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A Deterrent to Expatriate Transfers?

By Lisa Alton, Senior Manager, Global Employer Services, Deloitte LLP

The forthcoming 50 percent tax rate in the UK dominates current headlines, but is it really as bad as it sounds, and what is the extent of the changes?

Some of the expected changes include:

From 6 April 2010:

- A 50 percent tax rate on individuals' earned taxable income of more than £150,000, instead of the current 40 percent highest marginal tax rate;
- Phase out of the personal allowance for those earning £100,000 or more.

From 6 April 2011:

- Restriction of higher rate tax relief on pension contributions for those with taxable income of £150,000 or more;
- Complete loss of higher rate relief for those with taxable income of £180,000.

The combination of these changes means that the UK will have some of the highest rates amongst the G20 countries and will significantly change the cost of seconding tax equalised individuals to the UK. The highest rate of tax gross up will rise from 67 percent to 100 percent or £1 of tax for £1 of net remuneration.

Expatriate programme managers should carefully consider what value they can bring to their businesses by trying to mitigate these additional costs. Is their company's current approach to tax planning sufficient, or is now the time to consider what more can be done?

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2009 SIRS® Middle East Benefits Policies and Practices Survey

By Arnaud Cordebar, Reward Consultant

During the last few years, the concept of "cash is king" in terms of Middle East benefits practices has become prevalent. Companies are delivering benefits such as housing, transportation and vacation air tickets in cash rather than as direct benefits.

One aspect of the Gulf Region's compensation and benefits structure that makes it somewhat unique is that not only expatriates but also employees on "local" conditions receive benefits such as housing, vacation air tickets and, in many cases, children's schooling. This puts a different perspective on the practice of "localisation" compared with many other parts of the world where localisation usually results in a loss of these benefits and the assignee is placed on a "truly local" arrangement. Typically, true localisation does not happen in the Gulf Region.

Furthermore, historically, items such as long-term incentives or medical plans have not been on top of HR's priority lists in the Middle East.

However, multinationals anxious to retain their highly mobile talent are using these incentives and benefits as retention tools.

Given all of these variations and changing trends, ORC is currently conducting a Benefits Policies & Practices survey in 10 countries across the Middle East (UAE, Saudi Arabia, Qatar, Kuwait, Bahrain, Oman, Egypt, Lebanon, Jordan and Syria). The survey's purpose is to capture the current trends in terms of benefits provisions and assess the local impact of the global economic situation.

This survey features comprehensive and confidential data on a wide range of benefits policies across four job levels (senior management, middle management / supervision, professional staff, and support staff), and two categories (local-national and local-non-national employees). The survey will report on how the economic situation is impacting employee benefits.



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Meeting the Challenge of Employee Engagement in Today's Climate

By Deirdre Golden, Director Global Equality, Diversity & Inclusion Practice

In today's challenging economic environment, all efforts are understandably focused on keeping the business competitive and viable. As a consequence, little energy is left for anything else, particularly when that something else does not appear to have a link with the bottom line. Any professional working in diversity or HR knows this all too well.

How can you persuade your senior business leaders the benefits of diversity to the organisation?

How can you reach the middle managers whose engagement and support are vital to the success and sustainability of any diversity strategy? How do you engage your employees in a way that will help create interest and energy in the benefits of an inclusive workforce and environment at a time when their real focus is most likely on their future job security?

Drawing on its long and extensive experience of diversity initiatives, organisation development, and change management, ORC has designed an interactive seminar which will help anyone struggling with these and similar challenges.

For further information, or to register for the workshop, please click on the attached link:

<http://www.orcworldwide.com/hrledi/seminar.php>

or contact: Deirdre Golden, Director, Global Equality, Diversity, and Inclusion Practice, London:

Email: Deirdre.Golden@orcwww.com



The European Court of Justice Considers Consultation Rights and Employer Duties

By Fiona Webster, Director

Two cases currently before the European Court of Justice address the important issue of employee consultation rights. The ECJ has already ruled in one case and; on the second one, the court has given its preliminary opinion with its final judgment expected in approximately six months. Both ECJ decisions have important implications and are potentially helpful to employers.

