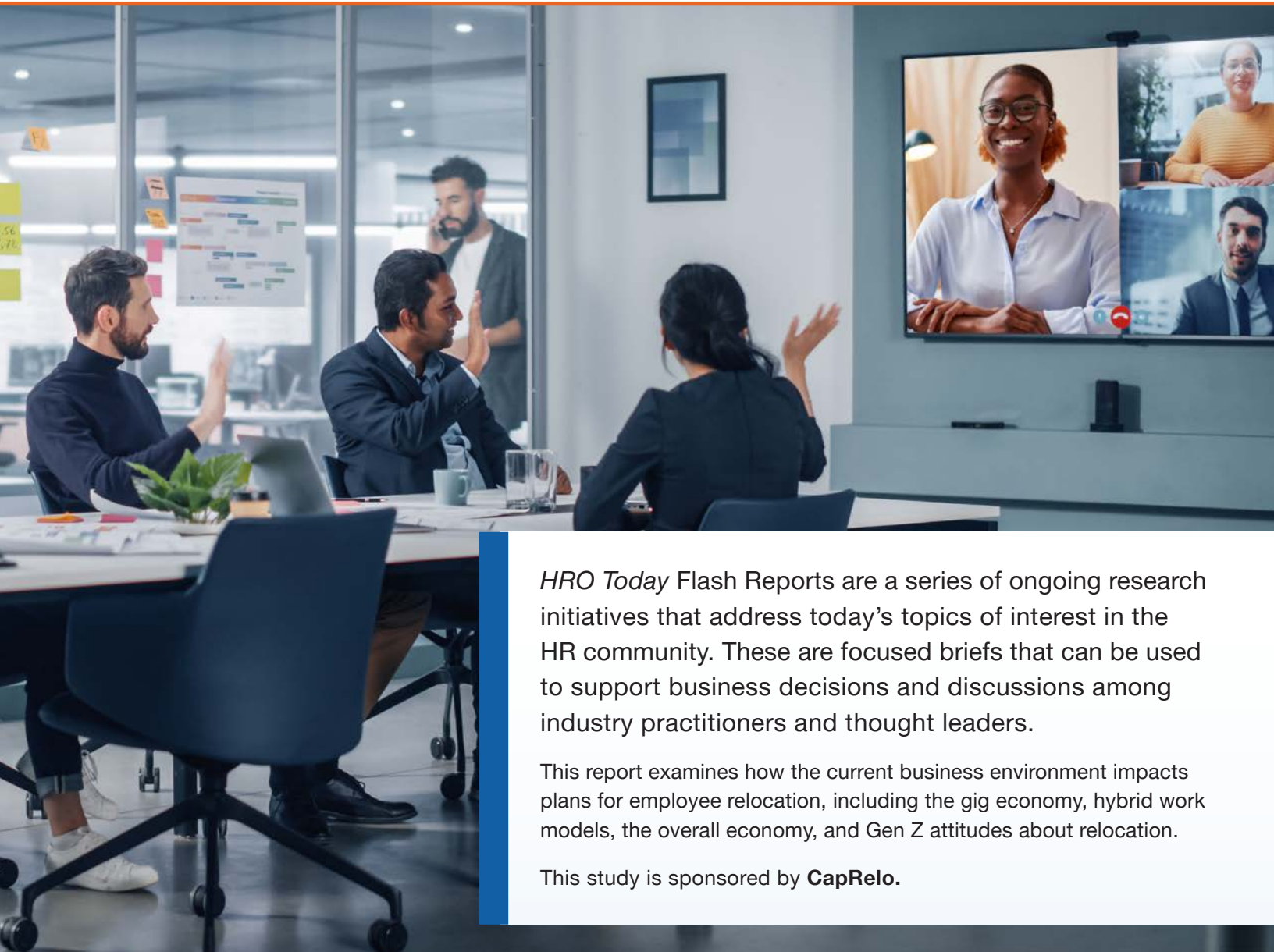




Relocation Remains Resilient Despite Challenges



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 how the current business environment impacts plans for employee relocation, including the gig economy, hybrid work models, the overall economy, and Gen Z attitudes about relocation.

