

A seat at the table

Can data analytics support the evolution of the mobility function from being transactional towards becoming a strategic business partner?

Contents

Chapter 1- Introduction	1
1.1 Introduction.....	1
1.2 Problem statement and sub questions	2
1.3 Limitations.....	2
Chapter 2- The rise of Global Mobility	3
2.1 Ongoing globalization.....	3
2.2 The traditional, transactional role of global mobility.....	3
Chapter 3- The evolution of Global Mobility.....	6
3.1 Disconnections	6
3.2 Progress barriers	9
3.3 Transactional tasks as a hygiene factor.....	10
Chapter 4- The importance of a seat at the table	12
Chapter 5 – HR analytics.....	13
Chapter 6- Demonstrating strategic value through data analytics	15
6.1 Probable value versus demonstrable value.....	15
6.2- ‘Soft’ metrics versus ‘hard metrics’	16
6.3. Barriers to provide data to the business	18
Chapter 7- Making analytics work	20
Chapter 8- Conclusion.....	22
Bibliography	23
Appendix	25

CHAPTER 1- INTRODUCTION

1.1 Introduction

The area of global mobility is a large and complex area of Human Resource Management. Global mobility refers to managing both global and domestic assignments, national and international transfers, the planning and costing of inbound and outbound movements, being aware of the tax compliance issues, immigration issues as well as all the personal issues that arise when an organization of moving people from one jurisdiction to another.¹

Few specialist in the area of global mobility would argue the above definition of their function. Not only does it describe the variety of topics and the related complexity that mobility specialist are dealing with on a day-to-day basis. It also shows that, from an organizational perspective, mobility actually connects the dots between multiple disciplines within an organization such as finance, legal, tax and procurement. From a functional perspective global mobility is a fusion of interrelated disciplines such as workforce planning, recruitment, performance management, learning, succession planning, diversity, incentives and rewards and compliance.

With this mind, stating that in many organizations global mobility is still on an island apart from strategic concerns might seem contradictory. And even though some surveys show that the function has shifted from a support role to a more strategic business partner role in the past five years, in practice achieving full business partnership is more vision than reality.

When speaking to mobility colleagues, whether at knowledge sharing sessions, vendor events or peer group meetings, it is hard to ignore the common ‘frustration’. Bottom line: in 9 out of 10 cases, there is a lack of timely involvement of the mobility team. This is a common issue that surfaces in pretty much every step of the assignment cycle, from the decision making process, to the actual relocation and from the extension of an assignment to the repatriation or even the ending of the employment contract. Because of a strong focus on the “now and how” or rather a ‘make it happen yesterday’ mentality, mobility teams often find themselves in a split between time pressure and thoroughly doing their job. Furthermore, this forced ad hoc way of working does not only frustrate the planned process, but more worryingly, it can lead to a multitude of issues in the areas of compliance, finance and employee satisfaction. So in practice mobility specialist do not seem to experience a shift from being mainly operational to being a strategic business partner. In other words they do not seem to have a seat at the table at all.

¹ Deloitte, Strategic Moves. A new direction for global mobility, 2011, p. 29.

1.2 Problem statement and sub questions

This paper sets out to answer the following problem statement:

Can data analytics contribute to the evolution of the mobility function from being transactional towards becoming a strategic business partner?

To that end the structure of the thesis is as follows:

The following chapter will describe the traditional, transactional role the mobility function has had. The questions how mobility has evolved in the past years and the related progress barriers will be discussed in chapter 3. Subsequently chapter 4 sets out to answer why it is so important for mobility to get a seat at the table. Before looking at the role data analytics can play in the evolution of mobility in chapter 6, chapter 5 aims to provide information about HR analytics in general. Chapter 7 provides a recommendation for implementation of analytics in the function based on eight key criteria for success. Finally, the findings that aim to answer the problem statement will be shared in chapter 8.

1.3 Limitations

With regard to the qualitative research, this thesis is mainly based on the survey findings of only a few of multiple consulting and relocation firms. Furthermore no research is done into the impact various internal and external factors such as company size, organizational structure and industry could potentially have on the strategic level of global mobility.

CHAPTER 2- THE RISE OF GLOBAL MOBILITY

2.1 Ongoing globalization

As organizations become more global, in both location and behavior, global mobility functions have a key role to play in helping them develop a sustainable strategy to support Talent Management.²

Contrary to what this quote might imply, globalization is nothing new. You could say that modern globalization dates back to the nineteenth century. New parts of the globe were concurred, offering a wide variety of natural resources that helped fuel trade and investments between Europe, their colonies and the US. At the same time industrialization allowed cheap production of household goods, while rapid population growth created sustained demand for commodities.

Fast forward to the 21st century and one will find that, although the markets might have changed to BRIC countries and so called emerging markets, the globalization is still ongoing. Faced with the saturation of “local markets”, business are bound to look for economic success elsewhere. Research shows that the opportunities for growth in the emerging markets far exceeds those in the mature markets and with that in mind the international expansion can be quite easily explained.

With this international expansion in mind, multinationals need to be able to send employees abroad, set up operations, provide specialized skills and fill critical talent shortages. And they need to do it quickly.³

One might think that the strategic role of global mobility as a business requirement to realize further expansion into these emerging markets would be beyond dispute. Even more so when you consider that next to emerging markets, globalization and competition are stated as top strategic business issues. When studying the evolution of the function over the past five to six years however, perception turns out to be very different from reality.

Before further looking into this finding, the next chapter will first discuss why the role of global mobility is traditionally perceived as a transactional, administrative role.

