

**MASTER COURSE
HUMAN RESOURCES AND GLOBAL MOBILITY**



**GLOBAL MOBILITY MANAGEMENT
OF FREQUENT BUSINESS TRAVELERS**

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1. Introduction

In today's working environment, companies have a wide range of Frequent Business Travelers like employees with global roles, virtual employees, foreign international local hires, cross border travelers, employees with a very specific expertise, like engineers, doctors, etc.

Frequent Business Travelers (FBT) fulfill companies' strategies by being present on short notice and for short periods of time on different countries around the world as required.

Usually the corporate function that manages the FBT is the Travel Management department or Human Resources department because of the ownership of the Business Travel Policies.

The international mobility support provided by Global Mobility corporate functions are traditional international assignments that are based on continuous stay in host country, with a fix start and end date, usually longer than 60-90 days. This is why FBT represent a totally different population and fall out of the international assignment policies.

The current way of corporate management reveals a gap in tracking all employees presence around the world, by time spent in each country, nature of activities, cost charging between group or client companies. This gap leads to risk and exposure in the employee compliance implementation related to immigration, social security, income taxation and labour law.

Because of the compliance complexities, Global Mobility functions have been identified in the recent years as the structure that could coordinate the FBT management and minimize companies risks and exposure to authorities for non-compliance.

In order for Global Mobility functions to help with the right policy design and implementation, it is needed to establish a close collaboration with the mobility service providers and internal stakeholders like: Corporate Tax, Legal Talent Management Compensation and Benefits, Travel Management.

For several years global mobility experts like: service providers, international organizations, The Economist, BIG4 companies, Worldwide ERC, Forum for Expatriate Management, Mercer, Air-Inc, and many others in the industry have signaled the risks and need of companies to own and implement FBT management as governments have increased their investigations on implementation of the immigration, labour law and taxation legal requirements.

First mention of this new population that travels and works continuously is in The Economist, "In search of stealth" published on 21 April 2005. Referring to the frequent business traveler population as "stealth expatriate" and a headache for the Human Resources Managers as more of 83% of companies participating in a study run by Cendant Mobility (today known as Cartus), declared that they do not have tracking systems implemented for this emerging population.

Mercer pointed out in their 2011 paper, "Global Mobility: The New Business Imperative" the increasing need to adjust the corporate global mobility management in line with business strategies and international environment.

In the March 2011 Mobility Magazine has mentioned the immigration compliance risks in for the extended business Travelers and the type visa assessment based on the: "Extended Business Travelers—Immigration Risk Management".

EY has pointed out in their 2015 Global Mobility Effectiveness Survey "Data makes mobility work" the increasing risks of non-compliance and the importance of using the data to address them and create specific solutions for each organization.

Since the first comments and identification of the new type of international mobile population and concerns that come with it, in the economic environment there were big changes like the financial crisis

in 2008 with a slow recovery and a very good economic growth in the recent years. The economic background has impacted the way that international companies are using frequent business travelers.

The purpose of this paper is to address the actual issue that international companies face related to the management of Frequent Business Travelers and how Global Mobility specialists could help to avoid non-compliance risks.

Question to be answered: Is it possible to use and expand the historical standard expat program management to the current needs to manage Frequent Business Travelers population in line with current economic reality and business goals by keeping a time effective approach towards processes, stakeholders and country combinations and also cost optimized compliance implementation?

This question comes in the economic and professional context as mentioned above that brings in the light to the Global mobility specialists that their knowledge and expertise is highly connected and needed for a proper company management of Frequent Business Travelers. This question is highly relevant for Global Mobility because of the increasing numbers in the business travelers who want to achieve companies' strategies and countries authorities who are improving their scrutiny and communication to track compliance implementation faster. One of the topics to be addressed is if previous and current experience with international assignments can be used and applied to the Frequent Business Travelers management.

The thesis is structured in a way to go through the way that Frequent Business Travelers population developed across time till the current environment because this defines the evolution and how and why we need FBT today. Next is to identify how the international companies are looking and managing this population, what are the differences between FBT and Expatriates and what the Global mobility professionals do in connection with FBT. The aim is to find current practices and new alternative ways that will help Global Mobility teams to manage better the Frequent Business Travelers risks.

The thesis question opened the door to many other questions which answers will help build a perspective that will help Global Mobility Management of Frequent Business Travelers (FBT).

The questions that will be addressed and for which an answer will be researched within the pages of this paper are:

- What FBT means?
- What are FBT international movements and reasons?
- What is the focus of the international companies on global mobility management of FBT?
- Why do companies need FBT?
- How the FBT connect to the business goals?
- How FBT differentiate from expats?
- How Global Mobility Teams manage FBT now?
- Who are the stakeholders in the global mobility management of FBT?
- Who are the external parties involved in the global mobility management of FBT?
- How expat management processes are extended to FBT management?
- What are the compliance requirements for FBT?
- What are the costs with global mobility management and compliance implementation for FBT?
- What are practical alternatives for Global Mobility Teams to manage FBT?

2. Methodology and Research Design

Methodology used is the survey method addressed to multiple Global Mobility stakeholders to be able to gather different perspectives, depending on their roles and also to create a wider picture of all these perspectives together in a way that will help to find management solutions to the Frequent Business Traveler issues.

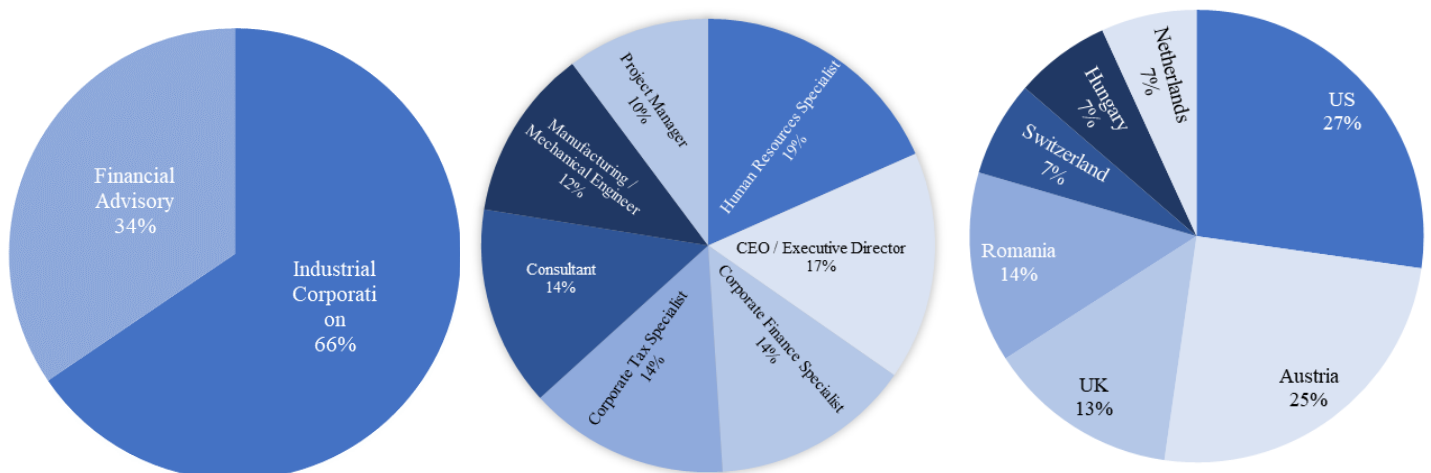
To reach a targeted population I have used personal network within Global Mobility and LinkedIn, professional platform to connect with new professionals whose work is impacted by Global Mobility and to ask them to answer to the “Frequent Business Travelers” survey.

With a first step to connect in an efficient way with the audience and get a good rate of responses, I have post the survey on 20 Global Mobility LinkedIn Groups and also sent it by private message to 150 professionals from older and recent connections, initiative which concluded with a return of 50 survey responses.

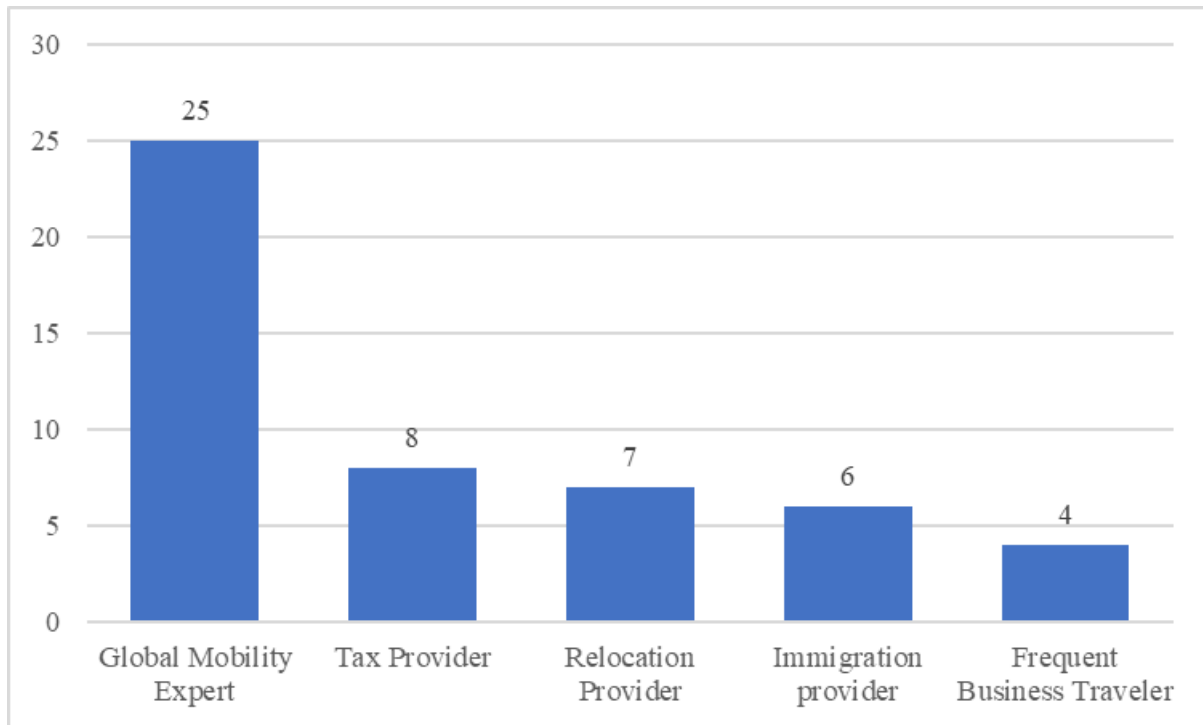
“Frequent Business Travelers Survey” was built on Google Forms platform and has 10 questions, out of which 8 give the respondents the possibility of one or more predefined choices out of which the last one could be “other” with free text. The last 2 questions were open answer to be able to capture creative vision oriented towards tools and solutions also with specific goal to avoid my personal confirmation bias that could lead to influenced answers and could block or limited the personal perspective of the respondent.

To the survey, I will add research from Global Mobility literature, websites, articles that presented in the recent past years the upcoming challenges with Frequent Business Travelers and also personal knowledge and expertise in working with FBT.

Total number of views on the LinkedIn post was 311 with the below distribution:



The Survey respondents' roles distribution was:



3. Frequent Business Travelers (FBT) History

From early ancient history we can identify international travelers that had different life and business goals. Trading routes merchants were essential to civilization development, they not brought silk, spices or other goods, but also represented a very good link for intercultural exchanges.

Armies had their own international soldiers that were motivated to participate to colonization by money compensation, slaves and land depending on their army service time.

Another type of early international traveler are the religion missionaries. Christianity, Islam, and Buddhism are the most known religions that had historical international missions with the goal to spread their religion message and acquire new adepts. Religion missionaries are still active today and even if the motivation is not financial there are always finance connected to it.

Christianity under papacy ruling, had a series of military expeditions, called Crusades that motivated a "Holly war". Crusaders motivation was earthly and holly as they were attracted by suspension of any legal proceedings against them and also they received an upfront forgiveness of all their sins during this life without any liability to the "Next life".

From ancient times till now irrespective of the motivation for the international travel there are always financial issues connected to it.

Thomas Cook, a Baptist preacher is the first world knows travel agent, by having a commission deal with Midland Railway to organize transportation for 540 people.

According to Stephen Joyce article "A brief history of travel technology – from its evolution to looking at the future" published in September 2013 on www.tnooz.com " In 1845, Cook arranged travel for 165,000 people without the aid of any technology... Cook managed all that customer and booking data

with nothing but a fountain pen and a paper ledger. The thought of managing that much information without the use of technology seems ludicrous, and yet, it was done.”

Transportation was the main facilitator of humankind mobility and its transformation and evolution is impressive across history.



Transportation represents technological innovation and has changed the face on travel and today we see international multi-country trips done within 3-4 days which that not long ago could take 3-4 weeks to be completed.

Technological developments in the travel management show that the approach is changing from a supply/travel agent perspective to the customer direct booking by customized service offerings.

As we can see business travel is not a new phenomenon and people traveled for work centuries and evolved increased in numbers, especially with during the Industrial Revolution (between 1750 – 1990) with the most dramatic increase as of 1950 to today’s world when we are living the Technological Revolution and probably the business travel will increase exponentially and transform in many ways.

