Skills needed to take on tomorrow

Part 2:
The human side of mobility

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Global mobility teams are navigating a complex new reality as the pace of change accelerates and disruptive new technologies dramatically transform how we work. Employees are voicing unprecedented expectations for flexibility, businesses are embracing non-traditional mobility programs in the race to put scarce talent in the right place at the right time, and global mobility is increasingly being seen as an agile and strategic business partner. Along the way, emerging pay transparency rules are prompting discussions about the need to narrow the rewards gap between CEOs and their employees.

Welcome back to 'Skills needed to take on tomorrow' — a timely three-part series featuring insights from KPMG global mobility professionals on today's workplace trends and challenges — and the innovative solutions making a difference in the flexible workforce era. In Part 2 of our mobility series, four articles put the spotlight on: The employee experience in the race for talent; the shift to flexible, non-traditional mobility programs; the mobility job description of tomorrow; and the controversial question of whether executive pay is under control or in need of greater transparency:

- Global mobility's success involves more than focusing on the bottom line. It also demands timely and informative communication strategies that put talent at the center of an ideal employee experience.
- No longer limited to traditional programs — and facing the need to bridge the gap between job openings and much-needed talent — forward-looking businesses are turning to non-traditional mobility programs offering flexible arrangements.
- KPMG research highlights a clear need for today's mobility teams to assess the real value of their current operations and develop new, future-focused programs and policies. We identify six key attributes that successful mobility professionals should embrace as they navigate a complex new reality.
- Executive pay transparency is gaining momentum as more countries adopt regulations targeting wage disparities, pay discrimination and workplace equality. To disclose or not to disclose? We examine the implications of pay transparency rules — including their advantages and disadvantages.

The flexible workforce era is here and innovative new solutions are making a difference as more businesses recognize the need for modern, agile programs that reflect and embrace the trends shaping today's dynamic reality. The future is here — don't get left behind.

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The success of mobility programs in today's dynamic global environment is challenging businesses to meet an unprecedented array of requirements as valued employees traverse international borders. Efficiently managing the broad spectrum of costs related to employee recruitment and placement, taxation, pensions, social security, healthcare and more is pivotal to maintaining a productive global workforce as the pace of change accelerates and fierce competition for talent continues.

But global mobility's success involves more than a sharp focus on costs and their impact on your bottom line. It also demands timely, informative and responsive communication strategies that put talent at the center of your mobility program for the best possible employee experience.

What does good employee communication look like? Listening closely to understand and address assignee concerns while providing timely communication plans and tools — fact-filled FAQs, videos and presentations — that make them fully aware of their personal requirements and costs in a new and typically unfamiliar work setting. A proactive mobility team should anticipate employee needs and queries and consistently communicate in ways that shape a positive and fulfilling experience.

Social security costs and concerns — a two-way street

Maintaining a sharp lens on costs in today's dynamic global mobility environment is indispensable as organizations compete for and assign the ideal candidate. From the employer's perspective, for example, social security costs can vary wildly from country to country, such that paying into one jurisdiction's program versus another can make a significant difference to the bottom line. As a result, employers may pursue a situation in which they are paying to the least-costly country while also avoiding payouts in two jurisdictions.

Along the way, however, it's important to recognize that these and other cost considerations deemed crucial to the business are unlikely to be top of mind among your mobile employees, who will understandably be more concerned about personal social security costs in their country of assignment and what they will receive in return.

Social security systems are typically challenging to navigate. An employer may face resistance if an employee has limited information on what they will receive — if anything — for their contributions in the country of assignment. In such cases, employees may prefer to remain within the system they know and have been paying into over the long term.

Employers, therefore, need to keep the employee experience in sharp focus and, with it, the indispensable need for clear and consistent communication. Mobile employees often lack important details or make incorrect assumptions. Employers need to ensure that the assigned employee understands the specifics and intricacies of their assignment in terms of both benefits and personal costs.

For example, an employee may think that if they come to the US from overseas, they will receive nothing back for their contributions. That may be true if they move to the US from a jurisdiction such as Singapore or India. On the other hand, if assigned to the US from one of the 30 — soon to be 31 — countries[1] with whom the US has a bilateral agreement, the employee can accrue a future benefit that could be surprisingly large.

The assignee might not realize this, in which case the employer can significantly enhance the employee's experience by taking the time to provide precise details that will likely make them feel informed and confident in their new assignment. For example, in some cases, an employee might not be aware that under one of the bilateral agreements mentioned above, they may be able to continue paying social security tax under the US Federal Insurance Contributions Act (FICA), rather than the tax of the country where they are working.

Whatever an employer can do to communicate both the advantages and potential disadvantages of an assignment can eliminate disruptive surprises and contribute to shaping a truly positive and fulfilling employee experience.

Navigating the complexities of cross-border pensions

Several models of cross-border pension provision are in use for globally mobile executives today. The first is called 'permanent transfers'— someone working abroad is placed on a 'local' contract that often includes placement in the host jurisdiction's pension plan.

However, this model creates challenges when the 'permanent' employee in reality spends several years working in multiple jurisdictions and eventually returns home with several pension pots that pose a fragmented scenario involving a bewildering array of

[1] Australia, Austria, Belgium, Brazil, Canada, Chile, Czechia, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, United Kingdom, and Uruguay. An agreement with Romania has not yet entered into force.

Taking the time to remain current and fully informed on the dynamic global landscape can be indispensable to a positive employee experience.

currencies, investments, funds and tax outcomes. From an employee-experience perspective, the result can be confusion and frustration.

Certainly, some employees will understand their pension situation, but many will fail to fully realize their pension picture until retirement — making informed and ongoing communication by the employer pivotal to maintaining a positive experience.

