



# **RISKS FOR INTERNATIONAL ASSIGNEES IN AFRICA**

**SARA International Mobility Group Meeting**

**14 JUNE 2017**

# INTRODUCTION

- Risks – take many forms and cover all business functions:
  - Reputational and brand
  - Legal, statutory
  - Financial – currency, costs of benefits and allowances, inflation, salary increases
  - Pension, medical, health & safety
  - Internal equity
- Governance – do your decisions follow the policies and rules of:
  - Internal company processes
  - Legal and or statutory
  - Labour
  - Ethics, behaviours

# RISKS

- Reputational and brand
  - Often first person opening new office is an assignee. How do they present your brand image.
  - Reputation – what about gifts? Payments to expedite matters?
  - Marketing/communication training and readiness?

# RISKS

- Legal and statutory:
  - Many different statutory and legal requirements per country.
  - Is your mobility team up to the challenge of a complex continent?
  - Labour law and visa/work permit risk?

# RISKS

- Financial:
  - Hard currency gains/losses.
  - Costs of benefits and allowances – what is allowed, how to calculate increased cost risks?
  - Rapid inflation – impact on budgets.
  - Salary increases – on basic, allowances, all expenditure?

# EXAMPLE CURRENCY CALCULATION

National Currency	Annual Base Currency	Annual Base Salary dd/mm/yy	Annual Base Salary 01.01.2016 (home currency)	% of salary protected	Value BoY Home Currency	Value EoY Home Currency	Average	Depreciation (10%) Home currency	Depreciation (10%) Local currency
\$\$\$	\$\$\$	800 000	72 500	400 000	36 250	15 231	-0.579827	-21 019	-551 988

## ○ Considerations

- Which countries or currencies – all or some? What is differential to review 5%, 10% or more?
- Employee or Employer generated calculations?
- Salary definition and timing (what date, all salary, percent of salary, or salary and any allowances?)
- Who signs off – ensure governance process and approvals followed.
- Communicate and implement.

# RISKS

- Employee benefits:
  - Retirement – double funding?
  - Medical – are you prepared to evacuate someone?
  - Health & safety – Ebola, yellow fever, kidnapping, safe working conditions?

# RISKS

- Internal equity:
  - Local or balance sheet approach
  - What is equitable – salary only or benefits
  - Avoid “them” and “us” mentality
  - How is it managed and by whom?



# GOVERNANCE

- Internal company processes – why wait for “we have to comply” – be proactive
  - Updated policy?
  - Formalisation of actions and responsibilities
  - “Exceptions” approval process
  - Communication

# GOVERNANCE

- Legal and/or statutory
  - Valid work permits
  - Are you prepared for audit from local Home Affairs?

# GOVERNANCE

- Labour concerns
  - Unions, collective bargain units – knowledge level of assignees in senior roles?

## PREPARE AUDIT CHECKLIST - *EXAMPLE*

- ✓ Conformity to global policies, tax, etc.
- ✓ Are you in compliance with local labour law – e.g., recent ongoing Angola changes?
- ✓ Who follows up on any changes in regulations?
- ✓ Expatriates contracts – admin, who monitors?
- ✓ Follow-up of expatriates medical and pension plan
- ✓ Payroll – are they paying correctly as per contract/policy: 13 cheques; 12 cheques – who audits: mobility or local HR?

**THANK  
YOU!**