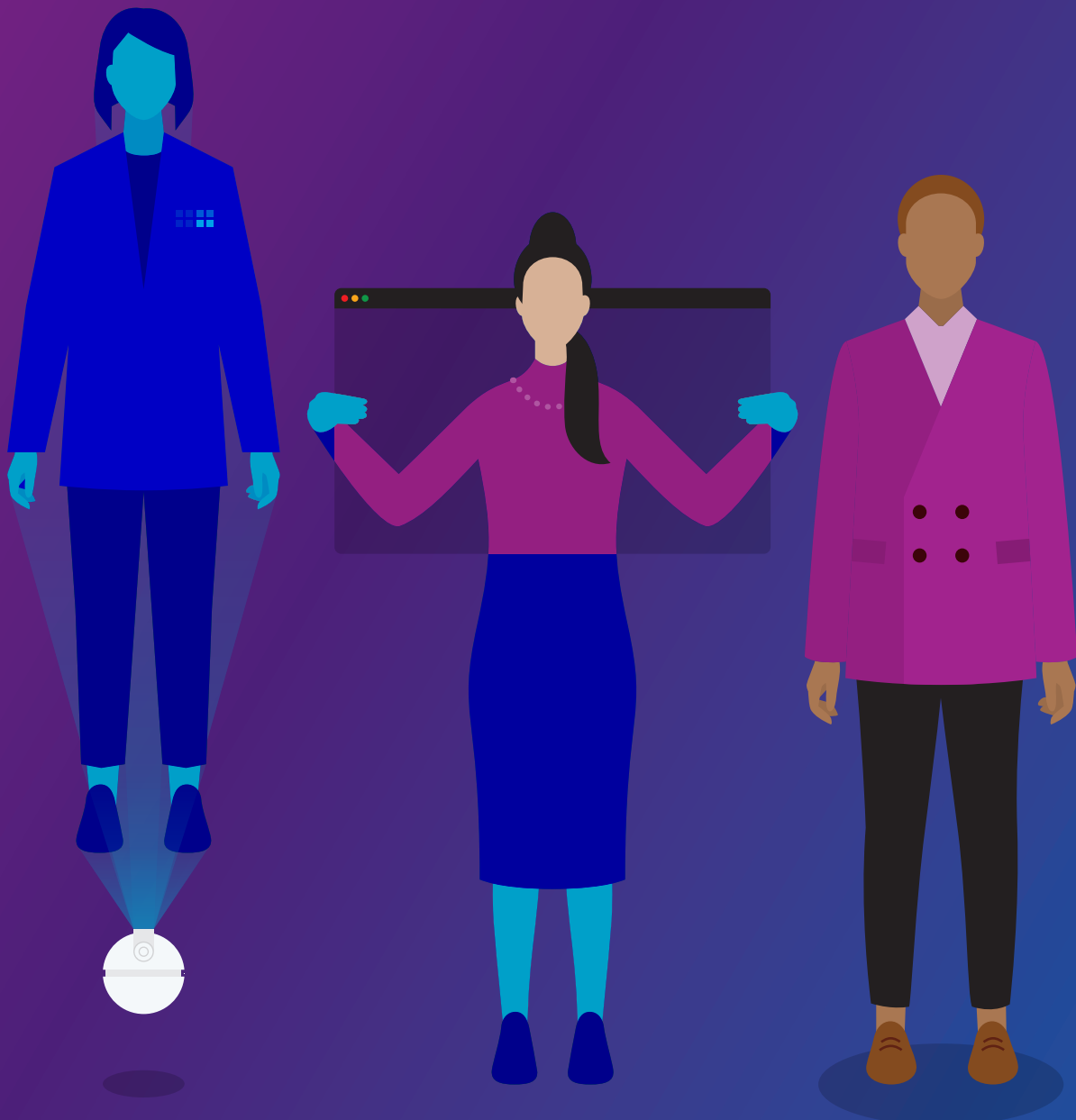


GMS2022/23

## Reshaping Global Mobility 02

# Talent: Virtual, hybrid, in-person —what really works?

The value of international assignments. New research and learnings from the pandemic by **Dr Phil Renshaw** and **Dr Jenny Robinson**.



