Staying Mobile - Global Mobility Trends That Create The Ebb And Flow

As everyone involved in our sector knows, Global Mobility (GM) is one of the most varied, diverse and dynamic industries; constantly evolving to support changing business needs, and with new things to learn on an almost daily basis, this sector is truly unique.

The continual reinvention of Global Mobility – as a facilitator of company growth, an instrument of personal development, or as a key element of the "war for talent" – ensures the needs of companies, and therefore vendors services, are constantly changing. This article examines some of the recent changes and trends seen in the industry, and how vendors have responded to provide solutions to this transformation.

When Santa Fe Relocation Services (at the time, Interdean) launched our relocation services offering, just prior to the financial crisis in 2007/2008, companies were beginning to recognise the need for variation and flexibility in their assignment policies, and this process was arguably accelerated with the subsequent downturn. ROI (Return on Investment) truly entered the lexicon of relocation professionals, with mobility teams challenged to identify savings and efficiencies, while continuing to demonstrate the strategic value of GM as a function in assisting company growth.

EBTs, Commuters And Rotators

This process brought new assignment types to the fore as companies strove to ensure their mobility programme became more cost-effective; short-term assignments became more prevalent, and new short-term policies were developed – commuter, rotational, extended business trip, project-based – to address specific business needs and in response to the increased scrutiny new assignments were subject to; Is this assignment necessary? If so, for how long?

In parallel, long-term assignments, for so often the "gold standard" of relocation policies, were reviewed and qualifying conditions tightened; assignments which had previously been almost open-ended were more tightly defined; 2-3 year terms became standard, localisations, permanent/local hire, and flexible policies were introduced by Global Mobility teams to offer more tailored approaches to support employee mobility. In addition, the question "who benefits?" from the assignment was asked, based on balancing the cost and the benefit to the business through driving results and/or increased employee engagement.

More… For Less

So, did these changes have the desired effect? The answers seems to be a qualified "yes"; since 2008 industry indices continue to report a focus on cost control/ reduction - one of the key findings of the 2014 Brookfield GRS Global Mobility Trends Survey was that "72% of respondents indicated international assignment costs are being reduced as a response to current economic conditions", while at the same time the Cartus 2014 Global Mobility Policy & Practices survey found that "Half of companies expect mobility volume to increase". That said, the 2014 Global Mobility Survey Report, commissioned by Santa Fe Group, simultaneously reported "Agreeing compensation packages with candidates" as one of the Top 3 challenges faced by mobility managers when recruiting candidates, with over 40% of the 1200+ respondents citing this as an issue.

But these are merely the latest confirmation of long-standing trends. As far back as 2011, the Global Mobility Survey Report commissioned by Interdean was reporting that 53% of the 1,000+ participants viewed cost management as a high priority for their organisation, while simultaneously reporting that 39% of organisations saw an increase in relocations authorised over the previous 12 months.

While variations by industry and region have been seen during this period, these themes have been constant since 2008. I'm sure these trends aren't news to many readers; but what changes did these developments lead to in practice? And how have service providers adapted?

Wi-Fi, Weekly Cleans And Welcome Packs

The years after 2008 saw a great increase in unaccompanied short-term assignments, Cartus reporting "By 2010, assignees had become younger and were more likely to be single and male." This change meant traditional types of relocation services and household goods moving services needed to adapt.

For the short-term assignee a home search was replaced by a serviced apartment booking; a 20ft container shipment replaced by an air shipment and storage in the home country. More emphasis was placed on settling-in services to ensure assignees could quickly feel at home in the new location and become productive; home was a 1 bedroom serviced apartment, and home leave trips became the norm to visit families. An added benefit to the business, with this 'semi-permanent' home with cooking facilities, could also be a reduction in per-diem payments, making this approach even more cost-effective.

Serviced apartment providers came to the fore to support this new demand, and supply quickly grew in key locations; the 2015/2016 Global Serviced Apartment Industry Report (GSAIR) found the global inventory of serviced apartments increased 14.1% year on year over the last 12 months, and a staggering 80.1% since 2008. Assignees came to expect high-speed wi-fi to enable flexible working, weekly cleaning and welcome packs as standard.

Emerging Markets And Second Tier Cities

While the demographic shift has since returned to the long-term profile seen before 2008, the use of serviced apartments has continued to expand in line with the growth of short-term assignments. This can create availability challenges in mature markets, as leisure travellers are now equally aware of the benefits of serviced apartments; but what if the assignee is moving to a developing country?

