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Master Course Human Resources and Global Mobility

*Partner support; a crucial type of support and a necessary investment*

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## Problem statement and sub-questions

This paper sets out to answer the following problem statement:

*“How should a multinational company provide for the best partner support in order to increase the effectiveness, success and the return on investment of an expat assignment?”*

In providing an answer to this problem statement, the following sub-questions in relation to partner support are examined:

- What is the background of partner support?
- Which are the main recent developments of partner support until today?
- How many types of partner support exist?
- Which are the partners’ concerns & needs?
- What is the demand of partner support?
- What are the costs of providing partner support?
- What is the return on investment of providing partner support?
- How is the effectiveness of partner support defined?
- What are the main recommendations to improve the success of partner support?

## Limitations

The analyses and conclusions in this paper are based on literature study and surveys only. Due to limited publications and literature on partner support, literature study is primarily based on research and surveys of others. For relevancy’s sake, in general, references to surveys are not older than five years.

## Motivation

When I started working as a Global Mobility coordinator at Heineken in 2010, I was introduced to a very interesting woman, Jacqueline van Haaften, who was an expat herself at the time and who is now managing director of a very successful consultancy firm, Global Connection, that is specialized in providing partner support. During our contact, it has become very clear to me how important partner support is for the overall success of an expat assignment. Over the past few years, I witnessed many success stories of partners finding a meaningful and fulfilling life during the assignment too. A great example, which illustrates the benefits of partner support provided, is the story of Rosanne Surie, the partner of an expat at Heineken who was assigned to Kenya for a period of 3 years.

Rosanne was a TV producer in the Netherlands before she accompanied her husband to Kenya in March 2012. She was highly convinced she would find a similar job in Kenya. Rosanne had lived abroad before and traveled regularly for her job, so she thought she knew what to expect. Although she found a job as a TV producer in Kenya within one month, it did not turn out as she expected. Rosanne had to work very hard for a very low salary, she had to use very old equipment and it took her many hours in traffic jams to go to work and return to her home. Eventually, she quit her job and contacted Global Connection, a company that is responsible for coordinating the partner support provided to Heineken expat partners.

Global Connection helped Rosanne getting insight in what her possibilities were in Kenya by providing a needs assessment via coaching sessions. During these coaching sessions, many questions about her interests, skills and motives for the important choices in her life and career were raised. It became very clear to Rosanne that there was so much more than the job as a TV producer. During her coaching sessions she became aware of her organizational skills which she was already using in Kenya. In Kenya it is hard to find nice furniture and Rosanne had asked local craftsmen to make some European style furniture for her home which turned out to be a success. Rosanne decided to give this venture a chance by advertising her furniture on an expat website. It became a very successful enterprise and expats were calling her to commission handmade pieces for them. Rosanne continued doing this work for the whole duration of her husband's assignment. When she and her husband returned to the Netherlands, Rosanne received a repatriation budget that she used for "refresher courses" and she is nowadays a partner at a TV production company. Her furniture company in Kenya was taken over by another expat partner.

The above story of Rosanne is a good example of the success and importance of extensive partner support rendered. By providing the needs assessment via coaching sessions Rosanne found a new fulfilling occupation in her host location. Furthermore, Global Connection helped her with providing a work permit to ensure she was working legally and she received ongoing support for the total duration of the expat assignment and 6 months of support after repatriation. In this respect, it is important to know that the success and the return on investment of the assignment of her husband could have turned out very different in case there was no support for Rosanne during the time she needed it most.

## Chapter 1 – Introduction

Developing leadership talent with an international mindset and management experience is critical for the overall success of multinational companies today. The role of Global Mobility and especially the expat programs providing and developing the required talent has become very important for multinational companies.

Currently, many multinational companies are faced with the issue of providing partner support within the framework of their expat programs. Moreover, there is a growing concern that spouse or partner career issues may have an even greater impact on the ability to attract candidates of choice in the future. In the 20<sup>th</sup> annual Global Mobility Trends Survey Report of Brookfield Global Relocation Services, the 2015 results indicated that while just under half of the assignees' spouses or partners worked before assignment, only 11% of those also worked during the assignment. It mentioned that spouse or partner career concerns have an impact on the assignment experience overall and that these concerns are the second most noted reason for assignment refusal. Furthermore, professional partner support to address the dual career issue and social support to alleviate stress are lacking. Moreover, this lack of support has caused an overall sentiment of disappointment among partners with a strong belief that multinational companies are not genuinely interested in their welfare.<sup>1</sup>

Hence offering partner support is crucial and a necessary investment for the success of expatriate assignments. In the past years, more and more multinational companies have incorporated expat programs and policies in order to provide for the appropriate support to their expats. However, cost considerations have also become more important in deciding what kind of support is provided to the expats. As a result, many expat policies are not as generous anymore as in the past, and many types of support, including partner support, are taken out.

After a brief introduction and elaboration on the background and recent developments (chapter 2) with respect to partner support, this paper describes various relevant topics in order to identify the different types of partner support (chapter 3), to understand the expat partners concerns and needs (chapter 4) and to define the demand of partner support (chapter 5). Subsequently, this paper lays out the costs (chapter 6) and return on investments of partner support (chapter 7) in order to fully comprehend the relevance and effectiveness of partner support (chapter 8). Consequently, a set of recommendations is discussed in order to improve the quality and effectiveness of partner support rendered (chapter 9). Finally, a framework for providing partner support is proposed (chapter 10), taking into account all recent and future developments including all considerations and recommendations as mentioned in this paper.

The purpose of this paper is to explain and highlight the importance and relevance of partner support for the overall success of expatriate assignments especially considering that in general the budget for providing this kind of support has decreased over the past years.