The second pension model is the 'home country pension plan.' Wherever someone works, contributions go back to the pension plan in the home country. So, while mobile employees work their way around the world during productive careers, pension contributions are returning to the country they expect to retire in. This requires tax positions in countries where employees are working to be kept up to date to ensure correct tax treatment of the pension contributions (and later, distributions from the pension plan).

In today's world of continual change, some organizations are also embracing the advantages of International Pension Plans (IPPs) — which can solve the complexities of providing retirement benefits to mobile employees. An IPP enables mobile employees to remain in the same single pension scheme while working in multiple jurisdictions throughout their careers, eliminating the potentially complex reality of several pensions accumulating over time for mobile employees. IPPs are also valuable if a local pension provision is not equivalent to the employee's home country plan, which results in a financial disadvantage.

Again, the employer has a critical communication role in helping employees understand and manage their assignment's diverse details, intricacies and implications. This includes taking the time to develop informative tools — including FAQ documents, fact-filled videos and timely presentations. In addition, dedicating resources to developing a comprehensive communication program that 'covers the bases' of potential employee needs, queries, issues and challenges will help ensure a favorable employee experience.

Stay informed to help shape a personalized employee experience

Communicating effectively and consistently to foster a positive and personalized employee experience requires employers to remain up to date at all times on the global mobility landscape and the array of regulations and requirements that can and often do change over time.

This includes the need to remain fully informed on evolving pension and taxation positions. An organization's pension policy, for example, can become outdated as global mobility programs extend to new countries and their unfamiliar rules.

In some cases, tax positions impacting a mobile employee may be 'rolled over' for several years without interruption — until tax authorities suddenly take an interest in reviewing an employee's current status and the potential need for unexpected changes that could prove costly and disruptive. In the UK, for example, tax authorities are now taking a very strong interest in global employers and, in some cases, asking them to defend their position. HMRC is challenging the tax treatment of certain pension contributions if not put through the payroll where contributions are being paid back to a "home" country pension plan while the employee is working in the UK. We are also seeing taxation of pensions changing in other countries, highlighting the need for up-to-date tax positions.

At the same time, assignees should be kept informed about which countries limit the amount of pension contributions — beyond which the employee may face a penalty tax as a 'high earner.' In some countries, mobile employees may be locked out of a pension if they are not citizens of their assigned jurisdiction.

Taking the time to remain current and fully informed on the dynamic global landscape is indispensable to a positive employee experience.

Keeping healthcare fit amid diverse needs and expectations

Global healthcare programs on the mobility front can consist of diverse plans and policies that help ensure continuity of coverage for the mobile employee's journey. An employee might have multiple policies offering an array of coverages that need to be integrated.

A key consideration here is compliance — ensuring that there is a clear understanding of an employer's healthcare responsibilities to employees on the move. In the US, for example, large employers are required to offer minimum essential coverage that is considered affordable. Overseas, meanwhile, an employer may need to ensure the correct amount is withheld from pay in order to participate in the local healthcare plan.

Employers also need to be fully aware of gaps in health coverage. For example, a mobile employee and spouse could move to a foreign setting with health coverage in place while a dependent family member remains in the home country, perhaps to attend college or work. The employer needs to know how to provide appropriate health coverage in such cases. Connecting the mobility team with the rewards team to provide a joint effort can prove helpful in addressing gaps in care and coverage.

Access to local care is also essential, particularly when an employee moves to a relatively remote location with limited access to the level of care the employee is accustomed to at home and will expect while on assignment. Employers should ensure that mobile workers have reliable access to healthcare providers. In some cases, virtual care can be a healthcare solution that includes mental health advice and guidance.

Some organizations are investing in 'expat health insurance' plans — policies offering comprehensive coverage that includes medical care, prescription drugs, dental plans and vision care, as well as life and disability protection. An expat plan can play a significant role in shaping a positive and reassuring employee experience as it relates to healthcare needs.

Ensuring employee healthcare is fully covered throughout their assignment is crucial to maintaining a positive employee experience that meets the diverse needs and expectations of both mobile employees and their family members. Along the way, solicit feedback from assignees to hear how their healthcare program is working for them and what can be done to make any improvements.

In conclusion, timely communication that shapes a positive employee experience is indispensable to success in today's dynamic global mobility environment. Mobility teams need to remain up to date at all times on the details, requirements and challenges that employees on the move will face in new work settings. Keeping employees and mobility teams on the same page at all times — including a focus on healthcare for potential gaps — can help avoid disruptive surprises and shape the best possible employee experience.

Key takeaways

Communication is crucial to the employee experience

A positive employee experience demands that mobility leaders consistently provide employees with timely information that covers the full scope of their assignment regarding requirements, benefits and costs. A proactive employer will wisely anticipate the employee's needs and queries and offer the details and communication tools that employees on the move will appreciate.

Stay informed and up to date in the changing world of mobility

Communicating effectively to foster a positive employee experience requires employers to remain up to date on the global mobility landscape and the array of regulations and requirements that can and often do change over time. This includes the need to remain fully informed on pension and taxation positions.

Keep healthcare coverage in focus

Mobility leaders and teams need to maintain a clear understanding of their healthcare responsibilities for employees on the move. Employers should be fully aware of any gaps in health coverage that need to be addressed while ensuring appropriate access to local care. Connecting the mobility team with the rewards team for a joint effort can prove helpful in addressing health coverage gaps and needs.

