

GlobalHRNews™

Globalization's Effect on Company Strategy, Employees & Cultures

Douglas Almeida

GE BRAZIL

"...An international assignment can be considered an important step in career development."

Read more on page 8

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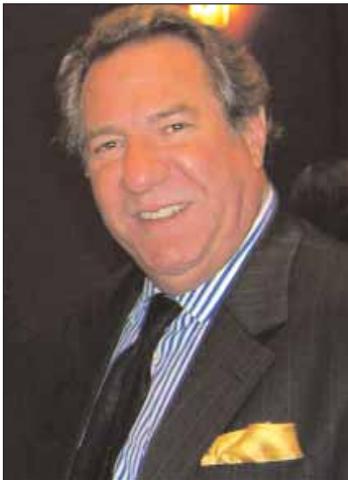
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PUBLISHER'S DESK

Day at the Beach

THURSDAY, 12 APRIL '07 (MISSION BEACH) — Being located here in southern-most Southern California, in the south-western corner of the

USA, as some of you know I live right on the "edge" ... I mean here in South Mission Beach. I see and feel the "weather" in action every day; enjoying the salty air, observing the "mobility scene" ... people roller blading, biking, jogging, walking, surfers carrying their boards to and from the water... always a sea breeze, usually from the northwest about 15-miles per hour. Life is good.

At 5pm today the temperature was about 63, the sky was brilliantly clear, a bright blue and the sun a bright yellow but a big storm had come to San Diego today roaring in from the Pacific Ocean with gale force winds of up to 50 miles-per-hour whipping-up mountainous waves and blowing sand so the windswept beach showed no "footprints". No rain, just wind. Palm trees swayed and the seagulls appeared to be floating on air in a stationary pattern as a result of flying into the wind. Tide was coming in at this hour and scores of Sandpiper birds were flitting across the shoreline as the water came in chasing them, running in unison from left to right and back...narrowly they avoid getting wet.

At the south end of Mission Beach is a channel, the jetty; actually the divide between Ocean Beach and Mission Beach, and the entrance from the Pacific Ocean into the Mission Bay fishing harbour located alongside the Hyatt Hotel. No boat traffic today. Standing along the rocks overlooking the water and watching the waves crash into the rocks, swells in the jetty looked like 6 or 7-feet as strong winds quickly pushed water into the harbour. I can just imagine the size and feeling of being in the swells about two hundred yards out having been there sailing on 10-footers during the Summer, gripping or should I really say hanging-onto the steering wheel.

I walked north from the jetty on the sand right at the water's edge heading into the wind and watching the scene... the water looked fierce with the choppy waves going left then right then turning around going the other way...back and forth, creating a wicked rip-tide situation. No sailors today and no surfers today; they are water-smart.

My walk today was surely invigorating, inspiring, and also good exercise. I came back to the house, removed the windbreaker and the shoes, got some water, sat down at the computer and worked with a clearer head.

I welcome you to share your own "work-life" balance.

A handwritten signature in black ink, appearing to read "Ed Miller".

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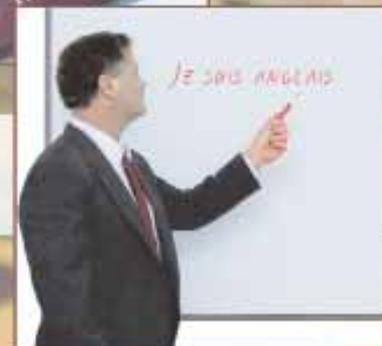
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 EDITOR & PUBLISHER Ed Cohen DESIGN & PRODUCTION Jill St. Michael

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MANAGEMENT

Considering Corporate Social Responsibility (CSR)

by JUDSON SCRUTON, Director – New York & London
GLOBAL HR NEWS

GLOBAL HR NEWS is developing its Corporate Citizenship Awards. These Awards represent two concrete areas in what is often referred to as CSR.

Corporate Social Responsibility (CSR) ...by whatever name a company may give it ...is not any more just a nice gesture. And we aren't talking about an updated equivalent of a company letting an international assignee come home for a vacation once a year or a company supporting a Little League team in some foreign outpost. Indeed, we are talking about international companies' strategic thinking, planning, and acting regarding issues of employee preparedness, community responsibility, sustainability, and social change.

Dramatic turn-arounds in CSR "thinking" have been well covered by the media with stories about companies such as Starbucks, Coca-Cola, and Nike. As Martin Sorrell, Group Chief Executive of WPP, has said, "Corporate responsibility has shifted from being a voluntary and often reluctant add-on to a central prerequisite for market success.

Perhaps for the first time, there is an almost complete coincidence of interest between producer and consumer: ethical behaviour is demanded by the consumer and must therefore be openly delivered by the producer."

JUST ASK COCA-COLA.

September 2004: Amit Srivasta, who runs the small non-profit "India Resource Center" in Southern California, posts a blog about Coca-Cola's plans to build a bottling plant in India in an area that has considerable water shortage. He begins a campaign against Coca-Cola's practices in India.

December 2005: The University of Michigan bans Coca-Cola products from their campuses because of Coca-Cola's environmental policies in India and labor policies in Columbia. The boycott spreads

to other campuses and some Indian States close Coca-Cola operations. By the end of January 2006 Coca-Cola enlists the International Labor Organization to do an "independent and impartial investigation and evaluation of labor relations and workers rights practices of Coca-Cola bottlers in Columbia." In March 2006 Coca-Cola confirms its support and agrees to take a "corporate leadership role in the focus areas of the UN Global Compact: human rights, labor rights, protection of the environment, and anti-corruption." Later in 2006 Coca-Cola announces that their Foundation has created a new initiative with two Indian organization "to weave the regions' many patchwork soil and water conservation projects into a comprehensive, unified approach." The U. of Michigan reinstates Coca-Cola products on their campuses. In 2006 Coca-Cola was chosen as The Corporation of The Year by the Latin American Association.

Having said all of the above, know that I am not suggesting that all of the above were due solely to the blogging of one man. E. Neville Isdell, Chairman and CEO of Coca-Cola, points out that Coca-Cola has been involved in improving labor and environmental conditions before these boycotts. In a letter to Coca-Cola stakeholders he noted that among their initiatives in 2005, Coca-Cola co-founded "the Global Water Challenge with private and public sector partners to improve water access and sanitation in countries in critical need."

Still, is there any question that the power of the internet and consumer reactions spurred the pace of Coca-Cola's CSR thinking and actions? Sales of products, investor interest, and future employees were all being impacted.

Before the stating of their first quarter earnings report for 2007, Coca-Cola announced that they had made a \$7 million dollar joint venture with the U.S. Agency for

International Development (USAID) in nine new water projects in Africa. CSR is an absolutely crucial element in international companies strategic planning and not just in companies selling drinks.

TAKE THE INVESTMENT BANK GOLDMAN SACHS.

According to the blog of Marc Gunther, senior writer for FORTUNE Magazine, "Beginning in Europe, Goldman asked its research analysts to include environmental, social and governance factors (ESG) when they analyze companies or industries. Guess what? Clients liked the extra analysis. The ESG research is now being extended to the US. Goldman, as part of its environmental policy, has invested over \$1.5 billion in alternative energy and clean technology. Meanwhile, Goldman's new world headquarters will be a green building, certified by LEED.

The bank offers employees who work late rides home in hybrid-electric cars. Money's no longer the only green on Wall Street."

How does this all relate to the GLOBAL HR NEWS CORPORATE CITIZENSHIP AWARDS?

Unlike other Corporate Citizenship and CSR Awards, the GLOBAL HR NEWS Award-winners will be selected by The Judges Committee from the programs that companies themselves are pleased with and nominate. To recognize and honor all the good programs that are nominated, the GLOBAL HR NEWS Judges Committee will select from among them those programs that will be specially honored. It is our goal to recognize and encourage good practice in CSR.

We expect this initiative will enable further development and growth of GLOBAL HR NEWS and its international conference series.

And that is an important part of CSR—"doing well by doing good." We invite you to join us. ■

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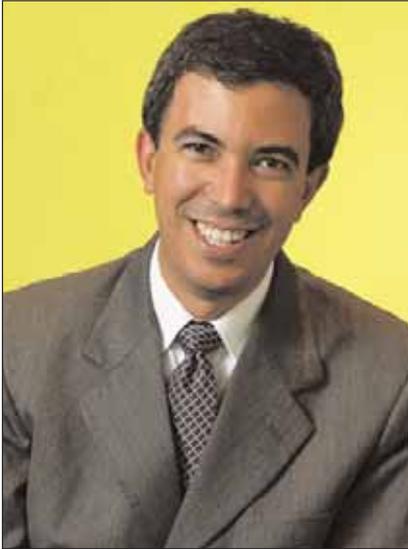
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MANAGEMENT

Douglas Almeida - GE BRAZIL

*Responsible for HR Operations - Brazil;
International Transfers Management - Latin America*



GLOBAL HR NEWS: Could you please describe to our readers about GE operations in Brazil?

DA: GE operations in Brazil includes all of our businesses, and by this I mean the following: Infrastructure, Industrial, Healthcare, GE Money, Commercial Finance and NBCU. In essence, GE is a high-tech, services, media and financial services company. We employ around 7,000 people and have presence all over the country.

GLOBAL HR NEWS: What is your current role? What are your responsibilities?

DA: I'm responsible for HR Operations - Brazil, and International Transfers Management - Latin America. In Operations, I lead Labor & Union Relations, Mergers and Acquisitions, Benefits Management and HR policies. In regards to International Transfers Management, I have to ensure GE global policy deployment throughout the region and provide process consistency in our operations.

GLOBAL HR NEWS: Please tell us about your education and work experience.

DA: With regard to education and work experience, I hold Master degree in Business Management; have completed a Human Resources Specialization course; and hold a Business Administration Bachelor degree. Before joining GE, I worked 5 years for GM and 3 years for Fundação Unesp (recognized Brazilian public university).

GLOBAL HR NEWS: Looking back to the time when you first became involved with International Assignment Management, what was the situation you encountered at the time? And with that in mind, how did you implement a plan to improve the situation? What did you do?

DA: I joined GE in 2001 and right after became responsible for international assignments in Brazil, due to my previous experience in the area. At that time, I found great vendors in place that supported GE with expatriates processes and local guidance. However, I decided that it would be better if I could have someone that could coordinate the operational activities from start to end on my behalf. That decision would give me the chance to focus more on the strategy and be involved in managerial decisions, not in routine approvals. Therefore I invited our relocation partner to assume that role and help me coordinate the entire expatriate process with all of our stakeholders (employee, manager, payroll, immigration advisors, transportation companies, and taxes consultants).

GLOBAL HR NEWS: How many International Assignees are you currently managing? Where are they? What kinds of functions are they performing?

DA: Currently we have over 70 expatri-

ates in Latin America (Brazil, Mexico, Argentina and Chile) and over 70 employees working outside Latin America (in the US, in Europe and in Asia). We have assignees in all job levels and functions – from trainees to Managers to Executives... From Services to technology to Business Management.

GLOBAL HR NEWS: I understand that it could be difficult to know, but, can you tell us approximately what percentage of the current assignee population are "Short-Term" ... or less than 1-year? What is your thinking about Short-Term Assignments...are they correct?

DA: I can tell you that less than 5% of our expatriates are on short-term assignments. Normally those employees are part of a leadership development program and an international experience is excellent for their own development and represents huge contributions to the local operation. They come back to their countries with great insights on global mindset and generally share international practices.

GLOBAL HR NEWS: Regarding Career Management, what is the actual role of an International Assignment? Please describe the Candidate Selection process.

DA: An international assignment can be considered an important step in career development. Employees have the chance to experience significant cultural and social differences. They learn how to handle difficult situations from a different perspective. I believe that, in most of the cases, an overseas job opportunity will help these assignees become more inclusive leaders and also help them establish a stronger connection with our headquarters. In our company, all postings are available worldwide. Every employee can have access to all open positions in any country. Provided they meet the job requirements and have approvals from their direct manager and HRM, they can apply for a job wherever they wish too. In addition to that, we have the Session C, where we can also identify potential expatriates. Session C is our annual organizational and individual review and it is done on a global basis consistently. We can select potential candi-

dates either as part as a development assignment or as an organizational need, which may include a succession plan.

GLOBAL HR NEWS: Regarding Expatriates Management, do you have a business model? Please describe. Does this include 'Performance Review'?

DA: We have a global structure that counts on experts in international transfers and expatriates management - the Global Mobility Services (GMS). GMS leaders are responsible for both expatriation policy and operations. HRMs count on this center of excellence for orientation, cost estimation and processing. GMS approvals are required before an employees moves a new country and they ensure process and legislation compliance throughout the globe. Our operation in Brazil counts on a local structure to constantly interface with GMS and assure the expected deliverables. Our expatriates are subjected to the GE regular performance review. We do not have a specific process for this group.

GLOBAL HR NEWS: Please identify one or two of the challenges you have been faced with when dealing with International Assignments; and, from dealing with the situations, what are some of the lessons learned?

DA: First of all - the complexity involved in this area... We need to deal with several different areas and legislation in international assignments: labor, legal, taxes, immigration, foreign relations, ministry of justice...And also with people's expectations and anxiety...We have a lot of administrative activities involved and pressure from the business side too. Our role is to comply with all legal requirements and manage our customers' expectations, keeping always our focus on people...

Secondly – repatriation process. It is important to note that a successful home country return depends on good planning and it does not start just a few days before repatriation real date decision takes place. Both the company and the employee should have constant discussions about the assignee's next step, what has to be accomplished to ensure real accomplish-

ments in the future. One great best practice I can share with our readers is our concern in keeping Latin America employees in international assignments up-to-date with relevant information about our region. It's an excellent opportunity for them to remain connected with their home countries and be well informed about economics, projects, trends, much before they come back home...It facilitates a lot their return to the original company after 3 or even more years...

Manage International Assignments represents a great challenge for those who want to work with multiple environments and have a cross-functional experience. It does broaden our business and cultural perspectives. You can never complain about routine...One day is never equal to the previous one... There's always too much to learn...

"... An international assignment can be considered an important step in career development. Employees have the chance to experience significant cultural and social differences. They learn how to handle difficult situations from a different perspective."

GLOBAL HR NEWS: What about the employees? Looking at it from their perspective, can you please tell us about some of the concerns from the employee perspective?

DA: I always mention to them about the expatriate learning curve process: high level of energy and expectations early in the process, then, a huge move on the opposite side when they've already moved and experienced a new culture and understood that things are different in my home country.... And then kind of stabilization in the emotional side, things back to reality... Everyone is subjected to that experience... It may be earlier for some, later for others... Take into consideration that you have spent 30, maybe 40 yrs to learn everything you know, and, all of a sudden, you will

have to learn everything again in a new environment with no time. Some examples: social and cultural behaviors, local legislation about driving, purchasing, rental...We have also to be sensitive to the fact that the employee's spouse will have to take a decision in regards to his/her career. What will be the impact in the family? Also, consider the impacts on the children education: when will be the best time for the family to move, will the education system be compatible to the home country one, how to deal with the fact that the employee and the family will not live together for a certain period of time...

Final message is: be emphatic all the time... Put yourself in the shoes of the future expatriate and try to understand his/her expectations, concerns, and attitude. Think: what if I were in his/her place?

GLOBAL HR NEWS: Now some questions about you: What book(s) are you currently reading? What book did you just recently finish? In which sports are you active? Regarding away-from-office relaxation techniques, what are your favorite stress-reduction activities?