## Executive summary

**Santa Fe's GMS 2021/22 report REDEFINE found that Global Mobility (GM) professionals are in the spotlight as never before. GM's value contribution has deepened with a newfound influence based not simply on cost, but also on understanding that moving talent globally is a set of strategic choices where rational and emotional drivers are interwoven.**

The pandemic has shown it is feasible to work from home (setting aside questions of compliance) suggesting one can work from anywhere. In most places, given time to sort things out, technology has enabled this success globally. Many organisations have reported increases in productivity—so, is physical presence necessary? The pandemic provided an almost natural global experiment—one week we worked physically in offices, the next, many worked from home.

Focusing specifically on whether physical presence is really necessary has brought about new pressures on international work arrangements that GM must reconcile. An unspoken question for global leadership teams could be “Is it time to save the investment costs and resource logistics of international assignments?”.

**With GM professionals now highly visible in their organisations, and to provide them with insights that can shape decisions and inform choices, we were commissioned by Santa Fe to consider the question:**

## **Is relocation worth it, or do modern technologies and agile ways of working diminish our appetite for traditional international assignments?**

### **Research approach**

We identified five international assignments models—descriptions of the main variants of moves. With one exception, these are not new constructs, however using this classification allowed us to ask clear questions regarding the difference in performance and impact between assignments involving traditional face-to-face activities and those with virtual or hybrid components.

### **Three key questions:**

- Can working virtually be effective?
- Can technology replace physical presence?
- Is the age of the corporate-led international assignment dead?

Our findings are very clear: whilst there will be individual exceptions, the international assignment is not dead. There are simply too many great reasons why *feet on the ground* are needed. Whilst there is still some dispute, even those working in the technology industry have argued strongly that technology cannot (yet) replace the value generated from face-to-face interaction achieved through ongoing physical presence.

**These viewpoints are supported by the following findings:**

- Developing leadership capabilities consistent with a global mindset cannot be fully achieved without an individual's ongoing presence in a foreign country.
- Transferring or sharing knowledge between countries cannot be fully and productively achieved and maintained for the long term (*stickability*) without individuals having an ongoing presence in the foreign country.
- Virtual or hybrid working whilst living in a foreign country, will achieve better outcomes than commuter or alternative virtual working scenarios.

Minor exceptions to these very strong findings appear to focus on task-led activities that would not generally have been considered appropriate for international assignments in any event, e.g. IT functions undertaking coding work, or the work of HQ functions that have been centralised into one country.

However, there is one significant dilemma we identified where the *Tension for Talent* gets in the way.

In certain, specific situations, global firms are finding themselves with unbalanced supply and demand, and too small a talent pool to meet their needs. Effectively, the candidate has the upper hand with the prospective employer. Put simply—“If I am highly talented in my creative/functional/product area and I'm unwilling to move, I get to call the shots”.

Post-pandemic, these talented but reluctant movers, are not a minority that can be ignored—and many will not accept a traditional assignment. Even though this provides a sub-optimal outcome for the business.

This potentially identifies a new role for GM where the creation of a business case to justify an international assignment is insufficient to persuade people to go. New skills using emotional intelligence may be necessary to achieve the outcome the business desires.

This *Tension for Talent versus Business Efficiency* dilemma appears to have heightened because the pandemic has given individuals an extra argument if they do not want to live in the relevant new country. They can cite the pandemic and all that was achieved during that time.

To some extent, businesses are at risk of contradicting themselves because they have communicated that, at least for now, hybrid working arrangements are the expectation. This adds a layer to the complexity as the preferred option of a traditional assignment does not fit that global model.

