MEASURING THE VALUE OF INTERNATIONAL ASSIGNMENTS

Today's Presenters

Julia Howes
Principal, Workforce Analytics & Planning
Mercer
julia.howes@mercer.com

Steven Nurney
North American Global Mobility Leader
Mercer
steven.nurney@mercer.com

QUESTIONS

To submit a question use the floating panel, on the top of your screen, and click the Q&A button.

CLICK HERE TO ASK A QUESTION TO "ALL PANELISTS"

Agenda
What we'll cover today

- Four key themes in today's mobility environment

- Descriptive Analytics - The data challenge

- Predictive Analytics

- Q&A

TODAY'S MOBILITY ENVIRONMENT
4 KEY THEMES

Today's Mobility Environment
#1 - Using talent mobility to fuel corporate growth

TRADITIONAL MOBILITY

NEW MOBILITY

Catalysts
- Globalization
- Organizational complexity
- Demographic changes
- Cost pressures

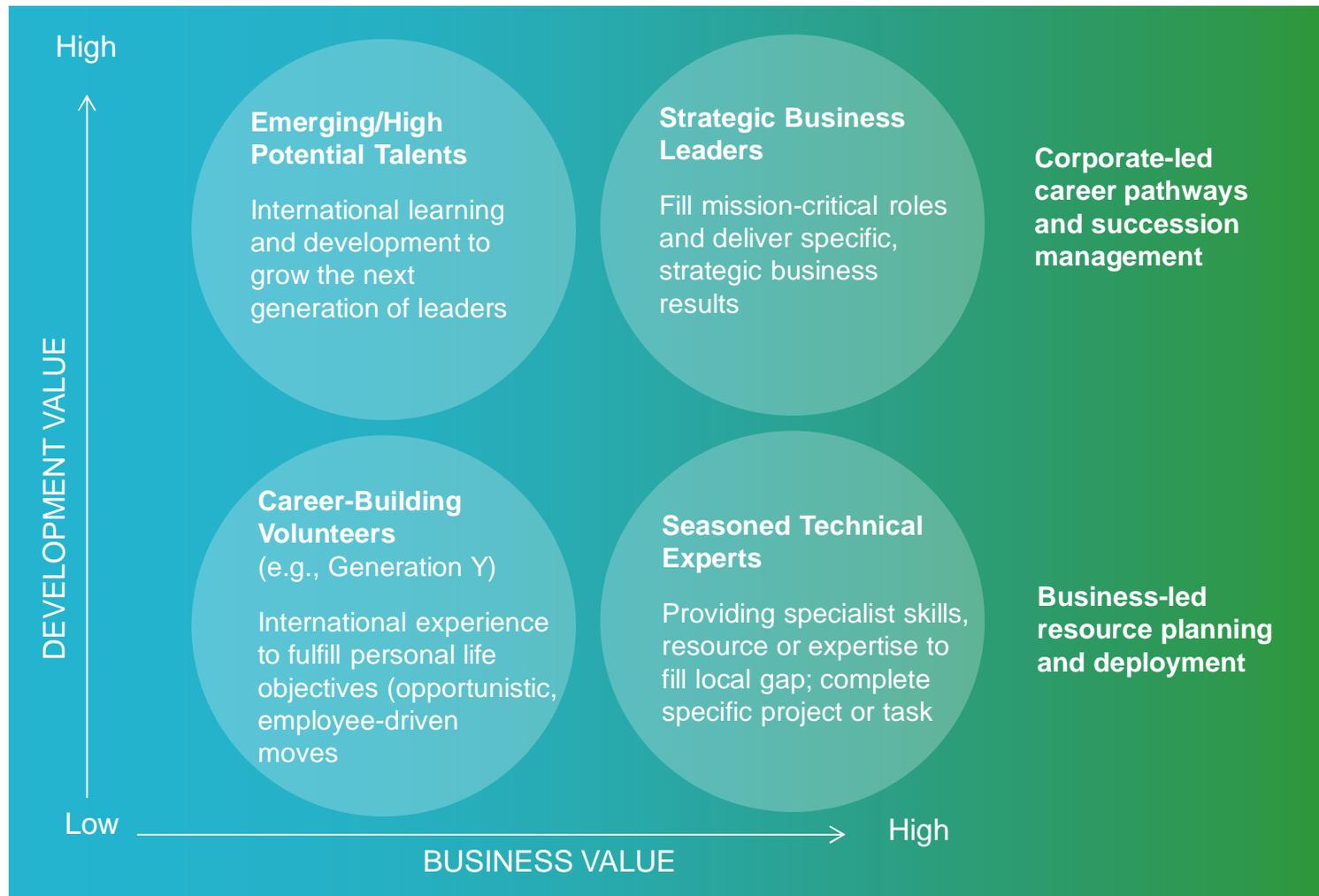- Transactional
- Focus on costs
- One size fits all
- An island within HR

- Strategic
- Focus on value creation
- Segmentation by talent type
- Connected to human capital and business goals

