

WHITE PAPER



Global Mobility ROI—the bridge of credibility

Global Mobility has been talking about the Return on Investment (ROI) of international assignments for at least 20 years. And we have been talking about getting a seat at the strategic table for a long time too. We think there is a connection—the ‘bridge of credibility’. If you can ‘talk ROI’ this is the vehicle to cross the bridge and become a strategic influencer. The fuel is mostly what we already know—with a data analytics accelerant! This paper explains our thinking.

To support this paper, 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.

The gates are open

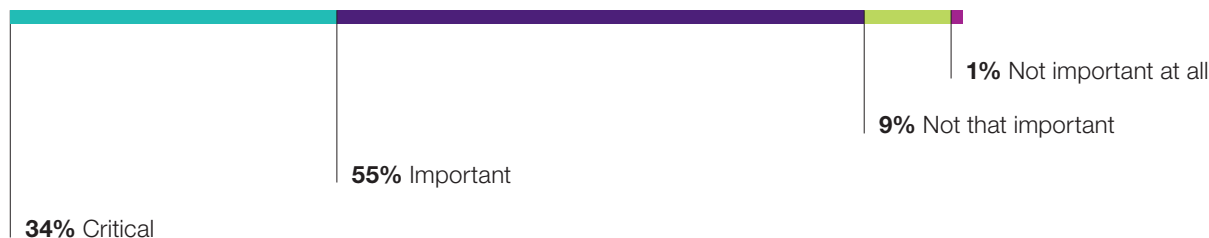
Having a globally mobile workforce is consistently reported as being strategically important to businesses today. We also know that having the experience of an international assignment (IA) is key to a successful career. The 2018 Santa Fe survey reported that 89% of business leaders and 88% of GM professionals reported that it is important or critical for high potential talent to have IA experience to succeed in their organisations. Furthermore, we have had evidence for a long time illustrating the drivers for IAs and they continue to be broadly similar: controlling or influencing overseas parts of the business, growing the business, and developing skills and competencies. In short, we know why we implement IAs, but not whether that turns out to have been a good idea!

Fig. 1: How important is it for high-potential talent to undertake an international assignment to be successful in your organisation?

Global Mobility professionals



Business leaders



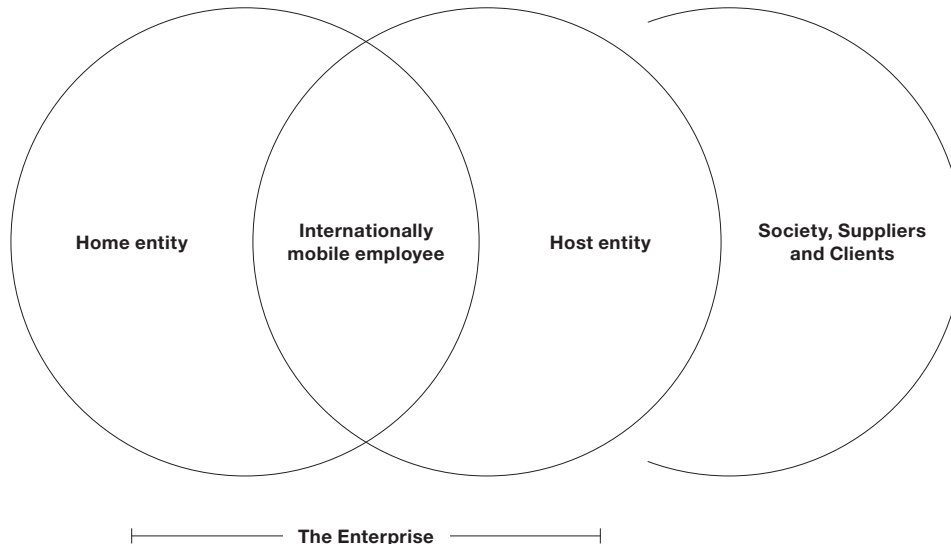
Source: The Global Mobility Survey 2018, Santa Fe Relocation.

The ROI for 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.

