

Employee Relocation, a Powerful Tool for Career Development



HRO Today Flash Reports are a series of ongoing research initiatives that address today's topics of interest in the HR community. These are focused briefs that can be used to support business decisions and discussions among industry practitioners and thought leaders.

This report examines perceptions of skills gaps that organizations face, and how employee relocation can address those knowledge gaps.

This study was sponsored by **CapRelo**.

Methodology

Between April 4 and April 26, 2023, a series of emails were sent to subscribers of *HRO Today* magazine and *HRO Today* newsletters, inviting them to take part in an online study. Respondents were at manager-level or above within their human resources departments. They were also screened to (1) ensure that they were familiar with their organizations' practices with using employee relocation opportunities as part of career development, and (2) that the company conducts at least five relocations annually. The total number of usable surveys was 52, and all respondents were from North America.

Background

There are many reasons why an organization would relocate an employee. Those reasons include:

- Improved skills and knowledge: Relocating employees for training can expose them to new perspectives and ideas — and give them the opportunity to learn new skills and techniques that can benefit their work.
- Increased job satisfaction and retention: Providing employees with opportunities for professional development and career growth through relocation for training can increase their job satisfaction and motivation, increasing engagement and loyalty.
- Cost savings: Relocating employees for training can also be cost-effective for employers. Instead of hiring external trainers or sending employees to off-site training, employers can utilize their own facilities and resources, which can result in cost savings.
- Improved teamwork and collaboration: Relocating employees for training can provide opportunities for employees from different departments or locations to work together and build relationships, leading to improved teamwork and collaboration.

Employee relocation can bring many positive returns to employers, but is it a powerful tool to address the skills gap many organizations are facing?



KEY FINDINGS

There were six key findings produced by this research:



1. The Skills Gap Impacts Virtually Every Organization – Virtually every respondent (96%) agreed they have a skills gap, and nearly one-in-five consider the skills gap Very significant/Significant.



2. Addressing the skills gap is of major importance. Nearly two-thirds (64%) consider addressing the skills gap in their organization as essential or a high priority. This reflects the view that the gap is significant now and will become more so over the next several years.



3. There is a broad array of measures being used to address the skills gap. Chief among these measures is offering mentorship opportunities, used by nearly three-quarters (72%) of respondents. Holding in-house workshops was the second most often used measure to address the skills gap. Upskilling employees to add new skills and improve performance in their current role was selected by two-thirds (66%) of respondents. Upskilling focuses on employees' developing new competencies to improve in their current roles.



4. Approximately two-thirds of respondents use relocation to address the skills gap in their organization. The areas relocation applies to are career development, recruiting, and retention.



5. Employee relocation is seen as an effective way to achieve career development, recruiting, and retaining employees. More than eight-in-ten (81%) feel relocation is Very effective/Effective in recruiting employees, while relocation effectiveness for career development (76%) and employee retention (71%) are viewed as nearly as high.



6. The frequency employee relocation is used to develop employees will increase in the future. Looking forward, 42% expect an increase in the amount of relocation used to develop employees in three years, seven times the amount that expect a decline.

