



Intra-European Mobility

Survey 2015

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Worldwide ERC® Headquarters

4401 Wilson Boulevard, Suite 510
Arlington, VA 22203 USA
Phone: +1 703 842 3400
www.WorldwideERC.org

For more information, please contact the Worldwide ERC®
Research Department at Research@WorldwideERC.org.

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Intra-European Mobility Survey 2015

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Introduction

IN THIS NEW WORLDWIDE ERC® study, we examine intra-European talent mobility. Our study delves into the motivation behind talent mobility in this region, the challenges associated with the different types of mobility, and the strategies firms are using to resolve them. The survey also looks at models of service delivery, mobility volumes and the associated costs. Worldwide ERC® partnered with survey sponsor SIRVA and is greatly appreciative of their support. Additionally, we thank the 85 participating organizations that made this report possible.



Background



According to the European Commission, the European Union's executive body, two key developments during the past decade have created new opportunities and patterns for labor mobility within the EU. Due to the enlargement of the European Union in the early 2000s, the number of EU-12 citizens (new EU member states) residing in EU-15 member states (old EU member states) increased from 1.7 to 5.6 million. The second key development is the recent financial crisis, which has acted as a stimulus for intra-EU mobility, with those countries hardest hit by the economic crisis seeing the largest increases in outflow of workers to other EU member states.

The September 2014 European Commission Report, *Labour Mobility within the EU*, notes that when comparing the characteristics of recent mobile workers (2009-13) to the previous five-year period (2004-2008), the following trends were revealed:

- Germany and the United Kingdom are the top two destinations for mobile workers within Europe.
- More EU workers are heading toward Austria, Germany, Belgium and the Nordic countries and fewer to Spain and Ireland.
- Mobile workers in the EU tend to be young, but the share of those 15 to 29 years old has declined from 48 percent to 41 percent, indicating that more established employees are on the move.
- Mobile EU workers are increasingly well-educated, with 41 percent having at least a college degree in more recent years (2009 – 2013), up from 27 percent during the period of 2004 – 2008.

The opening of borders to allow more cross-border talent mobility within Europe has created opportunities for employees and high growth potential for global companies, but along with this growth come numerous obstacles and complications.

Mobility within the European Union is evolving and complex and not always well understood by business unit managers and employees. Respondents to our survey commented as follows:

“The main challenge is the belief that Europe is one country and everyone can travel and work in another European country without complying with host-country legislation. However, the region has more than 50 countries with very different and complex legislation. Therefore, the main goal is educating the businesses on the various complexities and reinforcing the necessity of tracking all assignees, with an extra eye on the business traveler.”

“Immigration compliance is an issue with frequent business travel. We must ensure employees understand these complexities and the requirements.”

The challenges involved in intra-European mobility have been a matter of discussion for the leadership



of the EU. In a 2014 speech, László Andor, the European Commissioner for Employment, Social Affairs and Inclusion, discussed the obstacles to open labor mobility between European countries. Andor stated, “The three remaining obstacles to free movement of labour within Europe are ‘portability’ of supplementary pensions, recognition of professional qualifications, and the need for modernization of social security coordination.”

While these may not be the only challenges mobility professionals are facing within their own organizations, his comment does bring to light the enormity of some of the challenges and the overarching need for open communication, education, and collaboration.

