

Expatriate Trends Study 2013: Understanding Their Perspective

Executive Summary



INTRODUCTION

Introduction: Methodology and Sampling

In the summer of 2013, the National Foreign Trade Council (NFTC) and Cigna Global Health Benefits (CGHB) sponsored an independent research study to review how expatriates experience, perceive, and value various elements of their assignment terms and programs. Various studies explore the components of these assignments from an employer's perspective. This study was conceived to determine whether the view from the expatriates themselves told a similar story or a slightly different one. Like most studies comparing and contrasting the viewpoints of employers and their employees, there exists a gap that, if used effectively, can guide employers to make impactful decisions to better design and/or communicate assignment packages that meet the needs of their globally mobile employees abroad.

This is the second time the NFTC and CGHB have collaborated on such a study. The inaugural study, which took place in 2001, explored the points of view of both international employers and expatriate employees – before, during, and after international assignments. Throughout this report, references to the overall findings from the 2001 study explain how the climate for expats has evolved over the past decade.

The 2001 study was comprised of 143 executives (representing the employer perspective) and 453 expatriates on assignment in more than 70 countries around the world. For this 2013 study, the survey focused entirely on expatriates, and included the views of 1,511 expatriates on assignment in 140 countries.

Methodology

Similar to the 2001 study, respondents answered a series of questions through a web survey instrument. No self-identifying information was captured, keeping all individual responses anonymous and confidential. This chosen method of anonymity encourages more honest feedback from respondents.

Respondents were recruited through multiple channels, which included member companies of NFTC and their expatriate populations, clients of CHGB, among other channels. The web survey was launched in August of 2013 and kept active for a period of eight weeks.

A Note about Statistical Significance

The mathematical concept known as statistical significance derives from estimating how likely something is bound to occur. In the most basic and understandable form, a simple coin toss can help understand the concept of statistical significance. If you take a coin and toss it into the air, you have a 50/50 chance of it landing on heads or tails. Let's say it lands on heads the first time. If you flip it again, and it lands on heads again, the probability of it landing on heads a third time increases due to the outcome of those first two tosses.

[Example: If ten people rate a supplier at a 10 (on a scale from 1 to 10), the total points rated are 100. If you divide the total points by number of respondents, you will now have a mean of 10.00. If the eleventh respondent rates the supplier with a 1, the total is then 101. If you take that number and divide it by the 11 respondents, you will now have a mean of 9.18. This is more than a nine percent difference, meaning that the sample size is not statistically significant.]

Within a typical study, most researchers will demand that the probability of unlikelihood from the outcome of results be **less than five percent** in order to declare those results as having significance. In normal English, "significant" means important, while in Statistics "significant" means probably true (not due to chance). With a larger sample, statistical significance increases.

Study Specifics

Field Dates	August 2 to September 30, 2013
Sample Size	1,511
Length of Survey	212 Data Points
Survey Type	Online Web Survey Instrument
Range of Error	+/- 2.3% at 95% confidence

EXECUTIVE SUMMARY

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In a number of ways, this survey gives employers a reasonable amount of good news from their expatriates on assignment. According to most respondents in this study, employers provide their most significant resources toward the areas rated highest in importance by the general expatriate population. Expatriates, in turn, issue employers fairly good satisfaction ratings in a couple of key phases: pre-assignment and during assignment.

However, as with any employer-employee relationship, there are also a considerable number of unmet expectations. As the expatriates in this study have relatively high expectations, meeting them is no easy task for employers.

Factors of Consideration: 2013 vs. 2001	2013 Rating	2001 Rating
Assignment Benefits Package	4.37	3.97
Quality of Life	4.34	3.73
Quality of Health Care	4.27	3.74
Professional Development/Job Impact	4.27	3.56
Family Life Status	4.20	Not Asked
Financial Impact	4.18	3.87
Implications of Move on Family	3.75	2.95

As you can see in the above chart, six of the seven factors expatriates consider in relation to their current international assignment are rated above 4.00, which – in studies that employ a five-point scale as we did here (where 1 represents low and 5 represents high) – is considered to be a very high rating. This creates a challenge for employers to find ways of understanding the needs of their expatriates in greater detail to better meet those needs.

The expatriate sample in this year's study is a slightly older, more experienced group than that of the 2001 study. Younger expats view professional development as a top reason to accept assignments – these respondents are less concerned with quality of life issues.

Since employers are doing an adequate job in many of the areas that matter most, the process of identifying where employers fall short is explored by looking at how various issues before, during, and after the assignment affect key demographic segments. Understanding these key differences is one way in which employers can customize their approach for greater results.