In the first case, the ECJ has ruled that consultation rights in the event of a collective redundancy is a collective, not an individual employee's right. In this case, Belgian law limits that individual workers may only bring a complaint if the works council has first formally objected to the employer's actions, and then only on certain procedural grounds. The directive permits national implementing

laws to go further than the directive and grant individuals certain rights, but there is no requirement on national law to do so.

In the second case, the issue under examination is the timing of consultation in the event of collective redundancies. This is a key issue for employers as it may have significant implications for business decision making. The ECJ's preliminary opinion states the employers' obligation to consult is not triggered where an employer takes measures which give rise to the need for collective redundancies. Rather, the consultation obligation is triggered "at the moment at which it is apparent that the employer intends to make collective redundancies or, at least, that he already foresees the possibility of doing so as a consequence of the measures planned".

Furthermore, where the parent company takes the decision, the obligation to consult arises only where it has identified the subsidiary which will be affected by the redundancies. In this case, the company had taken the decision to disengage from its factory in Finland but had not yet decided to close it. The full ECJ is required to consider the preliminary opinion and may either confirm, or choose to disregard it.

For information on ORC's European Labour and Employee Relations Network, please contact Philip Sack (philip.sack@orcwww.com).

ORC/Deloitte Conference Highlights HR Issues in Developing Countries

ORC's annual conference cohosted with Deloitte, "An Emerging World: Seize the Potential", will focus on the increasing need for employers to react to the ever-changing business environment from a compliance, cost and talent perspective in key locations such as China, India, Eastern/Central Europe and the Middle East.

The conference will be charged at £295 + VAT.

For further information about this event or to register, please contact Jodie Rollison (jodie.rollison@orcww.com).

October Meeting Dates for Expatriate Forums

The European Expatriate Policy Forum aimed at senior HR professionals who are responsible for managing expatriate remuneration and policies in major international companies will be held on the 22 and 23 October at the Sheraton in Brussels. Two of the confirmed speakers so far are Tina Burnham of Syngenta and Craig Muir of Deloitte.

For more information about either of these network groups, please contact ukicssupport@orcww.com.

Tenth Meeting for Members of UAE HR Network

In October, the UAE HR Network will hold the tenth meeting since its 2006 inception. The network meets thrice-yearly, and its membership contains 45 companies from across most industry sectors in Dubai and Abu Dhabi.

ORC's Middle East Managing Director, John Macdonald, likes to strike a balance between strategic issues and day-to-day operational concerns. "Our most important goal in facilitating the meetings is to offer some 'takeaways' to ensure that the members feel that they have learned something during the day that will help them deal with the current day-to-day challenges that they face."

For more information about the network and its next scheduled meeting, please contact Network Coordinator Sarah Handa (sarah.handa@orcww.com).

EU Council Adopts the "EU Blue Card" Directive

On 25 May 2009, the Council of the European Union adopted the EU Blue Card Directive on the conditions of entry and residence of third country nationals for the purpose of highly qualified employment. This directive establishes attractive conditions for third country nationals to take up highly qualified employment, by creating a common fast-track procedure and conditions for member states to issue a special residence and work permit called the EU Blue Card.

Designed to make the EU more competitive, the scheme will complement rather than replace individual members states own schemes for attracting highly skilled workers. The card will be valid for 1 to 4 years and can be renewed. It will mean that Blue Card holders will have equal treatment with nationals in a number of areas.

For more information, please visit <http://register.consilium.europa.eu/pdf/en/08/st17/st17426.en08.pdf>

Fiona Bartels-Ellis Honored with Peter C. Robertson Award

On Wednesday, 24 June, Fiona Bartels-Ellis OBE (right) of the British Council received the Peter C. Robertson Award to recognise her achievements in the field of equality and diversity. Ernst & Young hosted the event at their More London location. At the reception, we welcomed friends and members from the US and Europe, as we were holding the Global Diversity Forum the following day at the head office of GSK in West London.

