RETURN ON INVESTMENT

of International Assignments

Tracking Return On Investment (ROI) of International Assignments is not easy to achieve because of the complex organizational value of International Assignments.

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LIST OF ABBREVIATIONS

ROI = Return on Investment

HCNs = Host Country Nationals

IA=International Assignment

IAs = International Assignments

IAE = International Assigned Employee

INTRODUCTION

International assignments (IAs) are a big topic. Over 200 million people worldwide now live and work in a country other than their country of origin (Department of Economic and Social Affairs of the United Nations Secretariat, Trends in Total Migrants Stock, the 2005 Revision).

Tens of billions of dollars are spent annually by organizations that move expatriates around the world. Despite the rising numbers of IAs, their value to organizations, as opposed to individuals, is unclear (Renshaw, P.St.J., Dickmann, M. and Parry, E. 2017).

Getting a return on this investment would appear to be an important objective for organizations, but not easy to achieve, one of the reasons is the complex organizational matter of definition of IAs and how it should be measured.

Respondents in the Brookfield surveys have shown different agreement as to how ROI should be defined – e.g.. ‘accomplishing the assignment objectives and the expected cost’ – with agreement ranging from 96 per cent in 2002 to 10 per cent in 2004 and 70 per cent in 2011.

McNulty and Tharenou state that a meaningful definition should include a cost-benefit analysis of financial and non-financial data, measured against the purpose of the assignment (Y. McNulty and P. Tharenou (2004) ‘Expatriate return on investment, International Studies of Management & Organization’. Vol. 34, No.3).

Previous literature has focused on the cost of an IA, which are not indicators of value *per se* - they only represent one side of the value equation. Theoretical foundations for IA value analyses based on a clear operationalization of value itself appear largely absent from the IA literature and the value of IAs to organizations is under-researched (Renshaw, P.St.J., Dickmann, M. and Parry, E. 2017).

The 2017 RES Forum’s Annual Report shows that over the next three years, the biggest focus is expected to be on measuring ROI, the retention levels of staff during and after IAs, the career progression of repatriated workers post-assignment and how many employees return early from their IAs.

METHOD

The research process was designed as follows:

1. In the paper 'The Organizational Value of International Assignments: A Systematic Literature Overview', the authors Renshaw, Phil St John, Dickman, Michael and Parry, Emma have developed a framework to help understand the concept of organizational value in the context of IAs. There are four elements of the framework (see figure 1), each of which interacts with the others: value, value creation, value capture and value assessment. Consistent with the challenges of defining value, value sits at the center.

   As the outcome of the ROI formula is a value (either positive or negative), I have used this framework as a basis for this paper. The organizational value of IAs can be best understood within a framework of the four separate elements of value, value creation, value capture and value assessment. These four elements are integrated in this paper.

2. In order to understand (potential) organizational measure of IA's, I have interviewed two organizations:
   - Organization A: Manager Global Mobility at a chemical company with activities in more than 80 countries and employs approximately 46,000 people.
   - Organization B: Global Mobility Advisor at a multinational bank which has about 61,000 employees and operates in 44 countries.

   Both organizations are active for many years in the field of expatriation. The interview questions are shown in Annex 1.

3. Interview with Phil Renshaw BSc(Hons), ACIB, MCT, PGCHE. Mr. Renshaw is a professional coach specializing in the field of secondments and international assignments. This led to academic research and to his PhD at the Cranfield University's School of Management in the UK. The interview questions were a distract of the interview questions mentioned in Annex 1.

4. Reading articles, literature and academic papers as indicated in the Reference List.

RELEVANCE

No studies exist examining how expatriate ROI may be calculated and what factors may increase or decrease expatriate ROI for the organization. I have outlined what today global mobility is like, how it is changing, and why now, more than ever, a ROI approach is necessary. However, due to the complex nature of IAs, we cannot put an actual value on it. The purpose of this paper is to advance understanding of expatriate ROI by examining the following: (1) What is the value of an IA for the organization and the IAE (2) Which data are available or could be available to measure ROI (3) How should ROI be captured (4) How should ROI be assessed and (5) what are the barriers.

WHAT IS THE VALUE AN IA?

The value of IAs can be interpreted from four perspectives: the receiving organization (host), the sending organization (home), the organization as a whole and the IAEs.

Receiving organization (host)

The value to the receiving organization (host) could be: increases in labor productivity, profitability, generic business performance, sales volumes, market share, performance compared to parent company expectations.

Sending organization (home)

The sending organization (home) is likely to benefit from an IA after the assignment, rather than during assignment from a retention perspective, as well as an engagement perspective. The sending organizations can have advantage from strategic assignments, if a HCN cannot be recruited and the IA needs to 'spread the culture'. A knowledge transferee will gain knowledge at the host organization that will be brought back to the home organization.