2.2 The traditional, transactional role of global mobility

In the previous chapter the ongoing expansion into emerging markets, and how one might think that a shift from being transactional to becoming more strategic would be almost inevitable to continue to meet the business requirements, was briefly discussed. To be able to understand why global mobility teams have a more transactional, administrative role in the first place, the early day expat assignments need to be put into the right context. What allowed mobility to be more operational?

² EY, Institute of Global Mobility. Responding to changing demands: the evolution of the global mobility function, 2013, p1.

³ Baker & McKenzie, Moving Target. The new age of international assignments and the rise of the accidental expat, 2014, p4.

First of all, traditionally, international assignments were managed as a low volume activity. Midway through the 20th century, businesses were mainly focusing on new business development and were sending key sales personnel on assignment with this mission. In the years that followed employees were especially relocated to the emerging countries for a longer period of time to fulfill the need to have local presence. In his book, *The Global Mobility Profession*, Daniel Zinner refers to this period of time as the ‘era of non-awareness’ in the context of global mobility. This to reflect the fact mobility factors did not play much of a role as the focus was primarily on doing business. The assignee negotiated his/her compensation in such a way that he/she felt sufficiently compensated to do the job.⁴ In the same book, Daniel Zinner also points out that in those days companies in general did not have awareness about topics such as compliance, technology or talent development in a Human Resources context.

The following years showed a continuous growth of employees sent on assignment despite of various economic shocks such as the financial crisis of 1998 and the economic downturn. “On average well over 50% of companies have increased the number of assignments in any given year over the last 20 years.”⁵

This growth seemed to trigger the interest of the authorities and with this increased interest in the movement of employees came an increased pressure for both employer and employee to comply with rules and regulations in the areas of tax, immigration and social security. These compliance issues will be further discussed in chapter four in light of the importance for global mobility to have a seat at the table.

Not only did the volume of expat assignments continue to grow and did rules and regulations become more substantial, the complexity in terms of the number of home and host countries involved also grew. Over 50% of expatriating companies are now managing employees from more than 6 different countries.⁶

This stands in total contrast with the way things were a few decades ago. Because of the low volume and relatively little complexity, international assignments could be managed differently. All moves received special handling and the main focus was on addressing the employee’s short-term needs without much thought to the long-term employee development or strategic needs of the business.

With this in mind, it’s not difficult to understand that the role of global mobility started out as a more transactional one. However with the growing complexity (due to emerging markets) and the ever-growing numbers, research done by PWC showed an expected 50% growth in assignments by 2020, it becomes very clear that this, one-dimensional, approach is no longer enough.⁷

⁴ Zinner, D, *The Global Mobility Profession*, 1st edition, Zinner Global Mobility, 2015, p27.

⁵ Harrison, 2016.

⁶ Harrison, 2016.

⁷ PriceWaterhouseCoopers, *Talent Mobility 2020. The next generation of international assignments*, 2010.

This chapter started by saying: “As organizations become more global, in both location and behavior, global mobility functions have a key role to play in helping them develop a sustainable strategy to support Talent Management”.

As discussed, globalization is nothing new. However, again contrary to what the above might imply, mobility teams do not play a key role yet.

A shift from a traditional, transactional role to a more strategic one seems obvious, but a 2012 EY survey showed that with the growing amount of assignees and the growing complexity related to host locations and evolving regulatory systems the operational demands had only increased whereas global mobility had no strategic place in the organization yet.⁸ Over the last years transactional tasks have continued to grow significantly. This is not only caused by the increased volume of assignments, but also by the trend of breaking down complex processes into many smaller process steps. Additionally the use of technology has accelerated the exchange of information.⁹ Finally, more often than not the focus is on the ‘today’. How can this assignee be relocated as soon as possible, is the right visa in place, what about accommodation etc. The next chapter will describe how mobility evolved since then and if a transformation from an administrative role towards a strategic function has taken place.

⁸ EY, Driving business success. Global Mobility Effectiveness Survey, 2012, p7.

⁹ Zinner, D, The Global Mobility Profession, 1st edition, Zinner Global Mobility, 2015, p30.

CHAPTER 3- THE EVOLUTION OF GLOBAL MOBILITY

As stated in the last chapter, many global mobility teams are not playing a pivotal role in supporting and driving company growth yet. This chapter aims to answer the question what progress was made in the past five to six years. Mobility surveys by Deloitte, EY and Santa Fe, performed through the years, form the bases for getting a clear picture of the evolution that took place.

3.1 Disconnections

In a 2011 global survey on workforce mobility challenges, performed by Deloitte, three key themes across all survey participants emerged.¹⁰ And they all seem to have one thing in common: disconnections. Disconnections between aspiration and reality, between the business and HR when it comes to the perception of mobility and between various functions that should be working together to manage the international workforce.

1. The importance of a global mobility strategy

The research conducted, confirmed that global mobility was already perceived as a strategic priority. This increase in the importance of the function can be attributed to several factors. To start with the growth in number of assignments and the realization that these assignments can help companies meet their strategic objectives. Additionally, due to the growth of emerging markets, competition and globalization, companies have no choice but to take a more mature approach when it comes to assignments. Resources/talent now need to be managed globally in order to be successful and assignments can no longer be seen as just a mean to fill a resource gap or to transfer knowledge, but need a more thought through approach. This is where the first disconnect or gap becomes apparent. Although the vast majority of the respondents state that it is important or even critically important to align business objectives with global mobility, only 29% of business and HR executives state that this is indeed common practice within their organization.