4. Who are FBT Today? Business goals connected to FBT

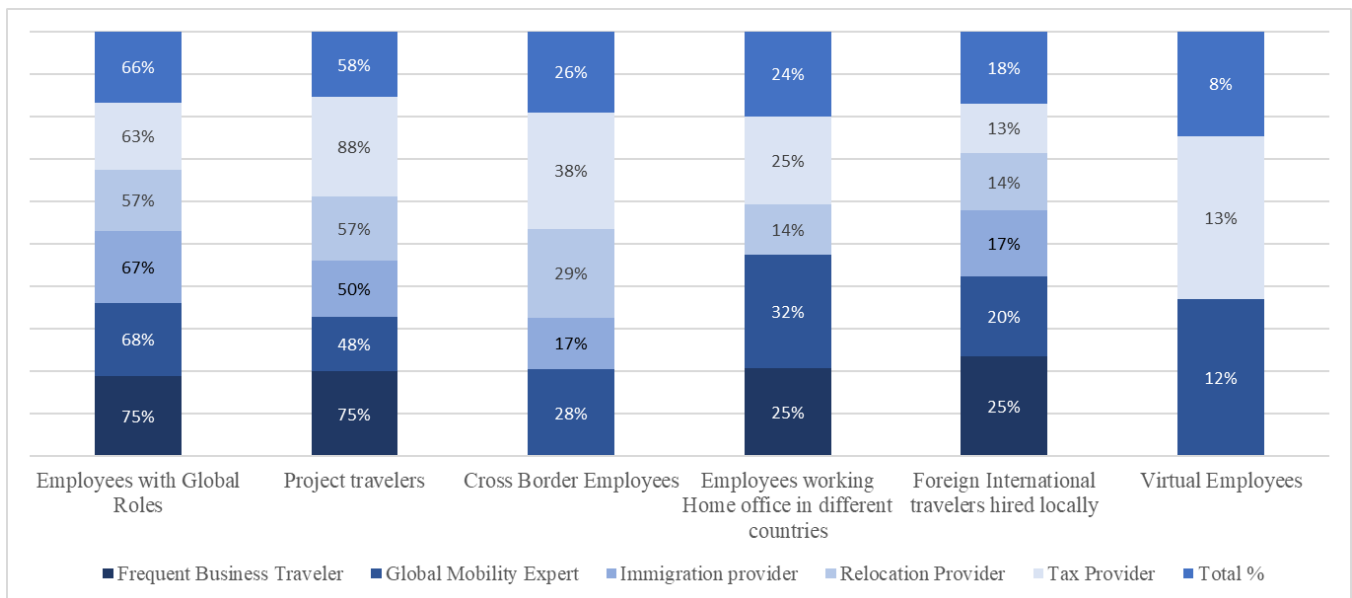
Now even with technology evolution it looks that companies need and depend even more on the business travelers that support the short and long term corporate strategies. There are multiple ways that Business Travelers help to accomplish company’s goals:

- Identify opportunities to extend to new markets: Analyze trends, Sites visits, Network with potential business partners
- Market or promote a new or an existing product
- Improve relationships with customers and suppliers
- Supervision of teams in different countries for Global and Regional Leaders
- Recurrent meetings at other company locations

- Temporary cover for talent gap in another location
- Professional development, on the job training
- International projects
- Living in a different country and commuting to work on recurrent basis

In the last years Corporate Travel Management teams took the initiative to implement policies and technologies to help business travel bookings, tracking, management and expense claims. There was a positive experience to replace formers spreadsheets or unique country tools with technologies that facilitate global standardization and monitoring.

Frequent Business Travelers identified by respondents of the survey are within the following categories:



As Frequent Business Travelers answers marked as FBT : Employees with Global Roles, Project Travelers, Employees working Home office in different countries, Foreign International travelers hired locally, we can assume that they are representing themselves a category from the identified ones.

Global Mobility Experts and Tax providers have considered all to fall in the category of frequent business traveler, however Relocation providers has left out virtual employees and Immigration providers excluded employee working from Home office in different countries and virtual employees.

The answers could lead to an interpretation of the type of population that it is identified by Global motility teams compared to the one that is serviced by the mobility providers and also that based on experience and service offered to which type of business traveler they have encountered.

Beside the above mentioned categories that were predefined in the questions answer there were mentioned also other types of business travelers: Expert employees traveling to support business needs, Employees working in and/or travelling to multiple countries, any employee travelling over 30 days to a host location for work, short term business travelers, employees working in the host country less than 40%.

The other type of mentioned business travelers shows a general umbrella of gathering multiple types of international traveler employees like, short-term business travelers or employees working in and/or travelling to multiple countries or practical approaches and definitions like all employees working in host countries less than 40% or employees travelling over 30 days.

Fast evolution of technologies and the way they can be applied to support economic growth comes in contradiction with legal framework connected with international travel, which is evolving to a much slower pace and adds bureaucratic limitations and even outdated requirements: police registration for every 5 days of business trip, personal trips to different authorities for registration in different location than the working one, etc.

Bureaucracy is here to stay and with increasing country combinations this will be a long term constraint to which corporations and international travelers need to adapt, however this doesn't mean to disregard authorities' recent developments. There are multiple countries where Border/Immigration offices are actively communicating with Social Security, Tax offices and Labour Law authorities.

Many times frequent international travelers are interrogated about their activities and sometimes about specific tax declaration by the border control.

What this means? There are no longer the days when business visa could be used for 3 months for work or having a work visa without proper tax registration, reporting, payment.

This type of business practices functioned in the past and also created business travel myths:

- "Business visa can be used for work"
- "Work can be done in another country for 183 days/year without any risk"
- "Labour law doesn't apply to foreigners"
- "Nobody will check. We did this before"
- "Commuters are easier and cheaper than expats"
- "Tax has to be paid where employee is paid"

These myths can be very dangerous to employees and companies if still are applied.

5. Expats vs FBT

According to Global Mobility experts the corporate Expats populations are going down in numbers and in the same time business travelers numbers are higher than ever.

This is trend that started with the economical crisis in 2008 when the high expatriation costs were challenged by top management and tighter controls and approval lines were put in place with continuity during the economical recovery as the business travel offers increased flexibility both towards company goals and employee's personal life.

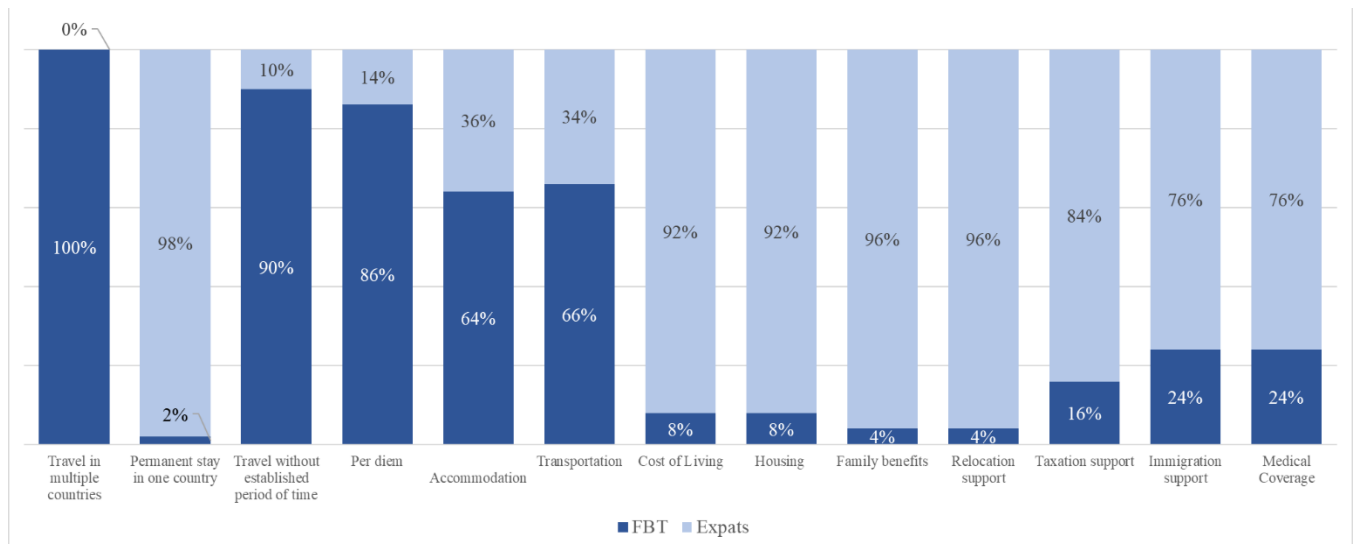
The 3rd question from the survey addressed differences between Expats and Business Travelers based on the nature of travel pattern and received benefits.

- Travel in multiple countries
- Permanent stay in one country
- Travel without established period of time
- Per diem
- Accommodation
- Transportation
- Cost of Living Housing
- Family benefits Relocation support
- Taxation support
- Immigration support
- Medical Coverage

Technical restriction of the survey system was that for this specific question, the respondent could choose either Expat or Frequent Business Traveler for each of the above mentioned option, but not both,

which made the respondent not choose the one that they considered is connected in a higher percentage to either Expats or FBT.

Distribution of answers



At a first glance of the answers it is visible a common understanding of the travel pattern of Frequent Business Travelers vs Expats. 100% of Respondents say that FBT travel in multiple countries and 98% believe that Expats have a permanent stay in one country. 90% of the respondents confirm that one other major difference in the travel pattern is that FBT usually have their trips decided on short term notice without a definite start and end date compared with Expats who depend on the intensive upfront planning and decision of start and end date.

Of course this doesn't exclude the expats that role requires them to have many trips in multiple countries. They fall under both categories, first as Expat when they relocated and second as FBT from the new location. For this type of traveler compliance could bring more complexities that are connected with the Nationality impacting the visa requirements to other countries and also employment country that will impact the social and income taxation requirements and payroll implementation.

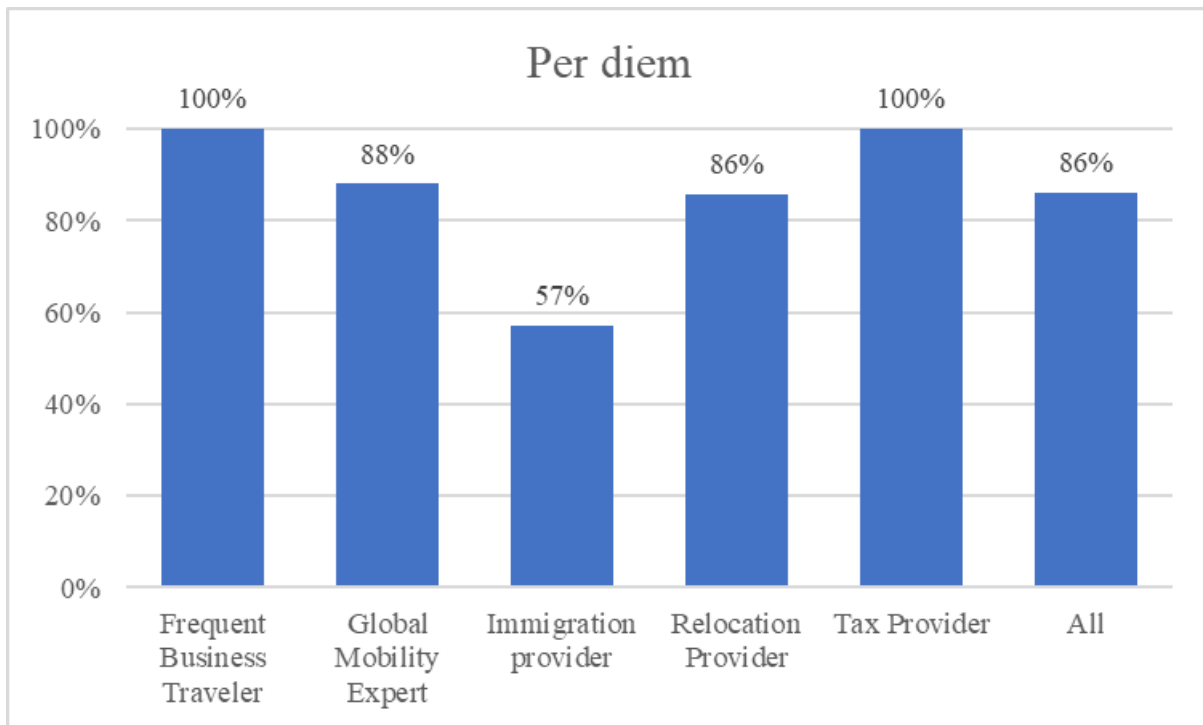
On the benefits side more than 90% of respondents agree that: Cost of Living, Housing, Family Benefits and Relocation support are mainly offered to Expats and between 75% to 85% say that Taxation, Immigration and Medical Coverage are also mainly Expats benefits.

For the Frequent Business Travelers main benefits are marked by the survey results are:

Per Diem - 86%, Accommodation - 64% and Transportation – 66%.

