

Managing tomorrow's people

Talent Mobility 2020

The next generation of international assignments



“The next decade could prove to be an extraordinary era for business and society—a period in which companies and governments work together to produce an environment capable of supporting wealth creation and social cohesion around the globe. The world is connected as it has never been before, and the power of collaboration is beginning to emerge.”

—Akhil Gupta
CEO¹
Bharti Airtel Limited, India

¹ Quotes featured in this report were taken from PwC's 11th, 12th, and 13th annual global CEO surveys.

Background: Our globally connected world and your business

The year 2020 is only a decade away, yet the way our global workforce is sourced, organised, and managed will change radically by that time. An explosion of activity in emerging markets has contributed to a significant increase in the need for companies to move people and source talent from all around the world. In this next installment of PricewaterhouseCoopers' *Managing tomorrow's people* series, we decided to explore the issue of future talent mobility in more detail. We have used several sources to inform this report:

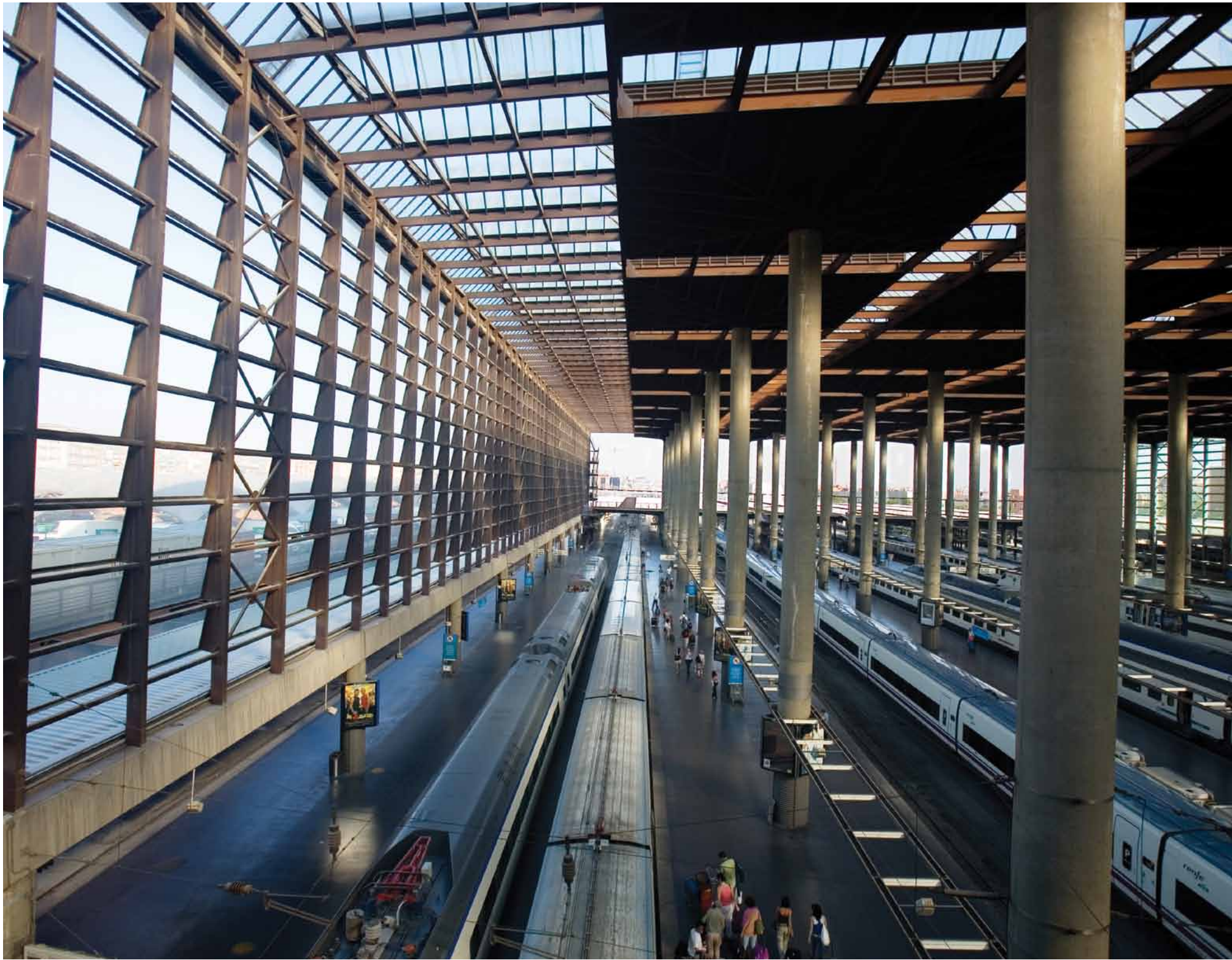
- Information from our database representing 900 companies that have been surveyed on assignment trends over the past 18 years.
- Findings from scenario planning studies for our *Managing tomorrow's people* series, which explores the future of work to 2020.

- Results from PwC's annual global CEO surveys.
- Findings from PwC's survey of millennials that resulted in more than 4,000 responses.²
- Interviews with PwC talent mobility specialists supported by the views of several multinational organisations from around the world.

Our conclusions are outlined in this report. In short, we envisage a future business world markedly different from that of today. Mobilisation strategies will need to progress significantly to keep pace with this change and the further increases in assignee numbers. We are not yet consigning existing models for international assignments to the history books, but for organisations to be successful in the coming decade, a radical rethink of policy and processes may be required.

² For the purpose of this report, millennials, also known as Generation Y, are defined as those who entered the workplace after the year 2000.

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Executive summary

As a creative company, our success is absolutely dependent on our employees, their ideas and intellectual resources.

—Hartmut Ostrowski
Chairman & CEO
Bertelsmann AG

The world in 2020

It is hard to imagine events that could more dramatically establish today's characteristic global and interconnected nature than the economic crisis of recent times. Knowledge, trade, technology, capital, and goods and services are more globally connected than ever. Coupled with the rise of emerging markets and focus on new revenue streams, these trends have created a swell in global worker mobility.