Key Findings

- 1 Gap in Communication of Benefits and Programs: Employers Providing Services, But Expats Not Very Aware
- 2 Closing the Gender Gap: Less Variation in Male & Female Expatriate Segments than 2001 NFTC/CGHB Study
- 3 One Size Does Not Fit All: Customization by Country of Assignment is Necessary
- 4 BRICS – Are These Countries Really the Most Difficult Countries of Assignment? (Assignments in the US Need Attention, Too)
- 5 Repatriation: Expats State More Needs to Be Done Post-Assignment
- 6 Human Resources: Expats Desire More Support & Understanding from HR Regarding Challenges Abroad
- 7 Family Status Plays a Large Role in Identifying What is Important, Satisfaction
- 8 Assignment Types Continue to Evolve: Increases in Shorter Term, Emerging Markets
- 9 Medical Preparedness & Care: Preparedness Viewed as Very Important; All Ages Accessing Care
- 10 Technological Enhancements Not the Key Factor in Communications

Communication Gaps

- Employers are doing a good job providing their employees the services they indicate are of greatest importance.
- Various industry surveys show more than three-quarters of employers provide cultural training and language training. Results in this study (see table on next page) show lower awareness of these services.
 - Are there countries of assignment where training is lacking?
 - Can improvements be made in communicating these services to achieve higher awareness?
- Repatriation is also an area where employers provide services, but yield low recognition from expatriates. A large number of expatriates surveyed did not know whether their employer provided a formal repatriation program or tracked expatriates who have returned.
- Segments most likely to have low awareness: younger expatriates (under age 34) and expatriates with less experience on assignment. Having a thorough orientation process for new expatriates may help to increase awareness.

In the top six categories, more than half of total respondents mention their employers provide these services.

Services Provided: Importance Ranking vs. Percentage of Employers Who Provide Service	Importance Ranking	Percentage of Employers Who Provide Service
General relocation services	1 st (63%)	80%
Settling-in services	2 nd (53%)	62%
Medical preparedness	3 rd (49%)	65%
Company paid advance visit to the assignment location	4 th (36%)	54%
Schools	5 th (35%)	50%
Advance consultation concerning financial & tax consequences	6 th (31%)	57%
Cross-cultural training	7 th (14%)	42%
Language training	8 th (10%)	40%
Relocation of family pets	9 th (3%)	29%

Closing the Gender Gap

One of the key findings of the original study conducted in 2001 was how the male expatriate experience differs from that of the female expatriate experience. Over the past decade, employers have made strides in closing the gender gap and equally meeting the needs of their male and female employees. The difference between males and females in terms of how they view expatriate assignment components and the support they receive from their employers has diminished a great deal. In many areas of this study, male and female respondents answer similarly, motivated by similar goals and frustrated by parallel issues.

- The 2013 results show less variation in responses between the two sexes:
 - The three most important services prior assignment are the same by gender.
 - Experience overall during assignment is also similar, especially in the most important service areas.
 - Male and female respondents have sought treatment equally (77% of males have accessed medical benefits compared to 78% of females).
- However, there are still a few gaps to consider:
 - Female respondents are less likely (by 11%) to want an assignment while still acknowledging the importance and rewards of such an assignment.
 - Upon return, males are 13% more likely to go directly from one assignment to another.
 - Female respondents voice concerns about having more information regarding country culture specific to how women are perceived and treated (including dress code and race).

Country of Assignment: Customizing for Better Results

Results in this study suggest many employers may be taking a one-size-fits-all approach to providing expatriates with services that address the wider population and not segmented populations.

Services considered to be most important differ by country of assignment:

- **Middle East & Sub-Saharan Africa:** Medical Preparedness tops list (with overall respondents, it ranks third)
 - Top two overall: general relocation services and settling-in services
- **North & South America:** Consultation regarding financial and tax consequences ranks much higher in importance in these regions
- **Central America & Sub-Saharan Africa:** Assistance with schools is more critical
- **Asia & Middle East:** Cross-cultural training ranks slightly higher

Experience vs. Expectations also brings variation:

- **Central America & Middle East:** These regions have the highest percentage of unmet expectations in relation to the quality of life in these regions – this dissatisfaction is more than double other regions
- **Australia & Europe:** Highest satisfaction in quality of life category
- **Middle East & Sub-Saharan Africa:** Highest amount of dissatisfaction related to impact on the family
- **North America:** Overall 13% of total respondents report unmet expectations regarding the assignment benefits package. In North America (where dissatisfaction is expressed in both the United States and Canada), this percentage is nearly double.