The organization as a whole

Financial gain as an organizational benefit of IAs was rarely identified by research participants in the ROI literature (McNulty, De Cieri and Hutchings 2013). The value to the organization as a whole could be internationalization, developing cultural understanding, managing corruption, bringing leadership skills, improved global staffing and development of high-potential individuals. Figure 2 shows that business leaders rank business expansion and international projects as the top two business drivers for international projects. Despite the recognized importance of IA in developing employees into tomorrow's leaders, most commonly, IAs are still primarily aimed at driving business expansion and delivering international projects. Only 38% of businesses say that developing high potential employees is one of their key drivers (Santa Fe Global Mobility Survey 2017). Organization A indicates that they see an increase of young people going on so called 'internship assignments' which are developed to increase the engagement of Millennials and to develop a pool with young high potentials. Organization B sees an increase of developmental assignments (traineeships) which are developed to engage the younger population to the business.

Smart application of relocation policies can improve the visualization of the value of an IA for the organization as a whole. Segmentation and targeting is key to do this, whereby assignment types are more correctly segmented by business drivers and relevant policy types are developed to accurately target the business drivers and thus the need of each assignment. The trick is how companies effectively segment the policies they create to meet these needs and how accurately they are targeting. The correct use of assignment type is critical to determine the value of an IA and to eventually control the cost and maximize ROI. The purpose of the assignment could be represented by the organization's relocation policies (strategic or developmental) as well as the business value of IAs (high business value vs. low business value). Figure 3 shows a tool to define the international mobile population of companies. The 4 quadrants are based on the value proposition vs what the assignment brings to the company in terms of business value vs what the IA delivered to the assignee. This figure suggests that organizations should have policies for the following four levels: (1) Strategic Business Leaders (2) Seasoned Technical Experts (or: Knowledge Transfers, Skills Transfers), (3) Emerging / High Potential Talents (4) Career Building Volunteers.

1) The most valuable IA for organizations is those of Strategic Business Leaders. With the strong operational skills needed to maintain the status quo, these assignments have a high business value and a high developmental value and are to be considered as most senior and valuable with high compensation. These assignments are typically mid-term to long-term. Bouquet, Morrison and Birkinshaw found that the IA experience of a Strategic Business Leader has a significant effect on international attention upon the organizations' performance.
2) The Seasoned Technical Experts (or: Knowledge Transfers, Skills Transfers) have a high business value but a low developmental value; the assignees provide critical skills to the organization but the assignment itself is not to be considered as the most strategic assignment. These assignments are typically short-term and they benefit from a less generous reward and benefits package then the Strategic Business Leaders Assignments. The knowledge framework includes knowledge transferred to the subsidiary, knowledge sustained by the subsidiary and knowledge transferred to the home organization (Gonzalez and Chakraborty 2014). All three components can be interpreted as organizational value creation mechanisms.
3) The Emerging / High Potential Talents are future leaders and have high developmental value, however the assignments itself have low business value although developmental assignments receive more talent management interventions and benefit from having a career mentor. The value to the assignee is to gain skills and the value for the organization is to retain the assignee to become future leaders.

4) The Career Building Volunteer assignments are created to fulfill a critical skills gap and to increase the engagement but have low business value.

The IAEs

To understand the value of an IA for IAEs, it is important to understand IAEs themselves; why IAs seek and accept international assignments, how they feel impacted by new forms of remuneration and other working conditions, how international assignments fit in with their longer-term career aspirations and their private lives, and what complications arise in terms of their families. While younger expatriates tend to go on assignment to help develop their career, in case of older expatriates it is more about business needs/strategy. It is widely held that the older a workforce becomes, the more difficult it will be to identify suitable candidates for assignments and to motivate them to accept postings. Different sets of drivers are believed to motivate different age groups. People in the early or mid-stage of their career (Generation Y/Millennials) change employers more often (36%) and are promoted more frequently (25%) than their older peers. Employees in the middle or peak of their careers (Generation X) are believed to fit into host teams more successfully and to facilitate Knowledge Transfer more effectively than their younger peers. Staff in the middle or peak of their careers are considered to have more extensive business knowledge than people in the later stages if their career (Baby Boomers) – even though there is no real evidence that their performance is inferior to that of younger generations (RES Forum 2017 Annual Report). This is all considered in a context that includes the understanding of the drivers for mobility in organizations, emerging trends in global staffing and the global war for talent.

The end equation is simple: international mobility can deliver tangible commercial benefits and can contribute to the development of high-potential employees. This trend is set to continue with 70 per cent of the business leaders reporting that international mobility will play an increasing role in the success of their organization. Almost all business leaders think international mobility is important to the business: 95 per cent think it is important (critical and important) and 38 per cent think it is critical (Santa Fe Global Mobility Survey 2016). This explains the (high) value of an IA for organizations.

WHICH DATA ARE AVAILABLE OR COULD BE AVAILABLE TO MEASURE ROI?

To get a satisfactory ROI from organizations, it is important to identify and visual financial data and non-financial data. Combined with the targeted improvement in measurement of ROI for assignments seemingly resulting from increasing technology investment, it would seem, on the surface that Global Mobility is there to provide their value to their leaders. Yet, Global Mobility seems to be focusing on ‘soft metrics’ (non-financial data), such as employee progression and skill development but falling down on the ‘hard metrics’ (financial data) needed to truly demonstrate the mobility function’s commerciality by measuring ROI. While these soft skills are hugely important, ultimately the business is more interested in the commercial bottom line.