As the turmoil settles and the worldwide financial future unfolds, governments, regulators, and the business community will increasingly work together on the great issues of the day—economic recovery, new governance models, climate change, technology advances. But how will businesses adapt to the “new normal” and what talent will they need to operate in this collaborative global environment? In the next 10 years we believe companies will have an even greater need to deploy their talent around the world, and as a consequence, international assignment levels and overall mobility will increase significantly (see maps on pages 18 and 19).

Having access to the best talent continues to be a challenge for CEOs and business leaders—with 97%

of CEOs in PwC's annual global CEO survey saying that having the right talent is the most critical factor for their business growth. In addition, 79% of CEOs said they would be changing their strategies for managing talent as a result of the downturn—and 55% said they would look to change their approach to global mobility including international secondments. In the wake of a foreseeable upturn, the winners and losers of the next decade will be defined by those who are able to attract, retain, and deploy their key talent globally. The sentiments outlined above are well aligned with the key findings of this report:

- Our data reveals that assignee levels have increased by 25% over the last decade; **we predict a further 50% growth in assignments by 2020** (see Figure 1). There will be more assignees, more business travel, more virtual tools, and especially more quick, short-term, and commuter assignments.
- The growing importance of **emerging markets will create a significant shift in mobility patterns**, as skilled employees from emerging markets increasingly operate across their home continent and beyond, creating greater diversity in the global talent pool.

- **Mobility strategies will need to become more sophisticated and complex** as organisations meet growing deployment demands, while simultaneously managing the very different needs and expectations of three generations of workers.
- Governments and regulators will accept the economic benefits of talent mobility to stimulate economic growth. This acceptance will lead to **greater collaboration between governments and businesses**, and within the business community, to remove some of the barriers to mobility around the world.
- **The millennial generation will view overseas assignments as a rite of passage**, an outlook that will change the way workers and organisations approach overseas opportunities in the future.
- Organisations will adopt “destination pay and local plus” remuneration methodologies as **compensation levels across some skill sets and industries will begin to harmonise** across the globe.
- **Technology will play a key role in global working arrangements and help to support compliance obligations**; however technology will not erode the need to have people deployed “on the ground”.

The nature of overseas assignments has changed significantly since the 1970s. Businesses, like the population, will continue to adjust their operations, nature and geographic location of the workforce, as well as their fundamental structure and roles. We will see a shift from country-based multinationals to global multinationals, and a change in how and where business operates.

How your organisation responds to these rapid changes will be critical. Business and mobilisation strategies will need to progress quickly to keep ahead of both changes in the organisation’s geographic landscape, and the further increases in assignee numbers that will result.

How will your business operate in this new environment? What talent will you need to compete, and how will you safeguard your talent pipeline for the long term? The winners of 2020 will be those companies that adjust their strategies now.

We’re really globalising the business. More of our businesses are running on global functional models today, which definitely ramps up two things. You need to have really good people to be able to manage around that complexity, and you need to have good information availability and structure so you can do it on an efficient basis. We’re breaking through those barriers now. It’s a cultural change, it’s a business model change for us, but it’s absolutely the right thing for us to do.

—Dean A. Scarborough
President and CEO
Avery Dennison Corporation

Where the world is heading

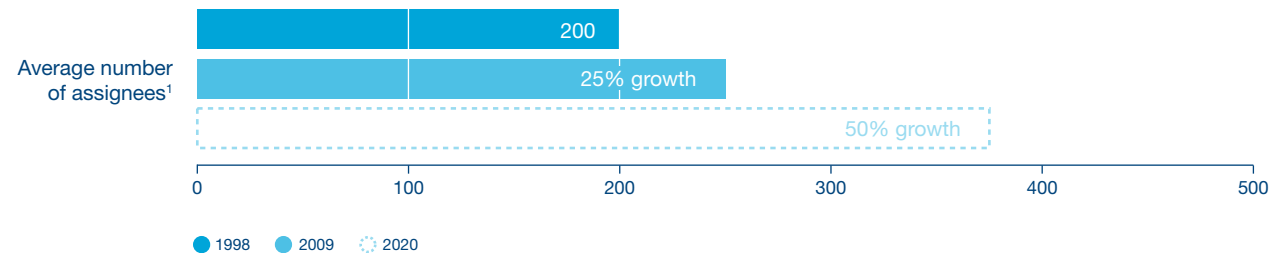


Changing workforce demographics and dynamics

We believe the war for talent will continue to be the major human resource issue to 2020, when the people pipeline looks to be the most crucial variable separating winners and losers in the marketplace. Companies may go to creative, perhaps even extreme, lengths to secure and retain talent and knowledge as their existing workforce ages. Global mobility will play a key role in solving the labour availability conundrum. As country-based multinationals evolve into global

multinationals, we will see a bedrock change in how and where business gets done that will have numerous ramifications globally for companies, employees, their families, and the marketplace. We predict that there will be a further 50% growth in international assignments by 2020 (see Figure 1). This will only increase the need for expeditious knowledge transfer and amplify the pressure on human resource leaders to tackle the ensuing regulatory, compensation, and tax wrinkles, while also developing a streamlined process for the assignee and the organisation.

Figure 1: The mobile population in large organisations is increasing



1. 2020 projection: As the business model of an organisation evolves from multinational to international to global—the assignee mix shifts accordingly (from 80% of assignees from HQ, to 60% from HQ to 40% from HQ). Assignee numbers continue to increase and the definitions of mobility have broadened—even with an increase in assignee numbers, costs may be flat due to changes in package design and focus on lower cost alternatives. Assignee type mix has evolved from 50% executive to 10% executive.

