

Highlights of 2010 Policy and Practices Survey

Carlos A. Mestre, Geneva

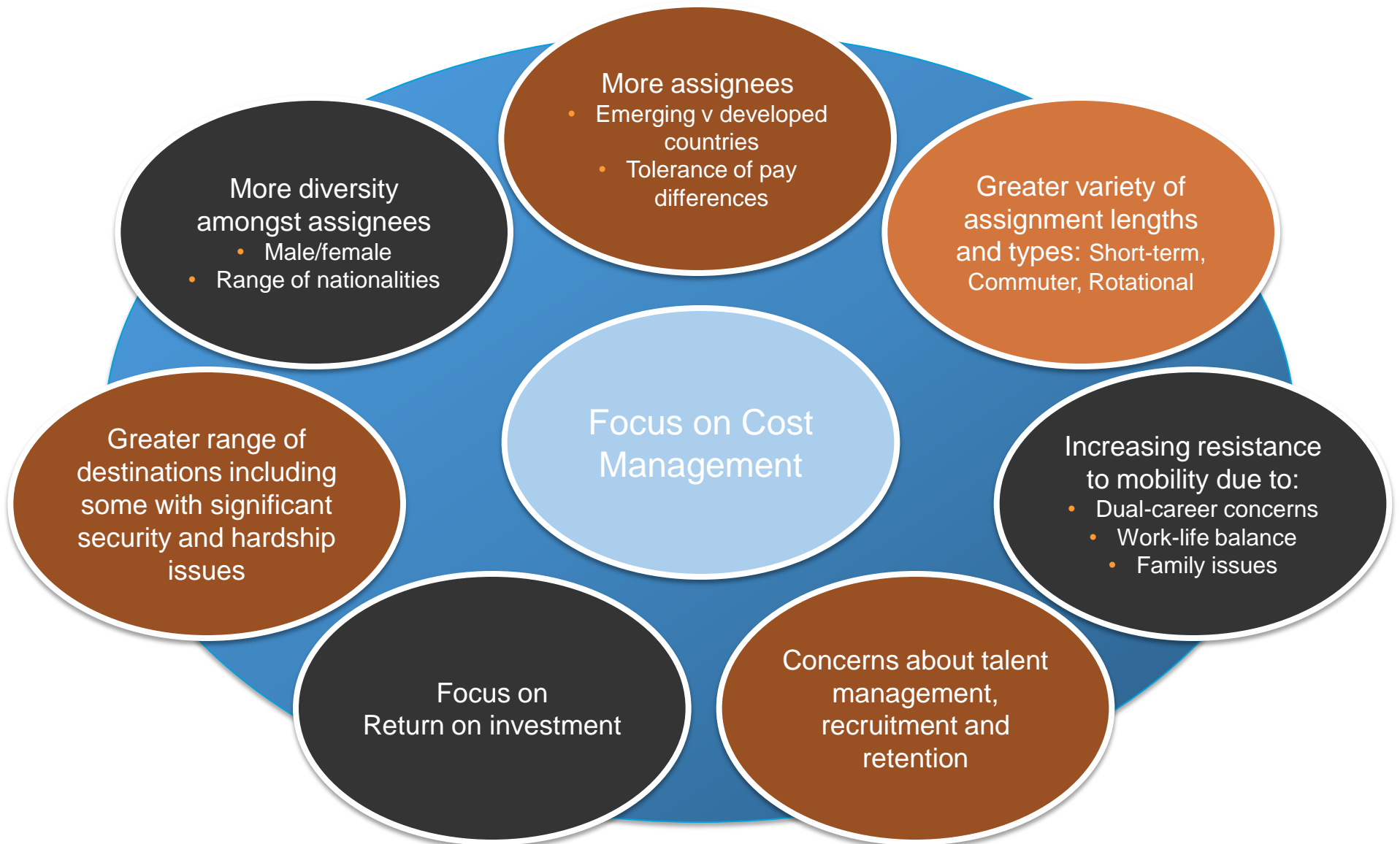
2010 Worldwide Survey on International Assignments Policies & Practices