Demographics

Transfer Volume

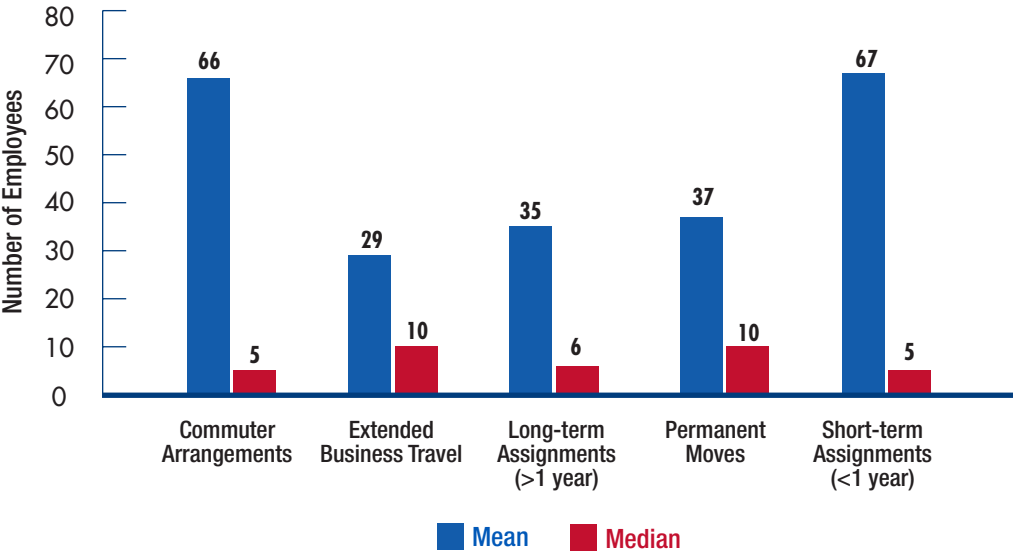
Across all types of assignments, our respondents report a wide range of mobility volumes – ranging from one employee per year to 2,500 per year. A proportionally higher number of companies report smaller mobility volumes. This large range of volumes has an inflating impact on calculations of per-company averages. Therefore, to accurately convey our results, we have provided both the median values (middle number in the range) and the mean values (calculated per-company average) for both the 2014 mobility volume and the predicted 2015 mobility volume, which are presented in **Figures 1 and 2**.



Looking at average volumes, it is anticipated that mobility within Europe in 2015 will increase, especially for short-term assignments, commuter arrangements and extended business travel.

FIGURE
1

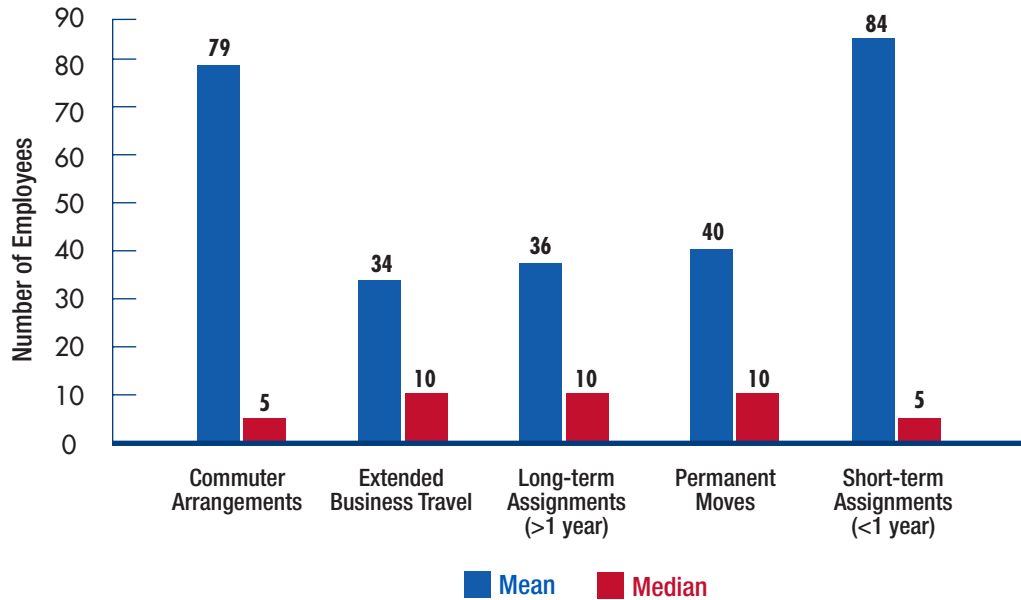
2014 Intra-European Mobility



Mean = the calculated average of all numbers in a data set.
Median = the middle number of a set of numbers.