Only 35 per cent of Global Mobility teams are currently providing total cost management data to the business, a drop from 44 per cent in 2016’s survey (Santa Fe Global Mobility Survey 2017). To demonstrate ROI of assignments, mobility teams need to be accurately measuring these costs and providing them to the business, starting with accurate pre-assignment cost estimates.

Data tools

The effective use of data and data analytics tools is the biggest global mobility challenge. Research found that most organizations see a range of benefits in identifying and visualizing global mobility information using data analytics tools. But this market is still relatively immature. A study performed by the RES Forum in 2017 revealed that almost all organizations forecast that data analytics will be important to help them manage their global mobility programs over the next three years. They believe such tools will enable them to compile and consolidate data more effectively, visualize it and gain insides from which they can make evidence-based decisions. Organizations plan to use predictive analytics tools in order to forecast individual performance and retention rates, the success of assignments and what elements lead to success. Half of the organizations said they intend to predict future likely assignments compensation levels, reward trends and costs. A further two out of five were keen to forecast possible assignment types and movements and to draw up a list of likely future global mobility candidates. Organizations are still not taking advantage of potential technology and integration opportunities that could help them cut costs, although the investment in technology has increased: an increasing number of organizations have invested in specialized software (23 per cent in 2017 from 14 per cent in 2016) and connected systems (21 percent in 2017, up from 10 per cent in 2016) to facilitate ROI tracking (Santa Fe Global Mobility Survey 2017). Comparing the number of organizations investing in technology amongst those who always measure ROI, compared to those who never measure ROI, 76% of the teams who always measure ROI, invested in technology. Teams who never measure ROI, invested only 26% in technology. There is a strong link between investing in technology and being able to consistently measure ROI.

Organization A works with the software tool ECAEnterprise to run their global mobility programs and is customized based on the specifications and requirements of organization. Next to being able to run cost projections based on the various relocation policies, organization A also runs information about social security and tax implications, being able to make a solid forecast of cost. Organization A thinks that ECAEnterprise could be a tool to measure ROI in the future, if further customized. The internal data analytics department is building various HR dashboards and Global Mobility is very much involved in this process, taking into account the ability to track ROI in the future.

Organization B works with KPMG Link Work Force and they do not anticipate that this system will provide ROI tools in the future.

Financial data

Identifying direct cost is relatively easy as relocation expenses like a business case, a cost projection or an itemized compensation package based on the relocation policy are accessible. The starting point is an accurate pre-assignment business case provided by Global Mobility enabling the organization to make an informed decision on cost prior to committing any investment to the IA. The 2016 Brookfield Survey shows that only 61 per cent of the respondents prepare cost estimates for all assignments, 31 per cent of the respondents prepare cost estimates for certain assignment types and 9% do not prepare cost estimates. Only 26% of the organizations always require a cost benefit analysis as part of the business justification for an international assignment.

Both organization A and B provide cost projections to the business. Organization A provides the cost projection to both the business and to the Talent Management department. Organization A confirms that in their business case they also provide the cost if an assignee would ‘stay at home’ indicating what would be the (extra) salary and bonus cost for the organization if the assignee remains in his / her current position.

Non-financial data

Identifying non-financial data is still an immature and relatively neglected aspect, although it is starting to gather focus, which is likely to lead to some interesting developments.

The non-financial data could include the non-direct costs of expatriate failure or under-performance and the opportunity cost of not using a HCN. Placing monetary value on the benefits of the international assignment is also a challenge as e.g.. knowledge and skills transfer is invisible and often person-bound. Further, IAEs will measure their own ROI calculations (what McNulty et al. call 'individual ROI'), based on perceived and actual costs and benefits, and these calculations will influence their willingness to accept an international assignment with their current firm or another employer.

The business case should not only focus on the financial data (direct cost), but also on non-financial / indirect data. The 2016 Brookfield Survey indicates that ROI measurement is more focused on employee engagement metrics. The primary criteria used to evaluate the ROI of an assignment are job progression and employee retention.

John Rason, Group Head of Consulting of Santa Fe Relocation suggests to include the following metrics in the business case, to be able to measure ROI before assignment or after assignment:

1. the financial benefit for the organization - e.g.. estimated increase in revenue of $200Million in 3 years.

2. the organizational benefit - e.g.. competitive advantage / engaged talent pool.

3. an alternative option taking into account performance measurements - e.g.. a HCN plus local/international training over 2 years. Where possible, multinationals try to localize positions through the employment of HCNs, but not all positions can or will be localized. The Santa Fe 2017 Global Mobility Survey shows an increase in local hires. This is perhaps reflecting ROI from IAs which often includes a goal to identify, hire and develop local talent.

