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- Expatriate Support
- HR Resources
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- Free Newsletters
- Set as Home Page
- Add to Favourites
- Recommend Us
- Expat Night
- Expatica T-Shirt
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Industry Surveys 2005: A Review of the Best (Part II)

Now more than ever industry surveys have become a familiar and important tool for mobility managers. Designed to assist with benchmarking and policy improvements, and to provide a concise and objective snapshot on a range of issues and challenges, Yvonne McNulty reviews nine of the best industry surveys of 2005 in this second of a 3-part series.



On this page:

- [Global Relocation Trends 2005 Survey Report](#)
[GMAC Global Relocation Services](#)
- [2005 Emerging Trends in Global Mobility: Perspectives on China](#)
[Cendant Mobility/Cartus](#)
- [Variable Pay: A Survey of Policy on Performance-Related Pay for Expatriates](#)
[ECA International](#)

Related Articles

- [Using expatriate industry surveys: What to look for](#)
- [Industry Surveys 2005: A Review of the Best \(Part I\)](#)

Global Relocation Trends 2005 Survey Report GMAC Global Relocation Services

The 2005 GMAC Global Relocation Trends Survey is again one of the better surveys of 2005. Issued since 1993, it remains one of the best sources of global relocation trends with more than a decade's worth of data from which to compare each year's results with historical averages. This is what makes GMAC's survey stand out from other global surveys where historical trend data is often not available or not reported.

This year the survey has also undergone a style make-over with the latest edition looking much more like a glossy magazine than previous year's editions which were often plain and difficult to read.

"We have streamlined this year's survey into sections," says Mike Gorski, Director of Global Marketing at GMAC. "The first section provides a quick summary of the key findings, while the second half truly gets into the raw data for those that require more detailed information."

The change, he explains, "was prompted by our goal to present the data in an easy to read format"

Verbatim comments from respondents are also peppered throughout the survey to clarify otherwise difficult-to-interpret data and to add a personal perspective to the statistics.

With new questions added each year to reflect hot new topics, such as measures being taken to respond to delays in the visa process and identifying new company jobs for repatriating employees, the survey also goes to great lengths to revise the wording of questions that may have been too ambiguous or misleading in previous years.



Cartus provides much-needed data and facts for supporting China assignments.

For example, in this latest edition questions about expatriate return on investment elicit more information about how companies define ROI. Of course, topics of long-standing interest are covered as well, including selection processes, career planning, how companies respond to family issues, and changes in technology.

"Our goal has always been to provide quality research to multi-national organisations," says Gorski. "In the eleven years we've been publishing the survey we have identified new questions that needed to be asked to achieve this goal."

Sources of these questions come from survey participants, the GMAC "Country Club" seminars, and even the media," says Gorski.

"We are also very selective about eliminating questions to ensure we do not lose any significant trends," he says.

This year, the survey contains 90 questions with 125 respondents participating. Nearly half of the respondents were headquartered outside of the USA which gives the survey a truly global perspective.

"It was our intention to increase the international participation in the survey," says Gorski, "because it provides a more holistic global context for specific questions as well as representing a broader sample of international multinationals."

In most instances only senior HR managers or managers of international relocation programmes participated. Gorski says that over the years the audience has diversified from HR professionals to CEO's, CFO's and academics but that relocation managers remain the principal users of the survey data.

This year the survey has focused heavily on strategic issues such as ROI,

career development and cost reduction. A new section has also been added on page 17, entitled 'New and innovative programmes'. It showcases proactive strategies, cutting edge solutions, and initiatives that participant companies of the 2005 survey have implemented in their organisations.

One of the most surprising findings this year is the turnaround in expatriate growth. Gorski points out that in the years following the 1997/8 survey there was a steady decline in the percentage of respondents who reported an increase in the current size of their expatriate population. From a high of 63 percent, the decline reached an all-time low last year at 31 percent.

GMAC's survey remains one of the best sources of global relocation trends with more than a decade's worth of data from which to compare each year's results with historical averages.

Similarly, expectations about future growth in the size of the expatriate population fell from a high of 81 percent in 1997/8 to 23 percent in the 2001 survey. This figure remained low in the 2002 report and last year in the 2003/4 report it averaged 38 percent.

"This year," explains Gorski, "both trends were reversed. Forty-seven percent reported an increase in the size of the expatriate population compared to last year, and 54 percent anticipated further growth in the coming year."

Gorski continues, "As further corroboration of this trend, 68 percent of respondents reported an overall workforce expansion at their companies, and 84 percent of these also reported that there has been an increase in expatriate activity in locations where expansion has taken place."

Another noticeable trend is the changing demographic profile of expatriates, with women now making up 23 percent of the expatriate workforce, the highest percentage ever in the history of the survey.