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<sup>1</sup> Y. McNulty, *Being dumped in to sink or swim*, September 2012

## Chapter 2 – Background and recent developments

Today's expat flows are part of a history that goes back at least 3,000 years starting with the trading posts established by the Phoenicians of which Carthage would become the most important trading centre of which its inhabitants were expats. Another example of expats is the British people who left their homeland to take up all kinds of exotic foreign posts in the civil service, the military and business.<sup>2</sup> A more modern, non-colonialism, expat flow occurred after World War II, when a fast-growing business industry emerged with a strong interest for sale markets and raw materials in remote parts of the world.

In the nineties multinational companies started to become aware of the special position of the spouses and partners of expatriates. One of the first multinational companies that started to show interest in the partner of an expatriate was Heineken. In 1993, the Heineken Partner Network (HPN) was founded to provide support to the partner and to create a collaboration network for various companies providing support to the expat's partner.

In addition, Shell examined the barriers for expatriation and concluded that partner employment and recognition was one of the significant barriers. Subsequently, Shell's family support program Outpost was founded in 1995. Outpost provides support to Shell employees and their families facing the various challenges of global mobility. Their services also include career and personal development for partners.

Furthermore, in 1996 Schlumberger started a pilot program and provided the spouses and partners of their expats in four cities with e-mail accounts and dial-up access to the company's intranet<sup>3</sup>.

In 2007 it was established by the Global Connection HR and expat partner survey that 56% of expat partners – predominantly women – main activities were related to taking care of the family. However, in 2010 that percentage dropped to 41%. In other words, during these years there was a significant increase in non-family activities of the expat partners such as paid work, volunteer work, education or running a business<sup>4</sup>. It is very likely that this increase has become larger ever since. Hence, this results in a growing need for providing assistance to the expatriate's partner in finding non-family activities as described above.

The stereotype of a western, male, aged between 35 and 50 years, married with children, on assignment no longer exists. Instead, the expat population has become more diverse and is changing rapidly. For instance, the proportion of female expat employees is growing from 10% in 1993 to 24% in 2014<sup>5</sup>. At this moment, we are experiencing a time of unprecedented – and yet unmet - female demand for international mobility especially considering that 71% of female millennials want to work abroad but only 20% of the current global workforce working abroad are women.<sup>6</sup> Furthermore, a greater number of younger and older (older than 50 years) employees are sent abroad. In this respect, especially mobility at a younger age is in high demand and will become increasingly important as it is deemed important amongst millennials. Also, fewer expats now come from western countries.

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<sup>2</sup> Global Connection, *Expat & Partner Guide*, first edition 2011

<sup>3</sup> Global Connection, *Expat Partner Support*, HR Newsletter December 2012

<sup>4</sup> E. Jansma, *Effective partner support pays off*, International HR Advisor, 16 October 2012

<sup>5</sup> Global Connection, *Expat Partner Support*, HR Newsletter June 2014

<sup>6</sup> PriceWaterhouseCoopers, *Moving women with purpose*, 2016

In addition, there has been a decrease in long-term assignments and an increase in short-term assignments, commuter assignments, extended business travelers and International hires going abroad on a local contract. Finally, fewer couples with children now decide to go abroad resulting in that expats now move abroad without their families creating a significant increase in “split families”<sup>7</sup>. Many of the above-mentioned increased types of assignments will also increase the number of split families, according to the 2014 Trends in Global Relocation survey carried out by Cartus Corporation.

Split families are families where one of the parents is posted on assignment abroad leaving other members of the family at home or living in a different location. Furthermore, same survey also showed that there has also been a significant rise in extended business travel whereby commuting is becoming a popular option. Finally, the survey indicated that fewer companies allow its staff posted on a long-term assignment to be accompanied by their family. Possible reasons for this change could be the reduction of costs or the unsuitability of emerging markets as a destination for expatriate families.

Furthermore, according to the 2016 Brookfield Global Mobility Trends Survey, millennials will soon be the largest segment of the population in the working force having their own set of expectations and preferences. Changes in perspectives about work and careers will provide room for new opportunities and challenges. The focus of this group is mainly on interest and opportunity, not necessarily salary awards, which may cause a fundamental change in the assignment type, duration and costs. Consequently, these changes will require many multinational companies to redefine their partner support programs and policies. Over 80% of this age group worldwide expresses a wish to work at least some time abroad.<sup>8</sup>

Another development that may be considered as one of the greatest challenges for expatriate’s partner support is the increase of assignments to China, Brazil and India. Typically, these countries are identified as the countries with the greatest challenges for assignees, partners and children<sup>9</sup>.

Although the market is still relatively new and undeveloped, demand for proper and good partner support is increasing as expat partners choose to do more non-family related activities. Nevertheless, still some multinational companies believe that it only needs to provide for career support of the expatriate whereby partner support is regarded as a subordinate issue, which is reflected by costly and ineffective measures such as payments in cash (“Gucci money”) in order to avoid implementation of a proper and sound partner support policy.

The Talent Mobility 2020 report, published by PriceWaterhouseCoopers in March 2013, foresees a 50% growth in international assignments (see figure 1). There will be more assignees, more business travel, more virtual tools, and more quick short-term and commuter assignments.

In this report, it was also mentioned that the growing importance of emerging markets will create a significant shift in mobility patterns, as skilled employees from emerging markets will increasingly work abroad, creating greater diversity. Next to this, mobility strategies will become more complex due to growing employment demands and the very different needs and expectations of three generations

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<sup>7</sup> Global Connection, Expat Partner Support, HR Newsletter June 2014

<sup>8</sup> PriceWaterhouseCoopers, Talent Mobility 2020 report, March 2013

<sup>9</sup> Global Connection, Expat Partner Support, HR Newsletter June 2016

workers. Clearly, mobilization strategies need to keep pace with this growth and changes identified which may require a “radical rethink of policy”.

