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Selling the Undesirable Location: Sweetening the Pot for Not-So-Sweet Spots

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Xi'an, a third-tier manufacturing city in China, is, by virtually any standards, a high hardship assignment location. Its air quality rivals that of Shanghai's, where many must wear masks, traffic is congested, and, in some areas, the streets double as garbage dumps and toilets.

Vienna, on the other hand, has none of these issues and is consistently ranked as the world's top city for expatriates due to its overall quality of living.¹ It's clean, green, safe and sophisticated, and also highly affordable. However, if one hates the cold and is asked to deploy here in January, Vienna may also hold little appeal.

When an employee is needed somewhere and doesn't want to go, whether the place is unloved by many or just by him or her, the right incentives can change a no to a yes. And while incentives aren't usually needed for spots like Vienna, they are, quite often, for places like Xi'an. As companies enter new markets or relocate to areas where labor and materials are less costly and/or the regulatory environment is less restrictive, the need to deploy people to these locations has grown. Although some companies may consider incentives too costly, the alternatives can be even more so: the right talent can't be deployed where needed or the assignment fails.

In this paper, we will define hardship and discuss what makes a location a hardship location, explain the various types of assignments that can improve the attractiveness of hardship

¹ <http://www.mercer.com/newsroom/western-european-cities-top-quality-of-living-ranking-merc.html>

postings, discuss the types of incentives that can be offered to entice an employee to accept a hardship location, and explain the various types of support that companies can offer to make the transition and the posting itself easier for the expatriate.

Determining Hardship

A determination of true hardship depends upon many factors, and although organizations that assess this use similar criteria, there may be some differences. For example, the U.S. Department of State defines foreign service hardship posts as those where living conditions are more challenging than in the U.S. Factors that go into its assessment include “Climate, isolation, civil unrest, quality of local health care, crime rate, pollution levels, and availability of spousal employment opportunities.”²

Companies such as AIRINC, which provide hardship assessments to the private sector, generally include these as well, but can also include other considerations. For example, AIRINC’s assessment – based on data obtained from sources such as on-site visits and independent data services -- not only considers issues around physical risk and discomfort, but also inconvenience, such as poor availability and quality of consumer goods and services.

This being said, the following is a synopsis of the most common hardship categories. Within these, the level of hardship also depends upon the level of severity, a company’s culture, and, in some instances, individual perception of an assignment.

Hardship Categories

- **Physical security:** War and terrorism (or threat of it), violent crime, law enforcement, hostility of local population, etc.
- **Cultural:** Censorship and other restrictions, such as those related to gender, sexual orientation or ethnicity; also lack of access to international media and restrictions on social activities.
- **Infrastructure:** Utilities (electricity and clean water), roads, public transportation, etc.
- **Health and medical:** Prevalence of disease, availability of medical care, and level of sanitation.
- **Environment:** Pollution, climate, location, isolation, potential for natural disasters (e.g., earthquakes and floods), traffic and road conditions, and overcrowding.
- **Quality and availability of schools:** Availability of international schools and international curriculum, class sizes, locations, languages spoken, etc.
- **Quality and availability of housing:** Level of safety and cleanliness, availability of appliances, location, and cost.

² <https://careers.state.gov/engage/forums/careers-state-gov/what-constitutes-a-hardship-posting->

- **Availability of goods and services:** Variety of goods, availability of imports, the need to supplement local goods with shipments or purchases in another location.
- **Misc.:** Availability of community and recreational facilities, expatriate community, places of worship, etc.

Assignment Types and Other Incentives

Assignment Types

There are many kinds of incentives, including the assignment type itself. Persuading a reluctant employee to go somewhere may be as simple as minimizing the time he or she must spend there. To accomplish this, companies can offer short-term, commuter, and/or rotational assignments. They can also provide more generous rest and relaxation and home leave benefits. The latter is particularly important when it's an unaccompanied assignment and the assignee has left a family back home.

Companies can also offer an accompanied proxy option for assignees with families in which the family accompanies the assignee to the general area, but lives in a different (and more appropriate) location than the worksite. This enables the assignee to either travel back and forth to work during the week or to live during the week at the worksite, and spend time off, such as on holidays and weekends, with the family in the more suitable location.

