

Global Relocation Trends

2011 Survey Report



2011

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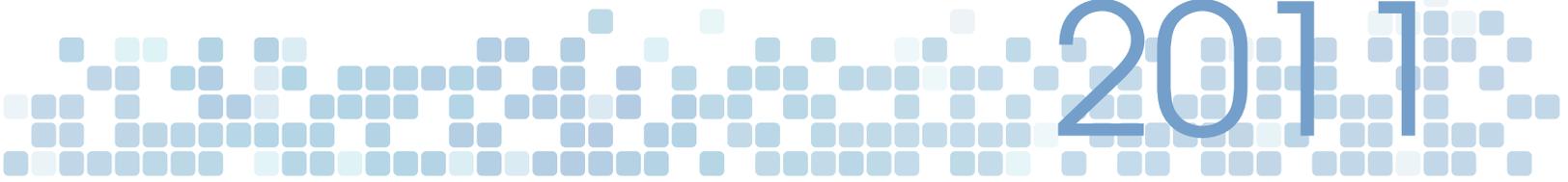
BROOKFIELD GLOBAL RELOCATION SERVICES, LLC

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2011



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AN INDUSTRY STANDARD

The 2011 Global Relocation Trends Survey Report is the 16th annual report issued by Brookfield Global Relocation Services (Brookfield GRS). These reports constitute one of the industry's most reliable sources of global relocation data and trends. The longevity of this report enables us to compare each year's results with "historical averages" that include data from the current year and previous years; this helps readers to gauge the relative importance of annual variations. Each year, this report is used as a benchmark for policy development and it is cited in major business publications and journals that specialize in international business.

IN THIS REPORT

This year's survey contained 126 questions and was available online. It comprises the following characteristics:

- It reflects information current through the close of January 2011.
- It elicits details pertaining to international assignee demographics, key destinations, challenging destinations, international assignee program management structure, assignment expense management, return on investment, assignment types and policy structures, international assignee selection, localization considerations and practices, international assignee compensation management, repatriation policies, international assignee attrition rates, cross-cultural training, assignment evaluation and the management of outsourced services.
- The 118 respondents represented small, medium and large organizations with offices located throughout the world.
- Participating companies ranged in size from having as few as two international locations to 250 branch locations. Together they managed a total worldwide employee population of over 5.6 million.
- 59% of the responding companies were headquartered in the Americas; 37% were headquartered in Europe, the Middle East and Africa (EMEA); 4% were headquartered in the Asia Pacific region.
- In most cases, respondents were senior human resource professionals and/or managers of international relocation programs.

NUMBER OF INTERNATIONAL ASSIGNEES PER COMPANY

The percentage of respondents who represented companies with small international assignee populations (one to 25 international assignees) continued to be low (21%) — as it has been in the past five reports. The percentage of respondents with slightly larger populations (26 to 50 international assignees), was the lowest (11%) in the history of this report. The percentage of respondents with 51 to 100 international assignees was the second highest (21%) in the history of this report. The percentage of companies with 501 to 1,000 international assignees also was the second highest (11%) in the history of this report.

Percentage of Responding Companies by Size of Total Expatriate Population															
Expatriate Population	1994	1995	1996	1997/8	1999	2000	2001	2002	2003/4	2005	2006	2007	2008	2009	2010
1 - 25	25%	29%	32%	54%	41%	36%	35%	29%	48%	27%	21%	15%	17%	18%	21%
26 - 50	14%	16%	15%	15%	17%	14%	13%	13%	14%	13%	13%	15%	15%	20%	11%
51-100	23%	18%	14%	11%	13%	15%	13%	18%	9%	9%	10%	12%	18%	14%	21%
101-500	24%	26%	29%	16%	17%	22%	25%	29%	21%	31%	33%	35%	32%	26%	27%
501-1,000	8%	8%	6%	3%	5%	5%	8%	6%	2%	7%	9%	10%	10%	12%	11%
Over 1,000	6%	3%	4%	1%	7%	8%	6%	5%	6%	13%	14%	13%	8%	10%	9%

PARTICIPANT REPRESENTATION BY INDUSTRY

As in past years, respondents represented a range of industries and an authorized list of participating companies appears at the end of this survey report. Participation by companies in the following categories was higher than in all or most previous reports:

- Consumer Products, Retailing
- Energy, Utilities, Mining
- Construction, Engineering

Participation by companies in the following categories was lower than in all or most previous reports:

- Information Technology
- Machinery, Shipbuilding, Manufacturing, Aerospace
- Services (Publishing, Advertising, Hospitality, Entertainment, Law, Business Consulting)

Survey Participants by Industry											
Industry Segment	Percentage of Firms										
	1999	2000	2001	2002	2003/4	2005	2006	2007	2008	2009	2010
Consumer Products, Retailing	12%	10%	9%	14%	8%	13%	13%	10%	13%	12%	15%
Finance, Insurance, Real Estate	16%	15%	14%	14%	10%	14%	11%	16%	8%	12%	13%
Information Technology*	19%	18%	20%	14%	15%	24%	17%	14%	20%	18%	12%
Energy, Utilities, Mining	8%	8%	10%	6%	8%	6%	8%	8%	7%	8%	12%
Machinery, Shipbuilding, Manufacturing, Aerospace	18%	19%	17%	11%	17%	8%	11%	12%	15%	12%	9%
Construction, Engineering	3%	3%	4%	3%	2%	4%	5%	7%	7%	8%	8%
Services**	8%	10%	9%	9%	14%	10%	9%	9%	12%	7%	8%
Transportation	3%	1%	1%	3%	-	2%	7%	8%	3%	7%	7%
Pharmaceuticals, Medical Devices, Healthcare	-	6%	1%	6%	10%	10%	9%	11%	9%	6%	7%
Chemicals, Agriculture	8%	6%	8%	9%	7%	2%	5%	3%	3%	7%	6%
Other	5%	4%	6%	11%	9%	7%	5%	2%	3%	3%	3%

*Electronics, Computers, Software, E-Commerce, Telecommunications **Publishing, Advertising, Hospitality, Entertainment, Law, Business Consulting

INTERNATIONAL RESPONSE RATES

Since 1999, we have asked companies to identify the location of their headquarters. In the current report:

- 59% were headquartered in the Americas.
- 37% were headquartered in Europe, the Middle East and Africa (EMEA).
- 4% were headquartered in the Asia Pacific region.

The following table summarizes all previous and current responses:

Location of Company Headquarters			
Year	Americas	EMEA	Asia Pacific
2010	59%	37%	4%
2009	55%	43%	2%
2008	59%	40%	1%
2007	50%	48%	2%
2006	48%	49%	3%
2005	54%	46%	-
2003/4	79%	21%	-
2002	77%	23%	-
2001	83%	17%	-
2000	90%	10%	-
1999	92%	8%	-

INTERNATIONAL ASSIGNEE POPULATION GROWTH

In the current report, respondents reported the first increase in the international assignee population since the 2006 report, but the increase (43%) remains lower than the historical average of 48%. Nonetheless, it is quite a change from the data for 2009 when those reporting an increase in the assignee population hit an all time low of 27%. The increase was slightly stronger in EMEA (43%) than in North America (42%). When asked to report decreases, 30% of North American respondents registered a decrease in assignee numbers, compared to a lower decrease in EMEA (21%). We believe that the continuing and powerful effects of the housing crisis in North America may help explain these results. It may also be that companies in North America, particularly in the United States, are more reactionary to economic conditions whereas those in Europe may take a longer view.

When we scrutinized the data for each industry grouping, we noted that none of the respondents from the Transportation, Automotive, Airline, Shipping group reported an increase in the assignee population. Similarly, only 10% of respondents from the Aerospace, Machinery, Manufacturing, Shipbuilding group reported an increase. These two groups also reported the highest decreases in the assignee population (50% and 45% respectively). On the other hand, increases were reported by the respondents in the Energy group (Oil and Gas, Mining, Utilities) (64%), the Healthcare, Pharmaceuticals, Medical Devices group (57%), the Finance, Insurance group (56%) and the Services group (Advertising, Entertainment, Hospitality, Publishing, Law, Business Consulting) (56%).

Forward-looking expectations about assignee population growth were over-optimistic for the years 2008 and 2009; consequently, these expectations have outrun the results recorded in each successive year. The expectations of an increase recorded in the 2010 report (when 44% expected an increase) were more realistic because 43% actually recorded assignee population growth in the current report. However, 12% expected a decrease in population in the 2010 report and 27% actually reported a decrease in the current report. Our data shows that this period of low-growth may be similar to that which followed the economic contraction reflected in the data for 2001 through 2004, but optimism appears to be returning more quickly this time. Furthermore, the continuing key role played by mobility and international assignments in the globalization process is a significant driver of the recovery in the size of the assignee population. This is supported by the fact that the reported revenues generated by responding companies outside of their headquarter countries continue to be at a record high of 58% since the 2010 report.

For the year 2011, 61% of respondents are expecting their assignee populations to increase – higher than the historical average of 57%. This is an optimistic outlook which seems to be consistent with the greater optimism observed anecdotally in the financial and other, media reporting. It will be interesting to see next year if this optimism is justified.

Respondents from companies headquartered in EMEA were more optimistic than their counterparts with headquarters in North America. For example, 64% of EMEA-headquartered respondents expected an international assignment population increase in 2011 and only 2% a decrease. At companies headquartered in North America, the corresponding percentages are 58% and 10%.

When we examined the data for expected population growth for each industry grouping, the most optimistic group was the Construction, Engineering group (78% expected an increase), followed by the Information Technology group (Electronics, Computers, Software, E-Commerce, Telecommunications) at 69% and the Services group at 67%. The lowest expectation of population increase was registered by respondents in the Finance, Insurance group (50%) and this was a slight decrease from the 56% reported in the previous year. At the same time, this group reported the largest percentage of companies that expected volumes to stay the same. We interpret this to mean that this group has already observed their expected volume increases and, for the time being, is in a period of consolidation. In addition to the Finance, Insurance group (44%), Agriculture and Chemicals group (43%) and Consumer Products and Retailing group (39%) are the top three industries that expect their assignee population volume to remain the same in 2011.

While the percentage of new hires for international assignments continues to be at an all-time low (8%), the proportion of current versus new hire employees with international experience is growing in response to the increasingly globalized economic environment. Respondents indicated that 12% of all employees had previous international assignment experience – an increase over the historical average of 10%. This is possibly an indication that companies are making more effort to locate qualified candidates of choice from within their organizations rather than to hire in the open marketplace.



INTERNATIONAL ASSIGNEE DEMOGRAPHICS

The percentage of female expatriates has hovered between 17% and 20% for the past five reports. In the current report, 18% of international assignees were reported to be women. This prompts a series of probing questions: Is the reason for this stagnant growth in female candidates related to career development issues or to personal and family issues, or is it a combination? Is there a glass ceiling for women with regard to international assignments? Is the type of support available for female assignees seen as inadequate? Are potential female trailing spouses more likely to accept the opportunity than male trailing spouses, thus discouraging female assignee candidates? Are single parent candidates more likely to be women and therefore reluctant to leave support networks available at home? These questions are speculation, but raise some interesting areas for organizations to examine if they are anxious to improve performance in this area.

In last year's report we observed links between difficult economic times and the employment of older international assignees and we can tie this to similar results this year. For example, only 9% of assignees were 20 to 29 years old (tied for the lowest percentage in the history of this report). In contrast, 19% were 50 to 59 years old (second highest in the history of this report). Looking back on the data, the percentage of assignees in the 20 to 39-year-old age group was higher in the boom years of 2005 through 2007 and was lower in sluggish economic times – as it is today. Conversely, the percentage of assignees in the 40 to 59-year-old age group has been higher in the past two years.

Eighty percent (80%) of married/partnered assignees were accompanied by spouses/partners while on assignment – slightly lower than the historical average of 84%. While respondents reported that 68% of assignees were married (close to the historical average 67%), only 47% of assignees had children accompanying them – the same all-time low as in the 2010 report. The reported age of the international assignees is closely linked to the percentage of assignees that have children accompanying them. For example, a high percentage of companies with assignees that were not accompanied by children also had a higher percentage of assignees in the 20 to 29-year-old group and in the 50 to 59-year-old group than those companies with a high percentage of assignees that were accompanied by children. The highest percentage of assignments with accompanying children occurs among assignees in the 40 to 49-year-old age group, followed by those in the 30 to 39-year-old age group. We would not want to assume that the more frequent use of younger and older assignees is a deliberate strategy to reduce costs by selecting candidates that are less likely to have a number of dependents and this may be an unintended consequence. We have remarked previously that the use of older assignees may be a reflection of companies' desire to maximize and leverage known past performance and we believe that this is continuing to be reflected in our data.

When we looked at single-status assignments, we found that the percentage of such assignments was closely linked to assignment length. Companies with a high percentage (over 50%) of single-status assignments had a lower percentage of long-term assignments and one-way permanent moves than companies with a low percentage (less than 50%) of single-status assignments. Furthermore, companies with a high percentage of single-status assignments had a higher percentage of short-term assignments, extended business travel assignments, commuter assignments and local hires.

Still, respondents indicated that 39% of single-status assignments were long-term. We can only surmise that such a high number is caused by the current economic conditions where members of dual-income families that own a home are reluctant to sacrifice a second income and their family support network resulting in more split long-term assignments.

While there are some signs of improvement, obtaining spouse/partner employment during international assignments continues to be a struggle. In this report, 60% of spouses/partners were employed before (but not during) an assignment – higher than the historical average of 48%. During assignments, however, only 12% of those employed before an assignment were able to find jobs. That was less than the historical average of 14%, but it was an improvement over the 2009 report (10%) and the 2010 report (9%). The difficulty experienced by spouses to find jobs is consistent with high unemployment figures in many developed countries, difficulties to obtain work permits in certain locations and the rise in the number of assignments into emerging countries, but does not explain this situation entirely. But again, it may be that many couples, where the spouse would push hard to obtain employment, actually do not accept assignments and are therefore self-deselected.



INTERNATIONAL ASSIGNEE SOURCES AND DESTINATIONS

International assignments continued to reflect the globalization trend. For example, only 57% of assignees were relocated to or from a company's headquarters country – the second-lowest percentage in the history of this report. Companies that generated more than 50% of revenues outside of the headquarters country also had a higher percentage (47%) of assignments taking place between non-headquarters locations. With the percentage of revenues generated outside of the responding companies' headquarter countries increasing steadily since 2006, we expect the number of assignees relocated between non-headquarter countries to continue to rise in the future.

Intra-regional transfers (transfers between countries of Americas, EMEA or Asia Pacific regions) now account for 29% of transfers. This percentage has grown steadily since its first appearance (at 22%) in the 2009 report. The highest percentage of transfers has historically been within EMEA (45% in this report) – illustrating the value of barrier-free economic zones (such as the European Union) to companies engaged in global business.

Respondents cited the United States (20%), followed by China (14%) and the United Kingdom (14%) as the top international assignment destinations – the same as in the 2010 report. The United States, China and the United Kingdom have been among the top three destinations since the 2000 report. Consistent with the economic vigor to be found in certain other countries, some of these are notable for having moved up the rankings. Worthy of mention are Australia, up from 10 to 7; Brazil, up from 20 to 9 and Canada, up from 19 to 12. We attribute these movements to the relative robustness of the energy and mining sector which is further supported by the appearance of the previously unranked Qatar, at number 16. On the other hand, there were some changes in the rankings that were not necessarily expected: India slipped from 6 to 10, although it still appears as a significant emerging location and Russia slipped from 12 to 14. It is interesting to note that these two countries are highly rated when it comes to presenting difficulties for both assignees and program managers as described below.

When asked to identify the three countries that were emerging as new assignment locations, 7% of respondents ranked China as the most common new destination, followed by Brazil (7%), India (5%) and Singapore (5%). We believe that Russia moved up from twentieth to eighth position because its revised immigration laws make visas easier to obtain, but the slight slip in its ranking in overall frequency suggests that this might have a limited effect.

When asked which three countries produced the greatest assignment difficulties for international assignees, China was cited by 16% of respondents, followed by India (15%), Russia (8%) and Brazil (7%) – the same sequence as in the previous four reports. China (15%), India (13%), Russia (9%) and Brazil (8%) also were cited as the most challenging destinations for program managers to administer. We believe that the fact that the top four countries represented in this category are the BRIC countries is probably a reflection of the assignee volume going into these locations. The competition for housing and schooling and other strains on infrastructure will undoubtedly create delays and difficulty to the relocation process and have a negative impact on both assignees and program managers alike.



ASSIGNMENT TYPES, POLICIES AND BENEFITS

When we asked respondents about the kind of policies they currently have in place, we found a predictable list of policy types with the long-term policy continuing in the most frequent position. A new choice this year was the rotational assignment and 12% of respondents indicated that they have this policy type in place. This seems to be a part of continuing thread that identifies the growth of the energy and mining sectors. We noted that one-way permanent move policies replaced localization policies in third position. We believe that cost considerations may be driving this change and note that a significant minority (19%) of companies are immediately implementing local standards for these one-way assignments whereas 50% spread the transition over a period of years ranging from 1 to 5 or more years.

A question asking for information on policy types scheduled for future development found that respondents were most often considering localization policies (40%), short-term policies (28%), long-term policies (26%), commuter policies (22%), developmental policies (21%), extended business travel policies (17%) and one-way permanent move policies (17%). The high percentage of respondents that are developing localization policies is to be expected and is in line with companies' desire to utilize talent on a global basis but not necessarily using an assignment as the vehicle to do this. The continuing interest in the use of short term and commuter policies is, likewise, reflected as expected in the data.

The continuing high percentage of companies planning long-term policies was less expected and is possibly related to the number of companies that are considering adding flexibility to their programs. We believe that this includes a desire to retain long-term policy types but in a form that is more responsive to business needs.

Regarding factors considered in localization policies, the choices “always localize after a fixed number of years” and “cost” have gained ground on “assignee wishes to stay in the host country.” These efforts are consistent with the observed trend for companies to be more focused on governance and scrutiny with regard to the purpose and cost of international mobility.

Among companies that relied upon localization, most (33%) localized in 1 to 4 years; however, 22% reported localizing on a case-by-case basis (a new choice in this year’s report). The high percentage of responses for “case-by-case basis” confirms the challenging nature of the localization process, which is made even more difficult when negotiations are the primary method of arriving at a localization schedule. To manage this process more effectively, we recommend establishing guidelines and agreeing on the localization schedule before the assignment begins.

GLOBAL BUSINESS STRATEGY



With respondents reporting that 58% of company revenues are generated outside of the headquarters country (the same as the record high in the 2010 report), it appears that international assignments are here to stay as we observed above.

While the mobility function at most companies does not often report directly to talent management, (this occurs only 5% of the time), we believe that the links maintained by the corporate mobility function tell a vital story. Seventy-one (71%) of respondents reported that the mobility function had links to corporate HR, 59% had links to talent management and 47% to Compensation and Benefits. Our impression is that while reported links to corporate HR and Compensation and Benefits are to be expected by virtue of existing reporting relationships and the conducting of day to day business, the link to talent management is indicative of an important underlying trend. Companies are beginning to focus on the fact that global mobility cannot and should not be separate from the overall strategy for the management of talent. They are actively seeking to better use the experience of the globally mobile employee population and to leverage its value by mitigating the inevitable losses experienced as a result of post assignment attrition or the lack of career direction post assignment.

Respondents identified and ranked the following company initiatives as important for ensuring success in the global marketplace. They are listed in order as: evaluating policies and programs to ensure that they are aligned with company business objectives, identifying a pool of qualified potential candidates, planning for long-term career paths and establishing criteria for measuring assignment success. The most important initiatives were connected to the evaluation of policies and programs to ensure that they are aligned with company business objectives. This is a pleasing result and reflects the trend observed elsewhere for mobility functions to be much more concerned and proactive around ensuring that their efforts are strategically focused on issues of importance to their organization’s business direction and strategy.

In response to economic conditions, 75% of companies reduced assignment expenses. The historical average was 65%, but the percentage has been rising every year since 2006, when it was 51%. However, only 56% reported increased pressure to reduce costs compared to 84% in the 2010 report. Whether cost cutting is on the rise or not, organizations are clearly challenged in their efforts to demonstrate and connect the value of international assignments to the bottom line. This makes global mobility and its high cost vulnerable to the threat of budget cuts whenever the economic picture becomes gloomy. In the face of these budgetary constraints, it is more critical than ever for the mobility function to work with talent management towards identifying critical assignments and improving the candidate-selection process. This is in addition to re-calibrating assignee expectations about the level of benefits to be provided, so that they are based on need rather than entitlement and recognize mutual benefit where that is a strong motivating factor for the assignee.

At companies that reduced expenses, the primary areas for cost reduction were policy offerings or amounts (25%), more care in selecting candidates (15%) and increased reliance on short-term assignments (12%). Although cost reduction in policy offerings has been the top choice historically, in the current report, care in selecting candidates has replaced scrutiny of policy exceptions in the second position. We believe that this is evidence of a sharper focus on talent management and

development along the lines already described in this report. The objectives for international assignments were identified as, in order of importance: filling a technical skills gap, filling a managerial skills gap, building international management expertise/career development, launching new endeavors and technology transfer. This is the first time that technical skills have overtaken managerial skills. Furthermore, launching new endeavors has moved from fifth to fourth position – suggesting a link to companies' expansion into emerging markets as they look for new opportunities in economies that have not had the same experience of recession as those in Europe and North America.

Another aspect of the current budget-conscious environment was revealed when we asked respondents to rank, in order of importance, the three most common assignment management challenges for their company. Respondents cited the cost of assignments followed by finding suitable candidates, career management and compliance. This was the first year that we asked respondents to rank these factors and, we believe, has resulted in a more focused result. In particular, the rise in compliance (from seventh to fourth position) suggests that changes in immigration and tax legislation implemented in many countries in an increasingly protectionist environment generated by the financial crisis, are being felt within the mobility function. At the same time, for companies that are making more use of short-term, commuter and extended business travel assignments, there is a greater need for internal compliance monitoring and regulation.

CULTURAL AND FAMILY ISSUES

Seventy-four percent (74%) of companies provided cross-cultural preparation – the lowest percentage in the history of this report. While this benefit may be an easy one to cut to reduce costs, it is difficult to ensure the quality of web-based or self-service cross-cultural preparation that is usually offered as an alternative. Where cross-cultural training was offered, 49% provided it to the entire family, 46% to the employee and spouse and 4% for employee only. Historically, a larger percentage of companies provided training to the entire family (55%). We recommend that the training be offered to other family members, even if the assignee refuses the training. Very often, this refusal means that the non-working spouse and children will not receive the benefit when in reality they may be more exposed to the local culture than the assignee. Cross-cultural training is mandatory at 25% of companies (the same as the historical average) yet 89% of respondents rated it as having good or great value – higher than the historical average (81%). While 32% of respondents used media-based or web-based cross-cultural training programs, we expect this percentage to increase as the technology savvy Millennial Generation matures and improved applications for online training become available.

As a constant, the most critical family challenges identified (in order) were partner resistance, family adjustment and children's education. Not surprisingly, the top reasons for assignment refusal were family concerns, compensation, employee career aspirations, partner's career and quality of life at the host location. This year, instead of enabling participants to provide multiple responses, we asked participants to rank their responses in order of importance to distinguish with greater clarity the relative importance of the different reasons for assignment refusal. As a result, both inadequate compensation and career aspirations (a tie) moved up into the second position, replacing spouse/partner's career. This change, however, may not be entirely the result of the new methodology. Even if we had calculated the results using the former method, career aspirations would have replaced spouse/partner's career as the second most important reason for assignment refusal. Overall concern about the spouse/partner's career has been superseded to an extent by a focus on the career aspirations of the potential assignee. It may be that although spouse/partner issues are still important, the recent history of financial difficulty has encouraged couples to make some different choices. We believe that we are observing a small shift towards choices which focus on how to consolidate and secure the family's financial future by concentrating on the career of one rather than both partners.

