

China Domestic Mobility Policies

Meeting the Challenge: Competition for Local Talent

Global mobility professionals are at a crossroads. Mobility within China is expected to grow in volume and focus. 42% of companies report that the need for domestic relocations in China is increasing, yet fewer than half report having formal policies in place for domestic, intra-China moves.

China's economy has been growing at an average rate of 10% over the past 30 years, and is now the second largest economy in the world. In ten years, it is projected to be the world's largest economy. At the same time, the Chinese government has pledged to relax the hukou system (household registration system requiring residents to live and work in a permitted area), which will allow greater mobility within the country, and the number of college graduates has increased dramatically (from 1 million in 1998, to 7.5 million in 2012). Today, the convergence of these market conditions results in an extremely competitive war for talent. In fact China ranks 3rd globally as a top country where professionals are most contacted by recruiters.

Multinational companies recognize the need to develop local talent, especially local talent with global experience, as opposed to exclusively importing it from the U.S. and Europe. Yet fierce competition means recruitment and retention are key concerns. Mobility policies designed only to bring expats into China will not be sufficient to address this challenge. According to a leading executive recruitment firm in China, "Local employers are often more aware of and sensitive to the needs of relocating families between provinces. Western multinationals who strictly adhere to global relocation policies usually would not take this uniqueness within China into consideration and thus would find themselves at a disadvantage. Ask yourself if you have struck the right balance between global standards and local flexibility."¹

Using Mobility as a Catalyst: Four Sample Policies

Proactive planning and program development will help meet employers' strategic talent objectives by using mobility within China to recruit and develop local talent. To accomplish this, you need concrete, actionable tools and data. To assist mobility professionals with these objectives, we have developed four sample policies. The "China Domestic Mobility Policy Considerations" on the following pages offer foundational examples of intra-China policies based on contemporary industry best practices and forward looking mobility trends. Our examples include a lump sum and two managed permanent relocation guidelines, that offer choice and flexibility to business managers for budgetary and employee incentive needs. Guidelines for an assignment are included as well. The assignment policy may be particularly valuable as a rotational program, to develop business leaders, or to recruit young professionals reluctant to make a permanent move because of strong family ties.

We recommend using these examples as guides, and continuing to work with our Consulting Services Group to develop policies for your organization. At Plus, we customize all policies so they specifically address your unique business objectives and culture.

Sources:

Worldwide ERC®: "Talent Mobility in China", 2014

McKinsey & Company: "All you need to know about business in China", April 2014

International Business Times: "China will be World's Largest Economy in 2024", Sept. 2014

LinkedIn Talent Solutions: "China Talent Trends 2014", 2014

¹Sino-U.S.: "Finding and retaining talent a top challenge for foreign businesses in China", May 2014

China Domestic Mobility: Policy Considerations

	Permanent Relocation Option 1	Permanent Relocation Option 2	Permanent Relocation Option 3	Short Term Assignment
Tax Assistance	<ul style="list-style-type: none"> Gross-up of taxable relocation expenses 	<ul style="list-style-type: none"> Gross-up of taxable relocation expenses 	<ul style="list-style-type: none"> Gross-up of taxable relocation expenses 	<ul style="list-style-type: none"> Gross-up of taxable relocation expenses
Household Goods	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Packing, transporting, delivery, and insuring Shipping of household goods up to: <ul style="list-style-type: none"> Employee only: 14 cbm. Employee & spouse/family: 33 cbm. Up to 15 days storage, if needed No auto shipment 	<ul style="list-style-type: none"> Packing, transporting, delivery, and insuring Shipping of household goods up to: <ul style="list-style-type: none"> Employee only: 14 cbm. Employee & spouse/family: 33 cbm. Up to 30 days storage, if needed No auto shipment 	<ul style="list-style-type: none"> Transporting personal effects Excess baggage up to 40 kg. per person No auto shipment
Destination Services	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Reimburse stamp duty and agency fees up to 1 month's rent Area orientation and settling-in assistance to help with work and residence permit application 1-day school search assistance (if applicable) 	<ul style="list-style-type: none"> Reimburse stamp duty and agency fees up to 1 month's rent Area orientation and settling-in assistance to help with work and residence permit application
Travel	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> One-way transportation for employee and family via most efficient means. May include: airfare, train, or mileage for personal auto; in accordance with Company travel policy Reasonable en route lodging, meals, excess baggage, taxi/airport transfer 	<ul style="list-style-type: none"> One-way transportation for employee and family via most efficient means. May include: airfare, train, or mileage for personal auto; in accordance with Company travel policy Reasonable en route lodging, meals, excess baggage, taxi/airport transfer 	<ul style="list-style-type: none"> One-way transportation for employee and family via most efficient means. May include: airfare, train, or mileage for personal auto; in accordance with Company travel policy Reasonable en route lodging, meals, taxi/airport transfer
Temporary Lodging	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Furnished/serviced apartment or hotel stay for up to 15 days No meals or incidentals, unless no kitchen facilities are available 	<ul style="list-style-type: none"> Furnished/serviced apartment or hotel stay for up to 30 days No meals or incidentals, unless no kitchen facilities are available Up to 10 days rental car 	<ul style="list-style-type: none"> Furnished/serviced apartment or hotel stay for up to 15 days, if needed No meals or incidentals, unless no kitchen facilities are available
Lease Cancellation	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Lease cancellation fees up to 2 months' rent in departure location 	<ul style="list-style-type: none"> N/A

	Permanent Relocation Option 1	Permanent Relocation Option 2	Permanent Relocation Option 3	Short Term Assignment
Miscellaneous Allowance	<ul style="list-style-type: none"> Lump sum payment One month base salary (grossed-up) 	<ul style="list-style-type: none"> Lump sum payment One month base salary (grossed-up) 	<ul style="list-style-type: none"> One month base salary (grossed-up) Paid as a non-receipted lump sum 	<ul style="list-style-type: none"> N/A
Housing Allowance	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Monthly allowance determined by destination location, family size, and job grade level
Return Trip	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> One trip for employee and family per 6 months Round-trip transportation to departure city via most efficient means. May include: airfare, train, or mileage for personal auto; in accordance with Company travel policy
Cost of Living Allowance	<ul style="list-style-type: none"> N/A (integrated into new destination salary) 	<ul style="list-style-type: none"> N/A (integrated into new destination salary) 	<ul style="list-style-type: none"> N/A (integrated into new destination salary) 	<ul style="list-style-type: none"> Monthly allowance determined by departure and destination locations
Repatriation	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Return travel to departure city; same provisions as start of assignment Return transportation of personal effects to departure city; same provisions as start of assignment