Finally, it should be noted that European companies generally take a larger interest in partner support compared to other continents. This is shown by the Worldwide Survey of International Assignment Policies and Practices, published by global consulting firm Mercer, that European companies generally pay more attention to partner support thereby focusing on a broader program in which payments in cash are less an option<sup>10</sup>. In their survey of 2012 it was established that almost 52% of European companies have incorporated a corporate policy that provide guidelines for partner support compared to almost 38% for American companies. European companies far more often offer partners education reimbursement, business start-up advice, day-care subsidy, and membership to Internet based expat forums. Moreover, it was also established that 29.5% of the European companies, 41.7% of the American companies, 61.8% of the Latin American companies and 67.9% of the Asian and Pacific countries do not have a corporate policy on partner support at all or do not address the issue.

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<sup>10</sup> Global Connection, Expat Partner Support, HR Newsletter September 2014

## Chapter 3 – What types of partner support exist?

Buying off expat partners with so-called “Gucci-money”, whereby a substantial amount of money for partner support is paid out each month as part of the expat’ salary, does not work. Moreover, it turned out that many partners were not aware of the details of this reimbursable support. In other words, most partners are not aware that financial partner support was included in the expatriate’s salary payments<sup>11</sup>. Rather than seeing a cash allowance or lump sum as partner support, it is often spent for holidays or luxury items hence the term “Gucci-money”.

In general expats can be categorized by gender, age, nationality, culture, family composition, experience, location, industry and expatriate contract. However, recent studies have shown that the importance of finding a fulfilling job is growing fast, especially for the younger expatriates. Hence, customization and personalization is required to provide for the proper support to each of the expatriates and their partners. As mentioned above, instead of receiving reimbursable support such as Gucci-money, in general mainly young expatriate’s partners want to use their time abroad as an opportunity to start a family, to find a job, to start a business or to study for a degree. Older expat partners often prefer to do volunteer work.

Although most expat partners today wish to work while abroad, finding work is never guaranteed and working restrictions may be in place in some countries. Therefore, different forms of partner support can be provided for such as language courses, cultural training, help setting up a business, and help to find volunteer work. Especially, with the rise of social media and our hectic modern lifestyle, crowdsourcing and micro-volunteering have emerged. This new form of virtual volunteering enables expat partners to continue their volunteer work upon their repatriation or relocation<sup>12</sup>. There are also budgets to help partners in other ways, such as personal development and coaching.

Another important form of partner support is providing networking tools in which the partner can connect to and get in contact with other partners in their host location. Also media platforms can be helpful to find information about living abroad, which is invaluable in understanding the challenges and opportunities of living in another country.

Most multinational companies have a global framework, but can provide customized support per country by offering career support modules and by new initiatives such as the vacancy exchange project. Especially, the successful vacancy project started by Heineken and FrieslandCampina in Lagos, Nigeria demonstrates the potential of this collaboration and initiative to fulfill each other’s vacancies abroad. Obviously, there are many opportunities in this niche of project-based employment that matches the temporary employment needs of both the expat partner as well as the employer considering that expat partners are not looking to build a career at the expat location. Next to this, opportunities for part-time work can be created by offering project-based employment.

In addition, a third party coordinator can also assist in providing partner support. For example, Global Connection offers expatriate partner support by providing for, amongst others, needs assessments in order to put together personalized support packages. During these assessments, expat partners are

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<sup>11</sup> Global Connection, *Expatriate Partner Support HR Newsletter March 2013*

<sup>12</sup> Global Connection, *Expatriate Partner Support HR Newsletter December 2015*

provided with insight in their interests, strengths and weaknesses. The circumstances, limitations and opportunities at the expatriate's locations are also discussed.

Providing support to expat partners looking to work again after repatriation is also a form of support that should not be disregarded. Especially considering that many expat partners have concerns about their chances getting a job upon their repatriation. In its two expat partner surveys executed in the spring of 2015, Global Connection established that increasing the volume and effectiveness of return to work support will reduce the number of assignment refusals and will encourage mobility. In this respect a rather new phenomenon has also emerged: returnships. Returnships or so-called re-entry internships are paid internships that give the partner the opportunity to demonstrate what they can do in order to be offered full-employment at the end of the internship. Therefore, returnships are an excellent tool finding a satisfying job for expat partners upon their repatriation<sup>13</sup>.

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<sup>13</sup> Global Connection, *Expat Partner Support HR Newsletter December 2015*

## Chapter 4 – Partner’s concerns & needs

In this chapter, the most important concerns and needs expat partners have during an assignment are elaborated.

### Permits/Dual career issues

In recent years, work permits for partners are one of the key concerns to location attractiveness for highly skilled international staff. Moreover, almost 60% of the partners say that they would be unlikely to relocate in the future to a country where it is difficult for a partner to get a work permit.<sup>14</sup> Evidently, enabling partners to have immediate access to employment upon receiving the family member visa brings benefits to all parties involved. Therefore, it is becoming more important that employers can demonstrate that partners can work abroad, thereby reducing some of the expat’s fears of the prospective assignment.

Work permit regulations worldwide can be categorized into three groups based on the length of time it takes for the accompanying partner to get a work permit after receiving a resident visa. The first group is a growing group of countries where a partner is granted an automatic and open permission to work. This group includes Europeans working in the EU or EEA, and for partners moving inter-continently, the UK, Argentina, Australia, New Zealand, Canada, Denmark, Finland, France, Hong Kong, the Netherlands, Panama, Sweden, Switzerland and the USA. The second group is a group of countries, such as Belgium, Ireland, Japan, Malaysia and Singapore, where the application procedure is clear and can be finalized within 4 weeks. The third group includes countries as Russia, Indonesia and India, where the procedure can take up to several months whereby the employer needs to show that the partner brings skills not available locally.<sup>15</sup> Considering the various and sometimes difficult and lengthy work permit regulations partner support can be of utmost importance in order for the expat to accept the assignment and to take away the partner’s concerns of unemployment.

