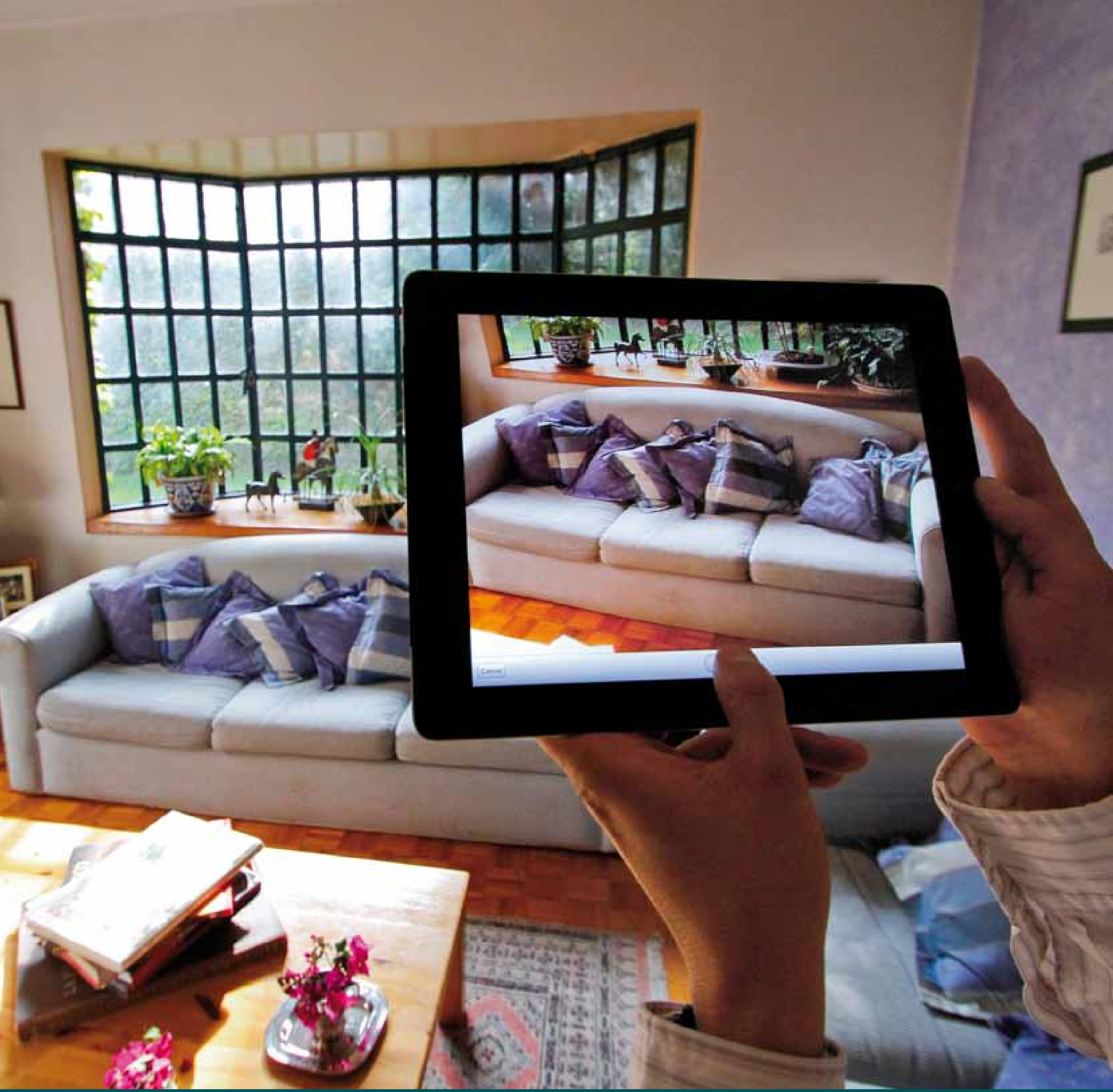

# World Mobility Perspectives
# 2018 Global Mobility Trends

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This year has been deemed by many to be both one of global economic growth and geopolitical uncertainty. The World Economic Forum in Davos, Switzerland, has named its 2018 conference: "Creating a Shared Future in a Fractured World." Bloomberg Business Week titled its New Year's Day article: "The Global Economy Looks Good (Unless Somebody Does Something Stupid)." This outlook emphasizes that disruption has become a fact of life for businesses, so we forge ahead with optimism.

