firm in Melbourne as General Manager, AHRI founding director and Fellow Geoff De Lacy told *WorldLink*: "Jo clearly turned the Institute around. It is now not only profitable but has a strong voice and is held in high professional regard. She is to be congratulated for an excellent job, performed at times under great pressure."

IN THIS ISSUE

Making the most of India – by Devyani Vaishampayan 2
Expats and emerging countries – by Betania Tanure et al 4
Rewards for the mobile – by Stephen Perkins 6
Global HR calendar 8

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Making the most of India and its manpower

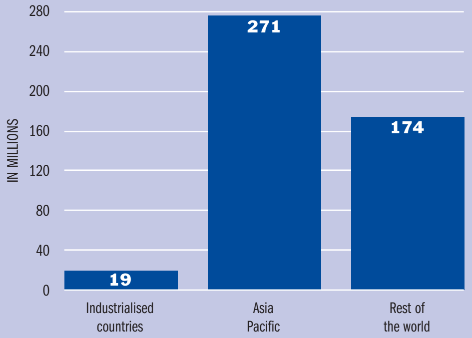
India's rapidly changing skills base is having a major impact on the global workforce. Devyani Vaishampayan considers the implications for HR professionals and gives a flavour of her own company's response

Today, no business magazine or event passes by without some mention of India due the rapid growth of its economy. For HR professionals, the country becomes even more relevant because of the growing dominance of Indian skills – either in the area of outsourcing or through the growing number of senior managers from India in international organisations.

What, then, are the major factors that are shaping India to be a large part of the global workforce over the next 10 to 15 years?

First, let's look at some global demographic trends in today's labour market. Over the next four years, *ie* by 2010, of the 400 million new entrants in the labour market only a mere 5 per cent will come from the western industrialised countries. The two regions that continue to show an increase in working age populations are Asia and the United States, with an overwhelming 271 million from Asia Pacific alone (half of which will be in India and China). In terms of sheer numbers, India will constitute a key part of the global labour market.

Figure 1: Workforce growth to 2010



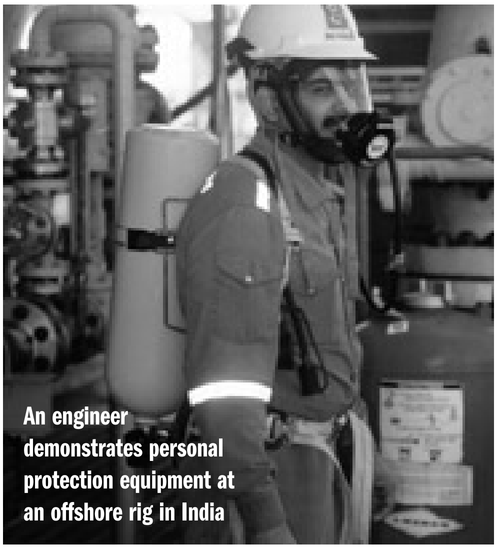
Source: ILO Global Employment Trends, 2003

Clearly, no major international organisation, especially in the consumer goods/services area, can afford to ignore the large potential market offered by India. Additionally, in that it is a rapidly emerging economy, huge growth is expected in that country's infrastructure, commodities and resources sector. All this requires large numbers of manpower and an array of skills, many of which are being developed internally. One can already see the impact of this in retail banks such as HSBC and Standard Chartered or technology companies like Microsoft and IBM whose Indian operations are becoming more dominant than those organisations' traditional markets. Consequently, there is rapid growth in the number of people they employ in India, which in turn is resulting in a large increase in indigenous skills within the country.

Due to its strong educational base, India has many technical and professional graduates. According to Jeff Immelt, chief executive of General Electric, it is this combination of limitless demographics and a strong technical underpinning that makes India such a strong competitor in the talent market.

