



Global Relocation Trends

2012 Survey Report

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AN INDUSTRY STANDARD

The 2012 Global Relocation Trends Survey report is the 17th 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, helping 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 2012.
- It elicits details pertaining to international assignee demographics, key destinations, challenging destinations, international assignee program management structure, assignment expense management, 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, return on investment, assignment evaluation and failure, and the management of outsourced services.
- The 123 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 6.9 million.
- 55% of the responding companies were headquartered in the Americas; 42% were headquartered in Europe, the Middle East, and Africa (EMEA); 3% 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 (16%) — as it has been the case 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 assignee populations of 51 to 100 was 16%. The greatest percentage of respondents (31%) had 101 to 500 international assignees, which is consistent with the previous six years of the report. The percentage of companies with 501 to 1,000 international assignees (14%) was the second highest 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	2011
1 - 25	25%	29%	32%	54%	41%	36%	35%	29%	48%	27%	21%	15%	17%	18%	21%	16%
26 - 50	14%	16%	15%	15%	17%	14%	13%	13%	14%	13%	13%	15%	15%	20%	11%	11%
51-100	23%	18%	14%	11%	13%	15%	13%	18%	9%	9%	10%	12%	18%	14%	21%	16%
101-500	24%	26%	29%	16%	17%	22%	25%	29%	21%	31%	33%	35%	32%	26%	27%	31%
501-1,000	8%	8%	6%	3%	5%	5%	8%	6%	2%	7%	9%	10%	10%	12%	11%	14%
Over 1,000	6%	3%	4%	1%	7%	8%	6%	5%	6%	13%	14%	13%	8%	10%	9%	12%

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 industries was higher than in all or most previous reports:

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

Participation by companies in the following industries 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	2011
Consumer Products, Retailing	12%	10%	9%	14%	8%	13%	13%	10%	13%	12%	15%	14%
Energy, Utilities, Mining	8%	8%	10%	6%	8%	6%	8%	8%	7%	8%	12%	13%
Finance, Insurance, Real Estate	16%	15%	14%	14%	10%	14%	11%	16%	8%	12%	13%	12%
Machinery, Shipbuilding, Manufacturing, Aerospace	18%	19%	17%	11%	17%	8%	11%	12%	15%	12%	9%	10%
Information Technology (Electronics, Computers, Software, e-Commerce, Telecommunications)	19%	18%	20%	14%	15%	24%	17%	14%	20%	18%	12%	8%
Transportation, Automotive, Airline, Shipping	3%	1%	1%	3%	–	2%	7%	8%	3%	7%	7%	8%
Construction, Engineering	3%	3%	4%	3%	2%	4%	5%	7%	7%	8%	8%	7%
Pharmaceuticals, Medical Devices, Healthcare	–	6%	1%	6%	10%	10%	9%	11%	9%	6%	7%	5%
Services (Publishing, Advertising, Hospitality, Entertainment, Law, Business Consulting)	8%	10%	9%	9%	14%	10%	9%	9%	12%	7%	8%	4%
Chemicals, Agriculture	8%	6%	8%	9%	7%	2%	5%	3%	3%	7%	6%	4%
Other	5%	4%	6%	11%	9%	7%	5%	2%	3%	3%	3%	15%

INTERNATIONAL RESPONSE RATES

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

- 55% were headquartered in the Americas.
- 42% were headquartered in Europe, the Middle East and Africa (EMEA).
- 3% 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
2011	55%	42%	3%
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

In the 2012 Global Relocation Trends Survey report, growth in international assignee populations continues to be strong and, in fact, has strengthened well beyond what has been reported in the last three Global Relocation Trends Survey reports.

Overall Growth: This year, 64% of respondents indicated their assignee population increased. This is a significant increase over last year (43%) and is now only 5% below the survey high of 69% reported in 2006. Similarly, only 11% of companies saw a decline in their international assignee populations, compared to last year when over a quarter of the respondents (27%) reported declines. Looking back to 2008, we initially saw companies maintain their growth levels only to see that number plummet in 2009. Since then, there has been an overall pattern of incremental growth of international assignments, reflecting the wider economic story. This year's result is grounded in the steady re-strengthening of the world's core economies but also a clear indicator of the critical importance of emerging market growth for companies.

Regionally: The growth data mirrors the economic patterns being reported across the continents. While news reports indicate a slow strengthening to the United States' economy and continued concerns on the European front, the survey data also shows that more companies headquartered in the Americas reported increases in their assignee populations (70%) when compared to those in EMEA (60%). Although more companies in Asia Pacific saw declines (25%) than in EMEA (15%), only 6% of companies in the Americas reported declines.

Industry: When looking across industries, economic recovery has varied widely and data supporting assignee population growth reflects a similar diversity. For example, 100% of respondents in the Healthcare/Pharmaceutical sector reported increases to their international assignee population; 81% of companies in the Energy sector also reported increases. In contrast, of the companies that reported a decline in international assignee population, the largest sector was Financial Services at 23%; this is not surprising as this was one of the hardest hit industries in the economic crisis and has been one of the slowest to recover.

Expectations: This year's growth slightly exceeded the expectations of last year's respondents, where 61% indicated they anticipated their assignee populations to increase in 2011; 64% reported actual increases. Last year's optimistic outlook to the future continues this year, with 63% of respondents indicating that they expect to see increases in their populations in 2012; this rate is at its highest level since the 2008 report. Of companies expecting an increase in their populations during the coming year, the majority, 56%, are headquartered in the Americas. In contrast, of those companies who expect their assignee population to decrease in 2012, the majority, 64%, are headquartered in EMEA.

The most optimistic industry sectors were Agriculture/Chemical and Construction/Engineering, where 100% of respondents reported expecting an increase in their assignee populations in 2012. This is followed by both the Healthcare/Pharmaceutical and the Aerospace sectors, where 83% of respondents in those industries expected an increase. The Transportation and Information Technology sectors were the least optimistic, with only 40% of respondents in each group indicating they expected an increase in the number of international assignees in the coming year.

Non-headquarter Revenue: Of companies that generate over 50% of their revenue outside of their headquarters' country, 61% reported expecting their international assignment populations to increase next year, while only 6% expected a decline and 33% expected populations to remain steady. The optimistic outlook for population increase in this category in particular, is considered a reflection of the fact that, as companies continue to expand and generate more revenue outside the headquarters country, international assignments remain foundational and a key business strategy.



New-hire vs. Current Employee: Overwhelmingly, companies are still sending current employees on assignment versus sending new hires. Although up 3% from last year (8%), the number of new hires going on assignment remains low compared to current employees (11% versus 89%).

Experienced Assignees: Given the significant financial and business investment that international assignments require from both employer and employee alike, it is no surprise that companies continue to prefer investing in known talent. Considering the size of the investment, it is also interesting to note that a comparatively small percentage of assignees (21%) have previous international experience versus those that do not (79%). However, this year marks a steady year over year increase since 2008 in assignees who have previous international experience, reflecting both the globalization of the workforce overall and the increasing importance of global mobility as a developmental stepping stone in many companies.

INTERNATIONAL ASSIGNEE DEMOGRAPHICS

Female Assignees: The percentage of female assignees increased to 20% in this year's report, which is up 2% from last year and marks a return to 2009 levels. As noted last year, the rate over the past several years has spanned between 17% and 20% of the population. While it may be difficult to make precise predictions based on a year to year increase or decrease, it is clear that the overall trend in the percentage of female assignees continues to rise. This year's percentage is a full 4% above the historical average of 16% and, when comparing the average of the last five years of the report (19%) to the first five years of the report (13%), the increase is even more marked.

Age: When looking at the ages of international assignees, this year's report notes some shifts from last year. While the age group most represented continues to consist of those who are in the 40-49 year-old group (34%), it was down 3% from the previous year and comes in at under the historical average of 35%. In addition, the 30-39 year-old group also declined 1%, from 32% to 31%, and came in 2% under the historical average of 33%. Correspondingly, there was a marked jump in assignees aged 20-29 years-old, from 9% to 13%. In the previous reports, we posited ties between difficult economic times and the employment of older international assignees and, while the percentages of those in the oldest age groups, those over 50, stayed the same as last year at 22%, this year's important increase in the youngest age group provides an additional sign of improving economic conditions and optimism as companies send out younger international assignees.

Marital Status: Although they are still in the majority, there are far fewer married international assignees than in the past. Given that the re-emergence of optimism in some segments of the economy is widely divergent and cautious at best, the desire of many families to preserve their two-income status is likely a strong factor in this result. In

this year's report, the percentage of international assignees that are married was 60%, the lowest in the last four years of the survey, and a full 7% under the historical average (67%). Furthermore, this year's percentage is down 8% from last year's report (68%) and 14% from the survey high of 74% that was reported 12 years ago. As economic realities continue to remain in flux for many employees with families, it is possible that companies' current international assignment programs are not adequately meeting the needs of employees with spouses, causing them to decline international assignment opportunities. In any case, the identification of this as a longer term trend affords companies the opportunity to ensure their policies and benefits are aligned to meet the changing profiles of their assignees.

The percentage of single status assignments remains steady. Although there was a slight decrease (from 20% to 19%) this year in the number of married or partnered assignees going on assignment not accompanied by their spouse/partner, this percentage remains the same as the overall historical average. Of those going on an unaccompanied assignment, 62% were for short-term assignments and 38% were long-term (greater than one year) assignments. This is the second year for this question and the results were almost identical to last year.



Although short-term assignments are traditionally unaccompanied, the number of unaccompanied assignments greater than one year can be attributed to several factors. First, the increasing importance of a spouse/partner's income and the unwillingness to let that go in the present economic environment is critical. Second, as we will see shortly, international assignments are entering into an expanding number of emerging markets and, given that many of these locations may require more than their share of adjustment and pose significant infrastructure and security challenges, employees may be electing to go on assignment alone, leaving their spouse/partner behind in order to avoid these real or perceived challenges.

Children: In addition to fewer married assignees, the percentage of assignees accompanied by children is also dropping. In this year's report, the percentage of assignments with accompanying children is at 43%, which is the lowest reported in the history of the survey. The percentage has consistently and slowly declined over time, and sits significantly below the historical average (56%). This year's decrease can, in part, be correlated with the increase in the number of assignees who fall in the 20-29 year old age group, as noted above, since respondents indicated that a high percentage of assignees in the 30-39 and 40-49 year old groups were accompanied by children.

INTERNATIONAL ASSIGNEE SOURCES AND DESTINATIONS

When we look at this year's report on assignee sources and destinations, the continued trend towards the globalization of business is clearly reflected. Assignments unrelated to the headquarters country of participating companies continue to rise and 46% of assignees were relocated to or from countries other than their company's headquarters location. This percentage is up 3% from last year and comes in at 2% higher than the historical average of 44%. When this question was first asked 7 years ago, the response was 37%.

Companies are sending international assignees to a more diverse group of countries than ever. This year, 25 countries were listed as destinations for international assignees, six more than were noted last year and the most ever in the history of the report. The United States and China held their positions as the top destinations for international assignments, with 20% of respondents listing the United States and 14% listing China as the top destination. Despite maintaining their top positions, both countries sit slightly under their historical averages, which is 23% for the United States and 16% for China. The United Kingdom came in third at 10%, a 4% decline from last year. Furthermore, historically the United States, China and the United Kingdom, when combined as the top three destinations, represented 77% of the destinations. Now, however, when combined, they represent only 44% of the respondents' top destinations. Although companies continue to send more assignees to the United States, China and the United Kingdom than elsewhere, they are continuing to broaden their reach into new markets, and companies are reporting many additional countries as top destinations for their international assignments. For example, Malaysia, Spain, Indonesia, Argentina, Kazakhstan, and Colombia were all new destination countries this year, not identified in the past several years of the survey. Certainly the continued strong growth in the oil and gas industry fuels a portion of this diversity, and the push to locate alternative manufacturing locations to China is also a contributor, as well.

The face of what companies are considering an emerging destination for expatriates is also changing, and those emerging countries are no longer concentrated in predictable locations. Notably, a total of 63 countries were listed by this year's respondents as emerging destinations for them, more than three times the number in any other year. As expected, the BRIC countries are among the top emerging locations in this year's report, with China and Brazil each reporting at 5%, followed closely by India at 4% and Russia at 3%. While most of these countries no longer can be considered strictly emerging for businesses, most are still considered emerging as locations for expatriate assignments. Australia's relative insulation from the types of economic troubles experienced in the United States and in Europe, coupled with its mining resources, are certainly factors in its high placement at 5%; while new oil discoveries off-shore in Brazil are continuing to push overall growth in that country. Likewise, the list of countries with the most challenges for international assignees is also expanding, where 47 countries, again the most in the history of the survey, were noted by respondents. China, Brazil and India topped the list, noted by 16%, 9% and 8% of respondents respectively. This year, Brazil displaced Russia from the top three countries with the most challenges

for international assignees. As businesses continue to push out into more remote countries, or even more remote locations in relatively more established countries (into second and third tier cities in China for example), the relative need for international assignments into those difficult locations is increasing in parallel. Likewise, the support needs of international assignees and families to those locations are changing; successful international assignments to these locations will likely require either a more complex, tailored level of support, and/or more adaptable, flexible and qualified candidates than ever before.

ASSIGNMENT TYPES, POLICIES AND BENEFITS

As governance continues to play an important role in companies worldwide, this year the highest percentage of respondents over (83%) reported the standardization of their policies on a global level. This percentage is up 9% from last year's report (74%) and is 13% higher than the historical average (70%). Only 10% of respondents reported their policies were standardized on a regional level.

Companies are continuing to both fortify and diversify their international programs. While nearly all companies (96%) had long-term international assignment policies in place and most (86%) had short-term policies in place, the third most common policy type for the second year in a row was one way permanent moves (44%). Thirty-five percent (35%) of companies now have localization policies, 26% have commuter policies and 25% extended business traveler policies. Other notable assignment type policies were reported; for example, rotational assignments (18%) and graduate (9%). The trend toward a truly flexible assignment type, based on a core of required benefits with flexible optional benefits, appears to have stalled (7%) and we believe that this is related to the difficulty of administering this type of policy. Virtual teams came in at an expected low (3%).

We asked respondents to indicate which policy types were under future consideration. Perhaps acknowledging the need to better control the process and potential impact of localizations on both business and talent, the highest percentage of respondents (36%) indicated that localization was a policy under consideration for the future. Given that localizations have been a popular option for many companies looking to reduce costs, the need to put clear and consistent parameters around this policy type is even more important. The second highest percentage (33%) indicated they were considering developing short-term international policies. Third place was maintained by those looking at long-term assignment policies (28%) for future consideration, the same percentage as last year. Given the high number of companies that already have both long-term and short-term assignment policies, we assume that the continual evaluation of these key policy types and assignment philosophies is the likely driver behind their high rankings.

Localization remains a key method to address various business needs. When we asked respondents about the factors they used to consider localizations, the percentage who indicated that "they always localize after a number of years" (24%) stayed the same as in last year's report. Cost as a factor for localization dropped this year to the lowest number since we started asking the question four years ago. All other factors, including "wish to stay in the host country" (25%) and "no position in home location" (10%), decreased this year compared to last year as well. A marked increase in the number of respondents marking "Other" (from 14% to 28%) indicates that there are far more factors emerging that are driving localizations beyond what has been reported in the past.

Companies employ various approaches in transitioning assignees to local packages, which likely reflects the varying drivers for the localization itself. When we asked respondents to identify the transition time period used, at 3 years (19%) replaced immediate transition (18%) as the most common option. We speculate that many companies' adoption of immediate localization as a short term cost containment strategy was not successful in the short to medium term, leading them to adopt a slower transition period, one that could achieve the same long term objective without some of the immediate potential downside to the employee and family. Third place followed closely, with those indicating it was done on case by case basis (17%).

GLOBAL BUSINESS STRATEGY

For the first time in eight years, the source of companies' revenues reported outside the headquarters country has decreased. However, at 54%, it still represents a number far above the historical average of 46%. In addition, the percentage remains above 50%, a level that it reached and has been above since 2009.

As companies recognize the strategic importance of Global mobility within their organizations, oftentimes the global assignment management function is re-aligned to better meet overall business strategy. Global mobility functions still report into Human Resources the majority of the time (44%); however, this percentage is down from previous years. Forty-one percent (41%) report into Compensation and Benefits. Despite the continued focus on the strategic link between Global Mobility and Talent Management, only 4% of Global Mobility functions report formally into Talent Management. This percentage is actually down 1% from last year. Regardless of the formal reporting relationships, Global Mobility, as a function, maintains strong ties to all three areas. Eighty-nine percent (89%) of respondents report active links with Human Resources, 65% with Compensation and Benefits and 47% with Talent Management.

Last year was the first year we asked companies about having active links to these functional areas and this year the number of respondents noting a link to Talent Management dropped from 59 to 47%. Despite much interest in the area, there is still significant internal work to be done before the majority of companies can indicate their Global Mobility group is strongly aligned with Talent Management.

Global oversight of relocation assignment policy decisions remains strong, with relocation policy decisions still overwhelmingly decided at a global level (85%) versus regionally (8%) or by division (7%). When we asked companies how they are preparing to succeed in the global marketplace, their top response (33%) was to ensure their company's assignment policy and program were aligned with their company's business objectives and needs. These were followed by identifying a qualified pool of potential candidates (27%) and then by planning long-term career paths (19%).

Although cost containment continues to be a keystone of business as usual for most companies, the percentage of companies indicating they reduced international assignment expenses last year in response to economic conditions dropped dramatically to 57% this year from 75% last year. Given the reported increases to assignment populations, and the fact that there is still work to be done managing the talent agenda, companies correspondingly have had to spend more on international assignments. This percentage remains well below the historical average of 65%. With one exception (2006), this is the lowest percentage reported since we first asked the question eight years ago. Correspondingly, sixty-one percent (61%) of respondents indicated that the pressure to reduce costs has increased this year versus last year. Nine percent (9%) of respondents indicated the pressure to reduce costs had gone down, and it remained the same for the balance of respondents (30%) when compared to last year. Our interpretation of this data is that, while companies are increasing their global assignment populations overall (and hence incur greater expense overall) as part of their global growth strategies, they are also mindful of the need to find continuous cost improvement in their international assignment program benefits and administration.

As it has been consistently throughout the history of the report, the primary focus for cost reduction continues to be reduced policy offerings (26%). The second place option was using more care in selecting candidates (19%) followed by focusing on reducing vendor fees which, at 16%, was the second highest in the history of report. Both the increased reliance on short-term assignments (9%) and increased use of localization (4%) as strategies for cost containment decreased this year versus last year. Overall, the data perhaps reflects a cyclical approach where companies shift their cost containment strategies, focusing on varying areas in different years, depending on the needs of their business.



Talent Management continues to counterpoint the control of costs as an international assignment management challenge. For the first time in the report, cost was overtaken as the top most common assignment management challenge faced by companies and, in this year's report, it was replaced by finding suitable candidates (15%). As companies' assignment programs grow and push into new locations and the need for talent increases, this result is not unexpected. After finding suitable candidates and assignment cost (13%), the third most commonly cited challenge was controlling policy exceptions (11%), while the 4th and 5th ranked challenges were tied at 9%, with respondents indicating that both career management and assignee retention were key challenges. We expect that while companies will continue to be challenged by finding suitable candidates and by managing other talent related agendas, they will not completely eclipse cost. Rather, we expect balancing cost containment with the growing demand for talent management in international assignments to remain as a constant tension that companies will continue to face.

In terms of ranking assignment objectives, most companies report using assignments to fill a gap. Interestingly, for the second year in a row, filling a technical gap is ranked as a higher need than filling a managerial gap; this year there was a 9% differential between the two rankings, versus last year when it was only 2%. We expect that this will have ramifications in a variety of areas as highly specialized, technical talent will remain at a premium, especially in the international assignment arena. We can posit it may drive up assignment packages as the need to send specialized and trained employees on assignment overcomes the need to send good, readily available and developed managerial talent. We also speculate that this trend will drive ever more short-term, highly mobile assignments focused on project management versus people management. Finally, it will most certainly increase the pressure on Global Mobility functions to contribute to the strategy and planning necessary to retain the highly technical, sought after assignee, especially post repatriation.

CULTURAL AND FAMILY ISSUES

Companies continue to recognize the importance of cross-cultural training and this year, 81% of respondent companies indicated that cross-cultural training was available for some or all assignments. Thirty-seven percent (37%) noted that it was available for all assignments, which is the second highest percentage since the question was first introduced in 2005. Sixty percent (60%) of respondents make the benefit available for the assignee and the entire family, tying with one other year for the highest since the question was first asked and sitting a full 18% above the historical average of 42%.

In this year's report, 85% of respondents indicated that cross cultural training was a good or great value, an increase over the historical average of 83%. As online access continues to permeate more aspects of day to day living, companies are following suit; 36% of respondents indicated that web based or CD based cross cultural training tools were available to their population. This percentage is the highest recorded in the 10 years that this question has been asked. We expect this percentage to continue to increase as the age of assignee populations shifts to a younger demographic and new generations demand access to technology based tools that fit their expectations in terms of on-demand access and ease of use.

Family and spouse/partner issues remain as critical challenges to assignment success. Like last year, the top critical family challenges identified were spouse/partner resistance, along with family adjustment and children's education. Respondents indicated that the top reasons for assignment failure remained the same as last year, with family concerns far outweighing all the rest at 34%, followed by spouse/partner career at 17% and compensation and benefits and career aspirations at 14% each.

Spouse/partner employment continues to be a key consideration in international assignments. For married and partnered assignees, just about half of the spouse/partners (49%) were employed before the start of the assignment. Although this has gone up and down slightly through the years, this percentage



comes in at just slightly above the historical average of 47%. Yet, finding employment on assignment remains elusive for spouse/partners as this year's report indicates that only 12% of them were employed before and during the assignment, and this remains consistent with the historical average. Although the number of married and partnered assignees is decreasing, as we noted above, the potential ramifications of an international assignment for an employee and spouse/partner remain significant. With only 12% of employed spouses continuing to be employed during the assignment, potential loss of income, long-term career impact, and transition/adjustment issues are real considerations for assignment acceptance, especially given the current economic environment.

Beyond language training, which 78% of respondents identified as a method of spouse/partner support, respondents noted variable approaches to providing spouse/partners with support during international assignments. The second most common was to sponsor a work permit (41%) which was up from last year (32%) and significantly above the 32% historical average. This approach recognizes the fact that the spouse/partner's inability to continue their career could have a significant financial and emotional impact to the individual and the assignment. The financial and career oriented focus of the assistance continued as the third most popular response was providing the spouse/partner with a lump sum allowance, followed by offering education/training assistance and career assistance.

Support for expanding family concerns, such as employees having to care for elderly family members, are slow to find traction and only 10% of companies provide formal assistance to assignees that have elder care responsibilities. Despite being low, this number is higher than it has been in the last two years and is on a par with the historical average. Today, of those that do provide assistance, 64% offer to relocate the family member on assignment with the assignee, while 55% offer extended home leave that can be used for extra visits in lieu of accompaniment by the elderly family member. As diversity in the international assignee population continues to expand, and companies' home/host combinations diverge from very traditional one-directional patterns to more complex, multidirectional combinations, more employees may have elder care responsibilities that will impact their ability to take an international assignment and this may drive a higher positive response from their employers.

INTERNATIONAL ASSIGNEE SELECTION AND ASSESSMENT

Although a higher percentage of companies (28%) compared to last year (22%) indicated that they had a formal career management process in place, the percentage is still not as high as might be expected given the critical importance of international assignees. In addition, only 19% of respondents have a formal candidate pool, up just slightly from 18% last year.

These numbers most likely align with the companies that noted that their Global Mobility department has strong ties to Talent Management within their organizations (21%) or direct reporting relationships to that department (4%). While much continues to be researched and written about the criticality of linkage between Global Mobility and Talent Management, it remains to be seen at what rate companies will adopt the concrete tools, such as formal career management and candidate pools, in support of that link.

Like last year, 19% of respondent companies indicate that they use candidate assessment tools when evaluating employees for their suitability to go on international assignments, while another 42% of companies are considering utilization of such tools. Of those that use tools, there was an increase in the percentage that use the most commonly reported tool, candidate self-assessment at 43%, up from 25% last year. Additionally, 30% report using a formal process managed by HR, by an outside vendor, or by the business.

Of the companies that indicate that they are using candidate assessment tools, a fair number of companies are using the assessment tools as a way to help candidates evaluate their personal readiness for an international assignment (35%). However, even more, 65%, are using those tools specifically for candidate selection. This is up 9% from last year's results and indicates that the early adopters of these formal tools are starting to recognize the value they bring toward formalizing and making objective the candidate selection process.