Non-traditional mobility:

Igniting your global workforce strategy

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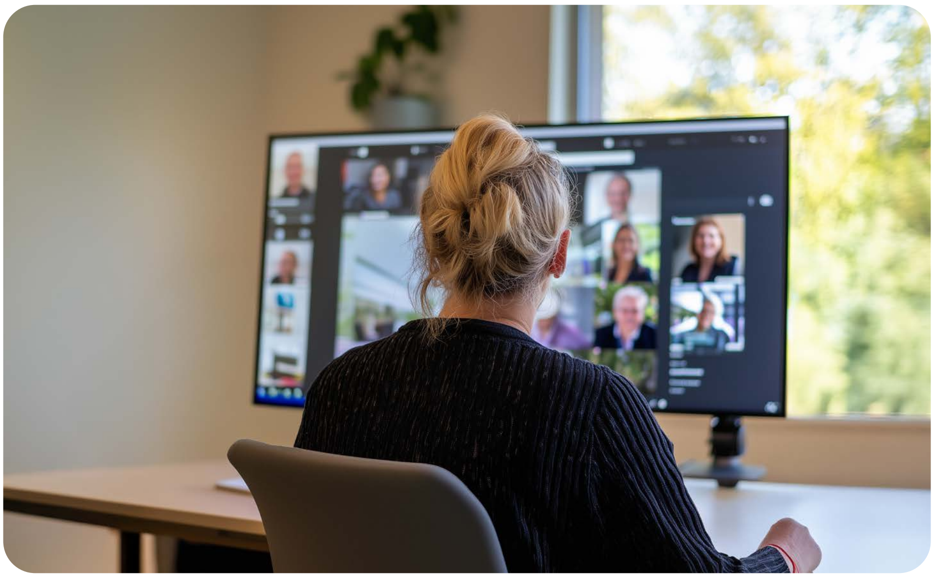
Welcome to an agile new era of global mobility as organizations and employees everywhere embrace non-traditional mobility programs. Since the worldwide pandemic unleashed remote work on an unprecedented scale, the concept of mobility has been reimagined.



No longer limited to traditional programs involving a handful of employees on long-term assignments, businesses are turning to non-traditional mobility programs offering flexible arrangements that include remote and hybrid work, virtual and short-term assignments, cross-border commuting and frequent business travel.

Looking back, the pandemic-driven boom in remote work eventually gave way to post-pandemic speculation that employees would return to the long-held tradition of working on-site in office settings. But as technology-enabled businesses and employees everywhere discovered the advantages and reach of modern work models in the digital economy, we saw a dramatic and unexpected shift in their expectations and preferences for flexibility. Flexible and personalized mobility programs catering to today's business expansion needs and employee preferences and expectations are now essential and can provide a competitive advantage.

In addition to evolving preferences, the shift from traditional long-term assignments to non-traditional mobility is driven by chronic talent shortages in today's hypercompetitive environment. Research shows that the vast majority of today's HR leaders — 83 percent — are struggling to recruit and retain the critical skills they need. At the same time, however, it's estimated that 800 million professionals are looking for a job.

This geographic disconnect reflects a significant challenge — prompting more businesses to provide new programs and platforms that quickly and cost-effectively bridge the gap between job openings and much-needed talent.

As this new agile reality unfolds and the pace of change accelerates, organizations are also discovering the need to carefully navigate emerging operational complexities and risks related to corporate and personal taxation, immigration, cybersecurity, legal liability, payroll requirements and more. Identifying and implementing appropriate guardrails to manage risk has become indispensable. But it's a challenge that many companies remain unprepared to manage with existing programs, policies and processes — particularly amid heightened scrutiny by tax, immigration and labor authorities.

Modern strategies for today's workforce realities and challenges

The need to recruit and retain scarce talent has soared to the top of the business agenda for organizations everywhere today. This critical challenge has two dimensions that we are seeing businesses struggle with. One is talent placement — the pressing need to rapidly recruit and deploy people wherever they are needed. The second challenge involves attracting and retaining the best people and skills for each position amid the shift from traditional credentials-based roles to skills-based hiring.

How can organizations access the right skills in the right place at the right time within a cost-effective mobility program? A non-traditional workforce strategy is the way forward as businesses look to harness the full potential of today's global talent pool.

The right strategy will open the door to a broader talent pool possessing the skills and experience businesses everywhere compete to acquire. Businesses will also be positioned for faster talent deployment, including the ability to quickly mobilize employees for short-term projects or assignments. The right strategy should also be cost-effective — reducing relocation costs associated with traditional expatriate programs. Where to start? Explore three key questions that will help to define your strategy: *Why, Who and How?*

- Why is the strategy needed today to enhance productivity and meet current business objectives?
- Who will be needed in terms of skills that align with your business objectives?
- How will the required talent and skills be sourced depending on when and where they are needed?

It's important to note that this is not a simple talent-acquisition initiative. Developing a practical and timely non-traditional mobility strategy possessing appropriate policies and processes aligned to business objectives requires effective and ongoing collaboration across various departments. Consider applying flexible 'workforce levers' that can be 'dialed' up or down as needed to acquire talent and new skills across diverse geographies:

- **Buy:** This is essentially your external recruitment and acquisition of talent to fill skills gaps and meet business needs.
- **Borrow:** Borrowing talent from one location to temporarily fill in skills gaps in another is a cost-effective short-term solution to meeting immediate staffing needs.
- **Base:** Where will talent be located — will the assignment be in-person at a specific location, will it be hybrid, or will the assignment be completely remote?
- **Bots:** Technology is critical to the success of your non-traditional mobility program and can be implemented to automate, redefine and enhance processes and operations. Provide and maintain robust technology capabilities that support virtual collaboration and remote work. Artificial intelligence is already revolutionizing talent recruitment — enabling businesses to map jobs to people and identify the best candidates wherever they can be found.
- **Build:** This lever is all about building up your talent base — reskilling and upskilling employees to undertake new and redesigned roles effectively amid ever-changing business needs and demands. This includes cross-cultural training — helping employees confidently navigate cultural differences and adapt to new work environments.

