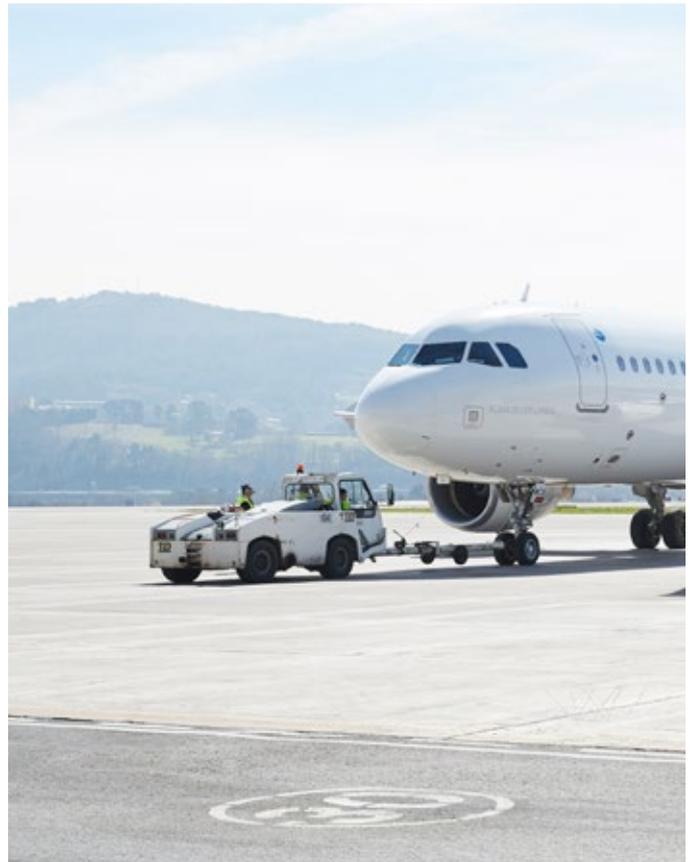


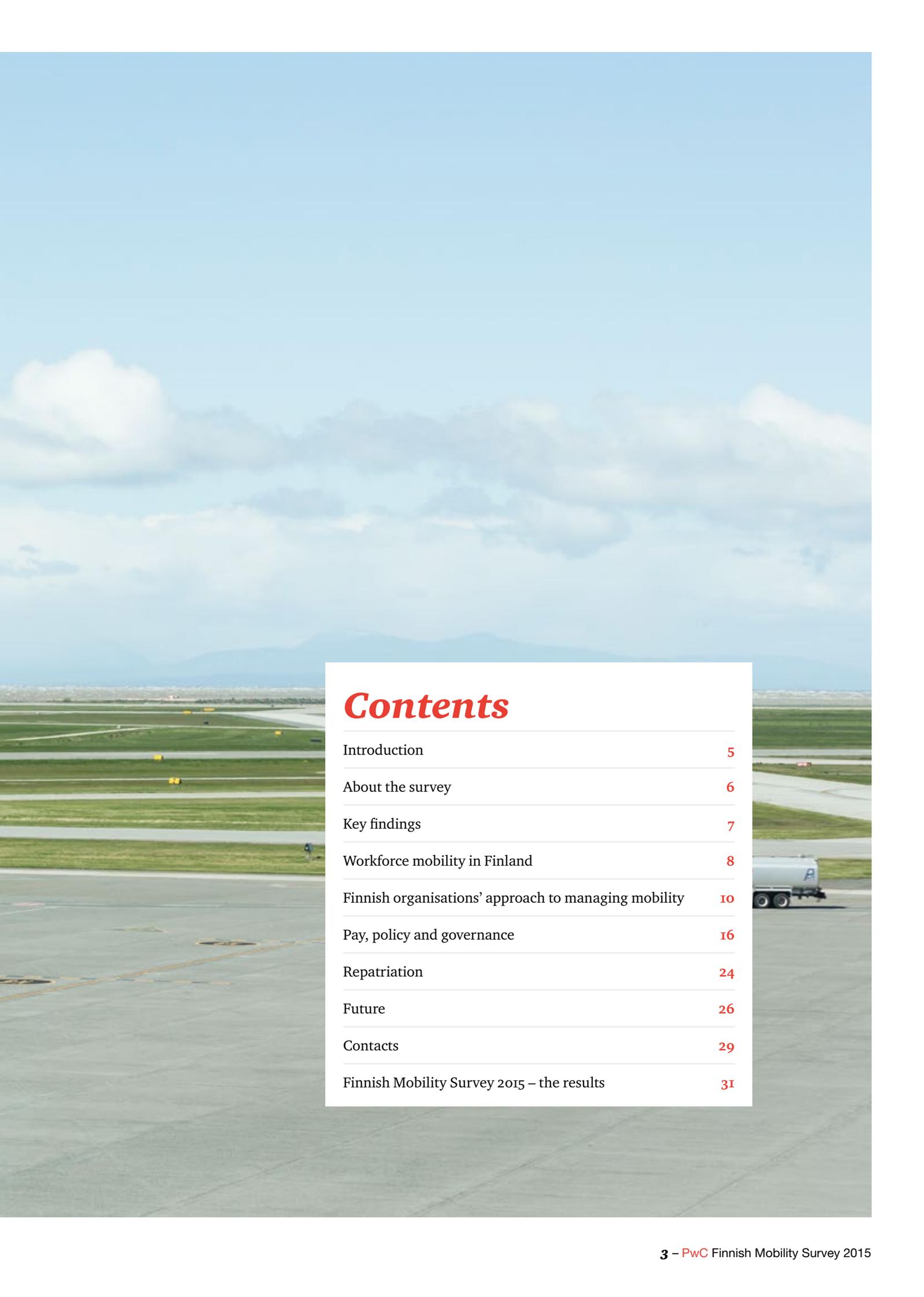
This report is based on the responses of HR and mobility professionals in 32 organisations in Finland. In addition, it includes insights from in-depth interviews with six of the respondents.

The Finnish way of managing mobility

Finnish mobility survey 2015

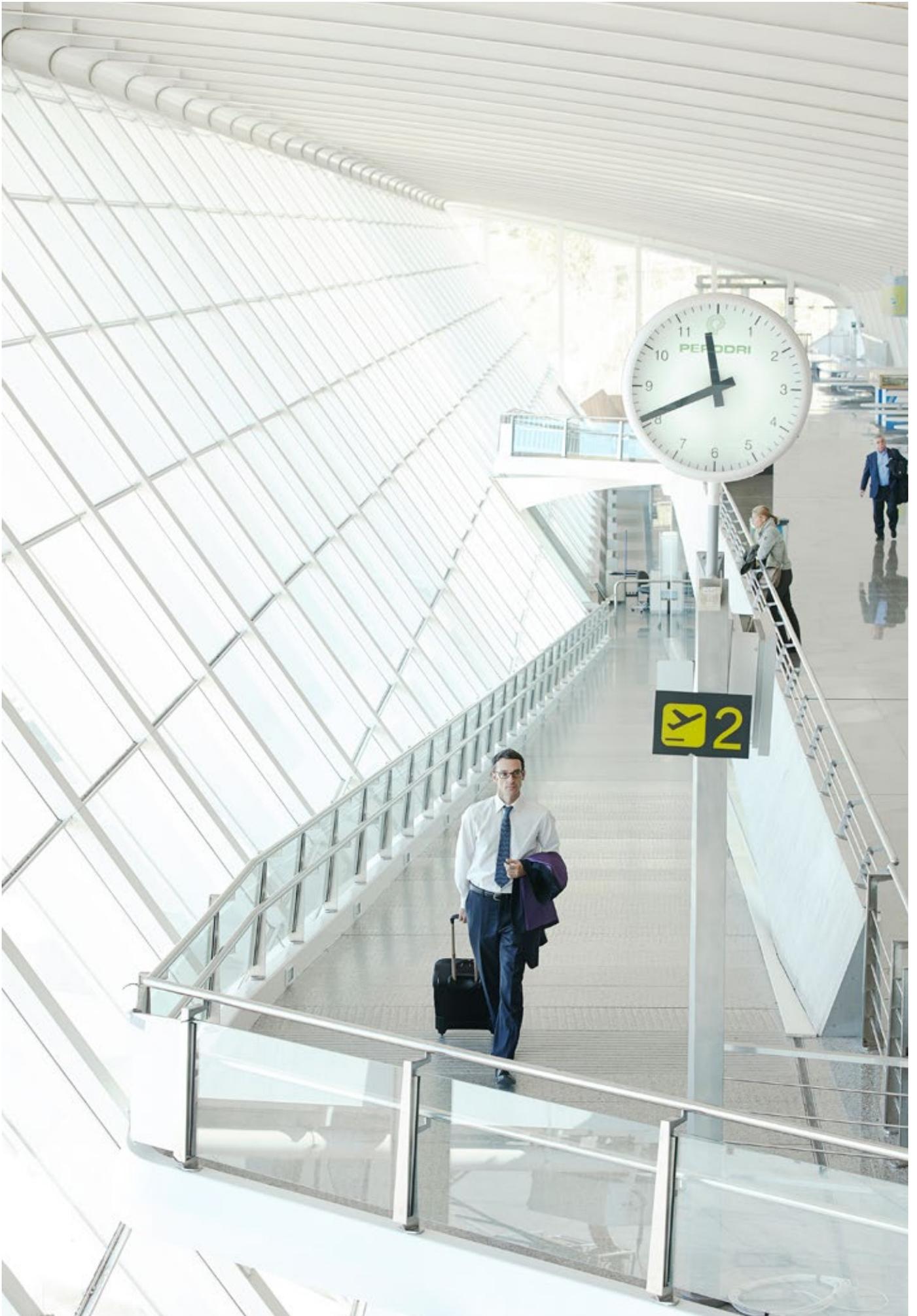






Contents

Introduction	5
About the survey	6
Key findings	7
Workforce mobility in Finland	8
Finnish organisations' approach to managing mobility	10
Pay, policy and governance	16
Repatriation	24
Future	26
Contacts	29
Finnish Mobility Survey 2015 – the results	31



Introduction

We are delighted to share the results of our first Finnish Mobility Survey with you!

In Finland, global mobility has traditionally been seen as a way of transferring employees to meet business needs. The field of global mobility is changing with the increase in new types of mobility, such as remote workers and commuters, which challenges the global mobility function's current ways of working. Organisations are transferring employees to new locations at a quicker pace than before. This, combined with rapidly changing laws, puts more pressure on the global mobility function. As a result, it has an increasingly important role to play in preventing risks and managing the costs of mobility.

The linking of global mobility with talent management is a rising trend globally, as this can help to get the right people to the right place more swiftly. Many organisations also see the potential of utilising global mobility for developing and retaining their talent. 45% of the Finnish respondents see global mobility liaising with talent management in the future in order to find the right people for assignments. However, the respond-

ents are facing similar challenges to organisations globally – how can the focus of the mobility function be shifted from operational activities to a more strategic role?

With this survey, we highlight the practices and the ways of handling global mobility matters within Finnish organisations. Additionally, we have compared some of the Finnish ways of handling global mobility with global as well as Swedish and Norwegian practices in order to identify the differences and similarities in these practices. At the end of the report we will also peek into the future of mobility in Finland.

We plan to repeat this survey every two to three years – this way we hope to reveal changes in practices and trends in the field of global mobility in Finland.

Most importantly, we want to thank all the respondents for taking part in our survey and sharing their valuable insights with us!

Risto Löf

Partner, People and Organisation
PwC Finland

About the survey

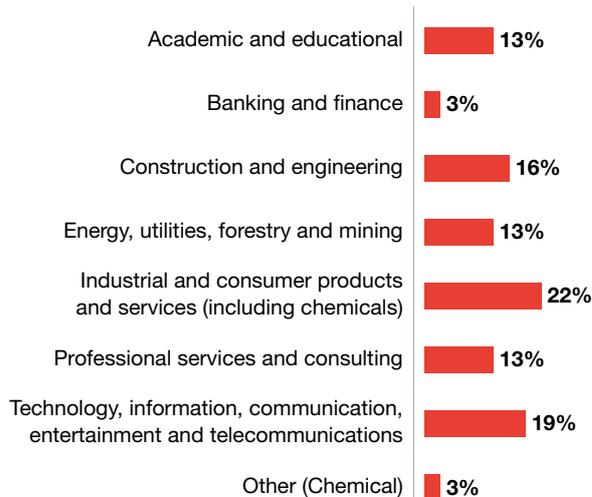
This report is based on the responses of HR and mobility professionals in 32 organisations in Finland. In addition, it includes insights from in-depth interviews with six of the respondents. The survey and the interviews were carried out during September and October 2015.

The respondents represent organisations operating in various industry sectors. The size of the organisations vary from those with less than 50 employees to organisations with over 1000 employees in Finland. The organisations' headquarters are located in Finland, the Nordics and in the rest of Europe.

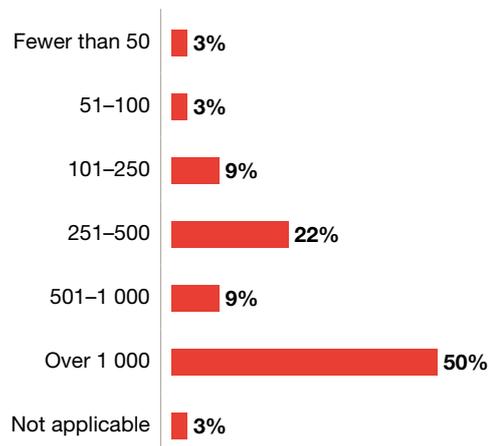
There is also a number of academic and educational organisations included in the respondents. This group generally has a slightly different approach to managing global mobility, due to the nature of their operational environment.

Our survey focuses on temporary assignments, which are generally divided into long- and short-term assignments. We note that Finnish organisations also hire foreign employees locally and under local employment agreements. We have excluded these from our survey this time because they are not classified as temporary assignees working temporarily outside their home location.

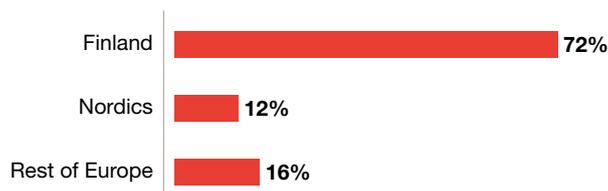
What is the primary industry sector of your organisation?



How many people are employed by your organisation in Finland?



Where are your organisation's headquarters located?



Key findings

Our survey shows that the Finnish mobility function currently focuses mainly on operational activities. Linking the talent management aspects with daily global mobility work could help in the systematic utilisation of the skills and knowledge gained from assignments. In the future the Finnish global mobility function will see liaising with talent management to find the right people for the assignment part of mobility.

Compliance with tax issues in particular and the overall coordination of the mobility process are seen as challenges within the field of global mobility. Defining and communicating the roles and responsibilities of global mobility, service providers and business managers, in all phases of the assignment, help to keep the assignment process and the costs in control.

The mobile workforce now and in the future

Finnish organisations have more outbound assignees working overseas than inbound assignees working in Finland. However, based on our experience the Finnish organisations also often employ foreign employees on a local basis. The results of the survey indicate that the total number of long- and short-term assignments are not expected to increase significantly in the future, but the number of short-term assignments and

business trips will increase. The region in which the respondents anticipate the mobility population to increase the most is the Asia-Pacific area. Africa and the Middle East are not yet regions of interest for Finnish organisations.