- **Over 1,000 participating companies and organizations; 892 in 2008 survey**
- **480 Companies with “main headquarters” in the Americas; 467 in 2008 survey**
- **In many areas programs being managed to be leaner / more efficient**
- **Some exceptions; housing norm, home property management, home sale.**
- **More significant variances over the 2008 – 2010 two year interval than previous two year intervals**

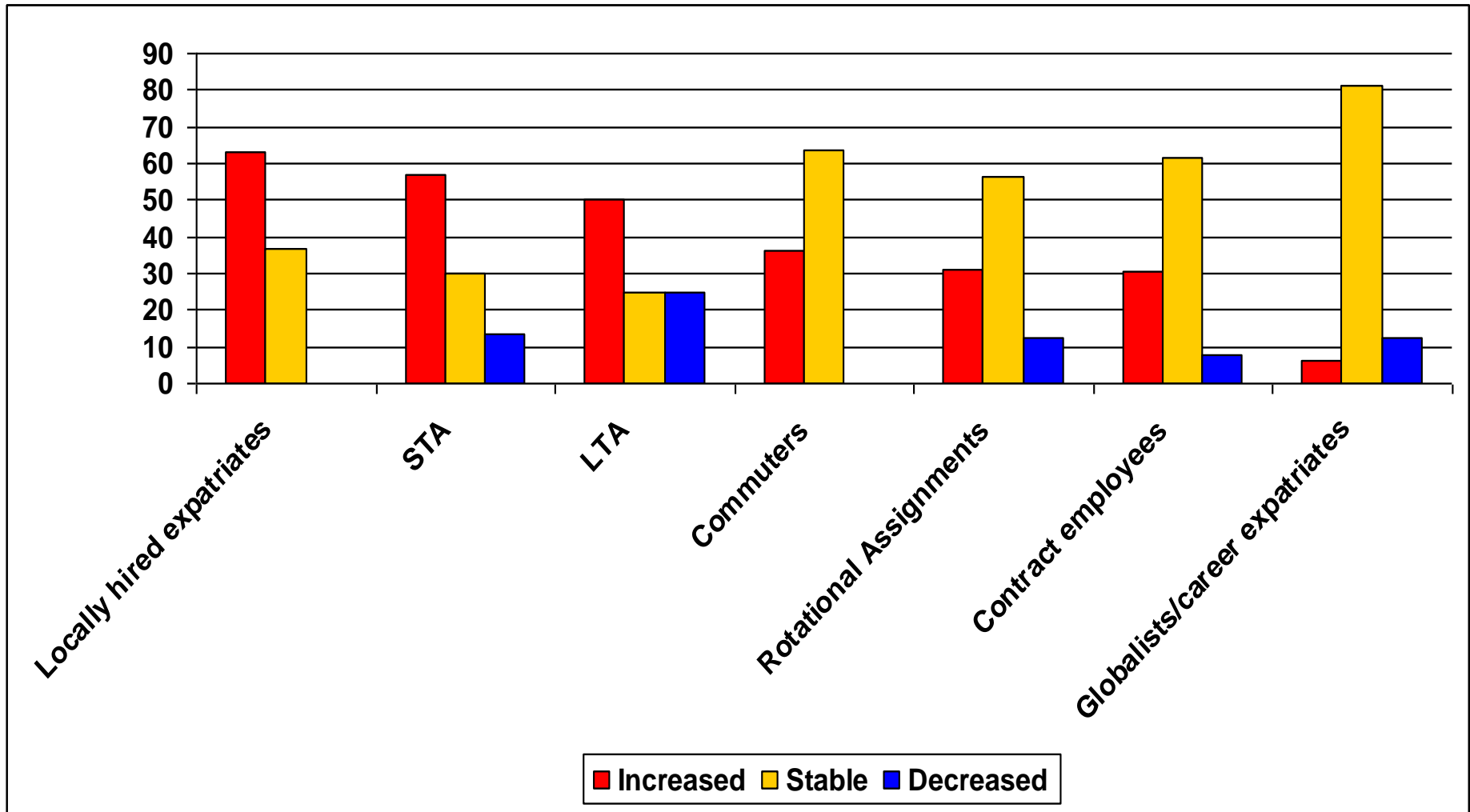
What aspects of your expatriate program are you considering reviewing or changing ?