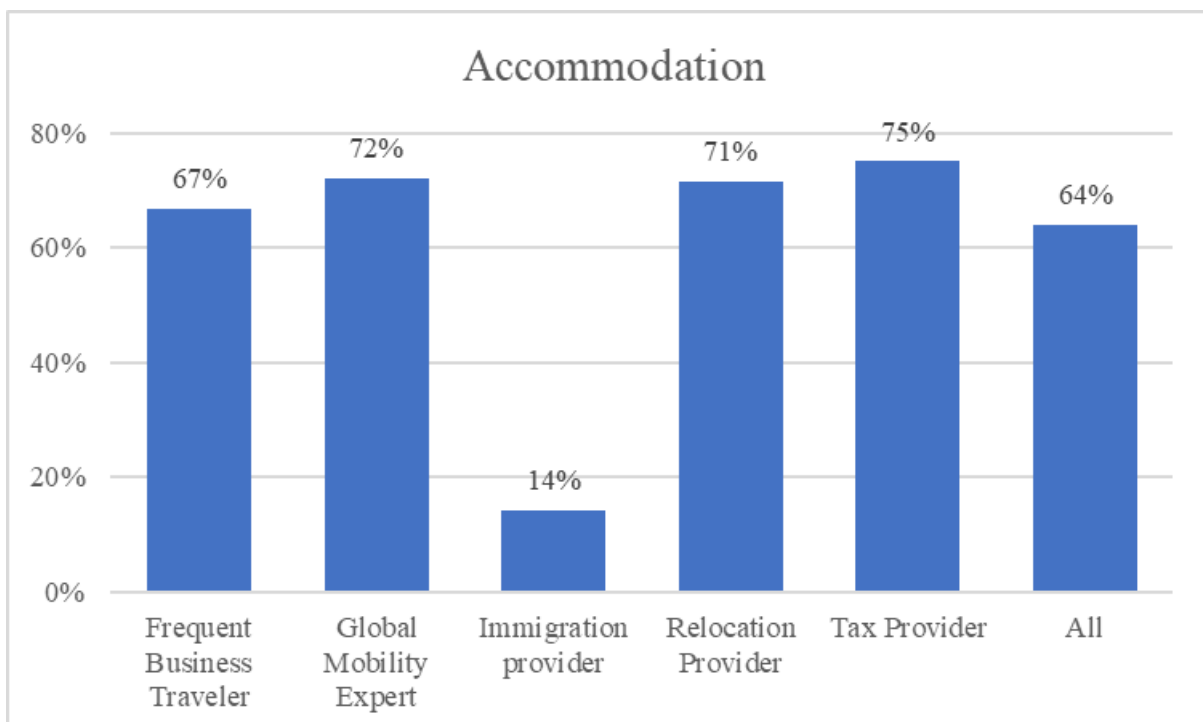
Interesting is that 67% of from Frequent Business Travelers respondents believe that Medical Coverage is an Expat only benefit.

From the answers connected to the frequent business travelers and benefits I have extracted few that show differences of more than 10%, depending on the role of the respondent.

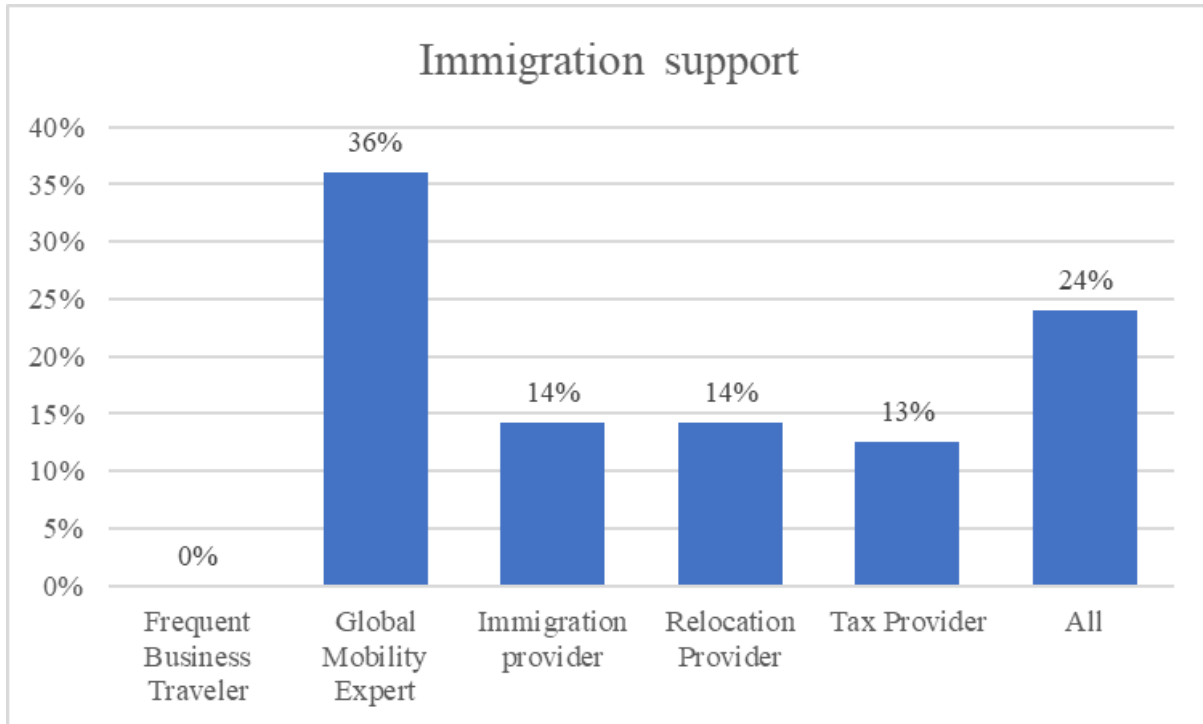


Immigration providers have marked that Per diem is applicable for FBT only 57% leaving the rest to 43% for the Expats.

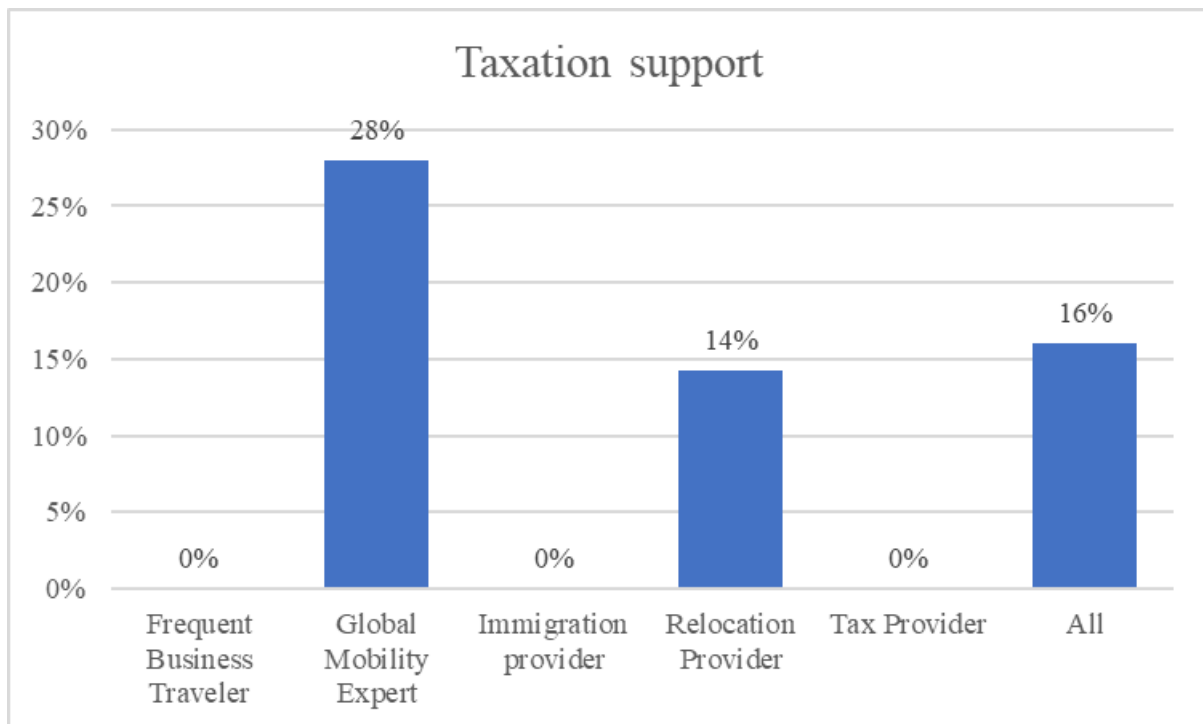
With a total average all respondents that say Per diem is 86% applicable to FBT is important to understand what triggers this different point of view.



For Accommodation a difference of 50 % points is identified by the answers provided by **Immigration providers** compared with other mobility stakeholders that show a different understanding of this benefit and requires a detailed discussion for finding the common one.



One of the relevant differences connected to the FBT benefits is the answer related to Immigration support as there is a relevant difference of more than 20 percent between Global Mobility Experts 36% and average of mobility advisers that believe in average that this benefit is to be offered to FBT. This difference is representative to mark the perspective gap between Global Mobility and Mobility Services Providers. This is an opportunity for additional discussion between them and also for service offerings in the immigration support dedicated to the FBT.

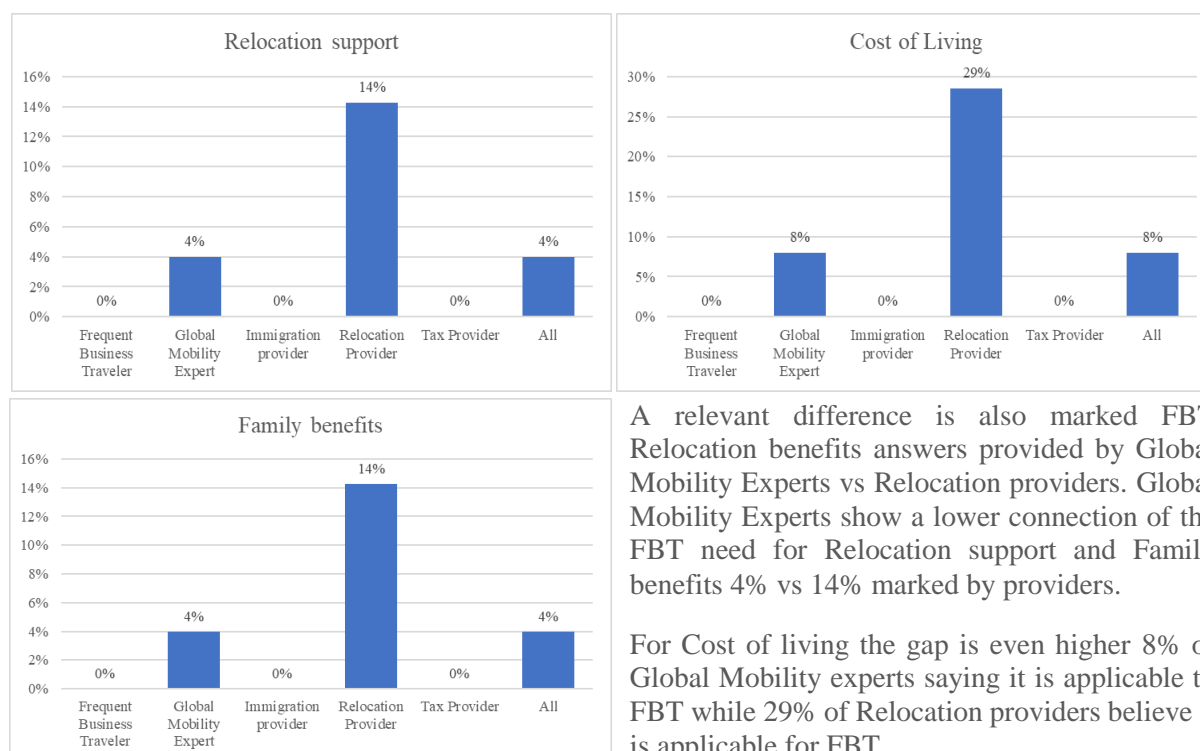


Tax providers have marked the tax support applicable only to Expats while 28% of Global Mobility Experts and 14% of Relocation Providers say that this is benefit applicable to FBT.

Tax providers can use the opportunity to connect with Global Mobility teams and also partner relocation providers to understand what are the challenges of the FBT taxation and use this and opportunity to have a FBT Tax service offering.

Results connected to the mobility compliance (immigration and tax) support are relevant and unexpected as they mark the gap between corporate internal teams and service providers' perspective.

Considering that in the recent years there was increasing literature about the compliance issues connected with the business travelers, written by immigration and taxation providers and the above surprising results that mark a high awareness of the Global Mobility teams, now the questions are: What are the service offerings of mobility compliance providers to help with FBT management? Is anything specific designed?



By comparison if in the space of the FBT designed compliance services there is business potential and increasing opportunities for the relocation providers it is recommended a deeper analysis of what services are offered to companies to support FBT and how many of those are representing actually a need for their clients, as the above results could show that relocation providers think there is a bigger relocation service market for FBT compared to the clients' needs.

Relocation providers can review their understanding of the market needs connected with FBT services and also analyze who is their competition in providing these services.

With important and relevant answers to capture differences between Expats and FBTs it is important to say that reality brings grey situations on the table to which as professional we need to adapt together and find customized solutions to support employees deliver their best work at home and abroad.

There might be a case when an employee has to travel back and forth to a specific location for a longer period of time to deliver on a special project. Considering the criteria of one location and intensive travel, situational benefits can be discussed for the employee, that go beyond of the Business Travel limitations:

- As the location is unique a temporary accommodation instead of a hotel can be considered
- A daily cost of living difference can be added to the per-diem for the actual days spent in the Host Country

- Broader International Medical coverage depending on the working location
- Incentives to compensate for the family lost time: family flights or additional days off

Important to say that while employee's top-up benefits depend on the business leadership budgets and approval, compliance is mandatory and not negotiable.