Financial Incentives

The most common financial incentive, obviously, is money. In a situation clearly designated as a hardship, this is often provided in the form of hardship pay. Hardship pay is typically a percentage of salary, which can be significant in certain industries -- for example, 60-80 percent for some oil and gas companies -- and is based on a combination of factors that were listed earlier. Hardship pay levels also depend upon the industry and individual organization, as well as assignment type and value.

In addition, says Genie Martens, Senior Director of Client Engagement at AIRINC, a leading provider of global mobility data, competitive considerations play a large role in how a company structures its hardship program.

But, she adds, money isn't the only solution. "There's a tendency for companies to throw cash at a problem that doesn't always lend itself to this. The provision of security and flexibility regarding alternative assignment arrangements is also important, as are support services. These can go a long way toward enhancing work effectiveness and family happiness."

This being said, though, if hardship pay is offered, the first step is to determine the hardship's extent. Factors that should be considered include physical threat, discomfort, and inconvenience. Within these categories, there are also numerous subcategories, which range from those that rarely change (like the physical climate) to those that can rapidly change (like the political climate).

“Any hardship payment system requires measurement of multiple factors, plus a way of combining many different aspects of hardship, ranging from disease and war to lack of consumer goods,” Martens says. “And the system needs to address places as diverse as Houston and Harare.”

She further notes that in addition to hardship pay, which may not be sufficient to attract talent in cases of severe skill shortages, companies can also offer additional special staffing payments. These should be kept separate from hardship pay so that they can be easily identified and eliminated if staffing conditions improve. If a special temporary incentive is required to ensure retention, the company should clearly communicate its purpose and temporary nature.

Other financial incentives include danger or hazard pay. Although organizations may differ slightly in how they define this, it generally differs from hardship pay. Danger pay tends to be added for extraordinarily dangerous conditions such as for postings during wartime or significant unrest. The United Nations’ International Civil Service Commission (ICSC), which regulates and coordinates the working conditions of U.N. staff, defines danger pay as “a form of compensation which is reserved for duty stations where the most difficult security conditions prevail and which cannot be adequately addressed by the security factor in the hardship scheme.”³

Beyond this, companies can also offer sign on and completion bonuses, which are financial incentives offered to employees who agree to accept certain assignments and complete them. These often apply to any location regardless of whether it is considered a hardship area.

Services and Support -- General

As has been noted, services and support can sometimes be better than cash, or can certainly make life easier in a high hardship and/or undesirable location. These, which can be spelled out in both the letter of assignment and policy, and/or covered in pre-decision counseling, may include, but are not limited to destination services, culture and language training, and transportation assistance.

Destination Services

Any reputable destination services provider will be highly familiar with the host location and have an in-depth understanding of the expat assignment cycle and related requirements. DSP core services typically range from the “look-see” trip, which enables the assignee to get a clear picture of life in the host location (quality of housing, schools, climate, culture, amenities, transportation, etc.) to home finding, school search, tenancy management, settling-in, and departure coordination.

³ <http://icsc.un.org/resources/FAQ/mh/default.htm?isthehardshipallowancediff.htm>

Using a DSP to provide these types of services – as opposed to having colleagues do so, or no one at all – has numerous benefits. The DSP will not only offer invaluable information and support that’s specifically geared to assignees and their families, but will usually be far more helpful than those with less expertise in setting expectations and offering local solutions.

This is particularly important when assignees know very little about what to expect, or even the basics of shopping or making payments, says Rita Hernandez of Premier Destination Services. “These are all areas where the DSP can come in and set expectations, and give expatriates the information and assistance they need.”

For example, housing in many Latin American countries doesn’t include appliances, so DSPs often begin working on this right away when providing home finding assistance. Ideally, they’re able to negotiate with landlords to include them. But if this isn’t possible, they’ll instead notify the assignee and employer of the need for these and recommend next steps. They’ll also let the assignee know what’s available locally – which may differ significantly from what’s available back home -- and accompany him or her shopping if needed.

Although appliances tend to be a key consideration for many assignees, the biggest concern for all parties involved is usually security, Hernandez says. To ensure this, DSPs may work directly with employers, as well as any security staff or consultants, to identify the most secure housing available and arrange for additional security elements as needed, such as multi-lock doors and alarm systems.

Cultural and Language Training

The advantages of cultural and language training are clear: the assignee and family will fare much better if they can communicate with those around them, decipher the road signs and other essentials (like food labels), and understand the host country culture.

