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The LGBT community faces moderate to extreme risks in over 150 countries, presenting challenges for both employers and their LGBT staff. In an increasingly globalized world where mobility is an inherent part of life, how does business achieve its targets while upholding its values? How do employers provide and manage inclusive Global Mobility opportunities for LGBT employees? And what can organizations do to protect LGBT employees when on assignment?

In 2014, Mercer surveyed companies across North America, examining the challenges and considerations of LGBT Global Mobility. Michael Grover examines the results.

INTERNATIONAL MOBILITY CHALLENGES FOR LGBT EMPLOYEES: KEY FINDINGS FROM MERCER'S PULSE SURVEY

Michael Grover

In today's global economy, talent is an organization's most precious resource. However, skills shortages are causing employers to look for more effective ways to manage and leverage that talent.

Economic stagnation in established markets such as North America and Europe means that organizations are looking to new and emerging markets to drive growth and the mobilization of talent is seen as a vital way of plugging skills gaps and achieving business goals. At the same time, international experience is now seen as a prerequisite for those employees hoping to move into senior leadership roles or widen the pool of potential future career opportunities.

A focus on talent development and mobility has put an emphasis on organizations' diversity and inclusion strategies and policies. But while most employers understand and advocate the importance of having an inclusive workplace culture and encourage their staff to gain international experience, achieving a diverse and globally mobile workforce can be extremely difficult.

Lesbian, Gay, Bisexual, and Transgender (LGBT) employees in particular face specific challenges not experienced by other groups. In late 2014, Mercer sought to examine these issues in more detail through a pulse survey of North American organizations. Key findings of this LGBT Global Mobility survey are presented below.

(continued on next page)

featured consultant

Michael Grover

in this issue

fast facts

It is illegal to be gay in more than **75** countries, punishable by death in some of them.

Source: International Lesbian, Gay, Bisexual, Trans and Intersex Association, 2014

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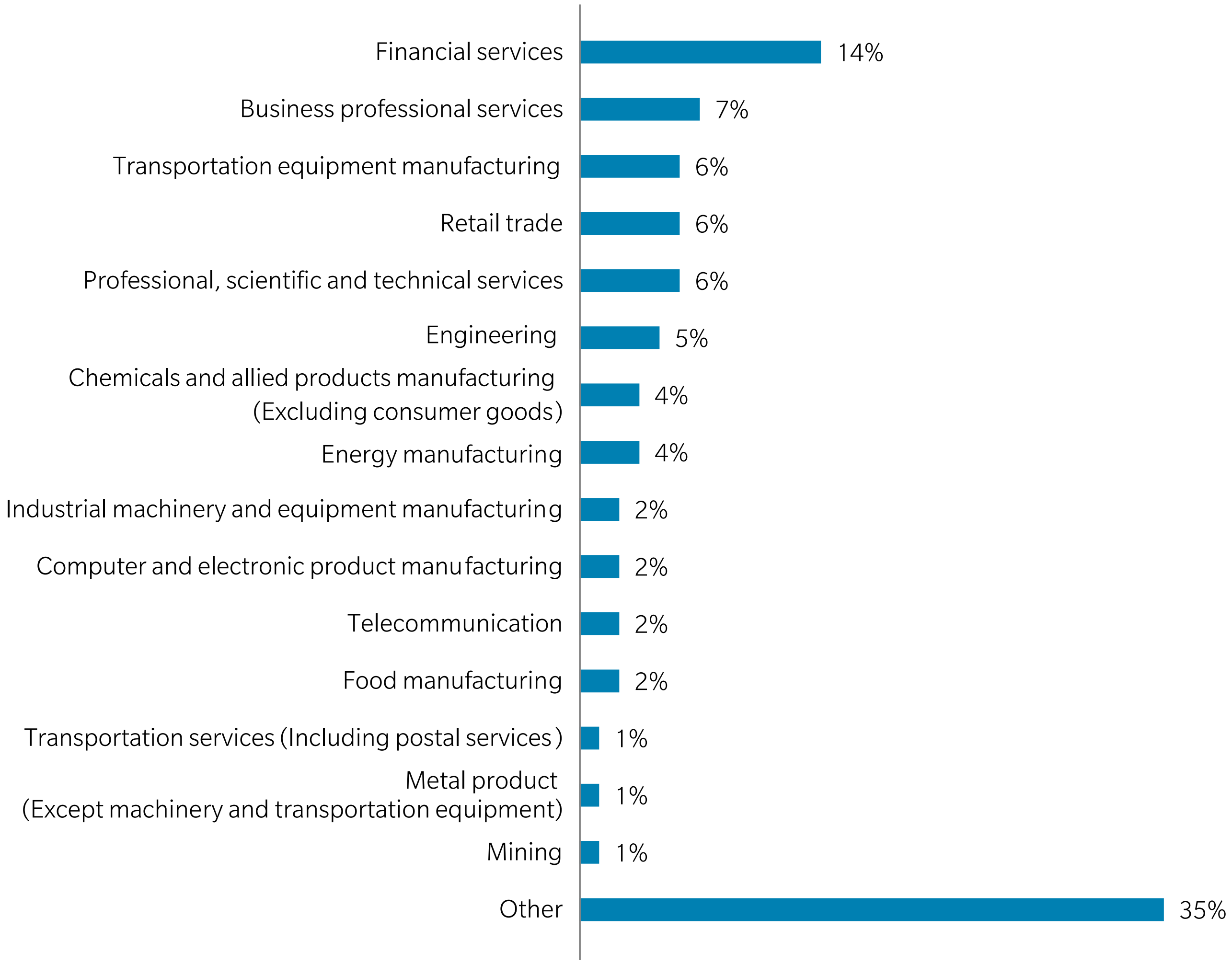
RESULTS AND FINDINGS

