

GMAC GRS 2006 Survey

GENERAL STATS

ABOUT THE COMPANIES SURVEYED

- Respondent companies represented a total worldwide employee population of more than 8.4 million
- Respondents were senior HR and/or managers of international relocation programs
- 56% of respondents deployed more than 100 expats

AMOUNT OF INTERNATIONAL ASSIGNMENTS

- 69% of companies said they increased their number of expats from last year
- *Compared with 47% in 2005*
- 65% of companies expected their number of expats to increase in the following year (2007)
- *Historical average was 59%*

INCOMPLETE ASSIGNMENTS

- 10% of assignments were not completed because expats returned early
- *In previous years was 7%*
- 10% of the time families left the expat and returned early
- *In previous years was 5%*
- Principal reason for early return was family concerns (32%)

FAILED ASSIGNMENTS

Factors often or sometimes responsible for assignment failure:

- 57% Spouse/partner dissatisfaction
- 47% Inability to adapt
- 39% Other family concerns
- 39% Poor candidate selection
- 34% Job doesn't meet expectations
- 34% Poor job performance
- 23% Poor management of assignee
- 15% Quality of life

- 9% Remuneration dissatisfaction
- 5% Security and safety

VERBATIM COMMENTS (on factors responsible for failure):

- *Lack of repatriation strategy*
- *Children and education issues*
- *Inadequate cross-cultural training*
- *Quality of life at the host site*
- *The assignee's preparation versus expectation of management*
- *Marital breakdown and the work environment*

REFUSED ASSIGNMENTS

Ranked most common reasons cited by candidates for turning down assignments:

- 87% Family concerns
- 66% Spouse career¹
- 45% Career aspirations; 41% Compensation; 29% Location quality of life; 21% Job security; 11% Personal safety

FAMILY-RELATED EXPAT ISSUES

Pg. 13 - "While some respondents indicate the importance of addressing family challenges such as schooling and dual careers, other companies either did not consider family challenges as important or - if they did - did not provide family support measures."

FAMILY CHALLENGES CRITICAL TO THEIR COMPANY (ranked):

- 15% Children's education
- 13% Family adjustment
- 13% Spouse/partner resistance
- 12% Difficult location
- 11% Cultural adjustment
- 10% Spouse/partner career
- 10% Assignment length
- 9% Language
- 8% Other dependant family

VERBATIM COMMENTS (about critical family challenges)

CAN BE GROUPED INTO OBSERVATIONS (full list on Pg. 2.22, highlights at end²):

- Some companies did not consider family challenges to be important
- Some companies, recognizing the importance of family challenges, provide no support
- Single-status assignments were used as a way to address dual-career families, which some companies view as the chief challenge
- Some companies try to screen candidates to avoid these problems
- Many companies provide support and acknowledge the vital role that family support and family agreement plays in a successful assignment
- Frequently, obtaining educational services while on assignment is a difficult challenge

SPOUSE/PARTNER ISSUES

- 59% of spouses/partners were employed before the assignment
- 8% of spouses/partners were employed during the assignment

¹ 66% said spouse/partner career was chief reason for assignment refusal, the second highest reason after family concerns

Pg. 7 - "More spouses/partners than ever before are interrupting their own careers so that their partners can accept an assignment - potentially adding financial and emotional strain to their relationship before and during the international assignment."

HOW COMPANIES ASSIST SPOUSES/PARTNERS:

- 69% Language training
- 36% Work permits
- 30% Education/training assistance
- 22% Employee assistance program services

CHALLENGES

RELOCATION CHALLENGES CRITICAL TO COMPANIES (ranked):

- 20% Finding suitable candidates
- 14% Career management
- 12% Partner dissatisfaction

- 11% Retention of repatriates
- 8% Relocation reluctance
- 6% Intercultural understanding
- 5% Adjusting to environment
- 4% Education concerns
- 4% Safety and security

ASSIGNMENT MANAGEMENT CHALLENGES

VERBATIM COMMENTS (full list see Pg. 2.18):

