



SIRVA[®] Worldwide
Relocation & Moving

The Changing Approach to Mobility *How Companies are Managing a Shift Towards Alternative Relocation Types*

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Employee mobility is still considered essential to achieving organizational goals and workforce objectives. However, there's been a noticeable shift in the way companies are moving their employees. Both globally and domestically, the use of long-term assignments is relatively stagnant, but there is increased usage of extended business travelers, short-term assignments and permanent relocations. The reasons – and the implications – are worth exploring, since both have a significant impact on the way companies will allocate mobility resources, foster employee engagement, design and administer their mobility programs, and structure in-house teams that support these employees.



Why Companies Relocate Their Employees

Before we explore the shift, let's take a look at the reasons *why* companies move their employees to begin with. From deploying talent for leadership and/or career development to employees that self-select, there are a variety of motives for mobility. Each can have a strong impact on the ability to reach company goals, talent retention and/or growth, so these reasons should always factor into developing the composition of mobility programs, processes and delivery models.

Reasons Why Companies Relocate Their Employees



Only **16%** of employees self-select for relocation opportunities.
Other reasons for deployment include:

57%

To fill a specific resource
gap in the host/destination
location

28%

As part of a leadership
or talent development
program or initiative

12%

To gain cultural awareness
and experience (including
corporate culture
immersion)

Source: SIRVA 2018 Annual Mobility Report

Mobility Shifts: The Proof is in the Numbers

Organizations are clearly utilizing mobility to support their organizational goals. However, there has been a shift in the types of moves that comprise program demographics. When asked how they anticipated their company's move types to increase over a one- to three-year period, survey respondents in SIRVA's 2018 Annual Mobility Report shared the following:

Move Type	Anticipated Percentage Increase of Use Over 1-3 years
Global Long-Term Assignments (Top-Tier Employees)	26%
Global Long-Term Assignments (Mid-Tier Employees)	29%
Global Short-Term Assignments	41%
Global Extended Business Travelers	44%
Domestic (Intra-Country) Temporary Moves	20%
Domestic (Intra-Country) Permanent Moves	30%
Permanent Relocations (Local Plus)	30%
Permanent Relocations (Basic)	34%

However, things are shifting quickly. In less than a year after our 2018 report was published, another marked change was noted in a recent pulse survey we conducted. When the respondents were asked how population volume is anticipated to increase in the next one to three years:

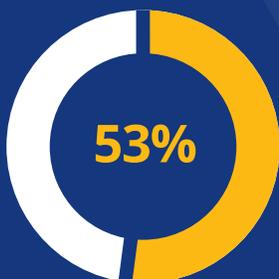
- ▶ Only **14%** of respondents anticipated an increase of global long-term assignments for top-tier employees – down 12 points from the Mobility Report.
- ▶ Only **23%** of respondents anticipated an increase of global long-term assignments for mid/lower-level employees – down 6 points from the Mobility Report.
- ▶ Only **36%** of respondents anticipated an increase of global short-term assignments – down 5.5 points from the Mobility Report.
- ▶ Only **25%** of respondents anticipated an increase in permanent relocations (local plus) – down 4.75 points from the Mobility Report.
- ▶ Over **30%** of respondents, 37.38% to be exact, stated that they expected an increase in international permanent relocations (basic) – up over 3 points from the 2018 Mobility Report.

But the most significant increase noted in our pulse survey was the percentage of respondents who expected the use of extended business travel (EBT) to increase.

- ▶ Of the respondents, **53%** said they expect to see an increase in EBT over the next one to three years.

These shifts, which have changed dramatically in less than a year, indicate that significant changes are on the horizon of the mobility landscape. Mobility professionals should keep a close eye on these changes and their downstream impacts on the ways in which mobility programs are structured and administered.

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The Shift Away from Long-Term Relocations: What's behind it?

There are several reasons companies may be moving toward alternative solutions to the long-term assignment:



Cost Minimization

Cost minimization was listed by 57% of pulse survey participants as a driver in shifting move types. Because of their duration (typically one to three years in length) and complexity, long-term assignments usually require more support than some other mobility types. For instance, long-term assignments require considerable planning and preparation prior to the assignment start date; they also require ongoing management for activities such as supporting the employee through the inevitable issues that will pop up as a part of a three-year-long assignment, and managing allowance payments, balance sheet updates, and compensation reporting for the duration of the assignment. Additionally, allowances are costly compensation-related adjustments (e.g., cost of living allowance, housing allowance) whereas permanent transfers or extended business trips have no such requirement.