Keep workforce structure, policies and compliance in focus amid change

Implementing the right workforce structure is crucial to the success of your strategy when building a non-traditional mobility program. Identify the current array of people, skills and roles within your organization and assess what currently works — and what doesn't — to effectively meet your workforce needs and business objectives.

Various employment models are in use today as businesses expand beyond borders to jurisdictions where they might not have a legal entity. Under an employer of record (EOR) model, a third-party technically becomes your assignee's 'employer'— overseeing processes that include payroll, benefits, compliance and more. This practical approach is fast and straightforward to implement as a solution for shorter assignments.

Non-traditional mobility programs are transforming mobility to meet a new era of employee preferences and business needs as organizations compete for scarce talent.

But beware — tax and legal risks can emerge. Tax authorities may not consider a temporary EOR as the true employer based on which entity is ultimately responsible for the mobile employee. Authorities may want to explore and confirm specifics of the assignment — including which 'employer' benefits from the assignment and who provides the resources needed to do the job. Therefore, this approach comes with its own challenges and we often see this may be a practical approach in the short-term, detailed due diligence should be performed for its efficacy in the long-term.

Another practical model involves the use of 'global workforce companies' — which is a separate legal entity within the organization that becomes the employer of the cross-border workforce and is responsible for all the associated tax, immigration, labor laws, payroll compliance and more. This model can come at a cost, and therefore, careful evaluation is necessary before implementing a global workforce company model. It is imperative that the company has the right substance as an employer and can stand on its own two feet as a separate part of the business and is not merely a 'shell company'.

No model will fit every situation — the key to success in today's difficult talent market comes down to knowing which model to implement and when in a risk-protective manner.

Take a purpose-driven approach to each assignment

For every scenario and initiative, ensure policies and guidelines are clear, current, and flexible. This includes timely details that address specific employee expectations and preferences, work schedules, communication protocols and compliance requirements for international assignments. An agile, purpose-driven approach for each employee arrangement is indispensable.

Beyond addressing the Why, Who and How challenges to help define your workforce strategy, consider the *What* of each scenario as you operationalize your strategy and deploy talent: What is the specific purpose of the arrangement? Perhaps you've identified the need to borrow talent from a US office temporarily for an important project in Europe. What will that initiative actually look like? Will it be a short-term assignment of just several weeks or months? Will it be at least six months and perhaps extend to one year? Does the project need someone working in person on-site? Can it be hybrid or can it be completely remote? The answers to these questions will prove pivotal to establishing key policy considerations for each assignment.

For example, an organization with a hybrid work policy covering 24 months could require an assignee to work in person at a foreign jurisdiction for six months, followed by 18 months of remote work in the home country. Requiring the first six months to be deployed on-location could help the assignee establish meaningful local connections and relationships in a new setting before remote work begins.

Maintaining compliance in today's dynamic mobility environment is also critical — identifying, addressing, managing and mitigating risks related to immigration, social security, corporate and personal taxation, labor laws and more. Set guardrails and thresholds within your mobility policy to ensure that risk is fully considered and well managed for each type of mobility initiative.

In conclusion, non-traditional mobility programs are transforming mobility to meet a new era of employee preferences and business needs as organizations compete for scarce talent. The shift from traditional long-term mobility assignments positions businesses to better manage ongoing talent shortages and cost considerations in today's hypercompetitive environment. Agile workforce strategies, structures and policies will provide cost-effective access to a broader talent pool that possesses the key skills and experience that businesses are competing to acquire. Ensuring compliance along the way is critical as agile work models create new complexities and risks.

Key takeaways

Workforce mobility is being reimagined

No longer limited to traditional programs involving a handful of employees on long-term assignments, businesses are embracing non-traditional mobility to meet today's workforce expectations and attract scarce talent.

Today's reality demands new strategies

An agile workforce strategy is the way forward as businesses look to harness the full potential of today's limited global talent pool. The right strategy will open the door to a broader talent pool while reducing relocation costs associated with traditional expatriate programs.

Keep emerging risks and complexities in focus

As organizations turn to non-traditional mobility models, they will need to navigate emerging operational complexities and risks related to corporate and personal taxation, immigration, labor laws, cybersecurity, legal liability, payroll requirements and more.

The mobility job description of tomorrow

Fluidity as the new paradigm

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The global competition for talent. Evolving employee expectations. Shifting regulatory demands. The rise of artificial intelligence. Geopolitical uncertainty. Economic volatility. What if yesterday's mobility playbook becomes today's competitive liability? Leading organizations are reimagining global mobility not just as a logistical function, but as a strategic advantage in the race for global talent.

Is there any doubt that today's global mobility professionals are navigating a complex and unprecedented environment — one that's rapidly redefining their role and highlighting the need for modern strategies? In today's reality, mobility professionals racing to put the right talent in the right place at the right time are recognizing the indispensable need for a new approach that is agile, employee-centric, data-driven and tightly aligned with business objectives.

The mobility professional's job description of yesterday was largely limited to meeting talent needs while cost-effectively managing mobility policies and programs. However, as technology-enabled employees everywhere discovered the convenience and practicality of remote work during the global pandemic's sudden disruption, businesses experienced a dramatic and unexpected change in workforce expectations and preferences. Trends like Quiet Quitting, WFH non-negotiables, and a growing prioritization of purpose over comp are signals that the changes to the workforce are not incremental, but potentially transformational. Mobility can lead the way with a new playbook.

Today, as fierce competition for scarce talent persists and the rapid pace of change accelerates, fluidity is the new paradigm for global mobility professionals and programs — flexibly and cost-effectively combining skilled talent and enabling technology to deliver a positive employee experience. Forward-looking mobility professionals recognize the need to ensure that their service-delivery model, teams and technology are ideally positioned to meet a bold new reality in today's skills-based digital economy. They also aim to demonstrate the value of mobility as a trusted advisor to the business.