What is your primary type of business?



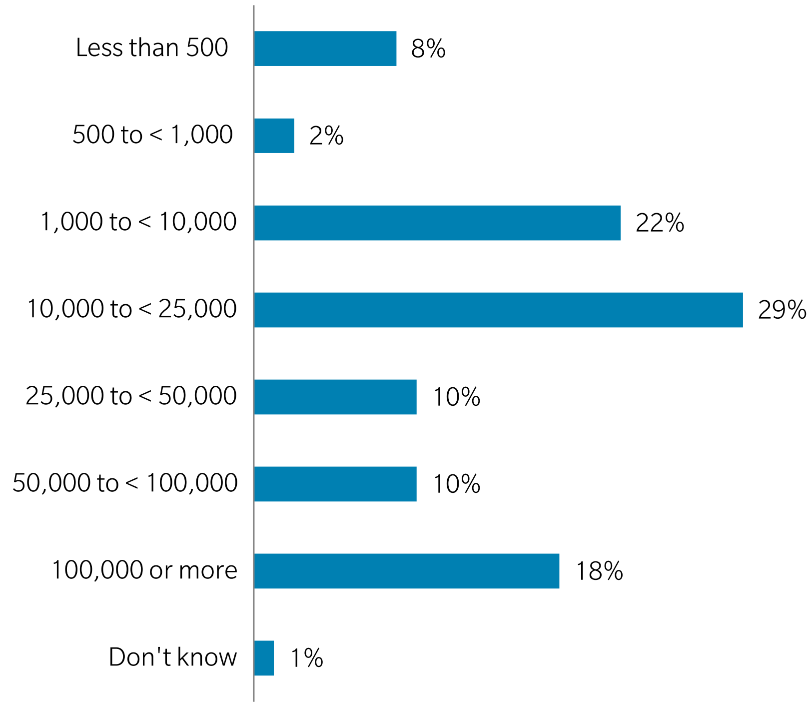
Of the 83 participants, fewer than half of the organizations (48%) had a global diversity and inclusion policy that makes specific reference to LGBT employees, and almost the same number (47%) do not ask workers to indicate their sexual orientation or gender identity as part of their workforce demographics tracking.[1] Partly for this reason, only 54% of respondents were able to say whether they had LGBT employees working internationally for their organizations while 41% did not know.

An increasing number of organizations are building mobility into their talent management strategies as international experience is now seen as an important step for leaders. Perhaps, unsurprisingly, therefore, of 69% of the organizations surveyed, global mobility formed part of their leadership development or high potential talent program.

