

WHITE PAPER



The future of global mobility

Demonstrating strategic value

Few human resources managers or global mobility managers—even the most energetic—take the time to calculate the return on their organisation’s people investment. Professionally too, we often feel we aren’t fully valued within our own organisations and as a result struggle to have sufficient resources to deliver on the conflicting expectations of all internal customers—executive management, finance, employees and independent bodies such as Trade Unions.

We hear complaints that management won’t buy HR proposals and wonder why our advice is so often ignored until the crisis stage. But the busy professional seldom has the time to stand back to look at the total business and ask: Why do I spend much of my time at the bottom looking up? How do you move from an operational and administrative focus to more value-adding strategic activities?

We make it easy

Introduction

An increasing body of research points to the need for human resource professionals to establish alignment with, and actively contribute to, corporate strategy. Santa Fe's most recent Global Mobility Report showed that a majority (60%) of business leaders emphasize that the Global Mobility function needs to become more strategically aligned with an organisation's business needs. This in itself is good news. After all, who wouldn't want to have their own function elevated to a more strategic status? However, the call to be more strategic comes with an important caveat: how do you demonstrate the strategic value you are tasked to contribute?

It isn't an easy challenge. Perhaps reflected in the time that has lapsed since Jac Fitz-enz (1980, p. 41) most candidly outlined the common struggles of the HR function - almost four decades. It's a matter of perspective but the prevalence of Big Data has facilitated the HR function's endeavour to quantify its purpose. As Santa Fe's 2016 Global Mobility Survey Report suggests, global mobility is no different. Indeed, the Santa Fe 2015 Survey highlighted that approximately thirty-five per cent of global mobility teams still use Excel as their principal tool for managing their programmes. You demonstrate strategic value by assisting the execution of business strategy through core talent, rather than justifying the existence of your function. It is exactly this conundrum that the global mobility function faces.

To develop such strategic proficiency, global mobility teams need to:

1. Identify the most relevant metrics.
2. Develop analytical literacy.
3. Amplify this data to the senior management.

What Data Do You Need?

The effect of the group dynamics should not be underestimated. In employee groups there are always different attitudes to a shift from measuring levels that are related to a particular characteristic of global mobility to identifying the impact of global mobility on business-level outcomes (Huselid, 2015). This need, however, is at odds with a predominant focus on level-oriented metrics in assignment tracking.

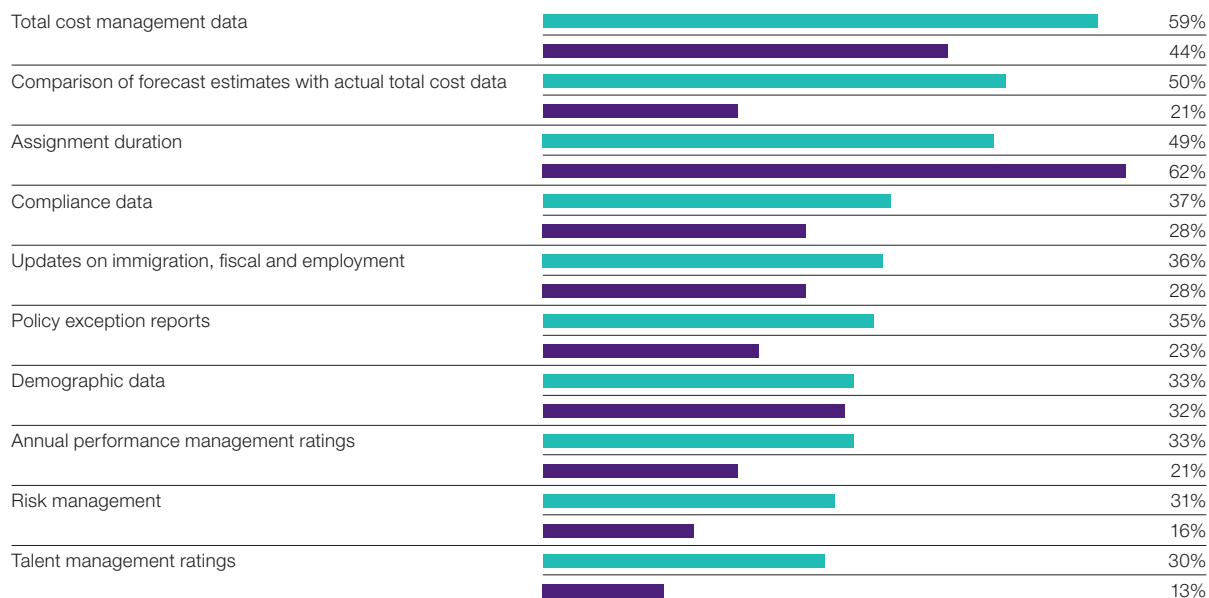
Table 1 differentiates between level-oriented key performance indicators (KPIs) that capture input data for global mobility and those associated with the assignment process.