Get your vehicle ready

Whilst considerable academic research has been done over the years to determine the value of IAs, many issues remain unresolved. For example, a large body of research looks at the value that host organisations gain from IAs (Hyun, Oh and Paik, 2014; Riaz, Glenn Rowe and Beamish, 2014) ignoring the wider organisational effects, such as whether the sending organisation loses value when the host gains it (Renshaw, Dickmann and Parry, 2017). Findings are contradictory in many ways. Guidance is available, but there is a need to be context specific in ROI calculations (Doherty and Dickmann, 2012).

Fig. 2: Stakeholders impacting the ROI from internationally mobile employees



A key step to determining the ROI is separating out the different stakeholders affected by the success or otherwise of an IA, for example: the individual, the home, the host, clients and suppliers (Brosnan, Morley and McNulty, 2016; Renshaw, Dickmann and Parry, 2017). Indeed, a business might also consider societal impacts, i.e. at its simplest, sending a senior business leader generates local tax revenues. The CSR perspective is widely relevant to today's global businesses. ROI calculations need to consider the goals of all the relevant stakeholders and the different perspectives may be stark. As one of our interviewees in a consulting firm identified in his situation, 'There's no incentive on the home sending organisation to look at local hires first, given utilization targets placed on those organisations to send out their people!'

Fig. 3: Which stakeholders gain (or lose) as a result of an international assignment?

Stakeholder	Example potential impact
1. Home team leader—home business	1. Loss of critical performer
2. Host team leader—host business	2. Gains networking knowledge
3. Individual	3. Gains skills and experience
4. Host country clients	4. Change in sales representative/team
5. Home country client	5. Loss of key influencer
6. Host country suppliers	6. Increased supplier efficiency
7. Home country suppliers	7. Lost relationships
8. Other group subsidiaries	8. Organisational supply chain efficiencies
Global Mobility	9. Raises GM's profile into the C-suite
10. Society	10. Drawing greater investment into the host region

This draws attention to the context of short term and other alternatives to the long term IA (Meyskens et al., 2009; Tahvanainen, Welch and Worm, 2005). Surveys generally do not distinguish between organisations' ROI achievements in terms of the different types of assignment. And yet there are likely to be distinct differences. For example, our interviewees identified that project-based organisations such as those in the technology sector, evaluate the use of an IA simply by inputting the costs of the individual into the project P&L model. If the profit remains acceptable the IA goes ahead. Whilst GM may not see the project detail, and believe that no ROI calculation is taking place, the business is doing it. This may be ignoring other important features of an enterprise-wide business case such as employee engagement and retention, but it is still an ROI calculation.

Check the road conditions and take hold of the steering wheel...

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. Business decisions rarely have perfect knowledge and this is no different. Whilst our interviewees identified colleagues' doubts on 'what are the correct measures?' progress requires us to take a step. GM professionals are the experts on GM and can lead this process. Create a template of the measures you would recommend in demonstrating value and why you would recommend them—ask business colleagues for their input. Create a business case for your business case!

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.

Fig. 4: 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?

Fig. 5: Stimulate the discussion on who really benefits from this investment?

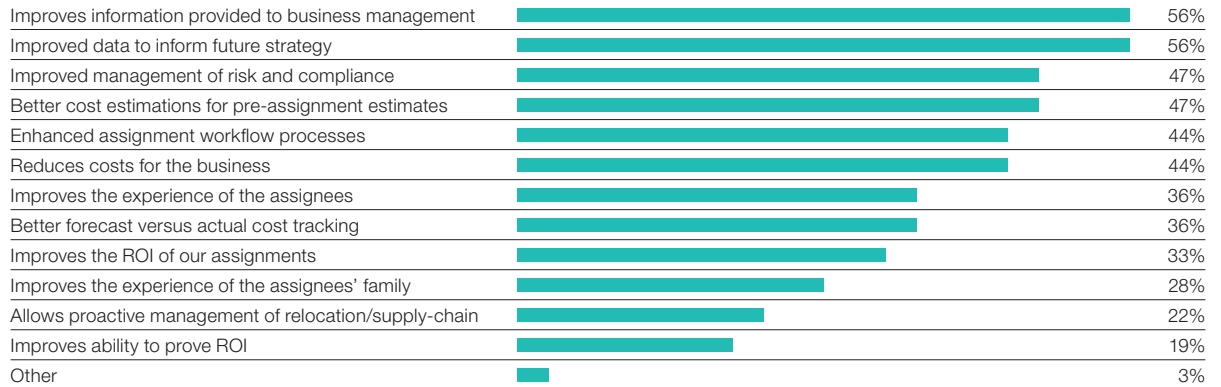
Key beneficiaries	How?	Total (100%)
Corporate	+ Strategic growth and greater brand awareness in Asia. + Financial and market share growth. + Talent pool development.	25%
Host business division	+ \$X millions turnover by 2019 and X% market share. + Enhanced employer brand in the recruitment marketplace—the employer of choice. + Leading edge technical teams. + People engagement that will drive superior performance.	45%
Home business division	+ Opportunity to promote from within to replace professional lines underwriter. + Potential to attract Asian underwriters as a broader resource pool. + Problem with deployment of returning assignee if there is no similar or larger role that aligns with their potential—possible leaver?	10%
Employee (either as an STA or LTA)	+ Professional development in a new region/culture. + Self-development through managing relationships and coping with change in an alien environment. + Technical challenges to remain current. + Career plan post assignment?	20%