This study is sponsored by **CapRelo**.



Background

The prevalence of short-term contracts and freelance work, characteristic of the gig economy, has significantly impacted the need for relocation packages. So too has the shift to hybrid work, impacting the entire employee relationship from virtual onboarding and training to employee engagement. Further, the effect of Gen Z is another factor when considering relocation programs since it makes up more and more of the workforce.

But how much of an influence will these factors have on plans for relocation over the next two years? This report delves into this issue.

Methodology

Between June 25 and July 19, 2024, 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 of manager level or above within their Human Resources departments. They were screened to ensure their company had a significant portion of its workforce working in a hybrid capacity and that they were personally familiar with their companies' employee relocation policies. There were 55 usable survey responses.

Respondents were not aware of CapRelo's sponsorship, and all responses were confidential.



Key Findings

There were five key findings from this study:

1 There has been a negative impact for most organizations on the need for relocation packages for short-term contracts and freelance work. However, more than one-half (60%) indicate that the extent of the impact has been small or moderate.

2 There remains a significant demand for employee relocation packages.

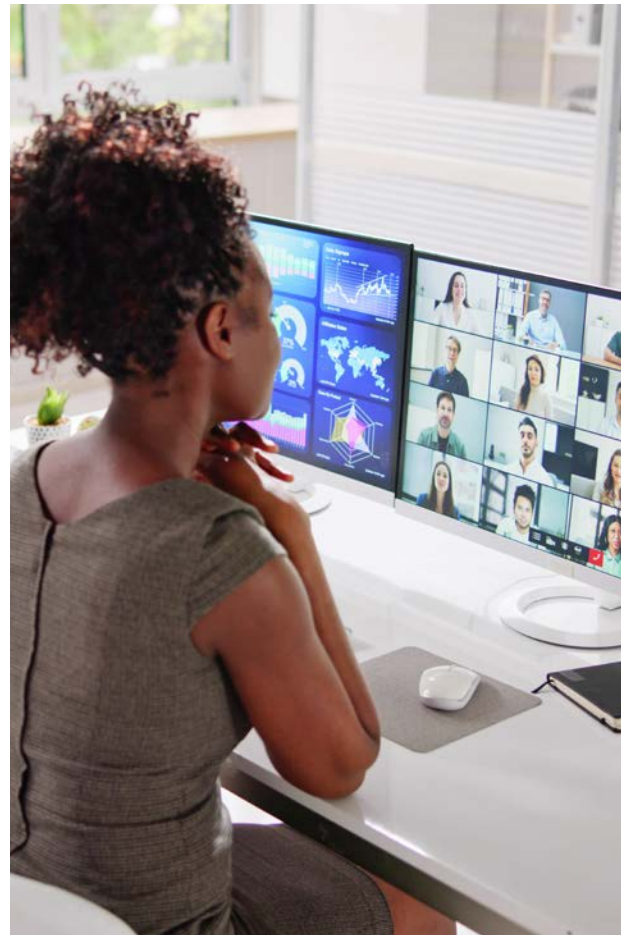
- **While there is a moderate decrease in the need for relocation packages overall, there has been no change for nearly one-half (44%) of organizations.** Factors such as industry, company size, and location impact the need for relocation packages.

- **Hybrid work has not dramatically changed the challenge of offering relocation packages during recruitment.** Roughly equal percentages indicate more challenging (net 36%), no change (34%) and easier (net 30%).

- **Nearly two-thirds (65%) anticipate budgets for relocation will remain about the same over the next two years.**

- **Three-quarters (74%) of respondents indicate that there will likely be no appreciable change in relocation plans regardless of economic conditions.** Generally, there is little correlation expected between the two factors, outside of extreme disruptions to the economy.

3 Hybrid work has affected the need for technology the most in the area of virtual onboarding and training. Virtual onboarding and training have become essential due to the less frequent in-person interactions in hybrid work environments. The need for enhanced communication has also been greatly impacted by hybrid work.



4 Overall, hybrid work models positively impact employee retention. Nearly nine-in-ten (89%) indicate there is a positive impact, with three-quarters (74%) indicating the impact is moderate to very positive.

