

2015 TALENT MANAGEMENT **TRENDS REVIEW**



Hilldrup

INTRODUCTION: *WORKFORCE MANAGEMENT*

4

HR HOT TOPICS

5

MILLENNIALS

6

RECRUITMENT TOOLS

10

GLOBAL MOBILITY

15

DEMOGRAPHICS

16

VOLUME

18

ORIGIN AND DESTINATION

20

ISSUES

22

COST CONTROL

27

DOMESTIC MOBILITY

31

INBOUND AND OUTBOUND

32

VOLUME

34

ISSUES

35

WORKFORCE MANAGEMENT

2015 continues the trend of major shifts in workforce management. From a return to pre-recession relocation numbers, to millennials ruling the workforce, studies show that companies must continue to innovate, attract talent, and manage costs.

This year the **millennial generation**, born 1980-1993, became a majority in the global workforce. While these new hires, assignees, managers, and employees look and work differently than previous generations, their career goals are no different. They want **strong leadership, purposeful mentoring, and on-site training**. They even want to learn from and work with other generations.

Alongside this emerging technology-driven generation is an aging international assignee population. The average expatriate is now 40-49, and fewer of them are taking their families along. Some believe that a growing trend in assignments to difficult countries—including China and India—has resulted in **fewer family tag-alongs**.

As managers deal with the changing landscape of employees, they are becoming more serious about strategically managing talent, **career coaching after repatriation**, and using better assignment processes.

In this year's edition of our Talent Management Trends Review, we identify key trends that are important to your business. We also focus on the way **millennials are reshaping and influencing the marketplace**. You'll find this emphasis through each section of the report, along with a special section that brings it all together.

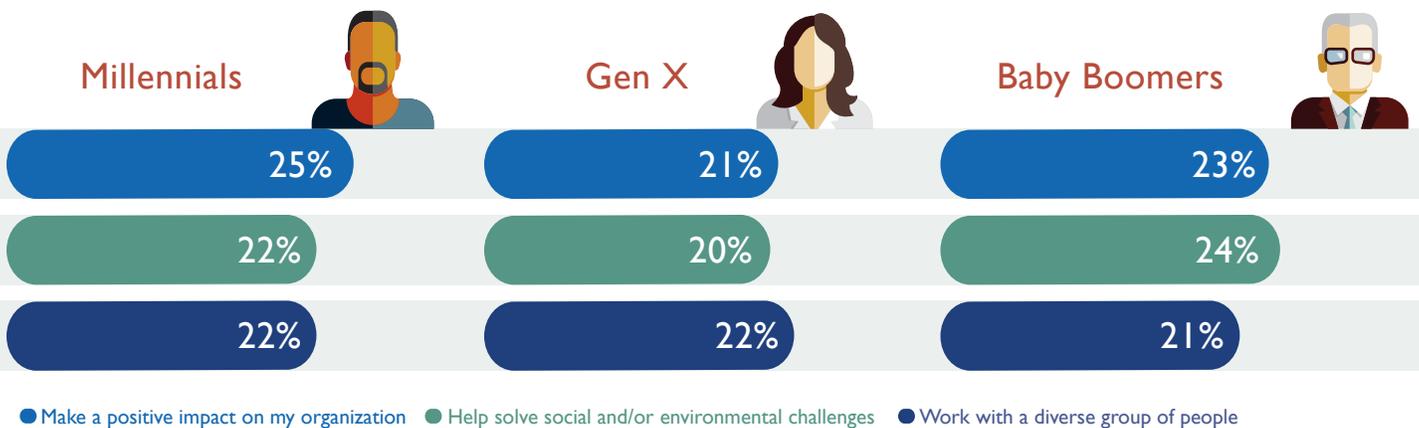
HR *HOT* **TOPICS**

MILLENNIALS

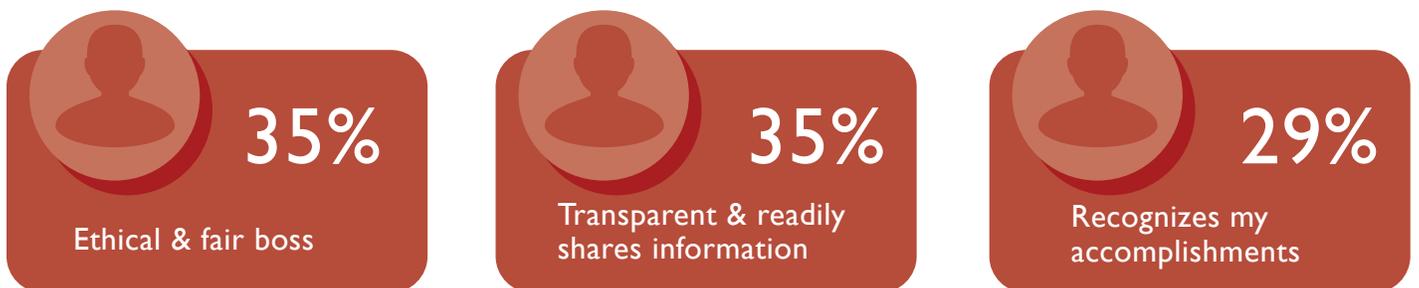
Born 1980-1993, Millennials are the first generation to enter the workforce after being raised in a technology-driven environment. Growing up in a world of connectivity, this group learned to integrate the digital world with their everyday life from a very young age.

Millennials in a Cross-Generational Workplace¹

There is clear confusion about the priorities and habits of the millennial generation. When Baby Boomers, Gen Xers, and Millennials were **asked about their career goals**, their responses were almost identical.



When asked what type of manager they prefer, Millennials are also less concerned about receiving praise from their supervisors than they are often characterized, with 35% saying they care most about having an ethical and fair boss. A transparent supervisor who readily shares information takes another 35% of the preference.

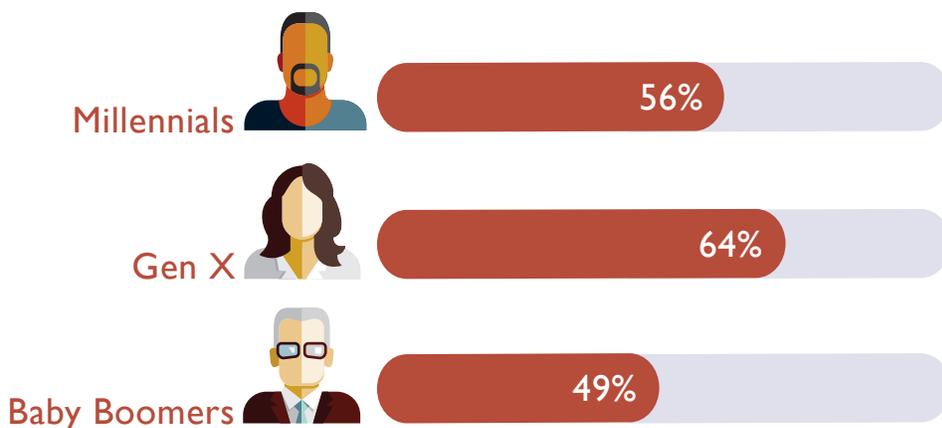


1. IBM Corporation | Myths, Exaggerations, and Uncomfortable Truths | 2015

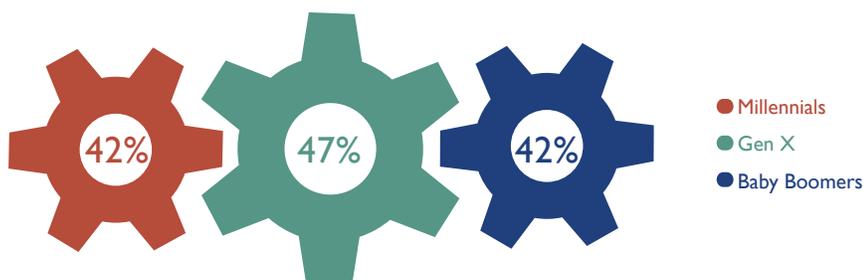
Often coined as “digital natives,” research debunks the idea that Millennials prefer to do everything—like learn new skills—online. **Their top three choices for education in the workplace** are physical, not virtual.



Facebook, Twitter, and other social media platforms have been embraced by Millennials over the years, leading others to believe that this digitally engaged generation needs to receive input from a large group of people before making a decision. However, 64% of Gen Xers responded positively **when asked if they make better decisions after receiving a variety of input**. This is interesting when compared to only 56% of Millennials who agreed with this statement.



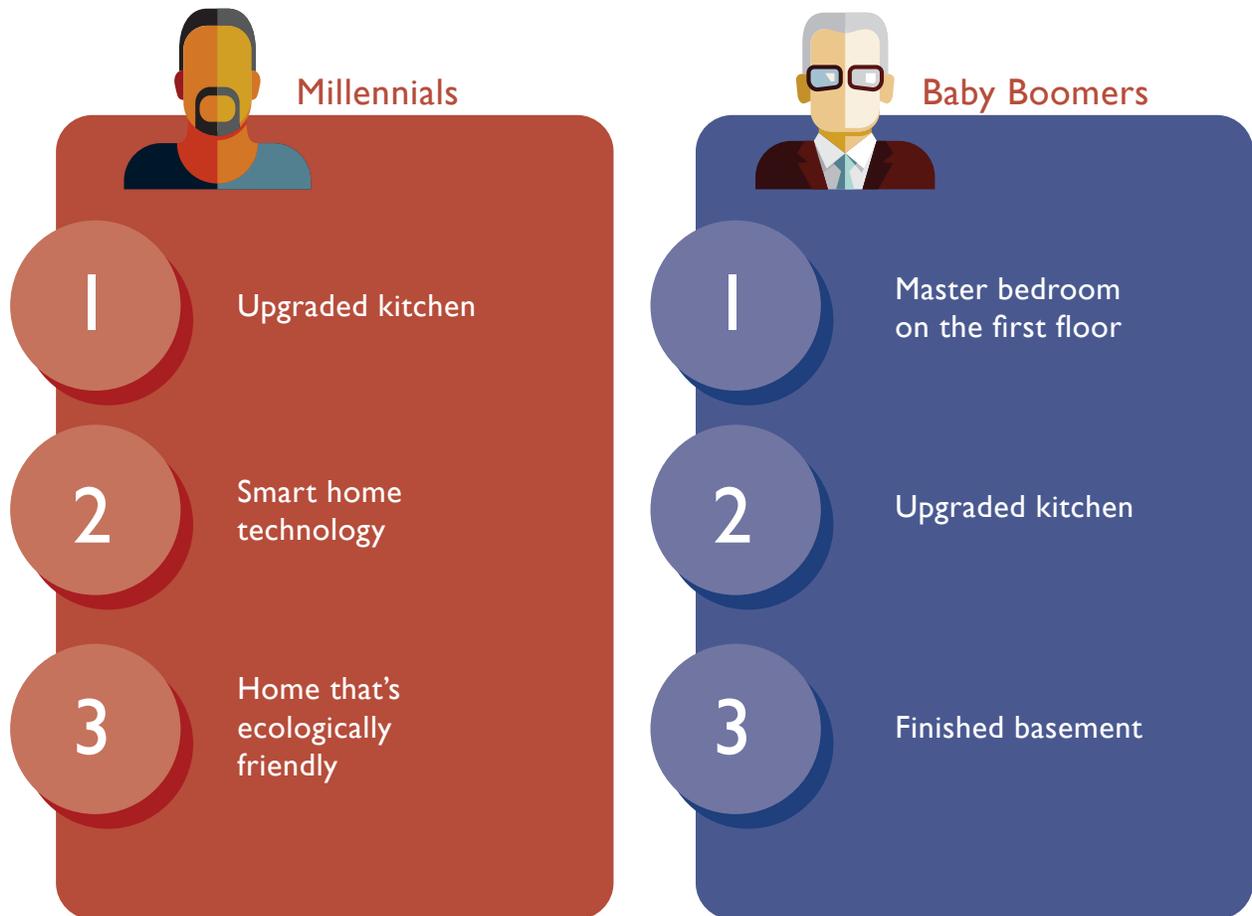
Millennials also get a bad wrap for being unreliable, high-turnover employees. But, studies show that all three generations in the workforce **would agree that they leave for the same reason:** more money and a more creative workspace.