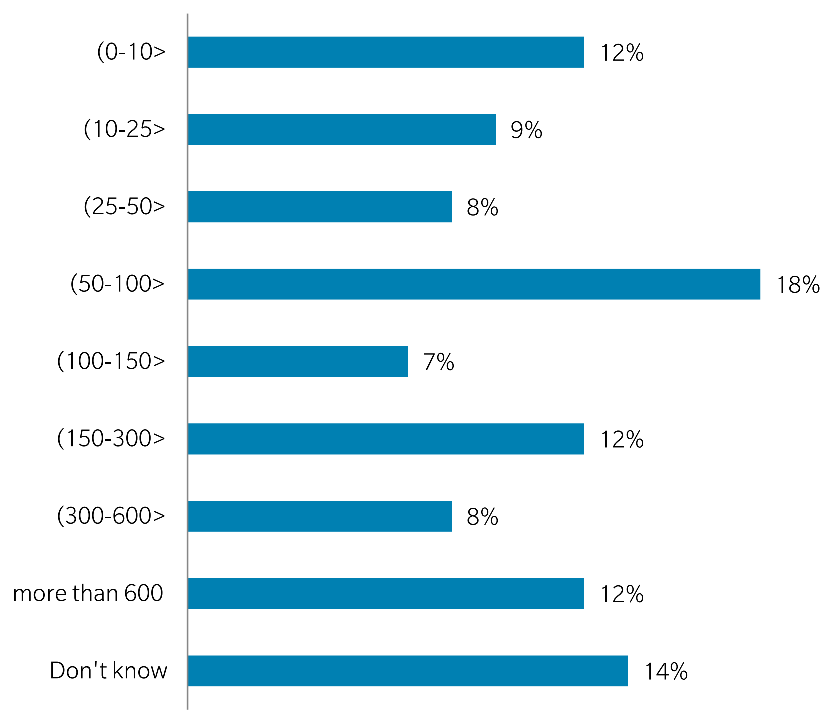
However, despite the broad acceptance that a diverse workforce leads to better business outcomes and most organizations require leaders to have international experience, almost a third (31%) of poll respondents were not taking specific measures to ensure that LGBT employees received the same opportunities for mobility as other employees. But some respondents are more proactive: 23% offer LGBT employees confidential discussions with HR or provide access to other resources to explore their options; 9% address compliance or security challenges by offering LGBT employees non-traditional-expat assignments, such as commuter or short-term deployments, while 7% expressly offer assignments to LGBT-friendly locations. More frequent home leave was made available in 6% of cases, to help accommodate employees on assignment without their partner or spouse. Many survey participants had not had to deal with this issue but stated that their organization offered equal opportunities to all

1 Where possible, and no legislative restrictions or sanctions exist.

How many full time employees do you have worldwide?



How many internationally mobile employees does your organization have?



employees and that such situations would be handled on a case-by-case basis and relevant accommodations made.

Compliance issues are the primary barrier to LGBT mobility for more than half of respondents (56%) as many countries do not recognise same-sex marriages or civil partnerships for immigration and taxation. However, family and dual-career issues as well as safety/security concerns were flagged by approximately a quarter of the organizations polled. Interestingly, 23% indicated there were no barriers to LGBT mobility; this could be due to organizations implementing inclusive global mobility policies and practices or limited knowledge of potential challenges and cultural norms in certain host countries.

Sexuality is an invisible difference and while many organizations are keen to promote a diverse and inclusive workforce, they may not know whether an employee identifies as LGBT. Best practice would therefore be to ensure that LGBT-related issues or considerations are part of the cultural training and security briefings offered to all internationally mobile employees. This ensures that the key messages reach everyone including staff members who are not open about their sexuality. However, only 27% of poll respondents reported that these issues are covered as standard in cultural and security briefings. Moreover, 64% did not offer training that covered LBGT issues to managers, although some organizations reported that these aspects were being addressed as part of wider diversity and inclusion training in select locations.