Today's Mobility Environment
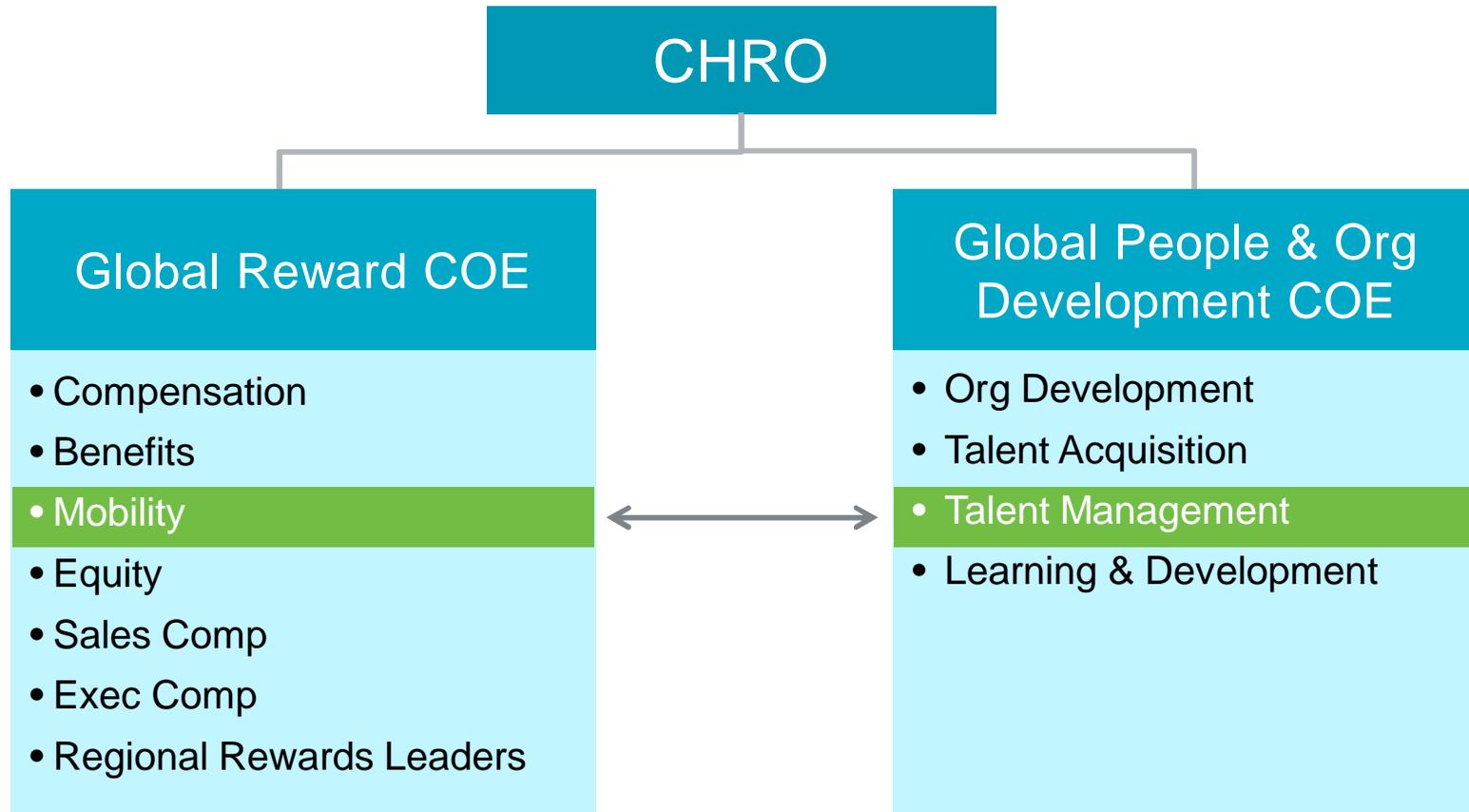## #2 – Program design differentiation by business and talent purpose

Emerging/High Potential Talents

International learning and development to grow the next generation of leaders

Strategic Business Leaders

Fill mission-critical roles and deliver specific, strategic business results

Corporate-led career pathways and succession management

Career-Building Volunteers (e.g., Generation Y)

International experience to fulfill personal life objectives (opportunistic, employee-driven moves)

Seasoned Technical Experts

Providing specialist skills, resource or expertise to fill local gap; complete specific project or task

Business-led resource planning and deployment

DEVELOPMENT VALUE — High / (arrow up)

BUSINESS VALUE — Low / High

Today's Mobility Environment
#3 – Greater internal collaboration


```
                          ┌──────────────┐
                          │     CHRO     │
                          └──────────────┘
            ┌────────────────────┴────────────────────┐
┌────────────────────┐                    ┌────────────────────────┐
│  Global Reward COE  │                    │  Global People & Org    │
│                     │                    │  Development COE        │
├────────────────────┤                    ├────────────────────────┤
│ • Compensation      │                    │ • Org Development       │
│ • Benefits          │   ◄──────────►     │ • Talent Acquisition    │
│ • Mobility          │                    │ • Talent Management     │
│ • Equity            │                    │ • Learning & Development │
│ • Sales Comp        │                    │                         │
│ • Exec Comp         │                    │                         │
│ • Regional Rewards  │                    │                         │
│   Leaders           │                    │                         │
└────────────────────┘                    └────────────────────────┘
```