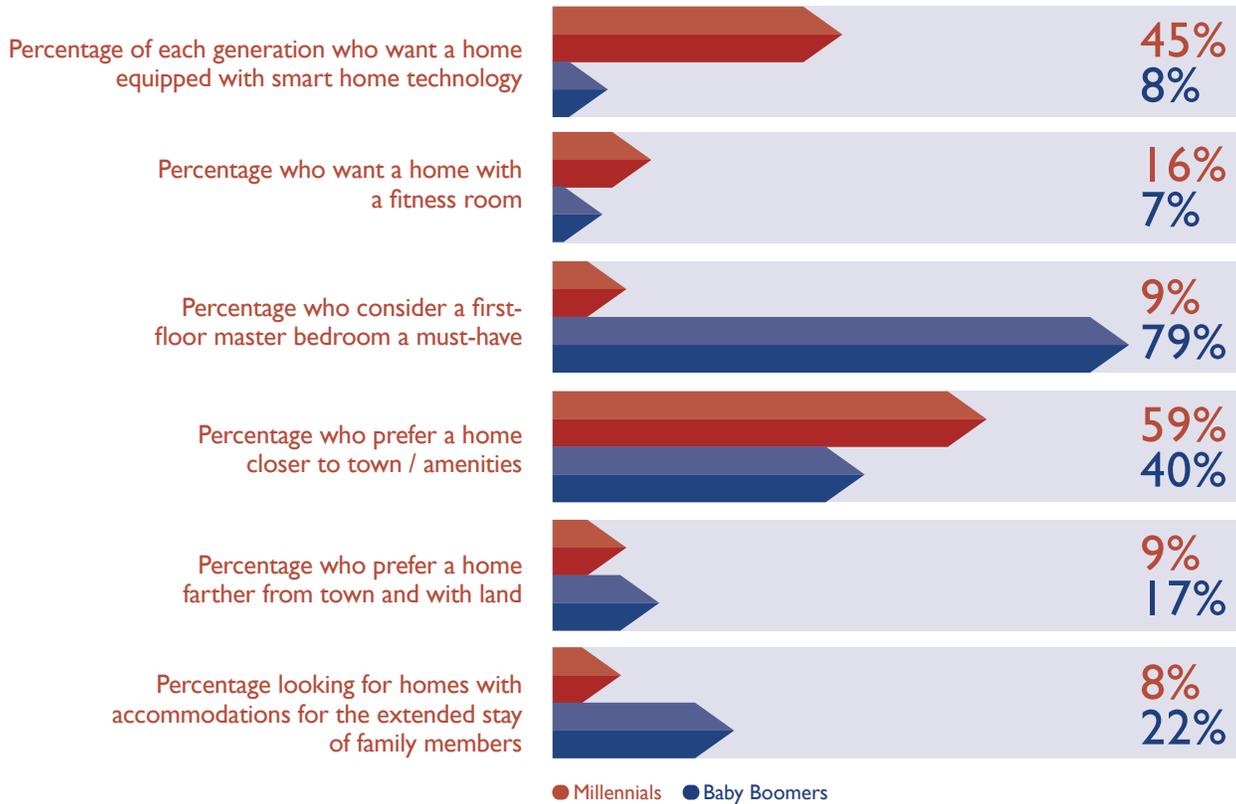
Millennials on the Move¹

A high percentage of brokers, 71% in fact, expect to see an increase in the number of younger transferees coming to their markets for jobs. So, this begs the question: **what do Millennials want in a home?**

While Baby Boomers and Millennials may want the same thing in their career, they are not quite as like-minded in their choice of home. Those born between 1980 and 1993 are looking for nicer kitchens, a technology-infused space, and building materials that are good for the environment. For Baby Boomers, a first-floor master bedroom tops the list in favor of an upgraded kitchen.



The first-floor master bedroom preference is continually reflected by Baby Boomers, as research drills down on other **wish-list home items**. Millennials are less concerned about having land, or a place for the long-term stay of family. Baby Boomers, on the other hand, have little desire to see technology in the home, and are less worried about being close to town and convenient amenities.



A MILLENNIAL PERSPECTIVE

Millennials are not the urban, loft-seeking hipsters you may imagine. In fact, 66% of Millennials want to live in the suburbs in a single-family home.

The Wall Street Journal | January 2015



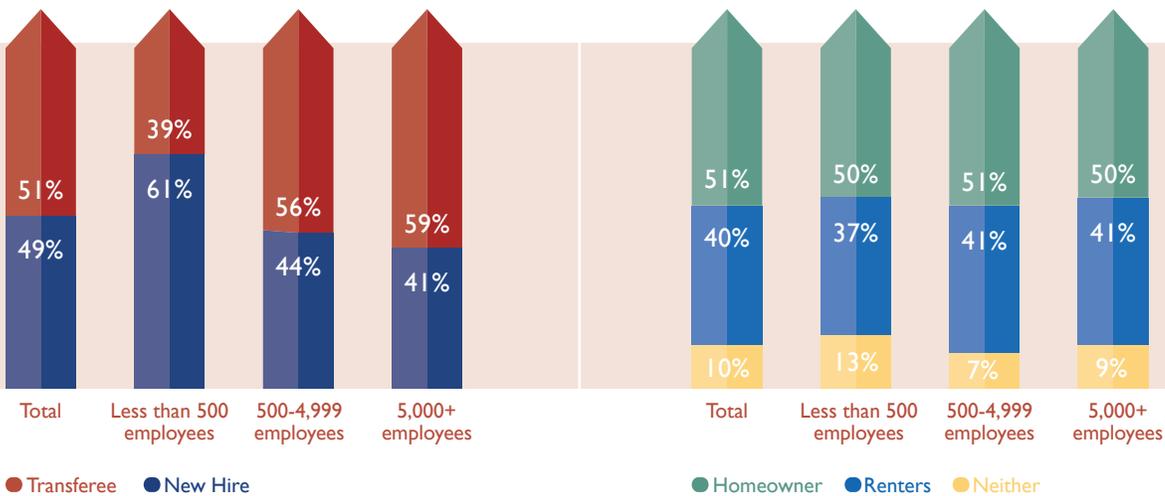
RECRUITMENT TOOLS

Transferees vs. New Hires¹

On average, employees are given a **little more than five expense-paid days** to find a house when relocating. Their spouses/partners are given just under two days.

Across small to large businesses, there was an almost even split between transferees and new hires. However, the numbers tilt in favor of existing employees being transferred. Among both types—transferees and new hires—just over 50% were homeowners.

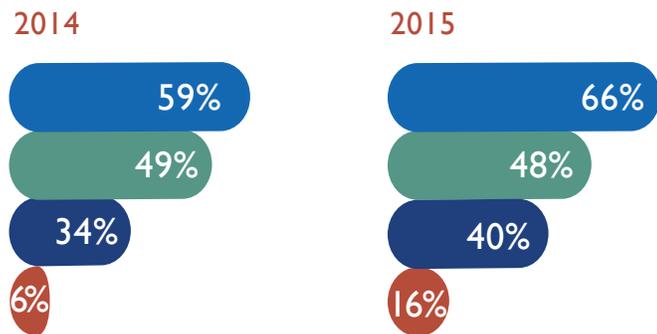
Approximate Percentage of Employees that Relocated in 2014



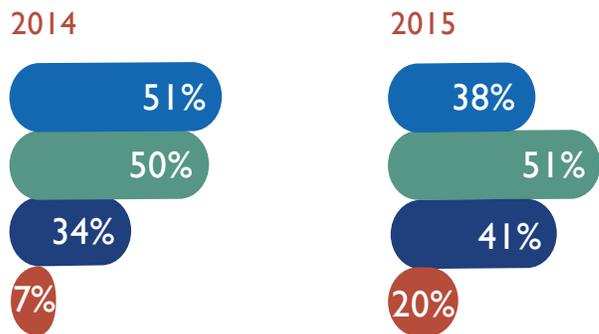
Relocation Assistance²

In 2014, 51% of companies **fully reimbursed the moving costs of a new hire**. In just one year, that shifted to a mere 38% of organizations that reimburse new hires in full. Lump sum and partial reimbursements have risen to 51% and 41% respectively.