Top Three	
2010	2008
Overall Cost Effectiveness	
Global Policy Development	Short Term Policy Development
Short Term Policy Development	Overall Competitiveness

The Key Trends

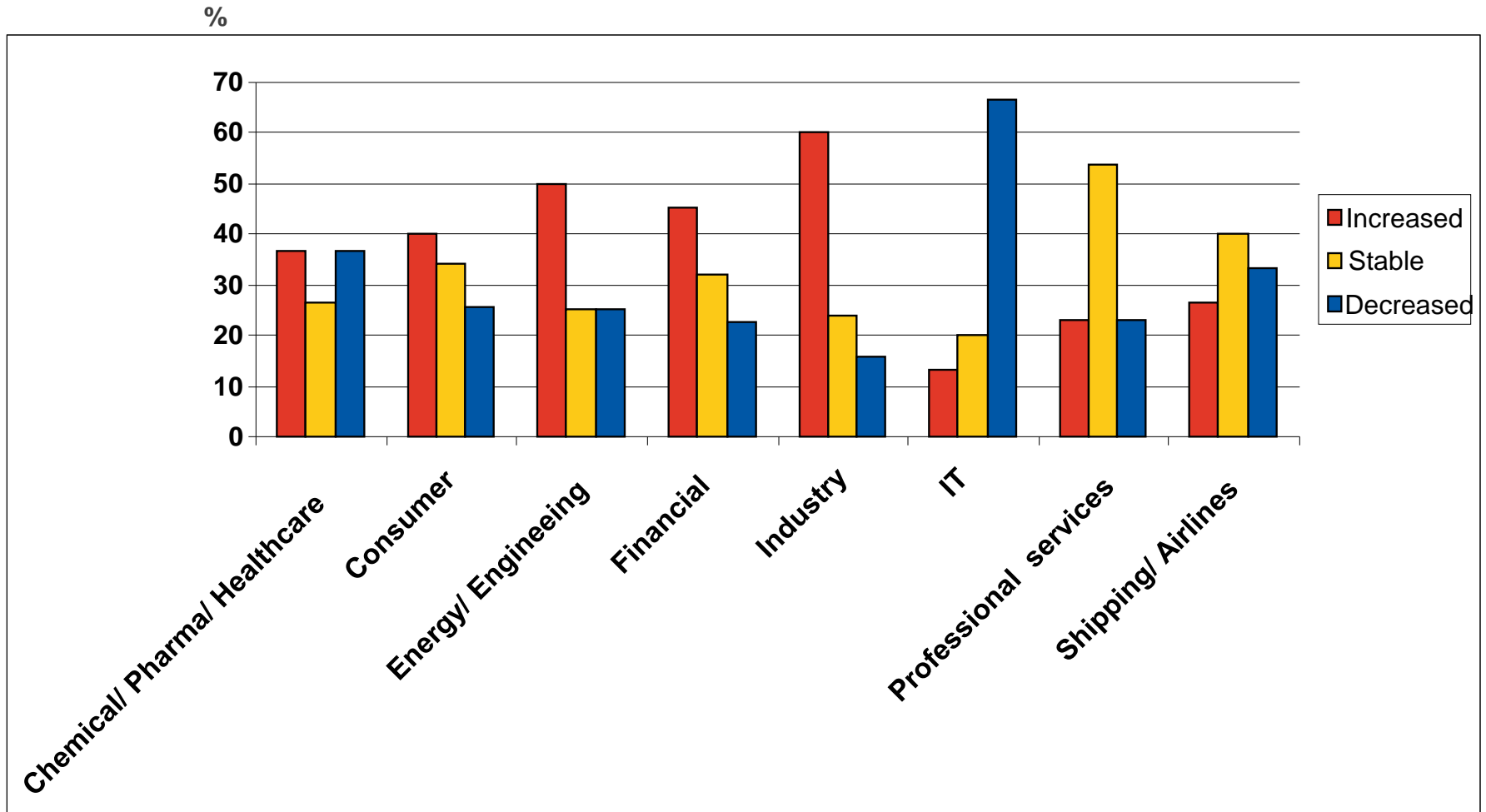


How has the number of international assignees evolved over the past 2 years?

