

The Expatriate Perspective: Global Mobility Compensation and Benefits

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Symposium

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PRESENTATION OVERVIEW

- Relative value of elements of mobility programs
- How expatriates receive information about their mobility plans
- How the subject areas have changed since the 2001 survey

DEBATING THE FUTURE OF GLOBAL

The World is Flat

Tom Friedman

David Smick

*The World is Curved: Hidden Dangers to
the Global Economy*

*The Black Swan: Impact of the Highly
Improbable*

Nassim Taleb

STUDY OVERVIEW

Background and Objectives

- Numerous industry surveys tell employer's point of view
- National Foreign Trade Council (NFTC) and Cigna Global Health Benefits® (CGHB) conducted a survey to examine how **expatriates** experience, perceive and value various elements of their assignment terms and programs.
 - Does the expatriate experience match up with industry surveys?
 - What trends have changed since the last time expatriates were asked for their perspective? (2001 NFTC / Cigna study)

Outcomes of Study

- Give employers candid feedback from expatriates
- Provide actionable intelligence to better target the needs of expatriates



Study Methodology

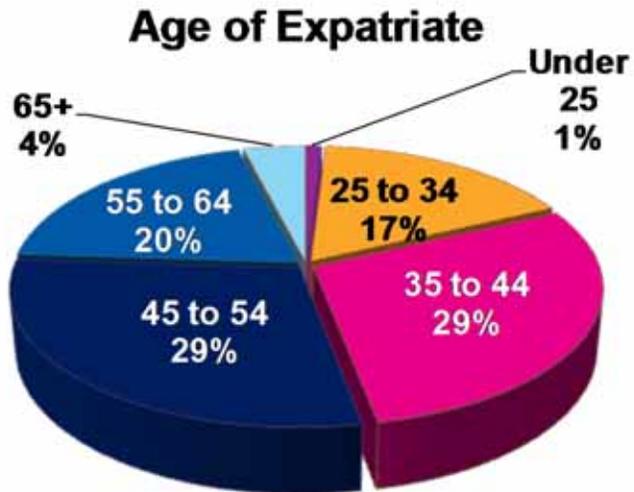
- Web-based survey—managed through external market research firm—August/September 2013
- All responses entirely anonymous
- 1,511 respondents in 140 countries of assignment
- Vast majority are **corporate expatriates**—most work for **North American MNCs**
- Study incentive: respondents voted for one of three global charities (Doctors without Borders, Save the Children, and Water for People.)

PROFILE OF EXPATRIATES

1,511 Total Respondents in 140 Countries



73% of those who are married have their spouse/partner with them during their assignment



36% have at least one child with them during assignment

65% have completed more than one assignment (30% have taken 4 or more)

49% are U.S. citizens (22% = European citizens)

PROFILE OF EMPLOYERS

20% Energy/Mining/Utilities

- 12% Business Services (Construction, Engineering)
- 12% Technology (IT, IS, Telecom)
- 10% Manufacturing
- 10% Other
- 7% Aerospace, Defense, Government Contractors
- 7% Consumer Goods/Retail
- 6% Professional Services (Consulting, Accounting, Legal)
- 5% Financial Services
- 4% Non-Profits
- 4% Healthcare/Pharmaceuticals
- 2% Education
- 1% Transportation

75%

of expatriates work for employers with over 10,000 employees worldwide

1,000 to 9,999 Employees = 18%
Less than 1,000 Employees = 7%

Nearly Half

of these employers have over a thousand expatriates worldwide

42%

of these employers have expatriates in over 50 countries worldwide

79%

of respondents work for employers with US Headquarters

United Kingdom = 3%
Switzerland = 3%
Canada = 3%
Other = 12%

AUDIENCE POLL

Which country is the most frequent destination for expatriate assignments at your organization?

- A. China
- B. UK
- C. USA
- D. Brazil
- E. Other

CURRENT INTERNATIONAL ASSIGNMENT LOCATIONS



Significant movement toward emerging markets since 2001

TOP FIVE COUNTRIES

United States = 7%
United Kingdom = 6%
China = 6%
Saudi Arabia = 5%
United Arab Emirates = 5%

EMPLOYERS DOING WELL, BUT EXPATS SAY THERE'S ROOM FOR IMPROVEMENT

- Survey gives employers a reasonable amount of *good* news from expatriates on assignment
- Employers are putting resources toward what expats value most
- Expats issue employers fairly good satisfaction ratings in a couple of key phases: pre-assignment and during assignment
- Unmet expectations remain

Factors of Consideration: 2013 vs. 2001	2013 Rating	2001 Rating
Assignment Benefits Package	4.37	3.97
Quality of Life	4.34	3.73
Quality of Health Care	4.27	3.74
Professional Development/Job Impact	4.27	3.56
Family Life Status	4.20	Not Asked
Financial Impact	4.18	3.87
Implications of Move on Family	3.75	

AUDIENCE POLL

Do you provide language and cultural training to your globally mobile population?