Transferees



New Hires



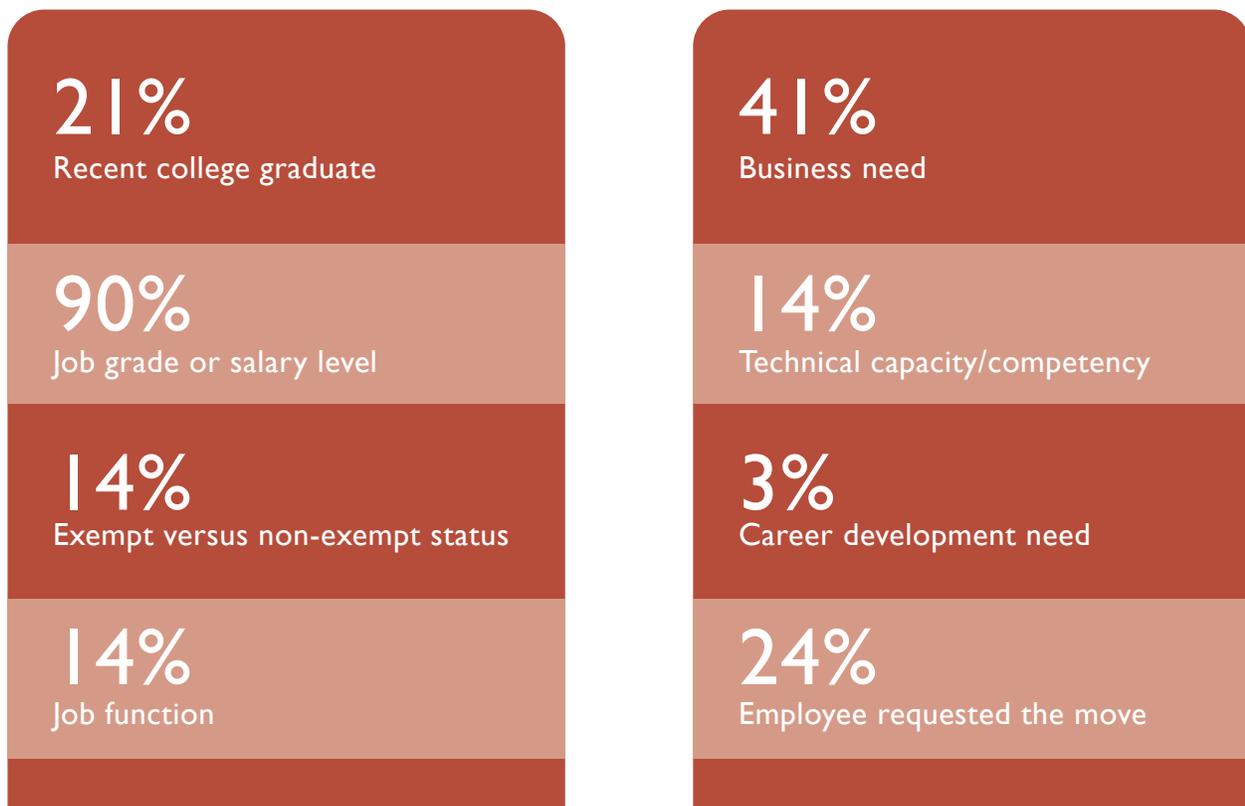
● Full Reimbursement ● Lump Sum ● Partial Reimbursement ● No Reimbursement

Global New Hire Relocation Assistance³

Types of Policies for Permanent Moves



Criteria Used to Differentiate in Tiered Policies



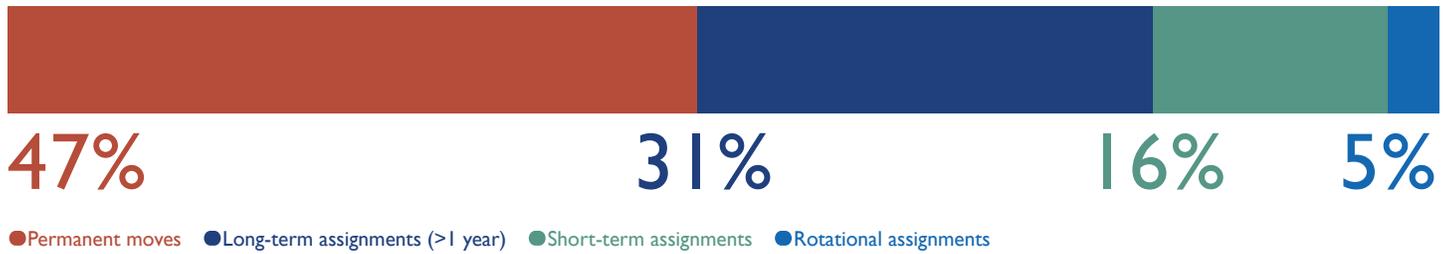
A MILLENNIAL PERSPECTIVE

Often, a young potential employee will avoid applying to companies that are too far away. Advertising your relocation program and willingness to bring new talent closer to your business is a great recruiting tool.

Urbanbound | September 2014



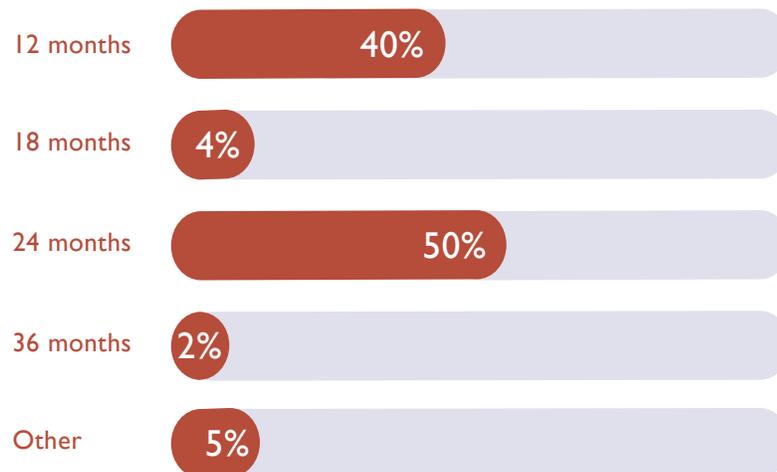
Types of Global New Hire Mobility¹



Top 10 Policy Elements Most Useful for Recruitment



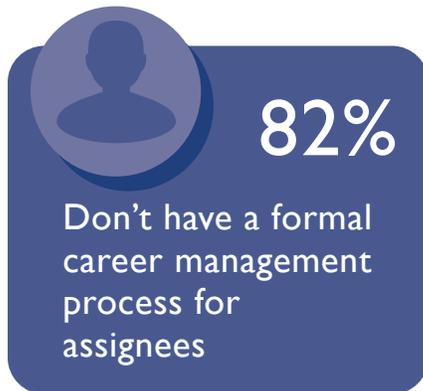
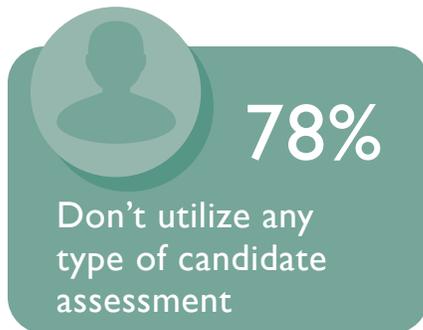
Average Time New Hires Must Remain to Avoid Pay-back



1. Worldwide ERC | New Hire Mobility Assistance Report | 2015 | Pg. 14, 18
 2. Brookfield Global Relocation Services | 2015 Global Mobility Trends Survey | Pg. 6, 7

Candidate Assessment²

A surprising 78% of organizations **do not use any kind of assessment process for choosing candidates**. An even higher percentage (86%) of respondents said they didn't have a formal strategy for tracking career management and retention among repatriating employees.



International Assignment Brings Value Home

More than three quarters of respondents (77%) believe that an **assignment overseas is worth the investment**. Assignees gain the skills necessary for leadership, and come back to the states with specialized knowledge.

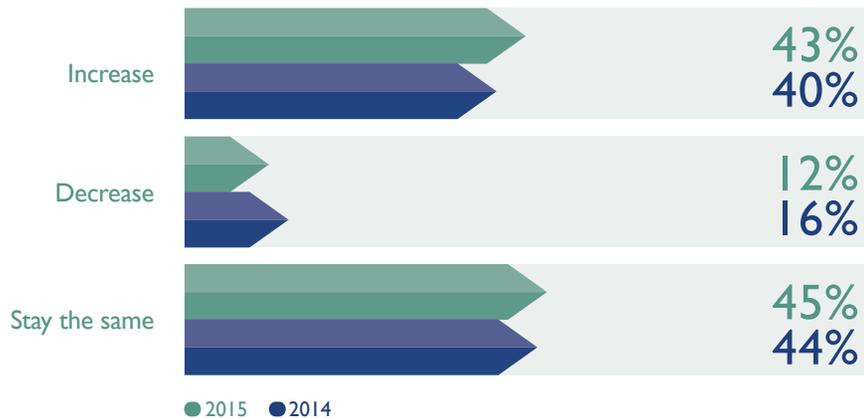
GLOBAL
MOBILITY
TRENDS

DEMOGRAPHICS

Anticipated Assignee Population Growth Rate in 2015¹

Respondents were asked: “In the year 2015, do you believe that the number of international assignments in your company will increase?”

Historically, an average rate of 53% of respondents expected an increased growth rate in the assignee population. This year, 10% less of the respondents reported an expected increase—leaving a plurality to expect assignee growth to stay the same.



International Assignment Objectives

The need for international management experience and career development is 5% higher than historical averages. And, companies filling managerial skills gaps has also risen 5%, with the historical average at 23%. Below were the **primary objectives chosen for sending employees on assignment**:

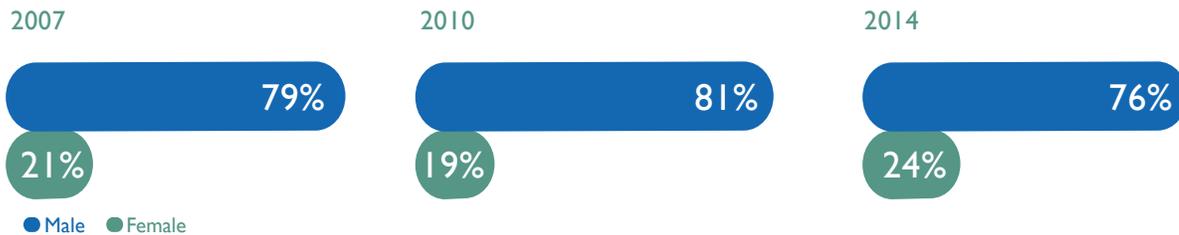


Assignee Profile²

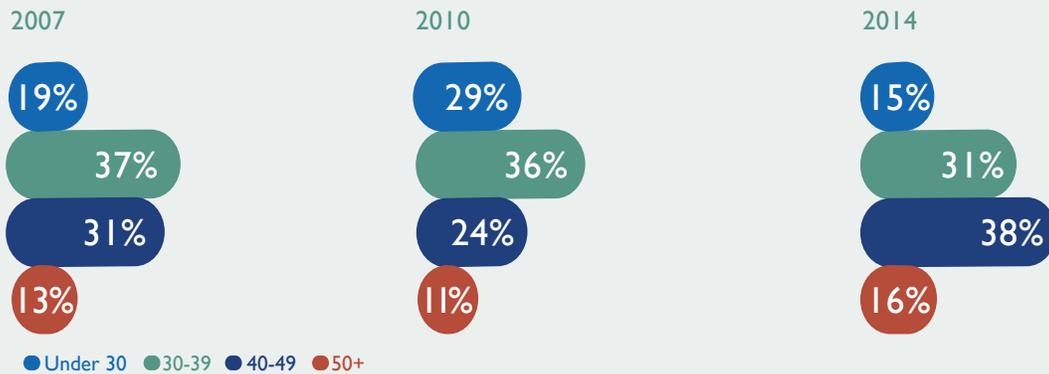
Companies are no longer sending young, single employees. The **average assignee is now between 40-49 years old**. The number of employees taking their partner and children with them on assignment has significantly increased since 2010, but remains much lower than 2007. There is speculation that an increase in difficult international assignments has kept families from accompanying an employee overseas.