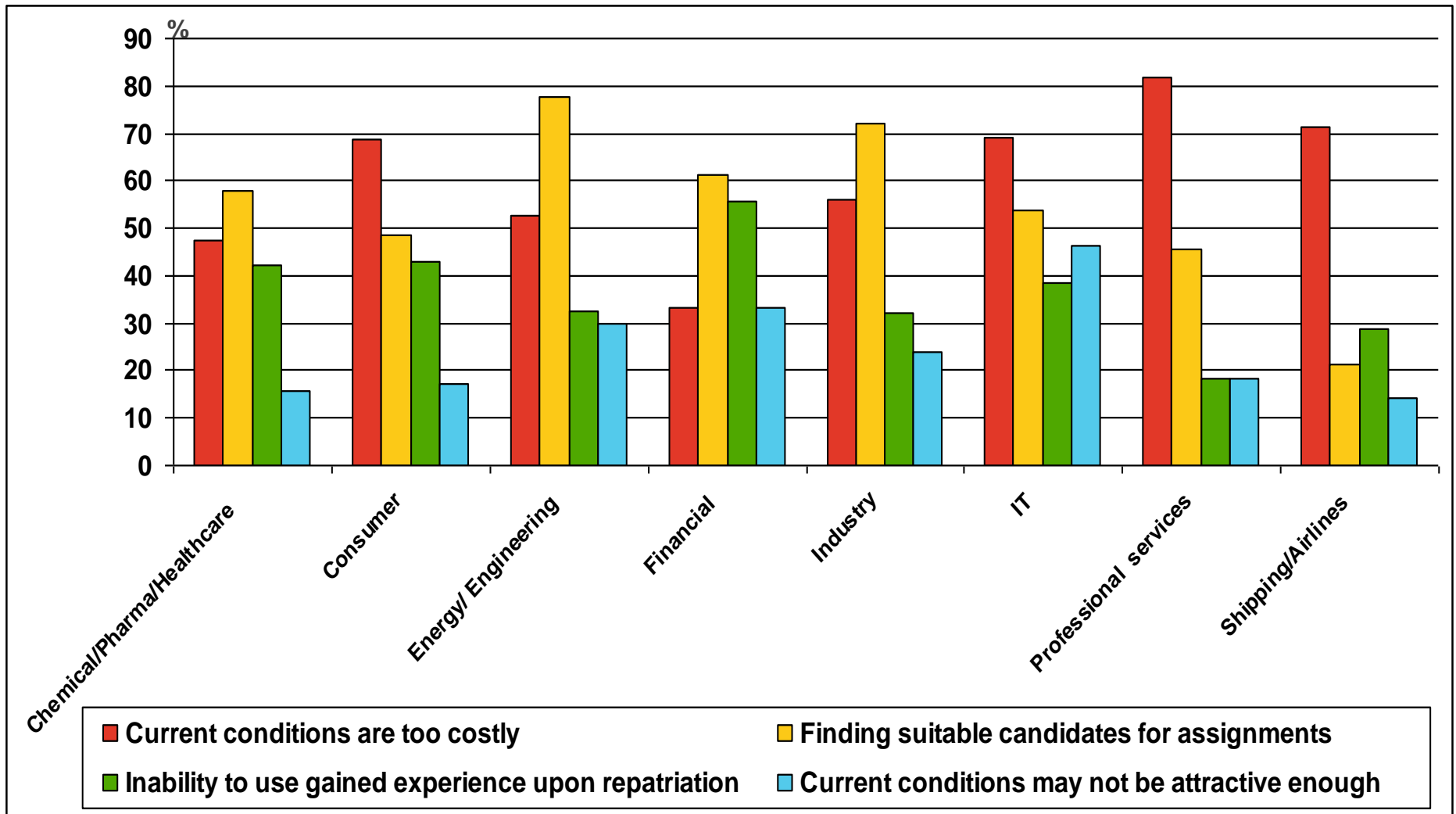


Number of expatriates by industry