4. an indication of who benefits from the IA and a detailed description of how it benefits:
    - Corporate – e.g.. strategic growth and greater brand awareness in Asia
    - Host Business Unit – e.g.. $X Millions turnover by 2019 and X% Market share

- Home Business Unit – e.g.. opportunity to promote from within
- Employee – e.g.. Professional development in a new Region/culture

5. the job match - e.g.. strong skill/experience match with proposed role, cultural differences may provide initial integration problems, but propose intercultural training prior to IA.

6. the potential risks - e.g.. nominee’s partner close to birth of first child and indicators suggest that her concerns of being away from her family need to be addressed.

7. the post assignment jobs for the nominee - e.g..
    - same job, possibly different location – retention risk needs to be taken into account
    - business unit manager - assuming same level of performance and talent assessment
    - cross-functional role e.g. marketing/human resources to prepare for bigger business manager role

Organizations could consider to include (a part of) the above mentioned data in their business case as this could speed up the decision time taken by the business and it shifts the emphasis of the business case to a more objective assessment of total cost. In addition, these metrics enable to the organization to measure ROI. The 2016 Brookfield survey confirms that 44 percent measure qualitative ROI and 56 percent measure quantitative ROI.

The two top business drivers for international investment are the creation of new revenues and the development and retention of key staff. While business leaders do want to see job progression and employee retention, ultimately the most important metrics is revenue from new business opportunities and the financial performance of the destination country. Figure 4 defines primary criteria global mobility teams use to evaluate ROI of assignment and what measures business leaders want to see. The outcome is that business leaders most want to see the business to generate revenue from new opportunities (Santa Fe Global Mobility Survey 2017).

Organization A

All assignments that are managed by the Global Mobility department are subject to a cost projection. The purpose of the cost projection is to determine the actual cost of an assignment and to determine if an assignment is necessary or if it can be solved in another way (by hiring a HCN for example). In addition, the cost projection is a tool to assign cost to the appropriate subsidiary and to get a sign off from the business. Organization A confirms that they only make use of financial data in order to determine the actual cost of an assignment. The receiving line manager in the host country authorizes the cost projection. The Business Area HR Director determines if the assignment fits in the HR strategy of the company.

All employees have personal objectives, organization A uses a special tool to register them. The Host Line Manager annually evaluates these personal objectives. Objectives during assignment are not defined before going on assignment. Should objectives be defined, then this is the responsibility of the Host Line Manager in close cooperation with the Business Area HR director. Organization A is considering to determine (a) clear objective(s) to be measured at the end of an assignment, enabling Talent Management to review them during the Talent Management recycle. To their opinion, objectives should not be determined case by case, but they should be determined based on the policy.

Organization B

The Global Mobility department of Organization B provides cost projections for mainly the long term expat assignments within the business (length of assignment: between three to five years). Cost projections for short term assignments are not provided (length of assignment: 6 months). The cost projection reflects the cost of an assignment for both the home and the host location. The HR BP advises the business and the manager in the host location is measuring the performance. Organization B uses a special tool to capture and measure the objectives. The objectives are determined mainly by the host HR BP together with the Global HR Manager, based in the Netherlands. Talent Management is not involved in evaluating the performance.

HOW AND BY WHOM IS THE IA VALUE CAPTURED?

Whilst the IA value capture is a function of the parties involved, the complex relationship between these parties are noted by several authors (Dickman and Doherty; McNulty, De Cieri and Hutchings; Nowak and Linder). Others have stated that it is difficult to identify who captures the benefits from an IA between the home, the host, the assignee or the whole organization. Nonetheless, given the costs may be separated from value, the value capture question is fundamental to understanding the total net value generated. Existing literature has identified many features that allow an understanding of the characteristics needed by the parties to capture the organizational value of IAs, yet there is considerable uncertainty regarding the impact of these characteristics (Renshaw, P.St.J., Dickmann, M. and Parry, E. 2017):

- International approach: to which extend an international approach is part of a company's operational style and culture. The 2017 Santa Fe Global Mobility Survey shows that business leaders indicated that one of the key business drivers for international assignments is 'increase HQ's oversight of a host country / region / business'– with agreement ranging from 40 per cent in 2016 to 27 per cent in 2017. The reduction to 27 per cent highlights that this could be correlated with the local talent development.
- Operational needs of the subsidiary: high local product need and low local resources / experience could correlate with greater IA use. This indicates situations when the value to the subsidiary is highest and is more likely to be captured by them.
- Low cultural difference
- Organizational maturity: the older (experienced) the subsidiary, the weaker the positive effect of an IA
- Retention: whilst a range of HRM practices may be required to enable capture of organizational value, the critical impact of repatriation and retention on organizational ROI should constantly be identified. The individual and organizational value (in other words: 'succes') both have a stake in an IA. For the organization it emphasizes the importance that the assignee achieves the tasks and objectives set and of retaining the assignee after assignment in order to use and transfer their new expertise (Renshaw, P.St.J., Dickmann, M. and Parry, E. 2017).
- Goal alignment: Yan, Zhu and Hall argue that the alignment of the assignee's goals with the organization's goals is fundamental. Such alignment might be a characteristic to capture the IA value generated. Meeting the psychological contract (PC) expectations of the assignee could be incorporated here as a form of alignment as well.