Candidate assessment continues to focus heavily on an employee's leadership skills (86%), their flexibility and adaptability (79%), and their technical skills (71%) as key indicators of an employee's suitability for international assignment. If the trend continues where more assignments are being used to fill a technical gap instead of a managerial gap, companies will need to realign their assessment components in order to ensure their continued viability for selecting the best candidates.

Given the fact that the family is such a key driver in the success of an international assignment, it is noteworthy that family suitability was only indicated by 29% of respondents as an assessment competency. This percentage dropped significantly compared to last year. As noted last year, we posit that the increased use of self assessment tools by candidates may have assignees opting out of the selection process themselves and addressing family suitability privately rather than leaving it up to the more formal, and certainly more visible, selection process.

ASSIGNMENT EVALUATION AND COMPLETION

Respondents were clear about the value of international assignments to employees and 40% indicated that the top benefit was that the employee received faster promotions relative to their peers. This percentage was an increase of 7% over the 2011 report, and was the highest ever reported. Thirty-six percent (36%) of respondents saw the benefit for the employee as having an easier time than their peers in obtaining positions within the company. Sixteen percent (16%) of respondents indicated that the top benefit for employees with international assignment experience was that they changed employers more often, presumably utilizing the assignment experience as a way to make them more marketable to competing employers. However, the percentage for this response, which was the lowest in the history of the survey, is likely a reflection of the overall cautious stance employees are taking relative to the wider employment marketplace.

Despite periodic industry reports of large percentages of assignments ending prematurely, respondents reported that only 7% of assignments were incomplete due to the assignee returning early, which is up 1%, from 6%, in 2011, but equal to the historical average. This percentage includes early completion of the assignment as well as failed assignments. The top reason for the early returns continues to be family concerns and, although this decreased slightly from the 2011 report (from 34% to 33%), it has remained the top reason by at least 10%, and sometimes as high as 15%, since the question was first asked seven years ago.

Last year marked the second year in a row where security concerns increased as a reason for early return from assignment. Given the widely publicized events in Japan, Egypt, Tunisia and elsewhere, this increase is not surprising.

REPATRIATION AND ATTRITION

Although focus on repatriation and its importance remains high, widespread adoption of formal strategies by companies remains elusive. Seventy-one percent (71%) of companies reported having a formal repatriation policy and 94% are having repatriation discussions with employees. Although this represents a slight decline versus last year (95%), the percentage of companies having repatriation discussions remains strong and is well above the historical average of 79%. Of those that are discussing repatriation plans with their employees, the largest percentage of respondents (48%) are having those discussions at less than six months before the end of the assignment while only 20% are having the discussions before the assignment begins. Given the generalized increased focus on repatriation planning as a key part of repatriation success and employee retention, we would have expected to see a larger number of companies having those discussions further out than six months.

Sixteen percent (16%) of companies reported having a formal repatriation strategy linked to career management and retention within their companies. This is the second year this question has been asked and this percentage represented a slight increase from last year's report, which was at 14%.

Almost all companies (94%) assist employees in locating a job upon repatriation; however, program managers often do not adopt formal strategies to do so. The most common type of assistance provided was noted as informal networking (30%), followed closely by requiring the transferring department to identify a job for the employee (27%). Only 19% of respondents relied on formal job postings to help the returning assignee locate a job upon return, the lowest number in the history of the report. It is noteworthy that 18% of respondents indicated using other means to assist employees. Given the criticality of this component to easing the assignee's return and its importance in his or her long-term retention and growth within the company, we expect that companies will continue to explore options regarding adopting and implementing repatriation planning programs.

ATTRITION AND ASSIGNMENT FAILURE

International assignment attrition is not markedly higher than the reported amount for the employee population overall. The average reported annual attrition rate for employees was 13% and the rate reported for international assignees was just slightly under that, at 12%. This is only the second year for this question in the report, but the reported rate was 5% higher than last year for all employees and 4% higher for international assignees.

Correlations between attrition rates and the presence of formal career management are not necessarily clear-cut. While 59% of respondents reported an attrition rate of only 0-5%, the data did not show a strong correlation between a lower attrition rate and the presence of a formal career management process for assignees as we might have expected. Of companies that had a 0-5% attrition rate, only 24% had a formal career management process in place; however, the correlation at the other end of the spectrum is stronger. While only 10% of overall respondents reported having an attrition rate of higher than 30%, of the companies that did have this higher attrition rate, 67% had no formal career management process in place.

When we asked respondents about the attrition rate for international assignees compared to the previous year, 67% reported that the level had stayed the same. Fourteen percent (14%) said that the attrition rate increased while 19% of respondents said that the rate had decreased. We looked at last year's report and, although more companies said their international assignee attrition rate increased (19%) when compared to the prior year, the same amount of respondents as this year (67%) said their international assignee attrition rate remained stable. We see this as another clear indicator that the international assignee population, overall, is mirroring the caution still prevalent in the wider employment marketplace.

While cross referencing attrition rates with the presence of a formal career management process did not provide a clear link, data cross referenced between attrition rates and those companies that have formal repatriation strategies is stronger. Of those respondents who indicate that their attrition rate increased, 91% do not have a formal repatriation strategy linked to career management and retention. As mentioned previously, there was an increase in the number of companies who have a formal repatriation strategy, linked to retention, in place. If this trend continues and more companies adopt formal strategies, we would expect to see fewer companies reporting increased attrition rates in the future.

When asked about assignees who leave the company, companies reported a fairly balanced spread across time frames, with respondents indicating that of those who left, 22% left while on assignment, 24% left within one year of return, 26% left within between one and two years of return and the largest percentage, 28%, left more than two years after the return from assignment. Given the significant investment of international assignments, companies are focusing efforts to minimize international assignee attrition rates and, when asked to rank the initiatives in place to do so, the top response (29%) was providing international assignees with opportunities to use their international experience. The second and third responses were to offer greater choice of position upon



return (17%) and to provide greater recognition during and after the assignment (13%). These initiatives all factor into repatriation planning. Even if companies do not have a formal repatriation program, we believe that these initiatives, if aligned and broadly pursued, may lead to improved results.

Assignment failure rates remain low overall with the key drivers being career and family concerns. Companies reported that 6% of assignments fail. This is an increase above the 4% reported last year and higher than the historical average of 5%, but still relatively low given the multitude of factors that could cause assignment failure. Key reasons for assignment failure were split between career and family. Employees leaving the job for an opportunity with another company was the top cited response, followed closely by spouse/partner dissatisfaction and then family concerns.

China remained at the top of the list for locations with the highest rate of assignment failure (19%), followed by India (7%). This year, Singapore (7%) outranked the United States (5%), coming in at third place. As in other areas of the survey, more emerging markets were mentioned and associated with assignment failure rates than in previous years. For example, countries such as Bolivia, the Congo, Libya and Vietnam were cited in this year's survey as locations with high assignment failure rates and none of these locations had been noted in the past.

COST ESTIMATING, TRACKING, COMPARISONS AND ROI

Companies are increasingly adopting more formal practices regarding cost management relative to international assignments. Seventy-one percent (71%) of companies require a clear statement of assignment objectives in order to obtain approval for the assignment and, of those, most require business unit approval and/or some combination of corporate Human Resources and/or home/host Human Resources approval. This percentage bounced back from last year's decline (68%), the first after several years of increases, to the second highest percentage reported and it aligns with the overall macro trend toward increased structure and oversight that is an outcome of the financial crisis, and the expectation of greater business governance. A small percentage of companies require CEO approval and we speculate that, for many smaller and midsize companies, the cost and visibility of international assignments, and therefore the desire to exercise close control, may be magnified.

In support of this trend and for the first time since 2006, more companies required a cost benefit analysis (51%) than did not as part of the business justification for the assignment. Eighty-eight percent (88%) of companies prepare cost estimates for some or all assignments, up 2% from last year and in line with the historical average, and 67% of companies track those costs during an assignment. Further, 43% of respondents reported comparing actual assignment costs to estimates completed prior to the assignment. This is up 13% from last year, and the highest number since 2005, highlighting the increased visibility that cost estimates and their accuracy have taken on in an increasingly cost conscious environment.



Companies that formally measure international assignment ROI are in the minority and strategies to increase its adoption are not obvious to those who do not currently measure it. In this year's report, 9% of companies reported measuring ROI, up from 8% in 2011. As in last year's report, the most common reason cited for not measuring ROI was that the respondents were not sure how to accomplish this. In addition, a number of respondents (32%) indicated other reasons for not measuring ROI, but explanatory comments reveal similar themes - there was no consensus on what to measure, how to calculate, how to define output, no reliable measures, technology, etc. Given the continued stated importance of ROI, paired with the consistent message that the primary reason for not measuring is that most companies are not sure how to achieve it, there are clearly

opportunities to develop better education, concrete guidelines and consultative tools for mobility managers to bring more rigor into this important arena.

Of those that measure ROI, the top measures factored into their ROI calculations are assignee compensation packages, cost of relocation support and the completion of assignment objectives. Other quantitative measures noted were cost of retention during and after the assignment, administrative costs, employee management development, and business revenue generated. There are strong arguments for including more qualitative factors into ROI calculations versus strictly quantitative and this would require individual companies to develop, vet and employ highly individualized strategies more aligned with their company's objectives versus any formulaic standardized approach. The move to a more qualitative approach suggests fewer black and white guidelines that could be taken off the shelf and utilized by companies that currently do not measure ROI. As such, we do not expect rapid changes in the data over the next couple of years.

OUTSOURCING

Companies may be shifting their focus and viewing outsourced suppliers less as vehicles of cost savings and more as partners able to offer highly specialized and compliance based expertise. This year, 14% of respondents indicated that they were considering outsourcing international assignment program administration in the future. This percentage is down from the 17% reported last year but a return to the 2010 level. However, of those that outsourced international assignment management, most outsourced compliance-related and highly specialized functions (91%), such as tax, social security, and immigration. In addition, this year, the top criterion for selecting an outsourced partner was the supplier's global employee mobility experience. This clearly outranked the second place criteria, pricing of services, by over 25%. Respondents noted that the primary benefit of having an outsourced program was to have the ability to identify and collect assignment costs (17%). The second and third top benefits indicated in the report were the ability to obtain specialized expertise (13%) and better supply chain management (13%).

Interestingly, last year's top noted benefit of outsourcing, the ability to reduce staff, ranked 7th this year. This result, examined in conjunction with the drop in the number of companies considering outsourcing as a whole, may indicate that departments have made the adjustments needed to operate effectively in a more streamlined environment. As such, they are looking to their outsourced partners more as resources of specialized knowledge or owners of technologies that have the ability to identify and collect costs versus exclusively as a mechanism for cutting overall costs and dealing with reduced headcount.

As the need for program governance continues to rise, and mobility managers are working towards making changes to their programs that focus on increasing their strategic value and the return on investment of international assignments, we expect Global Mobility professionals will continue to want to engage with outsourced suppliers at a strategic, consultative level. Thought leadership and consultative, proactive engagement will continue to form the cornerstone of successful partnerships between companies and their outsourced providers.

THE INTERNATIONAL ASSIGNEE POPULATION

- 64% of respondents believed the number of international assignees increased in 2011, the biggest increase since the 2008 report and much higher than the historical average of 45%; 63% expected the number to increase in 2012, higher than the historical average of 58%.
- 21% of all employees had previous international assignee experience which is significantly higher than 12% in the 2011 report; 11% of current international assignees were new-hires, 3% higher than last year.
- 20% of international assignees were female, the historical average is 16%.
- 13% of international assignees were 20 to 29 years old; 31% 30-39 years old; 34% were 40-49 years old; and 19% were 50-59 years old, the same as in the 2011 report which was second highest in the history of this report.
- 60% of international assignees were married compared to a historical average of 67%.
- Only 43% of international assignees had children accompanying them during the assignment, an all-time low and 4% lower than the 47% in the 2011 report.
- The percentage of single male assignees, 25%, increased by 7% over the 2011 report.
- Spouses and partners accompanied 81% of international assignees, this percentage is the same as the historical average. 38% of single-status assignments were long-term (1 year or more) and 62% were short-term (3 to 12 months). This compares to 39% and 61% respectively in 2011.
- 49% of spouses and partners were employed before an assignment, but not during; 6% were employed during an assignment, but not before; 12% were employed both before and during the assignment.

INTERNATIONAL ASSIGNEE SOURCES AND DESTINATIONS

- 54% of international assignees were relocated to or from the headquarters country, the lowest percentage in the history of this report.
- 29% of transfers were intra-regional. 43% of these transfers took place within EMEA; 23% within the Asia-Pacific region; 34% within the Americas.
- The United States, China, and the United Kingdom were the most frequently cited top destinations, the same as in the 2011 report.
- China, Brazil, Australia, and India were the primary emerging destinations.
- China, Brazil and India were the most challenging locations for international assignees, not Russia as reported in the past four years. China, Brazil, India and Russia were the most challenging for program managers.

ASSIGNMENT TYPES, POLICIES, AND BENEFITS

- 83% of respondents use a global approach for standardizing their relocation policies; 10% a regional approach; 2% a divisional approach; and 5% another approach.
- 96% of respondents had long-term assignment policies (1 year or more) currently in place; 86% short-term policies (3 to 12 months); 44% one-way permanent move policies; 35% localization policies (conversion away from international assignee status to local standards); 26% commuter assignment policies; 25% extended business travel (less than 3 months); 22% local-hire; 18% rotational assignment policies (a new choice in the 2011 report); 18% developmental; 9% graduate; 7% flexible based on a core of required benefits (a new choice in the 2011 report); 3% virtual team; and 8% other types of assignment policies.
- For future development in policies, respondents most often considered localization policies (36%); short-term policies (33%); long-term policies (28%); developmental policies (27%); local-hires (25%); one-way permanent moves (24%); extended business travel policies (22%); commuter policies (20%); flexible (18%); rotational hires (13%); graduate hires (12%); virtual teams (5%); and other (14%).
- Factors that determine when localization is used included international assignees wanting to remain in the host country (25%); a predetermined assignment length (24%); cost (13%); no position at the home location (10%); and other (28%).
- Among companies that relied upon localization (converting international assignees to local standards), 18% localized immediately; 42% localized in 1 to 4 years; 11% localized in a period of 5 years or more; and 17% on a case-by-case basis.

GLOBAL BUSINESS STRATEGY

- 54% of company revenues were generated outside the headquarters country, a record high for the past two years, compared to a historical average of 46%.
- 44% of respondents reported that the Global Mobility function reported to corporate Human Resources; 41% to Compensation and Benefits; 4% to Talent Management; and 11% to other functions. Reporting to Human Resources decreased by 13% over the 2011 report.
- 89% of respondents reported that the Global Mobility function had links to corporate HR; 65% links to Compensation and Benefits; 47% to Talent Management; and 20% to other functions. Links to Talent Management decreased by 12%.
- For 85% of the respondents, relocation assignment policy decisions were made globally at headquarters; 8% regionally; and 7% by business division.
- Respondents reported the top company initiatives to ensure success in the global marketplace were 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. These are the same top initiatives listed in the 2011 report.



- In response to economic conditions, 57% of companies indicated that their companies were reducing international assignment expenses; 61% reported increased pressure to reduce costs compared to a year ago.
- At companies that reduced expenses, the primary areas for cost reduction were reduced policy offerings or amounts offered; more care in selecting candidates; vendor fees; increased reliance on local hiring; and increased reliance on short-term assignments.
- The main assignment objectives for international assignments were filling a technical skills gap; filling a managerial skills gap; building international management expertise/career development; launching new endeavors; and technology transfer. The results are consistent with the 2011 report, with technical skills rating higher than managerial skills.
- Critical relocation challenges included finding suitable candidates (15%); cost of the assignment (13%); controlling policy exceptions (11%); career management (9%); and retention of repatriating employees (9%).

CULTURAL AND FAMILY ISSUES

- 81% of companies provided formal cross-cultural preparation. 44% on some assignments; and 37% on all assignments. Where cross-cultural preparation was offered only on some assignments, 51% made it available based on the type of assignment; 28% based on host location; and 21% based on other criteria.
- Where cross-cultural training was offered on all assignments, 60% provided it to the entire family; 27% to the international assignee and spouse; and 8% for employees alone. There was an 11% increase in offering cross-cultural training on all assignments from the 2011 report.
- At companies where cross-cultural training was offered, it was mandatory at 24% of companies. 85% of respondents rated cross-cultural training as having good or great value.
- 36% of respondents include media-based or web-based alternatives to face-to-face training programs. The historical average was 27%. 23% used cross-cultural programs as additional support to reinforce in-person programs; 23% used them as a stand-alone alternative to an in-person program; 23% used them for portability (anywhere/anytime); and 9% for cost (less expensive).
- The top family challenges identified as very critical to the respondents' companies were spouse/partner resistance to international relocation (48%); family adjustment (38%); children's education (35%); and location difficulties (21%).
- The top reasons cited by candidates for turning down assignments were family concerns; spouse's career; inadequate compensation; employee career aspirations; and quality of life at the location.
- 78% of respondents' companies support spouses or partners with language training; 41% sponsor a work permit; 33% with education / training assistance; 33% a lump sum allowance for spousal support; 30% career-planning assistance; and 28% employment search or job-finding fees.
- 10% of responding companies assist international assignees with elderly family members. Of these companies 64% relocate elderly family members to the assignment location and 55% support international assignee visits to the home country.

SELECTING INTERNATIONAL ASSIGNEES FOR ASSIGNMENTS

- 28% of respondents had formal career-management processes for international assignees.
- 19% of respondents had a formal candidate pool for international assignments. This compares with 18% in the 2011 report.
- The top criteria for including employees in an international assignee candidate pool were high-potential employees (95%); previously expressed willingness to go on assignment (73%); specific (rare) skills (64%); previous international assignment experience (32%); and cultural abilities or skills (32%).
- 19% of respondents reported the use of candidate-assessment tools: candidate self- assessment (43%); formal assessment programs managed by Human Resources or the international mobility function (30%); a formal assessment program from an external provider (30%); and a formal program managed by the business unit (30%).
- 42% of respondents were considering a candidate-assessment tool for the future.
- 65% of respondents used assessment results for candidate selection, 35% for self-assessment. In 2011 these percentages were 54% and 46% respectively.
- Competencies assessed during the candidate selection process included leadership skills (86%); flexibility/ adaptability (79%); technical skills (71%); cross-cultural communication (36%); and family suitability (29%).

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 assignments, 40% indicated faster promotions; 36% believed assignments led to finding new positions at their company more easily; and 16% indicated that employees changed employers more often.
- 7% of international assignments were incomplete because assignees returned early. The historical average for early return of international assignments was also 7%.
- The top reasons for early return from assignments included family concerns (33%); early completion of the assignment (19%); and transfer to a new position at the company (17%).
- The top three reasons cited for requiring more time to complete assignments were a change in business need; expansion in the assignment scope; and no successor ready to replace the international assignee, the same reasons given in last year's report.



REPATRIATION AND ATTRITION

- 94% of respondents held repatriation/re-entry discussions with international assignees compared to a historical average of 79%. 20% discussed repatriation/re-entry with assignees before the assignees left on assignment; 26% did so at least 6 months before the assignees' return; and 48% discussed repatriation//re-entry less than 6 months before assignment completion.
- 71% of companies had written repatriation policies. The historical average was 72%.
- 16% of companies had a formal repatriation strategy linked to career management and retention.
- 94%, compared to 99% of respondents in 2011, identified new jobs within the company for repatriating employees through informal networking (30%); mandatory identification of a job by the department that authorized the assignment (27%); and formal job postings (19%).
- Average annual reported turnover for all employees at the respondents' companies was 13%; the average attrition rate for international assignees was 12%.
- Among international assignees who left the company, respondents reported 22% left while on assignment; 24% within one year of repatriation; 26% between the first and second year of repatriation; and 28% over two years after repatriation.
- 67% of respondents indicated no change in international assignee attrition rate since last year; 14% indicated an increase; and 19% a decrease.
- To minimize international assignee turnover, respondents cited greater opportunities to use international experience as the best method, followed by offering greater choices of positions upon return, and providing recognition during and after an assignment, the same as reported in the 2011 report.
- Respondents indicated that 6% of assignments fail. Top causes for failure are the employee leaves to work for another company; spouse/partner dissatisfaction; other family concerns; and the job does not meet expectations.
- China, India, and Singapore were cited as the locations with the highest rate of assignment failure, all outranked the U.S.. China has always been at the top of the list.

COST ESTIMATING, TRACKING, AND COMPARISONS

- 71% of responding companies required a clear statement of assignment objectives before funding an international assignment, compared to a historical average of 65%. When asked whose approval was required, 33% required business unit approval; 17% corporate HR; 17% home-country HR; 16% host-country HR; 7% the CEO; 3% case by case; and 7% other approval.
- 51% of companies required a cost-benefit analysis to justify a relocation/ assignment, a 10% increase over the 2011 report.
- 88% of respondents prepared cost estimates before an assignment; 67% tracked costs during an assignment compared to a historical average of 69%.
- 43% of respondents compared estimated with actual costs, 18% higher than in the 2011 report.

EVALUATING RETURN ON INVESTMENT

- 9% of respondents formally measured return on investment (ROI). Principal reasons for not measuring ROI included not knowing how to achieve it (39%); no time (18%); not important to our organization (11%); and other (32%).
- Of those who measured ROI, the top factors included in their ROI calculations were international assignee compensation (78%); cost of relocation support (78%); completion of objectives (67%); possible retention during/after assignment (56%); employee management development (44%); administrative costs (44%); and business revenue generated (33%).
- 70% of respondents defined ROI as “accomplishing assignment objectives at the expected cost”.
- 0% of respondents rated their companies’ ROI as excellent; 22% rated their companies international assignment ROI as very good; 22% as good; 45% as fair; and 11% as poor. These are the lowest ROI self-ratings in the history of this report, and they continue a downward trend that began with the 2008 report.
- The top initiatives used to improve international assignee ROI were better candidate selection/assessment; career-path planning to utilize cross-border skills upon return; more effective communication of assignment objectives; better assignment preparation; and mandatory cross-cultural preparation.

COMPENSATION

- 67% of respondents indicated use of a home-country approach to determine international assignee compensation for long-term assignments; 10% a host-country approach; 5% a headquarters based approach (new response); 4% international cadre (new response); 4% a net to net (new response); and 10% cited using another approach.
- 89% of respondents used a home-country approach to determine compensation for short-term assignments; of these respondents, 67% used a home-country approach with incentives and/or allowances and 22% a home-country balance sheet approach.
- To determine host-country income tax liability for long-term assignments, 85% used a tax-equalization approach; 6% provided tax protection; and 9% a ‘hands off/ad hoc’ approach.
- To determine home-country income tax liability for long-term assignments, 84% used a tax-equalization approach; 4% provided tax protection; 12% a ‘hands off/ad hoc’ approach.
- 55% of respondents made periodic adjustments to manage fluctuations in foreign exchange rates for international assignee compensation; 29% used a split-pay technique; 23% provided no compensation for rate fluctuations; 10% offered foreign exchange protection; and 9% used another method.
- When asked how often they adjusted compensation packages to accommodate exchange-rate fluctuations, 21% made quarterly adjustments; 20% biannually; 31% annually; 10% case by case; 9% never during an assignment; and 9% other.



OUTSOURCING

- Respondents indicated that the top benefits of outsourcing were identification of assignment costs, better supply chain management and the ability to obtain specialized expertise.
- 31% of respondents currently outsource international assignment programs. This is the lowest figure since the question was first asked.
- 14% of respondents who did not outsource international assignment program administration were considering outsourcing within two years, compared to 17% in the 2011 report and a historical average of 20%.
- Compliance (tax, social security, immigration) was the most commonly outsourced service (91%) identified by respondents, followed by policy consulting (18%). Historically, compliance was the top choice, followed by financial management and then program administration.
- 45% of respondents managed multiple vendors themselves; 34% used a mix of internal and external management; and 20% outsourced all management and coordination services to a single vendor.
- Respondents ranked global employee mobility experience as the chief outsourcing criteria; followed by pricing; service philosophy; assignee satisfaction; geographic reach; and general reputation.
- For 94% of respondents who outsourced all or part of their international assignment program, expectations were met or exceeded. In the 2011 report, the figure was 78%. The historical average of these two categories is 82%.
- 57% of respondents measured their supplier's performance compared to 46% in the 2011 report.
- 27% of respondents' internal mobility function had an internal service level agreement with the business units in their company.

