



TALENT MANAGEMENT

Trends Reviews

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2019 HR Trends

More so than any recent year, 2019 saw some of the most varied and impactful issues for HR professionals. Geopolitical events, like Brexit, not only complicated international assignments, they also affected companies' broader hiring and retention strategies. New technologies have allowed employees the freedom to work virtually anywhere in the world, while also giving managers more ways to track their productivity. When it comes to hiring new employees, organizations are considering "gig workers" with increasing regularity in lieu of hiring full-time staff. Diversity and inclusion continues to be associated with higher levels of innovation revenue, yet only a quarter of companies have formal diversity and inclusion goals.

These trends show no sign of slowing down, and this section highlights each of them with data and recommendations to help you navigate the potential issues and opportunities in the year ahead.

HR Trends

GEOPOLITICAL UNCERTAINTY

Brexit

The UK's decision to leave the European Union is creating political and economic uncertainty, which has implications for the U.S. and European countries. Because the UK is an important trading partner, the impact of Brexit – positive or negative – could have American companies rethinking their international strategies.

Trade War

For more than a decade, the U.S. and China have been the top two contributors to global GDP growth. If the trade dispute between the two were to trigger negative growth in China or the U.S., the impact would be global and widespread.

Geopolitical

The threat of war and terrorism continues to fuel global uncertainty.

Foreign Exchange Reserve

Most emerging countries have U.S. dollar-denominated loans. A strong dollar implies that the cost of servicing U.S. dollar-denominated debt has increased. Over time, this increased cost will place pressure on the foreign exchange reserves of the countries holding these loans. A decline in foreign exchange reserves held by a country's central bank could potentially lead to longer import/export payment terms and the inability of some companies and governments to make payments.

Cybersecurity

Major data breaches and increased fraud risks continue to present challenges for companies of all sizes, especially those who engage in international business. Cybersecurity issues have led to confidential transaction information being compromised and the need for heightened digital security.¹



54%

of companies anticipate an increased demand for cross border mobility this year.²

Top 15 Risks Organizations are Facing in Today's Volatile World¹

CURRENT TOP 15 RISKS RANKED	2019	2017
Economic slowdown/slow recovery	1	2
Damage to reputation/brand	2	1
Accelerated rates of change in market factors	3	38
Business interruption	4	8
Increasing competition	5	3
Cyberattacks/data breach	6	5
Commodity price risk	7	11
Cash flow/liquidity risk	8	12
Failure to innovate/meet customer needs	9	6
Regulatory/legislative changes	10	4
Failure to attract or retain top talent	11	7
Distribution or supply chain failure	12	19
Capital availability/credit risk	13	21
Disruptive technologies	14	20
Political risk/uncertainties	15	9

Brexit

16 million Europeans are living and working in a member state other than the one of their national origin.¹

The bottom line is that for many reasons, the best talent may be unwilling or unable to relocate to a new location for those companies considering post-Brexit alternatives. Where feasible and practical for both employees and employers, flexible plans like cross-border commuter arrangements and telework may be a solution, as long as both parties fully understand the legal, tax, social and expense ramifications, which are highly complex and determined by a number of different factors.²



1.7 million
Europeans
commute to
another
member state
every day.¹

How the Current U.S. Immigration System Impacts Hiring and Retention Strategies¹

Only 12%

of respondents said the current U.S. immigration system did not impact their organization's hiring and retention strategies.

2017	2018	2019	
25%	28%	31%	We've had to increase staff to address challenges of the immigration system
27%	26%	30%	Delays projects
23%	26%	26%	We are hiring fewer foreign nationals
30%	25%	26%	We've had to increase our budget to address challenges of the immigration system
27%	26%	24%	We are engaging in advocacy efforts to propose solutions for the U.S. immigration system that would positively impact our hiring and retention strategies
25%	20%	19%	The H-1B lottery makes it harder for us to retain our student population
14%	14%	17%	Can't fulfill client projects
27%	25%	16%	We are hiring additional foreign nationals
21%	22%	13%	We are relocating work overseas
17%	13%	12%	It doesn't impact our hiring and retention strategies
4%	2%	4%	Not sure

DISRUPTIVE TECHNOLOGY

Blockchain Defined¹

A blockchain is a distributed, tamper-proof digital ledger.

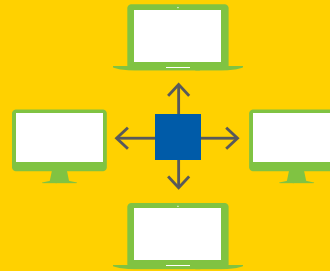
Transactions are verified through consensus — participants confirm changes with one another — and cryptography ensures the integrity and security of the information. This eliminates the need for a central certifying authority. Blockchain can be used for a range of business processes and is also the foundation for new industry ecosystems.

1



Someone requests a transaction.

2



The requested transaction is broadcast to a peer-to-peer network consisting of nodes.

3



A verified transaction can involve cryptocurrency and other digital tokens, records, or other information.

4



Once verified, the transaction is combined with other transactions to create a new block of data for the ledger.

5



The new block is then added to the existing blockchain, in a way that is permanent and unalterable.

6



The transaction is complete.

Industries Seen as Leaders in Blockchain¹

Financial services



Industrial products and manufacturing



Energy and utilities



Healthcare



Government



Retail and consumer



Entertainment and media



84%

of respondents

say their organizations have
some involvement with
blockchain technology.¹

Greatest Disruption Resulting From Blockchain Initiatives in the Next Three Years¹

Internet of Things processes (e.g., tracking software upgrades, product refills, warranties, etc.)