Employability

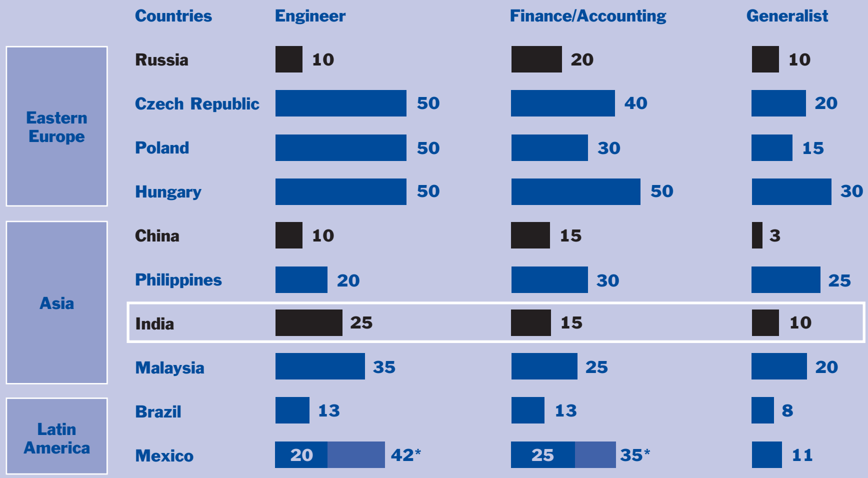
Research from McKinsey shows that factors such as English language fluency, mobility and accessibility because of proximity to an international airport make the suitability of people with the appropriate skills much higher in India as compared with those in or from China and Russia. Figure 2 gives a comparison of the percentage of graduates that are employable by a multinational organisation from the total pool with the right degree/qualification. For example, 25 per cent of India's graduate engineers would be suitable for employment by a



An engineer demonstrates personal protection equipment at an offshore rig in India

Figure 2: Graduates suitable for multinational employment

'Of 100 graduates with the correct degree, how many could you employ if you had demand for all?'



*Mexico is the only country where interview results (higher number) were adjusted since the interview base was thinner and risk of misunderstanding high

Source: Interviews with HR managers, HR agencies and heads of global resourcing centres. 'The Emerging Global Labor Market: Part II – The supply of offshore talent in services', McKinsey Global Institute, June 2005

multinational as compared with only 10 per cent of those from Russia and China.

India has also, of course, featured strongly on international HR people's radar thanks to the whole phenomenon of 'outsourcing'. The common misconception about outsourcing is that it is cost driven. However, I have been involved in this activity over the last 18 years across different industries – software, telecoms R&D, financial services and oil and gas – and the drivers can be very different. The enticement to companies of a worker who earns £2 against someone in the UK, say, who can cost 10 times that amount is obvious. My experience at Citi Group (in 1988) in India, however, showed that what started as 'cheap labour' of software engineers moved up the value chain very rapidly, resulting in the development within just five years of complex financial products software. Similarly, while I was at Lucent Technologies in the late '90s, the decision by Bell Labs to set up its R&D centres in India was prompted by the high quality of scientific skills available.

So, given the increased likelihood of international and multinational companies employing Indian workforces, what are some of the HR challenges? Three key ones are in the areas of recruitment, retention and training.

Above all, it will be necessary to design HR processes that are flexible and suited to local environments – in contrast to the 'headquartered' approach still employed in many multinationals. For example, a call centre in India typically puts applicants through a rigorous seven-stage screening process, because of the 'sifting' required to select from such a big pool of potentially qualified candidates, and then, because of the limited job opportunities within India, acceptance rates tend to be of the order of 90 per cent. A similar operation in the US would have a two-stage process and an average acceptance rate of only 50 per cent.

Meanwhile, attrition levels of 15 to 30 per cent are very common within the local Indian market. This is particularly acute among middle managers, who are seen as very employable by domestic competitors who in turn will headhunt them with offers of steep salary rises.

And, finally, both advanced technical skills and softer skills such as those required to operate within the cultural complexities of a western company are almost always needed. In BG, this can typically add around 15-20 per cent to operating costs.

HR professionals can obviously play a key role in helping their companies take account of such issues – actual availability of talent, numbers of people applying, retention difficulties, specialist training required, and the cost implications of these factors.

The BG experience

At BG, career development opportunities and international exposure form a key part of our 'employer brand' *ie* a big reason why people are interested in joining the company. Figure 3 shows that expatriates from India are now the third largest group in the organisation – albeit a long way behind the parent country.