Table 1. Common KPIs for Tracking Assignments

Input-based KPIs	Process-based KPIs
Number of FTEs on assignment.	Assignment duration.
Number of assignments per country/region.	Compliance data.
Diversity and demographic data (e.g., age, gender ratio, accompanying family).	Cost tracking (total cost, comparison of forecast estimates with actual cost).
Number of candidates per assignment position.	Updates on immigration, fiscal and employment.
Candidate characteristics.	Ratio of vertical to lateral moves upon return.
	Voluntary turnover/premature return.

While these data points should be relatively easy to collect, and are certainly useful to have, by themselves they are of limited value for assessing the impact of global mobility. Paradoxically, at a practical level, the Santa Fe 2016 Global Mobility Survey Report highlights the reality of today that global mobility teams currently report and focus on process based KPIs. From a commercial perspective, organisations seem to struggle to be able to capture relevant outcome measures. Specifically, only 44 per cent of the 1,122 organisations surveyed track total programme costs. Plus, only 21 per cent compare actual versus forecast costs (see Figure 1). Similarly, only 21 per cent track performance ratings and 13 per cent track talent management ratings. From a business perspective, a senior management looking for insightful commercial talent data from their investment in an internationally mobile workforce would seem to be the luxury of a small group of companies.

Fig. 1: Significant gaps in management data provided to leadership team



■ Should be provided
 ■ Currently provided

Andy Piacentini, Head of Reward, UK & Europe at Standard Life and a RES Forum founder, confirmed that the above findings resonate with a recent survey undertaken by RES Forum on which metrics does your global mobility currently track, stating: “we found that under half of the participants (48%) track Total Programme costs, only 12 per cent compare forecast versus actual costs, 33 per cent track performance ratings and 23 per cent track talent ratings.”

Adopting a strategic questioning approach

Meaningful measures are answers to relevant questions – strategic questions. To that end, demonstrating impact on broader business level outcomes is intricately linked to measuring the success of global mobility, or its return on investment (ROI).

It is useful to view ROI as multifaceted that includes at least two key dimensions (Yan, Zhu, and Hall, 2002):

1. Unit of analysis at which ROI is assessed.
2. Time frame.

A central problem in operationalising measures of ROI is that success from the perspective of the individual assignee is not always a success from a corporate perspective. For example, when returning assignees leave the organisation despite or maybe as a result of new skill development. Therefore, a meaningful assessment of ROI must link both the individual and organisational perspectives. In addition, a large part of ROI accrues only in the years following the completion of an international assignment. For example, in the case of using global mobility as an instrument of strategic global leadership development. This points to the need to track long-term assignment outcomes.

Table 2. Overview of possible measures of ROI

	Individual benefits	Organisational benefits
During assignment (short-term)	<ul style="list-style-type: none"> + Task performance. + Skill building, learning, growth. + Adjustment. + Job satisfaction. 	<ul style="list-style-type: none"> + Accomplishment of organisational objectives (specific tasks, new business opportunities, reduction in business risk). + Development of talent pool in host location.
After assignment (long-term)	<ul style="list-style-type: none"> + Continued development. + Promotion/attractive future positions. + Growth of personal network of influential contacts. + Increase in responsibility. 	<ul style="list-style-type: none"> + Utilisation and transfer of new knowledge/ expertise. + Increase in depth of global talent pool. + Increase in succession planning options. + Encouragement of global mobility among colleagues. + Individual's willingness to accept continued global mobility.

Source: Reiche & Harzing (2015).

1. Talent comparability

To achieve comparability requires an integration of competency frameworks and their assessment throughout the organisation. To develop through global mobility requires maintaining a talent management system at the aggregate global level rather than at the regional level, as is often the case.

2. Career scenarios

The difficulty of assessing future career progress, and a partial explanation for why research has found international assignments to slow down career progress (Hamori & Koyuncu, 2011), is that little time is spent pre-assignment to define future career moves upon completion. While it is difficult to promise a particular position, especially for long-term assignments, a systematic definition of career scenarios for assignees enables assessment of individuals' future progress against these scenarios.

