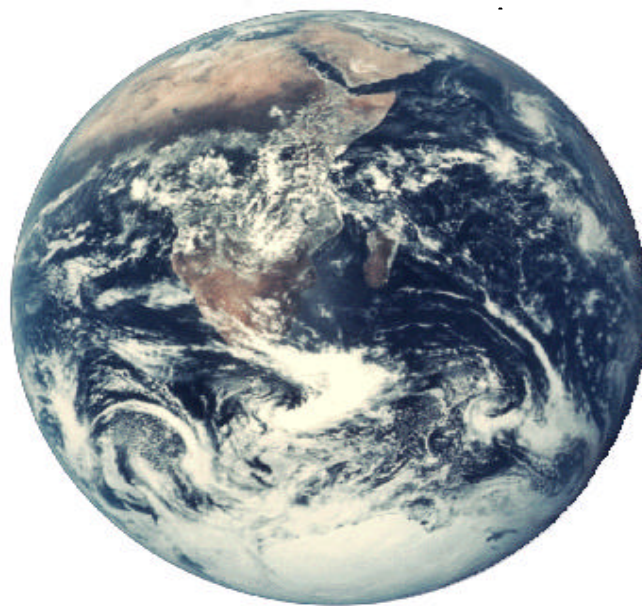




# **WORKING ABROAD UNI GUIDELINES**

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## INTRODUCTION

Modern day communications, the ease and relative inexpense of international travel and the rise in tourism mean that people are both much more familiar with foreign countries and are much more aware of what they have to offer. Globalisation of trade and the growth of multinational companies have created an employment market for people who are prepared to experience the challenges and opportunities offered to work outside their home country.

At whatever level and in whichever profession, working abroad today is much less daunting and much more tempting. Workers look to employment abroad for a wide range of reasons, including personal wealth creation, career enhancement or simply to experience different cultures and environments in the new era of globalisation.

Originally, expatriates tended to be men and they usually moved from West to East and from North to South. This has changed dramatically in recent years. The range of skills that multinational corporations require is vast and increasing. The skills demanded are no longer exclusively male preserves. Similarly, companies employing workers abroad are no longer just American or European. Neither are they solely major multinational corporations.

Several factors have contributed to the changing nature of workers abroad:

- ✍ the globalisation of the economy;

..... Working Abroad - UNI Guidelines

- ✍ the increasing power and range of multinational corporations;
- ✍ the rise in importance of the services sector and the resulting increase in the number of small and medium-sized enterprises (SME);
- ✍ the growth of regional trade blocs such as the European Union, NAFTA and MERCOSUR;
- ✍ developments in travel and information and communication technology (ICT).

## THE ROLE OF TRADE UNIONS

The factors above have led to a significant increase in the number of people working abroad for some, or all, of their career. Modern human resource departments have developed immense expertise in this field and have seamless systems in place for when an employee is offered work abroad. In addition, more and more multinational companies are contracting out the hiring and selection process of employees to consultant firms highly experienced in this field.

Trade unions have much less expertise. Yet they could, and should, play an integral role in helping workers considering employment abroad. Becoming more involved in this area of the labour market is also important for the development of the trade union movement itself as it prepares to take on the challenges of the new millennium. For example, workers considering employment abroad are sometimes offered individual contracts either in excess of or below the collectively negotiated wages and conditions of the work-force they are joining.

They may be obliged to switch trade unions, with the paradox that while all the complexities of transferring their pensions have been sorted, they are not offered any similar arrangements as regards union membership. They may wish to maintain their union membership in their country of origin and expect to benefit from their services.

✍ These are among the complex issues facing trade unions world-wide.

## UNI PASSPORT

UNI has focused considerable attention on the issue of worker mobility and its implications for trade unions. The national and international trade union movements must lend a helping hand to workers while they are working abroad. The idea of a passport as a practical form of solidarity for professional and managerial staff was first raised at UNI's 3rd World Conference for Professional and Managerial Staff (P&MS) held in Geneva in November 1994. Delegates called for closer multilateral co-operation between UNI affiliates in order to ensure better union and legal protection of staff going to work abroad.

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UNI's World P&MS Committee was called upon to develop a set of specific services supporting union members while working abroad. A resolution, adopted at UNI's 23rd World Congress held in Vienna in July 1995, called for the passport to be used to introduce union members to the local network of UNI affiliates. Since then, the initiative has been discussed and refined to overcome the complexities and to meet the necessity to embrace the different social, economic, political and cultural environments of UNI's affiliates around the world.

Labour market developments are a major concern to UNI, which aims to develop strong alternative strategies. The UNI Passport is key in the solidarity strategy aimed at helping unionised mobile workers to face the challenges of the 21st century. Holders of the passport will, at their request:

- ✍ be welcomed by a local organisation affiliated to UNI;



- ✍ be offered a familiarisation programme, for example, an introduction to the local community, being included on mailing lists for information, invitations to cultural and political events, and so on;
- ✍ be involved in local activities, for example, working groups dealing with professional issues, training courses, and so on;
- ✍ be offered general information on working conditions, banking, tax regulations, housing, schooling, health care, pensions, and so on;
- ✍ be offered advice on aspects related to employment, such as evaluation of contracts with a view to hidden clauses, compliance with labour laws and collective agreements, and so on;
- ✍ be offered legal support in certain cases.

## FORMS OF WORKING ABROAD

Working abroad takes different forms, with various implications for the individual concerned.