Today's Mobility Environment
#4 – Focusing on mobility return on investment

STRATEGIC WORKFORCE PLANNING	DEPLOYMENT OF CRITICAL TALENT	TARGETED EMPLOYEE VALUE PROPOSITIONS	BUSINESS OBJECTIVE ANALYSES
How to look strategically for sourcing and planning to meet talent needs	How to identify and select the right talent to deploy internationally	How to set competitive, cost-effective rewards for various kinds of mobile employees	How to ensure that mobility investment delivers expected results
WORKFORCE PLANNING	TALENT MANAGEMENT	INFORMATION TOTAL REWARDS	MEASUREMENT AND ANALYSIS

Can **ROI** really be **measured?**

And what exactly are we measuring?

RETURN ON MOBILITY CAN BE UNDERSTOOD IN TERMS OF HOW IT AFFECTS TWO SETS OF OUTCOMES

Workforce Outcomes

Workforce outcomes concern changes in individuals and the workforce at large – e.g., their capabilities, commitment, careers

Business Outcomes

Business outcomes concern changes in the performance of the enterprise – e.g., profitability, revenue growth, market share

MOBILITY DASHBOARDS
THE DATA CHALLENGE

Modern organisations are exploiting "big data" to develop two types of facts critical to effective decision making about human capital

DESCRIPTIVE ANALYTICS	PREDICTIVE ANALYTICS
Facts = counts, rates and tabulations	**Facts** = proven inferences about cause and effect relationships
Delivers **what** the current state is: • What is our turnover rate? • How many promotions did we make?	Delivers **why** the current state is and what is important to measure about it: • What leads to unwanted turnover? • What drives leadership readiness?
Uses include: • Reporting (internally and externally) • Tracking progress toward strategic objectives • Responding to queries	**Uses** include: • Dashboard specification and design • Strategy making • Forecasting • Problem solving
Ongoing with frequent (e.g., monthly) updates	**As needed** with occasional updates
Business intelligence software is the foundation	**Statistical modeling** joined with expertise is the foundation

Organizations find it difficult to calculate the value of international assignments

37%

of respondents keep statistics on turnover of repatriated assignees

6%

of companies use metrics to track assignments' success /results

Only

2%

of respondents say they have established how to determine the ROI for assignments

Source: *2012 Worldwide Survey of International Assignment Policies and Practices*

Consider

? What metrics does your organization track to get at mobility impact (value creation or loss)?

What metrics would you like to track to get at mobility impact?

What are the barriers in the way?

Common Data challenges

Systems: International assignment data sits in different systems

Home/Host: even within one HRIS, home/host records cause confusion and inconsistency

Time: often the return on investment occurs after the assignment, when the employee is no longer flagged as an 'international secondee'.

Does not exist: valuable information manager and secondee experiences, assignment purpose is not being collected.

To integrate different data sources we need to create an employee timeline for each employee

EMPLOYEE TIMELINE

Develop Detailed Story for Each Employee

Mercer Analytics

John Smith
Employee EE001101
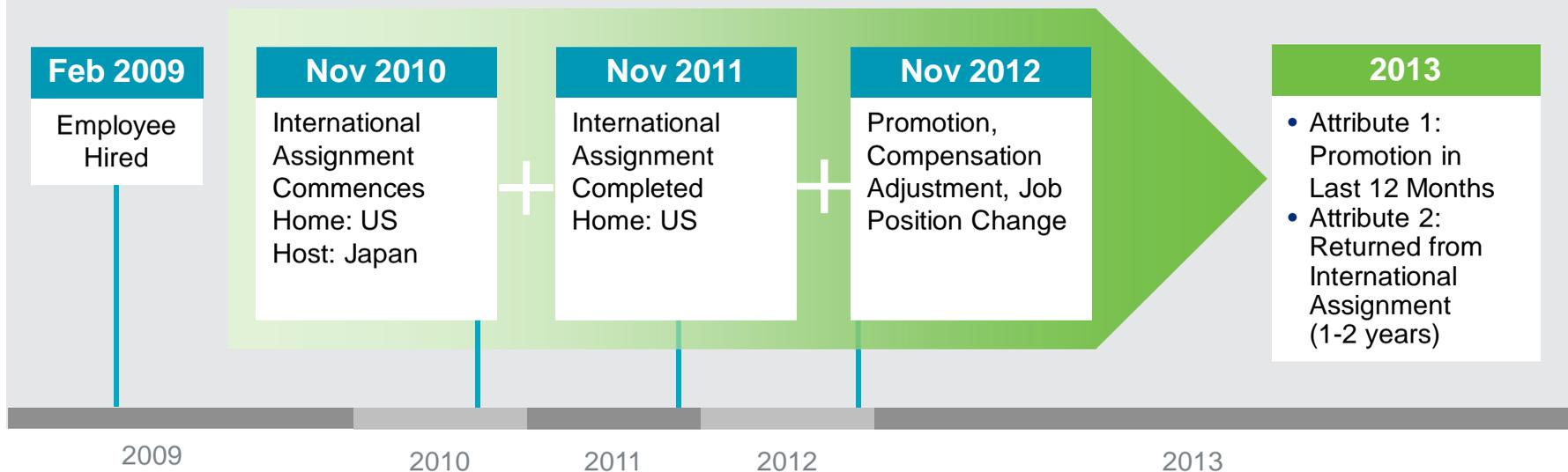
Feb 2009	Nov 2010	Nov 2011	Nov 2012	2013
Employee Hired	International Assignment Commences Home: US Host: Japan	International Assignment Completed Home: US	Promotion, Compensation Adjustment, Job Position Change	• Attribute 1: Promotion in Last 12 Months • Attribute 2: Returned from International Assignment (1-2 years)

