

Measuring ROI For Global Mobility

Highlights From Santa Fe Relocation's White Paper 'Global Mobility ROI - The Bridge of Credibility'

Global Mobility as a function is on the verge of a new wave of development and change, as organisations transform the Global Mobility function's purpose, structure and roles.

The Global Mobility industry has been talking about the Return on Investment (ROI) of international assignments for at least 20 years. And discussions about how and why Global Mobility should have a seat at the strategic table, has always been a popular topic over the years. We think there is a connection - that these two key themes in the Global Mobility industry are, in fact, intrinsically linked - how ROI is the 'bridge of credibility' and a key enabler towards Global Mobility transforming to become a strategic influencer.

As part of our research, we undertook a series of interviews with Global Mobility specialists from diverse international businesses, headquartered in different countries and operating in sectors ranging from health, technology to automotive.

How Do We Measure ROI?

The ROI for International Assignees (IAs) is identified as both an umbrella term for a range of measures as well as a singular term (Doherty and Dickmann, 2012; McNulty, Hutchings and De Cieri, 2011; McNulty and De Cieri, 2013). Finance professionals would likely provide different definitions of ROI when asked, so in combination this could well be confusing the debate to the detriment of GM (Renshaw, Dickmann and Parry, 2017).

Surveys ask participants to identify whether they calculate ROI alongside other measures such as retention or performance, thereby implying that ROI means something unique and yet undefined. McNulty and Inkson (2013) argue strongly for having an ROI philosophy, i.e. an over-arching belief which cuts across a business, that IAs are competitively important and should be linked with the strategic intent of the business.

The first critical point we are making, is the need to determine the most appropriate terminology for your own business - what makes sense in your organisation? Return on Expectations might be a more appropriate term (Wang, Dou and Li, 2002), or, more simply, the Business Case. We continue to use the term ROI here, but if that is not the right language for your business - change it.

It will take time to determine the best

ROI measures (Doherty and Dickmann, 2012) yet this uncertainty must not be allowed to slow down the process. We suggest creating a template of the measures you would recommend in demonstrating value and why - ask business colleagues for their input. Create a business case for your business case!

Whilst most organisations are a long way from using predictive analytics to enable their IA decisions, the role of analytics is growing and there's an opportunity to work with this trend

One of our interviewees with significant IA numbers said that whilst the goal might be in sight, there was a need to take 'baby steps' to get there and that influencing skills are critical. He noted, wryly, how the business is demanding that GM provide ROI data even though GM does not have access to that data without the support of the business. 'The Business does not want to hear we don't have the data...it's a question of influencing [skills]'. We know GM is having positive business impacts through its analysis of data. As one interviewee said, through 'increasing clarity on the costs [for the business] we have seen a reduction in long-term assignments'. We can presume from this that some form of limited ROI calculation is occurring as operations

compare these costs with the business need they had previously identified. GM should claim credit for these wins—even if they are at the potential risk of putting themselves out of a job if they do that too often!

There's a need to uncover what is or is not known in your organisation, and hence to design your own ROI or business case solutions - start by using the language and existing measures in your business.

The Importance Of Data Analytics

The call to take advantage of Big Data and the significance of data analytics capabilities in HR are continuing to grow. All the major management consultancies have been advocating these issues as game-changers for the future role of HR. Importantly, as Deloitte says, this is an opportunity to leverage the strengths of GM with those of HR to support the business (2017). Santa Fe Relocation's 2018 Global Mobility Survey entitled 'React: Transformation in the age of uncertainty', supports this with business leaders acknowledging that investment in technology provides better cost estimates, increases the ability to prove the ROI of IAs and directly improves the ROI itself.

According to PwC, these digital and ultimately artificial intelligence dynamics will have profound implications on the HR functions in the future, depending upon how these factors interact with other key global forces shaping the world of work (2017). So much so, that HR and hence GM have to drive their own agendas to avoid an outcome dictated by others. This will depend heavily upon the business context within which you sit, e.g. a hi-tech business will implicitly be moving faster than others. And yet, as one of our interviewees said, 'We [GM] are not analytically strong people' - so we need to take active steps. Whilst most organisations are a long way from using predictive analytics to enable their IA decisions, the role of analytics is growing, and there's an opportunity to work with this trend.