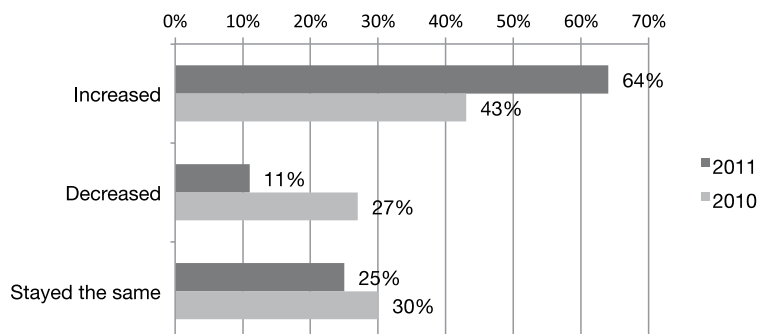
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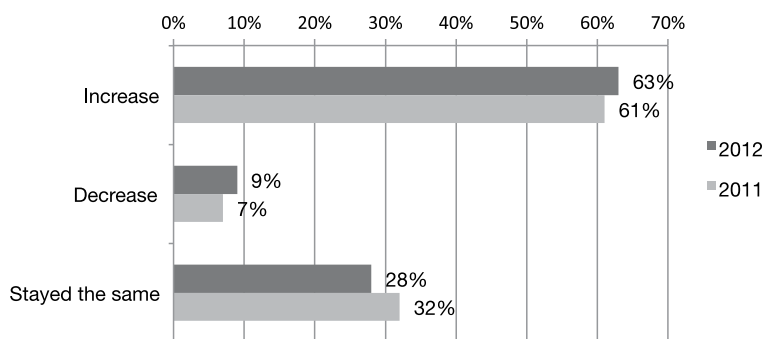
THE INTERNATIONAL ASSIGNEE POPULATION

International Assignee Population Growth Rate

Sixty-four percent (64%) of respondents reported an increase in the number of international assignees over last year, 11% cited a decrease and 25% no change. The historical averages were 45%, 25% and 31% respectively.



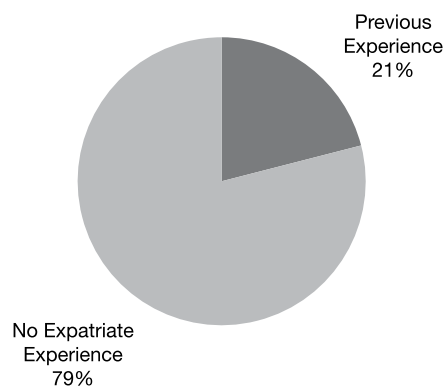
Sixty-three percent (63%) of respondents expected the number of international assignees to increase during 2012, 9% expected the number to decrease and 28% expected no change. The expected increase was higher than average. The historical averages were 54%, 13% and 33% respectively.



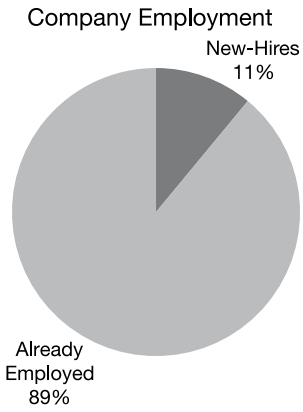
Previous International Assignee Experience and Company Employment

When asked to indicate the percentage of employees that had previous international assignee experience, respondents indicated that 21% of their employee population had international assignee experience. The historical average was 26%.

Total Employee Population with International Assignment Experience

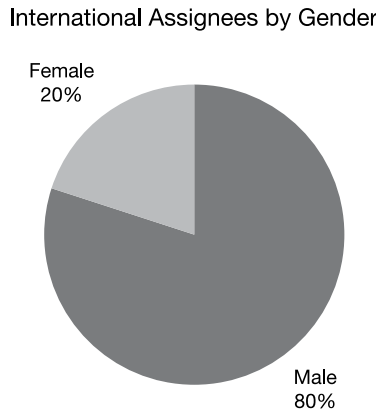


Eleven percent (11%) of current international assignees were new hires and 89% already were employed by the company at the time of assignment. The historical average for new-hire international assignees was 14%.



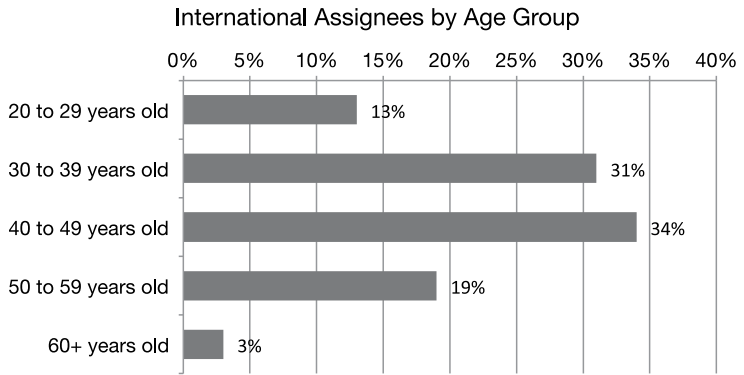
Female International Assignees

Respondents indicated that 20% of international assignees were female — a slight increase over the 18% in the 2011 report. The historical average was 16%.



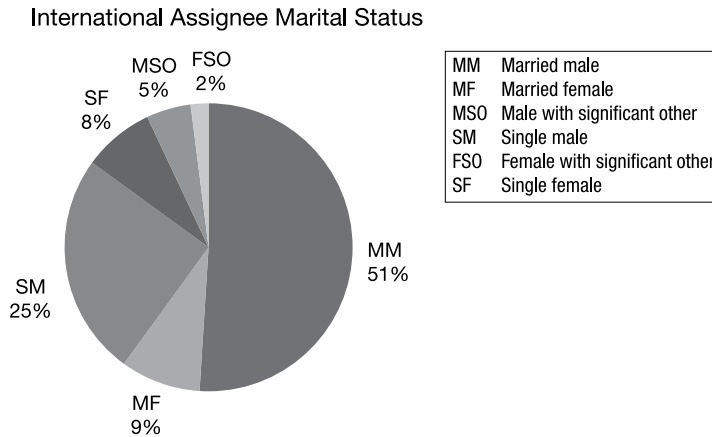
Age of International Assignees

When asked to indicate the ages of international assignees, respondents reported that 13% were 20 to 29 years old, 31% were 30 to 39 years old, 34% were 40 to 49 years old, 19% were 50 to 59 years old and 3% were over 60 years old. The historical averages were 13%, 33%, 35%, 16% and 3% respectively.



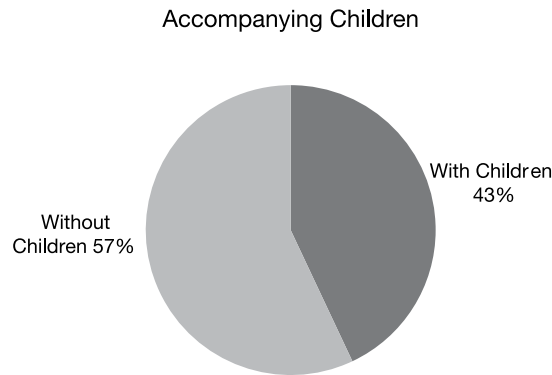
Marital Status

Most international assignees were married (60%), compared to a historical average of 67%.



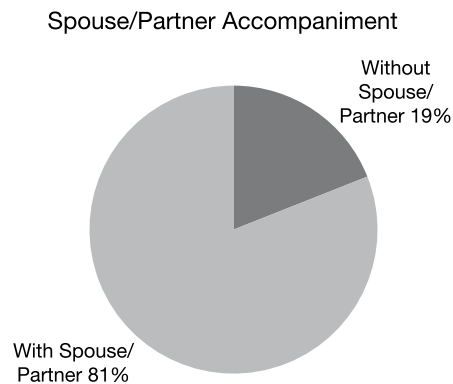
Accompanying Children

Only 43% of international assignees had children accompanying them during an assignment. The historical average was 56%.



Spouse/Partner Accompaniment

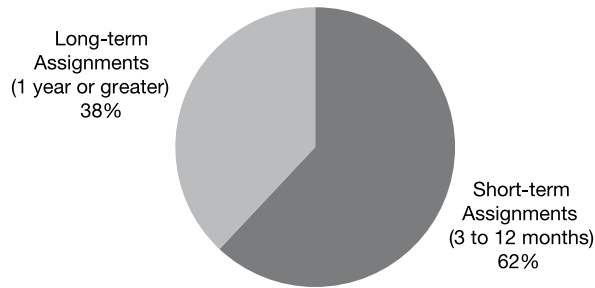
For married/partnered assignees, 81% were accompanied by their spouse/partner during assignment while 19% were not. This percentage is the same as the historical average.



Single-Status Assignments by Assignment Length

Respondents indicated that of the assignees going on a single-status assignment (an assignment without spouse/partner), 38% do so for long-term assignments (1 year or longer) while 62% do so for short-term assignments (3 to 12 months). This compares to 39% and 61% respectively in 2011.

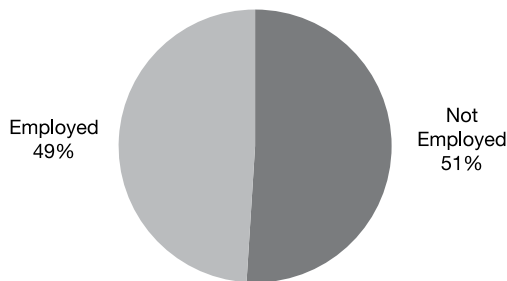
Single Status Assignments by Assignment Length



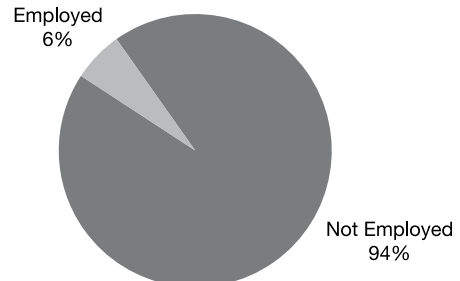
Spouse/Partner Employment

Forty-nine percent (49%) of spouses and partners were employed *before* (but not *during*) the assignment, compared to a historical average of 47%. Furthermore, 6% were employed *during* (but not *before*) the assignment, compared to a historical average of 11%. Twelve percent (12%) were employed *both before and during* the assignment, which matches the historical average.

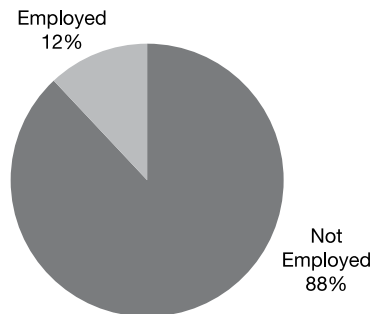
Employment Before Assignment Only



Employment During Assignment Only



Employment Before and During Assignment



INTERNATIONAL ASSIGNEE SOURCES AND DESTINATIONS

Sources of International Assignee Population

When asked where international assignees were sent, respondents indicated that 54% were relocated to or from a headquarters country, the second-lowest percentage in the history of this report (compared to 57% in the 2011 report and a historical average of 56%); 46% were relocated to or from a non-headquarters country.

Where International Assignees are Relocated

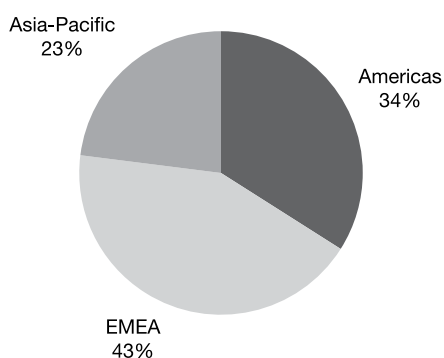


Intra-Regional Transfers

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, which is the same as in the 2011 report and compares to a historical average of 26%.

We also asked them to provide a breakdown of where those intra-regional transfers took place. They reported that 43% of intra-regional transfers took place within the EMEA region, 23% within the Asia-Pacific region and 34% within the Americas. The historical averages for these three regions were 47%, 27% and 26% respectively.

Intra-Regional Transfers



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 (10%). 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 2011 report in parentheses)

United States (1)	20%	U.A. Emirates (19)	3%	Italy (15)	1%
China (2)	14%	Netherlands (6)	2%	Saudi Arabia (17)	1%
United Kingdom (3)	10%	Hong Kong (8)	2%	France (20)	1%
Singapore (4)	5%	India (10)	2%	Spain (NA)	1%
Germany (5)	5%	Belgium (11)	2%	Indonesia (NA)	1%
Australia (7)	4%	Brazil (9)	1%	Kazakhstan (NA)	1%
Switzerland (18)	4%	Japan (13)	1%	Colombia (NA)	1%
Canada (12)	3%	Russia (14)	1%	Malaysia (NA)	1%
				Argentina (NA)	1%

Emerging Destinations

When asked to identify the three countries that were emerging as new assignment locations, 5% of respondents ranked China, Brazil and Australia, as the most common new destinations, followed by India (4%) and Colombia, Russia and South Africa (3%). With only one exception in the history of this report (when it was ranked in second place), China has been the most commonly cited emerging destination.

Colombia, Angola, Czech Republic, Indonesia, South Korea, Malaysia, Montenegro, Turkey and Vietnam did not appear in the top 20 ranking of emerging destinations in the 2011 report.

Emerging New Locations for International Assignments

(Ranked showing percent of companies identifying them; rank from 2011 report in parentheses)

China (1)	5%	United Kingdom (6)	2%	Indonesia (NA)	2%
Brazil (2)	5%	U.A. Emirates (9)	2%	Turkey (NA)	2%
Australia (7)	5%	Poland (13)	2%	Vietnam (NA)	2%
India (3)	4%	Belgium (22)	2%	Thailand (10)	1%
Russia (8)	3%	Malaysia (NA)	2%	Canada (15)	1%
South Africa (14)	3%	Korea, South (NA)	2%	Netherlands (18)	1%
Colombia (NA)	3%	Serbia & Montenegro (NA)	2%	Austria (19)	1%
Singapore (4)	2%	Czech Republic (NA)	2%	Iraq (20)	1%
United States (5)	2%	Angola (NA)	2%	Afghanistan (21)	1%
				Nigeria (24)	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 Brazil (9%) and India (8%). 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 been cited as the most challenging destination for international assignees.

Australia, Colombia, Kazakhstan, Libya and Singapore did not appear in the top 20 destinations presenting the greatest challenges for international assignees in the 2011 report.

Locations That Present the Greatest Assignment Difficulties for International Assignees

(Ranked showing percent of companies identifying them; rank from 2011 report in parentheses)

China (1)	16%	Australia (NA)	3%	Singapore (NA)	2%
Brazil (4)	9%	Colombia (NA)	2%	Kazakhstan (NA)	2%
India (2)	8%	Mexico (7)	2%	Italy (9)	1%
Russia (3)	6%	Nigeria (14)	2%	Venezuela (10)	1%
United States (5)	4%	Germany (15)	2%	Argentina (11)	1%
United Kingdom (6)	3%	Saudi Arabia (18)	2%	Belgium (12)	1%
Angola (8)	3%	U.A. Emirates (19)	2%	Netherlands (13)	1%
Japan (16)	3%	Libya (NA)	2%	Indonesia (20)	1%

Verbatim Comments:

Locations Presenting Challenges for International Assignees

Afghanistan: pilferage...

Algeria: significant discomfort as a living location... political instability...

Angola: housing... hardship location... immigration... harsh conditions in field location...

Argentina: legalization... obtaining work visas, services, transferring money... corporate presence and development opportunity...

Australia: Brisbane flooding in January 2011... customer approval and visa process... tax and benefits... high cost of living... sticker shock... cultural differences... cost of living... rapid increase of inbounds...

Azerbaijan: remoteness, security...

Bahrain: political unrest... unrest...

Belgium: tax issues... increased difficulty obtaining work documents...

Brazil: local payroll requirement... security and safety reasons... obtaining work visas and services... non alignment within the expatriation goals... tax issues... landlord issues... long lead-time to obtain work permits... payroll issues... customs issues... relocation and immigration issues... language... bureaucracy... cultural and economical climate... assignment conditions, lack of infrastructure in tier ii or iii locations...

Brunei: immigration...

Bulgaria: new country...

Canada: housing in Calgary was difficult to find due to having to work with rental management companies versus realtors (in this market realtors don't really work with rental properties, strictly sales and purchases)... immigration...

Chile: immigration complexity... taxes... obtaining work visas and services...

China: tax and currency issues... culture... start up of a new company... immigration limits for age, number per entity... registration and removal (customs issues)... remote location... housing... internal structure not set up 100% yet... immigration property search... increased difficulty with work documents... visa issues for non professionals and new social security tax laws... language barriers... adaptation... remoteness of sites...

organization restructure... work permit process... autos... health issues... assignment conditions, lack of infrastructure in tier ii or iii locations... immigration issues and location set up... government control of currency... cultural and economical climate... intercultural aspects... local life... costs for expats versus local hire... legal entities... country statutory regulations...

Colombia: new office... no destination services providers... government policy, local union strong, no standard operation and low productivity...

Congo, Democratic Republic: hardship location, environment...

Costa Rica: country statutory regulations; immigration regulations...

Cote d'Ivoire: political situation during the early part of the year...

Egypt: civil unrest...

France: accommodation (all documents in French)...

Germany: low cap relocation expenses... cultural challenges...

India: difficult living conditions for family... quality of living... frequent legislation changes impact our assignees a lot e.g. pension legislation... constantly changing visa, living conditions... cultural and economical climate... legalities of immigration... culture shock... immigration regulations... country statutory regulations... culture and living circumstances... cultural differences... assignment conditions... lack of infrastructure in tier ii or iii locations...

Indonesia: new territory... unclear expectations and conditions... remote location, crime... safety concerns...

Iran: cultural differences... no adequate shopping possible...

Iraq: new country entry and difficult location... security concerns...

Italy: immigration... cultural integration...

Japan: earthquake delayed assignments (because of visas for out bounds)... reactor catastrophe... health security... volatility of yen... tsunami... language, costs, distance... natural disaster...

Kazakhstan: remote site... hard conditions for families in most locations... immigration lead times... hardship location...

Kenya: safety...

Libya: political instability... security reasons... civil war... instability (political and cultural) and difficult location...

Madagascar: remoteness... security risks... political instability... lack of spousal opportunities... no economic infrastructure...

Malaysia: safety & security, distances, few expats...

Mexico: differences in living standard... safety... security issues... limited in-country infrastructure... volatility of economy...

Mongolia: hardship location...

Mozambique: increased population...

Netherlands: immigration and tax...

Nigeria: hardship location... security concerns...

Papua New Guinea: instability both political and economic...

Paraguay: destination issues - how it works...

Romania: changes in legislation... same sex partners...

Russia: regulatory barriers... immigration, removal, local culture... climate, political issues, local hiring... immigration delays... immigration and labor laws... medical, cultural and location issues... new location... government requirements... remoteness, security... destination isolated... immigration lead times... finance...

Rwanda: timing of immigration, goods shipment, security...

Saudi Arabia: culture...

Serbia and Montenegro: new country...

Singapore: setting up operations; no company infrastructure... housing costs... costs... sensitive country... cost of living index...

South Africa: cultural, perception of time...

Sweden: nannies for children...

Switzerland: availability of affordable housing... cost...

Thailand: culture... cultural differences... payroll issues...

Tunisia: political instability...

Turkey: no office or in country support...

Ukraine: no relocation services available... no English translations...

United Arab Emirates: new country... immigration... housing... cultural differences...

United Kingdom: cost and increased immigration regulations... tax and immigration... increase of headcount... change from Portugal to London... expense...

United States: tax... immigration... regulatory barriers/difficulties... compliance... immigration legislation (extremely strict for unmarried couples which proves problematic for dual career assignees)... organization restructure... tax filing requirements... tax issues... adaptation...

Uzbekistan: housing...

Venezuela: crime, corruption, availability of goods... home country currency fluctuation... slow immigration approval process... government control over imports, exports and currency...

Vietnam: culture...

Zimbabwe: hardship location, environment...

Countries Presenting the Greatest Challenge for Program Managers

With one exception (the 2010 report), China has been cited as the most challenging destination for program managers (in this report by 14% of respondents). Brazil was cited as the second most challenging destination by 10% of respondents, followed by India (9%) and Russia (8%). India, China and Russia also were in the top three positions in the five 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.

Singapore did not appear in the top 20 destinations presenting the greatest challenges for program managers in the 2011 report.

Locations That Present the Greatest Assignment Difficulties for Program Managers

(Ranked showing percent of companies identifying them; rank from 2011 report in parentheses)

China (1)	14%	Venezuela (15)	2%	Nigeria (8)	1%
Brazil (4)	10%	Netherlands (17)	2%	U.A. Emirates (10)	1%
India (2)	9%	Argentina (18)	2%	Germany (12)	1%
Russia (3)	8%	Australia (19)	2%	Italy (14)	1%
United Kingdom (6)	6%	Singapore (NA)	2%	Angola (16)	1%
United States (7)	5%	Saudi Arabia (5)	1%	Japan (20)	1%
				Switzerland (22)	1%

Verbatim Comments:**Locations Presenting Challenges for Program Managers**

Afghanistan: pilferage... military accommodations...

Angola: immigration... work permit lengthy process...

Argentina: getting the employees to take the assignment... immigration process takes too long... obtaining work visas, services, transferring money...

Australia: volumes... communication challenges due to time zone...

Austria: everything!... setting up office from scratch...

Azerbaijan: compliance regulations (tax, immigration)...

Bahrain: divisional group & taxes issues...

Brazil: visa/immigration issues... legal requirements... social security contributions and taxes... payment issues... obtaining work visas and services... legal and compensation issues (due to tax complexity)... government regulations and processing... bureaucracy... reliability of public authorities and lead time... customs issues - wait... ensuring adequate security measures... compensation and explanation...

Bulgaria: new country...

China: tier II city - housing allowance issues... billing issues... social security changes, work permit and residence permit procedure... local legislations and restrictions... handling changing social taxes. increased activity in Asia Pacific region in and out of the country... obtaining good cost estimates in remote locations... cultural and language issues... market development... timing of work permits... housing costs... currency... new tax and social security issues... immigration, removal... - visa issues... cost control... country mandates... location challenges...

Colombia: new office - getting to know all laws...

Congo, Democratic Republic: hardship location, difficult to find providers...

Costa Rica: compliance regulations (tax), expatriate payroll...

Cote d'Ivoire: political situation during the early part of the year...

Denmark: taxation issues...

Egypt: civil unrest...

Finland: language...

France: employment laws...

Gabon: long visa process...

India: tax issues... changed/ unclear legislation, culture... tax/payroll requirements... pension laws, assimilation processes... provident fund and exchange rate / COL index issues... PE issues, lack of clarity regarding PF contributions, poor understanding of mobility within India HR team... taxation, country mandates... immigration, tax, compensation... medical insurance... legislation changes impact the implementation of the firm's policies... extension visa...

Indonesia: tax treatment of benefits...

Iran: receiving valid data...

Iraq: security provisions... new entry and difficult location environment...

Italy: approval of work authorization... immigration and housing...

Japan: fluctuating exchange rate & allowances... tsunami...

Kazakhstan: local regulations... work permit problem...

Kuwait: changes in visa regulations, cultural differences...

Libya: political instability... legal aspects, IT management...

Madagascar: cannot fill open positions...

Mexico: immigration/visa, security issues...

Netherlands: bureaucracy... wait time for visas... immigration issues...

Nigeria: lack of permanent establishment/security provision...

Russia: regulatory barriers... immigration, removal... labor and tax... bureaucracy, lack of confidence in local employees... internal cold war... shipment... local regulations... length of time to obtain visa... medical... payroll...

Rwanda: immigration, shipping goods, security...

Saudi Arabia: culture...

Serbia and Montenegro: new country...

Singapore: setting up operations, no company infrastructure... communication disturbances and reception...

South Africa: immigration... changing legislation...

Switzerland: introduced caps on immigration... housing availability...

Thailand: payroll and tax issues...

Tunisia: political instability...

Ukraine: no relocation services available; communication challenges...

United Arab Emirates: divisional group and tax issues...

United Kingdom: changes to immigration laws... lack of standard process... visa issues... cost of potential new TEQ assignments... very high housing cost, large expat community leads to "comparing" terms and conditions...

United States: immigration issues... economic crisis/unemployed... payroll and tax issues... compliance (tax & immigration)... regulatory barriers/difficulties... shared services... US employees / HR's lack of understanding and respect for the global policy... 401k participation and housing budgets... market development...

Uzbekistan: ability to pay vendors/realtors...

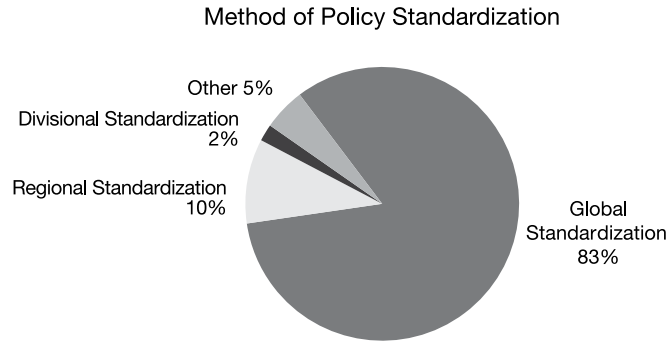
Venezuela: economical reasons... shipping... immigration process...