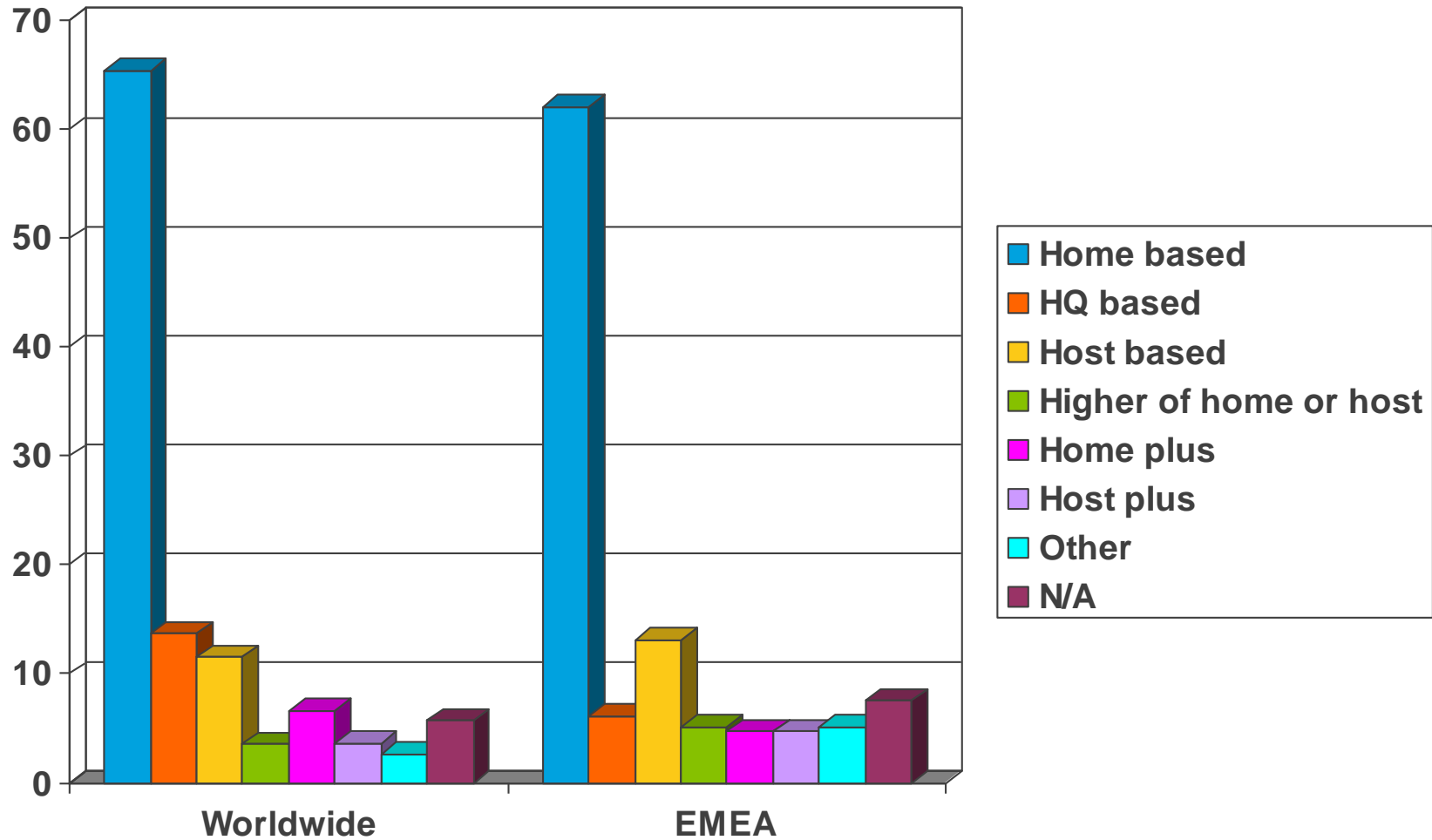
How has the number of expatriates evolved in the past 2 years?



