



Publication: Economic Times Bangalore; Date: 2007 Aug 21; Section: Live It Up; Page Number 8



MOVE OUT & MOVE UP

Shilpa Patankar Phadnis

MOVING that extra mile to chase an overseas stint is picking up steam with Indian professionals even as recruiters, reeling under attrition heat, are raising the pitch of talent retention with relocation goodies.

With India Inc taking giant strides globally, foreign assignments prepare employees to break away from the cocoon. "After a certain level (usually 3-4 years), an associate is encouraged to volunteer for an assignment at our offices in Palo Alto and Singapore. The relocation plan is oneway to ensure that employees learn to deal with challenges outside one's comfort zone," says Kartik Ganapathy, head of corporate & securities practices at Nishith Desai Associates.

According to Mercer's International Assignments Survey, companies from the Asia-Pacific region follow a flexible approach towards foreign assignments, whereas companies from Europe and North America have a single corporate policy for expatriation. Although company policies may vary, tangible and intangible assistance is lined up to tide over any inconvenience to the assignee in the host country. Firms offer move-in allowance to cover incidentals, at times pay for house-hunting trips, cover realtors costs and ship employees' cars at company expenses on long-term stint.

"As part of our relocation benefits, we help families with travel expenses and transit accommodation. Other benefits include reimbursing brokers' expenses and help with housing deposit for rental accommodation. In the case of overseas locations, we give a two-month relocation bonus," says Kapil Vardhan, organisation staffing leader, GE John F Welch Technology Centre, Bangalore. Employees are reading the fine print on the relocation clause to ensure smooth transition for their families as well. "Reimbursement for hotel stay and car rentals for a week are provided. There are some tie-ups with relocation assistance agencies and furniture rentals, but that is usually too expensive. More often, employees tend to fend for themselves and seek help from friends or relatives for 'settling down' on international assignments," says Ritesh, a senior project manager with a tier-1 IT consulting firm.

Most Indian firms offer deputation allowance which varies with overseas postings and timeframe. The package is defined according to the assignees' grade and eligibility. People relocating overseas for the first time, especially at the juniorlevel, complain of limited support. "For a fresher sent to Europe, the allowance starts with 2000 Euros for a short-term deputation," says a TCS employee. On the flip-side, one cannot blame companies. After all, they are expected to be keep up their profit margins from taking a hit. "Given the numbers which relocate, any additional spending will have an impact on the bottomline. Being both a shareholder and employee, I can appreciate this. And there are several companies that go over the top with these 'perks' and then find that they have to lay people off or take huge hits to the bottomline," adds Ritesh.

Following their partners to an overseas posting, spouses feel alienated as their job profile may suit only the requirements of the home country. Companies are realising that the success of a foreign assignment is dependent on the family of the employee. Twenty-seven percent of companies still don't have a formal policy for spouse support in place, says a Mercer study. But Indian firms and MNCs tend to be reasonably flexible in responding to employee requests for spousal transfers.

Mercer's International Assignments Survey states that almost 66% of companies use the home country approach of deciding expatriate compensation. In this approach, the salary is dependent on the home country structure, and provides financial adjustments to account for the cost of living differences and tax equalisation. Firms usually follow a tax equalisation approach to account for the tax liabilities of an employee. They compensate their employees for difference in the cost of living between the host country and home country. This is done by paying a cost of living allowance to employees. This trend was noted in 90% of the

companies surveyed. "For international stints, if there is a tax impact or a filing requirement, the firm takes the responsibility of filing returns, paying the cost and ensuring that the relocation is tax-neutral to the employee. We ensure that the employee is not taxed at a rate higher than he/she would have been in India," says Ganapathy. Relocation is an inevitable part of jobs. Spotting opportunities in India, many expats are homeward-bound to put their international experience to best use here!

RELOCATION COVER

- **NEARLY 75% OF COMPANIES PROVIDE A 'SETTLING IN' ALLOWANCE**
- **ABOUT 60% OF ORGANISATIONS HAVE INCLUDED REPATRIATION TERMS IN THEIR FOREIGN ASSIGNMENTS POLICY**
- **NEARLY 93% OF ORGANISATIONS PROVIDE A COVER FOR EMPLOYEES' CHILDREN'S EDUCATION**