In terms of the survey's most consistent finding, Gorski says that a high regard is always placed by organisations on the importance of cross cultural training. Yet consistently the year on year increase of cross-cultural training offered by organisations is minimal.

As always, the GMAC survey is a source of excellent benchmarking data. With its new look and feel, and its highly engaging 'Key findings' section, readers can be assured of a high quality report that will deliver important and detailed information in a matter of minutes.

If you are interested in participating in the 2006 Global Relocation Trends Survey, contact Michael Gorski at mike_gorski@gmachs.com.

Where to find the survey: www.gmacglobalrelocation.com

Cost: Free.

Published by: GMAC global relocation services in association with National foreign trade council (NFTC) and SHRM global forum.

Of interest to: HR professionals, CEO's, CFO's, Academics.

Sample size: 125 respondents.

2005 Emerging Trends in Global Mobility: Perspectives on China Cendant Mobility/Cartus

With the launch of a new name 'Cartus' on 22 May 2006, Cendant Mobility remains the premier provider of global mobility management and workforce development solutions serving the corporate, military, government, and affinity markets.

It should then come as no surprise that Cartus has responded to a need for a global mobility report dedicated to the hottest expatriate destination on the planet: China.

The 2005 World Benchmark Study 'Emerging Trends in Global Mobility: Perspectives on China' is a very timely report focused on understanding assignment types, policies, and practices in place for supporting China assignments. It also looks at the critical issues organisations face in managing the diverse global workforce in this region. The survey builds on a series of research studies conducted by Cendant Mobility since 2002.

"China is an important growth region with very little data and factual information," says Kenneth Kwek, Managing Director of Cartus, Singapore.

"By focusing our survey on China we are enabling our clients and the market in general to correct, adjust and confirm their strategies on mobility and business issues in this region," he says.

China has a rapidly changing economy, says Kwek. He explains that there are important issues to be monitored in China including the shortage of talent, the intercultural gap, and the increase in short term localised packages. Extended business travelers in companies with little or no policy to support them can also be a huge issue, impacting not only on business costs but also the success of these assignments.

The objectives of the Cartus study were to report on current mobility patterns for China and expected transfer activity in the coming years, common practices, policies and services used to support international assignments to the region, and those critical and urgent HR challenges companies must address when sending expatriates to China. The findings of the survey are translated into best practices to help organisations develop effective deployment and engagement policies.

The survey uses a sample of 109 respondents who were, in most instances, senior human resource professionals and/or managers of global assignment programmes. Most companies participating—80 percent—had up to 100 assignees in China. Of practical use for readers is the terminology section on page 2 which clearly defines the meaning of China-specific relocation terms such as 'intra-regional', 'returnee', and 'intra-China'.

The most consistent finding was the increase in forecasted assignments to China, especially short term assignments and the move to localisation. The

next five years will therefore see a substantial increase in international assignees across most of the China region. But with this growth also comes considerable challenges.

"Companies themselves will face four main challenges," explains Kwek: "Costs, intercultural gaps, talent shortages, and addressing policy gaps."

Assignee challenges, says Kwek, will include healthcare, family adjustment, schooling, and understanding local business practices.

Not surprisingly, there is also an increased importance on training local employees to work with foreigners being sent to China. "This is largely to enable local PRC employees to work more effectively in an increasing multi-national office environment," says Kwek

The [ECA] survey highlights that whilst remuneration systems for basic pay may be calculated based on the home salary, on the expatriate market rate or on the local market rate, it is how the pay is delivered that creates the greatest challenge.

The need to integrate local Chinese employees into the larger global organisation is also a critical need, including the development of programmes to help local Chinese employees work effectively with non-Chinese expatriate managers.

According to Cartus, China will remain a hot destination for expatriates for at least a decade. The publication of a survey dedicated specifically to this region is therefore both timely and relevant.

Clearly, the survey is a must-read for managers considering or currently deploying assignees to this region, if for no other reason than to understand in more detail the unique challenges this destination presents.

For more information about Cartus' China survey, contact Samantha Rider at samantha.rider@cendantmobility.com

Where to find the survey: www.cendantmobility.com

Cost: Free.

Published by: Cartus (formerly Cendant Mobility).

Of interest to: HR personnel in charge of mobility, business leaders with responsibility for China/Asia.

Sample size: 109 respondents.

Variable Pay: A Survey of Policy on Performance-Related Pay for Expatriates

ECA International

A more specialised survey this year is published by ECA International, the world's largest membership organisation for international human resources managers, serving a global network of over 4,000 HR professionals in 35 countries. With variable pay being a component of total compensation, the survey is of particular interest to HR professionals responsible for the provision of compensation and benefits packages to international assignees.