### *Career structure*

The most common type of contract is where an employee moves between company office and site locations, returning to the home base after fixed periods. This form of working abroad is now an important component in career structures, especially for professional personnel. In these cases, terms and conditions of employment usually use the home base as the reference point, with possible additions such as weighting allowances, assistance to settle into a new location and elements relating to relocation to the home base after the assignment is over.

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### *Permanent mobility*

There are instances where employees are more or less permanently mobile, and will be sent to a number of different assignments of varying lengths in one location after another. Terms and conditions are usually linked to a high international standard, and can be expected to contain generous allowances and bonuses and a generous pension arrangement. Companies requiring this level of mobility from their employees often build up a core work-force for this purpose.

### ***Rotation assignments***

Rotation assignments are where the employee is permanently located at the company's home base, but travels to the work place abroad for a prescribed schedule that may last several weeks, followed by an agreed period of leave. It is most commonly associated with 24-hour, seven-day-a-week operations, such as oil and gas installations, but it is spreading to other sectors where competitive pressure is leading to more round-the-clock schedules. These assignments are not expensive to employers. Terms and conditions are based on the company rate with a premium usually offered to compensate for long periods away from home. Since the employees' families themselves do not relocate, there are few additional costs. Accommodation can be rudimentary and there is no need to pay for reintegration.



### ***New jobs abroad***

Finally, at the other end of the scale of working abroad, there are more and more workers applying for jobs in other countries. As national barriers are lowered with the onset of regional economic blocs and the overall globalisation of the world's economy, this is becoming more common among working people world-wide, particularly among professional and managerial staff. Terms and conditions will usually be based on national practice, with perhaps some relocation allowance or at least help with moving expenses. However, when the move abroad is at the initiative of the employee then it may not always be possible for that person to insist on the same level of special conditions as a person whose displacement is at the initiative of the employer. Nevertheless, many of the conditions discussed later in this docu-

ment may well apply and would be useful for anybody considering working abroad.

### ***Common factors***

Although workers in the above categories may have diverse needs and face different problems, there are certain common factors. The most obvious is that it is the shape and needs of the company that determine the kind of work abroad on offer. This is particularly significant because of the increasing number of SME that are establishing international operations. Major multinational corporations have acquired significant expertise over the years in organising facilities for their workers on contracts abroad. These new, smaller multinationals have little or no experience in sending employees abroad which can have serious consequences for the employee concerned when things go wrong.

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Another point to bear in mind is that working abroad is, by nature, bound to be less secure. Companies today can and do move their operations around the world, particularly in the services sector, where there is little or no plant or big capital investment involved.

In addition, the characteristics of working abroad are such that it can effectively undermine the principles of collective bargaining and therefore cause conflicts between workers themselves and between workers and their trade unions. This particular point is a matter of concern for trade unions and underlines the need for the labour movement to be an integral part of best practices for those working abroad.

UNI's *Guidelines to Working Abroad* aim to identify issues, from a trade union perspective, that directly affect workers abroad. It is also designed to help trade union members world-wide who may be considering working abroad and who need information and advice from a source other than their employer.

## WORKING ABROAD — WHERE TO START?

The most important thing to do when considering working abroad is to seek independent advice. One of the most appropriate sources of such advice is a trade union. Therefore, in terms of their own development and relevance in the 21<sup>st</sup> century, trade unions need to get involved in negotiating on behalf of employees planning to work abroad.

In some sectors and at certain professional levels, these employees will be individuals whose contracts will not have been the subject of work place negotiations. However, it is essential for employees and unions that these contracts fall within the framework of a collective agreement. Professional and managerial staff already face pressure from employers anxious to remove them from collective to individual agreements. It is crucial that unions stand firm on this issue.

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The need for a clear and agreed set of terms governing the conditions of employment increases tenfold when negotiating work abroad. The stakes and risks are much higher; considerable changes will be made in relocating to a new country; dispute settlement becomes extremely complex, and so on. Workers today require specialised advice about employment contracts before committing themselves to a position abroad. This is an area where trade unions must build up their expertise.

### LEGAL JURISDICTION

ne of the most important issues to settle at the outset is

that of jurisdiction in respect of interpretation of the employment contract. This is a potential legal minefield and the contract should state unambiguously under which country's laws and/or statutes the signatories are bound. This could be either the host or the home country of either the employer or the employee, or some other state, but certainly one where any potential breach of contract can be challenged in the event of the contract becoming frustrated.

The German trade union centre, the DGB, has a model contract which specifies that the contract should be subject to the home country's courts. Unions generally favour this approach. However, to all intents and purposes, workers will have to abide by the national and local laws and regulations of the host country. Where these are more advantageous, this will obviously be welcomed. Where the opposite is the case, compensation arrangements should be made within the contract relating to any less favourable conditions.

## DISPUTE SETTLEMENT

In the case of a dispute, there is no way of predicting which courts may be competent to hear it. The employee may be able to take a case to the legal system of either the host or home country. In any event, the situation is likely to be difficult. Unless dispute procedure is clearly defined within the terms of the contract, the potential for difficulties become endless. For example, if a case is heard in the host country, the employee may discover that there is one law for foreigners and another for the locals. This is not to say there will be any intention to discriminate. But the law may

be complicated even for home nationals. There will be nuances and subtleties foreigners may not even notice, but which will have a crucial bearing on the outcome of any dispute.