5 More than one-half (59%) of study participants indicate that Gen Z is more open to relocation than prior generations, more than twice the percentage (24%) who feel they are less open to it.



DETAILED FINDINGS

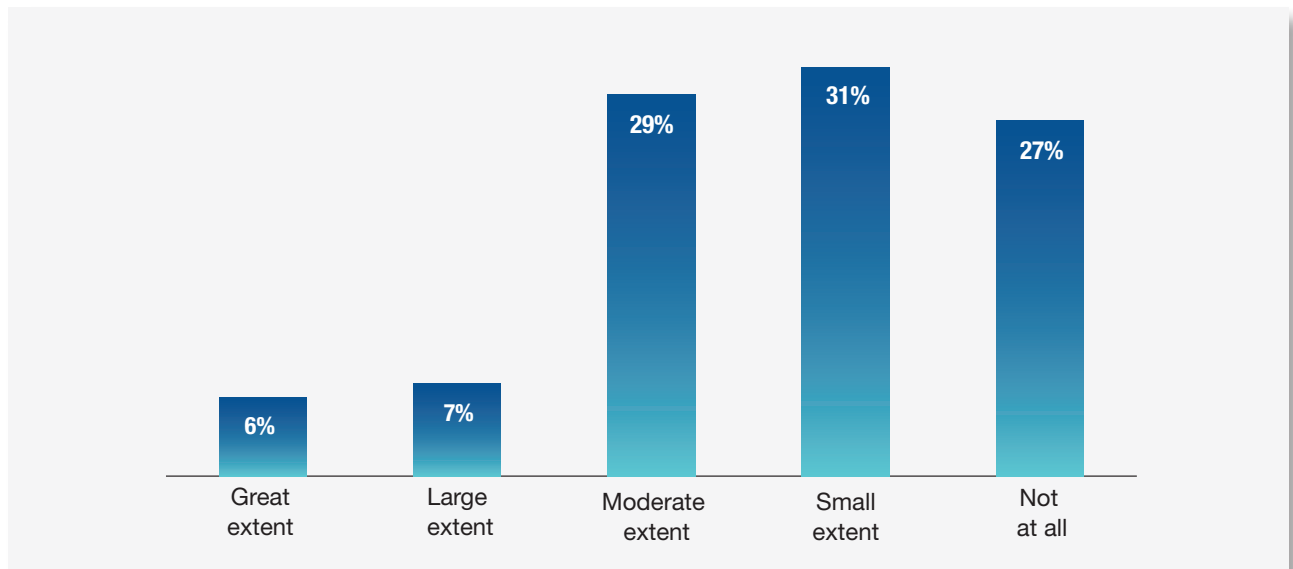
Impact of Gig Economy on Relocation Packages

To what extent do you feel the prevalence of short-term contracts or freelance work (gig economy) as opposed to permanent jobs has impacted your need for relocation packages?

Respondents were asked to consider the extent to which the prevalence of short-term contracts or freelance work (gig economy) has impacted their need for relocation packages. Nearly three-quarters (73%) indicated there has been an impact, though the extent of the impact has been either small (31%) or moderate (29%).

The impact is driven in part by many gig workers operating remotely, reducing the need for physical relocation. Companies might provide remote work stipends or coworking space memberships rather than traditional relocation assistance. Technology has also had an impact. Technology-driven solutions, such as virtual house-hunting tours and online relocation management platforms, are becoming more common.¹

Impact of Gig Economy on Relocation Packages





Impact of Short-Term Contracts or Freelance Work on Need for Relocation Packages

How has the prevalence of short-term contracts or freelance work impacted your need for relocation packages?