The Permits Foundation recently indicated that its focus is on the changing legislation and regulations in China, South Africa, India, Singapore and Malaysia, the effects of Brexit and monitor the implementation of the EU ICT Directive. The new regulation is the Intracompany Transfer Directive (2014/66/EU) of the European Parliament and the European Commission and makes intra-corporate transfers between countries in the EU a lot easier.

### Cultural differences

“Cultural differences are by far the most important reason why some countries are seen as ‘challenging relocation destinations’; much more so than issues as security, a complicated language, legislation, tax or the political climate.”<sup>16</sup> China, India, Russia and Brazil are considered the most challenging relocation countries. Especially the social customs and behavior outside the workplace are very different for the expatriate and the partner. Therefore, cultural misconceptions need to be taken into consideration for every assignment that takes place. However, one needs to take into account that there are no one-size-

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<sup>14</sup> ECA International, *Permits for partners – a passport to mobility*, 9 April 2010

<sup>15</sup> ECA International, *Permits for partners – a passport to mobility*, 9 April 2010

<sup>16</sup> Global Connection, *Expat Partner Support HR Newsletter* June 2012

fits all approaches in cultural training. Awareness is key. For instance, an assignment within the European Union might be a bigger cultural shock than being transferred to Hong Kong.

According to the Global Mobility Trends Survey published by Brookfield GRS in 2014, only 39% of the companies offer cultural training on all assignments. Although intercultural programs are perceived as a valuable contribution to the success of an assignment, cost reduction is probably the most important reason why intercultural training often is not offered to the expats and their partners.

### Return to work

It has been established that more and more partners worry about returning to their own country upon the end of the expatriate's assignment. Especially returning to the labour market after having lived abroad for several years is a major concern among the partners. Moreover, "partner concerns about the feasibility of returning to work after some years abroad might well be one of the reasons for international assignment refusal."<sup>17</sup> According to the survey conducted by Global Connection in 2015 there is a direct link between assignment refusal and the concern of the expat partner about reentering the job market upon repatriation. Furthermore, it was also established that 88% of the partners were planning to return to work and around 75% agree that support is important. However, only 26% of the companies offer specific support.

### Language

Language training is the kind of support most frequently offered to the partners of expats. The Brookfield Global Relocation Trends Survey of 2012 established that 78% of those questioned had received language training. Obviously, learning the language makes life easier for expat partners and is very important to understanding the culture of the host country. Indeed, if one really wants to understand the culture of the host country, learning the language is key.

The new language is often taught in one on one sessions, but group lessons are also popular. When taking a lesson one learns a language faster. However in group lessons it will help one to overcome emotional blockades by speaking the new language in groups while meeting in the meantime possibly other partners of expats.

### Children's education

According to the annual Global Mobility Trends Survey published by Brookfield GRS in 2013, the issue of children's education was cited as the most important family issue critical to the success of an international assignment. However, companies are increasingly expecting assignees to utilize local schools instead of international schools and are capping or cutting school tuition assistance lump sums. At the same time, companies continue to increase their assignments to emerging markets that offer less of a choice or the possibility of securing a good international education. In addition, there are also challenges such as limited space at the schools, rising tuition costs, curriculum gaps and long commuting times.

Additionally, more attention to childcare for expat children up to 4/5 years is needed. Two International Assignments Surveys conducted by Mercer in 2010 and 2012 show an increase towards reimbursement

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<sup>17</sup> Global Connection, Expat Partners Support HR Newsletter March 2015

of pre-kindergarten education. However, the huge difference of daycare costs between the home and host country is a problem. The costs in the host country can be much higher than in the home country. Nevertheless, receiving no daycare assistance limits the possibility of partners engaging in activities such as paid work, volunteering or studying.

### Elderly relatives

Concern for elderly relatives, particularly parents, back home is a serious issue for expats and their partners, which is likely to become a bigger issue in the future. It is more common for elder relatives to be left behind due to that people live longer, have children at a later stage in life and that families are becoming smaller.

According to Brookfield Global Relocation Trends 2012 survey report, 10% of multinational companies make provision to assist the expatriate with elderly family members. However, taking parents abroad is a very expensive option considering the extra costs for insurance premiums and health care costs and not always possible due to bureaucratic complications. Therefore, the use of modern technology makes it possible to stay in contact.

### Repatriation

Post-assignment retention of employees is a problem for many companies. One in eight repatriating assignees leave the company within two years taking with them valuable skills and other benefits gained from the costly assignment.<sup>18</sup> For the company it is a poor return on the costly investment. The repatriation process is clearly a vulnerable and weak part of many expatriation global mobility programs. Although relocating for an assignment is recognized to be very disruptive for assignees and their families, it is common for companies and assignees to underestimate repatriation. Upon repatriation, expatriates often experience difficulties with settling into a new role or career and with family concerns such as the partner's career, children's education and relocation issues. Clearly, the repatriation issue should not be underestimated and the supporting role of the partner therein is crucial especially considering that often there is not enough time and support from the company to adjust in the homeland.

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<sup>18</sup> ECA International, *How to prepare employees for international assignment success*, Georgia Wilson, 23 February 2017

## Chapter 5 - Partner support demand

In 2013 an extensive joint survey was conducted by Global Connection and the RES Forum in order to see whether HR management have the right perception of the partner support demand and efficiency costs (see figure 2). The key findings were as follows:

- pre-decision and pre-departure is the most important phase for partner support;
- destination and life abroad support areas cover 50% of the expat partner's needs;
- the paid work support area only covers 14% of the needs of the partners;
- 53% of the expat partners who wanted to work abroad changed their plans once they were there, mainly because of expat life limitations and because of the possibility to change course;
- media is the most important type of partner support;
- network and media are the most cost efficient types of partner support.