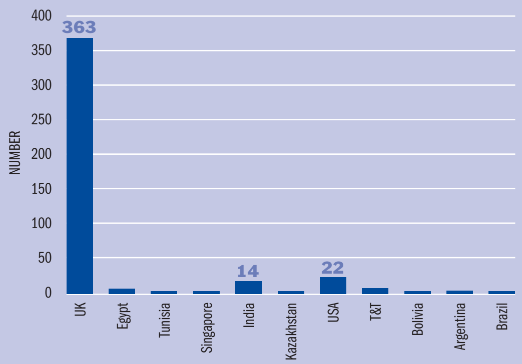
So, what are we doing to maximise our talent pool from India? There are three main approaches. First we focus on talent availability in specific job categories. For instance, most of the technical skills required for the oil and gas industry exist within an ageing population. About half of our professional E&P (exploration and production) staff are aged between 40 and 50 and are expected to retire early over the next few years. This is creating a huge gap and BG is focusing on countries like India with its relatively younger workforce to manage future needs by developing specific skills such as those required for geologists, petroleum engineers etc. This does mean a strong emphasis on human resource planning which aims to project needs over the next five to 10 years.

Secondly, specific programmes, such as our International Management Programme, focus on developing general management skills and giving international exposure to talented people with high potential.

And, thirdly, a key to retention is systematic career development. Lists of people due for 'movement' are reviewed regularly so that employees understand that there is a future for them. Emphasis on regular identification of talent through effective processes helps in maintaining consistent standards; organisations that are committed to training and developing their employees have a strong advantage when it comes to attracting and retaining good talent in India.

In conclusion, a rapidly changing skills base in India is already having and will continue to have a significant impact on the global workforce. HR professionals can help organisations understand the strategic competitive advantage they can gain by taking this on board.

Figure 3: Number of international assignees



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Expatriation challenges for emerging countries: lessons from Brazil

Betania Tanure, Erika Barcellos and Alvaro Cyrino claim the shortcomings their survey revealed in Brazilian expatriate management practice, leading to high expat failure rates, applies right through Latin America and also to young multinationals from other developing countries

After the two broad waves of international expansion carried out by American and European corporations at the end of the 19th century and by American, European and Japanese companies during the post-war period, we now face a third wave of multinationalisation by companies from emerging countries, including Brazil.

Having participated in foreign markets for their products for several decades and conquered important shares of their domestic markets, large Brazilian companies have found themselves compelled to internationalise their operations in order to sustain their growth. Examples include Gerdau (steel), Embraco (refrigeration equipment), Weg (motors), Natura (cosmetics), CVRD (iron ore exporter) and Petrobras (oil).

Among the major challenges of this strategy is the development of a global mindset and the building up of a talent pool with which to act globally. Within this scenario, executive expatriation plays a central role, although international research reveals a failure rate of about 80 per cent for the expatriation process.

Of course, most, if not all, such research is based on companies with wide experience in transferring their executives from first world countries to developing ones. But do developing countries' companies that expatriate their executives – to the first world and also to other regions – face the same key issues? Is expatriation different for companies in the early stages of internationalisation?

What are the main success factors? What is the expatriate's strategic role in the internationalisation process? Does the expatriate know what is expected from her/him? What is the negotiated mandate between the company and the expatriate? How do organisations select, train, reward, manage and manage the development of these professionals?

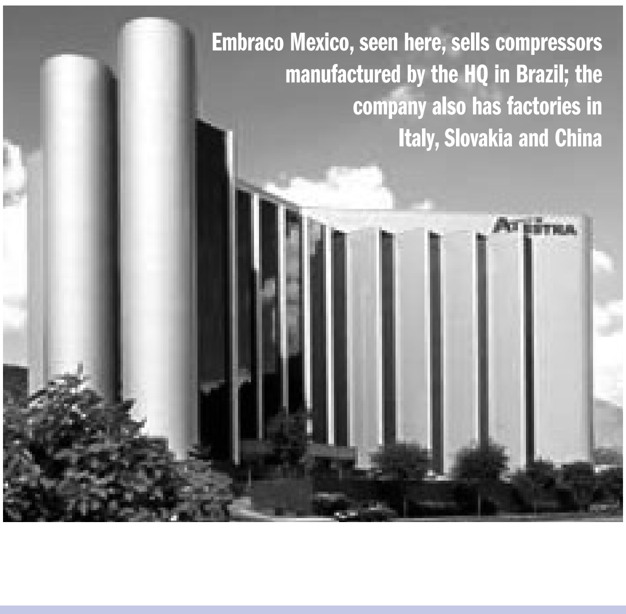
Such questions have motivated us to research large Brazilian companies. Last year we interviewed 198 expatriates, repatriates and HR professionals employed by 12 companies that have international operations. Our conclusion is that, to a large extent, the failure of expatriations can be explained by the fact that all of the executives transferred to other countries are treated in the same way. That is, certain peculiarities, which we analyse below, are not taken into consideration.

