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# DUAL-CAREER RELOCATION BENEFITS: A STUDY OF EXECUTIVE SEARCH FIRMS

C. Richard Scott  
Robert W. Holloway

## Introduction

One of the knottiest problems for employers today is devising a mix of sophisticated incentives that will entice reluctant management-level workers to relocate. For the most part, blue-collar workers have become "economic nomads," seeking jobs where they are available. Top-notch, white-collar managers, on the other hand, are turning transfers down. Why? A recent survey shows that 58% of transferring employees said their greatest worries concerned personal matters (Springen and Miller, 1989).

Many of these worries stem, in part, from the demographic fact that many of the corporate managers subject to transfer have working spouses who don't want to move to another place and disrupt their careers. Also, with corporate loyalty waning, many executives are no longer willing to trade family and personal satisfactions to climb further up a shaky career ladder (Harris, 1988). Yet the need for companies to transfer their employees is greater than ever (Merrill Lynch Realty, 1988).

In addition to the normal relocation activity — turnover, promotions, staff realignments, opening of new offices, relocation of corporate headquarters — the flurry of mergers and takeovers account for some of the increased pressure. A recent study of employee relocation policies among major U.S. corporations highlighted the growing need for firms to transfer their people. The study found the **average** number of transfers is up in comparison to the previous three years (191 in 1988 compared to 179 in 1987; 183 in 1986; and 188 in 1985) (Merrill Lynch Realty, 1988).

The increased demand for relocation has caused Corporate America to look for prescriptions that sweeten the pot and ease the moving blues of their management staffs, especially those in dual-career households. But, it finds itself in a predicament that seemingly defies a satisfactory solution — societal changes have increased the number of dual-career marriages and have led, in turn, to an increase in the reluctance of employees to relocate. In fact, one researcher indicates that about 60 percent of all relocations currently involve dual-career households, and he expects this proportion to increase to about 75 percent in 1990 (Driessnack, 1987). While other extant literature does not contain projections such as those outlined by Driessnack, the growth of dual-career households indicates, intuitively, that such a statistical projection has merit.

In light of the fact that firms have a greater need to transfer their people while, at the same time, increased numbers of their employees are turning transfers down, these firms are seeking professional assistance from executive search firms to help them find a workable solution to this burdensome and costly problem.

## The Role of Executive Search Firms

Executive search consultants have for years performed a valued service for Corporate America by rooting out ideal candidates for a particular job opening through the use of their expertise and industry connections. The idea behind a company hiring a search firm is that an executive search can be more efficiently handled, and at a lower cost, by experts in the search business who have both the time and reach to fill a firm's open employment niche. To help ease their burden in selecting and placing key executives, more and more corporations are turning to executive search firms. This increase in activity is evidenced by the rise in the number of operating search firms. For example, in the mid-1970s there were over 900 search firms, whereas in 1988 this number was reported to be in excess of 2,000 (Ammons & Glass, 1988).

Part of this increase in search activity is due to the growing number of corporate mergers or acquisitions. Few mergers or acquisitions result in the previous management team remaining intact, which helps to expand the need for new executive searches. Another important element fitting into the calculus as to why search firms have grown is evidenced by the expanding number of people on a company's management team who refuse to relocate because of the interruption to the career of their spouse. Thus, while Corporate America may suffer from transfer refusals, executive search firms prosper.

When the phenomenon of increasing dual-career households and the accompanying reluctance of one or the other spouse to relocate is combined with the current flurry of corporate restructurings, they form a symbiotic relationship that hurts a company's ability to staff its upper-management echelon. Thus, many executive search firms have discovered a new niche which is considerably different from their traditional role of "headhunting." Now, they serve as a go-between — seeking to build a package of relocation benefits whose purpose is to make transfers more attractive.

The area of relocation benefits presents a common ground where the concerns of the executive search consultant and the dual-career couple converge. It is here the search consultant, while looking after the needs of his corporate client, must "sell" the desired candidate on the job change by making it as inviting and trouble-free as possible (Jones, 1987). While most companies have a basic relocation package that offers mortgage assistance, equity advance, house-hunting trips, urban living allowances, moving expenses, etc., there is a need for further development in the area of special assistance to dual-career couples on both social and financial levels.

