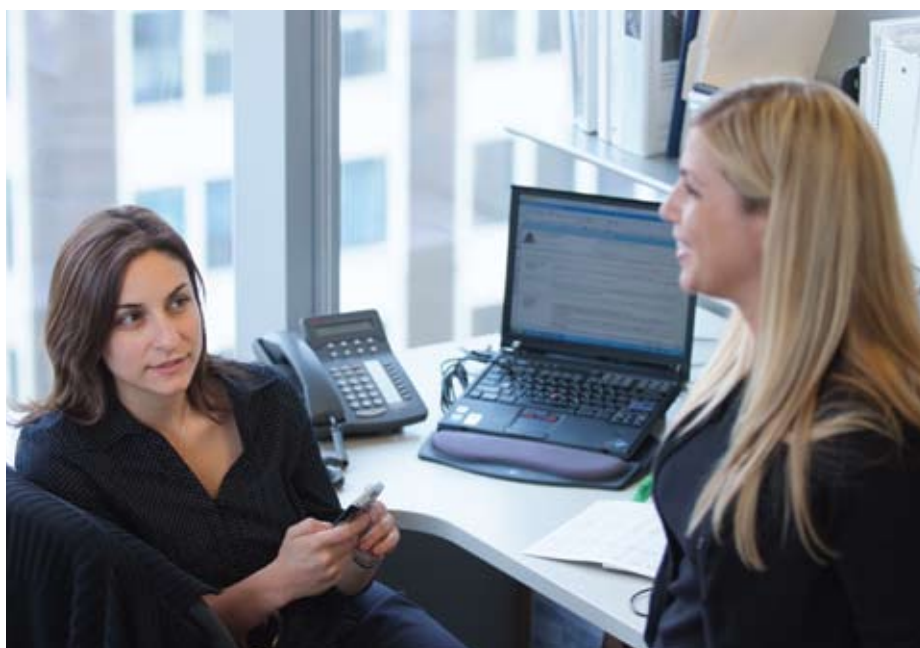


Executive Summary



Increasing cross-border deployment of human capital to support business needs in Asia has resulted in several challenges for companies. PwC International Assignment Services has carried out a survey focused on capturing “Key Trends of Cross-Border Moves in Asia”, the deployment policies and processes companies have implemented as well as the main challenges they face in managing and retaining an increasingly mobile workforce. More than 100 Singapore-based companies responded to our survey and our key findings are summarised in this report.

Deployment of foreign talent in the region to increase

Despite a slowdown in many major economies, 64% of the companies surveyed expected an increase in cross-border mobility in the Asian region over the next two years on short-term assignments and 53% of them expected increase in transfers on local plus terms.

Singapore, China and Hong Kong have emerged as the “hot” assignment locations in the region. The expansion of Asian headquartered companies in particular has resulted in increased mobility of talent into China and Vietnam. It is interesting to note that these companies view international exposure as a prerequisite for career development within their organisations.

Singapore succeeds at attracting and retaining foreign talent

In recent years, the Singapore government has taken several strategic steps to attract foreign investors and talented individuals, including providing attractive corporate and personal incentives. The survey confirmed that these steps are paying off:

1. 79% of companies confirmed that Singapore is one of the easiest locations in Asia for foreign talent to move to and stay for the long-term;

2. 70% of companies indicated Singapore as one of the top assignment locations in Asia; and
3. 59% of companies are using Singapore as a regional platform for managing and expanding business in the Asian region whilst another 21% of companies have chosen Singapore as a base for their global operations.

A diverse workforce requires flexibility in determining assignment packages

Close to 50% of companies were using a wider range of deployment policies to provide the flexibility to attract and retain foreign talent in the region. The survey results showed an increased application of regional variations of global deployment policies and separate regionalised policies.

“Local plus” policies have begun to feature more prominently as compared to the traditional long-term and short-term expatriate policies. It is evident however that local plus policies can vary significantly from company to company.

For some companies, local plus refers to local salary and benefits with minimal “plus” components, mostly a contribution towards housing and education. At the other end of the spectrum, local plus can refer to remuneration and benefits similar to those enjoyed by traditional expatriates but on a reduced scale.

Efficient Human Resource (HR) processes are key when managing a mobile workforce

The growing mobile workforce has evidently put some pressure on existing HR service delivery models. Many

companies indicated the need for improved efficiency in the management of their international assignment programmes in the following areas:

1. 72% of companies indicated a need to improve their deployment processes;
2. 57% of companies indicated a need for enhanced technology to improve process efficiency; and
3. 47% of companies indicated they required more specialist advice in order to improve the efficiency of their programmes.

Challenges faced by HR practitioners in Singapore

Singapore is recognised as one of the easiest locations in Asia to localise an expatriate. However, with the ongoing talent crunch, localisation remains the most difficult policy to implement for Singapore-based companies. From the interviews conducted, we found that while a significant proportion of companies are keen to explore localisation, many find it difficult to localise their expatriate employees by putting them on a package that is identical to that received by local hires. In some instances, management ends up offering employees local-plus packages which still retain elements of the expatriate benefits, such as children’s education and housing assistance.

Other key concerns raised include:

- **Managing the expectations of mobile assignees** – Internationally, mobile assignees have certain expectations in relation to their assignment terms in exchange for their willingness to be mobile. Balancing those expectations with the cost, particularly with rising inflation and its impact on cost of living, housing and other costs, and

lack of vacancies at international schools here are significant challenges for companies looking to bring foreign talent to Singapore.

- **Limited pension and social security coverage in comparison to home countries** - As more foreign employees are offered local plus terms, ties with their home country and consequently their home benefit plans are very often severed. Pension and social security benefits provided to many assignees, particularly Europeans, in their home countries are significantly better in comparison to what they receive when employed on local plus terms here in Asia.
- **Difficulty in managing equity compensation with different rules in different host countries** - For cross-border assignees with equity compensation, companies are required to understand the accounting, tax, legal and regulatory rules in multiple jurisdictions. These change rapidly and often result

in contradictory requirements in different territories. For example, the “deemed exercise” rule in Singapore (where certain outstanding share awards are taxed on cessation of employment in Singapore as if they had been exercised) has caught many foreign employees off guard, especially those who are responsible for paying their own taxes. This creates enormous complexity for companies managing a mobile workforce.

- **Managing risks associated with short-term business travellers** – Given the scale and proximity of businesses in Asia and the limited availability of resources, frequent business travel is an integral part of many executives’ roles. From our survey, we noted that 51% of companies did not have a process to track short-term business travellers. Consequently, the potentially significant financial and reputational risk from the resultant tax, regulatory and immigration exposures go unchecked.

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