DETAILED FINDINGS: EMPLOYEE WELLNESS PROGRAMS

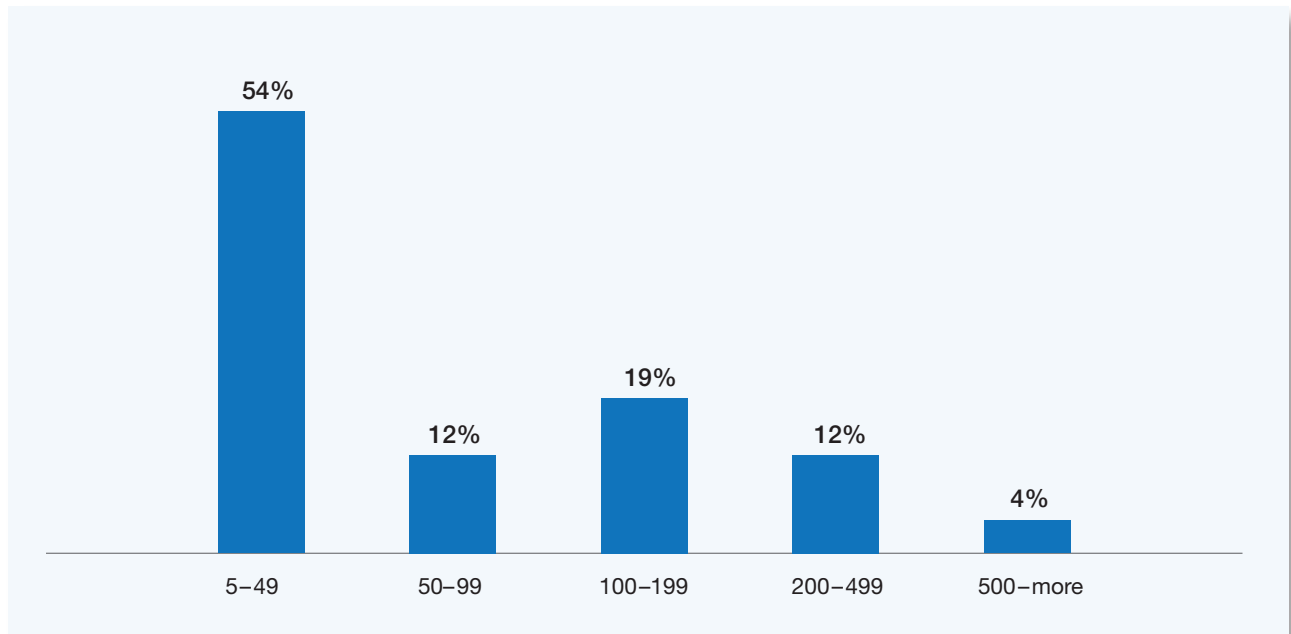
Number of Relocations Conducted Annually

How many relocations does your organization typically perform annually?

Just over one-half (54%) of organizations in our sample set conducted between 5 and 49 relocations annually with an average of 113 conducted annually. Note that those with fewer than five relocations were eliminated from study participation.

The market size, measured by revenue, of the Employee Relocation Services industry was \$15.6 billion in 2022, a decline of 2.8%. However, for the period between 2023–2028, the industry is expected to grow, albeit modestly.¹

Number of Relocations Conducted Annually





Significance of Skills Gap

How significant is the skills gap issue in your organization?

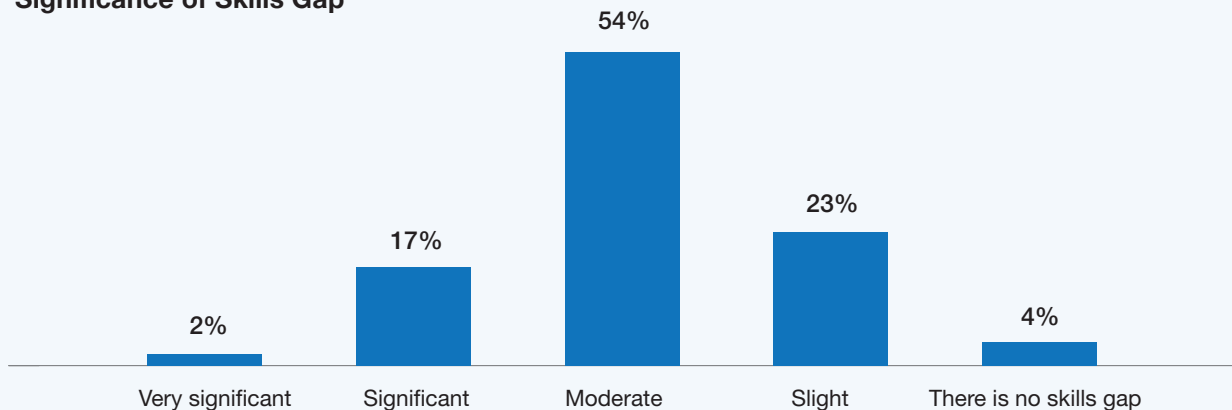
In total, virtually every respondent (96%) agreed there is a skills gap, with most (54%) of them characterizing it as moderate while nearly one-in-five (19%) indicating their skills gap is Very significant/Significant.