HR management's perception was that lack of suitable jobs and work permit restrictions were the main reason expat partners skipped their wish to work. However, the survey clearly showed that for expat partners the main reasons were the difficulties of expat life and the possibility to change course and do something completely different (see figure 3).

Furthermore, the survey also established that media is more important than anticipated by HR management (see figure 4).

## Chapter 6 – The costs of providing partner support

According to Permits Foundation that surveyed 3,300 relocating partners and 200 companies (in 2012), partner support is offered by 61% of the companies with an average cost of USD 5,000 per assignment.

“Brookfield Global Relocation Services estimated that assignments typically cost between two and three times the expat’s base salary. For high-cost locations such as Japan and Hong Kong, or hardship location with unusual difficult host country conditions, the expense can total as much as four times the expat’s salary.”<sup>19</sup>

The expatriation costs primarily falling on the employer include costs such as removal of household goods, housing, schooling, home leaves, and expat benefits such as a mobility allowance and a relocation allowance. Evidently, costs can amount up quickly. Figure 5 is to illustrate the relocation costs for a family of four with two school-aged children moving from the Netherlands to the USA.

The example is illustrative only assuming that the assignments terminates after 3 years. In general, salary costs account for approximately 1/3 of the total annual costs of the assignment thereby excluding the relocation and repatriation costs as indicated in the overview. Hence, the other costs that account for 2/3 of the total annual costs of the assignment do not contribute directly to the multinational company. As you can see, sending a family on assignment is very costly taking into account the schooling costs, educational costs and partner support costs.

According to the 2016 Global Mobility Trend Survey conducted by Brookfield Global Relocation Services, over the past years mobility program costs have been reduced in such a way that there may be no further room to reduce benefits without seriously affecting the mobility program. Furthermore, there is a clear relationship between the increase of cost reduction and the decrease in the number of international assignments in 2015.

Due to cost-cutting measures, smaller HR departments no longer have the capacity and know-how to deal with partner support issues or to develop policies to provide support. As a consequence, companies are increasingly turning to consultants to develop expat partner policies and to outsource the management and execution of their programs.<sup>20</sup> Subsequently, these smaller HR departments are often faced with higher costs due to high consultancy fees.

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<sup>19</sup> R. Alsop, *When expats return home, what's next?* 16 January 2014

<sup>20</sup> Global Connection, *Expatriation Partner Support HR Newsletter* March 2013

## Chapter 7 – The return on investment of providing partner support

Companies spend tens of billions of dollars annually on moving expats but struggle to improve the return from these expensive investments. An increasing number of employees are seeking for international experience as part of their career development and ambitions; however, the multinational companies tend to overlook the individual return on investment of the expat. Hence, there is a gap between the companies' return on investment and the return on investments of the expatriate. In other words, there is a gap between the expectations companies and expatriates have from assignments.<sup>21</sup> Providing proper partner support is an example of one of the expatriate's expectations that is easily overlooked or disregarded by multinational companies. Furthermore, one of the conclusions of McNulty and Inkson<sup>22</sup>, is that the challenges associated with the spouse's career, identity, and adjustment, along with issues related to children and happiness can jeopardize an expat's return on investment. Moreover, the authors suggest that when family problems or issues are also taken into consideration to determine the expatriate's return on investment, traditional expat policies and solutions may no longer suffice. Therefore, providing proper partner support has a direct effect on the expat's return on investment.

Global Connection has conducted research in order to determine the relationship between partner support and the success of the assignment of the expat. This research showed that there is a correlation between the extent to which a partner is supported and the success of expatriation. "Taking into account the issue of causation, conservative estimates suggest that for every 1% increase in meeting the spouse's total need for support, there is a 0.5% increase in the success of the expatriation. A 'successful expatriation' is being defined as being at least equal to the costs of an expatriation'.<sup>23</sup> (See figure 6).

For example: the annual cost of an expatriation is € 300,000. The expat partner uses a support service that increases his or her needs by 10%. As a consequence the success of expatriation is increased by 5% which results in a return of investment of € 15,000 per annum.

The ongoing increase of non-family-related activities of expat partners combined with a generally stagnant support volume, has led to average drop of 8% (2011-2013) of the scores in which the partner needs are being met or satisfied.<sup>24</sup> In other words, one might argue that this 8% average drop corresponds to a 4% opportunity loss in which success of expatriation could have been increased. Moreover, in the past few years generally the budget for partner support has decreased due to cost-cutting reductions.

Clearly, providing partner support should be regarded as a smart investment with a high return instead as merely a relocation cost; it only costs a fraction compared to the financial losses incurred should an assignment fail. Therefore, multinational companies should focus on maximizing the return on investment by providing personalized support to the expatriate's partners instead of decreasing the overall budget for partner support in order to further minimize the costs of relocation.

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<sup>21</sup> Dr. Y. McNulty, *Getting the best out of expatriate investment*, Benchmarking HR, Vol. 20 No. 452 page 8

<sup>22</sup> Dr. Y. McNulty and Kerr Inkson, *Managing Expatriates – a Return on Investment Approach*

<sup>23</sup> Global Connection, *Expatriate Partner Support HR Newsletter* December 2012

<sup>24</sup> Global Connection, *Expatriate Partner Support HR Newsletter* September 2013

## Chapter 8 – The effectiveness of partner support

According to the survey conducted in 2012 by Global Connection in cooperation with the RES Forum, expat partners indicated that only 62% of their total need for support was met. The quality of this support scored an average of 5.8 on a scale from 1 to 10. HR Management rated the effectiveness of their expat support program with an average score of 5.5.<sup>25</sup> In the same survey it was established that just 37% of the available support was used by the expat partners. From an exhaustive list of options, better communication, a modular approach and more personalized support were listed high on the list of preferred options (see figure 7). Obviously, both the expat partners as well as the HR management did not deem partner support very effective.