However, most employees working abroad will never have to negotiate the minefield as disputes are rare. Nevertheless, employees must make sure that a contract is negotiated, drawn up and signed. It should cover all items relating to the posting, including relevant work and residence permits and visa procedures.

### WHO IS THE EMPLOYER?

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It is important to have a clear understanding of the identity of the employer prior to and during a posting abroad. If employed by a multinational, but seconded to a location where the parent company itself has no legal status, then this could have implications for legal interpretation of a contract or settlement procedures. It will also have implications in terms of pension schemes both company and state, severance benefits, tax liabilities, and so on.

### RELATIONSHIP TO EXISTING CONTRACT

A contract abroad can be for a fixed period, or simply for as long as the job takes. It is important that the employee establishes its relationship to the existing contract. This contract may remain in force and could be supplemented by the new contract; or it may be suspended for the duration of the new contract. The difference is obviously critical.



For short-term contracts, the employee is well-advised to remain in continuous employment with the employer. However, the principle should be established that if the original contract is suspended during the posting, or superseded by the new contract, the employee should nevertheless be entitled to any improvements negotiated while abroad, such as those relating to pension entitlement, redundancy payments, pay rises, and so on. When employees return to the home base, their position with regard to their contract of employment should be the same as if they had continued working in the same job for the same period of time.

## NEGOTIATING SALARIES

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The most basic element of the employment contract abroad relates to salary. The negotiating process and criteria must be transparent; any allowances and compensation payments must be consistently applied; and the method of calculation must be clearly understood. The best way to ensure that the fairest deal is made is for the employee to involve the trade union at the outset.

A number of fundamental issues can be identified in calculating salary levels for contracts abroad:

- ✍ home-base salary for equivalent work should be the reference point;
- ✍ discretionary living allowance;
- ✍ cost of living component;
- ✍ housing payments;
- ✍ tax equalisation;
- ✍ incentive payments;
- ✍ out of pocket expenses;

✍ insurance and social security.

### ***Home-base salary***

Using this as a starting point has the obvious merit of simplicity and clarity. It will also help the individual employee to slot back into the home-base salary structure when the assignment is over. For employees on short-term contracts, or fixed-term contracts of a short duration, accommodation may be provided in a hotel. In these circumstances, there should be a clear determination of the costs to be reimbursed by the employer, or a clearly stated level of allowances that can be reclaimed.

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With reference to allowances and claims for reimbursement, workers and trade unions should refer to the official United Nations allowance table. This document is regularly updated by the UN in respect of changing price indexes and cost of living in countries world-wide and is probably the fairest and most non-controversial global benchmark of allowances.

### ***Discretionary living allowance***

This involves reviewing home country spending patterns based on level of income and family size in order to establish how much of the home salary is left after the deduction of monthly living expenses.

### ***Cost of living***

Once disposable income has been established, the cost of living in the home country can be compared with that of

the place of assignment. If costs are higher abroad, a cost of living allowance (COLA) should be paid to compensate for the difference. It is much more beneficial for the cost differences to be examined in relation to disposable income, rather than the salary itself. The employee should be supplied with up-to-date information in negotiating the salary package.

### **Housing**

This is usually left out of COLA calculations because it is a major issue in its own right. Most companies assume the housing costs at home to be a fixed percentage of the salary, make the appropriate deduction from the package, and then provide, or pay for, the housing abroad. Others work out costing by country of origin, income and family size, with the intended result that the member of staff should be no better or no worse off as a result of the assignment.

Neither approach is ideal. The first has the obvious disadvantage that the deduction may be wildly out of proportion with what a particular family actually pays, while the second could lead to anomalies depending on whether the staff member rents or owns their home and whether they rent it, sell it, or keep it empty while they are away.

### **Tax equalisation**

Questions relating to taxation are particularly complex. Generally, the aim is to make sure that income tax on the base salary is the same as it would have been had the employee remained in the home country. However, net salary may not give the whole picture because of the differ-

ences in indirect taxation such as sales taxes (Value Added Tax). Indirect taxes will usually be compensated for in the cost of living component. Employees should make sure, however, that other taxes, such as local or environment taxes, are taken into account, either within the COLA or the tax component.

### ***Incentive payments***

Prior to global economic integration, there used to be a generally accepted assumption that working abroad deserved some sort of premium or incentive payment. Indeed, in some countries, fixed-term contracts are usually characterised by the payment of a terminal bonus on the successful conclusion of an assignment. This terminal bonus is customarily expressed in the contract as a percentage of the salary.

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However, there is some indication over recent years that employers are ceasing to share this view. They argue that senior level employees of a multinational company must accept foreign postings as part of their normal working life and that the employer should only cover extra expenses incurred.

Nevertheless, there is usually no argument where security or hardship are issues. Clearly the company has a responsibility to make sure all its employees are safe and well protected, especially in politically unstable countries. But there are less clear-cut cases and a hardship index is the usual way to decide them. The most important factors in such an index are security, medical facilities and cultural isolation. Lesser factors include climate, food, recreational

facilities, and so on.

Companies tend to use outside consultants to produce these. Trade unions should insist on the establishment of an employee committee to draw up the index, basing it on the experience of employees who have experience working abroad and consultations with the trade unions or workers' representatives in the various locations. Even so, the establishment of a hardship index under any circumstances will still be fraught with problems.

### ***Personal insurance***

The insurance questions that will confront a worker on an assignment abroad are similar to those facing any worker, in any form of employment, in any location. For example, insurance payments for death and disability, taxation of benefits, contributions to existing or new insurance and/or pension schemes, and so on.