The skills gap in the workforce is a major concern. According to a recent study by McKinsey, most companies worldwide—87%—are aware that they

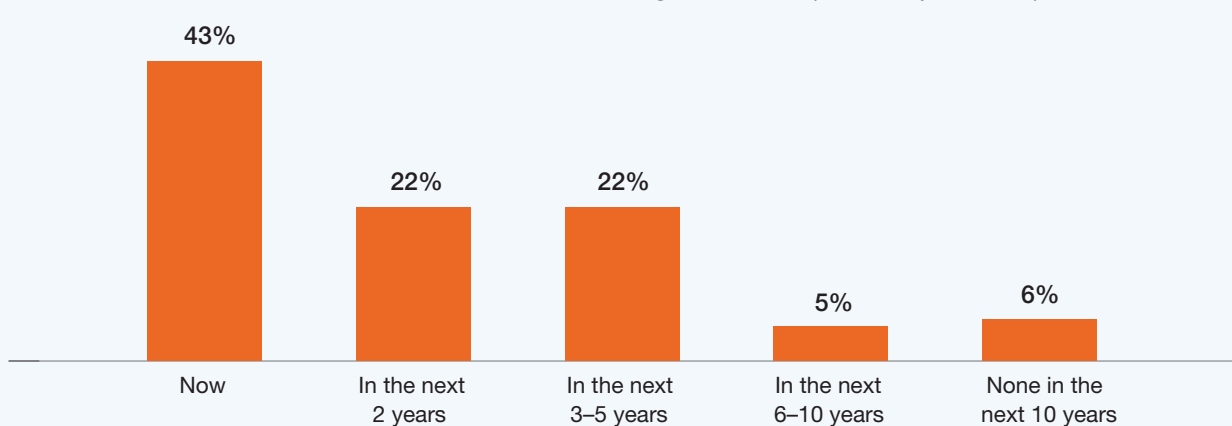
either already have a skills gap or will have one within the next five years.²

Further, the 2022 Top Concerns of CHRO's report showed that few CHROs reported that they made significant progress in addressing the skills gap in 2022; only 38% reported even moderate progress, reflecting the same self-assessment made in 2020.³

Significance of Skills Gap



When Skill Gaps are Expected to Occur Within Organizations (% of respondents)



Source: McKinsey & Company



Prioritization of Addressing Skills Gap

How much of a priority is addressing the skills gap for your organization?

Study participants were asked how much of a priority is addressing the skills gap in their organization. Two-thirds (64%) indicated it is either essential or a high priority.

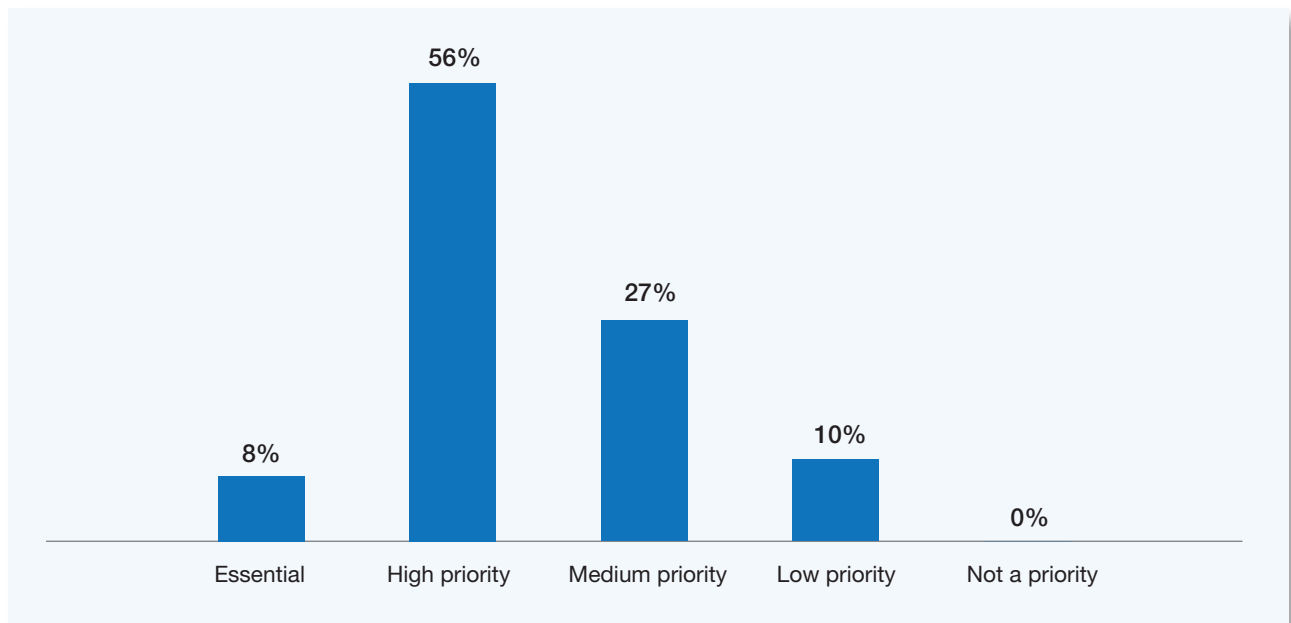
Having skilled workers is essential for creating and sustaining businesses, and skilled workers drive innovation and productivity in the economy. By providing workers with the necessary skills, businesses can expand and hire more workers, leading to job growth. Exacerbating the need to address the current skills gap, the skills needed in the workforce are also changing rapidly as technology continues to advance. Addressing the skills gap ensures that workers have the necessary

