

THE TRUE COST OF CASH/LUMP SUM



NetExpat is proud to present
the results of our latest survey,
The True Cost of Cash/Lump Sum



By revealing the real drivers and impacts, this Pulse Survey offers new light on the perspectives of cash/lump sum trends.

We surveyed 64 firms from across the globe on the use of cash/lump sum as part of their domestic or international mobility policies. 50% of the firms surveyed have more than 500 International transferees per year.

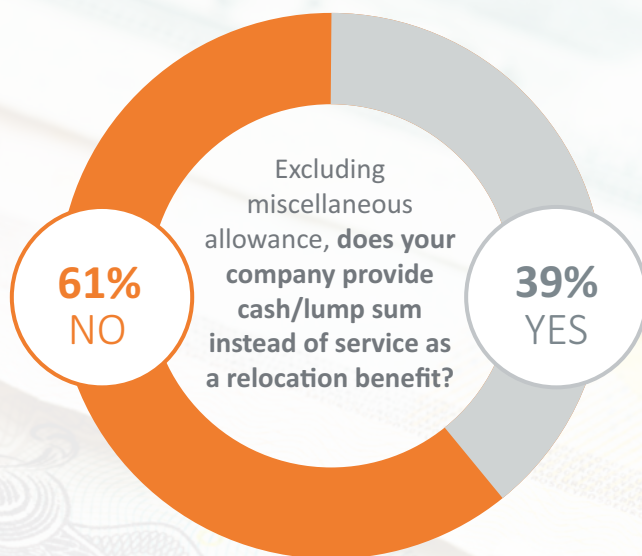
SURVEY HIGHLIGHTS

HOW POPULAR IS CASH/LUMP SUM?

Surprisingly, only 39% of companies surveyed offer a cash/lump sum relocation benefit.

So why only 39%? Is there any real substance behind the recent buzz of “lump summing everything and everyone”?

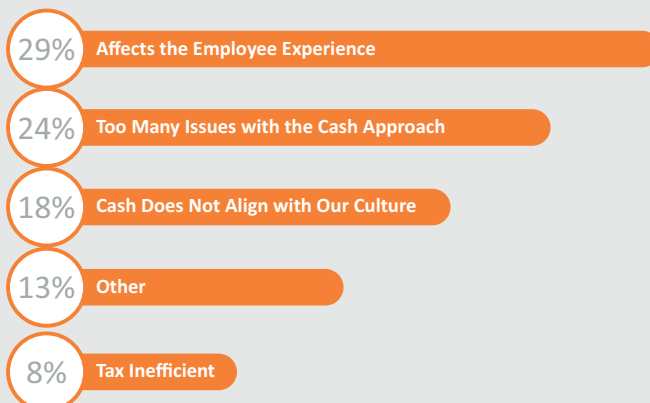
For the 61% of corporations surveyed who chose not to offer cash/lump sum, the main reasons for not offering it as a relocation policy component, are because it negatively affects the “**employee experience**”, because it **creates too many issues**, and finally because it **does not align with their overall corporate culture**.



“The cash/lump sum works well for more junior grades but we still see senior employees bringing service issues even though they chose cash, it is more efficient to offer them services.”

Also, very interesting to note that this will not change any time soon: 68% of companies say “they are not planning to offer cash/lump sum in the near future...”

If not, what is the main reason for not offering the cash/lump sum?



OF THE COMPANIES THAT OFFER CASH/LUMP SUM,
WHO IS IT OFFERED TO?

95%

offer to junior level employees,
new hires and non-strategic moves

13%

offer it for
senior/strategic moves

TOP CATEGORIES COVERED BY CASH/LUMP SUM BENEFITS:



38%

Household Shipments



38%

Living Accommodations



33%

Travel Costs



29%

Spousal/Partner Assistance



21%

Language Training

“Lump Sum is provided for
domestic moves only, not
international moves.”

- LEADING TECHNOLOGY COMPANY

WHY A CASH/LUMP SUM POLICY?

For the minority of companies that do offer cash/lump sum, the ease of administration is mentioned as the main reason by 79% of the respondents. 75% say it also provides flexibility, while 29% disclose that this is to answer a request from their employees. Only 17% say it increases assignment acceptance.

What are the main reasons for using the cash/lump sum benefits?



This is a major point: offering a cash/lump sum benefit seems to primarily promote a self-serving objective, to ease the charge for Global Mobility departments. The data reflects that it does not fully align with strategic talent objectives from an employee point of view.

Furthermore, when asked if their cash/lump sum policy delivered its intended objectives, corporations rated it with a modest score of 6.5 out of 10, with only 30% satisfied (score 8 and above).

Do you feel the cash/lump sum benefit is fulfilling its intended objective?