A quick snapshot of KPMG research to date illustrates where mobility professionals stand amid the challenges of today's complex environment, how they are preparing for the future and where they need to drive innovation and progress amid change. According to the *2024 KPMG Global Mobility Benchmarking Survey*[2] of mobility professionals, global mobility is increasingly being seen as strategic business partner. They rank the top three goals for their mobility program as follows:

72% Aligning mobility strategies with broader business objectives

70% Developing, attracting and retaining talent to ensure that employees are not only internationally mobile but also continuously enhancing their skills

51% Being adaptable to changing business requirements

[2] 2024 KPMG Global Mobility Benchmarking Survey, KPMG International, 2024.

In addition, 89 percent expect their program to remain just as strategic or become more strategic in the next 12–18 months and 76 percent have adopted technology to help manage international assignments. At the same time, however, we still see a lack of involvement in talent-related activities by global mobility: 60 percent of respondents report that global mobility is 'not at all involved' in employee skills development, succession planning (57 percent) or selecting candidates for relocation (52 percent).

Six key attributes of tomorrow's mobility professional

Our research highlights the inevitable need for mobility professionals to assess the real value of their current operations and develop new future-focused programs and policies that cater to today's dynamic environment. This is essential as businesses look to expand their workforces and skills base to remain competitive and drive growth. What are the key attributes of tomorrow for mobility professionals? KPMG research points to crucial areas they should focus on to embrace a new era of opportunity in a world of change and complexity.

1. **Empathy and personalization:** Demonstrating empathy toward mobile employees has become crucial as businesses compete to acquire and retain much-needed skills. Taking an empathetic approach personalized to each assignee and assignment will position mobility professionals as valuable career enablers. While mobility assignments can be very rewarding, employees on the move often face unique and stressful challenges as they enter unfamiliar work settings and cultures, while also managing the need to embrace new technologies such as AI and automation.

   The *KPMG 2024 CEO Outlook*[3] cites concerns about readiness to implement AI — only 38 percent of leaders were confident that their employees possess the right skills to fully leverage the power and benefits of AI. Empathy will therefore be essential as employees increasingly interact with new technologies to automate transactional activities and accelerate productivity.

   Gone are the days of the one-size-fits-all mobility package. Shaping and maintaining a positive and personalized employee experience is now pivotal to acquiring and retaining talent. Programs should provide tailored policies that meet each assignee's specific and unique requirements in areas such as housing, family and schooling requirements, language training, travel requirements, relocation logistics and more.

2. **Flexibility:** In today's world of challenging employee expectations and preferences, mobility professionals are recognizing the critical need to respond with greater flexibility to attract top talent. The *2024 KPMG Global Mobility Benchmarking Survey*[4] shows that while most mobility professionals surveyed (75 percent) say their top priority is to support business objectives, more than 50 percent also believe their current mobility policies are too rigid to effectively meet today's pressing talent needs and support the business. At the same time, the *KPMG 2024 CEO Outlook*[5] indicates that while 92 percent of business leaders surveyed are planning to increase their workforce, almost one third are voicing concerns about meeting significant labor-market shifts as aging employees depart the workforce in massive numbers.

   It's abundantly clear that flexible and innovative mobility policies and programs that cater to employee expectations are essential and can provide a competitive advantage in the race to acquire and retain talent. Employees want unprecedented flexibility in their working arrangements and stronger alignment between personal beliefs and organizational purpose. It's a new balancing act for organizations and even businesses with a strong 'in-office' culture are looking for ways to meet today's diverse demands regarding remote and hybrid work, virtual and short-term assignments, cross-border commuting and frequent business travel.

3. **Communication:** Don't underestimate the significance and impact of timely, informative, responsive communication strategies and practices that put talent at the center of an ideal employee experience. What does good communication look like? Listening closely to assignees to address their specific concerns and queries. Make every employee fully aware of the personal requirements

[3] KPMG 2024 CEO Outlook, KPMG International, 2024.
[4] 2024 KPMG Global Mobility Benchmarking Survey, KPMG International, 2024.
[5] Ibid.

Flexible and innovative mobility policies and programs that cater to employee expectations are essential and can provide a competitive advantage in the race to acquire and retain talent.

and costs they will face in their new work setting, including a focus on ever-evolving regulatory and compliance demands. Ensure mobility policies and guidelines remain clear, current, accessible and flexible. Consider effective communication as the cornerstone of successful mobility initiatives.

Communication across the broader business is also key. Our *2024 KPMG Global Mobility Benchmarking Survey*[6] shows that only 46 percent of mobility leaders surveyed believe their global mobility strategy has been 'widely communicated' to key internal stakeholders. Just 31 percent are introducing the global mobility strategy to a wider audience within the organization, while a mere 20 percent believe their strategy is only being understood within the mobility function itself — suggesting that crucial insights and needs are not permeating the larger business context.

4. **Being purpose-driven:** We often see ambitious goals and expectations being set for mobility assignments but never followed through. In other cases, the purpose of an assignment is not clearly defined and expectations regarding results are not established. As you assign talent, identify the specific purpose of the deployment and precisely what it should entail for optimal results. Perhaps you've identified the need to borrow talent from a US office on a temporary basis for an important project in Europe. What will that initiative ideally look like? Will it be a short-term assignment or longer? Does the project need someone working in person on-site? Can it be hybrid or can it be completely remote? The answers to these questions will likely prove pivotal to establishing key policy considerations for each assignment.

   Being purpose-driven also demands insights based on timely data. Surprisingly, the *2024 KPMG Global Mobility Benchmarking Survey*[7] shows that about two-thirds (60–65 percent) of companies surveyed do not use data and analytics to enhance decision-making in the mobility space. Greater reliance on data represents a significant opportunity to meet diverse expectations and improve the employee experience.