2. The need to integrate mobility and talent

With the strong dependency on emerging markets to generate further growth also comes the challenge to get new people in new jobs on new locations. Organizations recognize that they need to focus on global mobility and talent management to meet their objectives. However at the same time the survey shows a disconnect not only between the talent agenda and the strategic business goals, but also between talent management and global mobility. In EY's global mobility effectiveness survey of 2012 this lack of integration between the two functions is described as the most significant obstacle to global mobility effectiveness.¹¹ The importance of closing this gap becomes even more apparent considering that international assignments can increase retention and motivation and can complement the necessary skillset of future global leaders.

¹⁰ Deloitte, Strategic moves. A new direction for global mobility, 2011.

¹¹ EY, Driving business success. Global Mobility Effectiveness Survey, 2012, p8.

3. Enhancing the value of global mobility

Taking into account the strategic priorities and the related people challenges, it is clear that global mobility should play a key role as a strategic business partner.

This is where another clear disconnect rises to the surface as in many companies global mobility teams play a purely administrative role with a focus of just getting employees from one location to another. When asked to evaluate the overall position of the global mobility program within their organization, 75% of the organizations rate their mobility as no better than average. Remarkably enough there seems to be a difference in the perception of mobility of those within the business and those within the HR function with the latter being more optimistic with regard to the performance. Finally, the survey shows that 34% of the respondents question if senior executives understand the role of global mobility and only 37% believe that these executives highly value or value the role of mobility at all. The results paint a clear picture of the need for a clear strategy and position for mobility teams and the importance of stakeholder buy-in.

In 2012 another, follow-up, survey was conducted to establish if any movement towards a more strategic based function had been made. The findings, unfortunately, were less than optimistic, with one thing becoming very clear: “Knowledge is not action”.¹²

The survey shows that 70% of business and HR stakeholders still believe that their global mobility team is underperforming or needs improvement. However almost 40% of the organizations state that they are reviewing, or are at the point of reviewing, the alignment with business issues and goals. Furthermore there is still a gap in the perception of HR and the business when it comes to evaluating global mobility as a strategic function with 42% of those in HR perceiving the role as purely strategic. Here another disconnect becomes apparent. 42% of the HR population with talent or rewards related responsibilities were most likely to see the mobility role as purely administrative. There also seems to be little improvement when it comes to the importance of a mobility strategy, around 75% of the respondents feel that global mobility is only partially being used to address strategic priorities such as emerging markets. Finally, the data show that there is still an insufficient link between talent management and global mobility.

It becomes apparent that the main issue preventing organizations to transition is that awareness is not translated into improvement and change initiatives.

Three years after this survey, in 2015, a similar survey was performed to see if any progress had now been made.¹³

Unfortunately it turns out that, not only many of the problems described above still exist, but another difficulty has surfaced. When putting the outcome of the survey in a broader perspective of initiatives being undertaken and planned, it seems that the rules of the game have changed. Where an integrated approach (global mobility considered an operational enabler of the business strategy and assignment processes are consistent and generally automated) used to be enough to be

¹² Deloitte, Strategic Moves 2012. The Global Mobility Island.

¹³ Deloitte, Strategic Moves 3 years on. An evolution in global mobility.

considered mature, the stakes have now been raised. There is now a demand for a business driven approach where global mobility is considered a strategic advisor and a key enabler of the business. Furthermore processes are expected to be smooth and highly automated. Expectations have changed and even with the best intentions, global mobility once again finds itself in a position where it is struggling to keep up. This will be further discussed in 3.3. On a positive note the survey does also show that more companies have initiatives underway or planned that focus on areas such as process optimization, technology and development of global mobility staff. This can be considered as a sign that the function is now truly starting to make a change from being a transactional one to being a true business partner.

The picture painted by Deloitte around 2011, 2012 is supported by research done by EY around that time.¹⁴ It shows that there is a big gap between mobility's desire to become a strategic business partner and the reality of 'day to day' business. It even states that the problem is getting more apparent. Volumes have gone up, complexity has increased resulting in a substantial growth of operational demands getting in the way of realizing the strategic ambition. Again another interesting disconnect comes to light, the difference between perception and reality. The survey shows that 77% of the respondents say business demands drive their assignment policies and meeting business needs and contributing to an international talent pool are their top priorities. However further study of the survey results proof that in fact they are often not true business partners at all. Again it is the lack of understanding of the role by (senior) executives that is being put forward as pivotal to not achieving the strategic goals global mobility sets out for itself.

The survey also brings to light the disconnect between global mobility and talent management with only one third of global mobility teams being involved in assignee selection. Apparently global mobility is perceived as a function that is all about the here and now whilst talent management is thought to focus on the future. Unlike the Deloitte report, E&Y in 2012 already observed an increase of strategic task being performed by mobility. This trend was reinforced in the 2013 survey and it was even stated that some teams already have their seat at the table. However the same report also shows that many mobility teams are still at a crossroad; the ambition to evolve is there, but they seem unable to break loose from the chain that is their 'day to day' operation.

In their 2013 survey, Santa Fe, a relocation provider, takes a different angle than Deloitte and EY as there is no specific focus on the difficulties global mobility is faced with in getting a seat at the table.¹⁵ However there is one striking similarity; this report also shows a disconnect. This time in the area of assignment costs. Based on the survey, cost containment is a hot topic with 61% of the respondents saying it is a high priority. However there is a clear gap between those who have a cost reduction target and those who actually measure assignment costs. The question is how one can manage something that he is unable to measure.