Satisfaction with the efforts of employers are lowest in expatriates on assignment in Sub-Saharan Africa, Middle East, and South America and highest in Australia and Europe.

BRICS: A Closer View at Countries of Assignment

Industry surveys focusing on employer perspective tell a similar story about which countries of assignment are most difficult: Brazil, Russia, India, China, and South Africa.

Results from expatriate study confirm some difficulties in these regions (especially China), but also point out other key areas:

- **Middle East:** High degree of dissatisfaction, higher importance ratings regarding several components (services provided by employers – i.e. cultural training and health benefits)
- **Sub-Saharan Africa:** In addition to South Africa, there are a number of other countries in the lower half of Africa where medical preparedness is a great concern and the need for school assistance is more critical
- **North America** – the complexities of a number of issues (ease of finding a doctor, language issues, knowledge of the health care system, understanding of financial and tax consequences) have led to much lower satisfaction scores than other regions – especially in the United States

“[We need a] support package on what moving to a new country will be like, cultural differences, how family members can cope also. A big help would be to know about the expat communities and local organizations that are available to help families adjust.”

“The main surprise has been how difficult the repatriation process is for employees who come to the end of their assignment. Often times we have seen on this project that there is no plan for expats once their assignment is complete.”

“I think they should have an expat or someone who has done this before helping . . . versus someone that has never moved themselves.”

“There was a definite lack of understanding that taking an expat assignment can be a burden to the employee, with HR thinking that all Expats should stop whining.”

Repatriation: Ensuring the Efforts Do Not Stop When the Expat Assignment Ends

While employers receive fairly high marks for their efforts during the pre-assignment and during-assignment phases, the scores for employers are more than four-tenths lower during the post-assignment phase.

- Although the lower ratings are consistent throughout numerous segments, employers with lower employee or expatriate counts are lowest.

More than half of the respondents in this study confirm their employers have formal repatriation programs.

- This is an improvement from the percentage of employers who stated they provided such programs in the 2001 study (38% of US employers and 42% of UK employers).
- Although there is improvement, the results are vastly different from recent employer surveys, which suggest that more than 80 percent of employers have these programs.

A very high percentage of expatriates (59%) respond they are unaware of whether or not their employer tracks what happens to expatriates who have returned.

- Low awareness of this process may also translate somewhat into satisfaction scores; if expatriates feel there is little follow up, they may interpret this as lack of interest from their employer.
- If efforts are being made here, increased communication of this is critical. This is also a key area where employers are providing a service, yet their employees are inadequately informed.

Human Resources: Leveraging a Contact at Home for Improved Impact

Expatriates were not asked direct questions regarding the assistance they receive from human resources departments at their respective employers. However, when asked an open-ended question regarding their experiences, expats cite human resources related issues more frequently than any other concern (with the exception of costs, which in end-user surveys is often a top cited area of concern).

Expatriates offer a list of specific issues of concern:

- Lack of Understanding – expatriates state since most (if not all) HR personnel have likely never experienced living internationally, they may have low awareness of the types of challenges expatriates face.
- Relocation – expatriates cite a lack of information regarding this process
- Real Estate Market Differences – HR representatives may not know about these differences (i.e. having a local guarantor)
- Responsiveness – expatriates in various industries point out delays in response time
- Slow and/or Confusing Processes (i.e. work permits)
- Policy Limitations
- Vacation Time Approval Process
- Cost of Travel

Assignment Types

Shorter Assignments

- In the 2001 study, 6% of respondents expected to be on assignment a year or less. In the 2013 study, this number doubles (13%).
- This trend toward shorter assignments mirrors trends seen in employer surveys.

Youth vs. Experience

- Employer surveys also suggest a trend toward sending younger expatriates on assignment. Although this trend was not present in the sample of expatriates within this study, the responses within the younger expatriate audience point to more comprehensive orientation programs to better inform this audience.
- When asked of likelihood of additional assignment, although there is a gradual decline by age segment, the range in response is not great; more experienced expatriates are willing to take more assignments

Emerging Markets

- Number of countries where employers have expats: 42% of total respondents state their employers have expats in 50 or more countries – triple the number in 2001 (14%)
- Declines in respondent sample in Europe; increases in respondent sample in Middle East (quadruple the number in 2001) and Sub-Saharan Africa (more than triple 2001 sample)
- Citizenship: 5% of respondents in 2001 were citizens of Asia – nearly triple in 2013 (13%) – Points to customization: Different needs than outbound US or other English-speaking expats

Medical Preparedness

Importance of Medical Preparedness

- Medical preparedness ranks third in overall importance; however, needs vary by country of assignment (i.e. higher demand in Middle East & Sub-Saharan Africa)
- Industry surveys mention trend of trimming benefits and reducing assignment durations.
 - Expats report need for increased benefits, especially in medical preparedness and more comprehensive health plans.