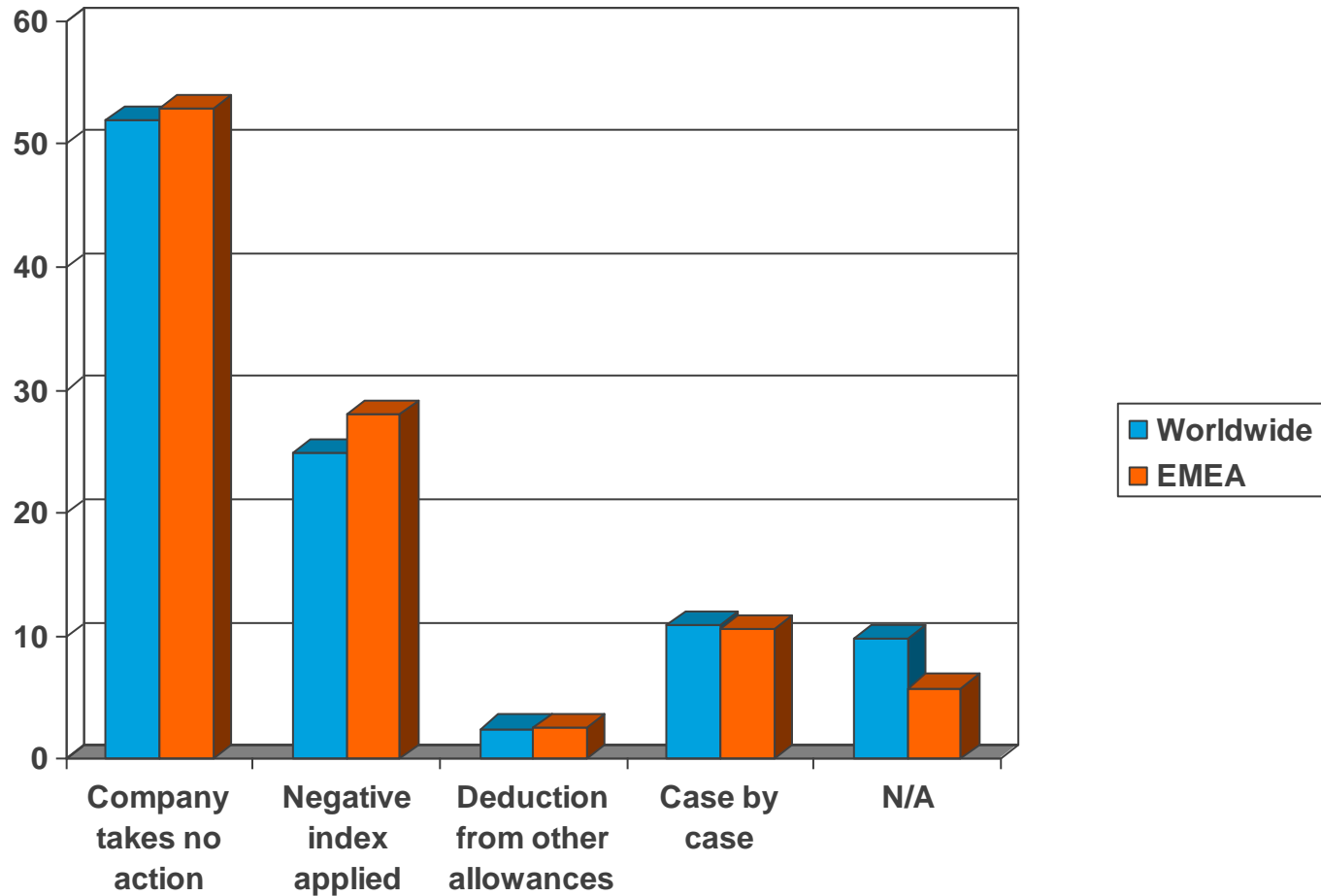
What are the concerns of company's management regarding their current mobility program? Industry-specific overview



Compensation approaches: typical practices



What do companies do if cost of living is lower in the assignment location? Do companies apply Negative COLA?