One of the strengths of ECA is that it surveys multinational companies on a regular basis to establish trends in assignment and mobility challenges, policy and remuneration. Other recent ECA surveys include International HR Organisation, Managing Mobility, and Expatriate Salary Management.

"ECA's unique network of global companies means that the survey participants always cover a wide range of industry groups and country headquarters," says Emily Tuite, Head of Communications at ECA London.

"This information-share network between ECA and thousands of international HR professionals is what sets ECA's surveys apart," she says

The motivation for the survey stems from a belief that performance-related or variable pay is set to become even more important as companies examine the ways in which they can attract, retain and reward talent in the global arena. "When the employee is an international assignee the question of how performance is managed and rewarded becomes even more complicated," says Tuite.

The survey highlights that whilst remuneration systems for basic pay may be calculated based on the home salary, on the expatriate market rate or on the local market rate, it is how the pay is delivered that creates the greatest challenge. The survey therefore addresses questions such as 'Should it be split into home and host components or delivered entirely in one or the other?', 'Does calculation and delivery of the variable pay element conform to the base pay element, or is it treated differently and if so, why?', 'Are bonus percentages created on a gross or net salary, on the home basic or the assignment basic?'

"Performance measurement can also be difficult," says Tuite. "So we asked questions like 'Should the expatriate's performance be judged by the host management or by the home management on the success of the assignment – or should it be calculated by international HR? or 'Is it purely personal or is it also based on the home or host entity's success or the success of the company as a whole?'," she says.

Other questions in the survey include who sets the policy and whether it is measured by the same person, and when to pay a bonus including any tax implications. "The purpose of this survey is to establish how companies deal with these issues," explains Tuite.

Surprisingly, one of the only weaknesses of the survey is the lack of a methodology section outlining key participants and sample size – information that is important for determining a survey's reliability and credibility.

"But the survey was designed to identify trends and provide indicators of methods used by multinational companies," says Tuite. "So a methodology section was not included as the intention was to be brief and high-level for this purpose," she says.

Notwithstanding the above, sufficient data is provided throughout the

survey to elicit this important information, including a list of participating companies on page 6. Missing, however, is an explanation of the types of respondents taking part.

Tuite responded by indicating that the respondents were mostly compensation and benefits managers, HR managers/directors and international assignment managers. "These are the people who generally know the specifics of their company's expatriate remuneration packages," she says.

In terms of the most surprising finding arising from the survey, it becomes clear that factors such as tax compliance and ease of administration sometimes take precedence over the aims of the reward, that is, the variable pay element is not necessarily delivered where one would expect (home or host), not measured where it might be (host), and sometimes not even necessarily aligned to the part of the business one would expect.

"The other surprising element is that some companies award a percentage of assignment pay as the variable element," explains Tuite. "This makes no sense as assignment pay contains allowances such as hardship and cost of living that will naturally be higher in some locations than in others (and conceivably negative), creating another 'variable' element of variable pay which shouldn't be there and which will create unintended disparities between expatriates of different nationalities," she says.

Despite this being the first time ECA has conducted this survey; it did show overwhelmingly that companies struggle with the variable pay element of expatriate salary management. According to Tuite, culture also plays a challenging role.

"Whichever system is used for remunerating expatriates, 77 percent of companies still indicated that managing the expectations of different nationalities remained a major challenge."

"Trying to accommodate all needs within one policy can create problems," she says. "For example, let's say we are sending a Portuguese manager to the US. In Portugal variable pay constitutes on average 15 percent of basic salary. If the company applies a host based salary system – thus giving the Portuguese manager a US salary – and on top of this for administrative simplicity he is put on the US variable pay scheme (up to 50 percent), the assignee will be earning so much more than at home that repatriating him will be very difficult."

According to ECA, when applied to international assignees, variable pay adds another dimension of complexity in an already complex and often chaotic process, as illustrated above. Clearly then, this survey on variable pay hopes to provide clarity and to help organisations improve their basic corporate policies. In doing so ECA is providing a valuable tool in a highly specialised field – and doing a very good job of it.

For more information about this ECA survey, contact Emily Tuite at emily.tuite@eca-international.com.

Where to find the survey: www.eca-international.com

Cost: Free to survey participants; members GBP 250, EUR 415, AUD 625, USD 415; non-members GBP 300, EUR 500, AUD 750, USD 500.

Published by: ECA International.

Of interest to: managers, policy-makers and HR professionals with responsibility for, or interest in, managing international assignments.

Sample size: 140 respondents.

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25 May 2006

Subject: Surveys related to HR and mobility, industry surveys for mobility managers



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