Note: This example is for an Insurance company.

Data analytics—the accelerant!

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's 2018 survey supports this with business leaders acknowledging that investment in technology gives better cost estimates, increases the ability to prove the ROI of IAs and **directly improves the ROI itself**.

Fig. 6: Business leaders' views of investment in new technology



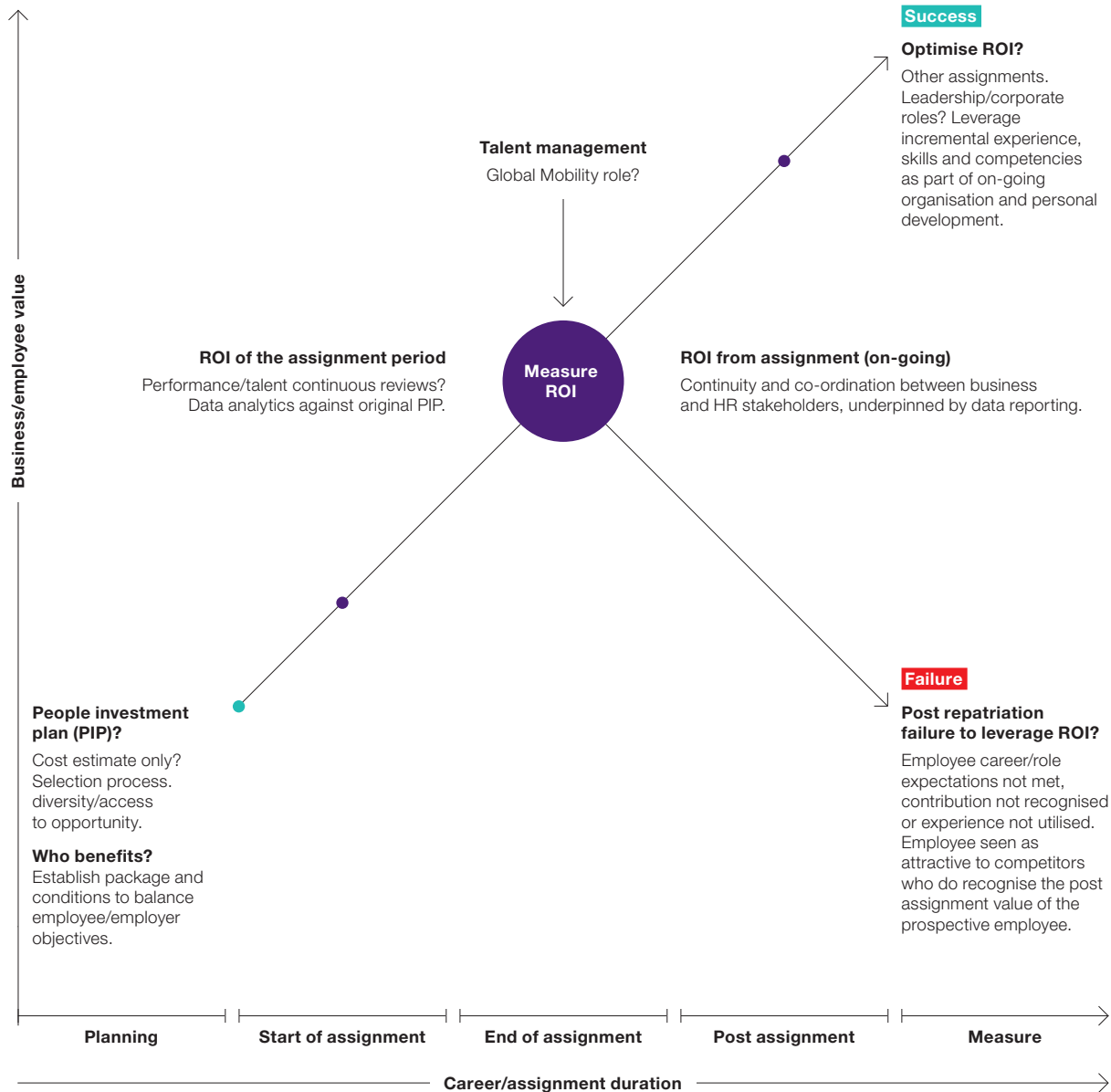
Source: The Global Mobility Survey 2018,
Santa Fe Relocation.