Very few companies (16%) reported taking steps to address inherent assumptions ("unconscious bias") about LGBT employees' global mobility; e.g. the supposition that a gay man would not want to undertake an assignment to Uganda due to safety/security concerns. Some organizations leverage their LGBT Employee Resource Groups to provide guidance in this area and many reported encouraging an inclusive workplace culture with open lines of communication between employer and employee. Others make sure their LGBT employees are offered mobility opportunities but allow the final decision to rest with the employee. However, the overwhelming majority of respondents (85%) stated that there are no formal or informal procedures in place to ensure LGBT employees are not negatively impacted by rejecting an international assignment.

Sixty-one percent of the survey respondents admitted that they were not aware of employers' legal obligations vis-à-vis LGBT employees in all of their locations. For example, in some countries employers must comply with the local laws that require them to report suspected homosexuals to the authorities. Many seek external advice to mitigate these risks with 39% of the organizations polled having engaged legal counsel and 33% holding briefings with employees about the legal situation in the host country. 25% reported that they take no action to protect their organizations against potential risks, however, which aligns with the 30% of organizations that reported taking actions to mitigate risks posed to mobile LGBT staff. Cultural training and legal briefings (42% respectively) were popular options among

those who did make provisions, as were security briefings (34%) and the use of Employee Assistance Programs (25%). 91% of respondents did not prevent their LGBT employees from travelling to LGBT-"unfriendly" locations, although respondents expressed concern about travel to certain countries, such as India, Saudi Arabia, Singapore, and the UAE.

For longer-term international deployments, assignees are often accompanied by spouses or families. However, the definition of spouse/partner differed among the survey respondents. More than a fifth (21%) do not define while the majority (56%) apply a wide-ranging interpretation of "husband/wife (married or in a civil union or partnership) or domestic partner of the opposite or same sex." For the most part, the survey respondents supported the spouses and families of internationally mobile LGBT employees as they would opposite sex couples (58%). However, a number of participants advised that in some locations, immigration/legal restrictions would prevent this.

When asked if and how they manage any disputes that may arise among employees with differing views of homosexuality, most respondents (88%) have said they have not had to address this issue. Others reported taking steps such as updating the code of conduct and employee handbooks to squarely address the company's philosophy, expectations, and practice around creating a respectful work environment, as well as eliminating inappropriate rhetoric by employees.

SUMMARY AND CONCLUSION

The results of Mercer's NA LGBT Global Mobility Pulse Survey show that many organizations, regardless of size or industry sector, face similar challenges with regards to LGBT mobility. Many organizations are unclear about various aspects of their existing mobility policies and practices as they relate to LGBT employees, suggesting significant progress is yet to be made in researching local regulations, tracking assignees, and management processes, as well as policy development.

These findings offer actionable points for organizations to implement that will support both the organisation's diversity and inclusion and talent management objectives. In order to boost the number of international assignment candidates from parts of the workforce that are currently under-represented, companies may need to be bolder and more flexible in the support offered and ensure opportunities for mobility are extended to high-potential LGBT staff. In so doing, they will be shoring up their talent pipeline with the broadest possible range of gifted future leaders.

Michael Grover is a consultant with Mercer's Talent business, working with clients on global mobility operations. He is based in London..

BEST PRACTICES

Follow these tips to promote successful participation of LGBT colleagues in your global mobility program.

Culture

- Encourage employees to be open about their personal circumstances
- Promote organization's Diversity and Inclusion values
- Leverage LGBT networks – connect employees
- Take care when communicating – be careful not to 'out' people

Training

- Train line managers (home and host) and Global Mobility staff
- Gather accurate / up-to-date intelligence for legal and cultural situations in your organization's locations.

HR actions

- Review your policies – especially with regards to inclusion and flexibility
- Partner with Global Mobility/D&I teams to best support your organization's goals
- Use your data – analytics on assignments and talent demographics – to provide insight and raise awareness