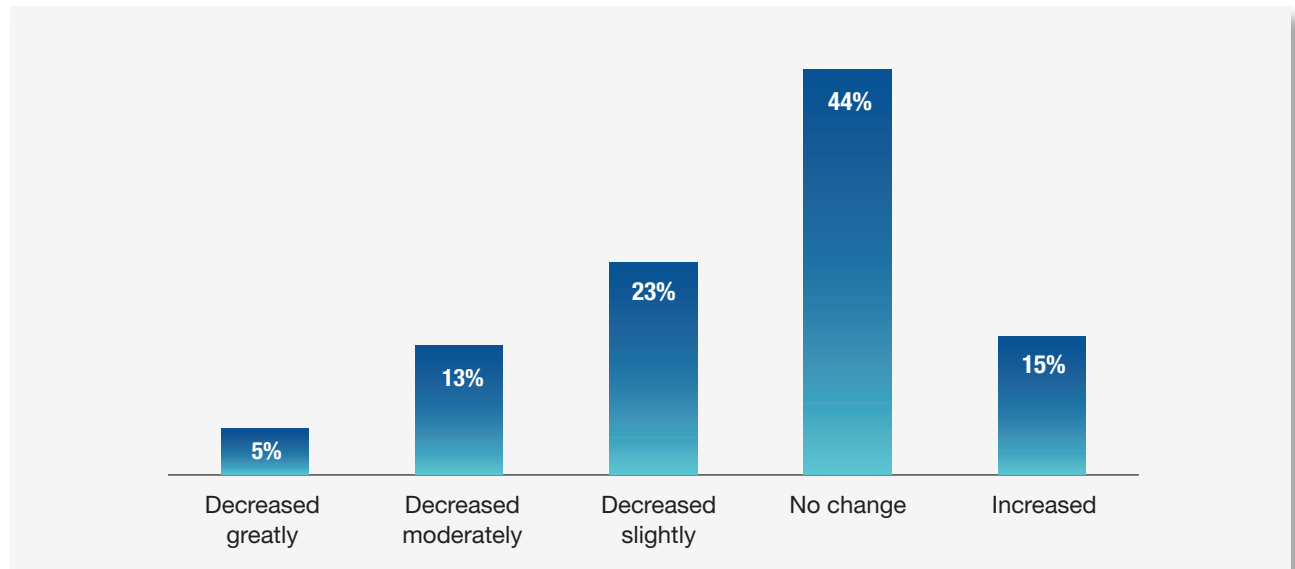
For the largest portion (44%) of respondents, there has been no impact on relocation packages for short-term contracts or freelance work. However, 41% indicated a decrease, nearly three times the number that indicated an increase (15%). This suggests an overall net decrease, though not universally.

Relocation packages have been impacted in several ways. Many gig economy jobs, especially in tech, writing, design, and other digital fields, can be done remotely. This reduces the necessity for workers to

relocate. Also, since many gig economy positions are short-term or project-based, companies are less likely to invest in expensive relocation packages for temporary roles. Technology has impacted the search for gig economy jobs, as platforms have emerged that focus on connecting gig workers with local opportunities, reducing the need for relocation.

However, in scenarios where specialized skills are required, or for high-value projects, there may still be a need for relocation packages, albeit in a more flexible and tailored form.²

Impact of Short-Term Contracts or Freelance Work on Need for Relocation Packages





Extent Hybrid Work Has Made Offering Relocation Packages More Challenging

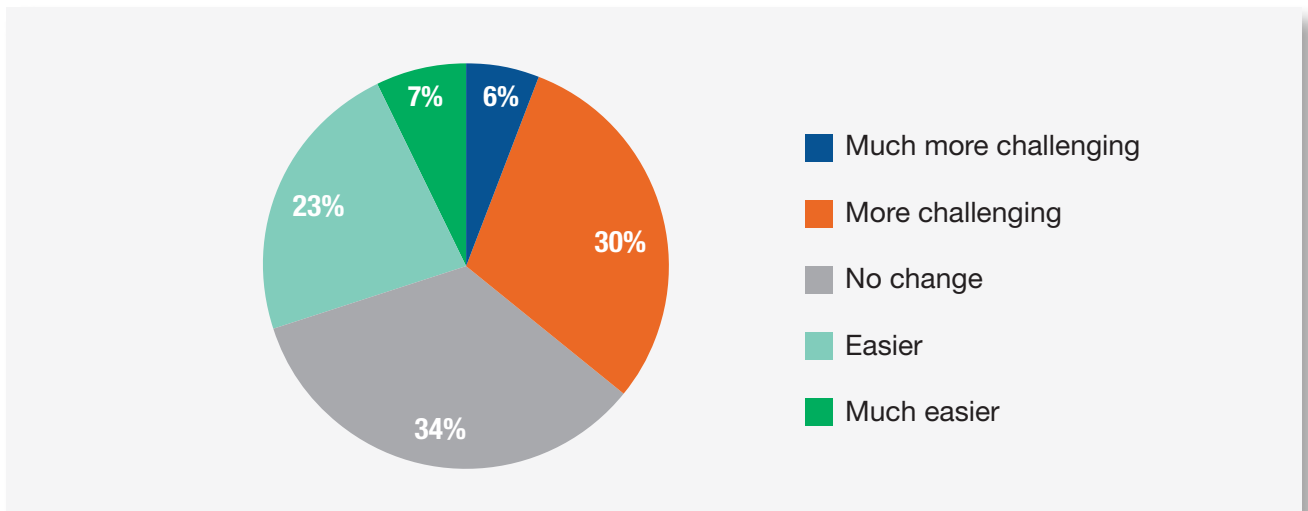
To what extent has hybrid work made offering relocation packages in employee recruitment more challenging?