When we asked about types of spouse/partner assistance provided, we noted that employment search or job-finding fees moved up to third position from seventh in 2010. This may be an indicator that companies are responding to those spouses/partners who may prefer to search for jobs by themselves rather than receiving a company supported formal program or service.



INTERNATIONAL ASSIGNEE SELECTION AND ASSESSMENT

Because of the growing interest in structured approaches to career management for international assignees, we included a new section about assignee selection and assessment.

Only 22% of respondents had a formal career-management process for international assignees; given the very active interest in increasing the links between mobility and talent management, we expected this number to be higher. Furthermore, only 18% of respondents had a formal candidate pool for international assignments. This low figure indicates that companies may be passing over the best candidates in favor of less qualified candidates to fill important international assignment positions. The top criteria for placing employees in the assignee candidate pool were as anticipated: designation as a high-potential employee (81%) and specific/rare skills (81%).

Nineteen percent (19%) of respondents reported the use of candidate-assessment tools, but 40% were considering them for the future. During the selection process, leadership skills (92%) led the list of competencies being assessed which fits the likely explanation that in addition to technical skills, there is a primary need for leadership skills on international assignments. Assessments of assignee and family suitability may be considered discriminatory by law and some companies (23%) are instead utilizing a self-assessment approach. We believe that in many cases, the candidate may de-select themselves which removes some of the subjectivity of more formal, company directed assessments. We anticipate that self-assessment will be attractive to the Millennial Generation because these tools are invariably conducted via an online application.

ASSIGNMENT EVALUATION AND COMPLETION

Seventeen percent (17%) of respondents did not know how assignees' performance was evaluated, a troublesome increase over the historical response of 13%. As previously reported in the 2010 report, we are concerned that so many respondents do not know how assignee success is evaluated. With so much focus on talent and career management and the need to address assignee retention, we had expected to see an improvement in this category.

Regarding the career impact of international assignments on assignees, the percentage of respondents that believe assignees (in comparison to their peers) are more frequently "hired for new positions within the company" rose slightly since 2006 and that they "changed employers more often" decreased compared to the 2010 report – most likely because employees are more interested in remaining in a secure situation, especially during the current economic climate.

Respondents reported that only 6% of assignments were incomplete because international assignees returned early – lower than the historical average of 7%. The main reason cited for early return is family concerns (34%). Even though the percentages for family concerns have been rising in the past two reports, it is difficult to address this issue without more compelling evidence, especially since the percentage of early returns has declined.

REPATRIATION AND ATTRITION

Ninety-five percent (95%) of respondents held repatriation discussions, a percentage that has climbed since the 2009 report. Not surprisingly, all companies with a formal career-management process for assignees discuss repatriation/re-entry plans with assignees. Before the 2008 report, a higher percentage of respondents reported "do not discuss repatriation," but this percentage has slowly shifted to discussing "less than 6 months" before the return as companies shift to more structured assignment cycle management.

Seventy-four percent (74%) of companies had written policies to address repatriation practices. Unfortunately, only 14% of companies had a formal repatriation strategy linked to career management and retention. While written policies are a good start, they must be integrated with the wider talent management strategy and linked to concrete action and forward-looking career "next steps" to provide the kind of support that benefits assignees and enables companies to recoup the experience gained during international assignments. A higher percentage of companies that had a repatriation strategy did hold discussions before assignments (37% vs. 21%) or more than 6 months before return (44% vs. 22%). It is clear that the presence of a formal repatriation strategy improves the quality of communication and expectation setting regarding next career steps. We believe that, over time, this will be reflected in more successful attrition outcomes for companies that implement this type of strategy.

A very high number of companies (99%) helped repatriating employees by identifying new jobs within the company. Of these, 37% relied on informal networking and 27% required the department that authorized the assignment to identify a job. Only 21% used formal job postings. However, when we correlated these responses to pinpoint the differences between companies that had a formal repatriation strategy and those that did not, the companies with a formal repatriation strategy played a much more active role in finding new jobs and relied less on informal networking.

ATTRITION AND ASSIGNMENT FAILURE

The annual attrition rate for all employees was 8% as was the attrition rate for international assignees. In context, 67% of respondents indicated no change in the assignee attrition rate since last year, 19% reported an increase and 14% a decrease – about the same as the results in the 2010 report, which were the lowest on record 65%, 20% and 15% respectively.

Among international assignees who left the company, 22% left during an assignment, 28% within a year of returning, 24% between the first and second year and 26% after 2 years. The percentage of assignees leaving within a year of returning has always been higher. High-performance employees always have had more opportunities; consequently, if they do leave, the timing is soon after successful completion of an assignment.

When asked to rate the effectiveness of methods used to reduce international assignee turnover, respondents selected greater opportunity to use international experience as the most effective method (35%), followed by more choices of position upon return from an assignment (22%) and greater recognition during and after an assignment (16%). All of these methods are related to career development, yet only 22% of responding companies report having a formal career-management process for international assignees.

Respondents indicated that only 4% of assignments failed – despite the perception that the failure rate is higher. Key factors were spouse/partner dissatisfaction, poor candidate selection and poor job performance. As in the 2010 report, China, India and the United States were cited as the locations with the highest rate of assignment failure.



COST ESTIMATING, TRACKING, COMPARISONS AND ROI

While 68% of responding companies required a clear statement of assignment objectives before funding an assignment (the historical average was 64%), this is a reduction from the peak of 75% in the 2010 report. We see this as a retrograde move and somewhat out of step with the current idea that assignment governance has been improved as a result of the financial crisis. The clear establishment of assignment objectives is key to the accurate measurement of assignment success and, as such, is a critical piece of the assignment structure.

When asked whose approval was required, 43% required business unit approval, but only 4% cited corporate HR/mobility approval (compared to 17% in the 2010 report). It is possible that the drop in corporate HR approval is an indication that companies are monitoring these assignments in a less centralized manner and possibly less closely. Our assessment may be borne out by the fact that only 41% of companies required a cost-benefit analysis to justify relocation assignments (compared to 46% in the 2010 report). This is an alarming development and, again, contradicts the frequently expressed opinion that governance efforts have been increasing. It may indicate that the mobility function staff is stretched too thinly.

Eighty-six percent (86%) of responding companies prepared cost estimates before initiating international assignments and 67% tracked costs during an assignment, compared to 64% in the 2010 report. Unfortunately, only 25% of respondents compared estimates with actual costs – the lowest percentage in the history of this report. Again, we believe that individuals working in the mobility function of most organizations are increasingly stretched and short of resources and this particular calculation may not be at the top of their priorities. Added to this, many companies have not invested in systems that can perform this complex comparison easily.

Only 8% of respondents formally measured return on investment (ROI); 50% of respondents indicated that the principal reason for not measuring ROI is that they do not know how to achieve it. Because of this difficulty, companies may need to abandon the search for numerical measurement and instead focus on a more qualitative evaluation of how they use the fruits of the investment in international assignments.

OUTSOURCING

An increased number of respondents, 17% as opposed to 14% in the 2010 report, indicated that they were considering outsourcing their international assignment program administration. Respondents reported that the top three benefits of outsourcing were: the ability to reduce staff, the identification of assignment costs and access to specialized expertise.

Clearly there is continued pressure on mobility functions to reduce staff and outsourcing is a way of achieving this. Internal tracking and reporting of costs may be difficult for companies to manage and an outsourcing partner can rectify gaps in this area. Another reported advantage is the access to the specialized expertise and thought leadership that can help to identify opportunities for companies to achieve more value within their programs.

In addition to the struggle with workload, we can see that mobility professionals are also struggling with the strategic direction and relevance of the global mobility function. Resource limitations have forced companies to give precedence to daily tactical matters while perhaps neglecting those that are strategic. As a result, global mobility functions are more open to discussing strategy with outsourced suppliers in an attempt to leverage the specialized thought leadership available to them and to consider outsourcing the tactical in order to create a more strategic space for the mobility function.



THE INTERNATIONAL ASSIGNEE POPULATION

- 43% of respondents believed the number of international assignees increased in 2010, the first increase since the 2006 report, but still lower than the historical average of 48%; 61% expected the number to increase in 2011, higher than the historical average of 57%.
- 12% of all employees had previous international assignee experience and 8% of current international assignees were new hires (the same as in the 2010 report which was the lowest percentage in the history of this report).
- 18% of international assignees were women, compared to a historical average of 16%.
- Only 9% of international assignees were 20 to 29 years old (tied for the lowest percentage in the history of this report); 19% were 50 to 59 years old (second highest in the history of this report).
- 68% of international assignees were married (the historical average was 67%). The other marital-status percentages were close to their historical averages.
- Only 47% of international assignees had children accompanying them, the same as in the 2010 report, which was an all-time low.
- Spouses/partners accompanied 80% of international assignees; the historical average was 84%. 39% of single-status assignments were long term (1 year or more) and 61% were short term (3 to 12 months).
- 60% of spouses were employed before an assignment (but not during); 3% were employed during an assignment (but not before); 12% were employed both before and during the assignment.

INTERNATIONAL ASSIGNEE SOURCES AND DESTINATIONS

- 57% of international assignees were relocated to or from the headquarters country, the second lowest percentage in the history of this report.
- 29% of transfers were intra-regional; 45% of these transfers took place within EMEA; 28% within the Asia Pacific region; 27% within the Americas.
- The United States, China and the United Kingdom were the most frequently cited top destinations — the same as in the 2010 report.
- China, Brazil, India and Singapore were the primary emerging destinations.
- China, India and Russia were the most challenging locations for international assignees (same as the past four reports). China, India, Russia and Brazil were the most challenging for administrators.



ASSIGNMENT TYPES, POLICIES AND BENEFITS

- 74% of respondents use a global approach for standardizing their relocation policies, 17% a regional approach, 4% a divisional approach and 5% another approach.
- 99% of respondents had long-term assignment policies (1 year or more), 84% short term (3 to 12 months), 46% one-way (permanent), 39% extended business travel (less than 3 months), 38% localization (conversion from international assignee status to local standards), 30% commuter, 21% local-hire, 17% developmental, 12% rotational (a new choice this year), 9% graduate, 6% flexible based on a core of required benefits (a new choice this year), 1% virtual team and 6% other types of assignment policies.

- For future development as policies, respondents most often considered localization policies (40%), short-term policies (28%), long-term policies (26%), commuter policies (22%), developmental policies (21%), extended business travel policies (17%), one-way permanent moves (17%), flexible (16%), local hires (14%), rotational hires (9%), graduate hires (5%) and virtual teams (3%).
- Factors considered in localization policies included international assignee wishes to remain in the host country (30%), a predetermined assignment length (24%), cost (20%) and no position at the home location (12%).
- Among companies that relied upon localization, 19% localized immediately, 33% localized in 1 to 4 years; 17% localized in a period of 5 years or more; 22% localized on a case-by-case basis.

GLOBAL BUSINESS STRATEGY

- 58% of company revenues were generated outside the headquarters country, the same as in the 2010 report, a record high compared to a historical average of 45%.



- 57% of respondents reported that the global mobility function reported to corporate human resources, 41% to compensation and benefits and 5% to talent management.
- 71% of respondents reported that the mobility function had links to corporate HR, 47% links to compensation and benefits and 59% to talent management.
- For 86% of respondents, relocation assignment policy decisions were made globally at headquarters, 7% regionally and 7% by divisions (business units).
- Respondents reported the following top company initiatives to ensure success in the global marketplace: evaluating policies and programs to ensure that they are aligned with company business objectives, identifying a pool of qualified potential candidates, planning for long-term career paths and establishing criteria for measuring assignment success.
- In response to economic conditions, 75% of companies reduced assignment expenses. 56% reported increased pressure to reduce costs compared to a year ago – a reduction from 84% in the 2010 report.
- The primary areas for cost reduction were reduced policy offerings (25%) or amounts, more care in selecting candidates (15%), reliance on short-term assignments (12%), vendor fees (11%) and reliance on local hiring (10%).
- The main assignment objectives were filling a technical skills gap (24%), filling a managerial skills gap (22%), building international management expertise/career development (17%), launching new endeavors (14%) and technology transfer (12%).
- Critical relocation challenges included costs (15%), finding suitable candidates (12%), career management (12%), compliance (9%) and controlling policy exceptions and assignee retention (tied at 8%).

CULTURAL AND FAMILY ISSUES

- 74% of companies provided cross-cultural preparation (43% on some assignments and 31% on all assignments). Where it was offered on some assignments, 46% made it available based on host location, 29% by type of assignment and 25% based on other criteria.
- Where cross-cultural training was offered on all assignments, 49% provided it to the entire family, 46% to the employee and spouse and 4% for employees alone.
- Cross-cultural training was mandatory at 25% of companies. However, 89% rated it as having good or great value. 32% of respondents used media-based or web-based cross-cultural programs. 28% considered such programs as additional support to reinforce in-person programs; 28% cited portability, 17% used them as stand-alone alternatives to in-person programs, 9% for time efficiency and 6% for cost reasons. The most critical family challenges were partner resistance, family adjustment, children's education and difficulty of the destination location.
- The top family challenges identified as very critical to companies were partner resistance (47%), family adjustment (32%), children's education (29%) and location difficulties (25%).
- The top reasons for assignment refusal were family concerns, compensation, employee career aspirations, partner's career and quality of life at the location.
- 75% of respondents supported spouses with language training, 32% education / training assistance, 32% employment search or job-finding fees, 32% with sponsored work permits, 31% a lump-sum allowance and 30% career-planning assistance.
- 6% of responding companies assisted international assignees with elderly family members (a record low) — usually by supporting elder-care in the home country (57%), by supporting international assignee visits to the home country (43%), or by relocating them to the assignment location (43%).



INTERNATIONAL ASSIGNEE SELECTION AND ASSESSMENT

- 22% of respondents had formal career-management processes for international assignees.
- 18% of respondents had a formal candidate pool for international assignments.
- The top criteria for including employees in an international assignee candidate pool were high-potential employees (81%), specific/rare skills (81%), previously expressed willingness to go on assignment (62%), previous international assignment experience (48%) and cultural abilities or skills (29%).
- 19% reported the use of candidate-assessment tools. 38% used formal assessment programs managed by the human resources or international mobility function, 33% a formal assessment program from an external provider, 25% a candidate self-assessment and 21% a formal program managed by the business unit.
- 40% were considering a candidate-assessment tool for the future.
- 54% used assessment results for candidate selection, 46% for self-assessment.
- Competencies assessed during the selection process included leadership skills (92%), flexibility (85%), cross-cultural communication (54%), technical skills (54%) and family suitability (46%).

ASSIGNMENT EVALUATION AND COMPLETION

- To monitor assignments, 45% of respondents used host-country performance reviews and 26% used both home- and host-country reviews.
- Regarding the career impact of international assignee assignments, 38% believed they led to finding new positions at their company more easily, 33% faster promotions and 18% to changing employers more often.
- 6% of assignments were incomplete because international assignees returned early.
- The top reasons for early return from assignment included family concerns (34%), a new position at the company (22%) and early completion (21%).
- The top reasons cited for requiring more time to complete assignments were a change in business needs, expansion in the project scope and no successor ready to replace the international assignee.

REPATRIATION AND ATTRITION

- 95% of respondents held repatriation discussions; 23% discussed repatriation before assignment departure, 25% more than 6 months before return and 47% less than 6 months before assignment completion.
- 74% of companies had written repatriation policies.
- 14% of companies had a formal repatriation strategy linked to career management and retention.
- 99% of companies identified new jobs within the company for repatriating employees. This was accomplished through informal networking (37%), the transferring department (27%) and formal job postings (21%).
- Attrition for all employees was 8%, compared to a historical average of 12%. The attrition rate for international assignees also was 8%.
- Among international assignees who leave a company, 22% left during an assignment, 28% within one year of returning, 24% between the first and second year and 26% after two years.
- 67% of respondents indicated no change in the assignee attrition rate since last year, 19% an increase and 14% a decrease.
- To minimize international assignee turnover, respondents cited opportunities to use international experience as the best method, followed by choice of position upon return and recognition during and after an assignment.
- Respondents indicated that 4% of assignments fail. Key factors leading to assignment failure were partner dissatisfaction, poor candidate selection, poor job performance, inability to adapt and job does not meet expectations.
- China, India and the United States were cited as the locations with the highest rate of assignment failure — the same as in the 2010 report.



COST ESTIMATING, TRACKING AND COMPARISONS

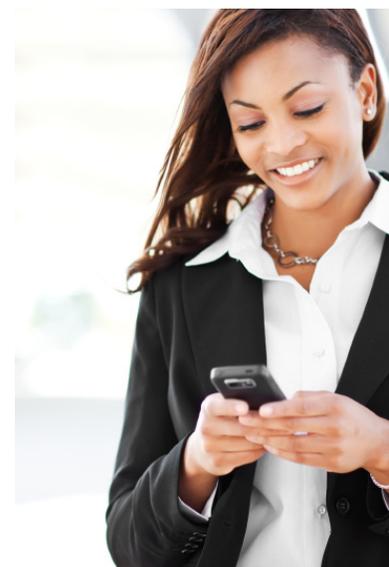
- 68% of responding companies required a clear statement of assignment objectives before funding an assignment (compared to a historical average of 64%). When asked whose approval was required, 43% required business unit approval, 11% the CEO, 7% case by case, 5% host-country HR, 4% corporate HR, 3% home-country HR.
- 41% of companies required a cost-benefit analysis to justify relocation assignments.
- 86% of respondents prepared cost estimates before an assignment and 67% tracked costs during an assignment.
- 25% of respondents compared estimated with actual costs, the lowest percentage in the history of this report.

EVALUATING RETURN ON INVESTMENT

- 8% of respondents formally measured return on investment (ROI). Principal reasons for not measuring ROI included not knowing how to achieve it (50%), not important to our organization (16%) and no time (14%).
- Of those who measured ROI, the top factors considered included international assignee compensation (88%), the cost of relocation support (88%), completion of objectives (75%), administration costs (63%), employee management development (63%) and business revenue generated (50%).
- 70% of respondents defined ROI as “accomplishing assignment objectives at the expected cost.”
- 0% of respondents rated their ROI as excellent or very good, 67% as good, 33% fair and 0% as poor. These are the poorest ROI self-ratings in the history of this report and they continue a downward trend that began with the 2008 report.
- The top initiatives to improve international assignee ROI included better candidate selection/assessment, career-path planning to utilize cross-border skills upon return, more effective communication of assignment objectives, better assignment preparation and company-sponsored mentoring programs.

COMPENSATION

- 62% of respondents used a home-country approach to determine compensation for long-term assignments, 6% a host-country approach, 26% a combination home/host-country approach and 6% a hybrid approach.
- 85% of respondents used a home-country approach to determine compensation for short-term assignments, 3% a host-country approach, 10% a combination home/host-country approach and 2% a hybrid approach.
- To determine host-country income tax liability, 69% used a tax-equalization approach; 13% provided tax protection; 5% provided no compensation for the differential.
- To determine home-country income tax liability, 79% used a tax-equalization approach; 4% provided tax protection; 7% provided no compensation for the differential.
- 46% of respondents made periodic adjustments to manage fluctuations in exchange rates for international assignee compensation, 27% used a split pay technique, 10% provided exchange-rate protection and 20% provided no compensation.
- When asked how often they adjusted compensation packages to accommodate exchange-rate fluctuations, 18% made quarterly adjustments, 23% biannually, 18% annually, 11% case by case and 17% never during an assignment.



OUTSOURCING

- Respondents believed that the top benefits of outsourcing were ability to reduce staff, identification of assignment costs, specialized expertise, consistent policy application and both better reporting and better vendor management (a tie).
- 38% of respondents currently outsource international assignment programs.
- 17% of respondents who did not outsource international assignment program administration were considering outsourcing within two years (compared to 14% in the 2010 report).
- Compliance (including taxes, social security and immigration) was the most commonly outsourced service, followed by financial management and vendor management and coordination.
- 39% of respondents managed multiple vendors themselves; 23% outsourced vendor management tasks; 35% used a mix of both types of management.



- Respondents ranked global HR experience as the chief outsourcing criterion, followed by pricing, geographic reach, service philosophy, technological capabilities and a tie between communication with international assignees and general reputation.
- For 78% of respondents who outsourced all or part of their international assignment program, expectations were met or exceeded.
- 46% of respondents measured their supplier's performance.
- 21% of respondents had an internal service level agreement between their internal international mobility function and the business units within their company.
- On disbursements made to suppliers, 29% of respondents recovered the VAT/GST in all jurisdictions where the VAT/GST was applied, 29% did in some jurisdictions and 42% did not.
- For those who recovered the VAT/GST on supplier disbursements, 48% performed the VAT/GST recovery in house, 19% relied on their relocation management service provider and 28% relied on another third-party specialist.



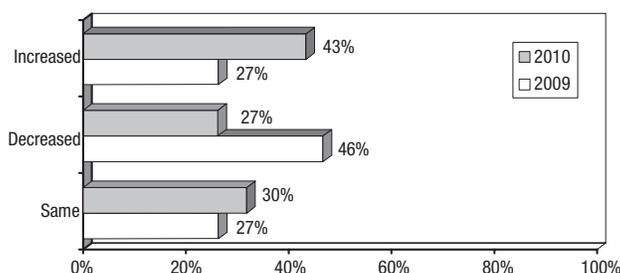
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THE INTERNATIONAL ASSIGNEE POPULATION

International Assignee Population Growth Rate

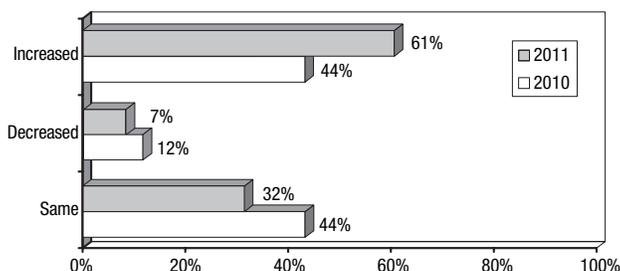
Forty-three percent (43%) of respondents reported an increase in the number of international assignees over last year, 27% cited a decrease and 30% no change. The increase in international assignee population was the first since the 2006 report although it is lower than the historical average. The historical averages were 48%, 22% and 30% respectively.

Expatriate Population for 2010 Compared to 2009



Sixty-one percent (61%) of respondents expected the number of international assignees to increase during 2011, 7% a decrease and 32% no change. The expected increase was higher than average. The historical averages were 57%, 13% and 30% respectively.

Expected Expatriate Assignee Population for 2011 Compared to 2010

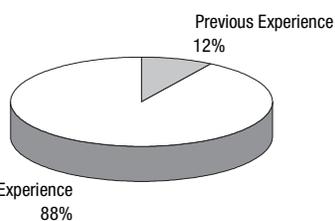


Previous International Assignee Experience and Company Employment

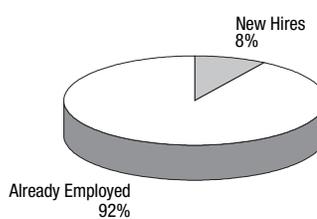
When asked to indicate the percentage of employees that had previous international assignee experience, respondents indicated that 12% of their employee population had international assignee experience. The historical average was 10%.

Eight percent (8%) of current international assignees were new hires and 92% already were employed by the company at the time of assignment. The percentage of new hires was the same as in the 2010 report, which was the lowest percentage in the history of this report. The historical average for new-hire international assignees was 12%.