Socially, the problem lies in the changing work roles of husbands and wives in a direction that is in conflict with traditional norms. Essentially, the two-career family is still a relatively recent phenomenon and traditional role expectations remain. Male executives are often reluctant to relocate when career paths, between themselves and their spouses, conflict. Traditionally, the husband's career has had priority, but a wife whose job (and income) may be equal or greater may bring that priority into question. Consequently, if relocation benefits addressing this problem are not volunteered by his company,



the male executive may be reluctant to ask for them to avoid appearing "unmanly" (Winfield, 1986). Additionally, a relocation decision places stress on both members of a dual-career household. Usually one career must be placed over another, with the alternative being "career suicide" if the transfer is turned down (Herbert and Daitchman, 1986). To accept the transfer, however, a tremendous financial burden is placed on the couple, especially if the "trailing spouse" is also a highly paid professional. Aside from the probable loss of income if one spouse must relinquish his/her career, other major financial considerations relating to the transfer must be considered by the couple: loss on home investment; differences in mortgage interest rates; and, moving to a higher cost area (Schrieber, 1984).

Corporate response to the problems facing the transfer of a member of a dual-career household has been somewhat limited. In 1986, for example, a survey of 160 major companies found that 70% of the respondents indicated that some kind of spousal assistance could make the difference between the acceptance or rejection of a transfer. However, only 17% of the firms had any formal policy or program to deal with the problem; this, though, was an increase over the 4% of firms having a formal policy in 1984 (Winfield, 1986).

Companies offering spousal assistance programs include services such as: training in resume preparation; job guidance; job-hunting; referral to employment agencies; and, some even offer the dislocated spouse a job within the transferring company (Gottschalk, 1982). Additional services include counselling services to help relieve stress, assessing the dislocated spouse for a possible career change, and field analysis to investigate different job opportunities (Magnus and Dodd, 1981). Some companies are venturing beyond the financial aspects of relocation and into the psychological realm. So-called soft-side issues like child care, assistance for aging parents, and matching of schools for school-age children have suddenly become bargaining chips for relocating households (Springen and Miller, 1989).

In their role as agents of Corporate America, executive search firms are increasingly tasked by their client firms to develop a basket of benefits that makes transfers more attractive. This role places the search firm in a somewhat awkward position — serving as the prime negotiator between the requirements and resources of the business organization and the needs and constraints of the transfer candidate. This is an especially difficult task which is complicated by the personal needs of a dual-career household.

Given the new role as negotiator between the transfer candidate and his employing firm, several questions come to mind and answers to these questions are not provided by extant literature: how do search firms rate the importance of relocation benefits; how often does the topic of relocation benefits occur in negotiations; what special assistance programs to trailing spouses are you authorized by the employing firm to negotiate; and, what types of benefits are negotiable? This research paper addresses these questions and should help to fill the gap in the existing literature relevant to the subject.

## Methods

An aggregate data set was obtained by way of a survey instrument mailed to 260 executive search firms (the questionnaire is included as Appendix A). The sample population was randomly drawn from the 1987 Directory of Executive Recruiters. The 260 firms were divided into two groups: 130 selected from organizations classified in the directory as "retainer" (those firms who collect a portion of their fee before providing their service) and 130 firms classified as "contingency" (collect their fee only after providing their service). The questionnaire was designed to collect data around three main subject areas: (1) classification and demographic information; (2) views toward relocation benefits, in general; and, (3) views toward spousal assistance, in particular.

The data set derived from the survey was tabulated from the responses of 134 returned questionnaires (a return rate just over 50%). This substantial return rate was achieved by two follow-up mailings. The completed questionnaires were coded and information entered into a data file using the SPSSX statistical software package. The collected data were treated utilizing a frequency listing of variables, Pearson's correlation of variables, and cross-tabulation of selected variable groups. A histogram was constructed for ordinal and interval data and frequency distributions were derived to help locate coding errors or examine statistical outliers.

## Results

Analysis of the classification/demographic data obtained from the respondents determined that 60% were retainer firms, 19% were contingency and 21% were classified as "other" (meaning they worked as retainer or contingency at one time or another). Of the respondents, 55% considered themselves national firms, 29% international, and only 16% were local or regional. Most of the firms (67%) had been in business from 5 to 15 years.

Forty-six percent of the respondents focused their search efforts on middle-level management while almost 66% provided services for upper management levels. Services to either the CEO or lower management were less common with a frequency response of 36.6% and 6.7%, respectively. Only 26% of the survey participants indicated that they provided assistance to their clients at all hierarchical levels. Forty-three percent of participating firms reported that they specialized in providing services for a specific industry and only 24% reported that they specialized solely by function.

Distributions constructed from responses to the question addressing the importance of relocation benefits as a point of negotiation and the one addressing how often relocation benefits arise as a topic in negotiations were both skewed to the extreme right. This perhaps reflects the importance of relocation benefits as a point of discussion in sessions with transfer candidates and how often the topic was raised in those discussions.

The distribution of responses was negatively skewed for both the question of whether handling relocation benefits is dependent upon the industry or function of the search firm and the question concerning perceived changes



in offering relocation benefits as a result of changes in the executive search firm market. These negatively skewed distributions indicate, respectively, that the handling of relocation benefits depends on the specific industry that employed the transfer candidate and that restructured organizations (with fewer middle-management positions) would likely offer their transfer candidates fewer relocation benefits.