Zimbabwe: hardship location, difficult to find providers, relocation package ...

ASSIGNMENT TYPES, POLICIES AND BENEFITS

Standardization of Assignment Policies

When asked about their method of relocation policy standardization, 83% of respondents indicated use of a global approach, 10% a regional approach, 2% 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%, 19% and 3%.

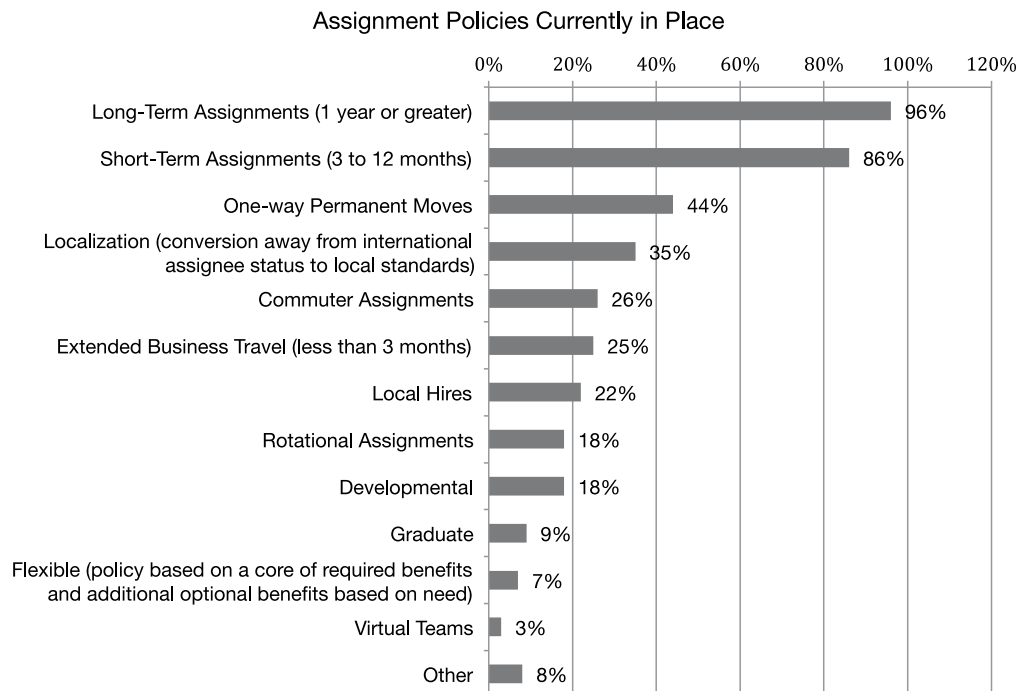


Verbatim Comments: Policy Standardization

... old method international structure being phased out combination of global and regional ... project driven ... some regions 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, 96% identified long-term assignment policies (1 year or more), 86% short-term assignment policies (3 to 12 months), 44% one-way permanent move policies, 35% policies for localizing international assignees (conversion away from international assignee status to local standards), 26% commuter assignments, 25% extended business travel policies (less than 3 months), 22% local-hire policies, 18% developmental assignments and rotational assignments, 9% graduate assignments, 7% flexible policies based on a core of required benefits, 3% virtual team policies and 8% other types of assignment policies. The respective historical averages were 98%, 83%, 49%, 49%, 31%, 43%, 32%, 21%, 12%, 9%, 6%, 4% and 10% (other).

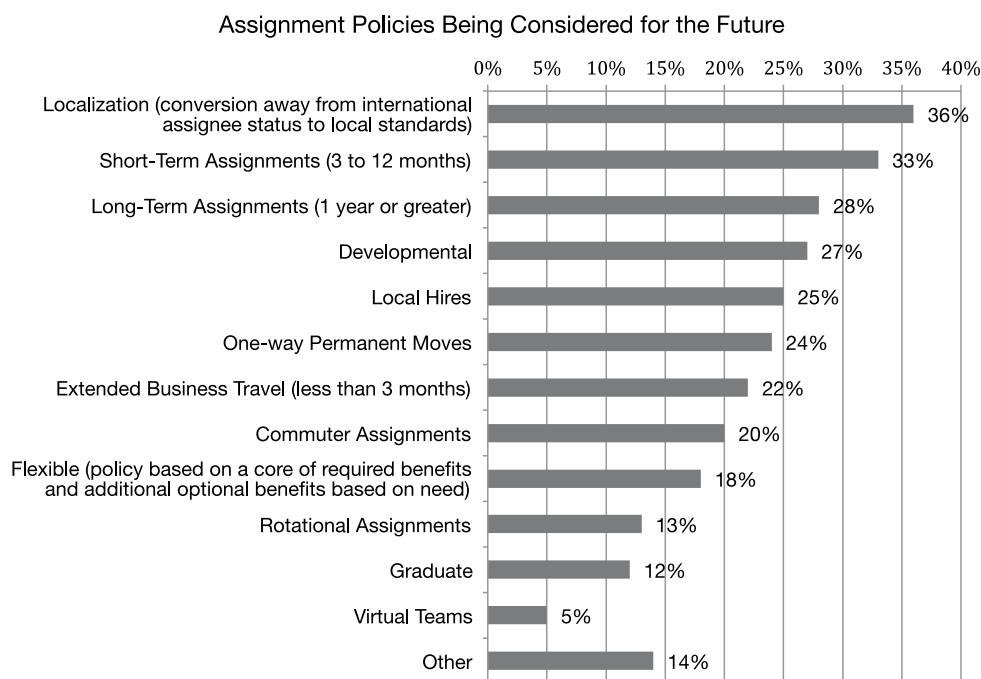


Verbatim Comments:
Assignment Policies Currently in Place

... former policy remaining from recent acquisition... TIP... global roles that we manage from a compliance perspective... split assignment (job responsibilities in two countries - often project related)... short term assignments, extended business travel... assignment project-- non-permanent nature (more than 6 months and less than 24 months), home country compensation approach, home country payroll benefits/allowances provided net of taxes, tax equalization, home social security and pension, revenue-generating customer project, support for dependents not provided ... host plus...

Future Assignment Policies Under Consideration

When we asked which policy types were being considered for future development or implementation, 36% identified policies for localizing international assignees (conversion away from international assignee status to local standards), 33% short-term assignment policies (3 months to 1 year), 28% long-term assignment policies (1 year or more), 27% developmental assignments and 25% local hires. The respective historical averages were 38%, 24%, 19%, 19% and 13%.



Respondents provided multiple answers

Verbatim Comments:
Assignment Policies Under Consideration

... long term global assignment-split family... revisions to our globally mobile career policy... local plus policy for foreign visa holders... domestic movement... considering flexible and an emerging market policy... intra-regional... global relocation policy... regional assignments... strategic... existing assignments already incorporate core/flex basis... trainee and internship...

New and Innovative Programs and 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:** commuter assignments since due to take over in the Balkans it is the first time we have to deal with that... short term programs ... we will define global guidelines for extended business trips / short-term assignments, also country specific localization approaches are being currently worked on... serial short-term assignment policy... frequent business travelers – flex expatriate assignment-- local cross border commuters, adapted local plus policy for Asia, short term developmental assignments for a period of a maximum of 6 months... multiple successive location assignment for single projects...*

***Developmental Assignments:** program to provide international experience ... career enhancement assignments ; training assignments for employees early in their career ... relocating for broad experience in certain fields such as engineering, supply chain, human resources... one strategic project is to set up a developmental policy ... graduate program ... new horizons, expanding your horizons; these have all gone across service lines and are becoming more global and are open to more junior employees ... accelerated development program ... created a policy for graduates hired in the U.S. who will return to their home countries within 18 months; their time in the U.S. will be spent on rotation through various business units including corporate so that they can learn the culture and operations of the company before returning to a business in their home country... we have a young demographic and so are increasingly finding creative ways to offer developmental assignment opportunities into emerging markets; we already have trainee and internship programs but they are specific to each country; our goal is to implement an international policy for those programs...*

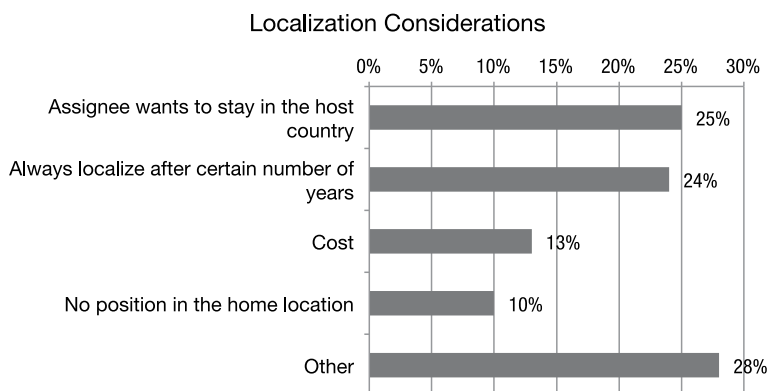
***Provision Enhancements:** we've introduced a "fundamentals only" variation for our expatriate, short term and localization policies ;these are designed for very low cost applications, such as self- initiated assignments ... points based cafeteria style packages ... we are going towards assignments with local salary levels with some additional benefits with descending amounts...remote location bonus... only the provisions have been reviewed, but no approach has been changed... developing policies for regional moves; implement caps to allowances; implement tiered allowances...*

***Policy Flexibility and Enhanced International Assignee Choice:** core-flex policy being developed ... considering a core-flex policy for international assignments ... flexible policy option to be implemented in 2nd quarter 2012 ... looking at core/flex ... total assignment policy overhaul... incorporating core/flex factors into existing policies evaluation framework for localization decisions... implementation of technology to manage assignments through 3rd party, outsource administration/operational activities ... we implemented a flexible policy with core provisions being required and other benefits at the business unit's discretion...*

***Administrative Adjustments:** we designed a new international assignment policy that covered all assignments ... reporting of expats and cost alignment to talent management ... changing from gold, silver, bronze packages to core and optional benefits ... tax equalization policy... aligning coverage directly to the value of the assignment to the company's bottom line, strategic leader roles get more than technical developmental roles, etc ... we have only introduced standard policies for the first time across divisional groups in 2011 ... only changes to existing policy will be implemented ... reviewing current state to establish transitional plans ...*

Localization Considerations

When we asked respondents who make use of localization to identify the factors that determine when localization is used, 25% 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, 13% considered cost and 10% localized if there was no position available at the home location. The corresponding historical averages were 35%, 21%, 18% and 11%.



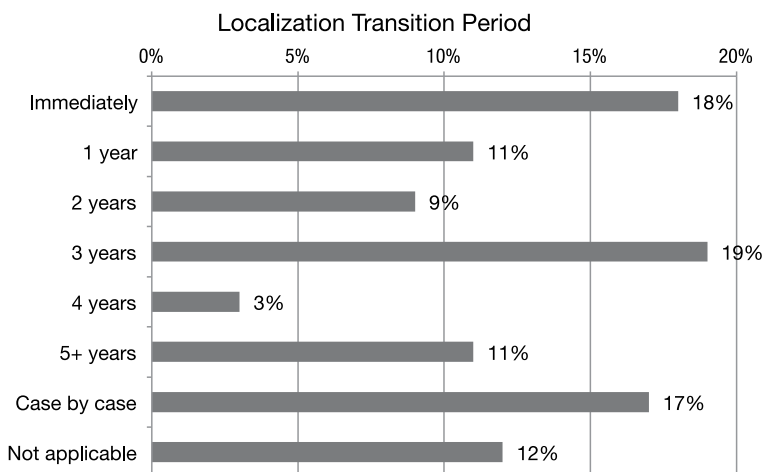
Verbatim Comments:

Localization Considerations

case by case... business demand and employee preference... business plans long term host country career for the employee... career plan and personal circumstances change... career path nowhere else... works better for taxes... no local candidate with the needed skills to fill the position... business requests... has not been applicable until now, we are driving towards this practice... determined by businesses... company and assignee come to an agreement... currently developing a localization policy... business strategy... business unit wants to retain talent, and expat wishes to stay... assignee is applying for permanent position... a combination of first three factors... to be analyzed in 2012... next career steps... depends on assignment... business need for permanent employee... funding... business wants assignee to stay in host country on permanent basis... even though our international policy says an assignee has to be localized after 5 years, some local laws within countries, make it very difficult to happen; we also have exceptions to which we cannot argue towards localization...

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. Eighteen percent (18%) transitioned immediately, 11% during a 1-year period, 9% in 2 years, 19% in 3 years, 3% in 4 years, 11% in 5 years or more and 17% on a case-by-case basis. Based upon the historical averages, the most commonly applied transition time period for transitioning to local benefits was 5 or more years. This was followed by immediate transition, then 3 years, 2 years, 4 years and 1 year.



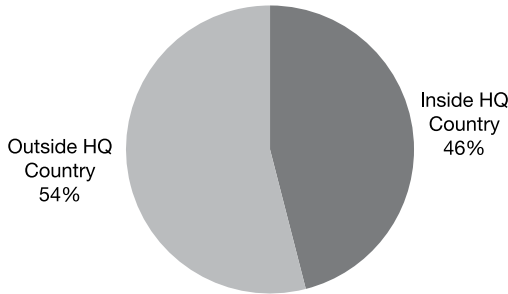
GLOBAL BUSINESS STRATEGY

Source of Company Revenues

Responding companies indicated that 54% of revenues were generated outside of the headquarters country, compared with a historical average of 46%. Responding companies were headquartered in the following locations:

- 55% were headquartered in the Americas
- 42% were headquartered in Europe, the Middle East and Africa
- 3% were headquartered in the Asia-Pacific region

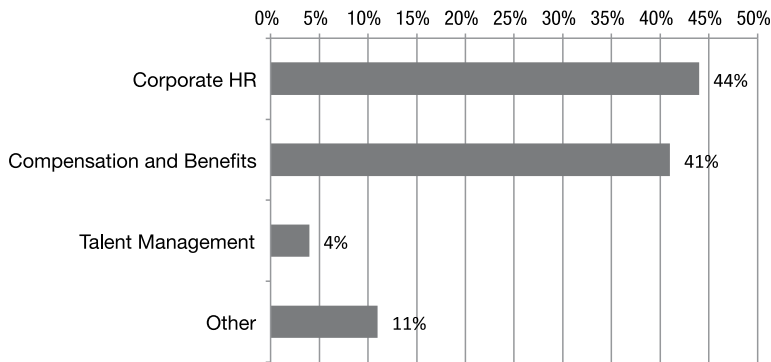
Source of Company Revenues



Global Mobility Function Reporting

When we asked respondents to identify where the mobility function reports within the corporate structure, 44% indicated that the mobility function reported to Corporate Human Resources (HR), 41% to the Compensation and Benefits department and 4% to Talent Management. These order of rankings are the same historically.

Global Mobility Function Reporting



Respondents provided multiple answers

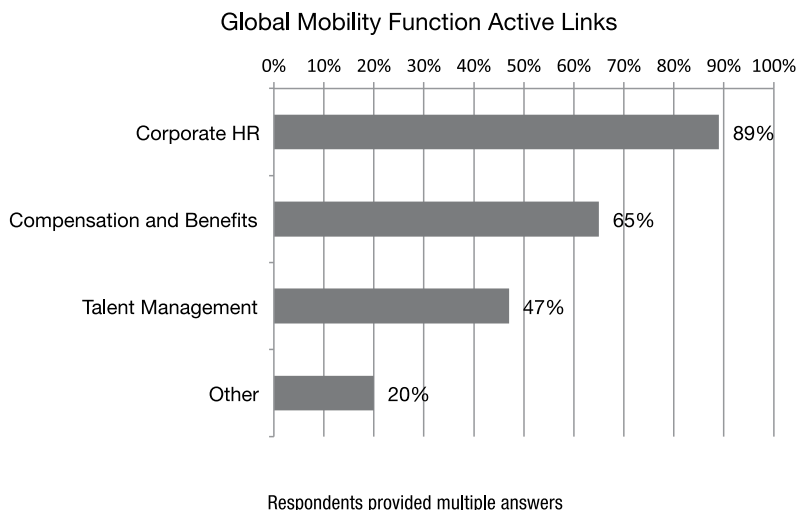
Verbatim Comments:

Global Mobility Function Reporting

Global Business... Support Services ...Reward & Performance ...Global Resourcing Company ...Global HR Services-Resourcing and Mobility ...HR Global Shared Service (mobility delivery) ...mobility teams report to mobility directors ...Global Lead of People and CultureTotal RewardsShared ServicesManaging Director ...HR Services ...Global HR Mobility ...caught between Compensation & Benefits & Corporate HR ...

Global Mobility Function Links

We also asked respondents to identify the departments to which the mobility function had active links. Eighty-nine percent (89%) indicated that the mobility function had links to Corporate Human Resources (HR), 65% to the Compensation and Benefits department and 47% to Talent Management. The figures in the 2011 report were 71%, 47% and 59% respectively.



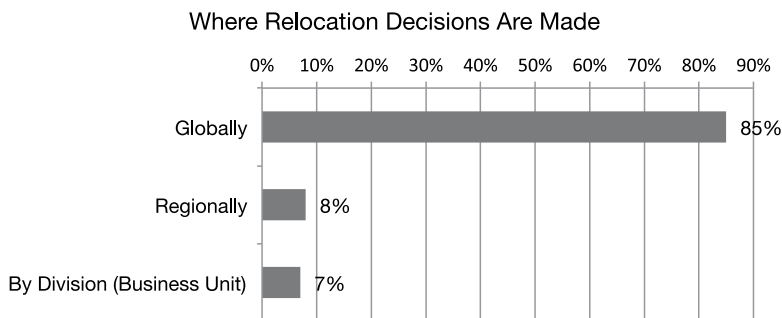
Verbatim Comments:

Global Mobility Function Links

global compensation ... regional HR ... directly with managers in business ... business units ... business unit HR ... international division ... line of business ... performance management ... recruiting ... payroll, finance ... total rewards staffing ... sector business management ... payroll, corporate tax, procurement, finance, recruiting ... legal ... global mobility office ... operational HR teams in the business units ... tax ... HR BP, operations, HR admin, recruitment ... employment services ... finance, payroll ... shared services ... HR payroll ...

Relocation Decisions

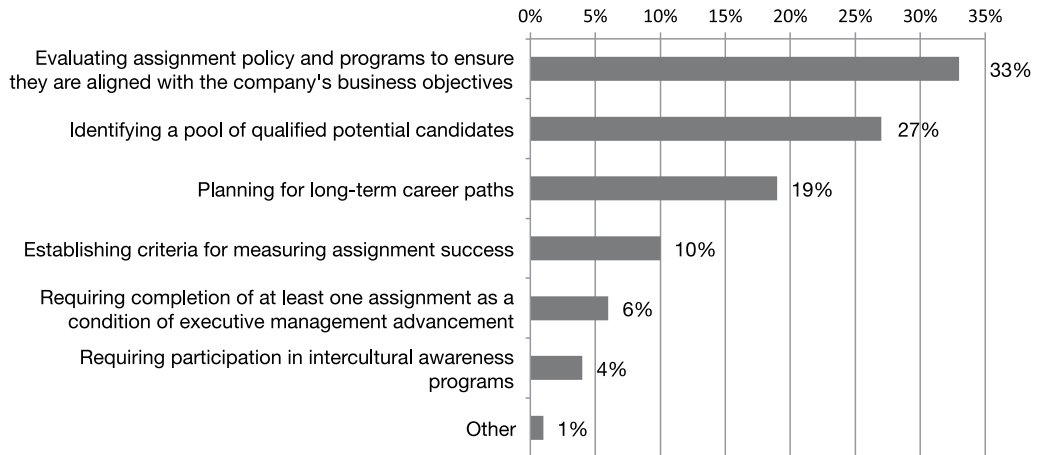
For 85% of respondents, relocation assignment policy decisions were made globally at company headquarters, 8% regionally and 7% by the business division. Historically, the percentages were 91% and 10% for the top two choices.



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 (33%), identifying a pool of qualified potential candidates (27%), planning for long-term career paths (19%), establishing criteria for measuring assignment success (10%), requiring completion of at least one assignment as a condition of executive advancement (6%) and requiring participation in intercultural awareness programs (4%). Historically, the ranking sequence of these initiatives was the same.

Ensuring Success in the Global Market Place



Verbatim Comments:

Ensuring Success in the Global Marketplace

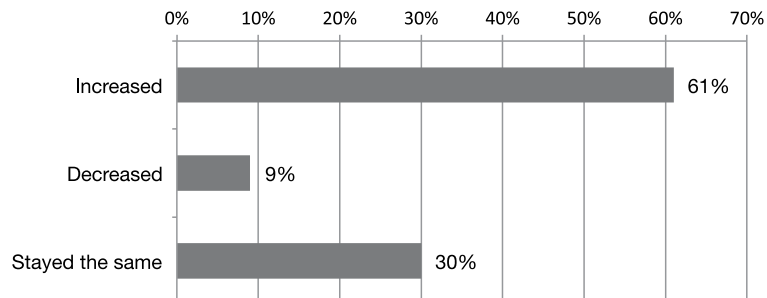
expansion and company growth ...training local talent... get to know the customer/market place. ...strategic business acquisitions ...

Response to Economic Conditions

Fifty-seven percent (57%) of respondents indicated that their companies were reducing expenses for international assignments in response to economic conditions. The historical average was 65%.

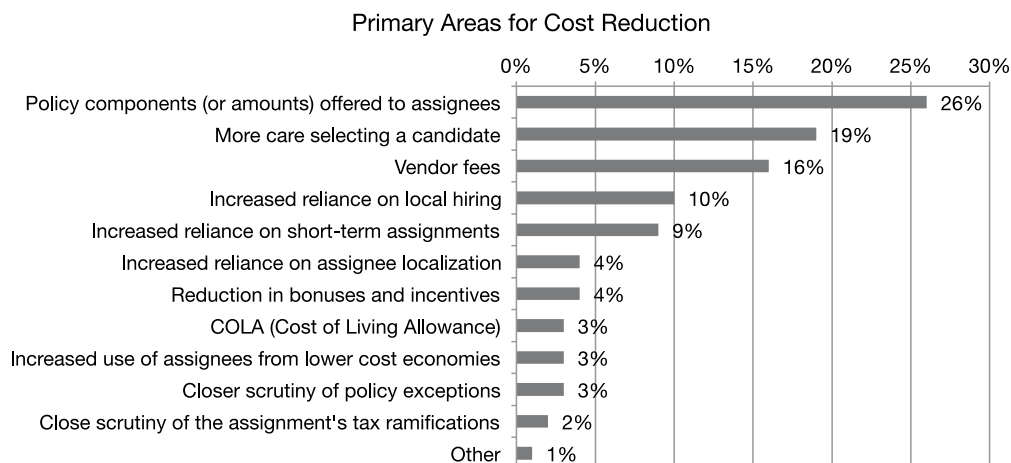
When we asked respondents if there have been changes in the pressure to reduce costs compared to a year ago, 61% of respondents indicated that their companies have increased pressure to reduce costs, 9% reported a decrease in pressure and 30% reported that the pressure to reduce costs has remained the same. In the 2011 report, the corresponding percentages were 56%, 14% and 30%.

Pressure to Reduce Costs Compared to a Year Ago



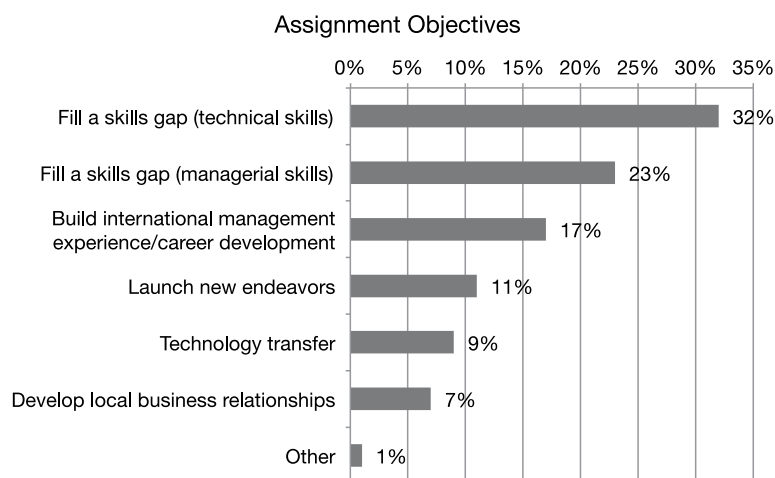
Areas of Cost Reduction

At companies that reduced expenses, the primary areas for cost reduction were reduced policy offerings or amounts (26%), more care in selecting candidates (19%), vendor fees (16%), increased reliance on local hiring (10%) and increased reliance on short-term assignments (9%). Historically, the top five choices were reduced policy offerings, more care in selecting candidates, scrutiny of tax ramifications, reliance on local hiring and scrutiny of policy exceptions.