Total Employee Population with International Assignee Experience



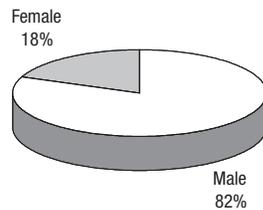
Company Employment



Female International Assignees

Respondents indicated that 18% of international assignees were female – a slight increase over the 17% in the 2010 report. The historical average was 16%.

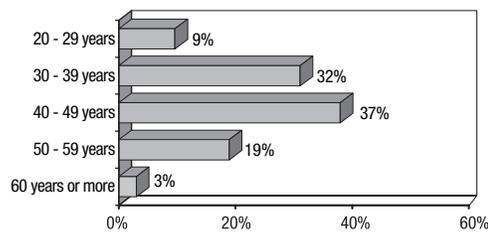
International Assignees by Gender



Age of International Assignees

When asked to indicate the ages of international assignees, respondents reported that 9% were 20 to 29 years old (a tie for the lowest in the history of this report), 32% were 30 to 39 years old, 37% were 40 to 49 years old, 19% were 50 to 59 years old (the second highest in the history of this report) and 3% were over 60 years old. The historical averages were 13%, 33%, 35%, 16% and 3% respectively.

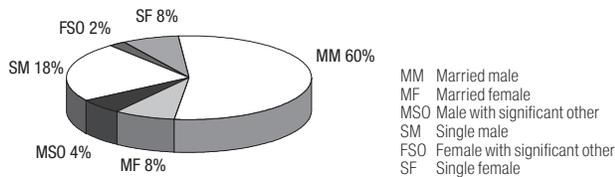
International Assignees by Age Group



Marital Status

As in previous reports, most international assignees were married (68%), compared to a historical average of 67%. All of the percentages are close to their historical averages.

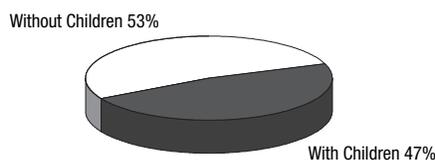
International Assignee Marital Status



Accompanying Children

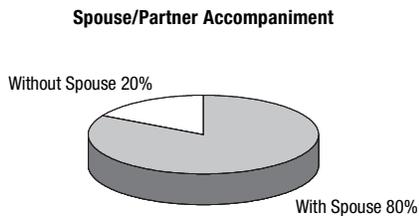
Only 47% of international assignees had children accompanying them during an assignment – the same as in the 2010 report, which was an all-time low and a trend that began with the 1999 report. The historical average was 55%.

Accompanying Children



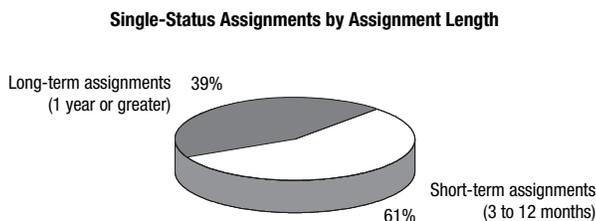
Spouse/Partner Accompaniment

During assignments, spouses and partners accompanied 80% of international assignees. The historical average was 84%.



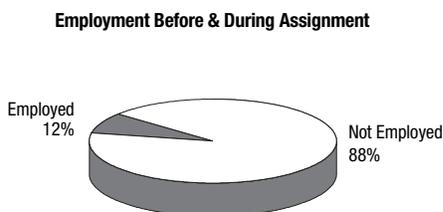
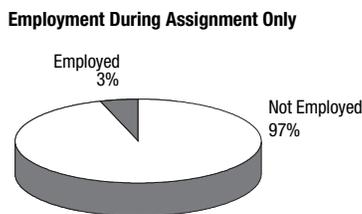
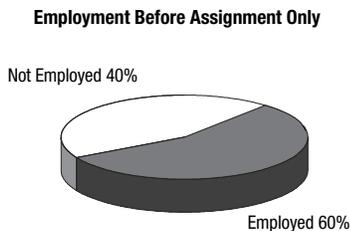
Single-Status Assignments by Assignment Length

For the first time, we asked respondents to report the percentage of single-status assignments (without spouse/partner) by assignment length. Respondents indicated that 39% of married/partnered assignees going on a single-status assignment do so for long term assignments (1 year or longer) and 61% for short term assignments (3 to 12 months).



Spouse/Partner Employment

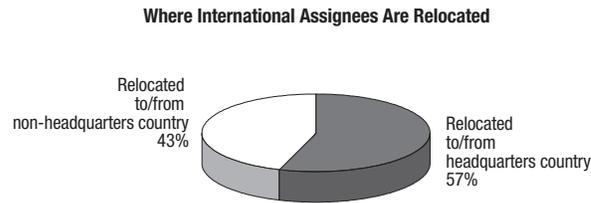
Sixty percent (60%) of spouses and partners were employed before (but not during) the assignment, compared to a historical average of 48%. Furthermore, 3% were employed during (but not before) the assignment, compared to a historical average of 6%. Twelve percent (12%) were employed both before and during the assignment, compared to a historical average of 14%.



INTERNATIONAL ASSIGNEE SOURCES AND DESTINATIONS

Sources of International Assignee Population

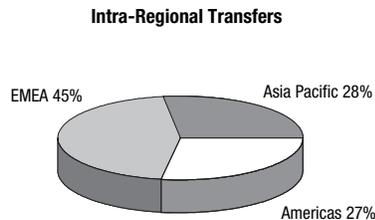
When asked where international assignees were sent, respondents indicated that 57% were relocated to or from a headquarters country, the second-lowest percentage in the history of this report (compared to 56% in the 2010 report and a historical average of 61%); 43% were relocated to or from a non-headquarters country.



Intra-Regional Transfers

Participants were asked to cite the percentage of transfers that were intra-regional (a cross-border transfer within a geographic region of the world that does not take place to or from a headquarters location). They reported that 29% of transfers took place within a region, compared to 27% in the 2010 report and a historical average of 26%.

We also asked them to provide a breakdown of where those intra-regional transfers took place. They reported that 45% of intra-regional transfers took place within the EMEA region, 28% within the Asia Pacific region and 27% within the Americas. The historical averages for these three regions were 47%, 27% and 26% respectively.



Top Destinations

When asked to name the three countries that were the top international assignment destinations, respondents cited the United States (20%), followed by China (14%) and the United Kingdom (14%) – the same as in the 2010 report. The United States, China and the United Kingdom have been among the top three destinations since the 2000 report. The United Kingdom has been cited in every report.

Most Frequently Selected Locations for International Assignments

(Ranked showing percent of companies identifying them; rank from 2010 report in parentheses)

United States (1)	20%	Brazil (20)	3%	Qatar (NA)	1%
China (2)	14%	India (6)	2%	Saudi Arabia (16)	1%
United Kingdom (3)	14%	Belgium (13)	2%	Switzerland (8)	1%
Singapore (4)	4%	Canada (19)	2%	U.A. Emirates (9)	1%
Germany (5)	4%	Japan (NA)	2%	France (15)	1%
Netherlands (7)	4%	Russia (12)	2%	Hungary (NA)	1%
Australia (10)	4%	Italy (14)	2%	Sweden (NA)	1%
Hong Kong (11)	3%				

Emerging Destinations

When asked to identify the three countries that were emerging as new assignment locations, 7% of respondents ranked China as the most common new destination, followed by Brazil (7%), India (5%) and Singapore (5%). With only one exception in the history of this report (when it was ranked in second place), China always has been the most commonly cited emerging destination.

Thailand Azerbaijan, South Africa, Kazakhstan, Austria, Iraq, Afghanistan, Belgium, Italy and Nigeria did not appear in the top 20 ranking of emerging destinations in the 2010 report.

Emerging New Locations for International Assignments

(Ranked showing percent of companies identifying them; rank from 2010 report in parentheses)

China (1)	7%	U.A. Emirates (5)	3%	Kazakhstan (NA)	2%
Brazil (9)	7%	Thailand (NA)	2%	Netherlands (15)	2%
India (4)	5%	Azerbaijan (NA)	2%	Austria (NA)	1%
Singapore (2)	5%	Hungary (17)	2%	Iraq (NA)	1%
United States (3)	4%	Poland (21)	2%	Afghanistan (NA)	1%
United Kingdom (7)	4%	South Africa (NA)	2%	Belgium (NA)	1%
Australia (10)	4%	Canada (6)	2%	Italy (NA)	1%
Russia (20)	4%	Saudi Arabia (8)	2%	Nigeria (NA)	1%

Countries Presenting the Greatest Challenge for International Assignees

When asked which three countries produced the greatest assignment difficulties for international assignees, China was cited by 16% of respondents, followed by India (15%) and Russia (8%) – the same sequence as in the previous four reports. China and India always have been among the top seven destinations presenting the greatest assignment challenges for international assignees. With one exception (when it was ranked in second place), China has always been cited as the most challenging destination for international assignees.

Angola, Argentina, Belgium, Netherlands and Japan did not appear in the top 20 destinations presenting the greatest challenges for international assignees in the 2010 report.

Locations That Present the Greatest Assignment Difficulties for International Assignees

(Ranked showing percent of companies identifying them; rank from 2010 report in parentheses)

China (1)	16%	Angola (NA)	2%	Germany (16)	1%
India (2)	15%	Italy (17)	2%	Japan (NA)	1%
Russia (3)	8%	Venezuela (19)	2%	Poland (13)	1%
Brazil (6)	7%	Argentina (NA)	2%	Saudi Arabia (4)	1%
United States (5)	5%	Belgium (NA)	2%	U.A. Emirates (8)	1%
United Kingdom (9)	4%	Netherlands (NA)	2%	Indonesia (14)	1%
Mexico (7)	3%	Nigeria (12)	2%	Turkey (10)	1%

Verbatim Comments:

Locations Presenting Challenges to International Assignees

Angola: immigration...visa issues...difficult living conditions...living conditions...hardship...

Argentina: sourcing housing for short-term assignees...legal paper work delays...

Australia: climatic conditions and living conditions in isolated area...due to migratory [immigration] rules...changing immigration laws...

Azerbaijan: unknown country, housing, weather, client...immigration and safety...

Belgium: visa process...exchange rate and tax issues...

Botswana: health issues...

Brazil: length of time it takes to secure immigration...remote locations...double taxation situation...taxation...safety regulations...taxes...local authorities...public/private transportation...legal and tax requirements...hardship location...local legislation is very challenging...immigration...partner immigration problems...

Canada: health care...tax law changes shortened physical presence for projects...housing...language regulations...

Chile: language...

China: language, culture, hardship location...affordable expat housing, currency...housing and tax costs...cross-cultural differences, compensation differential...changing laws...pollution, sanitation, availability of international schools...cultural barriers, language...cost pressure...change in work permit application process, legislation...illnesses...currency restriction...assignments in tier 3 and 4 cities, challenging to assimilate...expectations of international assignee package and cultural/language challenges...entered into two new tier-2 locations in China; significant issues with establishing housing allowances for families moving to these two locations...different culture...difficulties in obtaining a work visa (limitations for rep offices)...cultural difference, health care...remote locations...cultural challenges, lifestyle changes, family challenges...housing, medical...understanding immigration and visa requirements...housing costs...immigration...cultural differences...finance, legal and tax...different culture from Western, difficult to find suitable housing...tax issues...growth in various areas with complex issues...

Congo: medical...

Croatia: difficult immigration laws...

Egypt: family issues, safety issues...

France: language and housing...perceived similarity to home, but reality demonstrated cultural and administrative challenges...

Germany: cultural and language...taxation...

Guinea: no basic infrastructure to accommodate employees (not possible to take their families)...

Hong Kong: schooling...cost of living...

Hungary: remote area; had to establish all services...

India: assignees have home country car entitlement; ran into issues with providing the same level of entitlement in India...low quality-of-life index, children's education, housing...difficulties in finding a pool of talent willing to go...household goods move; visa issues...understanding the cultural differences...the cost of assignment...living conditions...hardship location...immigration and housing issues...numerous [issues] living conditions, culture, taxation...bureaucratic, rising costs...project difficulties...poverty, security...extension visa and culture...difficult location for assignees...difficult climate for families, security/safety concerns...remoteness...changes to law re tax and provident fund...security and immigration...expensive housing, weather...low COL [cost-of-living] index...hygiene regulations...reliability of services...legal restrictions in implementing global assignment policy...cultural difference and traffic...quality of living...administration, work permits, operating split pay...cross-cultural differences; compensation differential...

Iraq: security considerations...

Iran: living conditions, inflation...

Italy: immigration issues...business culture (for relocation)...work permit application process...local registrations...

Japan: currency and cost of living...house leasing process very cumbersome...cultural and language differences...

Kazakhstan: getting a work permit...commuting not moving families...

Kenya: new location...health issues...

Liberia: living conditions...security concerns...

Malaysia: becoming challenging for assignees to settle in [because] basic arrangements such as setting-up phone lines and the Internet can take months...

Mexico: security concerns...crime...security...language, crime...safety...

Mozambique: [because it is] a project location under construction, [there are] not many housing options for expats during [the] initial phase, which complicated adaptation...

Netherlands: social system requirements...tax compliance...immigration and driving privileges...

Nigeria: immigration and safety...sub-standard storage facilities...tax compliance, payroll implementation...

Poland: immigration requirements [are] different depending on [cities] within the country...authorities...visa issues...

Puerto Rico: social security number delays...

Russia: different culture...security, social...tax compliance, payroll implementation, understanding policy...cultural challenges, lifestyle changes, family challenges...cross-border issues with taxation...bureaucratic, non-Western, language...immigration issues...security...difficult climate for families, driving/safety concerns...currency [must be paid] into host-country bank...hard place to live...higher cost of living, safety...language and daily living...need to structure with a local contract of employment...hardship location...shipping goods into the country and visa issues...

Saudi Arabia: cultural...political situation, administrative challenges, cultural differences, need to put assignees in compounds, women cannot move freely...different culture...

Slovakia: government regulations, climate...

Singapore: cultural...

South Africa: security issues...

Spain: immigration requirements...

Switzerland: immigration and cost of living...

Tanzania: security...

Thailand: political instability, weather conditions...new to the business...

Turkey: housing issues...immigration delays...

Ukraine: security...

United Arab Emirates: immigration...culture, housing...

United Kingdom: COLA and housing...employees from the U.S. assumed it would be the same...real estate customs and practices, taxes...tax compliance...U.K. work permit regulations...isolation, housing...visa/immigration challenges due to changed regulations...new UK immigration laws...

United States: adjustment to U.S. culture, policies and procedures...company administrative process challenges...obstacles like social security number, banking, credit, loans...work visa challenges, post-J1 residency requirement...customs and Department of Homeland Security/social security-caused issues...immigration...immigration and per diems...housing...social security number delays...

Uzbekistan: availability of housing and services...

Venezuela: economic and security...political unrest, currency devaluation, availability of goods...devaluation of the Venezuelan Bolívar...security concerns during election...currency instability...housing, compensation, currency...

Countries Presenting the Greatest Challenge for Program Managers

With one exception (the 2010 report), China always has been cited as the most challenging destination for program managers (in this report by 15% of respondents). India was cited as the second most challenging destination by 13% of respondents, followed by Russia (9%) and Brazil (8%). India, China and Russia also were in the top three positions in the four previous reports. China and India have been among the top six destinations that presented the greatest challenges to program managers since the 2003/4 report.

Belgium, Germany, Hong Kong, Venezuela, Angola and Japan did not appear in the top 20 destinations presenting the greatest challenges for program managers in the 2010 report.

Locations That Present the Greatest Assignment Difficulties for Program Managers

(Ranked showing percent of companies identifying them; rank from 2010 report in parentheses)

China (2)	15%	Belgium (NA)	2%	Angola (NA)	1%
India (1)	13%	U.A. Emirates (8)	2%	Netherlands (15)	1%
Russia (3)	9%	Turkey (12)	2%	Argentina (16)	1%
Brazil (7)	8%	Germany (NA)	2%	Australia (13)	1%
Saudi Arabia (5)	4%	Hong Kong (NA)	2%	Japan (NA)	1%
United Kingdom (6)	4%	Italy (20)	2%	Poland (9)	1%
United States (4)	3%	Venezuela (NA)	2%	Switzerland (18)	1%
Nigeria (14)	3%				

Verbatim Comments:

Locations Presenting Challenges to Program Managers

Afghanistan: immigration requirements are not clear...

Angola: immigration...extraordinary efforts to recruit...visas...

Argentina: tax and employment law challenges...

Australia: climatic conditions and living conditions in isolated area...immigration issues...

Belgium: tax costs are high...administration and bureaucracy...remote locations and volumes...legal and tax requirements...

Brazil: length of time it takes to secure immigration...visa process...taxation and visas...taxation and payroll...safety regulations...immigration is challenging...split payroll required...payroll...local legislation is very challenging...payroll legislation...recharge problems...

Canada: language regulations...

China: tax, changing culture...understanding tax equalization and which data is required was challenging...difficulty getting money out of China for inter-company charges so, we needed to set up split payroll, which we do not normally do...legislative and administrative challenges, especially with tax, immigration and customs; because rules change often with no warning...high housing and tax cost... perception of country by prospective assignees...localization of employees...due to legislative changes, the re-issuing of work permits [and] alternative processes needed to be put in place to accommodate business needs...restricted currency...tax filing, currency restriction...challenging to attract and motivate people with assignments in tier 3 and 4 cities...entity and recharge issues...air quality...regulatory and compensation...cultural barriers, language...immigration...costs for housing...costs, service availability... understanding tax implications and immigration and visa requirements...immigration...entered into two new Tier 2 location in China; significant issues with establishing housing allowances for families moving to these two locations...difficulties in obtaining a work visa (limitations for rep offices)...car and driver required...

Colombia: security...

Congo (DRC): meet pay demands within current policy...

France: bureaucracy and documentation requirements...lengthy time to get all work documents in order... tax issues...

Germany: increased scrutiny and regulations regarding taxation of benefits...tax compliance for accidental expats...taxation...

Guinea: several expats in extreme hardship location (project site) with no prior company infra-structure...

Hong Kong: driving issues...understanding suitable housing prices (discrepancy between local office opinion and assignee opinion on appropriate pricing)...tax filing, housing...India: PE [private equity] and corporate tax exposure, immigration...numerous [challenges]: immigration, living conditions, culture, taxation...household goods move; visa issues...immigration is challenging...immigration and housing issues...bureaucratic, constant changes to immigration requirements, difference in working culture...adapting to unique requirements while trying to remain somewhat consistent...extension visa...assignees have home country car entitlement; ran into issues with providing the same level of entitlement in India...continuing changes to tax rules and provident fund...immigration...security and immigration...perception of country by prospective assignees...corporate tax issues...hygiene regulations...air and living quality...financial support...legal restrictions in implementing global assignment policy...difficult to get employees to go there...quality of living...increased cost due to tax law changes...changing immigration laws...administration, work permits, operating split pay...

Indonesia: nationalization and local criteria...

Iran: impact of volatile exchange rates and differences between published inflation rates compared to purchasing power of assignees...

Iraq: lack of empirical data...immigration requirements are not clear...

Italy: immigration requirements and business culture differences...work visas...

Japan: currency fluctuations and not changing the COLA in relation to the changes...income and inhabitant taxes and implications for terminating employees...

Kazakhstan: work permit issues...

Kuwait: immigration requirements are not clear...

Liberia: extraordinary efforts to recruit...

Luxembourg: reporting income...

Mali: meet pay demands within current policy...

Mexico: perception of crime, language...

Mozambique: high volume of expats and contracts for construction site in remote location...

Netherlands: immigration law changes...immigration issues...immigration and driving privileges...

Nigeria: immigration issues and safety for employees...landlords...tax compliance, payroll implementation...housing and security...impact of volatile exchange rates on assignment salary...

Norway: new country so not all tax rules known...

Peru...local legislation...

Poland: red tape...authorities...

Russia: immigration...housing...complex immigration and labor law...cross-border issues with taxation...complicated and long immigration procedure, difficult contract arrangement...immigration and tax complexity...tax and immigration implications...tax compliance, payroll implementation, understanding policy...requirement to pay locally...legislative and administrative challenges, especially with the requirement for employees to have local employment contract...taxation and visas...shipping, visa, general relocation problems...need to structure a local contract of employment...tax and employment law challenges...work and residence issues...immigration is challenging...volatile local regulations for

importing goods...

Saudi Arabia: work visas...recruitment...hard to get people to go; once they get there, they will not leave...present problems in the understanding of how temporary assignments can be structured...immigration...

Singapore: local short-term housing was unavailable; long commute from downtown Singapore to manufacturing plant...

Slovakia: immigration issues...

South Africa: immigration...

Spain: immigration process...immigration requirements...

Switzerland: immigration and cost of living...quotas on work permits are extremely prohibitive, lack of accommodation available...immigration challenges for assignees from low-cost countries due to minimum earnings requirements...

Tanzania: meet pay demands within current policy...

Thailand: immigration and setting up payroll arrangements...education of employee considered acceptable level for pre-schooler...

Turkey: immigration delays...housing issues...local tax authorities do not recognize tax equalization...

United Arab Emirates: present problems in understanding how temporary assignments can be structured...difficulty obtaining work permits...immigration...volatile local regulations, housing market...managing local vendor...

United Kingdom: COLA and housing...visa/immigration challenges due to changed regulations, managing U.K. manager's recruitment expectations...currency fluctuations and high cost...real estate (low inventory and fast moving)...new U.K. immigration laws...tax and immigration expensive and complicated...

United States: tax reporting complexity...state tax...tax issues...immigration...staffing associated with volumes...immigration...exchange rate issues and housing...

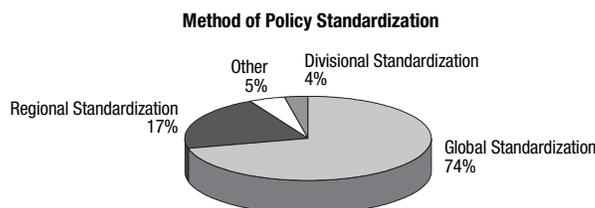
Venezuela: devaluation of the Venezuelan Bolívar...closed economy concerns...immigration, payroll, compensation...

Vietnam: taxation...

ASSIGNMENT TYPES, POLICIES AND BENEFITS

Standardization of Assignment Policies

When asked about their method of relocation policy standardization, 74% of respondents indicated use of a global approach, 17% a regional approach, 4% a divisional approach and 5% another approach. The ranking sequence has been the same in all previous reports. Historically, the top three corresponding percentages were 70%, 20% and 3%.



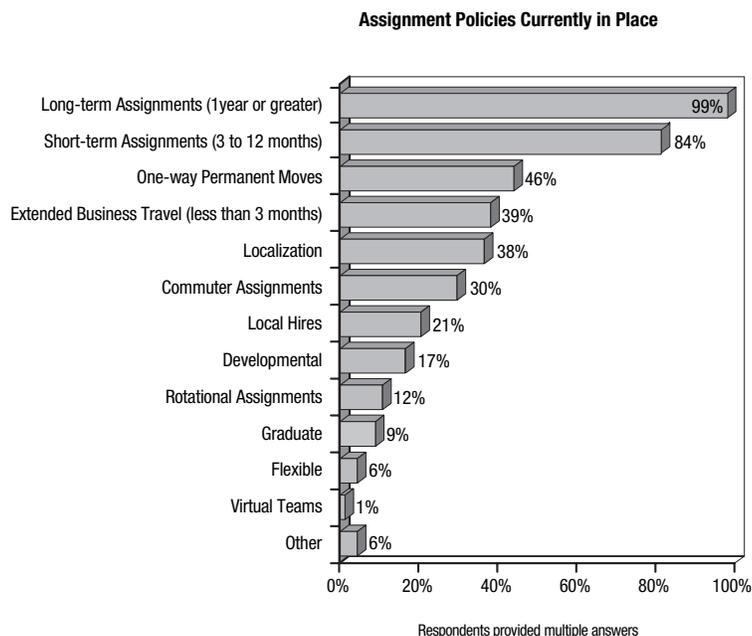
Verbatim Comments:

Policy Standardization

... old method international structure being phased out... combination of global and regional... project driven... some region may have local specifications (e.g. transfer on local conditions)... no real standardization philosophy in place at present... segmentation versus career and development needs and targets...

