MEASURING THE VALUE OF INTERNATIONAL ASSIGNMENTS
Today’s Presenters

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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

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

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

NEW MOBILITY
- 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

- **Career-Building Volunteers** (e.g., Generation Y)
  - International experience to fulfill personal life objectives (opportunistic, employee-driven moves)

- **Strategic Business Leaders**
  - Fill mission-critical roles and deliver specific, strategic business results

- **Seasoned Technical Experts**
  - Providing specialist skills, resource or expertise to fill local gap; complete specific project or task

- **Corporate-led career pathways and succession management**

- **Business-led resource planning and deployment**
Today’s Mobility Environment
#3 – Greater internal collaboration

CHRO

Global Reward COE
- Compensation
- Benefits
- Mobility
- Equity
- Sales Comp
- Exec Comp
- Regional Rewards Leaders

Global People & Org Development COE
- Org Development
- Talent Acquisition
- Talent Management
- Learning & Development
<table>
<thead>
<tr>
<th>STRATEGIC WORKFORCE PLANNING</th>
<th>DEPLOYMENT OF CRITICAL TALENT</th>
<th>TARGETED EMPLOYEE VALUE PROPOSITIONS</th>
<th>BUSINESS OBJECTIVE ANALYSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>How to look strategically for sourcing and planning to meet talent needs</td>
<td>How to identify and select the right talent to deploy internationally</td>
<td>How to set competitive, cost-effective rewards for various kinds of mobile employees</td>
<td>How to ensure that mobility investment delivers expected results</td>
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**Today’s Mobility Environment**

#4 – Focusing on mobility return on investment
The Mobility Challenge for Analytics

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.

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

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?

**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**

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**John Smith**
Employee EE001101

- **Feb 2009**: Employee Hired
- **Nov 2010**: International Assignment Commences
  - Home: US
  - Host: Japan
- **Nov 2011**: International Assignment Completed
  - Home: US
- **Nov 2012**: Promotion, Compensation Adjustment, Job Position Change
- **2013**
  - Attribute 1: Promotion in Last 12 Months
  - Attribute 2: Returned from International Assignment (1-2 years)
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)
Which allows us to answer the critical questions that matter

<table>
<thead>
<tr>
<th>RETENTION</th>
<th>REWARD</th>
<th>PERFORMANCE</th>
</tr>
</thead>
</table>
| • 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). |
| • 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? |
| • 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

International Mobility Analysis

Termination Rate (Annualized) of Employees Ever On International Assignment by Year

Termination Rate of Employees Ever On International Assignment by Month

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>27.1%</td>
<td>32.6%</td>
<td>23.7%</td>
</tr>
<tr>
<td>Total Terminations</td>
<td>1,225</td>
<td>1,479</td>
<td>1,008</td>
</tr>
<tr>
<td>No</td>
<td>2011</td>
<td>2012</td>
<td>2013</td>
</tr>
<tr>
<td>Total Terminations</td>
<td>4,452</td>
<td>4,503</td>
<td>4,233</td>
</tr>
<tr>
<td>Yes</td>
<td>10.0%</td>
<td>9.8%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Total Terminations</td>
<td>22</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>Yes Average Headcount</td>
<td>219</td>
<td>225</td>
<td>221</td>
</tr>
</tbody>
</table>
The power is in the combination

**STANDARD MEASURES**
- Termination Rate
- Promotion Rate
- Pay Increase

**EMPLOYEE FILTERS**
- Age
- Tenure
- Job
- Grade
- Performance

**INTERNATIONAL ASSIGNMENT FILTERS**
- Total number of international assignments
- Ever on international assignment
DEEP DIVE ANALYTICS
Case Study – Busting a Myth

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.
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.

<table>
<thead>
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<th>Promotion</th>
<th>Voluntary Turnover</th>
<th>Performance Rating</th>
<th>Total Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overseas Assignment</td>
<td>49%</td>
<td>41%</td>
<td>6%</td>
<td>28%</td>
</tr>
<tr>
<td>Certification Program</td>
<td>47%</td>
<td>-89%</td>
<td>No Influence</td>
<td>No Influence</td>
</tr>
<tr>
<td>Degree Program</td>
<td>65%</td>
<td>No Influence</td>
<td>2%</td>
<td>-4%</td>
</tr>
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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 demanding 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:

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<td>• What effect does international experience have on the promotion likelihood and retention likelihood of employees, controlling for individual and organizational factors.</td>
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<tr>
<td>• What is the promotion rate of employees that have been on multiple international assignments.</td>
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What’s Coming Up Next
Workforce analytics webcasts, workshops, and data

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

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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).