Overall, hybrid work has not dramatically changed the level of challenge in offering relocation packages. Roughly equal percentages indicated more challenging (net 36%), no change (34%) and easier (net 30%).

A second quarter 2024 report from JLL, a leading global commercial real estate and investment

management company, confirms the contention that hybrid offices are here to stay. More than eight-in-ten (81%) of Fortune 100 employees now work for hybrid employers, averaging 3.11 required days in the office per week.³

Extent Hybrid Work Has Made Offering Relocation Packages More Challenging





Change in Budget for Relocation in Next Two Years

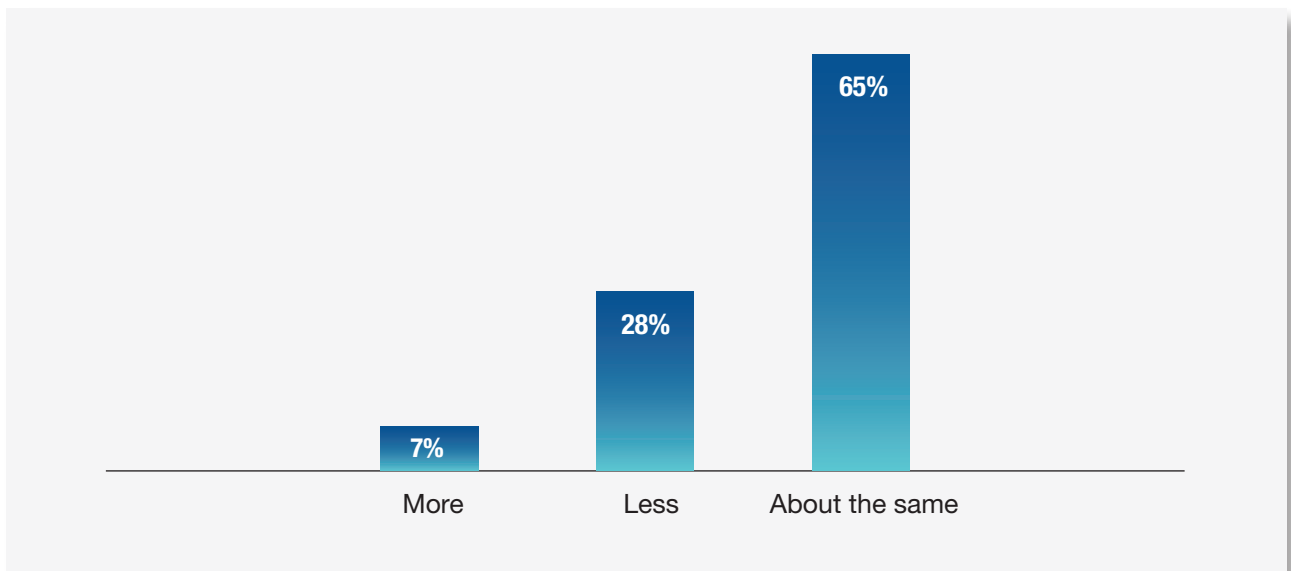
Do you anticipate more, less or about the same amount of budget towards relocation in the next two years?