- A. Yes
- B. No
- C. Unsure

GAPS IN COMMUNICATION CHALLENGE ASSIGNMENTS

Services Provided: Importance Ranking vs. Percentage of Employers Who Provide Service	Importance Ranking	Percentage of Employers Who Provide Service
General relocation services	1 st (63%)	80%
Settling-in services	2 nd (53%)	62%
Medical preparedness	3 rd (49%)	65%
Company paid advance visit to assignment location	4 th (36%)	54%
Schools	5 th (35%)	50%
Advance consultation concerning financial & tax consequences	6 th (31%)	57%
Cross-cultural training	7 th (14%)	42%
Language training	8 th (10%)	40%
Relocation of family pets	9 th (3%)	29%

Employers are providing their employees the services they rank most important

According to industry surveys, **81% of employers state they provide cultural training** and **78% provide language training**.

Is there a need for more communication?
Or are there specific regions of assignment where more information is needed?

MEDICAL PREPAREDNESS

Importance of medical preparedness

- Medical preparedness ranks **third** in overall importance
 - Medical preparedness needs vary by country of assignment
- Industry surveys mention trend of trimming benefits and reducing assignment durations.
 - Are employers taking the right approach?



Who is accessing health benefits on assignment?

- 78% of expatriates (or their family members) have accessed medical care while on assignment.
- Younger expats (34 and under) accessing health care just as much as other age brackets

COUNTRY DIFFERENCES

- Services considered most important differ by country of assignment
 - **Middle East and Sub-Saharan Africa:** Medical Preparedness tops list
 - Top 2 in other regions are: general relocation services and settling-in services
 - **North and South America:** Consultation regarding financial and tax consequences ranks much higher in importance
 - **Central America and Sub-Saharan Africa:** Assistance with schools is more critical
 - **Asia and Middle East:** Cross-cultural training ranks slightly higher
- Experience vs. Expectations also brings variation:
 - **Central America and Middle East:** Highest percentage of unmet expectations (quality of life)—**more than double other regions**
 - **Australia & Europe:** Highest satisfaction in quality of life category
 - **Middle East & Sub-Saharan Africa:** Highest amount of dissatisfaction related to impact on the family
 - **North America:** 25% of expats on assignment in North America report unmet expectations regarding Assignment Benefits Package. Nearly double full survey result
- Satisfaction with the efforts of employers are lowest in expatriates on assignment in **Sub-Saharan Africa, Middle East, and South America** and highest in **Australia and Europe**

“[We need a] support package on what moving to a new country will be like, cultural differences, how family members can cope also. A big help would be to know about the expat communities and local organizations that are available to help families adjust.”



BRICS: ARE THESE COUNTRIES REALLY MOST DIFFICULT?



Industry surveys focusing on employer perspective tell a similar story about which countries of assignment are most difficult: **BRICS—Brazil, Russia, India, China, South Africa**

Results from expatriate study confirm some difficulties in these regions (especially China), but also point out other key areas:

- **Middle East:** High degree of dissatisfaction, higher importance ratings regarding several components (cultural training, and health benefits)
- **Sub-Saharan Africa:** Medical preparedness is a great concern and the need for school assistance is more critical
- **North America:** Complexities of a number of issues within the U.S. have led to much lower satisfaction scores than other regions
 - With U.S. being the top expat destination, more focus is needed here

CLOSING THE GENDER GAP



In the 2001 NFTC/CGHB study, one of the major findings was a gap in responses between male and female respondents.

2013 Shows Less Variation in Responses of Male and Female Expatriates . . .

- Top three most important services prior assignment are the same by gender.
- Experience overall during assignment is also similar, especially in top three most important areas.
- Males and female respondents have sought treatment equally:
 - 77% of males, 78% of females

. . . But There Are Still Gaps to Consider

- Female Respondents are less likely to want an assignment (by 11%)
- Upon return, males are 13% more likely to go directly from one assignment to another

HUMAN RESOURCES: HOW MUCH CAN THEY RELATE?

**Human resources departments
perceived to have a
“lack of understanding”**

“I think they should have an expat or someone who has done this before helping with the relos versus someone that has never moved themselves.”

Specific issues:

- Lack of information about relocation
- Lack of awareness about real estate market differences (i.e., having a local guarantor)
- Thinking beyond limitations of policy
- Vacation time approval
- Cost of travel
- Slow and/or confusing processes (i.e., work permits)
- Lack of responsiveness (emails, questions)



“There was a definite lack of understanding that taking an expat assignment can be a burden to the employee, with HR thinking that all expats should stop whining.”