Source: PwC international mobility database—sample 900 companies

A global talent gap

As many world populations age, birthrates in most mature economies are trending downward. Many Western economies cite declining birth rates as a major problem in the war for talent. Yet China, India, Eastern Europe, and parts of South America are also grappling with critical talent shortages. Russia alone faces an estimated reduction of approximately 20 million working age people by 2030.³ The UN anticipates that China's working-age population (those aged 15-59) will fall behind Vietnam's in 2020 and lag behind India and Brazil in 2025.⁴ China is already facing skills shortages at the senior management and executive level, and expects workforce growth of less than 5% by 2015, at which time one-third of the country's billion-plus population will be over 50 years old.⁵

Bridging the gap

Businesses and governments will increasingly work together to address these emerging talent gaps. Safeguarding the talent pipeline will be the driving force of HR strategy over the next decade. Governments need to invest in education to improve the supply of people with good skills. At the same time, it is likely retirement ages will increase and people will extend their working lives.

Our efforts have been concentrated on gearing our HR policy to this difficult period. While we are strong on diversity, we are determined to improve further and to develop new talents across all our territories. What's more, we have continued recruiting in emerging countries.

—Bruno Lafont
Chairman and CEO
Lafarge Group

³ The Journal of International Security Affairs, Fall 2009, <http://www.securityaffairs.org/issues/2009/17/eberstadt&shah.php>

⁴ Business Economics, October 2005, Cliff Waldman, http://findarticles.com/p/articles/mi_m1094/is_4_40/ai_n15969911/pg_10/?tag=content;col1

⁵ Shanghai Academy of Social Sciences, Adecco Institute, and University of Warwick, 2007.

Future view

Europe is expected to undergo a population decline to an extent that has not been seen since the Black Death.

— Alf Göransson
President and CEO
Securitas

New capital cities

Over the last 60 years, there has been a significant shift in the cities once considered to be the most highly populated in the world. Many traditional business hubs such as Paris, London, and Moscow, will be dwarfed in population size by Mumbai, Delhi, and Dhaka. Of the 30 most highly populated cities in 1950, only 19 remained among the top 30 as of 2007. In addition, 11 new cities that had never before registered as large enough populations have hit the top 30. By 2025, only 16 cities that ranked among the 30 most populated in 1950 will remain on the list.

Of these, only three are located in the United States, representing a significant shift from 75 years earlier. London and Lima will come out of the top 30, and three new cities that were not even ranked in 2007 will emerge: Lahore, Shenzhen, and Chennai.

The following table from the PwC macroeconomic unit shows the largest city economies in the world and how this might change by 2025.

Figure 2: Trends in top 30 urban agglomerations by population: 1950-2025⁶

Ranking in 1950	Pop. (m) 1950	Ranking in 1990	Pop. (m) 1990	Ranking in 2007	Pop. (m) 2007	Projected ranking in 2025	Projected Pop. (m) 2025
1. New York	12.3	Tokyo	32.5	Tokyo	35.7	Tokyo	36.4
2. Tokyo	11.3	New York	16.1	New York	19.0	Mumbai	26.4
3. London	8.4	Mexico City	15.3	Mexico City	19.0	Delhi	22.5
4. Shanghai	6.1	São Paulo	14.8	Mumbai	19.0	Dhaka	22.0
5. Paris	5.4	Mumbai	12.3	São Paulo	18.8	São Paulo	21.4
6. Moscow	5.4	Osaka-Kobe	11.0	Delhi	15.9	Mexico City	21.0
7. Buenos Aires	5.1	Kolkata	10.9	Shanghai	15.0	New York	20.6
8. Chicago	5.0	Los Angeles	10.9	Kolkata	14.8	Kolkata	20.6
9. Kolkata	4.5	Seoul	10.5	Dhaka	13.5	Shanghai	19.4
10. Beijing	4.3	Buenos Aires	10.5	Buenos Aires	12.8	Karachi	19.1
11. Osaka/Kobe	4.1	Rio de Janeiro	9.6	Los Angeles	12.5	Kinshasa	16.8
12. Los Angeles	4.0	Paris	9.3	Karachi	12.1	Lagos	15.8
13. Berlin	3.3	Cairo	9.1	Cairo	11.9	Cairo	15.6
14. Philadelphia	3.1	Moscow	9.1	Rio de Janeiro	11.7	Manila	14.8
15. Rio de Janeiro	3.0	Delhi	8.2	Osaka-Kobe	11.3	Beijing	14.5
16. St Petersburg	2.9	Shanghai	8.2	Beijing	11.1	Buenos Aires	13.8
17. Mexico City	2.9	Manila	8.0	Manila	11.1	Los Angeles	13.7
18. Mumbai	2.9	London	7.7	Moscow	10.5	Rio de Janeiro	13.4
19. Detroit	2.8	Jakarta	7.7	Istanbul	10.1	Jakarta	12.4
20. Boston	2.6	Chicago	7.4	Paris	9.9	Istanbul	12.1
21. Cairo	2.5	Beijing	7.4	Seoul	9.8	Guangzhou	11.8
22. Manchester	2.4	Karachi	7.1	Lagos	9.5	Osaka-Kobe	11.4
23. Tianjin	2.4	Istanbul	6.6	Jakarta	9.1	Moscow	10.5
24. São Paulo	2.3	Dhaka	6.5	Chicago	9.0	Lahore	10.5
25. Birmingham	2.2	Tehran	6.4	Guangzhou	8.8	Shenzhen	10.2
26. Shenyang	2.1	Bangkok	5.9	London	8.6	Chennai	10.1
27. Rome	1.9	Lima	5.8	Lima	8.0	Paris	10.0
28. Milan	1.9	Tianjin	5.8	Tehran	7.9	Chicago	9.9
29. San Francisco	1.9	Hong Kong	5.7	Kinshasa	7.8	Tehran	9.8
30. Barcelona	1.8	Chennai	5.3	Bogotá	7.8	Seoul	9.7

⁶ PricewaterhouseCoopers UK Economic Outlook, November 2009

Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2006 Revision and World Urbanization Prospects: The 2007 Revision*

Twenty-five years ago, ChemChina was spun off from China National Bluestar with a staff of just seven. Now we employ 160,000 people. We employ many people from Western countries, including at the management level. We see many enterprises around the world cutting jobs because of the financial crisis and we work with leading human resource consultancies to recruit more Western professionals.⁷