Ranking Assignment Objectives

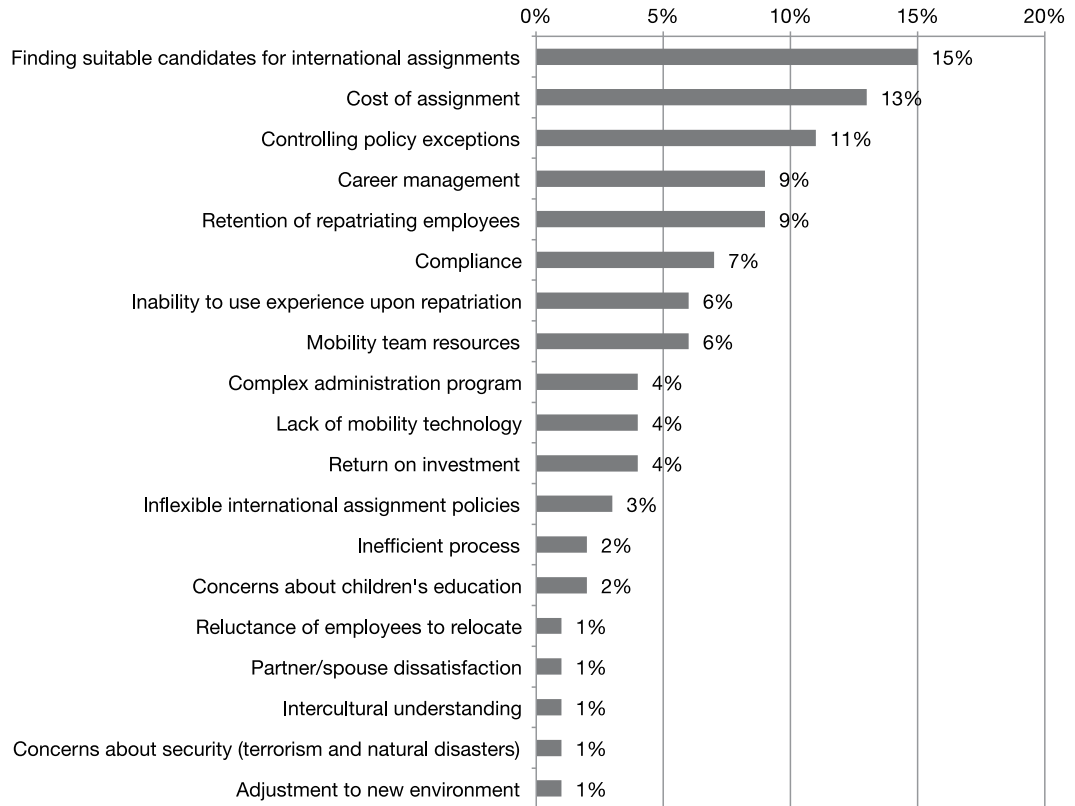
We asked respondents to rank three objectives for international assignments in order of importance. Filling a technical skills gap was the top response (32%), followed by filling a managerial skills gap (23%), building international management expertise/career development (17%), launching new endeavors (11%), technology transfer (9%) and developing local business relationships (7%). The corresponding historical averages for the top three choices were filling a technical skills gap (25%), filling a managerial skills gap (23%) and building international management expertise/career development (20%).



Assignment Management Challenges 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 finding suitable candidates as their most important challenge followed by cost of assignment (13%), controlling policy exceptions (11%) and career management and retention of repatriating employees (both 9%). Cost of assignment was historically the most commonly cited reason, followed by finding suitable candidates, controlling policy exceptions and career management.

Ranking Critical Assignment Management Challenges



Verbatim Comments:

Assignment Management Challenges

... objectives of assignment, if they are achieved or not...

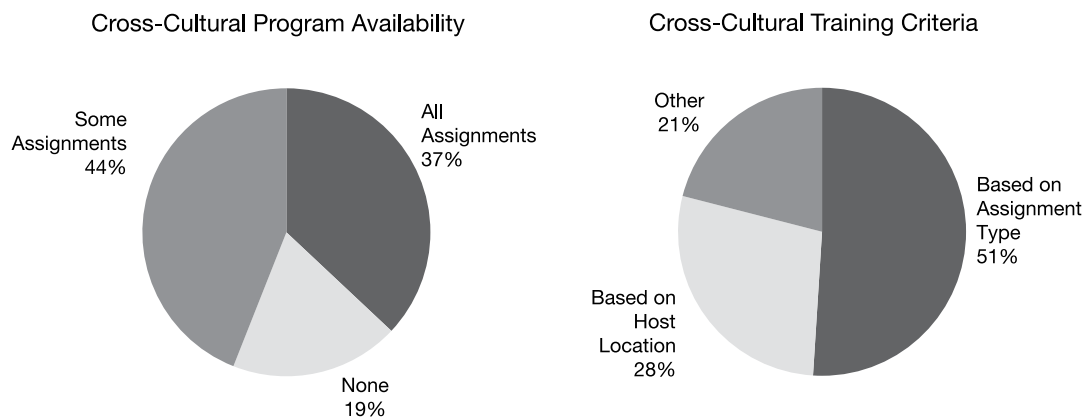
CROSS-CULTURAL TRAINING

Cross-Cultural Program Availability

When we asked survey participants if they offered formal cross-cultural preparation for international assignments, 81% of companies provided it, the historical average was 80%

Furthermore, 44% offered preparation on some assignments and 37% on all assignments (compared to historical averages of 48% and 32% respectively).

At companies where cross-cultural preparation was offered only on some assignments, 51% made it available based on the type of assignment, 28% based on host location and 21% based on other criteria. The corresponding percentages in 2011 were 29%, 46% and 25%.



Verbatim Comments:

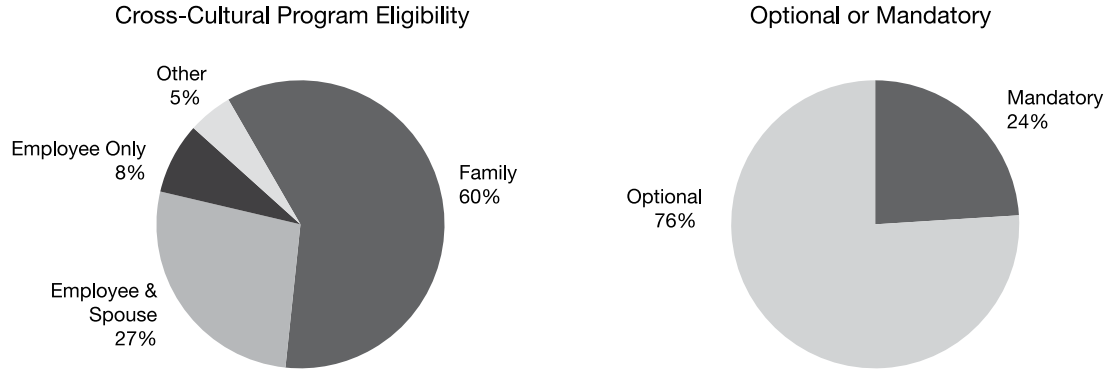
Cross-Cultural Preparation Availability

inquiry from assignee... combination of reasons... depends on employee knowledge of host country; most often has been there on a business trip and not an issue... depends on host and assignment type... assignee decides, it is offered to all, but not mandated... host location, job role, length of assignment... manager's decision based on need... all executive moves-- it is compulsory, other moves are case by case... should be for every assignee; but as we don't have a global training partner sometimes home company is not able to organize such a training... host location and type of assignment... management discretion/approval...

Family Eligibility and Mandates

At companies where cross-cultural preparation was offered on all assignments, 60% provided training for the entire family, 27% for international assignee and spouse and 8% for employees alone. Historically, 42% of respondents offered this preparation to the entire family, 29% to the international assignee and spouse alone and 5% to employees alone.

Twenty-four (24%) of respondents indicated that training was mandatory and 76% responded that it was optional. The historical average for mandatory training was 24%.



Verbatim Comments:

Family-Member Eligibility for Cross-Cultural Preparation

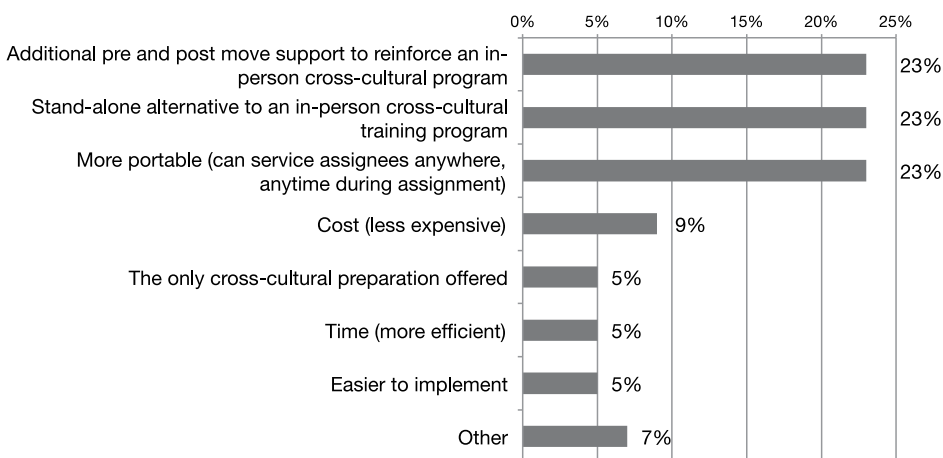
depends on policy type... case by case... assignee, spouse/partner and children over 12 years old... to the entire family, but only for long-term assignments...

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, 36% of respondents reported that they were available, compared to 32% in the 2011 report. The historical average was 27%.

Of those who provided these alternatives, when asked about the primary purpose of these programs, 23% of respondents indicated that they used them as additional pre-move and post-move support to reinforce in-person cross-cultural programs, 23% indicated that they used them for portability (anywhere, anytime) and 23% used them as stand-alone alternatives to in-person programs; 9% used for cost reasons and 5% indicated they used because it was the only cross-cultural preparation offered, 5% because it saved time and another 5% indicated it easier to implement. Historically, the averages for the first five responses were 48%, 26%, 26%, 9% and 5% respectively.

Use of Media-Based and Web-Based Alternatives



Verbatim Comments:

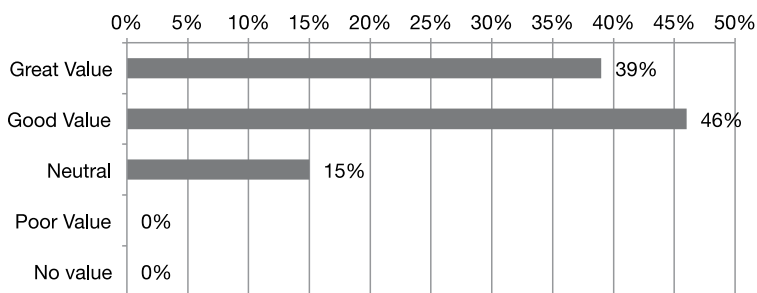
Purpose of Web or Media-Based Cross-Cultural Training

open to all employees to understand how to work globally ...for short term assignments only ...choice of assignee ...

Effectiveness of Cross-Cultural Programs for International Assignee Success

When asked to rate the value of cross-cultural preparation for international assignee success, 85% of respondents rated it as having great or good value, while 15% rated the value as neutral. The historical average for a combined good or great value rating was 83%.

Value of Formal Cross-Cultural Training

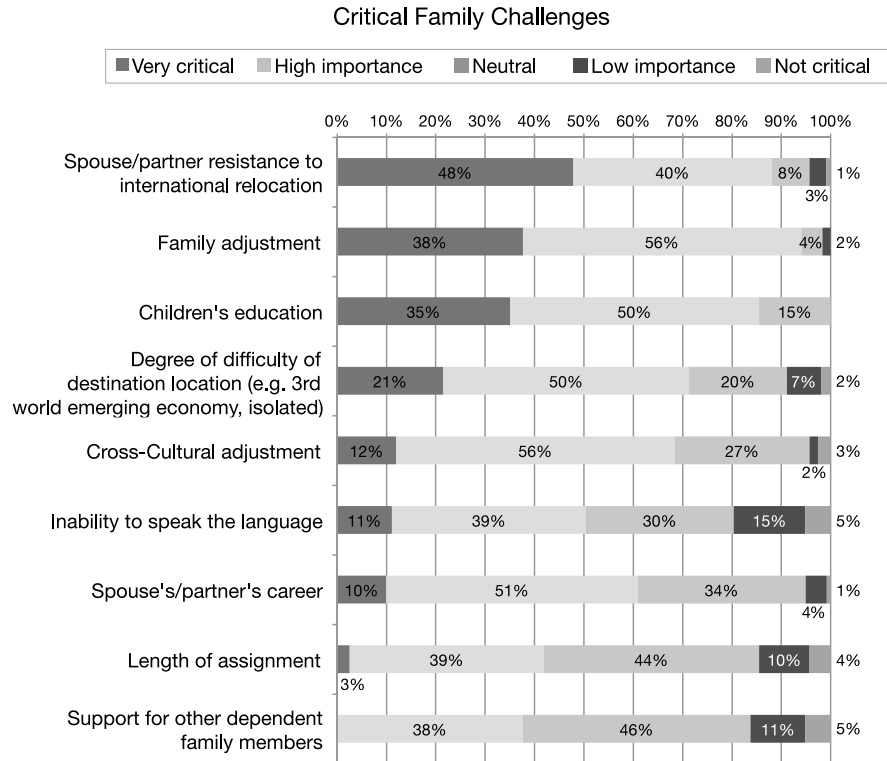


FAMILY-RELATED INTERNATIONAL ASSIGNEE ISSUES

Critical Family Challenges

When asked to rate family challenges that were critical to their companies, respondents indicated that spouse/partner resistance (48%), family adjustment (38%), children's education (35%) and location difficulties (21%) were very critical issues. These were followed by cultural adjustment (12%), inability to speak the language (11%), spouse/partner career (10%) and assignment length (3%).

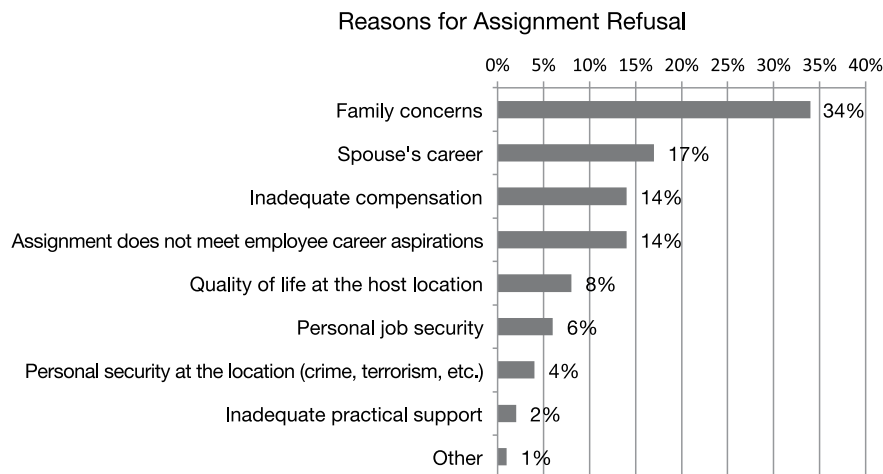
Similar to this year, in the 2011 report the corresponding percentages were 47% for spouse/partner resistance, 32% for family adjustment, 29% for children's education and 25% for location difficulties. These were followed in 2011 by 14% for cultural adjustment, 12% for inability to speak the language, 12% for spouse/partner career and 4% for assignment length.



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 spouse's career (17%), inadequate compensation and the assignment not meeting employee career aspirations (both tied at 14%) and quality of life at the host location (8%).

These percentages align with what was reported in 2011 where 34% cited family concerns as the top reason for turning down assignments, followed by spouse's career at 14%. Inadequate compensation and the assignment not meeting career aspirations were tied at 15% and 10% indicated the quality of life at the host location.

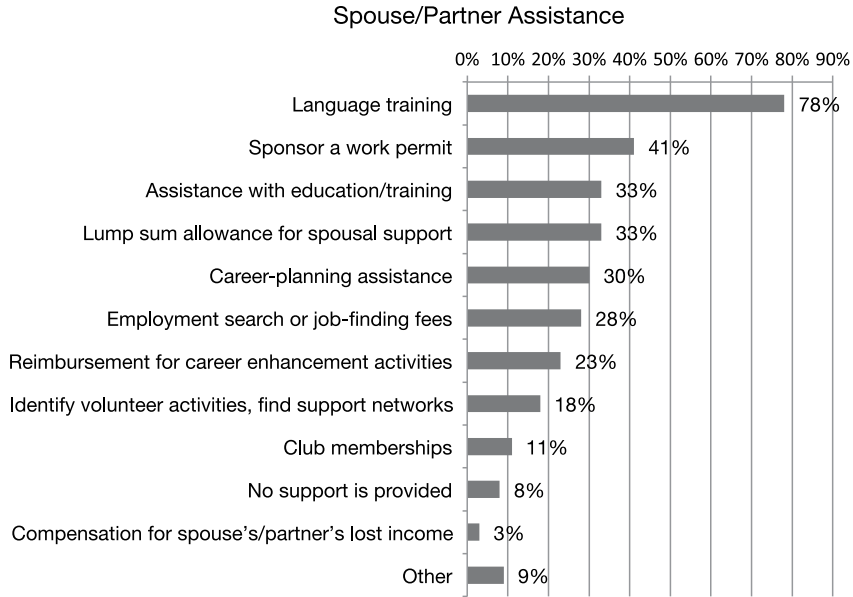


Verbatim Comments: **Assignment Refusal**

concern about opportunities at end of assignment. ...unknown as between employee and manager/business ...

Spouse/Partner Assistance

When asked how companies assist spouses or partners, 78% of respondents cited language training, 41% sponsor a work permit, 33% provide assistance for education/training, 33% give a lump sum allowance for spousal support and 30% offer career planning assistance. Historically, language training, education/training assistance, work permit sponsorships and lump sum spouse allowance were the top four choices (ranked in order).



Respondents provided multiple answers

Verbatim Comments:

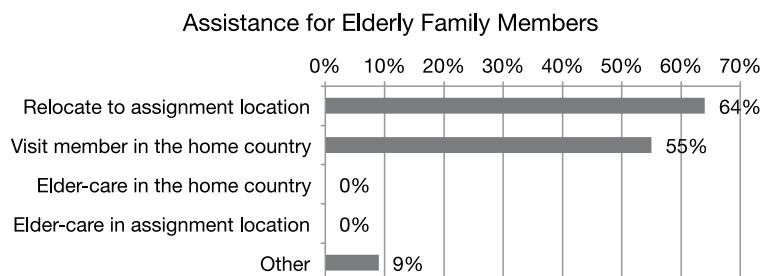
Spouse/Partner Assistance

spouse pension ...network... ..case by case ...lump sum against receipts ...mobility premium higher when working spouse joins on assignment ...consult directly with spouse to explore their options / opportunities in the new location ...budget based on receipts of actual cost incurred on activities as indicated above, complemented with ongoing pension contribution payments ...global connection membership ...at times a spousal fee is provided ...partner budget (via invoices) and membership global connection and permit foundation ...

Assistance for Elderly Family Members

When asked if their policies had provisions to assist international assignees with elderly family members, 10% of respondents indicated that they had such provisions. The historical average was 10%.

Among those who had elderly assistance provisions, 64% supported relocation of the elderly family member to the assignment location, while 55% supported visits to the elderly family member in the home country (additional home leave). There were no supported provisions for either elder-care in the home country or in the assignment location. Except for 2011, historically, the top two choices were relocation of the family member to the assignment location and visiting the family member in the home country.



Respondents provided multiple answers

Verbatim Comments:

Assistance for Elderly Family Members

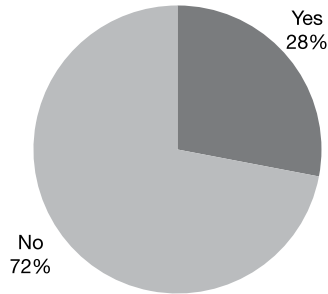
...family allowance for assignee to use as required...

SELECTING ASSIGNEES FOR INTERNATIONAL ASSIGNMENTS

Formal Career Management Process

When we asked respondents if they had a formal career management process for international assignees, 28% reported that they did. This compares to 22% in the 2011 report.

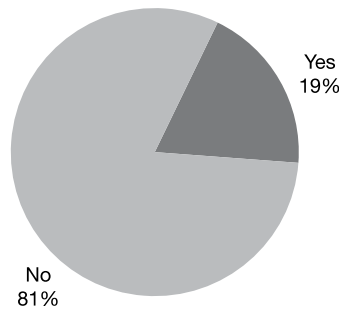
Formal Career Management Process



Formal Candidate Pool

When we asked respondents if they had a formal candidate pool for international assignments, 19% reported that they did. This compares to 18% in the 2011 report.

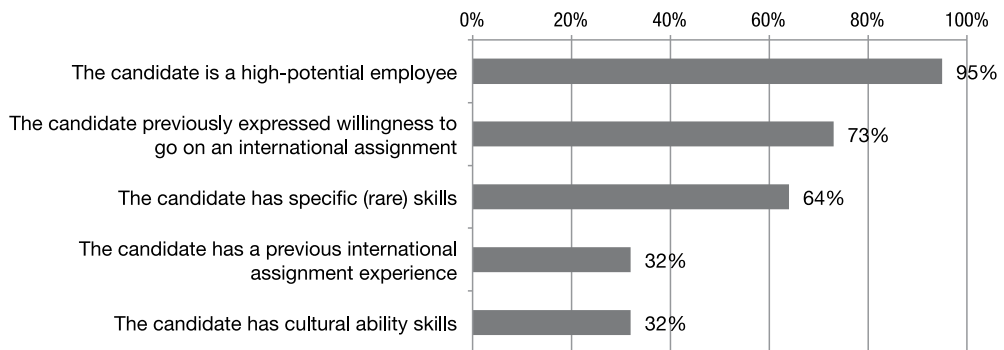
Formal Candidate Pool



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, 95% reported the inclusion of high-potential employees in the candidate pool, 73% used candidates who previously expressed a willingness to go on international assignments, 64% identified candidates with specific (rare) skills, 32% used candidates with previous international assignment experience and 32% identified candidates that had cultural ability or skills. The corresponding percentages in the 2011 report were 81%, 62%, 81%, 48% and 29%.

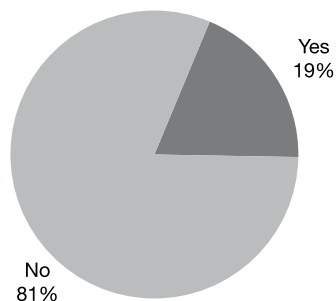
Criteria for Inclusion in Candidate Pool



Reliance on Candidate Assessment Tools

When we asked respondents if they used candidate assessment tools, 19% reported that they did. This is the same as in the 2011 report.

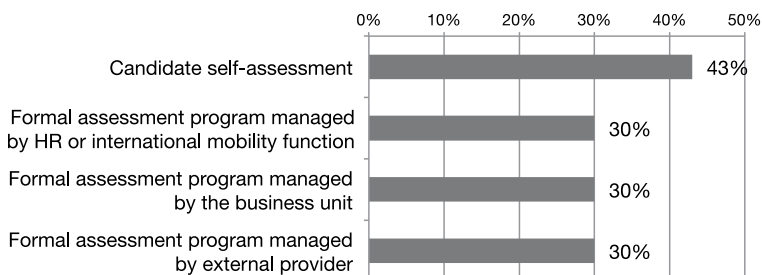
Use of Candidate Assessment Tools



Type of Candidate Assessment Tools

When we asked what type of candidate assessment tools were used, 43% used a candidate self-assessment tool, while 30% used a formal assessment program managed by HR or international mobility function, 30% used one managed by the business unit and another 30% used a formal program by an external provider. The corresponding percentages for 2011 were 25%, 38%, 21% and 33%.

Types of Candidate Assessment Tools Used

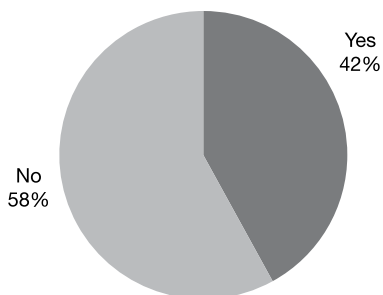


Respondents provided multiple answers.