SPOTLIGHT ON LATIN AMERICA

Steve Nurney

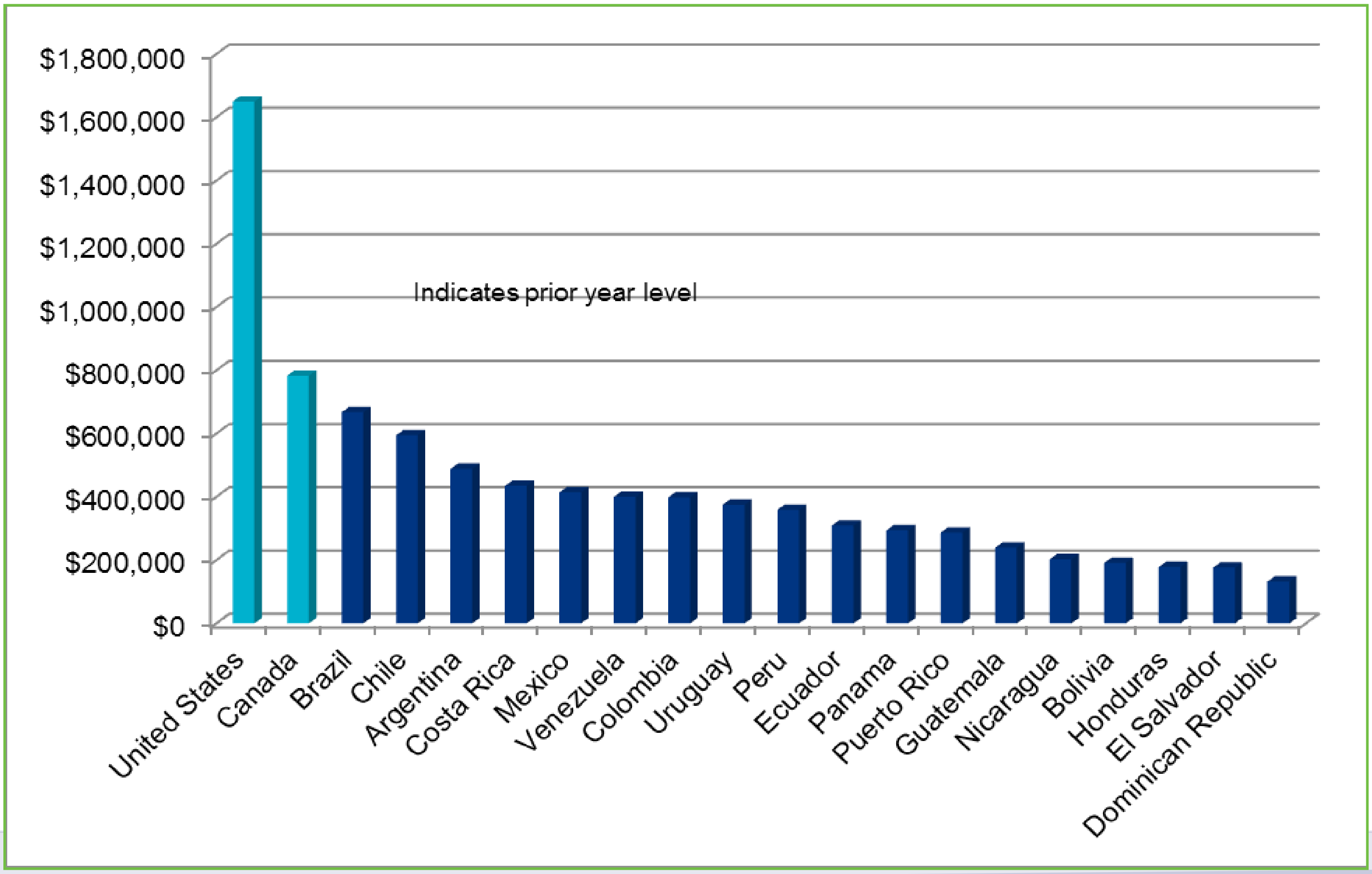
Home to some of the world's biggest emerging economies, Latin America is an increasingly popular destination for expatriate workers. The region is not without its challenges, however, and fiscal turbulence is rife. This article offers a concise overview of political and economic trends across key markets in Latin America – and related impacts for mobility programs – with a particular focus on recent developments in Argentina and Venezuela.

HOT TOPICS BY COUNTRY

While Latin America ostensibly offers foreign multinationals a wealth of development opportunities, some of its countries are much more stable potential host locations for expats than others. For example, Peru – now second only to Chile in terms of copper production in global league tables – enjoys both strong foreign investment and full employment, while Mexico's economy is on a relatively sure footing and interest rates are low. Colombia is stable economically also, but matching employment supply and demand has proved problematic: Joblessness rates remain high in the face of talent shortages.