Assignment Policies Currently in Place

When we asked respondents about the kind of policies they currently have in place, 99% identified long-term assignment policies (1 year or more), 84% short-term assignment policies (3 to 12 months), 46% one-way permanent move policies, 39% extended business travel policies (less than 3 months), 38% policies for localizing international assignees (conversion away from international assignee status to local standards), 30% commuter assignments, 21% local-hire policies, 17% developmental assignments, 12% rotational assignments (a new choice this year), 9% graduate assignments, 6% flexible policies based on a core of required benefits (a new choice this year), 1% virtual team policies and 6% other types of assignment policies. The respective historical averages were 98%, 83%, 49%, 43%, 49%, 31%, 32%, 21%, 12% (new), 9%, 6% (new), 4% and 10% (other).



Verbatim Comments:

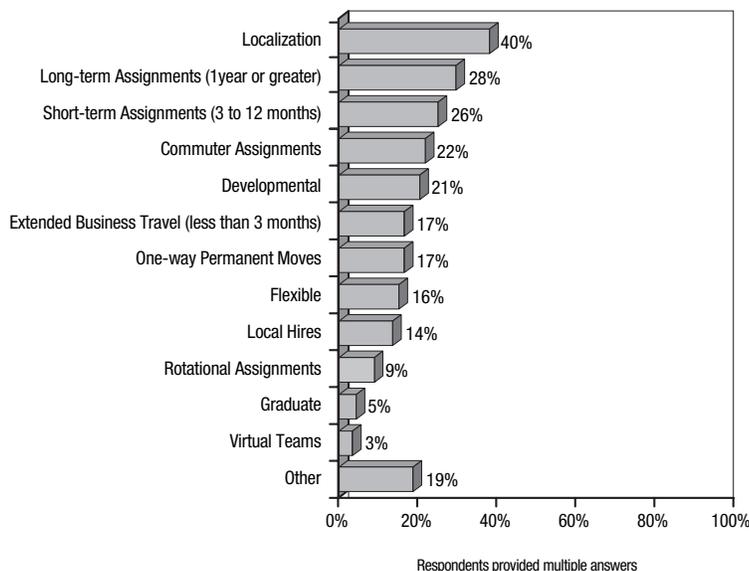
Assignment Policies Currently in Place

...we also have a U.S. domestic temporary relocation program in place; also we do not include new hires in our transfer policy as we only transfer current employees; also good to note, our transfer policy is not based on level or employee (senior executive, manager, etc.), nor is it based on home status (homeowner or renter) and we do not even track homeowner or renter; instead our transfer policy is based on business need and whether we asked the employee to move or if they asked; also our transfer policy only covers about 1,000 people a year globally, but our assignment policy (covers both long and short term) covers the 16,000 assignments we do annually...delegation – a fixed-term agreement during which the employee is hired and paid by the host country, keeping home-country benefits and social security and receiving a local-plus package including schooling and home flights; short-term assignment includes project assignments with special conditions that comprise 24% of our total assignments...we are segmenting the policy according to the talent/development strategies...a flexible [policy, which has an] expat lump sum; assignment length is indefinite; no on-going expat benefits; receive lump sum amount; remain in some U.S. benefit plans; [the company will] pay for [the] move to host country; housing subsidy program for Hong Kong, Singapore and Tokyo...some staff may be sent on shorter-term assignments, but the provisions are essentially the same as those for longer-term assignments...local plus...regional policies...local plus...majority of expats are global nomads, taking up a new assignment every 3 years...split assignment [under which are placed] assignees with responsibilities in two different countries...localization, extended business travel and permanent transfers; [I] did not include those numbers as we do not “count” them as assignees...extended business travel policy is existing in all countries and managed locally; also localization is handled in the [host] country...for tax purposes we track frequent travelers as “commuters”...a local CBC policy [which is defined as] local host-country conditions plus additional benefits; a STA6 [policy, which is defined as] short term assignments [that are] less than 6 months duration (completely home approach)...hybrid (extended and short term)...there are presently no consistent programs...

Future Assignment Policies Under Consideration

When we asked which policy types were being considered for future development or implementation, 40% identified policies for localizing international assignees (conversion away from international assignee status to local standards), 28% long-term assignment policies (3 months to 1 year), 26% short-term assignment policies (1 year or more), 22% commuter policies and 21% developmental assignments. The respective historical averages were 38%, 25%, 18%, 29% and 19%.

Assignment Policies Being Considered for the Future



Verbatim Comments:*Assignment Policies Under Consideration*

... local plus...international graduate program...tiered policy that differentiates between developmental and business value...intra-regional program...intra-regional...cross-border European...hybrids...long-term assignment "lite"...extended business travel (less than 6 months)...cross-border situation...revise international assignment policy...host-based package...project assignment...expat lite...globalists / GEO...

New and Innovative Programs / Policies

We asked respondents to describe innovative programs or policies instituted in the past year or now being planned and we received a wide range of comments.

Verbatim Comments:*Innovative Programs/Policies*

Alternatives to Long-Term Assignments: new commuter policy...amendment to short term assignment policy to consider ability to allow family members to accompany...expat light package for those employees who have a personal desire to work temporarily in China (where we have openings for their technical skill set due to not being able to find the talent locally)...looking at alternatives to traditional assignments (virtual assignments); also by putting policies and processes in place to manage international business travelers...two years ago, we put in place commuter guidelines that helped in facilitating the transition of transferees with families who decided not to relocate to the host country/countries...short-term assignment to send store employees to [the] China store opening...restricted access area (short term assignments in war locations)...planned to highlight the four types of recruitment rather than opting immediately for a full expatriation when there are recruitment challenges (local, local plus, secondment, expat...regional relocation programs (for new hires and permanent inbound transfers)...

Developmental Assignments: [for our] early development program, [we] introduced [a] local package with some housing/salary supplements linked back to home net pay...[introduced an] international graduate program, [which is an] 18-month program with 6 months of experience cross-countries...[introduced a] talent exchange program for young managers, [which is a] swap program for certain regions (e.g., French-speaking countries only)...short term assignments from Asia to the U.K. and U.S. to transfer skill sets and for developmental purposes...[we are in] the research phase of developing a "developmental" assignment with reduced benefits... "accidental expats" policy / first developmental policy...

Provision Enhancements: enhanced the settling-in services and property management services available to international assignees...spousal assistance...

Cost-Saving Changes: we are developing a localization plan; also we are implementing stricter tax policies and more economical COLA policy...cash-flow allowance payment to reduce discrepancy where local salary bands are lower than the home country...we are reviewing our current international assignment policy and are planning to revise our current foreign service allowance to reduce costs...due to cost of administration and business needs, we are applying other policy types...expat lite [policy with] reduced benefits, efficient purchaser index...localization, repatriation, local plus [policies]...we are cutting back on COLA, foreign premiums, home-leave costs...develop global guidelines for a localization process...introduced a "job of accommodation" with reduced benefits for international assignee spouses who are also employed by our company...[we introduced] a bare-bones policy to allow assignees to relocate and keep their home-country benefits and long-term incentives; minimal allowances, if any...

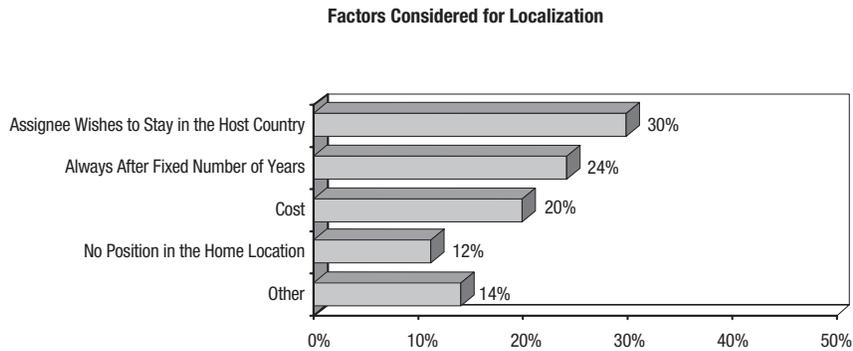
Policy Flexibility and Enhanced International Assignee Choice: flexible permanent move policy...split-pay mechanism...would like to look into a flexible policy...considering lump-sum payments for temporary accommodations...fully flexible policy model recently launched with a new decision-support tool with a cost estimator...

Administrative Adjustments: a Forex periodical review...introduction of a global employment organization/offshore payroll entity...[use of] a group-level long-term assignment policy (now only

one business division has it, [which is] a long-term assignment policy in place)...we have reviewed the international assignments policy as we only had an international framework not suitable for today's markets...better recruitment policy and procedure in order to select the right candidate for the right job...increased gender balance...

Localization Considerations

When we asked respondents who make use of localization to identify the factors that determine when localization is used, 30% indicated that localization was used if the international assignee wanted to stay in the host country, 24% always used it for assignments of a predetermined length, 20% considered cost and 12% localized if there was no position available at the home location. The corresponding historical averages were 35%, 21%, 18% and 11%.



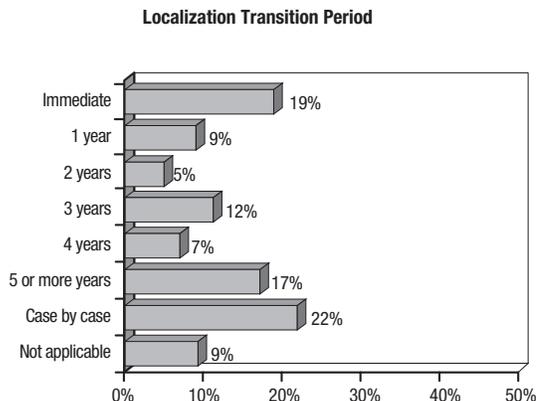
Verbatim Comments:

Localization Considerations

... legislation... type of position the employee is moved to... assignee's career with the company has moved to the host location... combination of the above... agree localization with the assignee once they have the right to live and work in the host country on a permanent basis... if assignee has been on assignment for more than 4 years and has a desire, [which is] matched by the business need, [the practice is] to remain in the current assignment location indefinitely... if the assignee's career path will be in that country... change in career path... long-term career is in the host country... specialized position that does not have an available local replacement... business need... intent of the assignment has changed... a manager's decision... employee's career is in the host country...

Localization Transition Period

Respondents from companies that rely upon the localization process (converting international assignees to local standards) were asked to cite the most commonly applied time period for transitioning employees to local benefits. Nineteen percent (19%) transitioned immediately, 9% during a 1-year period, 5% in 2 years, 12% in 3 years, 7% in 4 years, 17% in 5 years or more and 22% on a case-by-case basis (a new choice). The corresponding historical average ranking sequence was 5 years or more, followed by immediate, 3 years, 2 years, 4 years and 1 year.

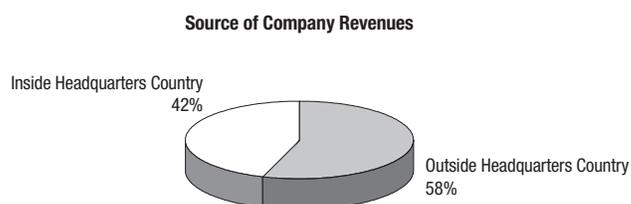


GLOBAL BUSINESS STRATEGY

Source of Company Revenues

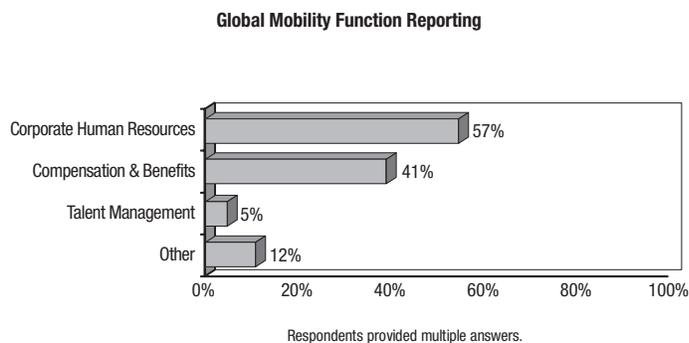
Responding companies generated 58% of revenues outside of the headquarters country. This is the same percentage as in the 2010 report and is a record high. It compares with a historical average of 45%. Responding companies were headquartered in the following locations:

- 59% were headquartered in the Americas
- 37% were headquartered in Europe, the Middle East and Africa
- 4% were headquartered in the Asia Pacific region



Global Mobility Function Reporting and Links

When we asked respondents to identify where the mobility function reports within the corporate structure, 57% indicated that the mobility function reported to corporate human resources (HR), 41% to the compensation and benefits department and 5% to talent management. The responses in the 2010 report were ranked in the same order.

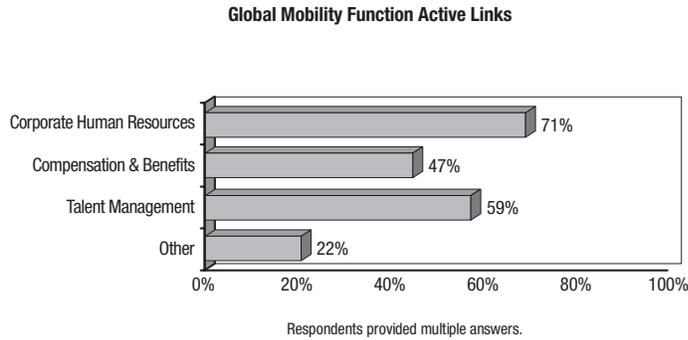


Verbatim Comments:

Global Mobility Function Reporting

... relocation is managed in-house by a relocation management company that is under [our] finance and global tax department; however, while we administer the programs and policies, the policy itself is owned and updated by global mobility, which is under human resources... global human resource services reports into global business support service... reporting to shared services... finance... human resources operations... people executive committee... business sector management... our department is the global human resources operations group and reports to the president of human resources... a three-tiered reporting structure with the human resources board member [top level], human resources operations [second level] and global mobility [at the lowest level]... shared services group... business unit human resources... international human resources and employee mobility reports to a customer-service organization within the company... no real co-ordination of mobility services at present or specific roles that look after this area of activity; each business unit has its own approach, but even that is not necessarily followed consistently...

For the first time, we also asked respondents to identify the departments to which the mobility function had active links. Seventy-one percent (71%) indicated that the mobility function had links to corporate human resources (HR), 47% to the compensation and benefits department and 59% to talent management.



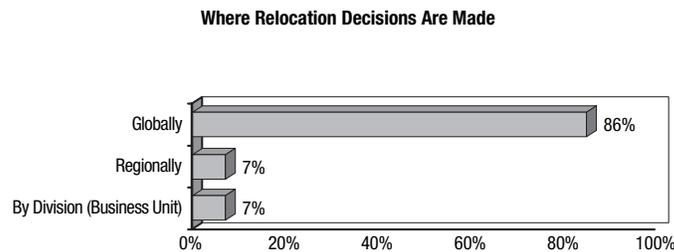
Verbatim Comments:

Global Mobility Function Links

... all other departments within the company. ...local human resources, group and local finance. ...legal, accounting, security, communications. ...legal, corporate information security, corporate finance. ...tax, legal, compliance, organization. ...mobility is [a] function handled by regional operations and corporate human resources; corporate human resources drives the standards; regional customizes for short-to-medium-term project secondments; management secondments are purely driven by corporate human resources ... human resources generalists and the business line. ...business-sector management. ...links are essentially with business leaders directly; also, please note [that this company] is a global network of independent member firms; the "headquarters" is more [or] a service center that has no decision making or operational involvement with member firms. ...recruitment. ...strong link with all local human resources departments in host/home countries. ...we connect in with each business unit. ...shared service centers; finance and payroll. ...spouses association. ...personnel. ...business unit human resources. ...to top management...

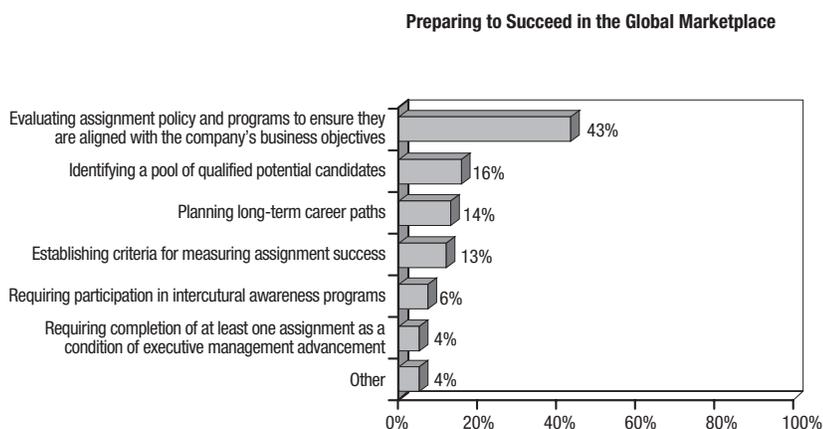
Relocation Decisions

For 86% of respondents, relocation assignment policy decisions were made globally at company headquarters, 7% regionally and 7% by the business division (business unit) — a new choice this year. Historically, the percentages were 80% and 10% for the top two choices.



Ensuring Success in the Global Marketplace

When asked to rank (in order of importance) the three initiatives that mobility specialists are using to ensure success in the global marketplace, the following practices were cited as the most important: evaluating policies and programs to ensure that they are aligned with the company's business objectives (43%), identifying a pool of qualified potential candidates (16%), planning for long-term career paths (14%), establishing criteria for measuring assignment success (13%), requiring participation in intercultural awareness programs (6%) and requiring completion of at least one assignment as a condition of executive advancement (4%). Historically, the ranking sequence of these initiatives was the same.



Verbatim Comments:

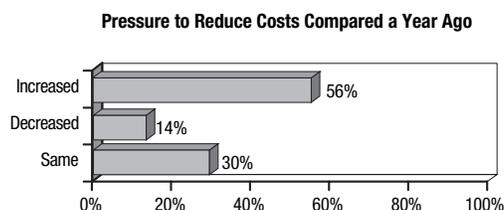
Preparing for Success in the Global Marketplace

...cost review...new service delivery model being implemented...we do not do any of it; that is a business unit function...consideration to source global mobility services to one global provider...review of long-term international assignee assignments...better candidate selection...conduct an assignment-readiness program to determine if the employee is the right candidate for the assignment...local and regional assignment policy development...

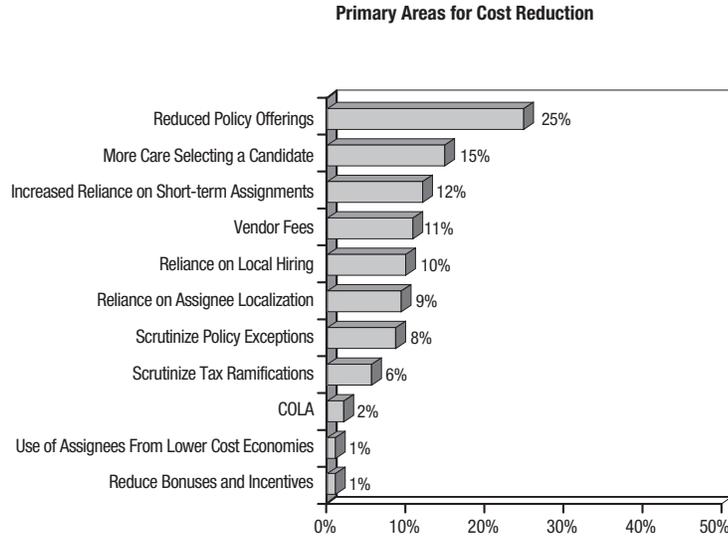
Response to Economic Conditions

Seventy-five percent (75%) of respondents indicated that their companies were reducing expenses for international assignments in response to economic conditions. The historical average was 65%.

When we asked respondents if there have been changes in the pressure to reduce costs compared to a year ago, 56% of respondents indicated that their companies have increased pressure to reduce costs, 14% reported a decrease in pressure and 30% reported that the pressure to reduce costs has remained the same. In the 2010 report, the corresponding percentages were 84%, 2% and 14%.

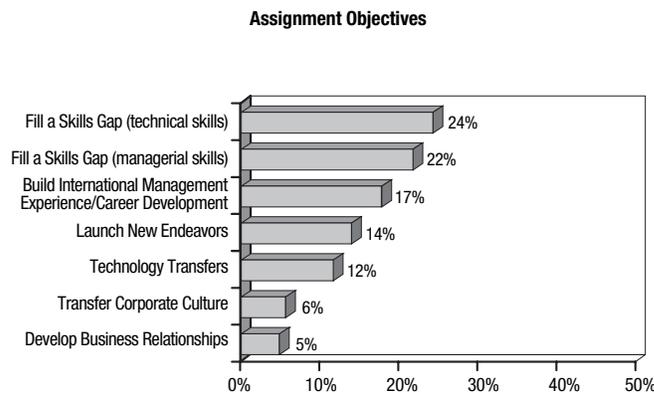


At companies that reduced expenses, the primary areas for cost reduction were reduced policy offerings or amounts (25%), more care in selecting candidates (15%), increased reliance on short-term assignments (12%), vendor fees (11%) and increased reliance on local hiring (10%). Historically the top five choices were reduced policy offerings, reliance on local hires, scrutiny of policy exceptions, more care in selecting candidates and assignee localization.



Ranking Assignment Objectives

We asked respondents to rank three objectives for international assignments in order of importance. Filling a technical skills gap was the top response (24%), followed by filling a managerial skills gap (22%), building international management expertise/career development (17%), launching new endeavors (14%), technology transfer (12%), transferring corporate culture (6%) and developing local business relationships (5%). In the 2010 report, the first two choices were reversed and the third choice was the same. The corresponding historical averages for the top three choices were filling a managerial skills gap (23%), filling a technical skills gap (22%) and building international management expertise/career development (17%).