DA: I have recently selected interesting reading options: first one, Atlantis, from David Gibbins. It is an interesting story about an archeologist that organizes an expedition in search of a buried treasure in the Mediterranean. When he uncovered a golden disc that spoke of a lost civilization more advanced than any in the ancient world, he started to get excited. He guessed it could be the lost city of Atlantis... But when he and his crew finally got close to uncovering the secrets the sea had held for thousands of years, they faced many unexpected events... One cannot miss it.

Right now, I'm reading Labyrinth, from Kate Mosse. It's a novel that occurs simultaneously in two different (and very distant) moments - years 1209 and 2005. Back in time, a young lady receives a mysterious book from her father and had to protect it with faithful and sacrifice. Then, in 2005 a young lady goes into an archeology excavation, she finds out two skeletons and experiences a strange feeling in that place, and

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WORLD TRADE

The "Southern Cone": An Uncommon Cultural Corner of Latin America

by DEAN FOSTER, President • DEAN FOSTER ASSOCIATES
Dean@Deanfosterassociates.com • www.learnaboutcultures.com

If you've been doing business in Brazil, Mexico and some of the other important cultures of the Andes, the Amazon, meso- and centro-America, but haven't yet ventured south of the Iguassu Falls, then be prepared to adjust your cultural expectations. At the very least, you will need to jettison any expectations about Latin American behaviors that you might have formed working north of the "southern cone". As an Argentine (people are "Argentine", things are "Argentinian") once wryly commented, "Argentina is a European country in the wrong continent".

It would be very difficult to say the same of most countries in Latin America outside of the Southern Cone. In fact, for US-Americans (and that is probably the best way to refer to yourself, if in fact, you hail from the United States: remember people in Latin America, being in the geographic Americas, are also "Americans" ...and will remind you of such if you insist on calling yourself "the American"!) working in the southern cone (Argentina, Chile, Uruguay and Paraguay) might seem pleasantly familiar, and a relief from some of the curious differences that a US-American might, in fact, face when working elsewhere in Latin America.

Nevertheless, be prepared for some important considerations while working in this more-European feeling corner of Latin America, and an appreciation for how this all came to be in this Latin land down-under will go a long way to insuring your business success in Buenos Aires, Santiago, Montevideo or Asencion.

HISPANIC? SI! CONQUISTADORS? NO!

For starters, keep in mind that when southern Europeans first came to what they in the 1500s then referred to as "the New World", they came primarily either as

Spaniards (Conquistadors) or Portuguese (Descoboradores): Conquistadors went to where the gold was (mainly Peru and GranColombiana in South America, and

Mexico in North America), while the Portuguese were given, through their treaty with Spain, the vast agricultural

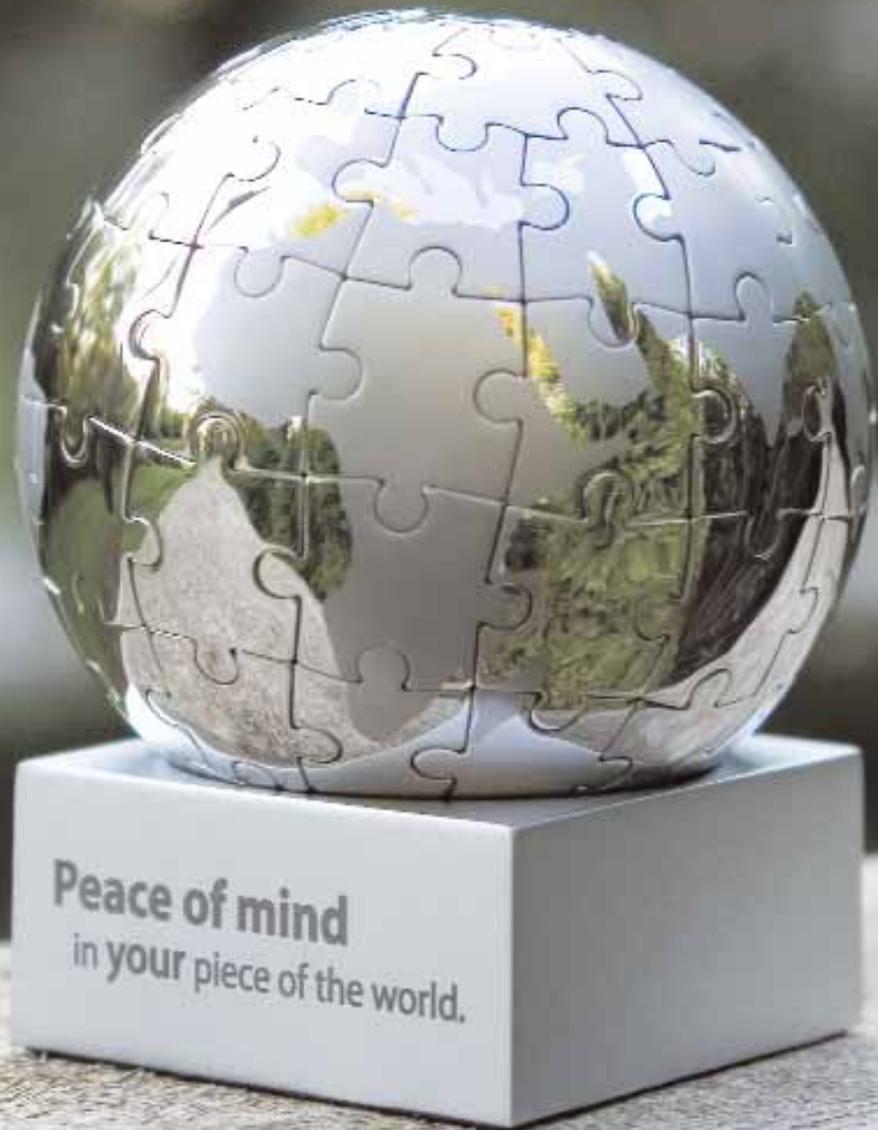
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SOURCE: CIA-The World Fact Book



Expatriate Family Assistance
Local National Employee Assistance Programs
International Crisis Intervention





LEGAL

Cross-border Employment Law -

The Growing Requirement That Human Resource Professionals With International Responsibilities Understand the Cross-Border Employment Law Implications

by E. JOHAN LUBBE, Partner • LUBBEJ@jacksonlewis.com
JACKSON LEWIS LLP • Tel: 1.914.514.6114

American corporations are increasingly centralizing their human resource management function. Centralize human resource management means taking strategic level human resource decisions at the corporate office and managing employment law and standards compliance at all operations. As a result, human resource executives not only have to understand American employment law issues, but also should identify the foreign hot button employment law issues the company will encounter when managing its global workforce.

This article refers to the employment law issues global human resource executives will frequently encounter in performing their functions. The human resource professional who assumes a global responsibility will invariably encounter one or more of the following cross-border employment law issues:

1. RECRUITING AND HIRING.

As the economy has become global, so has the talent pool. Recruiting the best talent in the global employment market requires a careful review of at least the following legal issues:

- **Job advertisements.** What may job advertisements state in the countries where the company is focusing the talent search? Most countries have anti-discrimination laws. In addition, domestic discrimination law may include additional protected categories to the few covered by U.S. law. For example, job applicants may also be protected against discrimination on the basis of their language, economic or social status, property status, color of their skin, and place of education. Domestic anti-discrimination law may limit the content of the job advertisement.

- **Interview questions.** What questions may the interviewer legally ask the job applicant? Local anti-discrimination law may, as in the U.S., limit the scope of questions. But, because local law may give job applicants expanded legal protections, the U.S. interview list should be revised to prevent violating domestic law. For example, Latvia's Labour Law, expressly regulates what an employer may ask job applicants. In addition to protections under anti-discrimination law, local personal data privacy may also limit the information solicited from the job applicant and to whom that information is disclosed.

2. HIRING.

The (final) hiring decision-maker, especially of management-level local hires, frequently is at corporate office. Ensuring an informed hiring-decision is made may be more challenging than initially realized.

The following issues should be considered:

- **Transferring and sharing of the job applicant's personal information.** Local employment and data privacy law may regulate and restrict the personal information of the job applicant that is sent to corporate office. Typically, local data privacy law may require the written consent of the job applicant to transfer her personal data to the U.S. corporate office. Also, local employment law, such as Latvia's Labour Law, may require that the information be disclosed only to the person(s) who make the hiring decision.
- **Pre-employment testing.** Local law may regulate and restrict pre-employment testing.
- **Written summary of terms of employment and/or employment contract.** Local employment law may require that

the company notify the newly-hired employee shortly after the starting date of the essential terms of her employment. Typically, local law will include a list of topics that must be addressed in the notice. In some countries, a written employment contract is required, and it may even have to be in the local language, with the English version being a mere "copy of convenience".

- **Probationary period.** Local law may require the parties expressly and in writing agree to a probationary period. Further, local law may limit the duration of the probationary period and limit or regulate any extension of the probationary period. For example, under a proposed Draft Labour Contract Law in China, the maximum duration of the probationary period depends on whether the employee is hired in a non-technical, technical or high-technical position; the permissible duration of the probation will range from one to six months.
- **Fixed-term employment contracts.** The company may consider hiring the person on a fixed-term employment to contract to see if the relationship works out. The flexible approach may not be legally available in all countries. For example, South Korean law lists the type of jobs in which fixed-term employment contracts may be used. Further, foreign countries increasingly limit the duration of fixed-term employment contracts to between two to three years, including any extension or rollover of the contract.

3. TRAINING.

As various countries promulgate laws which protect employees against workplace discrimination, training of employees and supervisors (and with global virtual

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MANAGEMENT

6 Things HR Can Do To Attract and Recruit Global Candidates

Tap into the expat market

by LAURA RANDELL, Head of Organizational Effectiveness
RABOBANK INTERNATIONAL

There's a largely untapped source of talented Americans working overseas. Many of these expatriates are keen to return home but find it difficult to get a lucrative assignment within the same organization. That makes them excellent targets for recruiters who are willing to think creatively about sourcing overseas.

Non-national expatriates (non-U.S. citizens) can also be a superb source of global talent to tap into because of the unique skills and experience they can bring. It's worth exploring their unique circumstances to determine whether your firm can assist great candidates in obtaining visas.

As Australia, Canada, the countries of the U.K., and some others have highly educated workforces with similar working environments and a common language to the U.S., they provide fertile ground for recruiters seeking to bring the best people on board, if they can't be found locally. Recruiters in these countries should look to source candidates from each other's regions because of the similarities.

WHY GLOBAL CANDIDATES

Global candidates and expatriates in general are particularly valuable because of the experiences they have gained abroad, working in different cultures and environments, and are networked in ways that many of your local candidates aren't because of their exposure to different markets.

Expats bring the best of everything to the relationship, including knowledge of your market, and that of one or sev-

eral others, depending on where they have worked and for how long. They also have to demonstrate resilience, even in relatively similar working environments such as the U.K. and Australia, where there are subtle differences in the way people work and how they think about the role of work in their lives.

People who take on roles in different countries have to adapt to different cultures and ways of working even if the language spoken is the same or customs are similar. Individuals who successfully complete foreign assignments demonstrate flexibility and commitment to their organizations. They're keen to try new things and to take on challenges. Those are traits that can benefit any company and should be pursued with vigor.

Expatriate assignments typically have a low rate of success, with most failed assignments ending within the first six months. The reasons for this are varied, and in many cases, depend upon the individual circumstances.

For those who do complete international assignments, many will find at the end that there's no comparable job within the organization to return to and then must scramble for employment prior to leaving the overseas post. This can be a great cause of frustration for people wanting to return home, and provides opportunities for recruiters to engage with and bring such people onboard.

When working in Europe, Asia, or any country, expatriates often have trouble

getting employers' attention at home because of the distance between them, or assumptions made by recruiters that they do not have work eligibility. Resumes with foreign addresses can automatically turn recruiters off, when they should instead be looking deeper to see what the candidate has done, and of course, if they might actually be citizens or permanent residents. Candidates, of course, have a responsibility to make their eligibility clear up front, in as obvious a way as possible, if they want to be taken seriously for roles while overseas.

When assessing global expatriate candidates, eligibility should be the first screen to apply but it's important to remember that most people sent overseas are the top talent in an organization or at least high-potential employees, and it may be worth investigating the ways of obtaining working visas for such candidates should they require it to work in your country.

GET CREATIVE ABOUT SOURCING

To attract global candidates, there are a number of things you can do:

- 1. Advertise locally.** Consider advertising roles in the country you are targeting, but do so in the most effective local manner. In Australia, the Friday Financial Review is the best place to advertise for senior-level and C-level roles. Similarly, the front and business sections of the Saturday Sydney Morning Herald are a great way to reach out to large numbers of candidates for mid- to senior-level positions and candidates know this, so they check these papers weekly. Another option in any country is to advertise on local job boards. Given the large volume of applicants this method can produce, this approach requires that you pre-screen candidates for eligibility to work in your country as a starting point, but is a good way to reach a potentially untapped pool of candidates.
- 2. Contact expatriate associations.** Take the opportunity to post jobs with local American or other foreign associations abroad. Such associations or clubs are often a haven for U.S. citizens and others

CONTINUED — PAGE 39



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WORLD TRADE

Finding Magellan's Compass: How to Navigate a Globalized World that is Anything But Flat

by DEAN FOSTER, President • DEAN FOSTER ASSOCIATES
Dean@Deanfosterassociates.com • www.learnaboutcultures.com

If you graduated Junior High School in the US, you probably learned that Magellan circumnavigated the world and established once and for all that the earth was round, not flat.

However, if you read certain geopolitical pundits today, you may be surprised to learn that 21st century globalization reverses the clock by about five hundred years and creates a world, as it turns out, that is flat after all.

Now, revisionism is not a new phenomenon, but it certainly is not truth, and to claim that globalization flattens the world is to see the 21st century only through the narrow lens of the economics-of-the-moment, a view which serves not truth, but the interests of those benefiting from such limited perspective. While global capital may be flattening global economic playing fields, the process is destined to be overwhelmed by the highly textured, rugged and vastly complex cultural terrain – a landscape carved by eons of human history - that is the essence of our anything-but-flat, very round world.

In fact, "flat-earth" rhetoric is a justification for a first-world economic adventure that ignores the immensely complex cultural terrain it attempts to globalize. The characteristics of any given culture constitute the hidden drivers that determine the path and form of that culture's participation (or not) in the new global economy, and not the other way around. If there's any flattening to be done, it is human culture, the child of immutable history, which will flatten the economic adventures of any nation that ignores its power and authority, for it is human culture which determines the role that each nation plays on the flattened global economic stage.

Five hundred years ago, Magellan's compass helped him navigate the challenges of

an unexpectedly very round and complex world, and today we need a "Cultural Compass" © to help us navigate the very complex –and very unflat - cultural terrain we encounter as we attempt to work and live in the 21st century.

Let's set our course, therefore, as so many recently have, toward China and India, perhaps the two most influential world cultures in the 21st century. If our "cultural compass ©" can help us to understand the elements of Chinese and Indian culture, we will see why and how it is that both of these countries are now dominant on the world economic stage.