> "It is not the strongest of species that survives, not the most intelligent that survives. It is the one that is the most adaptable to change."
>
> – Charles Darwin

It is within this bigger context that CWM introduces its Global Mobility trends for 2018. Reflected in this year's list, we anticipate a continuation of rapid evolution for the industry. It is becoming an increasingly mature, strategic area that aligns more than ever before with global business and people strategies. Most importantly, Global Mobility must be open to change, bring innovative ideas, and adapt to emerging technology solutions and shifting employee and consumer preferences.

For this year's annual *Perspectives* article we present areas that, in many cases, are not new. However, for a variety of reasons, they will be influential in 2018, driving Global Mobility innovations.

1. The accompanying partner
2. Mobility ROI (Return On Investment)
3. Lump sum and cash allowances
4. Diversity Mobility 2.0
5. Duty of Care, risk management and assignee well-being
6. Smart Mobility
7. The 2018 U.S. tax reforms
8. Employee-initiated moves
9. Cost savings: Where are they coming from now?
10. Repatriation

# 1. New focus on the accompanying partner

## The concept of the accompanying partner is becoming increasingly influential, and evolving in so many ways, that it is hard to know where to start.

First, it is critical to highlight the expanded definition of an accompanying partner. With the term "trailing spouse" more than a decade behind us, we now know that the accompanying partner is more frequently than not someone with a career. We also know that the accompanying partner is not always a woman, not always a spouse, and that same-sex partners are also a growing demographic among most employee populations.

Here, we look at a few of the challenges this poses and the creative solutions that some Global Mobility programs are putting into practice.

## Dual-career families

The dual-career reality, where both people in a relationship have a job, is a global trend that spans across multiple cultures and geographies. When employees are asked to go on international assignments or to make international transfers, many will need to consider their partner's career as part of the decision-making process. It also means that the decision is not just emotional but economic: a significant income source is probably going to be eliminated. Companies are finding this reality a challenge in getting the best talent to move.

The split-family scenario is one result of the dual-career trend, where the employee accepts an assignment and the family remains in the home location. Split-family scenarios are also often taken by same-sex partners for the following reasons:

- The partner's career is not flexible enough to take a leave of absence.
- The host location is not safe for same-sex couples.
- The immigration laws do not allow the partner to legally move with the employee.

The dual-career family is also one of the reasons why female assignee numbers remain low compared to their male counterparts, especially at the management or mid-career levels.

## Male accompanying partners

Historically, the accompanying partner has been female. As a result, assignment locations with traditionally strong partner support infrastructures already in place (i.e., expat social groups, welcome orientations, mom activities, school associations, afternoon teas, etc.) are geared towards traditional assumptions about the spouse/partner – that they are women.

Another challenge for male accompanying partners is found in the local communities themselves. In many parts of the world, a man without a job who is in a relationship with a working wife or female partner will be viewed negatively – due to cultural and social norms and long-held gender stereotypes.

Even within the host offices of the companies responsible for bringing the family on the assignment, there is often a lack of empathy or support for the female employee and the male accompanying partner. It is easy for HR or a female employee's manager to overlook the fact that the first few months are full of meet-and-greet situations where assignees and their partners have to introduce themselves to new neighbors, colleagues and potential friends. "What do you do?" will be asked over and over again; the female employee will be mistaken for the accompanying partner in many cases.

Fortunately, counseling for couples in this situation is available and the Internet is also an enormous outlet for establishing peers and communities – especially in more isolated or hardship locations. Still, this continues to be a barrier for female assignees and a challenge for families who take on an international opportunity.

## Creative solutions

- **Partner career search support:**
  Companies taking action with regards to the dual-career trend are providing support to partners in the form of career counseling in the new location, sponsoring work authorizations and/or a lump sum allowance to support career enhancing steps (such as a local certification cost, resume writing, etc.). While a formal job may not always be an option, counseling to develop career strategies for the assignment period can ensure that the time away from the career benefits re-entering the workforce later and maximizes an international experience.
- **Intercultural training:**
  Briefings offered to employees and their partners at the start of international assignments are designed to facilitate discussions around many topics, including their motivation for the assignment, their cultural preferences vs. the local culture and issues such as careers and accompanying partner status. For these unique circumstances, a face-to-face training opportunity is often used by forward-thinking companies.
- **Local job opportunities:**
  Some companies will offer a qualified spouse/partner the opportunity to look for work within their offices in the new location. In some cases, this is a condition made by the employee prior to accepting the assignment.
- **Diverse peer networking communities:**
  Companies using social media networks (Facebook, Yammer, etc.) as a part of their Global Mobility program establish a variety of accompanying partner communities to support the many different demographic, personal interests and career scenarios that their Global Mobility population represent.
- **Policy and communication updates:**
  Companies are re-writing their policies, communications, websites and needs assessment forms, as well as revising their orientations and consultation scripts, to ensure that the support provided does not make assumptions that the accompanying partner is female.