—REN Jianxin
President
China National Chemical
Corporation (ChemChina)

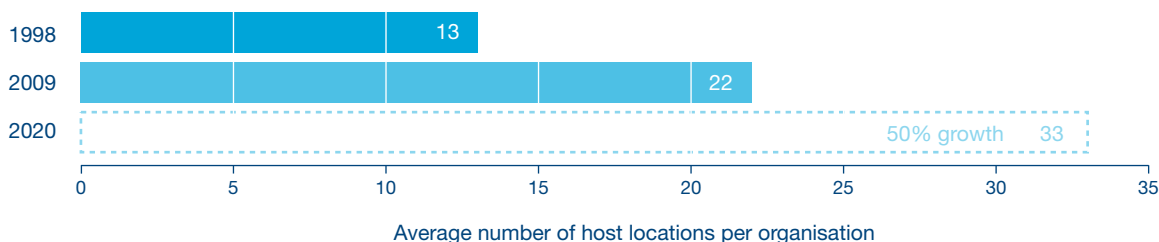
These population shifts are likely to have a strong influence on where global organisations will do business in tomorrow's world. They will need to think in terms of which physical location will be the most competitive and cost-effective, while successfully meeting customer needs at the same time. This is likely to mean that many organisations will enter new locations or even exit some of their traditional business locations. How they will operate and resource their businesses in light of these shifts; and how this will impact where and how people

are managed and deployed will be critical to their ongoing success. If some of the fast growing cities are also producing highly skilled workers, this will increase the attractiveness of relocation for some organisations.

Evidence of these changes is already beginning to emerge as the accelerating pace toward globalisation is having a direct impact on the mobility of employees. As illustrated in Figure 3, many organisations will also increase the number of assignee host locations.

Figure 3: Companies are hosting assignees in more countries than ever before

The average number of host locations supported by a global organisation continues to rise



Source: PwC international mobility database—sample 900 companies

⁷ Quote taken from PwC's 12th annual global CEO survey.

Business collaboration

Companies will become ever-more reliant on technology and the management of the end-to-end business cycle. At the same time, they will focus increasingly on the economic costs of corporate social responsibility for the locations in which they operate. Consequently, collaboration between businesses is likely to increase because companies will want to link with their suppliers to ensure that their businesses are sustainable over the long term. Equally, a greater focus on customer needs and buying behaviours will enable companies to forge deeper and longer lasting relationships with their customers.

As companies venture into new cities or regions, many will consider how to provide the infrastructure that will enable their employees to maintain an acceptable standard of living while also providing for long-term financial security for key employees. We anticipate that this will create a rise in business-to-business collaboration, where we will see organisations strike up innovative relationships with other companies, even to the extent of providing schooling, medical facilities, shopping, and lifestyle amenities. In some locations, they may create insular enclaves, like old-fashioned expatriate communities; in others, these may develop into an entire infrastructure built around the organisations.

A country within a country model

The mining industry in Africa already operates a country within a country model, in which employees can grow up within the organisation, somewhat insulated from the outside world and with all of their needs met by their employer. It is not clear whether employee loyalty arises from the model, but employee satisfaction levels are managed. Schooling, housing, healthcare, and other needs are met.

In parts of Africa, Southeast Asia, and even Siberia, industries such as oil and gas and construction are developing infrastructure services and accommodations for mobile communities in various locations. Should the trend continue and the model grow more prevalent, companies will need to assess the costs and risks that might apply, as measured against the value of improved employee satisfaction and likely retention.

I believe that the system should work like this: If you employ people at your production facilities, you should invest in infrastructure development, housing, and amenities such as kindergartens and schools. You should also ensure that your workforce is adequately compensated.

—Tigran Nersisyan
President
Borodino Group

Sustainable initiatives that benefit the region and the local population, as well as their assignees, will become increasingly important. In support of such initiatives, companies and governments will co-invest in projects such as improved transportation links, health and welfare facilities, and community centres. Some governments may also be attracted by initiatives to train and develop local workers. This could materialise in the form of incentives for employers. From the employers' perspective, it means that over time they will have locally trained expertise and will not have to continue investing in deploying assignees from other parts of the world.

In particular, millennial employees will be attracted by organisations that demonstrate a commitment to sustainable business practice.⁸ More than 80% of millennials in our study said they would leave an employer whose corporate sustainability values no longer met their own.

⁸ PwC Millennials at Work report 2008

Future view

Three generations of assignment needs

When we look at the composition of the workforce and the types of mobility patterns that will exist by 2020, we can categorise them into three demographic groups. By 2020, the differing needs of these three generations will result in very different mobility practices which will be difficult for organisations to manage and get right.

- **Baby Boomers:** In 2020, this group will have achieved most of its career goals but—due to increased life expectancy—will be keen to work longer to bolster finances to see them through retirement. The motivation for a Baby Boomer to accept an assignment will be based on financial package, location, or opportunity. For these individuals, we would expect the more traditional long-term international assignment package and process to continue to be the norm.
- **Generation Xers:** They will be at the peak of their earnings potential by 2020, but may be concerned about building and maintaining pension entitlements, and still having to fund costs of their children's education. They will be at or near the top of the career ladder so they may be selective about international assignments. They will look for seniority-based roles which may include a traditional long-term assignment and accompanying benefits and allowance or they will be looking for creative, flexible commuter arrangements to balance their personal and work life.
- **Millennials:** This group will make up the significant majority of all international assignments by 2020. They will increasingly view the organisation—and the world—without boundaries. They will happily begin their careers outside their home countries if the employment or role prospects are greater abroad. They will continue to follow well-paid opportunities internationally while spending spells in their home countries, but just as likely to shift across functional areas, roles, multiple cultures and economies, without the need to return to their home country until perhaps later in their careers. Their focus is on interest and opportunity, not necessarily monetary rewards, and we foresee for them a fundamental change in the assignment duration, package type, and value.