While the age and familial situation of assignees is changing, their gender is not. Female assignees have risen from 2007, but only by 3%. An average of 24% of assignees are female, even though they represent nearly half of the global workforce. While the number has doubled in the past 20 years, **men are still a large majority** in the international assignee population.

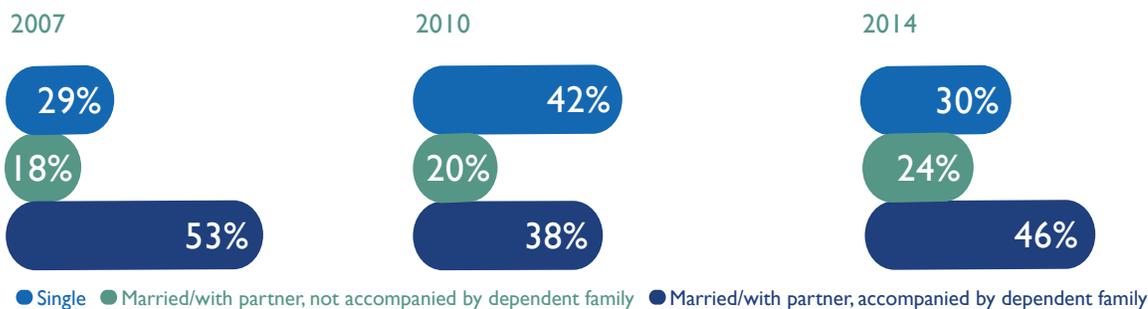
Gender



Age



Family Status



1. Brookfield Global Relocation Services | 2015 Global Mobility | Trends Survey | Pg. 23

2. Cartus | Global Mobility Policy & Practices | 2014 Survey Executive Summary Report | Pg. 4

VOLUME

Countries Presenting the Greatest Challenges¹

For international assignees and program managers alike, the **top three most difficult locations** were reported to be China, Brazil, and India. Surprisingly, the number of assignments to these challenging locations is continuing to grow. Support for these individuals could not be more crucial.

Immigration, cost of living, and cultural differences were among the top reasons that employees found these countries challenging.



International Assignees

1. China
2. Brazil
3. India
4. Argentina
5. Russia

Program Managers

1. China
2. Brazil
3. India
4. Russia
5. United States

Respondent Answers to Why Countries Were Challenging

International Assignees

China

Housing ... Transportation ...
Environment ... Health issues ...
Pollution

Brazil

Immigration ... Tax implications ...
High cost of living

India

Complexity of relocation/lack
of infrastructure ... Cultural
differences

Program Managers

China

Pollution and quality of food ...
Language ... Hardship in 2nd
tier cities

Brazil

Immigration and split payroll ...
Absence of company infrastructure

India

Scarce housing ... Extensive
requirement for documentation ...
Living conditions

A MILLENNIAL PERSPECTIVE

The Millennials of China have a similar perspective to those of America—especially when it comes to the kind of business they want to work with. One Millennial from China says that leading companies are “those who have the ability to create new jobs for the community and to improve human life.”

The 2015 Deloitte Millennial Survey

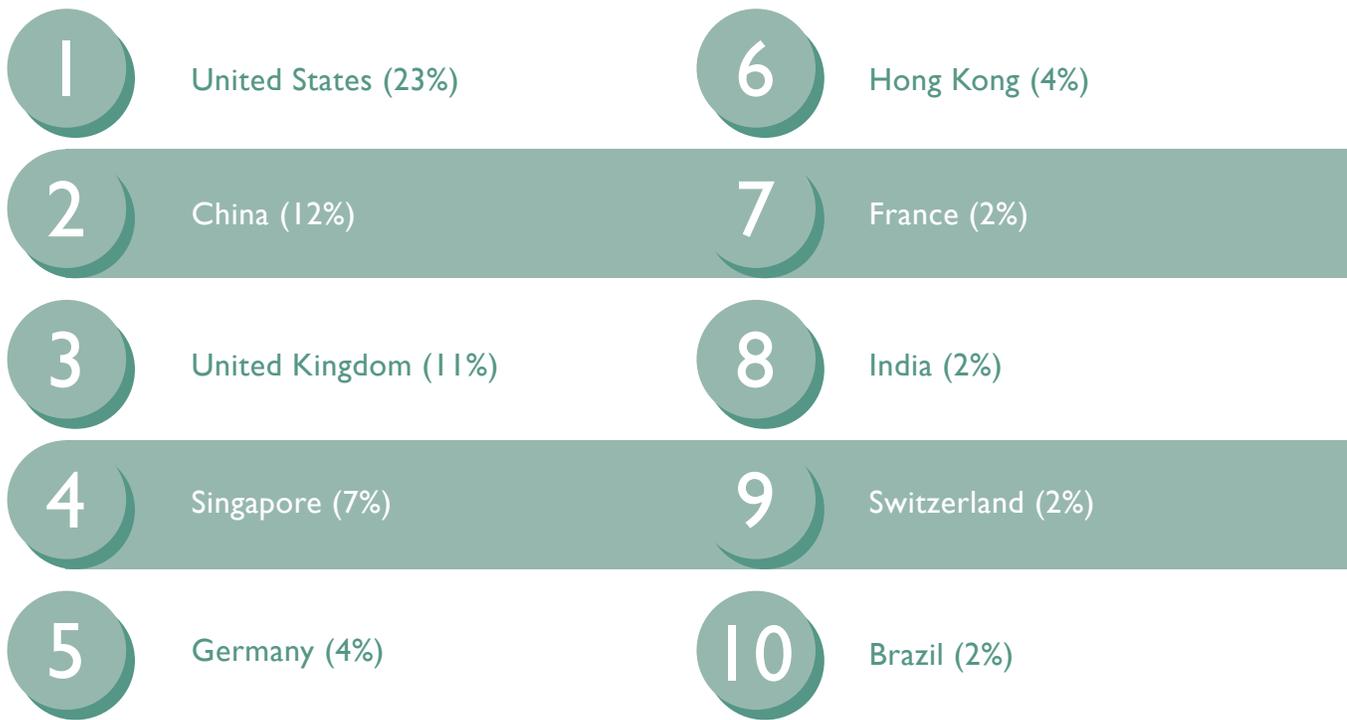


ORIGIN AND DESTINATION

Top Ten International Assignment Destinations¹

Since 2000, the United States, China, and the United Kingdom have been among the top three international assignments. It's interesting to note that China, Brazil, and India—the three most challenging locations for assignment—are among the top ten places employees are sent.

Respondents were **asked to select three countries that were the top international assignment destinations** for their company in 2014. Below are the top 10 ranked:



A MILLENNIAL PERSPECTIVE

When it comes to expatriation, more than one-third of Millennials say they would relocate to another country if it had better parental leave benefits. Just as this generation is starting a family, they are receiving promotions and more responsibility at work. Better benefits for their family can help them achieve work-life balance.