Who is Accessing Health Benefits on Assignment?

- 78% of expatriates (or their family members) have accessed medical care while on assignment.
- Younger expats (34 and under) have accessed healthcare as much as other age brackets; however, this audience is considerably less informed about the specifics of their plans
 - Knowledge of claims handling – uncertainty is nearly four times the average across other age segments
 - Knowledge of where one can access healthcare services – uncertainty is triple that of other age segments
 - All other categories follow a similar trend

“There is a personal and family price to pay by being abroad.”

“Wide ranging re-integration support for employees and families returning to home country.”

“Think a little bit more on the sacrifice the employee and his/her family are doing in favor of the company..”

Family at Home: How This Impacts Expats on Assignment

One’s marital and family status can have a significant impact on many aspects of an expatriate’s assignment experience.

- Single expatriates place a lower importance rating across pre-assignment factors (with exception of professional development) as well as health benefits needs
- Implications of move on family: expats with spouses/partners at home report highest amount of dissatisfaction in this area
- Accessing Care: Those with spouses/partners and/or children most likely to access care.
 - Percentages are as high as 91% in some of these segments
 - Single or without children are much lower (64% and 67%)
- Expatriates with spouses/partners in one’s home country most likely to seek routine treatment in home country rather than locally (see table below)
- Comments regarding the family experience point to a need for greater understanding of the situations some expats face, related to particular needs (higher importance for school assistance, spouses/partners seeking employment – both during and POST assignment, etc.)

Accessing Care During Assignment	Mostly Locally	Mostly Home Country	Have Not Sought Treatment
Routine Medical Care			
Has spouse/partner: With expat during assignment	83%	14%	3%
Has spouse/partner: Not with expat	41%	49%	10%
Does not have partner/spouse	68%	28%	5%
Routine Dental Care			
Has spouse/partner: With expat during assignment	61%	29%	10%
Has spouse/partner: Not with expat	27%	57%	17%
Does not have partner/spouse	48%	43%	9%

Technology on Assignment

Usage of Devices

- Expatriates were asked which device they utilize most to access the internet while on assignment: the majority (70%) use a laptop
- When asked which device they would prefer to use, only 10% would prefer to access information by smart phone

Accessing Assignment and Other Relevant Information Online

- 62% of expats state their employer provides program information online; 30% access their employer’s intranet
- 42% access information regarding their assignment from news websites (i.e. The Guardian, Telegraph)

DEMOGRAPHICS

Profile of Expatriates

In comparison to the 2001 sample, the respondents in 2013 represent a slightly older, more experienced group of expatriates. The likelihood of an expatriate traveling to foreign countries alone (without a spouse/partner or children) is also slightly greater in 2013's sample of respondents. Although the ratio of female respondents is slightly lower than in 2001, the total number of females responding in the 2013 study are nearly triple the count in the 2001 sample.

Gender	2013	2001
Male	80%	75%
Female	20%	25%

Age	2013	2013 Male	2013 Female	2001
Under 25	1%	36%	64%	2%
25 to 34	17%	71%	29%	35%
35 to 44	29%	77%	23%	33%
45 to 54	29%	81%	19%	19%
55 to 64	20%	90%	10%	10%
65 or older	4%	89%	11%	1%

Marital Status	2013	2001
Has spouse/partner: With expat during assignment	61%	70%
Has spouse/partner: Not with expat during assignment	23%	8%
Does not have partner/spouse	15%	22%

Family Status	2013	2001
Has children: All with expat during assignment	30%	35%
Has children: Some with expat during assignment	6%	5%
Has children: Not with expat during assignment	34%	18%
Does not have children	29%	42%

It is important to note, any demographic area making 3% or less is considered to be less statistically significant.

Of respondents who do not have a partner or spouse, 54% are male.

Of respondents who do not have children, 64% are male.

Regionally, the number of expatriate respondents with United States citizenship decreased (down 16%) from the 2001 pool of respondents. Having a more diverse sample representing different parts of the globe provides a wider array of expectations and perceptions rather than a sample that relies too heavily on how Americans perceive various issues.

The respondents have been grouped in ways that make sense both geographically and culturally. For example, Middle East includes some parts of North Africa and Greater Arabia due to culture similarities. This will help to define culturally-related questions much more efficiently.