Let's start with a quiz:

On the one hand, you have an Asian country (clue: think "dragon") with:

- a. a billion plus people, mainly uneducated, who do not speak English
- b. an authoritarian government and political system
- c. a communist economic system
- d. a social system that strongly rejects outside influences

On the other hand, you have an Asian country (clue: think "tiger") with:

- a. almost one billion people, many of whom have been educated by western standards and who speak English
- b. a democratic government and political system (in fact, the world's largest!)
- c. an economy based on capitalism
- d. a social system open to Western influences

Here's the 64,000 dollar question: Given these factors, at the end of the 20th century, which country would you have predicted to have been the first to economically "take off"?

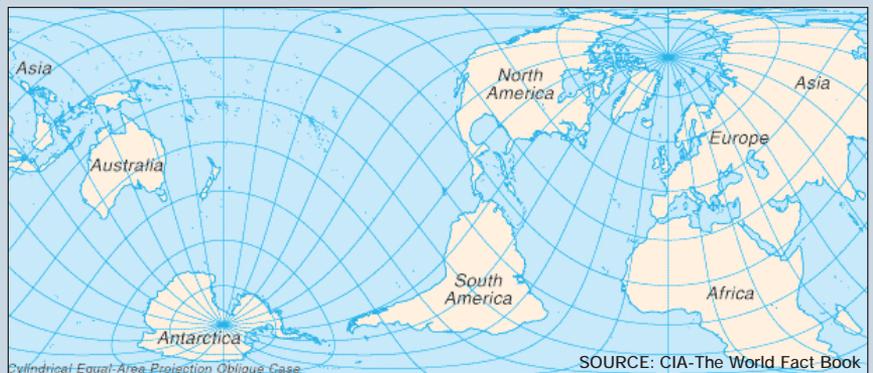
Wrong. And not because you interpreted the data incorrectly. The logical answer is wrong because, despite the demographic clue (a), despite the political clue (b), despite the economic clue (c), and despite the sociological clue (d), you didn't have all the CULTURAL clues. And, as we've been saying, it is culture which most profoundly determines the destiny of nations.

Now, here's the missing, critical cultural information for the "dragon" (and, yes, that's CHINA): a Confucian-based cultural system, resulting in active consensus-driven compliance with authority.

And here's the missing, critical cultural information for the "tiger" (yup, it's INDIA): a Hindu-based cultural system, resulting in passive individual acceptance of unchangeable realities.

These two fundamentally different cultural orientations, at work for thousands of years in both countries, determine the answer to the question of which country, China or India, would take off first in the 1990's, and the answer is of course (ah,

CONTINUED — PAGE 18



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• **MAGELLAN** – CONTINUED

the power of historical hindsight!): China. Economists, no doubt, will look at recent economic policies and find the reasons for China's growth there (however, economic policy, as we will see, is an outgrowth of cultural orientations); political scientists and social pundits will find their explanations for China's sudden emergence by emphasizing the changes in politics that have supposedly recently occurred (but which, upon closer examination appear not that dissimilar to older political traditions).

Despite the undeniably real contributions that particular recent economic and political policies may have made to the hastening of China and India's emergence, the real engine behind this phenomenon is culture, shaping those very same economic and political decisions, determining how it all happens for each country and why, and how it will all unfold in the future.

CULTURE: THE CRITICAL DETERMINANT OF A NATION'S DESTINY

In this India and China example, despite the

Indian advantages of an educated, English-speaking workforce, a familiarity with western practices and social systems, a democratic government and a more capitalist economy, (or to put it in reverse, despite the Chinese disadvantages of an uneducated, non-English-speaking workforce, a historic rejection of western ways, an authoritarian political regime and an ideologically communist economic system), the factor that tipped the scales powerfully in favor of China and against India was culture.

And what aspect of Chinese culture, specifically? The answer lies in identifying the nature of China's success, for what is the defining aspect of that success if not that of having become the "world's factory", the place where the world comes to realize economies of scale through the replication and reproduction of its goods and services?

Of all the possibilities that a nation can present to the world, it is not accidental that China presents a culture with a historical orientation to repetition, reproduction and replication, a tradition emerging from its

deep Confucian values of perfecting, repeating, and reinforcing the obligatory relationships that immutably exist between people.

REPEAT AFTER ME

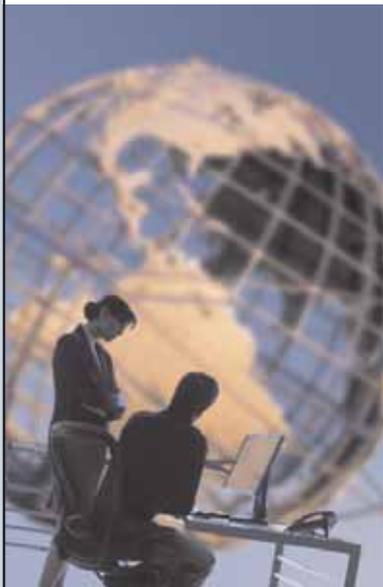
Chinese history, in many ways, is the story of the static repetition of one dynasty after another, without the apparent development that is often inherent in a nation's history.

There is an old Chinese saying, "perseverance can make an iron bar into a needle": the end-product being the result of the sheer repetition of the same act being repeated over and over and over again. No teleological development here. No causal, progressive, incremental change. Just the same thing, again and again and again, until the end-result is achieved.

The building of the Great Wall simply requires the lining up of a million people repeating the same act of placing one brick on another until, voila, you have a Great Wall. One of the hallmarks of Chinese negotiating style is the insistence of one's position again and again, despite logical challenges to that position by the other side,

CONTINUED — PAGE 24

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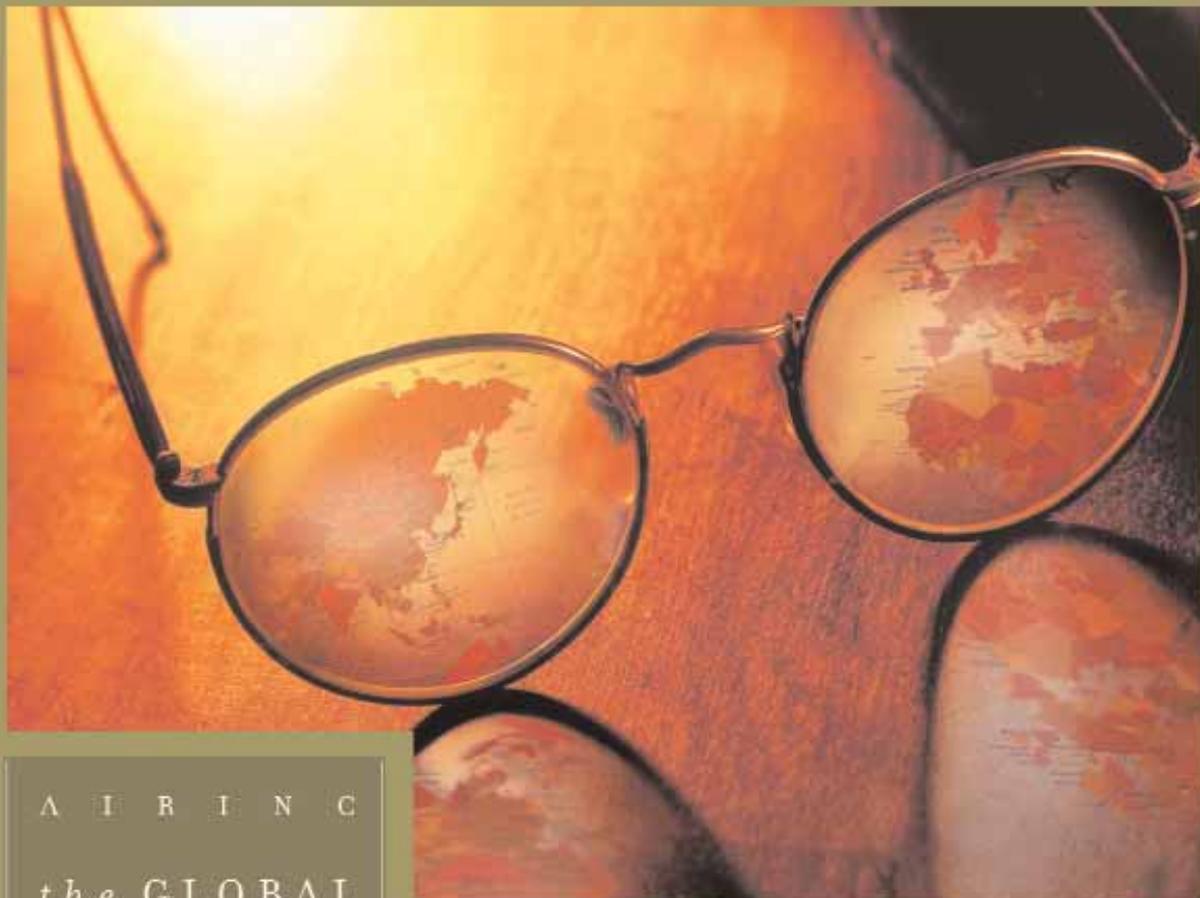
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LEGAL

H-1B Visa: Alternatives

by AUSTIN T. FRAGOMEN and NADIA H. YAKOOB*

On April 3, 2007, U.S. Citizenship and Immigration Services (USCIS) announced that it received sufficient numbers of H-1B petitions for temporary professional workers to far exceed the standard H-1B cap for Fiscal Year (FY) 2008. The exhaustion of the H-1B cap on the first day USCIS began accepting H-1B petitions for the following fiscal year is unprecedented. To identify cases that will be awarded a FY 2008 cap number, the agency will use a computerized random selection process that will include cases received on April 2 and 3, 2007, pursuant to USCIS regulations. At the time of writing, USCIS had not yet released information concerning the 20,000 H-1B cap for foreign nationals with an advanced degree from a U.S. academic institution.

Because the number of H-1B petitions received by the agency is far in excess of available numbers, a significant percentage of filed cases will not be chosen in the selection process. As a result, employers face the challenge of finding alternative visa options for highly skilled foreign workers. In some cases, there is no option but to wait until October 1, 2008 – the first day of FY 2009 – to put a new hire on the payroll. Since employers are not permitted to file an H-1B petition on behalf of a prospective foreign worker more than six months in advance of the proposed start date, the petition itself cannot even be filed with U.S. Citizenship and Immigration Services (USCIS) before April 1, 2008.

In many cases, however, there may be other visa options available. The most viable of those options are discussed below.

BACKGROUND

The H-1B visa category is designed to allow U.S. employers to hire foreign nationals to fill “specialty occupations,” which are defined as positions for which the minimum educational requirement is a U.S. bachelor’s degree or equivalent. Foreign

nationals holding a U.S. bachelor’s degree or equivalent in a field related to the job are eligible for an H-1B visa. By law, a maximum of 65,000 new H-1B approvals can be issued each year. However, a special allocation of 6,800 visas to citizens of Chile and Singapore pursuant to free trade agreements signed with those countries (discussed further below) effectively limits the annual cap to 58,200 (although unused Chile-Singapore numbers are to be made available during the subsequent fiscal year).

Employers of H-1B workers are required to file a Labor Condition Application (LCA) with the U.S. Department of Labor (DOL) for each worker making attestations related to wages and working conditions. Employers must pay H-1B workers the higher of either the prevailing wage (as determined by the DOL or another authoritative source) or the actual wage for the position in the geographic area where the worker is employed.

In 2004, legislation was enacted that provided an additional 20,000 H-1B visas per year to foreign nationals who have earned a Master’s or higher degree from a U.S. institution of higher education. For fiscal year (FY) 2007, the advanced degree cap was met on July 26, 2006. At the time of writing, USCIS had not yet released the number of advanced degree H-1B petitions received for FY 2008.

H-1B CASES NOT SUBJECT TO THE CAP

H-1B cases that do not count against the annual cap may continue to be filed. USCIS counts against the cap only those petitions regarded as “new” employment. New employment generally refers to H-1B petitions that are filed for foreign nationals who are not currently in the United States in H-1B status, or who are in the United States in another nonimmigrant status (such as F-1 student visa status) and for whom an employer seeks a change of visa status.

Exempt from the H-1B cap are amended H-

1B petitions, petitions for extension of H-1B status, whether for an existing employer or for a new employer (the latter of which would include sequential employment situations), and petitions filed for concurrent employment with more than one employer. In addition, petitions for new employment at an institution of higher learning or a related or affiliated nonprofit entity, nonprofit research organizations, and governmental research organizations are also exempt from the annual cap. Where an H-1B employee moves from a cap-exempt nonprofit organization to a cap-subject for-profit company, the case is considered new employment and as such would be subject to the cap. It should be noted, however, that an H-1B employee who works concurrently at both a cap-exempt organization and a cap-subject entity will not be subject to the H-1B cap.

Petitions on behalf of individuals who have already been counted against the cap during the previous six years are also cap-exempt, unless the beneficiary would be eligible for a full six years of authorized admission at the time the petition is filed. Finally, J-1 nonimmigrants who are changing status to H-1B and who have obtained waivers of the home country residency requirement through the Conrad 30 Program (which applies to certain foreign physicians who agree to practice for three years in medically underserved areas of the United States) are exempt from the annual H-1B cap.

H-1B1 VISAS UNDER THE CHILE AND SINGAPORE FREE TRADE AGREEMENTS

Professionals in specialty occupations who are citizens or nationals of Chile or Singapore may be eligible for the H-1B1 visa, created pursuant to free trade agreements (FTAs) concluded between those countries and the United States. The FTAs came into effect on January 1, 2004, making 1,400 H-1B1 visas available for citizens of Chile and 5,400 visas available to citizens of Singapore. Though the new H-1B1 numbers count against the H-1B cap, they are set aside from the overall 65,000 cap and currently remain available. If they are not used, they are made available between October 1 and November 15 of the following fiscal year.

CONTINUED — PAGE 42

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MANAGEMENT

Choosing a School When Relocating: Reframing the Problem for a More Successful Solution

by ELIZABETH PERELSTEIN, President
SCHOOL CHOICE INTERNATIONAL • liz@schoolchoiceintl.com

- *I want a school just like the one my children are leaving so they don't have to go through a difficult transition*
- *Which is the "top" school?*
- *What is the school with the "best" results?*
- *My colleague's children go to the X school? How can I get my child in?*
- *We want our child at a school where he will get into an Ivy League university – do you have contacts that can help us with that?*
- *We want a school where the facilities are excellent, and the materials are up to date*

These are the kinds of questions we face every day when working with relocating families. It is natural for parents to be concerned about the welfare of their children, and, in fact, most view schooling as the paramount decision they will have to make in their move. The school will determine whether the child is happy, makes friends, learns successfully and is prepared for the next level of education, whether it be re-entry upon repatriation or university. Furthermore, schools often become the primary source of social connections for the non-working spouse, and therefore must match the family's values and be a comfortable community for the entire family.

Despite the importance of educational concerns, these questions can be not only challenging for HR professionals and relocation companies, but quite frustrating, especially during a time of such high anxiety for the family. In most cases, simply trying to give parents what they are asking for doesn't work and in many cases simply isn't possible. Parents may be asking for inaccessible information. For example, in the US, where education is the prerogative of the states

rather than a national curriculum, rankings only can be compared within a state, not between states. Or data may be unavailable because independent schools are not required to participate in any ranking schemes. Beyond providing information, HR may be expected to find and successfully utilize connections that are unavailable, or that only can be used on limited occasions when multiple employees are being transferred and have the same school objectives. Housing also plays a role as it must complement schooling, compounding the disappointment that parents experience and may blame on HR when they cannot seem to match one to the other.

The most successful approach we have found in working with our families is to refocus the attention of the parents, from the school to the child, in order to assess what they are really seeking. This works for a variety of reasons.