It is clear that 'global managers' present a specific profile that is desirable in several parts of the world, including Brazil. Nevertheless, it must be recognised that the competencies required of such executives and the main roles they play vary according to the internationalisation strategy used. In order to better analyse this issue, we have developed the model shown in the figure on the next page. We used as references the three strategies proposed by Ghoshal and Bartlett (2000) – global, transnational and multidomestic – and a fourth one which two of us (Tanure and Cyrino) classified as 'emerging international'.

In **multidomestic** organisations (*ie* decentralised federations with simple controls) there is more autonomy in strategic decision-making. The subsidiaries-headquarters relationships are limited to financial investments and dividend flows, and the expat plays the role of 'local entrepreneur'. She or he represents the interests of headquarters and provides it with a channel of interpretation while helping it to understand local particularities and guaranteeing that both headquarters and subsidiaries understand the meanings of what they communicate.

On the other hand, in **global** companies that have a high degree of global integration and low local responsiveness (capacity to adapt to local conditions), key strategic decisions are made at headquarters. There is a unidirectional flow of products, information and resources. In such companies, the expatriate plays the role of a 'replicator'. She or he must guarantee the links between the subsidiary and the headquarters, transferring knowledge and developing an international network of relationships that can help to maintain the connections among the various units.

In the **transnational** model, which is characterised by strict and complex coordination and control, shared strategic decision-making and intense knowhow, financial resources, people and supplies flow among interdependent units. An expat must be a network member. This professional needs to possess both entrepreneurial and corporate traits; he or she must be capable of transferring both implicit and explicit knowledge and be culturally sensitive enough to operate at the tacit level.



A large number of Brazilian companies can be classified as **emerging internationals**, because they are in the early stages of internationalisation and their operations show low rates of local responsiveness and global integration. At this stage, which must be transitory, the expat does not have a clear mandate. Companies automatically replicate the headquarters model abroad and consequently the expat plays the role of 'implementer/controller'.

Given these concepts, it becomes clear that the starting point in managing the process of transferring executives internationally must be to align the internationalisation strategy and the expat's mandate. The need for this must also be clear to the expat; many are transferred without really understanding the nature of their main role.

In Brazil, a country whose business culture is still marked by the desire to own and control the operation, the main reason for companies to expatriate is to have someone they trust controlling their subsidiaries. The second reason is the perception that it is necessary to fill in the gaps that result from the 'lack' of local management. On the other hand, executives accept the challenge in the hope that the experience will lead to a career leap. These conflicting goals can give rise to problems, many of which are accentuated at the time of repatriation, when the executive realises that the expectations nurtured since the negotiations leading to the transfer do not necessarily correspond to the company's vision.

Most often the company knows its goals differ from those of the executive, but does not discuss the issue for fear that the individual will lose enthusiasm and refuse to go. The HR function obviously has a key role to play in ensuring that the expatriation goals are clear from the time that the executive is selected until his or her return. Further, HR managers should participate in the development of the international expansion strategy from its very beginning. By doing so, they will be able to contribute to the avoidance of other common problems during the process.