6. Global Mobility Management of expatriates

Expatriates are employees that are relocated on short or long term in foreign countries to support corporate business strategies. Expatriates are needed to extend the headquarters practices to international locations or assigned to headquarters to bring specialized expertise and diversity.

Usually an expatriate assignment is temporary with continuity of his Home country employment and represents a higher cost for the work performed in the Host country compared to a local hired employee due to additional allowances and benefits received:

- Cost of living allowance to match the loss in cost of living compare to Home Country. Even if this calculated based on a comparison Home/Host index and could be also negative there are very few international companies that are making the negative adjustments
- Hardship allowance depending on the new working location
- Fully paid housing and car in Host location
- Family benefits: International school for children, spouse professional relocation support
- Moving goods allowance
- Yearly home flights
- Intercultural training
- Compliance services: Immigration, Social Security, Income Taxation, International payroll,

In the recent years there was a reluctance from businesses to use expatriate assignments because of the high costs and also from employees to accept it due to life impact concerns. Expatriates still represent a strategic enabler of critical business needs like opening new markets, bringing new company products in different location around the world, setting up succession paths.

Global Mobility teams have a long history in managing expatriate assignments which are now already embedded in the culture of the corporations, by using global standardized policies, guidelines and streamlined processes with clear role and responsibilities distribution.

This by far, doesn't mean that there are no more challenges with the active expatriate populations, however it marks that there is a workflow that is understood and respected by all the impacted stakeholders with good controls in place and time for assignment preparation.

Global Mobility teams have processes and tools that help them to receive expat initiations and actively monitor the status of assignments. There is no doubt for Business partners that they need to reach for Global Mobility experts whenever a need for a new expatriate or an early repatriation appear.

The current challenges with Expatriate programs are containing the costs, assignee and family adjustment that could have impact on the assignee productivity.

7. Global Mobility Management of FBT

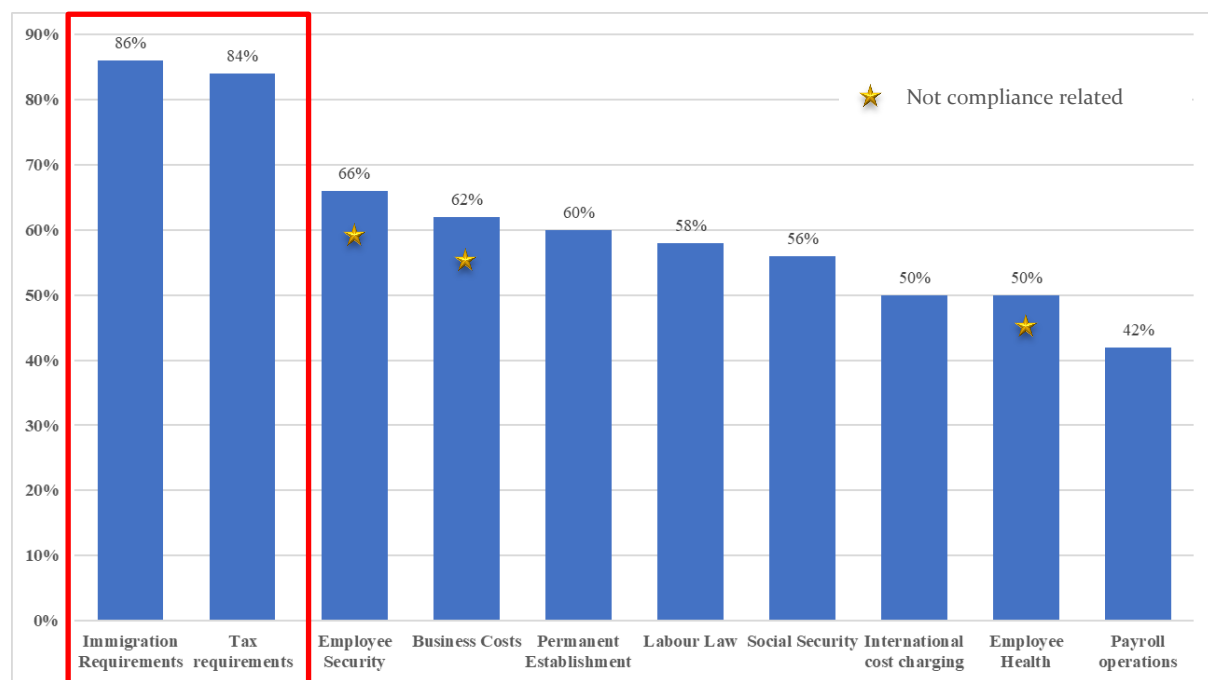
I. CONCERNS

If for Expat Global Mobility Management we can talk about fine tuning of processes and updates in line with business strategies and compliance requirements, FBT represent the initial side of implementation.

FBT Management is in the pioneering phase for Global Mobility teams that recently discovered the additional risk with need for specialized expertise in addressing the associated concerns related to immigration, taxation, labour law requirements.

There are many questions that appear in how to capture all the cases in time for compliance? Or who and how are the cases sent to the right stakeholder?

According to the survey respondents the main three concerns for a corporation related to the Frequent Business Travelers are Immigration Requirements, Tax Requirements and Employee security while the least three are International cost charging, Employee health and Payroll Operations.

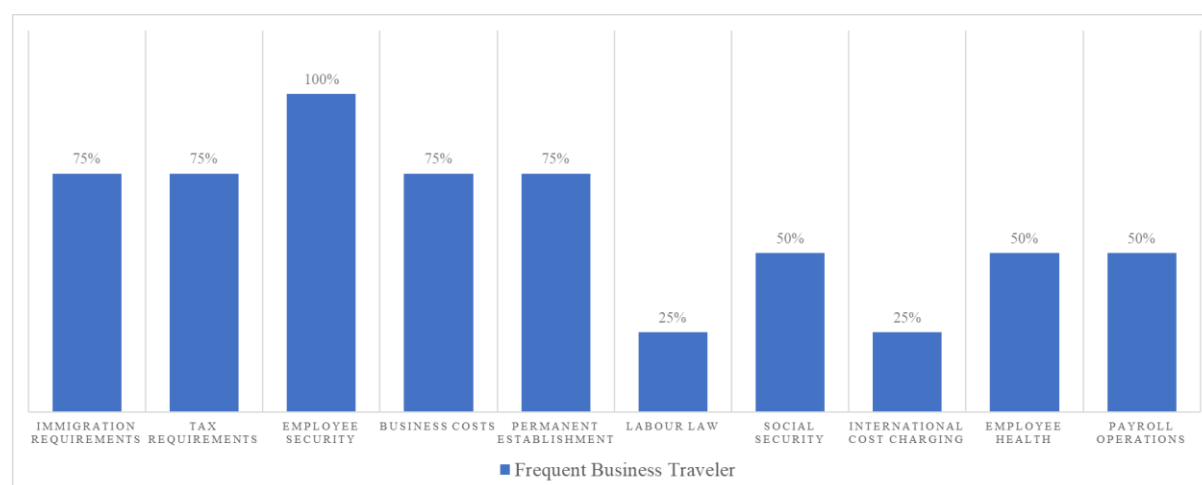


From 10 major concerns expressed related to the corporate management of the Frequent Business Travelers 30% are not directly connected with compliance and with high importance: Employee Security, Employee Health and Business Costs.

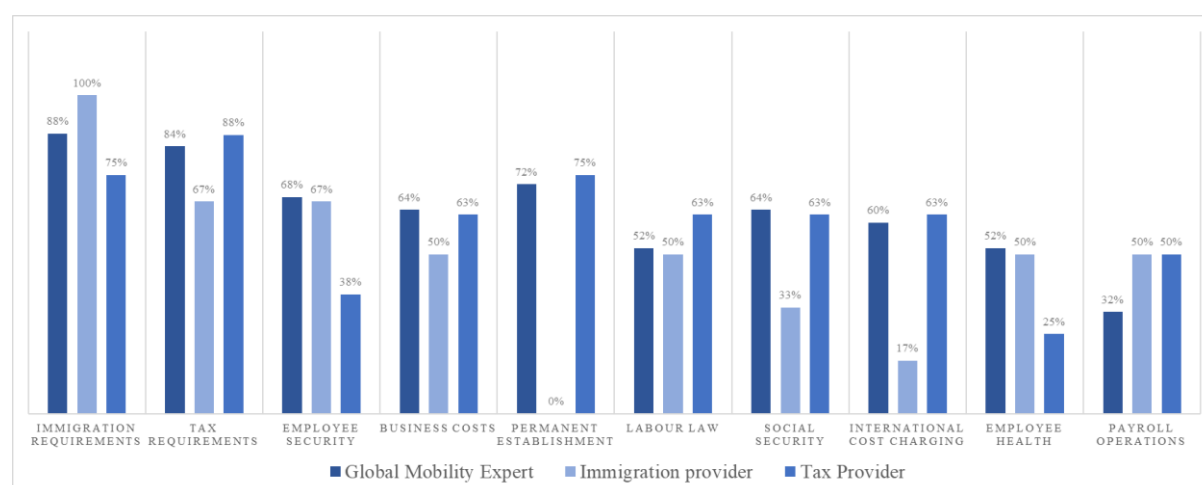
Employee Security and Employee health there are directly connected with the employee willingness to be part of the company business strategy and international goals. These concerns are addressed through: Travel policy, Corporate Security management especially for the hardship locations, Medical insurance coverage.

Business Costs represent the overall hat of all the other expressed concerns and shows the direct impact of all concerns and identified solutions to address them by implementing right policies, processes and procedures.

For Business Travelers the main concern related to their travel is Employee security with 100% coverage of the FBT respondents, while Immigration, Tax, Business Costs and Permanent Establishment are next according to 75% of FBT and Labour Law with Cost Charging are on the last place marked as a concern by 25% of FBT.



It is possible that the view of Frequent Business Travelers on Labour Law and International cost charging shows a gap in the mobility knowledge and necessity of education that the Labour Law rules from the country of work apply even if the employment contract is in a different country also that the International Cost charging has a direct impact on the Tax requirements that are one of the main concerns expressed.

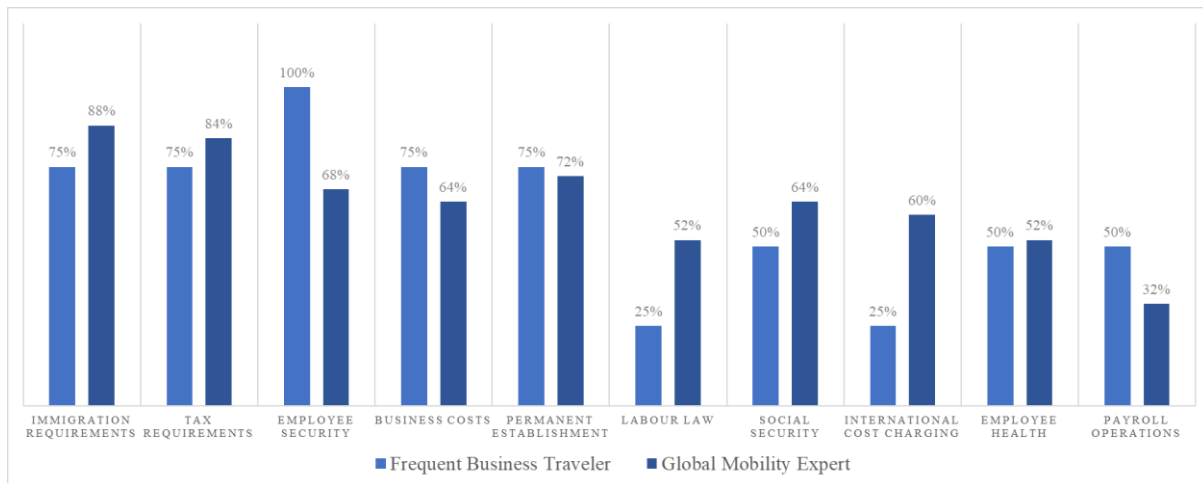


Of interest is to see how the point of view of Global Mobility experts compared to the Immigration and Tax provider as, Immigration and Tax are identified as the two main concerns in managing Frequent Business Travelers by 86% respective 84% of respondents, which shows a high involvement required from these providers.

Some of the surprising results are related to Employee Security, while more than 65% Global Mobility Experts and Immigration providers only 38% of the Tax providers see this as a concerns related to FBT Management. For Employee health there is a similar result, while more than 50% of Global Mobility Experts and Immigration providers only 25% of Tax providers consider it as concern.

Other contrasting results show that while more than 70% of Global Mobility experts and Tax providers consider Permanent establishment a very important none of the Immigration providers have treated it as a concern. Similar is the view on International Cost charging which was marked as a

concern by more than 60% of the Global Mobility experts and Tax providers while, only 17% of the Immigration providers checked it.