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, 42% reported that they were. This compares to 40% in the 2011 report.

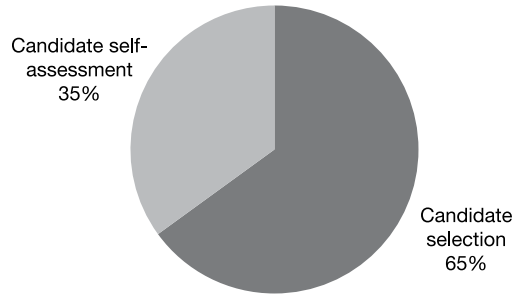
Considering Candidate Assessment Tools for Future



Use of Assessment Results

When we asked respondents how the assessment results were used, 65% reported that they were used for candidate selection, while the other 35% reported that they were used for candidate self-assessment. In 2011 these percentages were 54% and 46% respectively.

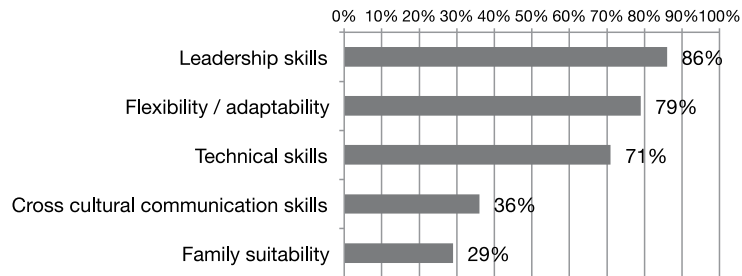
How Candidate Assessment Tools are Used



Competencies Assessed During Candidate Selection

When we asked respondents to identify the competencies that were assessed during the candidate selection process, 86% reported that leadership skills were assessed, while 79% assessed flexibility and adaptability. Seventy-one percent (71%) assessed technical skills, while 36% looked at cross-cultural communication skills and 29% family suitability. The corresponding percentages for 2011 were 92%, 85%, 54%, 54% and 46%.

Competencies Assessed During Selection Process

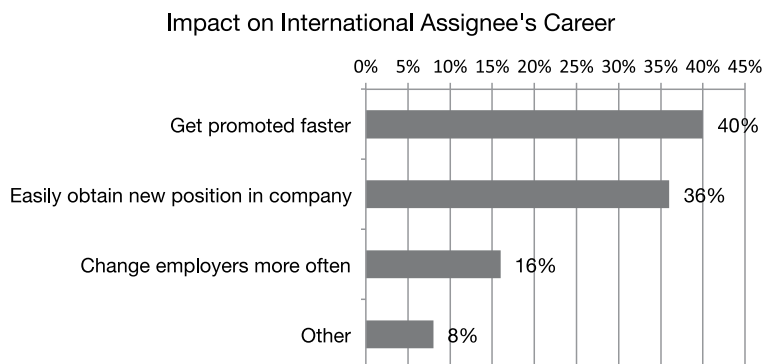


Respondents provided multiple answers.

ASSIGNMENT EVALUATION AND COMPLETION

Career Impact of International Experience

When asked about the value of international experience to an employee's career, 40% responded that it resulted in faster promotions, 36% responded that international assignees obtained new positions in the company more easily and 16% indicated that the assignees changed employers more often. Historically, the ranking sequence remained the same: faster promotions (33%), easily obtaining new positions in a company (33%) and changing employers more often (24%).



Verbatim Comments:

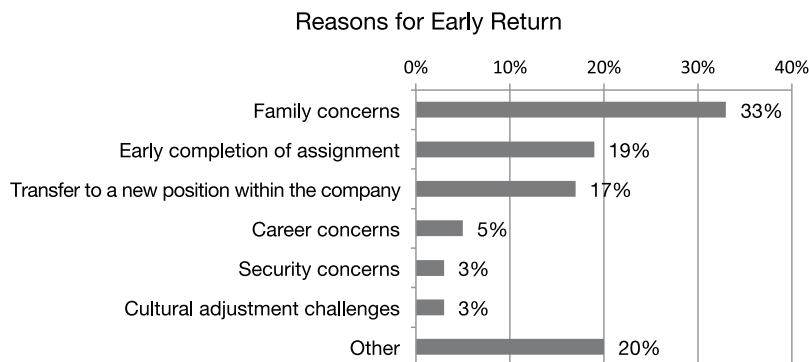
Impact of Assignments on International Assignee Careers

see little long-term benefit of international assignments ... unknown ... tend to be disgruntled on return unless they have managers who help them utilize their experience ... have higher career expectations ... are more well rounded and thus more marketable ... have trouble finding a job within the company after relocation ... don't know ... none ...

Reasons for Premature Return From Assignments

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

When we asked participants to cite the principal reasons for assignees returning early from assignments, family concerns (33%) topped the list, followed by the early completion of the assignment (19%) and transfer to a new position within the company (17%). The historical averages are 37%, 20% and 27%, respectively. Respondents also cited career concerns (5%), cultural adjustment challenges (3%) and security concerns (3%). Twenty percent (20%) cited other reasons for early returns from assignment.



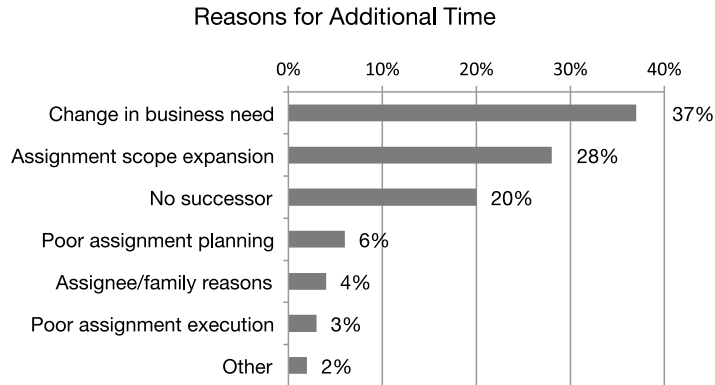
Verbatim Comments:

Other Reasons for Early Return of International assignees

not really an issue; more of an issue with assignment drift... family... transition issues... do not adjust well to the new division and/or are terminated for cause... determined by business... business need changes... 3rd location, but no return... we don't track this... transfer to a new position in another company... low performance... project requirements... not performing well... have not experienced an early return!... no early returns...

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 cited was a change in business needs (37%), followed by expansion in the project scope (28%) and the fact there was no successor ready to replace the international assignee (20%). The ranking sequence was the same for the top three choices for the last 3 years. In fewer cases poor assignment planning (6%), assignee/family reasons (4%) and poor assignment execution (3%) were noted.



Verbatim Comments:

Reasons for Requiring Additional Time for an Assignment

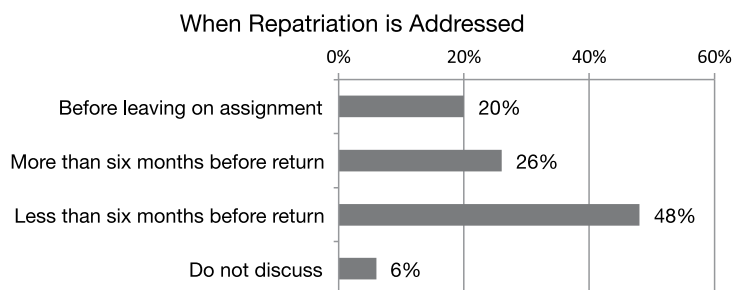
delay in identifying new role... lack of immediate home opportunity... known only at the program level; not communicated at the relocation management level... project is extended...

REPATRIATION AND ATTRITION

Repatriation Discussions

Most respondents (94%) held repatriation/re-entry discussions with international assignees — compared to a historical average of 79%.

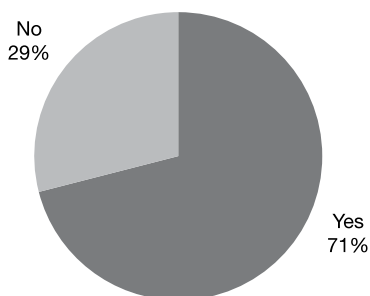
As to when repatriation is addressed, 20% of respondents discussed repatriation/re-entry with assignees before the assignees left on assignment, 26% did so at least six months before the assignees' return, 48% discussed it less than six months before assignment completion and 6% did not discuss. The historical averages were 24%, 27%, 43% and 7% respectively.



Written Repatriation Policy

We asked participants if their companies had a written policy for repatriation and seventy-one percent (71%) responded that they did. The historical average was 72%.

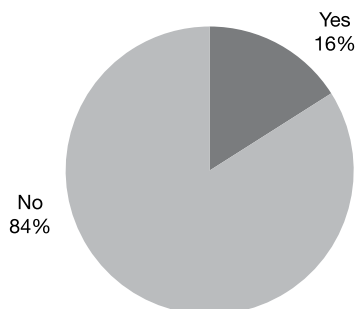
Written Repatriation Policy



Repatriation Strategy Linked to Career and Retention

We asked participants if their companies had a formal repatriation strategy linked to career management and retention. Sixteen percent (16%) of respondents indicated that their companies did, compared to 14% in 2011.

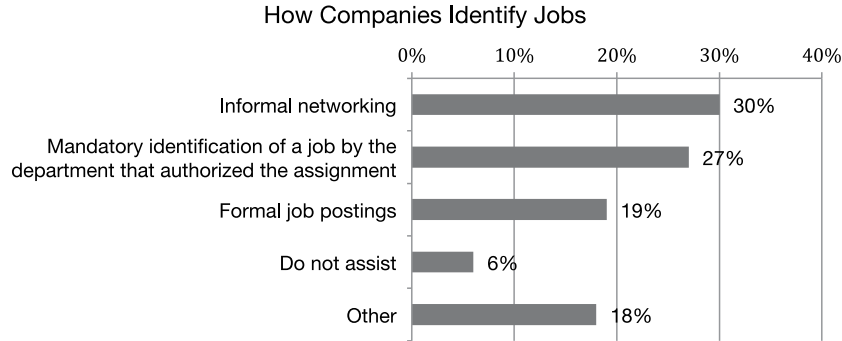
Formal Repatriation Strategy Linked to Career Management and Retention



Identifying New Jobs at a Company

When we asked if companies helped repatriating employees by identifying new jobs within the company, 94% responded that they did help, compared to 99% in the 2011 report and a historical average of 97%.

At companies that helped employees identify these new jobs, 30% relied on informal networking to do so, 27% required the department that authorized the assignment to identify a job and 19% used formal job postings. This compares to historical averages of 32%, 28% and 23%, respectively. Eighteen percent (18%) of respondents relied on other means to help repatriating employees identify new jobs.



Verbatim Comments:

How Companies Identify New Jobs

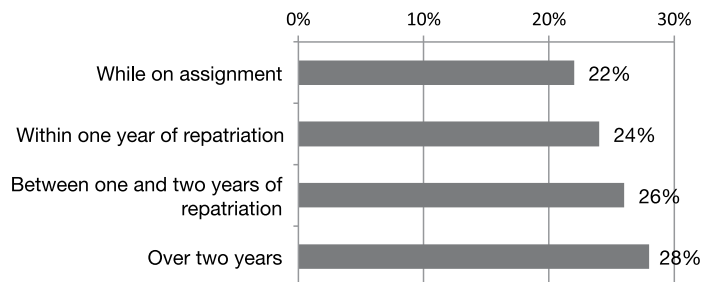
management driven ...BG HR ...combination of informal networking, formal job postings and working with talent management on the next appropriate role for the employee ...super and business track as part of performance management process ...ID of job by the talent review process ...combination of all of the above ...new position is identified by senior management ...managed by the home HR team ...formal, regular HR meetings to match employees against vacancies ...talent management kept apprised of all expatriates and their assignment process or conclusion to help identify a new position for employee ...succession planning ...communicating between host and home locations to discover opportunities available to assignee. ...career planning ...part of regular performance and career planning ...consultation by HR BP & home manager ...last minute calls throughout divisional HR teams ...HR business partners are involved... employees return to their old positions...

International Assignee Attrition

The average annual turnover for all employees at respondent companies was 13% which is the same as the historical average. In comparison, when we asked respondents to identify the annual international assignee attrition rate, they reported a rate of 12% — just less than that for all employees.

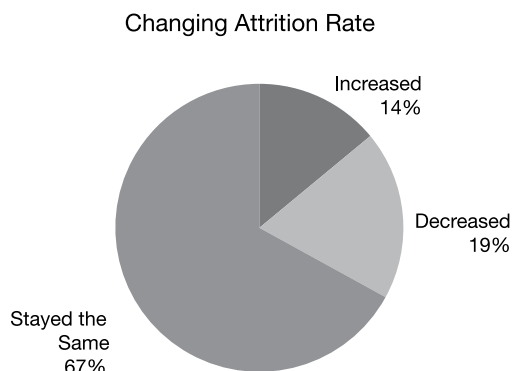
Among international assignees who left the company, respondents reported that 22% left the company during an assignment 24% left within 1 year of returning from assignment, 26% left between the first and second year and 28% of these international assignees left after 2 years. The historical averages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

When International Assignees Leave the Company



Annual Change in Attrition Rate

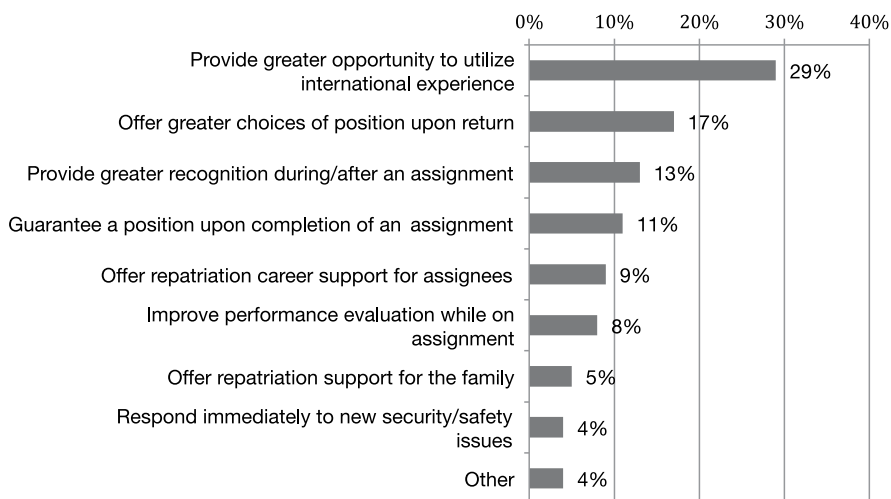
When asked if the international assignee attrition rate had changed since last year, 67% of respondents reported no change in the attrition rate, 14% reported an increase and 19% reported a decrease in the rate. The figures match the numbers reported in the 2011 report and compare to the historical averages of 71%, 16% and 13% respectively.



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 (29%). This response was followed by more choices of position upon return from an assignment (17%), greater recognition during/after an assignment (13%), guaranteeing a position upon completion of an assignment (new response) (11%) and offering repatriation career support for international assignees (9%). These responses align with the historical averages. Historically, the top five choices were opportunity to use international experience (47%), choice of positions upon return (33%), greater recognition during/after an assignment (19%), repatriation career support (12%) and improve performance evaluation (8%).

Methods of Reducing International Assignee Turnover



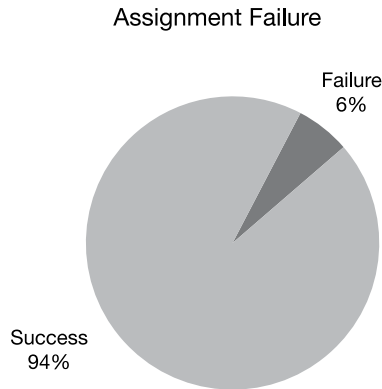
Verbatim Comments:

Other Methods of Reducing International Assignee Turnover

provide localization assistance ... retention bonus ... not really anything in place ... offer repatriation career support for assignees ... overall career planning ...

Assignment Failure

We asked participants to report the percentage of failed assignments and, according to respondents, only 6% of assignments fail. This compares to 4% 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 employee leaves to work for another company (a new response) as the top reason at 19%. Other factors that were cited were spouse/partner dissatisfaction (17%) and other family concerns (11%). Respondents also ranked job does not meet expectations, inability to adapt and inadequate job performance, all at 10%. The corresponding percentages for these responses in 2011 were N/A, 18%, 8%, 10%, 12%, 13%.

Causes of Assignment Failure



Verbatim Comments:

Other Factors Leading to Assignment Failure

medical ... unknown as is determined within businesses ... no preparation for the return and frustration with the new position after return ... dismissal ... dismissal due to reorganizations ...

Locations With High Rates of Assignment Failure

When asked which three locations had the highest rate of assignment failure, China was first, identified by 19% of respondents, followed by both India and Singapore, tied at 7%. 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. However, it is important to remember that a high rate of assignment failure is naturally associated with popular business locations that also have large international assignee populations (refer to the “Top Destinations” section).

Australia, Kazakhstan, Algeria, Djibouti, Iraq, Mexico and Nigeria did not appear in the top 15 ranking of locations with high rates of assignment failure in the 2011 report.

Locations with the Highest Rates of Assignment Failure

(Ranked showing percent of companies identifying them; rank from 2011 report in parentheses)

China (1)	19%	Brazil (11)	3%	Russia (4)	2%
India (2)	7%	Netherlands (18)	3%	United Kingdom (6)	2%
Singapore (7)	7%	Iraq (NA)	3%	Saudi Arabia (5)	1%
United States (3)	5%	Mexico (NA)	3%	Germany (10)	1%
Australia (NA)	4%	Algeria (NA)	3%	Switzerland (12)	1%
Kazakhstan (NA)	4%	Nigeria (NA)	3%	Afghanistan (13)	1%
U.A. Emirates (8)	3%	Djibouti (NA)	3%	Hong Kong (14)	1%
				Belgium (19)	1%

Verbatim Comments:

Locations With High Rates of Assignment Failure

Afghanistan: harsh environment...

Algeria: security and other in-country challenges...

Argentina: cultural...

Australia: we want them to localize and they don't want it to be permanent...

Azerbaijan: remoteness, isolation...

Belgium: work environment, / cultural challenges, compensation...

Bolivia: security...

Brazil: culture disclosure... costs... inexperience in this location...

China: family reasons... culture shock... difficult environment... cultural reasons... recruited by other companies... our company has the biggest amount of expats in China so that is the reason... standard of living for US/EMEA outbounds to China... distance from the home country (for home leave, family visit), language barrier, cultural adaptation... return home for family reasons... cultural issues...

Congo: hardship location...

Costa Rica: infra-structure...

France: the few that we have had is primarily due to spouse dissatisfaction...

Germany: most of the assignees have interest in staying at the headquarters but there is rarely a position/opportunity available...

Hong Kong: high volume location...

India: unmet expectations of employer... security problems... culture, living conditions... standard of living for all relocating to India... new setup...

Indonesia: family concerns; work permit cancelled...

Iraq: security and other in-country challenges... security concerns...

Kazakhstan: personal and family reasons... isolation and hardship for family...

Libya: harsh family conditions; civil war...

Madagascar: extreme work and living environment...

Mexico: family concerns about safety... culture...

Netherlands: highest number of assignees, family adjustment... greatest volume...

Nigeria: hardship location... personal security, isolation... security and other in-country challenges...

Romania: intercultural barriers concerning team...

Russia: intercultural barriers concerning team leading... expatriates with families due to lack of schools, and spouse support program...

Saudi Arabia: culture...

Singapore: family... worked for joint venture... high volume location...

South Africa: distance...

Sweden: high cost of living...

Switzerland: very rare and Switzerland is where the majority of our expats end up on assignment, the few that we have had is primarily due to spouse dissatisfaction...

Thailand: inexperience in this location...

United Arab Emirates: adjustment... here we have many expats...

United Kingdom: career path... high cost of living... business...

United States: greatest volume... cultural difference, we have very few but of those that do fail, St Louis is a challenge and seems to be the most culturally challenging compared to our other US locations... most assignees here... various reasons...

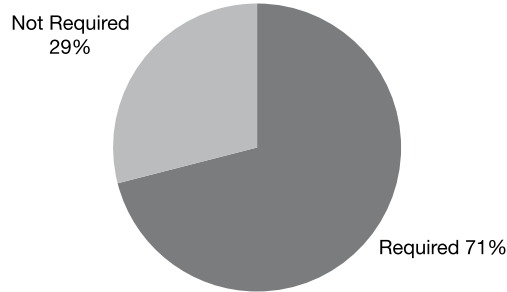
Uzbekistan: difficult conditions

COST ESTIMATING, TRACKING AND COMPARISONS

Funding Requirements and Required Assignment Approvals

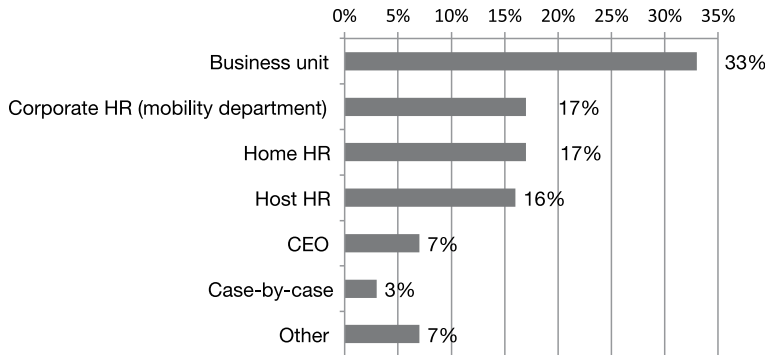
Seventy-one percent (71%) of respondents indicated that their companies required a clear statement of assignment objectives before obtaining funding for an international assignment. The historical average is 65%.

Statement of Assignment Objectives



If a statement of objectives was necessary before receiving funding, we asked whose approval was required. At companies with an approval requirement, 33% of respondents required approval by the business unit. Seventeen (17%) required approval by Corporate Human Resources (or the mobility department), 17% required home-country Human Resources approval, 16% by host-country Human Resources, 7% by the CEO and 3% on a case-by-case basis. In the 2011 report, the corresponding percentages were 43%, 4%, 3%, 5%, 11% and 7%.

Required Approvals



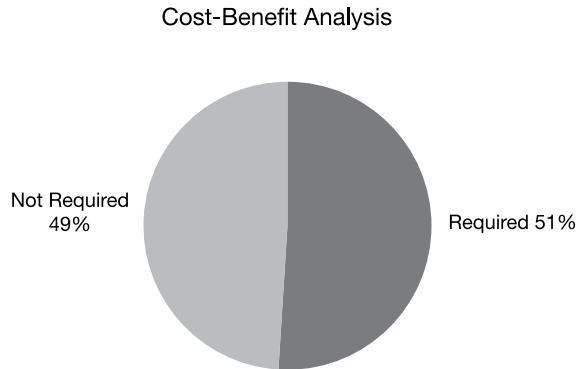
Verbatim Comments:

Required Approval for an Assignment

COO ... Chief HR officer ... sponsor group ... host department head of unit ... director of each department ... group president ... executive board member's approval ... staff officer ... discipline manager ... eligibility process implemented in 2011 ... three member committee ... contract requirement ... CFO, host business unit manager, group HR director...

Cost-Benefit Analysis

Fifty-one percent (51%) of companies required a cost-benefit analysis to provide a business justification for the relocation/assignment. This is compared to 41% in the 2011 report and the historical average of 43%.

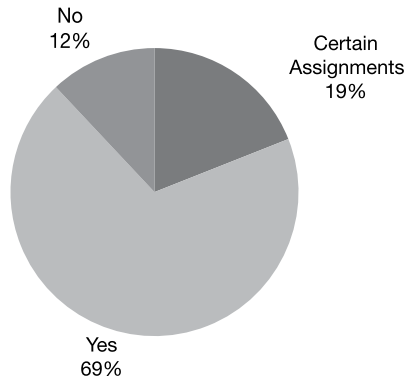


Preparing and Tracking Cost Estimates

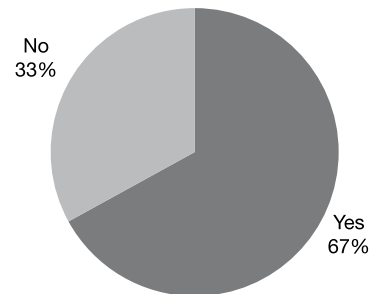
When we asked respondents if they prepared cost estimates before initiating international assignments, 88% of respondents said they did. Sixty-nine percent (69%) always prepared them and 19% prepared them only for certain assignment types. Historically, 88% of respondents prepared cost estimates for all or some international assignments.