2009   2010   2011   2012   2013

To integrate different data sources we need to create an employee timeline for each employee

EMPLOYEE TIMELINE

Develop Detailed Story for Each Employee

Mercer Analytics

Jay Brown
Employee EE002202

Feb 2009
Employee Hired

Nov 2010
International Assignment Commences
Home: US
Host: Japan

Nov 2011
International Assignment Completed
Home: US

Jan 2013
Terminated

2013
- Measures: Terminations
- Attribute 1: No Promotion in Last 12 Months
- Attribute 2: Returned from International Assignment (1-2 years)

2009   2010   2011   2012   2013

Which allows us to answer the critical questions that matter

RETENTION

- Are we retaining employees that have been on an International Assignment, after they return to their Home Country (one year after they return, two years after they return, three years after they return)?
- How does this compare to their peers (same tenure, grade, location).

REWARD

- Over time, do employees who have been on an International Assignment experience higher rewards compared to their peers:
  - greater pay increases; bonuses;
  - promotions; change in supervisor status, other career opportunities?
- Does the number of International Assignments impact this?

PERFORMANCE

- Over time, do employees who have been on International Assignment experience higher performance upgrades (e.g. a move from a medium to a high performer), compared to their peers?

Employees ever on assignment
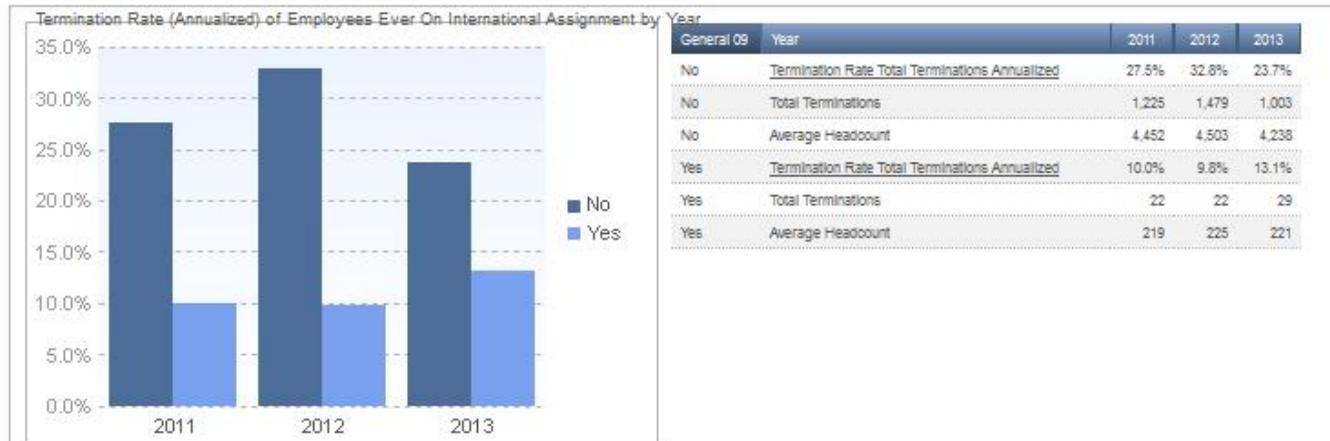
The power is in the combination