5. **Return on investment:** Measuring ROI for mobility programs remains a significant challenge that some consider mobility's 'holy grail.' The *2024 KPMG Global Mobility Benchmarking Survey*[8] shows that more than 50 percent of mobility leaders have no reliable method to measure the ROI of mobility assignments. Calculating ROI for mobility involves diverse variables that can be difficult to quantify. But doing so can position mobility professionals for more-informed decision making on mobility spending and returns.

   Organizations tend to define the success of mobility initiatives far too narrowly — for example whether the assignment was completed. Select a wide range of qualitative and quantitative variables you can measure to assess costs versus benefits. Direct relocation costs such as flights and freight are easy to track. Indirect costs and returns are harder to monitor but tend to produce more value.

   Additional metrics to help identify an assignment's value can include: post-assignment retention rates and staff stability, valuable knowledge and skills transferred during the posting, and measurable improvements in the assignee's post-assignment performance.

6. **Integrity:** The *2024 KPMG Global Mobility Benchmarking Survey*[9] shows that more than half of companies surveyed have no re-entry plan or execution strategy for employees concluding an

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[6] 2024 KPMG Global Mobility Benchmarking Survey, KPMG International, 2024.
[7] Ibid.
[8] Ibid.
[9] Ibid.

international assignment — and that is cited as the number one reason for talent walking out the door. In today's reality of scarce talent and employee expectations for a positive experience, it makes little sense — and can prove costly — to undertake a mobility assignment with no plan to reintegrate valued employees into the organization.

We see a significant opportunity for future-focused mobility professionals to address the entire scope of employee needs as they assume and complete assignments. It's all part of being truly employee-centric from start to finish on every assignment.

Mobility advisors can help you 'read the horizon'

As mobility professionals take on the challenges of today's complex environment, more businesses are recognizing the wisdom and practicality of establishing an 'advisory arm' within the mobility function. The goal is to replace the typically siloed mobility team with one that's operating cohesively across the organization and aligned more closely with business objectives and priorities.

An advisory arm of experienced and well-informed mobility professionals can also help mobility train a lens on the future and 'read the horizon' as never before to optimize efficiency and help ensure appropriate policies and responses amid relentless change.

Leading the way in an advisory capacity are executive leaders who are well-connected across the business functions that are critical to mobility's success. They are good communicators, empathetic and understand what a positive employee experience should look like.

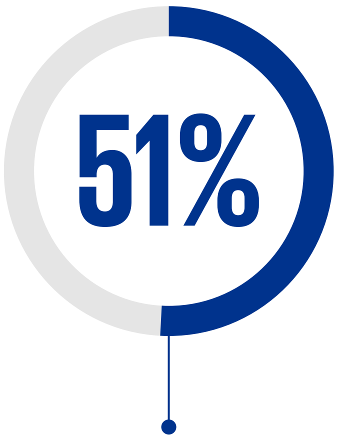
Meanwhile, working at the operational level, there are experienced mobility professionals within the organization who regularly interact with assignees and have the most impact on shaping a positive employee experience.

These professionals also tend to be the drivers of new technology within the organization and can offer data-driven insights that will shape an employee experience of intentional and personalized interactions.

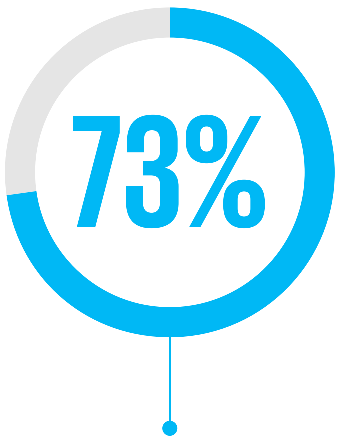
An advisory function within mobility also includes a focus on innovation at the 'ground level' — in particular, mobility's diverse processes and operations, and where fast-emerging AI and automation technologies can eliminate much of today's transactional work. According to the *2024 KPMG Global Mobility Benchmarking Survey*,[10] AI adoption is expected to rise, with 51 percent of businesses planning to integrate AI into their mobility programs and 73 percent anticipating future AI investments to automate administrative tasks. As businesses look to strike the right balance between technology and talent in a shifting environment, implementing an advisory function within mobility may help position mobility for the future.

One Last Thought: These six attributes not only ready us for the terrestrial needs of global mobility, but also a future where talent may go beyond the stars. The global space economy could reach approximately $1.8 trillion by 2035, up from $630 billion in 2023, according to the World Economic Forum.[11] Modernizing now prepares us for the future and mobility is expected to always be on the forefront of these changes and humans will likely always be the most powerful technology.

In conclusion, global mobility has undoubtedly entered a new frontier of needs, challenges and opportunities. As mobility professionals strive to put the right talent in the right place at the right time, they recognize the indispensable need for a modern approach — one that is agile, employee-centric, understood organization-wide and tightly aligned with business objectives. The future demands that mobility's service-delivery models, teams and technology are positioned to meet a bold new reality and demonstrate the value of mobility as a trusted and responsive advisor to the business. Mobility professionals who are ready for the future should exhibit the six key attributes identified by KPMG as essential for success. As the rapid pace of change accelerates, there is no time for mobility professionals to lose in embracing a new future that caters to evolving workforce realities and business needs.



Of businesses planning to integrate AI into their mobility programs.



Anticipating future AI investments to automate administrative tasks.

[10] 2024 KPMG Global Mobility Benchmarking Survey, KPMG International, 2024.
[11] Space: The $1.8 Trillion Opportunity for Global Economic Growth, World Economic Forum, 2024.

Key takeaways

The key attributes for future success

Mobility professionals have a historic opportunity to shape a new era of efficiency, productivity and business value. We see the mobility professional of tomorrow possessing six key attributes that are indispensable for success in a fast-changing world of scarce talent and growing complexity.

