What’s next for global mobility?
The impact of megatrends
A company’s mobility strategy and vision, as well as its supporting policies should be evaluated and re-shaped to reflect new market trends and approaches. Senior management should understand how the megatrends are impacting their talent strategy and talent mobility programs, and ask questions to understand what steps the organization is taking to improve ROI on mobility spend and support sustainable growth for the business.

**Shifting frameworks**

Organizations have historically looked to their mobility programs to meet the business’ geographic resourcing needs and in some cases, also to help further the HR talent agenda over the long-term. But ‘how’ companies structure their mobility programs to reach these business and talent objectives is shifting.

Most notably, traditional mobility is no longer the norm. In fact, some companies might say that it is no longer required between mature and developed markets, where frequent and regular travel arrangements are most often taking the place of traditional ‘assignments.’ At the same time, there is increased focus on mobility in priority (often emerging) markets, to meet aggressive growth and revenue targets.

New mobility approaches require balancing organizational cost with attractive and competitive employee programs. Companies now need to differentiate their mobility spend by not just talent type and/or criticality of role, but also by market criticality. This increased differentiation strengthens alignment between business objectives and talent objectives. With this approach, companies can redirect and reallocate their mobility spend to their most critical business markets.

Leaders need to look at their business strategy (both for new locations as well as expansion locations), along with their current talent situation and succession plan, to determine a talent mobility strategy to best fit their situation. This does not necessarily mean reducing mobility spend, but rather reallocating spend to meet the most critical needs. This may require a shift in current focus on emerging markets to a refocus on mature markets a few years down the road for succession planning purposes.

The bottom line is that a company’s mobility strategy and vision, as well as its supporting policies should be evaluated and re-shaped to reflect new market trends and approaches. Senior management should understand how the megatrends are impacting their talent strategy and talent mobility programs, and ask questions to understand what steps the organization is taking to improve ROI on mobility spend and support sustainable growth for the business.

**Megatrends**

There are five megatrends that are shaping business and society, and these macro-economic forces will have a significant impact on global mobility.

- **Rapid urbanization**
- **Shift in global economic power**
- **Demographic and social change**
- **Climate change and resource scarcity**
- **Technological breakthroughs**
Rapid urbanization will expand the ‘modes’ of mobility

One of the main reasons an employee considers mobility is the opportunity to live and work in a specific location. Companies will need to attract employees to take on opportunities in new and unfamiliar locations, particularly in emerging markets. While the role or position may be attractive to the individual, the lifestyle may not be.

In the 1950’s, less than 30% of the world’s population lived in cities. That proportion has risen to 50% and by 2030, the United Nation projects that some 4.9 billion people will be urban dwellers. By 2050, the world’s urban population will have increased by some 72%. And by 2030, the United Nations also estimates that there will be 41 mega-cities—those with populations of 10 million or more—as compared to 28 as of 2014. Many of the new mega-cities will be in developing countries.

Critical issues—Will these new urban centers and cities be viewed as ‘personally desirable’ by mobile employees? Will these locations have the infrastructure (housing, education, health care) to support mobility?

To meet the challenges presented by these changes, companies are embracing non-traditional mobility. Extended travel, frequent travel and commuting are examples of slightly different nuances of business travel used in place of traditional ‘relocation’ assignments—to balance interest in the role, but not the location.

These mobility approaches will accelerate, along with urbanization. The result is a much broader definition of ‘mobility’, as well as more comprehensive frameworks to encompass all of these types of mobility. If the organization’s talent strategy does not include a look at new and different mobility models—it may already be out of date.

If the organization’s talent strategy does not include a look at new and different mobility models—it may already be out of date.
**Shifts in economic power: New markets**

A rebalancing of global economic and business activity is expected to occur from western economies to BRIC (Brazil, Russia, India and China) and other growth countries. Capital flow is being adjusted as these other jurisdictions become greater exporters of capital, talent, and innovation.

Along with this economic shift, local companies in Brazil, China, India, Russia, and the Middle East are expanding into international and global companies. These companies may not yet be household names in the West, but they are expanding in a big way and will require increased mobility of their talent. Determining total rewards philosophies and structures for mobile employees in these scenarios requires a shift in focus from the traditional total reward approaches, such as home country peer equity and pension continuation, to cash compensation. The fundamental mobile employee value proposition for these new competitors is different—and much more focused on short-term cash rather than long-term reward vehicles.

While organizations in emerging markets want to understand the approaches that U.S. and European companies have used, they are more focused on replicating the value these approaches have resulted in, rather than the specifics. They recognize that expansion is fundamentally reshaping and redefining the war for talent, creating brand new competitor profiles. Mobility approaches are expected to follow suit with more flexibility in the package design and delivery, along with cash allowances.

There will also likely be increased complexity in the regulatory environment and tax structures in these locations. The traditional home-based (tax equalized) approaches are expensive—increased tax costs could make these packages too costly for businesses to consider as a viable option for all assignments. There is already a significant rise in host based models and these will likely be the package of choice for employers for mobile employees in all locations, in order to keep costs reasonable.

Another challenge of these economic shifts will be the cross-border transfer of knowledge that must occur from the older generations in developed markets to newer generations in emerging markets. Notwithstanding the potential difficulties, this knowledge movement will be essential to fill the expected talent gaps.

**Demographic shifts to cause greater talent gaps**

Rapid population growth in some countries is expected, while others will experience a decline, creating very different demographic trajectories. This megatrend is expected to create talent gaps between developed markets with an aging population and emerging markets with young populations. Effective workforce planning, along with a longer term mobility strategy will play a significant role in helping to close these talent gaps between markets.

As companies develop their business strategy—both for new locations (countries) and expansion locations (e.g., new cities) they will be determining their future market footprint and location-specific talent demographic. This includes filling any succession plan gaps to develop a robust global workforce plan.