Formal cultural and language training programs can be especially helpful for this, and are most beneficial when provided both before and during the assignment. There are many options available that range from individual face-to-face training to virtual group training. Language and culture apps and websites can also be used, although these are best reserved for any additional training needed beyond what’s required to achieve a certain level of competency. It should be noted, though, that relying on the latter can be a problem in areas with inconsistent internet connectivity or access to electricity.

It can also be helpful to work with local tutors who can often be found through nearby colleges and universities, as well as through area embassies, international NGOs, foreign aid institutions and local businesses that support international customers. Beyond this, there may be local language schools that offer instruction at reasonable rates.

Transportation Assistance

Families moving from well-established communities with solid infrastructures may take for granted the ability to drive to the grocery store or school whenever they want. However, in many host locations, poor infrastructure and roads, as well as security issues, can make such travel dangerous. Differences in licensing approaches (including limitations on who may drive in some locations) can further complicate matters and public transportation may not always be safe or available.

In these instances, a simple and relatively inexpensive solution can be providing the expatriate with a private car and driver. Again, contacting local consulates, international NGOs and foreign aid institutions can be helpful, and a DSP can also usually help to procure these types of benefits.

Family-Specific Assistance

As numerous surveys have found, family and spouse issues are the biggest challenges to international assignments. In a recent EY Global Mobility Effectiveness Survey, for example, 65 percent of respondents cited these issues as reasons for failed assignments and early repatriation.⁴

Therefore, in addition to the services noted above, companies that want to increase the chances of an assignment's success can do so by identifying and understanding the unique issues expatriate spouses/partners and families encounter, and addressing them.

Schools and Education

The ability to place one's child in a good school can determine whether an assignment is accepted or not. Unfortunately, good schools are often in short supply or, if there's a large expatriate population, have too few openings. Also, in some locations, such as parts of Africa and the Middle East, security is an issue.

Solutions to this can vary, according to location. If appropriate schools and openings are limited, planning as far ahead as possible is essential. If the assignment doesn't allow for ample planning time, it's imperative that the right resources be engaged immediately, such as an educational consultancy service, to begin the school search and placement process.

Companies can also cover boarding school costs in or near the host location. Should none of these options be possible, parents might want to consider online curricula and home schooling,

⁴ [http://www.ey.com/Publication/vwLUAssets/EY-Global_Mobility_Effectiveness_Survey_2013/\\$FILE/EY-Global-Mobility-Survey.pdf](http://www.ey.com/Publication/vwLUAssets/EY-Global_Mobility_Effectiveness_Survey_2013/$FILE/EY-Global-Mobility-Survey.pdf)

or to have the family stay behind until appropriate schooling can be secured. This may require some other provisions, like additional home leave as noted above.

Help for the Spouse or Partner

Depending on the host location, cultural differences can make an assignment particularly challenging for female spouses or partners who wish to continue their careers, as there may be little equality between men and women. These barriers, as well as immigration restrictions on employment in some areas, can make it difficult or impossible for spouses or partners to work, says Lorraine Bello, president and CEO of REA-Partners in Transition. The challenge can be equally acute for nonworking spouses, she adds. Limited opportunities to make social, volunteer or cultural connections and/or pursue personal interests can result in social isolation and culture shock.

“Even if it’s not paid work, they want to do something meaningful, like go back to school or take courses” Bello says. “Also, having a local coach to help them acclimate, navigate, make connections and understand the resources available is important.”

Here, she adds, the solution consists of providing career assistance for working spouses or partners through an organization such as REA which has local coaches in locations worldwide. Not only do they help those who can’t work to identify and pursue meaningful endeavors or career-related interests, they also assist those who can work with career guidance, introductions and other resources.

Family Medical Care

Managing chronic health conditions or addressing new ailments are among the greatest concerns of families relocating to hardship areas. Limited availability of appropriate preventive and therapeutic care for infants and children and family members with special needs, as well as fear of threatening epidemics, are two key issues. Sanitation practices and the availability of clean water and hygienic facilities is a constant concern when it comes to daily living, as well as in cases of medical necessity.

Solutions and support here can include encouraging (or requiring) pre-departure physicals; providing access to private hospitals, doctors, and specialists and participating in a referral network for unusual conditions. The World Health Organization, the Centers for Disease Control and Prevention, and the larger in-country embassies can provide guidelines on medical issues, immunization requirements, and inexpensive water treatment kits. Providing assignees with inexpensive evacuation insurance as a supplement to current health plans is also critical, and in some areas, this can ensure survival.