FIGURE
2

Projected 2015 Intra-European Mobility



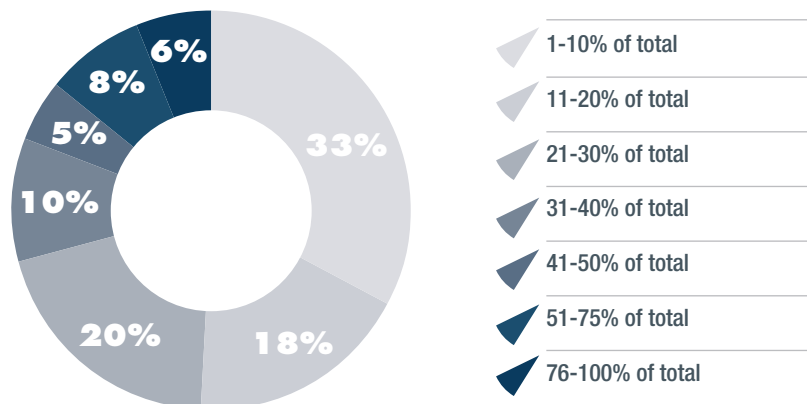
Mean = the calculated average of all numbers in a data set.
 Median = the middle number of a set of numbers.

FIGURE
3

Intra-European Mobility as a Percentage of Total Cross-border Mobility

Percentage of organizations

For most of the responding companies, the majority of their total cross-border mobility is centered outside of Europe. About half of companies reported that 20 percent or less of their total cross-border activity is within Europe. Another 35 percent of companies estimate 21 to 50 percent. Only 14 percent note that more than half of their total cross-border mobility is within Europe (Figure 3).



Considering intra-European assignments over the next three years, just over half of organizations (55 percent) anticipate the volume will remain about the same. Forty-one percent expect the number to somewhat or significantly increase, while only 4 percent expect to see somewhat of a decrease in volume.

Top Origin and Destination Locations

Mirroring the report from the European Commission, we found that the top two destinations for employees on assignment within Europe are the United Kingdom (reported as a destination by 77 percent of companies) and Germany (50 percent). Interestingly, these countries also are the locations most frequently cited by companies as a location of mobility origin. In fact, the top four destination locations are also the top four origin locations as illustrated in **Figure 4**.

FIGURE 4

Top 10 Origin and Destination Locations

Percentage of organizations

ORIGIN

1. United Kingdom – 76%
2. Germany – 55%
3. France – 54%
4. The Netherlands – 42%
5. Switzerland – 37%
6. Italy – 35%
7. Spain – 32%
8. Belgium – 30%
9. Poland – 26%
10. Ireland – 24%

DESTINATION

1. United Kingdom – 77%
2. Germany – 50%
3. France – 46%
4. The Netherlands – 39%
5. Italy – 37%
6. Spain – 35%
7. Switzerland – 33%
8. Belgium – 30%
9. Sweden – 23%
10. Poland, Russia, Ireland – 21%



Average Mobility Costs

As the great recession of 2008 recedes into the past, balancing business growth and development with calculated financial risk and monetary control will continue to be imperatives for organizations around the world. The passage of time may diminish the sting of the economic meltdown of the previous decade, but its residual effects are still readily apparent and will continue to affect corporate policy for years to come.