Trading (e.g., platforms for small business)



Reduced cyber risk (e.g., reduced risk via ledger identity authentication)



Contracts (e.g., payments, insurance, identity confirmed via blockchain records)



Top Benefits of Adopting Blockchain Technology¹

23%

Improved business efficiencies

12%

Product and/or service differentiation

9%

Cost reductions

9%

New business insights from incremental data

Internet of Things¹

HR strategists originally conceived people analytics as a way to correlate information such as employee engagement, performance ratings, and other work-related activities; IoT technology is now fundamentally changing its practice. By gathering data about workplace activities that were previously invisible to both managers and employees alike, companies are able to use an ever-widening range of information to help make the business run better.



By mapping sociometric data such as tone of voice and rate of gesture, managers can begin to see when they are helping to promote employee engagement and when they may be hurting cohesion.



Automated adjustments to heating and cooling based on presence can not only help workers feel more comfortable, but also save energy and decrease a facility's carbon footprint.



Managers can see aggregated performance data for a team, to get a real sense of how the team is doing without the risk of identifying any individual.



Kiosks outside of conference rooms let people rate the quality of a meeting on a 1-5 scale, and they give planners immediate feedback on what they could do to make future meetings more productive.



Experiments from Deloitte Consulting LLP have used wireless access points and team codes to help workers find empty desks near their colleagues. This makes it easier for employees in open-plan offices to find a seat, and it's easier for companies to have more efficient seating arrangements.



Data broken down by task type can help individuals understand when they perform certain tasks best, and they subsequently can schedule meetings when the group is most likely to be engaged.

CHANGING WORKFORCE

Companies are becoming increasingly aware that they must adopt a more human-centric view to succeed in today's modern landscape, one in which their employees' needs are front and center in all that they do. This values shift explains the recent rise in employee wellness programs, better parental leave policies, extended vacation days and more.¹

The 6 Flex Types²

- | | | | |
|----------|---|----------|--|
| 1 | TIME-SHIFT
Unconventional Hours | 4 | MICRO-AGILE
Freedom to Adapt |
| 2 | DESK-PLUS
Location Varies | 5 | REMOTE
Location Independence |
| 3 | TRAVEL-LITE
Minimal Travel | 6 | PART-TIME
Reduced Workload |



96% of employees in the U.S. workforce need some form of flexibility at work, yet only
42% have access to the type of flexibility they need, and only
19% have access to a range of flexible options.¹

~~Attract and Retain~~

Attract and Continually Attract²

With two in five employees planning to leave their organization in the next 12 months and 97% of C-suite executives predicting an increase in competition for talent during the same period, the traditional mantra of “attract and retain” is being replaced with “attract and continually attract.”

Up-Skilling



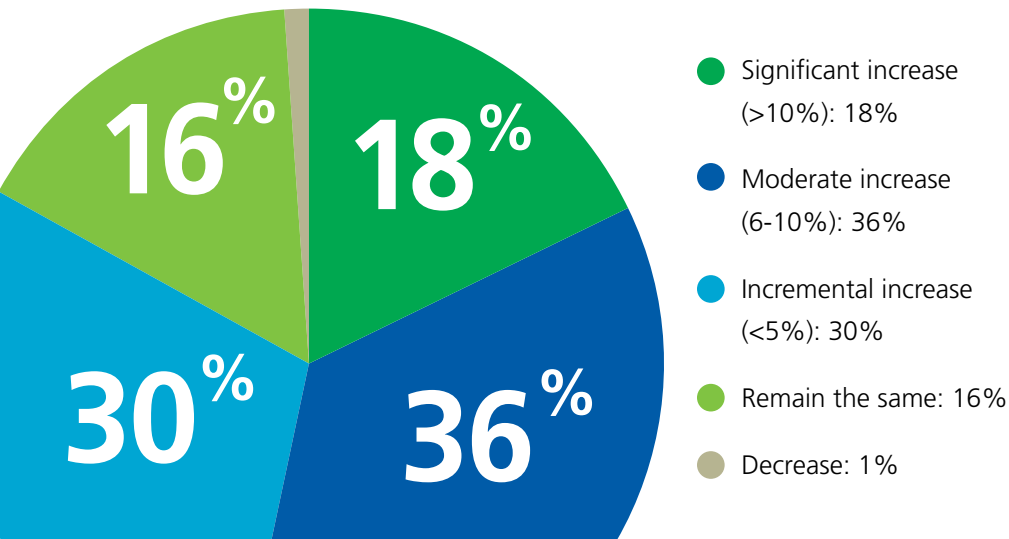
85% of employees worldwide are not engaged or are actively disengaged.²



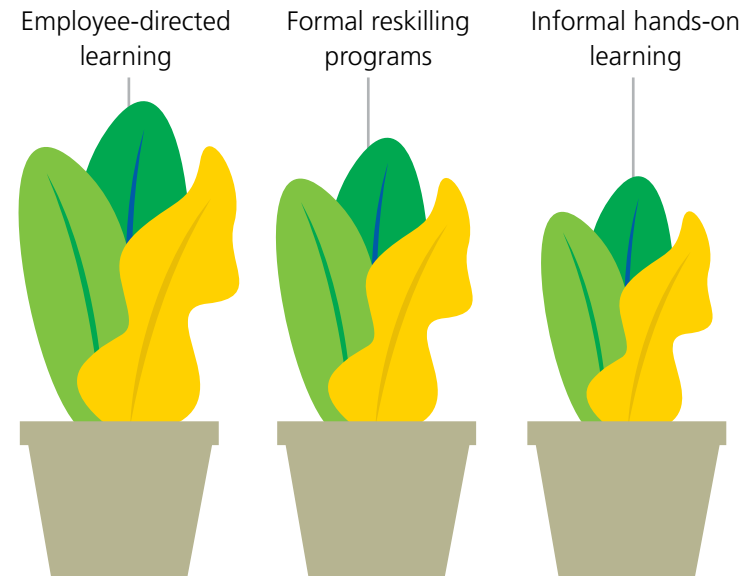
According to the Bureau of Labor Statistics, in June 2019, the U.S. unemployment rate was **3.7** percent and there were **7.3** million open jobs—more than the **6** million job seekers.³

Many Organizations are Increasing Investments in Reskilling Their Workforce¹

Additional investment that organizations are anticipating to accommodate workforce reskilling.