The number of international business travellers is expected to increase. A considerable proportion of the respondents do not know how many business travellers there are in their organisation currently. However, the global mobility function has an important role to play in preventing risks and managing the related costs in advance by tracking business travellers, carrying out compliance checks and informing supervisors and project leaders of the impacts on taxation, reporting, immigration and social security issues.

Only one-third of the respondents indicated that they currently follow up with the assignee after repatriation. The challenges of returning to the home country should not be ignored. Regular communication, preparation of the repatriation plan and repatriation training can aid in assignee retention.

Pay, policy and governance practices in Finnish organisations

The majority of the respondents have a global assignment policy. Assignment

policies, which are designed to fit each assignment type purpose, improve effectiveness, facilitate discussions and help to manage costs.

The survey indicates that the majority of the respondents expect their assignees to pay all individual taxes and social security contributions. It is important that all parties involved in the global mobility process understand what the chosen policy means in practice, and that it has an impact on the net salary as well as on reporting liabilities.

Less than one-fifth of the respondents follow up on the actual costs and the majority do not analyse and report the value generated by the mobility programme. Comparing the actual cost to the budgeted cost would make the investment to the assignment visible to the business and also following up the actual costs during the assignment would make it possible to take actions if the costs are not in line with the budget. Over half of the respondents currently align the assignment compensation package with the home compensation package. In our view, the host country approach could bring significant cost savings.

Workforce mobility in Finland

There are more outbound than inbound assignees

Our survey indicates that there are more assignees assigned abroad from Finland than there are assignees coming to Finland. The actual number of foreign workers in Finnish organisations is in practice higher, as the results do not include locally hired employees.

The main assignment locations stated in the survey are Asia-Pacific, North America and the Nordics. Central and Western Europe are also important areas for Finnish organisations. This is in line with the main locations stated by companies in surveys made by PwC Sweden¹ and PwC Norway²

The amount of female assignees still remains small

While PwC's global report, The Female Millennial: A New Era of Talent, states that women born between 1980 and 1995 represent a significant and growing proportion of the global talent pool, our survey identifies women as a minority of the assignees. One contributing factor to this result is the industry sectors of the respondent organisations. Many of the organisations operate in the fields of industrial products and services as well as IT, where the pool of employees is often mostly male. On the other hand, there are companies where the balance is opposite – where there are more women than men – and therefore most of the assignees are also women.

Additionally, in academic and educational organisations, the split between genders is not as clear, as these organisations work within a wide range of fields of research.

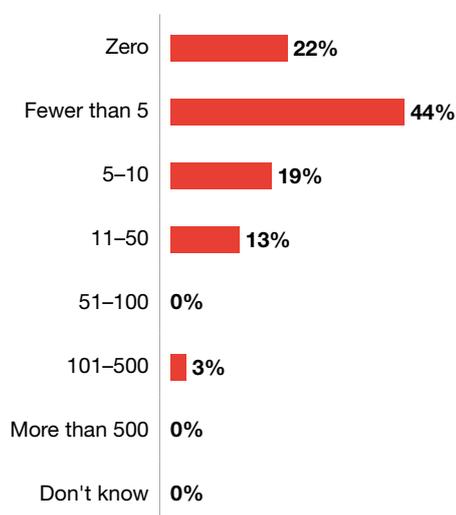
When we ask new employees and trainees how many would like to work abroad, over half of the young people say that they are interested.

Laura Kortesalo
Mobility Manager, PwC Finland

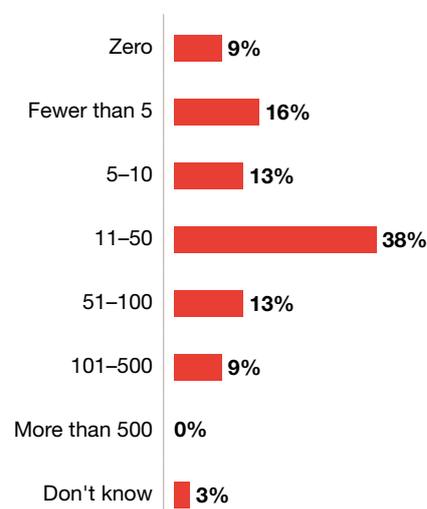
¹ Mobility Survey 2013 by PwC Sweden

² Assignment Policy Benchmark – Results of Mobility Survey 2014/2015 by PwC Norway and Global Expat Services AS

How many Finland inbound assignees does your organisation currently have?

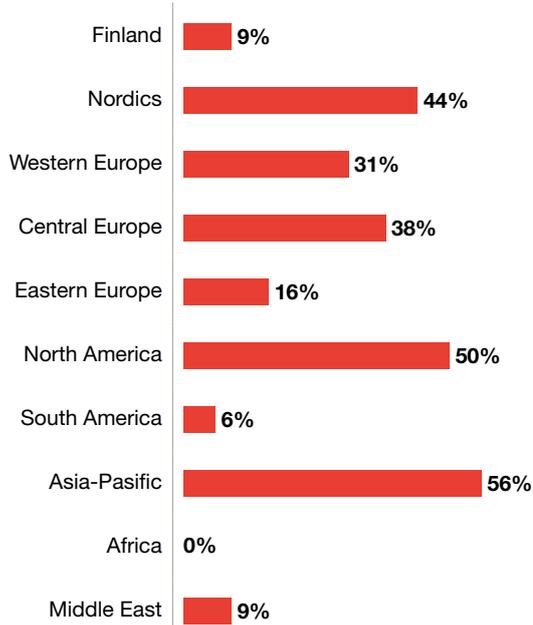


How many Finland outbound assignees does your organisation currently have?

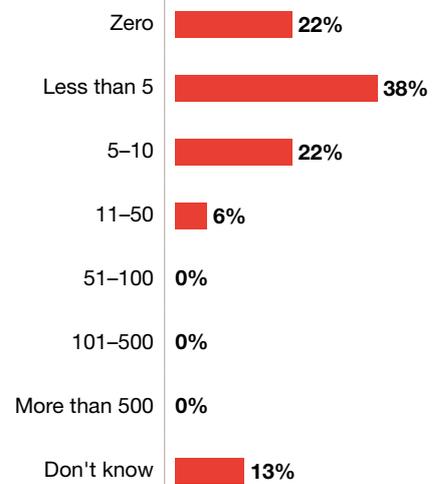




Where are your main assignment locations?



How many of your Finland inbound and outbound assignees are women?



Finnish organisations' approach to managing mobility

The global mobility function in Finnish organisations seems to be facing similar challenges as organisations globally - how can the focus of the mobility function be shifted from operational activities to a more strategic role?

75%

have a formal global mobility programme

84%

state that global mobility sits in HR

The role of the global mobility function in Finland is similar to the global one

The respondents have indicated that their mobility function currently focuses mainly on operational activities and less on strategic tasks, such as partnering with the business to plan for future mobility needs. This shows that the focus of the mobility function in Finnish organisations is the same as in organisations globally.¹

Our survey shows that the global mobility function is generally located within the HR function. This also seems to be global practice, as indicated by PwC UK's Modern Mobility Survey 2014, where 88% of the respondents stated that global mobility sits with HR.

Based on our discussions with some of the respondents, some organisations have adopted a practice with one single global mobility contact person for each assignee. This model improves the assignee's experience and can be adopted even if there aren't many assignees within the organisation.

In organisations where the global mobility team is small, maintaining the level of expertise and knowledge is seen as a challenge. On the other hand, it can also be seen as a benefit, as all matters are handled by the same person and this way the assignee receives very personal assistance.

We have adopted a client service perspective towards global mobility. We have a Case Owner model, where one person has overall responsibility for the assignment. This person handles the relationship and communication with the assignee and makes sure that all matters are taken care of.

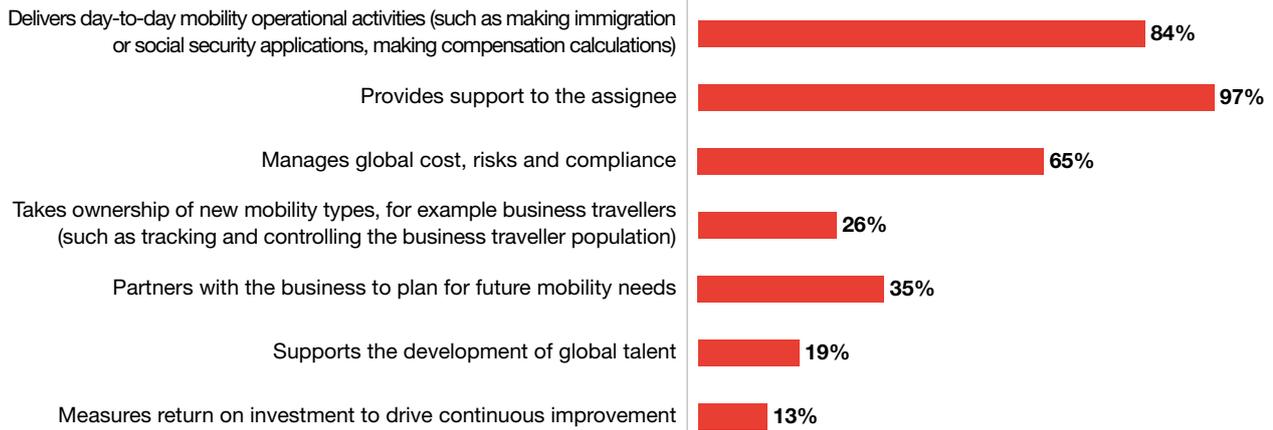
Heikki Vuopala

Manager, Human Resources/Global Mobility, Outotec



¹ Moving people with purpose, Modern Mobility Survey 2014 by PwC UK

What activities does your mobility function do currently?



We aim to develop and strengthen our online services for our international staff and streamline our processes. With this we hope to free up time and resources among the mobility team to deal with the more complex mobility questions.

Kirsi Korhonen

International HR Specialist, University of Helsinki

Compliance and overall coordination of mobility process is seen as a challenge

Particularly with limited resources, it can be difficult to keep up to date with changing laws and regulations while trying to handle all aspects of the assignment in the right order and at the right time.

One solution to challenges in compliance and overall coordination is outsourcing all or some of the areas to a third party. Additionally, utilising technology tools to track different steps of the assignment process helps to keep the process under control.

Our point of view

- It is important that the roles and responsibilities between global mobility, service providers and business managers are clearly defined and communicated. This helps to make sure that all aspects of the assignment are taken care of.
- Using technology to track different steps of the mobility process helps in the overall coordination of the mobility process and in ensuring that compliance requirements are met.

The immigration process is often seen as challenging because the local immigration authorities' practices in the host country can be unpredictable and change quickly – this makes it difficult to control the overall process.

Home search requires a lot of time and a good understanding of the local rental market and practices. The practices can be very different compared to those in the home country. For example, in some countries it is common for rental apartments to not have a kitchen, but the tenant is expected to purchase and install one.

The biggest challenges organisations face when moving people abroad:



61%

Taxes



55%

Overall coordination of different aspects related to the assignment



35%

Immigration

The most challenging steps of the actual relocation process:



67%

Making sure that everything is done in the right order and at the right time



60%

Trying to keep track of all the necessary actions during the process



43%

Home search



Service providers support the global mobility function

The most commonly outsourced services are tax compliance, relocation, immigration and cultural training services – only a small portion (13%) of the respondents do not outsource services on a regular basis.

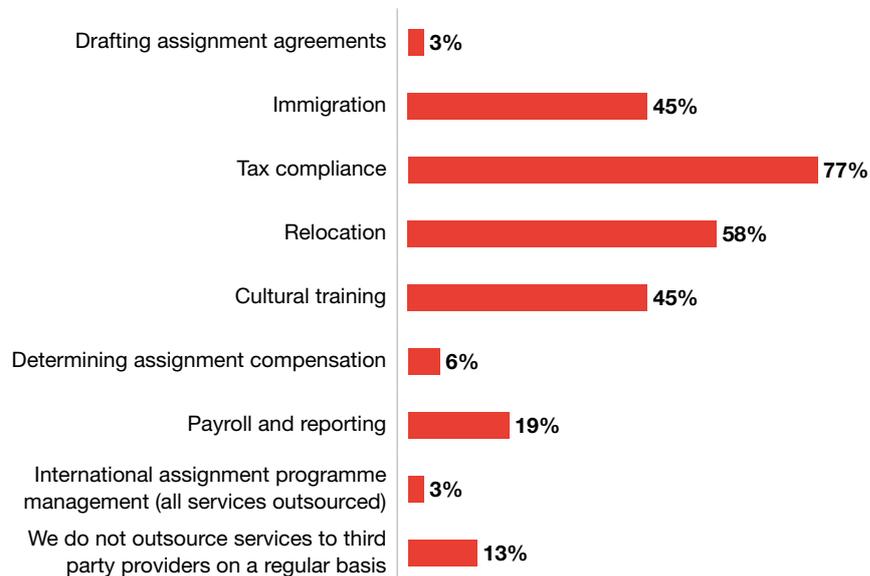
96%
state improved compliance with laws and regulations as a reason for outsourcing

68%
state outsourcing reduces internal demand for resources

Our point of view

- Outsourcing some of the work to an outside provider may help to deliver consistent services to the assignees and ensure compliance with laws and regulations.
- Using an experienced service provider who is familiar with the customs and practices of the local authorities can help to keep the process under control and to speed up the process, thus also keeping the costs under control.
- While outsourcing services is an efficient way of saving time and resources for the global mobility function, it is essential to maintain active dialogue with the service provider to maximise the benefits of outsourcing.

If you outsource services to third party providers on a regular basis, which services do you outsource?



Talent Management and Global Mobility cooperate on a global level, and this cooperation will increase in the future. Assignments develop the individual's skills enormously and it is important to utilise the experience and skills gained during the assignment for the benefit of both the assignee and the company.

Pia Kalliosaari
Global Mobility Manager, ABB

Our field of business requires unique skills combinations which are not always available in Finland; therefore, recruitments from outside Finland are very valuable for us.

Anu Wiikeri
HR Director, Marimekko

There is potential in linking talent management and global mobility

Individuals gain new skills and knowledge while working abroad. These are valuable to the individuals from a career development perspective and to the organisations from a business development perspective. Integrating global mobility into talent management processes can help identify and harvest the new skills and knowledge for the benefit of the organisations.

Currently, skills and knowledge gained during the assignment are not systematically identified and utilised by the companies. The commonest reason for sending employees on assignments for Finnish organisations is still business reasons.

Currently the link between talent management and global mobility does not

always seem to be visible to the global mobility function. However, in some organisations the link and the value are already recognised.

Based on the experiences of some of the global mobility professionals, millennial employees, born between 1980 and 2000, can also be quite demanding and they see working abroad as an important step in their career path. If it is not possible to go on an assignment with their current employer or if it takes a long time to arrange the assignment, the millennial may find a position outside the company on their own. If talent management and global mobility are linked to each other, they are of assistance in attracting and retaining top talents with key skills. This has an impact on the overall business performance.