# 2. Mobility ROI

## The time has come to reframe the discussion. This year we are going to see more debate and more movement around Mobility ROI.

There is still little agreement and little progress on defining and measuring Mobility ROI across our industry. Yes, a few companies are making headway. Yes, assignment-related technology has the potential to support data analytics. A few companies have established measurements under an ROI equation – but not enough to consider it the industry norm. There are even some sophisticated Global Mobility leaders who have declared that they are exasperated with the assignment ROI concept – how our industry has batted it around for the past decade and pigeon-holed it into a repatriation-dominant discussion. The reality is that our industry is ready to hit reset.

Today, assignment ROI most frequently gets described in one of two ways:

### 1. Assignment segmentation

Programs now use different policies or approaches to support their employees' moves, depending on the type of assignment or business objective. The idea being that a company should differentiate the support provided and invest more in the Mobility that brings the most value – a classic ROI strategy. Targeted, strategic employees/assignments are identified and the cost of support is linked to the type of assignment.

### 2. ROI program infrastructure

Focus is commonly built around career development and retention post-assignment. This list highlights frequent attributes to an assignment ROI infrastructure:

- Selection criteria in place
- Sponsorship of the assignee required
- Objective setting required
- Career planning support linked to repatriation
- Performance management linked to the assignment
- Post-assignment reintegration process in place
- Retention/Attrition measured for employees with international experience

Looking ahead, assignment ROI will need to be agile to reflect the priorities of companies, business functions and employees. We expect the assignment ROI equation to evolve with a dashboard of measurements to fit the company's Global Mobility strategy. Depending on the program, it can be high or low tech.

**What will be on your dashboard?** The recruitment, engagement or retention of talent? Cost management? Leveraging external and internal roles and responsibilities? Meeting business objectives? Is it identifying employees and families with high personal motivation for the assignment that will drive effectiveness? Is it using data to work with business units to meet their global talent needs at the least cost and most productivity? Alignment with Diversity & Inclusion (D&I) goals? We anticipate seeing companies with a combination of priorities and it is set to continue evolving.

# 3. Lump sum and cash allowances

## With the increase in millennial and early-career, low-cost moves, giving employees cash for their Mobility needs is on the rise. There are a few interesting developments that we are tracking.

First, let's be honest: lump sum approaches can be very challenging to manage. For the employee, the challenges are primarily in knowing what they don't know. Most companies do not include "relocation expertise" when recruiting to fill roles across their organization. Employees given a lump sum are usually early career, new hires who could really use some guidance.

Alongside the use of lump sums for new hires, the 2018 changes to U.S. tax laws – eliminating tax advantages for companies that provide relocation travel and shipping benefits – will potentially increase lump sum use for organizations with Mobility within, into or out of the U.S.. That said, the increasing awareness of the criticality of the "employee experience" in many companies might be a barrier to this approach. *See trend seven for further considerations on the U.S. tax changes.*

For those responsible for supporting the employee with their move – whether it is in-house or an external relocation management company – experienced relocation professionals will frequently tell you that employees with lump sum moves have historically required a lot of hands-on support. They are sometimes likened to a VIP move in terms of needs. One example of this is found when looking at relocation management companies that have entered the industry with technology-only support. They have quickly been required to adjust their business models to include more human expertise and hands-on guidance.