The above described features provide some insights as to the type of organizations that will capture the most value from IAs. The most promising characteristics appear to be where there is an international approach, with a low cultural difference between the home and the host, aligned goals between the organization and the individual and the ability to retain the assignee.

As organizations re-assess their structures and cost base there is an opportunity for the Global Mobility function. If they know what their business leaders truly value, they can better advise and provide the necessary management data to help to shape ROI. There is also an opportunity for the Talent Management function. Global talent management and succession planning is vital to create a talent map and put core talent to their best possible use, both from the perspective of the organization and the individual’s career aspirations. This will increase engagement and decrease retention.

VALUE ASSESSMENT: DEMONSTRATING ROI

If approximately one in four repatriates exits the firm within a year of repatriation 'it represents a substantial financial and human capital loss to the firm, especially if the skills, knowledge and experience that the individual gains are important to the firm and scarce in the internal or external labor markets' (Peter J. Dowling, Marion Festing and Ellen D. Engle, sr. 'International Human Resources Management (2013).

ROI is used as a measure of the organizational value of IAs. However, literature also suggests that ROI should be an approach or a mind-set, i.e. a generic umbrella under which many measures sit rather than a single calculation (Doherty and Dickmann 2012).

Acknowledging the different organizational and individual goals and their relationships, a range of calculations and data are appropriate in order to manage and measure ROI.

There are two definitions offered seeking to provide a theoretical and practical over-riding construct of ROI. The fist definition of IA ROI was offered by McNulty and Tharenou: 'a calculation in which the financial and nonfinancial benefits to the organization are compared with the financial and nonfinancial costs of the IA, as appropriate to the assignment's purpose' (2004, p 73).

McNulty & De Cieri provide a formulaic definition of 'Expatriate ROI': eROI = cROI + iROI[3] . This reflects that total IA ROI is a function of additive and separate elements: cROI which is the organizational value to the corporate and iROI which is the value to the individual . Furthermore, the alignment between the IA and the organization is crucial to predicting and achieving success, i.e. value (Renshaw, P.St.J., Dickmann, M. and Parry, E. (2017).

When measuring ROI, it is important to measure it during three stages: before assignment (to judge whether the investment should go ahead), during assignment (to see whether the investment is performing as anticipated) and finally after assignment (to determine how the investment performed compared to the expectations). It is not clear how many companies track annually against actual costs once the assignment has commenced and whether changes in package construction, tax changes, underperformance etc. during assignment are accounted for in any final comparison once the assignment is completed.

The 2015 Santa Fe Global Mobility Survey shows that a massive 72 per cent of organizations said they never or rarely measure ROI on assignments. The 2016 Brookfield survey confirms this: only 6 per cent of the surveyed companies confirmed they formally manage ROI. However, there is a distinct divide between companies where the Global Mobility professionals are ‘tactically focused’ and those where they are ‘strategically focused’ (based on the activities they perform). Strategic organizations are 26,8 per cent more likely to measure ROI than their tactical counterparts.

The 2016 Brookfield Survey shows that 9 per cent of Global Mobility professionals are always able to provide measurement of ROI for individual assignments, with 47% never measuring ROI.

The 2017 Santa Fe Global Mobility Survey shows that measuring ROI for IAs is improving. There is an increase in the number of global mobility professionals measuring ROI for individual assignments from 27 per cent in 2016 to 46 per cent in 2017. This increase in the measurement of ROI could be linked with organizations who are making investment in technology to improve the visibility and management of IAs. The global mobility teams who are always tracking their ROI, 76 per cent has invested in technology. In comparison, amongst those mobility teams who never track ROI, only 26 per cent have invested in technology. There is a strong link between investing in technology and being able to consistently measure in ROI.

According to David Schofield, the twin focus should be on ‘Effective ROI’ i.e. whether the assignment achieves the objectives, and ‘Efficient ROI’ i.e. whether the overall cost are in line with predictions. This approach treats a Global Mobility initiative like any other business investment.

The 2 interviewed organizations, do not measure and demonstrate ROI.

Organization A

The Global Mobility department of organization A would like to provide ROI to the business and they recognize that data to measure it, is getting increasingly important. According to organization A, ROI of assignments should depend on the policy type. In the year 2018, Global Mobility would like to work on a tool to measure ROI together with Talent Management, HR Directors and the Managing Directors of the Business. Next to the cost projection, organization A considers the following financial data important to measure ROI:

1. The retention levels of staff during and after assignment
2. Job grade – did the assignee got promoted after the IA

3. In case of Knowledge Transfer: was the Knowledge Transferee successful in training a HCN?

The ROI process should be owned by HR in general, supported by the HR Analytics department who provides data, processes, work force information and talent pipeline information. It is the belief of Global Mobility that you need to ‘deserve a seat at the table’ by providing meaningful data to the business and that Global Mobility belongs in the Talent function. If the organization wants to maximize the actual costs of each mobility action, Global Mobility needs to have a seat at the Talent table (either HR, recruiting or talent management) as Talent Management seems to have more access to senior leaders.

