

# Getting started with international remote working and virtual assignments



By **Olivier Meier, Mercer**

**The extensive use of remote working during the pandemic has forced organizations to re-imagine their work setup and generated new expectations among employees. The question of remote working is becoming more complex as organizations have also had to deal with employees seeking to work across borders — “working from anywhere” is the new buzzword. Remote working is moving from being an emergency temporary measure to an important component of the talent management strategy.**

In the context of talent shortage, companies are more likely to increase work flexibility to attract and retain employees. Without a clear and consistent remote work strategy, however, they could be exposing themselves to unnecessary risks.

Compliance is a major challenge when implementing international remote working (IRW) policies. The risk of triggering new tax liabilities, breaking labor laws, triggering immigration or data privacy issues is significant if safeguards are not in place. However, looking at this issue purely through the prism of compliance issues obscures the real issues

surrounding the purpose and benefits of working from anywhere. Organizations will benefit from the rise of IRW if they can leverage it for talent attraction purposes, measure its value accurately and articulate a coherent proposition for mobile talent and business leaders.

The desire to work remotely has been accelerated by the pandemic, but it follows a steady rise in employee-driven mobility. We have seen an increase in the number of digital nomads seeking opportunities without waiting for a company to relocate them, as well as corporate nomads who stay with their employers but proactively request gigs and projects in other parts of the organization — a very different mindset from the rigid expatriate assignment model. The paternalistic company-driven assignment model is giving way to a more fluid lifestyle contract with employees.

These expectations of employees may not be enough to prompt organizations to manage complex remote working issues if they did not come at a time of talent shortage and reskilling needs. The war for talent is motivating companies to dedicate more time and resources to employee attraction and retention. The focus of talent mobility policies is shifting to talent sourcing and development.

Working from anywhere is still a new and vague concept, but pressure is mounting on organizations to develop a clear point of view. In practice, this means development policies to manage employee-requested international remote working (IRW) as well as company-driven virtual assignments (VA).

The evolution of technology, employee expectations and talent sourcing needs all push in the direction of more work flexibility. Organizations and professionals that can find reasonable compromises to leverage this flexibility will have an advantage in the new world of work.



## Clarifying the debate

**Words matter when talking to business leaders and employees. While there is no universally accepted definition for all types of remote working and virtual assignments, understanding what stands behind the different concepts is a first step towards clarifying the debate.**

### Working from home



Obviously, this arrangement is when employees work from their private homes rather than in an office. Working from home has allowed companies to maintain business continuity during the pandemic, and some employees find that it improves their work-life balance. Some downsides are that it raises questions about maintaining company culture, building effective teams and even creating work-life balance issues itself. When an expatriate works from home in the assignment country, this can create additional challenges related to safety and integration in the local workforce. In a loose (and somewhat misleading) sense, it can also refer to virtual assignees who are working from their home country.



### Flexible working

Flexible working refers to the many different scenarios in which employees are given more options about how and where they work. When well implemented, it can be the cornerstone of a good employee value proposition and increase employee satisfaction. However, it does require clear guidelines, practical support and a thorough review of company processes and culture to be successful. Remote working is one aspect of flexible working.

### Remote working

Remote working describes all situations where employees work without being in the location benefitting from their work. Remote working can be from home or from a different city or country. The spectacular success of remote working during



the crisis should not eclipse the need for a detailed feasibility study to understand its impact. Not all jobs can be performed effectively from afar. Implementing remote working successfully may require changes in job descriptions, processes, practical support and in employee and management mindsets.



### Working from anywhere

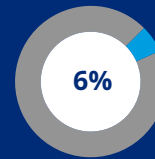
This term is often used to frame remote working in a more appealing way, and it goes hand in hand with the idea of flexible working. The expression has been used by CEOs and top-level managers to demonstrate the willingness of their organizations to become more flexible, agile and attuned to the expectations of their workers. It holds the promise of better employee experience and increased business resilience. The risk is that the promise may remain vague and difficult to implement in practice. Does it mean literally anywhere in the world, or are there restrictions? Is it applicable only within a given country due to compliance issues? Is the arrangement temporary or permanent? May employees work remotely some days or at an office on others, perhaps on a schedule they devise themselves? The risk of misunderstanding among stakeholders is significant.