### This year, the lump sum and cash allowance discussions are evolving in three areas:

1. **Determining the right balance between technology and human support –** including quickly changing technology to guide the employee in how to best use their cash, along with identifying the right amount of contact with an expert.
2. **Offering choices and flexibility for a cash allowance –** where "freedom within a framework" has become the motto. The focus here is incorporating the employee's lifestyle choices and needs into the flexible ways to use an assignment allowance. Some companies are utilizing a cafeteria-style approach, others have a menu with options that have similar values to select from or points-based systems. Finding ways to offer choices within a managed budget remains popular.
3. **Focusing on the employee experience –** where everything from Duty of Care, employee and family well-being, feeling valued by the company and the ability to get up and running quickly in the new role take priority. Having the right amount of help at your fingertips when you need it, and the sense that your employer is taking care of you, are also important to this employee-centric focus.

# 4. Diversity Mobility 2.0

In 2013 Crown was at the forefront of the Diversity Mobility discussion with research conducted in collaboration with EY. We interviewed a dozen global companies to assess if they were including D&I in their Global Mobility program strategies and, if so, what the main target areas were.

We found that, for those companies identified as having a strong D&I culture, some of them already had Global Mobility programs beginning to align with D&I. The primary target area was increasing the number of female assignees.

At that time there were only a few leading-edge examples of Diversity Mobility strategy:

- **Expanding assignment eligibility** for certain regions/cultures to include the parents of employees, recognizing that the definition of "family" varies across the employee population and that limiting the eligibility can be a barrier to assignments. This was especially true for Asia.
- **Providing flexibility to include the ex-spouse of an employee** in the budget for travel to visit dependent children in the host location. For one global pharmaceutical company this was an exception that became part of policy, recognizing that female assignees need barriers removed in order to accept an assignment. This was an example of eliminating a barrier by adding flexibility.
- **Supporting same-sex partners** with creative and flexible policy options – such as sponsoring education visa requests for the employee's partner, or providing a generous and flexible split-family policy that allows the couple to determine which partner has more job flexibility to travel for an increased number of "home leave" visits.

Today, D&I strategies are more mature in many global companies, so it is time to revisit the Diversity Mobility discussion. We certainly see more programs offering millennial-driven move alternatives in order to recruit and retain young talent. We are seeing a few companies successfully increase the number of female assignees in their organizations – although many continue to be at early career stages and less often at management level. Unconscious bias training is becoming more commonplace for global companies and can now be adjusted to include Global Mobility and Selection as part of the focus. This year we will update our research and highlight emerging practices in the Diversity Mobility area.

# 5. Duty of Care, risk management and assignee well-being

A CWM survey found that almost half of companies (49%) made changes to their Global Mobility Duty of Care programs, in light of current events. Forming stakeholder groups, putting new security procedures in place and implementing technology to track employees are all cited as risk-management steps.

In another example, International SOS states that since the November 2015 Paris attacks, there has been a 30% increase in their North American clients adding travel tracking to their programs.

While there is not one universal set of laws to define the actions to be taken as part of the moral and legal obligations for the safety of business travelers and international assignees, there is an increasing awareness of the need to better address Mobility Duty of Care. Not just for catastrophic events, but for basic ones that occur with more frequency. Road accidents, medical/health problems and petty crime are far more common than terrorism, despite the fact that terrorist attacks are a bigger concern for global business travelers and assignees.

While technology tools to trigger safety information, track employees and provide emergency assistance are available and being used, DIY Mobility approaches are also expanding rapidly and increasing in popularity. The lump sum and cash allowance approaches mentioned above drive some employees to look for the cheapest flights, off-the-beaten-path temporary housing options and budget car rentals – which are not always the safest options and can create stealth employees (difficult to track or contact).

Some online marketplace options, such as Airbnb and Uber, are not legal or regulated consistently (or at all) in the many locations where employees travel. And yet, in an online search they feel and look like familiar, viable options for employees to use. If employees have the App on their phones, it will still work in countries where it is not legal to use it. The risks and liability need to be made clear. Mobility policy will need to be updated to reflect these new patterns of consumer behavior. And so, we will be watching, researching and developing strategies to manage this shifting landscape.

Finally, an interesting trend is happening around employee wellness and it links to Mobility, Duty of Care and risk management. Global companies increasingly acknowledge that their bottom line can benefit from healthier employees. Offering incentives that promote exercise are on the rise. Improving the workplace environment and offering work/life flexibility are growing, too. There are correlations between reducing stress and increasing productivity.

This year we will see the discussion emerge in Global Mobility policy and programs, including:

- Medical requirements
- Cross-cultural and language training
- Partner support
- Settling-in services
- Assignee mentoring

There are many existing benefits and strategies that can be better promoted as support for employee well-being.