Top Reskilling Approaches Used by HR⁴



Gig Economy¹

Companies of all sizes use gig workers. That's not new. What is changing is the fact that a sizable, semi-permanent gig workforce is becoming the norm. As companies master the art of onboarding and integrating gig workers, they are discovering that the greater flexibility and lower costs more than offset the increased risk and burden on management.



Between
25-30%
of workers have engaged in
nontraditional or gig work
on a supplementary or
primary basis.²

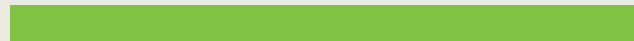
Reasons Companies Use Gig Workers¹

(%) of respondents

Allows for cost savings: **39%**



Allows for more agility: **36%**



Our needs are project-specific: **36%**



Business needs are seasonal/vary over time: **30%**



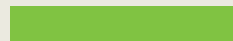
Lack skills that are needed to execute: **26%**



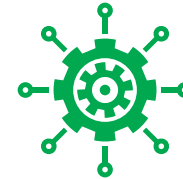
Rapid growth/inability to scale: **21%**



Lack the capacity to execute: **13%**



Alternative Work Comes in Many Shapes and Sizes²



Alternative Workforce – Includes contractors, freelance/independent workers, gig, and crowd workers.

Freelance/Independent Workers – Workers who extend the core employee workforce and are typically paid by the hour, day, or other unit of time.



Gig Workers – Workers paid by the task (or microtask) to complete a specified piece of work.

Crowd Workers – Workers who compete to participate in a project and are often paid if they are among the top participants in a competition.



DIVERSITY & INCLUSION

Benefits

People with different backgrounds and experiences often see the same problem in different ways and come up with different solutions, increasing the odds that one of the solutions will be a hit.

BCG – How Diverse Leadership Teams Boost Innovation (pg.1)

Companies with More Diverse Leadership Teams Report Higher Innovation Revenue

BCG – How Diverse Leadership Teams Boost Innovation (pg.2)

‘Innovation revenue’ refers to “the share of revenues that companies have generated from enhanced or entirely new products or services in the most recent three-year period.”

Boston Consulting Group. “Diversity and Innovation Survey”, 2017

Companies with
**above-average
diversity scores**

45%

average
innovation
revenue
reported by
companies

Companies with
**below-average
diversity scores**

26%

average
innovation
revenue
reported by
companies





Benchmarking

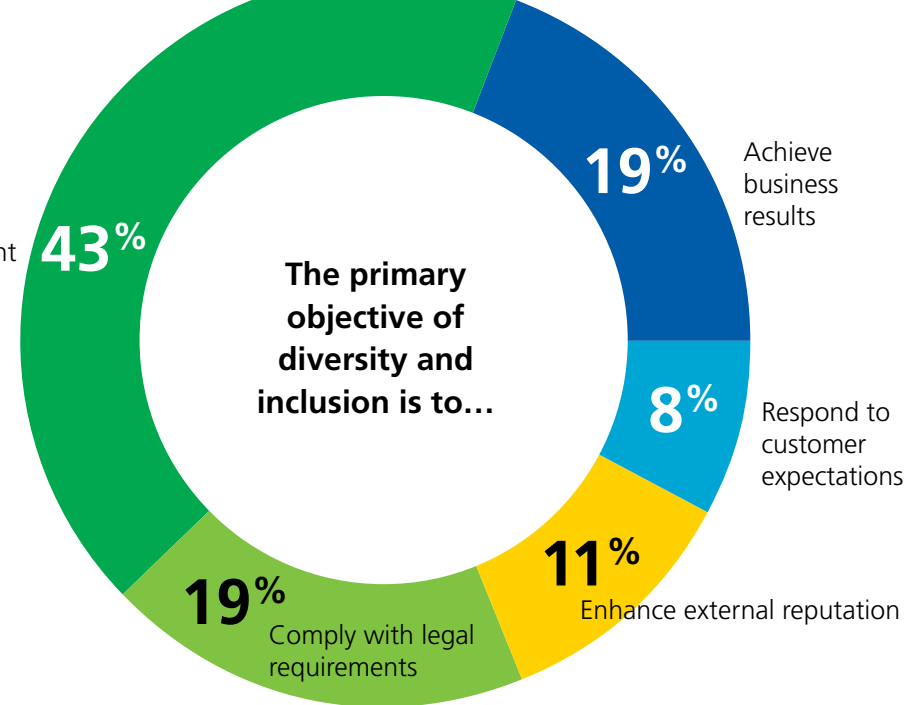
Inclusivity Checklist for HR

- ✓ Make sure company leaders understand that inclusion is about ensuring that everyone's voice is heard, opinions are considered and value to the team is evident.
- ✓ Train managers—and hold them accountable—to show that inclusivity is a core competency.
- ✓ Form an inclusion council with genuine influence and power.
- ✓ Value differences and create an environment where people can feel comfortable bringing their “full selves” to work.
- ✓ Identify underrepresented groups' needs, and give them necessary support and resources.
- ✓ Provide workers with a safe space to voice their concerns.
- ✓ Benchmark key aspects of your organization's culture—and understand the employee experience—before making changes to promote inclusivity.
- ✓ Remember that daily interactions are the most telling sign of whether or not your company has an inclusive culture.

Diversity and Inclusion Program Goals¹

While more than half the organizations surveyed (62%) leverage their diversity and inclusion (D&I) program to attract talent or comply with legal requirements, a much smaller group (19%) are leveraging D&I to achieve business results, such as innovation or improved financial performance.