- 1) Most parents can be convinced to talk about their children, even when under time pressure and stress. Talking about their offspring is calming, particularly

compared with thinking about a terrifying unknown like schools in a new area.

- 2) Finding out what is really important to the family, from their values to the child's strengths, weaknesses, intellectual and extracurricular interests can ensure that the conversation targets schools that are likely to yield a good match rather than those that do not have places or may not be appropriate for a particular child.
- 3) Entering into this dialogue helps parents to be more open to options other than those they initially proposed, as the child is at the heart of the conversation. This can be helpful when parents have expectations about specific schools to which admission is not going to be possible.

Although parents do not want to sacrifice educational quality in the transition, most can be refocused by direct questions. To parents seeking a top tier school, "Will your child thrive in the top school?" will remind them that this is about their child, not about their colleague's child. When a family is fixated on facilities, just a simple, "How old is your child? Does he care as much about facilities as you do?" can remind them that they will not be attending the school, and that parents tend to care more than children do about buildings, grounds and new equipment.

Once a family is ready to begin a school search, the process can be simplified into the following steps. Based on the needs of the child, parents should be encouraged to use materials supplied by HR, the relocation company or the educational consultant provided by the firm to assist with the following process:

CONTINUED — PAGE 41

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• **MAGELLAN** – CONTINUED

until the other side eventually folds.

In ancient China, one of the most successful techniques of getting the prisoner to confess was the endless and repetitive drip, drip, dripping of water. Most importantly, in China, there are over 20 distinctly different spoken languages, making the language spoken in Hong Kong (Cantonese) unintelligible to speakers in Beijing (who speak Mandarin).

However, the written form of Chinese (using symbols, or “kanji”, that represent concepts or words rather than alphabetic sounds) can be read by all, independent of how one speaks the words they read. Therefore, the very complicated written kanji-based Chinese script never advanced to a simpler alphabet (in fact, such “advancement”, had it occurred, would have been a disincentive to communication; therefore, it never happened).

As a consequence, today, the average Chinese child must learn approximately 3,000-5,000 kanji in primary school, simply to attain a basic level of functional literacy. In the world’s most populous nation, developing literacy is, as one can see, at the very least, a cumbersome task, and yet the greater need for maintaining comprehension among many different language speakers is stronger than the need to simplify the written script into one of alphabetic sounds.

Now, in order to learn these thousands of kanji, the nature of kanji themselves requires the unquestioning acceptance of fact, as opposed to rational analysis, from the authority (teacher says: “this is the kanji for ‘man’), and the repetition of writing it over and over again until one memorizes it. In an educational system geared to the rote memorization of logically unrelated facts, provided by an authority that cannot be questioned, students (the future population) learn more than just how to read: more deeply, they learn the value of rote memorization, that mastery comes from repeating the same act over and over and over again; that facts flow from the powerful and resource-rich, that such people may not be questioned, and that intellectual value is measured by the quantitative accumulation of data, and not the critical, analytical or creative interpretation of perceived experience.

How can China’s great economic success today, emerging from this cultural tradition, be anything BUT having become the world’s factory, where the same item is produced over and over again, millions of times upon millions of times; and where the proprietary ownership by individuals or corporations of knowledge, information and data that can be duplicated for all presents the west with one of its knottiest problems when working with China today (read, piracy of CDs, books, copyrights).

Should it be any surprise that doing business with China inevitably entails the transfer of expertise, knowledge and resources that then get replicated, duplicated and mass-produced, seemingly overnight?

Should it be any surprise, therefore, that China’s history has been one of repetitive dynastic cycles for almost 5000 years (the dynastic system only ended less than one hundred years ago, a blip in the geologic time of Chinese history), of authority dictating from above through a complex civil hierarchy (whether that authority was the Emperor or the current Communist party

nomenclatura), of the imposition of top-down social and economic policy onto a population pre-disposed to carrying out such policy, and of the economic advantage taking form in the replication and duplication of goods and services previously created elsewhere?

Economics, politics and social systems do not determine the culture of nations; in fact, it is precisely the opposite: if we read our “Culture Compass” © for China, we see a profound example of how culture determines the economic, political and social systems and paths that a nation chooses, and that globalization merely gives nations the opportunity to reveal their cultural identities on the world stage.

THE TIGER STIRS

But not the only example. If China’s having become the world’s factory is a direct result of its historical cultural traditions, can our “Culture Compass” © reveal the same dynamic at work with India? Although economically coming into its own well over ten years later than the China explosion, India’s boom, in its nature and even its tim-

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ing, is a reflection of unique aspects of Indian culture. For if China has become the world's factory, what is India if not the world's "back-office"?

Call most any help line, and a consumer reaches a customer service rep in Bangaluru; most US-based and many European-based companies have outsourced or are in the process of outsourcing their internal processing and transactional systems to India; India now processes everything from orders to invoices to taxes to records and archives of every ilk and description, for businesses, governments and individuals the world over.

Modern technology certainly has made this possible, but modern technology does not just exist within the borders of India, and yet it is India where it has been applied in its current shape and form. And that current shape and form, unique to India and emerging out of deep Indian cultural traditions, is "Service". Not manufacturing, as is the case in the factory of China, but serving, from the world's back-office of India.

THE FATE IS CASTE

For almost three thousand years, India was a culture shackled by a unique caste system, a rigid social hierarchy that organized people according to rank and role, mirroring the ordering and ranking of the tens of thousands of different manifestations of the eternal spirit in the Hindu pantheon of gods, each god slotted into their own individual position in the Hindu hierarchy.

The unique nature of this ranking, whether cosmological (for gods) or social (for people) was to define clearly and with no ambivalence, the obligations to serve between gods and between people. In the secular world of the here and now, this meant that those below served those above, and those above expected to be served by those below, in specific ways. Serving is precisely what this tradition is all about. In 1947, when India became an independent nation, the caste system was made illegal.

Nevertheless, the legacy of approximately three thousand years of rigid hierarchical organization remains entrenched in the way society works. Mix this three thou-

sand year old cultural tradition with the added dash of modern IT technology, and serving converts to service, as in service-oriented, service-focused, and service-driven. Of course, economists might point out the financial advantages of shipping service-oriented activities to low wage and low cost countries, but there are many such countries available, and India and its well-educated English-speaking workforce was always available for this work before it exploded when it did.

Political scientists might explain India's rise by citing the deliberate creation of recent government policies that systematically leveraged the advantage of a technologically educated and English-speaking workforce, but why a workforce specifically engaged in the servicing of the world's work? Social scientists might even explain India's delay in taking off as the result of being the world's largest democracy, that democracy is a messy and unwieldy thing, and that it doesn't allow for lining people up and getting them all to do the same thing that needs to be done at the same

CONTINUED — PAGE 46

Continents . . . 7
Countries . . . 193
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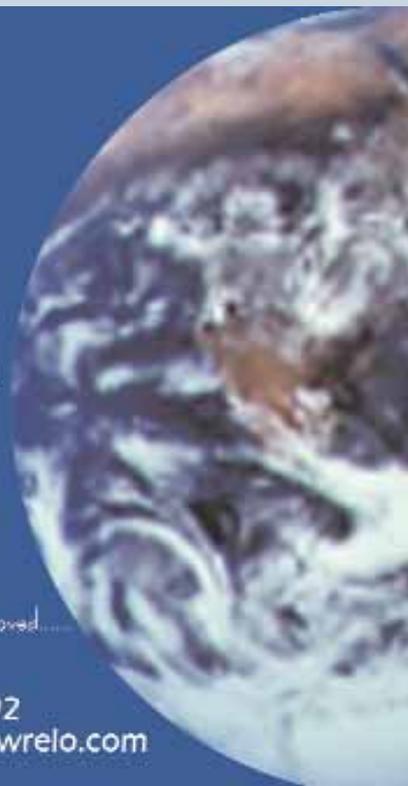
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• X-BORDER EMPLOYMENT

— CONTINUED

teams, regardless of whether the supervisor is in the same country as the employees), becomes important to prevent or reduce liability risks. Foreign anti-discrimination laws typically has an express provision requiring employers to take "reasonable practicable steps to prevent" discrimination and harassment. Training and appropriate workplace policies are, therefore, important risk management tools in ensuring the company retains legal defenses against discrimination claims in the local country. Furthermore, local law may have additional requirements which should be addressed in the training. For example, in Belgium, the company must appoint a prevention advisor who is qualified in the psychosocial aspects of work. Additionally, if the company's workforce at a foreign locale includes American-citizen expatriate employees, those employees will remain covered by three U.S. federal discrimination laws, Title VII, the Age Discrimination in Employment Act and the Americans With Disabilities Act. The training then should address local and U.S. legal issues.

4. COMPLIANCE.

The scope of compliance can be wide. Compliance monitoring should include the following:

- **Local wage-hour-laws** (frequently called "working time regulations") which are more detailed in their regulation than the American Fair Labor Standards Act. Local law typically will set maximum daily, weekly and/or monthly regular working hours and even overtime hours. Additionally, several categories of paid time off may be available and employers may be barred from requiring employee to work on public holidays except in exceptional circumstances. Additionally, the "exempt" and "non-exempt" regime of the American Fair Labor Standards Act typically does not apply; local law frequently covers all employees except the most senior manager.
- **Supplier conduct and compliance.** If the company uses subcontractors, monitoring whether the company's suppliers comply with local laws to avoid

embarrassing press coverage that the company supports sweat shops or denies employees their basic rights.

- **Ethic standards.** Monitoring compliance with ethic standards presents various challenges for the American based human resource executive. From adequate training of employees, implementing appropriate accounting standards and monitoring compliance with the Foreign Corrupt Practices Act to the data privacy issues of global ethic hotlines under local data privacy laws. In some countries, such as France, the company may not require or "encourage" employees to make anonymous reports of ethic violations. Accordingly, the protocols which the company settles with the call center personnel who take the hotline calls must be carefully reviewed for compliance with the data privacy laws of the countries in which the company has employees.

5. PERFORMANCE MANAGEMENT AND SUCCESSION PLANNING.

If foreign-based employees' performance reviews are sent to the American corporate office and final decisions about succession planning are made at corporate office, local personal data privacy laws may require express employee consent to the transfer of their personal data and may require an inter-company agreement to ensure the data is process at the corporate office with adequate levels of protections.

6. TERMINATING EMPLOYEES.

The employment at-will doctrine applies only in the U.S.. In most foreign countries, employees are protected against unfair or unjust termination, except during their probationary period. As a result, the company must have a legitimate and good reason to terminate the employee; what is a sufficient reason, even based on the same set of facts, and may differ substantially between countries. In addition, local law may require minimum notice and entitle the employee to minimum severance pay and other termination payments (sometimes called "indemnities"). Further, local law may have specific procedural requirements to effect a termination, which could include an internal hearing and very specific procedures to give notice of termination of employment. For example, in Germany the notice must be in writing and signed

by a company representative (a mere e-mail to the employee notifying him of his termination will not suffice) and sent by registered mail or hand delivered to the employee. As a result, terminating employees may require more procedural steps and take more time than in the U.S.

7. CLOSING AN OFFICE.

Local law may require the company to first provide the employee representatives with specific information and then consult with the employee representatives with the goal of finalizing a "social plan" which address issues such severance pay, retraining and outplacement of the employees. As a result, any closure of a foreign-based office or plant requires careful planning. Further, if the company considers closing offices in multiple countries, the announcement of the closure must be carefully planned. What is announced in one country may impact the company in the other jurisdiction.

In most foreign countries, the local legislatures frequently amend their employment and labor laws. The active foreign employment legislative agenda presents challenges for American human resource executives to remain informed of the new hot button legal issues. The American human resource executive should, therefore, assume significant different requirements may exist under local law and ensure the management team is informed of local employment law requirements before making strategic decisions that may impact employees at the company's foreign operations.

In a series of forthcoming articles in GLOBAL HR NEWS, we will keep you well-informed on new developments and trends in cross-border employment issues. ■

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WORLD TRADE

Destination Europe

by SARAH LANGMEAD, Co-founder and COO
ENTERPRISES GROUP
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OVERVIEW

The E in EMEA represents a continent made up of 47 countries and assorted dependencies and territories. Geographical Europe, which extends over a surface area of more than 10 million sq kilometers has a population that is estimated to be currently around 710 million. The geographical characteristics of the continent vary from spectacular mountain ranges such as the Alps to the flat plains of Central Europe in The Netherlands; and the climate of the most northern Scandinavian countries contrasts with that of the southern Mediterranean area.

Whilst it may seem to an outsider that relocation into one European country cannot be very different than that into another, there is nothing further from the truth. Although countries with similar cultures, religions and political backgrounds do bear similarities to each other, every country within Europe has its own unique history, its own established culture, its own immigration requirements, and its own main language, often with a second language that is not necessarily English. Take for example the 3 countries that make up the Baltic States; Estonia, Latvia and Lithuania – whilst they share similar political history, having previously been a part of the Soviet Union, each State has its own language with Russian often as the second language for the older generation, each has different immigration requirements and its own specifics when it comes to relocation of foreign workers.

27 countries of the 47 in Geographical Europe form the European Union, members of which have had to qualify in many areas, including GDP, quality of infrastruc-

ture and compliance in the area of human rights as outlined by the Copenhagen Convention. As the European Union expands, Europe is becoming the world's largest economy and presently has an estimated GDP of 13.4 trillion USD.

The union was originally founded in 1957 by six states; France, West Germany, Italy, Belgium, Luxembourg and The Netherlands.

Since the time of its inception, it has been enlarged 5 times, initially to include; Austria, United Kingdom, Ireland, Spain, Italy, Portugal, Germany, France, The Netherlands, Brussels, Austria, Sweden, Switzerland, Luxemburg, Finland and Denmark.

Thereafter, May 2004 saw the addition of the most new members at any one time as 10 other states qualified to join: Malta, Slovakia, Slovenia, The Baltic States (Estonia, Lithuania, Latvia), Hungary, Poland, Cyprus, and the Czech Republic.

January of this year, 2007, saw the admission of the latest 2 members; Romania and Bulgaria. The current population of the EU is approx 500 million.

The governments of EU countries grant certain rights and freedom of movement to citizens of fellow member States, easing immigration requirements for incoming workers, although freedom to the labour market within the EU is non-absolute for citizens of countries referred to as 'New Europe' i.e. those that have joined the EU from 2004 on.

Whilst every European country has its own specifics and presents unique challenges in the process of corporate relocation, the

continent can basically be divided not just into EU and non EU but into 4 main sections: North Western/Central Europe, South Western/Central Europe, 'New Europe' and Eastern Europe.

THE CULTURAL DIVIDE

The divide between the north and south of Western/Central Europe, most countries of which are EU members, (excluding Norway and Lichtenstein), is surprisingly great and is very much due to the contrasting cultures of the countries within each area; Countries such as UK, Ireland, Germany, The Netherlands, Belgium and Scandinavia have a culture that leans toward the Anglo-Saxon, with emphasis on efficiency in business dealings, time keeping and logical, linear thinking.

The population of Southern European countries though, such as Italy, Spain and Portugal are very different as they have a Latin culture, which has a strong sense of family and is based on personal relationships and contacts, where time-keeping is less important and where business meetings most certainly do not follow the structured pattern of those in the more northern European countries!

The eastern European countries have a totally different culture all together, many were under the regime of the Nazis and thereafter communism for almost half a century and this has left a legacy and has had an impact upon their populations that will take time to shake; eastern Europeans tend not to be entrepreneurs but prefer regular employment, they are used to a linear hierarchy system rather than one which allows individual initiative. Several ex 'Eastern European' countries are New EU members.