# 6. Smart Mobility

## There are two discussions under the Smart Mobility trend: the increase in data and data analytics, and innovations in technology.

In terms of data, companies of any shape and size can move ahead in this area. For those companies just getting started, the categories of data to begin to gather include:

- Number of international assignees and permanent transfers
- Home and host country combinations
- Length of time left on assignment for current population
- Breakdown of assignments and moves by policy type or assignment type
- Breakdown of assignment population by gender and any other D&I categories your organization is focused on
- Retention/Attrition of repatriated assignees (put it on your exit interview form)
- Extensions of assignments
- Exceptions to policies
- Cost estimates
- Cost of moves by policy
- Global Mobility team member skills and competencies

For those companies already tracking data, the use of that data only gets more interesting. Technology in the Global Mobility space allows companies to reach the next level with data analytics and have fun doing it. A company's corporate culture and priorities, along with the Global Mobility team leader's background and expertise, shape the direction of creative data analytics today. Just a few of the areas we are seeing emerge include:

- Job productivity of assignees or transferees post-arrival vs. support provided by company pre-departure, during relocation and post-arrival
- Gender of assignees by region vs. percentages of female leaders and future leadership pipeline data
- Recruiting and onboarding costs vs. one-way transfer costs as part of a global sourcing strategy
- Visibility into points of contact and information requested from the employee to create process efficiencies

Smart Mobility is also driven by fast-changing, disruptive technology that is specific to supporting mobile employees and their families. Temporary housing, real estate firms, settling-in services and language training are all examples of Mobility areas quickly adopting technology to customize experiences, to personalize service or provide targeted information at your fingertips. ePacking, eSignatures and virtual home surveys are already in play. Chatbots are going to become the new normal as part of the employee experience in Global Mobility support, especially for policy and FAQ advice.

**What's on the horizon?** Carnival Corporation recently released a wearable smart coin that digitally connects their cruise ship customers to services, activities and amenities – creating a seamless and customized experience. Wearable "heads up displays" are already being described that might, for example, translate signs for you as you walk down the street in another country. Facial recognition and fingerprint technology already in use will expand in terms of mobile payment possibilities for relocation expenses.

# 7. Impact of U.S. tax code changes

It may seem like this topic could be dismissed as a domestic concern or one that only impacts U.S. assignees or transferees. But as we saw in 2017 with Brexit and the subsequent changes to Mobility patterns impacting the U.K., domestic issues in leading Mobility countries impact the industry worldwide.

For the U.S. tax code changes, this may be because many companies at the forefront of Mobility policy and program development either have large assignee populations in the U.S. or are U.S. based. Regardless, it is likely that changes to policy as a result of U.S. tax code revisions will be a trend in the coming year.

These two changes are likely to have a significant impact on relocating employees and the companies they work for:

1. **The removal of relocation-related household goods shipment deduction under the new tax code** will increase the cost of providing assistance to employees. As a result, companies may look more to alternatives, such as providing a lump sum in lieu of shipment. This lump sum may be used by employees to purchase furnishings in the destination location and store furnishings in the home location. The challenge is that a service focusing on reducing the time spent on moving will now become a time-intensive activity for employees, along with so many other things they have to do. The negative impact on productivity, the extended amount of time it will take to move and the potential for things to go badly when they are not managed professionally are all concerns. Therefore, it is likely we will see new service approaches evolving in 2018 that are more consistent with the tax code but also provide important support to employees.
2. **The repeal of deductibility for certain moving expenses** is a second area that may lead companies to consider changes to policy. In the past an employee could exclude qualified moving expenses (or deduct certain expenses that are not reimbursed) from income. These exclusions are suspended in the new tax bill. This will increase the cost for employers who will need to treat the taxes paid on these expenses as income. As a result, companies are likely to be looking for ways to change policy to mitigate these costs.

# 8. Employee-initiated moves

## More than half (52%) of companies now have employee-initiated Permanent Transfer policies, according to our latest research.

As we have described in previous years, companies are also developing low-cost, low-touch opportunities for early-career employees to gain short-term international opportunities. These "adventure moves" are gaining in popularity. The primary driver is aligning Global Mobility with talent strategies. These strategies are responding to the growing millennial workforce population, hungry for international experiences.

Companies using these employee-initiated choices note that it does not come together easily. One of the biggest challenges is getting buy-in from more traditional managers who still rely on the mindset and business strategies of past generations.