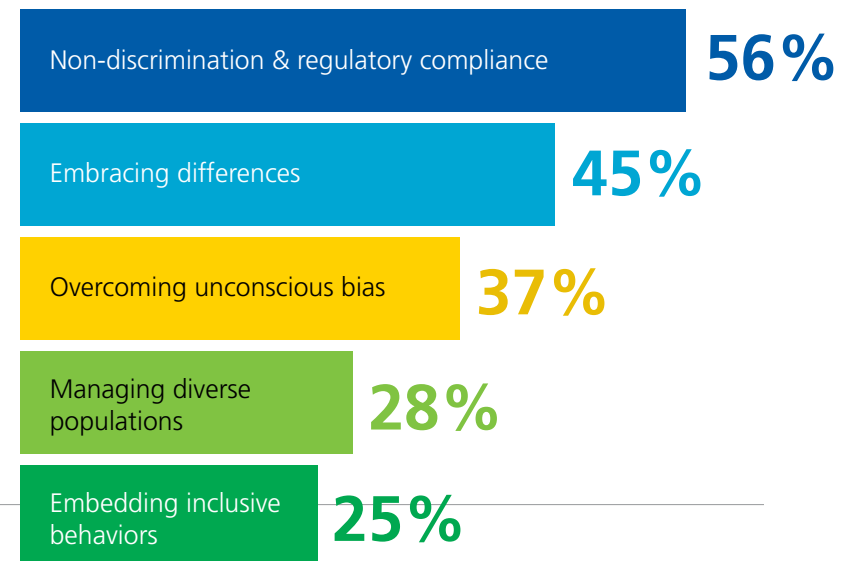
Attract and retain talent



Training Programs in Place²

Over half of North American organizations (56%) provide training on non-discrimination and regulatory compliances, and a significant portion focus on embracing differences in the workplace. Yet, there's opportunity to expand training on embedding inclusive behaviors and managing diverse populations.

Training programs focus on...

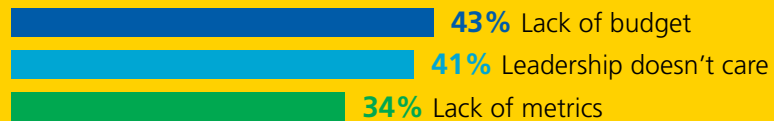


Action

What can organizations do differently?¹

Knock down barriers to success

Top three barriers include:

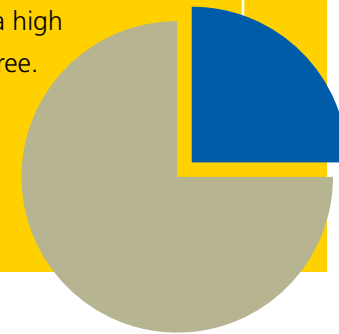


Communicate better

Only **31%** rigorously communicate the importance of diversity and inclusion.

Consider setting annual diversity goals

Just **one-quarter** set annual diversity goals for the whole organization to a high or very high degree.



How to Make Inclusivity More Than Just an Office Buzzword²

1 Learn your blind spots

The more leaders become aware of their implicit bias, the more they can disrupt their default settings when making decisions.

2 Keep inclusion on the agenda

As disruption occurs across industries, new ideas are needed from more diverse perspectives to be more innovative and competitive in our rapidly changing world.

3 Study the data

It is also important to know exactly what kind of change you are driving, and why.

4 Set clear standards and expectations

The power of objective standards is that they help leaders discuss performance and career trajectory in a way that doesn't involve non-work-related factors.