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A Deterrent to Expatriate Transfers?

There are significant opportunities to mitigate the impact of these changes on both tax equalised assignees and employees paid on a gross salary basis that are relocating to the UK.

Three possible areas to ease the effects of the increased tax rate include:

1. Income acceleration
2. Income deferral
3. Tax reimbursement management

Steps can be taken to lessen the future impact of these changes, but action is required now to ensure that effective planning is in place for the next tax year. With the right planning, it may be possible to achieve an equivalent or even better net position than in prior years. Difficult as they are for high earners, the changes don't need to be an obstacle to inward staff transfers that they might at first seem.

For more information please contact Lisa Alton at lalton@deloitte.co.uk.

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2009 SIRS® Middle East Benefits Policies and Practices Survey

UAE survey which is about to close. However, the survey will remain open for the other nine countries to allow sufficient time for participation and to properly scrub and validate participant data.

Participants receive the survey for a fee of \$250; other interested companies may also purchase the report at the non-participant fee of \$500.

The link to participate in the survey is:
<http://dynamurvc.orcww.com/SIRSMiddleEast2009>.

For more information, please contact infodubai@orcww.com or call our Dubai office on +9714 339 7967 and ask for a Reward Consultant.



Deirdre Golden and Fiona Bartels-Ellis

International Assignments: What Cost-Saving Measures Are Companies Initiating?

By Jaclyn Wright, Client Service Consultant, and Samantha Blackhurst, Director, ORC Surveys

In times of financial turmoil, cost cuttings are made across the board, sometimes even in companies performing well. Expatriate employees are certainly an expensive asset and it appears that some companies are taking measures to reduce the costs of their international assignments.

In this climate, IA managers are facing a new reality: deploy the right talent for the right assignment – for the right cost. But what is the “right” cost in a downturn? What creative strategies are companies using to be more cost-effective?

To get answers to these questions, ORC conducted a flash survey on cost-savings initiatives in May and June of 2009. Nearly 200 multinationals responded; the majority of respondents came from the Americas (55.8%), followed by Europe (38.1%), and Asia Pacific (6.1%).

Among participants, 36 percent indicated they were reducing their expatriate population as a result of the economy. Just above half of participating companies have made at least one change to their expatriate policies – more specifically, 34.3 percent have changed compensation and incentives elements and 32.4 percent have altered their localisation policy.

Other specific actions companies are undertaking to cut costs include:

- Reducing nonessential travel;
- Reviewing the need for individual assignments;
- Tightening control of policy exceptions;
- Implementing cost projections;
- Implementing tools to increase cost awareness.

The survey results provide a good platform to reanalyse and reshape global mobility programmes. The cost-savings measures listed offer insight into what areas can be reduced without diminishing the importance of the expatriate to the company and while ensuring the financial stability of the overall programme.

For more information on the survey of Cost-Savings Initiatives for Global Mobility Programmes, please contact your ORC Consultant at ukicssupport@orcwww.com.



The “Wellness” Challenge: Keeping a Global Workforce Healthy

By Simone Funk, Assistant Vice President, Willis International Employee Benefits Division

“Healthy people make healthy and profitable companies” is a truism fundamental in all businesses across the globe.

Faced with rising healthcare costs and pressure to increase productivity, and reduce budgets, companies are looking for cost-effective ways to improve the health of their workforce.

The “wellness” concept is fundamentally about becoming more proactive in terms of improving the health of employees whilst providing an identifiable return on investment for the employer.

The Willis EB Survey 2007 highlighted an expected return of at least 3:1 in medical claims over a three-year period where a comprehensive wellness programme had been initiated. The return is much higher when savings from disability, absenteeism and presenteeism are included.

Wellness initiatives include:

- Sponsored gym membership (whether in-house or via external facilities);
- Balanced workplace food choices;
- Anti-smoking campaigns;
- Assistance programs via telephone advisory services;
- Absence management assistance programs.