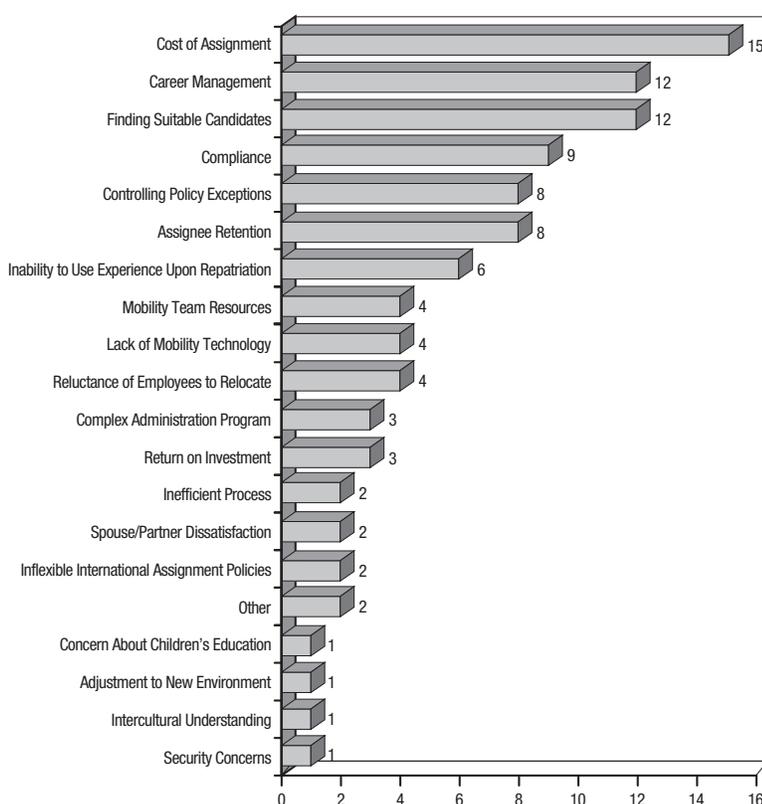


Relocation Challenges That Are Critical to Companies

When asked to rank (in order of importance) the three most common assignment management challenges for their company, 15% of respondents cited cost of assignment as their most important challenge followed by finding suitable candidates (12%), career management (12%) and compliance (9%). Cost of assignment was historically the most commonly cited reason, followed by finding suitable candidates, controlling policy exceptions and career management.

This year, instead of enabling participants to provide multiple responses, we asked participants to rank their responses in order of importance. This enabled us to distinguish with greater clarity the relative importance of the different assignment management challenges. We “weighted” the responses accordingly. As a result, finding suitable candidates moved up into the second position – replacing career management. Similarly, compliance moved up to the fourth position replacing controlling policy exceptions.

Ranking Critical Assignment Management Challenges



Verbatim Comments:

Assignment Management Challenges

... loss of spousal income...how to support the growth targets in emerging markets like China, India, Brazil...lack of political will to support centralized administration of the process and policies...

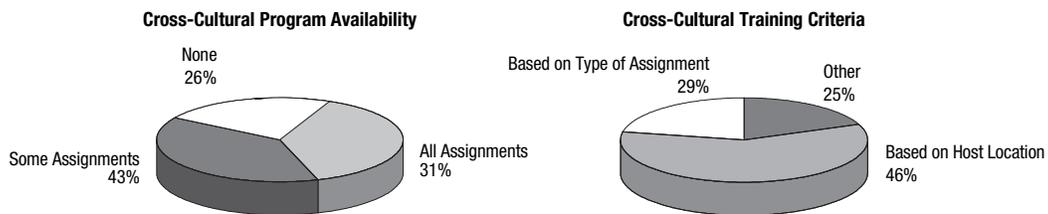
CROSS-CULTURAL TRAINING

Cross-Cultural Program Availability

When we asked survey participants if they offered formal cross-cultural preparation for international assignments, 74% of companies provided it, the lowest percentage in the history of this report (the historical average was 80%).

Furthermore, 43% offered preparation on some assignments and 31% on all assignments (compared to historical averages of 48% and 32% respectively).

At companies where cross-cultural preparation was offered only on some assignments, 46% made it available based on host location, 29% based on the type of assignment and 25% based on other criteria (these were new survey options).



Verbatim Comments:

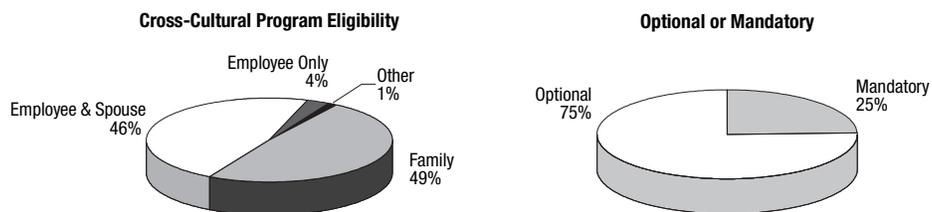
Cross-Cultural Preparation Availability

... based on need...recruiting line manager decision...type of assignment, location and/or seniority of [the] individual...discretionary basis...at manager's discretion...optional benefit, decided by business...at manager or employee request...both of the above...manager's decision...based on person and host location...policy type...

Family Eligibility and Mandates

At companies where cross-cultural preparation was offered on all assignments, 49% provided training for the entire family, 46% for international assignee and spouse and 4% for employees alone. Historically, 55% of respondents offered this preparation to the entire family, 36% to the international assignee and spouse alone and 6% to employees alone.

Twenty-five (25%) of respondents indicated that training was mandatory and 75% responded that it was optional. The historical average for mandatory training was 25%.



Verbatim Comments:

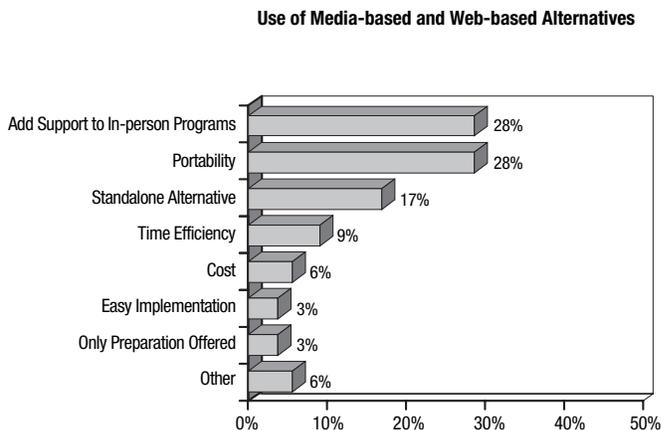
Family-Member Eligibility for Cross-Cultural Preparation

... online content is accessible for everyone ...

Media-Based and Web-Based Cross-Cultural Programs

When asked if their cross-cultural programs included media-based or web-based alternatives to face-to-face training, 32% of respondents reported that they were available (compared to 35% in the 2010 report. The historical average was 27%).

Of those who provided these alternatives, when asked about the primary purpose of these programs, 28% indicated that they used them as additional pre-move and post-move support to reinforce in-person cross-cultural programs, 28% used them for portability (anywhere, anytime), 17% as standalone alternatives to in-person programs, 9% for time efficiency and 6% for cost reasons. Historically, the averages for the first five responses were 29%, 26%, 18%, 5% and 9% respectively.



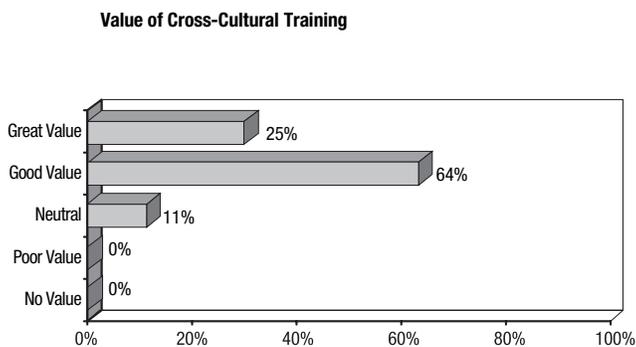
Verbatim Comments:

Purpose of Web or Media-Based Cross-Cultural Training

... allow everyone to access (including non-assignees)...for short-term assignees, we use it only due to timing...

Effectiveness of Cross-Cultural Programs for International Assignee Success

When asked to rate the value of cross-cultural preparation for international assignee success, 89% of respondents rated them as having great or good value, 11% neutral and 0% poor or no value. The historical average for a combined good or great value rating was 81%.

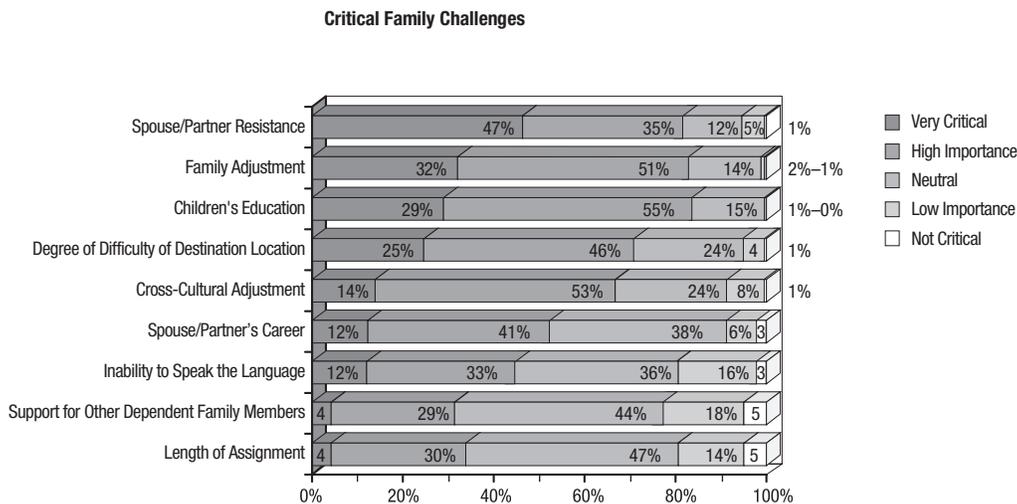


FAMILY-RELATED INTERNATIONAL ASSIGNEE ISSUES

Critical Family Challenges

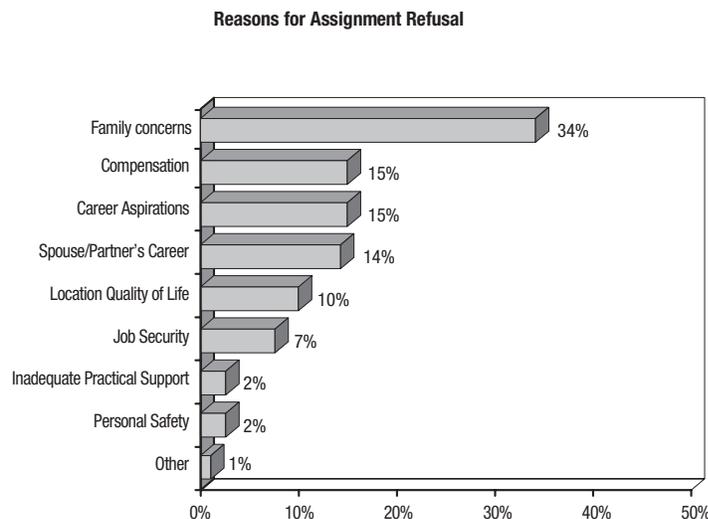
When asked to rate family challenges that were critical to their companies, respondents indicated that partner resistance (47%), family adjustment (32%), children's education (29%) and location difficulties (25%) were the most critical issues. These were followed by cultural adjustment (14%), partner career (12%), inability to speak the language (12%), support for other dependent family members (4%) and assignment length (4%).

This year, we ranked the responses based on the challenges that were identified as “very critical.” Our purpose in doing this was to bring out respondent concerns in higher relief. Consequently, the sequence of the rankings has changed – with partner resistance taking the lead instead of family adjustment, which had been in the first position since the 2008 report. Historically, family adjustment, spouse/partner resistance, children's education, difficult location and spouse/partner's career (tied with cultural adjustment) were the top five choices.



Assignment Refusal

When asked to rank (in order of importance) the three most common reasons cited by candidates for turning down assignments, family concerns (34%) were identified as most important followed by inadequate compensation (15%), the assignment not meeting employee career aspirations (15%), spouse/partner's career (14%) and quality of life at the location (10%). Family concerns were historically the most commonly cited reason, followed by spouse/partner's career, employee career expectations and quality of life at the location.



This year, instead of allowing participants to provide multiple responses, we asked participants to rank their responses in order of importance. This enabled us to distinguish with greater clarity the relative importance of the different reasons for assignment refusal. We “weighted” the responses accordingly. As a result, both inadequate compensation and career aspirations (a tie) moved up into the second position – replacing spouse/partner’s career. This change, however, may not be entirely the result of the new ranking methodology. Even if we had calculated the results using the method used in the past, career aspirations would have replaced spouse/partner’s career as the second most important reason for assignment refusal.

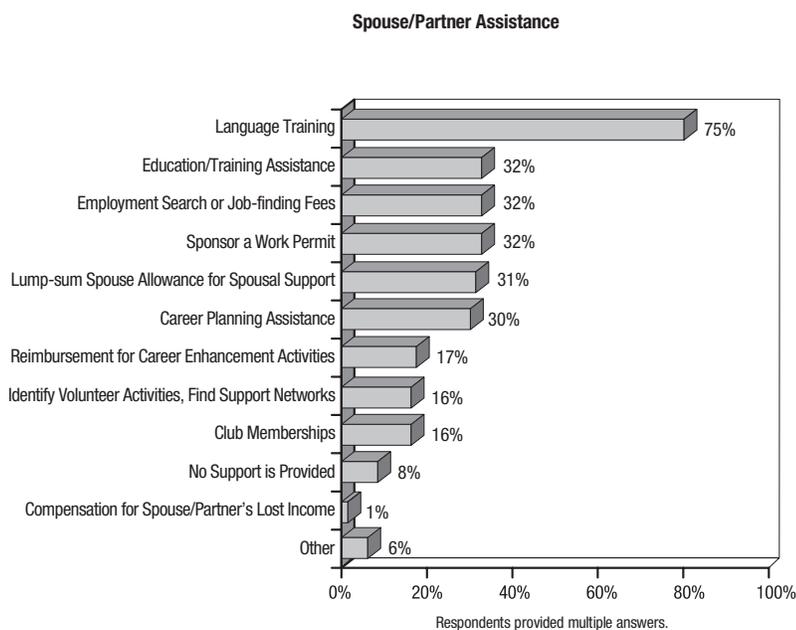
Verbatim Comments:

Assignment Refusal

...long turn-around time to secure the visa/work permit...mobility is seldom aware of why candidates turn down assignments as those discussions are between the manager and the employee...home and host housing concerns...

Spouse/Partner Assistance

When asked how companies assist spouses or partners, 75% of respondents cited language training, 32% education/training assistance, 32% employment search or job-finding fees, 32% company-sponsored work permits, 31% a lump-sum allowance for spousal support and 30% career planning assistance. Historically, language training, identifying volunteer activities and support networks, education/training assistance and work permit sponsorships were the top four choices (ranked in order).



Verbatim Comments:

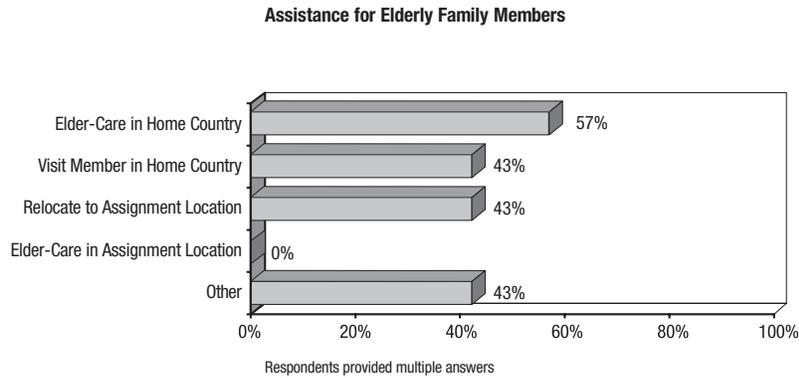
Spouse/Partner Assistance

...case by case...access to online resources specializing in job search[es] for spouses of assignees...a formal "spouses association"...intercultural training...€10,000 maximum, based on invoices...spousal assistance to help with education, training, or job search...

Assistance for Elderly Family Members

When asked if their policies had provisions to assist international assignees with elderly family members, 6% of respondents indicated that they had such provisions – the lowest percentage in the history of this report. The historical average was 10%.

Among those who had elderly assistance provisions, 57% supported provisions to obtain elder-care in the home country, 43% supported visits to the elderly family member in the home country (additional home leave), 43% supported relocation of the elderly family member to the assignment location and 0% supported provisions for elder-care in the assignment location. Historically, the top two choices were relocation of the family member to the assignment location and visiting the family member in the home country.



Verbatim Comments:

Assistance for Elderly Family Members

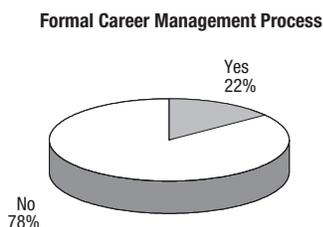
... the company would be flexible...we will relocate a dependent parent if that parent resides in the employee's home before the assignment...considered on a case-by-case basis...

INTERNATIONAL ASSIGNEE SELECTION AND ASSESSMENT

In this year's report, we included a new section about assignee selection and assessment for the first time. It contains information about the creation and use of a candidate pool of employees that are deemed suitable for international assignments. It also examines international assignee assessment tools, selection criteria and career-management processes.

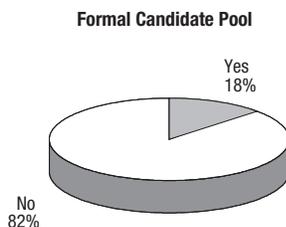
Formal Career Management Process

When we asked respondents if they had a formal career management process for international assignees, 22% reported that they did.



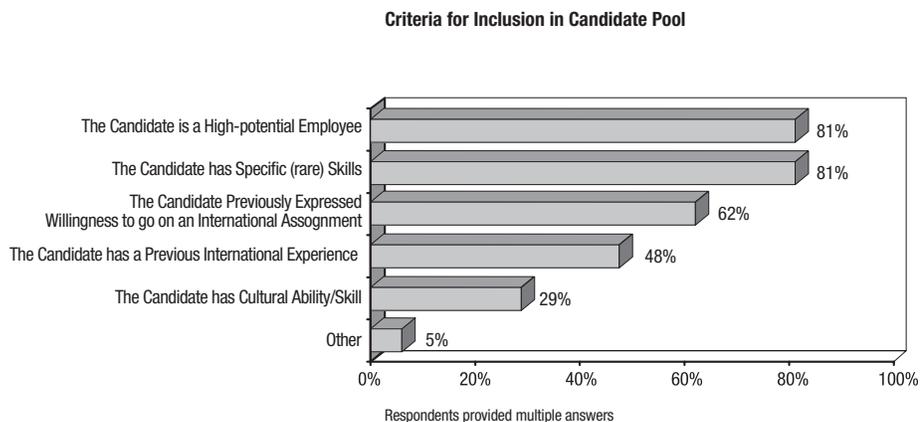
Formal Candidate Pool

When we asked respondents if they had a formal candidate pool for international assignments, 18% reported that they did.



Criteria for Inclusion in Candidate Pool

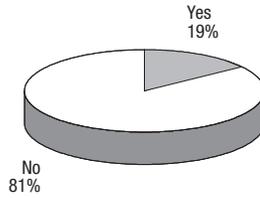
When we asked respondents to identify the criteria used to determine an employee's inclusion in the candidate pool, 81% reported the inclusion of high-potential employees, 81% candidates with specific (rare) skills, 62% candidates who previously expressed a willingness to go on international assignments, 48% candidates with previous international assignment experience and 29% candidates that had cultural ability or skills.



Reliance on Candidate Assessment Tools

When we asked respondents if they used candidate assessment tools, 19% reported that they did.

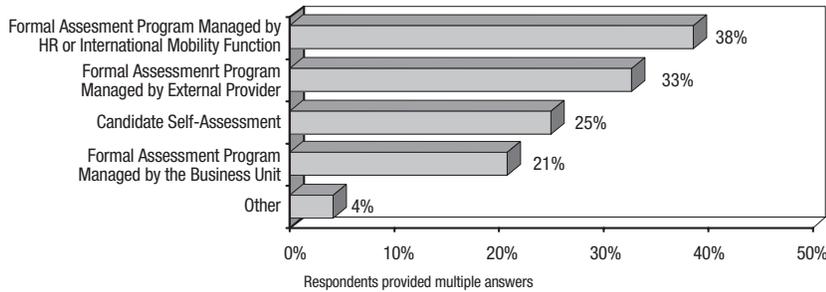
Use of Candidate Assessment Tools



Type of Candidate Assessment Tools

When we asked what type of candidate assessment tools were used, 38% of respondents reported use of a formal assessment program managed by human resources or the international mobility function, 33% a formal assessment program managed by an external provider, 25% a candidate self-assessment tool and 21% a formal assessment program managed by the business unit.

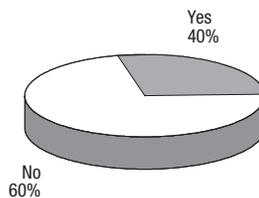
Type of Candidate Assessment Tools Used



Considering a Candidate Assessment Tool

When we asked respondents who do not currently use a candidate assessment tool if they were considering adoption of a candidate assessment tool in the future, 40% reported that they were.

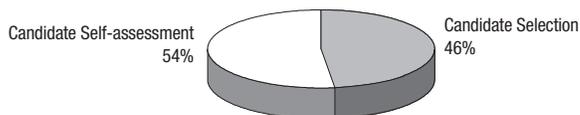
Considering Candidate Assessment Tools for Future



Use of Assessment Results

When we asked respondents how the assessment results were used, 54% reported that they were used for candidate selection and 46% reported that they were used for candidate self-assessment.

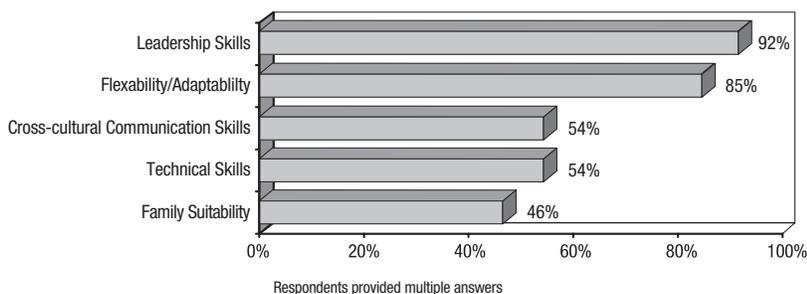
How are Candidate Assessment Tools Used



Competencies Assessed During Candidate Selection

When we asked respondents to identify the competencies that were assessed during the candidate-selection process, 92% reported that leadership skills were assessed, 85% flexibility and adaptability, 54% cross-cultural communication skills, 54% technical skills and 46% family suitability.

Competencies Assessed During Candidate Selection

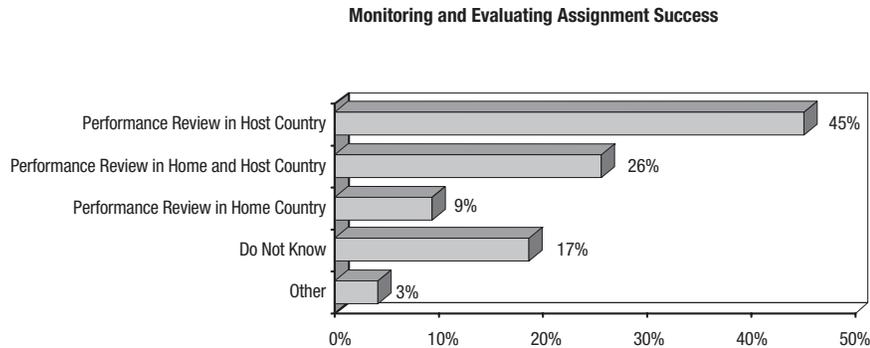


ASSIGNMENT EVALUATION AND COMPLETION

Monitoring and Evaluating Assignment Success

Host-country performance reviews were cited most frequently (45%) by respondents as the best way to evaluate assignment success. This was followed by reviews in both host and home countries (26%) and home-country performance reviews (9%). Historically, host-country performance reviews have topped this listing, followed by home-country reviews and then by reviews in both home and host countries.

In addition, 17% of respondents did not know how the success of assignees was evaluated (historically 13%).