**In conclusion, this research indicates with a sense of certainty that the pandemic has confirmed the ongoing need for traditional assignment arrangements.**

**Presence matters and it is up to HR and Global Mobility to be able to explain loudly and clearly to colleagues who are reluctant to move and to the business that wants to capitulate, that virtual will just not cut it.**

## Contents

Scope and context • Key findings • Conclusions and key takeaways

## Scope and context

**In this report, we explore key learnings and insights on how organisations have addressed or modified their approaches to international assignments.**

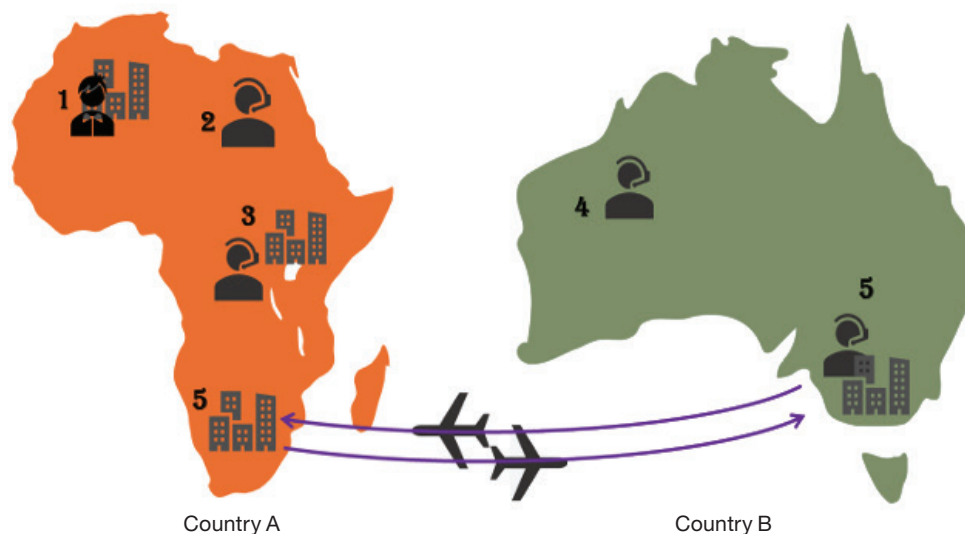
Between December 2021 and September 2022, GM and senior talent leaders shared their insights on the performance of their employees' undertaking international assignments during the pandemic. We held 20 confidential one-to-one interviews and two focus group discussions involving 25 people each. Participants were spread across a wide range of sectors including shipping/logistics, IT, financial services, leisure, construction, pharmaceuticals and global health technology. The combined workforce for the firms involved exceeds 1.5 million employees operating on a truly global basis. Global revenue ranged from tiny to giant. Several of the organisations operate in over 100 countries with the median in 30-50 countries.

### Scope

The pandemic spawned multiple work configurations where international assignments were limited or prohibited. Our first step was to build a taxonomy comprehensive enough to describe all manner of arrangements. We identified five variations that appeared to cover all major options for corporate-led arrangements, i.e. excluding self-initiated assignments. As terminology is used differently by different organisations and across the GM sector, we used the following picture\* to explain the five models.

Everyone is performing a job for country A (on a finite basis).

**We truly tested the remote working model\*\***



\*Created and used with permission by Dr Phil Renshaw and Dr Jenny Robinson.  
\*\*Respondent quote.

**At a high level, acknowledging the risk of imperfections, we defined these as follows:**

- 1 The traditional, physical office-based role living and working in a second country, whether short-term or long-term.
- 2 The second country virtual worker—living in the second country and unable to work at the host office location as originally or normally intended.
- 3 The overseas-based hybrid worker—living in the second country and unable to work at the host office location as originally or normally intended.
- 4 The first country home-based virtual worker—the intended expatriate who came home or never reached their intended country or a person asked to deliver work for an operation in another country.
- 5 The commuter-style virtual and hybrid cross-border worker, living in their first country and working both virtually and in hybrid form in their first country whilst commuting to other countries.

## Context

Before the pandemic, scholars and executives had been questioning the value of corporate-led international assignments—given their high cost and the huge technological advances that provide connectivity in previously unimagined ways.