44%

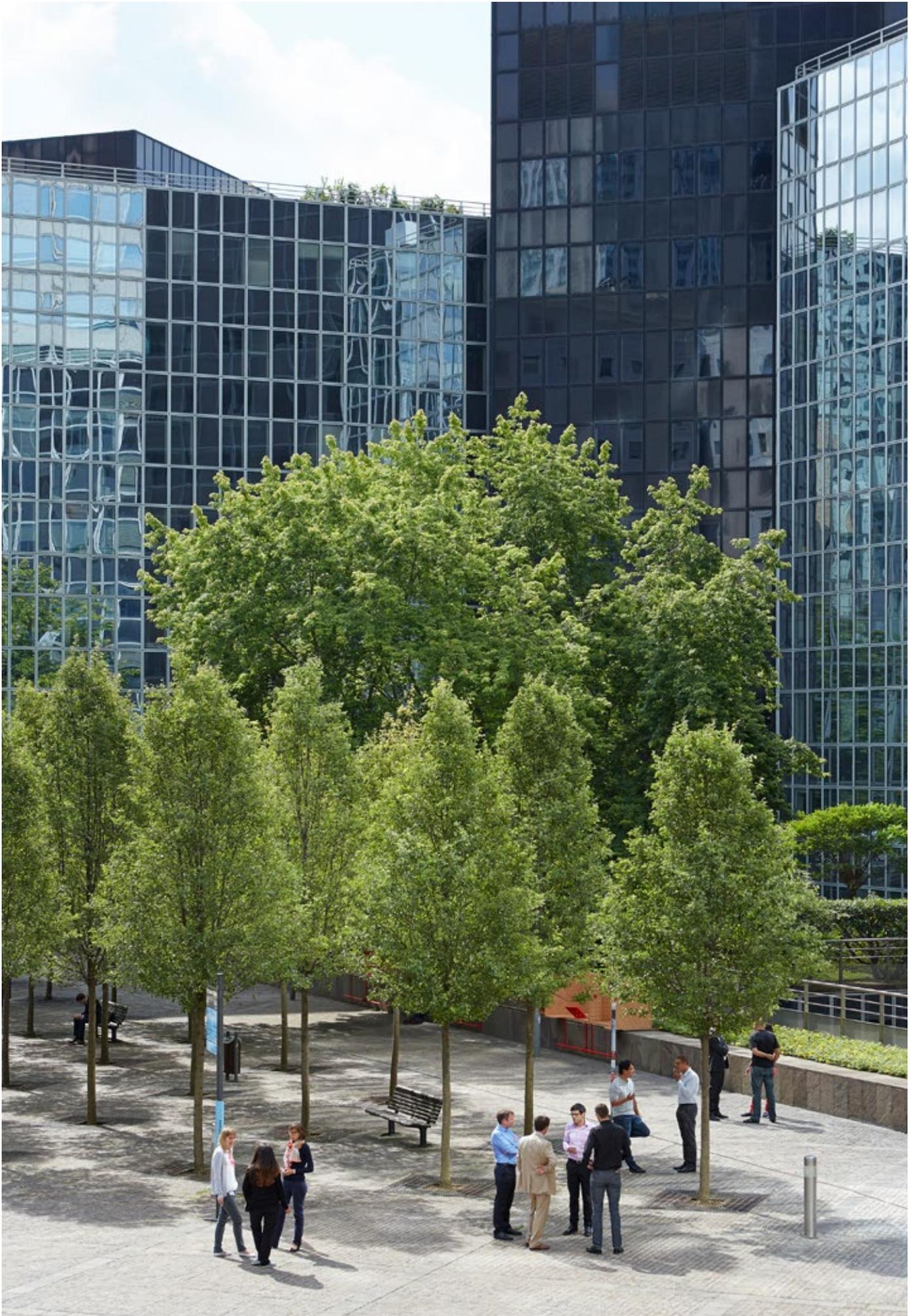
of the respondents have a talent pool which they use to select assignees from

38%

have Talent Management involved in the selection process of the assignees

Our point of view

- Making talent management aspects a part of the everyday global mobility work helps to ensure that the skills and knowledge gained from assignments can be systematically utilised.
- Regional talent pools are one way of getting the right people in the right place at the right time. One example is the EU area; EU nationals are not required to obtain work permits when moving between EU countries and can therefore be moved to a new location within the area quickly and without time-consuming and complex immigration processes.



Pay, policy and governance

Finnish organisations' approaches to mobility

One of the commonest ways of organising the mobility process is by having a mobility policy. Having a mobility policy saves time, as it reduces the need for case-by-case negotiations. In addition, with such a policy, individuals are more likely to be treated in a fair and consistent manner. In our experience this can improve assignee satisfaction.

The duration and the purpose of the assignment have an impact on the compensation model and the administrative set-up. Long-term assignments generally include more elements than short-term ones. As a result, it may be difficult to apply the same policy to all assignment types.

A specific policy for each type of assignment

Policies that are designed to fit the assignment purpose improve effectiveness even more. Traditionally, companies distinguish between long- and short-term assignments, but as new assignment types arise, it can be useful to implement new types of policies.

Generally, organisations with a small number of mobile employees don't have a mobility policy. Therefore, it often takes a lot of time for the organisation's HR function to take care of mobility matters, as they need to be discussed on a case-by-case basis. By implementing a

global mobility policy, the organisation can free up time for the HR or global mobility function to deal with other aspects of mobility.

Having a global mobility policy also facilitates the discussion between supervisors and the potential assignees. The policy also helps to manage costs, as compensation packages are set out in the policies. This in turn ensures a fair and consistent treatment of assignees.

Our point of view

- Implementing a framework policy or a comprehensive assignment contract template at an early stage provides structure to the mobility process. These can be further developed in the event that the number of mobile employees increases.
- Supervisors should be informed about the content of the organisation's mobility policies prior to discussions with potential assignees.
- As regulations and practices change over time, updating global mobility policies regularly ensures that they remain accurate.

We have different policies for each assignment type, including long-term, short-term, early-career and self-initiated moves. There is no need for case-by-case negotiations, as the terms and conditions are clearly defined for each assignment type.

Pia Kalliosaari
Global Mobility Manager, ABB

63%

of the respondents have a global policy

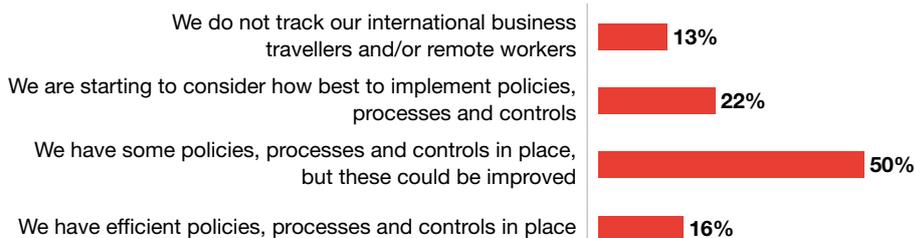
19%

have a global policy framework with regional policy variations

13%

have no mobility policy

To what extent do you currently have controls in place to track your business travellers and remote workers?



Monitoring risks related to business travellers

Laws and regulations are currently changing quickly, especially around tax and immigration, due to political and economic reasons. This makes it more difficult for organisations to remain compliant while trying to move people within the timeframe required by the business.

The number of international business travellers is expected to increase. Business trips form a risk, as the employee's stay or activities in a foreign country may trigger immigration and individual tax liabilities if the number of days spent in the host country exceed a certain threshold, which varies from country to country (in Sweden, for example, liabilities may arise from day one). Under certain circumstances the employee may sometimes become liable to file a host country tax return, even if the host country does not have a final taxation right based on the applicable double tax treaty.

Business trips may also create employer reporting and withholding obligations as well as corporate tax liabilities if a permanent establishment is created. In addition to tracking the employee's duration of stay, it is important to know what activities the employee's tasks include, as these have an effect on the assessment of the liabilities.

An increasing number of employees request to work remotely from home while living abroad, due to accompanying their partner on an assignment, for example. It is very important to look into the immigration, tax and social security impacts of remote work before agreeing to such an arrangement. If

Our point of view

- Business traveller tracking can be done simply by pulling reports out of the travel reporting system. If the volume of business travellers is high, a more sophisticated technology for tracking immigration and tax risks may be appropriate.
- A compliance check as early as in the planning stage saves time and resources later. The global mobility function has an important role to play in preventing risks and managing the related costs in advance.
- Informing project leaders of risks related to project work abroad is important, as is training them on how to identify and raise discussions on potential risks.
- From a security point of view, it is important to know where the employees are travelling to.

neglected, remote work may lead to unforeseen responsibilities for the employer in the country where the remote work is performed. Missing work permits or non-compliance with local tax regulations may, in addition to possible direct economic consequences, have a damaging effect on the organisation's reputation, for example. Fixing incorrectly handled employer obligations or immigration permits retrospectively is very expensive and the potential damage to the organisation's reputation may be impossible to undo.

One of the emerging matters has been cross-border remote working. We have responded to this need by introducing principles about the acceptable situations and guidance to minimize related compliance risks.

Heikki Vuopala
Manager, Human Resources/Global Mobility,
Outotec

44%
do not know how many business travellers there are currently in their organisation

The Finnish approach to compensation and benefits

The majority of the respondents indicated that they align with the assignee's home country pay and reward package. This is similar to global practices, as indicated in PwC UK's Modern Mobility Survey 2014.

The choice of pay policy is a primary factor in determining the overall assignment cost. Especially from a Finnish perspective, choosing a host country pay approach could allow for significant cost savings when sending individuals to countries with a lower pay level. However, implementing a host country approach may in these cases effectively hinder individuals from going on assignments, which is not a desirable outcome.

Traditionally, assignees have received assignment allowances and benefits in addition to their home country compensation package while being on assignment. However, some organisations have started to focus more on a host country approach. In our opinion, implementing a host country approach usually reduces income gaps between assignees and local employees with the same duties, which in turn can help the integration of the assignee into the local organisation.

According to PwC UK's study Millennials at Work, the millennial generation is currently entering the employment market with new ideas and expectations. We expect that the new attitudes and values of this new generation may affect the compensation structure in the future. PwC's study Millennials at Work points at non-cash benefits, such as flexible working hours and unpaid leave, being valued by millennials. It also shows that the most important factor for the millennials is the opportunity for career progression when considering what makes an employer attractive.

52%

align with the assignee's home country's pay and reward package, while

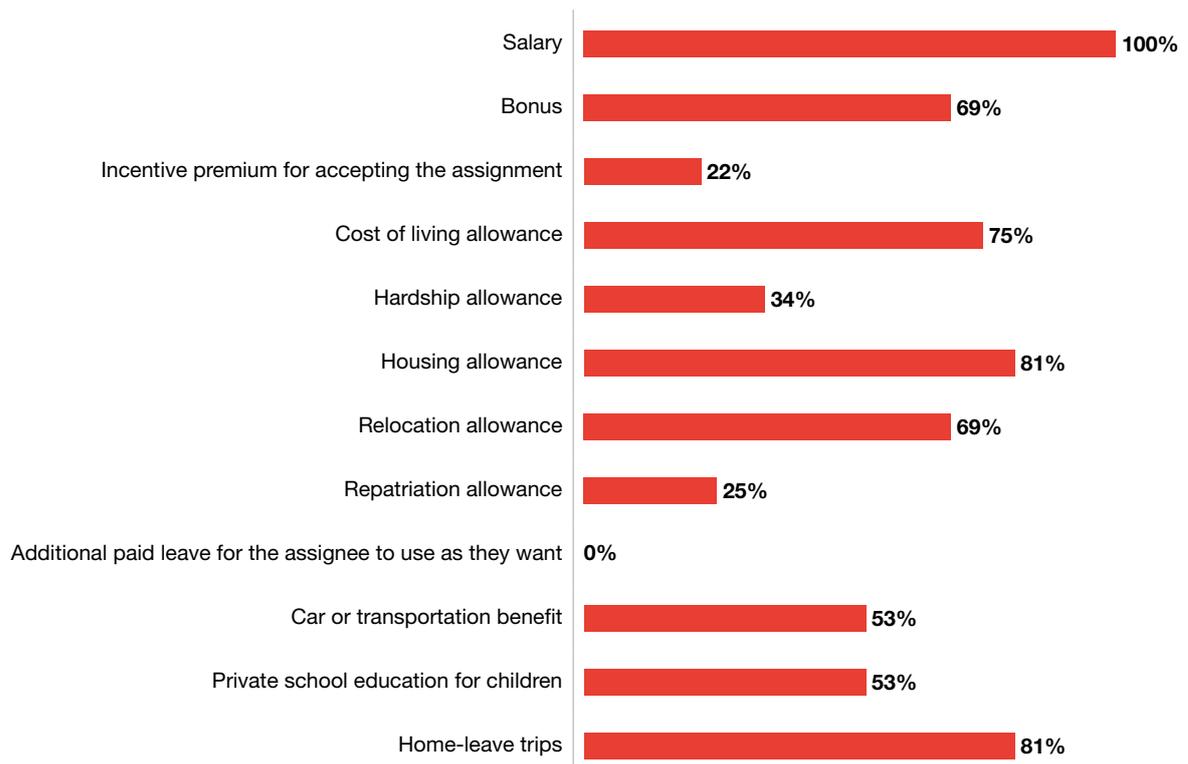
13%

align with the host country's pay and reward package

Our point of view

- The main challenge in constructing assignment compensation packages is balancing between an attractive compensation level and assignment costs. One way of ensuring a sufficient income level is preparing net compensation calculations, which clarify possible differences in living expenses prior to the assignments.
- Having a mobility policy in place reduces the need for case-by-case discussions on compensation packages.

Which of the following are included in your organisation's compensation package for long-term assignees?





Support with cultural challenges

The adjustment process to the host country and culture, as well as challenges in communicating in a new cultural environment and possibly in foreign language, can hinder the employee's work performance. Furthermore, culture shock affects both the assignee and his or her family members. The employer can support this process by offering intercultural training. The training helps to make everyday family life run smoothly in the new country. When family life runs smoothly the employee is able to concentrate on his or her work.

Organisations recognise the benefit of offering intercultural training to their

assignees. A quicker and easier adjustment process to the new country and the assignee being efficient in their work right from the start are seen as the most important benefits. In addition, 37% state fewer assignment failures as a benefit of intercultural training.

Our point of view

Cultural challenges can manifest in various ways during different stages of a stay in a foreign country. By keeping in regular contact with the assignees, the global mobility function can identify and address possible challenges when they occur.

It is very important to provide intercultural training for the assignee and the accompanying family, as it provides them with an opportunity to reflect and prepare for the changes the move to a new country causes to family life.

Pia Kalliosaari
Global Mobility Manager, ABB

63%
of the organisations offer intercultural training to all or some of the assignees

Finnish families want to maintain the level of education and the partner's career

A family's willingness to accompany assignees is seen as a challenge by many Finnish organisations. There is a strong culture of both parents working in Finland and the partner is often unwilling to put his or her career on hold for the duration of the assignment. This is especially true with younger families. At the same time, the support the organisations provide to the accompanying partner does not usually include monetary compensation for lost income and pensions or support with job search in the destination country. While the partner may not be able to work in some countries due to immigration constraints and social security rules, in many countries supporting them to find work or a place of study could be an option when thinking about ways of convincing the family to leave for the assignment.

Our point of view

It is important to identify and take the accompanying family members' situations into account in the planning stage of an assignment.

Additionally, one of the most important questions for the families is their children's schooling. Many countries have a good standard of public education. However, if there are no suitable schools or the private schools are too expensive in the destination country, this may be an obstacle for the assignment. Half of the respondents support the families by compensating the cost for international school.