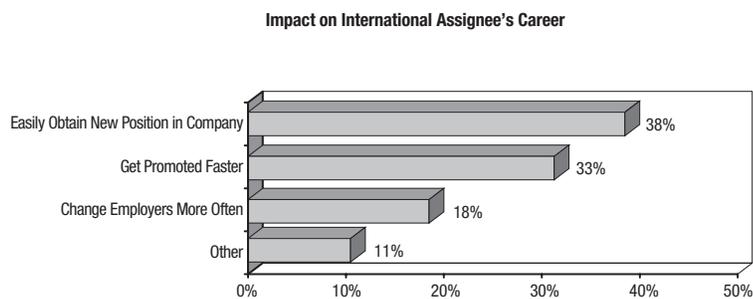
Verbatim Comments:

Evaluating Assignment Performance

... mainly monitoring if the assignee continues with the company even after they return from assignment...survey...not currently being done...annual development discussion...

Career Impact of International Experience

When asked about the value of international experience to an employee's career, 38% responded that international assignees obtained new positions in the company more easily, 33% that they were promoted faster and 18% that they changed employers more often. Historically, the ranking sequence has been faster promotion (33%), obtaining new positions in a company (31%) and changing employers more often (24%).



Verbatim Comments:

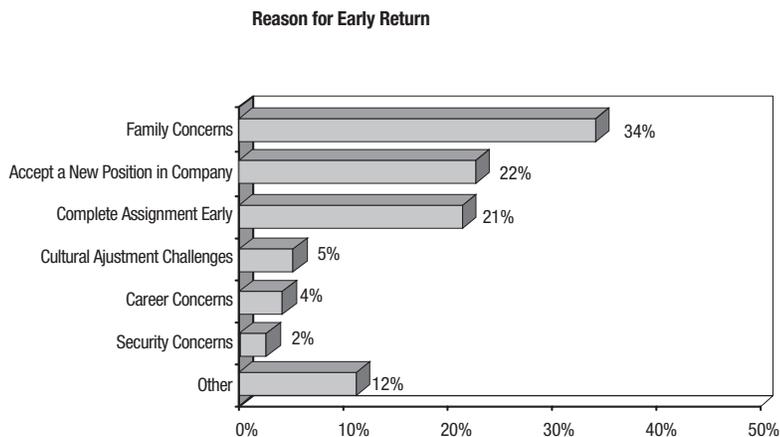
Impact of Assignments on International assignee Careers

... employees do get promoted to senior levels over peers, but not necessarily faster...get hired for new positions overseas more easily...are not treated differently from others at our company...no difference...lose their job upon return from assignment...unknown...no general rule; it seems short-term assignments are not a good retention tool...no obvious differences...are more respected by their colleagues...no trend...make more money...

Reasons for Premature Return From Assignments

Respondents indicated that 6% of assignments were not completed because international assignees returned prematurely. The historical average for early return of international assignees was 7%.

When we asked participants to cite the principal reasons for early returns from assignments, family concerns (34%) topped the list, followed by transfer to a new position within the company (22%), early completion of the assignment (21%), cultural adjustment challenges (5%), career concerns (4%) and security concerns (2%). Historically, the ranking sequence for the top three reasons has been the same since we first asked this question.



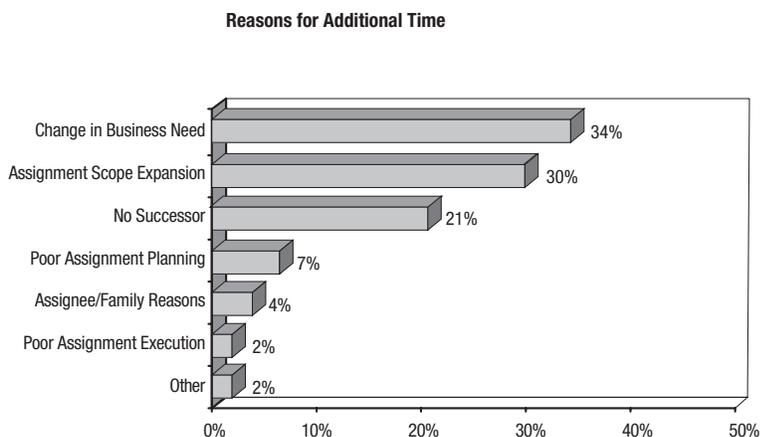
Verbatim Comments:

Other Reasons for Early Return of International assignees

... performance issues... client contract ends... business realignment decisions... usually business conditions; very rarely personal choice... resignation... performance below standard... not a good fit... unsuccessful... inadequate performance... a variety of reasons...

Reasons for Requiring More Time to Complete Assignments

We asked respondents to rank in order of importance the top three reasons for needing additional time to complete some assignments. The top reason was a change in business needs (34%), followed by expansion in the project scope (30%), no successor ready to replace the international assignee (21%) and poor assignment planning (7%). In the 2010 report, the ranking sequence was the same for the top three choices.



Verbatim Comments:

Reasons for Requiring Additional Time for an Assignment

... extension of work scope... no next job identified/available... depending upon the country,

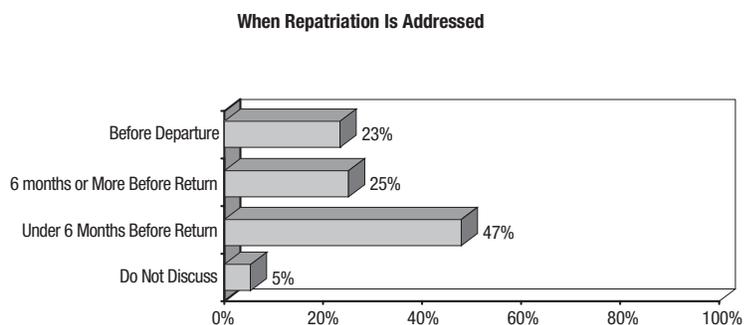
longer time may be needed to complete the job...better results than expected and felt need to extend assignment...culture of not prioritizing international assignments, which can lead to requirements for short turnaround times...schedule slips...the transferee may be promoted to a different position and this usually implies also an assignment extension...project extension...the scope of the assignment may expand so that the work the expatriate is doing becomes more senior over time; when this happens, there is a desire to keep the expat in place for a longer period for a number of reasons...in many cases, the assignee has been on assignment for an extended period of time which makes it difficult to transition them to a local package; in these cases, we're seeing some delays...new projects start that require completion by the same employee, or no suitable candidates [are] available for the destination...change in project scope...

REPATRIATION AND ATTRITION

Repatriation Discussions

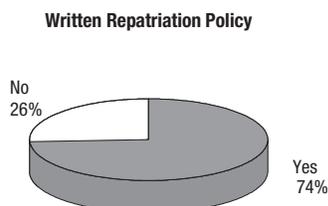
Most respondents (95%) held repatriation/re-entry discussions with international assignees – compared to 92% in the 2010 report and a historical average of 92%.

Furthermore, 23% of respondents discussed repatriation before leaving on the assignment, 25% did so at least six months before return and 47% discussed repatriation less than six months before assignment completion. The historical averages were 26%, 27% and 39% respectively.



Written Repatriation Policy

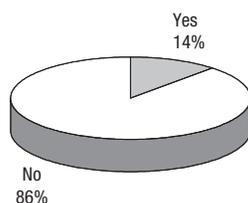
We asked participants if their companies had a written policy for repatriation. Seventy-four percent (74%) responded that they did; the same as in the 2010 report. The historical average was 73%.



Repatriation Strategy Linked to Career and Retention

In a new question, we asked participants if their companies had a formal repatriation strategy linked to career management and retention. Fourteen percent (14%) responded that they did.

Formal Repatriation Strategy Linked to Management and Retention

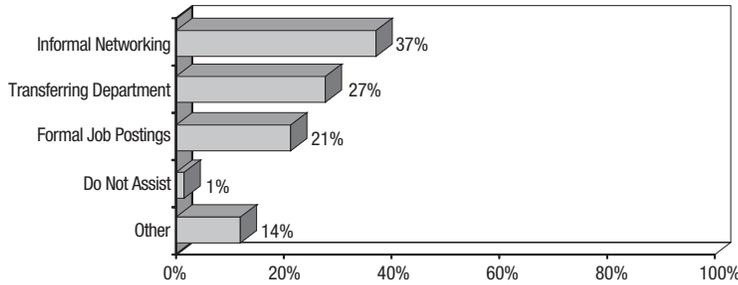


Identifying New Jobs at a Company

When we asked if companies helped repatriating employees by identifying new jobs within the company, 99% responded that they did (compared to 95% in the 2010 report and a 97% historical average).

At companies that identified these new jobs, 37% relied on informal networking, 27% required the department that authorized the assignment to identify a job and 21% used formal job postings (compared to historical averages of 32%, 28% and 24%).

How Companies Identify Jobs for Repatriating Employees



Verbatim Comments:

How Companies Identify New Jobs for Repatriating Employees

...through human resource planning (HRP) review, which is conducted annually. ... expat functional group. ... talent planning. ... annual career planning process. ... talent pipeline. ... job placement by decision of senior management. ... 4 months to find new job after return (while being paid). ... within [the] company's planning process. ... lead home-country human resources BP [business partner] working with senior management on next role that will best utilize employee's experience. ... monthly talent management assignee evaluations. ... human resources business partner[s] are supposed to set up an action plan. ... availability of upcoming positions (we are project based and typically the employees relocate). ... human resources team deals with this. ... mixture of informal networking and formal job postings. ... all of the above. ... talent review process and informal networking. ... networking and job posting. ...

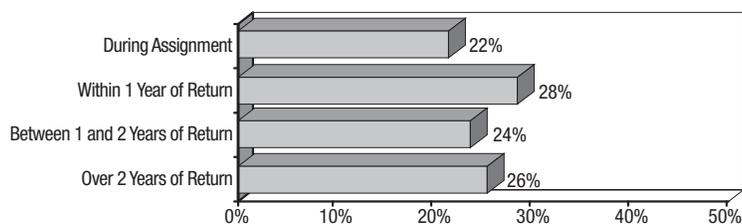
International Assignee Attrition

The average annual turnover for all employees was 8% (compared to a historical average of 12%).

When we asked respondents to identify the annual international assignee attrition rate (a new question), they reported a rate of 8% – the same as the annual turnover for all employees.

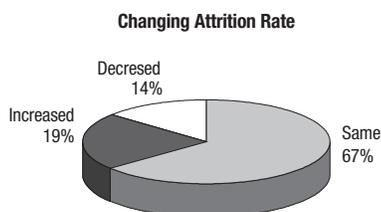
Among international assignees that left the company, respondents reported that 22% of these international assignees left the company during an assignment, 28% within 1 year of returning from an assignment, 24% between the first and second year and 26% after 2 years. The historical averages were 21%, 31%, 24% and 24% respectively.

When International Assignees Leave the Company



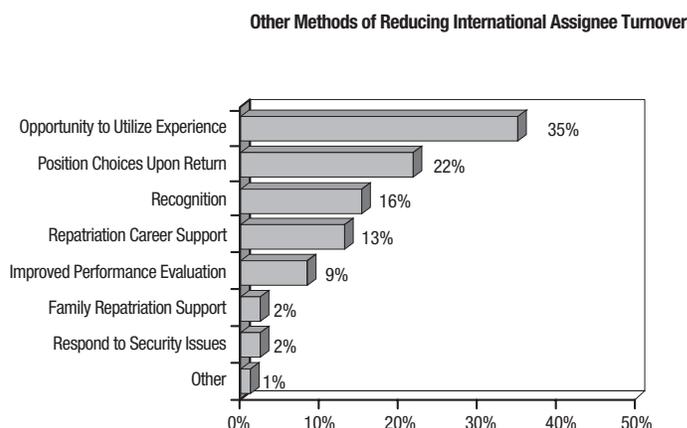
Annual Change in Attrition Rate

When asked if the international assignee attrition rate had changed since last year, 67% reported no change, 19% an increase and 14% a decrease. In the 2010 report, the figures were 65%, 20% and 15% respectively (historically, they were 71%, 16% and 13%).



Minimizing International Assignee Turnover

When asked to rate the effectiveness of ways to reduce international assignee turnover, respondents selected greater opportunity to use international experience as the most effective method (35%), followed by more choices of position upon return from an assignment (22%), greater recognition during/after an assignment (16%), repatriation career support for international assignees (13%) and improved performance evaluation (9%). Historically, the top five choices were opportunity to use international experience (22%), choice of positions upon return (17%), greater recognition during/after an assignment (15%), repatriation career support (13%) and improve performance evaluation (12%).



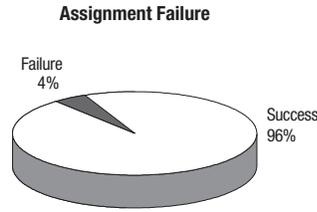
Verbatim Comments:

Other Methods of Reducing International assignee Turnover

... many times there is not a strategic plan for the assignee when their assignment will be coming to a close; this increases the likelihood that they will end up in a position they are not well-suited to or really happy with... formalized talent management...

Assignment Failure

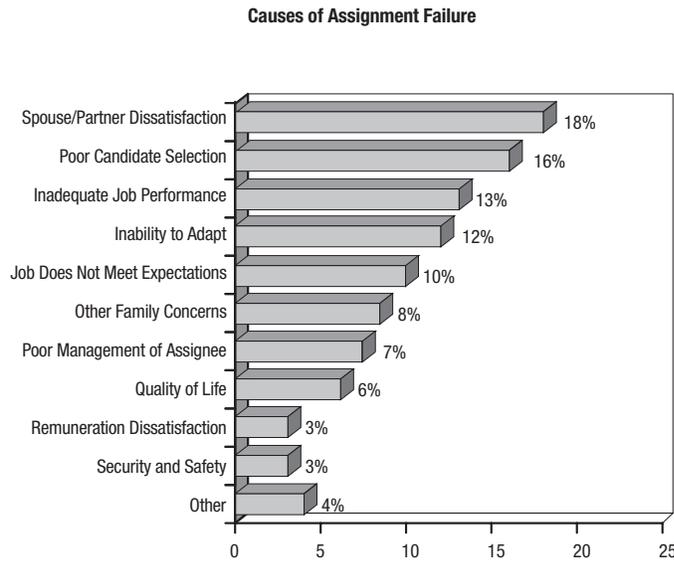
We asked participants to report the percentage of failed assignments. According to respondents, only 4% of assignments fail, compared to 6% last year and a historical average of 5%.



Factors Leading to Assignment Failure

When asked to rank the factors that were most responsible for assignment failure, respondents cited spouse/partner dissatisfaction, poor candidate selection, poor job performance, inability to adapt, job does not meet expectations and other family concerns most often. Historically, spouse dissatisfaction has always been the most frequently cited factor, followed by inability to adapt and then by other family concerns.

In previous reports, respondents indicated their three choices without ranking them in order of importance. This year we asked for a ranking of these three choices because we wished to place the leading causes of assignment failure into higher relief. Consequently, the ranking sequence has changed: while partner dissatisfaction remained in the top position, poor candidate selection replaced inability to adapt as the second choice and inadequate job performance replaced other family concerns as the third choice. The decision to ask for rankings, however, was not entirely responsible for the alteration in ranking sequence. A “non-weighted” treatment of the data still would have placed other family concerns in sixth position, while inability to adapt would have been in third position, followed by inadequate job performance.



Verbatim Comments:

Other Factors Leading to Assignment Failure

... cultural differences, religious issues and political instability...host-country immigration regulations...after assignment, employee assumed a promotion was due...assignee has found [a] new job in [the] organization...

Locations With High Rates of Assignment Failure

When asked which three locations had the highest rate of assignment failure, China was first, identified by 17% of respondents, followed by India (12%) and the United States (11%). Since the 2005 report, China and the United States have always been among the four locations most commonly cited and China has always topped the list. It is important to remember, however, that a high rate of failure is naturally associated with popular business locations that also have large international assignee populations (refer to the “Top Destinations” section).

Japan, Brazil, Hong Kong, Portugal, Turkey, Venezuela, Belgium and Qatar did not appear in the top 15 ranking of locations with high rates of assignment failure in the 2010 report.

Locations with the Highest Rates of Assignment Failure

(Ranked showing percent of companies identifying them; rank from 2010 report in parentheses)

China (1)	17%	U.A. Emirates (14)	3%	Portugal (NA)	2%
India (2)	12%	Japan (NA)	3%	Turkey (NA)	2%
United States (3)	11%	Germany (8)	3%	Venezuela (NA)	2%
Russia (6)	7%	Brazil (NA)	2%	Netherlands (12)	1%
Saudi Arabia (4)	5%	Switzerland (13)	2%	Belgium (NA)	1%
United Kingdom (5)	4%	Afghanistan (10)	2%	Qatar (NA)	1%
Singapore (7)	3%	Hong Kong (NA)	2%		

Verbatim Comments:

Locations With High Rates of Assignment Failure

Angola: difficult living conditions...

Brazil: remoteness, security, family concerns...

China: poor communication and monitoring of objectives...living conditions...resignations...business realignment...family not happy in China...inability to adapt to culture and environment...family reasons...more difficult living conditions, many assignments...assimilation to environment and culture...change in the project scope...hardship location...family health...cultural and lifestyle challenges...move to new employers...

Ecuador: security...

France: cultural and lifestyle challenges...

Germany: business requirement changes...poor assignment planning...poor communication and monitoring of objectives...

Guinea: security matters...

Hungary: improper candidate selection...

India: low quality-of-life index, housing, children's education...performance expectations...adapting to culture...hardship location, family issues...project difficulties...cultural...hardship related, poor assignment support...culture...

Japan: ability to assimilate...cultural adjustment and long work hours...

Kenya: project difficulties, health issues...

Mexico: security...

Mozambique: family concerns...

Nigeria: assignee wasn't competent enough...

Pakistan: lack of security...

Qatar: pay...

Russia: business...cultural and lifestyle challenges...security issues, personal problems, accidents... safety issues and high cost of living...difficult business environment...hardship location...spouse's dissatisfaction...language...

Saudi Arabia: family reasons...pay...location...cultural and religious issues...

Singapore: culture and distance...

Slovakia: cultural...

Sweden: personal reasons...

Taiwan: personal family reasons...

Tanzania: project difficulties, health issues...

Turkey: work permit...

United Arab Emirates: pay...weather conditions...

United Kingdom: we had a lot of restructuring in the U.K. in 2010 and facilities closed...redundancy... unrealistic expectations...

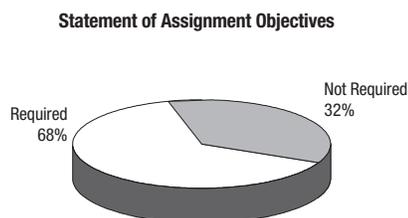
United States: corporate headquarters is challenging...unrealistic expectations...culture shock, housing... business requirement changes...assimilation to environment and culture...

Venezuela: lack of security and political instability...

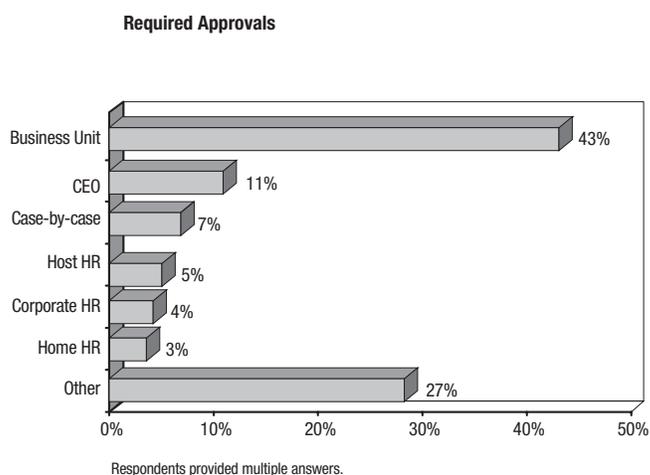
COST ESTIMATING, TRACKING AND COMPARISONS

Funding Requirements and Required Assignment Approvals

Sixty-eight percent (68%) of respondents indicated that their companies required a clear statement of assignment objectives before obtaining funding for an international assignment. The historical average was 64%.



We asked whose approval was required if a statement of objectives was necessary before receiving funding for international assignments. At companies with an approval requirement, 43% of respondents required approval by the business unit, 11% by the CEO, 7% on a case-by-case basis, 5% by host-country human resources, 4% by corporate human resources (or the mobility department) and 3% by home-country human resources. In the 2010 report, the corresponding percentages were 41%, 11%, 4%, 0%, 17% and 1%.



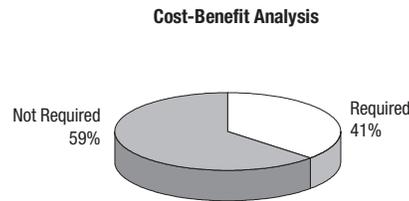
Verbatim Comments:

Required Approval for an Assignment

... human resources CFO, business units...set listing of designated approvers within human resources...level of delegation varies some[what] among [the] businesses as outlined by their senior human resources officer...more than one...business unit executive and the senior vice president of human resources...line management, finance and business-unit approvals are needed...business unit and home and home human resources and mobility department...business unit senior vice president, human resources senior vice president and finance...for short-term assignments and international assignments, [both] home and host human resources director approvals [are] required; for permanent transfers, [both] home and host human resources BP [business partner] and home and host business approval [are] required...business, human resources and the host vice president's [approval]...CEO, host business unit and host human resources...business vice president and human resources...finance for the business unit...vice president...in line with corporate governance...corporate executive team member for each business...the director of the division...head of human resources...international assignment committee...vice president of human resources...compensation committee...

Cost-Benefit Analysis

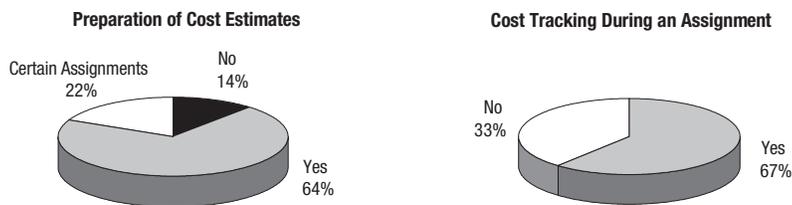
Forty-one percent (41%) of companies required a cost-benefit analysis to provide a business justification for the relocation/assignment (compared to 46% in the 2010 report). The historical average was 43%.



Preparing and Tracking Cost Estimates

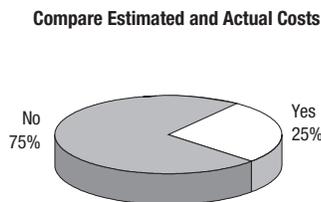
When we asked respondents if they prepared cost estimates before initiating international assignments, 86% did. Sixty-four percent (64%) always prepared them and 22% prepared them only for certain assignment types. Historically, 88% of respondents prepared cost estimates for all or some international assignments.

In addition, 67% indicated that they tracked costs during an assignment (compared to a historical average of 69%).



Comparing Estimated and Actual Costs

When asked if they compared estimated with actual costs, 25% of respondents indicated that they did (compared to a historical average of 35%). The percentage of companies that compared actual and estimated costs was the lowest in the history of this report.



Corrective Measures Taken

When asked to describe the corrective measures taken to adjust the assignment budget or control costs when actual costs varied from estimated costs, respondents provided the following answers:

Verbatim Comments:

Corrective Measures Related to the Budget

... reduce costs [in] following year if possible...reduce package...global mobility consults with business division regarding assignee costs analysis and determines a cost effective solution agreeable to the business that is best for the company...this depends upon the situation, but may include adjusting

assignment dates or tightening consultant data parameters, increasing the budget, or looking at alternatives to having an expat in the position...look at the root cause; discuss with supplier... accrual adjustments by internal finance departments...work with the business unit controllers to adjust budgets...adjust costs between categories or use contingency; re-estimate / seek re-approval if required depending on [the] variance...contact business unit and seek clarification...ensure no exceptions to policy...none; readjust budgets for future years...review process as this is only just being implemented...none...we would make adjustments in the cost-projection assumptions...none; it is what it is...review base menu of costs against quotes and actual costs...