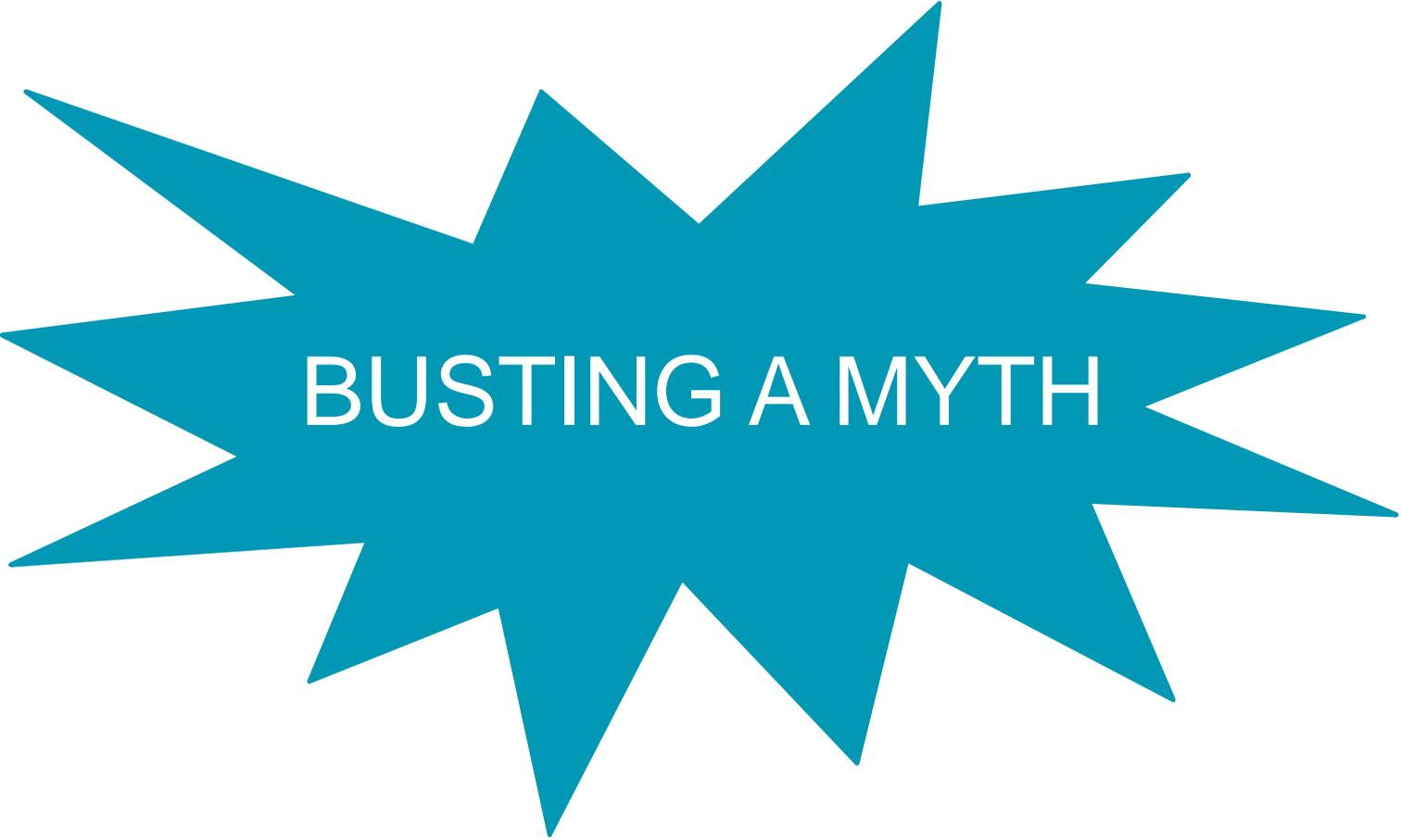| STANDARD MEASURES	EMPLOYEE FILTERS	INTERNATIONAL ASSIGNMENT FILTERS
• Termination Rate • Promotion Rate • Pay Increase	• Age • Tenure • Job • Grade • Performance	• Total number of international assignments • Ever on international assignment

DEEP DIVE ANALYTICS

BUSTING A MYTH

Making the most of mobility requires the "right" facts…
…both what people and employers *say* and what they *do*

SAY

What employees and employers say as measured through

- Focus groups
- Leadership and HR interviews
- Employee surveys
- Company policies
- Comparative/pattern databases