Actual costs and value of assignments are not visible to the global mobility function

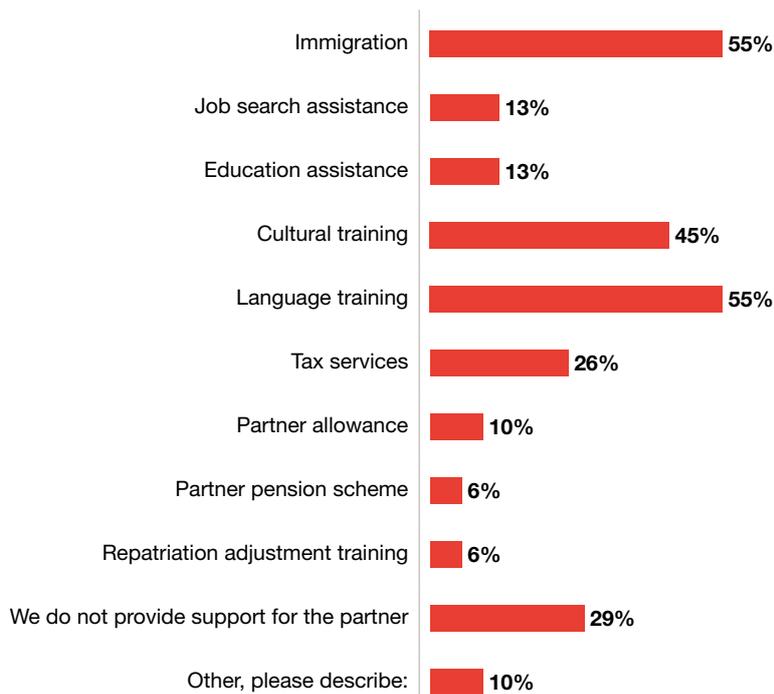
Assignments tend to be expensive. The total assignment cost is often many times higher than the regular home country employee cost. Assignments are, therefore, a significant investment for organisations. Keeping this in mind, it is surprising that only a small minority of organisations follow up on actual assignment costs.

Our survey shows that 66% of the respondents prepare cost projections for assignments. However, only 19% of the respondents indicated that they follow up on actual costs. PwC Sweden's Mobility Survey in 2013 indicated similar trends in Sweden, as 75% of their respondents stated that they make cost projections for assignments while only

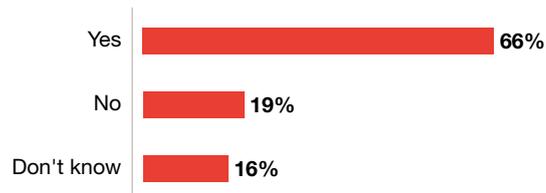
53%

of the organisations include private school education for children in the compensation package

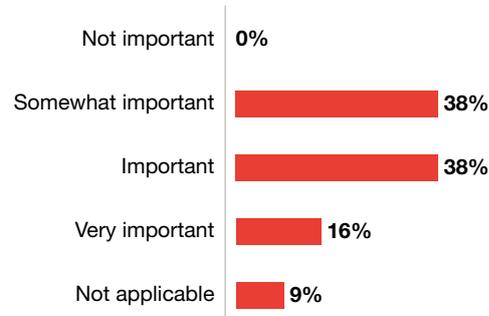
What kind of support does your organisation provide for the accompanying partner?



Does your organisation prepare assignment cost projections?



How important is the estimated cost in deciding whether to proceed with the assignment?



25% of the respondents indicated that they follow up on actual costs.

The cost estimate plays an important role in the planning stage but it seems to be less significant during and after the assignment. It may be that organisations in general do not see the benefit of comparing the actual costs with the budgeted costs, if it is seen that these costs have already been incurred and can no longer be affected.

Another means of measuring the effect of assignments is to evaluate the value generated for the organisation. The majority of the respondents do not currently analyse the value generated by the organisation's mobility programme. We believe that this may be due to the fact that this value can often be difficult to quantify. In the future it may be necessary to develop ways to measure the value generated by global mobility in order to justify the investment in assignments and the global mobility function.

Assignments often have both a business and a talent management perspective. From a business perspective, it may be that organisations do not see a need for additional analysis once the business objective has been achieved. On the other hand, the assignees may have indirectly gained a lot of knowledge of different ways of working and different cultures while developing their

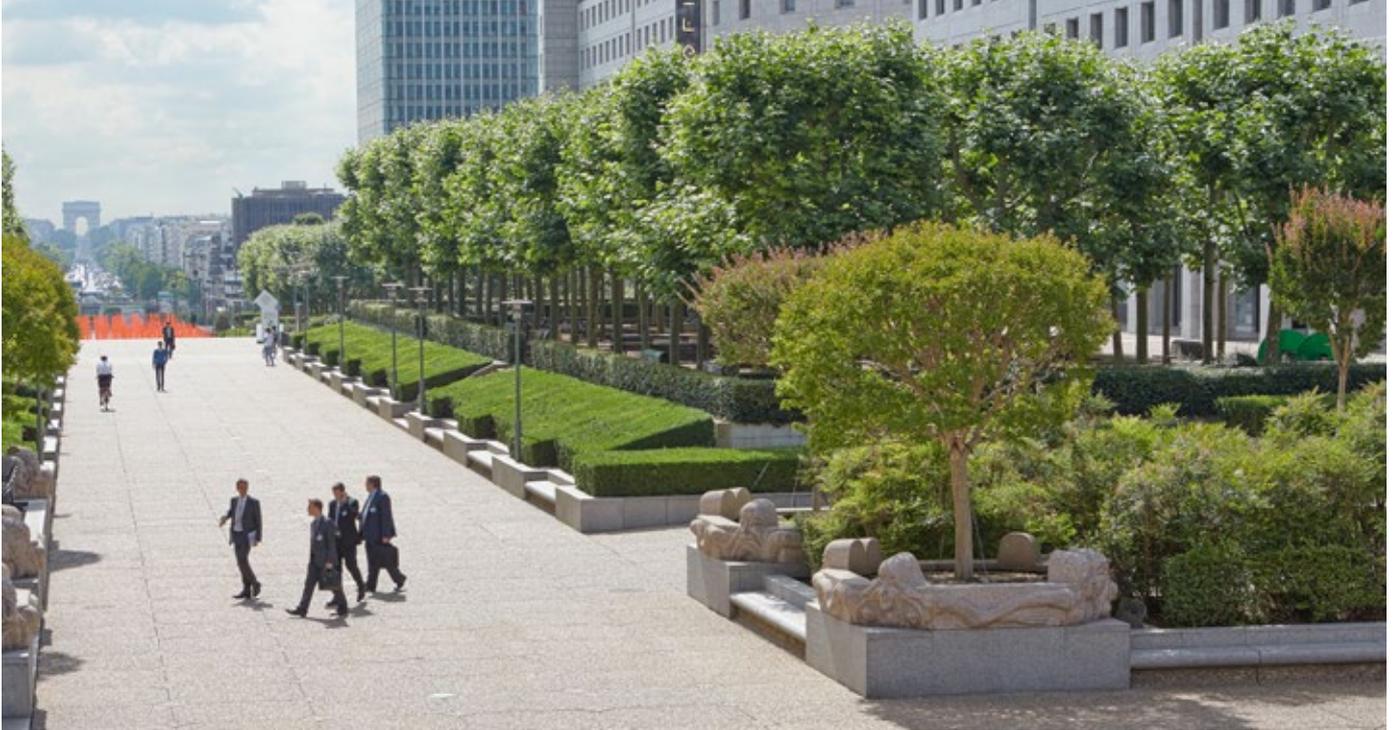
own skills set and knowledge. These acquired skills could be very useful for the organisation if they were identified. It should also be noted that it is often important to the returning assignee that the skills and knowledge they have gained are recognised.

61%

of the organisations do not currently analyse and report the value generated by their mobility programme

Our point of view

- Comparing the actual cost to the budgeted cost would make the investment in the assignment visible to the business. It would also help the global mobility function to show the value it generates to the business.
- Following up on actual costs during the assignments makes it possible to take action if the costs are not in line with the budget.
- We believe that assignee retention can be improved by recognising the skills and knowledge the assignee has gained during the assignment.



Finnish organisations prefer host country payroll

The large majority of respondents stated that they currently pay their long-term assignees through host country payroll.

None of the respondents indicated that they use a split salary payroll for long-term assignees. A split salary payroll means that the salary is paid partly from one country and partly from another. However, in our experience, the use of split payroll has increased over the last few years in cases related to the development of new assignment types, e.g. individuals working partially in their home country and partially in another country for a limited or an unlimited period of time.

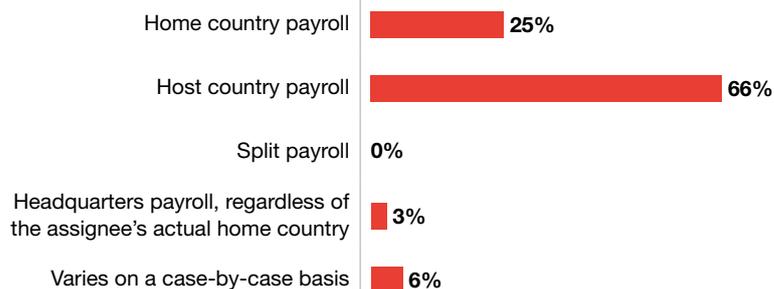
Split payroll arrangements often occur between the Nordic countries, as this also allows for certain tax planning opportunities for the individual. Individuals are becoming more aware of

this possibility and may also proactively suggest split salary arrangements. On the other hand, they are often associated with additional administration costs, which makes it a challenge to balance between the employer's and the assignee's wishes. The costs of implementing a split payroll are considerable, especially if the employer does not already have a presence in the other country.

Our point of view

- Detailed instructions for payroll in advance of assignments ensure correct payments and deductions from day one. Work which includes payments between several countries is complex to handle and it can be very expensive and time consuming to correct the payments afterwards.
- If there is no payroll in place in the host country and a host country payroll is required, it is recommendable to use a service provider in the host country. Managing the host country payroll from Finland is challenging and risky.

From which payroll are long-term assignees usually paid?



Tax policy	Survey result	Pros	Cons
<p>Tax equalisation Basic principle: the assignee shall be no better or worse off because of the assignment</p>	25%	<ul style="list-style-type: none"> • Fair and predictable • Tax benefits are excluded as incentives for going on assignment 	<ul style="list-style-type: none"> • The administrative burden tends to be high • The policy is often questioned by Finnish assignees, as they are generally moving to a country with lower tax rates
<p>Tax protection Basic principle: the assignee shall not be worse off because of the assignment</p>	3%	<ul style="list-style-type: none"> • Gives the employee protection against higher taxes while maintaining an opportunity for a tax benefit 	<ul style="list-style-type: none"> • The employer bears all extra tax costs while the employees receive all tax benefits • Cash flow issues may arise
<p>Laissez-faire The individual pays all actual taxes and can therefore be better or worse off because of the assignment</p>	53%	<ul style="list-style-type: none"> • The administrative burden is generally lower for the employer • The employee can achieve a tax benefit if moving to a country with lower tax rates 	<ul style="list-style-type: none"> • Taxes may be an obstacle for encouraging assignees to go on assignments to countries with higher tax rates • May cause compliance issues
<p>Net benefits The individual pays the actual taxes but certain compensation is provided net-of-tax</p>	13%	<ul style="list-style-type: none"> • A compromise approach 	<ul style="list-style-type: none"> • Can also be associated with a heavy administrative burden

The assignees are often responsible for paying taxes

One major concern for assignees prior to the assignment is the impact of taxation on their net income. Our survey indicates that the majority of organisations expect their assignees to pay all individual taxes due. Depending on where the assignee is moving to, this may either work as an incentive or a disincentive to go on assignments.

Our survey shows that the most popular approach among Finnish organisations is the “laissez-faire” approach, i.e. the assignee is personally responsible for all individual taxes and social security contributions. We believe that there are two main contributing factors to this result. First of all, Finland has the so-

called six-month rule, which can often be used to exempt assignment income from taxation in Finland. Secondly, implementing a net salary approach for inbound assignees is expensive from a Finnish point of view, as the net income will need to be grossed up with Finnish individual income taxes.

This is rather different to findings from other countries. For example, PwC Norway’s Mobility Survey 2014/2015 showed that 45% of respondents use a tax equalisation approach, while only 29% use the laissez-faire model. Likewise, PwC Sweden’s Mobility Survey 2013 indicated that tax equalisation is the commonest approach for long-term assignments.

Our point of view

- There is no right or wrong way of arranging tax policies. The employer can freely decide which approach is most suitable when trying to find the fairest and most practical approach.
- It is important to make sure that all parties, including the assignee, the supervisor and the payroll team, understand what the chosen policy means in practice.
- Making estimated calculations in advance gives an understanding of the total assignment cost.
- We recommend providing employees with support in handling tax matters, as international circumstances can be very complex and difficult to take care of in practice.

Repatriation

Successful repatriation is essential for ensuring that the home organisation can benefit from the knowledge and experience the assignees have gained from their assignments. If repatriation is unsuccessful, the home organisation risks losing the employee as well as the experience the employee has gained.

Successful repatriation is key to assignee retention

In order to make the repatriation process as smooth as possible, it needs to be initiated well before the expected assignment due date. As there are many aspects that need to be considered in relation to the repatriation, we recommend preparing a repatriation plan.

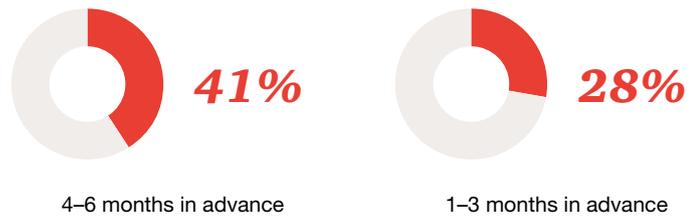
If the repatriation process is initiated close to the assignment end date, there is not enough time to make all the practical arrangements necessary, such as the moving arrangements and kindergarten/school arrangements for accompanying children.

The primary purpose of repatriation is that the assignee returns to the home country to work for the home organisation.

tion. Finding a suitable position within the home country is crucial to successful repatriation. If there is no position available for the assignee in the home country or if the position available does not meet the assignee's expectations, there is a high risk that the employee will leave the company.

Given that assignments are generally a significant investment for the organisation, it is worth paying attention to the repatriation process in an attempt to try to avoid losing assignees shortly after repatriation. Ideally, Talent Management should be involved both prior to the repatriation and after the assignee has returned home.

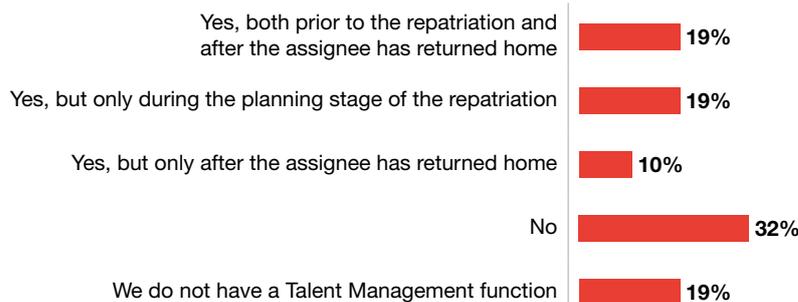
When do you start the repatriation process?



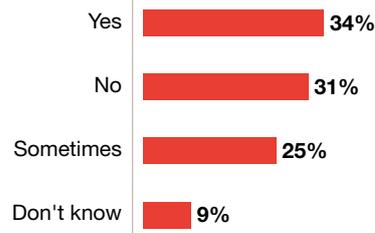
According to our survey, the top three reasons for assignees leaving the organisation after the assignment are:

1. Position or compensation after assignment not satisfactory
2. Competitive job offer from another organisation
3. Employment discontinued due to the position available in the home location or there is no position available in the home organisation

Is your Talent Management involved in the repatriation process?



Do you follow up with the assignees after the repatriation and keep track of whether the assignees leave the organisation?



Ways of making the repatriation successful

Only one-third of the respondents indicated that they follow up with the assignees after repatriation. Returning assignees possess a lot of information and knowledge, which can be useful for the organisation as well as for planning future assignments.