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

Preparation of Cost Estimates



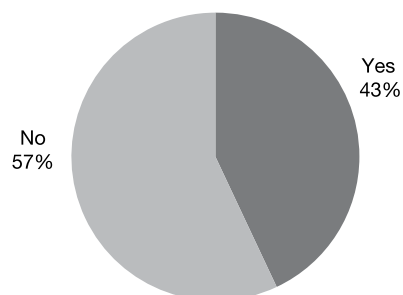
Cost Tracking During an Assignment



Comparing Estimated and Actual Costs

When asked if they compared estimated assignment costs with the actual costs of assignments, 43% of respondents indicated that they did, compared to a historical average of 35%.

Compare Estimated and Actual Costs



Corrective Measures Taken

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

Verbatim Comments:

Corrective Measures Related to the Budget

we adjust costs... refer to the assignment contract where major costs are specified in detail... we negotiate with the host country in order to reduce costs... check the reason for such variation and explain it to the business unit... whilst costing is done they are rarely referred to and referred to actual costs... we use a 3rd party provider and annually we meet with them to go over actual vs. estimates; we see where we we're off and how we can plan better for next yearbudget change... we are just starting the activity... review actual vs. estimated costs on an annual basis... review of future estimates... adjustment of accruals... we track actual costs, and compare actual to estimate, but we do not revise the cost estimate during the assignment... none, we just report it to the business unit... the business unit sending the assignee monitors the costs and takes action as appropriate according to their business unit policies... adjust budget or projections... reduce other minor areas or luxuries that the assignee may havevariable payment review... reduce the number of exceptions requested... applied to future cases.... depends upon the business unit, our estimates are fairly close ... no action... none... a certain variance is expected because it is an estimate, if the cost varied significantly then there is typically some anomaly in the scenario; we review whether or not that is true and make adjustments where this may be predictable or if it is a one-time occurrence then we do nothing... financial controllers -- adjust budgets; we investigate the reason for the difference to ensure assignment provisions are being followed... determine the cause of the variance and if necessary increase the estimate or modify the allowances... no correction is made.... no corrective measures are taken but analysis takes place... review gaps and make determination based on that analysis; may revise cost estimate assumptions...

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: don't find this challenging...

Do not track costs; we have not done this historically however it is something we will be introducing in 2012...

Need for Cost Conscious Culture: that the respective people who are responsible to approve the move are surprised by the high costs an assignment generates...

Obtaining reliable information-- items that are negotiated by the employee after the estimate is done... real estate values fluctuate, cost of living varies... cost estimates because it is so hard to get the data correct - e.g. social security, double tax payments... lack of interest by leadership to require the information... actual costs have a variability factor... cost collection from various sources, i.e. financelaccounting and payroll... the business is not providing accurate information to perform accurate estimates in the first place... actual costs... estimating to ensure that you include all assignment costs (incl. indirect costs) and also that you use close to the actual estimate amounts for some costs in the capturing part; it is about capturing all assignment related costs... the most challenging is the set up of a relocation package on line with actual costs... actual costs versus estimated, especially housing (market variance), tax (incentive)... accommodations costs... to foresee all costs with an international assignment...

Taxes, Currency and Inflation: taxes in different countries... the main challenge is currently that I don't have access to tax software so it's really difficult to get an accurate picture... inflation and variable pay (bonus) since both may vary considerably... currency fluctuations make comparison difficult... tax estimates... taxes... tax gross up due on relocation provisions... unexpected expenses... calculating taxes payable in home/host countries... actual costs as compared to estimates... tax computations and fluctuating assignment parameters... un-anticipated costs (e.g. insurance requirements, etc)... estimated taxes the company may have to pay based upon taxation policy, tax gross up costs for net paid items... exception costs for the total assignment... someone else does this; increased customs inspection fees... FX rates fluctuations, hypo tax calculations... determining timing of when estimate is to be done, comparing expenses in foreign currency vs. local currency... allowance tables fluctuating from currency and inflation... business costs vs. assignment costs... the lag between the time the cost is incurred and the time it actually hits the cost centre, especially with tax costs... all assignee terms and conditions are different ...

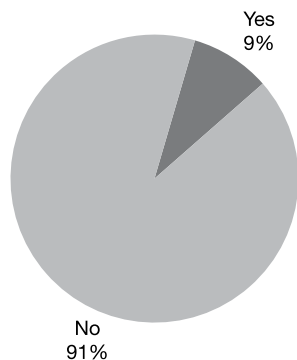
Complexity and Cost-Tracking Methods: expenses are in multiple systems, it's challenging to gather the data... collecting costs... tracking the costs and matching them to the cost estimates at the start of the assignment... costs captured in HR and business unit... capturing all cost elements... there are so many unique situations that you can't anticipate until after the associate accepts... actual costs always vary... good software to manage plenty of variables... accurate cost tracking, the ability to provide real time data to managers for their relevant business lines or cost centres... our system is centralized, time to collect and enter data is the challenge, time consuming... capturing all costs, in particular those paid in the host location... tracking and pulling together actual costs in one place, TEQ estimates ... hidden costs... no tools for cost estimating, needs to be done manually in Excel... uncommon systems... ensuring that the host location understands how to track and report actual costs/spend... to get an overview of actual expenses... understanding the cost at the host country... data required to complete processes needs to be extracted from multiple sources (i.e. tax, relocation)... the various sources of data (home, host, payroll, third parties etc)... getting the exact figures from the host company HR requires lots of emails every time and certain costs tend to change quite often... currency x COLA x assignee expectation... amount of data... complexity of the calculation, changes throughout the assignment... individual expectations being different from program design... manual administrative burden; where to find the data... all in house with minimal expertise in area... capturing the data...

EVALUATING RETURN ON INVESTMENT

Measuring Return on Investment (ROI)

When we asked if companies formally measured ROI for relocation/assignments, only 9% responded that they did, which is the same as the historical average.

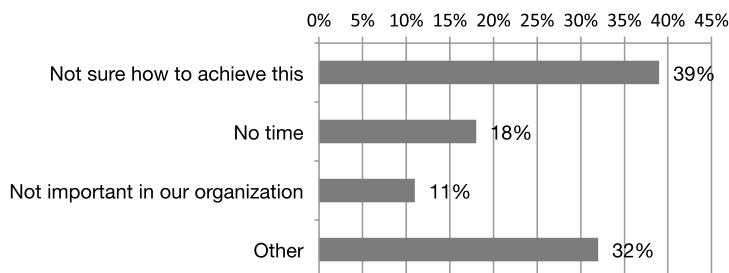
Do Companies Measure ROI?



Reasons for Not Measuring ROI

We asked companies to identify the principal reasons for not measuring the ROI for relocation/assignments. The top reason, cited by 39% of respondents, was that they were not sure how to achieve it. Eighteen percent (18%) indicated that they had no time to measure ROI and 11% responded that it was not important in their organization. Thirty-two percent (32%) indicated other reasons for not measuring ROI. The corresponding percentages for 2011 were 50%, 14% and 16%.

Principal Reason for Not Measuring ROI



Verbatim Comments:

Reasons for Not Measuring ROI

Do Not Know: I don't have this kind of information...

Another Department Is Responsible: each business sector determines its own method of ROI measuring, if they do it at all, hard to determine. ...business units have the responsibility to measure this. ...government based contracts. ...

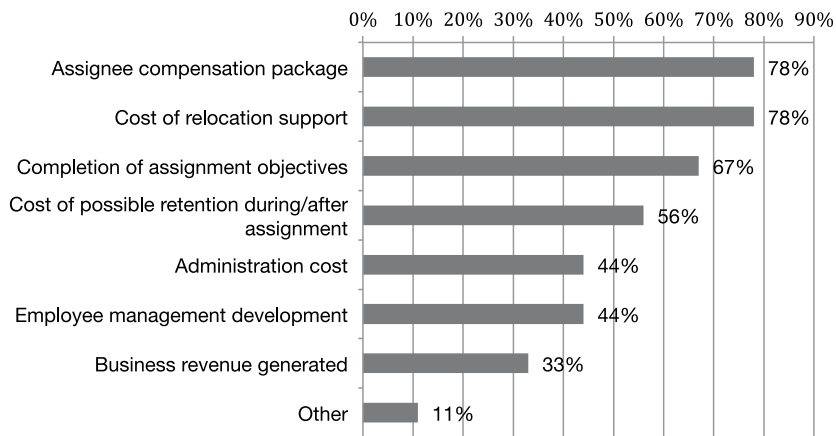
Other Reasons for Not Measuring ROI: hasn't been a historical priority but will be a project for us in 2012 ... never came across a magic formula that gives a conclusive answer ...how to measure in terms of intangible benefits ...very difficult to track dollar impact of a single employee ...ROI is the benefit to the business not a global mobility ROI ...monitor assignment success vs. failure for each assignment ...rather arbitrary metric, lots of factors some controllable and others not ...since it is new for us we will need to implement new processes ...lack of consensus on process to calculate ...assignments are project-based; employee performance is measured relative to timely and cost effective completion of the project ...too many people involved in capturing the costs so there is not consistency ... recording and reporting issue ...difficult to formally define, assignments are examined on a case by case basis ...not in practice ...return part is so difficult to estimate / value ...there isn't a methodology or knowledge on how to do it ...do not have complete data ...not directly relevant to roles being 'internationalised' ...part of the challenge is not all assignments are "widget" related so corresponding employee output to categorical costs is not easy. ...no definitive

way to do it ... we have some measures that point to ROI but not a true tool that we use. ... in process to calculate costs ... difficulty to collect reliable and consistent data from the various IT systems ... only with a few specific assignments ... skills gained in an overseas assignment will be used in future jobs, either in the home country or in another overseas posting ... too young in our mobility practice ... no time and not sure how to really achieve this ... want to but haven't spent time on it yet ... still transitioning to technology that will enable, historical data does not facilitate measurement ... this has never come up. ...

Measures Factored Into ROI

For respondents whose companies measured ROI, we asked which factors were included in their ROI calculations. Seventy-eight percent (78%) of respondents included the international assignee compensation packages and an equal amount of respondents included the cost of relocation support. Sixty-seven percent (67%) factored in the completion of assignment objectives, 56% included the cost of possible retention during/after assignment and 44% included administration cost as well as employee management development. Thirty-three percent (33%) of respondents factored in the business revenue generated by the assignment when measuring ROI. In the 2011 report, the corresponding percentages were 88%, 88%, 75%, 38%, 63%, 63% and 50%.

Measures Factored Into Return on Investment



Respondents provided multiple answers.

Defining Return on Investment

We asked respondents how they define return on investment and we received the following comments:

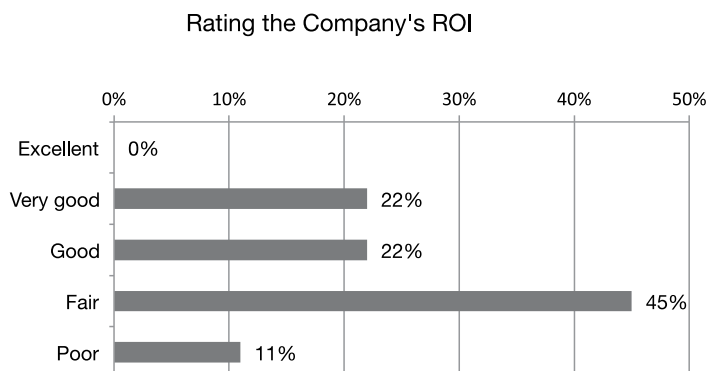
Verbatim Comments:

Return on Investment Defined

Project Accomplishment. ... we evaluate the performance of the expatriate and the results he brought to the company (we only expatriate key talents), compared to the costs of the assignment and to the effects that the expatriate's area might have suffered in the home country ... this is done by the finance team ... a calculation in which the financial and non-financial benefits are compared to the financial and non-financial costs of the assignment due to the nature of our business we focus on performance, retention and cost ... there are short and long-term measures; for both we look at the success of the assignment (was it completed? performance rating of assignee? retention rate?) and, specifically for long-term assignments, we look at the career progression of the assignee

Rating Return on Investment

No respondents rated their companies' international assignments in terms of ROI as excellent. However, 22% of respondents rated their companies international assignment ROI as very good and 22% rated it as good. In contrast, 45% of respondents rated it as fair and 11% as poor. The historical average for excellent and very good (combined) is 37%; for good alone, 48%; and for fair and poor (combined) is 23%.



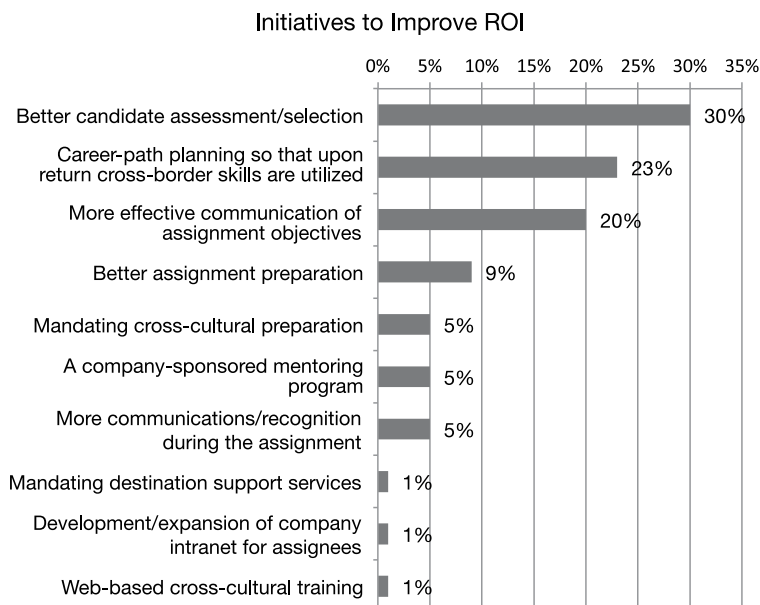
Verbatim Comments:

Rating Return on Investment

...building a sound base, it's a work-in-progress...

Initiatives to Improve Return on Investment

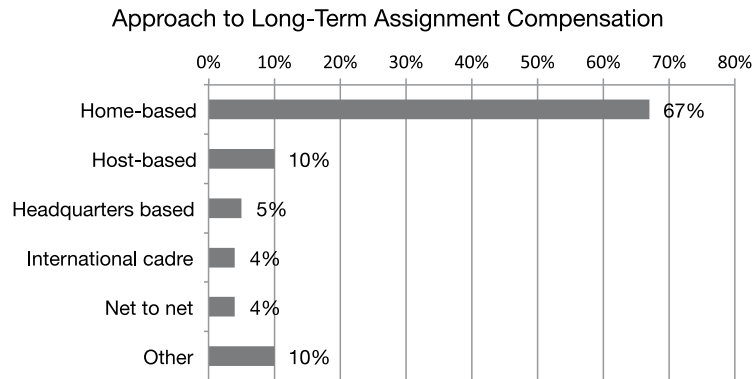
When asked to identify major initiatives used to improve international assignee ROI, the most frequently cited initiatives were better candidate selection/assessment (30%), career-path planning to utilize cross-border skills upon return (23%), more effective communication of assignment objectives (20%) and better assignment preparation (9%). Mandating cross-cultural preparation, a company-sponsored mentoring program and more communications/recognition during the assignment were all cited by 5% of respondents. Historically, the top five objectives were better candidate assessment/selection, career planning, better assignment objectives, better assignment preparation and mandatory cross-cultural training.



COMPENSATION

Long-term Assignment Compensation

This year, when we asked about the approach taken for international assignee compensation on long-term assignments (1 year or greater), we gave a more comprehensive choice of responses: 67% of respondents indicated that they used a home-country approach, 10% used a host-country approach, 5% headquarters based (new response), 4% an international cadre (new), 4% a net to net (new). Ten percent (10%) of respondents cited using another approach. In the 2011 report, the home based percentage was 62%, the host based 6% and the remaining used a combination or hybrid approach.



Verbatim Comments:

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

At Companies That Use a Home-Country Approach...

Depends on Home and Host Countries as Well as Assignment Type: driven by volume and greater percentage of assignees are from HQ country...

Most Assignments Begin and End in Home Country: all employees are sent from the headquarters country... employees are required to return to their home location at the end of the assignment... easier to bring them back into their home country at the end of the assignment... assumption that employee will return to home location... the employee belongs to the home firm and it has more of an interest in maintaining the employee... to stay in line with home compensation as assignee will return after assignment period... the employees support U.S. government contracts and will return to the U.S. to support similar contracts; it is important that they are compared to their peers doing the same work in the U.S...

Best Practice or Vendor Recommendation: consistency & best practice...

Convenience of Company or Mobility Department: it is the traditional approach applied within the company for most moves, however we are looking at other approaches for future policy changes... used worldwide, it works, facilitates repatriation... consistency... easier to manage... most effective for our philosophy and assignment approach... standardization of approach... have always used and see no need to change... administration... it's easily explained, fair and enables mobility... it's in line with overall company philosophy... equity... fairness and consistency... this approach and the policy come from our headquarters... most straightforward and avoids compensation issues on repatriation...

Combination of Employer and Employee Considerations: we use a home base salary approach in accordance with the company policy and the best interest of the assignees... assignee should not be better or worse off during the assignment... home based is easiest for our assignees because most often they are relatively short term (less than 2 years)... an allowance can be provided in host currency, but maintaining the employees payroll in the US is easier from a tax perspective... most fair to tie employee to their home organization in most cases... the employee can be reintegrated in his home company more easily... keeps the individual 'whole' from a compensation perspective... most fair, easy to manage... used to protect the assignees' economic position so that they don't gain or lose from exchange rates... keeps expat in home salary system, easier transition upon repatriation... facilitates sequential assignments and repatriation as base salary compensation is not impacted... continuity, ensures the assignees has continual service for benefits, bonus etc; we see assignments as temporary... benefits kept intact at home country... to facilitate

repatriation... keeping expat whole... keep the same level of compensation... has been a common industry approach to protect key home country benefits... we aim to ensure the reward package is linked to the cost of living in the host country; enables the expat to return home and enter back in the home salary system more easily; makes sure that the expat is still contributing to the home country social security (if applicable) and pension arrangements... easier to integrate back to home at assignment end... it is our practice for assignees to remain on home pay in order to continue 401K/retirement contributions... keep expat's salary at home as if he/she did not go abroad, easier to administer the home base salary upon return... employee can more easily fit back into home country compensation programs upon return... ensures a better reintegration in the home country at assignment end... usual concept of keeping employee whole with home country standards in order to concentrate on work... doesn't advantage or disadvantage assignee; keeps compensation a neutral component... does not disrupt employee's home country pension, we do not have an international pension solution in place at this time...

At Companies That Use a Host-Country Approach...

the host market will use the "going rate" approach where pricing of a position is determined by both internal and external market data to create a competitive offer; the proposal should not exceed our internal equity or what we typically would have offered a local hire; if a situation should arise where the compensation is significantly lower than current conditions in the home market, our policy addresses it through a differential allowance which factors cost of living, ROE as well... we want to match the percent to target in the host country standards... due to localization policy this is the most relevant course of action for compensation... allows employee to assimilate to the environment better, allows local division to have a handle on the costs... an assignee's compensation shall be in line with host location peers... keeps local equity...

At Companies That Use a Headquarters Approach...

the compensation is based on the host country's policy but it must be aligned with the headquarters policy, the benefits package is the pattern worldwide... home based with host funded housing allowance; global mobility is managed by headquarters... we have only US outbound employees; government compliance with FAR... it works... due to HQ policy...

At Companies That Use an International Cadre Approach...

combination of home and host salary levels... most of the employees are international nomads or they are hired from the host country... competition in the industry... extremely difficult to attract and retain; host based not an option...

At Companies That Use a Net to Net Approach...

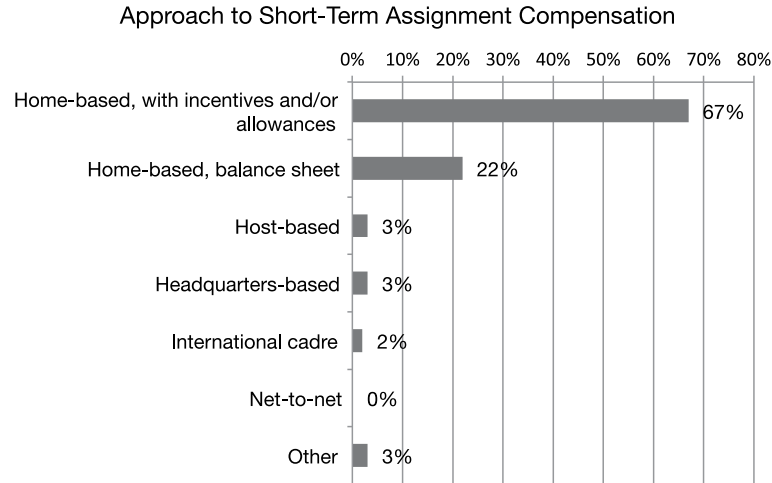
we argue that we recognize the differences in terms of social security, income taxes and cost of living and the employee should not be worse off... we use a mix of net to net compared to functional income in order to balance home net salary with the local compensation level... low cost philosophy with no career direction after the assignment...

At Companies That Use Another Approach...

flexibility is the approach used depending on how established we are in the host location... we have a population of employees who will go on a series of successive international assignments throughout their career and do not really have a 'home country'; these employees fall under our global mobility career policy... "out and back" assignees who repatriate to their home country; after the assignment the assignee goes on our home based long term assignment policy... depends on home/ host country combination as well as seniority of assignee... a combination of the home based and net to net calculations typically take place and then within the budget parameters or immigration requirements we often adopt an assignment salary approach... having both home and host based policies allows flexibility for the business and the assignee... consistent with practice in energy industry... outlined in headquarter program requirements... it's the best way to match package type/cost to assignment value... we have found this to be the most cost effective and easy to administer... per global policy... this way our compensation is fair and assignees buy-in is easy to achieve as the method is always explained to them... the host salary may not be less than local ones...

Short-term Assignment Compensation

When we asked about the approach taken for international assignee compensation on short-term assignments (less than 12 months), we also used a more comprehensive list: 89% of respondents used a home-based approach – this was split between 67% of respondents indicating that they used a home-based with incentives and/or allowance approach and 22% of respondents noting they used a home-based balance sheet approach. Three percent (3%) of respondents used a host-based approach, 3% used a headquarters based approach and 3% used an international cadre approach. Three percent (3%) of respondents indicated they used another approach. In the 2011 report, the percentage for home-based was 85% and for host-based 3% and the balance used a combination or hybrid approach.



Verbatim Comments:

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

At Companies That Use a Home-based Incentives/Allowances Approach...

Most Assignments Begin and End in Home Country: employees are required to return to their home location at the end of the assignment... as it is temporary there would be no reason to change much from the home characteristics... given short duration and expected return to home country, host country is not a valid compensation reference point; it's more like a long business trip... on a short term assignment the associate is not leaving their home country payroll nothing changes except that they will receive assignment benefits... allows for easier transition back to home base ... link with home job/compensation package remains the same as assignee will return to the same job after assignment period... to facilitate repatriation... keeping expat whole... expats on short term assignment remain on home country payroll, a per diem is provided and corporate housing during their assignment... employee can more easily fit back into home country compensation programs upon return... the employees support US government contracts and will return to the US to support similar contracts; it is important that they are compared to their peers doing the same work in the US... to ensure a better reintegration in the home country at assignment end... due to the short period of time the employee is away from the country of origin he/she continues to receive local salary... all employees are sent from the headquarters country...

Depends on Home and Host Countries as Well as Assignment Type: the legislation in Brazil is too complicated and the costs are lower...

Convenience of Company or Mobility Department: home based is easiest for our assignees because most often they are relatively short term (less than 2 years), an allowance can be provided in host currency but maintaining the employees' payroll in the US is easier from a tax perspective... easy to manage... most practical ... maintains equity/fairness... easier to interrupt at any moment... short-term has less disruption in payroll... same as long term, facilitates moves and easier administration... due to our company profile we can maintain the majority of short term assignees on home taxation... have always used and see no need change... have always used this approach... administration... it's in line with overall company philosophywe keep in the home payroll with per diem payments in host country... that approach helps us to standardize the process... similar to long term international assignments, short term assignments in our company are per default unaccompanied... most straightforward to administer...

Combination of Employer and Employee Considerations: keep them on par with co-workers but incents them to take the assignment with allowances... assignee should not be better or worse off during the assignment... least disruption to the employee... not enough time to change, best for employee... to keep the assignee 'whole' from a compensation perspective whilst recognizing that there are additional day-to-day expenses that need to be covered ... used to protect the assignee's economic position... allows assignee to maintain their home country ties for the short term period of assignment, also allows the assignee to keep-two places of residence with allowances to help with additional assignments costs... we aim to: ensure the reward package is linked to the cost of living in the host country; enables expat to return home and enter back in the home salary system more easily; makes sure that the expat is still contributing to the home country social security (if applicable) and pension arrangements... minimizes disruption from the home system which is known and understood by individual... so assignee can contribute to social security/401K,etc, assignee still needs to access funds for home-based expenses... only provides coverage for additional expense, keeps compensation neutral as part of assignment, makes sense for benefits/retirement issues...