Another significant challenge is drawing the line between company-initiated and employee-initiated Mobility. The difference in benefits, support and budgets makes expectation-setting, clarity in objectives and communication critical to success. Employee-initiated moves must be marketed for what they are – opportunities to recruit, engage and retain.

# 9. Cost savings: Where are they coming from now?

After a number of years of diligently looking for and implementing cost-saving initiatives, many companies report that they are somewhat satisfied with where they are overall regarding program costs. The key changes they have implemented or planned for 2018 include several we identified last year as up-and-coming trends, including:

- **Development of policies aligned closely with business reasons for moves**, such as policies for employee-initiated relocations and assignments, and developmental assignments (out and back or rotational).
- **The shift away from long-term, temporary, home country balance sheet based assignments** as the default option. Most companies still have them, but reserve them for specific business objectives. It is becoming more common for the default to be short-term assignments or one-way transfers, which are based on host compensation and living standards, and may or may not come with "Plus" elements based on origin and destination locations.
- **Alternative approaches to the shipment of household goods for temporary assignments.** The two most popular are to provide furnished accommodations in the host location or to offer a lump sum for purchasing items in the host location in lieu of shipping. Both of these approaches offer savings at expatriation and repatriation.

We identified the increasing use of core-flex style policies as an up-and-coming trend in 2017. And it looks like this trend will be even bigger in 2018 as it grows from international to domestic moves and more companies realign their entire suite of policies to this mode. The benefits include customization to business and personal needs and the ability to minimize the need for exception requests, both of which offer cost savings to the company.

One area where companies appear to be looking to reduce for cost savings purposes is home housing assistance support for homeowners – be it property management, long-term storage or home sale assistance. This is an interesting development, since caring for a home from a distance can be both costly and distracting.

**Cost savings is a double-edged sword, of course.** Yes, it is good to reduce costs where possible, but many companies are also reporting greater assignment turndown and more dissatisfaction as employees receive less support and must pay for more expenses out of their own pockets.

# 10. Repatriation

## What is new with Repatriation? With "Smart Mobility" and "Mobility ROI" now part of the industry landscape, Repatriation, the historically chronic, least developed stage of the international assignment program, is ready for a shake-up.

The good news is that long-term assignment policy addresses repatriation more than ever before. CWM's 2018 Policy and Practices Survey shows 87% of companies with repatriation support in policy, up from 82% in 2015.

The enormous problem lies in the fact that the vast majority of companies define Repatriation Support from a tactical angle – household goods shipments, temporary living, etc. Only 9% of companies address things like Repatriation Integration Briefings in policy.

Any company that says that they care about assignment ROI but does not address Repatriation Integration Briefings in policy is simply not putting their money where their mouth is.

This year the Repatriation conversation will expand to face a few new realities. First, for those companies with "out-and-back" international assignments, Repatriation needs to be addressed from an assignment ROI perspective:

- Setting objectives at the start of the assignment
- Linking career planning and individual development plans to the assignment
- Preparing for Repatriation at key milestones during the assignment
- Defining roles and responsibilities of key stakeholders (assignee, HR, manager)
- Including Repatriation Integration Briefings in policy and program

For companies with less focus on temporary assignments and more focus on global career Mobility, where consecutive assignments, open global recruitment policies or one-way moves are more the norm, Repatriation Support could remain tactical. But career planning might be added to Mobility policy instead. Let's see where the creative, talent-mobility focused companies take us this year.

# Conclusion

CWM's 2018 trends will inspire innovative thinking and creative solutions as you consider your current program, your own professional development and the Global Mobility industry.

We started this article with the words of Darwin, and his observation that in order to survive, we must be adaptable to change. We end with the sentiments of the visual artist Andy Warhol: to take matters into your own hands and initiate a change to your program. This could be a new way of thinking, a response to demographic shifts, new technology or smarter ways of doing things.

If you are around anyone who is saying "there's nothing new in Global Mobility," turn around and walk quickly in the other direction. It is a great year to be in our industry, to inspire others, collaborate and innovate.

> "They always say time changes things, but you actually have to change them yourself."
>
> – Andy Warhol

This article was authored by Lisa Johnson of Crown World Mobility's Consulting Group. If you have any questions regarding this article or would like to find out more about our other services, please contact Lisa at ljohnson@crownww.com or visit our website at www.crownworldmobility.com.

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