skills to work with new technologies and adapt to changing job requirements.

Addressing the skills gap can also help promote social mobility by providing workers with the skills they need to advance in their careers and earn higher wages. This can help reduce income inequality and provide opportunities for upward mobility.

Overall, addressing the skills gap is a priority because it contributes to economic growth, job creation, innovation, social mobility, and long-term workforce development. It helps bridge the divide between employer demands and the available skills in the workforce, leading to more productive, resilient, and inclusive societies.

Prioritization of Addressing Skills Gap





Measures Taken to Address Skills Gap

What measures is your organization taking to address the skills gap?

Respondents were asked to select the measures being taken to address the skills gap in their organization from a list of 10 options.

Overall, HR executives are using a broad array of measures to address the skills gap, with no single option being used by more than three-quarters or fewer than 44%.

The most often used measure is offering mentorship opportunities, selected by 72%. Mentees can reap a multitude of advantages from having a mentor to guide, support, and challenge them. They can learn new skills and knowledge that are pertinent to their current and future roles. Mentees also benefit from feedback and advice that can help them perform better, as well as developing their network and exposure to different perspectives and opportunities. Mentors can strengthen their reputation and credibility as experts and role models in their field and organization as well as expand their network by connecting with other mentors and mentees.⁴

Holding in-house workshops was the second most often used measure to address the skills gap. Building and nurturing a diverse and high-performing workforce begins with committing to comprehensive training. Training and development programs enable candidates to expand their knowledge, creating a more productive and happier workforce. In a recent LinkedIn survey, 94 percent of employees said they would stay at a company longer when the company invested in their learning and development.⁵

Upskilling employees to add new skills and improve performance in their current role was selected by two-thirds (66%) of respondents. Upskilling focuses on employees' developing new

competencies to improve in their current roles. Beyond simply improving employee skillsets, many organizations see upskilling as a cultural shift required to compete in the digital age. But rapid advances in new technologies (e.g., AI and automation) and greater digital integration mean companies require upskilling now more than ever. To remain successful, businesses and their workforce must adapt to new operating methods.⁶