The kind of insurance provided will be driven by global and local policies. The golden rules in negotiating this issue are: ask lots of questions; check with the trade union and ask for specific advice; and ensure that the employer responds in writing to all questions relating to insurance and pension. In particular, the employee should ensure that the employer will provide personal indemnity insurance cover for the assignment abroad. Insurance is a key issue for workers abroad and it is essential that an individual considering a contract abroad ensures that any insurance coverage is adequate, that the premiums are paid by the employer and that the employee receives copies of the appropriate certificates before leaving the home country.

## ***Social security***

Social security is more complicated than insurance policies because of the difficulty of merging benefits provided by the company with mandatory state provision, especially in European countries where welfare and social security programmes are both complex and extensive.

Some companies ignore what the state programmes provide and allow the employee to claim whatever state benefits there are on top of what the company provides. Others prefer to look carefully at the level and extent of state provision and try to build an integrated package merging state and employer benefits. European Union citizens are entitled to full membership of state schemes throughout the Union without any minimum contribution requirements.

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What is important for the employee concerned is to be very clear on his or her position, not only in terms of what their status will be during the assignment, but also what rights might be lost during the assignment if contributions cease. If they are substantial, then the employer should either provide compensation or should pay to keep up the contributions during the contract.

Therefore, it is important for the employee to check what contributions should be made by the individual, what effect this will have on the salary package and whether the employer will pay this contribution.

As always, the employee should ask lots of questions, check with the trade union, and have all details in writing from the employer.

### ***Currency fluctuations***

Currency fluctuations further complicate the problem of negotiating salary packages for the employee trying to decide whether or not to take an assignment abroad. The situation is relatively unpredictable, and liable to remain so in the foreseeable future. The planned introduction of a European single currency (Euro) in 2002 may alleviate the problem for EU citizens whose countries are part of the first wave of signatories. However, this will be small comfort to those from outside the countries concerned who will still find their salaries are vulnerable to the vagaries of the financial markets.

One of the first points to establish is whether and when the employer will adjust the salary package to allow for possible exchange rate fluctuations that may affect its value. In other words, will adjustments be made as fluctuation occurs or wait until fixed pay reviews? The question of timing could be crucial especially in countries hit by inflation.

Trade unions have access to economic data published by the appropriate national centre, or from International Trade Secretariats (ITS), concerning the current and predicted state of the global economy. As a union member, employees can plug into a vast international network of information and research that will be useful in many aspects of an assignment abroad, especially the world of international finance.

## OTHER FACTORS

Once a salary package has been settled in the broad terms set out above, there are several other factors that will need to be taken into account.

### PENSIONS

Pension arrangements are extremely complex and any person contemplating working abroad will need expert and independent advice, particularly from their trade union. The kind of pension schemes that will be offered will fall into the following areas:

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- ✍ remaining in a pension scheme in the home country;
- ✍ joining a scheme in the assignment location;
- ✍ transferring to an international scheme designed specifically for workers abroad.

Choice of scheme may be restricted by the employer's policies and pension schemes, and by the national law of the home country and the place of assignment, both of which might make membership of certain government schemes mandatory.

#### ***Staying in a pension scheme in the home country***

This is the least-complicated approach and may be the most desirable if the assignment abroad is short-term. Despite



its simplicity and ease of operation, this option does have its drawbacks, especially where pension benefits are made up from a combination of occupational and state-controlled schemes. If the assignment is long-term, then this option may not be open as some pension regulations have restrictive time limits. Similarly, the value of the benefits accumulated may not be enough for retirement abroad.

There may also be tax disadvantages to staying in the home country scheme. While working in the home country, pension contributions will be tax-deductible, with tax only falling due when the benefit is actually paid. But abroad, the local tax authorities may not view contributions in the same way, and the advantage will therefore be lost if retiring in the home country. Some countries, such as Japan, even regard the employer's contribution as a taxable benefit paid by the employer.

### ***Joining a scheme in the country of assignment***

This can be a profitable option if the host-country schemes are generous and flexible. Many French companies, for example, have schemes which supplement state programmes and where the pension rights earned are recalculated annually using a points-based formula which guarantees that any increase in the cost of living will be factored into eventual retirement benefit. Host country schemes also have the advantage that they are integrated into whatever mandatory local or state schemes are in operation.

However, any employee looking to work abroad should analyse all pension options closely. This should include ensuring that they will be in the host country long enough to

qualify for any pension benefits and making sure that assets can be transferred back into the home country plan once the assignment is over. Employees should ensure that funds can be moved in the opposite direction too, from the home to the host country, especially if considering retirement in the host country.

***Transferring to an international scheme designed specifically for expatriates***

Some companies operate pension plans that are entirely separate from the schemes in both the host and home countries. They are designed specifically for workers who are highly mobile or who may fall within a more complicated category. For example, workers who join a company from a country other than the one where the parent company is based and are then sent on assignment abroad may not be a part of any dependable pension scheme and may be barred from the pension scheme of their company.

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Similarly, some employees moving from one posting to another could end up with a complicated collection of pension rights from state and company schemes from all around the world. Some companies compensate for this by setting up an umbrella scheme to cover them. This usually amounts to calculating all the various rights they have accumulated and adding a supplementary entitlement to ensure that their total benefit does not fall below a predetermined minimum level based on their length of service.