- *Having the right structures to accompany and support our assignees*
- *Responding to individual needs and circumstances*
- *Reluctance to uproot the family and therefore willingness to do extensive traveling, especially for people with global roles*
- *There may be a few problems caused by the employee's personality; and in most cases, they can't be managed*
- *Tying global mobility to leadership development and pre-assignment assessment processes*
- *High cost of assignments is one of the main reasons we have so few of them*

CROSS-CULTURAL TRAINING AND PREPARATION

Pg. 8 - "The low rate of participation in these programs is ironic for two reasons: (1) the high effectiveness of these programs; (2) the nature of the family challenges faced by expats."

"Cross-cultural training is perceived as one of the most successful programs - successful year after year and in survey after survey - yet there is no urgency to insist on higher levels of participation."

"Furthermore, when asked to rate family challenges that were critical to their companies, respondents indicated difficult locations (12%), cultural adjustments (11%), and language (9%) among these challenges - all of them subject to amelioration by cross-cultural training and a successful transition to a new culture."

"It is hard to reconcile why managers of human resources programs continued to be challenged by family-transition problems, premature returns from assignments, and assignment failure when it appears a solution lies with increasing the mandatory participation in these training programs."

PROGRAM AVAILABILITY

- 80% of companies offered formal cross-cultural preparation for employees on international assignment
- *Historical average was 64%*
- 46% provided training on some assignments, 34% provided training on all assignments

Where offered:

- 64% made it available only in certain destination countries
- 11% at employee request
- 3% by grade of employee
- 22% using other criteria

Pg. 2.19 - "Verbatim comments, however, indicate a rather hit-or-miss approach to supplying these services."

VERBATIM COMMENTS:

- International assignment program manager "sells" this to the employee and the business
- Based on business needs
- Based on the decision of his/her boss
- Combination of grade of employee, destination, and role on assignment
- At the request of the employee and based on destination
- Depends on a number of factors, but it is generally given in house versus using the services of an external provider
- Length of assignment
- Managers approved to pay
- We try for all, but it is not always possible
- Applied selectively based on needs
- Home country of expat
- Cost estimate approval process
- Available destination information
- HR manager decision
- Based on individual project management

79% said preparation was optional, 21% said it was mandatory

5% limited training to only the employee

34% made it available to employee and spouse/partner

58% made it available to the entire family

CD AND WEB-BASED PROGRAMS

- 30% said CD/web-based programs were available (*highest percentage in survey history*)

- 56% used them as additional pre-move and post-move support to reinforce cross-cultural programs
- 25% used them as standalone alternatives to in-person programs
- 19% relied on CD or web-based alternatives as the only type of preparation offered

REASONS FOR USING/PROVIDING WEB-BASED TRAINING

- 49% indicated the convenience (anytime and in any place)
- 23% cited lower expenses
- 12% cited a more efficient use of time
- 5% cited easy implementation

RATED VALUE OF PREPARATION FOR EXPAT SUCCESS

- 97% of companies rated the programs positively
- 77% said it had high or great value
- *73% said had high or great value in 2005 survey*
- 20% said it had medium value
- 0%, no one rated them as having no value

RATED VALUE OF WEB AND CD-BASED PREPARATION

- 53% of companies rated them with a high or great value
- 44% rated them as medium value
- 3% said they had low value

RETURN ON INVESTMENT (ROI)

- 7% formally measured ROI
- *Historical average was 12%*
- 75% defined it as "accomplishing assignment objectives at the expected cost"
- 80% rated their ROI as good, very good, or excellent
- 50% had programs to improve their ROI for expats

PLANNING MAJOR EXPAT/FAMILY-SUPPORT INITIATIVES TO IMPROVE ROI (most frequent initiatives planned):

1. Better candidate assessment and selection
2. Better assignment preparation

OTHER INFORMATION

1. Locations with highest rate of assignment failure:

- China
- UK
- US
- Japan

And issues mentioned:

- New environment
- Culture and lifestyle
- Different working styles
- Performance issues
- Family integration

2. With regards to career impact, employees have negative views of international assignments; HR has positive views (Pg. 9)

3. Cost estimates

- 78% of companies prepare cost estimates
- 73% track costs during international assignments
- Only 36% compare estimated and actual costs

10% of expats had previous international experience

60% of expats were married (*historical average was 67%*)

54% of expats had children going with them (*historical average was 58%*)

82% of spouses/partners went with expats (*historical average was 85%*)

Primary emerging destinations: China, India, and Russia

Most challenging locations for expats: China, India, and Russia (see Pg.11 for reasons)

Most challenging locations for administrators: China, India, Russia, and Brazil

Pg. 2.5 - Verbatim comments on locations presenting challenges to administrators and expats

Pg. 2.28 - Locations with high failure rates

Pg. 2.26 - Repatriation

Elderly Family members

- 9% of companies said they had provisions to assist expats with elderly family members
- *8% in 2005*

- Of those companies, 79% supported relocation of family member to assignment location
- 36% supported visits to family member in home country
- 14% supported elder-care in assignment location
- 14% supported elder-care in home country

42% of companies said host-country performance reviews were best way to evaluate assignment success

34% said combined host-country and home country reviews were best

² CRITICAL FAMILY CHALLENGES: VERBATIM COMMENTS

- We certainly recognize challenges associated with the families' acclimation, but we only have limited formal programs to assist
- In our experience, where the spouse/partner and children have not accompanied the employee, the assignment was not successful; this is the most crucial factor
- Psychometric assessments are compulsory as part of the screening process to ensure that the adults will be able to cope with the assignment
- Difficult to assess prior to the assignment
- We realize these challenges can quickly cause the assignment to fail, so we take them very seriously and try to screen potential problems during the candidate selection process
- It is crucial that the entire family has the necessary tools to acclimate to the assignment location
- We recognize that the ability of the accompanying family to integrate into the host country way of life has a significant impact on assignee performance and ultimately the success of the assignment
- It is necessary to have reasonable services available and communicate with the family and their challenges to determine what assistance can be provided, but also give guidance on how to integrate themselves into the culture and environment
- The success of our international assignments hinges on the family's ability to adjust to and become part of the host culture
- If a company can't provide support to solve or help with the family challenges, the assignment won't be successful as the employee is busy with managing private problems
- It is critical that the family integrates well and that we assist in providing them full host-country information through our vendors
- Satisfactory adjustment of the family to the new cultural situation is crucial
- Family challenges are very high on our radar screen; we always ensure that the family is supported while on assignment with language training, cross-cultural training, job search assistance, schooling, etc.

- The company goes to great lengths to ensure that the employee has the time to interact with family and provides acceptable financial rewards
- Research has shown that the international assignee performs at a high level when there are no family issues
- Family issues affect the ability of employees to tackle the assignment objectives clearly
- As it a common cause of failed assignments, the spouse and family are strongly taken into consideration
- If the family is not happy, the assignment cannot succeed either privately or businesswise
- We want our employee focused on the business, and they cannot achieve this if their families have not settled in well in the host location
- Success of the assignment and full completion of assignment objectives is dependent upon facing the challenges to the family
- Often a transfer can be jeopardized if family challenges are not overcome
- Critical to the success of the assignment, especially children's education and cross-cultural adjustment
- Directly correlates to the success of the assignment
- It is nearly impossible to convince an employee with family integration problems to renew the contract for another two years, even if he or she is very satisfied with the job
- If the family is comfortable in the assignment location, this alleviates some of the pressure from the assignee; makes assignee more able to focus on the new role
- This is the main reason for premature termination of assignments
- The trend changed dramatically in the last five years; couples have children later and don't want to move; the family is driving their business decision and not the other way around as it used to be, so the package should be attractive and consider the family
- We will demobilize if the family is not successful in the adjustment
- The spouse is the most critical aspect regarding the success of an international assignment