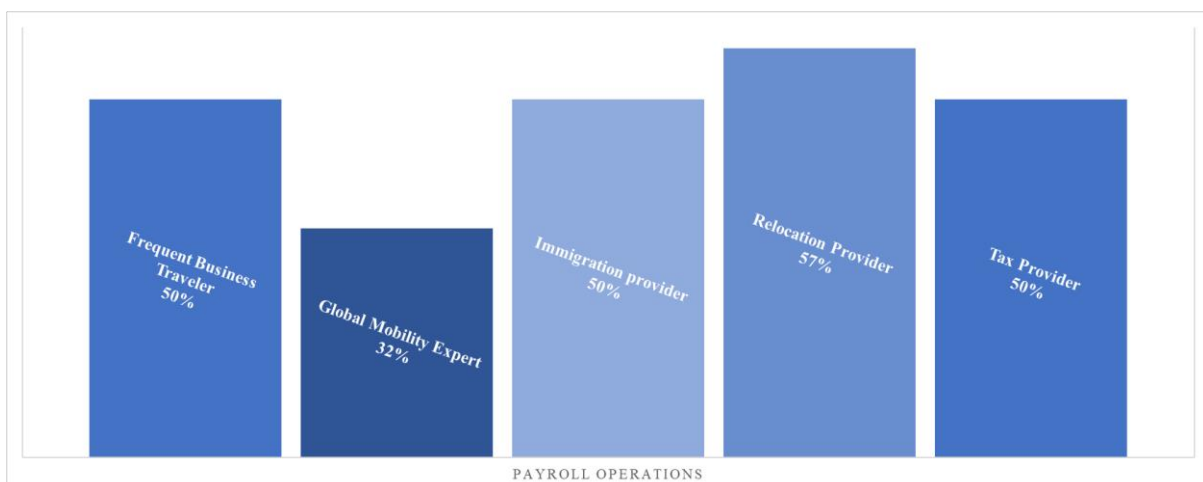


One of the important perspectives related the concerns in managing Frequent Business Travelers is the view of FBTs next to the one of Global Mobility experts. If for six of the identified concerns the point of view is close in the answers there are several areas that show a big difference that is relevant in the corporate management of FBTs.

100% of Frequent Business Travelers that answered to the survey say that Employee Security is concern which makes it top priority for FBTs with the highest grading and in relevant for 68% of the Global Mobility Experts.

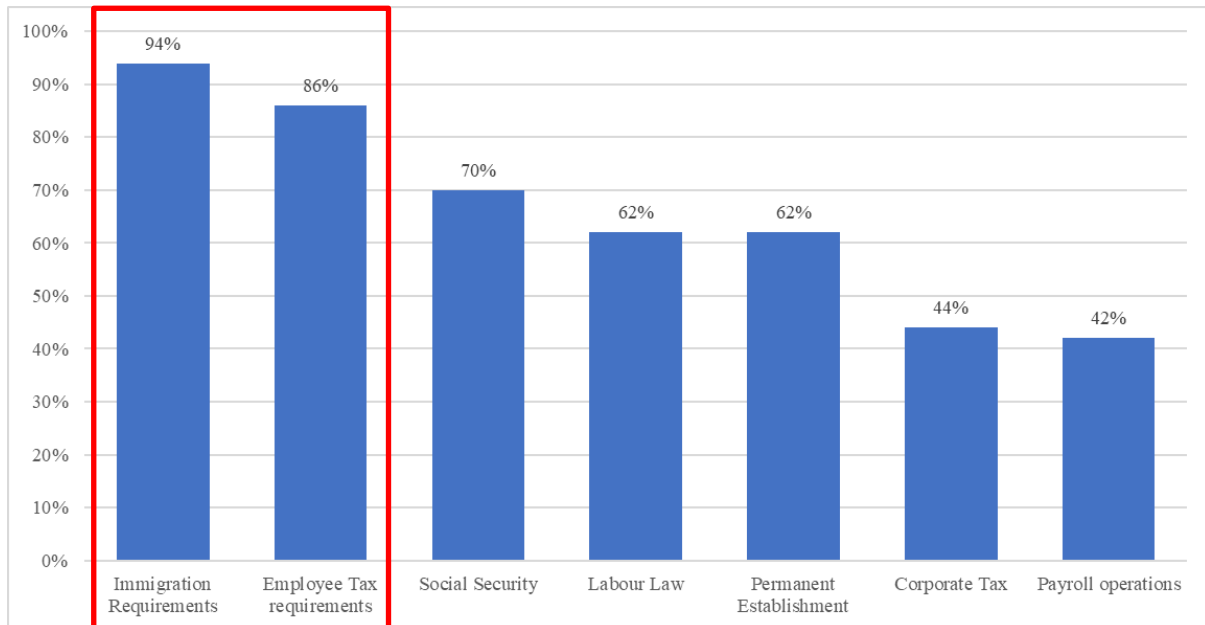
Another area with 18% higher relevance for Frequent Business Travelers compared to Global Mobility Experts is: Payroll Operations. This perspective of FBTs is similar to the Immigration and Tax providers of which 50% consider Payroll Operations relevant and 32% of Global Mobility Experts said it represents a concern.

This difference is of importance for Global Mobility Experts to reevaluate the impact of Payroll Operations in the overall implementation of the solutions for Frequent Business Traveler Management.



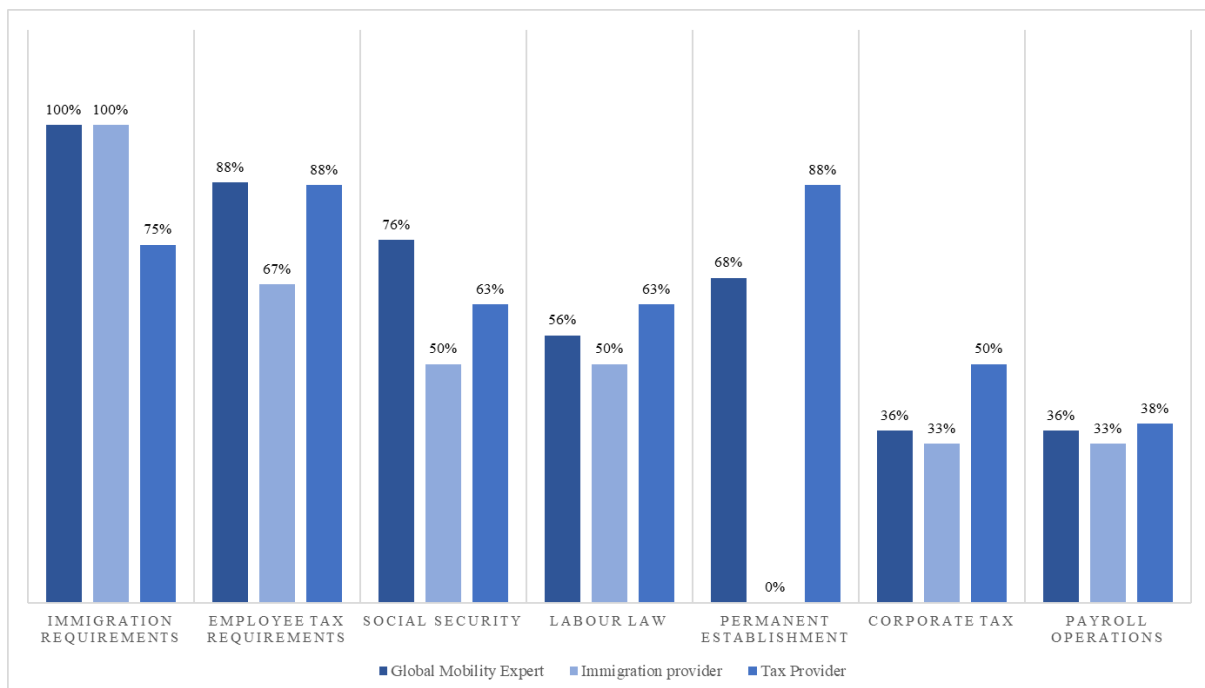
II. FBT COMPLIANCE REQUIREMENTS

From the overall concerns identified as a concern for managing Frequent Business Travelers 70% are directly connected with compliance requirements which reveals the importance of finding proper



solutions by creating policies, processes and procedures to manage FBTs with focus on compliance implementation.

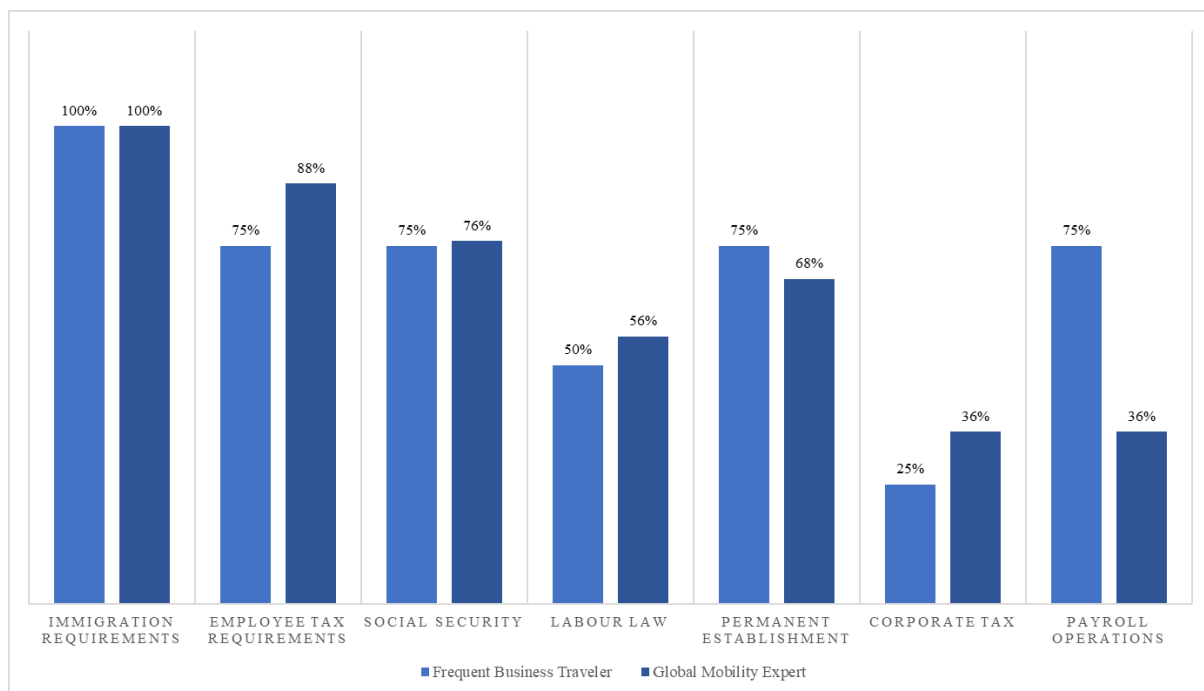
Immigration and Tax requirements represent the major concerns and compliance requirements identified by the survey's respondents.



It is interesting to see that there is a consistence between the answers addressing concerns and compliance requirements of Frequent Business Travelers management. This express a common understanding of the relevance and important major things that sets-up a good platform for discussions and direction of implementing structured solutions.

Compared to the answers of Global Mobility experts the ones provided by FBTs show a big difference in the interpretation of Payroll Operations that are considered important by 75% of FBTs and 36% of Global Mobility Experts.

Global Mobility Experts can interpret this result reprioritizing process of international compliance implementation by building a closer connection with payroll teams and integrating their involvement in the overall mobility management process with the purpose to give transparency for the Frequent Business Travelers.



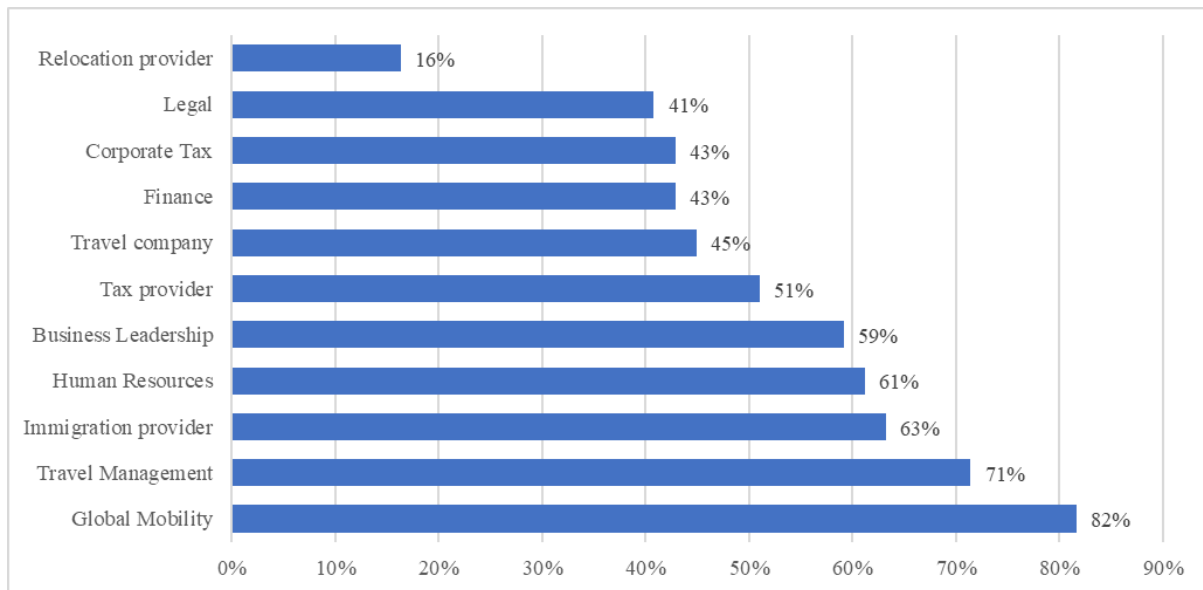
III. FBT STAKEHOLDERS

With the concerns and compliance identified next step is to bring together the Frequent Business Traveler's management stakeholders.

By working together, they can build a streamlined solution depending on a company needs for managing Frequent Business Travelers.

According to the survey respondents the main stakeholders in FBT's management with more than 50% agreement are: Global Mobility, Travel Management, Immigration provider, Human Resources, Business Leadership and Tax provider.