Study participants were asked how they anticipated their budget for relocation would change in the next two years. Overall, nearly two-thirds (65%) anticipated budgets would remain about the same as the current level.

The stability of budgets for relocation may surprise some, but previous research supports this.

Organizations are expected to invest more in structured, flexible, and strategic relocation programs that align with broader organizational goals and employee expectations. These changes aim to balance cost control with the need to attract and retain a talented workforce in an increasingly competitive market.⁴

Change in Budget for Relocation in Next Two Years





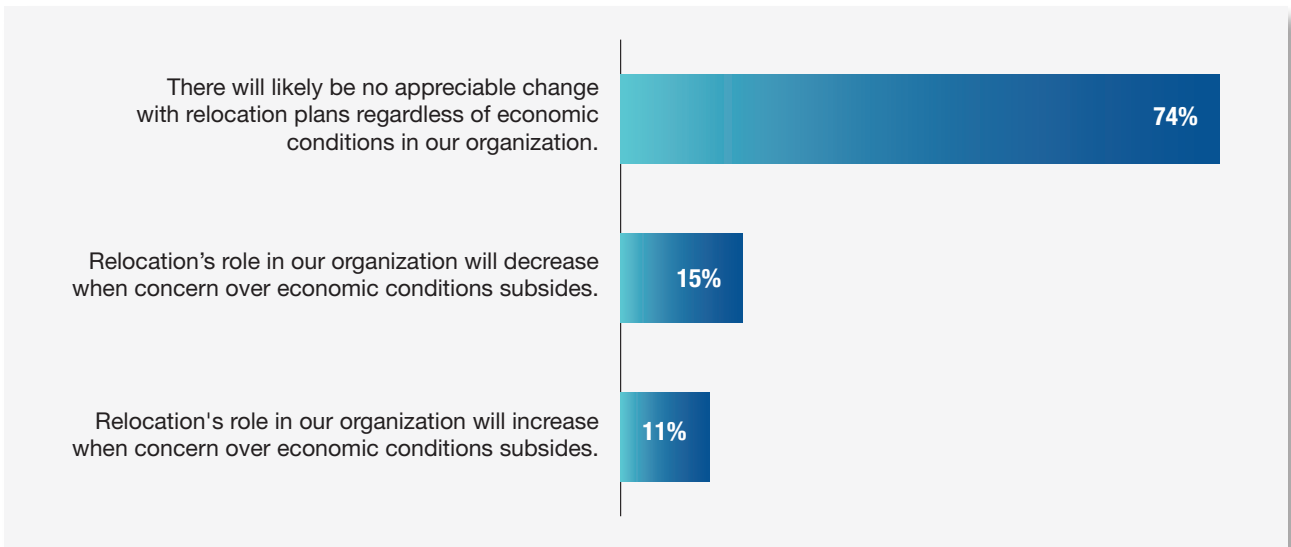
Relocation Programs Connection with Economic Conditions

Please select the statement below that best reflects your view of relocation programs in your organization and economic conditions.

Nearly three-quarters (74%) of respondents indicated that there will likely be no appreciable change with relocation plans regardless of future economic conditions in their organization. Extreme conditions,

such as the Great Recession in 2008 and 2009 or the COVID-19 pandemic, would likely impact plans. But generally, there is little overall correlation expected between the two factors.

Relocation Programs Connection with Economic Conditions



How has Hybrid Work Affected the Need for Technology to Support HR Mobility Teams

In what ways has hybrid work affected the need for technology to support HR mobility teams? This refers to the movement of employees across grades, positions or even occupations.

The area hybrid work has affected the need for technology the most is in virtual onboarding and training. Virtual onboarding and training have become essential due to less frequent in-person interactions in hybrid work environments. Companies are leveraging technology, such as virtual reality (VR) and augmented reality (AR), to create immersive and interactive training experiences that help new hires feel more connected and engaged.⁵

The need for enhanced communication has also been greatly impacted by hybrid work. Hybrid work requires enhanced communication to manage the complexities of global mobility, ensure employee understanding, and provide necessary support. Effective communication strategies help HR mobility teams navigate these challenges and support their employees effectively in a hybrid work environment.