Citizenship (by Region)	2013	2001
Asia	13%	5%
Australia/Oceania	4%	6%
Central America	1%	2%*
Europe	22%	19%
Middle East/North Africa/Greater Arabia	3%	2%
North America	49%	63%
South America	5%	2%*
Sub-Saharan Africa	3%	2%

Citizenship (by Country of Note)	2013	2001
United States	42%	58%
Canada	5%	5%
India	6%	Unknown
United Kingdom	8%	Unknown

In the 2001 study, respondents are grouped mostly by larger geographic region, not by individual country.

* = Latin America is the definition used.

Profile of Employers

Employers represented in the 2013 sample of respondents tend to be larger corporations with high employee counts and a fairly large number of expatriates. The industries represented are more diverse than those represented in the 2001 sample.

Industry	2013	2001
Aerospace, Defense, Government Contractors	7%	N/A
Business Services (i.e. Construction, Engineering)	12%	12%
Consumer Goods, Retail	7%	N/A
Education	2%	N/A
Energy, Mining, Utilities	20%	6%
Financial Services	5%	13%
Healthcare or Pharmaceuticals	4%	N/A
Manufacturing	10%	24%
Non-Profits	4%	N/A
Other	10%	20%
Professional Services (i.e. Consulting, Accounting, Legal)	6%	N/A
Technology (i.e. IT, Information Systems, Telecommunications)	12%	19%
Transportation	1%	6%

N/A = Not categorized in the 2001 study.

Employees Worldwide	2013	2001
Under 100	1%	15%
100 to 499	3%	9%
500 to 999	3%	4%
1,000 to 9,999	18%	22%
10,000+ employees	75%	50%

Expatriates Worldwide	2013	2001
Fewer than 20	2%	18%*
20 to 99	6%	28%*
100 to 499	13%	31%*
500 to 999	8%	11%*
1,000+ expatriates	49%	12%*
Don't Know	23%	*

* = Employers were asked this question in the 2001 study, not expatriates. With a high percentage of expatriate respondents not knowing the answer to this, it is likely some of the answers given by others are estimates and not confident responses.

Employer Headquarters (by Region)	2013	2001
Asia	2%	
Australia/Oceania	1%	
Central America	<1%	
Europe	10%	21% UK
Middle East/North Africa/Greater Arabia	3%	
North America	82%	63% US
South America	1%	
Sub-Saharan Africa	1%	
Other	-	16%

Country of Assignment (by Region)	2013	2001
Asia	24%	21%
Australia/Oceania	5%	3%
Central America	3%	8%*
Europe	22%	43%
Middle East/North Africa/Greater Arabia	23%	6%
North America	10%	-
South America	5%	8%*
Sub-Saharan Africa	7%	2%
Other	-	5%

* In the 2001 study, Latin America is the definition used. North American countries were not reported separately.

Number of Countries Where Employer Has Expatriates	2013	2001
1 to 3	3%	10%
4 to 9	11%	26%
10 to 29	27%	35%
30 to 49	17%	15%
50 or more	42%	14%

Headquarters by Country



The percentage of US-headquartered companies rose 16% (63% vs. 79%) in the 2013 sample.



The percentage of UK-headquartered companies is much less represented in 2013's sample (21% in 2001 down to 3% in 2013).

Top Countries of Assignment



United States = 7%



United Kingdom = 6%



China = 6%



United Arab Emirates = 5%



Saudi Arabia = 5%

Assignment Profile

The trend toward shorter assignments is noticeable in this recent sample of respondents. Assignments lasting a year or less doubled in percentage of total respondents from the 2001 sample. Respondents in this study are seasoned expatriates, with 44% having gone on three or more assignments. 50% of expats are likely to take additional assignments in the future.

Total Number of Assignments (Including Current)	2013	2001
1	35%	Not Asked
2	22%	Not Asked
3	14%	Not Asked
4	8%	Not Asked
5	4%	Not Asked
More than 5	18%	Not Asked

Expected Length of Current Assignment	2013	2001
Less than six months	6%	6%
Between six months and one year	7%	
1 year	8%	17
2 to 3 years	37%	23
3 to 4 years	14%	14
4 or more years	10%	11
Indefinite	11%	29
Uncertain	7%	Not Asked

Total Number of Years on Assignment	2013	2001
Less than a year	11%	13%
1 to 3 years	28%	30%
4 to 10 years	32%	39%
10 or more years	29%	18%

Number of Different Employers on Assignment	2013	2001
1 (Current)	61%	57%
2	21%	24%
3	9%	12%
4	4%	4%
5 or More	5%	3%

Anticipate Going on Another Assignment	2013	2001
Yes	50%	Not Asked
No	13%	Not Asked
Not Certain	37%	Not Asked



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