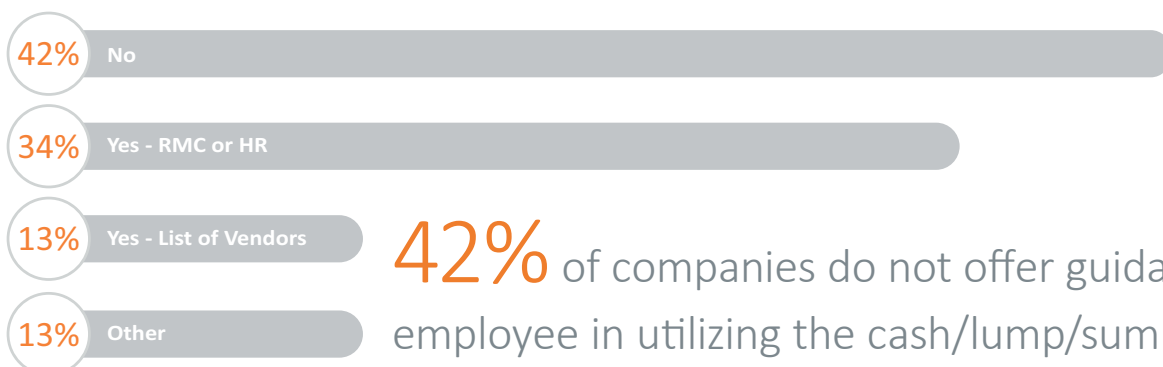
Fully Fulfilling the Objective

6.5/10

Not Fulfilling the Objective



DOES THE EMPLOYEE RECEIVE GUIDANCE IN UTILIZING THE CASH/LUMP SUM BENEFIT?



42% of companies do not offer guidance to the employee in utilizing the cash/lump/sum benefit.

When using the cash benefit, to what level has HR or global mobility needed to intervene to assist the employee with fixing problems during and/or after the international transfer?



“We need more guardrails around the lump sum so it is not utilized for cases where a managed move would be appropriate. We also realized that the lump sum has not been sufficient, and we are looking into a lump sum plus option. We only utilize lump sum for domestic and not international moves.”

Over 50% of companies have needed HR or global mobility to consistently intervene to fix employee problems during and/or after the International transfer.

Interesting to note that many companies currently using a cash/lump sum policy are actively looking to incorporate “lump sum plus” programs, which would restore the lost and needed “managed services” component by adding the “plus”.

EMPLOYEES SAY “MORE CHOICES” NOT “MORE HASSLE”

Only 50% of companies surveyed cited that employee feedback to receiving a cash/lump sum benefit was positive.

The survey highlights potential confusion: employees want “flexibility” and “choice”, not the burden of taking care of everything themselves.

A perfect analogy would be the scenario of dining out: we all enjoy going to a restaurant for its flexibility and choices offered on their menu. We do not expect the waitress to open the kitchen door and suggest we prepare our own meal, even if this would indeed provide ultimate flexibility. Better choices come from an improved menu with multiple items to choose from, not by giving the cooking aprons to your employees.



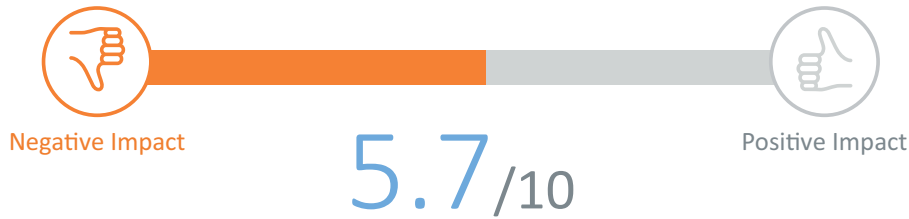
Similarly, to the global mobility policy, a better solution to a cash/lump sum benefit would be to offer more fitting programs and a selection of services resulting from employee surveys aligned to policy items employees need.

“Hard to get the Business and Recruiter to focus on more than just the hard \$ cost save (perceived); how do you quantify the impact in terms of stress on the employee (even when everything goes right), inability to truly focus on the new job, working time lost before and after the move, etc.”

IMPACT OF CASH/LUMP SUM BENEFIT ON HR BRANDING

Over 40% of companies have stated that the cash/lump sum policy offering has contributed to negative HR branding.

What is the impact on your company’s HR branding (i.e. talent attraction/retention, becoming employer of choice) when you compare the lump sum/cash benefit vs. professional managed mobility services?



Cash/lump sum, as a miscellaneous allowance policy component, is a good option to cover small settling-in expenses, but the results of this Pulse Survey indicate that a well selected list of managed services will ease the employee transfer and result in a more positive employee experience.

ABB	Chevron	Hays	Saint Gobain
AIG	Colgate	IBM	Seadrill
Air Liquide	CSC	Johnson & Johnson	Shell
Albemarle	Deloitte	Kimberly-Clark	Siemens
Alfa Laval	Edmond de Rothschild	LEGO Group	Societe Generale
ArcelorMittal	Electronic Arts	LVMH	Symbiosis
Avery Dennison	EY	MasterCard	Toyota
BAE	Flextronics	Naspers	UBS
BASF	Ford	Nestle	Unibail-Rodamco
BD	Gap	Nimmersion	UnitedHealth Group
BNP Paribas	GE	Pfizer	VW
Boeing	General Motors	Philips	Wacker Chemie
Bonduelle	Halliburton	Rolls-Royce	WorleyParsons
CapGemini		Roquette	

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