Domestic Mobility Trends

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Domestic Mobility Trends

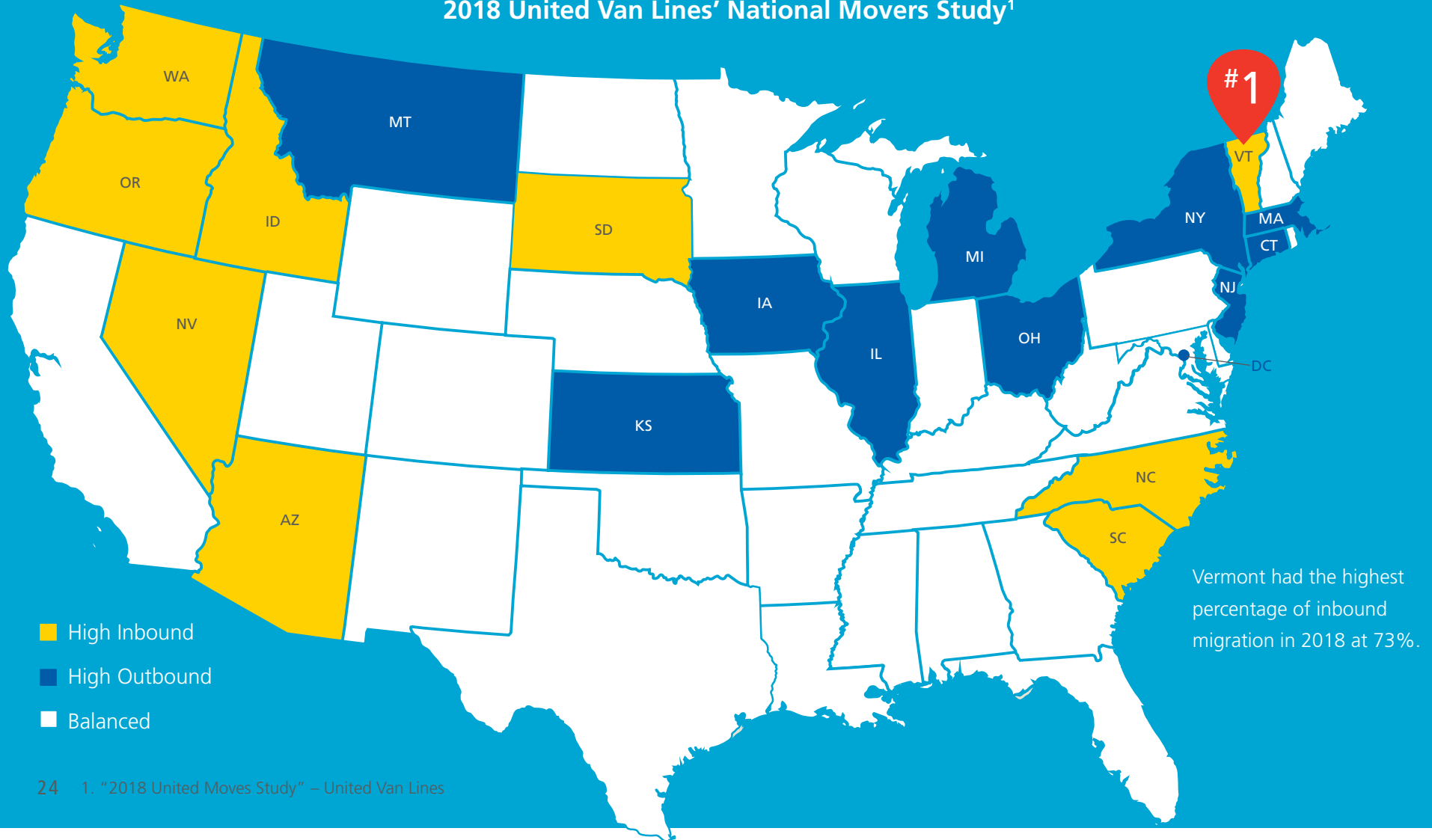
2019 Domestic Mobility Trends

Why do people move? For most Americans, it's for work – at least according to data from the past year. But who's relocating for work may be more interesting. More than two-thirds were Millennials aged 34 and under. Where they are heading remains consistent with previous years, with Oregon, Vermont and Idaho seeing the most inbound moves. Factors like job growth, cost of living and climate are largely seen as what's drawing so many people to these destinations. Whether your company is looking to expand into these areas or others, offering some degree of relocation assistance remains important, specifically for moving expenses. Considering a lump sum option? By a wide margin, \$10,000 or more is the most common amount offered to employees.

Having new employees start off on the right foot is imperative, and for those moving for work, this starts with a smooth relocation. This next section will help you stay attuned to the current needs and trends surrounding domestic relocation.

DIRECTIONALITY/MIGRATION TRENDS

2018 United Van Lines' National Movers Study¹



WEIGHT & MILES

Shipment Summary (Corporate Account)¹

YEAR	# SHIPMENTS	SHIPMENTS % OF TOTAL	AVG. WEIGHT	AVG. MILES
2018	151,795	37.9%	8,430	1,080
2013	184,238	37.4%	9,080	1,080
2008	205,196	39.0%	9,397	1,101
2003	227,974	34.1%	9,825	1,096

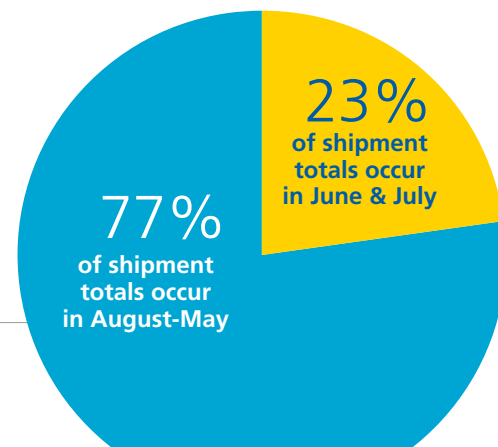
Volume Comparison by Region (Corporate Account)²

YEAR	NEW ENGLAND	MID-ATLANTIC	GREAT LAKES	CENTRAL	SOUTHEAST	SOUTHWEST	WEST	AVERAGE
2018	6,975	7,917	8,606	9,007	8,528	8,485	7,848	8,195
2013	7,297	8,022	8,936	9,161	8,891	8,775	8,065	8,450

Yearly Shipment Totals³

Shipment totals for June and July make up about 23% of all traffic for the year. Historically, these two months are always the busiest for movers.

Overall, volume was less seasonal than last year, when each of the top two months peaked at 12-13 percent. October and November shipment totals were at their highest level in 2018, although still significantly below peak levels in the summer months.



TRANSFEREE PROFILE

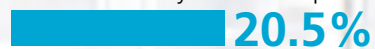
Reasons for Relocating¹

Nearly half of individuals facing job relocation do so for a career advancement and/or more money, and one in five move to be closer to family members or those they're in a relationship with.

Career advancement and/or money:



Closer to family/relationships:



Business moved:



Transferred to a new division:



Due to an acquisition:

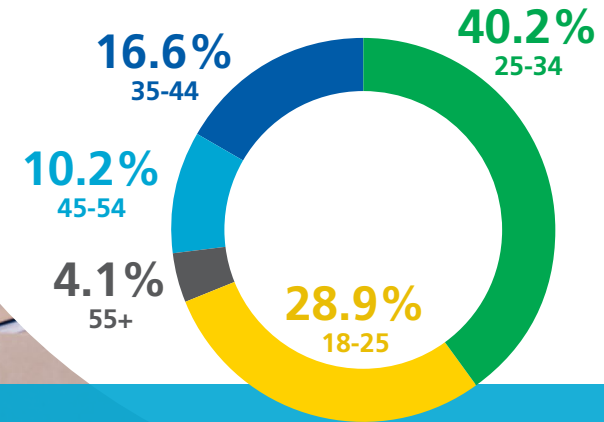


Other:



Professionals are on the Move¹

Younger professionals are more likely to relocate, while those nearing retirement have a smaller likelihood of relocating for a job.