Talent Development

Talent development is a key driver of mobility and is impacting the type of moves that comprise a mobility population, according to over 45% of pulse survey participants. Per the same survey, creating a bigger selection pool of employees also has significant impact on the types of moves organizations are utilizing; over 39% of organizations are evaluating non-traditional moves types as part of their overall mobility program framework. This swing reflects an organizational push to rationalize investment in employee engagement and to offer mobility opportunities to a broader range of employees. The changing attitudes of potential candidates regarding longer-term relocations may also be a consideration. Employees are sometimes hesitant to disrupt their lives and the lives of their accompanying families to accommodate business preferences; they want more options, control and flexibility to manage their careers with minimal impact on their lives. Mobility teams may need to consider the uniqueness of local school systems, challenges associated with the repatriation of family members following a relocation, and any cultural expectations around extended families. In some cultural contexts, for example, the idea of leaving grandparents or live-in uncles and aunts behind is contrary to tradition. Each of these cultural scenarios indicate a need for alternative solutions to long-term assignments.



Organizational Change

Mergers, acquisitions, divestitures and changes to organizational structures all have an impact on the use of mobility with the organization. Over 41% of pulse survey participants cited organizational change as a driver of the shift in mobility move types. Organizational change drives a focus on cost rationalization, harmonization of programs and policies, and often the inclusion of a new population of employees that require mobility support.



World Events

Uncertainty within geo-political environments may also be contributing to shifting mobility drivers. Many countries are applying an increased focus on tax and immigration compliance as a source of potential revenue for their jurisdictions. Some are also requiring more transparency and data sharing between geographies and are demonstrating resistance to a diverse workforce. All of this can create barriers and restrictions, whether perceived or real, which limit an organization's ability to leverage relocation to facilitate organizational growth. It can also prevent the company from utilizing mobility as a market differentiator to attract, develop and retain critical talent. On the employee side, some organizations are struggling to find candidates that are willing to relocate to a location, simply because of its geopolitical climate. If an organization cannot import or export talent, gaps in competency, resources and opportunities will limit the ability of the organization to grow and manage expectations specific to global workforce development. One solution being utilized in some Asian countries has been to hire foreigners who are already living or working locally. Many mobility programs are starting to cater to these global nomads with specific and limited benefits policies.

Of particular interest, 54% of pulse survey respondents indicated that their relocation/mobility policies would change in response to program demographic shifts. This is an interesting data point, as it may imply that the programs of the remaining 46% of respondents are already prepared to support a variety of move types – or it may also imply that these companies haven't thought about the need to better align their mobility policies and programs with changing demographic shifts.

Home and Host Locations: Where are employees headed?

When comparing SIRVA's 2017 and 2018 Mobility surveys, it's interesting to note the addition of Australia and Eastern Europe to the list of top home/destination locations in 2018, while Canada and the Middle East have dropped from the top five. As geopolitical, social and company needs change, it is likely that top home/destination combinations will also change.

Top Home (Outbound) Locations	
2017	2018
1. United States	1. United States
2. Western Europe	2. Western Europe
3. Singapore, Hong Kong, Malaysia	3. Singapore, Hong Kong, Malaysia
4. India	4. India
5. China & Canada	5. Australia/New Zealand

Top Home (Inbound) Locations	
2017	2018
1. United States	1. United States
2. Western Europe	2. Western Europe
3. Singapore, Hong Kong, Malaysia	3. Singapore, Hong Kong, Malaysia
4. China	4. China
5. Middle East	5. Eastern Europe

Changing Move Types: Changing Demands on Mobility Teams

As companies search for lower-cost approaches that support a flexible, mobile workforce, changes to move types also drive changes to the demands and scope of expectations being placed on mobility teams.



Business-Based Demands

To be successful, mobility teams must be well-versed in country-specific entry and departure compliance, and tax and payroll compliance as they relate to each move type. They must also demonstrate awareness and sensitivity to data privacy, cultural differences, and diversity considerations – and a strong commitment to equity on how the policies are determined and executed. These requirements, along with many others, must be reflected in mobility policies and processes. To manage these intricacies, internal team competencies must be adapted to include specialized mobility knowledge, either internally or by leveraging in-house and external partnerships.