In response to the question of whether the participants felt there was a growing number of dual-career couples in the work force — 97% felt there were. The only histograms showing normal distributions were those associated with responses as to whether negotiations of relocation benefits would include spousal assistance and the importance generally placed on spousal employment assistance by both the firm and its clients. Both parts of the latter question yielded responses with normal distributions; however, the second part was skewed slightly negatively. These responses reflect middle-of-the-road feelings toward the importance of spousal employment assistance both by the search firm and by its corporate clients. When asked about the flexibility they are afforded in negotiating spousal employment assistance, respondents strongly indicated that search firms are given little leeway by their clients in negotiating spousal assistance. However, respondents indicated agreement with the premise that the career position of a trailing spouse could influence the need for spousal assistance.

An inquiry into the existence of particular relocation benefits offered in negotiations with transfer candidates revealed that 19% of the respondents indicated that no benefits were negotiated; 71% offered moving expenses; 64% real estate and mortgage assistance; 33% provided spousal assistance; and 27% provided a mix of additional relocation benefits (Appendix B details other benefits offered).

Two open-ended questions probed why relocation benefits were not offered (if they weren't), and whether respondents saw a need for relocation benefits (including spousal assistance) in future sessions with transfer candidates. For purpose of analysis, the responses to these questions were interpreted into either "yes" or "no" categories. This technique revealed that 63% of the respondents felt that relocation benefits should be a consideration in negotiations while 37% did not feel it should be a factor. However, it should be noted that a striking 79% of the survey participants indicated they felt that spousal assistance should be a part of future negotiations.

A cross-tabulation compared selected pairs of questions for relative association. Additionally, a Chi-square calculation was conducted on each cross-tabulation. Levels of significance were assigned on each crossbreak: 0 to .5 (weak correlation); .5 to .9 (moderate correlation); and, .9 to 1 (strong). Those crossbreaks showing moderate to strong significance levels comprise the following table:

## Chi-Square Test of Association

Crossbreak	Significance
Questions 2/10	.7267
Questions 3/17	.6381
Questions 3/13	.6042
Questions 4/1	.7627
Questions 4/10	.7584
Questions 6/1	.8300
Questions 6/4	.8529
Questions 12/4	.6659
Questions 12/5	.9661

Another probability correlation program searched for indications of any relationship (positive or negative) between the questions. In order to test the strength of possible relationships, a coefficient scale was defined as  $P \leq .5$  (weak);  $.5 \leq P \leq .9$  (moderate); and,  $P \geq .9$  (strong). This method produced the following coefficients as ones showing relatively weak to moderate relationships: Questions 6/7, .4808; Questions 13a and 13b, .6408, and Questions 16 and 17, .4589.

The results of this test show that questions 6 and 7 have a weak (but near moderate) positive correlation. This indicates a relationship exists between how the respondent rated (in importance) relocation benefits as a negotiating point and how often the topic arose in negotiating sessions. Correlations between the two parts of question 13 show a moderate correlation exists between how respondents rated spousal employment and how they felt their corporate clients would rate the same subject. The third correlation, between questions 16 and 17, indicated the respondents' feelings as to whether relocation benefits (including spousal assistance) should be negotiated and whether these benefits were felt to be important in the future.

### Conclusions

The focus of this study has been to explore the extent to which relocation benefits, especially benefits to dual-career households, are considered by executive search firms in acting as agents for Corporate America. Existing literature has hardly scratched the surface of this new-age problem — one that has evolved from the mushrooming of women in the workforce, effects of mergers and acquisitions, pruning of lower-level managerial positions while increasing those at the top, and stiff competition from other firms to acquire the best and the brightest. Piled on top of these organizational changes are quality-of-life, social, and financial issues that have led a number of valued employees to turn down transfers for the first time in their lives.

If the workforce is experiencing an increase in the percentage of dual-career couples as extant literature indicates, then it appears logical that Corporate America would devise practical prescriptions to ease the pain of relocation

for these couples. Have companies actually come to grips with this problem? Or, is it a valid notion that spousal assistance in relocation benefits are of little concern to employing firms or to their agents, the executive search firms?

The statistical analysis of the data set collected for this study tends to support the contention that spousal assistance is not presently an item of strong concern. For example, even though there was a strong correlation between survey questions 6 and 7 indicating that generally prescribed relocation benefits were important, when it came to spousal assistance the executive search firms indicated that they would be only as concerned as were their corporate clients. And, according to the findings of the study, their corporate clients have not moved this issue to the front burner.