Assistance Provided by Employers¹

Relocating for any reason is a major expense, and likely one of the first things families will think about when they're planning for a move. Around a quarter of employers assist with moving expenses. Other types of help are less common.

Sponsoring trips for house search: **7.2%**

Providing a lump sum to use as needed: **8.7%**

Offering a miscellaneous expense allowance (MEA): **12.1%**

Helping with temporary living expenses: **15.8%**

Assisting with moving expenses: **26.4%**

None of the above: **29.9%**

RELOCATION POLICY

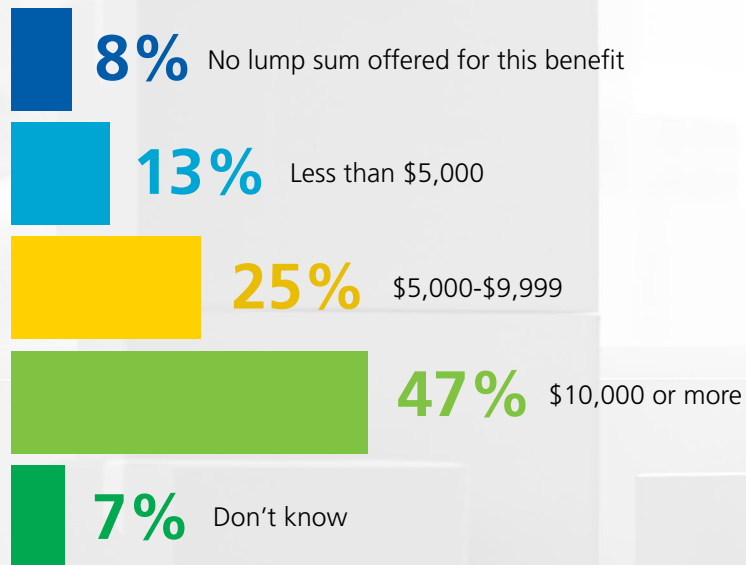
What type(s) of relocation components are considered fixed benefits within your relocation policy?¹

Of total sample		Less than 500 Salaried Employees	500-4,999 Salaried Employees	5,000+ Salaried Employees
54%	Travel expenses-final move	49%	47%	68%
53%	Temporary housing	44%	48%	69%
50%	Household goods shipping	42%	46%	67%
43%	Travel expenses-home finding trip(s)	35%	43%	55%
40%	Real estate assistance/transaction costs-origin/selling	28%	45%	46%
38%	Miscellaneous expense allowances	34%	28%	55%
38%	Storage	26%	35%	55%
32%	Real estate assistance/transaction costs-destination/purchasing	25%	31%	42%
29%	Rental assistance/transaction costs	22%	25%	43%
3%	Other	1%	2%	6%
11%	None of the above are considered fixed benefits	18%	8%	5%

Lump Sum Relocation Policies

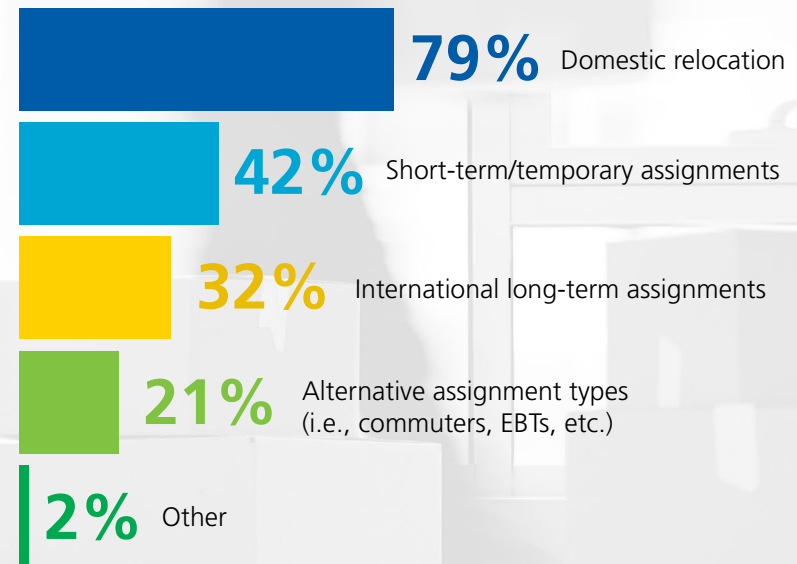
What are the typical ranges of lump sums offered for the entire relocation process?¹

Entire Relocation Cost



What types of relocating employees and relocation types most commonly receive lump sum payments?¹

Relocation Types



Global Mobility Trends

31	VOLUME & GROWTH
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Global Mobility Trends

2019 Global Mobility Trends

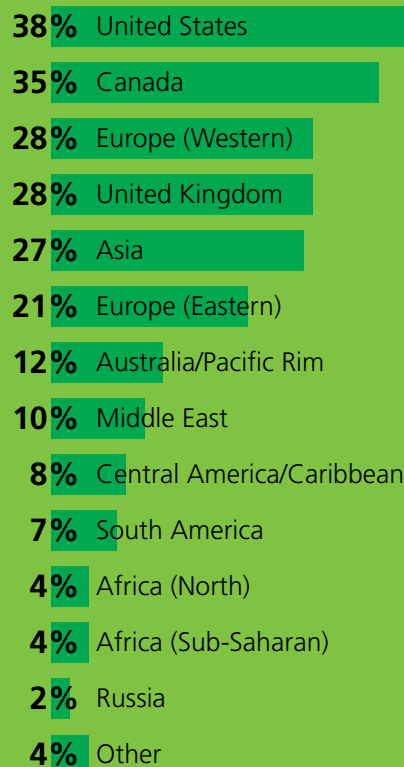
Seemingly every year, the biggest challenges associated with any global mobility program can be summarized in just one word—compliance. 2019 was no exception, which saw geopolitical events such as Brexit and a trade war with China have a significant impact across the global economy. So much so, that there was an 11% drop in businesses that plan to increase work authorizations requests in the year ahead. Despite these complications, global demand for skilled workers is higher than ever—largely driven by new technologies and Baby Boomers retiring en masse. Not only are businesses having to aggressively recruit and retain the best workers, but they also have to pay close attention to the future of global mobility, which in many ways, is being reshaped by remote and virtual working capabilities.

