

Implementing an International Benefits Strategy

Introduction

Over the last few years we have seen a growth in organisations seeking to implement a global reward strategy. This has been fuelled by increased globalisation, and the fact that many organisations now have one global overarching reward framework aligned to their organisation's vision and values.

In addition, in recent years we have seen a change in the use of expatriates (expats). Ten to 15 years ago expats largely fitted a stereotype (Western males). Now however, the picture is much more complicated. In Asia for example, in China in 2005, around 31 percent of expats were Western, and in 2006 this was less than 25 percent. There has also been a trend towards an increasing number of China returnees (expats from Hong Kong, Taiwan) and China hired foreigners (already residing in China) and more women.

Indeed, true expats are becoming the exception rather than the norm. International assignees or localisations are becoming prevalent and are often beneficial for organisations due to local taxation and costs of living. There is also an increasing "localisation" of packages which is seeing the benefits in traditional expat packages being reduced and the hiring of more "non-traditional" expats on lower packages. Companies are increasingly trying to eliminate the perceived difference in status of expats and local hires, to move towards a global reward strategy that places all employees globally on a common footing.

What are the advantages of having a global reward package?

- The availability of web-based technology now makes global communication and administration a possibility for organisations, even when there are only a small number of employees in some locations. If done well, it provides your organisation with more central control and better cost control so you are in a position to report globally on what benefits any employee in any territory is entitled to, and what these cost. We often find that, during such a project, it transpires that local offices have set up benefits which they have not communicated to Head Office;
- There may be cost savings to be made by taking advantage of international economies of scale both in terms of administration, communication and benefits sourcing;
- It can help you to create a truly global employer brand. Employees thousands of miles from head office can feel quite isolated. You can use an international scheme to communicate what kind of company you are, or are aiming to be;
- It can make it easier to transfer employees among business units in different countries.

What are the disadvantages?

- This is an extremely complex area which will require you to seek expert advice to ensure you get it right;
- It can be time consuming, so ensure that you have the internal resources needed to get the project up and running;
- It will be very unlikely that you will be able to implement exactly the same benefits package in all countries.

What do I need to consider?

Local cultural and legal frameworks result in very different conditions between countries so before embarking on any scheme you need to plan carefully.

- Do your research - find out about local conditions such as tax, social security legislation and cultural expectations;
- Remember that working practices can differ from legislative requirements;
- Be prepared to implement different benefits in different countries, depending on local conditions;
- Do not expect benefits to have similar costs in all countries. For example, the cost of medical insurance in the US can be five times the price of that in the UK;
- Ensure you find good advisers on the ground in each country who are thoroughly acquainted with local conditions to help you;
- Remember, if local managers are accustomed to running their own benefits schemes, they might be reluctant to give control to Head Office. They may be “unclear” about what benefits are actually in place or just downright obstructive;
- Local staff do not like impositions – particularly from a remote Head Office, so try and get buy in for your plans early on;
- Remember to factor consultation time into your project plan. For example, in France, employers are legally obliged to consult the Works Council, before they make any changes to benefits;
- See if you can take advantage of economies of scale by using multinational pooling for example, where risk and therefore premiums are reduced;
- Meet the lawyers and the local advisers wherever you can;
- If you do not speak the local languages, try and get advice in English to ensure you have a full grasp of all the detail.

Tips for success

- Allow international territories more time to consider change than you would in the UK;
- Be more consultative to ensure that you get the buy-in you need;
- Even if your standard business language is English, make sure your communication is multi-lingual;
- Be careful not to be seen forcing UK culture on to other countries;
- Think carefully about how to communicate and make sure it is appropriate in each location.