DO

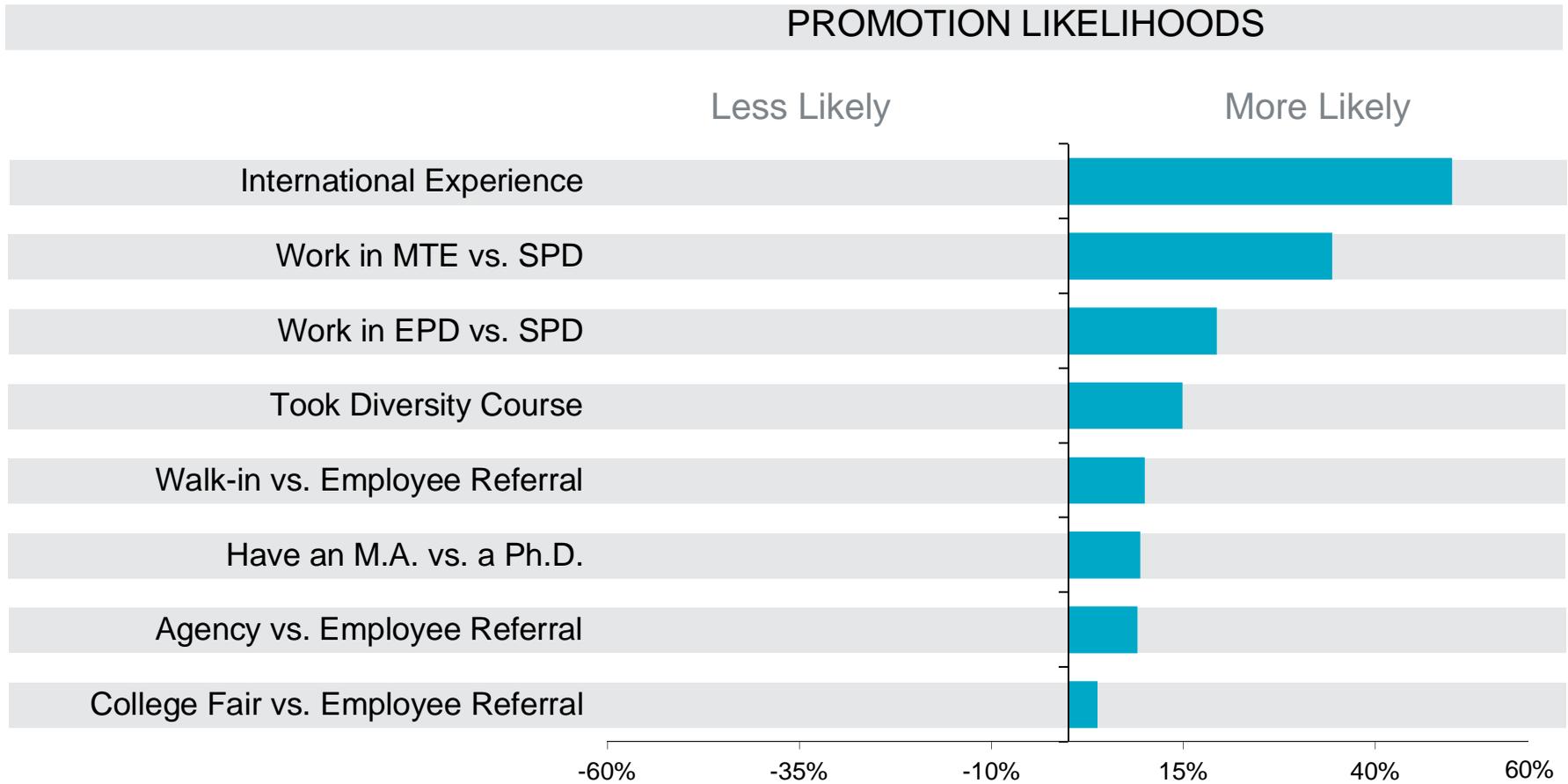How employees and employers actually behave as measured through

- Individual employee records
- Employee turnover
- Business performance measures such as customer satisfaction, growth, profit and productivity

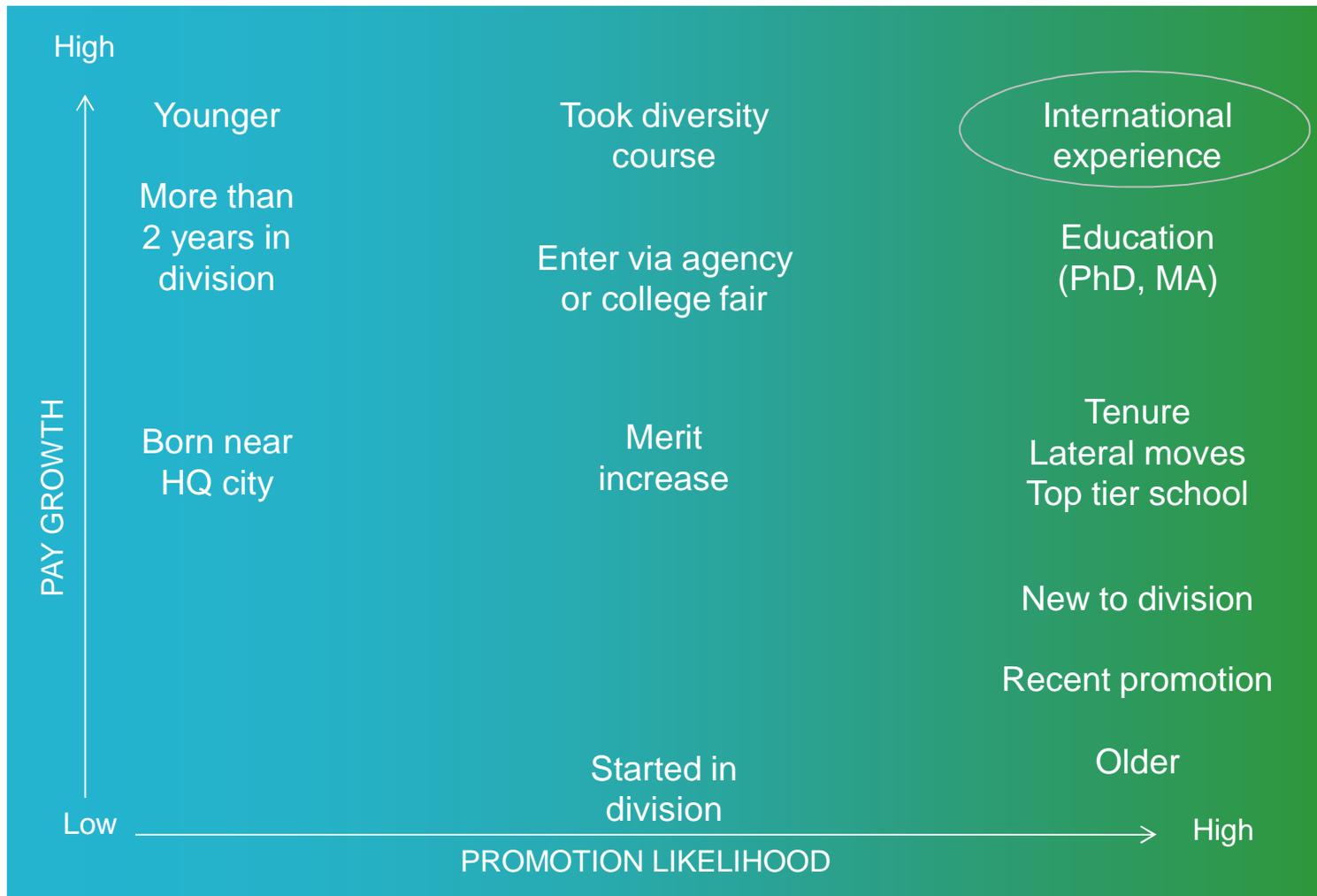Complete, verifiable understanding of the interplay between employer action and employee reaction