## What does working from anywhere mean for your company?

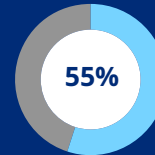
Poll options	All (n=70)
Not relevant. Employees work from their offices	6%
Working from an office or from home but in the same area/city	26%
Working from anywhere within the country	29%
Working from anywhere within the country and only by exception from other countries	17%
Working anywhere within the country and from another country for selected scenarios (types of jobs, duration, countries)	20%
Working from anywhere within the country and from another country allowed in most cases	3%

Note: Total 101 due to rounded figures

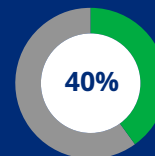
Source: Mercer Mobility Benchmarking Session March 2022



Office only / no remote



Local remote working only



International remote working



### Working virtually

Often used to describe remote working situations, this expression focuses on the technology involved. It holds the promise of bridging distance among employees rather than emphasizing how dispersed they are. A virtual team can be composed of not only remote workers but also their peers working from an office. It presupposes that employees working virtually can replicate the same tasks, level of productivity and the same level of motivation and team spirit as colleagues working together in the same place. Not all employees are equally adept at working virtually. Some people might feel intimidated by the technology involved or lack of human contact and view themselves as perpetual outsiders. On the other hand, with proper training and processes, it can open new opportunities for some groups of employees to join projects that would normally be out of reach.



### International remote working

International remote working refers to employees who work virtually from another country. Of course, IRW is just an extension of remote working, but it may come with a host of compliance and practical complications. Companies have long been reluctant to authorize international remote working, but it became a reality for many internationally mobile workers during the pandemic. IRW is part of the concept of managing a [globally distributed workforce](#) composed of local employees, expatriates and remote workers. Going forward, many companies would like to maintain the option of allowing employees to work remotely internationally, but only for well-defined scenarios. Having employees working across borders under the radar is a major concern for HR. International remote working is still very much a work in progress. In a narrow sense, international remote working refers to an employee-requested international work setup as opposed to company-driven virtual assignments.



## Virtual assignments

Another term for international remote working, virtual assignment conveys more specifically the idea that traditional forms of long- or short-term relocations could be replaced by assignments performed remotely. The focus is having a structured assignment option with clear goals and fixed duration, as opposed to simply providing more flexibility to employees. Relying on VA could lower costs for companies and open up new opportunities to work internationally for employees who cannot relocate to another country. There are, however, many practical barriers to virtual assignments in terms of job setup and compliance, and VA is unlikely to replace all traditional assignments. It will nevertheless represent one more option for companies in their arsenal of international HR policies.

## Clarifying the intention

Is the concept of IRW and VA supporting clear objectives for the employee and the company, or is it just a reaction to an unexpected crisis situation? Clarifying the intention means different things: Why do we use remote working? Is it in the interest of the business, the employee or both? The answer to the latter question can help determine who should bear potential additional costs. Companies provide a more limited budget for self-requested moves than for business-essential international assignments. The same logic could be applied for IRW and VA.

Clarifying the intention is also about the long-term objectives and duration of the remote work. IRW can trigger additional tax liabilities and compliance issues based on the duration of the assignment. There is also the question of the next move and career plans after a VA.

Companies increasingly rely on two types of employee-driven international remote working:

A short period of remote work from another country, either to address specific personal and family issues or for a lifestyle reason (the so-called “workation”). These short periods of IRW are typically limited to 15-90 days per year. The objective is to limit the risk of triggering new tax liabilities and compliance issues. There is no perfect way to guarantee that there will not be issues in all cases, but limiting duration is intended to limit risk to the maximum effect.

When employees expect a more significant lifestyle change and want to stay longer in another country, companies sometimes offer a permanent transfer to that country. In practice, this means changing the employee’s contract and accepting new conditions as per the new country rules. It also means that the employee needs to commit to staying in that location for a minimum duration (several years).

Similarly for company-driven virtual arrangements, a distinction can be made between virtual assignment that is designed to replicate the objective of traditional international assignments and hiring from anywhere, which is a talent resourcing approach rather than a way to address the limitations of expatriate management.

<b>Virtual assignment</b>	Addressing a business issue	One-time or multiple assignments	Limited duration
<b>Hiring from anywhere</b>	Remote from the onset	One-time	Permanent
<b>The lifestyle benefit</b>	Flexibility to work from abroad for a short period	Recurring / Yearly	Typically 15 to 90 days
<b>The lifestyle change</b>	Moving to another country and work remotely from there	One-time	Permanent relocation > one year

## Assessing feasibility

Here are eight factors to help determine if international remote working and more importantly longer virtual assignments could constitute a feasible alternative for a given scenario. When performing a detailed analysis, more factors can be added, a weighting can be assigned to these factors and a final score can be calculated based on the factors selected.