So, what exactly does this study reveal about the views held by executive search firms toward dual-career relocations? It does not indicate that there is no concern. Quite the contrary. Among the ideas conveyed in the survey are the understanding that dual-career assistance is being thought about; that as more spouses become employed the needs of a "trailing spouse" will have to be considered; a lack of spousal assistance can be a "deal blower"; and, whether spousal assistance is provided depends to a large degree on how badly the corporate client needs the transfer candidate.

In conclusion, it seems that search consultants are aware of the dilemma facing dual-career families as one member or another has a pending transfer. What appears lacking is a comparable awareness on the part of the search consultants' corporate clients. It seems reasonable to conclude that if Corporate America becomes more aware of this issue and proposes workable solutions designed to help alleviate the difficult choices facing the dual-career household, everyone wins.

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## Appendix A Survey Questionnaire

### General Information

1. How do you classify your firm?  
Retainer \_\_\_\_\_  
Contingency \_\_\_\_\_  
Other (please specify) \_\_\_\_\_
2. Is your firm:  
Local? \_\_\_\_\_  
National? \_\_\_\_\_  
International? \_\_\_\_\_
3. Length of time your firm has been in business?  
Less than 5 years \_\_\_\_\_  
5-10 years \_\_\_\_\_  
11-15 years \_\_\_\_\_  
16-20 years \_\_\_\_\_  
More than 20 years \_\_\_\_\_
4. For what candidate level does your firm contract?  
Lower management \_\_\_\_\_  
Middle management \_\_\_\_\_  
Upper management \_\_\_\_\_  
CEO \_\_\_\_\_  
All levels \_\_\_\_\_

5. Does your firm specialize in contracting:  
with a particular industry?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
If yes, what industry(s) \_\_\_\_\_
- for a particular function?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
If yes, what function(s) \_\_\_\_\_

### Relocation Benefits

6. How do you rate relocation benefits as a point of negotiation in discussions with candidates?  
\_\_\_\_\_  
No \_\_\_\_\_ Very  
Importance \_\_\_\_\_ Important
7. How often does the topic of relocation benefits come up during negotiations?  
\_\_\_\_\_  
Never \_\_\_\_\_ Always
8. Do you see your handling of relocation benefits as dependent upon the industry or function with which you specialize or contract?  
\_\_\_\_\_  
Absolutely \_\_\_\_\_ Definitely  
Not \_\_\_\_\_
9. Research indicates that the market for executive search services is changing (i.e. fewer middle management positions). Do you view any potential offerings of relocation benefits by clients as changing because of this?  
\_\_\_\_\_  
Absolutely \_\_\_\_\_ Definitely  
Not \_\_\_\_\_
10. Do you feel that there are a growing number of dual-career marriages in the work force?  
Yes \_\_\_\_\_ No \_\_\_\_\_
11. Would any relocation benefits you negotiate with a candidate include assistance to the employed spouse?  
\_\_\_\_\_  
Absolutely \_\_\_\_\_ Definitely  
Not \_\_\_\_\_



12. Is it common for clients to give you the flexibility to negotiate spousal employment assistance as a relocation benefit?

Never

Always

13. What importance (if any) is generally placed on spousal employment assistance:

By you

No  
Importance

Very  
Important

By client

No  
Importance

Very  
Important

14. Do you feel that the career position of a "trailing spouse" would influence the need for spousal employment assistance by a search candidate?

Absolutely  
Not

Definitely

#### Further Comments

15. What types of relocation benefits, if any, do you negotiate with a candidate?

None

Moving expense

Real estate

Spousal employment assistance

Other (please specify)

16. If relocation benefits are generally not, or never, considered in your negotiations with a candidate, do you think they should be? (please explain)

17. Do you see a need for consideration of relocation benefits in general, and spousal employment assistance in particular, in future negotiations? (please explain)

## Appendix B Other Benefits Offered

**Note:** Number in parentheses indicates number of firms indicating that this benefit is provided.

- Buying/Selling House (1)
- Closing Costs/Real Estate Commission (2)
- Temporary Living Expense (15)
- Spouse House Hunting Trips (6)
- School Evaluation (1)
- Mortgage Differential (10)
- Advise Client Co. of Additional Needs of Candidate (1)
- Front-end Cash Sign-on Bonus (6)
- Moving Bonus (2)
- House Purchase (3)
- Bridge Loans (2)
- Interim Travel (4)
- Out-of-Pocket Expense (1)
- Client as Third-Party Purchaser (1)
- Tax Protection (1)
- Interest Free Loan (2)
- Stock Options (2)
- Profit Sharing (2)
- Relocation Back (if unsuccessful) (1)
- Assimilation Counseling (1)
- Private Schooling (1)
- Special Services (1)
- Cost of Living Differential (2)
- Merrill Lynch Relocation Services (1)
- Supplemental Mortgage Payments (1)

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