Survey results - Americas

Company Profile – Expatriate Programs

Which functions does your company currently outsource ?		
	2010	2008
All functions	27%	32%
Cultural orientation	66%	71%
Spousal career assistance	32%	29%
International Compensation Administration	12%	16%

Company Profile – Expatriate Programs

Over the last two years, which of the following has your company implemented ?		
	2010	2008
Decreased use of expatriates	26%	21%
Reduced incentives	16%	10%
Reduced vendor fees	12%	7%
Heavier reliance on localizing expatriates	24%	20%
Increased use of cost effective COLA	22%	14%
Changed tax policy	14%	12%
None of the above	37%	48%

Company Profile – Expatriate Programs

Which of the following statements best describes the number of expatriates assigned in recent years ?

	2010	2008
Increasing use of expatriates	47%	52%
Decreasing use of expatriates	29%	25%
No marked changes in the number of expatriates	24%	23%

Company Profile – Expatriate Programs

Which countries are you sending expatriates to ?		
	2010	2008
China	60%	59%
India	17%	22%
United Arab Emirates	18%	13%
Brazil	17%	9%
USA	43%	54%
Canada	12%	17%

Company Profile – Expatriate Programs

Which countries are you sending expatriates out from ?		
	2010	2008
China	11%	23%
India	18%	22%
United Arab Emirates	4%	6%
Brazil	10%	10%
USA	84%	79%
Canada	22%	24%

Company Profile – Expatriate Programs

Approximately what percentage of your company's expatriate population fall into the following age bands

	2010	2008
35 or Younger	28%	36%
36 or Older	72%	64%

Selection and Development

Is Human Resources actively involved in the selection of candidates for assignments ?		
	2010	2008
Yes, always	32%	30%
Yes, on a case by case basis	41%	38%
No	27%	32%
How well is selection of candidates handled in your company ?		
Very well	11%	9%
Well	34%	42%
Somewhat well	47%	42%
Not very well	8%	7%

Orientation Programs

Does your company make use of an orientation program ?		
	2010	2008
Yes, conducted by outside consultants	33%	37%
Yes, conducted by company personnel	40%	40%
Yes through contact with employees who know the assignment country	16%	14%
Yes, through written materials provided for the employee study	16%	14%
Yes, through on line or electronic materials provided from employee study	13%	11%
Yes, when assignment country presents difficulties	6%	6%
No	25%	25%

Family Matters

How does your company define “spouse” ?		
	2010	2008
Wife or husband	28%	30%
Wife, husband and long term, live partner of the opposite sex	7%	6%
Wife, husband and long term, live partner of the same or opposite sex	47%	42%
Company does not define spouse	18%	21%

Family Matters

Does your company have a dual career / spousal assistance policy ?		
	2010	2008
Yes	48%	43%
No, but planning to develop one	5%	6%
No	47%	51%

Family Matters

What is the average payment made to address spousal assistance ?

	2010	2008
One-time lump sum cash payment / allowance	19%	23%
Average amount	\$3,704	\$4,727
One-time reimbursement of receipts to a max	35%	34%
Average amount	\$3,646	\$3,868
Annual payment or allowance	7%	8%
Average amount	\$4,188	\$4,181
Annual reimbursement of receipts to a max	17%	11%
Average amount	\$3,775	\$4,841

Assignment Compensation

What best describes your companies policy regarding assignment related incentive payments ?		
	2010	2008
Ongoing payment throughout assignment	28%	34%
Expatriate receives a lump sum amount	21%	9%
Expatriate receives an amount based on job grade, family size of host location	7%	3%
Payment based on expatriate performance	2%	2%
Other, that the above	5%	5%
No assignment related incentive payment	49%	48%

Assignment Compensation

Caps on payments

	2010	2008
Assignment Premium – Average Salary Cap	\$173,412	\$155,609
Assignment Premium – Flat Amount	\$16,063	\$13,832
Hardship Allowance – Average Salary Cap	\$177,418	\$166,387
Hardship Allowance – Flat Amount	\$25,797	\$26,703
Goods and Services Diff – Average Salary Cap	\$192,797	\$195,740

Assignment Compensation

How does your company determine a hardship allowance ?