### 1. Work characteristics

#### Considerations

How can the required tasks be performed remotely? How frequently does the employee need to be onsite in the host location (in a plant, in a lab, etc.)? Is there a need to visit clients and meet in person with local peers for specific tasks? The time required onsite gives a first indication of the type of assignment that could be used: ongoing basis (traditional assignment), frequently (commuter, project assignments) or from time to time (VA complemented with business trips).

#### Measurement

Analyze the job description, required tasks, workflows and processes. Interviewing local management and former international assignees can provide new ideas, alternatives and suggestions for improvements.

#### Mitigation

Digitalization of tasks, more frequent short travel between the home and host locations, redefining the job and breaking it down into different tasks that can be split between the virtual worker and a local peer.

### 2. Work and technology setup

#### Considerations

Is there a local office where the remote worker could be based or will they be working from home? Can HR and IT support virtual working locally?

A range of scenarios are possible: from having virtual employees working for an office in the home country with full support available, to remote workers working from home in a third country location where no local support is available.

The work setup has an impact on performance, work continuity and duty of care for the company.

What technology is available to support remote work? This includes not just the basics (phone, email, video conferencing solutions, etc.) but also specialized tools required to perform specific tasks. Are the technology and communication channels reliable or subject to disruptions due to poor equipment or infrastructure in the locations where the virtual assignees are based? Are there any technical compatibility or data security issues?

#### Measurement

An HR and IT assessment can be performed to list potential issues.

#### Mitigation

Could new digital solutions address some of the issues? Would [automating some of the workflow](#) facilitate the tasks of employees, management and HR? Setting up virtual assignments is an opportunity to rethink the assignment management process and build a business case for new technology.

### 3. Compliance

#### Considerations

Are there employment law issues (minimum wage, social security coverage, pension, healthcare rules) that would make the situation more complex and costly? What about tax liabilities? Could the work performed by the virtual worker lead to permanent establishment in a location where the company previously did not have tax liability?

Tracking mobility is essential even for IRW and VA. Virtual assignees remaining in their home countries may have involuntarily triggered tax liabilities in a new country because of repeated business trips, or due to the nature or beneficiary of the work they perform from home. Ultimately, the company is likely to be responsible for any tax compliance breach even if these issues are the results of choices made by employees.

Exchanging information back and forth across countries can increase risks of personal and essential business data breaches.

Lastly, duty of care is applicable regardless of the nature of the assignment and location of assignee. Can the company effectively support a virtual employee based in a location where limited support is available and where the company does not have an office?

### Measurement

Review the regulations as well as tax and compliance rules in all countries involved (home and host location, and in cases where the virtual assignee is working from another location, a third country).

### Mitigation

Is it possible to work with compliance, legal and tax teams to optimize current arrangements? What are the different contractual setup options, and can they address some of the problems?

## 4. Cost considerations

### Considerations

Using virtual assignments can reduce or eliminate relocation costs. However, having virtual employees based in high-paying countries or locations with high tax and social security costs can be expensive over the long term.

Hidden indirect costs and mismanaged compliance issues can lead to additional costs. We cannot assume that a VA will automatically lead to lower costs.

Even if the costs are lower than for a traditional assignment, cost sharing among business units can be problematic. In theory, the business unit benefiting from the work of the VA should bear the costs. In reality, some business units cannot afford a highly paid virtual assignee based in an expensive location.

### Measurement

Both direct and indirect costs need to be captured. The long-term implications of the virtual workers need to be analyzed, especially if the duration is not as well defined as for a long-term assignment.

### Mitigation

Different compensation approaches can be used. If the virtual assignment results from a personal choice from the assignee, additional costs could be shared between the employee and the company. Could using different virtual assignee setups and contractual agreements reduce costs?

## 5. Readiness and acceptance

### Considerations

The cliché about perception being reality holds true: the perception of remote working by management and employees has an impact on actual performance ratings and ultimately on satisfaction and productivity. If remote workers are perceived by their line managers as less productive, they might receive lower performance ratings and become disengaged. While flexible working may have benefits, it can generate anxieties and trust issues among managers and employees.

Previous experience with remote working in the company can shed light on acceptance of virtual assignees. If working from home is already part of the company DNA for local employees and commonly accepted by managers, setting up international virtual assignments is easier. If working from home is the exception or is associated with negative feedback from management, however, it will be more difficult to implement it for internationally mobile employees.