Duty of Care

Companies are responsible for their employees’ safety and security, no matter where they go, although some companies are more diligent about this than others. Employees who recognize

that an employer is highly committed to keeping them safe may be more likely to take on assignments in dangerous or undesirable locations.

According to Dr. Robert Quigley, Senior Vice President and Regional Medical Director, Americas, of the medical and travel security firm, International SOS, this responsibility is also known as Duty of Care. It implies but is not limited to, the provision of medical and security services and typically includes a crisis management plan (CMP) specific to each work location.

From a security standpoint says SOS Regional Security Director Matthew Bradley, the CMP will address the following:

- **Physical infrastructure:** This refers to the walls, ceilings, fire alarms and other elements used to ensure that buildings will withstand the potential disasters that could occur where they are located (for instance, earthquakes, tsunamis, floods, hurricanes, fires and explosions). Companies need not mitigate for every possible risk, but only for the most likely. Physical infrastructure also refers to guards, gates, fences, doors, alarms, cameras and access control systems that allow companies to keep unwanted people out and keep track of known people inside.
- **Personal security:** This consists of protection against terrorist threats and kidnap and ransom. In addition to providing employees with guards, cars and drivers and secure compounds where applicable, personal security measures also include travel risk awareness education, active shooter education and education to employees on how to respond in a crisis. There should also be an internal crisis response plan that the company can enact when something happens in its local office or abroad and evacuation planning for certain locations prone to natural disasters, civil unrest, or political violence.
- **Hardware/software protection:** This will consist of the appropriate measures for backing up and protecting data, virus protection, etc.

From a medical standpoint, a robust crisis management will include dynamic and updated plans for pandemics (e.g., H1N1, Ebola, Zika, etc.), infectious diseases such as measles and tuberculosis, and chemical, biological, radioactive, and nuclear disasters. These plans should include orientation and communication, preventive and business continuity measures, and HR policies and procedures.

Beyond this, a crisis management plan for medical issues should include:

- A mental health support infrastructure (for instance, EAP, etc.),
- Local medical resources (in the absence of an adequate community-based medical infrastructure) and
- A dynamic Medical Emergency Response Plan (MERP) to upgrade care and transport (i.e., medevac) for any employee who is sick or injured.

To ensure the appropriate security and medical assistance and to complement any services provided internally, many companies work with organizations like International SOS. Examples of services provided include traveler education, pre-travel advisories, itinerary-specific risk assessments and awareness for travelers, opt-in mobile check-in, always-on active tracking, a global provider network of medical and security professionals, and 24/7 strategically located global (medical and security) assistance centers.

Conclusion

As companies enter new markets or move their operations to new locations, deploying assignees to these areas can be a challenge, especially if they are considered hardship locations. However, the right combination of incentives and support, which will vary by location, can often help persuade employees to take assignments, and enable the company to achieve its organizational objectives.

Resources

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About AIRINC: AIRINC is the leading provider of international mobility data since 1954, providing organizations with both data services and advice to support their workforce globalization strategies.

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About REA: REA specializes in helping corporations, families and individuals transition around the world. Services include global career and transition assistance for relocating employees/families, talent management solutions/executive coaching, and global outplacement consulting.

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About SOS: International SOS is the world's largest medical and travel security assistance organization, providing services to multinational companies, governments and NGOs from more than 1,000 locations in 90 countries. Its services include emergency assistance during critical illness, accident, or civil unrest as well as a range of preventive programs based on its in-country expertise.

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About Premier: Premier is a Florida-based destination services provider that provides services in the following locations: (USA), Argentina, Belize, Bolivia, Brazil, Cayman Islands, Chile, Colombia, Costa Rica, Curaçao, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, St. Maarten, The Bahamas, Trinidad & Tobago, Uruguay, and Venezuela

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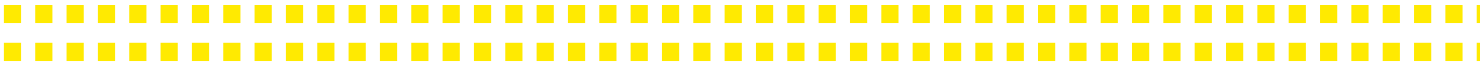
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