Organization B

The Global Mobility department of organization B does not measure ROI. They would like to provide it to the business, although it is not on the priority list because the business is not asking for it. According to organization B the total package should be taken into account when measuring ROI which includes the actual cost and the performance. Trainees should be excluded from ROI measurement. The performance should be measured making a baseline measurement: where is the employee now and where does he need to be after assignment, which competences and skills are required in order to meet or exceed the objectives. Personal growth should be the fundament and needs to be measured by the host managers. HRBP advises the business, host the managers measure performance. Talent Management is not yet involved in ROI, although HRBP would like to play a strategic role together with Talent Management. Both Global Mobility and Talent Management should be responsible for documenting and measuring ROI. Global Mobility should take the tactical operational role (e.g. providing meaningful data, evaluating or creating policies) and Talent Management should take the strategical role (development of people). Like organization A, organization B is convinced that Global Mobility needs to have a seat at the Talent table as Talent Management seems to have more access to senior leaders.

THE BARRIERS MEASURING ROI

The assessment of IA value at an organizational level is rare (McNulty 2008 and McNulty, De Cieri and Hutchings, 2009). The barriers to assessing organizational value are defined as operational (unavailable data), cultural (perception that IAs are a necessity of doing business such as valuation is not required) and strategic (lack of ownership of the issue) (McNulty, De Cieri and Hutchings, 2009).

Accoring to Bettina Tang, the following barriers withhold measurement of ROI:

1. Lack of Global Mobility Strategy
2. Lack of top management support
3. Inefficient Global Mobility function setup
4. Inefficient Global Mobility / Stakeholder processess
5. Inconsistent prioritization of who and what needs to benefit
6. Soft figures such as Talent Management and employee aspiration is difficult to capture in numbers

The following initiatives are taken to improve ROI (Brookfield 2016 Survey):

1. Establishing, documenting, tracking objectives: 32 per cent
2. Career path planning: 24 per cent
3. Pre-assignment cost/benefit analysis: 16 per cent
4. Improved candidate selection: 14 per cent
5. Company-sponsored mentor program: 8 per cent
6. Improved assignment preparation / support: 6 per cent

Organization B indicates that the business is not focussed on measuring international assignments, because the tendency is that assignments take place in any case: an expat needs to go on assignment and in the majority of the cases, the person going on assignment is already selected, because this person has the knowlegde, the strategic abilities or it fits in his/her career path. There is not a tendancy to evaluate alternatives like recruiting a HCN. Organization is working with multiple software programs and it seems to be impossible to connect these programs to retrieve the information required to measure ROI. Last but not least, multiple departments within the organization are involved in measuring ROI: Global Mobility takes care of the financial data, the business decides, the host managers measure the progress and talent management evalautes the progression. Connecting these dots are challening. In a way, the organization is parishing because of their own greatness.

CONCLUSIONS

Identifying and visualizing global mobility cost is still an immature and relatively neglected aspect, although it is starting to gather focus, which is likely to lead to some interesting developments. The 2017 RES Forum's Annual Report shows that over the next three years, the biggest focus is expected to be on measuring ROI, the retention levels of staff during and after IAs, the career progression of repatriated workers post-assignment and how many employees return early from their IAs.

To get a satisfactory ROI it is important to understand the value for the host organization, the home organization, the organization as a whole and the expatriates. In addition, it is important to measure it during 3 stages: before assignment, during assignment and post assignment.

There is no single answer to the question how ROI should be measured, what should be measured, as organizations will continue to have different objectives and drivers for their global mobility population.

Undoubtedly all global mobility functions should continue to focus on creating a better understanding and management of the complexities of their business function. In addition, they must understand and support business performance from a more commercial perspective and use available data in business leaders' commercial language. The interaction between the global mobility function and the wider business needs to be increased to determine what good ROI looks like.

RECOMMENDATIONS

Investment in IAEs should be valued based on the robust evaluation of the expected ROI they are likely to achieve for the business, rather than based on their absolute cost to the business. If Global Mobility are to truly help the business achieve their objectives; ROI is the wrong terminology; we should assess the value of an IA in stead of the investment in an IA.

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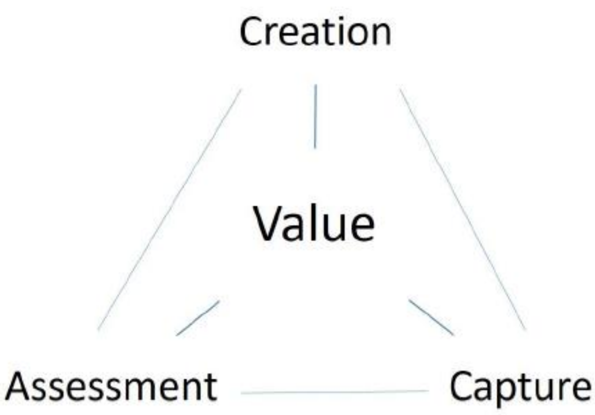
FIGURE 1