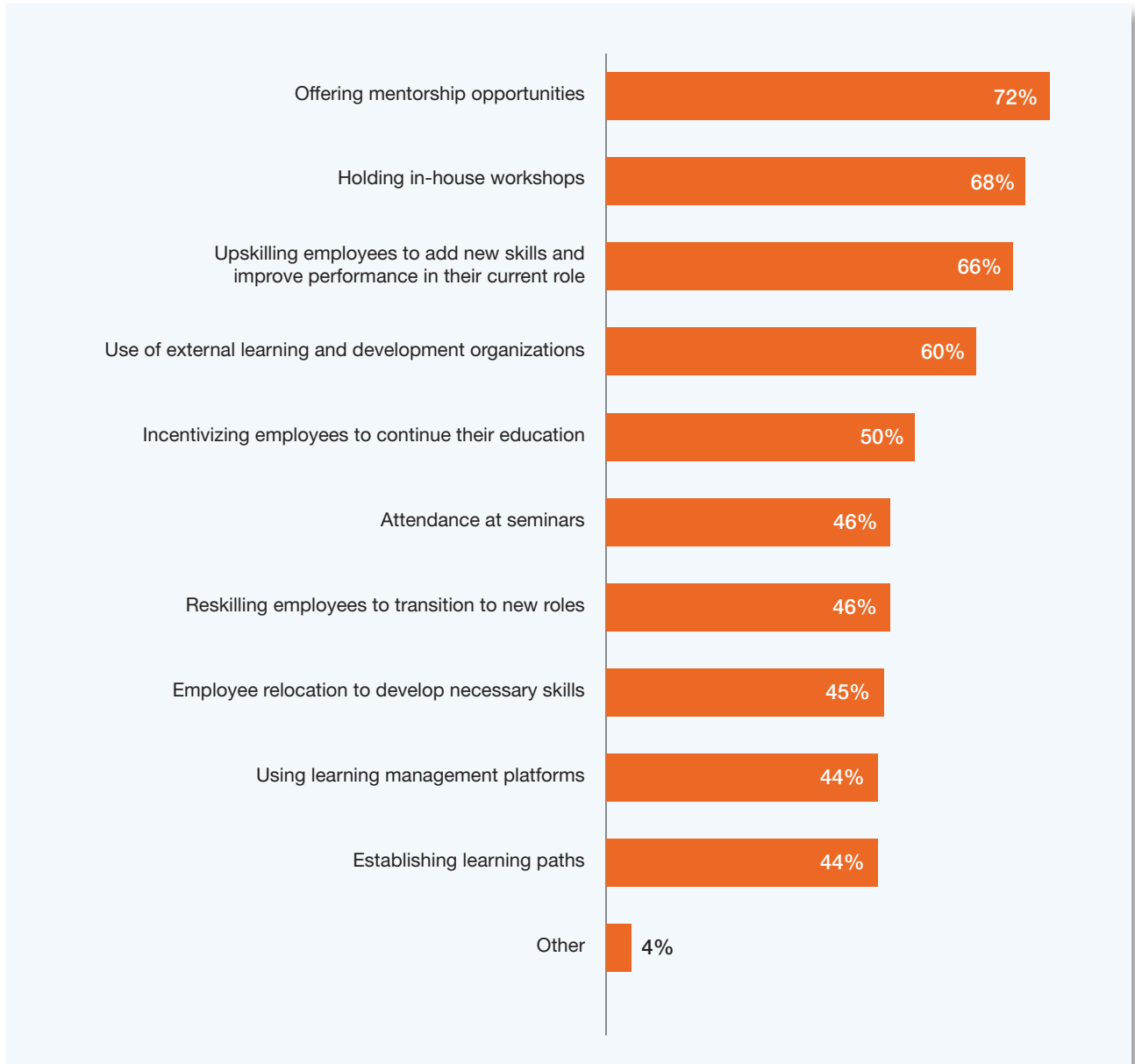
Employee relocation to develop necessary skills is employed by nearly one-half (45%) of respondents. Providing employees with opportunities for professional development and career growth through relocation for training can increase their job satisfaction and motivation, along with other benefits such as cost savings and a positive impact on the employer brand.

Training and development programs enable candidates to expand their knowledge, creating a more productive and happier workforce.





Measures Taken to Address Skills Gap





Ways Relocations is Used to Address Skills Gap

In which of the following areas do you use employee relocation to address the skills gap in your organization?

Study participants were asked to indicate if they use relocation to address the skills gap for each of three areas of HR responsibility. Each of the areas — career development, recruiting, and retention — were all used about as often, by approximately two-thirds of respondents.

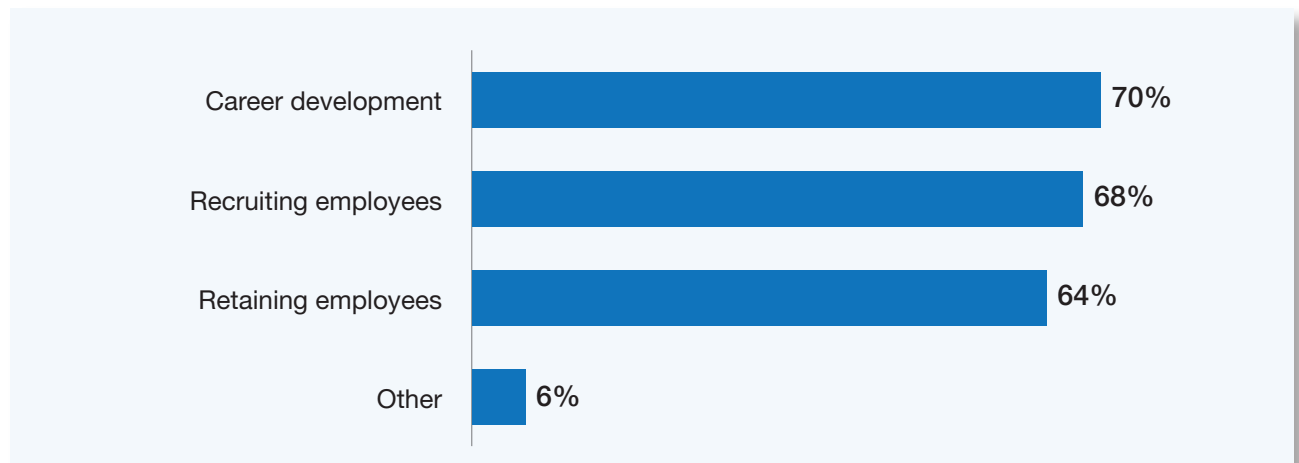
Relocation can provide employees with new opportunities for career development. Moving to a new city or country can help employees broaden their skills and experience. It can also help them develop new networks and connections and expose them to new cultures and ways of thinking. If an employee sees relocation as a steppingstone to a higher position, they may be more likely to accept and embrace the relocation, which can enhance their job satisfaction and increase their commitment to the organization. In some cases, relocation may be linked to job security, especially when organizations are expanding their operations or consolidating certain functions in specific locations. If employees perceive relocation to secure their employment, they may be more inclined to stay with the company.