Clearly, there is a lot of room for improvement regarding expat partner support. Mobility issues, such as dual careers become more important. Consequently, partners require a more personalized and specific support in order to work, study or volunteer abroad. More and more companies realize that one approach, such as a cash allowance or “Gucci money” does not work.

In 2014, Global Connection observed that many companies opted for an adjusted partner support program in order to improve their effectiveness and noted that most of them had:

- “started or proceeded with Media & Network as a cost-efficient basic support;
- implemented a pro-active, broad, personalized support program instead of “Gucci money” cash payments, thereby often saving costs;
- outsourced the management of the support program;
- communicated directly with the partner.”<sup>26</sup>

In order to increase the effectiveness of partner support and the satisfaction rates of partners, companies are making use of Media & Network advantages that are available today. Although distance E-learning has become quite common, these advantages are not always offered to expat partners. Organizational issues are quite often the main reason. Another reason for HR management might be that the quality of support provided by a digital platform or course is regarded as poor. However, these reasons do not outweigh the advantages offered by a cost efficient and digital personalized support by making the use of Media & Network advantages.

Outsourcing partner support can improve the effectiveness of partner support. The independent third party can conduct general intake interviews with the expat partners, locate the best support providers to meet the partners’ needs and manage the entire process if needed. Personalized partner support combined with a budgetary and modular approach may be the best approach in providing the best support to the expat partner. By choosing what partners want and need, the budget is also spent effectively.

The Global Connection Partner Support Demand Survey 2013 indicated that communication is essential whereby 72% of the partners believed that the effectiveness of the support should be improved,

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<sup>25</sup> Global Connection, Expat Partner Support HR Newsletter September 2012

<sup>26</sup> Global Connection, Expat Partner Support HR Newsletter June 2014

especially through better communication (31%). Moreover, a lot of partners are not even aware of the existence or availability of partner support programs.

## Chapter 9 - Recommendations

A one-size-fits-all approach for partner support does not exist. Instead, various forms of partner support, as outlined below, need to be taken into account in order to determine the best possible approach to offer partner support within a company and to address the various concerns and needs of the expat partner.

### Needs Assessment

First of all a needs assessment, drawn up in the pre-decision phase, face-to-face or online is the best way to start in determining a tailor-made support package. This needs assessment is conducted by way of a general intake interviews with the partners and provides partners insight in their desires and motivations. Considering that finding work is never guaranteed the needs assessment often reveals that the wish to work is a result from a need of control in a new and unfamiliar environment.<sup>27</sup> In this respect, career or life coaching can help to determine what is important in the partner's life. By revealing the motivations for life choices, the needs assessment may provide the necessary support and comfort for partners to consider alternatives for paid work, such as studying, setting-up a business or volunteering.

### Customization & personalization

As mentioned before, there is a growing demand for and need to provide for a pro-active customized and personalized partner support rather than making cash-payments to the partners, the so-called "Gucci-money". Moreover, despite its high costs, making cash-payments is not being effective at all. Different gender and different culture also require different kinds of customized and personalized partner support in which age, nationality, family composition and experience are also taken into account. Hence, it is very important for the partner to be involved and included as much as possible at the start of the new assignment. Therefore, it is important that the partners accompany the expatriate to the pre-visit and pre-departure meeting, as well as the host briefing on arrival, if any.

### Holistic and modular approach

A holistic personalized approach covering the full support options is more effective than focusing primarily on employment. In other words, partner support is not a commodity. Hence, partner support should cover various areas such as employment, language support, cultural training, return-to-work support etc. The partner chooses what he or she wants and needs. This will also help to spend their budgets effectively.

### Ongoing support

Providing ongoing partner support and follow-ups is necessary not only in the first three months but also during and at the end of the assignment in order to manage repatriation issues and return-to-work issues. Being prepared and supported during the entire assignment and repatriation can be crucial. Ongoing support can be provided through online coaching in which big issues such as integration into a new culture partners are facing can be managed upon. In addition, online networking tools in which the

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<sup>27</sup> Global Connection, Expat Partner Support HR Newsletter December 2012

partner can connect to and get in contact with other partners in their location is invaluable in understanding the challenges and opportunities living abroad.

### Direct Communication

In order to provide the best support and to be fully transparent, communication should occur directly with the partner and no longer via the expatriate. Especially considering that most partners are not aware of the possibilities of partner support programs available, direct communication is essential in order to render the best and most efficient support possible. In this respect, workshops and coaching can also be provided online.

### Outsourcing

Considering that partner support requires customized solutions, the best partner support can be provided for by an independent party which has the in-house knowledge providing partner support and which can manage the expectations of the partners. In order to manage budget and the expectations, the preferred supplier should work with a modular approach, only advising the modules that are needed. Next to this, the supplier should have staff with expat experience considering that familiarity is very much appreciated by the partners.<sup>28</sup> Hence, personalized and experienced partner support combined with a budgetary and modular approach should provide what the partner needs and should provide for the increasing demands and concerns of partners.

### Budget

It would be beneficial for companies to provide for a discretionary budget which the expat partner can use to “pay” for specific needs, like language course, cultural course, study costs, childcare, extra coaching sessions etc. This budget is best managed by the International Mobility department or HR management, that can approve the costs and, if necessary, can align with the preferred supplier in order to determine if the specific need is helpful and necessary.

### Repatriation

Providing support when expatriates and their families return to their home is essential. Expatriates and their partners and families need a re-orientation back home in order to comprehend the changes at home, at the company but also on social, political and technology developments. In addition, there may also be a culture shock upon return. For instance, the expatriate, the partner and the family may have gotten used to a slower-paced environment and working culture compared to the home base. Hence, maintaining relationships at home and at work is very important so that the expatriate and the partner is still considered a member of the social and working community back home. Therefore, repatriation planning should actively involve the partner and should start as early as possible.