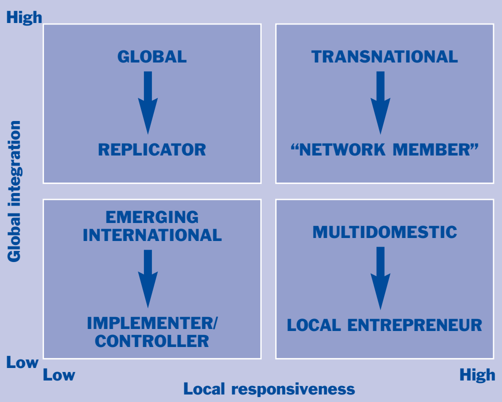
> 'Many [expats] are transferred without really understanding the nature of their main role'

When it comes to selection criteria, what the Brazilian organisation values most is the degree of trust it can have that the executive will actually work as headquarters' eyes and ears. Factors like the candidate's intercultural skills and their family's willingness to live in a foreign country are generally not taken into account. Here, once again, it is worth emphasising that the selection process must be anchored in the internationalisation strategy, as per the figure below, because the profile of the most relevant competencies and personal skills will vary. However, few Brazilian companies take account of this.

While executives are working abroad, special attention should be paid to their adaptation to the local culture and yet rarely is there any agreement concerning the support to be provided. In our survey 63 per cent of the companies said they supported the cultural integration process, and yet 60 per cent of the expats claimed the company did not intervene in this process at all. Furthermore, they told us their companies consider integration a challenge to be dealt with by the expats themselves. This fact partially explains the high frequency of problems relating to cultural adaptation in Brazilian organisations.

Another critical issue is that the experience gained abroad is not adequately taken advantage of by the companies. This stems from the incipient knowledge management processes and the implementer/controller role played by the executives sent abroad. Learning is disregarded and, instead, teaching is the focus of Brazilian expatriations. In our research, we observed that only one of the organisations in the sample adopts formal management or knowledge-sharing mechanisms. It is worth emphasising that some experiences could be particularly valuable for companies that are in the less advanced stages of internationalisation, particularly in the context of international management competence.

Figure 1: Internationalisation strategy and expatriation model



Source: Betania Tanure/Alvaro Cyrino, 2005

When returning home, the executive faces problems such as a reduction in salary, a lack of definition about her/his next career step and the feeling of being professionally underutilised. Another critical issue is the repatriated executive's loss of autonomy, a consequence of bureaucracy and hierarchy at headquarters. In our research, 57 per cent of repatriates said they currently have less autonomy than while away.

The presence at headquarters, particularly in leading positions, of executives with foreign experience or of different nationality is absolutely vital for companies with ambitions to become global players. It contributes towards appreciation and management of people and cultural diversity within the corporation, in addition to bringing broader perspectives of market scenarios and competitive world environments. However, we observed that in Brazilian companies there are 10 expatriates for each 'impatriate' (a foreign executive working on non-permanent assignments at the company's home country). Furthermore, leading positions, such as seats on boards of directors, are normally domestic. Thus, the early stage of internationalisation of Brazilian companies is still reflected in incipient 'impatriation' processes.

Finally, the challenges identified can be extrapolated to young multinationals from other emerging markets. These organisations will learn how to make better use of the competences created through the expatriation process when they increase their international experience. Interdependently, adequate management of this process of executives' transfer and repatriation will certainly help them greatly to advance in the international arena. Some mistakes are unavoidable, but with due thought and the courage necessary to take corrective measures, it is possible to do better at relatively low cost and so enhance the chances of success.

Executive expatriation must be seen as a leveraging tool to aid international expansion. This is especially important in emerging countries, like Brazil. There is no time to waste. All that must be done is to learn how to recognise and use the shortcuts.

Betania Tanure, Erika P. Barcellos and Alvaro B. Cyrino are all professors at Brazil's Fundação Dom Cabral, Betania in organisation and organisational behaviour and the latter two in strategic management. Betania is also a visiting Professor at INSEAD, New York University, the London School of Economics and HEC and co-author with Paul Evans of 'Challenges of HRM in Brazilian companies' to be published in Brazil in November

Managing the rewards for international mobility

Can multinationals successfully tighten up on the coordination of corporate expatriation policy while at the same time continuing to pursue a strategy of devolving operational decision-making? Stephen Perkins draws on new research to comment on the tensions created by these apparently conflicting interests and other trends in international mobility

Get two expatriate managers sitting together in the executive departure lounge and, so the apocryphal storyline goes, they will soon be trading notes about the minutiae of their 'packages'. In half an hour of seemingly casual conversation, they will have assembled 'evidence' with which to browbeat their long suffering HR service team about the unfair treatment they are receiving compared with the pay and perquisites 'the competition' would offer them to do what they do. Not just one: each expatriate will have found the nuggets of data they need to prosecute a case for more favourable treatment. And reason to be dissatisfied if they don't get what's demanded.