The aspect that has a great impact on culture and lifestyle of a people is Religion. As one travels eastwards within Europe, the number of the population that adhere to the Muslim religion increases. The population of many non EU countries in Eastern Europe such as Moldavia, Albania, and Macedonia are predominantly Muslim whereas Western and Southern Europe is predominantly Christian.

IMMIGRATION SPECIFICS

Immigration requirements for non -EU workers and procedures to obtain regular

CONTINUED — PAGE 32



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• SOUTHERN CONE – CONTINUED

potential of what was to become Brasil.

Following the booty essentially forced the Conquistadors to setup shop as Viceroy (substitutes for the King) who conquered, destroyed and exploited the gold and silver of the highly advanced Aztecs (in Mexico) and Inka (in Peru); equally, the vast agricultural potential of Brasil required the Portuguese to obtain labor in the form of slaves from Africa and to develop enormous agricultural estates.

In both cases, there was little reason or incentive to expand and settle in the forbidding, and essentially empty quarter south of Brasil and GranColombiana: no great civilizations to plunder, no gold or silver of note, no agricultural potential greater than what was already waiting to be developed in Brasil.

In fact, the southern cone, a land, for the most part, of dry pampas and desolate, high mountains, was essentially ignored for over two hundred years by the Spaniards and Portuguese, while they

focused their efforts on shipping the wealth of GranColombiana and Mexico back to Madrid and Lisboa.

And while the countries that were to develop in the southern cone were technically under Spanish rule, it wasn't until the 19th century that Europeans began to see the potential that Argentina, Chile, Uruguay and Paraguay offered. By then, Spain and Portugal had moved on with their own cultures, and Europe had begun a serious transformation, through revolution and war, from societies based on medieval feudal aristocracies into modern nation-states based on the principles of liberal Republican democracy. In short, the culture of the conquistadors, so forcefully and ruthlessly exported to the New World to places like Mexico and the Andean cultures of Peru, Colombia and Ecuador, never became part of the legacy of the southern cone; instead, the Europeans who settled most of Argentina, Chile, Uruguay and Paraguay were "modern" Europeans, and they weren't just from Spain or Portugal. In fact, most of the southern cone settlers, while emigrating

into a land formerly established by Spain (and hence Hispanic in language and cultural traditions) were themselves from many different parts of Europe, and beyond: Italians, Germans, Swiss, French, British, Eastern Europeans (Russians, Jews, Hungarians, Poles).

Today, there are more Argentines who trace their roots to Italy than to Spain; in Chile, there are more Chileans who trace their roots to Germany and Switzerland than to Madrid. The conquistador legacy so prominent in much of the rest of Latin America (and most powerful where the Viceroy were: the Andean cultures and Mexico) is not a significant influence on southern cone culture or behavior.

SOUTHERN CONE CONSIDERATIONS

So how does this different history result in behaviors different from the rest of Latin America?

For one thing, most US-Americans will find Argentines and Chileans, for example, refreshingly "on-time" for most business appointments. And, while the hierarchy

CONTINUED — PAGE 34

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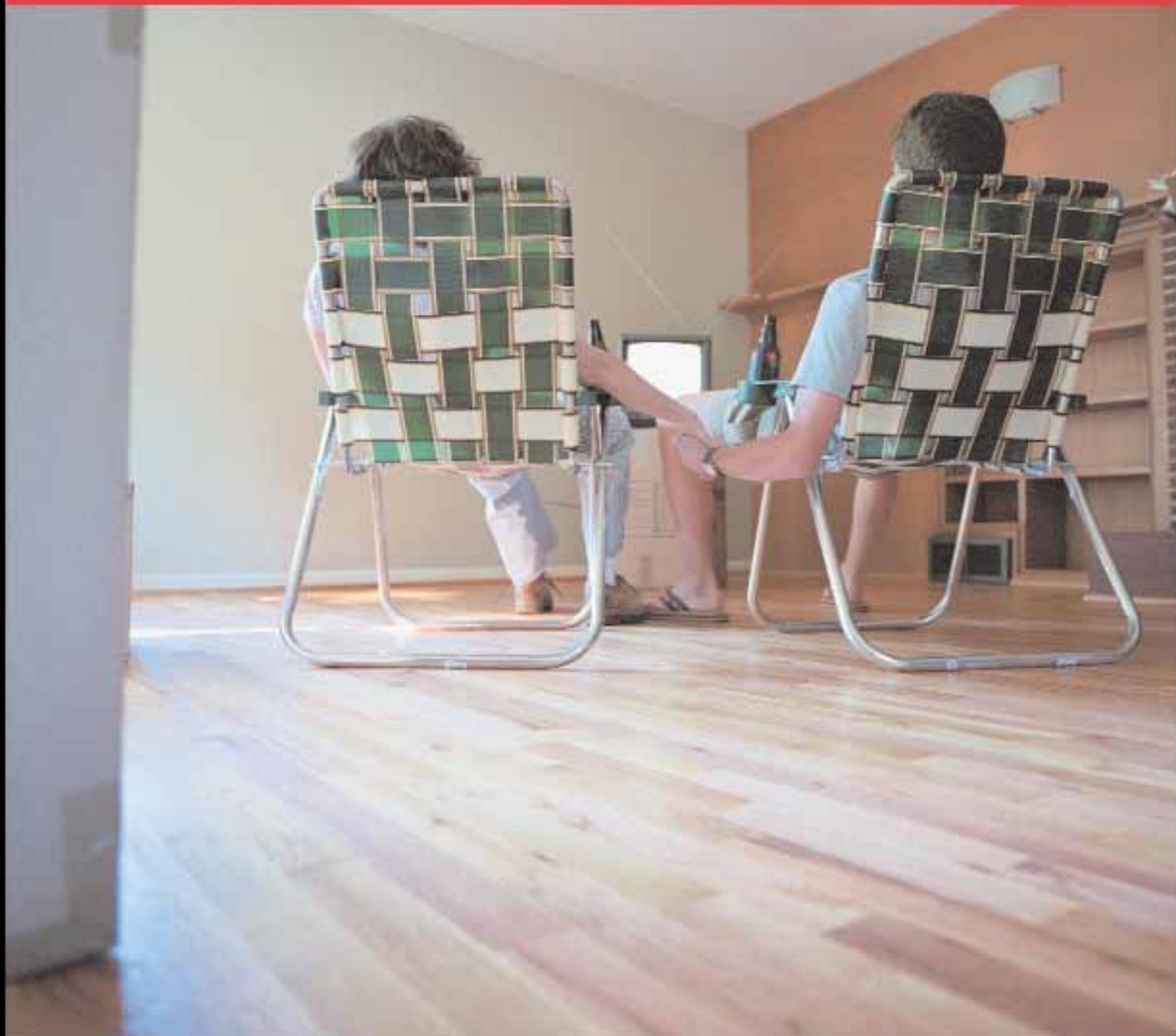
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• EUROPE – CONTINUED

immigration standing vary greatly from one country to another within Europe; a Work Permit is required, usually with an entry visa being obtained in the destination country's consulate in the present country of residence or home country. Upon entry into the host country, local registration and /or residency status must be obtained . Some countries have quota restrictions on the number of foreign workers

(non-EU) present in the country at any one time, others have quotas which allow only workers of specific categories to enter within a specific time period, although there are many exceptions for workers that are seconded from a foreign mother company or for those who fall into the category of skilled workers or managers.

As for EU countries, pre 2004 EU members allow freedom of movement and equal opportunities on the labour market between each other; however, restrictions were raised by the majority of existing members for the New EU countries, due

largely to the threat of an influx of qualified workers that would be prepared to work for lower than the local minimum wage, thus forcing locals out of the labour market.

When the 10 new member states joined in 2004, all existing members apart from UK and Ireland placed transitory restrictions on workers from new member countries. Whilst many of these restrictions have since been lifted totally or in part, nevertheless, EU legalisation dictates that restrictions can be imposed on new members for a maximum of 7 years. For the latest to join, Bulgaria and Romania, of the pre-2004 members, all have imposed restrictions apart from Finland and Sweden and out of the New EU countries, Hungary has followed suit, with the other 9 New EU members allowing Bulgarian and Romanian citizens unrestricted access to their labor markets .

A peculiarity about some countries, such as Italy, is that although Immigration law is national, application of it is local, meaning that specific documents requested at various aspects of the immigration process and

the exact procedure vary from city to city.

THE LANGUAGE BARRIER

Every European country has its own main language, although these can be divided into 8 main groups (for an in-depth consideration of the Challenge of Languages within Europe note previous edition GLOBAL HR NEWS) .

English is surprisingly little spoken in many Southern European countries like as those in the Mediterranean area such as Italy, Portugal, France, Greece and Spain; it is not uncommon for officials in government and public offices to speak no English whatsoever. Countries that were part of the ex-Soviet Union have Russian as their second language rather than English, although in many Eastern and New EU countries, English and/or German is becoming far more widely spoken among the younger generation.

RELOCATION INTO EUROPE

All the above factors can only lead to the conclusion that that qualified local expertise is essential when relocating workforce within or into Europe. It is necessary to

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source a local DSP that is well versed in all specifics of the country in question, that can supply cross cultural input for corporate and employees, that can advise on local specifics that could influence corporate relocation policy such as budget requirements for housing, local COLA, legal aspects of property lease contracts as well as possible security risks and precautions that should be taken.

An Immigration provider that can demonstrate they are up to date with the recent and ongoing changes in Immigration Law and its application locally is the first and most essential step. Some countries do not allow the individual worker for whom the application has been made to be on national territory during the processing of the application, or they do not allow travel out of a specific area, such as the Schengen area, whilst documents are being renewed. Having a Work Permit in one Schengen state or in an EU country does not allow one to work in another EU/Schengen country. It is essential that the Immigration Provider brief both corporate and the individual worker thoroughly

about any restrictions on movement that apply to workers.

Effective language training is also extremely important both for the worker and any accompanying family who have to settle into the host country. This should be arranged and started as soon as possible after arrival if not before.

Relocating your work force within or into Europe can indeed present many challenges, but with qualified assistance at every stage, before, during and after the relocation of the individual staff member, the challenges can be met and the outcome successful.

Sarah Langmead is co-founder and COO of EnterprisesGroup, a company that provides relocation, immigration and language training throughout Eastern Europe and Africa. Enterprises Group is a Service Center for Outsourcing, the company does not outsource to third parties but has trained staff in all destinations, it is the choice of many Move Management Companies and International Law and Immigration firms. ■

• DOUGLAS ALMEIDA – CONTINUED

then, seems to understand the meanings of the mysterious words found in there. Then several unexpected things start to happen and her destiny becomes somehow connected to 800 years ago.

I love to practice nature related-sports, I mean, rafting, trekking, scuba diving... It makes me feel really good to have the chance to be in contact with the nature and have the chance to dedicate and spend part of my free time on complete different environments. That makes me reduce the stress. Other options: have time to be with my family and my friends. Take the time just to talk, have meals together, go to the movies. Those activities allows me to have some level of quality of live.

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• SOUTHERN CONE – CONTINUED

still plays a powerful role in Latin American business, individual accountability and personal initiative is valued and rewarded in the southern cone, and taking responsibility for making things happen is something that often distinguishes Argentine and Chilean business behavior from the rest of Latin America.

Businesswomen are typically more common, and can hold positions of higher authority, than in many other parts of Latin America, and US businesswomen will find a work environment that, for the most part, is far less imbued with the older legacies of machismo male behavior that can sometimes be evident elsewhere in Latin America (the current leader of Chile is a woman).

And while the need for personal relationships and trust is always essential in Latin America, the rule of law, the role of contracts, and the valuing of objectivity, clarity and precision is perhaps more reliable in the southern cone than in the rest of Latin America (this is particularly the

case in Uruguay).

THE MORE THINGS CHANGE, THE MORE THEY REMAIN THE SAME...

Nevertheless, this is still Latin America, and while we can see significant differences between the southern cone and the rest of the region, there are still aspects of Latin American business culture throughout the southern cone that in many ways challenge North American business values.

The need, for example, as referred to above, for personal, trusting relationships, is still an essential requirement to doing business in the southern cone, as it is throughout the region. Therefore, you will need to have a third-party introduction in order to get started in the region: it is difficult to simply make the essential contacts you will need in order to do business on your own. Someone needs to be able to vouch for you, and you will need to take some time up front to establish your credibility and trustworthiness before substantive deal-related discussions can begin with your southern cone counterparts. Be ready for delays and frustrating bureaucracy: while the cultures do not carry the

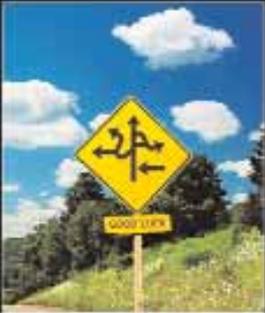
legacy of 15th century conquistadors, southern cone cultures still struggle with the larger issues that have plagued Latin American cultures in general: unequal wealth distribution and the social, political and economic dislocation that results from such.

Certainly, these dislocations are often less severe in the southern cone than in other parts of Latin America, but the southern cone has still experienced its share of political coups, raging inflation and collapsing economies. Relative to the north American environment, working in Latin America – including the southern cone – requires a great deal of flexibility, patience, and perhaps most important, a trusted colleague on the ground who can tell you what is really going on.

NOSOTROS SOMOS TODOS AMERICANOS, PERO...

Southern cone communication styles can be a bit more direct and factual than the communication style of other parts of the region: Chileans and Uruguayans can tell you about difficult or problematic issues fairly directly.

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There is less resistance to avoiding confrontation, if in fact, confronting is necessary to solution. Most importantly, Chileans and Uruguayans will tell you what is going on on-the-ground, an essential ingredient to long-distance business success with any country, but especially so in fluid, unstable Latin America.

Yet, some of the essentials of Latin American communication style remains:

- Until you are invited to do so (although it might happen more quickly in the southern cone than in other parts of the region), when first introduced, refer to individuals with their title (Senor, Senora, Senorita, Licenciado, Doctor, Ingeniero) and their family name, not their given first name.
- Lic. (licenciado, typically referring to someone with a university degree); Ing (Ingeniero, referring to someone with a technical degree); Dr (Doctor, referring typically to anyone with an advanced degree) are sometimes used without referring to a name, but with Senor or Senora.
- If you do not know her marital status, it is always safer in Latin America to refer to a woman as "senorita" than "senora".
- Most individuals of Spanish ancestry have dual last names (e.g.: Sr Jorge Gonzalez-Marquez): use the first of the two last names with the honorific, as the first of the two last names is the more important name, referring to the father's family name (the second of the two is the mother's maiden name).
- Many individuals also have two first names, mainly hyphenated. In this case, never shorten the first name: the first, or given name, is always both names (e.g., Maria-Elena is never shortened to just "Maria").

WATCH THOSE SOUTHERN CONE NON-VERBALS!

The distinctions between southern cone history and the rest of the region, and the unique mix of cultures that makes up the southern cone results in traditions and non-verbal communication styles that are, in some cases, exactly opposite in meaning than the same behaviors next door.

For example, that universal symbol of good luck in Brazil, the "figa" (thumb stuck in between first and second finger) is not

appreciated when you cross the border into Argentina. Firm handshakes are appreciated in the southern cone, and while the ubiquitous Latin American "abrazo" greeting (for men) exists in the southern cone, it is not as de rigeur as it is in other parts of the Latin America (although the "air kiss" greeting between women is very common throughout the southern cone).