The commonest methods for obtaining this information from the returning assignees are repatriation interviews with the assignees and repatriation questionnaires. These are often conducted close to the repatriation date. It could also be useful to arrange mid-assignment interviews or questionnaires in order to pinpoint any issues that have arisen so that possible problems can be resolved during the assignment. Additionally, a follow-up after six months or a year after the repatriation could be considered.

The challenges of the return to the home country are often ignored. In our

experience, many individuals find it difficult to readapt to the local culture and practices.

The return shock may come as a surprise to the assignees, as return to the home country may be considered to be easy. However, particularly those assignees who have been on a long assignment and have already become accustomed to the local working culture in the host country may have difficulties in adjusting back to the home country. The return to the home country is similarly challenging for the accompanying family members and can have an effect on family life. Repatriation training is one way of supporting the assignee and their family in the return process. In addition, follow-up repatriation interviews some months after the return would help to identify the possible challenges the employee might still be going through. This would in turn help with assignee retention.

Based on the feedback we have received from many of our assignees, it has been more difficult for them to return to the home country than to leave for the assignment. For this reason we have launched a “Welcome back to Europe” project, which aims to encourage assignees to share the knowledge they have gained during the assignment. We also hold repatriation interviews and ask the assignees to share their experiences in team meetings.

Marjo Lintukorpi-Cook
Country Specialist, People Mobility and People Reward – Human Resources, Borealis Polymers Oy

Five key actions for a successful repatriation

1. Keep in touch with the assignees during and after the assignment
2. Pay attention to the timing of the repatriation process
3. Make a repatriation plan
4. Make sure there is a suitable position for the assignee upon return to the home organisation, or take necessary action relating to the termination of employment
5. Consider localisation as an option. This can be a preferable solution for all parties.

Future

New mobility types arise but traditional assignments are still needed

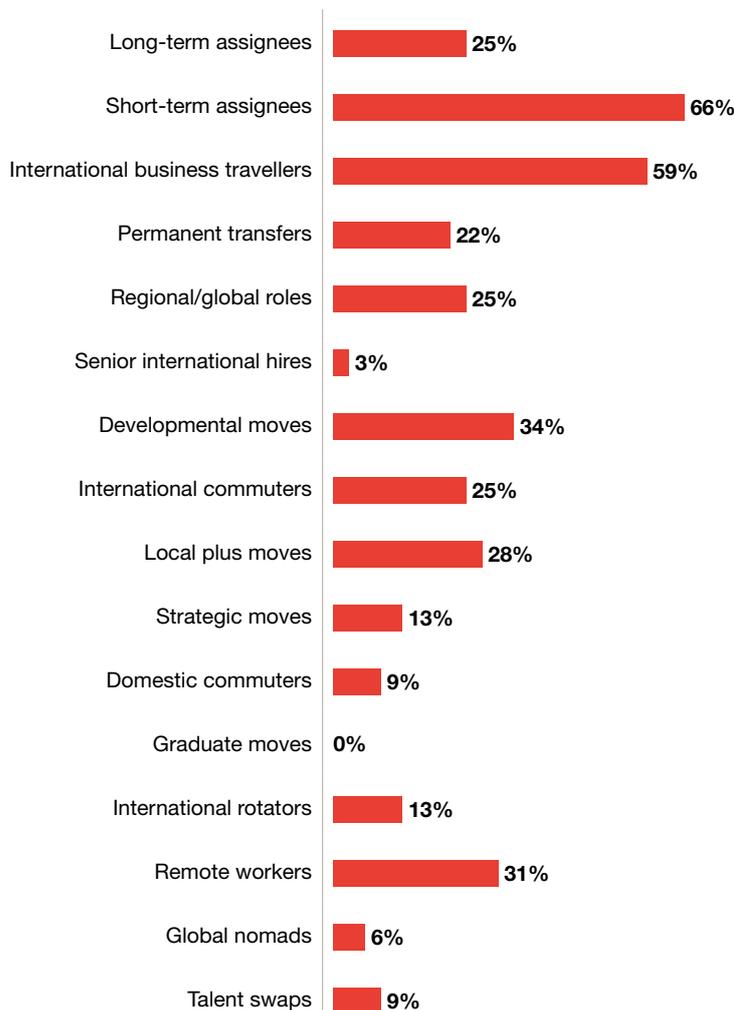
The results of our survey indicate that the number of short- and long-term assignments is not expected to increase significantly in the future. Indeed, 22% of the respondents indicated that they expect the number of assignments to

decrease in the future. It appears as if this expectation might be linked to the overall economic situation. In comparison, 51% of the respondents to the Mobility Survey 2013 conducted by PwC Sweden indicated that assignments are expected to increase slightly in the future, while 16% of the respondents indicated that they expected the number

of assignments to increase significantly. Only 9% of the Swedish respondents expected the number of assignments to decrease.

We have noticed that the use of local agreements, including permanent transfers, has increased over the last few years. We believe that the use of local agreements will continue to increase in the future, as the associated cost in general tends to be lower than that of assignment agreements. Local agreements seem to be the most popular set-up for inbound assignees in Finland. This may be due to the fact that the general salary level in Finland is high. In addition, the social security system as well as labour law, which gives employees a high level of protection, can be a contributing factor to the popularity of local agreements for inbounds in Finland. As a result, a local agreement in Finland may be more attractive for inbounds than an assignment agreement.

Which types of mobility activity do you think will increase in your organisation over the next two years?



Asia-Pacific remains an important region for Finnish organisations

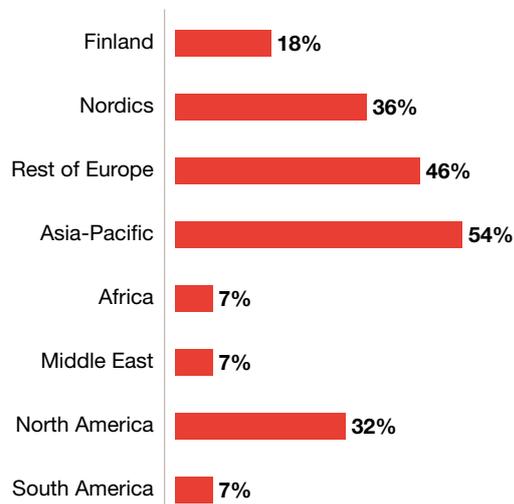
The highest number of respondents indicated Asia-Pacific as the area in which they anticipate their organisation's mobility workforce population to increase. The same trend is also visible in the Mobility Survey 2013 conducted by PwC Sweden, and also to a lesser extent in the Mobility Survey 2014/2015 conducted by PwC Norway.

The Nordics, the rest of Europe and North America also seem to be important regions for Finnish organisations in the future.

Africa and the Middle East are developing rapidly and are often pointed out as centres for economic growth. Interestingly, only 7% of the respondents to our



In which regions do you anticipate your mobility workforce population to increase?



survey indicated that they expect their organisations' mobility workforce to increase in these regions. It appears as though these areas are not currently relevant to Finnish organisations.

Based on the results, the size of the Finland-outbound mobile workforce will remain significantly higher than that of the Finland-inbound mobile workforce. Only 18% of the respondents to our survey indicated that they expect the number of mobile employees to increase in Finland.

Key mobility priorities for Finnish organisations in the future

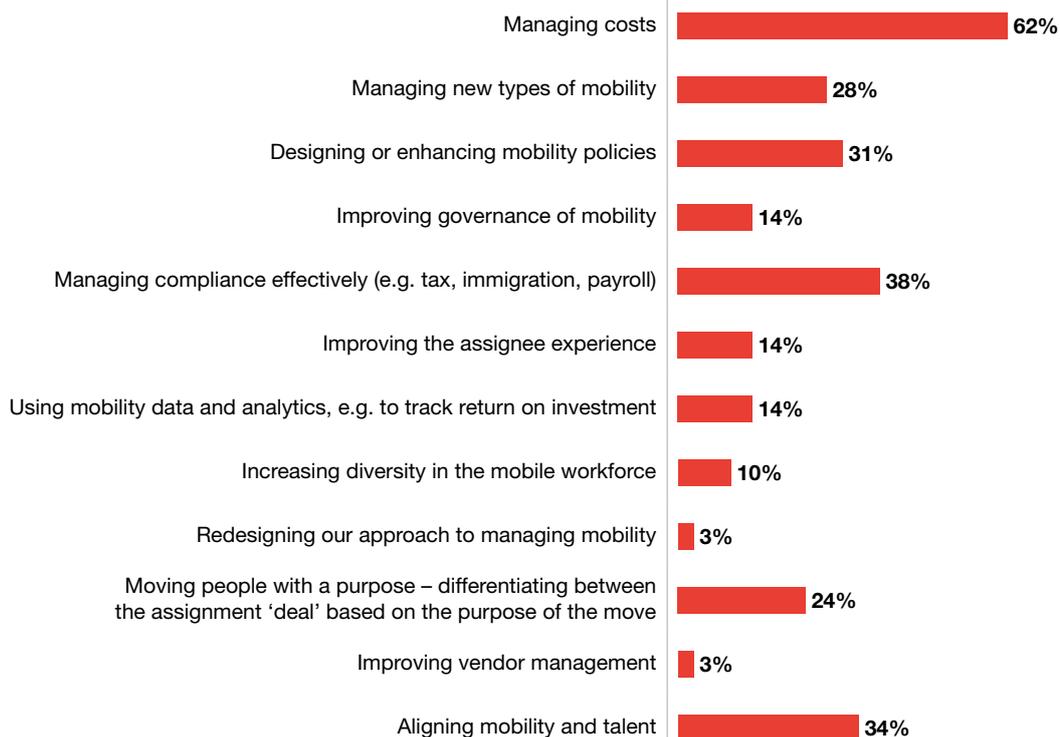
Our survey shows that the most important areas in terms of mobility for Finnish organisations over the next two years are managing cost and compliance as well as aligning mobility and talent.

In the future, the Finnish mobility function sees assignees being well informed about tax, social security and organisational policies. Liaising with talent management to find the right people for the assignment is also seen as part of mobility in the future. Finnish organisations predict that their policies will be updated to reflect the mobility of today, and that the cost of sending someone to work outside the home organisation can be reduced.

Our point of view

- It is good to prepare for new global mobility types by designing policies and practices which help to identify risks and to manage the process in these new situations.
- The importance of technology in managing global mobility is becoming increasingly important while the global mobility environment becomes more complex. PwC has developed cutting-edge technology solutions for handling global mobility. For further information, please contact us directly.

Which three of the following are the key mobility priorities for your organisation over the next two years?



Contacts

If you would like to know more about the topics we address in this report, please get in touch with your usual PwC representative or one of the contacts listed here.



Risto Löf
Tax Partner

+358 50 3582 704
risto.lof@fi.pwc.com



Kai Wist
Partner

+358 50 5253 747
kai.wist@fi.pwc.com



Sanna Väänänen
Tax Director

+358 50 3510 687
sanna.vaananen@fi.pwc.com



Sari Viitasalo
Relocation Manager

+358 40 7145 622
sari.viitasalo@fi.pwc.com



Lena Nymark
Tax Manager

+358 50 4024 059
lena.nymark@fi.pwc.com

Thank you to all 32 organisations who participated in the survey, including:

ABB Oy

Borealis Polymers Oy

Cargotec Oyj

Citec Oy Ab

Ensto Oy

Kemira Oyj

Marimekko Oyj

Metso Oyj

Neste Oyj

Outokumpu stainless AB

Salcomp Plc

Sweco Group

Tieto Oyj

University of Helsinki

UPM-Kymmene Oyj

Valmet Oyj

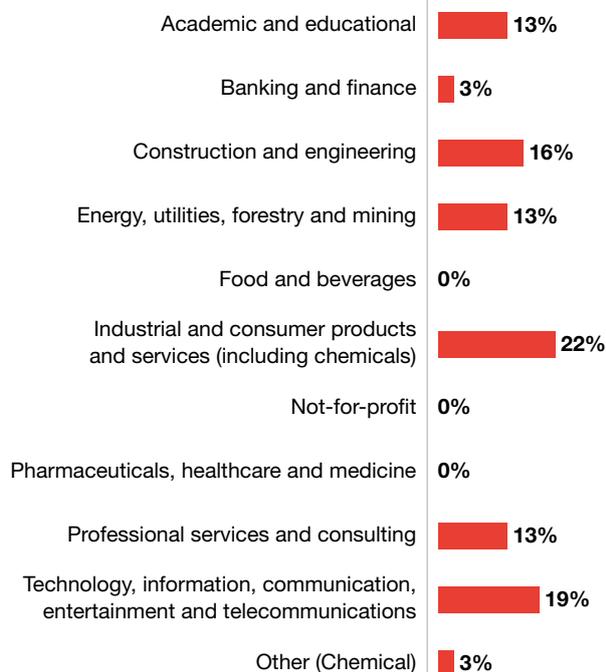
Åbo Akademi

Finnish Mobility Survey 2015 – the results

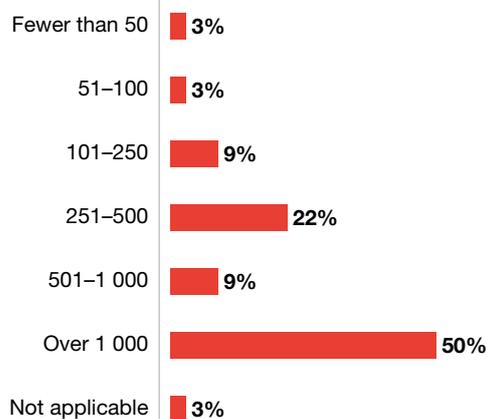
Percentages may not add up to 100%, as they are rounded to the nearest percent.

About your organisation

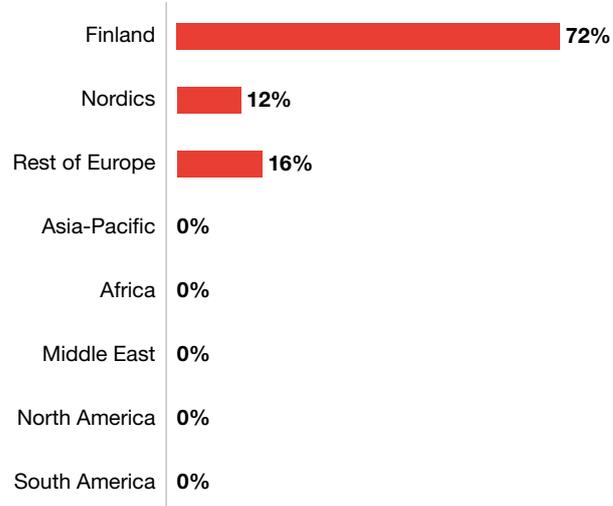
1. What is the primary industry sector of your organisation?



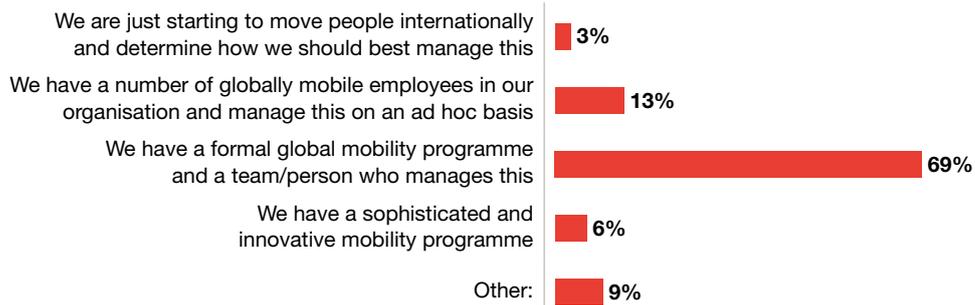
2. How many people are employed by your organisation in Finland?