Companies employing highly mobile staff from a variety of countries tend to have a single global plan for all their international staff. This scheme applies to them throughout

their career, even when they are assigned to work at the home base, and usually take no account of any state pensions the employee might get, on the grounds that the employee's mobility usually debars them from benefiting.

By definition, these international pensions are not tied to the regulations of a single country. They are usually funded in offshore tax havens to cut down tax liabilities and to ensure a flexible investment strategy. Some companies allow members of the scheme to have a say in how their investments are handled - something to bear in mind for trade unionists, since it gives them a forum in which to press for avoiding investing in companies or countries which do not respect trade union rights.

This is clearly an issue where union intervention is likely to make an impact, both in terms of providing individual advice and of pressing the company to develop long-term pension plans for all their staff, including those being sent to work abroad. Union pension experts are both knowledgeable and well respected throughout the pensions world.

## MEDICAL CARE

Workers considering employment abroad should ensure that they are fully informed about the quality and cost of medical care in the host country. In many industrialised countries, the facilities provided by the state will be of a high standard and, in those circumstances, the company may not provide any private alternative. This is especially true of the EU. EU citizens can enjoy the same medical care and benefits as local citizens. They will also be expected to make the same contributions, and the employee should enquire

as to the functioning of the system and what the direct costs will be.

State-controlled medical facilities in some developing countries can be of a much lower standard. In these circumstances, the employer should meet the costs of private health insurance. In practice, larger organisations tend to operate their own schemes, while SME use private schemes and meet most of the cost.

### ***Who pays?***

Percentage payments by the employer of medical bills will vary according to location, national circumstances and company policy. It is important that the employee ascertains at the outset what level of medical coverage is provided by the employer and what treatment and costs are covered and for whom. For example, will the scheme also cover the employee's family?

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### ***What will be in most plans?***

Most plans will include the following:

- ✍ Maximum level of coverage, either relating to each specific expense or an annual upper limit.
- ✍ Cover for the employee and immediate family members – the employee should refer to home base practice and ask the trade union for advice.
- ✍ Cover while on leave.

✍ Limits on what treatment is actually covered – the employee should seek the advice of the union in terms of any excluded treatment, for example, optical treatment which is essential for employees working on computers.

✍ Repatriation if long-term treatment is required.

✍ Maternity benefits: medical insurance should cover maternity benefits for the partner of someone working abroad. However, for female employees, coverage is crucial and must be included in any plan. Unfortunately, the position of many employers is not clear-cut, particularly in respect of maternity leave. The trade union position on maternity benefits is very clear: women workers on foreign assignments should, at the very least, enjoy the same rights and benefits as they would get at the home-based company. The principle of full maternity and paternity rights, and equal opportunities for all employees, must become part and parcel of the process of selecting people for postings abroad.

✍ Testing: while a pre-assignment medical examination is an essential precaution for any employee considering working abroad, it should be done with proper safeguards for privacy and confidentiality. Particular attention must be paid to clauses regarding existing medical conditions prior to leaving on an assignment abroad. These can provide loopholes for either the medical insurance companies or employers to avoid payment of legitimate medical expenses.

✍ Emergencies: company insurance should cover the costs of evacuation and repatriation in the case of an emergency.

Making sure the employer provides proper medical protection for the employee and his or her family is a key matter for anyone considering working abroad. It is also a collective bargaining issue and, as such, the trade union will be able to supply individual help and guidance. Whatever medical coverage package is offered it should be based on practice at home base. Medical insurance for workers abroad is another aspect of health and safety where trade unions have vast amounts of expertise and experience.

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## FAMILY MATTERS

Working abroad has a significant impact on the employee's partner and family and it is essential that family-related issues also be taken into account in contract negotiations. Contract discussions for assignments abroad present a significant challenge to the commitment of the employer and the trade union movement to equal opportunities. More and more women, particularly in the services sector, are taking up contracts abroad. Therefore, it is vital that trade unions negotiate across-the-board contracts that guarantee equal treatment for all employees.

## DUAL CAREERS

The steady rise in the number of dual-income families demands the attention of the employer. A survey by Price Waterhouse, a British company of management consult-

ants, revealed that the risk of damaging a spouse's career was one of the main reasons why married men turned down the offer of a posting abroad. Companies and trade unions should look at negotiating policies on this issue. It is reasonable to expect the employer to make some effort to help their employees' partners in furthering their own career. For example, employment within the company, hiring a head-hunting agency to help find a job, or arranging for retraining.

Within the EU especially, there is also a growing trend for those working abroad to commute. Companies pay for weekly air travel and hotel costs and the employee flies home at weekends. It is arguable that this sort of arrangement could place even more strain on the family than a full posting. However, there is also the argument that it may be preferable for families with children, since they may feel it will be less disruptive on education.

### CULTURE CLASH

The question of equal treatment for married and unmarried couples can be a contentious issue, particularly in the context of assignments abroad. Views among companies differ, as do legislative environments. Culturally, the position of women in societies in the Middle East, for example, is very different to that of most Western societies and, therefore, their career opportunities would not be the same. Similarly, some countries will not grant entry visas to partners unless they can produce evidence that they are legally married, thus effectively debarring unmarried couples from staying together. Even if partners can get into the country, local laws and regulations may make it impossible for prop-

erty to be shared, or for the partner to have proper legal status.

Equal opportunities is an area where trade unions must be involved and must be vigilant, as workers can benefit greatly from their advice and guidance.