In the US, where the wellness concept has most traction, initiatives have expanded into new methods and services such as health coaching and disease management, which includes monitoring cholesterol and biometric screening.

Whilst these services are broadly available in many countries, it is important to design a healthcare policy that encourages staff to engage in the wellness programme. To

successfully incentivise and fortify behavioural change at every level of the company, it is vital to understand what profile the staff population has in terms of age and interests.

International enterprises employing local and internationally mobile staff face a number of additional considerations in setting up their wellness programmes to their single country counterparts. Varying healthcare systems, legislative requirements, local/global benefits policies and, importantly, diverse cultural standards must all be taken into account.

To develop a plan which aligns with the business targets and improves the wellbeing of the employees requires targeted preparations and a proactive ongoing management.

If you are interested in finding out how you can be assisted in developing a healthcare/wellness policy, please contact Richard Colver (Group Risk & Healthcare Director, Willis Employee Benefits Ltd, at colverr@willis.com).

Remuneration packages: is there still hope?

By Christine Theofilou, Global Compensation Consultant

The recent economic climate has affected the way employers treat their workforce. The cutting down of costs affected all possible aspects that make a working environment intriguing, like the attendance of training programmes, the reductions of any extra allowances, such as travel allowance, and worst case scenarios, it has even signified the dismissal of several numbers of employees.

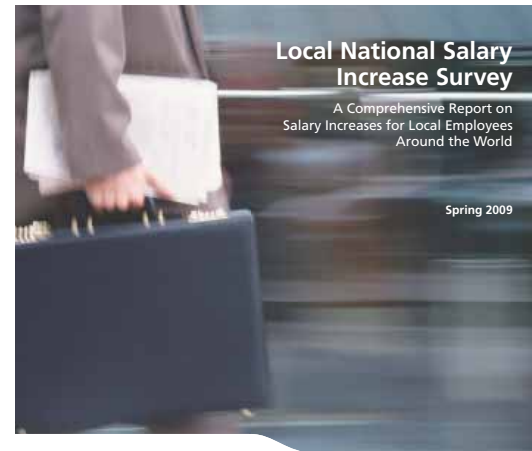
Official sources claim that there is finally light at the end of the downturn tunnel. However, the way companies treat their different types of employees will not change immediately. On the contrary, companies will only gradually begin providing more and more benefits to their employees in order to position themselves back on the financial standing they had been at before the credit crunch.

Surprisingly enough though, according to ORC's Local National Salary Increase Survey (LNSIS) Spring edition being released in May, even during times of economic turbulence where it was expected that companies would maintain salary increases for non-executive staff and implement freezes for the more senior employees, this was not the case at least for the majority of companies reporting data.

Some of the few sticking examples are Italy, Japan and the United States where executive employees are receiving salary increases more often than managerial/professional and clerical employees. On the same note, LNSIS suggests that the same applies on average actual increases where executive employees are receiving larger increases than the rest of the employee categories.

Do all of the above indicate that employees' remuneration packages will be even more attractive as soon we officially hit the road of economic affluence again and also provide hope that this will not only be the case for the executive but for the non-executive employees as well? ORC's LNSIS projected data for the year to come indicate that employers are more optimistic looking ahead. Let's just hope so!

ORC's Local National Salary Increase Survey (LNSIS) Autumn edition is now open for submission of data. For further information, please contact Christine Theofilou via E-mail at christine.theofilou@orcww.com or telephone +44 (0) 20 7591 5600.



ORC WORLDWIDE

Is the UK Coming Out of Recession?

By Paul Coleman, Senior Global Compensation Consultant

Over the past weeks optimism has increased amongst UK economists that the third quarter of 2009 will see a return to positive economic growth and output. Whilst the UK has not emerged from the recession as quickly as other European markets such as Germany and France, the signs for the remainder of 2009 appear to be encouraging.

Retail sales figures for the year (up to the end of July) have increased by an overall figure of 3.3 percent, which is the highest since May 2008. The sectors leading the way include household goods, clothing, and footwear – sales from

household goods increased by 4.5 percent in July, which is the highest level since mid 2006.