Adapting to change—a new wave of global assignments

Different generations in the workplace bring different qualities to the table, assert different needs, and demonstrate diverse opinions on what is most valuable to them. New mobility practices will emerge as organisations work to meet the unique needs of the next generation of international assignees. Organisational philosophy, too, will change as the cultural differences between generations become more evident.

A differing view on retirement benefits

The US, Europe, and parts of Asia all face pension system meltdowns as the workforce ages and funding shrinks. A key issue, particularly for Baby Boomers and Generation X workers, will be the ability to preserve entitlements to state and private pension funding arrangements, especially for those fortunate enough to be included in final salary defined benefit arrangements. Many of the world's social security systems will come under increasing stress as tax revenue is overcome in a few short years by a glut of Baby Boomer retirees. Don't be surprised to see individuals from these two groups turning down assignment opportunities where pension benefits cannot be preserved in their existing home country schemes or replicated in alternative arrangements.

The march of the millennials

The future workforce is already with us and companies must decide now how they will recruit, manage, and develop these people, or face losing the war for talent and competitive edge over the coming 10 years. The millennials have a mind-set, aspirations, and expectations markedly different than those of all previous generations. Those we surveyed in 2008 cited training and development as their top choice among employer-provided benefits. Perhaps cognisant of the recent market turmoil and the impending demise of social security retirement benefits and generously funded company pensions, millennials see a need to save significantly for their own retirement. Flexibility and job mobility are key. Corporate responsibility is also a critical consideration for this generation when looking for attractive employers.

Millennials are more open to overseas assignments than any previous generation and see working overseas as an important part of their own personal development.

But this high-impact group will also have demands, tipping the traditional balance between employer and employee power and leverage. The best and brightest are likely to be pursued with great competitive zeal.

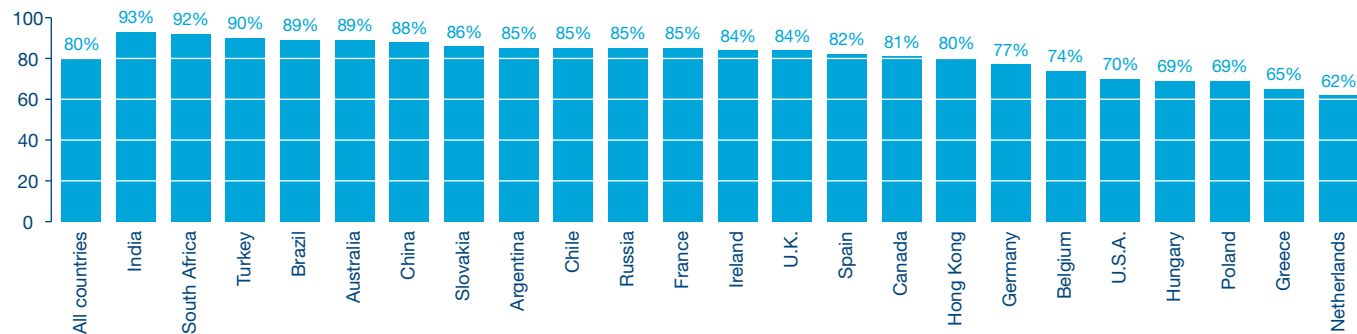


They may demand and win out-of-the-box reward packages and a lot of say in where and how they will approach their work. Employers will need to find ways to build continuity, retention, and long-term engagement with these workers, even as they traverse the globe.

A significant majority of the millennials we surveyed — 80% — want to work abroad (see Figure 4), with 70% expecting to use non-native languages in their careers and 94% stating they believe they will work across geographic borders more than their parents did.

Figure 4: Millennials want to work outside their home country during their careers

% who agreed



Source: PwC international mobility database—sample 900 companies

One aspect in which the financial crisis has worked in our favour is that it has created a wider pool of available talent. In the last two years, we have managed to attract very significant talent from both Europe and North America. These are highly experienced people who bring with them enormous knowledge. And since many of them experienced the banking crisis firsthand, they also understand how to mitigate such events. That has been a major benefit to Equity.

—James Mwangi
Managing Director and CEO
Equity Bank

Future generations, born and bred amid intense globalisation and proliferating international assignments, will expect mobile careers.

The evolution of assignment types

As global business demands change, new policies and assignment models will be necessary to support the millennial who wants to travel for experience and advancement.

Assignment types in the past were typically categorised by organisations as being linear in nature, usually described as being either short-term or long-term. Today we see many more varied requirements from businesses and assignees and alignment with the organisation's talent management objectives. Along with short-term and long-term assignments, we have frequent travelers, commuters, intra-regional, and virtual secondments to customer and supplier sites, as well as various assignee and talent types, such as executive, skill set and project-based, developmental, and employee initiated, all creating a need for a robust global assignment policy framework.

We envision that by 2020 only a minority of assignments will be traditional home-to-host international assignments, fully expensed with a generous package of relocation benefits, allowances, and tax equalisation arrangements.

Instead there will be more variety of assignment types and greater volume, enabled in part by advancements in transport linkages and aircraft technology. However, in some industries with longer lead time for overseas development, the need for traditional long-term assignments will remain.

Global mobility may not refer strictly to the physical movement of people from one location to another. We're already seeing an emergence of career challenges predicated on demonstrating leadership ability and organisational agility in managing global teams on specific projects from home base, aided by an ever-expanding bag of technological tools.

With many up and coming employees hungry for global experiences, companies will consider delivering cross-border opportunities in new and varied ways, potentially with parallel adjustments to pay and allowances. Employee-driven assignments are emerging from

staff eager to add a developmental dimension to their careers. Enterprise-driven travel might increasingly include sponsorships, in which assignments fulfill a critical business need at a given time.

Shorter international assignments may become so much a part of organisational identity and objectives that companies might mandate them as prerequisites to promotions and leadership opportunities. While some large companies are already operating in this way, we expect the approach to become more common in the future, with enterprise-level global emphasis filtering down to individual employee objectives based on the development of not only local, but also global, connections.