## LIFESTYLE CONSIDERATIONS

Employees and their families should receive comprehensive information about what to expect in their new job. Partners, in particular, will face much greater difficulties, especially women with small children or children of school age. Some companies go to a lot of trouble to help families settle in, while others do next to nothing.

### EDUCATION COSTS

Making satisfactory arrangements for children's education while working abroad will be a major priority for any working parent. Most companies recognise this, and have comprehensive policies in place to help find the right schools, and help pay for them. It is important to establish from the outset that the choice of school will be determined by the employee and his or her partner.

If taking an assignment in a country with a different language, employees should request language training for themselves and their family at the employer's expense. Similarly, if children are to be educated in a different language, arrangements should be made at the company's expense to maintain their mother-tongue. This will prevent them from falling behind in educational standards in their home country in the eventuality of their return home.

There is no doubt that paying school fees will be a considerable, though entirely legitimate, expense for the company. However, most companies do accept that it is their responsibility to pay, and will generally do so for children at

primary and secondary level.

If the employer does pay school fees, this could be classed as a taxable benefit by local or home tax authorities. It may be possible to avoid having to pay tax on this benefit through the employer paying the school directly, or the establishment of a trust whereby the company 'donates' a sum of money to the school each year for unspecified groups of students. If such arrangements cannot be made, then the employees should ensure that compensation for tax on school fees is made by the employer.

## ACCOMMODATION

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Living accommodation while working abroad is a key issue. It is common to rent accommodation while abroad, particularly if the employer will assist in this area. Renting has a number of advantages, for example, the employee will not be faced with any problems relating to the sale of property at the end of the assignment. Similarly, the employer would prefer not to be implicated in disposing of a property in what may be an unpredictable housing market.

For those employees who do choose to buy property when working abroad, the employer will usually do no more than give general advice in terms of property agents or professionals who specialise in advising foreigners in house purchase.

The bottom line in terms of living accommodation is that an employee should be no worse off than in the home country. The housing and area should be at least as safe, secure

and comfortable as the current home. In some parts of the world, this might be difficult to arrange. If this is the case, then other elements of the assignment package should make up for it.

The key, as always, is to ask the right questions, and to get the answers in writing. The issues that require settling before signing a contract include:

***Can the employee choose freely in terms of accommodation, or will the property be owned or leased by the employer?***

While some freedom in this respect can be expected, there will be limits. The employer will want to negotiate the best deal possible on the lease, which will involve a long-term arrangement with agents or owners. Unexpected transfer of staff will also mean that the employer will want to be sure that the lease can be transferred at minimum cost.

***What will the costs be, if any, to the employee?***

Accommodation agreements may cover the full cost of renting; only pay a portion; or provide a cash sum to be used at the employee's discretion. Employees should keep in mind that there may be other costs such as property taxes, rent in advance, agent's fees, and so on. Employees should ensure that the employer will either cover these costs as well, or at least provide clear advice on what additional costs there may be and how much the employee will be expected to pay.

***Is it taxable?***

It may be possible to avoid paying tax on any housing allowance if the company deals directly with the owner or agent. If this is not the case, then the employer should compensate the employee for the tax amount.

***What happens to an employee's property in the home country?***

What an employee does with home property will depend on many variables. However, most companies have a clear policy for dealing with the home property of their employees working abroad, though it may be limited. The company can be expected to meet some of the costs of maintaining home property should the employee experience difficulty in renting it out or selling it. If the property is a tenancy and charges are incurred through having to cancel the lease because of the work contract abroad, then the employer should certainly cover these.

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***What about the costs of the utilities?***

If the employee is faced with a significant increase in the cost of domestic utilities in the new work location, then the company may assist in defraying these costs with an allowance or paying the supplier directly. The employee will almost certainly have to pay some of the costs and the company will handle the details of any compensation package.

### ***Additional items***

The company should provide the employee with current information about accommodation, its style, size, location, and so on. Some employers may also offer a trip to the place of assignment prior to acceptance of the contract.

### **VACATION**

This is a legal entitlement for many countries, and mandated by collective agreement in most. However, employees working abroad have a good case for demanding particular attention in calculating vacation entitlement. Most companies will recognise this in some way.

### ***Holiday time***

Employees working abroad may return to their home country for vacations and many employers will pay for "home leave". Depending on the employer and the contract, this leave may be on an annual basis, once every two years, and so on. Home leave is particularly common in cases where the employee's family has remained in the home country. In cases where return trips involve intercontinental travel, employees have a good case for arguing that the travelling time should not count towards vacation holiday entitlement.

Employees considering working abroad should ask the employer whether home leave is offered and under what conditions, for example, frequency, certain times of the year, class of travel, what costs will be covered, and so on.

Some companies are cutting back on such terms. They argue, as with other benefits, that since the company is multinational, mobility is an integral part of the job and workers cannot expect to be compensated for what is a normal feature of a job in a multinational company. There are signs that companies are taking a much stricter line on issues like this as working abroad becomes more common.

### *Other forms of leave*

There are several other forms of leave that should be included in the contract for the posting abroad. Employees should seek union advice on home leave, compassionate leave, long-service leave, and so on. These are often included in the collective bargaining process and the employee should have a basis on which to work. Employees should also ensure that contractual terms recognise the public and statutory holidays in the host country in which they are working.

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### **BUILDING UNION NETWORKS**

Working abroad can provide valuable experience to trade unions. Multinational corporations have many advantages over international union networks. Their infrastructure is vast and more efficient; they have a common corporate culture; they usually function in one working language; and they exchange information regularly. Members working abroad can help bridge the communications gap by becoming involved with local unions, and helping to create an informal network between them and their home country union.