Mobility program design will need to take into account the impact of aging populations—most notably with regard to benefits. Portable and international
Companies have already begun to re-evaluate their organizational definition and designation of ‘hardship’ locations, and how these are aligned to the growth message and addressed in mobility policy.

Medical plans, for example, will be expected and will cost increasingly more, and this will be an issue for employers. Companies will need more creative and comprehensive local options to meet employee perception of a global standard for benefits.

In many locations, there will be societal pressure to create jobs for this aging, experienced workforce and organizational pressures to fill skills gaps that will push companies to reconsider applicability of a contingent workforce. While this has been a common approach in many industries sectors for technical roles, we anticipate this will be expanded across all roles, particularly more senior positions. This will often have a mobility tie, but with a focus on a cash and portable package.

The number of women in the workforce will continue to increase. Companies will need to take more creative and family friendly approaches to mobility design. Already we’re seeing an increase of mobility support services focused on family needs to supplement traditional assignment support services, and this is expected to accelerate.

Climate change and resource scarcity to put a spotlight on ‘hardship’ locations

The expected scarcity of resources and the potential impact of climate change are a growing economic concern. Forecasts from the National Intelligence Council indicate that the demand for energy is estimated to increase by as much as 50% by 2030. And water withdrawals could increase by 40%. By 2030, we will also need 35% more food with an expected population of 8.3 billion.
Another megatrend—technological breakthroughs—will continue to transform our world and underlying business structures. Technology will enable virtual management structures and operating models. While technology tools may help manage needs in key strategic jurisdictions, it may also bring with it a potential host of corporate tax issues (i.e., permanent establishment, transfer pricing, etc.) where employees are essentially ‘working’ for the organization in jurisdiction A while physically sitting in jurisdiction B.

Access to information will flatten organizational structures with simple analysis transformed to more advanced data analytics and predictive analytics. Data analytics enhance a company’s ability to make decisions for short term and longer term needs. The ability to gather and analyze data will be a ‘minimum’ requirement for business.

Talent analytics within the mobility area is already a major focus for companies today but that focus will expand from measuring data at a single point in time, to measuring trends within the organization and the market. Predictive analytics can enable mobility teams to make more informed mobility decisions that are grounded on empirical data. However, predictive analytics can only enable decision making if the organization has begun to collect and track the correct data. If not, they will find themselves behind. Technology can also help improve the efficiency of day-to-day mobility management by providing platforms to better share and leverage information.

Predictive analytics can enable mobility teams to make more informed mobility decisions that are grounded on empirical data.
1. **Aligning mobility spend with business priorities**

Market forces will increasingly drive mobility strategy. Mobility programs and policies should not be stagnant but require re-evaluation and re-shaping to ensure they align with and support the broader business strategy.

Historically, companies have revisited their talent mobility programs every three years or so. But now, the world is changing rapidly. The pace of change is exponential. If an organization is not revisiting their talent and mobility strategy on a regular basis, even every six months or so, there is a good chance they will fall behind.

This on-going review requires open dialogue between stakeholders including line HR, talent mobility teams and business leaders. Consider:

- *How is your company aligning mobility strategy and spend to meet the highest priority needs of the business?* Keeping abreast of these priorities can be a challenging task, but is an important step that can enhance the value attributed to mobility dollars.

- *Has your mobility strategy kept pace with your business?* A growing area of focus is to include a market segmentation approach in addition to talent differentiation in mobility policies. With this approach, the ‘top tier’ policy may be used for leadership talent in critical markets only.

2. **Re-shaping mobility policies**

Mobility strategy and policies need to reflect the impact of the megatrends, particularly with regard to the expansion of policies to encompass non-traditional forms of mobility, such as extended and frequent business travel and commuter arrangements. Consider:

- *Are you evaluating these options as part of a robust planning process?*

- *Is temporary relocation required for all roles or can regular travel meet the business requirements?* A primary consideration for the latter may be driven by travel requirements for these employees already - in these cases, is a temporary relocation even practical if their role requires significant business travel? In other cases, it may be related to the individual’s interest in living in the location due to safety, security, and perceived quality of life concerns relating to that location.
Companies should align mobility spend to shifting business priorities... Get to know business leaders’ focus areas—e.g., is there a growth strategy in emerging markets, what are the priority markets? Is the mobility ‘spend’ going towards the best people in critical locations?

- Are you leveraging domestic employment pools to provide opportunities for local talent in order to expand into new cities? In countries such as China, India and Brazil where domestic expansion is expected to continue at a significant pace, the successful development of key local talent is required for long-term sustainability. Domestic commuter and assignment policies provide an effective alternative to a traditional mobility approach.

- Should the designation of ‘hardship location’ be re-evaluated and aligned to the organizational message?

- How are mobility benefits viewed as compared to packages provided by new market competitors?

- Do policies have the right amount of flexibility to attract mobile employees of varying demographics?

3. **Striking a balance**

Mobility programs must strike a complex balance between meeting immediate and shorter term business needs, developing high potential talent and future leaders in the longer term as well as be attractive to employees and maintain a cost-effective approach for the organization. If this sounds like the complexities of your overall talent mobility strategy—you are correct, they are intertwined as organizational priorities.

Those organizations that keep pace with the changes in the world and continue to evolve their strategies and programs will become leaders in the talent market and create long-term value for their business.

*Will that organization be yours?*
Let’s talk

For a deeper discussion about this issue, please contact your PwC Global Mobility Services engagement team or one of the following professionals:

**Peter Clarke**
*Partner, Global Leader*
+1 203 539 3826
peter.clarke@us.pwc.com

**Eileen Mullaney**
*Principal*
+1 973 236 4212
eileen.mullaney@us.pwc.com