Organizations that effectively manage the relocation process, provide comprehensive support, and consider the unique needs of employees and their families are more likely to positively influence employee retention.

Relocation can also be seen as a potential benefit when recruiting. Organizations can attract and recruit the most talented candidates, establish goodwill, and show the level of care and consideration their company has for its employees. Employees will feel more loyal and engaged, and hopefully more dedicated to the long-term success of the organization.⁷

Employee retention can also positively impact high value employees the organization has marked as having unique skills or bookmarked for advancement as part of succession management. The potential for new challenges and career advancement ahead, as well as the realization of the opportunity when relocated, can instill loyalty among key employees.

Ways Relocations is Used to Address Skills Gap



Effectiveness of Employee Relocation

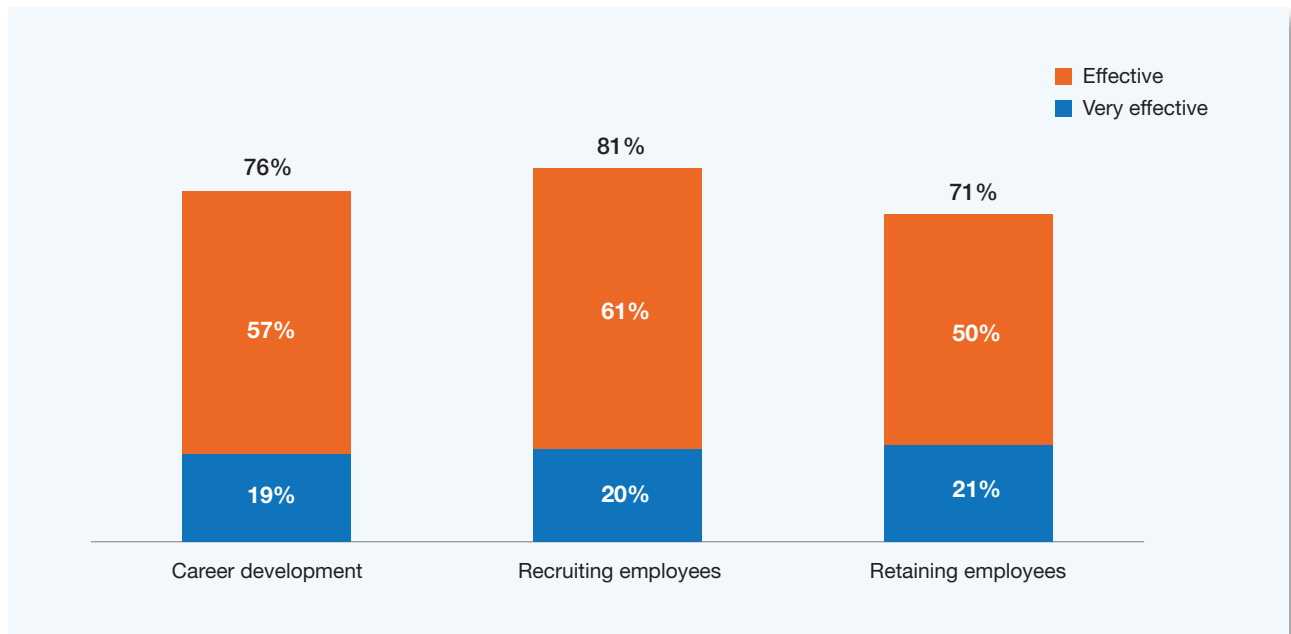
Please indicate how effective employee relocation is for each of the areas listed below.