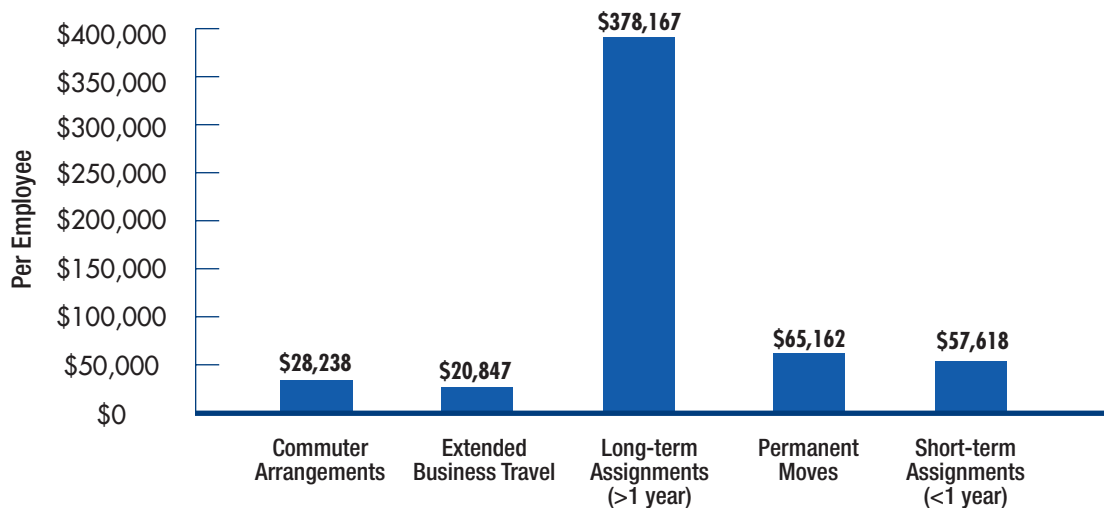
Survey participants were asked to estimate the average cost per mobile employee of five different types of cross-border mobility within Europe. By far, the most expensive assignment type is a

traditional long-term assignment of more than one year, which represents an average cost per assignee of \$378,167. Intra-European permanent moves and short-term assignments cost less, with averages of \$65,162 and \$57,618, respectively. As expected, commuter arrangements and extended business travel are the least costly, with an average cost of \$28,238 for commuter arrangements and \$20,847 for extended business travelers (Figure 5).

Please note: These costs represent the averages experienced by the pool of respondents to this survey. Programs can vary in many ways causing higher or lower costs. The reported figures represent only general trends.

FIGURE
5

Average Cost of Intra-European Mobility



Drivers, Challenges and Strategies

Drivers

Our study of the drivers for intra-European mobility shows the linkage between the type of mobility and the drivers behind it. Respondents were asked to identify the primary drivers for each of the various types of mobility, and the results are reported in **Figure 6**.



FIGURE
6

Primary Drivers of Intra-European Mobility*

Percentage of organizations

	Long-term Assignments	Short-term Assignments	Permanent Moves	Commuter Arrangements	Extended Business Travel
To fill a skills gap	59%	68%	76%	59%	39%
Knowledge transfer	56%	61%	27%	35%	50%
Employee development	66%	66%	33%	21%	22%
To communicate corporate culture	31%	30%	13%	29%	25%
Project/task completion	44%	82%	21%	56%	61%
Business need	75%	59%	71%	65%	72%
Succession plan	53%	21%	43%	6%	--

*Percentages do not total 100 percent due to multiple responses.

Figure 7 gives another view of this data, illustrating the commonality of top drivers across mobility types. “To fill a skills gap” and “business need” were often cited, ranking in the top three drivers for all types of mobility except extended business travel where “to fill a skills gap” ranked fourth and short-term assignments where “business need” ranked fifth.

“To communicate corporate culture” in general was the least significant driver, appearing in the bottom half of the drivers list for all types of mobility.

“Project/task completion” is within the top three drivers for short-term assignments, extended business travel and commuter arrangements but nearly last in the drivers list for permanent moves and long-term assignments.

“Employee development” is among the top three drivers for long-term and short-term assignments. For permanent moves, “employee development” was fourth in the drivers list and almost last for commuter arrangements and extended business travel.

“Knowledge transfer” was among the top three drivers for only one type of mobility: ranking third for extended business travel. For long-term and short-term assignments and commuter arrangements, this driver ranks fourth and for permanent moves, it is fifth.

“Succession plan” appears as a top three driver only for permanent moves. It is not a significant factor in short-term assignments, commuter arrangements and extended business travel, ranking last in their lists of drivers.