Inflation figures were expected to continue to fall; however, the Consumer Price Index (CPI) levelled at 1.8 percent in July with the Retail Prices Index (RPI) rising slightly from -1.6 to -1.4 percent. Whilst deflation remains a distinct possibility, these new figures suggest the UK may be entering a period of price and economic stability with the Bank of England aiming to maintain inflation at or below their target rate of 2.0 percent.

Although these signs of recovery are promising, it is still important to remain cautious going forward. Whatever happens, the pace of recovery will be slow. Tax rises are imminent due to the high level of government borrowing, and the 2.4 million unemployment figure is expected to remain at this level for the foreseeable future.

For more information please contact Paul Coleman (paul.coleman@orcww.com).

Summer Vacation Quiz!

As the summer draws to an end here in the UK – and most of our summer vacations are a distant memory, ORC has devised a summer quiz on holiday destinations around the world, to keep that summer feeling around for just a little longer!

Please answer all the questions and return them to infolondon@orcww.com for the chance to win a fantastic ORC surprise gift. Good luck and enjoy!

In what country was the bikini invented?

- a Germany
- b France
- c America
- d Spain

What four languages are commonly spoken in Luxembourg?

- a French, Spanish, Italian, English
- b Luxemburgian, French, German, English
- c German, Luxemburgian, Italian, Portuguese
- d Brazillian, Greek, Italian, English

Where does the restaurant chain Nando's originate from?

- a Spain
- b Australia
- c Portugal
- d Greece

What is the highest recorded temperature in Dubai?

- a 47.3 °C
- b 20 °C
- c 95.2 °C
- d -5°C

Which newspaper title established by Alexander Hamilton in 1803 is the oldest running newspaper in the United States?

- a New York Observer
- b New York Post
- c Wall Street Journal
- d New York Times

What word does the name Singapore derive from?

- a Tiger City
- b Bear City
- c Lion City
- d Wolf City

How many time zones does Russia span?

- a 5
- b 11
- c 20
- d 2

What country was Christopher Columbus looking for when he discovered America by mistake?

- a India
- b China
- c Japan
- d Africa

Dates for Your Diary

International Assignments Meeting dates

UK Expatriate Forum 1st October 2009	London
European Expatriate Policy Forum 22nd & 23rd October 2009	Brussels
Basic Expatriate Compensation Seminar 10th November 2009	London

Employment Policy Meeting Dates

European LERN—network for those responsible for employment policy and labour relations 18th & 19th November 2009	Brussels
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Global Compensation Meeting Dates

International Management Remuneration Group 1st & 2nd October 2009	New York
Joint Annual Conference in International HR Management (Co-hosted with Deloitte) 6th October 2009	London

Global Equality Diversity and Inclusion Practice

Breakthrough Equality & Diversity Network Public Sector 8th October 2009	London
Vanguard Equality & Diversity Network Private Sector 4 November 2009	London
ORC Foundations of Diversity Strategy and Practice: An Introductory Workshop 6th November 2009	London

Congratulations to Steve Steward-Kirby of Bonelli Erede Pappalardo LLP!

Steve is the winner of our Flags Around the World Quiz. A Champagne & Port Hamper is on its way to you! Enjoy!

ORC Offices in Europe & Middle East

London

Liscartan House
127/131 Sloane Street
London SW1X 9BA
United Kingdom
Tel: +44 (0) 20 7591 5600
infolondon@orcww.com
orcworldwide.co.uk

Munich

Holbeinstrasse 8
D-81679
München, Germany
Tel: +49 89 47 08 46 85
info@orcworldwide.de
orcworldwide.de

Paris

36, rue des Petits-Champs
75002
Paris, France
Tel: +33 1 42 61 67 09
infoparis@orcww.com

Dubai

Office 61, 3rd Floor
Oasis Centre
PO Box 282486
Sheikh Zayed Road
Dubai, UAE
Tel: +97143397967
infodubai@orcww.com

orcworldwide.com

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