Recommendations For Measuring ROI - From The Assignment

For clarity, we do not suggest a case of 'soft versus hard metrics' approach, where the only measurement is a financial metric. As indicated in the Business Investment Audit trail in Fig. 2, there may be desired outcomes that are weighted by the context of the assignment objectives, and the critical aspect

ROI from the assignment and ROI post-assignment

Fig. 1: Optimising ROI from international assignments

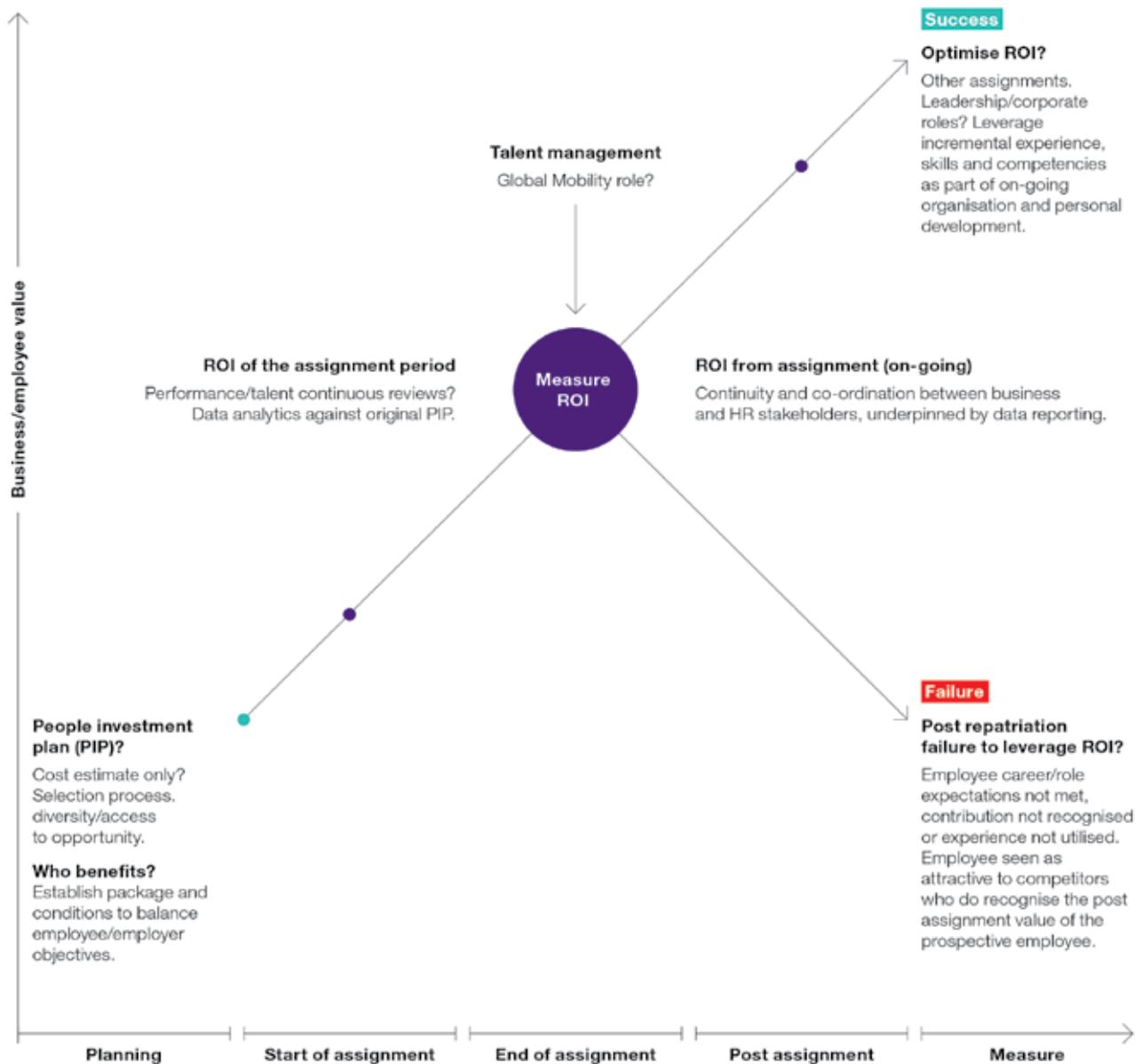


Fig. 2: Examples of the business investment audit trail

Strategic business outcomes	Performance measurements	Executive commentary
External organisation development	Business has an underdeveloped product capability in the region impacting reputation and other service lines.	Leverage European turnaround 2014.
Financial/market development	Total market size is \$1 billion, current turnover. \$100M target growth to \$300 million in 3 years (2021). Current market share is 10% goal to achieve 30% in 3 years.	Remember to maintain profit.
Organisational change/relationship development	Group vision, mission and values not fully adopted in region. Requirement to raise the bar on business performance from inexperienced/under performing team(s).	Liaise with the Learning and Development team.
People development	+ The host location (function) team are relatively inexperienced both technically and managerially. + Strong and inspirational leadership required delivering a step change in technical capability to industry 'best in class' standards. Identify long term successor(s).	Successors to be local?

is to ensure that there is significant granularity to measure and calibrate throughout the assignment process, and importantly at the end of the assignment.