As companies continue to seek new opportunities globally, they are naturally drawn to locations which offer competitive advantage, but may lack the infrastructure of more mature destinations; emerging markets and the "BRICS" are well used terms, but increasingly emerging markets include far more diverse locations in Asia, Africa and South America, as well as second tier cities in first-world countries.

While assignees to these destinations may be single and predominantly male, especially where security may be a concern, the availability of expatriate standard serviced apartments is not a given, nor is consistency between locations. For instance, a rotational assignee completing a 3 month stay in London, will have a different experience of staying in a serviced apartment if their next rotation is to Tunis, due to local practice and culture.

Only relatively recently have serviced apartment agencies begun to expand their network in emerging/second-tier locations – for instance, the 2015/2016 GSAIR reported that the supply of serviced apartments in Africa was limited primarily to South Africa and Nairobi with limited choice in other markets. In addition, of the estimated 390,000 hotel rooms in the region, only 10% are of international standard, with South Africa housing half this inventory. With this in mind, longer lead times may be required to source accommodation in emerging locations, and the expatriate may also need to be flexible on their requirements and expectations.

What If A Serviced Apartment Isn't Available?

Recent moves to locations in countries as diverse as Albania, Colombia, Mongolia and Norway, have demonstrated this inconsistency in supply, and the need for a flexible approach. In two of these locations, traditional serviced apartments were not available, and alternative solutions required involving a cocktail of expectation management, creative problem solving and educating/training a local partner.

The successful outcomes in both instances took the form of a home search for a rental property and then a combination of local knowledge, good negotiation skills and settling-in support to provide a fully equipped expatriate standard apartment, without the assignee having to navigate the process of setting up of utilities in Tirana or Ulanbataar. Equally, leases needed to be reviewed (and a local signatory arranged), and payments arranged in local currency for security deposit payments, on-going rentals and realtor fees.

While many assignees, particularly those defined as Gen Y, are explorers by nature, the duty of the service provider is to deliver expert local advice and creative solutions if difficulties occur; to minimise the time the assignee spends on pastoral matters, as the focus will be on the employee to deliver against assignment objectives. Any time spent worrying about sourcing an apartment or setting up a broadband connection is not going help the assignee deliver against these objectives.

Back To The Future...

As referenced earlier in this article, the longer-term demographic profile of assignees – older, an increasing % of females, and more often accompanied – seemed to reassert itself from 2012 onwards (source: Cartus 2012 Global Mobility Policy & Practices survey), and also referenced in the 2014 Global Mobility Survey Report where 46.5% of respondents cited "Family/accompanying partner complications" as another of the Top 3 challenges faced by mobility managers when recruiting assignees. While this assignee demographic is more likely to be sent on assignment to a more mature destination for expatriates, the type of support they receive has changed, with traditional long-term assignments having increasingly given way to permanent transfers and local hires. So, what is the difference?

For an employee moving to a regular relocation destination – for example London – the needs of the mid-level employee and family have, in some cases, changed dramatically. The differences illustrated in the policy benefits available, i.e. a housing allowance versus their own rental budget, cost of living adjustment and frequently help with international school fees, as well as assistance with shipping household goods – where now they are just as likely to be on a Local Plus move, with a lease in their name (and probably in Zone 2 or 3, rather than Zone 1), and seeking school places which could be in the state sector, independent or international school system.

While policies for strategic and senior level moves are broadly unchanged, business-as-usual moves receive a significantly slimmed-down package.

Conversely, families moving to emerging markets, where security or general living conditions are recognised as difficult, have seen far less change in the support they receive. With the pressure on mobility teams to facilitate company growth and manage talent, policies for this type of move may be more generous or flexible recognising the need for suitably skilled employees to complete a business critical project. This may take the form of allowing the family to live in an adjacent location which is more secure, (supporting Duty of Care requirements of the business), and that has greater amenities, easier commutes or in a secure compound.

This message is supported in the 2014 Global Mobility Survey Report, which confirms "Host country stability/ conditions" as one of the top 3 challenges faced when recruiting assignees.

Staying Mobile

The mobility sector has been especially fluid over the last few years. Changes in business activity, drivers and corporate objectives, and expansion into new markets, have produced more focussed relocation policies to support the achievement of these goals and the attraction and retention of talent.

These policy developments have in turn challenged service providers such as Santa Fe Relocation Services, to recalibrate their service offering to reflect this ebb and flow, whilst also aligning with the changing demographic profile of assignee populations.

Businesses now expect to be able to deploy their assignees faster and smarter to reflect the demands of operating successfully globally, while maintaining employee engagement regardless of the destination. This fluidity will continue to drive innovation in our sector, and we are scanning the horizon for the next large wave...

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