Challenges of Estimating, Capturing and Comparing Estimates

When asked to describe the most challenging aspects of estimating, capturing and comparing expenses, respondents provided the following insights (although many of the observations overlapped): some found no challenges or did not track costs; others identified a need for a cost-conscious culture; others found challenges in being able to obtain reliable information, challenges related to governmental measures (such as taxes, currency and inflation) and challenges in the complexity of costs and of cost-tracking methods.

Verbatim Comments:

Challenges of Estimating, Capturing and Comparison

No Challenges: *this is outsourced...we have a very straightforward process, so no real issues...*

Do Not Track Costs: *we do not do it; that is the challenging part!...we track costs for our transfers with costs, but not for our assignments; globally our transfers with costs equal around 200 and our transfers without costs about 800 a year; our assignments number 16,000 a year and are not tracked...*

Need for Cost-Conscious Culture: *create understanding/awareness with line management and justify why assignment costs are so high...*

Obtaining Reliable Information: *obtaining up-to-date local data quickly...currency issues, actual expense capture...obtain information on costs in assignment destination prior to start of assignment...the systems make certain assumptions; items such as the shipment can be very overstated to the business, depending on the assignee's needs; systems are many times only updated periodically for foreign-exchange adjustments, which can be an issue...every home/host combination is different...collecting costs from the host countries...actual costs...done by third party but challenged with getting correct information from business in order to supply good estimated numbers...gathering the actual costs and the currency fluctuations...actual costs are not always known due to the culture of consulting assignments; these are typically billed back to the client, or the company reimburses actuals while billing the client a daily cost for each employee onsite...gathering the information from various parties in a timely manner is challenging...local data provision...gathering the different expenses...very difficult to gather all information...capturing accurate data...collecting and consolidating the data from the various sources...collecting costs from a number of sources...capturing actual costs...*

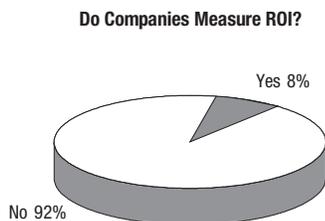
Taxes, Currency and Inflation: *taxes in host, currencies...cost of move, currency fluctuations, cost of living in foreign location...we track expenses for tax reporting only; biggest challenge is getting local personnel to post information accordingly on a periodic basis...estimate of tax burden...tax...it is increasingly difficult to predict cost due to changes in tax laws and exchange rate fluctuations; precision of estimate vs. speed of execution...tax costs...currency fluctuations and market conditions...currency fluctuations, policy exceptions...currency fluctuations can have a significant impact on the original estimate, as well as the stock option activity (exercises during the assignment)...calculating taxes...actual tax costs...taxes are very difficult to estimate...determining tax costs; exchange rate fluctuations; cost of living estimates...currency fluctuations...tax costs are very difficult to estimate and then track actual against estimated due to timing...currency fluctuations...tax accruals, equity sourcing...inflation for the combination of country to country...actual vs. estimate, tax and over costs, tax equalization...taxes, currency...fluctuation and tax changes...having updated taxation figures for compensation and benefits in involved locations, as well as exchange rate fluctuation...trailing tax payments/refunds...it is hard to determine tax equalization costs...*

Complexity and Cost-Tracking Methods: actual costs, tracking mechanism...the unknown at time of estimate and actual costs...currency fluctuation, costs being charged between cost centers, or expensed through business expenses...differential and allowance fluctuations, currency fluctuations, housing costs...deciding upon how we should do it...there are so many variables to track that at times it becomes overwhelming...timing issues; use of multiple platforms to track costs and thereafter consolidating; now moving to a single platform...capturing all costs and comparing budgeted expense categories to actual expenses (which may be in different categories)...difficulty getting accurate spend[ing] globally; currently working on global compensation accumulation project and should be able to compare estimate to actual by year end 2011...fluctuations ensuring all elements are captured expensed in the right year as captured...administrative tools to do the comparison of cost estimate to actual; assignment timing changes; bonuses or stock options exercised which change the tax amounts...actual costs vary dependent upon specific situations and also affect taxes...having the correct system for reporting purpose in place...everything...finance wants to compare actuals to the estimates and have detailed descriptions for the difference and sometimes that is nearly impossible...cost of living fluctuations, changing business needs...part of the reason we do not track estimate to actual is that things change always for expats and out of our control...how to track the costs...getting good estimates based on individual situation...we have different expense management systems in countries and this does not help in tracking the costs effectively...it is very difficult to get all costs of the expat clearly visible in one system; so far we find it very hard to get the data from all relevant parties (home/host country/providers etc) so the overall picture is not complete...capturing the actual costs; often they will be processed as expense reports via accounts payables...how much detail does an estimate have to go to; very often discussions take place on individual elements of the estimate...until recently, [the] relocation vendor's management of cost detail; establishing tax costs and timing of actual expenses reported in vendor's system...fluctuations of housing in both host and home locations...family size impacts significantly on cost estimates; our standard assignees travel alone or with their partner; family moves are far less common so we have to do more research...

EVALUATING RETURN ON INVESTMENT

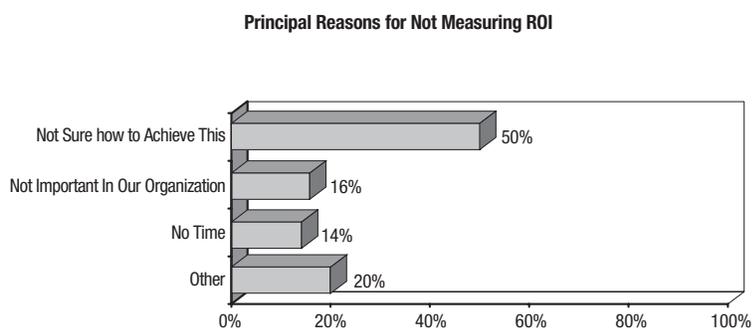
Measuring Return on Investment (ROI)

When we asked if companies formally measured ROI for relocation/assignments, only 8% responded that they did. The historical average was 9%.



Reasons for Not Measuring ROI

In a new question, we asked companies to identify the principal reasons for not measuring the ROI for relocation/assignments. Fifty (50%) responded that they were not sure how to achieve it, 16% that it was not important in their organization and 14% that they had no time to measure ROI.



Verbatim Comments:

Reasons for Not Measuring ROI

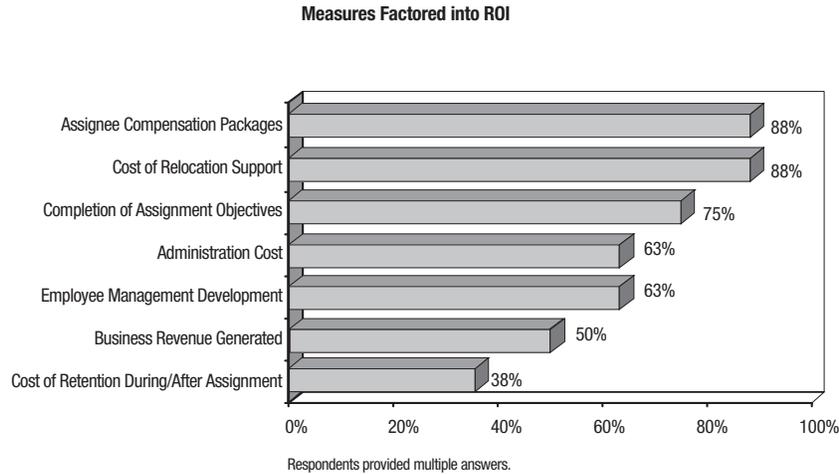
Do Not Know: I don't know if this is tracked; if it is, it might be done by human resources; we, however, are not in human resources; we manage the assignments and transfers in-house under finance/global tax... don't know; just not measured...

Another Department Is Responsible: not measured by global mobility...not part of human resources area, maybe business units do it...

Other Reasons for Not Measuring ROI: not enough volume of assignees to warrant...availability of resource...not required by the business, parameters to be set...currently we do not understand the value of the assignment and assignment objectives are not clear and consistently evaluated... subjective opinion on what ROI [is] and the factors that influence it...is not something which can be easily measured quantitatively...no appropriate tools in place, time pressure...no way to measure performance as compared to original expectations and expectations change; it is not just a cost factor... no resources available to perform this function...lack of reliable resources...lack of solid method to measure...we monitor annual appraisal forms, etc. but can do a much better job on measuring ROI... not possible...still a very new program...identify the proper economic and non-economic KPIs [key performance indicators]...no data on this...subjective measurement...

Measures Factored into ROI

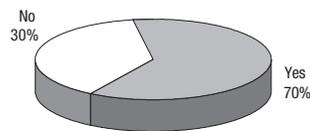
For respondents whose companies measured ROI, we asked which factors were included in their ROI calculations. Eighty-eight percent (88%) of respondents included international assignee compensation packages, 88% the cost of relocation support, 75% completion of assignment objectives, 63% administration cost, 63% employee management development, 50% business revenue generated and 38% the cost of possible retention during/after assignment. In the 2010 report, the corresponding percentages were 75%, 75%, 38%, 63%, 38%, 75% and 25%.



One Definition of Return on Investment

When we asked those respondents who measured ROI if they defined it as “accomplishing the assignment objectives at the expected cost,” 70% agreed. In the 2010 report, 89% agreed on this definition. The historical average was 68%.

Defining ROI in Terms of Objectives and Costs



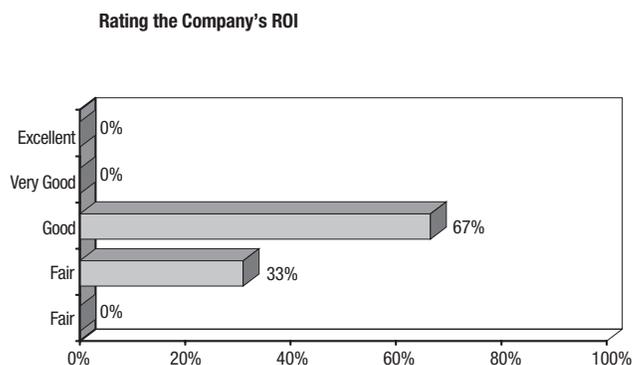
Verbatim Comments:

Defining Return on Investment

... both the tangible (revenue generated) and intangible (transfer of skills, culture change etc.) [are part of the definition] ...

Rating Return on Investment

When asked to rate their companies' international assignments in terms of ROI, 0% rated it as excellent or very good, 67% rated it as good, 33% rated it as fair and 0% as poor. The historical average for excellent and very good (combined) was 35%; for good alone, 46%; and for fair and poor (combined) it was 19%. This was the lowest self-rating of ROI for international assignments in the history of this report.



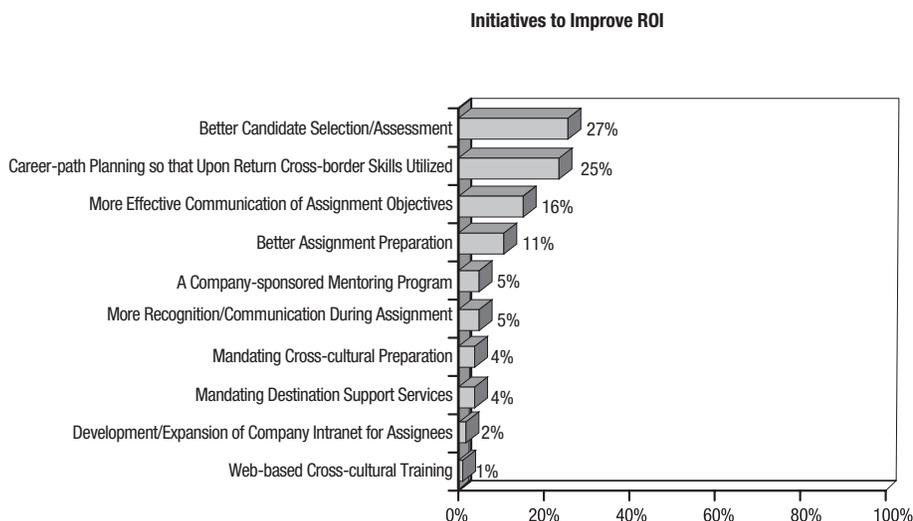
Verbatim Comments:

Rating Return on Investment

... hard to generalize... better talent management is needed for repatriates... measurement of ROI is new... the program data is used to foster continuous process improvement...

Initiatives to Improve Return on Investment

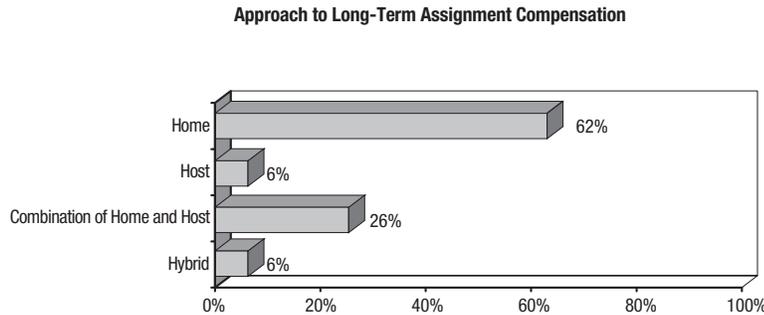
When asked to identify major initiatives used to improve international assignee ROI, the most frequently cited initiatives were better candidate selection/assessment (27%), career-path planning to utilize cross-border skills upon return (25%), more effective communication of assignment objectives (16%), better assignment preparation (11%) and company-sponsored mentoring programs (5%). Historically, the top five objectives were better candidate assessment/selection, communication of objectives, career planning, better assignment preparation and mandatory cross-cultural training.



COMPENSATION

Long-Term Assignment Compensation

When we asked about the approach taken for international assignee compensation on long-term assignments (1 year or greater), 62% of respondents indicated that they used a home-country approach, 6% a host-country approach, 26% a combination of home-country and host-country approaches and 6% a hybrid approach. In the 2010 report, the corresponding percentages were 65%, 6%, 26% and 3%.



Verbatim Comments:

Approach to Long-Term Assignment Compensation and Reasons for Using It

At Companies That Combine Home and Host-Country Approaches

Depends on Home and Host Countries as Well as Assignment Type: if the assignee is a U.S. citizen going to a foreign location, we use [the] home [approach]; if assignee is a foreign national coming to the U.S., we use [the] host [approach]...depends on the host location for long-term assignment package; [in] established locations [we] would be on a host-based approach; developmental assignments have been introduced this year on a host-compensation basis (assignment motivation rather than location)...most are home based, but for some, a host based approach is used where localization is a strong possibility at the end of the assignment...home-based approach in general for consistency, but working in Russia requires a host-based compensation system due to legislative requirements...depends on where the assignee is from and where they will be working...it depends on the home and host location as to whether we would use a home or a host based approach...

Best Practice or Vendor Recommendation: we use the vendor company's balance sheet methodology...past practice...balance sheet approach as the more common global approach...

Determined by Type of Expenditure: only shopping basket part [is] to be delivered in host; additional allowance(s) in home...we have global nomads so a global market base salary is used with local benefits and adjustments...for expats [compensation], it is home balance-sheet approach; for the expat lump sum, it is host approach...

Convenience of Company or Mobility Department: we have found this to be the most cost effective and easier to administer...we are moving to a host approach for more junior moves...just continuing how it was managed in the past...

Combination of Employer and Employee Considerations: [we] protect [the] home-country reference during assignment, but [the approach] facilitates [the] potential [of remaining in the host] location after initial period by having them already with a host country salary reference...providing tax securities for home compensation and quick availability with host compensation...common sense; while a temporary assignee still has significant ties to the home country, he/she is living in the host country and will incur expenses there, too...employee does not have to transfer funds or deal with exchange rate issues...equity...corporate culture...[goods and services] G&S differential, transportation allowance and host furniture allowance [are] delivered in host country [approach] because expected to be spent [funds] in host country; avoid currency fluctuation issues if delivered in home currency...provides equity with local peers, allows for easier assignment to assignment moves, repatriation and localization; deals effectively with exchange rate issues...home-based approach [addresses] transparency of compensation package, maintains [a] link to

home country; host-based approach [is] purely cost-driven...tax...use balance sheet method which is home-country driven to support the return of the expat to the home country and ensure adequate living standard in host country...certain allowances paid at destination for security, convenience and ease...

At Companies That Use a Home-Country Approach

Depends on Home and Host Countries as Well as Assignment Type: most assignments are from high to high or [to] lower cost countries and this works well as they can stay on the home country payroll...host model not in place...

Most Assignments Begin and End in Home Country: by home, we mean a headquarters “home” approach, with compensation levels set to those of one of our four compensation countries, [which are] U.S., U.K., Singapore, or Hong Kong...our expats typically return to the home location at the end of their assignments...as almost 100% of our assignees come from headquarters; it makes sense to use the home-based approach...the individual plans to return and maintains home country residency typically; employees are encouraged to maintain their principle place of residency in their home country; they are tax equalized, so this is the approach we typically choose...employees are generally assigned to projects for a limited period and will return to the home country; also employees stay on home-country payroll (if legally feasible) to guarantee participation in home country benefits plans; if employees have to be put on the host country payroll for legal reasons, a split payroll is established...ease of assimilation back into home country...it helps in keeping the transferee whole compared with peers in the home country, where he/she is supposed to come back to...home base approach works fine...based on benchmark; this is the most common approach and fits well in our culture; furthermore for a standard 3-year assignment it helps to easily relocate back to the home country...to ensure smoother transition back to home country payroll at end of assignment...global headquarters approach for career expats...company is very U.S.-centric and non-U.S. payroll capability is limited...to keep the relation with the home country...they will continue to be part of the home company and will, in principle, repatriate in the home country...majority of the assignments originate from headquarters country...all assignees are sent from one country, [which is] where the headquarters is located...

Best Practice or Vendor Recommendation: this is the standard approach...most common method...industry practice and keeping assignee connected to the home country...industry standard; intent is to return to home country...

Determined by Type of Expenditure: the assignee remains on home-country compensation model; the assignment allowances are paid in addition to this, in certain cases in connection with compensation, but mostly driven by the assignee’s additional expenses in the host location...

Convenience of Company or Mobility Department: historical...over 50 nationalities to over 50 destinations...we have a robust policy that is accepted by the organization and is simple to administer...easier to repatriate assignees...ease of administration for sequential assignments and repatriations...has been done this way “forever” and has worked very successfully...we use a tax equalized approach; [it’s] easier to transfer to another location or back to home location...to ease reintegration to home country...corporate decision makers and minimize tax...easier...collection of payments, taxes, etc...tax implications and to avoid enrollment and un-enrollment of payroll...balance sheet build-up calculation is completed using home salary as [the] base, irrespective of home country; the approach is consistently applied globally...

Combination of Employer and Employee Considerations: normally easier for return of employee...it’s important to them to preserve their purchasing power...net home guaranty...best approach for us, since we send assignees to countries with higher/lower salary levels than in the home country...fairer system, use balance sheet...policy presumes return to home or ongoing assignment; assignments are temporary, not permanent...expats stay tied to their home country...ease of repatriation/is in line with home-country plan; maintains benefits in home country plans...we do not have the concept of career expat in place; the largest part of the expat population returns to their home location after the assignment; equity against peers at home is also important...keep employee in home benefits and social plans wherever possible...to simplify administration (not doing splits) whilst maintaining consistency with home peers...maintain home benefits, especially pension...we tie employee to home country to maintain familiar taxation and benefits...ease of payroll system set-up; employee can still contribute to local social security...to make the assignee whole with respect to compensation package and home/host taxes...intent is to return them home

and therefore, keep pay and savings at similar level to peers...ease of administration, clarity of process for assignee...most of our assignees are long-tenured with the company...U.S. employees moving to Canada for a defined period of time do not want to be paid in Canadian dollar...keeps the employee tied to their pay and benefits at home, pension, social security, etc...

At Companies That Use a Host-Country Approach

...most of the destination countries are European countries, no need to use other methods...reduces the complexity of organizing assignments for host managers; [it] also reduces “them and us” cultural challenges of assignees earning more than locals...

At Companies That Use a Hybrid Approach

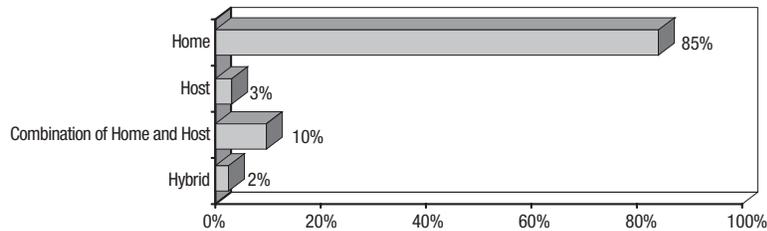
...balance sheet approach is now used in limited circumstances; otherwise a local-plus approach is typically used (home-country pension plus social security in some instances plus local housing)... economic employer (entity benefiting from assignment)...[we] have different types of packages; most of our long-term (over 1 year) assignees [who] move have a “peer plus” type of package on host payroll...

Short-Term Assignment Compensation

When we asked about the approach taken for international assignee compensation on short-term assignments (less than 12 months), 85% of respondents indicated that they used a home-country approach, 3% a host-country approach, 10% a combination of home and host-country approaches and 2% a hybrid approach. In the 2010 report, the corresponding percentages were 88%, 2%, 6% and 4%.

Verbatim Comments:

Approach to Short-Term Assignment Compensation



Approach to Short-Term Assignment Compensation and Reasons for Using It

At Companies That Combine Home and Host-Country Approaches

Depends on Home and Host Countries as Well as Assignment Type: depends on where the assignee is from and where they will be working...

Convenience of Company or Mobility Department: we have found this to be the most cost effective and easier to administer...continuing what was done in past...past practice...

Combination of Employer and Employee Considerations: combination...common sense; while a temporary assignee still has significant ties to the home country, he/she is living in the host country and will incur expenses there, too; however, depending on length of stay, in some cases [we] only deliver a per diem in the host country, with all other compensation continuing to be delivered at home, unless assignee requests otherwise...providing tax securities for home compensation and quick availability with host compensation...use balance sheet method, which is home country driven, to support the return of the expat to the home country and ensure adequate living standard in host country...continue to be paid in and from home company ...

At Companies That Use a Home-Country Approach

Most Assignments Begin and End in Home Country: employees are generally assigned to projects for a limited period and will return to the home country; also employees stay on home country payroll (if legally feasible) to guarantee participation in home-country benefits plans; if employees have to be put on the host-country payroll for legal reasons, a split payroll is established...best approach for us, since we send assignees to countries with higher/lower salary levels than in the home country...assignee remains on their home-country payroll and benefits plans...there is a preference to keep these individuals on a fully home-based compensation approach as this category incorporates short-term assignments of between 2 and 12 months...minimizes disruption and they always return home; part of the deal upfront...they remain on their home-country payroll...due to short-term nature of the assignment, not necessary to break ties with the home country; most short-term assignments are unaccompanied; provides financial continuity for the family...ease of repatriation; is in line with home-country plan; maintains benefits in home country plans...the assignee remains on home-country compensation model; the assignment allowances are paid in addition to this; mostly driven by the assignee's additional expenses on the host location...short-term assignments should be able to go back to their home location...intent to return to home country...maintain home benefits...extended business trips are on home-base salary; expats from 6 to 12 months are on home-based approach...assignee remains on home-country payroll for a short term assignment...keep assignee tied to home country and their local payroll...to keep the relation with the home country...they will continue to be part of the home company and will repatriate in the home country...normally they keep family residing in home location (same family cost) and just get additional allowance to cover their expenses in host location...majority of the assignments originate from headquarters country...practical; often assignments are project based and the end date is driven by project completion...it helps in keeping the transferee whole compared with peers in the home country, where he/she is supposed to come back...keeps the employee tied to their pay and benefits at home, pension, social security, etc.