Their report in the following year shows more similarities with the previous Deloitte and EY reports. Not only does it emphasize the importance of a strong alignment between talent

¹⁴ EY, Driving business success. Global Mobility Effectiveness Survey, 2012.

¹⁵ Santa Fe, Global Mobility Survey Report, 2013.

management and global mobility, it also makes the struggle to become strategic very clear by stating that nearly all global mobility teams are predominantly tactical with time mostly spend on immigration & tax compliance and general administrative tasks.¹⁶

This lack of strategic alignment is something that is further stressed in the years that followed, with the 2015 report showing that the struggle is only getting more difficult due to the increased complexity of the function that generates even more operational work.¹⁷ It becomes very clear that something needs to happen to break through this vicious circle in which the operational task are only going to increase by the multitude of assignments and increased complexity (immigration, destinations etc.) and the amount of time to focus on strategy will only decrease, if there is any time allocated to it at all. Unfortunately this research only emphasize other research. Again the outcome is that throughout the years little progress has been made. And although, on the positive side, it is promising to see that global mobility is still very much a topic on the business agenda, the disconnect between the expectations of the business and those in global mobility cannot be ignored. Business leaders find global mobility effective in the work they are doing but feel that the role needs to evolve. However, they do not think that it excels at demonstrating its value to the business. The input provided by global mobility specialist, shows a different view. They find themselves less aligned with the business objectives than the business leaders do and feel unable to meet the expectation to evolve in the current set-up.

3.2 Progress barriers

An evaluation of the evolution of the global mobility function in the last five to six years leads to one simple, and for most, dissatisfying conclusion: little progress has been made with regard to mobility transitioning from a processing function to a strategic function. Yes, business leaders acknowledge the importance of global mobility in achieving their goals, but the stakes have been raised as described in paragraph 3.1. And yes practitioners want to be (more) strategic, but true change still seems to be far out of reach.

Not one organization is the same and a multitude of variables such as company size, industry sector, the organizational positioning of the mobility function and the business leader's perception of the function can influence the answer to the questions why it proofs so difficult to evolve. However it is the lack of time and resources that are most commonly mentioned when asked about the progress barriers.

Mobility teams are often mostly driven by the here and now: how soon can we fill an upcoming overseas vacancy, does the expat have the right visa, can we provide temporary accommodation? In order to meet the needs of the business they need to be fast, flexible and agile, all at a low cost and they need to make it happen yesterday. Paradoxical the necessary information is often provided too late by that same business, one of the reasons why a seat at the table is so important (see chapter 4).

¹⁶ Santa Fe, Global Mobility Survey Report, 2014.

¹⁷ Santa Fe, Global Mobility Survey Report, 2015.

One of the frustrations often expressed by mobility professionals is being asked to facilitate the assignment after the talent selection has already been made by the business.¹⁸ Together with an increased complexity (destinations, rules and regulations) and continuous growth of assignments, this short term business pressure diverts time and attention away from strategic activities, they are simply not a priority.

A lack of time and resources does not only mean a continuous pressure to manage the ‘day to day’ operations (an increased focus on short-term tasks dealing with practical, administrative and legal issues) it also means that there is no time to brand the mobility function as strategic. And for a function that traditionally is considered administrative rather than strategic, defining the brand and its value proposition is crucial to be able to elevate the industry to a higher level. When interviewing John Rason, Head of Consulting Services at Santa Fe, he stated: “ global mobility is the best kept secret in the world and the business does not understand the potential and the value, they do not understand how to use mobility.”

On the one hand the business wants mobility to evolve and become more strategically aligned with the business objectives. However at the same time the rising volume, increased complexity and the legacy of being a traditionally operational role has only created a rising tide of operational responsibilities.

Aside from the fact that the transactional tasks can be outsourced (to greater or lesser extent), it goes without saying that this operational part of mobility can never be taken out of the equation, it is simply part of the job. The difficulty however, is that in the past years the business has come to consider these tasks as “business as usual”. In the next chapter these dynamics will be discussed by means of the ‘kano model’.

3.3 Transactional tasks as a hygiene factor

The Kano model is a theory of product and service development and customer satisfaction, introduced by Dr. Noriaki Kano in the 1980s and can be considered part of a lean way of working (see appendix, figure 1). Dr Kano states that basic, hygiene (or ‘must be’) factors, performance (or ‘more is better’) factors and delighter (or ‘excitement’) factors are present in every product or service.¹⁹

These three factors are related to their degree or level of implementation (ranging from absent to fulfilled) to analyze the degree of customer satisfaction. In other words, the Kano model can help prioritize the customer needs. The degree of customer satisfaction ranges from ‘disgust’ through neutrality to delight.

A basic factor can be described as something that the customer just expects to be there, taken care of. If it is fully implemented or present, it is taken for granted. It will not specifically lead to a

¹⁸ Maurer, 2013

¹⁹ Bicheno J, & Holweg M, The Lean Toolbox. The Essential Guide to Lean Transformation, fourth edition, PICSIE Books, United Kingdom, 2009, p51.

happy customer. However if they are absent, it will lead to dissatisfaction/disgust. A basic factor should never just be regarded as easy to satisfy.

A performance factor can both positively as well as negatively influence the customer satisfaction. This factor is usually already in place, but is neutral. It is not so much about the fact that it exists, but more about how it can be improved.

Finally a delighter factor is something that the customer does not expect to be present, but if it is, it might cause increasing delight.