FIGURE 7

Top Three Drivers of Intra-European Mobility

LONG-TERM ASSIGNMENTS

1. Business need
2. Employee development
3. To fill a skills gap

SHORT-TERM ASSIGNMENTS

1. Project/task completion
2. To fill a skills gap
3. Employee development

PERMANENT MOVES

1. To fill a skills gap
2. Business need
3. Succession plan

COMMUTER ARRANGEMENTS

1. Business need
2. To fill a skills gap
3. Project/task completion

EXTENDED BUSINESS TRAVEL

1. Business need
2. Project/task completion
3. Knowledge transfer

Definition of Assignment Success

Surprisingly few organizations (7 percent) report that they have a formal definition of assignment success, and nearly three-quarters of organizations indicate that their systems for tracking assignment success are only “fair” or “poor”. The formal definitions of assignment success provided by respondents included:

- Reliance on a performance appraisal system.
- Focus on ROI and retention after assignment end.
- Goals established at the start of the assignment and terms and conditions met.

Challenges

Respondents were asked which countries present the largest number of mobility challenges, and the United Kingdom, Russia, France and Germany were cited most often (in that order). Predictably these countries also are the ones where companies most often say they have activity -- except for Russia. As reported earlier in **Figure 4**, there is far less mobility activity in Russia than the other three countries, but it is obviously very challenging.

To gather specifics on the types of challenges mobility professionals are experiencing with intra-European talent mobility, we asked organizations to rate the level of difficulty created by 17 challenges for each type of mobility on a five-point scale, with one being the least challenging and five being the most challenging.



Figure 8 provides the results, reporting the averages of companies' responses based on the five-point scale. **Figure 9** offers another view of this data, focusing on the top challenges.

For short-term and long-term assignments, top challenges tend to be related to housing and living costs and compliance issues. For the more transient mobility of commuter arrangements and extended business travel, compliance is a top issue along

FIGURE 8

Challenges of Intra-European Mobility*

	Long-term Assignments	Short-term Assignments	Permanent Moves	Commuter Arrangements	Extended Business Travel
Career development of assignee	2.31	2.33	2.05	2.41	2.56
Compensation issues	2.84	2.36	3.50	2.38	2.24
Cost tracking	2.83	2.36	2.43	3.29	3.17
Cost-of-living allowance/differential	3.12	2.56	2.67	1.68	1.89
Culture of corruption	2.03	1.82	1.81	1.81	1.77
Education infrastructure in host location	2.85	1.92	2.72	1.64	1.58
Emergency preparation	2.06	1.97	1.97	1.83	1.86
Environmental issues in host location	1.89	1.88	1.84	1.54	1.65
High housing costs	3.64	3.05	3.41	2.23	2.54
Immigration compliance	2.80	3.00	2.43	3.35	3.32
Inadequate housing facilities in host location	2.47	2.27	2.44	1.59	1.84
Healthcare coverage	1.97	1.89	1.94	1.53	1.70
Pension/retirement coverage	2.72	1.94	3.03	1.55	1.65
Recruiting and retaining skilled talent	3.08	2.69	2.75	2.14	2.27
Security in host location	2.00	2.00	1.77	1.68	1.84
Taxation compliance	3.17	2.88	2.24	3.54	3.53
Tracking assignees	2.03	2.12	1.81	3.73	3.47

* Rankings ranged from 1 = least challenging to 5 = most challenging.

with employee tracking. For permanent moves, the most pressing challenges are less compliance-related and more tied to compensation, high housing costs and pensions.

Strategies

Respondents were asked to tell us in their own words what strategies they have found most effective in managing the challenges associated with the different mobility types within Europe.

Long-term or Short-term Assignments

Three key themes emerged around the strategies mentioned most often by respondents for managing intra-European assignments, whether long-term or short-term:

1. Clear and consistent communication with key stakeholders, including the employee and family, HR in the business units, and external vendors.
2. Benchmarking policies and practices to ensure that mobility programs are competitive, but not unnecessarily generous.
3. Education of management about the challenges of mobility especially issues surrounding compliance and timeframes.