Employee survey

Perceptions **"SAY"**

Employees said that pay and promotions were not driven by…

International Experience

However, international experience was the strongest predictor of promotion likelihood

PROMOTION LIKELIHOODS

Less Likely | More Likely

- International Experience
- Work in MTE vs. SPD
- Work in EPD vs. SPD
- Took Diversity Course
- Walk-in vs. Employee Referral
- Have an M.A. vs. a Ph.D.
- Agency vs. Employee Referral
- College Fair vs. Employee Referral

-60%   -35%   -10%   15%   40%   60%

It was also one of the highest drivers of pay growth

Not all significant drivers shown

Actual promotion and pay patterns told a very different story from the all employee survey

Perceptions
"SAY"
Employees said that pay and promotions were not driven by…

Behaviors
"DO"
Causal analyses using HRIS data showed that pay and promotions were driven by:

International Experience

ACTIONS
Close gaps through communications
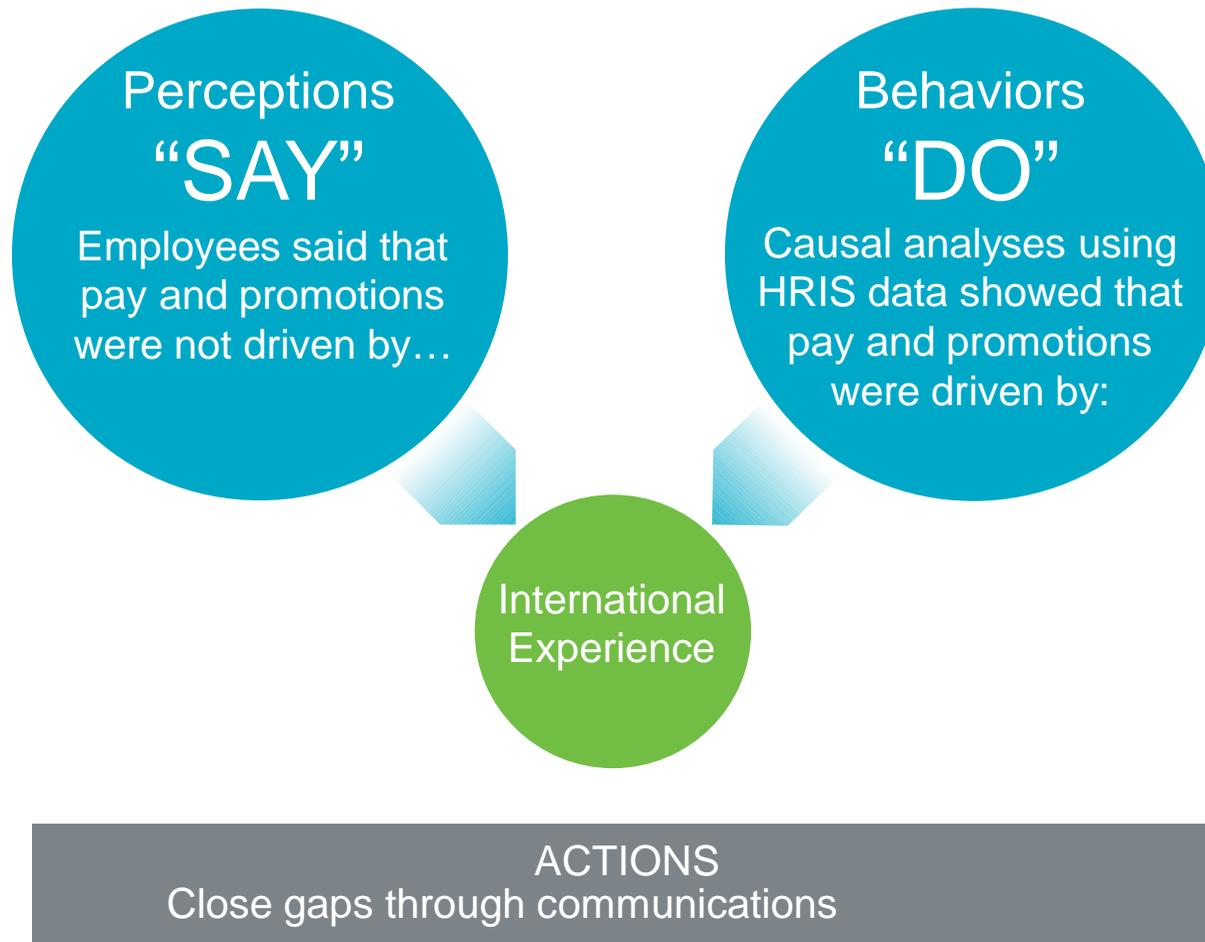
Advanced Analytics helped assess the impact of the substantial investment in education and developmental experiences