Furthermore, corporate concerns regarding sustainability and commitments to reducing CO2 emissions call into question the environmental impact of these types of travel arrangements. The current policy trend is to innovate different ways of addressing organisational needs.

**Typically, an organisation asks basic questions like:**

- Why could this work not be done remotely?
- Why could this work not be done by occasional visits through commuting?
- Why could this work simply not be done by local talent?

The COVID-19 pandemic has provided an almost perfect *natural experiment*, where many of these questions were put to the test. Travel bans allowed us to see how much could be achieved remotely and also the limits on such achievements. This *natural experiment* resulted in most variables remaining unchanged whilst physical presence varied. Usually, in social science, this is extremely difficult because there are so many variables. But in 2020 we had an opportunity to explore the impact of physical presence in the workplace; whether some of the alternatives forced upon us offer better solutions to the traditional approaches. Or, whether physical presence matters—and why that might be the case.

**In short, is relocation worth it, or do modern technologies and agile ways of working diminish our appetite for international assignments?**

This research allows us to look at a forced social experiment to find out what happened when the world decided to work from home. We focused on two key components historically described as critical to the decision to send employees on cross-border assignments: leadership development and knowledge management.

**Authors** — This project was led by Dr Phil Renshaw (Visiting Fellow, Cranfield University; Visiting Professor, LIBF) and Dr Jenny Robinson (Visiting Fellow, Henley Business School). Both are published academics in the fields of Global Mobility and leadership, in addition to having experienced international assignments in their respective business careers. Together they run *Leadership On the Go*, a business dedicated to the development of skills critical to success in the modern global ever-changing world of business on the go, including for those on international assignment and within Global Mobility. They are co-authors of *Coaching On the Go*. More information about their services can be found on their website, [www.coachingonthego.oc.uk](http://www.coachingonthego.oc.uk).

## Key findings

### 1. Leadership requires presence

**There was a highly consistent and explicit view that developing the desired global leadership capabilities and global mindsets, requires ongoing physical presence—living and working in another country. Any alternative, whether through virtual, hybrid or commuter arrangements, would reduce the speed and depth of progress. Participants described how this development had to be deferred during the pandemic.**

A wide variety of examples were given of leadership skills that would develop more quickly through this physical presence, including building team dynamics, influencing/pushing an agenda, gaining people's buy-in, on-boarding people, getting engagement, building networks/relationships, building rapport and learning to work with ever-changing cultural differences. This also extended into the development of local staff working with or for the assignee.

One interviewee described how their senior leaders had a big *Aha* moment that Zoom could not work forever, and that they needed physical presence for leaders “to role model, to develop and motivate people, to give confidence and direction”.

However, the pandemic was also a catalyst for learning new skills, including the need to be more proactive and to plan and structure more effectively. It was also noted, though, that some leaders lacked agility to develop strategies to cope with the new environment. These outcomes were, of course, useful insights into their leadership potential.

There are always nuances, but these come with clear justifications and relationships to the underlying principles. For example, the situations where managers had already lived and worked extensively in the country or region, they were responsible for. When they moved away during the pandemic, including for unplanned reasons such as taking a holiday that coincided with when a country declared total lockdown, they were able to continue to work successfully virtually (this equates to Model 4, pg. 4, the first country home-based virtual worker). They had already developed their own leadership skills and local acculturation before the enforced new working arrangements, which facilitated an understanding of their colleagues and the local cultures sufficiently that they could continue to develop the skills of their staff from afar.