3. Predictive analytics

An assessment of ROI not only enables measuring the impact of a given relocation. More broadly, it should also assist in making informed predictions about future global mobility moves. This entails evaluating the relative influence of specific candidate characteristics e.g. demographics, previous experience, and skills level. Also, organisational characteristics on dimensions of assignee performance, retention, and promotion e.g. organisational support and job environment. Immediate and medium-term retention of repatriates, for example, is not only a function of the specific job they occupy upon return but also the quality of their professional social network - both in the host and the home unit (Reiche, Kraimer, & Harzing, 2011). Statistical tools allow for measuring the quality of individuals' social networks. Helping to predict risks of future turnover.

4. Continuous assessments

Key to evaluating business impact is the collection of repeated measures over a period of time. This allows moving from static descriptions to dynamic assessments of meaningful change e.g. candidate X is comfortable leading others in a global virtual team, versus over the course of a two-year assignment candidate X has considerably improved her ability to lead individuals in her global virtual team based on positive changes in peer and upward appraisals. Recent research by McKinsey, for example, suggests various app-based approaches to gather continuous, real-time, and crowd-sourced performance and skill development data (Ewenstein, Hancock, & Komm, 2016).

Generating meaningful data requires preparatory work, continuous assessments, more sophisticated analyses that go beyond the calculation of simple ratios, and a long-term view towards outcomes.







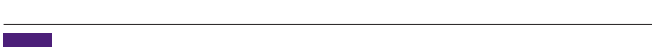
How Do You Develop Analytical Literacy?



The advanced data requirements outlined above entail a need to develop analytical literacy within global mobility teams. This implies adding analytical competencies into the global mobility function to be able conduct more sophisticated analyses and master the necessary statistical tools to enable outcome-based reporting. While many industrial and organisational psychologists graduate from tertiary education institutions around the world each year, only few find their way into the global mobility function.

In addition, analytical literacy not only involves the ability to adequately analyse and prepare relevant data but also the need to think in terms of causal relationships (Huselid & Becker, 2005). In fact, the value of predictive analytics is to understand how relevant variables trigger changes in meaningful outcomes; but this presumes a strategic understanding of "what causes what" in your organisation. Just like international assignees learn about and adjust to their new cultural environment by acting like scientists who continuously test and revise their conscious assumptions (Osland & Bird, 2000), global mobility managers need to test hypotheses of which variables and factors actually have a tangible effect on relevant outcomes. Consider the role of previous international experience. Despite the common view that such experience is valuable for assignment success, existing research evidence is more than ambiguous (Takeuchi & Chen, 2013). The question of whether experience, beyond providing psychological comfort to the individual assignee, actually improves adjustment and performance can only be answered by robust evidence.

Also, what is important and what should be measured is a top-down rather than a bottom-up process, which requires involvement from senior management. In fact, the Santa Fe 2016 Global Mobility Survey Report highlights considerable information gaps on key performance data for business leaders. Especially when it comes to the reporting of revenues generated from new business opportunities through global mobility, or the financial performance of the destination countries (see Figure 2 overleaf).

Fig. 2: Significant Information Gaps on Financial Performance for the Leadership Team

Revenues generated from new business opportunities		48%
Employee retention		45%
Financial performance of the destination countries		41%
Demonstration of key skill development in assignees		33%
Reduction of business risk		29%
Informal feedback		26%
Other		0%

-  Leadership would like to see
-  Global Mobility currently providing

Yet, involvement from the senior management goes beyond establishing the WHAT to also facilitating the HOW: It seems that global mobility's key challenge in reporting the necessary data is a lack of time and resources to do so—a reason given by 62 per cent of global mobility managers in the Santa Fe 2016 Global Mobility Survey Report. This highlights the need to provide the right organisational conditions for elevating global mobility's status, beyond acknowledging the function's general importance.

The following are specific actions that assist global mobility teams to develop analytical literacy:

1. Ensure skilled analysts form part of your global mobility team

This may entail adding untypical profiles such as demographers or applied scientists, who provide out-of-the-box perspectives to extant challenges and can address those in an evidence-based manner.

2. Foster integration with IT

Several approaches to collecting specific and dynamic outcome-based metrics require technological solutions (e.g. app-based performance tracking). Further, the collection of financial data may exist in other parts of the organization and could be meaningfully integrated with global mobility.

3. Actively encourage experimentation

While industry data serve to guide decision-making, it is critical to test specific hypotheses about which factors are most critical given an organization's specific global mobility environment. Making such experimentation a habit in the global mobility team also helps developing a mindset of causal thinking.