Individuals possessing the appropriate level of expertise and experience are a commodity, and organizations must address the potential disconnect between skills that will be required to effectively implement their mobility programs and the actual skill levels (both strengths and weaknesses) of their employees and available mobility resources. Mobility functions are being asked to manage larger, more diverse populations – under a more complex program framework and within a broader geographic area – yet are still expected to function with minimal to no disruption to the stakeholder or employee experience. To meet this challenge, mobility teams must rely on efficient processes that leverage technology and engage with partners that recognize and incorporate an organization's culture and program requirements into their scope of services and delivery. Customization and flexibility are the “new normal” when it comes to mobility programs and all stakeholders must adapt to keep up.



Employee-Based Demands

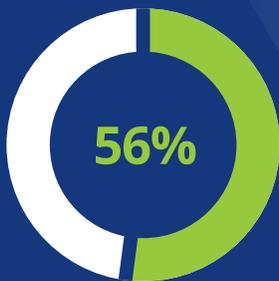
Today, employees are demanding more of that customization and flexibility regarding relocation package design and administration. As mentioned earlier, in some cases, they are also reluctant to accept opportunities that will take them away from their homes and disrupt their families for an extended period of time. This may, in part, explain the rise in short-term assignments and extended business travel opportunities. As a result, business and mobility leaders are challenged with finding creative ways to balance employee priorities and preferences with organizational demands regarding workforce planning and mobility investment management.

The above also means that mobility opportunities are no longer reserved for a narrow, senior-level employee population within the organization; the struggle to meet global resource and talent demands has resulted in an expansion of the global talent pool, opening relocation opportunities to employees at varying levels, geographic locations and diverse backgrounds. This shift away from a “traditional” mobility employee profile requires relocation programs to adapt to include programs, policies, and processes that support an equally diverse range of move types, geographies, and individuals. Mobility professionals do not necessarily need to be subject matter experts themselves, but they should leverage partnerships and expertise in areas including country-specific entry and departure compliance requirements, relocation package structure, delivery requirements, cultural awareness and sensitivity, etc. Doing so contributes to risk mitigation/minimization and a positive customer and employee experience.



Demands Associated with Move Types

The structure of mobility programs must also support a diverse composition of move types to provide the appropriate level of focus and expertise that will be needed to drive successful relocations. Resources, whether internal or external, should be geographically aligned with business mobility requirements. Functional ratios (the number of relocation team members to employees) must also reflect differences between the level of support needed for each move type and combinations of departure and destination locations. For instance, as referenced above, the level of administration required for a long-term move is considerably higher than what would be required for a permanent relocation; in the instance of a permanent relocation, once the transfer is implemented, ongoing administrative needs are minimal to none.



56% of organizations do not adjust the ratio of mobility professional to relocating employee by move type

Source: SIRVA 2018 Annual Mobility Report

What Companies Should Know About Emerging Move Types

It's clear that short-term assignments, permanent moves and extended business traveler arrangements are on the rise. In light of this change, what should companies know about each to maximize their mobility programs?



Short-Term Moves

Short-term moves are generally described as moves that last between three and twelve months. While they are significantly shorter than long-term moves, and typically don't require considerations for an accompanying spouse/partner or dependents, there are some factors specific to short-term moves that mobility teams should be aware of when utilizing this type of plan:

- ▶ Short-term moves should utilize a "home-based" package. As such, compensation and allowances should be based on the expectation that the employee will return to his/her home location at the end of the assignment and should be designed to accommodate the cost of living in the new host location.
- ▶ Employees may be able to maintain eligibility for home-based benefits during a short-term move, from their retirement plans to participation in their HSA programs.
- ▶ If an extension to the short-term relocation becomes necessary past a 12-month period, there may be tax implications.
- ▶ Short-term assignments remain the approach of choice for project-based and knowledge sharing initiatives.

A note on short-term assignments: Short-term assignments are a creative way to provide opportunities for a larger employee population to work outside of their home locations, without an overly significant investment.



Permanent Relocations

In the case of a permanent relocation, there are no defined plans for repatriation. As with long-term moves, permanent relocations may incur the complexities and additional considerations associated with accompanying spouses, partners and children. However, permanent moves can be less complex and less administratively burdensome, since there are no repatriation requirements and support is typically limited to physical relocation and compliance. Additional items to consider:

- ▶ A successful relocation depends on the entire family's assimilation into the host location. With this in mind, companies should consider services that support school-finding, language and cultural training, and spousal/partner support (for career development, continued education and area orientation).
- ▶ Employees will likely not maintain eligibility for home-based benefits, from their retirement plans to participation in their HSA programs. Benefits onboarding should be provided to the employee upon relocation to the destination location.
- ▶ Permanent moves are considered "host-based" moves; the employee's compensation and benefits will be delivered in accordance with the destination schemes.