	Promotion	Voluntary Turnover	Performance Rating	Total Pay
Overseas Assignment	49%	41%	6%	28%
Certification Program	47%	-89%	No Influence	No Influence
Degree Program	65%	No Influence	2%	-4%

Overseas assignments were a ticket out the door, even though they were also a ticket to advancement.

Note: The models on which these results are based on control for individual attributes, organizational factors, and external influences.

Three key questions must be addressed

PERCEIVE

How do your employees perceive the value of international assignments and other job reassignments – what do they believe is in it for them in terms of financial and career rewards (or penalties)?

IN FACT

What does the organization in fact value as evidenced in the individual attributes and experiences it actually rewards, over time, through pay and promotion decisions?

DISCONNECT

Do these assessments of "return on mobility" in your organization match up – or is there a disconnect?

Summary

- Business and HR leaders are more and more demand fact-based, data driven evidence on people investments, including mobility programs. Therefore, mobility functions need to consider how to measure their return on investment.

- Two types of analytics can be used:

DESCRIPTIVE ANALYTICS	PREDICTIVE ANALYTICS
Facts = counts, rates and tabulations	**Facts** = proven inferences about cause and effect relationships
Delivers **what** the current state is: • What is our turnover rate of employees that have returned from international assignments. • What is the promotion rate of employees that have been on multiple international assignments.	Delivers **why** the current state is and what is important to measure about it: • What effect does international experience have on the promotion likelihood and retention likelihood of employees, controlling for individual and organizational factors.

What's Coming Up Next
Workforce analytics webcasts, workshops, and data

WORKFORCE ANALYTICS AND PLANNING WORKSHOPS
Bringing Inspiration Through Insight

www.mercer.com/mercer-workshops

Webcast Series

www.mercer.com/webcastseries

FALL SERIES UNDER DEVELOPMENT
• Cameco
• Experian
• John Deere
• UMass Memorial Health Care
• Johnson Controls
• Diversity & Analytics
• Mobility & Analytics

Mercer's Workforce Metrics Benchmark Reports

www.imercer.com/wmrs

• Workforce composition and retention metrics

• 66 countries

• 6,000+ participants

• Regional and custom editions available

Mercer Global Mobility
Alternative International Assignments Survey
Local Plus Survey
Compensation Localizer
Seminars:
• North America
• Europe

Questions and Answers

Julia Howes
Principal, Workforce Analytics & Planning
Mercer
julia.howes@mercer.com

Steven Nurney
North American Global Mobility Leader
Mercer
steven.nurney@mercer.com

QUESTIONS

To submit a question use the floating panel, on the top of your screen, and click the Q&A button.

CLICK HERE TO ASK A QUESTION TO "ALL PANELISTS"

FEEDBACK

Please take a minute to fill out the feedback form so we can continue to improve. It will pop-up in a new window when the session ends. Thank you!

Biography – Julia Howes

- Julia Howes is a Principal with Mercer, and is the Product Line Leader for Mercer Analytics and Planning.

- Julia has over 10 years of experience specializing in workforce analytics and workforce planning. She has had experience guiding clients in the formulation of workforce planning and workforce analytics strategies including technological requirements, project planning, change management, stakeholder engagement, process design, and COE structure and support.

- Julia is also experienced in leading specific workforce planning and workforce analytics engagements for clients across a broad range of sectors and regions, principally with large multinational organizations. Julia has also practiced as a lawyer in Australia and Vietnam.

Biography – Steven Nurney

- Steve Nurney is a Partner with Mercer's Information Solutions business. Based in Norwalk, he serves as the North America Global Mobility Leader, leading a team focused on expatriation and global mobility issues.

- With more than 25 years of experience in the corporate and consulting environments, Steve helps multinational clients develop effective international assignment programs, compensation policies and supporting services. Prior to joining Mercer, Steve worked with the MITRE Corporation, a large systems engineering organization, where he worked in both finance and HR, managing domestic and international relocation and expatriate compensation. He also led a team charged with reengineering travel and employee relocation functions. He spent several years as Manager, International Corporate Alliance, with PHH Homequity, a leading international relocation management firm, where he developed the framework for the company's expatriate outsourcing services.

- Steve holds a Bachelor's degree in Finance and Economics from Utah State University. He has served as a member of the Employee Relocation Council's (ERC) Board of Directors and Chairman of ERC's International Committee. He is a member of Worldwide ERC and the Canadian Employee Relocation Council (CERC).