With the investment that international assignments carry, staying abreast of these trends is paramount. This next section helps make sense of a global mobility landscape that appears to be changing on a daily basis.

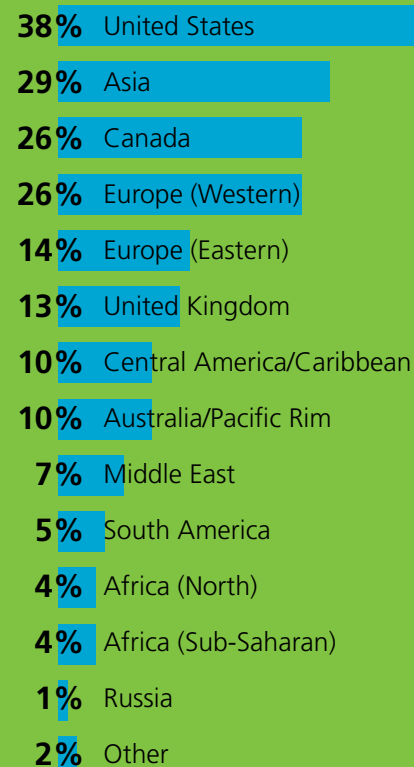
VOLUME & GROWTH

What were the most frequent destination(s) of transfer...¹

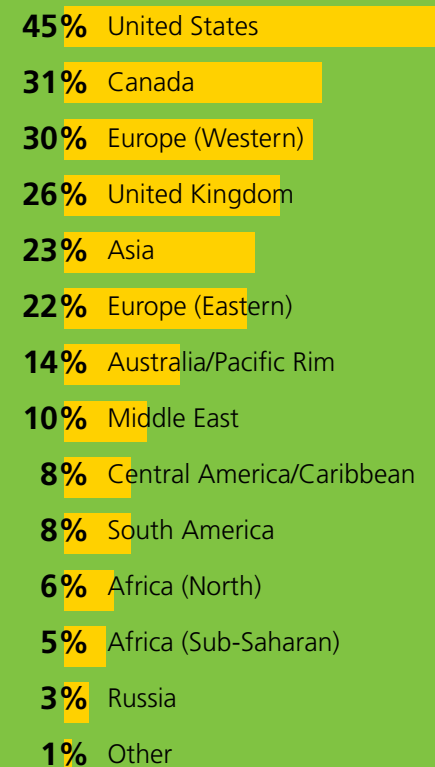
Between the U.S. and Another Country/Region

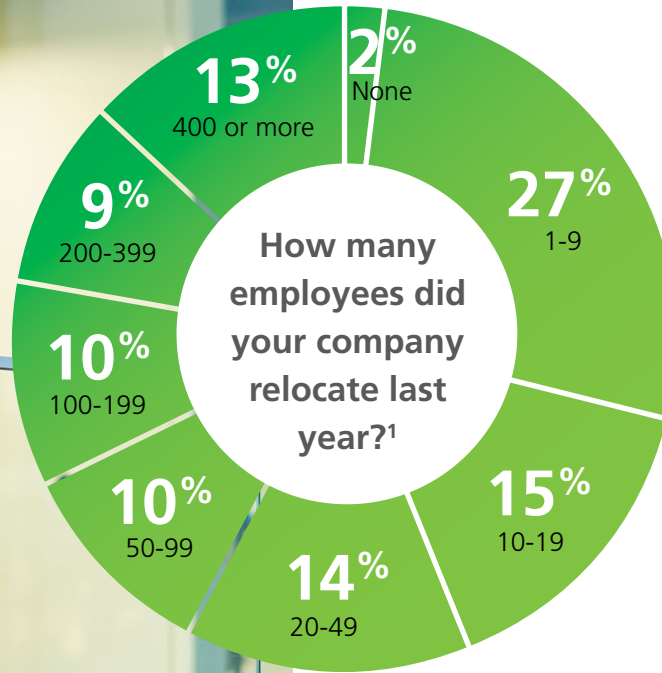


Within a Single Foreign Country/Region

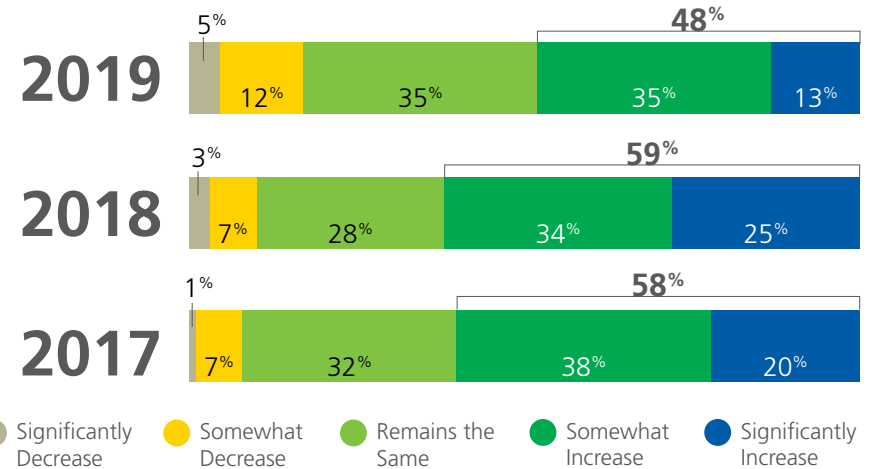


Between Two Foreign Countries/Regions





During the next year, do you expect demand for work authorizations (work permits/visas) to increase, decrease or remain the same?²