**Physical presence (short-term or long-term) is necessary to develop true global leadership capabilities through international work.**

### Respondents' quotes

*For truly global leaders... they need to have worked in the markets.*

*You need 90-180 days to understand local culture—smelling, breathing, living that culture.*

*We're very strong believers in Model 1 for learning and development.*

*We do our best to get them physically there.*

*During the pandemic... transferring the knowledge [was the priority]...and leadership development was less of a trigger for an assignment.*

*Relationships are better... the sparks are better.*

*We want this exposure.*

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**These factors demonstrate how value is generated and released through these assignments.**

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**Leadership development grown through international assignments considerably exceeds that achievable through virtual or hybrid alternatives.**

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## Respondents' quotes

*The ability to innovate increases, with higher collaboration, if you're with your team.*

*Tech capabilities are huge [for innovation] but it's much harder to motivate people/engage effectively if they do not want to.*

*Model 1 is the greater accelerant for leadership development.*

*During COVID...the business was focussing on survival... we accepted the reduction in transferring best practice.*

*Remote working was a viable stop-gap during the pandemic, but it was at the cost of reduced knowledge transfer.*

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**Whilst knowledge transfer can be achieved virtually and through hybrid working, long term sustainable success was seen to require physical presence.**

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## 2. Knowledge management requires presence

The research identified two critical components of knowledge management that were highly dependent upon the physical presence of assignees:

- Knowledge transfer (also called knowledge sharing).
- Knowledge creation (innovation).

Existing research identifies these as fundamental to the value of international assignments subject to the *stickability* or *sustainability* of the knowledge, i.e. it is insufficient for *Enrico* to bring the knowledge with them, they must ensure that the knowledge remains there after they have left.

Again, feedback was consistently in favour of the traditional style assignment living and working in the new country. The value of full-time physical presence Model 1 outweighs the value of all other options.

Several classic examples were shared including business culture transfer (to a new country/subsidiary), the harmonisation of culture and systems, functional expertise such as building a new factory, and training locals (whether they are locals of subsidiaries or locals at HQ). In all these cases the traditional Model 1 assignment seems preferable; "Off the charts" as one interviewee said. Businesses reported how, wherever possible, they continued to do these types of assignments throughout the pandemic, or sent colleagues again as soon as borders were opened, because the business relied upon this.

Some interesting nuances arose, for example:

- The developed status of a host country in terms of technical capabilities could be key. High levels of technical familiarity or consistency between countries, e.g. Singapore to Hong Kong, made virtual alternatives more effective, though still never quite achieving the depth or speed or change that physical presence offers.
- An overlap between leadership development and knowledge transfer was identified in the domain of employees learning the behaviours of others in different countries. Undoubtedly, modelling new behaviour, soaking up new norms, requires ongoing physical presence through which to develop the skills required.

## 2. Knowledge management requires presence *continued*

- With respect to knowledge innovation, there was a strong belief that most teams benefit from physical proximity for creativity, collaboration, and new insights. It was acknowledged that examples of extraordinary levels of innovation had happened during the pandemic when physical presence was limited, but nonetheless study participants expressed a belief that this was unsustainable. There was, however, some recognition of the need to focus on whether the cost justifies the levels of improved innovation.

## 3. Technology does not replace presence

We have reported that when considering GM options for leadership development and knowledge management, there is a consistent view that physical presence is required to maximise efficiency and productivity. This implies that the technology to enable collaboration and communication, whilst valuable, is insufficient as a replacement for living, working, and thriving with others.

Interviewees confidently expressed this. We know that “technology does not replace human interaction” said one. The entrepreneurial nature of what they do, described another, demands face-to-face interactions—acknowledging they can move to hybrid arrangements for implementation activities.

### The research identified an intriguing paradox in perceptions:

- Interviewees working in the most hi-tech industries were explicit that technology does not (yet) exist to replace the value of physical presence.
- Those in the less-tech sectors, whilst advocating the need for physical presence as previously noted, spoke confidently about the ability of technology to replace some examples of traditional assignment-led knowledge transfer or innovation.
- However, those responsible for creating and developing these technologies thought this was not ordinarily true.

We would argue that every global business involved in this research is heavily dependent upon technology, but most are not creating that technology. Ironically, therefore, non-tech firms had higher expectations of technology than the tech firms themselves.