It's not just a question of perception: practical readiness needs to be taken into account. Do employees and managers know how to organize themselves and use the right tools to be productive at home? Do they have previous experience working remotely, or have they received training?

Perception and readiness are not the biggest barriers to virtual working, but they are the most underestimated. Companies having no practical experience with virtual working sometimes encounter problems because of the mindsets and preconceptions of management and employees.

## Measurements

Employee and stakeholder surveys can help us understand the attitude towards virtual working. Over time, it's also possible to review the performance ratings and career progression of employees working remotely. Lower ratings may be an indicator of perception problems (out of sight, out of mind) as much as of a real lack of productivity.

## Mitigation

Lessons for IRW and VA can be drawn from flexible/remote working practices for local employees. The most effective strategies for flexible working include training for managers and employees, visible instances of career progression, building trust, measuring and reward contributions, technology and redesigning jobs.

## 6. Cultural issues

### Considerations

The cultural issues go beyond the question of perception and readiness. Some employees and their managers might be ready and tempted to use virtual working, but the practice may clash with the culture of the company or fail because of cross-cultural differences.

### Measurement

The company can perform cultural preference analyses to understand how diverse teams work internationally. [Collaboration network analyses](#) can shed light on how employees communicate with each other and reveal unofficial support networks not captured in organization charts.

### Mitigation

If personal relationships and having a local network are important, the company could initially send the virtual assignee on a short-term assignment or an extended business trip to build connections in the host location. A process review and new collaboration tools can improve ongoing communication between business units. Providing [cross-cultural training](#) for both the virtual assignees and their local peers can avoid misunderstanding and foster trust.

## 7. Value for employees

### Considerations

What's the value proposition of virtual assignments for employees? Opening up international opportunities for those who would normally not be mobile? Offering opportunities to rejoin the workforce to talented workers who were forced to take a break for family reasons?

Why are employees requesting international remote working? Is it about lifestyle, flexibility and work-life balance? What's the likely impact on satisfaction and retention if the company accepts the requests?

### Measurement

Employers should not make too many assumptions about what employees want. Preferences should be measured using employee surveys and through regular feedback. A [design thinking approach](#) can be used to better understand the specific preferences of each group of employees.

### Mitigation

Could more customized support increase virtual assignees' satisfaction? Is it possible to introduce flexible benefits to make them more relevant for virtual assignees (e.g. swapping education allowance for childcare)?

## 8. Value for company

### Considerations

Aside from cost saving, virtual assignments could be a way to expand the talent pool. Candidates who would not be willing to relocate to the host locations could now be considered for a VA. It could also help build resilience and compliance: by building a [distributed workforce](#) (teams spread over different locations), the company is less susceptible to disruption and can ensure business continuity.

However, VA could also have the opposite effect: could it make the company more susceptible to disruptions depending on where the virtual assignees are based



### Measurement

The barriers to traditional mobility should be analyzed. How many candidates are refusing to move due to the lack of attractiveness of some locations and family issues? An audit of processes can help determine the benefit (or lack of benefit) of having a distributed workforce.