FIGURE

9

Top Three Challenges of Intra-European Mobility*

LONG-TERM ASSIGNMENTS

1. High housing costs (3.64)
2. Taxation compliance (3.17)
3. Cost-of-living allowance (3.12)

SHORT-TERM ASSIGNMENTS

1. High housing costs (3.05)
2. Immigration compliance (3.00)
3. Taxation compliance (2.88)

PERMANENT MOVES

1. Compensation issues (3.50)
2. High housing costs (3.41)
3. Pension/retirement coverage (3.03)

COMMUTER ARRANGEMENTS

1. Tracking assignees (3.73)
2. Taxation compliance (3.54)
3. Immigration compliance (3.35)

EXTENDED BUSINESS TRAVEL

1. Taxation compliance (3.53)
2. Tracking assignees (3.47)
3. Immigration compliance (3.32)

* Rankings ranged from 1 = least challenging to 5 = most challenging.

Drivers, Challenges and Strategies

Respondents provided the following comments about their strategies:

“Transparent communication with the expat and strong collaboration with external vendors and HR are key.”

“Benchmarking of processes to better understand options available is needed.”

“It’s important to target HR education and increase awareness of issues. Involve the global mobility function and create policy.”

Commuter Arrangements and Extended Business Travel

The responses regarding effective strategies for managing commuter arrangements and extended business travel within Europe predominantly reflected the enormous importance of expatriate tracking and the need to educate HR about how crucial tracking and thus remaining compliant are. Respondents commented:

“Try to identify high-risk groups of travelers and place them on monthly travel tracking.”

“One important consideration for employees is the difference between those on international assignment, those on international extended business travel, and those engaging in standard international business trips. Our policy is designed to help employees, business unit HR, and managers navigate these differences.”

“Educate managers on the need to track travel. We introduced a compliance calendar to track travel days and to implement compliance processes depending on the host country.”

Permanent Moves

Finally, the strategies reported to deal with the challenges of permanent moves within Europe are tied most closely with housing issues and the impact on an employee’s social security and pension. Respondents advised:

“Offer a housing allowance for a specified period of time.”

“Make sure to understand the impact on social security, pension, etc. We partner with providers to help get the right answers for our employees.”

“Update settling-in packages every six months to remain competitive and timely.”

“Pay higher housing and education allowances.”

Approaches to Execution of Strategy, Management and Administration

With regard to executing these strategies, no single organizational structure emerges as the clear norm for permanent moves or long and short-term assignments as noted in **Figure 10**. When asked about strategy execution for commuter arrangements and extended business travel, there was a tendency toward decentralization and a high number of “other” responses. The comments for this “other” category indicate that often local HR professionals shoulder this responsibility.



FIGURE 10

Strategy Execution by Assignment Type*

Percentage of organizations

	Long-term Assignments	Short-term Assignments	Permanent Moves	Commuter Arrangements	Extended Business Travel
Partnering with an external provider	28%	26%	22%	11%	14%
An internal mobility team centralized at corporate headquarters	37%	33%	34%	17%	17%
An internal mobility team decentralized and managed at regional/local offices	26%	35%	34%	42%	40%
Other	9%	7%	10%	31%	29%

* Percentages may not total 100 percent due to rounding.

Figure 11 indicates that the most common structure for managing intra-European assignments is to share responsibility between corporate headquarters and regional/local offices (41 percent), closely followed by a centralized-at-headquarters approach (39 percent).