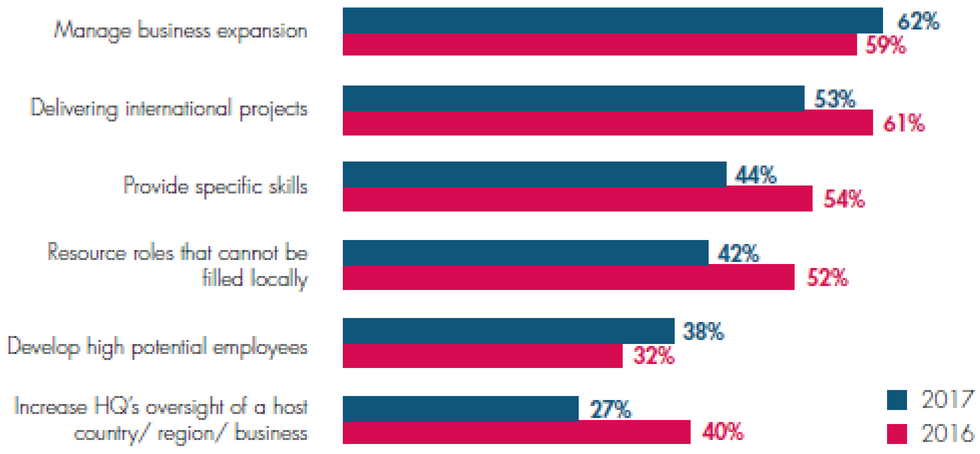
The IA Organizational Value Framework



Source: The Organizational value of International Assignments: A Systematic Literature Overview, Renshaw, P.St.J., Dickmann, M. and Parry, E. (2017)

FIGURE 2

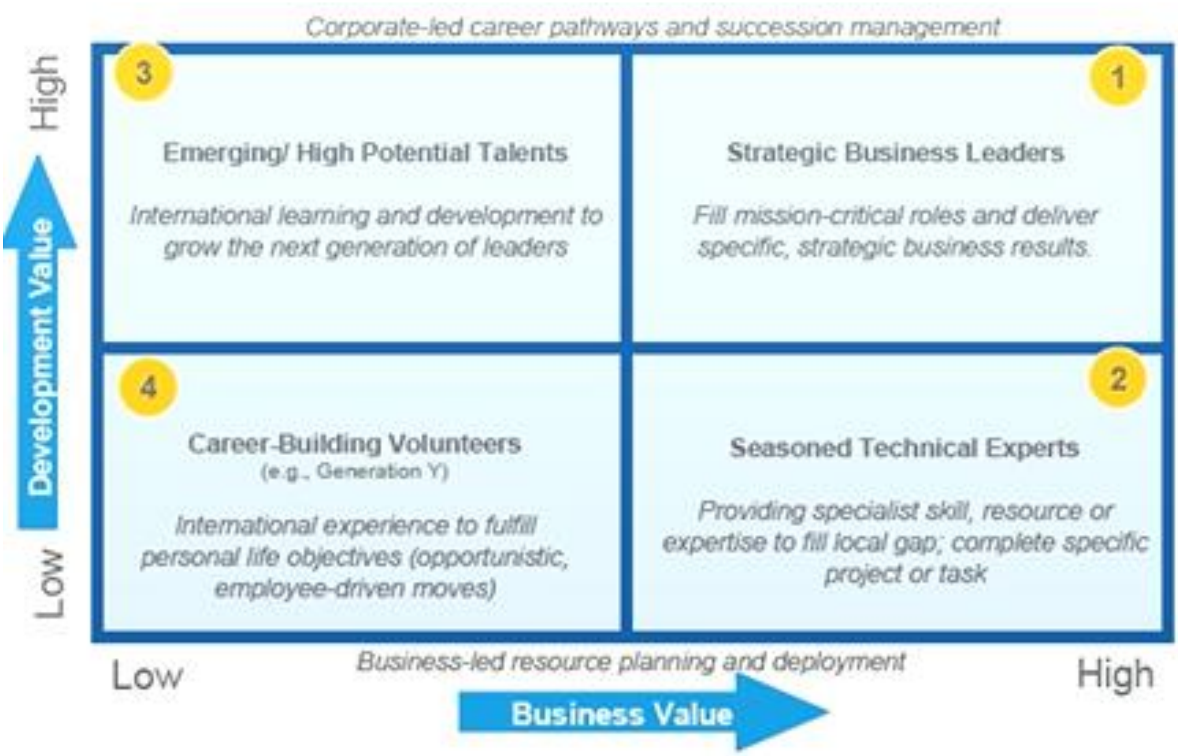
Key Business Drivers for international assignments amongst business leaders.