If you are a vegetarian, you might have a very difficult time in Uruguay and

Argentina (Argentine's have the world's highest consumption of beef per capita); but in Chile, the emphasis is on fish and seafood. Dine European-style (keeping the knife and fork in the same hand throughout the meal), drink the fine wines of the region (Chilean and Argentine wines are definitely making their marks throughout the oenophilic world), and enjoy some of the specialty drinks of the region (try the "mate": a tea-like infusion made from

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MANAGEMENT

The Key to Expatriate Assignment Success? A Happy Spouse.

by LAUREN HERRING, CRP, GMS; President, Global Services
IMPACT GROUP

With expatriate attrition rates surpassing double that of domestic employees¹, more and more companies find themselves struggling to solve the “dual-career issue.”

In 2005, a record 60% of spouses were employed prior to their partner's acceptance of an assignment overseas, yet only 1 in 3 of these were able to remain employed during the assignment. Clearly, such a sizeable disparity suggests that many trailing spouses either find it too difficult to continue their careers in the new country, or they simply don't receive valuable enough guidance on how to secure their eligibility overseas.

But what does a seemingly peripheral issue like spousal employment have to do with the overall success of an expatriate assignment? Well, upon considering that 67% of expat employees report family concerns as the dominant cause of early returns from an assignment, and spouse / partner dissatisfaction is cited as the top reason for assignment failure², it follows logically that a discontented spouse unable to sustain his / her own career throughout an assignment will indirectly have a negative impact on the assignee.

Unfortunately for employers, such added stress at home often accompanies the employee into the workplace. Current studies show that work disruptions due to dependent responsibilities result in average productivity losses of \$6,825 USD per employee per year³, not to mention an average \$789 USD productivity loss for each unscheduled absence. If these numbers weren't costly enough on their own, consider multiplying them several times over when trying to figure the expense involved in establishing a successful

replacement capable of finishing the assignment on time.

Accordingly, a strong case exists for a spousal support system that will prepare spouses / partners to obtain meaningful employment abroad and – therefore – increase the chances of the assignee successfully completing his / her assignment. Visa constraints, work permits, the length of time abroad, and certification issues, for example, can all hinder the job search process. “More often than not,” says Chris Buckley, (International Consultant Manager for IMPACT Group - a prominent dual career and global transition firm based out of St. Louis) such issues can be effectively addressed if foreseen long enough in advance to align expectations or make proper accommodations.”

This, of course, is where a Certified Career Coach can often make all the difference in ensuring the spouse has access to the information they need for continuing their career in the host country (wherever that may be). Especially through the use of today's increasingly more common virtual service models, coaches and spouse / partners can connect telephonically and/or over the web for on-call assistance whenever (or wherever) the spouse may need it.

Most of the time, spouses are surprised to find out that, by conducting informed preparations, they really can resume work in their current career – or at least a related field. In the case of IMPACT Group, the traditional roadblocks, such as “What are the cultural norms for a résumé in Germany?” or “How do I get licensed in Australia?”, can be addressed head on through the coach's collaboration with an in-house Certified Professional Résumé Writer and Professional Researcher. While

many firms only provide templates and advice in helping the spouse write their own résumé – IMPACT Group's writers will actually work one-on-one with the coach to develop a custom-tailored résumé that puts the spouse's best foot forward in applying for a new job. In addition, they also employ a team of expert researchers to take care of the arduous leg work involved in locating major employers and recruiters in the region so that the spouse isn't left out in the cold with résumé in hand and no place to go.

For the occasional case where license, certification, and/or work visa stipulations simply make it impossible for the spouse / partner to continue practicing their profession in the new location, career coaches can still help by suggesting several career continuation options to prevent any dreaded résumé “gapping” that often occurs when having to take significant time away from one's career. Several options, including internet-based continuing education courses, volunteering, and local expat organizations, can all help the spouse stay in touch with their trade while out of the country on their partner's assignment.

Many spouses are both surprised and delighted to learn that such opportunities exist for them abroad and – given the opportunity – often jump at the chance to take full advantage of dual career assistance services. Again, it's no secret that a happy spouse will inevitably translate into a happy employee who can remain focused on his / her assignment and be less likely to suffer costly workplace distractions. It is critical for the assignment's overall success, however, that families become aware (in advance) of the options discussed above so that working spouses can share the excitement of career transition with their partner – instead of just tagging along behind them.

1 Global Relocation Trends: 2005 Survey Report. Performed by GMAC Global Relocation Services.

2 Value of Services Survey. Performed by IMPACT Group.

3 Assuming a \$100,000 salary (plus benefits) employee loses at least an hour a day of productivity for the six-month period surrounding the move. ■

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WORLD TRADE

Argentina

by ANNE DEAN, Editorial Director
LIVING ABROAD LLC

With a population of over 36 million, Argentina is the second largest nation in South America. Nearly 18 million people live in Greater Buenos Aires alone, making it one of the most densely populated areas in the world. Buenos Aires, the capital of Argentina, is the country's social, cultural, financial, economic and political hub.

During the nineteenth century, Italians, Spanish, French, Welsh, English, Ukrainians and people of other nationalities immigrated to Buenos Aires, making it one of the most culturally diverse cities in the Americas.

Although Spanish is the official language of Argentina, Italian, English and other foreign languages can be heard within immigrant communities. However, most Argentines who speak a native tongue are also fluent in Spanish. As a result, it may be a good idea for anyone moving to Argentina to gain at least a fundamental grasp of Spanish.

Argentina's national currency is the Argentine Peso, which is directly tied to the rate of the US dollar. Thus, Argentina is a dual-currency country where either monetary system can be used.

Due to the fact that Argentina lies below the equator, the seasons are opposite those in Asia, Europe, and North America.

CULTURE

Although Argentina can be cosmopolitan and progressive, when relocating here it is better to err on the conservative side. In most aspects of Argentine culture, dress, lifestyle and business, being conscious of the country's traditional cultural aspects will be beneficial. However, with such a young core population, a youthful, more accepting, and casual atmosphere is begin-



SOURCE: CIA-The World Fact Book

ning to arise; this is particularly true of life today in the suburbs.

In Argentina, people are more open and affectionate publicly and are not afraid to get closer to others--a cultural practice which may not be considered the norm in other societies. Argentines tend to stand very close and touch each other while talking.

DOING BUSINESS

Argentines tend to start a little later in the morning than the time to which foreign nationals may be accustomed. As a result, it may be very difficult to make a meeting before 9:30 a.m. Once the meeting has been scheduled, it is wise to remember that while an Argentine may be late to a meeting, they often expect foreign nationals to be on time.

If planning a meeting during a meal, there are several things to keep in mind. It is not

customary to have meetings during breakfast. Argentines tend to work late into the night rather than start early in the morning. The best time to have a business meal is during lunch. Do not try to talk about business solely, however. Argentines tend to believe that meal times are a social time, and not a time to talk business. The common dinner hour is around 10:00 p.m.

Although organizational structures are sophisticated and business dealings formal, Argentines do business in a relaxed, friendly fashion. They tend to create alliances, work well in teams, and share credit for accomplishments. Although they are very argumentative, they avoid open conflict and direct opposition to viewpoints, especially those of their superiors.

When socializing with Argentines, try to avoid the topics of politics and religion. As Argentines tend to feel passionately about both, they may not be immediately receptive to a foreigner's perspective. Still, it is a good idea for all foreign nationals to have at least a general knowledge of both. Several safer topics of conversation include music and sports. Argentines are quite often passionate fans of football (soccer), so this is always a good topic.

In general, conservative business dress is the rule, but this may vary depending on the region. While Argentines in general are informal in the way they dress, men and women should make a point of dressing formally when doing business. This does not necessarily mean wearing a suit; rather, business casual attire is more appropriate. It is only necessary to wear a tie when dining in very exclusive places or attending a formal social event.

SOCIAL CUSTOMS

When arriving at a meeting or small party, you should make a point of greeting everyone in the room. (Likewise, it is customary to say goodbye to everyone before departing.) It is very important to address people using formal titles. Men may be referred to as "Señor" or, if they are a doctor, "Doctor." Likewise, women are referred to as "Señora" or "Doctora." Among friends, "Don" (man) or "Doña" (woman) is an appropriate title. ■

• **6 THINGS** – *CONTINUED*

living away from home and are used as a main way of networking and keeping abreast of things in the home nation. Contact these groups and ask them to circulate your open roles to their members by email, in newsletters, or via their website. Take a long-term view of such strategies. While they may not garner the perfect candidate for a particular search, they are invaluable for putting you in touch with great people in other markets, who may be able to recommend candidates at home, or could even help you with business contacts in other countries.

3. Use your local office. Take advantage of your foreign office contacts to help you find candidates. Tap into the resources and employee pool of people in other markets within your firm. They are bound to know great individuals who either work within the organization locally, or who have approached them for roles overseas. For multinational organizations, this is a simple way to reach global candidates in which you have a distinct advantage over other smaller or national organizations, so use it. Have local recruitment teams advertise on your behalf and work together to short-list candidates. Where possible, do video conferences with those on the short list. It's a small investment for the right candidate. If your firm is quite sophisticated, you may have mechanisms that allow people to move between global branches and where possible, use those too. If you don't have formalized processes to make this happen, then use your networks, or build networks with your global colleagues informally. Limit your communications to HR or recruitment teams only if you fear that open advertising will produce too many applications from staff who want international assignments and your firm cannot or is not equipped to manage this. Networking with other recruiters within your own organization to share candidates and contacts is a great way to build your profile as well as to source new employees.

4. Work with local search firms. In Sydney, and across Australia, a great deal of recruitment is still done by agen-

cies and search firms. Corporate recruitment teams exist in many organizations, particularly large or global ones with U.S. parents, and they often also use Web-based recruitment systems, but ties to the agency world are still prevalent in Australia's largest businesses. Some companies are using the increasingly popular recruitment process outsourcing arrangements, but many in Australia still have preferred supplier agreements with a number of agencies at reasonable rates that do all their sourcing for them.

Partnering with one or two agencies that specialize in your industry or within a functional area is a great way to locate talent. To find out which agencies to use in a given market, ask the local recruitment team of your firm to make recommendations, which might enable you to get the same preferred rates they enjoy.

5. Share candidates. Consider sharing candidates with other recruiters through various forums and channels. Use things like the split boards on ERE or other recruiters

CONTINUED — PAGE 45

Building Corporate Partnerships

on Performance

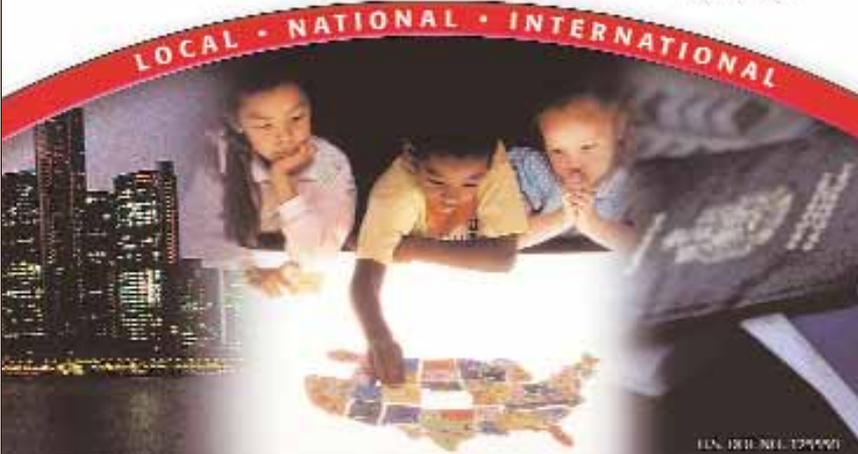


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LEGAL

Foreign Nationals in the U.S.

- Invest AND Protect Your Assets

by R. SCOTT JONES, Esq*. • GOLDSTEIN JONES LLP

The U.S. real estate market has arguably gained in investment appeal in the last twelve months or so due to the downturn in the market. Indeed, its lustre shines ever brightly for some foreign investors due to exchange rate considerations and the relatively low long-term federal capital gains rate at 15%. Even on a revenue basis, the deductibility of mortgage interest and real estate taxes (subject to Alternative Minimum Tax restrictions) is a compelling reason to buy for some foreign nationals living in the U.S. for a period of even just a few years.

Do the foreign national investors know, however, that the full value of their U.S. home could be exposed to U.S. federal estate tax rates of up to 45%!

Are they aware that certain states also impose "death" taxes on assets situated within their state?

DOMICILE REIGNS

Upon the death of one who is not "domiciled" in the U.S. (broadly defined to be someone whose permanent home is outside the U.S.) estate tax is imposed on all assets "situated" in the U.S. including but not limited to a principal residence or other real estate here. U.S. stock holdings and, if applicable, any U.S. pension or 401(k) investments may also be subject to estate tax. Estate tax definitions should not be confused with income tax treatment. It is perfectly possible – indeed common – for an individual regarded as resident for income tax purposes to be considered non-domiciled (sometimes similarly referred to as "nonresident") for estate tax purposes.

SO WHAT'S THE ISSUE?

What about the \$2,000,000 individual estate tax exemption available to U.S. citizens and other U.S. estate tax residents (including most green-card holders), and which will increase to \$3,500,000 in 2009? Regrettably, foreign nationals

domiciled here do not qualify for any increase in exemption. Instead, the exemption available remains at a mere \$60,000 with no legislative plans to increase the amount. Any applicable estate tax treaty between one's home country and the U.S. may help, but there are special conditions to the application of all such treaties. Moreover, notwithstanding such treaties (of which there are less than twenty, unlike the plethora of income tax treaties) in-country real estate investments often remain exposed to U.S. estate tax liability.

Ah, but what if that \$1,000,000 home is fully leveraged by a full recourse mortgage (i.e. one for which you are personally liable when in default) - won't that eliminate the taxable estate? Unfortunately, no it will not. Estates of non-domiciliaries are allowed a deduction for recourse debts only to the extent of the ratio of U.S. assets to worldwide assets. So, if in addition to the U.S. home, the decedent held property and other estate taxable assets outside of the U.S. worth \$2,000,000 (including life insurance proceeds), only 33% [1/(1+2)] of the mortgage would be deductible in computing the U.S. estate tax. Worse still, in order to obtain any deduction at all, the estate's executor must disclose to the Internal Revenue Service the fair market value of the decedent's worldwide assets. Such disclosure is often impractical and almost universally undesirable.

But for married persons, presumably these issues only come into play on the death of both spouses in a tragic common accident? Surely a spouse can bequeath assets to his/her spouse on a tax-free basis and avoid these problems? Once again, the 'normal' rules do not apply if the recipient spouse is a non-U.S. citizen. There is typically no escape from estate taxation via a transfer between spouses as there is no marital deduction for transfers to a non-

U.S. citizen spouse. In fact, these rules apply whether the decedent spouse bequeathing the assets is a foreign national or a U.S. citizen. The rationale for the tax authorities is that, absent these rules, the estate tax deferred assets transferred to a non-U.S. citizen will leave the U.S. tax net, never to be recaptured.