Service providers play a key role in administrating intra-European assignments. One fourth of companies fully partner with their external providers for such administration, and another 74 percent do so at least partially. Very few respondents reported no such partnership. (**Figure 12**)

FIGURE 11

Management Structure

Percentage of organizations

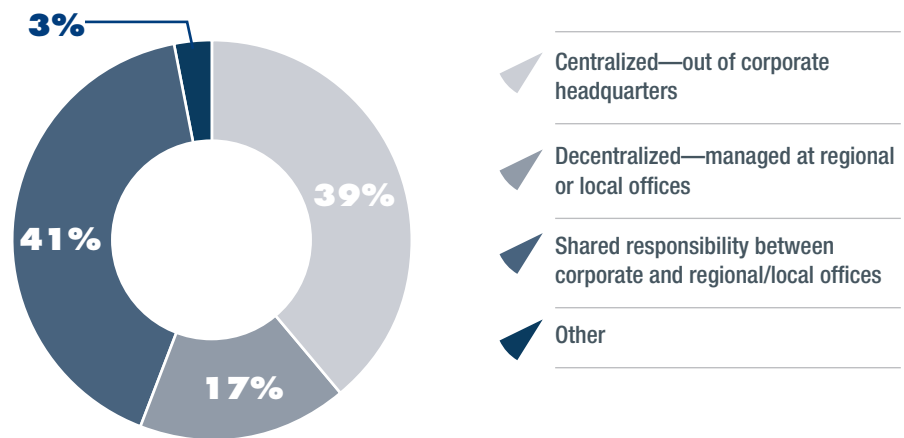
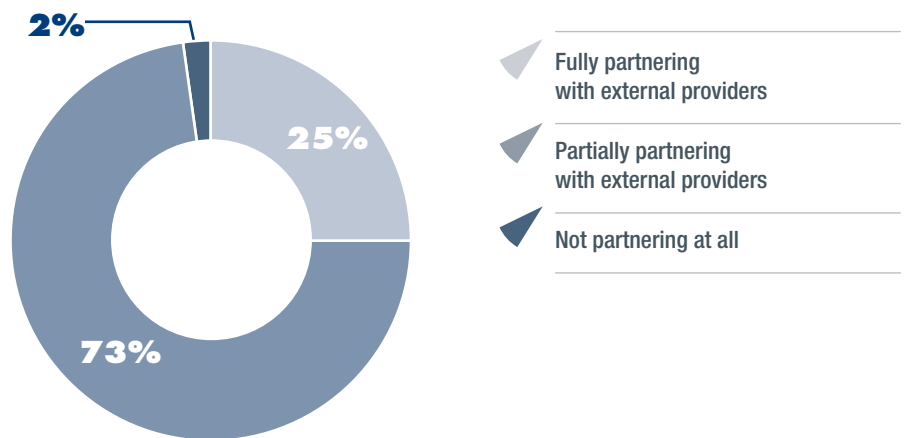


FIGURE 12

Administration Partnership with Service Providers

Percentage of organizations



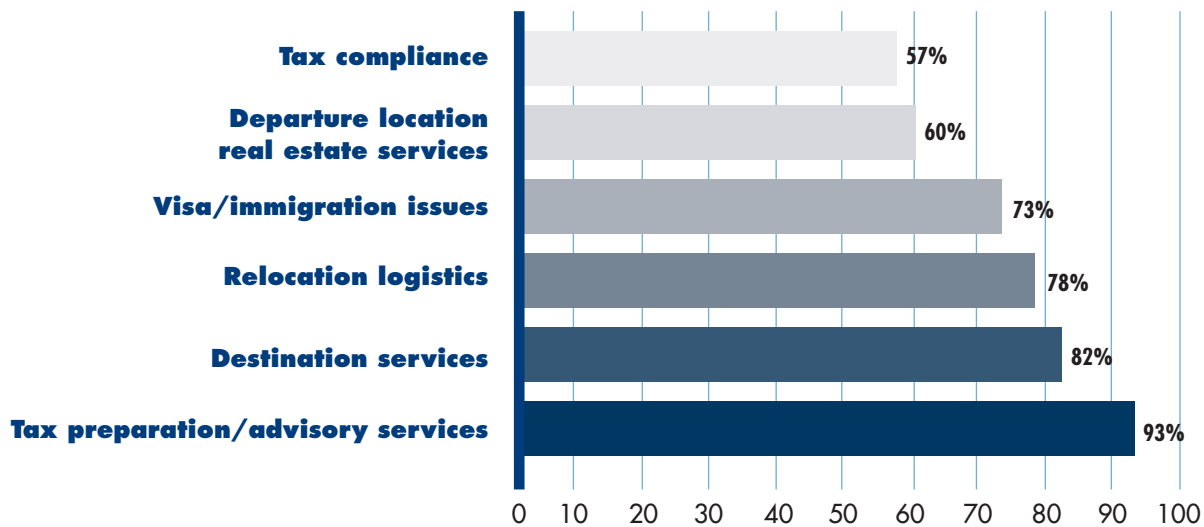
Nearly all companies (93 percent) fully outsource their tax preparation/advisory services while a strong majority of organizations do so for destination services such as home finding, school searches and settling in (82 percent), and relocation logistics like household goods