Data security and privacy is the other area where a majority (76%) indicated hybrid work has been affected the most. The rise of remote and hybrid work models has expanded the digital footprint of organizations, increasing the risk of data breaches. Employees accessing corporate systems from various locations and devices necessitate robust security protocols. Companies must implement comprehensive security measures, such as VPNs, multi-factor authentication, and regular security training, to safeguard sensitive HR data. The global mobility of employees often involves handling personal data across different jurisdictions, each with its own privacy regulations, and it is crucial to ensure compliance with these varied regulations (like GDPR in Europe).⁶

How has Hybrid Work Affected the Need for Technology to Support HR Mobility Teams





Impact of Hybrid Models on Retention with Opportunity to Relocate

What impact do hybrid work models have on retention when employees are given the opportunity to relocate?

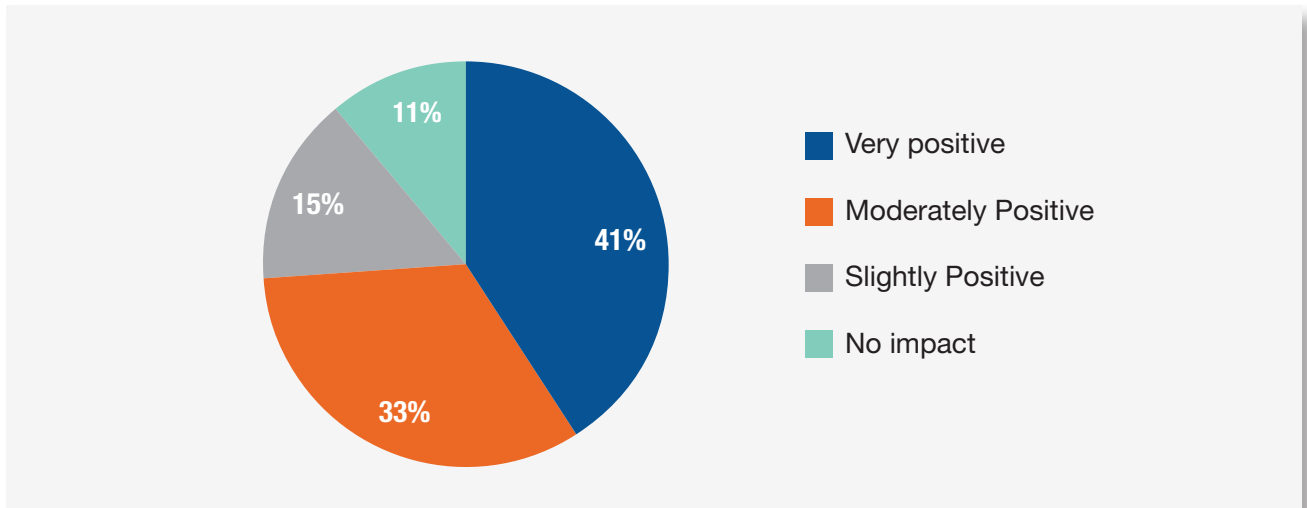
Respondents estimated the impact of hybrid work models on retention when employees are given the opportunity to relocate. Overall, hybrid work models positively impact employee retention. Nearly nine-in-ten (89%) indicated there was a positive impact, with three-quarters (74%) indicating the impact was moderate to very positive.

Recent research published in Nature, a weekly research journal, highlighted that implementing a hybrid work model led to a 33% reduction in turnover rates.

Employees who worked in a hybrid model (three days in the office and two days remotely) were more satisfied with their jobs compared to those working full-time in the office.⁷

Hybrid work models that include the option for relocation can significantly enhance employee retention by providing greater flexibility and better work-life balance, which contributes to higher employee satisfaction and loyalty.

Impact of Hybrid Models on Retention with Opportunity to Relocate





Gen Z Attitudes about Relocation

How do attitudes about relocation among Gen Z (those between 18-27) generally compare with prior generations?