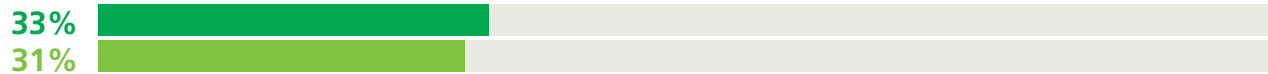


1. "52 Annual Corporate Relocation Survey" – Atlas World Group (pg.45)
 2. "Meeting the Challenges of Global Mobility Assignments" – Envoy (pg.10)

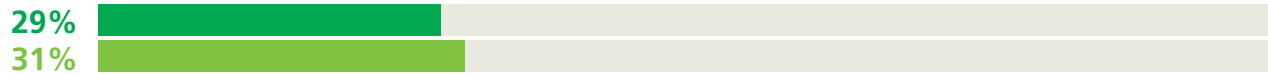
GLOBAL CHALLENGES

What are your biggest challenges surrounding global immigration?¹

Differing regulations in each destination country



Maintaining accurate records



Repetitive information and documents requested in each country



Managing multiple relationships and in-country partners



Poor expectations for time needed to secure compliant visa



● 2019 ● 2018



A recent Gartner survey shows the “Global Talent Shortage” as the top emerging trend facing organizations due to:

- **Widening skills gap**
New technologies require a new set of skills.
- **Low global unemployment**
Baby Boomer retirement has created extreme demand for knowledgeable talent worldwide.²

GLOBAL MOBILITY ROI

How does your mobility function know it is successful?¹



Positive feedback received from the business



Compliance risks are minimized or nonexistent



Positive feedback received through assignee surveys



Assignment/transfer processes are standardized and efficient



Policy exception requests are kept to a minimum



Employee commitment is enhanced because of an assignment/transfer



Budget is not exceeded

Low response rate here indicates an opportunity to better balance short and long-term viewpoints on talent investments.

Do you measure the actual versus estimated cost for international assignments?²



No: 52%



Case-by-case Basis: 36%

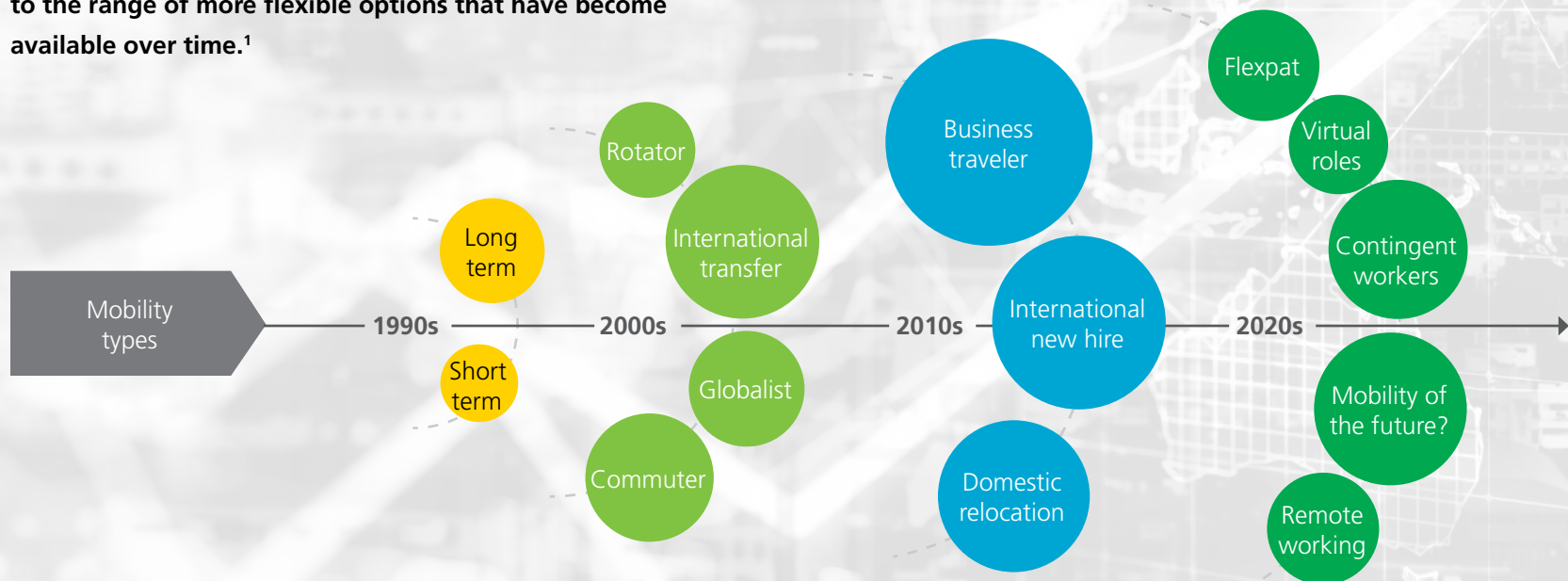


Yes: 12%

FUTURE OF GLOBAL MOBILITY

Mobility today includes a broader array of employee types and a multitude of locations, with numerous talent traffic lanes. This has driven the need for closer alignment between move types and support levels, as well as more flexible and agile service delivery models that meet the requirements of a changing, diverse population.

This example shows the evolutionary path of mobility types from the more traditional, formal 'assignment packages' to the range of more flexible options that have become available over time.¹





www.hilldrup.com