3. Where are your organisation's headquarters located?

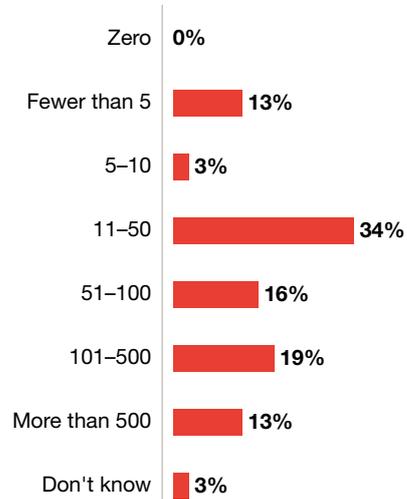


4. Which of the following statements best describes your organisation's approach to managing global mobility?

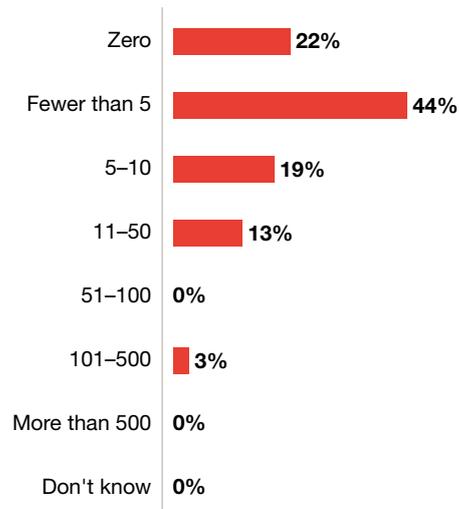


Workforce mobility

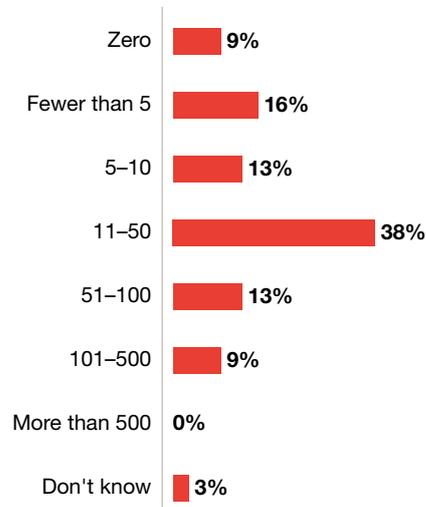
5. Approximately how many employees in your global organisation are currently on a long- or short-term global assignment?



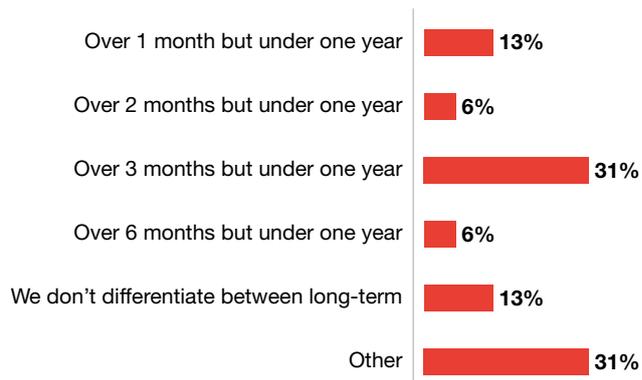
6. How many Finland inbound assignees does your organisation currently have?



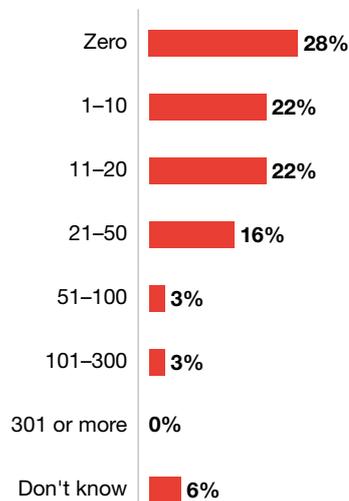
7. How many Finland outbound assignees does your organisation currently have?



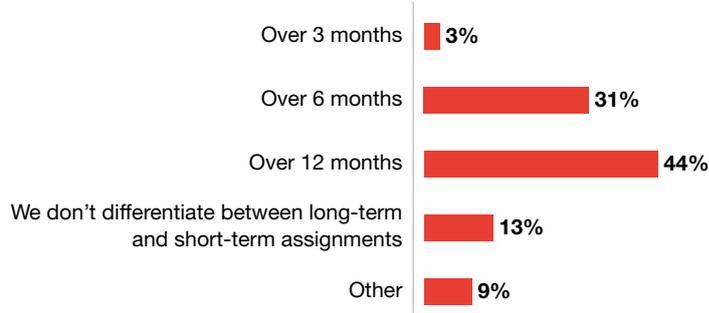
8. How do you define a short-term assignment?



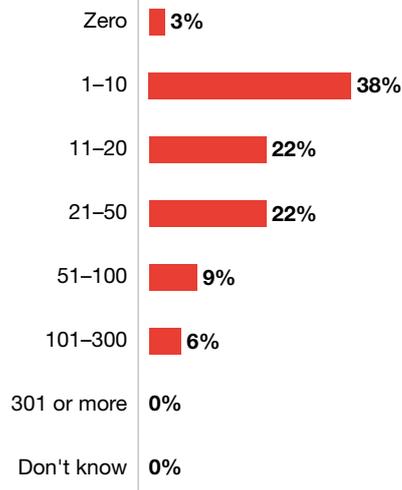
9. Approximately how many employees in your Finnish organisation are currently on a short-term assignment (inbound and outbound)?



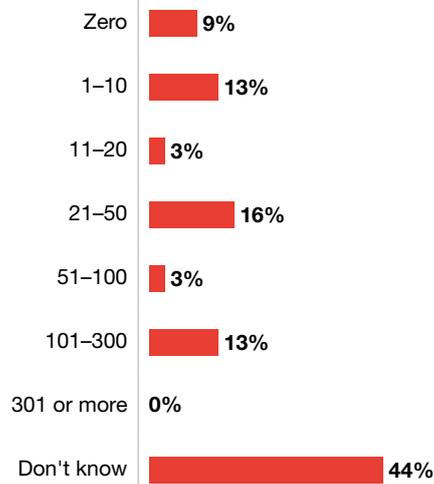
10. How do you define a long-term assignment?



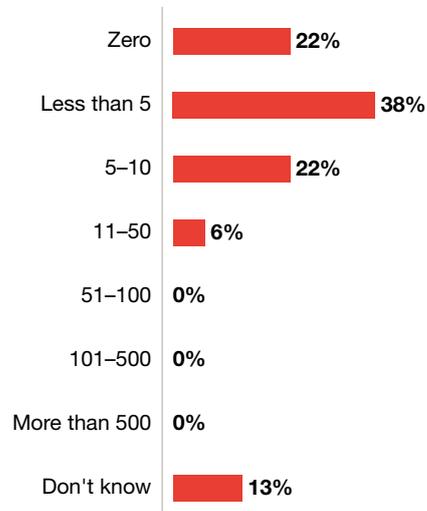
11. Approximately how many employees in your Finnish organisation are currently on a long-term assignment (inbound and outbound)?



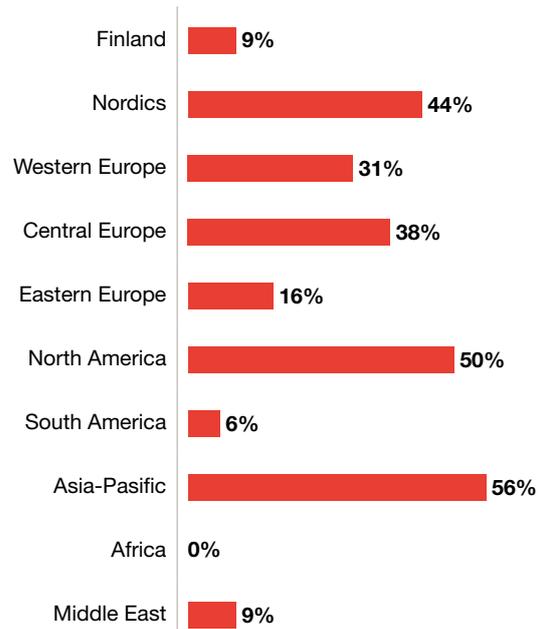
12. Approximately how many business travellers are there currently in your Finnish organisation (inbound and outbound)?



13. How many of your Finland inbound and outbound assignees are women?

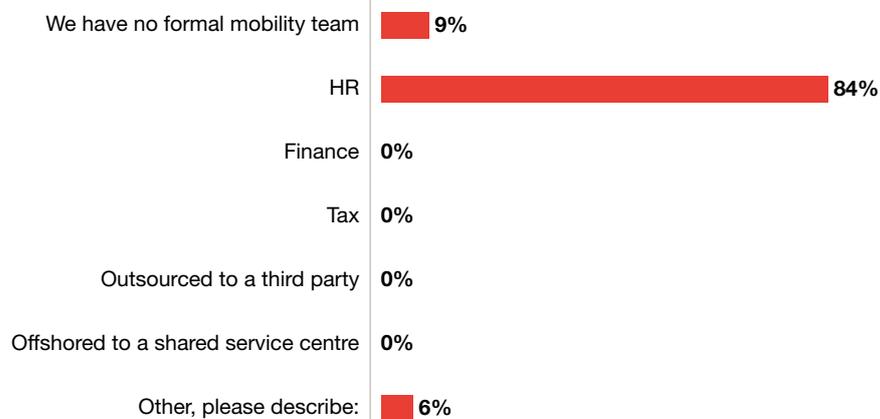


14. Where are your main assignment locations?

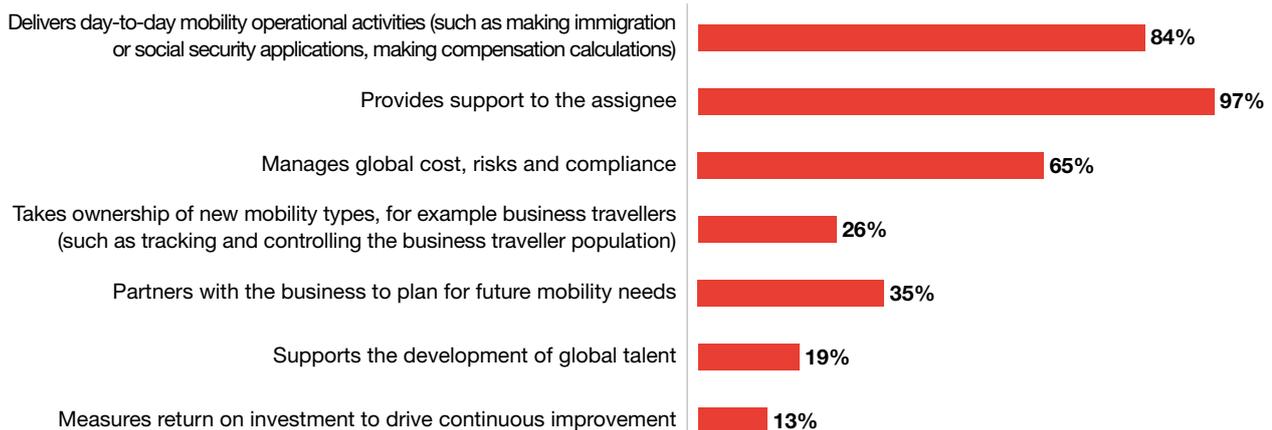


Your approach to managing mobility

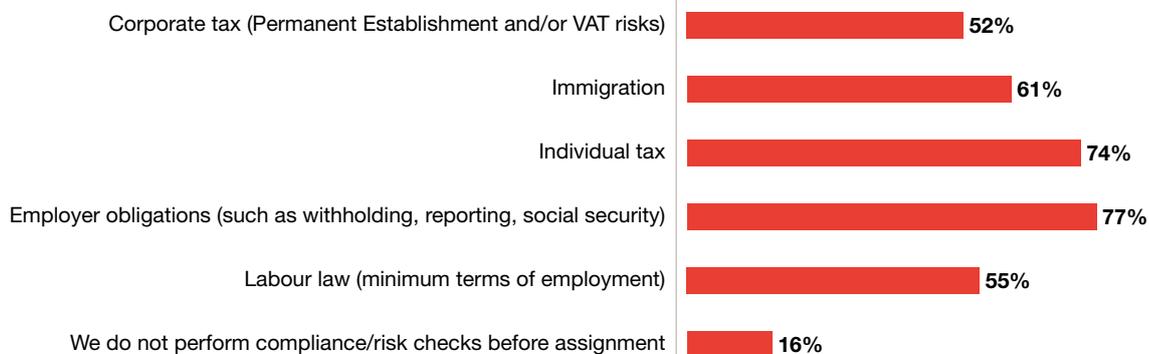
15. Where in your organisation does global mobility sit?



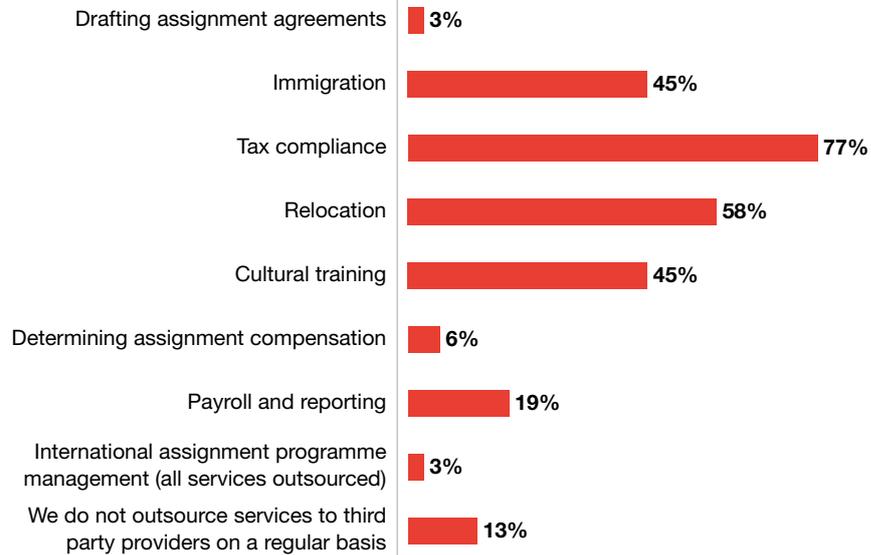
16. What activities does your mobility function do currently?



17. If you perform a compliance and risk check before an assignment, what is included in the check?



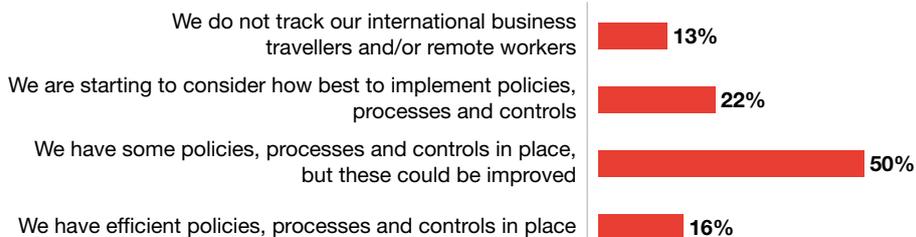
18. If you outsource services to third party providers on a regular basis, which services do you outsource?