Whether the variables are qualitative or quantitative, the value proposition shifts from being a cost-based to a value-based investment decision. For a long-term assignee, whose total assignment costs over three years may be in excess of \$1 Million, the ROI may be more than hard metrics and could involve broader organisational or even societal value drivers. The scientist who invents new medicines to cure diseases, or the CEO who embeds corporate values and establishes a growth platform in a newly acquired host business, will create ROI which could ultimately lead to substantial financial payback, but there are other value outcomes.

This is why Global Mobility teams need to seize the opportunity to be the focal point for co-ordinating data analytics on performance, talent assessment and their own contribution: international mobility costs. We are not suggesting they be the owners, instead they become the enablers to business heads and HR leaders to take a more objective, granular and holistic view of what has been achieved from the investment. There are many organisations who are already extremely proficient at managing this process and truly own the Talent Mobility transformation and not only adopt the hackneyed title of Talent.

Recommendations For Measuring ROI - Post Assignment

The longitudinal assessment of the ROI is likely to be even more challenging for those organisations to track the on-going ROI contribution of an employee with internationally mobile assignment experience. Some organisations do proactively leverage their data analytics to formally assess this, for example, by tracking employees' career progression, performance and talent potential. At a tactical level, this could also be the employees' post assignment application of technical/functional practices and cultural experience acquired during their previous assignment, to create value in problem solving or organisation development. For many organisations though, the commercial and people interest in an employee returning from an international assignment dissipates as they transfer to another cost centre or business division.

The realities are likely to be that the HR and Talent teams and line management in the new business unit may have limited interest in investing time on identifying how to leverage or indeed measure continuous ROI in a form that enables the organisation to effectively measure their investment in their Global Mobility programmes. They may also lack the skills or depth of technical knowledge to fully

identify the best use of the acquired skills.

Rather than it being an exceptional process for those high-flyers destined for accelerated leadership roles, shouldn't this be the norm? This is where Global Mobility and HR leadership have an opportunity to have a more strategic contribution that provides a focal point for such long-term assessment. Equally, if this can be linked to the demonstration of tangible commercial outcomes that enhances external competitive advantage, the organisation then normalises this process at the outset and sees the benefit of taking the time and effort to build 'SMART' People Investment Plans.

Where in industry would you spend \$100 million (on 200 or 300 full package international assignees) without the Board having a detailed investment review process on the progress with the investment?

Achieving influence at the strategic table remains an extraordinary challenge in many cases. One GM manager reported their conversation with a Talent Management colleague saying, 'You're a very small operational team so I don't see us working together'. And yet the requirement for HR and GM to work more closely together for success in the future digital age is widely recognised (Deloitte, 2017). We think that crossing the 'Bridge of Credibility' through the ROI conversation will help to move GM forward although there will be people trying to put barriers in the way. One interviewee (Senior GM professional in health technology reassured us: 'We are not that far away. It's a matter of getting started'.

The ability to lead ROI (business case?) discussions based on data analytics will improve the place of GM within HR and the wider business. GM needs to take baby steps to improve its data capabilities, to understand what is already out there in its business and to define the ROI construct as befits its own commercial circumstances. There is support from a wide group of external experts to help with this.

John Rason, Group Head of Consulting at Santa Fe Relocation shares some recommendations:

- Be wary of 'easy to collect' quantitative data driving the decisions because it is harder to gather informal/opinion-based data. Remember who the expert is!
- What is already being measured in your organisation? Talent retention, project success? This may be your route to claiming you are calculating ROI already!
- Find terminology that works in your organisation. Meet with your finance and business colleagues, seek their advice and input, and find the terms your finance colleagues' respect!
- Find out who your internal stakeholders are and/or should be and/or who you want - find out how they measure success. Enjoy the journey!

Read and download the full white paper 'Global Mobility ROI - The Bridge of Credibility' for more recommendations and insights. Visit: <https://www.santaferelo.com/en/mobility-insights/white-papers/global-mobility-roi-the-bridge-of-credibility/>

Extract References:

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