It is important to keep in mind that Kano factors are not static. Customer's expectations and needs may vary over time. Needs change. What delighted customers in the past could become something that is now just expected and what is expected today will not meet minimum customer expectations in the future.

When the Kano model is applied to the global mobility function and the business is considered the most important customer (next to the assignee) a shift from a delighter to a basic can be detected. The operational, administrative tasks that were once considered a delighter in a time where assignments were still managed as a low volume, high touch activity, have now become basic factors. Business leaders expect these activities to continue, whilst at the same time they want global mobility to take on a more strategic role.²⁰

The question is if operating at a more strategic level by means of data analytics can be the performance or even delighter factor that earns mobility's seat at the table. As stated before, Kano factors are not static and it has become clear that both business leaders as well as mobility practitioners are looking for change. The next chapter will discuss why getting that seat at the table is so important to global mobility.

²⁰ Santa Fe, Global Mobility Survey Report, 2016, p4.

CHAPTER 4- THE IMPORTANCE OF A SEAT AT THE TABLE

When asked what the three greatest challenges facing global mobility professionals today are, Linda Kam, Manager of Global Mobility and Benefits at Qantas, named getting a seat at the table as one of those three challenges next to cost restrictions and global compliance. She defined that seat as being viewed as a strategic part of the business, to aid in the decision making process to send the right person for the role rather than serving a transactional function of moving that person from location A to location B.²¹

Before looking into how global mobility could secure its seat at the table, this chapter will discuss why it is so important to get that seat.

The answer to this question is twofold and involves short term and long term implications. First of all getting a seat at the table and thus being involved in the early stages of an assignment (or in some cases before the decision around the assignment is even made) will enable mobility to move from reactive to proactive. This proactive approach is crucial to effectively execute the transactional tasks of the job.²²

By involving global mobility in an early stage of the decision making process, compliance risks in the areas of tax, immigration and social security can be mitigated for instance by ensuring the correct immigration documents are in place, taxes and social security premiums are paid in the country they are due. Compliance risks can lead to both reputational and financial damage. However mobility is often involved (too) late in the process. Unfortunately, the negative impact of this goes beyond compliance risks. It can also frustrate the entire relocation process because everything needs to happen yesterday (worst case scenario the assignment has already started without any arrangements made). Logically this does not promote a positive image of the value global mobility can add, on the contrary, it can reinforce the negative image of mobility. Employee and business get frustrated, often also because they did not realize that the assignment entails so much difficulties, and unfortunately it is often global mobility who takes the blow for this. On the short term, involvement can help highlight issues, set realistic goals and manage expectations.

In the long term, ongoing international expansion requires global mobility to act as an advisor and partner to the business to help manage the global workforce. It is no longer just about relocation. Global mobility must contribute to and promote the development of global talent, getting the right talent to the right place at the right time. Global mobility can only be of true added value here, if it is involved at the strategy table discussions where business issues are addressed. So once again the question is, how can we get that all important seat at the table. Before exploring the role that data analytics can play here, chapter 5 will take a closer look at HR analytics.

²¹ Kam, 2017

²² Ewington, 2017

CHAPTER 5 – HR ANALYTICS

Data analytics in the context of HR/Global Mobility is the practice of visualizing data and examining it to support HR professionals in making informed decisions and predictions around Human Capital. The purpose of data analytics generally is to discover and visualize useful information which allows an organization to arrive at *evidence-based* [emphasis added] conclusions and *enables better business decision making* [emphasis added].²³

In short data analytics provides:²⁴

1. *Visualization (what has happened)*
2. *Insight (why has it happened)*
3. *Foresight (where will it go)*

When looking at the evolution of HR analytics, an immediate parallel with the transformation of the global mobility function becomes apparent. Although the majority of the companies see people analytics as a high priority in their organizations, progress has been slow and the percentage of companies that correlate HR data to business outcomes and performing predictive analytics, has hardly changed between 2016 and 2017.²⁵

Similar to the transition in global mobility, the need for change is there, but too little seems to be happening.

Various reasons can be put forward to explain why HR analytics have become more and more important:²⁶

The business will have increasingly high expectations for HR when it comes to an evidence-based approach. They will expect that HR provides the necessary data to support the impact of investments. But it does not stop at providing data, HR will also be expected to put the data in the right context in order to help the business make the right decisions involving human capital

A shift from descriptive metrics to predictive analytics will have to take place to support risk assessments and trend analysis. Traditionally HR metrics give insights in what happened in the past

The traditional tracking of retention and non-attendance does not add any economic value. HR has come to realize that traditional HR metrics will not cut it if they want to be a strategic business partner. They need to set course for a different route, from metrics to analytics

Companies are faced with an ever growing complexity, for instance from a demographical perspective. Considering the supply and demand of critical positions, it will become crucial for HR

²³ The RES Forum Annual Report 2017. The New Normal of Global Mobility. Flexibility, Diversity & Data Mastery, p11.

²⁴ EY, 2015-2016 Global Mobility Effectiveness Survey, p5.

²⁵ Collins, Fineman, Tsuchida, 2017.

²⁶ Smeyers, 2013

to quantify the impact of talent management (mobility, engagement, leadership development) by means of HR analytics

Using HR analytics to quantify key decisions, can give organizations a competitive advantage

HR will need to break through the various silo's that often co-exist in an organization. This is the only way to collect the necessary data as they do not only lie within HR, but also within sales, marketing and finance for instance. By breaking through these silo's HR will also strengthen the business partner role

HR cannot continue to depend on IT to process HR data. With the use of business intelligence software HR will be able to obtain data from various sources

In order to be a strategic business partner, HR needs to develop the numerical side of the function. This will allow them to elevate the conversation

Going back to the parallel with global mobility, the business is asking for metrics that can support their decisions, but at the same time feels a lack of business knowledge within the HR function. And despite the fact that there is certainly no shortage of HR measurements, these data do not seem to drive true strategic change. Something that can lead to great frustration with both the business and HR. The question is what causes the gap between the expectations that HR has for their current measurements and its true effects.