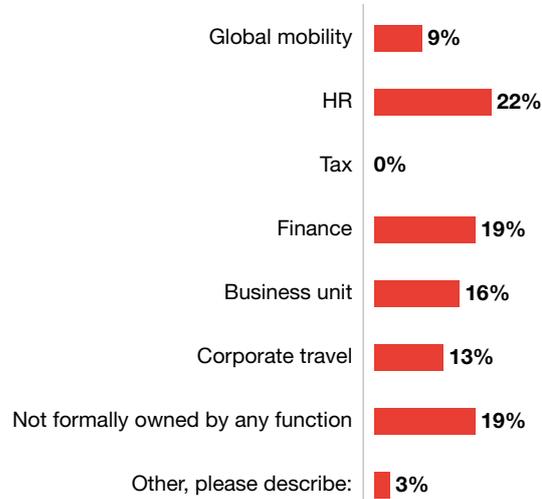
19. If you outsource services, what are the three most important reasons for outsourcing?



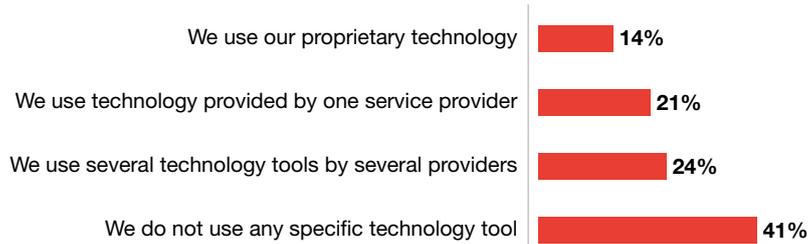
20. To what extent do you currently have controls in place to track your business travellers and remote workers?



21. Where in your organisation is the business traveller population currently owned?



22. What kind of technology do you use for managing global mobility?



Mobility and talent management

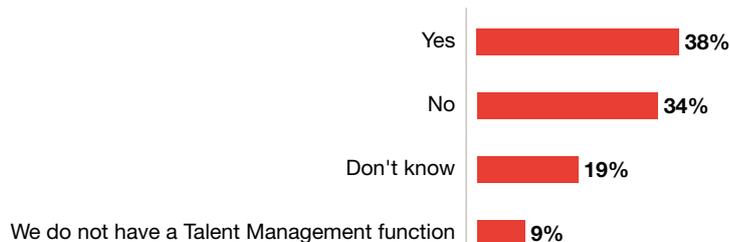
23. Do you have a talent pool which you use to select assignees?



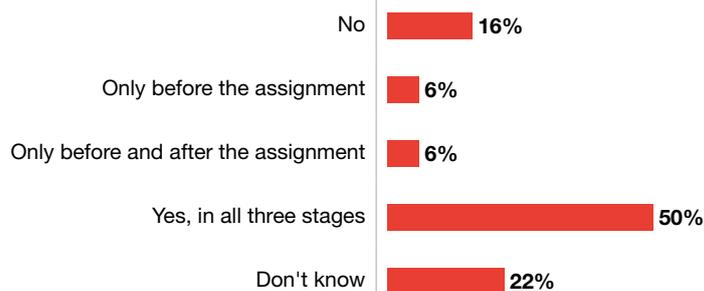
24. For which of the following reasons does your organisation move employees globally? Please select the three most important reasons.



25. Is your organisation's Talent Management involved in the selection process of the assignees?

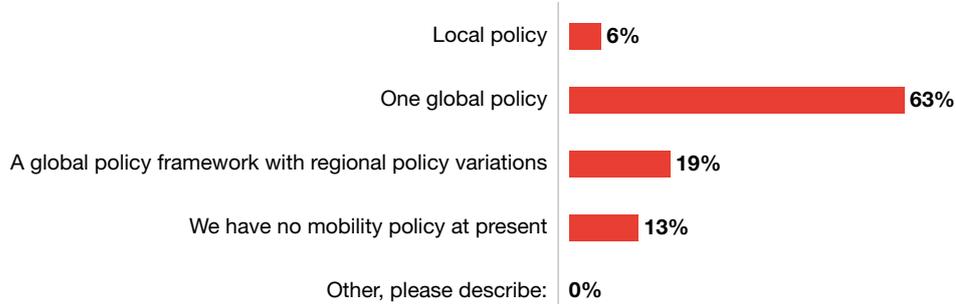


26. Is assignee performance analysed before, during and after the assignment?

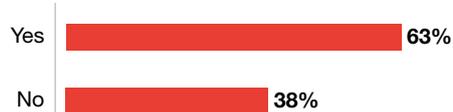


Pay, policy and governance

27. Which of the following best describes your organisation's mobility policy?



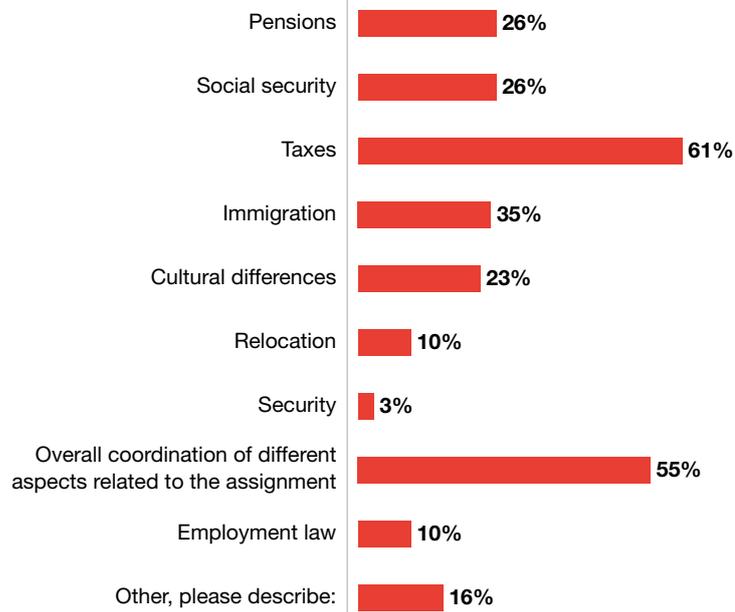
28. Do you have separate policies for short-term and long-term assignments?



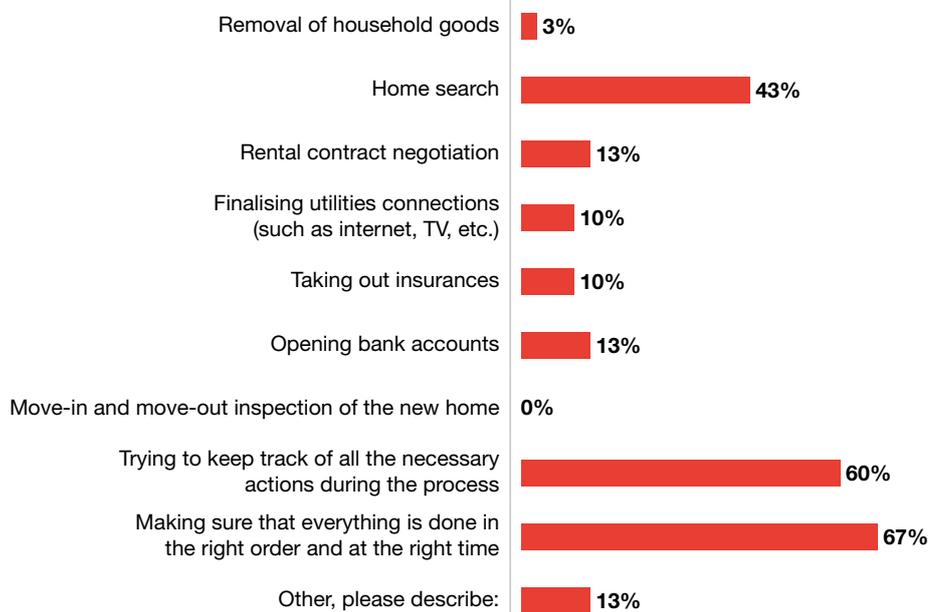
29. Which of the following best describes your organisation's approach to rewarding international assignees?



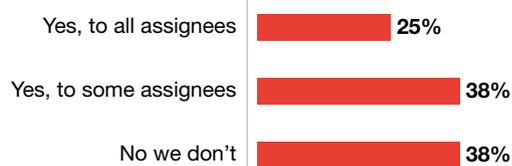
30. What are the three biggest challenges your organisation faces when moving people abroad?



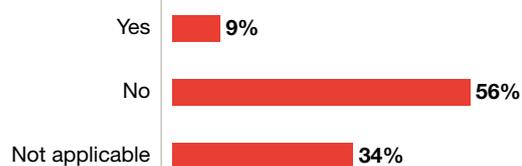
31. In your experience, what are the three most challenging steps the actual moving and relocation process of the employee and family to the new country?



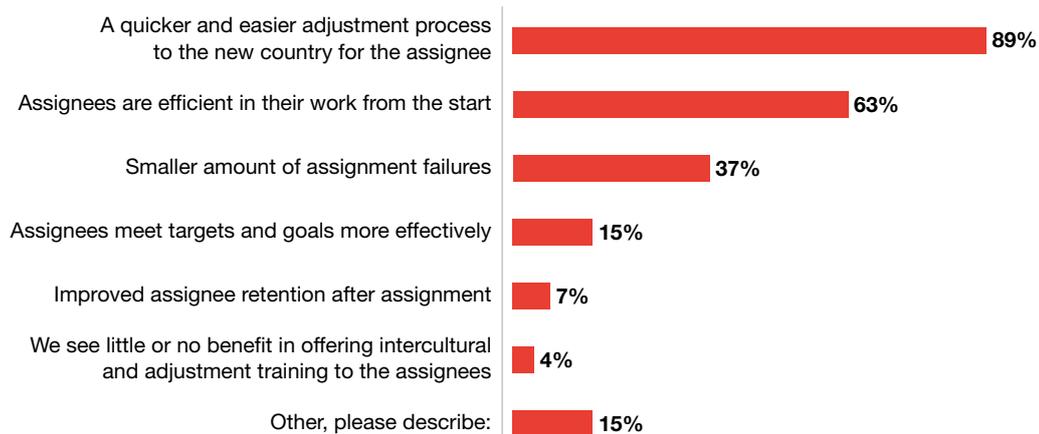
32. Do you offer intercultural training to the assignees?



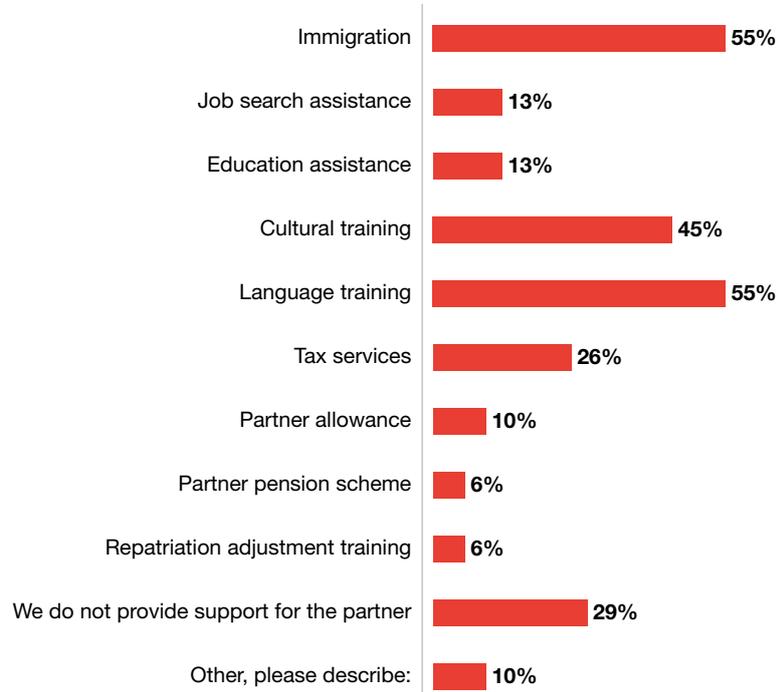
33. If you offer intercultural training, is it mandatory for the assignees?



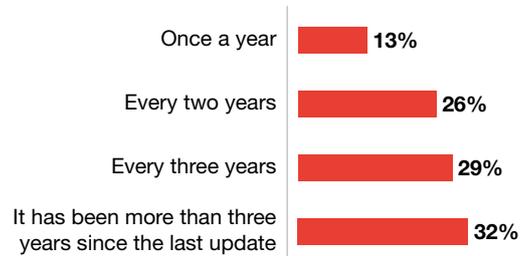
34. In your experience, what are the three most important benefits of intercultural and adjustment training?



35. What kind of support does your organisation provide for the accompanying partner?

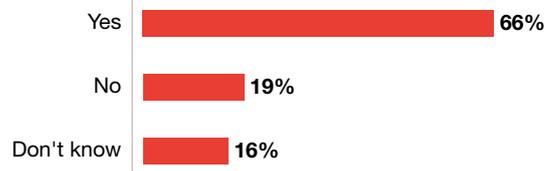


36. How often do you update your assignment policy?

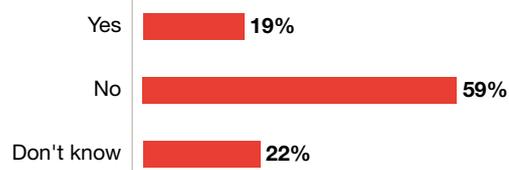


Cost and value

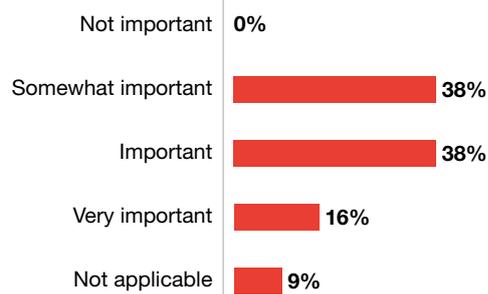
37. Does your organisation prepare assignment cost projections?



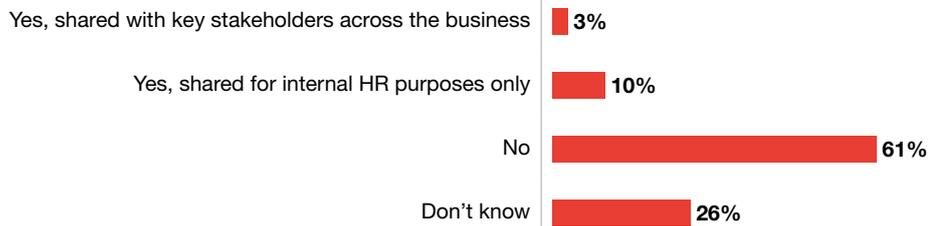
38. Do you compare the actual costs of assignments to the budgeted costs at the end of the assignment?



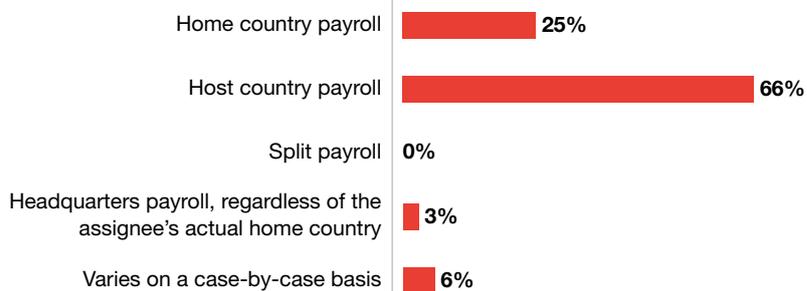
39. How important is the estimated cost in deciding whether to proceed with the assignment?