REPATRIATION PROGRAMS

What EMPLOYERS say:

- 74% report having a formal repatriation policy
- 94% mention repatriation discussions

What EXPATS say:

- 53% acknowledge a formal repatriation program
- 59% don't know whether their employer tracks what happens to expatriates who have returned
- An additional 24% state their employer does **not** track employees after return



AUDIENCE POLL

Does your organization provide information about their international assignment program on-line?

- A. Yes
- B. No
- C. Unsure

TECHNOLOGY: HOW MUCH IS IT A FACTOR?



Percentage of employers providing assignment-related information online	
Yes	62%
No	19%
Don't Know	20%

Only **62%** say their employer provides program information online (20% don't know!)

← **Really?**

Could this explain frustrations with Human Resources?

- Is HR directing traffic to intranet where possible?
- Mechanisms in place to capture feedback from field to make improvements?



Devices to access internet while on assignment	Currently use	Preferred choice
Laptop Computer	70%	63%
Desktop Computer	15%	11%
Tablet Computer	8%	16%
Smart Phone	7%	10%

Demand for assignment—related mobile phone apps?

ASSIGNMENT TYPES

Shorter Assignments

- In 2001 study, 6% of respondents expected to be on assignment a year or less
- In 2013 study, this number doubles (13%)

Youth vs. Experience

- Employer reports suggest there is a trend toward sending younger expatriates on assignment
 - Younger expats make up a small percentage of respondents in this study
 - When asked of likelihood of additional assignment, although there is a gradual decline by age segment, the range in response is not great; more experienced expatriates willing to take more assignments
 - Is there a missed opportunity if employers are favoring younger talent over experienced talent who want to go back on more assignments?

Emerging Markets

- Europe: Number of respondents sent on assignment to Europe declines nearly by half
- Middle East: Number nearly quadruple from 2001 to 2013
- Sub-Saharan Africa: 2013 study shows more than triple than 2001
- Number of countries where employers have expats: 42% of total respondents state their employers have expats in 50 or more countries—triple the number in 2001 (14%)
- Citizenship: 5% of respondents in 2001 were citizens of Asia—nearly **triple** in 2013 (13%)
 - Customization?: Different needs than outbound US or other English-speaking expats

FAMILY STATUS: IMPACT ON ASSIGNMENT

No Huge Surprises

- Family status is expected to have significant effect on what factors expatriates consider pre/post/during assignment
- Expats indicate a need for greater appreciation of the challenges presented to them and their families as they relate to their key issues

Examples of Family Status Impact

- Implications of move on family: expats with spouses/partners at home report highest amount of dissatisfaction in this area
- Accessing Care: Those with spouses/partners and/or children most likely to access care.
 - Percentages are as high as 91% in some of these segments
 - Single or without children are much lower (64% and 67%)
- Expatriates with spouses/partners in one's home country most likely to seek routine treatment in home country rather than locally

"There is a personal and family price to pay by being abroad."

"Wide ranging re-integration support for employees and families returning to home country."

"Think a little bit more on the sacrifice the employee and his/her family are doing in favor of the company."

KEY FINDINGS

- 1** **Gap in communication of benefits and programs:** Employers providing services, but expats not very aware of these services

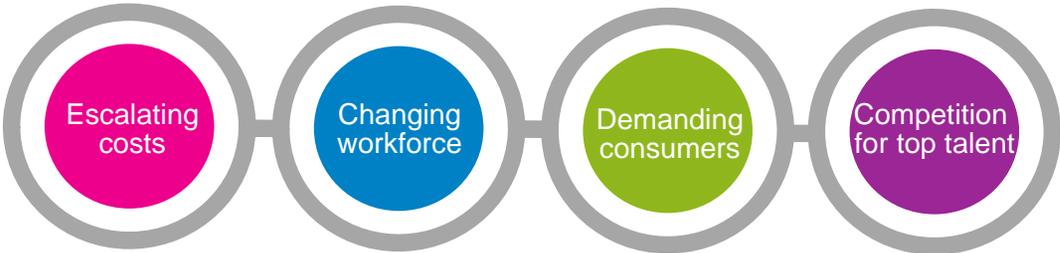
- 2** **One size does not fit all:** Customization by country of assignment is necessary

- 3** **Human resources:** Expats demand more support of HR—need more understanding and support of their challenges abroad

- 4** **Medical preparedness and care:** Preparedness viewed as very important factor; all ages accessing care during assignment

- 5** **BRICS:** Really the most difficult countries of assignment? (Assignments in the U.S. need attention too)

TRADITIONAL CHALLENGES. NEW COMPLEXITIES.



For employers

Maximize return on investment

Drive engagement

Provide actionable data, analysis,

For employees

Make it easy

Help me choose

Improve health outcomes

Thank you Questions?

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