A new paradigm emerges for mobility

Fluidity is the new paradigm for global mobility professionals and programs — flexibly and cost-effectively combining skilled talent and enabling technology to deliver a positive employee experience as the rapid pace of change accelerates and fierce competition for talent persists.

Giving mobility an advisory role

Forward-looking organizations are creating an 'advisory arm' that can take mobility from a siloed setting and position it to function cohesively with the broader business. Experienced and well-informed mobility professionals working in an advisory capacity can help mobility train a lens on the future to optimize efficiency and help ensure appropriate responses amid change.

Rewards and executive pay:

The question of transparency

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Pay transparency is becoming increasingly prominent as more countries implement regulations aimed at addressing wage disparities, pay discrimination and promoting the equality agenda in the workplace.

European Union transparency rules adopted in 2023 aim to reinforce the principle of equal pay for equal work between men and women. While not binding legislation itself, the directive requires member states to pass new legislation by June 2026 that will require companies with 100 or more employees in Europe to comply with comprehensive transparency rules.

The UK has had gender pay gap reporting requirements in place since 2017. In North America, the US now has numerous federal, state and local transparency laws in effect and the Salary Transparency Act is pending before US Congress. If passed, it will be unlawful for a US employer to fail or refuse to disclose the wage range for a position. In Canada, several provinces have adopted rules requiring companies to disclose pay ranges.

To disclose or not to disclose? In this article, we present discussions surrounding the implications of pay transparency rules, highlighting their advantages and disadvantages. We also examine the controversial topic of executive pay and consider whether current compensation practices for leaders may require new guidelines. It's important to note that the perspectives shared here are meant to provoke discussion and do not necessarily reflect the views of the authors or KPMG member firms.

The case for pay transparency

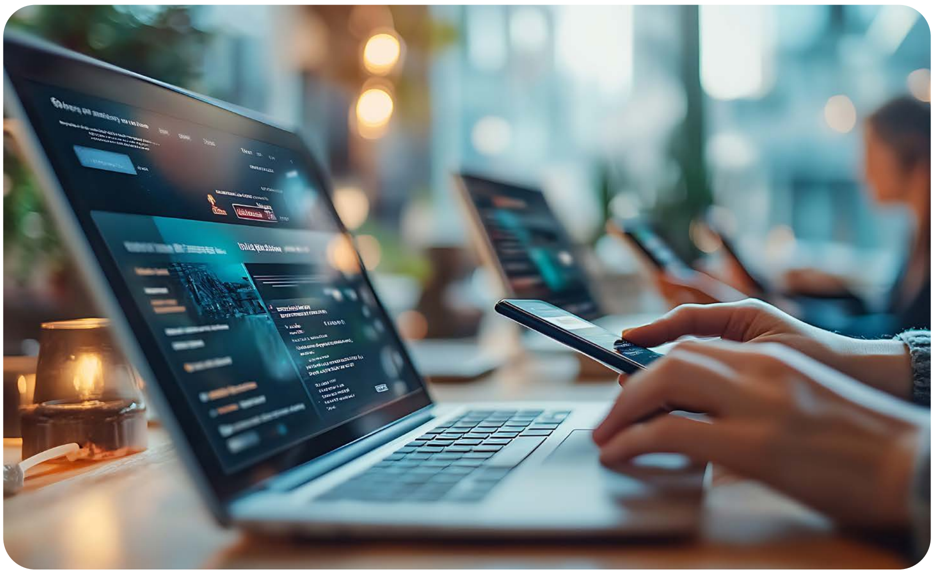
Pay transparency rules emerging globally are establishing a framework for progress in the workplace as more organizations disclose salary ranges and address pay inequities. In today's workforce of multiple generations, diverse skills and varied career backgrounds, 'fair compensation' can mean something quite different to every employee and transparency provides insights into the rewards offered and an employee's standing relative to others.

Transparency requires employers to manage salaries, targets, incentives and other key aspects of their compensation packages fairly and equitably. Organizations typically implement tailored compensation programs, but, regardless of the approach, all must comply with an overarching transparency framework designed to mitigate wage disparities related to gender, ethnicity or other non-compensatory factors.

Beyond providing compensation data, transparency is also a communication and trust issue. It helps employees and job candidates understand an organization's total reward program and the variables influencing base salary, incentives and benefits. Pay transparency can demonstrate to employees and external stakeholders that the organization values everyone equally and strives for fair compensation while considering diverse parameters, responsibilities and business factors that could impact pay and rewards.

Communication that fosters clarity and trust can enhance corporate culture and the employee experience. Pay transparency may create a competitive advantage in the talent marketplace as businesses look to recruit and retain scarce talent and drive growth.

Regarding disclosure, a minimum standard typically exists regarding salaries and compensation. Companies can disclose more and explain the differences in employee pay. Bonuses and incentives for performance and skills development can justify pay differentiation among employees and can create a positive pay-for-performance culture.



Transparency requires organizations to establish clear parameters for job architecture, salary structures, bonus and incentives programs and recruitment budgets. This clarity can enable HR rewards leaders to be more strategic, reducing the need for frequent compensation reviews and adjustments. With compensation understood through effective communication, employers can focus discussions on employee performance, development and career goals.

While transparency compliance introduces new administrative demands and costs, emerging technologies such as AI can support progress by helping to manage salary structures, budgets and other critical compensation data.

Does transparency truly level the playing field?

While pay transparency is gaining momentum, there are differing perspectives on its impact. Some suggest that employees and job candidates may experience reduced bargaining power, as employers with well-defined transparency rules may see less need for compensation negotiation.