shipments and temporary living (78 percent). Just shy of three-quarters of companies fully outsource their visa and immigration issues, while six in 10 companies completely outsource their destination location real estate services and tax compliance (Figure 13).

FIGURE 13

Fully Outsourcing Mobility Services*

Percentage of organizations



* Percentages do not total 100 percent due to multiple responses.

Conclusion

With the increase in the number of employees living and working in European countries other than their own, companies will need to remain robust in the management of their mobile talent. The close proximity of European countries lends itself to more short-term assignments, commuter arrangements and business travel. These various forms of mobility have their own challenges and drivers that

must be considered. Likewise, countries within Europe have their own government regulations, which if not followed, present many complications and associated costs. Clear and open communication, education about the issues for both the businesses and employees, effective partnering with service providers, and more precise tracking of assignees are all vital to achieving success in the complex arena of mobility within Europe.

Participating Organizations

Abbott Laboratories
Accenture
Albemarle Corporation
Allegion
Allnex
Avery Dennison Corporation
Avon Products, Inc.
Bank of America
Bechtel Corporation
Biogen Idec
BorgWarner, Inc.
Brambles
Bravura Solutions
Broadcom Corporation
CABI
Careerbuilder
Cargotec Holding, Inc.
Cegelec
Cerberus European Capital Advisors, LLP
Cerner Corporation
CEVA Group PLC
CH2M HILL, Inc.
Chatham Financial
Cimpress N.V.
Covance, Inc.
Cytec
Dana Holding Corporation
Deere & Company
Dell, Inc.
Delphi
DHL Express A/S
Eli Lilly and Company
Enterprise Holdings, Inc.
Flextronics International USA, Inc.
Foot Locker, Inc.
FrieslandCampina Nederland BV
Frontica Business Solutions
Granite Services International, Inc.
Grant Thornton UK LLP
Herbalife
IHS, Inc.
ING Group
Ingersoll-Rand Company
Intercontinental Hotels Group
Inteva Products
Kinross Gold Corporation
Lenovo
Lumos
LyondellBasell
Mayer Brown International LLP
McCain Foods Limited
MeadWestvaco Corporation
MediaCom
MFS Investment Management
Micron Technology, Inc.
Natura
Naturdao Information Science & Technology Ltd.
Nissan
Nomura
Novelis Incorporated
Omnicell
Owens-Illinois, Inc.
Parker Hannifin Corporation
Pearson Education
PwC Poland
Rockwell Automation
Samsung
SanDisk Corporation
SAP
Shell Oil Company
SKF SA
SPX
The Body Shop International
The Manitowoc Company
The Walt Disney Company
TIBCO Software Inc.
TNT Express France SNC
Tom West Company, Inc.
TRUMPF, Inc.
Tupperware Brands Corporation
Videology, Inc.
W. W. Grainger, Inc.
Warner Brothers
Wells Fargo & Company
Western Union Holdings, Inc.

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Worldwide ERC® Headquarters

4401 Wilson Boulevard, Suite 510

Arlington, VA 22203 USA

Phone: +1 703 842 3400

www.WorldwideERC.org