In their 2015 report, EY states that analytics is the bridge between the HR functions and business operations.²⁷ Now it is a matter of how to create strategic differences with HR measures.

John Boudreau has voiced the need for a 'LAMP' framework to support HR in presenting the metrics in a more impactful way to the rest of the organization (see appendix, figure 2) .²⁸This can help HR evolve towards becoming a true strategic partner by means of HR analytics. Through the framework it becomes clear that measurements, although crucial, only form one part of the framework that can drive strategic change and organizational effectiveness. The other components are logic (the story that connects numbers and outcomes), analytics (drawing the right conclusions from data) and process (using data to influence decisions). For the sake of this thesis, the framework will not be discussed in further detail, however the key take away is that no element in isolation can lead to an effective HR measurement system. Only coherency of the four can lead to the desired result.

²⁷ EY, How technology is changing the role of HR, 2015, p5.

²⁸ Boudreau, 2017.

CHAPTER 6- DEMONSTRATING STRATEGIC VALUE THROUGH DATA ANALYTICS

The previous chapters have set out the evolution of the global mobility function over the last couple of years and if there is one thing that becomes very apparent, it is the big gap between the vision of the business and global mobility on the one hand and the reality on the other hand. Both parties are looking for a shift from operational to strategic, but mobility is struggling to prove its strategic value, grounded in operational activity and therefore not getting its seat at the table. Paradoxical it is the same business that is not allowing mobility to participate in strategic discussions, without which mobility will never be able to show its strategic value. It is often a lack of time and resources that prevents mobility to prioritize anything else than the typical transactional tasks, but at the same time the business has come to consider the execution of these tasks as basic factors and they want more. This chapter will illustrate how using data analytics can be the delighter factor (see chapter 3) that can get mobility on the agenda.

6.1 Probable value versus demonstrable value

As discussed earlier, the biggest hurdle for mobility to evolve to a more strategic function, seems to be the difficulties it has in proving its strategic value. And this is exactly why they do not have a seat at the table. It appears as though they are caught in a vicious circle which they cannot get out of because without that seat at the table, they will never be able to evolve, how can one ever be of any value to the commercial business objectives if they are unaware of what they exactly are, unaware of the intended direction. Only if it is clear what the business really values, can one better advise and provide the necessary data.

Data analytics could prove to be key in making the necessary shift in perception of value and role contribution.

Already back in 2012 The Society for HR Management (SHRM) stated that so far HR's fundamental hurdle has been its inability to quantify its ultimate impact.²⁹

Global mobility seems to struggle with the same issue and if they want to elevate their status, they will need an arsenal of hard evidence behind them. Objective proof is needed to substantiate the feeling that mobility can truly add value to the business and deserves that seat and at the table.³⁰

Businesses make decisions based on data- productivity, new market entry, employee retention to name a few. Global mobility can only be seen as a true business partner if they develop a voice that is heard by senior management. And this is where data comes into play.

A good example of how data can invigorate the message mobility wants to give by means of quantification, involves the current issues that surround business travelers.

It is an open secret that many mobility teams struggle with the complexity around business travelers, an assignment type if you will, that is becoming more and more popular. As it often involves large volumes within a climate of ever tightening immigration laws, it is a group of

²⁹ Feller, 2017

³⁰ Santa Fe, Global Mobility Survey Report, 2016, p15/16.

employees that is difficult to manage. However global mobility is struggling to get across their concerns to the business and it is hard to convince them to act upon these concerns (increase the resources, invest in tooling etc.).

This is where the power of data can be made very clear. A mobility leader of a large consulting firm decided to do things differently in order to get the resources and budget needed to address the issues. Instead of just verbally sharing his concerns around compliance and the potential reputational damage for the company, he presented the CEO with the relevant data. It turned out that the evidence that the company was running a multimillion dollar risk in the current set up (lack of resources and budget) was just what this business leader needed to see. Shortly after presenting this business case, the mobility lead was promised the budget to create a tool to manage this particular population.

Another example of the power of data concerns the international hire population (employees moving from one local contract to another) of a large Dutch multinational. Although senior HR leaders as well as the business had always known the volume of international hires was substantial and the costs were considerable, these ideas were never backed up with hard metrics. After introducing a new tracking tool, the mobility team was able to present the exact numbers of international moves on an annual basis. Additionally, by means of an excel tool, they were able to give insight in the actual costs that are involved. Not only was the leadership team shocked by the amount spent on this particular group of employees, they had also been unaware of the fact that the center of gravity was actually not with the more senior employees, but with a relatively junior group. This insight led to a new application of the international hire policy where only employees within certain functions are considered for an international relocation. But maybe even more importantly in this context, it showed the value mobility can bring by choosing a more commercial way of working and interacting with the business based on numbers and not just on thoughts.

6.2- ‘Soft’metrics versus ‘hard metrics’

The examples above give an idea about the impact mobility can have on the business, when the potential of the data that is available to them, is unlocked. Even more so, it are the trends that that data will show, that will deliver the most value to the organization.