	2010	2008
Independent data provider	74%	69%
Government data	26%	28%
Management determination	9%	9%

Assignment Compensation – Housing

Does your company provide assistance to an employee who sells his or her home prior to moving to the assignment location ?

	2010	2008
Direct purchase of employee home	2%	2%
Third party purchase of home	12%	15%
Reimburse selling costs – no limit	9%	10%
Reimburse selling cost – up to a limit	16%	20%
Case by case basis	18%	17%
No assistance	54%	47%
Other than the above	3%	4%

Assignment Compensation – Housing

Does your company provide assistance to an employee who retains his or her home while on assignment ?

	2010	2008
Manages rental of employee's house	6%	10%
Pays property management fee	39%	48%
Pays rent is house becomes vacant	3%	5%
Pays some or all of the maintenance cost	13%	16%
Provides referrals to relocation companies	13%	6%
Case by case basis	4%	14%
No assistance with retained home	40%	31%
Other than the above	6%	8%

Assignment Compensation – Housing

Which of the following best describes your company's foreign housing policy ?		
	2010	2008
Company pays housing costs but deducts a home country offset as the employee's contribution*	45%	50%
Company pays housing costs but does not deduct a home country (free assignment housing)	38%	33%
Company pay a housing differential	12%	14%
Company make no contribution to foreign housing costs	6%	3%

*** Was 60% in 2004**

Assignment Compensation – Housing

How does your company compensate for foreign housing utilities costs?

	2010	2008
Pays actual without limitation	29%	33%
Pays actual up to a limit	19%	18%
Pays a separate allowance for utilities	12%	13%
Include allowance in G&S allowance	10%	11%
Include allowance in monthly rent payments	13%	14%
Does not pay for utilities	16%	12%

Relocation – Home Country Automobile

Does your company assist with the disposal of a car prior to assignment ? – Sale of Car		
	2010	2008
Yes, pays difference between sale price and market value	11%	14%
Yes, pays the difference between the sale and market value up to a limit	36%	40%
Yes, pays a flat amount	9%	9%
Does not provide assistance	44%	37%

Relocation – Home Country Automobile

Does your company assist with the disposal of a car prior to assignment ? – Leased Car		
	2010	2008
Reimburses lease cancellation fees with no limit	13%	19%
Reimburses lease cancellation fees up to a limit	24%	22%
Reimburses lease cancellation fees up to what would have been reimbursed as a loss on sale	12%	14%
Provides a loan for lease buy out	1%	1%
Does not provide assistance	43%	36%
Other than the above	8%	7%

Relocation – Shipping

Which of the following best describes your company's policy about shipping an expatriate's household furnishing ?

	2010	2008
Pays all actual and reasonable shipping costs	37%	38%
Company pays shipping costs up to a specified weight	18%	24%
Company pays shipping costs up to a specified volume limit	37%	33%
Company pays shipping costs up to a specified amount	4%	2%
Company does not pay shipping cost	4%	3%

Repatriation

Is the turnover of repatriated employees higher in the two years following return from their assignment than for comparable employees who have not been on assignment ?

	2010	2008
Yes	21%	28%
No	43%	72%
Unknown – company does not track	36%	N/A

Exceptions

Among the following policy elements for which of the following categories do you grant exceptions ?

	2010	2008
Cost of living allowances	11%	15%
Host housing allowances	46%	52%
Home housing norms	17%	20%
Temporary living	44%	49%
Transportation allowance	9%	13%

Localizations

Does your company have a localization policy ?		
	2010	2008
Yes, a formal policy	24%	22%
Yes, an informal policy	17%	18%
No, but company has localized employees on an ad hoc basis	22%	20%
Company does not have a localization policy or has never localized employees	38%	41%

Localizations

Are the terms of the localization policy strictly followed ?

	2010	2008
Yes	24%	13%
No	76%	81%

MERCER