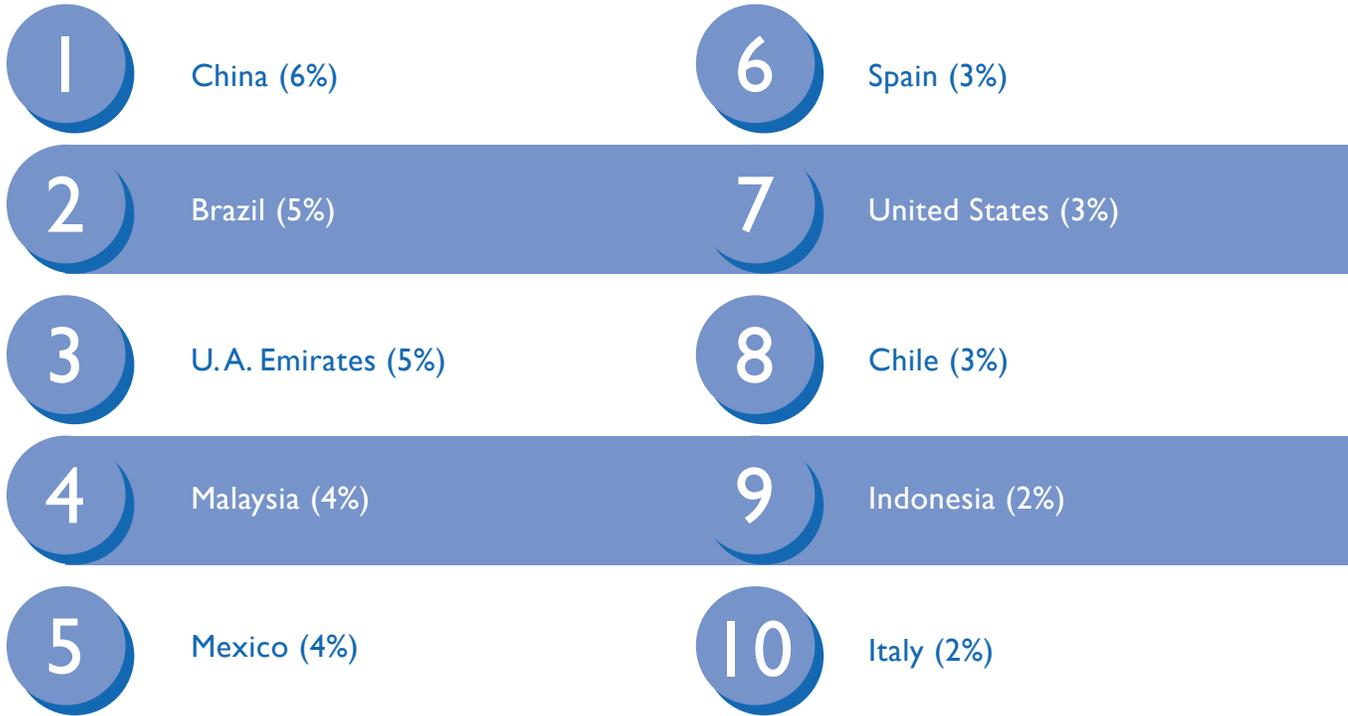
Harvard Business Review | May 2015



1. Brookfield Global Relocation Services
2015 Global Mobility Trends Survey | Pg. 37

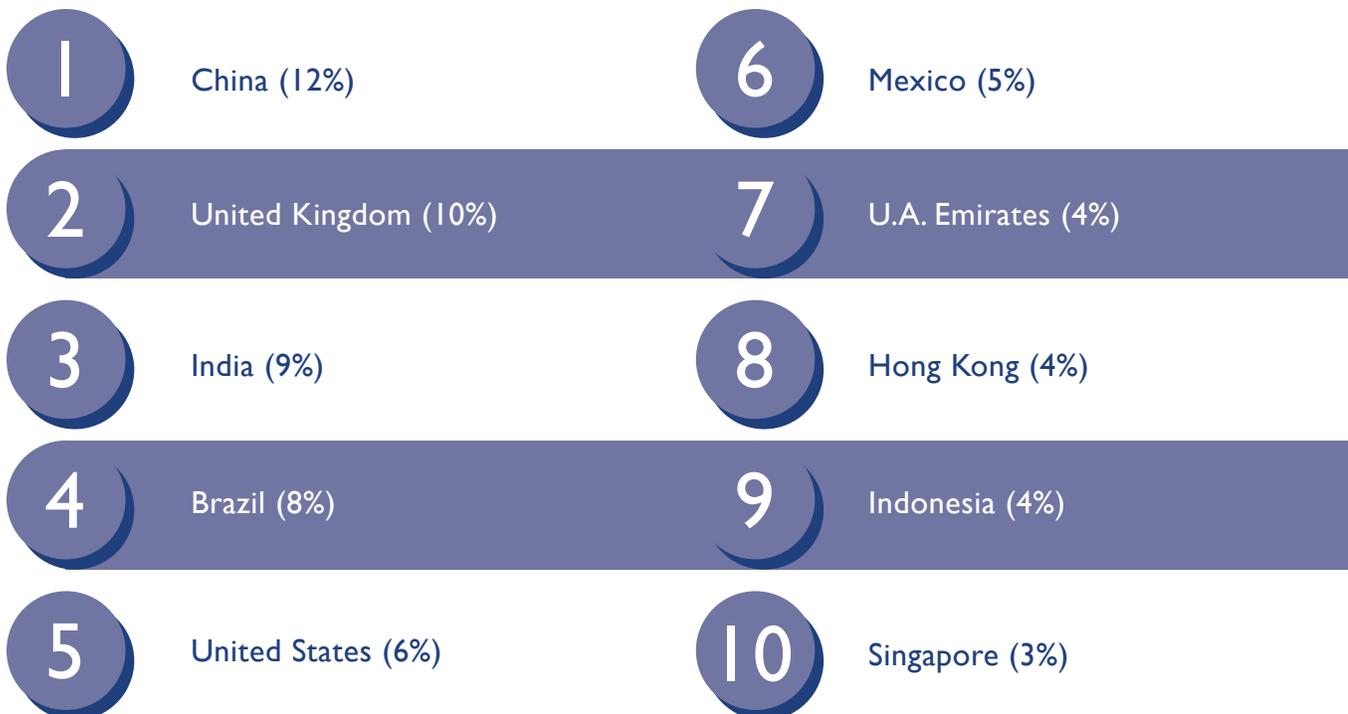
Top Ten Emerging International Assignment Destinations

Two of the three most difficult countries for assignment have risen to the top of the emerging locations list.



Top Ten Countries with the Most Assignment Failures

China and America have remained among the top five countries cited since 2005. Note that the top assignment failure locations usually correlate with the top destinations for sending assignments.

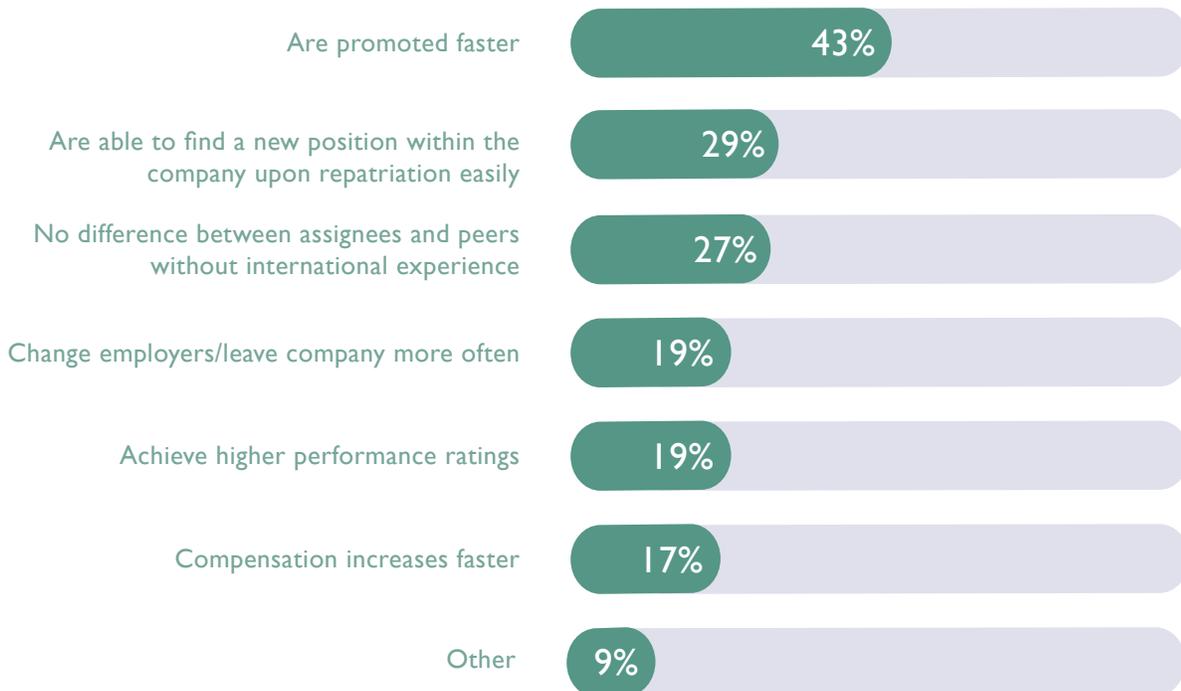


ISSUES

Career Impact of International Assignment¹

Respondents were asked: “**Upon repatriation, what is the impact on the assignee’s career in comparison to peers without international experience within your company?**”

It’s interesting to note that the impact an international assignment has on the career of an individual is not often measured. Some of the verbatim responses to this question include: “no assessment,” “unknown,” and “not tracked.”



Assignee Turnover²

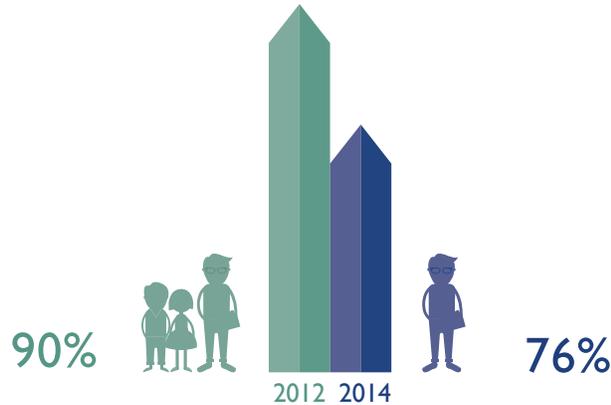
It has also been discovered that nearly **two thirds of companies do not track the turnover rate** of employees that leave within two years of concluding their international assignment.



1. Brookfield Global Relocation Services | 2015 Global Mobility Trends Survey | Pg. 50
2. Cartus | Global Mobility Policy & Practices | 2014 Survey Executive Summary Report | Pg. 5
3. Brookfield Global Relocation Services | 2015 Global Mobility Trends Survey | Pg. 13

Family Concerns

It appears that an increase of assignments to challenging locations has affected the ability to bring families along. **Fewer respondents are reporting the ability to take their family**, with only 76% saying families are “always allowed” on assignment. This is down an incredible 14% from 2012, when 90% were responding positively to this inquiry.



Impact of Spouse/Partner Employment on Acceptance³

As the single most noted reason for refusing an assignment, **family concerns** are becoming an area in which insight is needed. Among these family issues is the career of a spouse or partner. Studies show that only 11% of spouses/partners work during their counterpart’s assignment, while almost half of those same spouses/partners worked prior to the assignment.



A MILLENNIAL PERSPECTIVE

A surprising 78% of Millennials have a spouse/partner that works full-time. This is a larger majority than any other generation.