Respondents were asked to rate how effective employee relocation is for each of the three areas explored. Overall, employee relocation is seen as an effective way to achieve career development, recruiting, and retaining employees.

More than eight-in-ten (81%) feel relocation is Very effective/Effective in recruiting employees, the most of any of the areas examined. This finding is

supported by recent research from LinkedIn. According to a LinkedIn poll, 87% of professionals were more likely to respond positively to relocating for a job or their career. Research also shows that even though the number of people moving has decreased over the previous year, the demand for workforce mobility around the world is still being driven by job opportunities.⁸

Effectiveness of Employee Relocation





Direction of Amount Relocation in Three Years

How do you anticipate the amount of relocation used to develop employees will change in the next three years?

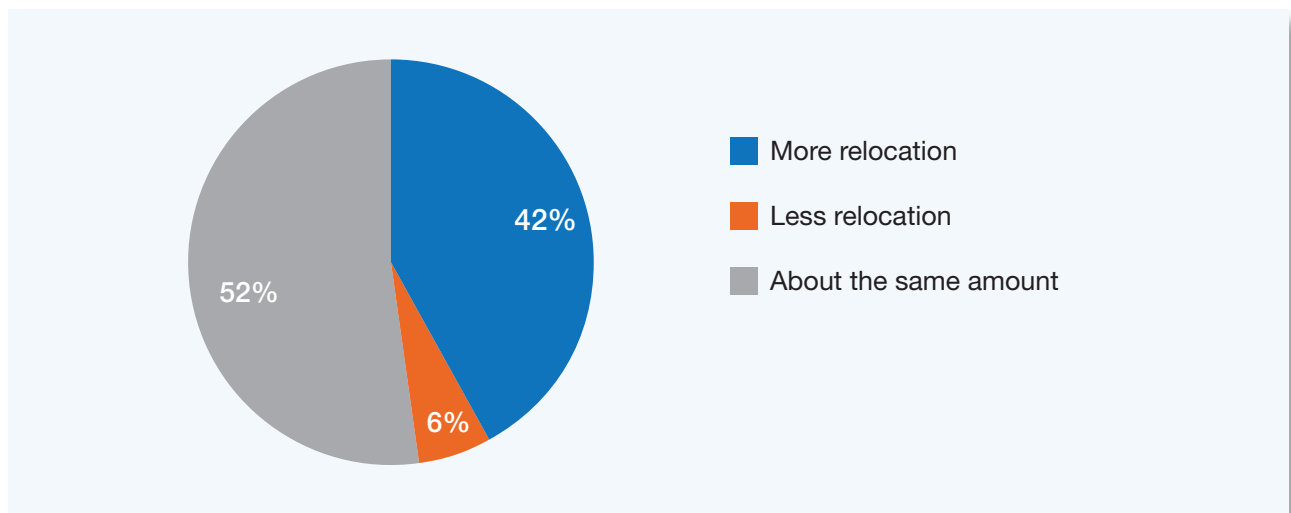
Study participants were asked to forecast the direction of the amount of relocation used to develop employees in three years. While the majority (52%) indicated it will be about the same as now, which is low by historic standards, 42% expect an increase, which is seven times the amount that expect less relocation.

Employee interest in relocation is difficult to gauge. A recent study by LinkedIn states that employee interest in business relocations will increase as workers become more eager to explore a wider

range of alternatives. About half of those who would be willing to relocate for work abroad said they would do so if COVID-19 became less prevalent globally.⁹

But this view contrasts with other factors, such as the still high abundance of remote work options, high mortgage rates coupled with high housing rates, which would likely be a component of employee compensation, and the rise of two-income households and flatter organization structures that limit opportunity to advance.¹⁰

Direction of Amount Relocation in Three Years



Notes

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CapRelo is a full-service global relocation management company that manages over 10,000 worldwide relocations annually for all size companies—small to major multinational companies alike. With 25 years of mobility expertise, we have established an extensive global footprint with presence in the Americas, EMEA and APAC. We are a trusted, financially secure, agile, and proactive mobility partner with multiple customer satisfaction awards; most recently **#1 Best RMC** in 2022 by *HRO Today*. Our vision is lived by our staff, our daily interactions with clients and industry colleagues and our commitment to the communities we serve.