Returning home with new knowledge and skills

We are already seeing a trend in which international assignees cross the border, work with their assigned teams, and return to their native countries with the knowledge and experience to train colleagues back home. Highly skilled and ambitious talent from Asia—China and India stand out—have typically focused on Western education and living and working outside their

home countries, on the assumption that opportunities for them and their families were far greater in the West. This trend continues in Africa, with high value placed on Western education and work experiences.

But with China and India increasingly playing more significant roles in the global economy, high numbers of employees are returning home to exploit emerging opportunities with their new-found skills in their countries of origin. These returning nationals typically command better remuneration than their local counterparts, so HR professionals need to be prepared to manage the career and remuneration expectations of these East-West-East pioneers.

Three eras of international assignments

1970–1990

International assignments are mostly driven by large multinationals based in the US and Europe. These organisations send talent from the HQ country out into the field to manage operations in other parts of the world. Many assignments are from the US into Europe, but oil and gas, mining, and other industries dependent on natural resources regularly send staff to more far flung destinations. Assignees are usually sent off for a two-to five-year period and are incentivised with attractive expatriate packages.



1990–2010

Demand for global mobility of talent increases as new markets emerge for companies to sell their products and services, and also manufacture their goods at lower cost. Offshoring gathers pace. A new breed of mobile worker emerges alongside the expatriate and meets the globalisation demand through commuter, rotational, and technology-enabled virtual assignments. The flow of talent is still predominantly from West to East or intracontinental, but companies begin to tap into rich talent pools in emerging markets, particularly India.



Future view

2020

Global mobility continues to grow in volume. Within the context of closely aligned international regulatory frameworks, the growth of cross-border acquisitions by sovereign wealth funds, lingering public investments in private business concerns, greater security co-operation between nations,

and information technology that can identify and connect talent in an instant, global mobility becomes part of the new normal. Mobility of talent is fluid. For example, a Chinese company may engage a European team to manage an investment in Africa.



Weighing the costs—challenges and opportunities



The cost of international deployment will remain a primary issue. If organisations cannot measure and demonstrate a positive financial return on investment for international assignments, the human resource function will be challenged by stakeholders on the effectiveness of its mobility strategies and processes. This may in itself encourage more travel, virtual, and commuter assignments, where the physical costs of relocation and the taxation and other financial complexities may be minimised. It is essential that organisations think beyond the next few years and make investments in people by giving them international experience.

In the case of virtual teams, they, in turn, become a new unit that can work effectively with employees in the initial host country without the cost implications of deployment. Companies and regulators will need to collaborate to help determine appropriate reward, benefits, and taxation measures for these employees.

Using technology to enhance mobility

Technology will move beyond its role as a business enabler and become further ingrained in the life and work styles of the future workforce, while also changing employee and business expectations and interactions with one another and the world around them. Savvy young workers will flock to the companies that best adapt to innovative technology to meet market needs. Work-life boundaries will become blurred by a reliance on daily message updates on social networking sites, the use of instant messaging, video calls, and blogs.

Our study found that while the majority of millennials still envision themselves being based at an office site, the time devoted to work will shift. Organisations will recognise that employees want to be allowed time to socialise on their diverse personal networks, in return for remaining accessible to respond to work-related messages long after the standard day ends or the weekend begins. Still, it's unlikely that new technologies, with all their pings and tweets, will supplant the hunger for fresh vistas.

Risks associated with advanced technology

With the advancement of technology and the millennials' propensity for sharing personal information, building networks, and maintaining contacts, organisations have already begun to develop sophisticated Facebook-style working tools and seek to leverage these in helping to identify their key talent and those likely to welcome international assignments.

However, with the benefits from advanced technology come inherent risks that may be felt most acutely by employees whose data is transferred across international borders. For example, the use of technology as a means of tracking employee movement is a great tool for enabling better compliance with local rules, but has a built-in privacy issue in that it allows unprecedented access to the personal movements of the individual. This could be perceived negatively by employees. Organisations will need to closely monitor the use of technology to ensure that privacy concerns are topmost in their minds and that their policies for dealing with the privacy concerns of their employees are well established.

Barriers to mobility

With some cultures and demographic groups more reluctant to work outside of their home locations, not everyone will be willing to hop on the next plane for these opportunities, regardless of technological advances. Some employees fear losing their social networks and disrupting their families, including working spouses who may have difficulty finding suitable employment in a new region. Caring for elderly parents may also be a key concern—particularly as populations continue to age in many parts of the world.

Workers may be skeptical about going to environments they perceive as too harsh, due to political strife, underdeveloped infrastructures, health, safety, and environmental concerns. And even if an employee is willing to take the challenge in exchange for career enhancement, his or her family may choose to remain in their (sometimes adopted) home country.

Organisations also need to think about how to make some of the less desirable destinations more appealing, as living standards in some locations are, in reality, far more developed than assignees might think. In many cases, this may be a matter of communicating via training about evolving world realities.

Data privacy and other concerns

Organisations will need to pay close attention to the risks that emerge as a result of technological enhancements. Key focus areas include:

- The potential interception of financial or personal data when transmitted across borders.
- The importance of personal data privacy when tracking an employee's movement.
- The need for a distinct separation of business and personal profiling with regard to social networking. First, there needs to be clear company guidelines about the extent to which an employee is seen to represent the corporation in social networking sites. Second, the employer needs to be careful to what degree it is monitoring the 'behaviour' of employees when accessing these communication channels.

