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…”

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affects the Employee Experience</td>
<td>29%</td>
</tr>
<tr>
<td>Too Many Issues with the Cash Approach</td>
<td>24%</td>
</tr>
<tr>
<td>Cash Does Not Align with Our Culture</td>
<td>18%</td>
</tr>
<tr>
<td>Other</td>
<td>13%</td>
</tr>
<tr>
<td>Tax Inefficient</td>
<td>8%</td>
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</table>
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:

- Household Shipments: 38%
- Living Accommodations: 38%
- Travel Costs: 33%
- Spousal/Partner Assistance: 29%
- Language Training: 21%

“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?

- Simplify Administration: 79%
- Flexibility to the Employee: 75%
- Save Money: 38%
- Requested by Employees: 29%
- Increase Assignment Acceptance: 17%
- Other: 8%

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
- Not Fulfilling the Objective

6.5/10

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

- No: 42%
- Yes - RMC or HR: 34%
- Yes - List of Vendors: 13%
- Other: 13%

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?

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.
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CONTACT US THROUGH ONE OF OUR MAIN OFFICES

ASIA PACIFIC
One Raffles Place Tower 1
Level 24
1 Raffles Place
Singapore 048616
Phone: +65 6408 0502

BELGIUM
287/11 avenue Louise
1050 Brussels
Phone: +32 (0)2 358 62 28

FRANCE
19 boulevard Malesherbes
75008 Paris
Phone: +33 (0)1 55 27 39 31

GERMANY
Frankfurter Welle
An der Welle 4
60322 Frankfurt
Phone: +49 (0)69 7593 8429

SWITZERLAND
18 avenue Louis Casai
1209 Geneva
Phone: +41 (0)22 747 7879

UK
Berkeley House
Berkeley Square
London W1J 6BD
Phone: +44 (0)20 7544 6827

USA
The Pinnacle Building
3455 Peachtree Road NE Ste. 500
Atlanta, GA 30326
Phone: +1 404 995 7035

NETEXPAT.COM
INFO@NETEXPAT.COM