Other relevant stakeholders are Legal, Corporate Tax, Finance and Travel Company marked by more than 40% of the respondents and Relocation provider by 16%.



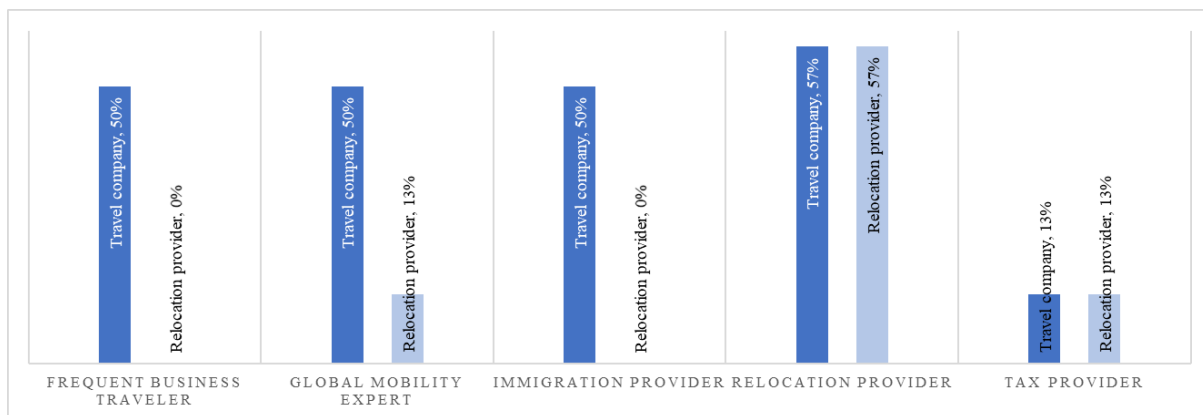
With a difference in the relevance as a stakeholder for Relocation provider (16%) compared to all the other that exceed 40% a deeper analysis of answers could provide a better understanding and differentiate the point of views by the role of the respondents.

Once are differentiated based on the role of the respondent there is visible a substantial difference between the perspective of Relocation provider where 57% marks their relevance as stakeholder in the management Frequent Business Travelers while for FBT and Immigration providers answers represent 0% and 13% of Global Mobility experts and Tax providers rate Relocation provider as a stakeholder.

For a better understanding of the survey results, I have matched the stakeholder answers of Travel Company and Relocation providers for analysis. The grounds for this matching is in the type of services that both offer. As well as Travel Company and Relocation provider help companies with employees' movement by offering solutions for transportation, accommodation, per-diem payment, etc.

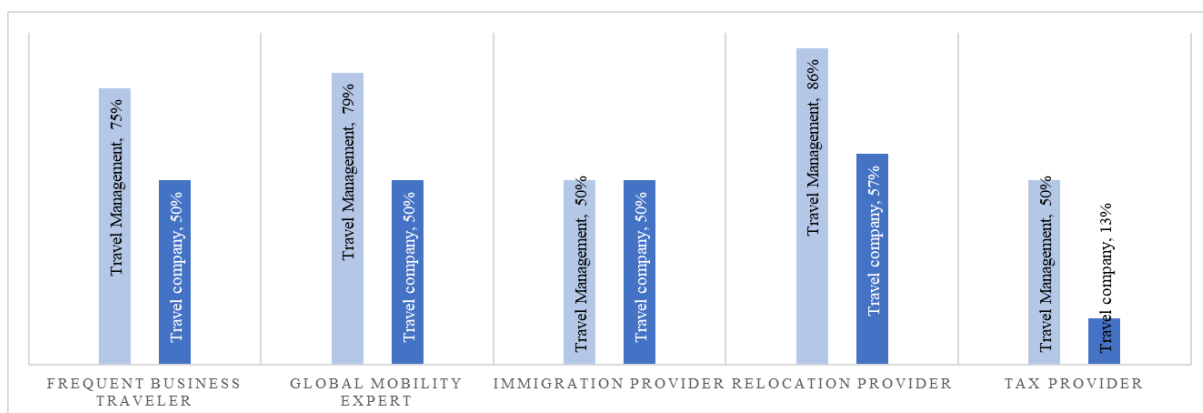
One difference that might set them apart is that a Travel Company has services for short term movement with services for flights, hotel and temporary accommodation, per-diem payment and management, while Relocation provider is seen more as a long-term provider for services like finding long-term accommodation, orientation tours, family support at the new location and international goods transportation.

In the stakeholder identification this is expressed by the fact that 50% of Frequent Business Travelers, Immigration providers and Global Mobility experts rate Travel Company as a stakeholder and only 13% of Global Mobility experts mark Relocation provider as one.



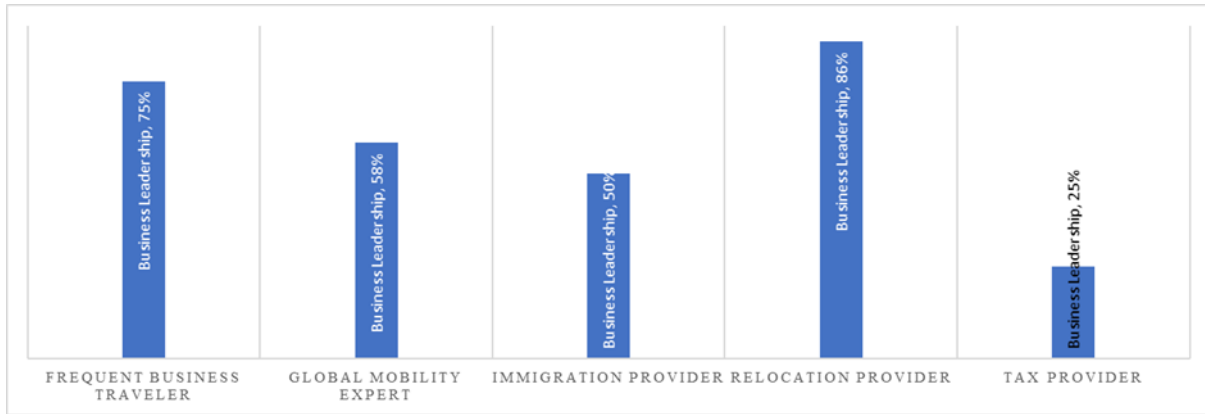
From corporate ownership it is also important to mention that Travel Companies service delivery is usually coordinated by the Travel Management while Relocations Services are coordinated by Global Mobility Teams.

Travel Management department has been selected by 71% of the respondents as a stakeholder with higher importance compared to 45% that marked Travel Company. The difference is important in establishing the level of interest and roles that both stakeholders hold in the Frequent Business Travelers management.

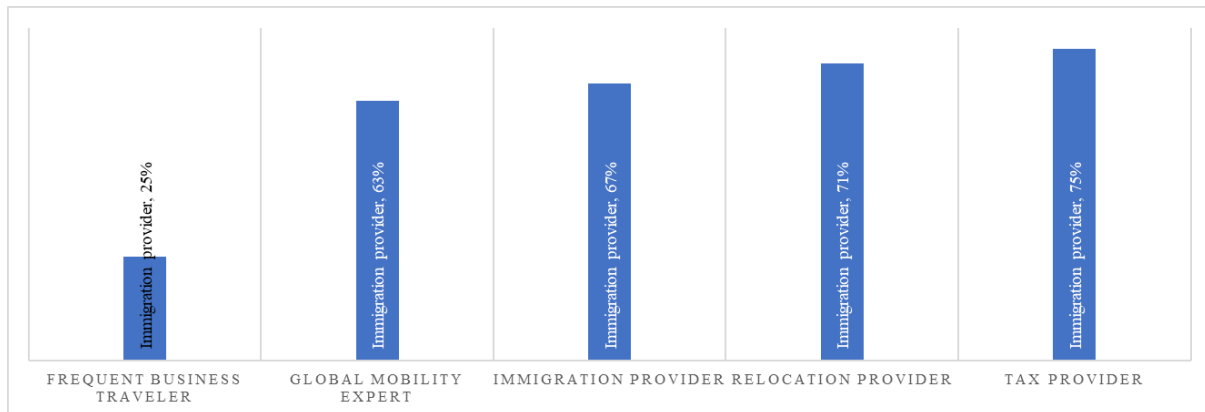


Business Leadership has an essential role in the Frequent Business Travelers Management as sponsor and decision maker of the corporate governance.

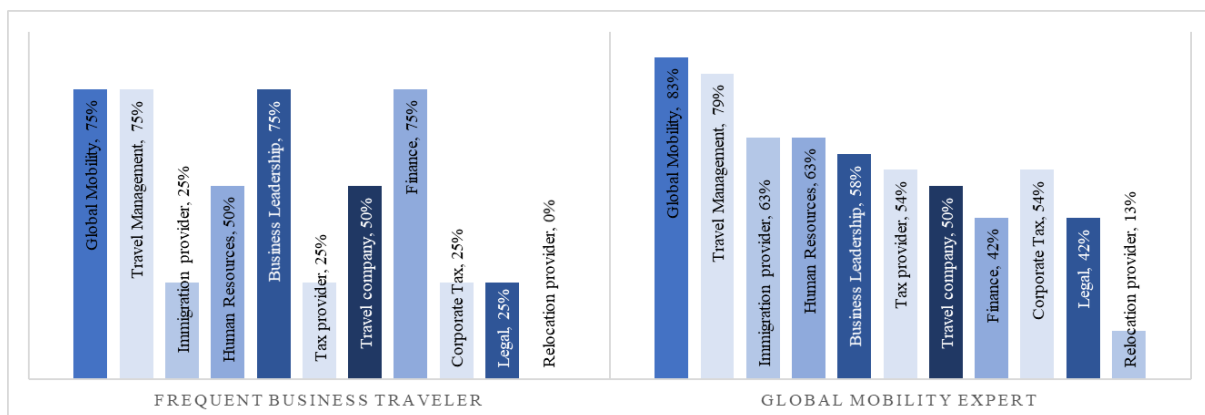
While 59% of the overall respondents identify Business Leadership as a stakeholder in the FBT management 25% of the Tax providers have identified it as one. The difference between Tax providers' answers and other roles could be triggered by the partnership that they need to build while delivering services for the FBTs.



With immigration labeled overall by 86% as a concern and by 94% as a major compliance requirement while 100% of Frequent Business Travelers said it is a concern and a compliance requirement connected with the FBT Management it is surprising to see that 25% of the FBTs have identified Immigration provider as a stakeholder. This answers can lead to additional questions for FBTs: Who do they see as the provider of immigration services? When and for what are the immigration services needed?

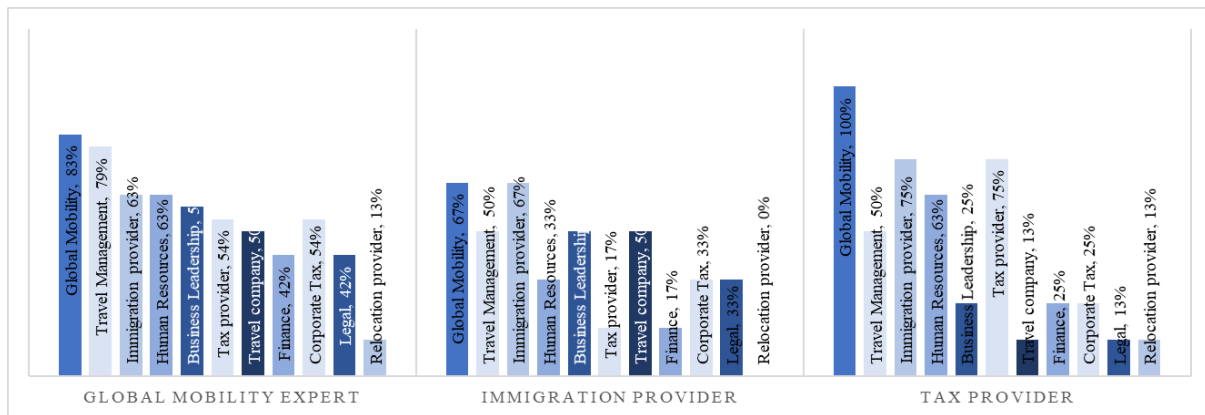


The conversation between Frequent Business Travelers and Global Mobility experts is necessary to set-up a common ground and understanding of what FBT Management.

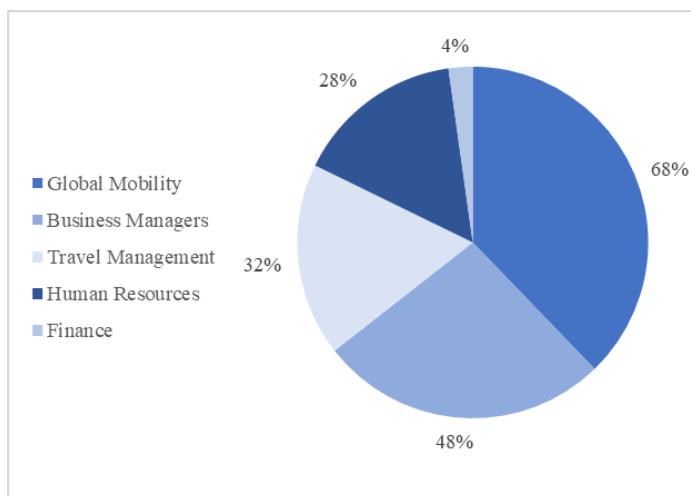


With Global Mobility identified by both roles as the main stakeholders it represents acceptance and trust of the involved experts.