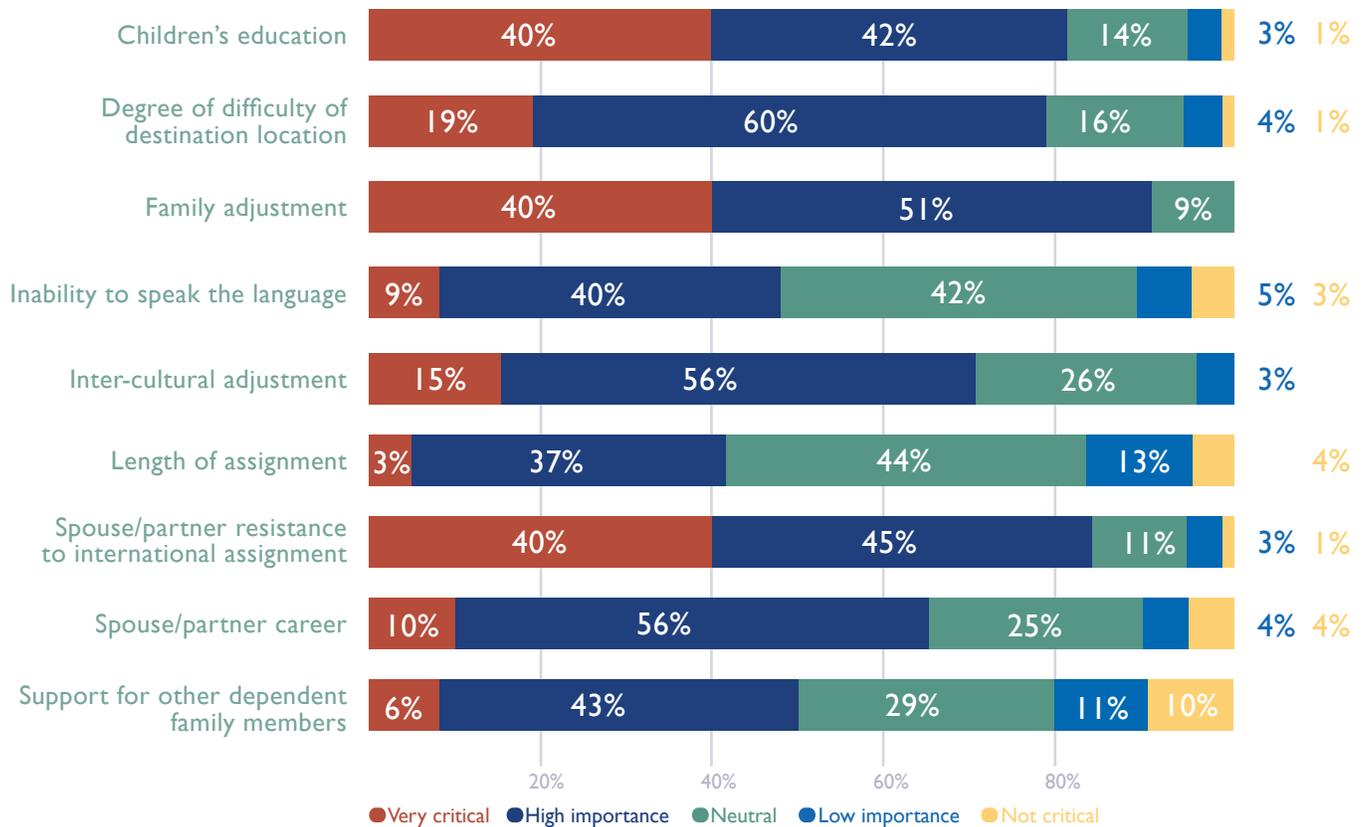
Harvard Business Review | May 2015



Critical Family Challenges¹

Respondents were asked to **indicate how critical overcoming the challenges below were to the success** of their international assignment programs.

Possibly a reflection of an older generation being expatriated, priorities for the demographic are changing. Children’s education, family adjustment, and spouse/partner’s resistance to international assignment were all very critical for 40% of respondents. These statistics are up from historical averages by 6-11%. The difficulty of a destination location was of high importance to 60% of assignees, landing much higher than the average rate of 17%. And, 56% said that their partner’s career and inter-cultural adjustments were of high importance.



Reasons for International Assignment Refusal

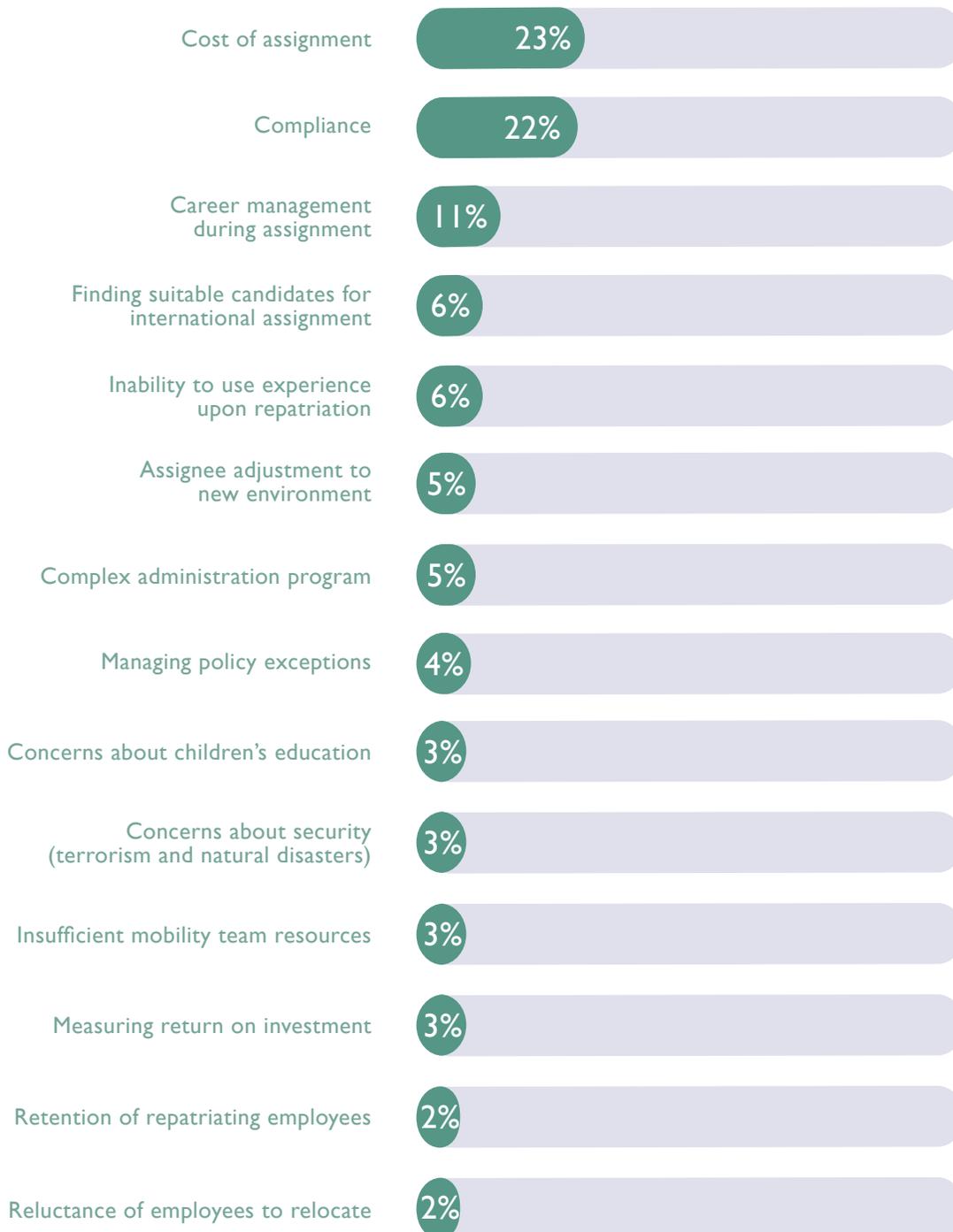
Respondents were asked to “**select the most common reasons candidates provide for turning down assignments.**” Below are the top five reasons given.

1. Family concerns (38%)
2. Spouse/partner career (17%)
3. Assignment does not meet employee career aspirations (15%)
4. Inadequate compensation (13%)
5. Quality of life at the location (8%)

Critical Assignment Management Challenges

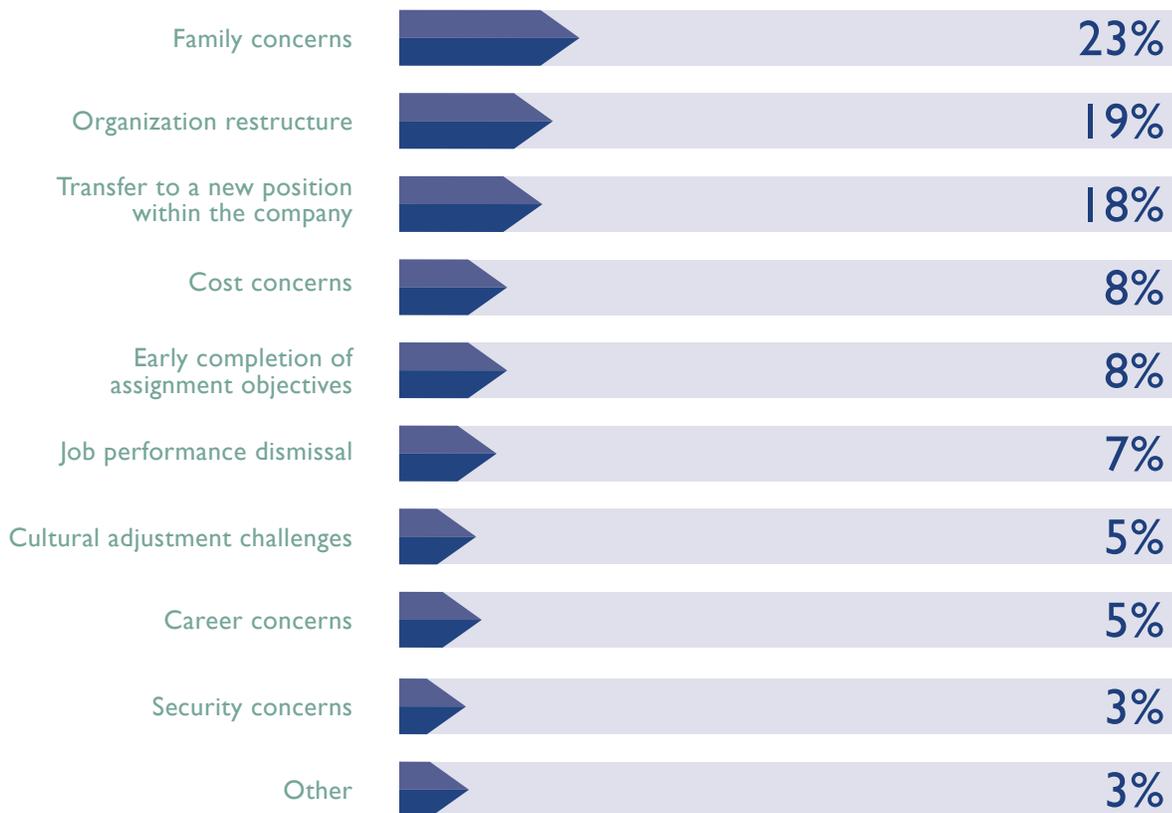
The cost of an assignment has historically been the top challenge for managers. However, finding suitable candidates for expatriation has fallen from second place to fourth. Managing policy exceptions has also been pushed further down the line from its usual place in third.