Pay transparency rules may often provide general salary ranges, which may not fully account for the complexities of diverse roles and responsibilities. These rules may not consider specific role requirements, unique employee qualifications and the cost of acquiring scarce talent in particular locations, all of which can influence compensation.

In cases where pay disparities exist for legitimate reasons, transparency rules might introduce legal challenges, requiring companies to justify disparities. At the same time, if an organization makes efforts to adjust or compress specific pay ranges, this could also pose legal risks.

Multinational employers may face challenges in navigating diverse global transparency rules, including determining the type of data to disclose, the timing of disclosures, and ensuring compliance within various jurisdictions. This can add administrative burdens to HR teams already managing salary benchmarking and structures, pay-equality analysis, compensation committee meetings and an overall growing agenda.

While some argue that transparency offers a competitive advantage by providing insights into compensation programs, it may also deter candidates from applying for positions they are qualified to fill. Publicly available salary figures may not reflect additional factors such as benefits, bonuses and incentives, potentially leading candidates to misunderstand the total compensation package and see opportunities elsewhere.

Transparency may also influence employee retention. Disclosing compressed pay ranges could lead high-performing employees to feel constrained, prompting them to seek employers that meet their compensation expectations. The pay model among employers thus shifts from performance-based to pay-based equality, which could affect competitiveness in the job market. Pay transparency may also inadvertently lead to interpersonal challenges among employees, as the revelation of salary details may cause unexpected reactions and raise concerns about individual privacy.

The effectiveness of pay transparency remains a topic of debate. It may introduce administrative challenges, legal considerations and potential workforce dissatisfaction, with the possibility of top talent seeking positions that align with their compensation expectations. In a competitive business environment, transparency presents challenges and risks that require careful consideration.

Is executive compensation out of control?

Executive compensation has become a hot topic in today's hypercompetitive employment market, influenced by economic uncertainty, inflation concerns, shareholder activism and disparities between executive and employee compensation. Here, we explore the current state of executive compensation and whether it warrants scrutiny and regulation.

Historical data indicates a significant increase in executive pay compared to average employee compensation over recent decades. CEO compensation has grown at a faster rate than that of workers. Between 1970 and 2000, the average CEO pay was approximately 20 times that of the average employee, rising over 300 times in subsequent years.

Over the past 10 years, typical CEO pay at S&P 500 companies rose by more than US$4 million, reaching an average of US$17.7 million in 2023.

With compensation understood through effective communication, employers can focus discussions on employee performance, development and career goals.

Meanwhile, the average US worker's wage increased by US$18,240 over the same period, resulting in an average of US$65,470 in 2023.

There is also the issue of complexity in executive compensation, where share packages can lead to substantial gains for executives amid stock market volatility or weak performance. Boards and shareholders are increasingly challenging excessive executive compensation, with some implementing temporary freezes on rising CEO compensation. The EU's 2023 survey on annual general meetings (AGM) noted low voting on executive compensation packages, which some investors viewed as excessive or lacking in detail regarding significant one-time awards.

There is a growing discussion about the need for closer examination of executive pay, which continues to exceed compensation gains in the global workforce. In today's challenging era of scarce talent, competition for new skills in the digital economy, and the pursuit of growth and competitiveness, businesses may need to consider the entire workforce compensation landscape to ensure more equitable reward structures.

Trusting businesses to manage compensation in a complex new era

Amid growing concerns and actions by some organizations to limit rising executive compensation, there is a perspective that executive compensation may not necessarily require new approaches to align rewards more closely with the broader workforce.

Data from S&P 500 companies indicates that CEO compensation has risen by an average of 5.7 percent annually since the 1970s, while share returns in the same period increased by the same amount, suggesting a general alignment between executive pay increases and business performance. In recent years, there has been a decline in substantial CEO pay increases, influenced by greater scrutiny from shareholders, boards and the public.

As the global business environment becomes more complex and new technologies drive the evolving digital economy, the role of executive leaders has become more complex and businesses are competing for the best available talent to navigate these challenges. Additionally, the average CEO tenure over the last decade has decreased by about 20 percent to about five years, leading many organizations to offer competitive compensation to attract and retain executive talent amid higher turnover rates.

There is also a greater emphasis on compensation strategies that prioritize long-term business performance over short-term gains. Shareholders are advising companies to adopt objective, formula-based performance goals and incentives, moving away from subjective criteria.

New regulations have been introduced to help ensure adequate compensation policies and procedures are in place to mitigate risk. However, the balancing act is to ensure that regulations are beneficial without being overly burdensome to companies and shareholders.

Businesses are tasked with providing adequate compensation for executive talent in the competitive market. While accountability is essential, it is suggested that the market, rather than regulators, should play a role in this process. Beyond executive compensation, there is an opportunity to broaden the focus to address employee compensation and work towards closing existing gaps.

Key takeaways

Are pay transparency rules driving progress?

Pay transparency rules are contributing to developments in the workspace by requiring organizations to disclose salary ranges, address pay inequities and ensure internal fairness. These rules also play a role in communication and trust, as they provide clarity that helps employees and job candidates understand an organization's total reward program.

Do workers lose leverage?

While pay transparency rules are intended to promote fairness, there is a perspective that they might affect employees' and job candidates' bargaining power. With clearly defined pay structures, some employers may feel less inclined to negotiate compensation. Additionally, where pay disparities exist for valid reasons, transparency rules could introduce legal considerations.

Executive compensation in the spotlight

Significant disparities between executive and employee compensation persist. Amid global economic uncertainty, inflation concerns and shareholder activism, businesses are considering whether to broaden their focus on compensation to include a human capital perspective that addresses the needs of both employees and leaders.

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Designed by Evalueserve.

Publication name: Skills needed to take on tomorrow — Part 2: The human side of mobility
Publication number: 139914-G
Publication date: April 2025