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<sup>28</sup> Global Connection, Expat Partner Support HR Newsletter December 2016

## Chapter 10 – Suggested framework

Although partner support is being provided in different shapes and sizes, best support can be rendered during each of the following seven stages of expatriation as identified by Global Connection:

- 1) *Pre-decision*
- 2) *Pre-departure*
- 3) *Settling in*
- 4) *Settled*
- 5) *Pre-repatriation*
- 6) *Repatriation*
- 7) *Settled*

In order to increase the effectiveness and success of the assignment by providing the best partner support possible, the following tools and types of support should be available, as identified by Global Connection:

- 1) *Needs assessment*
- 2) *Media*
- 3) *Support desk*
- 4) *Network*
- 5) *Local meeting/workshop*
- 6) *Coaching*
- 7) *Training*

Finally, there are 7 subject matter areas as identified by Global Connection:

- 1) *Life*
- 2) *Destination/culture*
- 3) *Network*
- 4) *Paid work*
- 5) *Alternatives to paid work*
- 6) *Repatriation*
- 7) *Other*

Clearly, a lot of combinations are possible. For instance, a needs assessment may be conducted as early as possible in the pre-decision phase by way face-to-face or online. However, the same may also be required with respect to the repatriation phase. Moreover, the above-mentioned framework also allows for a modular approach in order to decrease costs and increase the effectiveness of the partner support provided for. In other words, the “Gucci money” can be spent on a few of the above-mentioned support areas instead.

## Chapter 11 – Conclusion

A new kind of expat is emerging, one who comes from other regions than those of the past, who is older or younger than the traditional midlife male expatriate, who goes abroad on different terms, who has different interests and preferences, one who is part of a growing group of females, and one who has a partner with her of his own career that will not be easily sacrificed. Possibly an even more significant change is that today's accompanying expat partners, of which the vast majority is still women, are very different from the traditional partners. The partners of today are no longer women taking care of the family; instead, they are often highly educated women having their own successful careers who reluctantly give up their career. Research has demonstrated that this group wishes to continue to work abroad if possible or conduct other non-family related activities such as volunteer work. However, working abroad is not always possible due to visa restriction or cultural differences. Considering that partner career issues is the second most noted reason for assignment refusal, there is a growing concern that these issues may have an increasing impact on the ability of multinational companies to attract expat candidates in the future. Hence, the relevance and importance of providing proper partner support will increase in the nearby future.

Recent study has shown that partner support provided for is often deemed not very effective by the partner and by HR management. Unfortunately, most partner support programs are of fragmented and of poor quality due to budgetary limits. This is strange taking into account the high costs of an assignment and the high return on investment of providing partner support as it increases the success of expatriation considerably. Clearly, providing partner support should be regarded as a smart investment with a high return on investment rather than merely as a relocation cost. Multinational companies should focus on maximizing the return on investment by providing personalized partner support instead of decreasing the budget for partner support.

As a one-size-fits-all approach for partner support does not exist, various forms of partner support need to be taken into account in order to provide for the best partner support possible. The needs assessment is the best way to start in order to determine how the best partner support can be offered. By revealing the motivations for life choices via face-to-face or online general intake interviews, it can be determined what is important in the partner's life. Providing partner support through cash allowance or "Gucci money" does not work and is not effective. Instead, there is a growing demand for ongoing proactive personalized partner support with a holistic and modular approach. Hence, partner support should include various areas such as employment, language support, cultural training, volunteering, repatriation support etc. Ongoing support needs to be provided for directly to the expat partner through online coaching or via online networking tools in which partners can connect to each other. Considering that partner support requires customized solutions, the best partner support is provided for by an independent party which has the in-house knowledge providing partner support and which can manage the budget accordingly. Last but not least, providing partner support for matters related to repatriation is essential and should start as early as possible.

Clearly, partner support is not only crucial for the overall success of an assignment and for the retention of the expat but as a unique selling point it may also be regarded as an excellent recruitment tool.

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## Appendix

Figure 1: The mobile population in large organizations is increasing



Figure 2: the right perception of the partner support demand and efficiency costs

	HR's view (ranking)	Partners' view (ranking)
Destination	23% (1)	26% (1)
Life abroad	20% (2/3)	24% (2)
Networking (learning how)	20% (2/3)	15% (3)
Paid work	14% (4)	14% (4)
Alternatives to paid work	12% (5)	10% (5/6)
Repatriation (settling in)	9% (6)	10% (5/6)
Other	2% (7)	1% (7)

Figure 3: main reasons to change course

	HR's view (ranking)	Partners' view (ranking)
No suitable jobs available	77% (1)	32% (3)
Cannot get a work permit	66% (2)	25% (5)
Possibility to change course and do something completely different	55% (3)	35% (2)
Life as an expat partner is more difficult to combine with paid work than expected	36% (4)	42% (1)
Local conditions of employment – low pay	27% (5)	24% (6)
Local conditions of employment – limited number of vacation days	15% (6/7)	27% (4)
Other, e.g. no part-time jobs available	15% (6/7)	13% (7)

Figure 4: importance of media

	HR's view (ranking)	Partners' view (ranking)
Personal support	43% (1)	34% (2)
Networks	27% (2)	15% (3/4)
Local meetings/workshops	15% (3)	15% (3/4)
Media	12% (4)	36% (1)
Other	3% (5)	0%