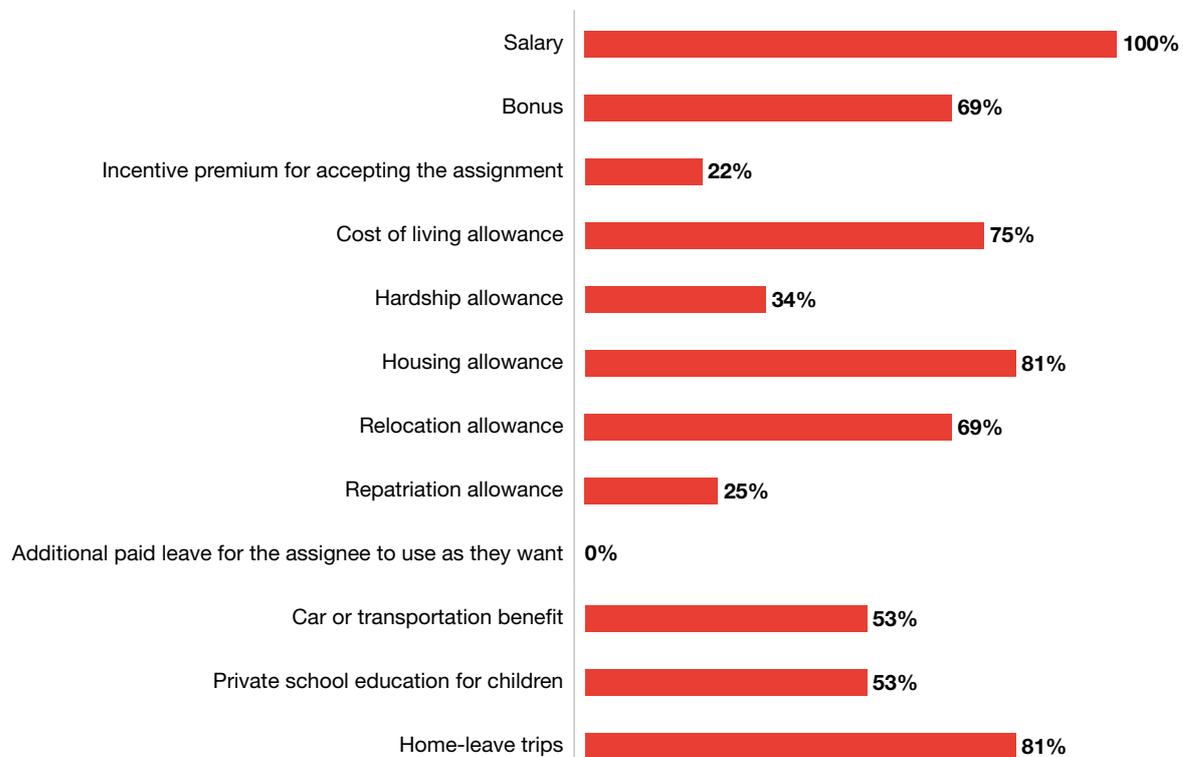
40. Does your organisation currently analyse and report the value generated by your mobility programme?



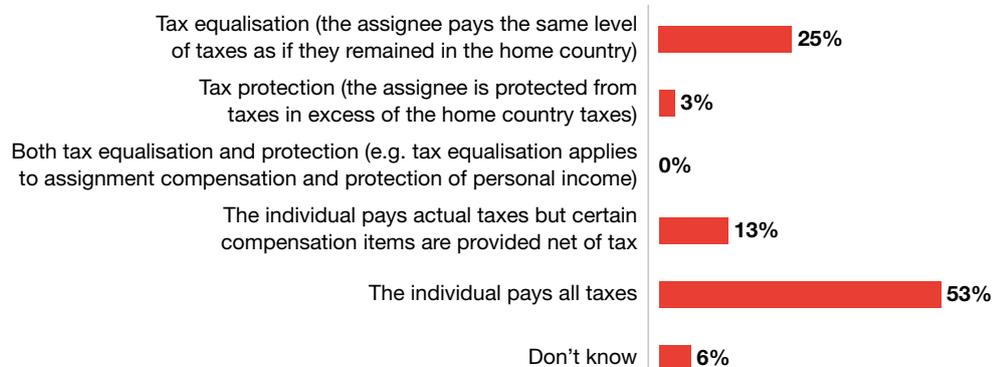
41. From which payroll are long-term assignees usually paid?



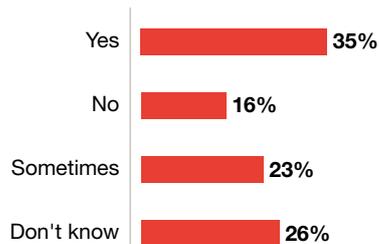
42. Which of the following are included in your organisation's compensation package for long-term assignees?



43. What is your organisation's tax reimbursement policy with respect to organisation-provided compensations for long-term assignees?

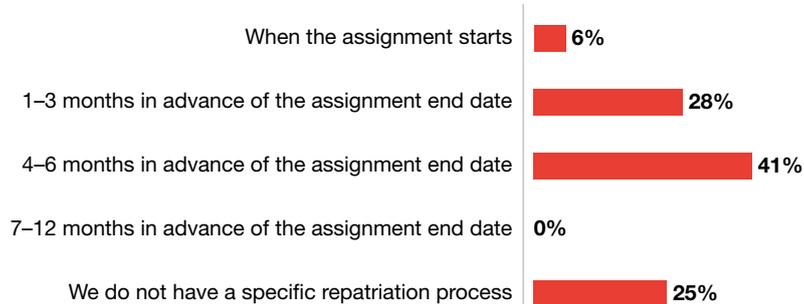


44. Do you track the progress of assignment business purposes during the assignment and evaluate the need for assignment continuation?

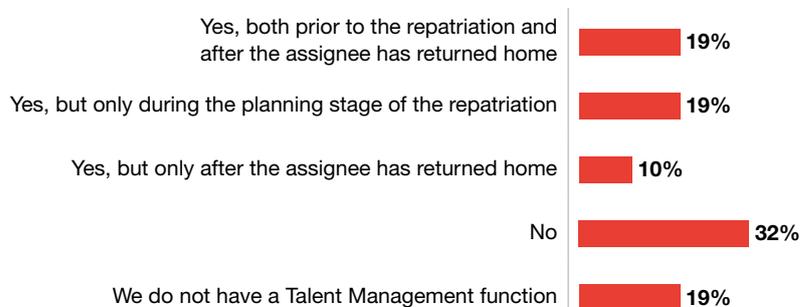


Repatriation and assignee retention

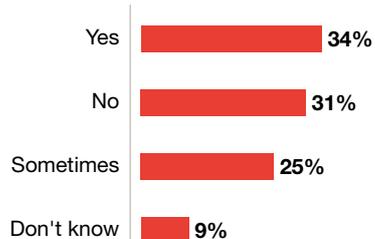
45. When do you start the repatriation process?



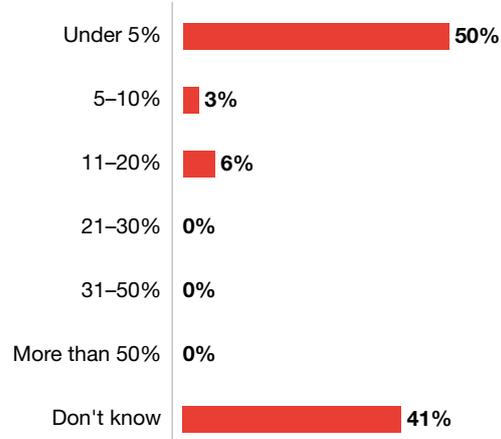
46. Is your Talent Management involved in the repatriation process?



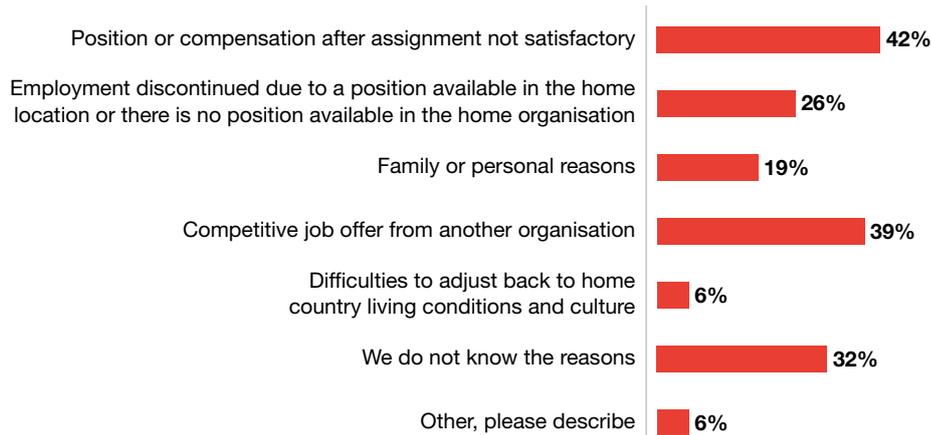
47. Do you follow up with the assignees after the repatriation and keep track of whether the assignees leave the organisation?



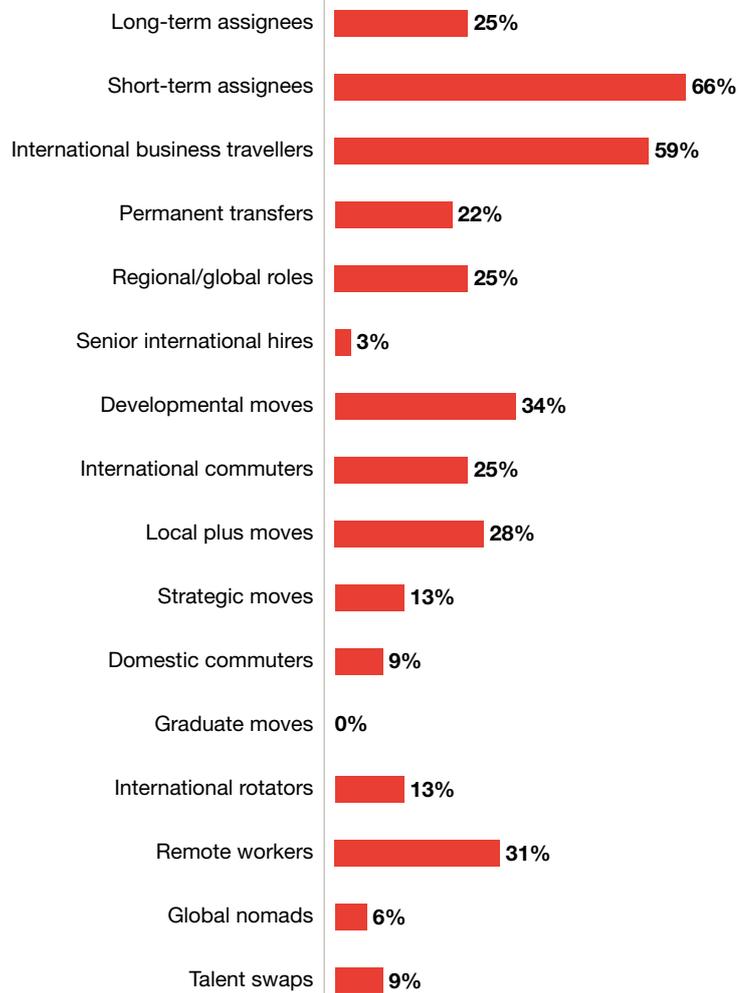
48. What percentage of assignees leave the organisation within the first year following an assignment?



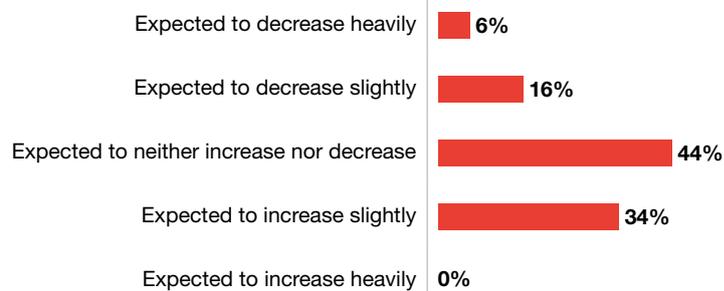
49. Why do the assignees leave the organisation after assignment?



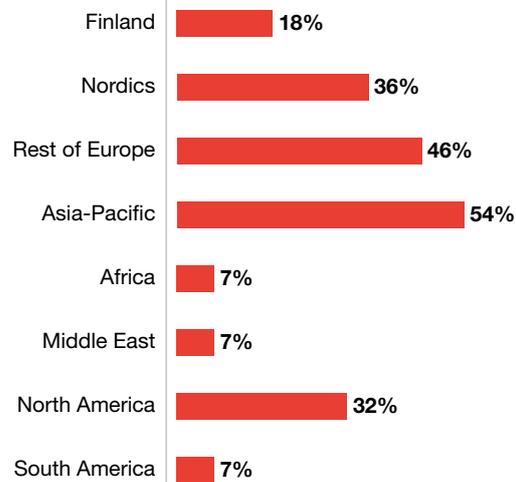
50. Which types of mobility activity do you think will increase in your organisation over the next two years?



51. Would you say that the number of individuals on long- and short-term assignments in your organisation are:



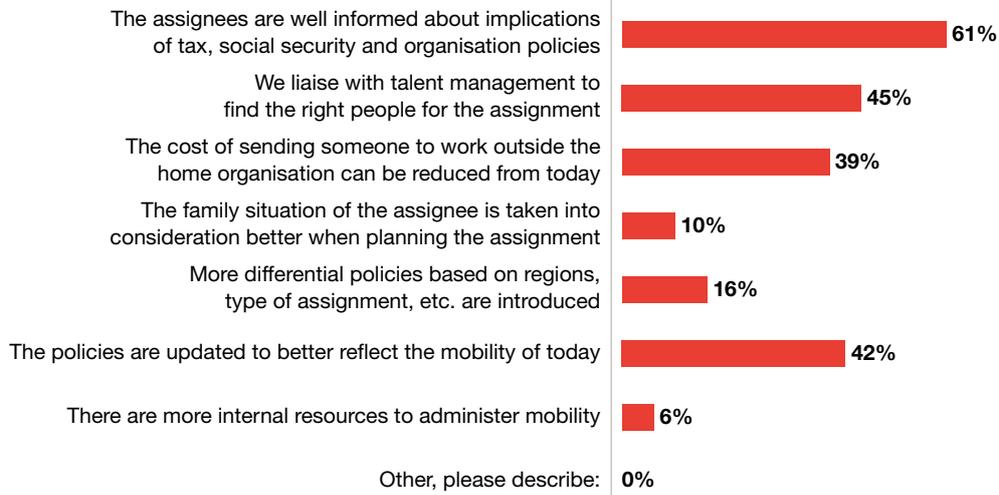
52. In which regions do you anticipate your mobility workforce population to increase?



53. Which three of the following are the key mobility priorities for your organisation over the next two years?



54. Which of the following best describes your approach to mobility in the future?









Follow us: **PwC Suomi**



PricewaterhouseCoopers Oy, P.O.Box 1015 (Itämerentori 2)FI-00101 Helsinki.Tel +358 20 787 7000.

PwC helps companies to improve their efficiency, promote growth and to report reliably. With over 830 professionals across Finland at your service, we are committed to delivering quality in consulting, deals, tax, legal, audit and other assurance services. Our goal is to create sustainable growth. To find out more, please contact us or visit our home page: www.pwc.fi.

We are a network of firms in 157 countries with more than 208,000 people. The name PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.