4. Rethink resource allocation

If better reporting of relevant outcome-based metrics is a question of resources, then global mobility will need to lobby for them. However, such requests will be more convincing if they entail a specific business plan for which resources are necessary and how they will be used, rather than a vague appeal to more support. Further, rather than simply adding resources to the global mobility function the challenge will be to decide which tasks can be outsourced to external service providers to generate the necessary slack for higher value-added activities.

How do you amplify reporting to business leaders?

A final condition for developing strategic proficiency in the global mobility function is to feed insightful metrics back to the senior management. If meaningful metrics are answers to strategic questions, they need to be carefully communicated and understood to influence decision-making. It is ambitious, if not impossible, for global mobility to highlight tangible benefits to the ultimate bottom line. However, this is not to say that business impact cannot be proven. Instead, it is critical for global mobility managers to think about relevant intermediate outcomes that ultimately affect strategic success in the organisation (Huselid & Becker, 2005). For example, skill development or the transfer of best practices through global mobility helps expand the talent depth in an organisation, which ultimately provides greater strategic flexibility for leveraging novel business opportunities. Or consider how systematic tracking of assignment cost provides a ground for comparing alternative staffing options, helping to improve strategic workforce planning.

In addition, it is important to use the right language for senior management to translate evidence-based global mobility metrics. From a business leader's perspective, this language has a financial logic. For example, if leaders consider global mobility primarily as a tool to deliver international projects—the top driver for international assignments mentioned by business leaders in Santa Fe's 2016 Global Mobility Survey Report—then a pure discussion of competency levels misses the point. Instead the challenge is to track how, and under which conditions, global mobility is able to contribute to international project success. This is a question of predictive analytics that provide insights into the main drivers of international project success from the perspective of global mobility. In other words, business leaders will lend global mobility its ears to the extent that the latter can define clear parameters that can be influenced through global mobility management.

It would be amiss though to equate financial language with a focus on purely cost. While cost is an important, if not crucial factor in the management of global mobility, it easily becomes a pretext for having to defend the existence of global mobility, rather than actively add value. Instead, Global Mobility should indeed be framed as an investment that generates a return. Also note that most business-related outcomes such as delivering an international project, can be achieved either by reducing cost (decreasing staffing expenses) or increasing gains (project quality). Convincing senior management entails both aspects and this requires global mobility teams to define and communicate the gains they can generate.

Finally, global mobility teams need to make their metrics user-friendly by using visualisation tools such as dashboards. Also, involving users in the measurement process e.g. real-time data tracking through online platforms and social media tools. The most compelling way to convince key decision-makers, however, remains personal and tangible. In their book *Switch*, Chip and Dan Heath (2010) tell the story of how an employee who, in order to highlight the need to restructure the company's purchasing decisions, dumps over 400 different types of work gloves that workers were wearing in almost all plants of the company – each tagged with their own, substantially varying purchasing price – in the board room. Similarly, real-life experiences such as a successful market expansion directed by a veteran international assignee, or an increase in the pace of localisation of subsidiary management due to effective best practice transfer through global mobility can go a long way in demonstrating strategic value.

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Conclusion

It's argued that the Global Mobility function needs to shift from operational focus to greater strategic proficiency, in order to actively influence business related outcomes and avoid being commoditised. Identifying relevant metrics serves as the necessary raw material for initiating this change, and the fact that business leaders continue to crave data that often the global mobility function does not adequately report should be a sufficient call to action. Reporting metrics that are both relevant and insightful to senior management have to be linked to business related outcomes, rather than only capturing candidate and assignment descriptive.

Beyond data, the global mobility function also needs to grow its analytical literacy. This requires a change in the competency mix in global mobility teams, as well as a shifting mindset towards critical causal reasoning and the willingness to continuously validate and predict key business drivers of Global Mobility. Also, improved resource allocation and distribution that's supported by business leaders.

Finally, global mobility teams need to translate their metrics to senior management. This involves identifying intermediate outcomes that lie within the realm of global mobility's influence, adopting the appropriate business language, and making analytics both user-friendly and proximate. Nobody says developing strategic proficiency is easy but it's certainly liberating. Being busy isn't a substitute for demonstrating value to senior management. Having the capability to adopt a more strategic approach has to be built in layers. This starts with a review of the infrastructure, technology, people resources and processes, which define the value drivers for the organisation. As the business and social landscape continues to transform and adapt to continuously changing conditions, being well-equipped to meet those challenges requires fresh thinking and, in some cases, radical change to remain competitive.

Future-proofing the global mobility function has the same opportunities and threats. In order to become a true business partner unshackled from an operational straightjacket, investing now in questioning and testing what is in place today has never been so business critical.

About the author

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