Respondents were asked to “**select the most challenging international assignment management issues [their] company faces.**” Below are the top fourteen responses.



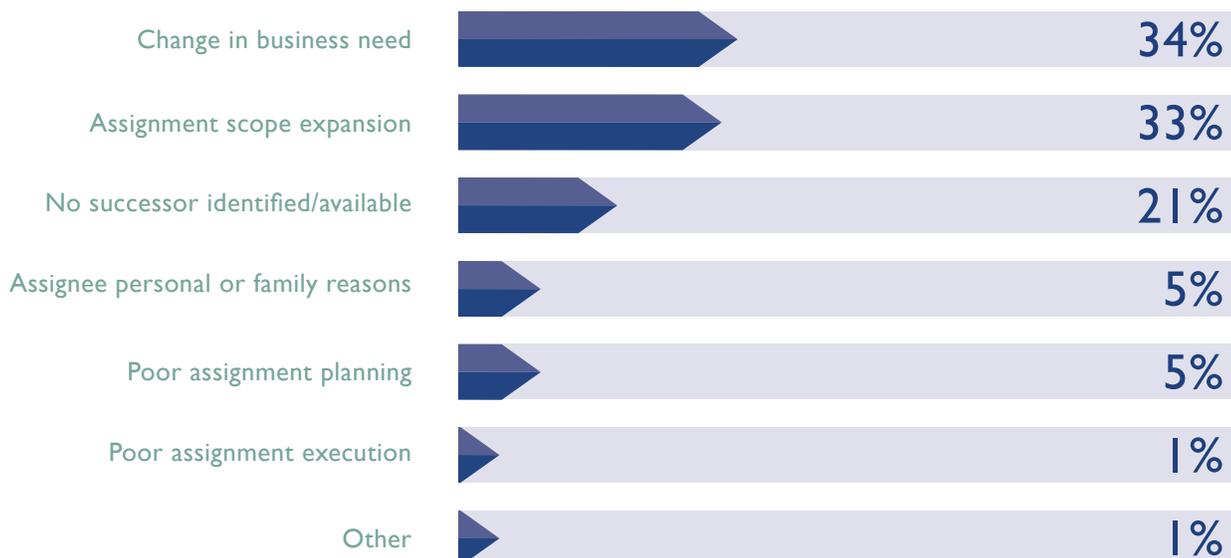
Reasons for Early Return from an Assignment¹

Respondents were asked to “**select the primary reasons for early returns from international assignments.**” Some written responses to this inquiry included “poor performance at host location,” “voluntary dismissal,” and “personal request.”



Reasons for Additional Time to Complete Assignments

For six consecutive years, the top three reasons for **needing additional time on an assignment** have remained the same. Below are primary reasons this additional time was given.



COST CONTROL²

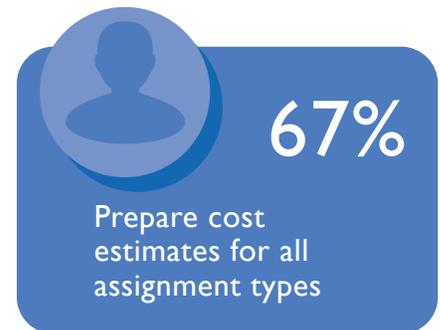
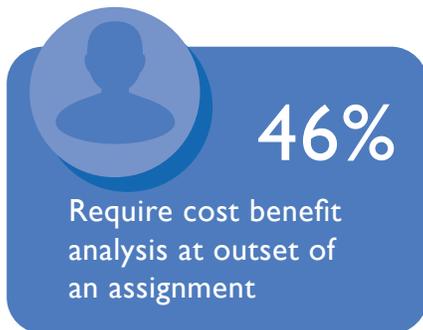
There is a clear demand to respond to economic pressures. Last year, 74% of respondents indicated that they had to cut the cost of international assignments due to these realities. Despite being past a state of financial crisis, companies are continuing to raise their expectations of cost performance.

Reducing Assignment Costs

Pressure in the cost control arena is up from a historical average of 65%. Respondents were asked: “**In response to business and economic conditions that may be affecting your company, has there been an effort to reduce international assignment costs?**”



Despite this pressure, **less than half of companies require a cost benefit analysis** at the beginning of an assignment. And, only 62% track costs throughout the assignment.³



A MILLENNIAL PERSPECTIVE

As companies work to fill gaps in skills and management overseas, understanding the Millennial leadership philosophy is a great exercise. Strategic thinking, being inspirational, and strong interpersonal skills are among the top characteristics Millennials chose for a “true leader.” Other important characteristics are vision, passion, and decisiveness.

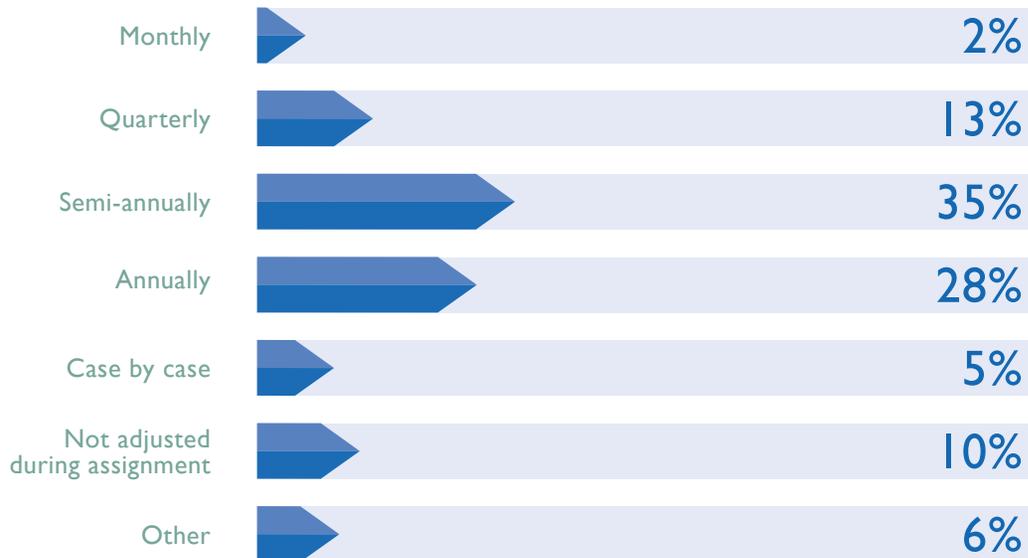
The 2015 Deloitte Millennial Survey



Cost of Living Allowance¹

There is a clear shift toward semi-annual cost adjustment, with 35% of organizations adjusting cost of living allowances twice a year. In the past, an average of 22% adjusted semi-annually, with 5% making changes monthly, and 10% adjusting quarterly.

Respondents were asked: “**How often do you adjust international assignee Cost of Living Allowances?**”



A MILLENNIAL PERSPECTIVE

Talent management couldn't be more crucial, as Millennials become the majority generation in the workforce as of this year. Keeping this talent around requires a higher level of flexibility. Allowing each employee to work how, where, and when it's best for them (within reason) can give them the ownership and leeway they need to truly invest in their job.

Harvard Business Review | May 2015



TALENT MANAGEMENT

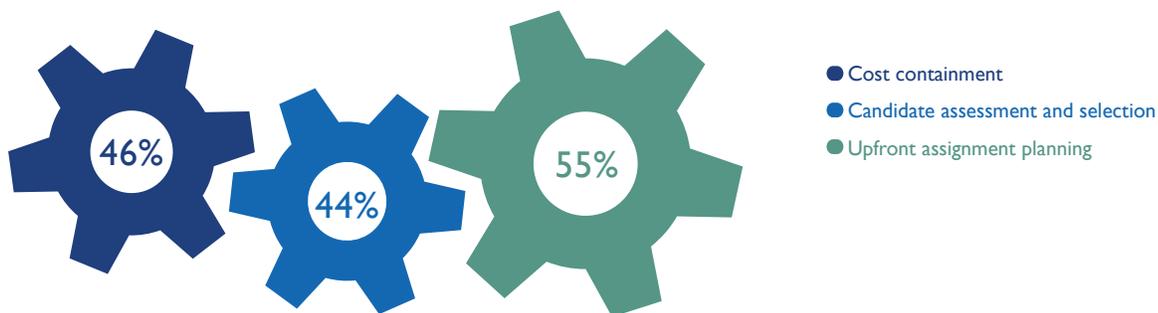
The availability of support and monetary benefits for assignees may be taking a hit, as pressures continue in cost control. Education or training is only provided to an assignee by 41% of companies. And, even fewer (35%) provide career planning assistance.

Nonetheless, companies are beginning to tie global mobility to talent management. In fact, 31% say there is a close relationship between the global mobility functions and their organization's other HR and talent functions. As executives and managers continue plotting the future expansion of their companies, 63% would say that global mobility is critical for strategic global expansion.

Areas for Improvement²

Talent management is becoming a focus as companies work to improve their processes. Over half of organizations (55%) want to improve their upfront assignment planning and 44% want to enhance their candidate assessment and selection process.