Before taking action it is necessary to clarify the areas where differences are obvious like the role of: Immigration and Tax providers, why corporate tax is important in relation with frequent international travel and also establish common understanding for similar perspectives: Global Mobility, Travel Management and Business Leadership.



IV. FBT CORPORATE OWNERSHIP



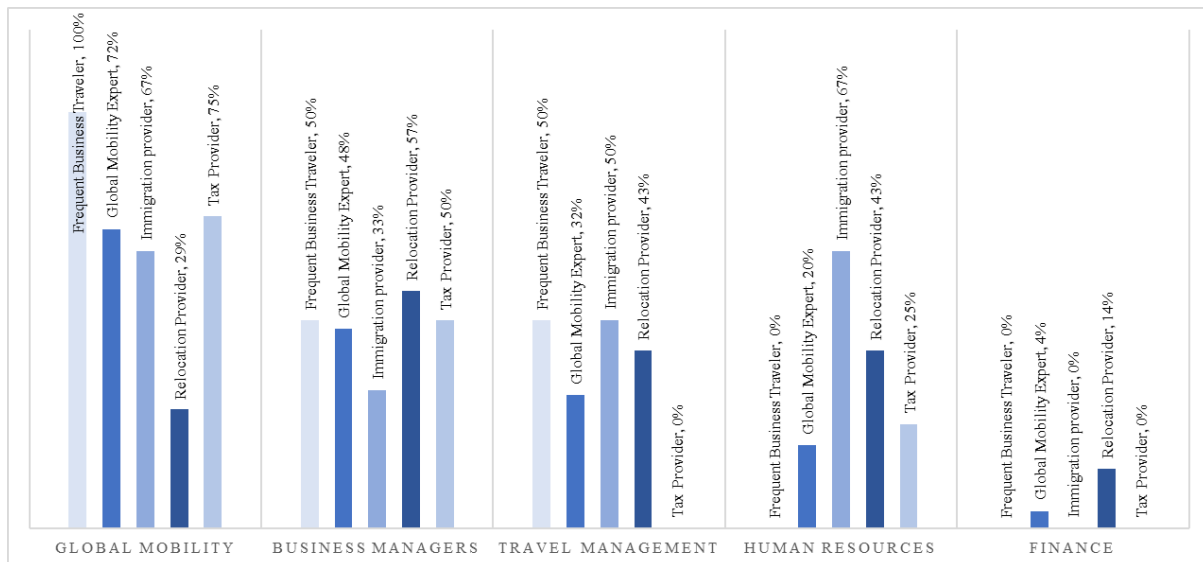
With the Frequent Business Travelers' stakeholders established the next action is to define the corporate relationship and governance for FBT Management.

The main owner role was assigned by 68% of respondents to Global Mobility with Business Managers and Travel Management next in line.

Human Resources and Finance are the departments with the least consideration for the Frequent Business Traveler Management.

With a closer look at the answers based on the role of the respondent it is relevant that 100% of Frequent Business Travelers have marked Global Mobility as the owner for FBT Management. This reveals the trust of the expertise and knowledge that FBTs have for Global Mobility experts which comes also with responsibility to find and implement suitable solutions for managing them.

Also 72% of the Global Mobility experts that participated at the survey have identified Global Mobility as the corporate owner of the Frequent Business Travelers Management that shows acknowledgement of their role and also assumed responsibility for dealing with a sensitive and for the moment a "deconstructed" topic.



For starting to build an approach with proper policies, processes and procedures for a corporate management of Frequent Business Travelers it is important to have round table and define and design together the Policy that will help to unify and standardize some of the disrupted processes applicable to the FBT population.

Standardization will limit the service providers or the service to be received from a higher diversity of providers considering global and local network. This will clarify what services are necessary/mandatory and what are flexible depending on the travel and budget circumstances.

With established and increased ownership of the Frequent Business Traveler population and once policy and processes are implemented, integrated risk approach and global reporting can be next as part of the evolution and maturity of the program.

Also with an advanced program for FBT Management there is more work in proactive assessment and risk mitigation compared to the previous stages that start with a high volume in the reactive resolutions, by identifying the addressing risk for employees post travel.

Considering that there are so many compliance requirements related to the fast moving population it is very important to have an established set of business rules that apply based on Home/Host Location and also on the Country combination as this has a big importance on how the authorities interpret and apply Tax Treaties or Totalization agreements.

Of course that the challenges will appear in finding solutions that will need to match a flexible and on continuous move, high volume population, to rigid governments requirements with demanding bureaucracy that will translate in business activity constraints and high costs with compliance vendors for advisory and implementation. To address these challenges companies have considered to implement and apply business rules that will accept and take a minimum risk in regards with fines and penalties and still give flexibility to the business activity to continue without big disruptions or high costs.

To be able to define and implement a correct set of business rules, companies need to hire experienced professionals in global mobility compliance to manage these rules and update them in line with the legislative and regulatory changes. This is a continuous process and repetitive process as all the legislation requirements in countries around the world are evolving.

The outdated business rules have created dangerous myths related to Frequent Business Travelers and are exposing companies and employees to high risks that are not only related to high costs in back

dated compliance and penalties, but also in reputational image of the company, jail sentences for corporate leadership and employees and economical restrictions on the specific market.

8. Global Mobility Processes used to manage expatriates?

With historical legacy and evolved policies and guidelines, Expat management is one of the best services that Global Mobility teams deliver. Expatriate implementation is also supported and promoted by the Business Leadership who is impacted directly or indirectly and has educated acceptance of the high costs connected with one assignment.

For Expatriate Management, Global Mobility teams are supported by global defined processes and procedures with network of experienced global and local providers.

An Expatriate Management process has a global overview and identified standard steps across business and countries with three main stages within the assignment timeline.

BEFORE ASSIGNMENT

1. Assignee identification
2. Assignment initiation
3. Build Cost projection
4. Assignment approval (depending on the predefined chain of approvers)
5. Service providers authorization
6. Immigration process
7. Define family support
8. Payroll and benefits set-up
9. Tax and social security impact assessed
10. Assignment contract agreed
11. Assignee orientation
12. Tax briefings

DURING ASSIGNMENT

13. Relocation in Host location
14. Cultural Training
15. Assignment data management
16. Expense reimbursements
17. Cost of living recurrent review
18. Recurring global compensation processing
19. Exceptions management
20. Annual tax processing (Home and Host Countries)
21. Tax equalization

END of ASSIGNMENT

22. Confirmed end of assignment
23. Repatriation or localization process initiated
24. Service providers informed
25. Establish end date of services
26. End/New assignment

Provided by professionals with established experience and knowledge the expatriate processes have been streamlined with clear roles and responsibilities to deliver fast and accurate support.

One luxury of implementing an expatriate process is that there is dedicated time before the assignment start to provide the required support, assess the compliance needs and trigger the right compliance services.

With expatriate process there are challenges to be addressed in the area of: setting-up the assignments to answer to business needs and in line with global Talent Mobility strategy, family settling-in the new location, spouse support due to career loss, cultural adaptability of the assignee at the working place and also for his family in day to day life environment, long term business plans for the expatriate once the assignment will be terminated, return on investment for the company in regards with the assignment costs.

With pressure from Business Leadership on cost maintenance and increased resistance from employee to relocation in new location due to private life impact by losing spouse income, moving school children and long term uncertainty, companies have used more and more the alternative solution of the Frequent Business Travel to bring the right employees in the right locations.

9. Global Mobility Processes used to manage FBT?

Intensive Business Travel is part of corporate culture and is one important enabler of the business global strategies and goals.

What is new in the space for Business Travel Management is the involvement of Global Mobility teams. The past experience was that employees travelling on business trips are using the Corporate Business Travel Policy to plan book and claim their expense for business trips. The Business Travel Policy is usually owned by Travel Management or Human resources teams and facilitated by global or local travel agencies.

Different to international assignments that have a start and end date and are managed by Global Mobility teams, business travelers' go back and forth in one or multiple locations without a pre-established start and end date.

Based on historical experience and knowledge, Business Leaders have implemented and used controls that by their best knowledge are minimizing the company and employee's risk for non-compliance. These business controls that were effective few years ago for a much smaller population with limited working activities during international trips are currently a high risk for companies and employees and become known as "mobility myths" as authorities and legislation evolved and implemented new rules to define what means work vs business trip activity or when taxation starts even if payroll is performed in the country of legal employment."

I. MOBILITY MYTHS

- "Business visa can be used for work"

It is easy understandable why managers and employees would use business visa for working activities in another country. Business visa application process is easier and obtained faster compared to a working visa or a work permit. Also the renewal process works faster and can be done between two trips.

Even if it is a fast and practical approach, not knowing the law is not an acceptable excuse to authorities. The risk for non-compliance in the immigration could expose companies to more damage compared to the initial one addressed by the delay of obtaining the right working documentation.

Civil and criminal penalties for companies representatives and employees on top to which are added restrictions for all group employees to travel in a specific country or to obtain work authorization for an imposed time. To this there are also countries that implement and local economical restrictions to special investment programs.

- “Work can be done in another country for 183 days/year without any risk”

This is tax myth connected with an interpretation from the Tax treaties for avoidance of double taxation and start of tax residency. What is missed by the users of this myth is that Tax treaties have a minimum criteria of three rules for assessing the tax obligations: 1. Presence of the employee has to be below 183 within last 12 months, or calendar year, or fiscal year, depending on the country combination. 2. Employee expense cost bearing not in the host location 3.No presence of a permanent establishment in the host location. All three criteria have to be applicable for a tax treaty threshold to be applicable.

Also there is an increasing number of countries that apply “economic employer” concept that states that an employee is taxable in the country where he performs his work and where he receive his supervision from. This could trigger tax non-residence for employees even from day 1 of activity in the host location

- “Labour law doesn’t apply to foreigners”

This myths becomes dangerous labour law rules apply to all employees working in one location even if the employment contract is in another country.

In the situation of an employment conflict this situation could bring high damage to a company by having to get advisory from two jurisdictions that will translate in extended time and high costs for finding a resolution.

- “Nobody will check. We did this before”

That brings an exposure for companies for extended periods of time, as authorities audits can be performed retroactively for 3-5 years.

There is also the consideration of decision taken by former company employees that no longer can be held accountable for the damage without policy and procedures.

Important is that a past experience cannot be confirmation for a present and future action in an environment of permanent change in the governmental regulatory systems.

Authorities are using latest technologies to communicate and track compliance obligation like Immigration with Tax/Social authorities.

- “Commuters are easier and cheaper than expats”

Commuters are a special category of Frequent Business Travelers that is more connected to an employment arrangement that requires daily/weekly commuting from the country of residence to the working country.

This type of arrangement might seem easier, however there is a permanent requirement to address immigration, taxation and labour law in two countries that could lead to high costs in advisory, compliance services and increased administrative burden.

- “Tax has to be paid where employee is paid”

As mentioned above taxation obligation are defined by each country legislation and have no direct connection with country of employment and where payroll is processed.

In order to maintain their employees in the Home Countries social systems and have continuity of their employment companies apply shadow payroll to implement employee and employer taxation in country where the obligation appears.

II. BUILDING NEW PROCESSES FOR FBT

Companies that have no requirement of compliance validation for Business Travelers and still apply the above mentioned “Mobility myths” have a high risk exposure for non-compliance consequences and need to redefine and design new processes and create global corporate policy for Frequent Business Travelers Management.

To have a successful implementation of the new approach it is important to mix the Project Management with Change Management to be able to implement the right core processes and behaviors for a successful FBT Management. This means an active involvement of all the stakeholders from the beginning of the project to connect the business strategy with Frequent Business Travelers policy and processes.

A good process for FBT Management has to include and address all the internal and external challenges. As previously identified a major concern is in the area of compliance requirements where there is limited flexibility based on legal limitations and minimum acceptable risk to be considered by the leadership.

One of the main challenges for the Global Mobility teams is to address each compliance type in an integrated answer from the business and employee perspective. Currently, compliance providers are still offering disjointed advisory that in many situations has contradictory directions

Global Mobility teams need to address: Immigration, Employee and Corporate Tax Social Security payroll operations, employment law policy and costs all in one integrated corporate process for managing Frequent Business Travelers.

Challenges that appear with this specific population is that any process is cycling back to the assessment stage when an additional trip in 12 months can trigger employee taxation back from the day one of the first visit or certificate of coverage validity has no connection with the actual travel.

Also to be able to optimize implementation of a new process it is important to be connected to the existing business travel processes and systems and take in consideration the user experience and already formed behaviors as the resistance to change can be addressed through small but impactful changes This connectivity has to include compliance validation pre-travel and authorization with policy enforcement communication and reporting and reviewing of requirements based on new context.

10.Global Mobility Management and processes of Expatriates and FBT

It is interesting to observe and experience the Global Mobility industry changes in relation to the main client transformation from Expatriate to the Frequent Business Traveler. This transformation could seem to be in the easier direction on the surface, however when having a closer look to the challenges and complexities that are uncharted territory and bring a new experience in the Global Mobility world.

Companies with expatriate programs that managed 500+ assignees are considered to be high volumes in the industry. Business Travelers can reach thousands in numbers of employees and trips only within few months. There is a need to redefine program scale customized to Business Travelers volumes.

While for Expatriate management there are established workflows and supporting network of internal and external providers with dedicated services for Business Travelers there is adaptability and customization based on ad-hoc needs, with minimum appetite from Business Leadership to invest even in the mandatory compliance as service providers are perceived as very expensive without direct value added for the business.