Best Practice or Vendor Recommendation: market standard... best practice...

At Companies That Use a Home-based Balance Sheet Approach...

we use a home-based salary approach in accordance with the company policy and the best interest of the assignees... we have found this to be the most cost effective and easy to administer... used worldwide, it works, facilitates repatriation, stay on home payroll... the approach facilitates reintegration to the home country... consistent with practice in energy industry... fair and equal approach which has the aim to compensate the disadvantages... most handy for short terms... per global policy... low cost philosophy... consistency with long-term assignment approach, it's easily explained, fair and enables mobility... equity... fairness and consistency... usual concept, keeping employee whole with home country standards in order to concentrate on work... gives the assignee the comfort of retaining home based compensation structures... this approach and the policy come from our headquarters...

At Companies That Use a Host-based Approach...

no disruption of service or negative tax implications... due to localization policy - this is the most relevant course of action for compensation...

At Companies That Use a Headquarters-based Approach...

Home-based with host funded housing allowance; global mobility is managed by headquarters... it works... due to HQ policy... we have only US outbound employees; government compliance with FAR...

At Companies That Use an International Cadre Approach...

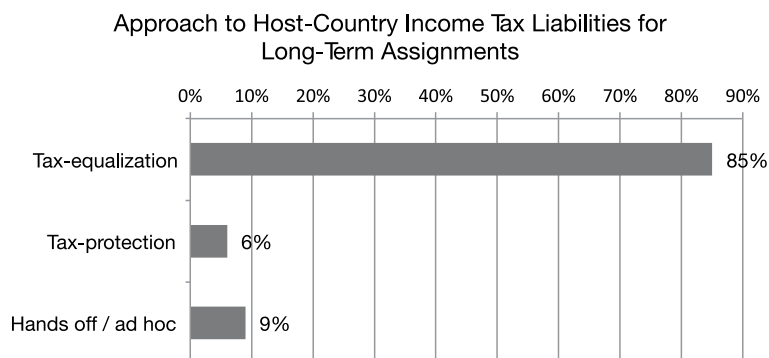
competitive in the industry...

At Companies That Use Another Approach...

ensure full tax compliance, if tax liability is tripped...

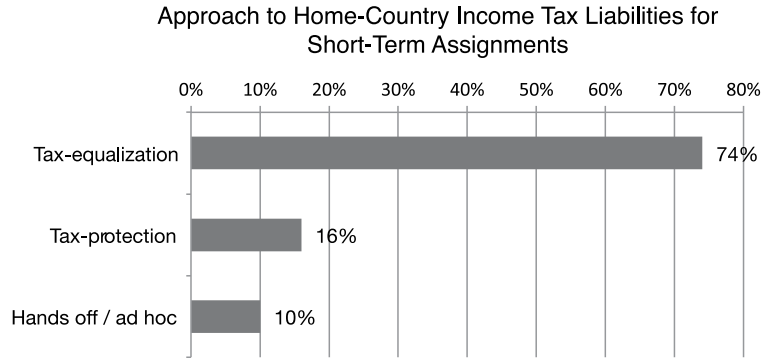
Host-Country Income Tax Liability for Long-term Assignments

This year when we asked about the approach taken for international assignees' host-country income-tax liabilities, we split the question by long-term and short-term assignments. For long-term assignments, 85% of respondents indicated that they used a tax-equalization approach, 6% used a tax-protection approach and 9% employed a hands off/ad hoc approach. In the 2011 report, the percentages (long term and short term combined) were 65% for tax-equalization, 13% for tax-protection, 5% for no compensation on tax differential and 13% for another approach.



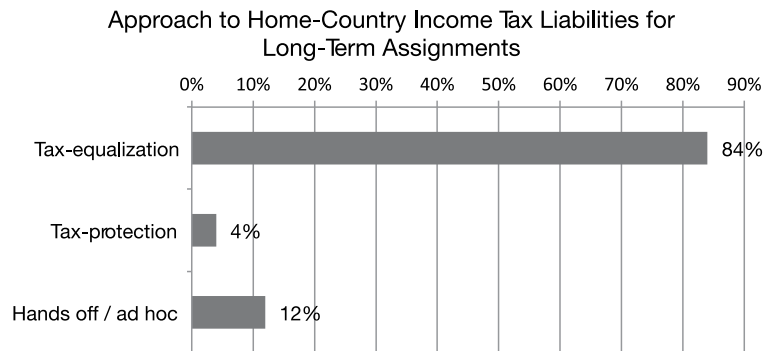
Host-Country Income Tax Liability for Short-term Assignments

When we asked about the approach taken for international assignees' host-country income tax liabilities for short-term assignments, 74% of respondents indicated that they used a tax-equalization approach, 16% used a tax-protection approach, and 10% employed a hands off/ad hoc approach. As above, in the 2011 report, the percentages (long-term and short-term in total) were 65% for tax equalization, 13% for tax-protection, 5% for no compensation on tax-differential and 13% for another approach.



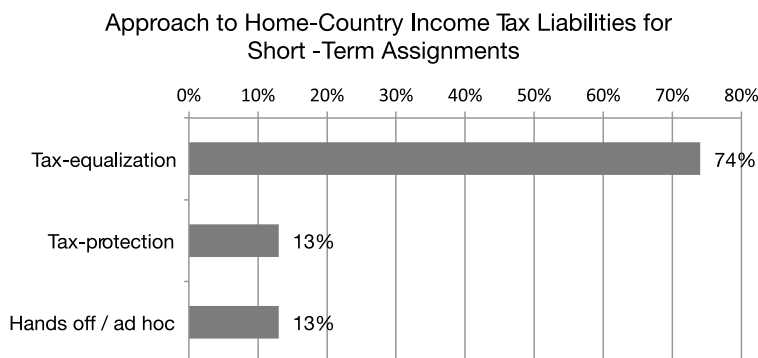
Home-Country Income Tax Liability for Long-term Assignments

This year when we asked about the approach taken for international assignees' home-country income tax liabilities, we split the question by long-term and short-term assignments. For long-term assignments, 84% of respondents indicated that they used a tax-equalization approach, 4% used a tax-protection approach and 12% employed a hands off/ad hoc approach. In the 2011 report (long-term and short-term combined), the percentages were 79% for tax-equalization, 4% for tax-protection, 7% for no compensation on tax-differential and 10% for another approach.



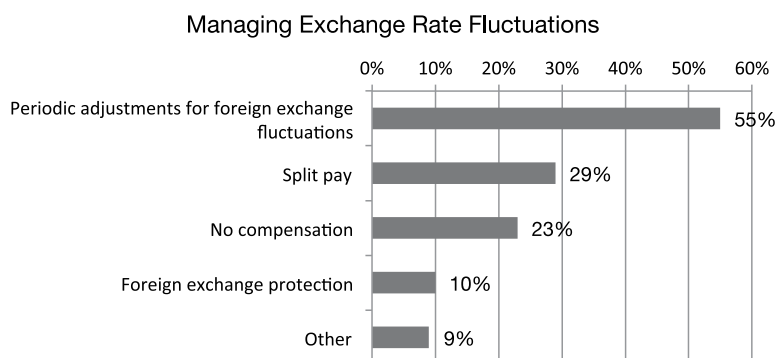
Home-Country Income Tax Liability for Short-term Assignments

When we asked about the approach taken for international assignees' home-country income tax liabilities for short-term assignments, 74% of respondents indicated that they used a tax-equalization approach, 13% utilized a tax-protection approach, and 13% had a hands off/ad hoc approach. As above, in the 2011 report (long-term and short-term combined), percentages were 79% for tax-equalization, 4% for tax-protection, 7% for no compensation on tax-differential and 10% for another approach.



Managing Exchange Rate Fluctuations for Compensation

When we asked how companies managed fluctuations in exchange rates for international assignee compensation, 55% of respondents indicated they made periodic adjustments for rate fluctuations, 29% used a split-pay technique, 23% offered no compensation for rate fluctuations, 10% offered exchange rate protection and 9% used another method. In the 2011 report, the corresponding percentages were 46%, 27%, 20%, 10% and 19%.



Respondents provided multiple answers.

Verbatim Comments:

Managing Exchange Rate Fluctuations

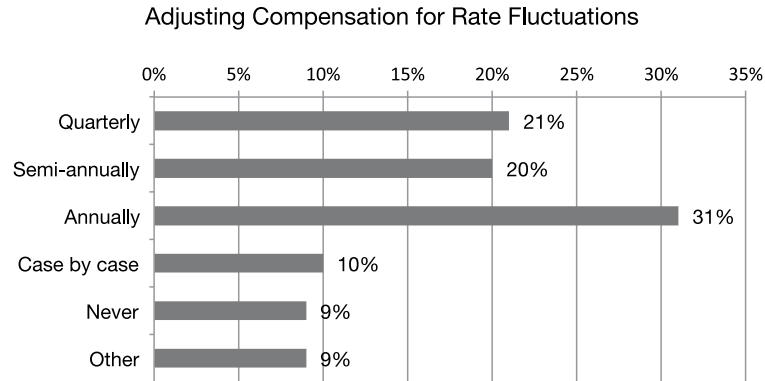
Cost-of-Living Focus: they are paid on actual exchange rates, i.e., exchange rates applied at currency exchange houses which would allow them to buy the defined amount of foreign currency defined in their balance sheets. ...goods and services ...factored into our COLA ...

Contingent and Combined Methods: no compensation unless fluctuation exceeds ten percent over a year. ...

Periodic for Some Assignments: only provided for long-term assignments on home-based compensation; reviewed through quarterly updates ...discussed on case-by-case basis ...we only adjust compensation for ROE during salary revision which is once per year ...per diems (annually adjusted) ...

Adjusting Compensation for Exchange Rate Fluctuations

When we asked how often companies adjusted international assignee compensation packages to accommodate exchange rate fluctuations, 21% of respondents indicated that they made quarterly adjustments, 20% made semi-annual adjustments, 31% made annual adjustments, 10% performed on a case-by-case basis, 9% never made adjustments during an assignment and another 9% used another method. In the 2011 report, the corresponding percentages were 18%, 23%, 18%, 11%, 17% and 13%.



Verbatim Comments:

Adjusting Compensation for Exchange Rate Fluctuations

Time-Based Method: allowances are updated annually and don't change the compensation specifically ... twice a year ... monthly ...

Based on Degree of Change: quarterly if certain thresholds are met otherwise annually ... semi-annually or where significant changes occur outside of the semi-annual process ... annually or if there is a difference of 10% for more than 3 months ...

Combination Methods: when continuing an assignment or new assignment only. ... only by extension of the assignment period ... we have a formula for review and change ... when new table received from vendor ...

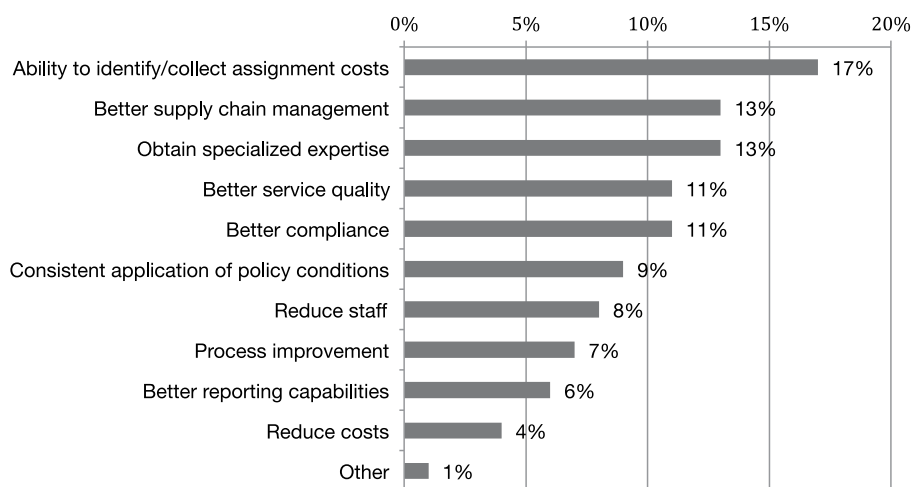
OUTSOURCING

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 that the identification of assignment costs (17%) was a top benefit, followed by better supply chain management (new response) (13%) and the ability to obtain specialized expertise (13%). In addition, better service quality and better compliance (new response) were both cited by 11% of respondents to round out the top five benefits.

In the 2011 report, the top five benefits were to reduce staff (17%), the identification of assignment costs (16%), access to specialized expertise (15%), the consistent application of policy conditions (11%) and better service quality (8%).

Outsourcing Benefits



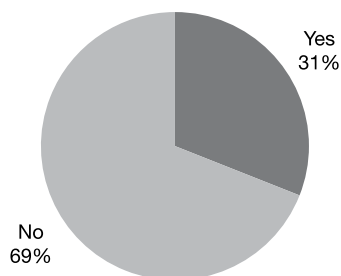
Verbatim Comments: Outsourcing Benefits

...consistent global administration...

Current Level of Outsourcing

When we asked participants if they currently outsourced their international assignment program, 31% of respondents indicated that they did. This is the lowest figure since this question was first asked in 2009 and compares to a historical average of 37%.

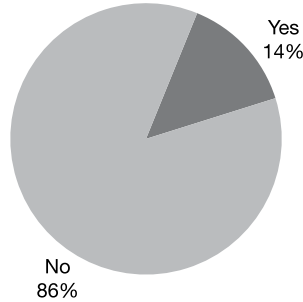
Currently Outsource the Assignment Program



Outsourcing Plans

Among respondents who did not outsource international assignment program administration, 14% were considering outsourcing within two years. This compared to 17% in the 2011 report and a historical average of 20%.

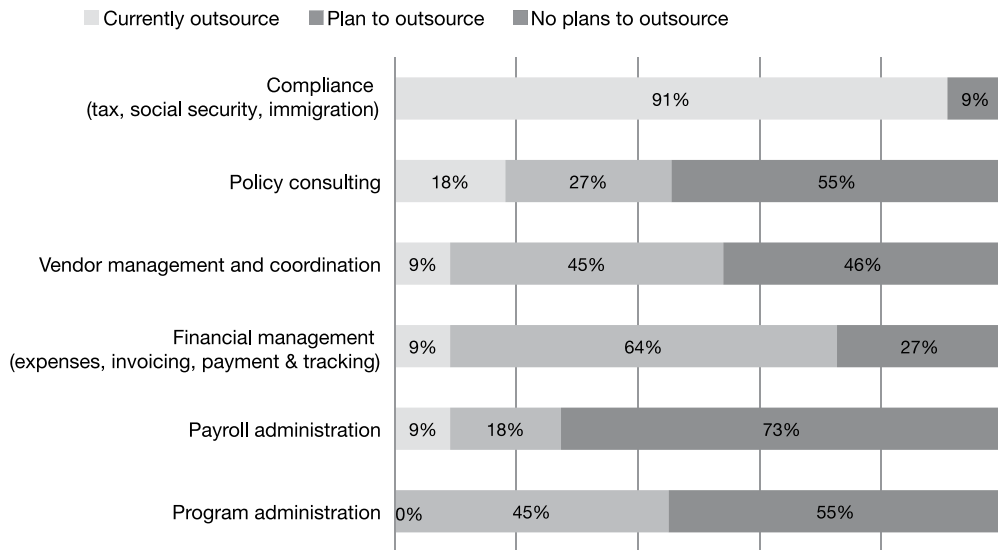
Considering Outsourcing Within Two Years



Services Outsourced

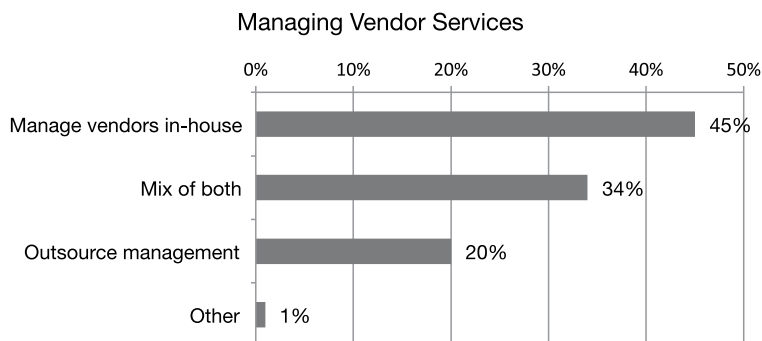
We asked respondents to identify services that they currently outsourced, planned to outsource, or did not plan to outsource. As ranked based on primary consideration for services that are currently outsourced or planned for outsourcing, compliance (tax, social security, immigration) was the top service (91%) identified by respondents, followed by policy consulting (18%). Vendor management and coordination, financial management and payroll administration all followed at 9%. Historically, compliance was the top choice, followed by financial management and then program administration.

Outsourced Services



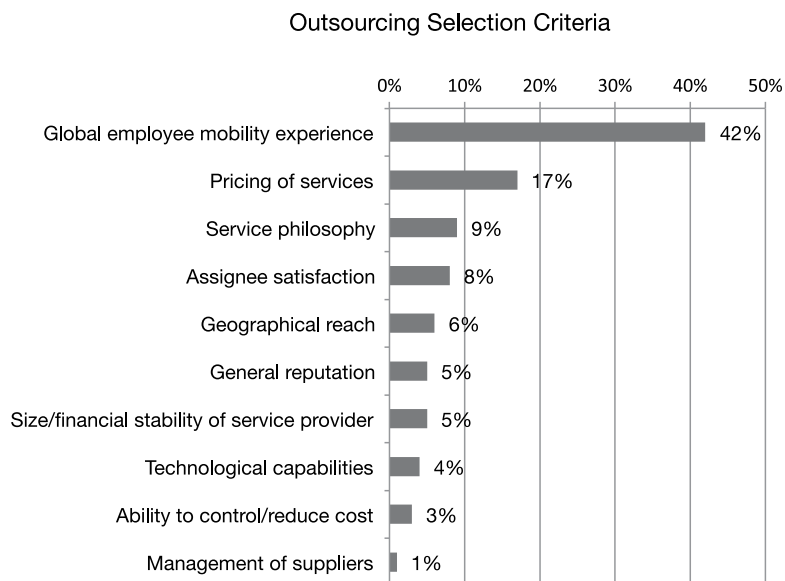
Managing and Coordinating Vendor Services

When asked how they managed and coordinated their outsourced vendor services, 45% of respondents managed each vendor themselves, 34% used a mix of internal and external management and 20% outsourced all management and coordination tasks to a single vendor. In the 2011 report, the percentages were 39%, 35% and 23% respectively and the historical averages were 44%, 42% and 25% respectively



Outsourcing Selection Criteria

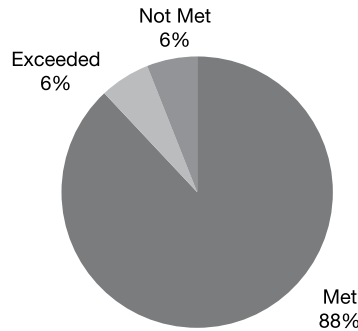
When asked to rank the three most important criteria for selecting service providers, respondents indicated that global human resources experience was most important (42%), followed by pricing (17%), service philosophy (9%), assignee satisfaction (8%) and geographical reach (6%). A service provider's general reputation and size/financial stability both were cited as important criteria by 5% of respondents, followed by technological capabilities (4%), the ability to control/reduce costs (3%) and management of suppliers (1%). Historically, the top three choices were global human resources experience, pricing and service philosophy.



Satisfaction with Outsourcing

For 94% of the respondents who outsourced all or part of their international assignment programs, expectations were being met or exceeded. In the 2011 report, the figure was 78%. The historical average of these two categories was 82%.

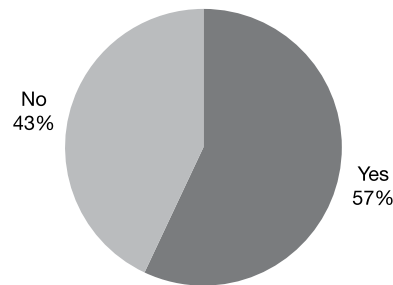
Satisfaction with Outsourcing Expectations



Measuring Supplier Performance

When we asked participants if they formally measured their supplier's performance, 57% of respondents indicated that they did. This compared to 46% in the 2011 report.

Measuring Supplier Performance



Verbatim Comments:

Measuring Supplier Performance

Service Level Agreements (SLAs) and Key Performance Indicators (KPIs): we have service level agreements to measure the performance on a regular basis... we have established service level agreements and metrics associated with them to rate performance... various KPI's and targets... we have set up certain KPI's and SLA's with vendors and have quarterly review meetings... service level agreements... contract SLA's based on customer service satisfaction scores and other service delivery requirements... we utilize the vendor's performance management tool... KPI's in place linked to penalty scheme... use of SPA's (service partnership agreements) with funds at risk by vendors for missing metric targets... quarterly reviews against service level agreements and key performance indicators... via defined SLA's... agreed SLA include a limited number of KPI's... we use SLA's and KPI's and these are reviewed in quarterly meetings... service level agreements set for each vendor... manage supplier to the contract service levels and performance indicators created as well as ongoing weekly meetings/feedback/ discussion...

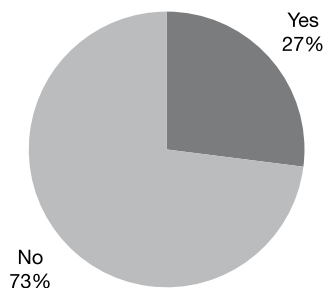
Surveys: survey relocating employee with each assignment... regular client surveys... rely on satisfaction surveys and tracking costs according to plan... feedback from surveys by assignees and program managers... surveys conducted both within company and with employees... surveys, cost analysis... metrics; employee feedback via internal surveys... we try to evaluate the satisfaction of our internal customers by using questionnaires, clearly defined SLA with suppliers that have to be reached... internal survey through TRAQS...

Combined and Other Approaches: regular review meetings... we have quarterly review sessions on fees, actual cost vs. estimated cost and assignee satisfaction; we determine what areas could improve and where they are exceeding expectations ... one global provider for each topic (one provider for taxes, one provider for relocation and visa topics) etc., the management of the providers is centralized in our department; we have a playbook in which all services are defined, OOS has been requested separately... quarterly/half yearly reviews... follow up meetings once a month... corporate HR manages our relocation, immigration and tax services providers... regular reviews of performance... formal service review meetings... quarterly reviews... use an external survey provider company who provides a vendor report based on a survey sent out to our assignees... mobility is performed in-house... periodic reviews, mutual expectation setting, adherence to agreements... details of performance management are in our contract...

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, 27% reported that they did. This compared to 21% in the 2011 report.

Internal Service Level Agreement



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

- Accenture
- Adecco SA
- ADM (Archer Daniels Midland)
- Agrium, Inc.
- Air Products and Chemicals, Inc.
- Ally Financial
- AMEC GLOBAL RESOURCES PTE LTD
- Arla Foods
- ARUP
- Barry Callebaut AG
- BDF Nivea
- BorgWarner Inc.
- Bupa
- Cameco Corporation
- Cargill, Incorporated
- Carl Zeiss AG
- Carlson, Inc
- Cerner Corporation
- Chevron
- Coats plc
- Colt Technology Services
- ConocoPhillips
- Continental AG
- Credit Suisse
- Delhaize Group
- Diversey, Inc., part of Sealed Air Corporation
- Electronic Arts Ltd
- Eli Lilly and Company
- Enbridge Inc
- Ernst & Young
- Expedia, Inc.
- Fidelity Information Services Ltd
- Foot Locker, Inc.
- Ford Motor Company
- Gap Inc.
- GlaxoSmithKline
- Grant Thornton LLP
- Grundfos
- Hess
- Holcim
- Hewlett-Packard Company
- Ingersoll Rand
- Itau BBA
- Johnson & Johnson
- Kantar Group
- Kelly Services, Inc.
- LACTALIS
- Lenovo
- LG Electronics de São Paulo
- Maersk Oil
- MAGNESITA REFRATRIOS
- Mars Inc.
- Mustang Engineering Inc.
- National Bank of Canada
- Nestlé USA
- Northrop Grumman Corporation
- Orica Limited
- Parker Hannifin Corporation
- Petrofac Limited
- Philips
- S&B Industrial Minerals S.A.
- SanDisk Corporation
- SAP AG
- Shell
- Sherritt International
- State Street
- Target
- Telefónica
- The Clorox Company
- The Hershey Company
- The LEGO Group
- The Manitowoc Company, Inc.
- The Sherwin-Williams Company
- TNT Express
- UBS
- UniCredit
- Visa Inc.
- WPP
- Xerox Corporation