Depends on Home and Host Countries as Well as Assignment Type: home if possible to ensure full continuation of home benefit; host pay delivery is done only when there is no way around it for legal or regulatory reasons...the compensation is based on collective labor agreements applicable in the home country...

Convenience of Company or Mobility Department: historical...ease of administration...simpler to keep on home payroll...ease of administration...easiest to administer...ease of administration for sequential assignments and repatriations...has been done this way "forever" and has worked very successfully...easy to administer...the same as for long-term assignments...easier to track tax obligations...same as long term...tax implication and to avoid enrollment and un-enrollment of payroll...removing them from the home database/administration is considered to be a hassle for just a short period by the local human resources [department]...

Combination of Employer and Employee Considerations: simpler to administer; no changes for the assignee...simplicity and reintegration to home at end of stay...it's important to them to preserve their purchasing power...tax equalization applied to all short-term and commuter assignments...do not set them up on split pay and most costs are billed directly to [the] company, i.e., housing, transportation...most appropriate...maintain all home benefit and social plans...consistency and fairness across the group...individual wants temporary living expenses covered in the host location as they are maintaining their home-country principle place of residency...easiest for all...most assignments are from high to high or lower-costs countries and this works well as they can stay on the home country payroll...based on benchmark; this is the most common approach and fits well in our culture; furthermore; for a standard 3-year assignment, it help to easily relocate back to the home country...tax...less disruption to employee, especially when family remains in home location...continuation of benefits and [terms and conditions] T&Cs...to make the assignee whole with respect to compensation package and home/host taxes...ease of administration, clarity of process for assignee...tax...we tie employee to home country to maintain familiar taxation and benefits...most of our assignees are long-tenured with the company...

Best Practice or Vendor Recommendation: most common method...balance-sheet approach as the more common global approach...

Determined by Type of Expenditure: salary is paid in home country, enabling assignee to manage home-country commitments; per diem is paid in host country to meet with expenses in host country...get regular

pay at home but per diem paid at host; should not need to transfer regular income as per diem should be enough to live off...per diem [pay] in host location...

At Companies That Use a Host-Country Approach

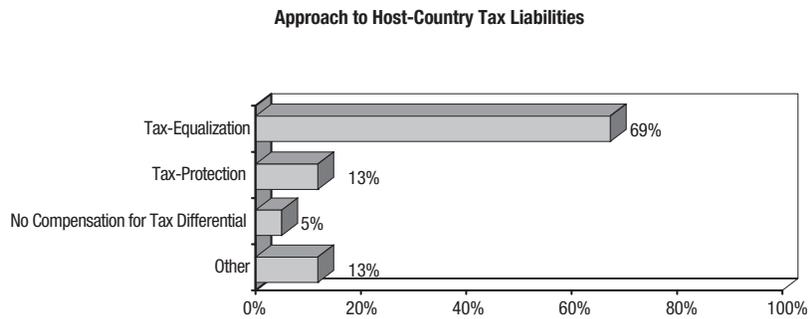
...most of these assignments come to headquarters (more expensive) from cheaper destinations...

At Companies That Use a Hybrid Approach

...economic employer (entity benefiting from assignment)...

Host-Country Income Tax Liability

When we asked about the approach taken for international assignees' host-country income-tax liabilities, 69% of respondents indicated that they used a tax-equalization approach, 13% a tax-protection approach, 5% no compensation for the tax differential and 13% another approach. In the 2010 report, the corresponding percentages were 78%, 5%, 8% and 9%.



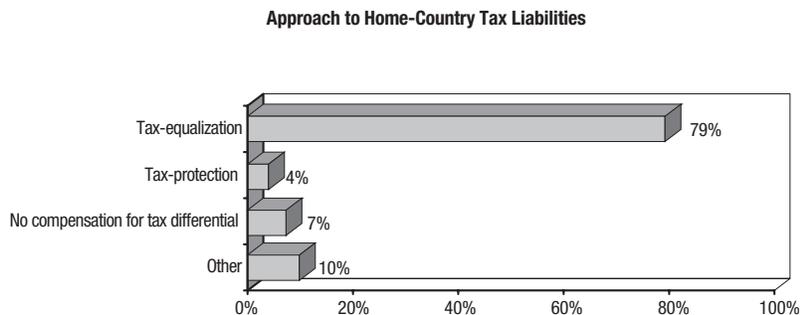
Verbatim Comments:

Host-Country Income Tax Liability

... it depends on the contractual type... employers pays host-country tax... case-by-case equalization or none... tax equalized in only balance-sheet cases... host approach [is] tax protection... pay only host-country tax... depends on type of package and existence of tax treaty between the two countries... balance sheet approach... company covers host taxes... no standard practice applied... we pay gross income in the host country... guaranteed net pay... tax equalization and no compensation for tax differential...

Home-Country Income Tax Liability

When we asked about the approach taken for international assignees' home-country income-tax liabilities, 79% of respondents indicated that they used a tax-equalization approach, 4% a tax-protection approach, 7% no compensation for the tax differential and 10% another approach. In the 2010 report, the corresponding percentages were 74%, 4%, 10% and 12%.

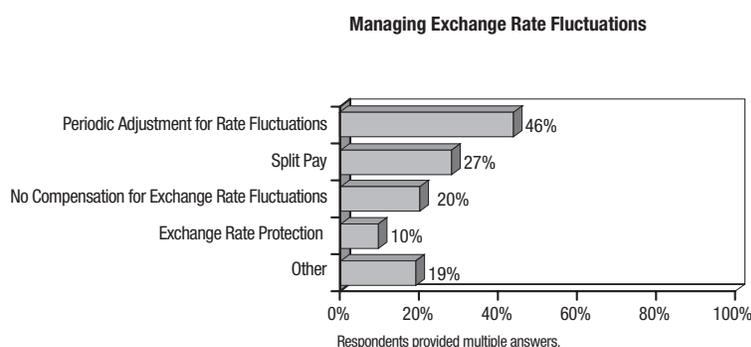


Verbatim Comments:**Home-Country Income Tax Liability**

... it depends on the contractual type... case by case... tax-equalized in only balance-sheet cases... home approach [is] tax equalization... assignee pays home-country tax (apply hypothetical)... depends on type of package and existence of tax treaty between the two countries... balance-sheet approach... no standard practice applied... tax compensation, meaning tax equalize on employment income except on long-term incentives... expat is taxable in the host country (host approach)... guaranteed net pay... tax equalization and no compensation for tax differential...

Managing Exchange Rate Fluctuations for Compensation

When we asked how companies managed fluctuations in exchange rates for international assignee compensation, 46% made periodic adjustments for rate fluctuations, 27% used a split-pay technique, 20% offered no compensation for rate fluctuations, 10% offered exchange-rate protection and 19% used another method. In the 2010 report, the corresponding percentages were 42%, 19%, 28%, 11% and 12%.

**Verbatim Comments:****Managing Exchange Rate Fluctuations**

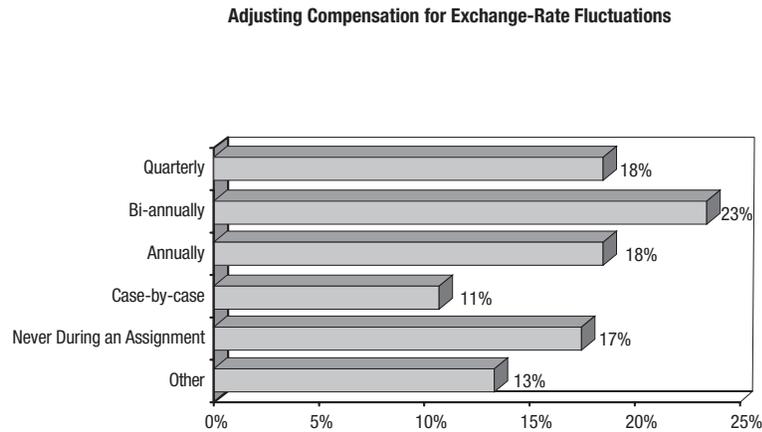
Cost-of-Living Focus: cost of living allowance (COLA)... COLA review includes exchange rate... adjust COLA twice a year... it is captured through the cost-of-living calculation... COLA reflects fluctuations... only COLA is adjusted... we only adjust the COLA periodically... COLA... COLA adjustments take into consideration exchange rate fluctuation... [the] particular element addressed is goods and services differential (G&SD)... handle this through balance-sheet adjustments to G&SD and exchange rates used... no compensation for exchange rate fluctuations; foreign-exchange movement is reflected in the monthly G&S value, which is kept more current by updating on a monthly basis... through G&SD... adjustments in goods and services...

Contingent and Combined Methods: currency protection on savings-amount in the income calculation... adjustment [made] if difference is more than 10% during 3 months... bi-annual foreign-exchange rate updates... for salary, equalized assignee on host payroll can chose between fixed rate (updated annually) or monthly foreign-exchange adjustment... employee is paid in home country; G&SD takes into account fluctuations in exchange rates... depends on plan type; we either have 6 month fixed exchange rates, or on other plans reimburse losses...

Periodic for Some Assignments: only provided for long-term assignments on home-based compensation; reviewed twice a year... cash-flow allowance for some of our longer-term assignees, which is maintained throughout the duration of the assignment...

Adjusting Compensation for Exchange Rate Fluctuations

When we asked how often companies adjusted international assignee compensation packages to accommodate exchange rate fluctuations, 18% of respondents indicated that they made quarterly adjustments, 23% biannual adjustments, 18% annual adjustments, 11% on a case-by-case basis, 17% never during an assignment and 13% another method. In the 2010 report, the corresponding percentages were 14%, 16%, 26%, 8%, 17 and 19%.



Verbatim Comments:

Adjusting Compensation for Exchange Rate Fluctuations

Time-Based Method: depends on plan type; for the plans where [we] protect an exchange rate for allowance payment, it is adjusted twice a year...quarterly COLA review...monthly for COLA...monthly...at contract renewal...two allowances adjusted quarterly; housing and utilities adjusted monthly...adjustment if difference is more than 10% during 3 months...

Based on Degree of Change: biannually and whenever exchange rates change by more than 10%...adjusted if the exchange rate differs 5% in either direction...monthly...normally biannual but more frequently if change trigger reached...annually, but more frequently if 10% or more change...when we get a new table 5% up or down...

Combination Methods: employee is paid in home country; G&SD takes into account fluctuations in exchange rates...part of host-country salary guaranteed in home currency, which is paid at actual monthly rate; annually new exchange rates/COLA figures...

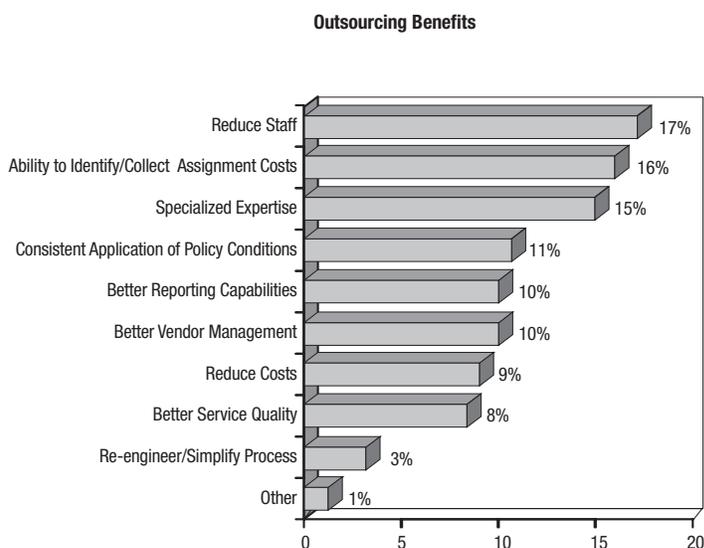
OUTSOURCING

Perception of Outsourcing Benefits

When asked to identify the top three benefits of outsourced programs and to rank them in order of importance, respondents indicated the ability to reduce staff (17%), identification of assignment costs (16%), specialized expertise (15%), consistent policy application (11%) and both better reporting and better vendor management (a tie at 10%) as the top five benefits.

In the past, we asked respondents to select the top three benefits without ranking them in order of importance. By asking respondents to rank their choices, we can understand their concerns more precisely. For example, a non-ranked approach would have placed identification of assignment costs in the top position (instead of reducing staff); obtaining specialized expertise would have been in second position (instead of identifying costs); and reducing staff would have been in third position (instead of specialized expertise).

Historically, the ranking for the top responses was identifying assignment costs, specialized expertise, service quality, and a three-way tie between reduced staff, better reporting and consistent policy application.



Verbatim Comments:

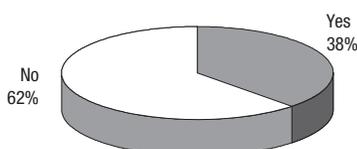
Outsourcing Benefits

... by outsourcing a portion of the program (administration only of payments for certain benefits as well as the arrangement of the details for relocation, such as airfare, shipment, etc), the in-house staff has time to focus on policy design and service enhancements... better compliance...

Current Level of Outsourcing

When we asked participants if they currently outsourced their international assignment program, 38% of respondents indicated that they did. This compared to 35% in the 2010 report and a historical average of 37%.

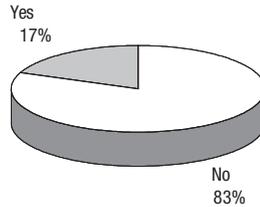
Currently Outsource the Assignment Program



Outsourcing Plans

Among respondents who did not outsource international assignment program administration, 17% were considering outsourcing within two years. This compared to 14% in the 2010 report and a historical average of 20%.

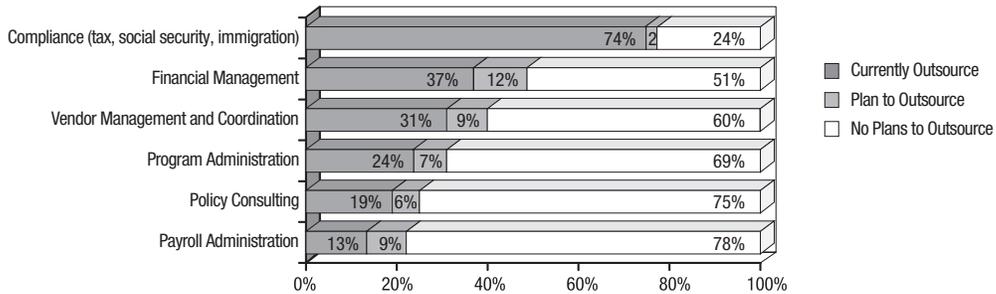
Considering Outsourcing Within Two Years



Services Outsourced

When asked to identify services that respondents currently outsourced, planned to outsource, or did not plan to outsource, compliance (tax, social security, immigration) was the top outsourced service (74%), followed by financial management (37%) and vendor management and coordination (31%). Historically, compliance was the top choice, followed by financial management and then vendor management.

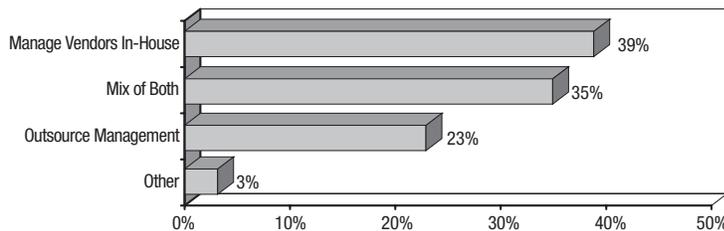
Outsourced Services



Managing and Coordinating Vendor Services

When asked how they managed and coordinated their outsourced vendor services, 39% of respondents managed each vendor themselves, 35% used a mix of internal and external management and 23% outsourced all management and coordination tasks to a single vendor. In the 2010 report, the percentages were 41%, 32% and 24% respectively. The historical averages were 34%, 42% and 22% respectively.

Managing Vendor Services



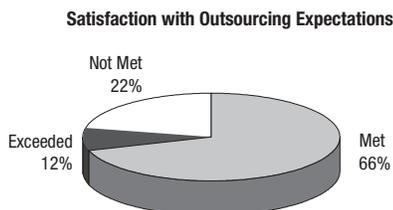
Outsourcing Criteria

When asked to rank the three most important criteria for selecting service providers, respondents indicated that global human resources experience was most important (22%), followed by pricing (16%), geographic reach (16%), service philosophy (11%), technological capabilities (10%), communication with international assignees (8%), general reputation (8%), management of suppliers (4%), expense tracking / management system (3%) and size/financial stability (2%). Historically, the top three choices were global human resources experience, pricing and service philosophy.



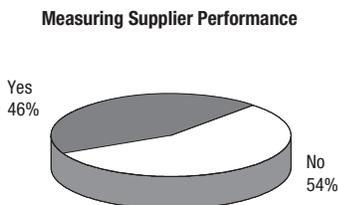
Satisfaction with Outsourcing

For 78% of the respondents who outsourced all or part of their international assignment programs, expectations were being met or exceeded. In the 2010 report, the figure was 82%. The historical average of these two categories was 82%.



Measuring Supplier Performance

When we asked participants if they formally measured their supplier's performance, 46% of respondents indicated that they did. This compared to 50% in the 2010 report.



Verbatim Comments:

Measuring Supplier Performance

Service Level Agreements (SLAs) and Key Performance Indicators (KPIs): we have established SLAs and KPIs that are tracked, monitored and reviewed...key performance indicators...service level agreement

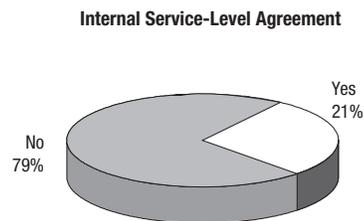
ranking customer satisfaction, communication, reporting, administration, invoicing...this is established at the initial request for proposal (RFP) stage and if successfully, [it] is measured and tracked quarterly during the performance period...service level agreements with money at risk...service evaluations, accuracy of invoices, year-end reporting...customer satisfaction, data integrity, technology upgrades...various SLAs with quarterly results reporting...regular service review meetings...quarterly meeting discussion [and] KPI and SLA reporting which is part of the contract; also surveying our assignees regarding the service received by our providers...set SLAs reviewed regularly...we set up KPIs that we check on a quarterly basis...annual or biannual review to SLAs...key performance indicators established at the onset that are measured quarterly; costs are linked to each KPI based on non-performance as well as outstanding performance...use KPI/SLA agreement and reporting...service level agreement...through KPIs...

Surveys: defined governance model; quality surveys...supplier does the surveys for us...survey input from assignees/transferees as well as from internal team and partners...survey independently hosted...annual reviews based on surveys from expats and global human resources...customer satisfaction surveys are sent to all employees who have used these suppliers; complaints handling is reported...internal annual survey sent to assignees...feedback asked via surveys (as well of provider as internal)...via surveys that are filled in by the assignees...

Combined and Other Approaches: some suppliers in the current list have been in place before my time and some have been selected by the current human resources management...satisfaction surveys, key performance criteria metrics...survey is sent to each employee; follow up phone call in some cases...contractual commitment to audits; annual assessment...informal...we conduct annual supplier reviews using feedback from our employees...

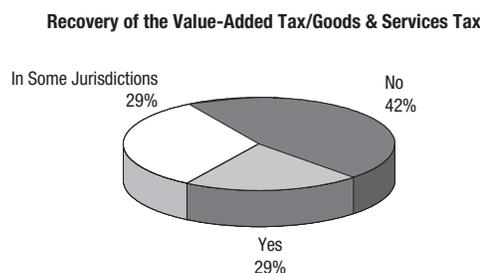
Internal Service Level Agreement

When we asked participants if their company's international mobility function had an internal service level agreement (SLA) with the business units of their company, 21% reported that they did. This compared to 42% in the 2010 report.



Recovering the VAT/GST on Supplier Disbursements

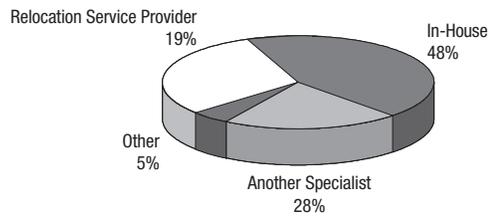
We asked participants if they recovered the value added tax (VAT) / goods and services tax (GST) on disbursements made to suppliers. Twenty-nine percent (29%) of respondents recovered the VAT/GST in all jurisdictions where the VAT/GST was applied, 29% recovered the VAT/GST only in some jurisdictions where the VAT/GST was applied and 42% did not recover the VAT/GST. This compared to 35%, 35% and 30% in the 2010 report.



Method of Recovering the VAT/GST on Supplier Disbursements

For those who recovered the VAT/GST on supplier disbursements, we asked how they recovered it. Forty-eight percent (48%) of respondents performed the VAT/GST recovery in house, 19% relied on their relocation management service provider to perform the VAT/GST recovery and 28% relied on another third-party specialist to perform the VAT/GST recovery. This compared to 42%, 27% and 27% in the 2010 report.

Method of Recovering the Value-Added Tax/Goods & Services Tax



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The following companies participated in the survey and gave their permission to be identified.

- Accenture
- AEI Services LLC
- Agrium, Inc.
- Air Products and Chemicals, Inc.
- AkzoNobel
- Ally Financial
- AMEC
- APM Terminals
- Arup
- ATCO Power Ltd.
- Atlas Copco AB
- Aviva
- Barclays Bank PLC
- Betfair
- Bombardier Transportation
- BorgWarner Inc.
- Bridgestone Americas, Inc.
- Brunswick Corporation
- Campbell Soup Company
- Carl Zeiss AG
- Cisco Systems, Inc
- Citi
- Coats plc
- Credit Suisse
- Diversey, Inc.
- Elsevier, Inc.
- Fairmont Raffles Hotels International
- Foot Locker, Inc.
- Ford Motor Company
- FormFactor, Inc.
- GE Healthcare
- General Motors
- Genzyme Corporation
- GLOBALFOUNDRIES
- Hess Corporation
- Hines Interests Limited Partnership
- Holcim Group Support Ltd.
- HP
- IBM
- IMS Health Incorporated
- ING Group
- IHG plc
- Johns Manville
- Kimberly Clark Corporation
- KPMG International Cooperative
- Kraft Foods Inc.
- LEGO
- Corporation of Lloyd's
- MacDonald, Dettwiler & Associates
- Metsäliitto Group
- Momentive
- Moog Inc.
- Mustang Engineering
- Navistar
- Nike Inc.
- Novo Nordisk A/S
- NXP Semiconductors
- Parker Hannifin Corporation
- Petrofac Limited
- Pfizer Inc
- Philips International BV
- RBS
- SanDisk Corporation
- Sasol
- Siemens AG
- SMEC
- State Street
- Sun Life Financial
- Tetra Pak International SA
- The Boeing Company
- The Clorox Company
- The Dow Chemical Company
- The Gap, Inc.
- The McGraw-Hill Companies
- Tiffany and Company
- The Timken Company
- TJX Inc
- TNT Head Office B.V.
- UBS
- UniCredit Group
- Weyerhaeuser Company
- Woods Bagot