Respondents were asked to identify the “**top three areas [they were] interested in improving as a company.**”



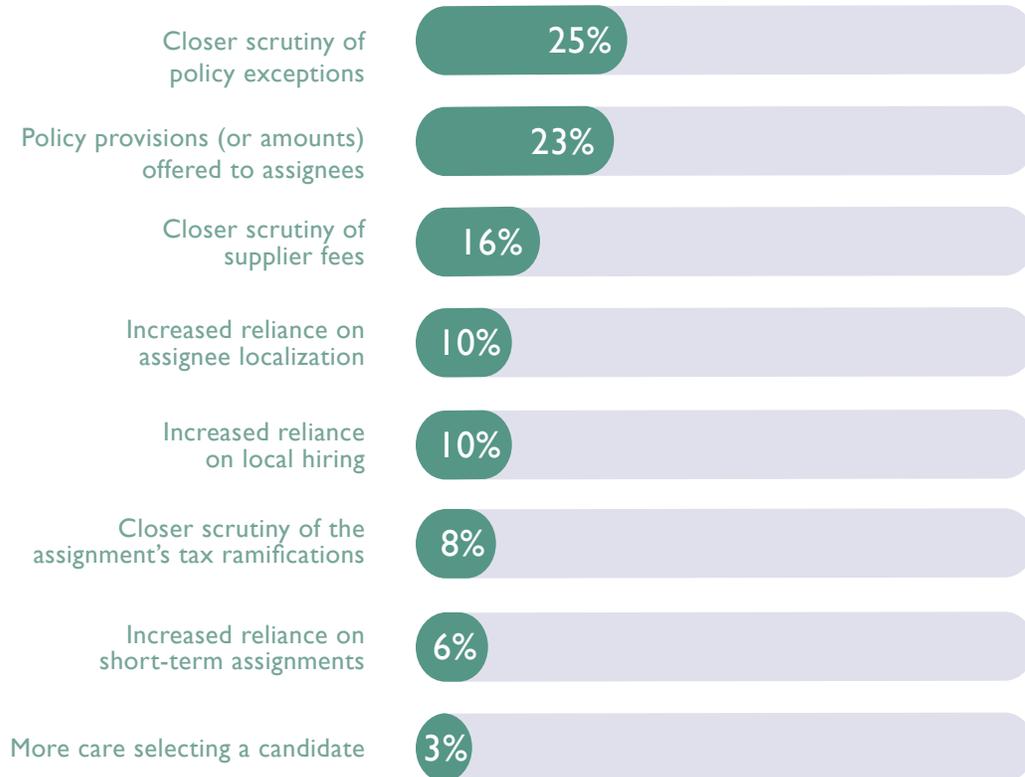
1. Brookfield Global Relocation Services | 2015 Global Mobility Trends Survey | Pg. 74

2. Cartus | Global Mobility Policy & Practices | 2014 Survey Executive Summary Report | Pg. 6

Primary Areas for Cost Reduction¹

Historically, the top five areas for cost reduction were: policy provisions (or amounts), more care selecting a candidate, closer scrutiny of policy exceptions, closer scrutiny of supplier fees, and increased reliance on local hiring.

Those responding were asked to “**select the primary areas of focus for cost reductions.**”



DOMESTIC
MOBILITY
TRENDS

New Jersey (65%), New York (64%), and Connecticut (57%) have made the list of top ten outbound states for three consecutive years, while Illinois has held a spot in the top five for six years running.

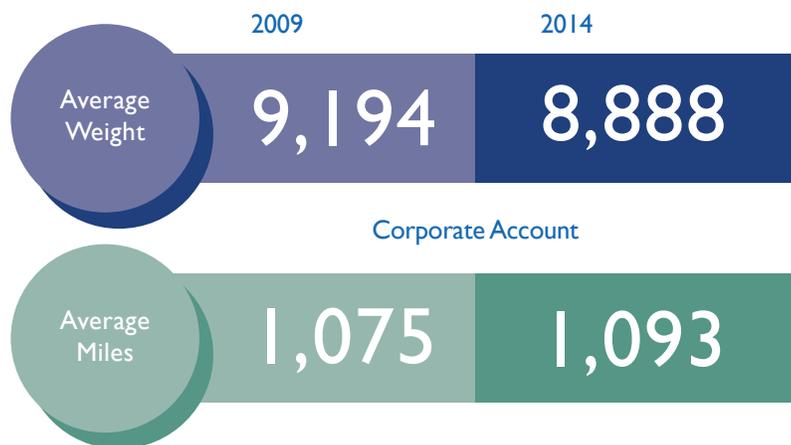
National and Regional Shipments²

Although there has been a 31% decrease in overall shipment totals over the last decade, studies show a 3% increase since 2008. **The industry has hit a new baseline** and is beginning to steadily grow. Looking at data from 2009-2014, corporate shipments went up 17% and individual shipments have increased 10.5%.

We're also seeing that while the weight of corporate shipments has dropped about 1,000 pounds since 2009, the average shipment weight across the board has increased.

On a regional level, corporate shipments in the Central Region are the heaviest, beating the Southeast by over 300 pounds. The lightest corporate shipments are coming from New England, averaging almost one ton less than the Central Region.

As a result of a decrease in the weight of corporate shipments, there has been an increase in smaller shipments. Customers with smaller shipments are often more likely to use local movers. However, corporate shipments can **take advantage of small shipment programs**.



A MILLENNIAL PERSPECTIVE

This globally-connected generation values community and they expect good companies to do the same. One American Millennial says that the businesses showing leadership are “ones that people look up to and who do what is right to serve the communities they are involved in.”

The 2015 Deloitte Millennial Survey

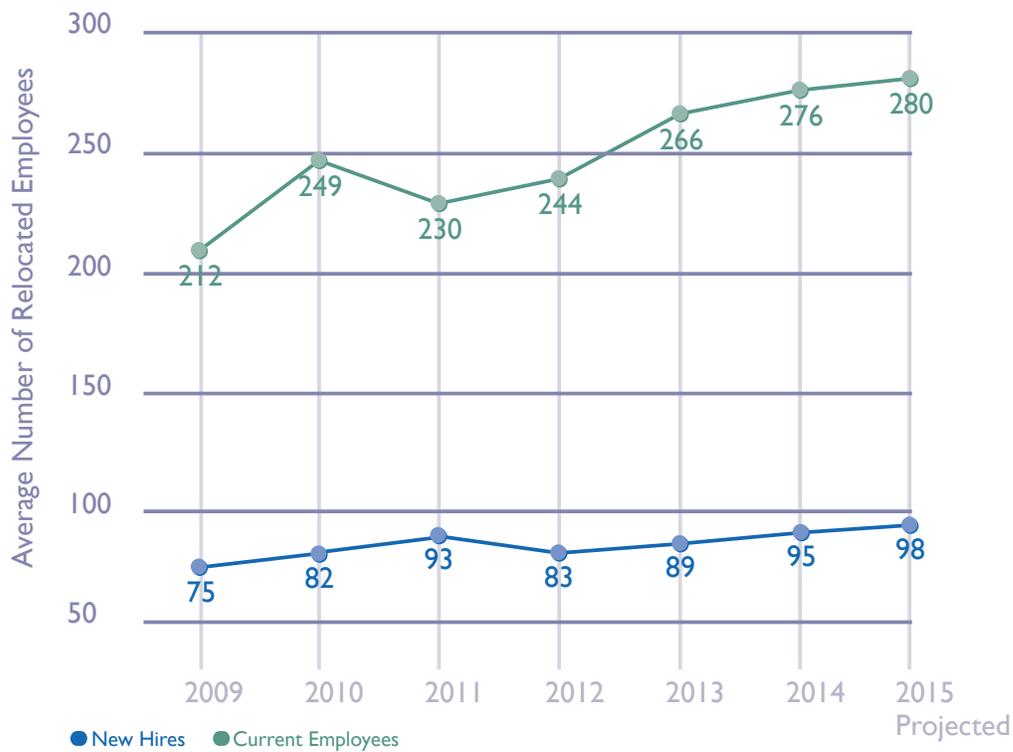
1. United Van Lines | 2014 National Movers Survey
38th Annual Movers Study | Pg. 3
2. American Moving & Storage Association |
2015, Vol. I | Industry Trends | Pg. 3



VOLUME

Trends in U.S. Relocation Volume¹

Transfer volume **trends have continued to rise among both new and current employees.** Since 2012, new hire volumes have increased 14%. Since 2011, current employee transfers have risen consecutively for the last four years.



1. Worldwide ERC | U.S. Transfer Volume & Cost Survey | September 2015 | Pg. 9
2. American Moving & Storage Association | 2015, Vol. 1 | Industry Trends | Pg. 11

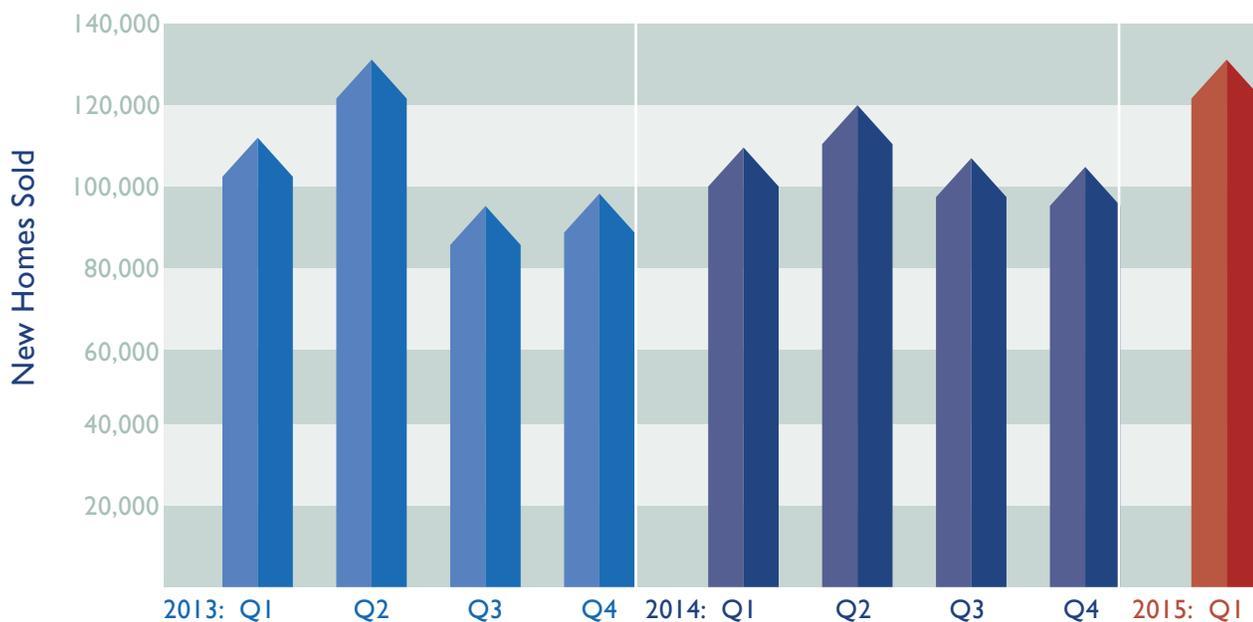
ISSUES

Existing Home Sales²

2014 saw a 3% decrease in existing home sales, however, by the end of 2015, **totals are expected to reach 2013 sales**. It's also important to note that the drop in existing home sales in 2014 were from homes of \$100,000 or less.

New Home Sales

In the first quarter of 2015, studies show a 21.6% growth in new home sales when compared to the first quarter of 2014. Buyers of homes valued under \$150,000 often relied on a do-it-yourself system of moving. Those buying in the higher range, from \$250,000 and up, were **more likely to hire professional movers**. Additionally, new homes valued at \$259,000 and up account for 64% of all sales.





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