### Is this a case maybe of the Emperor’s New Clothes?\*

### Respondents’ quotes

*Very much with a lot of the tech companies on this, we believe innovation is best done face-to-face. Where possible, gather the folks in the room.”*

*Until we get “beam me up Scotty” type technology we’re reliant on traditional assignments to maximise the return.*

*Tech tools for collaboration are not adequate.*

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**Are those with less technical knowledge fooling themselves as to the value of this technology?**

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\*The Emperor’s New Clothes, 1837, Hans Christian Andersen, Denmark.



## Respondents' quotes

*Post COVID...employees generally have got in their mind that working from home means I can work from anywhere.*

*Pre-pandemic ...we were asking, "can we drop commuter assignments?"... After the pandemic...it's the way to get [the Talent] onboard.*

*[Hybrid] that's what the workforce requires right now.*

*There's an understanding that we need to be face-to-face for transferring knowledge ... but it's not realistic [to demand it].*

*The risk...is that we default to flexibility...and it may not be the best for the business, [or] for the person's leadership.*

*If you have the mechanisms to facilitate [their demands]. You can't prevent it in today's world.*

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**Whilst knowledge transfer can be achieved virtually and through hybrid working, long term sustainable success was seen to require physical presence.**

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## 4. The talent may refuse to be present

**There has been a growing trend of employees demanding the right to work from home (WFH) and work from anywhere (WFA)\*.**

The experience of the pandemic has fuelled this enormously as employees seek to argue that if they managed to perform during this time without being in the office or physically interacting with others, then there is no need to be in the office at all. In most cases, organisations are still determining how to make the hybrid model work in ordinary circumstances, irrespective of the overseas assignment challenge. Overall, whilst organisations are generally being more flexible with WFA requests, these are usually limited to temporary arrangements with minimal impact on the organisation.

In contrast, there is a growing problem where the *Tension for Talent* (also known as the *War for Talent*) is so stretched, and organisations can only identify a tiny number of people globally with the skills to perform a function, those individuals have realised the power they now hold in determining where they choose to live versus where the employer may want them to live.

Our findings suggest this is more often a problem with new hires than existing employees, but GM still sits at the centre of the issue. When organisations find themselves with only one individual available to hire or promote, and that individual is demanding alternatives, whether a commuter or a hybrid variation, they are in a stronger position to negotiate their demands and the organisation has to agree. Even when this provides a less desirable business outcome.

Whilst widely identified in our research, this appeared to arise in limited circumstances, related either to IT/technology skillsets or very senior/experienced people in a small sector or region. We suggest the latter has always been relevant, but it does seem to be having a more dominant effect. Even when employees have been hired on the basis of regular global reassignments—and paid accordingly—we were told they are now resisting.

Extrapolating, it is not clear how this trend will play out, but this negotiation muscle that highly talented colleagues are flexing is not entirely new, suggesting it will not go away. And, when combined with the greater emphasis personal well-being appears to be having on the decisions to travel, it may continue to rise.

\*See also Santa Fe Relocation's GMS 2022/23 series—Reshaping Global Mobility report part one — New research on cross-border remote working and the emergence of work from anywhere.

## 5. Other considerations

### Is it too soon to tell?

The general interview feedback was that most trends in GM are still on the same trajectory as they were pre-pandemic, and that the last two to three years will simply look like a blip on those trends. For example, with respect to the increasing use of short-term assignments. However, several respondents commented that it may still be too early to evaluate the true impact of the COVID pandemic on these issues.

Organisations are still evolving their approaches to managing virtual/hybrid needs of their employees or clients.

So, can one truly judge the implications? After all, as one interviewee described, even in COVID we did not have a true *blind control* situation—we will never know how specific individuals would have performed in a different context.

### We still made money, didn't we?

Several interviewees described how their organisations still achieved their KPIs despite not being able to build relationships with clients in ways they believed were critical.

- They continued to make a profit throughout the pandemic even when most international assignees were forced to stay or chose to stay where they were and to work virtually.
- They described high levels of perceived productivity.