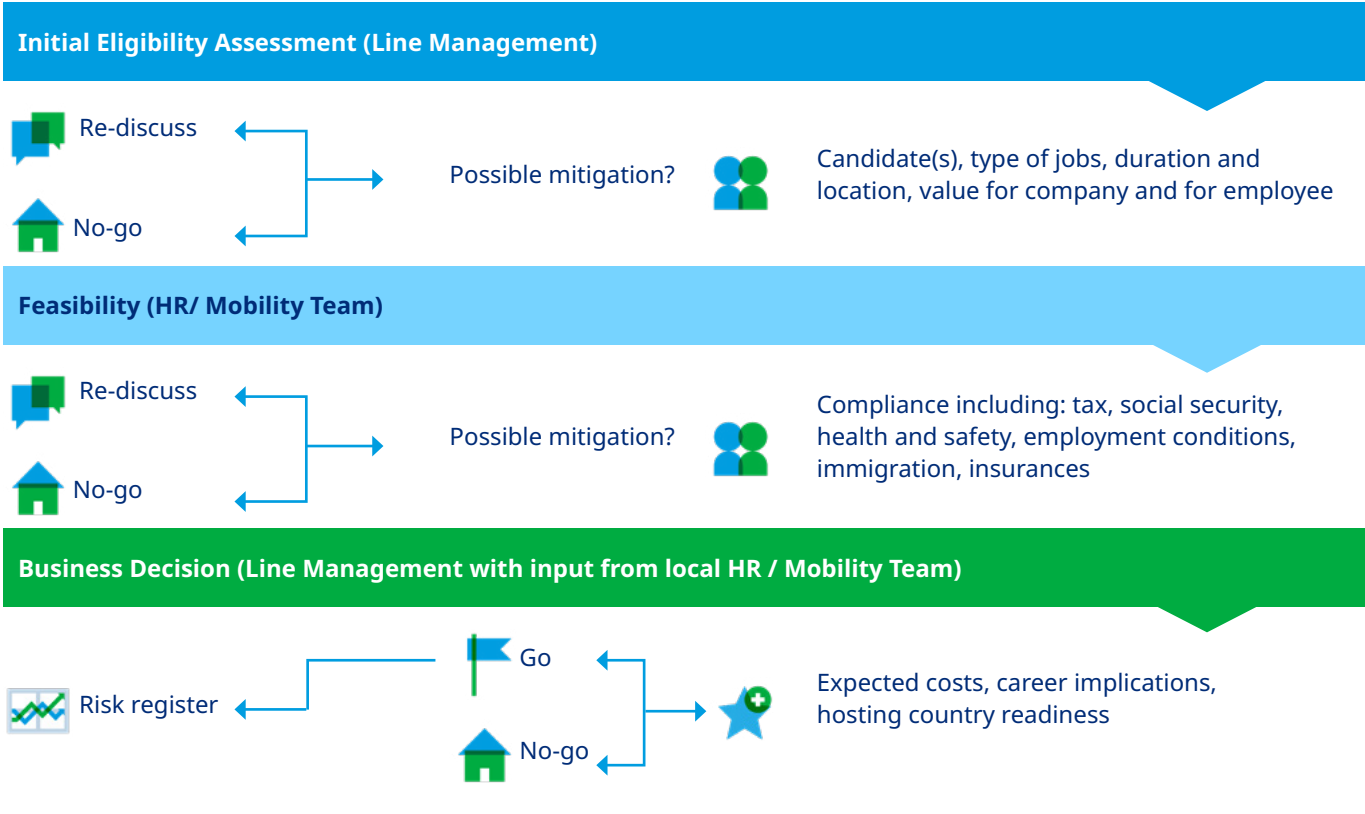
### Mitigation

If work became more subject to disruptions by being virtual, what process and technology changes could alleviate that?

## Implementation

### Managing processes

One of the biggest challenges to managing international remote working and virtual assignments is dealing with the flow of requests. An overall policy or framework should provide general principles and indications about possible scenarios and countries where remote working will be feasible and should be allowed. However, most of the time additional ad hoc checks will need to be performed to ensure that all requests are compliant. Building a clear decision tree to filter requests and involve the relevant stakeholders is essential.



## Who is responsible for international remote working and virtual assignments?

One-fifth of respondents to Mercer's 2021 International Remote Working and Virtual Assignments Survey have not yet defined their global mobility teams' responsibilities with regard to managing IRW and VA. Among those who have already established them, the main responsibilities of the mobility teams include compliance of proposed terms and conditions and formal communication of these terms and conditions for both VA and IRW.

The vast majority of respondents have determined where responsibility for the governance of IRW and VA lies, and the global mobility function is typically involved.

More than half (52%) indicate that the global mobility function or a mix of different departments, including global mobility, is responsible for IRW/VA governance.



## Defining the employee value proposition

The adoption of remote working programs can affect the employee value proposition of an organization and ultimately its employer branding on the market. What does it mean in terms of employee experience? Will virtual assignments open up international opportunities for employees who would normally not be mobile? Or will it present opportunities to rejoin the workforce to talented workers who were forced to take a break for family reasons? Is it about lifestyle, flexibility and work-life balance? What's the likely impact on satisfaction and retention? Understanding the value proposition will also inform practical questions about pay, career management and the level of support expected by employees. However, employers should not make too many assumptions about what employees want. Preferences should be measured with employee surveys and regular feedback.

## Measuring value for the company

Managing international remote working remains an ad hoc exercise for many HR teams and often involves assessing situations on a case-by-case basis. What level of resources the organization should dedicate to it and what value will result from it are important questions.

Measuring the value of the new work setup is a complex exercise. Rather than looking for the perfect return on investment formula, companies often rely on a cluster of indicators, including subjective feedback designed to capture employee satisfaction. Recruitment indicators can also help assess more objectively the effect of remote working policies on talent attraction. However, the true measure of success can only be assessed over time by monitoring the career progression, productivity and retention rates of international remote workers compared to their onsite peers.