Whether or not acceding to such demands and the leapfrogging game of comparisons is still being played in ways it reportedly once was, employers remain exercised over what expatriation is costing them. But an argument can be made that this form of getting international work done remains a cost-effective option. (For more details, consult recent commentary by analysts such as Professor Jaime Bonache from the Universidad Carlos III of Madrid in Spain, for example). In a nutshell, it boils down to evaluating organisational resourcing alternatives in particular locations around the world and assessing perceived risks of delegating operational accountability, if local capability is available and top management is willing to entrust the organisation's reputation to individuals different in origin to themselves and their investors.

The fear is that corporate reputation nurtured over many years can be quickly dissipated in the wrong hands. Failure in multi-domestic commercial operations can be very costly, while damaging longer-term relationships with business partners and customers. And the evidence of 'expatriate failure' is high. Gaps in firm-specific knowhow, which it may be costly and difficult to close in new operating environments where multinationals are trying to win early distinctive advantage over competitors, means local leadership may be problematic.

It isn't too difficult to imagine that senior line managers will wish to place their trust in tried and tested individuals, even if the terms appear expensive relative to other role resourcing options.

Accordingly, senior managers making expatriation selection decisions may be open to concluding 'deals' with individuals on the terms of their assignment, in which the needs of getting a 'safe pair of hands' into post quickly may be traded off against issues of consistent application of corporate policies. When what economists term the 'transaction costs' risk is significant, even relatively expensive expatriation may be the more cost-effective strategy.

> '...the view surrounding the rationale for expatriation is that, despite some hand wringing, pragmatism reigns supreme'

Of course, HR people get concerned when line managers and expatriates strike individual 'deals' that may compromise the integrity of corporate compensation policy. The perceived result may be not only a loss of control over costs: consistent and equitable interpretation of corporate policies for rewarding international mobility may be compromised.

Evident inconsistencies

For this reason, it seems, HR specialists spoken to for a new CIPD research report* described efforts to standardise expatriate compensation approaches, and to rationalise the array of terms and conditions that – even across the same group organisation – sometimes have grown up so that significant inconsistencies of treatment across employees is evident.

Nevertheless, management encountering skills shortages and wishing to move gradually towards localising their multinational operations, may find that the relative expensiveness of a home country expatriate continues to be a cost-efficient risk investment strategy over the short term, while market presence is established, local talent is groomed for leadership succession and relations of trust are established between all parties involved.

The cost-effectiveness argument notwithstanding, large multinationals have indeed been reviewing international labour mobility. *WorldLink* readers will be familiar with evidence that forms of assignment are now more numerous and sophisticated. As surveys such as those produced annually by consulting firms like ORC indicate, there is still a high level of expatriation to cover multinationals' dispersed operations.

Shorter postings

And the so-called 'balance sheet' approach to setting terms and conditions (based, in simple terms, on building up a set of compensations and allowances on top of the salary and other employment benefits individuals have enjoyed while working in the domestic employment system) still prevails for long-term overseas postings. Bear in mind, 'long term' here means three to five years' duration. Increasingly a variety of shorter-term expatriation forms are observable, in response not only to cost containment issues, but also due to a growing unwillingness among key workforce segments to disrupt career

**CIPD Research Report: International Reward and Recognition* by Stephen J Perkins. October 2006, www.cipd.co.uk and domestic arrangements in the 'home' country for any length of time.

Still, the cost issue remains perceived as problematic. A series of 'benchmarking' discussions with corporate HR specialists revealed that, while the business case for employment on internationally mobile terms may remain intact, debate is taking place not only over the forms of expatriation. International HR specialists are reviewing questions like:

- What are the indicators we should use in weighing deployment of an expatriate to get work done locally in countries around the world; and
- How can we ensure that, while devolving the day-to-day management of expatriate employment, the trade off is not fragmentation in the application of principles representative of good corporate governance?