A note on permanent relocations: Employees should be fully aware of the implications of a permanent relocation from a compensation, benefits, tax and cultural perspective.



Extended Business Travel

Extended business travel (EBT) arrangements refer to employees who do not relocate but, instead, travel to domestic and international locations for business purposes for extended periods of time. While EBTs don't incur the expenses of home disposition or the settling-in services associated with other move types, there are associated tax and immigration issues to be considered. Company stakeholders should utilize the expertise of subject matter experts in these areas to ensure compliance and mitigate risk. They should also utilize technology designed to track company spending, employee expenses, and compliance requirements. Additional items to consider:

- ▶ EBTs do not typically fall within the parameters of the mobility program, so policies and processes should be defined to identify, monitor and track these employees.
- ▶ Global travel booking systems and expense management reports may be a way to identify individuals that fall into the EBT category.
- ▶ EBTs can pose a compliance risk for both domestic and international cross-border travel.

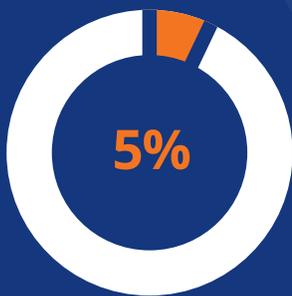
A note on extended business travel: EBTs can fall into the "stealth expats," category - in part because they fly under the radar of the mobility team. Organizations should educate stakeholders and employees on the potential risks and tracking requirements of EBTs to create greater awareness and accountability.

Flexibility: The “New Normal”

With so much change on the horizon, companies are advised to educate their mobility teams on the variety of options available to them, communicate openly with their employees on changes to mobility policies and processes, and to work closely with vendors to seamlessly integrate services and implement the policies. Flexibility in mobility planning is also advisable; shifting move types have occurred out of a need for this flexibility, but the need for flexibility has also arisen out of a need to determine how packages can be best developed and administered.

One way to provide this flexibility is to utilize a core/flex mobility plan. SIRVA recognizes four levels of “flex” specific to mobility package development:

1. Support component inclusion/exclusion: Is a component of relocation support provided to an employee or excluded from the relocation package?
2. The level of support provided (e.g., 30, 45 or 60 days of temporary housing)
3. Support delivery approach (e.g., lump sum, lump sum plus preferred vendor access, full support coordination on the employee’s behalf)
4. Choice – employer or employee (i.e., who is the decision maker regarding what is/is not included in the relocation package?)



Under 5% of programs allow the employee to determine the benefits that comprise their relocation package from a pre-defined list of available support services

Source: SIRVA 2018 Annual Mobility Report

A core/flex approach to relocation package design allows for the development of individual, customized packages, whether designed by the employer or the employee. These packages represent challenges for any team responsible for administering the relocation support, specifically around ensuring equitable levels of customer support and engagement with third-party vendors who are able to provide the desired flexibility in scope of services. However, a core/flex model can give employees greater flexibility, while still helping companies control costs. Companies also have the ability to track the data associated with each relocation, which helps to gauge success and guide flex amounts and core benefit offerings from year to year. Ultimately, this helps companies to be creative and responsive according to the relocation type being utilized.

Alternative Move Types: An Opportunity

As we've demonstrated, there are a number of reasons companies are shifting toward alternative move types, ranging from cost control and geopolitical issues to changing employee attitudes toward relocation. Through it all, mobility continues to be an essential part of achieving organizational goals and workforce objectives, so thoughtful and strategic approaches will be necessary to navigate this changing landscape.

Short-term relocations, extended business travel arrangements and permanent moves each present benefits and challenges for mobility stakeholders, but they also present an opportunity: By expanding their repertoires to include these alternate move types and flexible policies, companies also expand their reach – appealing to a wider range of candidates for a wider range of geographies. As mobility continues to evolve and stakeholders adapt, flexibility and diversity will ensure that companies can choose from a variety of approaches and candidates to address organizational goals and growth.



About SIRVA, Inc.

SIRVA Worldwide Relocation and Moving is a global leader in moving and relocation services, offering solutions for mobility programmes to companies of every size. With 75 owned locations and more than 1,000 franchised and agent locations in 177 countries, we offer unmatched global breadth supported by localised attention and innovative technology that strikes the right balance of self service and human support. From relocation and household goods to commercial moving and storage, our portfolio of Brands (SIRVA, Team Relocations, Allied, northAmerican, Allied Pickfords and SMARTBOX) provides the only integrated moving/relocation solution in the industry. By leveraging our global network, we deliver a superior experience that only a 'one-stop shop' can provide.

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