Figure 5: high level cost projection long term assignment

<b>High level Cost Projection for Expatriate Assignment - for decision making purposes</b>					
1	Expat name:	John Doe	Prepared by:	Kimberley Hamilton	
	Home Location:	Netherlands, Best	Date:	12/10/2017	
	Host Location:	United States, Colorado Springs,	Currency:	USD	
	Assignment Start date:	1/1/2018	Home to Host Currency:	1.058	
	Assignment Policy:	Expatriate Policy	EUR to Host Currency:	1.058	
	Marital Status:	Accompanying			
	Family Composition on assignm	M+2			
	Corporate grade:	CG90			
	Home Base Salary:	125,075	EUR		
<hr/>					
<b>Cost projection is in Hos. USD</b>					
		<i>Arrival Year</i>	<i>On-assignment Year</i>	<i>Departure Year</i>	<i>Total</i>
<b>Expat Compensation Sheet</b>					
	Host spendable	29,544	30,431	31,344	91,319
	Home spendable	77,231	79,548	81,934	238,712
2	Housing	22,800	22,800	22,800	68,400
	Transportation	10,418	10,418	10,418	31,254
	Home leave	7,254	7,254	7,254	21,761
3	Annual Incentive	12,703	13,085	13,477	39,265
4	Gross up taxes ECS	87,700	90,331	93,041	271,071
	<b>Sub Total</b>	<b>247,650</b>	<b>253,865</b>	<b>260,267</b>	<b>761,783</b>
<hr/>					
5	<b>Schooling</b>	38,088	38,088	38,088	114,264
<b>Social security</b>					
6	Pension contributions home	26,466	27,260	28,078	81,803
	Social security home/host	20,564	21,181	21,817	63,562
<b>Lump sums</b>					
7	Pre-assignment	1,859	0	0	1,859
8	Relocation / Resettlement	17,986	0	13,490	31,476
<b>Vendor related costs</b>					
9	Tax / social security	3,703	1,375	3,703	8,781
	Immigration	5,017	0	5,017	10,034
	Health insurance	18,435	18,435	18,435	55,305
	Private insurance	402	402	402	1,206
	Removal Household Goods	15,767	0	15,767	31,534
	Destination services	3,491	0	1,164	4,655
	Education support	952	476	476	1,904
	Partner support	6,348	5,290	5,290	16,928
	Cultural awareness training	3,121	0	0	3,121
	Relocation flight tickets	23,005	0	23,005	46,010
	Pre-assignment flight tickets	2,361	0	0	2,361
10	Gross up taxes other elements	47,234	36,708	43,086	127,028
	<b>Total costs company</b>	<b>482,450</b>	<b>403,081</b>	<b>478,084</b>	<b>1,363,615</b>
<hr/>					
<i>Please note that this calculation is based on approximate indications. Actual amounts may vary. The purpose of this document is to provide a high level indication of costs for decision making purposes. No right can be claimed from this calculation.</i>					

Figure 6: impact of partner support

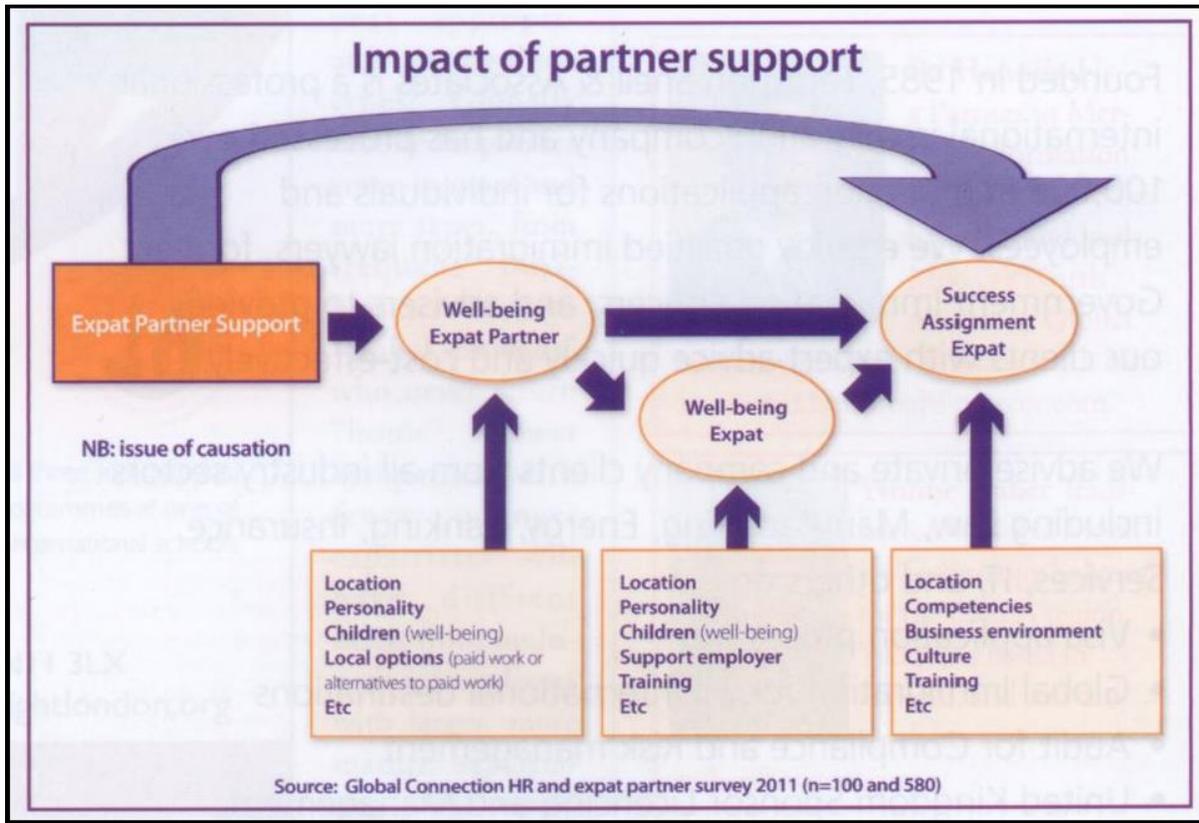


Figure 7: most important improvement options