In some cases, the view surrounding the rationale for expatriation is that, despite some hand wringing, pragmatism reigns supreme in the final analysis. Especially where the job to be covered is one for which the appropriate skills and experience are in short supply or the assignment is an urgent one, there seems to be an acceptance that considerations beyond getting the individual in place are of secondary importance. As one seasoned reward specialist told us:

> "If I think back, we have had many, many debates around who should go on assignment and the rationale behind it. But at the end of the day we get a lot of pragmatic decisions around filling jobs. That's life."

It is admitted that this situation is a source of tension, due to the potential to have "individuals on assignment as expatriates who shouldn't be, but who are fulfilling a function."

More time could usefully be devoted to stepping back for reflection on insights gained after particular international assignments have been completed, to form a view on how effective those assignments have been. 'Effective' here was defined by respondents to include how integrated the expatriate experience is to "the whole 'talent management' agenda" and surrounding processes.

Thus, the debate may be widened from purely cost to consider value – not only the short-term economic case summarised above, but alignment between HR practices, linked in turn to underlying business competitiveness ambitions.

Tracking and evaluating 'success' is something that has been controversial in banking and finance giant Citigroup, however. "We had a discussion about a year ago about it, and we couldn't agree on how you define success", a European HR specialist admitted. A suggested benchmark was individual performance. If an expatriate was rated in the top tier (say levels one or two) for performance relative to peers, then that was success. But then the question was raised as to the timeframe over which the 'international assignee success metric' for such performance was to be measured – one year, two, ten? There were too many different angles. To be successful, it could be argued the full secondment needed to be counted (three or four years) as the measurement baseline. At FMCG group, Cadbury Schweppes, work has been done using external consultants to identify systematically where expatriation value may be generated at the individual level, business level and corporate level.

At ICT company, BT, a more holistic collaboration between HR people – combining the input of OD and resource planners – has been taking place to answer the question of where people optimally should be located, positioning relevant competences to satisfy corporate objectives.

Business case

We were told that a business case had been made to create an additional group of high level expatriates at the European regional level, running contrary to a sizable reduction in expatriate numbers over recent years. The strategic decision was to establish a management centre in Brussels on the premise that, while it is a relatively expensive expatriation location, its association with the pan-European commercial and political environment means that expatriate compensation costs are outweighed by commercial advantages.

Consistency in the application of core principles of aligning reward and performance is an ambition expressed by research respondents.

Standardisation at the level of guiding values was a commonly cited theme among the corporate HR people interviewed.

Another telecoms corporation, Cable and Wireless, with operations across Asia, Europe and the USA, has been exploring these tensions: how to embed localised processes for expatriate rewards which are consistent with corporate principles.

Historically, expatriates generally headed business units. In keeping with the general management philosophy in Cable and Wireless, we learned that as much as possible of the day-to-day operations to support expatriation management had been devolved from the centre. However, concern has arisen where business units adopt the view: "We're decentralised – surely we should manage our internationals the way we see fit in line with our own (local) policies?"

Corporate HR maintains a 'management of standards' role – to ensure 'consistency of policies and fair treatment in their application'. And, from a corporate governance perspective, it still needs to be able to 'pull the stats together' to monitor how much international assignments are costing and 'where the value is being added'.

Action to clarify and strengthen corporate mandates under which devolved expatriation administration is to be accounted for has been taken to address this 'disorganisation' risk – which is particularly problematic when seeking to repatriate assignees.

The Boots Group has gone further still: three separate expatriation policies that had been functioning in three operating subsidiaries have been rationalised into one.

Important issues are being actively addressed by multinationals to bring a more value-oriented approach to managing expatriate compensation, to strike the right balance between permitting action where commercial benefits are most likely to be generated and the need to maintain the integrity of group standards.

To that end, at Cadbury Schweppes, for example, corporate-level compensation specialists describe an emphasis on 'educating' line management under the 'managing for value' umbrella used to guide governance of the business in general.

Sometimes this means visits by corporate 'experts' to smaller operating centres where specialist knowledge is limited, to explain face-to-face things like the intricacies of tax equalisation.

In other cases, it may be necessary to go further: for example, producing all international assignment documentation centrally using standard expatriate administration software.

Such initiatives, of course, place significant demands on central HR functions – in terms of time and financial resources.

But the fact is the research revealed a lot of reflection going on about 'what next' for managing expatriation compensation.

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