Source: Santa Fe Global Mobility Survey 2017

FIGURE 3

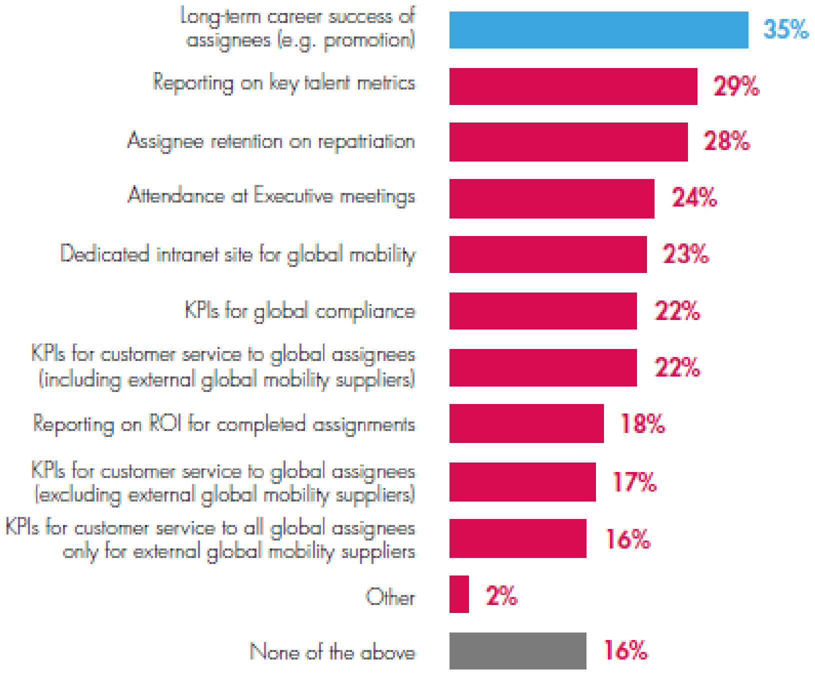
Tool to define the business value of the international mobile population of companies



Source: RES Forum

FIGURE 4

Primary criteria global mobility teams use to evaluate ROI of assignment and that measures business leaders want to see to demonstrate mobility's value to the wider business



Source: Santa Fe Global Mobility Survey 2017

ANNEX 1

Interview questions:

ROI

1. Do you currently measure ROI of international assignments?
2. How should ROI of international assignments be defined?
3. Which (financial) data are important to measure ROI?
4. Which (financial) data do you currently use to measure ROI and are these meaningful?
5. Do you use 'soft criteria' to measure ROI of an assignment e.g. knowledge transfer, skills transfer, management development, relationship/network building, job progression, employee retention?
6. How do you measure these 'soft criteria'?
7. Do you weight the business value of your international mobile population?
   E.g..:
   - Strategic Business Leaders (most valuable);
   - Technical Experts (high business value but low developmental value);
   - High Potentials (low business value but high developmental value);
   - Volunteers (maybe to fulfill a critical skills gap, but low business value)?
8. Who owns the ROI process? HR, Global Mobility or the Business?

Before Assignment

1. What types of mobility are subject to a cost estimate and business case?
   Drop down list
2. What is the purpose of a business case / cost estimate within your organization?
3. Do you use the business case / cost estimate to forecast ROI? If yes, how?
4. How does your company determine the estimated cost of an assignment?
5. Do you only use financial data?
6. Who authorizes the business case / cost estimate within your organization and based on which terms / conditions? (This might be the Group HRD and the Business Director).
7. Do you define the objective(s) for the internationally mobile employee before going on assignment?
8. Who is should be responsible to define these objectives?

On assignment

1. At what point would you consider localization or repatriation of an internationally assignee employee?
2. If yes, why do you undertake this review?
3. Who measures assignment objectives whilst on assignment?
4. How are they measured e.g. performance/talent management reviews, monthly 1:1 assessments?
5. Do you use technology to facilitate the measurement of objectives?
6. Who should be responsible for measuring objectives whilst on assignment?

Post Assignment

1. Are objectives measured at the end of an assignment?
2. Who is should be responsible for measuring objectives after assignment?
3. Are there consequences if objectives are not met?
4. How would you define/measure assignment failure?
5. Do you think that one of the reasons for assignee failure could be a lack of objectives? Please specify.
6. What other reasons could be linked to assignee failure (please exclude reasons such as 'cultural differences', lack of spousal support, etc.)?
7. How would you define a successful assignment and are they determined case-by-case?

Expatriates vs HCN's (Host Country Nationals)

1. How do you evaluate the replacement of expatriates with Host Country National – is it based on more than employee total cost reductions?
2. When should you replace an expatriate with a HCN?
3. Do you also consider hiring HCN's instead of utilizing an international assignment? If yes, when?
4. Medium- to long term over the next five years, is there a defined people strategy to develop local HCN talents to decrease the overall number of international assignments in the future?

Conclusion / food for thought

1. We started this interview with the same question. Based on what has been discussed during this interview: how should ROI of international assignments be defined, how should it look like both in measurement and timescale?
2. Are international assignments a financial investment that can truly deliver financial and non-financial returns to the organization?
3. Do your business leaders recognize ROI of international assignments?
4. If they do: do they only take financial data in consideration to measure ROI, or ‘soft data’ as well?
5. If you do not measure ROI, what is the main barrier?