THE CORPORATE DIMENSION

In the international assignment context, such estate tax exposure faced by a foreign national assignee may not be his or hers alone. Many employers have international assignment tax policies in place that seek to apportion tax liabilities between the employer and the assignee. The methodologies run from laissez-faire to tax "protection" to tax "equalization" and variations thereon. The critical point here, however, is that the vast majority of such tax policies address the treatment of income, social security and other periodically imposed taxes. Generally, they do not even acknowledge transfer taxation issues, including the impact of estate and gift taxes. As remote as the possibility is, what happens if the unthinkable happens and an assignee dies while on assignment holding assets that create additional – and possibly significant – estate tax liabilities?

WHO IS LIABLE?

True, many employers' international assignment tax policies discourage the purchase of a principal residence in the assignment host location. However, it is unlikely that such a policy is an effective legal shield against some level of potential employer liability absent specific reference in a letter of assignment as to how such potential liabilities should be treated. An employer could very well be exposed to additional tax liabilities simply by omission. The value of coordination between employment counsel and tax counsel coupled with an effective communication strategy with assignees speaks for itself.

GOING LOCAL

Once again, in the same manner that tax and compensation policies may focus on allowance phase-outs and the weaning off any income tax reconciliation program in place, localization also raises the specter of a fundamental shift in the estate planning issues facing foreign national assignees, particularly in the context of application

CONTINUED — PAGE 47

• **EDUCATION – CONTINUED**

- Generate a list of criteria based on the child's needs, strengths, weaknesses, family values (religious, non-denominational, single-sexed, coed, progressive, traditional, large, small, early childhood vs. ongoing) and geographical logistics;
- Identify a manageable list of schools to consider based on the criteria above, generally a list that can be viewed during the look-see visit;
- Research these schools through the school's own website, any local reference books, or the internet to determine the ethos as well as basic facts about each school;
- Include a range of schools on the list, such as public, independent, large and small, reach schools as well as safety schools, essentially all that might meet the needs and interests of the child; families can learn as much about what they are seeking from considering schools that do not suit their child as ones that are a perfect fit.
- Call or email the school to find out

about availability, deadlines, required testing and the application process;

- Schedule visits for the week of the look-see trip as there is no substitute for seeing with one's own eyes;
- Ensure that applications and supporting materials are submitted prior to the visit, and that appointments are secured for tours, interviews and other desired appointments;
- Use the interview to find out about the school. No question is a bad question and this process is not just about getting in, but about finding a good match.

After acceptances are in hand, a thoughtful process should be undertaken before a choice of schools is made. The purpose of this is to ensure that the family understands the culture of the school they are choosing, how newcomers are welcomed, how curricula between old and new school compare, and how the school assists children who may be behind in some areas or ahead in others. If possible, families should visit at invited times (open houses, tours, interviews) as well as impromptu

times such as drop off, pick up, sporting events, fairs, PTA meetings, plays, concerts or any other times when it is possible to get a real flavor for the school in action. Families need to know that getting into a school is only half of the process. It is in their interest to do their homework beforehand to be sure that their children will be successful and that their family will fit in.

Parents are often overcome by guilt about moving their children, and may not be comfortable moving unless they can feel secure about the school decision. However, a mid-course move actually can be an unparalleled opportunity for families to re-evaluate their children, to assess whether or not the current school is the best learning and social environment for the child at present, and to make an even better choice for the future.

When HR can assist parents to reframe the inevitable into an opportunity for growth, the school search process can go much more smoothly and can actually become a positive aspect of the relocation. ■

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• **H-1B VISA – CONTINUED**

TN VISAS FOR CANADIAN AND MEXICAN PROFESSIONALS

Created pursuant to the North American Free Trade Agreement (NAFTA), the TN visa is available to certain professionals who are citizens of Canada or Mexico. To qualify for TN status, the foreign national must be offered a temporary position in one of the professions specified in Schedule 2 of NAFTA and must possess the degree or credential required for the position. The TN visa is granted in one-year increments, with no statutory limit on the period of stay in TN status.

L-1 VISAS FOR INTRACOMPANY TRANSFEREES

The L-1 visa is available to certain employees who have worked for a parent branch, subsidiary, or affiliate of the employer outside the United States for at least one consecutive year. In order to qualify for the L classification, the employee must have worked for at least one consecutive year during the last three years in an executive, managerial or specialized knowledge capacity. In addition, the employer must seek to transfer the employee to the United States to assume an executive, managerial or specialized knowledge position.

L petitions are approved for an initial period of three years. Executives and managerial level employees are granted L-1A status and are permitted a maximum stay of seven years in the U.S. Non-managerial, specialized knowledge employees are granted L-1B status and are permitted a maximum stay of five years. Note that time spent in the U.S. in H-1B status counts against the L-1 stay, and time spent in L-1 status will count against the six-year limit on H-1B time.

J-1 CLASSIFICATION FOR BUSINESS TRAINEES, EXPERTS, SCHOLARS AND OTHERS

The J-1 visa category may be used by foreign nationals to enter the United States as exchange visitors to participate in U.S.-government-approved exchange programs, for the purpose of gaining experience, studying, or doing research in their respective fields. Note, however, that in some cases, exchange visitors may be required to comply with strict home-country residence requirements immediately following the

completion of U.S. training.

Employers seeking to sponsor exchange visitors must either establish an approved exchange visitor program or utilize the services of a recognized independent program. Such programs may be sponsored by businesses, government agencies, educational institutions, hospitals, and non-profit associations. A wide variety of qualified visitors may be sponsored for J-1 classification, including business trainees, college and university professors, research

scholars, and foreign medical graduates participating in U.S. internships and residencies. The period of admission for J-1 visitors varies according to the type of exchange program, but generally ranges from 18 months for most trainees to five years for professors and research scholars.

H-3 TRAINEE VISAS

Foreign nationals who will receive training from a U.S. employer that is not available in the person's home country may qualify

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MANAGEMENT

Repatriation: Can Companies Do More?

by GALEN TINDER, Manager
RICKLIN-ECHIKSON ASSOCIATES (REA)

Repatriates encounter problems returning home that are as daunting as those faced when they become expatriates. There is widespread agreement about the nature, cause and solution to these problems. Our focus here will be on the solutions and what inhibits their implementation on the part of many multi-national companies. First, a quick review.

Concern with repatriation is not new, having been articulated a quarter century ago by business commentator M.C. Harvey (Harvey, M. 1983. "The Return Side of Foreign Assignments: Dealing with the Repatriation Dilemma." Columbia Journal of World Business.) Ten years later two researchers, J.S. Black and H.B. Gregersen, sought to explain the high repatriate drop-out rate by actually interviewing repatriates (Black, J.S. and Gregersen, H.B, 1991. "When Yankee Comes Home: Factors Related to Expatriate and Spouse Repatriation Adjustment." Journal of International Business Studies.) While issues of repatriate adjustment have for many years played second fiddle to the challenges of expatriates, the factors uncovered by Black and Gregerson are by now familiar to nearly all who are involved in global mobility.

The key to understanding the strain of repatriation is in the gap between expectation and actuality. This gap appears in both the personal life of the repatriate and his family and in the work reintegration of the employee.

The very term "returning home" resonates with feelings of familiarity, coming back to one's comfort zone and a sense of belonging. These expectations are often dashed by the reality. The repatriates, both employee and family, come home as changed people and many of the friends and family members they return to have

also changed. The repatriates can't just slip back in where they left off before their relocation. Repats find that their global exploits and new perspectives are of little interest to others. This chilly homecoming stands in stark contrast to the close knit expatriate community they recently left.

When the employee returns to work he is disconcerted to find how much it, too, has changed. Departments and divisions have been merged, dissolved or reconstituted. Former colleagues have been promoted, reorganized, replaced or downsized away. Those left are immersed in their own lives and find little relevant in the repat's experiences abroad. They may even regard the expatriate with hostility, as a threat to their own position and power. These attitudes on the part of colleagues and the company as a whole, leave the repatriate feeling deflated and discounted.

Even worse, the employee returns to corporate home base, often after a professionally challenging and exciting several years, to find that nobody is sure what to do with him. There may be no job waiting for him, much less one that capitalizes on the skills and competencies he developed while away.

The collusion of personal and professional disappointment hits the expatriate hard. Anger and bitterness settle in and set the stage for defection to another company.

How do repatriates defect? Figures vary. A recent study put the one-year drop out rate at around 25% total and the three-year rate at 40%. Other figures are both lower and higher. There is little dispute, however, that the repatriate rate of turnover is higher than average.

This flight of repatriates is costly to companies. As is often the case with human capital calculations, it is hard to pinpoint an

exact figure. Turnover per se is expensive and companies support expatriates to a tune of several hundred thousand dollars a year. These expats are often among the more talented and able employees and they return to the home country with expertise and ability that adds to their value, especially in an increasingly global economy.

In a recent conversation, Lisa Johnson, Director of Cartus Consulting, pointed out that the significance of these losses doesn't even depend on whether repatriates leave at a faster rate than other employees. Even if their rate of attrition is average, this "is an example of poor mobility program ROI since you have just invested so much money into this population; you would want your attrition rate of repats to be at 0%."

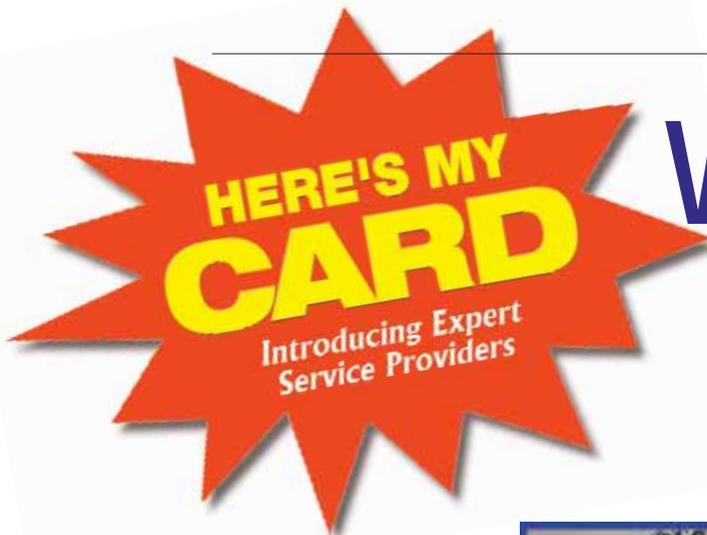
This being the case, why aren't all multinational companies taking more vigorous steps to address the problems of repatriates? Whatever the reason, it is not that they are at a loss for effective action. Companies that have tackled the problem, like AT&T, have modeled successful initiatives.

When the two aforementioned researchers studied repat turnover, they found the chief causative factor to be the gulf between expectation and actuality. This incongruence often sets up families and employees for severe disappointment and disillusionment. This makes it critical that future repatriates begin to hear about the personal and career realities of repatriation even before their expatriation.

The employee needs his career expectations brought into line with reality. But companies also need to work the other end by helping the reality to more closely approximate expectations.

This can be done by wrapping the expatriation-repatriation event into an overall

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Worldwide Networking

WORLD TRADE

UniGroup Worldwide purchases Interdean Group Asian subsidiary

ST. LOUIS — UniGroup Worldwide, Inc., has purchased the Asian subsidiary operations of London-based Interdean Group Ltd. Interdean Asia facilities located in Singapore, Hong Kong, China, Malaysia, Thailand, Vietnam, and the Philippines are included in the transaction. "This acquisition closely fits our company's strategic interests as we grow in that increasingly important economic region," said Michael Kranisky, president of UniGroup Worldwide. "The addition of these operations to our current UTS alliance strengthens our service delivery capability in the Pacific Rim and ensures that we will keep pace with the requirements of an expanding customer base." UniGroup Worldwide is the international arm of UniGroup, Inc., one of the nation's largest privately held companies. Together with its strategic alliance partner UTS, it provides international household goods moving, air-freight forwarding and logistics management services throughout the world. Based in suburban St. Louis, UniGroup, Inc. is the parent company to United Van Lines, Mayflower Transit and other transportation related subsidiaries that generate total revenues exceeding \$2.2 billion. ■

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• 6 THINGS – CONTINUED

in your network to help the candidate and yourself. Ensure that when you attend conferences, you seek out vendors and suppliers from other countries including Canada, and try to meet as many foreign recruiters as possible.

6. **Go out of your way for the best candidates.** Talented people always have options and are in demand. They don't have to work for your company but they might want to. If you do talk to expatriate candidates, ask if they will require re-location instead of assuming they will. Be honest if you can't provide it, but don't rule them out immediately just because they are overseas today. In most cases, costs for returning the employee and his or her family from an assignment will be met by the employer either through contract or local legal obligations. In addition, the expat could be planning a return or home trip very soon, forgoing the need for any investment in long-distance communications through the recruitment process.

View global experience positively rather than as time spent out of the loop. Just because the experience has been gained in a local company or subsidiary office, rather than in corporate headquarters, does not make it any less relevant. In fact, it may make it more so.

Markets abroad are vibrant and challenging, and global work environments often present situations to foreign employees that would never have been faced at home, making for a truly well rounded employee.

Some people go abroad to turn an operation around, or to open a new arm of the business elsewhere. Others go to explore and develop relationships or businesses in the emerging markets of Asia and India. These skills could be just what you are looking for. The value such candidates can bring from time spent overseas is worth the investment of a phone call at least.

Laura Randell was most recently Head of organizational effectiveness for Rabobank Australia and New Zealand where she set and led the strategic people attraction and development plan for the organization. Prior to this, she worked with Woolworths, Australia's largest employer, developing the employer branding strategy for all 14 retail brands. Laura has also worked with major Canadian financial institutions such as RBC Royal Bank and CIBC.

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• MAGELLAN – CONTINUED

time (as China's autocracy was able to do).

But the source of India's boom lies deep in its cultural heart, for IT opportunity and technological advantage and even politics can all converge to produce a great many things, but in India they converge to produce the world's "back office", and the reason for that is the Indian cultural context of "service" in which all this occurs.

CULTURE AS PROPHET

As we have seen, politics and economics, from both within and without, impact a nation's course, but how a nation responds to these forces and circumstances, and how it is impacted by them, is a reflection of its culture. In today's globalized world, how nations respond to global economic and political forces becomes a profound reflection of its culture, and the convergence of culture and globalization provides nations with advantages and disadvantages.

If the advantages that globalization present outweigh the disadvantages, the result can be a China and India phenomenon. If the disadvantages outweigh the advantages, or if a nation cannot or will not find a way to connect its unique cultural legacies with the economic opportunities that globalization presents, the results can be some of the awful political and social dislocations that all too often make the daily headlines.

Some of India's cultural traditions held India back economically at first, giving the initial economic advantage to China; but these same cultural traditions also allowed India to eventually emerge, through globalization, as the world's service-office. For centuries, some of China's cultural traditions prevented China from economically developing until these cultural traditions converged, through globalization, with the world's need for inexpensive manufactured goods in quantity.

Change is always the one certainty, and while culture is the force that can propel a nation under the right circumstances from one condition to another, those same cultural factors can easily hold the nation back from moving on to yet a greater stage. Today, for both China and India, it is a case of being the right culture at the right time, and for both of these giants, their continued success will depend upon their ability, not only to continue to provide what their cultures already predispose them to do so well (that's the easy part), but rather, to grow beyond what these traditions offer, as the tiger and the dragon assume a leadership role in the new, post-global world of the 21st century. ■

• FOREIGN NATIONALS – CONTINUED

permanent resident status. The treatment of foreign pension arrangements, for example, has attracted increasing attention in the last couple of years due to detrimental changes in the cost basis treatment of such plans for income tax purposes upon distribution. This is but part of the picture, however. With permanent residence status, very often also comes the inclusion of foreign assets into the U.S. estate tax as a domiciliary for U.S. estate tax purposes. While the exemption amounts are considerably higher, the assets within the tax horizon very often broaden equally, if not disproportionately. To be informed, such decisions should be met by careful pre-planning at the departure gate. Indeed, there may be some very effective tax strategies available to such individuals, the timeliness of which is of the absolute essence.

