

Outsourcing International HR

By: Robin Pascoe

As companies extend their reach into the global marketplace, new and expanded organizations are being placed in the role of international HR consultants, providing the administration and services needed to support expatriate populations.

“Often, it’s simply the case that an HR department is not large enough to handle the necessary international support services,” according to Nancy Lockwood, HR content expert and researcher for the American Society for Human Resource Management (SHRM). “It can be more convenient to pay a consulting service to take care of expat needs. HR sometimes just doesn’t want the headache.”

“Many HR professionals have never lived overseas so they don’t have a very good idea of what support is needed for the expat and family, nor do they even appreciate the importance of this support,” adds Lockwood.

Contracting out HR functions such payroll or employee benefits administration is not a new idea and has been around for many years, according to Mark Hodges, the manager partner of an outsourcing advisory services firm in Texas.

“But now, in the interests of saving money and streamlining business so they can focus on what they do best, companies are more often bundling all HR processes under one business-process outsourcing (BPO) contract,” Hodges told a US outsourcing conference held in February.

Within expatriate assignment management, there are many unique services being carried out by outsourced relocation service providers, according to Lockwood, including language training, relocation services, cross-cultural training, and destination services. “And if the company is wise, repatriation training is also included in the package,” she notes.

Outsourcing services also serve to fill gaps in an IHR practitioner’s core competencies to ultimately benefit international assignees who need to know about international tax matters or require the help of an Employee Assistance Program (EAP), another service which may also be contracted out. In uncertain times, more and more companies are contracting with organizations that specialize in security services or deal with medical emergencies, according to Lockwood.

Globalization has also pushed outsourced international HR functions onto a much larger and strategic playing field. In many instances, a company going global may now rely on outside consultants to help it develop a competent, qualified global workforce.

According to Terry Hogan, VP of Client Services-Americas at Cendant Mobility, the role of international human resources has moved from assignment administrator to partner and facilitator of the business objectives of globalization.

In the Spring 2002 issue of International Human Resources Journal, Hogan notes that in the past, HR has outsourced transactional functions such as benefits, tax, retirement and investment plans as well as mobility services.

“What makes global workforce development different,” she writes, “is that the transactional and the strategic are not ready to be separated. On the one hand, assignment administration is characterized by fluctuations in activity, changing demographics, and forays into emerging markets in pursuit of global expansion—aspects that make a compelling case for transactional outsourcing.”

“On the other hand, much of global workforce development is tied to the organization’s molding and deployment of its global talent, as the company evolves into a globally competitive entity.”

Outsourcing—or ‘cosourcing’ as Hogan labels it —assignment administration “requires a holistic approach....that takes into consideration the organization’s long-term approach to globalization.”

Regardless of business strategies, if companies do choose to outsource in the short term as a way of reducing the rising price tag of an expatriate assignment, they would be well-advised to keep a close eye on its vendor contracts, according to David Leboff, President of Expaticore Services in New York City.

“Companies pay millions of dollars to vendors because of poorly negotiated contracts for expat services,” Leboff writes in a recent issue of Mobility Magazine. “Key areas of focus include relocation companies, tax consultants, and technology fees.”

“Find the existing contracts and have them reviewed. Re-negotiate or get competitive proposals when possible,” he advises companies.

While outsourcing can certainly be both a key administrative and strategic tool for companies building global work forces, it has also created yet another barrier between families and the companies which move them overseas.

For that reason, HR expert Lockwood advises expat spouses to call HR at his/her company and make a lot of noise about how poorly an outsourced company may be handling their relocation.

“Good HR professionals who are service-oriented will track this down and contact the outsourced company themselves to find out what the problem is. The outsourced company may lose their contract if they don’t listen,” Lockwood believes.

“The key is ensuring that the service loop (planning-delivery-feedback-planning) of an expatriate assignment includes the spouse as a separate and distinct feedback from the expat,” according to Lance Richards, a global HR consultancy based in Washington, DC.

“Communication between the outsourced company and the family ensures that the spouses understands that he/she ‘counts’ and it allows the client HR group to development even more meaningful metrics around assignment satisfaction.”

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