## PASSPORT...TICKET...UNION CARD?

As this publication has made clear, the number of opportunities to work abroad is growing as companies expand and move into new markets and as regional trade blocs develop. A side-effect is that companies are beginning to take greater mobility on the part of their staff for granted. Therefore, more people may be working abroad, but the extra benefits they can expect from their employer may be declining.

While this is unlikely to be the case for top managers, the growing number of middle managers and technical and professional staff may find that they are simply expected to go where they are sent. It is another example of the way globalisation is leading to the erosion of employment standards world-wide.

The nature of working abroad is such that employees find themselves negotiating and bargaining individual conditions much more than they would expect. However, this situation too will change. Trade unions, which are already the best source of independent advice for individual workers, will find that negotiations for workers taking up contracts abroad will become an integral part of normal collective bargaining.

This potential development represents the best hope that employees looking to work abroad have of getting a fair deal. As companies begin to rely more and more on a mobile work force, they will find themselves having to settle contracts collectively rather than individually. But, employ-

ees should not wait for this critical mass to build up. Workers going abroad can benefit greatly from union advice now, and from exploiting the international networks of UNI and its regional organisations.

In so doing, these workers can help unions build up a database of knowledge and experience that will equip the labour movement to face the challenges from a growing number of multinationals.

So when workers are preparing to leave to take up posts abroad, they should make sure they are armed with their: **passport, ticket, union card and UNI Passport!**



## GUIDELINES TO WORKING ABROAD

### CHECK-LIST

The most fundamental issue when considering working abroad is the contract itself and the terms and conditions therein. The need for a clear and agreed set of terms governing the conditions of employment increases significantly when negotiating to work abroad. The stakes are much higher for the employee. UNI recommends that, prior to commitment to a posting abroad, the employee should seek out expert, professional and specialised advice from appropriate organisations, particularly trade unions.

✍ **Identity:** The contract must clearly state the identity of the employer in the country of assignment. If this is different from the employer in the host country, for example, a subsidiary company, then the employee should seek professional legal advice in terms of legal responsibility for employment and any implications for returning to work in the parent company in the home country.

✍ **Offer and acceptance:** Under no circumstance should an employee finalise contractual arrangements *after* taking up the posting abroad. The ramifications of not formalising an offer of employment abroad prior to taking up the post can be serious. The employee must not assume a contract has been offered and accepted until it has been received in writing and signed by both parties. Indeed, once the written contract offer has been received, the employee should submit it to the union for close examination and advice.

✍ **Location:** The employee should receive a very detailed report on the exact location of the assignment, local environment, culture, language, and so on.

✍ **Job description:** The contract should provide a detailed description of the employee's duties, responsibilities and reporting relationships. This should include identified hours of work, usually based on the home country arrangements, and overtime.


✍ **Training:** The job specification and its location may require the provision of training for the employee, particularly language courses. It is important that the contract is clear on the conditions relating to training in terms of who pays and whether costs can be reclaimed by the employer under certain conditions, for example, early termination by the employee.


✍ **Office accommodation and equipment:** The style and standard of office accommodation and equipment in the posting location should be detailed by the employer prior to acceptance by the employee.


✍ **Term:** The contract should clearly state the engagement term, i.e. the period of the posting abroad. Particular attention should be given to clauses which may allow the employer a wide discretion on when the contract may be terminated. Employees and their unions should either insist on such discretionary clauses being deleted or redrafted to prevent early termination of the contract.

✍ **Termination:** The contract should contain safe-

guards for the employee in terms of early termination by the either party. The employee may need to terminate a contract early for a wide range of reasons, including life-threatening situations developing in the country of assignment. However, in these cases, it is essential that the employee is protected from claims by the employer to recover any costs, including replacement. There must be an adequate notice period set out in the contract.


 **Salary and benefits:** The contract must clearly set out the terms and method of remuneration for the employee. This should include basic salary, including the currency and terms of payment, and any additional benefits, such as location loading, stock options, education costs, child benefit costs, accommodation allowance, and so on. Special attention should be given where part of the benefits are to be made in the home country, as there will be taxation implications on such arrangements.

 **Dispute settlement procedure:** It is essential that any contract contains a detailed dispute resolution procedure that provides for the application of legislation of the home country and access to the home country's legal system. The union will be able to offer the best advice on this issue.


 **Extension period:** The employee should be fully aware of the conditions attached to an extension of the term of the posting.


 **Contract variation:** If the contract allows for


a variation to the terms and conditions, then this should only be with the written consent of both parties. Employees are strongly advised to seek the advice of their union or relevant organisation before consenting to any variation to the contract.

 **Transport:** Depending upon the location of the assignment, the issue of transportation could be crucial. The employer should provide full details of locations in the place of assignment, covering distances between work, accommodation, schools, facilities, and so on. Details of terrain and climatic conditions should also be provided. In the event that the employee will require a vehicle and possibly a driver, this should be provided at the employer's expense.

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 **Higher duties and disruption allowances:** The employee should ensure that appropriate clauses are in place for the payment of allowances in cases of temporarily acting in more senior positions and when required to travel from the place of assignment on a regular basis.

 **Pension/superannuation entitlements:** The area of pension arrangements for employees taking up contracts abroad is very important. Unions can provide expert guidance as to arrangements that may need to be made or clauses that need to be written into contracts of employment.