Having bounced back from the devastation of the 2010 earthquake, Chile too has reported zero unemployment but is in the throes of a worrying energy crisis, and there remain serious concerns about future supplies. Brazil, the world's seventh biggest economy by nominal GDP, is experiencing a high level of internal consumption vs GDP growth.

In terms of regional salary structure, the pay line in Latin America is typically extremely steep: remuneration is very poor for those in low-status jobs, but can be exceptionally competitive at certain management levels, as data gathered in Mercer's 2013 Total Remuneration Surveys demonstrates. For example, when comparing annual total cash at organization-head level across the Americas, perhaps unsurprisingly the US takes poll position with pay of US$1.6m. Canada is a distant second at c. $800,000 but following close behind are Brazil and Chile at c. $600K and Argentina at over $400K. TRS analysis also shows that in each of these three countries, salaries for this position level had increased over the previous twelve months (ie, from 2012–13). By contrast, remuneration for employees at this level was well under $200,000 in countries such as El Salvador and the Dominican Republic.



When we look at total cash for a senior sales manager, however, Chile is well ahead of both Canada and the US, offering compensation of c. US$240K. Again, TRS data indicates that pay in Chile, Brazil, Argentina, and Uruguay has been on an upward trend between 2012 and 2013 for this position. At the other end of the spectrum, Nicaraguan managers were earning just over $50,000.

The picture is relatively mixed, then, but the ongoing turmoil in Argentina and Venezuela is arguably providing most food for thought for multinationals and their mobility teams at present.

ARGENTINA

Inflation

Inflation is running riot in Argentina: Despite government insistence that it only rose as height as 17%, in reality it is at least twice that, and some estimates have put it as high as 45–50% for 2014. Although salary rises in recent times have been aggressive, at 30% they are not keeping pace with inflation and thus real income is now falling; price freezes have been introduced for some food items, but household budgets are being stretched.

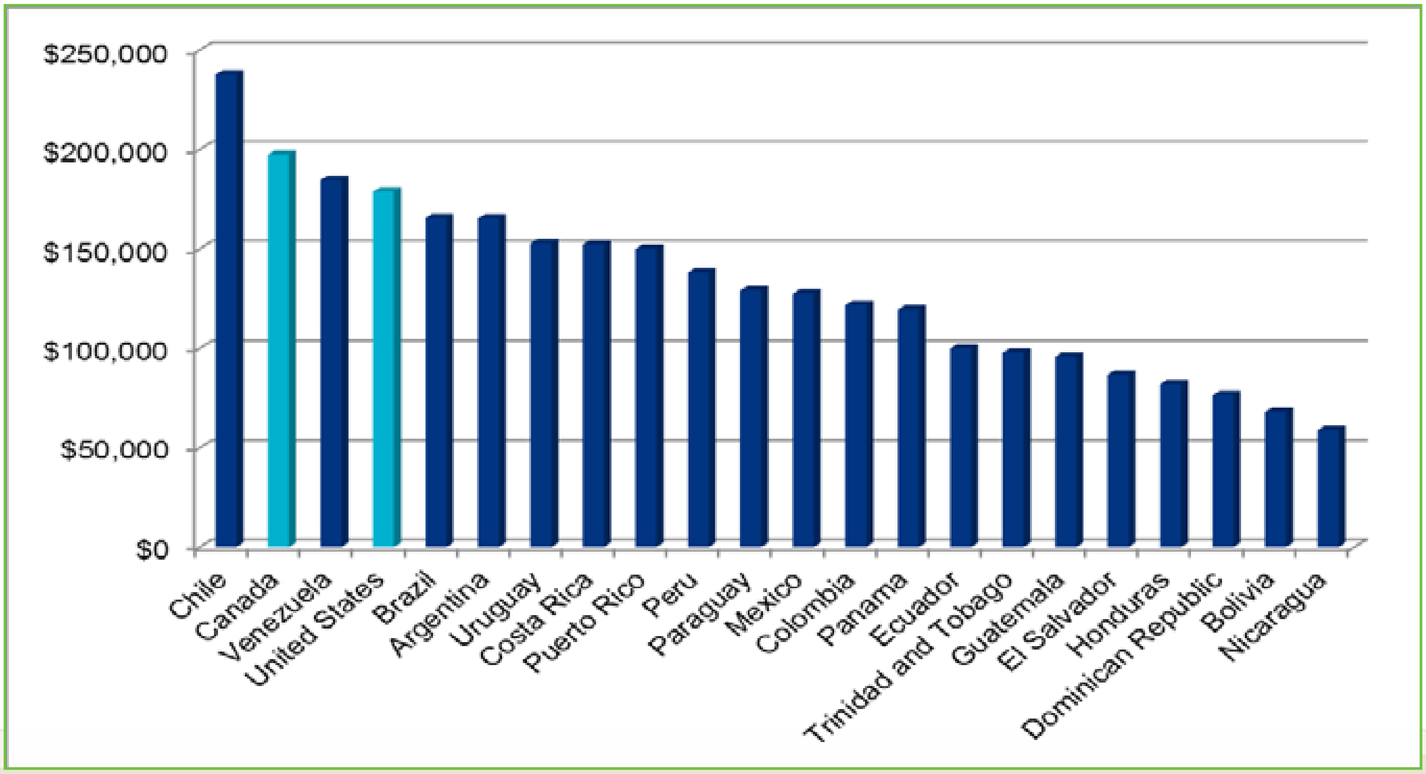
The devaluation of the Argentine peso is also a cause of extreme concern: Between May 2013 and May 2014, the official exchange rate with the dollar fell from 5:1 to 8:1 (the unofficial "blue dollar" rate was 13–14:1), and such fluctuations have a definite impact on expatriate workers. If we take the hypothetical example of an employee relocating from New York to Buenos Aires on a salary of $100,000 and with a family size of four, in the twelve-month window noted above, the sample differential plummeted 62%, from c. $US12,500 to c. US$4,800. The host spendable income, however, went up by 32% – from roughly 280,000 pesos to over 369,800 – thereby capturing inflation increases and allowing our expat family to buy necessary goods and services in the host location.