## Culture and inclusion issues

Organizations might have the right work and technology setup but fail to succeed with virtual assignments due to their specific company culture and misunderstandings between assignees and management.

The question of culture and its impact on virtual working encompass different challenges: cross-cultural issues, inclusion and alignment with the corporate culture.

[Cross-cultural training](#) is provided for international assignments for a good reason: cultural misunderstandings could lead to bad experiences for relocated families and a lack of effectiveness of assignees working with peers from a different culture. VA without relocation might avoid problems for the family, but the ability of the virtual assignee to work effectively with colleagues abroad remains a fundamental question.

A virtual employee who is not on site may face communication issues and struggle to integrate with the host team. The virtual interaction can reinforce stereotypes and limit access to local contextual information that explains the attitude of other team members. Ultimately, employees from different cultures are equally able to adapt to virtual work, but the initial setup and support requirements might be different depending on the culture background of the team members.

[The inclusion question](#) is linked to cultural issues but adds another dimension to the virtual challenge. An employee may be of the same cultural background as the other virtual team members yet still be considered an outsider.

The question of diversity encompasses all aspects of what makes individuals unique: not only their country of origin and language but also their gender, family status, professional background, education, sexual orientation and age/generation.

Virtual assignees can end up being outsiders because they do not master the unspoken codes of the group and are victims of unconscious biases of other team members or management. Virtual meetings can amplify stereotypes based on appearance, gender and accents. A camera does not convey body language and foster empathy in

the same way as happens during real-life meetings. Not all participants in virtual meetings have the same innate degree of assertiveness depending on their personality and experience with virtual tools. The risk of falling by the wayside in a large virtual meeting is significant.

Virtual working has implications for inclusion, and [better collaboration between the mobility and the diversity teams is needed](#).

The company culture: Is the company culture paternalistic and control-oriented, or more flexible and laissez-faire? What about "office politics"? One of expatriates' greatest fears is losing the connection to their home unit. A VA can go a long way to alleviating that fear if the assignee remains in the home location, but it could also exacerbate the situation if that person is working for a third country or has limited contact with the host destination benefitting from the work. Leaving the official organization charts aside, what are the real, informal collaboration patterns in the company: who is talking to whom, and what informal support is provided? Who is isolated, and who is well connected? [Detailed network collaboration analyses](#) can uncover weaknesses and opportunities for virtual working in the organization's work practices. As a first step, an honest reflection on the unique characteristics of the organization can provide some insight.

At first glance, the different aspects of the culture factor may seem trivial in comparison to compliance and workplace setup issues. Yet, they form an underestimated barrier to virtual working. Organizations that integrate the culture factor into their thinking can increase the success of VA and the productivity of their virtual employees. On the other hand, companies that have the right technology and setup but ignore the realities of their culture eventually face dissatisfaction from both employees and management. Only an honest assessment of their true culture and preferences can help companies find their own ways into the world of virtual working.

## Taking a first step on the journey

These five points can help you get started:

### 1. Clarify definitions and prioritize scenarios.

What do international remote working and virtual assignments mean for your organization? What are the most likely remote working scenarios in the short term?

### 2. State clearly the intention.

Why do you allow (or not allow) IRW for the listed scenarios? What does it bring to the business and what are the risks, duration, etc.? Which jobs and employee profiles would benefit from the new options?

### 3. Run a feasibility study and confirm the scope of international remote working and limitations.

IRW and VA cannot be universally applied, so what limitations and safeguards should be in place? Are they allowed within specific regions or among given locations for a limited duration? Is there a need to add clauses in non-mobility policies (e.g. working from home policies) to clarify what happens if an employee asks to work across borders?

### 4. Establish efficient processes to deal with requests.

Time and resources are a challenge when dealing with ad hoc remote working requests. Put in place a decision tree that will help process cases. Try to eliminate upfront cases that are not allowed and make sure that all stakeholders have a clear understanding of the company's policy.

### 5. Address potential gaps.

Is there a risk of having virtual assignees fly under the radar and trigger the same problems that companies experienced (and are still experiencing) with business travelers and commuters? Avoiding gaps could also be about anticipating the side effects of IRW and VA, such as the [marginalization of specific employee groups](#) who either struggle with virtual work or, on the contrary, are offered only virtual assignments instead of traditional international assignments that would be more beneficial for their careers.

#### Find out more:

<https://mobilityexchange.mercer.com/assignment-types/virtual-expatriate-assignments>