 **Benefits to partner and dependants:** The contract should specify the status of the employee and any entitlements due to the accompanying partner and/

or accompanying family and/or dependants. There should also be a provision for any change in status during the term of the contract.

✍ **Medical expenses and insurance:** It is essential that the contract does not permit any loopholes through which the employer may avoid responsibility for paying medical expenses or insurance. This also applies to the employee's family. The employee should ask for copies of all company insurance policies under which s/he and his/her family will be covered. These should be submitted to the union for examination and advice.

✍ **Social insurance:** Employees taking up employment abroad should contact their national Department of Social Security, or equivalent. The authorities and the union will offer specific advice on what arrangements should be made during the period of absence and what action to take upon return to the home country.

✍ **Annual leave:** The contract must contain specific reference to annual leave, with clear indications as to the amount of leave available and the conditions. There should be a specific reference to the observance of public holidays, both in the home and host countries. It is essential that a compassionate leave clause is included in the contract, for example, for the death or serious illness of a family member.

✍ **Sick leave:** The contract must contain specific reference to the area of sick leave, with clear indica-

tions as to the amount of leave available and the conditions, for example, supplying medical certificates, doctors' notes, and so on.

✍ **Long service leave:** The contract should include provisions for long service leave on the same basis as the terms applicable in the home country.

✍ **Home leave:** The contract should include a clause on home leave conditions for the employee. This will depend on the length of the contract, but the employer should cover the costs of a return trip to the home country for the employee and his/her family. The frequency may vary, but is usually an annual or biannual arrangement.

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✍ **Life and disability insurance:** Employees should seek advice from the union on either taking out life insurance prior to taking up a posting abroad, or topping up an existing policy. In either case, the costs should be born by the employer.

✍ **Relocation costs:** The contract should be clear on the costs that will be covered by the company in the case of relocation of the employee and the family to the new country of assignment. The employee should supply a copy of the draft contract to the union to check for loopholes, for example, in the case of the company recovering relocation costs in the event of early termination of the contract. The employer should also pay for the relocation of the employee and his/her family back to the home country upon completion or termination of the contract.

✍ **Accommodation and housing:** The employee should receive a detailed description of the style and standard of accommodation available in the country of location. All arrangements covering rent, utilities' costs, maintenance, insurance, domestic help, and so on, should be agreed prior to acceptance.


✍ **Education of children:** This an area that will require particular attention, as the employee may wish to consider educating children in the home or host country. It is likely that there will be cost implications, including accommodation if the children attend boarding schools, and these should be borne by the employer.


✍ **Natural disasters:** Some countries are more at risk of natural disasters and may have less-developed support services in times of emergency. The employee should be informed if this is the case and appropriate arrangements should be included in the contract for emergency evacuation insurance.

✍ **Exit, entry and immigration requirements:** The employee should be provided with detailed information on the country and area of assignment, including any entry and exit requirements in terms of visas and health precautions. The employee should ensure that s/he and his/her family all have current passports, preferably valid for the duration of the assignment. Any costs involved under this heading should be born by the employer.

✍ **Financial and taxation counselling:** Prior to departure, the employee should seek expert advice,

either from the union or an investment organisation, on the issue of investments, taxation and property in both the home and host countries. Financial services and taxation counselling is perhaps the most significant issue for those considering employment abroad. There are implications for investments in the home country, income tax on assets in both the home and host countries, and so on. UNI cannot emphasise enough the importance of seeking expert advice on these issues before accepting a contract abroad.

 **Mortgage, bank loans:** Employees should contact their bank prior to departure and make the necessary arrangements in terms of any mortgage or loan repayments, or other financial arrangements. The union can advise members on specific banking issues.

 **Power of attorney:** UNI advises any employee considering working abroad to make legal arrangements for power of attorney during their absence. Important documents may have to be signed during the absence abroad. Employees should also give serious consideration to drawing up, or revising, a will prior to departure.

The decision to work abroad is a major one in life for both the employee and his/her family. This publication does not presume to provide all the answers to all the questions that may arise in considering a professional move of such consequence. Circumstances will inevitably be different for employees in different situations. Nevertheless, UNI's Guidelines will be a useful basis for any employee considering



taking an assignment abroad.

There are other issues that may be considered, including whether the employer will offer a pre-contract visit to the assignment location to the employee and his/her family. Employees may also wish to consider doing more detailed research on the country of assignment, the stability of the government and long-term prospects. They may wish to look more closely at long-term career planning. However, these are areas that are up to the individual's discretion and needs.

The bottom line is to seek professional advice from all sources available, particularly the trade unions. Unions today are conscious of the changing needs of the membership and are becoming more and more experienced in the area of the international labour market. Members should brief their unions on their own experiences in the field of employment abroad to extend further the services that can be offered to others. UNI's *Guidelines to Working Abroad* are meant to provide a general overview of the different aspects involved. The publication is not a substitute for more detailed consideration of the many complex issues involved.

## UNI REGIONAL OFFICES

A member of a UNI-affiliated trade union has access to a world-wide network of union organisations. Through the UNI headquarters in Geneva or any of its regional offices in Brussels, Bucarest, Moscow, Panama City, San Jose, Buenos Aires, Ndola, Abidjan, Harare, Singapore, Negombo, Tokyo or Auckland, members will be able to obtain names, addresses and contact partners of UNI member organisations in the country of an assignment abroad.

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