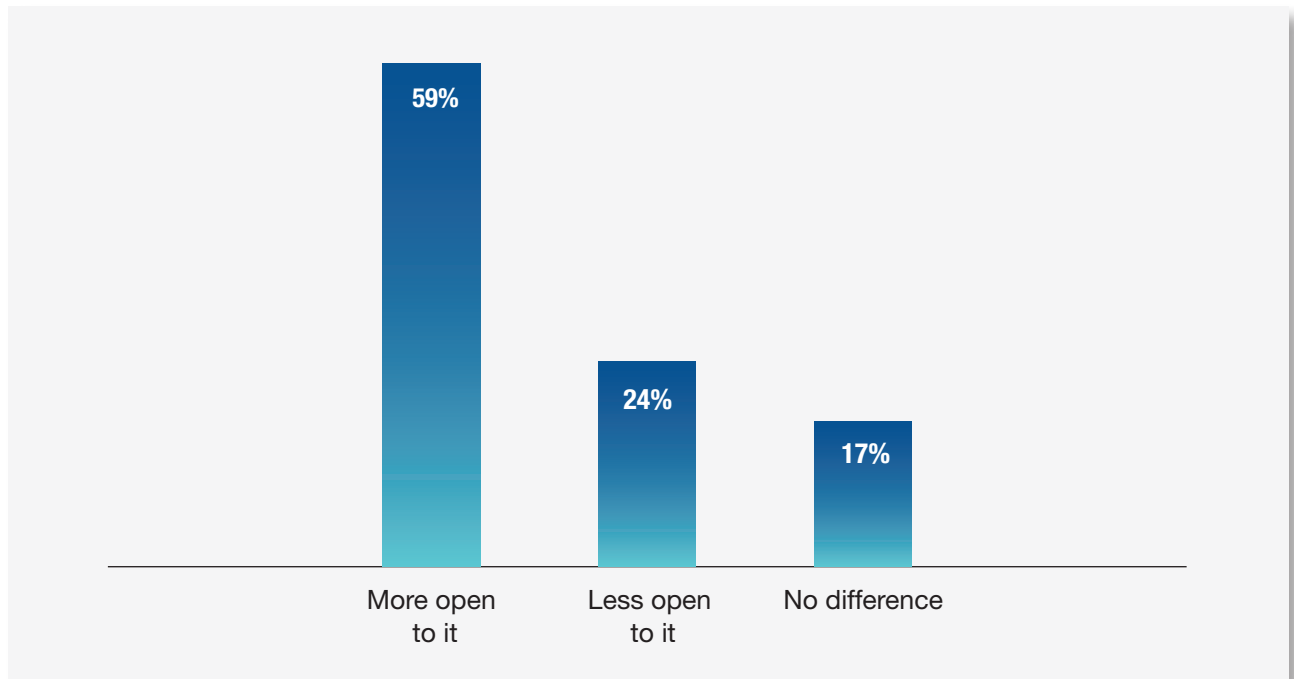
More than one-half (59%) of study participants indicated that Generation Z (Gen Z) is more open to relocation than prior generations, more than twice the percentage (24%) who feel they are less open to it.

Meeting the needs of the new workforce is essential for long-term workforce planning. As of April 2024, Gen Z made up 12.8% of the US workforce. However, the US Bureau of Labor Statistics projects that Gen Z

will make up 30% of the workforce by 2030, which would be almost 50 million jobs.⁸

Overall, Gen Z's attitudes towards relocation are shaped by a blend of their desire for meaningful work, flexibility, rapid career advancement, and a supportive work environment. They are more likely to relocate if they believe the new location offers a more fulfilling and value-aligned role.⁹

Gen Z Attitudes about Relocation.





Notes

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CapRelo won the 2022-2024 Baker's Dozen Best Relocation Management Company designation and has been consistently awarded Best in Quality of Service from *HRO Today* magazine. CapRelo is a full-service mobility management company providing unparalleled support, expertise, and flexibility to companies around the globe. With over 25 years' experience, CapRelo's trusted and tenured professionals are uniquely qualified to assist in achieving your program goals. At CapRelo, we focus on strengthening your mobility program, creating efficiencies for you and your team, and streamlining for cost-effectiveness. You can count on CapRelo to deliver a professional and seamless relocation experience that meets your specific needs.