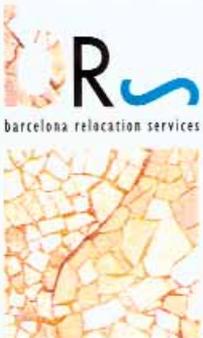
PROTECTING THOSE ASSETS – YOURS AND THEIRS

The tax rules outlined – and the risks they pose – all seem very unfair, if not scary in their application. But what are some of the key procedural and tax technical solutions available?

Policy review and comprehensive letters of assignment would seem essential from the perspective of clarifying who is liable for any additional estate liability arising from an assignment. Other practical measures taken by some employers are to engage the services of tax advisors and estate planners with respect to these specific issues at the option of at least certain (perhaps more senior) groups of assignees. At minimum, a simple recommendation to assignees that are intending to purchase U.S. real estate, or otherwise are localizing, that they should seek comprehensive income and estate tax planning advice is a valuable – and perhaps critical – first step.

The foreign national should also give serious consideration to exploring whether a U.S. Will is advisable in circumstances where he/she purchases US estate taxable assets (even if additional to – and coordinated with – a Will in his/her country of domicile). Indeed, in any event, if he/she has accompanying children while on assignment here, a U.S. Will may be critical to avoiding potential guardianship issues in

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• FOREIGN NATIONALS – CONTINUED

the event of a fatal accident common to both spouses. The kids come first! In addition, if an individual transfers assets to his/her non-U.S. citizen spouse, the estate tax due may at least be deferred via a properly drafted Will incorporating what is known as a Qualified Domestic Trust (QDOT). Such a trust may be created in life or shortly after the death of the first spouse.

Estate tax risks facing non-domiciliaries may also be hedged very effectively with life insurance proceeds. Indeed, life insurance vehicles are extremely versatile tools for the protection against both income and estate tax liabilities in a number of situations. They also carry the advantage for estate tax non-domiciliaries that they are per se not estate taxable on death benefits paid (whether obtained through a U.S. insurance carrier or not).

Lastly, a foreign national could try negotiating a "non-recourse" debt with his or her mortgage lender. A non-recourse debt is one with respect to which a lender has a lien only on the asset securing the loan, without recourse to the borrower's other assets. The advantage of this mechanism is that it permits a full deduction for the value of the debt against the estate taxable real property asset. Compare this to a recourse loan situation noted above of requiring worldwide disclosure of assets in order to qualify merely to prorate the offset of mortgage debt on the ratio of U.S. to worldwide assets.

In summary, understanding how the estate tax rules apply to a foreign national's circumstances is the first notch in an action plan to mitigate any potential adverse estate tax consequences.

THE MORAL OF THE STORY?

While that new dream home looks attractive, the foreign national should avoid creating a potential estate tax and administration nightmare for those left behind!

*R. Scott Jones, Esq. is a partner with New York law firm Goldstein Jones LLP. For more information, contact Scott at (914) 214 5579 and visit www.goldsteinjones.com

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• H-1B VISA – CONTINUED

for the H-3 visa. They must demonstrate that the training will benefit them in their career abroad, and that they will not engage in productive employment that would displace any U.S. workers or that is being used to recruit personnel for the U.S. employer. The U.S. employer must provide USCIS with evidence of a fixed schedule, objectives and means of evaluation of the foreign national's activities. H-3 trainee visas are valid for a maximum of two years.

O-1 VISAS FOR INDIVIDUALS OF EXTRAORDINARY ABILITY

The O-1 visa classification is available to individuals who can demonstrate extraordinary ability in the sciences, education, business, athletics, the arts or the motion picture or television industry. Three types of O-1 visa are available, each with different standards of extraordinary ability. Foreign nationals who seek O-1 classification in business, the sciences, education or athletics are subject to the most rigorous standard, and must show that they are among the small percentage of people who have risen to the very top of their field of endeavor, as demonstrated by sustained international or national recognition for their achievements in the field. Foreign nationals seeking O-1 classification in the arts are held to a somewhat lesser standard, and must demonstrate prominence and a record of extraordinary achievement in the field of endeavor. Finally, those seeking O-1 classification for extraordinary achievement in the motion picture or television industry must fulfill the least restrictive standard, demonstrating a very high level of accomplishment, above that ordinarily encountered in the field. An O-1 petition may be approved for an initial period of three years, and O-1 status may be extended in one-year increments, with no statutory limit on the number of extensions available.

E-1 OR E-2 VISAS FOR TREATY TRADERS AND INVESTORS

E visa classification is available to principals and employees of companies whose country of majority ownership has concluded a commerce or investment treaty with the United States. E-1 treaty trader status is

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• **H-1B VISA** – CONTINUED

available to businesspeople who seek to engage in substantial trade in goods or services between the United States and the country of majority ownership of the business. The E-1 visa applicant must be employed in a supervisory or executive capacity and must possess highly specialized skills essential to the efficient operation of the firm. E-2 treaty investor status is available to individuals who seek to develop and direct the operations of an enterprise in which the visa holder or his or her employer has invested or in the process of investing a substantial amount of capital. Treaty investors must be employed in a supervisory or executive capacity, or must possess highly specialized skills.

E nonimmigrant status is granted for an initial period of two years and may be extended indefinitely, as long as the foreign national intends to leave the United States when his or her period of authorized stay ends.

E-3 VISAS FOR AUSTRALIANS

Professionals in specialty occupations who

are citizens or nationals of Australia may be eligible for the E-3 visa, created by special legislation that went into effect in 2005. The criteria are nearly identical to the H-1B visa, and there is an annual allocation of 10,500 which is not expected to be reached. E-3 nonimmigrants are admitted for an initial period of two years. E-3 status may be extended indefinitely, as long as the foreign national intends to leave the United States when his or her period of authorized stay ends.

B-1 IN LIEU OF H-1B

In certain circumstances, a U.S. consulate or embassy abroad will issue a B-1 (business visitor) visa to person who would otherwise qualify for H-1B status. The person must remain on a foreign payroll, must not receive any remuneration from a U.S. source other than reimbursement for incidental expenses, and the benefit of the person's activities in the United States must ultimately accrue to the foreign employer.

Typically, the B-1 visa is issued for employees seeking to enter the U.S. for training or to participate in collaborative deals or proj-

ects with a U.S. parent, subsidiary, affiliate or branch of the employer abroad (although there is no requirement that there be a specific corporate relationship between the foreign and U.S. employers, as there is under the L-1 visa category), or with a customer or prospective customer in the United States. The B-1 in lieu of H-1B is generally only issued for short-term stays, i.e., of less than one year. Persons who qualify to enter the United States without a visa under the Visa Waiver Program may enter in B-1 status for up to 90 days, but are not eligible for an extension of stay or a change of visa status.

CONCLUSION

The insufficient number of H-1B visas for highly skilled temporary professional workers has created serious challenges for employers that rely on foreign workers, particularly in the high technology and health care industries. A related problem, beyond the scope of this article, is a shortage of immigrant visas ("green cards") for workers seeking to fill similar positions on a permanent basis.

The only real solution is a legislative fix by Congress that would raise the H-1B cap and increase the number of immigrant visas available to employment-based applicants for permanent residence. While national security and border control are important governmental prerogatives, the global competition for talent virtually mandates that the United States open its borders to a larger number of highly skilled workers.

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• REPATRIATION – CONTINUED

career plan that maintains a close relationship between the expat throughout the assignment. Tata Consultancy Services Limited (TCS), a global information technology company headquartered in India, has put together a best practices model. TCS does not differentiate between expatriates whose assignment is to accomplish a defined goal and the smaller number sent abroad for the experience necessary to their career trajectory. All TCS employees who depart for distant shores participate in a comprehensive career management program. While on assignment, expatriates maintain a close relationship with the home location and are involved in an ongoing performance management system that aligns them with post-repatriation opportunities.

TCS's system is highly developed, giving it the lowest repatriate turnover of any company in its industry. Other companies have brought career management concepts into the expat-repat cycle through frequent home visits and the use of mentors who keep in close contact with the employee throughout expatriation. Some companies, like AT&T, make psychologists available to expat-repats to help them with the psychological challenges of transition.

To sum up, the solutions to high repatriation turnover are neither mysterious nor difficult to implement. Why, then, do so many companies still allow the repatriation experience to spin out of control? The repatriation

literature suggests several reasons:

- It is counter-intuitive that employees and their families should experience serious acclimation problems when returning home.
- It is difficult to measure the ROI lost to repatriate turnover.
- Returning employees have not found ways to band together and advocate for themselves.
- Companies send employees on global assignments to accomplish tasks in the host country, not to develop them as assets in a global economy.
- Repatriates do not have well-placed advocates in Human Resource departments or among line managers.

Several repatriates interviewed for this article said that companies neglect them because they don't care about their post assignment usefulness. This grim assessment may have some truth to it. But this may also be the feeling that is engendered by inadequate structures and operational ineptitude.

Lisa Johnson of Cartus remarks, "In my experience, the primary reason why companies do little to have a formal retention strategy for repatriated assignees is because once the assignee returns from the assignment, they are no longer under the mobility department's realm of responsibility."

This disconnect can be remedied when companies "position repatriation as a critical business issue for the organization." (The

Challenges of Repatriation by Lisa Johnson). TCS's executive vice president and global head of HR, S. Padmanabahn believes there is no set formula for a successful repatriation policy but that fundamental is "a reintegration facilitation involving HR and line management; relocation and cultural assistance; collection of expatriate feedback; maintenance of skills; mentoring; and review meeting(s)." (International Assignee Career Cycle and Repatriation, by Christine Wilson, Expatica).

This integration of Human Resources into corporate business structures where its presence is seldom felt would enable companies to address key repatriation concerns:

1. The need for a more formalized program and process around repatriation
2. Better career planning, tracking, and retention of talent
3. More effective communication and expectation management
4. Improved reintegration strategies and, subsequently, improved ROI (Return on Investment)

(Johnson, Cartus Reference Library, Cartus Web Site www.cartus.com)

Without an integrating function such as Human Resources, such changes are not easily won. And there is the key word-change. Organizational change usually means that some people gain power and others lose it. Thus successful organizational change needs strong incentives and

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• REPATRIATION – CONTINUED

must be championed by those in the company with the most power—its senior management.

Future repatriates have time on their side. In the long run it won't be enough for multinational companies to merely have employees in different parts of the world. Truly global companies will be imbued with a global consciousness. They will need expatriates who go out and learn first-hand how to function and thrive in a global economy and who return as repatriates, embodying a global perspective, to serve as teachers and exemplars of a new age.

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• SOUTHERN CONE – CONTINUED

herba mate, a local plant, and generally served in a gourd with a straw; you take a sip and pass the gourd to the next person at the table; in some circles, you sip through a silver straw! The mate is usually drunk unsweetened, and at the end of a meal, or as a social drink at an evening gathering).

The recent pop division of the world between the developed world of the "north" and the "developing" and "under-developed" world of the south is a problematic metaphor when describing the distinctions between the US and the southern cone. While there are certainly distinctions between North American and South American cultures and their resulting business behaviors, the surprising similarities based on a shared historical legacy of modern European thought and culture makes it difficult to place the southern cone in this under-developed "south".

Indeed, European countries on the wrong continent. ■

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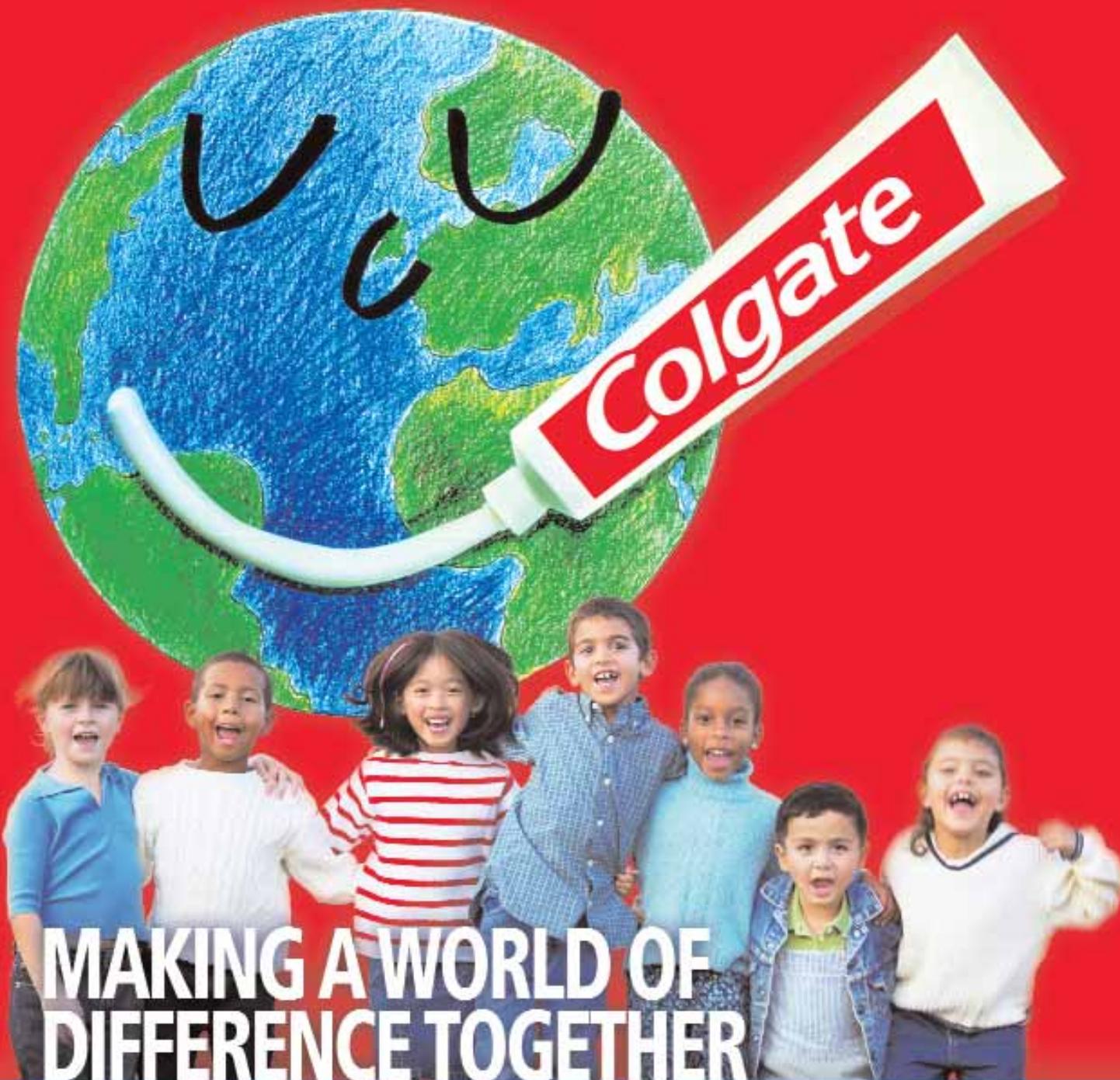
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