HR implications of shifting global mobility patterns

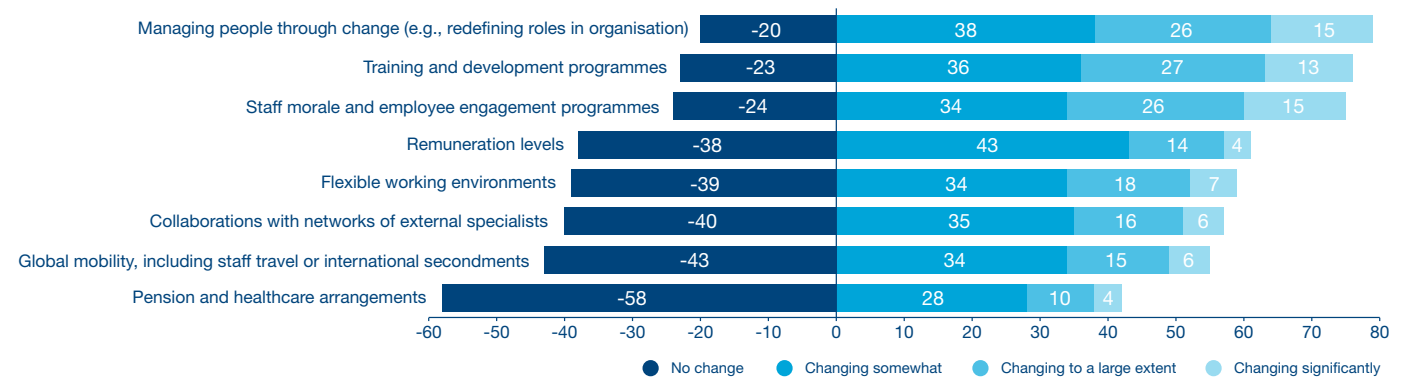


The ongoing war for talent and changing business needs will put pressure on the HR function to evolve its talent mobility strategy. In PwC's annual global CEO survey, leaders clearly state that the economic crisis has highlighted flaws with existing people management practices and are looking to make changes as a result. In addition to the 55% planning to change their global

mobility strategy, as mentioned earlier, 61% will change remuneration policy and 76% will change their approach to staff morale and employee engagement. These changes will represent significant challenges for HR teams to develop new policies that suit the emerging needs of a new business environment (see Figure 5).

Figure 5: CEOs plan to make changes to their people strategies as a consequence of the economic crisis

Regarding your people strategy, to what extent will you change your approaches to the following areas, as a consequence of the economic crisis?



Base: All respondents (1,198)

Source: PwC 13th Annual Global CEO Survey

Remuneration policies

By 2020, no longer will we see as many separate remuneration policies for distinct geographic locations. An overarching global policy function (or system) aligned to the talent mobility strategy will become standard. Senior talent will require appropriate rewards for their efforts, meaning that companies will have to figure out how to keep top-flight, high-level talent in the fold on a global scale.

The onus will be on employers to determine how compensation packages are developed as workers adjust to new roles in new cultures. Astute employers will note potential opportunities in demographic tendencies that may dovetail with business goals, even if regulatory and tax issues remain unresolved. The traditional build-up approach to determining international assignment costs will gradually disappear as economies, living standards, and even compensation levels begin to harmonise across the globe. In turn, organisations will adopt “destination pay and local plus” remuneration methodologies across many of their

locations, such that international assignees may be more quickly and easily deployed in a cost-effective manner. These approaches allow the organisations to manage cost as well as provide flexibility in their definition of “plus” to meet the varied needs of the businesses and the assignees.

Bidding for loyalty

Like athletes in the professional sports arena, highly prized millennials will have their own agents. Remuneration packages and employment terms will be contract-based and subject to frequent negotiation. They will move to the highest bidder, not necessarily in monetary terms, for the best opportunities and they will not stay with an organisation whose values are not aligned with their own core values. Organisational brand becomes even more important. HR teams must strive to create loyalty by investing in ways to better engage the workforce and understand the motivations of different generations, and by increasing flexibility in order to meet those needs.

Future view

Bringing down the regulatory barriers to mobility

Overseas assignments are likely to remain a lynchpin of career advancement for employees hungry for personal and skills development. The accelerated level of global movement for top talent will drive the development of global passports or work permits to enable anywhere-anytime travel for key players. Those countries that facilitate free movement of labour, and/or provide for the rapid deployment of employees, are likely to become more economically competitive. Governments that anticipate the need to import talented individuals to replace gaps in their ageing workforces may remove their immigration barriers in a bid to stimulate their economy.

Singapore, a relatively easy place to move, could serve as a model for countries trying to accumulate human capital when the talent wars heat up and immigration grows in allure as a way to fill offices with key staff. Lenient residency rules may become more prevalent: It can take as little as one day to get a working visa in Singapore, depending upon an

assignee's nationality, salary level, and qualifications; contrast that with most other developed nations, where such a feat can take six to eight weeks or longer. Through its immigration-friendly policy, Singapore reaps the benefits of attracting a good deal of talent from India's well-educated labour pool.

In the future, more countries may impose less restrictive cross-border immigration models that could simplify travel by lifting or easing restrictions on particularly qualified and sought-after workers and their families. But realising that outcome is likely to be complicated.

Organisations must consider what steps they can take to expedite more open immigration policies in the key locations where they do business—for example, through more open dialogue with government and policy makers.



The regulatory challenge—a new era of global and local compliance



In the short term, regulatory realities will shape how the workforce of tomorrow will look and operate. We see regulation as one of the key concerns for companies today from a reputation and risk perspective. The credit and financial market meltdowns are likely to prolong the strict financial regulatory controls adopted by members of the G20 countries, a development that may inhibit mobility in the short term. We expect however, over the longer term, the goal of building sustainable international business will drive demand for increased mobility of talent.

Still, a great many regulatory challenges emanate from external sources—a vast tangle of regional and country-based cultures, rules, laws, policies, politics, and markets—in short, the global village and its varied administrators. The reality is that businesses are already struggling with country-specific immigration requirements, an issue that will only grow in importance as global mobility trends evolve.