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. One interviewee reported their surprise from an exploratory conversation with colleagues in the HR Analytics team who advised 'we can measure if expats have been successful from a revenue perspective'. She went on to say, 'We have that data—it's about doing something with it'.

ROI from the assignment and ROI post assignment

Fig. 7: Optimising ROI from international assignments



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. 4, there may be desired outcomes that are weighted by the context of the assignment objectives and the critical aspect 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.

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 pro-actively 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?

Stepping on the gas

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 reassured us: 'We are not that far away. It's a matter of getting started'. Senior GM professional in health technology.

Reaching the other (sunny?) side

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.

Here are some initial ideas:

- + 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!

REACT

Using Santa Fe Relocation's Global Mobility Survey 2018 (page 63), here are some practical considerations Global Mobility practitioners may wish to consider, to assess their own progress with measuring ROI.

ROI	These are not mutually exclusive and should be considered in a holistic way, enabling all stakeholders to invest more time in critically assessing the true ROI from the assignment process, rather than a process driven 'tick box' approach.
Qualitative	<ul style="list-style-type: none">+ Career progression.+ Additional skills/competencies.+ Culture change (organisation and employee).+ Local talent development.+ Innovation (new products, new markets).+ Reputation (multi-layered: government, institutional, trade bodies and social media, corporate and individual consumers, organisational—within the organisation).
Quantitative	<ul style="list-style-type: none">+ Financial (increased revenues, profitability/EBITDA).+ People (reduction in fte headcount or restructuring resourcing focus).+ Supply-chain consolidation, resulting in cost savings or de-layering.+ Completion of discrete projects both professional services and physical for example, construction of new factories, installation of pipe-lines, and completion of an exploration phase of searching for ore, minerals or natural resources.
Data	<ul style="list-style-type: none">+ Review the data analytics being provided to leadership today.+ From/to headquarters and third country combinations.+ Career and international exposure.+ Achievement of personal and company goals.

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About the authors

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Recognised as a thought leader and speaker on strategic international HR, talent management and Global Mobility, John has 15 years of global consultancy experience. Having previously held senior HR leadership roles in numerous global businesses across a range of industry sectors, John now works with global organisations to create value and improve the structure of Global Mobility programmes; focusing on aligning strategic objectives with operational delivery. John can be contacted at john.rason@santaferelo.com.

Phil Renshaw, Founder and Director, Circulus

With a 20 year background in international banking, treasury and as a finance director, Phil is now an expert in the value of international assignments. His work as an executive coach and leadership development facilitator exposed him to Global Mobility where he developed a passion to understand why so much is invested here with so little knowledge as to its impact. He is a doctoral researcher at Cranfield University and a Henry Grunfeld Research Fellow at the London Institute of Banking & Finance. Phil can be contacted at phil.renshaw@cranfield.ac.uk.

Notes

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