Assignees moving in the opposite direction are experiencing the converse, as you would expect. Due to the huge drop in value of the peso, across the same timeframe, the sample index differential for outbound expatriates moving from Buenos Aires to New York on a salary of 500,000 pesos and with a family size of four went up 40% (from 245,000 pesos to 345,000). Host spendable income fell 22% (from c. US95,000 to c. US$74,000).

Keeping abreast of changes to COLA indexes is vital for mobility teams operating in this region, and in order to do that effectively, Mercer is surveying high inflation destinations more frequently.

Currency restrictions

Currency restrictions have also been exacerbating the already challenging operating climate in Argentina, although the situation has eased somewhat since January 2014. There are, however, still limits on the amount of funds that can be taken out of the country; as a result, multinationals are paying assignees the minimum amount possible in pesos in order for them to able to purchase goods and services locally. The balance is then paid offshore on the home country payroll.



VENEZUELA

Despite Venezuela's wealth of natural resources – particularly natural gas and petroleum – its economy has been in a perilous state of late. In February 2013, for example, its currency, the bolívar, was devalued 50% overnight but has since been pegged to the dollar. A complex system of several official exchange rates aims to curb the black market.

The rampant inflation endemic across Latin America has certainly made its presence felt in this country, where it is thought to be currently running at 60% annually; Along with shortages in essential products, it was one of the main drivers of the civil unrest seen during the early part of 2014. In order to help workers cope with falling purchasing power, the minimum wage was increased by 43% in Spring 2014 and there may be a further rise by the end of the year.

It will come as no surprise to learn that such fiscal chaos has had an impact on in-bound expatriates. US-based employees moving to Caracas on a salary of $100,000, with a family size of four saw their COLAs rise a staggering 280% between March 2013 and May 2014, from c. $15,000 to well over $50,000. Over the same timeframe, host spendable income has gone from 400,000 bolívars to more than 650,000, a 67% increase.

Latin America remains an attractive destination for expatriates and a hot-spot for intra-regional mobility. However, employers need to be careful to address certain areas of economic volatility in determining and updating compensation packages for mobile employees.

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