**So, is relocation worth it,  
or do modern technologies  
and agile ways of working  
diminish our appetite  
for traditional international  
assignments?**

## Respondents' quotes

*There's no standard solution that will work for everyone.*

*Companies have not worked out how to manage their virtual/hybrid needs, which makes it hard to know if Model 1 is truly best.*

*Virtual is easier in an Anglo-Saxon world.*

*Results are possible virtually, but not as productive.*

**Maybe the world is turning a new corner and the view from the Global Mobility balcony is still biased by previous experiences?**

## Conclusions and key takeaways

**The response to managing these challenges depends on the organisation's size, available resource, and the investment of executive time. Ignoring our findings and assuming you have a different situation risks a significant impact on your business.**

### **Actions to consider.**

#### Organisation

##### **1. Future-proof GM against shocks**

Whether it is the next pandemic, the next breakdown in global supply chains, war, mass migration or climate shocks, more people will be on the move or caught in-country in the future. How forward-looking is your GM function? Proactively plan for talent variations, for example, get ahead of the trend for more short-term assignments e.g. non-virtual but hybrid versions of face-to-face that require GM involvement.

##### **2. Upskill GM with a new set of competencies**

Do your GM teams have the necessary skillsets to broker conversations on virtual and in-person international work arrangements? Communication and negotiation skills will be key, especially where senior leaders will be involved. GM needs a deeper people toolkit to influence business and individual decisions. If management state technology has replaced the need for face-to-face interactions, use this research to show this is not universally true.

##### **3. Build new alliances**

GM needs to be working *hand-in-glove* with talent managers in HR. These two conversations need to be more aligned and iterative than ever before. The left and right hands need to be coordinated, to take a firm grip on talent challenges.

#### Talent

##### **4. Get leadership back on the agenda**

GM need to be assertive in talent discussions and champion the case that building leadership skills is a core benefit of traditional assignments. Ask, how will people develop the global mindsets our organisation advocates if they work in commuter-based or virtual ways?

##### **5. GM are educators, not just facilitators**

Educate colleagues about the principles of WFA that include a change of country. Managers of global nomads need to understand that although they can deliver from a new place, that might have unintended, risk-laden consequences.

## Governance

### 6. How many permanent establishments (PE)?

Pro-actively partner with corporate tax to assess likely countries where a new PE could be feasible. Hence when the business demands yet another new country location for a talented worker it *must* hire, GM are equipped to create value and be perceived as trusted advisors, not barriers.

### 7. From policies to principles

With increasing demand, establish principles or frameworks to guide decisions rather than invest significant time developing new policies: agility and flexibility within a solid set of principles. The risk of contradictions between cases due to having more bespoke arrangements will increase. The potential for unintended consequences is increasing. As one division permits an exception for a key individual, other divisions may encounter new demands they do not want to agree to. GM has the greatest insight into these issues.

## Communication

### 8. Culture eats strategy for breakfast\*

What is the C-Suite view on the need for developing global mindsets? How does this affect the future of GM? Consider building cultural narratives that help illustrate how the career pathways of your most senior people include international assignments. Encourage those in the C-Suite to talk about their global experience.

## Value (ROI)

### 9. The maths is not enough

When management is pushing for an employee to go on a full, traditional international assignment, GM needs to highlight the risk of losing that talent may be higher now because they can move to another organisation which will allow them to work another way (virtually/commuter/hybrid).

### 10. Well-being is personal

Individual preferences for different types of assignment are much more influential today. Listening and flexibility are key to guiding management. What opportunity is there to add questions to your cross-border mobility-related employee engagement surveys to understand the *mood music*?

\*Attributed to Peter Drucker.

Santa Fe Relocation is a Global Mobility company specialising in managing and delivering high-quality relocation services worldwide. Our core competence is providing services that help corporations, their employees and their families to relocate and settle in new places. These services are delivered to a consistently high standard, locally and globally, through our own operations and approved partners. Visit [www.santaferelo.com](http://www.santaferelo.com).

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