The status quo is not a total lack of the use of data. Yet current activities mostly involve ‘soft metrics’ delivered on an ad hoc basis (responding to decisions), such as reports on policy types and headcounts, geographical inbound and outbound movements and costs of exceptions.

However, whilst these are also crucial data, it is the ‘hard’ metrics that is needed to demonstrate the function’s commerciality and mobility needs to be proactive in providing these numbers. This can trigger the business to reach out in an earlier stage and opens the possibilities to influence the decision making process.

In their annual 2016 report, Santa Fe highlighted measuring the return on investment as an area of opportunity for mobility to demonstrate their value to the business as this is a key priority for

business leaders.³¹ There are multiple criteria to measure return on investment such as job progression, employee retention, financial performance of the destination country and revenue generated from a new business, but ultimately the most important metrics for providing global mobility's value, is revenue from new business opportunities and the financial performance of the destination country.³² These two criteria are most closely related to the business performance from a commercial perspective. And considering the tremendous costs of managing a mobility program it is only logical that one would want to assess the return on investment.

Based on their research Santa Fe has seen a positive development when it comes to the number of mobility professionals that measure return on investment for individual assignments; from 26% in 2016 to 46% in 2017. At the same time there is still a lot of room for improvement with 33% of the mobility professionals reporting that they are not tracking and delivering meaningful data on retaining and developing talent and 41% saying there are not providing management with 'hard' or 'soft' metrics to assess return on investment of assignments.

The annual report from the RES Forum supports the view that the field of mobility data analytics is still immature and relatively neglected within companies.³³

However the report also shows the ambitions for the future in which a push to transition into a more strategic direction by the use of data becomes clear: 49% of the respondents aim to predict future assignment compensation and reward trends, 46% want to predict costs, 44% aim to predict assignment types and movements and 40% want to draw up lists of identified future GM candidates.

Overall positive signs of using data analytics or expressing the ambition of using them can be detected. Nonetheless one major concern appears. It has become painfully clear that little true progression to become more strategic has occurred in the past 6 years. It is one thing to have an ambition, but how can a true shift be guaranteed? What approach should mobility take? Before looking into this in the next chapter, the paragraph below will discuss current limitations.

³¹ Santa Fe, Global Mobility Survey Report, 2016, p19.

³² Santa Fe, Global Mobility Survey Report, 2017, p35.

³³ The RES Forum Annual Report 2017. The New Normal of Global Mobility. Flexibility, Diversity & Data Mastery, p9

6.3. Barriers to provide data to the business

“A key component to successful long-term planning is data. If you cannot measure your initiatives one way or another, you cannot manage them”.³⁴ At the same time global mobility teams mostly see themselves as managing risk and process, but falling behind on tracking and providing data to the wider business. The use of data analytics are seen as important and will increase in importance in the future. However currently a large percentage of firms do not use data analytics in many areas of global mobility. , What is stopping them?

Unfortunately there is not just one barrier preventing mobility from adding value through data. The following barriers, next to others, have come to surface: ³⁵

Lack of time & resources to collect data

- The transactional work is so time consuming that there is no time to focus on value-adding activities

Restricted ability to consolidate data from different parts of the organization

- Analytics is multidisciplinary and data often resides in multiple, disconnected sources (HR, Finance, Payroll, Sales)

Knowing the right data to provide

- Without knowing what the focus of the business is, it is unclear what information they are looking for

Limited budget to collect data

- Investments in tooling are necessary to be able to collect the data

³⁴ Santa Fe, Global Mobility Survey Report, 2017, p2.

³⁵ BGRS, Breakthrough to the Future of Global Talent Mobility, 2016

Skill gap within mobility teams

- Data analytics is a specific area of expertise and requires specific skills, not necessarily included in the backpack of the average mobility specialist

Privacy restrictions

- Not all information that is gathered via data analytics can be automatically shared with the business. Think of performance ratings or remuneration

Assessing the barriers above, it becomes evident that only focusing on one solution will not be sufficient to bridge the gap between reality and ambition. Even more so a complete review of desired goals and outcomes is needed.

From a different perspective, global mobility is rapidly changing by means of ever increasing volumes, different assignments types, an increased variety of home-host combinations and increased, complex rules and regulations. Instead of these changes pushing mobility even further away from a strategic role, now might just be the time to get ahead of the curve, to make a change. If the barriers stated above continue to get in mobility's way, the future looks quite somber and some even say that those who do not evolve and adapt, risk the investment in the global mobility function being questioned and challenged all together.

Having that said and without being ignorant to the current issues, the next chapter will discuss a potential strategy that mobility could have.

CHAPTER 7- MAKING ANALYTICS WORK

The last chapters have discussed the role that data analytics can play in elevating the mobility function to a strategic level and have shed light on the barriers for progress as well. However when the added value is clear and (some of) the barriers can be overcome, mobility is not in the clear yet. For analytics to truly work in their advantage, mobility professional will need to have a good understanding of how metrics and analytics work. Key is to start with the following critical steps:

1. Understanding the difference between reporting and analytics

The two seem interchangeable, but in fact are very different. For instance when, based on the available data, mobility provides information about the average duration of an assignment or the geographical spread, this is to be considered reporting. It is about getting the numbers right. Analytics however is about finding answers in data. Why has there been an increase in assignments in a certain country over a certain period of time, can a trend be discovered and explained when looking at the average assignment duration

2. Understand the question first

It is important to first understand the key questions that the business would like to see answered. What is the company trying to achieve? By involving the business from the start, you get the all-important buy in. Setting a hypothesis could be the start of further research. Via data analytics this hypothesis can be proved or rejected