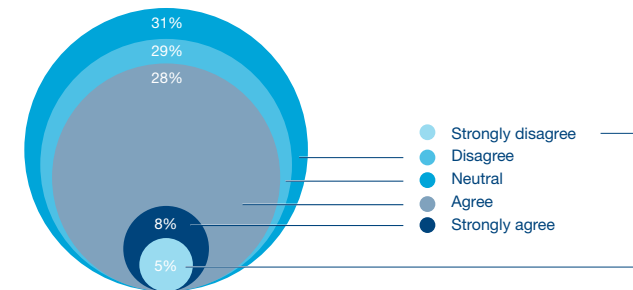
Business and government—working in harmony

More than one-third of our millennial interviewees think that companies will be more influential than governments by 2020 (see Figure 6). In the short term, recent market dramas have business and government aligned against further volatility and unmanaged risk. We envision that current trends will drive a growing interrelationship and interdependence between

business and government—one that will likely impact regulatory matters in diverse and profound ways.

Working with or apart from government, businesses should plan ahead to tackle challenges such as visa roadblocks and tax treaty issues, which will gain in importance on the global stage. PwC doesn't expect taxes to become globalised through a global tax treaty, at least not any time soon. But we do believe that tax authorities will have more consistency over the definition of what constitutes a day of presence and what type of activity determines taxable presence. Of course, this will be accompanied by the emergence of sophisticated tax collection enforcement mechanisms going forward.

Figure 6: By 2020 companies will be more influential than governments



All countries

Source: Managing tomorrow's people: Millennials at work

Future view

Advances in technology simplify compliance

Technology will increasingly automate compliance processes. Appropriate amounts of taxes will be paid through new systems and enable workers to move freely, unencumbered by fear that unanticipated or unsettled tax bills will increase the cost of doing business, or at worst, limit the employee's ability to visit or work in the country again in future.

Companies will have the primary responsibility for reporting on where their employees have been and the wage allocations associated with their whereabouts. GPS tracking is one part of the tracking process, albeit controversial, that may become an accepted norm within the next five to seven years. Employees, companies, and vendors will supplement

the positional data with other data points to allow for conversion into meaningful wage sourcing data. For example, the initial data point may be cell phones and laptops, fitted with electronic trackers. These trackers will log the employee locations upon activation, and then generate and send automatic reports on employee "Position Statement Reporting" to a central business function made up of tax, finance, payroll, and HR specialists responsible for monitoring, assessment of tax obligation, and deposit of tax liabilities and claiming credits.

In conclusion

We have outlined a vision of 2020 which is markedly different from today. A world where the best and brightest employees have their own agents ... where global passports allow for more fluid travel across borders ... where the global harmonisation of pay across some industries and skill sets changes competitive strategy in the war for talent ... where populations in Mumbai, Dhaka, and São Paulo eclipse that of New York, London, and Paris ... where immigration barriers begin tumbling down to address gaps in the ageing workforce and stimulate economies ... and where technological advances change the way we work as well as helping to ease the burden of tax compliance.

These global shifts will be compounded by demographic changes which will precipitate a lack of workers with the key skills businesses need. Having a sustainable talent pipeline will become the most important driver of business strategy.

Growing collaboration with government will help global business and economies to thrive without drowning in the red tape of regulatory and tax compliance. Companies will increasingly form alliances with each other and collaborate on joint ventures to share costs

and knowledge. Collaboration will be the watchword of the future world of work, a place where work and life will blend on an escalating basis and in new ways.

We believe the HR function has a key role to play if it is prepared to take the lead. It must keep up with changing business needs and understand the external markets it operates in to be effective. And on the practical side, HR will need to manage everything from new global reporting technologies, to the career and remuneration expectations of emerging market talent, and several generations of workers.

Proactive companies that adjust their talent management and recruiting strategies to address these changes will be poised to win the best talent, build sustainable relationships with engaged workers, and take the competitive lead by the end of the decade.

The world is not waiting to tackle the emerging talent imperative. Are you?

Future view

Talent mobility on the World Economic Forum agenda

The issue of global talent mobility is gaining in prominence and importance. The World Economic Forum put this topic high on the agenda of its Annual Meeting 2010 in Davos. The world's business, political, and academic leaders united in agreeing on the importance of encouraging talent mobility to stimulate economies in both developed and developing countries. The Forum believes that countries and organisations need to prepare for an era of a fast-changing, dynamic, and mobile workforce. Their recommendations are summarised in a "Declaration of Talent Mobility," citing the need to:

- Increase people's employability to better match supply and demand
- Redesign migration policies to encourage knowledge sharing and prevent the brain drain
- Create global workforce around adaptability and mobility

- Build and effectively manage diversity in a complex, multicultural business environment
- Use talent for innovation

In order to prepare for what the Forum sees as "upcoming massive talent shortages," they want government, business, and academia to work together to address the key challenges and barriers of talent mobility.

In 2009 nearly 80 high-level experts and practitioners contributed to the talent mobility dialogue hosted by the Forum online and at meetings in Davos-Klosters, Dubai, New Delhi, and New York. In 2010, this work will continue on-line and at summits in Europe, Doha, China, and Dubai. Please see the report from the Talent Mobility project and a video from the talent mobility discussion in Davos at <http://www.weforum.org/en/index.htm>.



How do these trends impact your organisation?

- Do you have an employee engagement strategy that suits a new world where significant numbers may be overseas at any one time? How do you engage to retain key talent?
- Have you determined how your strategy for growth over the next decade impacts your talent mobility strategy?
- Have you mapped and tracked your mobility needs over the coming decade to determine what you will need and where?
- What are your plans for managing the millennial generation? How might you use their openness to overseas assignments to your advantage?
- Do you have the right knowledge and data to determine where changes and/or investments may be necessary?
- Do you understand how you will manage the cost of increased demand for global mobility? Is your current policy sustainable?
- What investment do you need to consider in technology to better manage the mobile community, and to improve connectivity without the need for travel?
- What reward and incentive model is appropriate to meet the various needs across the generations in your organisation?
- How might your business influence governments and regulators to ease the regulatory burden and create harmonisation?
- What is the role of the HR function in driving talent mobility? Is the HR operation equipped to deal with the changes ahead?

“As time goes on—and the world grows evermore competitive—
human capital will become an even more important factor to
business success.”

— *Andrew Ferrier*
CEO
Fonterra Co-operative Group

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