This is part of the ongoing education that compliance is not negotiable and represents corporate hygiene with damaging consequence when not implemented in the correct way, however without visible results when done properly.

One of the complexities specific to Frequent Business Traveler population is that there are multiple country combinations to be assessed for the same period of time or there are many directions applicable to the same employee with different Home and Host Countries.

In the situation that manual or Global Mobility system initiations are used without connection to the Travel management systems there is the risk of exposure to gaps related to human habits and errors.

As the need to assess compliance requirement and give clearance for travel is to have it implemented in timely manner to enable the employee presence on location there is necessary prioritization of compliance requirements and their implementation.

11.Identification of possible alternatives to support Global Mobility management of FBT

The survey's scope was to address openly tools and solutions to managing Frequent Business Traveler populations to leave freedom to the respondent to use the best of his experience knowledge and imagination for naming those.

With open answer text freedom is relevant to see that 64% of the answers are connected to the use of technology form implementing specific tools available on the market, integrating compliance management tools with travel tools or building customized corporate platforms to facilitate the management. Identified solutions are dependable on technology and creative by considering GPS and phone tracking for ease of user experience and fast access to real time data. With this type of solutions data privacy legal restrictions and employee agreement have to be considered upfront to the implementation.

While immigration is mandatory and upfront travel assessment controls and authorization are important for the process, tax compliance can be implemented during and even afterward the travel and requirements have been closed.

This leave the issue of multiple assignments open for tracking for the same employee which may lead to higher case management for Global Mobility teams.

With volume, increased speed of assessment and authorization with compliance complexities, technology and automation are essential in a successful program implementation.

It is important to know that technology is an enabler of the designed processes and before diving in the technology capabilities a Global Mobility Strategy in line with company's Business goals with approval and buy-in from the Leadership is essential to a successful solution. Once Leadership is on board with the proposal for corporate there is important to build the global policy of managing Frequent Business Travelers, based on which processes will be designed and implemented.

There are opportunities of integration of actual tools to assure a streamlined workflow to relevant stakeholders. Corporate travel system can be connected to a Global Mobility Management system and based on established set of criteria to extract the cases that need mobility compliance analysis or automatically trigger compliance implementation and services.

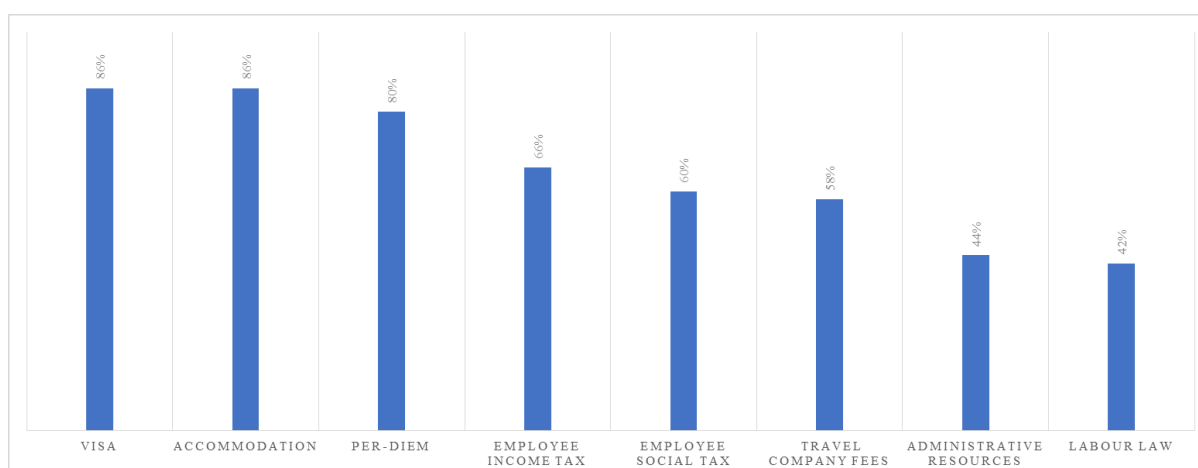
12. Company cost burden to manage End2End FBT

From the overall costs identified by respondents to impact the Frequent Business Travelers management there are obvious 2 categories:

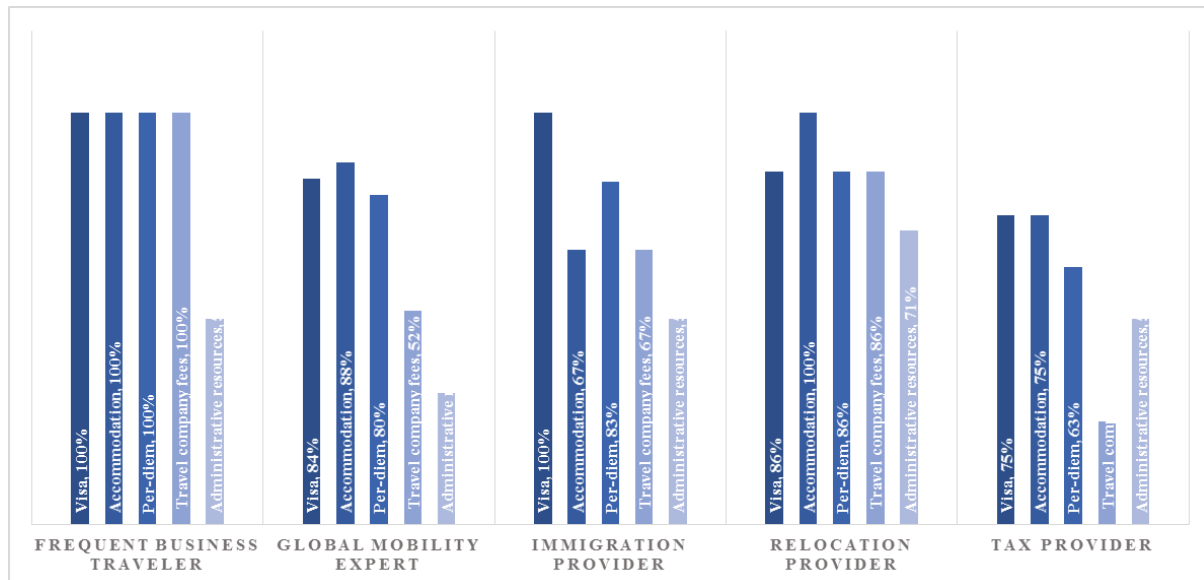
1. Direct & Administrative: Visa, Accommodation Per-diem, Travel company, Administrative resources
2. Compliance: Visa, Employee Income Tax, Employee Social Tax, Labour Law.

First overview of the answers shows an increased awareness for each role in the Direct and Administrative group with more than 80% of respondents recognizing Visa, Per-diem and Accommodation in the cost impact.

For the compliance category, while visa is included in the direct group, it has also a component of immigration service and is marked by 100% as part of the cost, employee income tax has a percentage of 66%, employee social tax 60% and Labour Law only 42% from the overall group of the respondents.

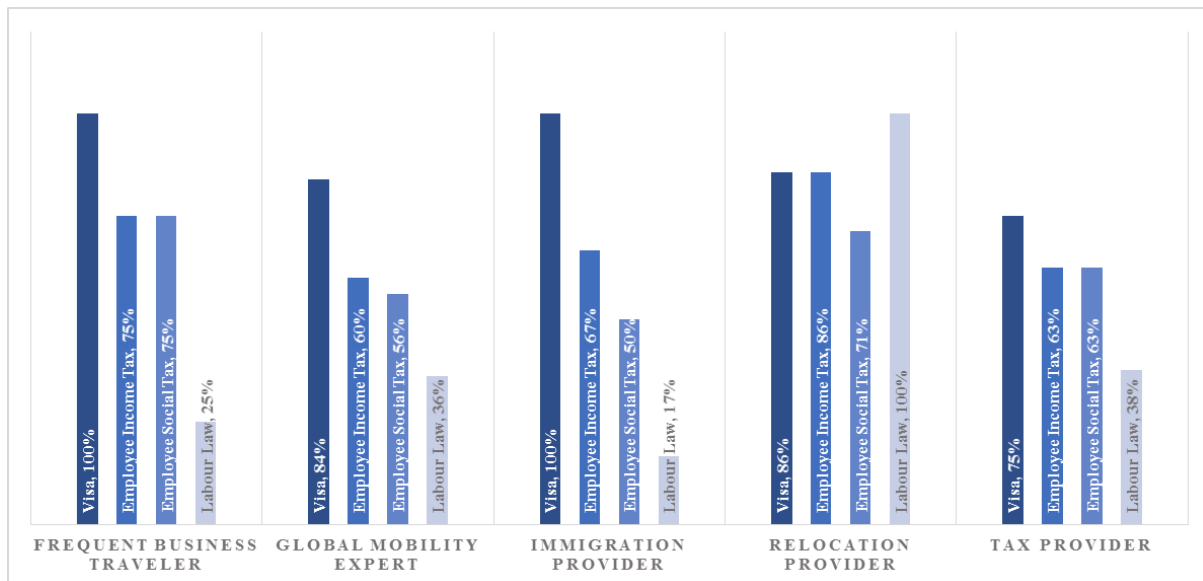


Based on the differentiation of the respondent's role the least considered costs are for travel company's and administrative costs. This could be due to less visibility as usually these are managed at corporate level.



Mobility compliance costs are visible and connected with the Frequent Business Traveler's management. The 75% of FBT population mark Employee Income Taxation and Employees Social Security connected to their business travel.

Less visibility has the legal impact of Labour Law, with 25% FBT, 36% of Global Mobility Experts and 17% of Immigration provider have considered as a cost related to Frequent Business Travelers' Management. It is interesting to see the results of Immigration providers as many times for obtaining a work permit there is needed to have the legal connection from Labour Law perspective as well. There are situations when immigration providers offer legal advisory however it has to be connected with the overall Labour Law obligations in Host Country and also analyzed in Home Country.



A healthy and integrative cost analysis has to be developed by each company when implementing the strategy for Frequent Business Travelers' Management. It is important for the business to capture direct and indirect costs as well to estimate to future costs that will impact developing the strategy for management.

Many times there are presented only the surface costs like: flights, per-diem, accommodation, employee tax and additional costs related to administrative resources managing each the employees, service provider's fees are not analyzed in the beginning, and could represent a dangerous iceberg for business after programs are deployed.

To be able to build an End2End image of the costs related historical analysis, additional questions and new estimation must be considered. A historical analysis could show an average cost for employee at company level, what are the highest costs related to Business Travel and distribute them in Direct, Administrative and Compliance. Also combining the data for highest volumes of Home Countries, Host Countries and Short-term and Long-term global strategy, a forecasted map of Frequent Business Travel can be built to optimize the program based on corporate business goals. Countries with high volumes of outbound or inbound travelers can also offer the opportunity to optimize process and leverage knowledge for multiple employees.

Challenges will be faced when there are new Host Locations or Country Combinations to be considered as the time effort and cost investment is higher for capturing the proper documentation and actions.

13. Conclusion

The goal for this paper as to find answers to the following question: Is it possible to use and expand the historical standard expat program management to the current needs to manage Frequent Business Travelers population in line with current economic reality and business goals by keeping a time effective approach towards processes, stakeholders and country combinations and also cost optimized compliance implementation?

After the process of survey and capturing answers from multiples stakeholders connected with the Frequent Business Travelers and Expatriates it was evident that the these are two different types of international mobile employees and the operate differently in the actual economic

background and have a very different set of needs. Still the experience and knowledge from the expat management is valuable to mobility owners of FBT Management.

What is necessary to be changed is the manual way of operation and initiation as the volumes of FBT are much higher, for one FBT it is possible to have 5-10 stakeholders and with fast moving it is challenging to manage a proactive advisory and action upfront to the travel. This is one of the reasons that triggered many technological suggestion in the alternative solution to manage FBT.

Expatriate process are useful and can be adjusted to opportunities for managing complexities of FBT movement.

Education was pointed out as essential for right compliance and services to be implemented. What was relevant from the survey's answers is that there is high level of awareness of complexities for compliance and cost in the overall roles involved in the mobility management in relation with FBT Management. This represents a step forward for setting-up the common platform of building together a product that will have an efficient answer to the challenges of this program and connect stakeholders' network.

The learning was that this is the right time to address this issue as there is awareness between the roles connected with FBT Management. The survey has showed a perspective of different roles within the international mobility and is an opportunity to address more questions related to the topic as there is necessary to have a deeper understanding of FBT Management.

There is the need to continue to analyze, investigate and ask further questions for finding the answers of a Global Mobility program for Frequent Business Travelers. Based on the answers received in the survey new ones open:

- What is the role of Relocation provider in the FBT Management?
- How proactive compliance assessment and implementation can be done for FBTs to be in line with the flexibility required by business?
- Is an additional medical coverage necessary for the Frequent Business Travelers?
- How many of the high risk FBT are brought to the attention of Global Mobility teams?
- What is the offer of mobility providers in relation to FBT? How it is different compared to the services offered for expats?
- How can Global Mobility Experts can get more involved in the Global Payroll Operations?

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15. Annex

Survey: <https://docs.google.com/forms/d/1QQk-mMhwgw2iksWB7nhkOx7qZ6s1hWb1VWmDvVN8o90/edit>



Survey analysis.xlsx

Survey analysis:

Dictionary:

Frequent Business Travelers = FBT