3. Build a business case

As said before, it is crucial that mobility starts to speak the language of the business. With metrics up their sleeve, they can ensure that they are heard. When considering how much costs are involved in managing a mobility program, it is only logical that mobility needs to show how these costs impact the return on investment. Such a business case would be required in other parts of the organization as well if an equally considerable spend was involved

4. Take an holistic approach to data

The dots can only be connected through cross functional measurement. This can be difficult as mobility is dependent on the access they have to data within other functions. For instance it can be interesting to see how long after an assignment ends, the assignee leaves the company. However this only truly adds value when this information is looked at in correlation to the reason for leaving the company. In other words, data cannot be interpreted in isolation. This can be further complicated if organizations make use of different tools. And the fact that mobility is often perceived as an operational function does not help either. It means that mobility will need to take a pro-active approach to gather data outside of their own scope

5. Ask questions

By asking questions managers are challenged to consider the implications of their decisions. Why is this employee send on assignment? Why is he/she send to that location? What is the reasoning behind the duration of the assignment?

6. Do not compromise on data quality

The information obtained via analytics is only as good or as valuable as the data that was used to come to the analysis

7. Be familiar with mobility data

Before the connection with the business is made, mobility needs to make sure they are more than familiar with their own data, their own key metrics (volumes, duration dates etc.). This will increase the functions credibility and enhance the chances of business buy-in

8. Business needs to be the project owner

Obtaining the required insights is one thing. Ensuring that the insights are made actionable is another. One way of increasing the chances of a follow up on the recommendations is by making the business the project owner. They have a question they want answered or a problem they want solved, they should be the owner of this project

CHAPTER 8- CONCLUSION

This thesis has aimed to answer the question: ‘Can data analytics support the evolution of the mobility function from being transactional towards becoming a strategic business partner, having a seat at the table?’

Research has shown that in the past years, global mobility has struggled to evolve from the typical transactional function they have been fulfilling for many years, to the strategic partner that the business needs them to be to be able to be competitive in the current global marketplace. Paradoxically mobility needs to get a seat at the table to be able to act as a true business partner, but at the same time it is that seat that turns out very challenging to secure. The business as well as mobility have the same goal, they want the function to be more strategic, to add true value to business decisions. However the pressure to meet the day to day operational needs forms a great obstacle towards transition. And where typical transactional tasks such as compliance and risk management used to be key performance indicators for mobility, they have now become no more than basic, hygiene factors. Aside from a continuous strain on time and resources, it has become clear that something needs to change. The question remains what the delighter factor is that will change the way the function is perceived and that will support their transformation. What can bridge the gap between the vision mobility and the business have to add value and contribute to overall business objectives and the reality of being perceived as purely operational or at least not equipped with a strategic mindset?

The answer is data analytics. To get a seat at the table or in other words, to be heard, mobility needs to start speaking the same language as the business. So far the biggest hurdle in achieving this has been the inability to quantify their impact. Of course the function is not free of metrics all together. Soft metrics are currently being delivered on an ad hoc basis, but the answer lies within pro-actively delivering hard metrics. By unlocking the data that is so often already available and presenting it in the right tangible context, mobility will be able to elevate the function to a new level. And mobility needs to lead this change. They need to start to bridge the gap between reality and expectations. The restraints of time and resources will in all likelihood always exist, but if an evolution is not put into motion, the function might run the risk of being questioned and challenged all together. Especially now, in light of an ever growing complexity, it is more important than ever to get ahead of the game!

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APPENDIX

Figure 1: The Kano Model

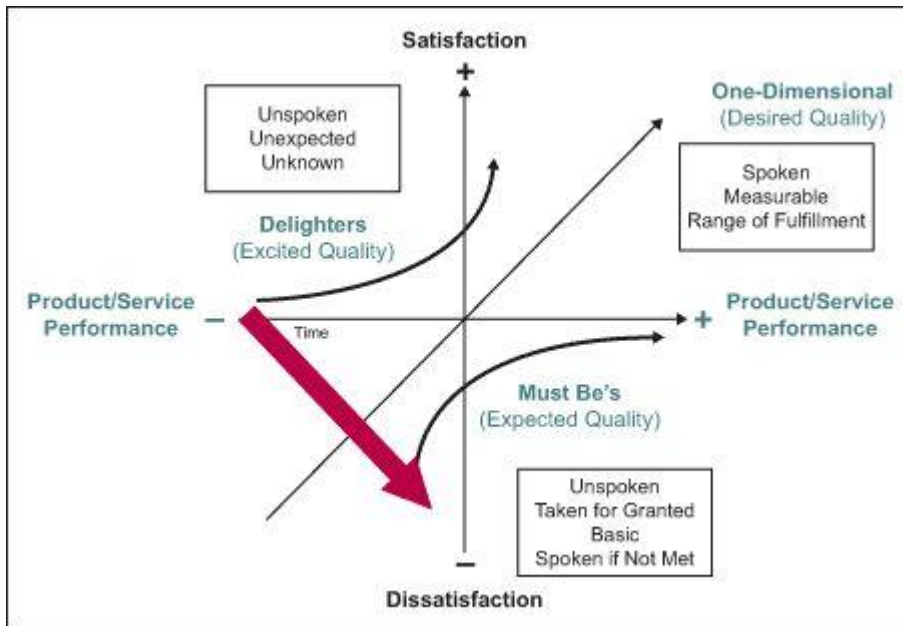


Figure 2: The Lamp Framework

