

the **HR DIRECTOR**

The only magazine dedicated to HR directors

Issue 16

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Enhancing HR functionality

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AND MUCH, MUCH MORE



MEASURING THE RETURN ON INVESTMENT OF INTERNATIONAL ASSIGNMENTS - WHY BOTHER?

OUR EDITORIAL ADVISORY PANELLIST, RICHARD HIGGINSON - DIRECTOR OF INTERNATIONAL BENEFITS, GLAXOSMITHKLINE - PONDERES THE CONUNDRUM OF EVALUATING INTERNATIONAL ASSIGNMENTS.

I have recently moved house. The new residence has been much improved by the vendors, with one glaring exception in my book: they painted the window frames blue. A sickly pale blue, almost lilac. Their estate agents, their neighbours and countless house-hunters wondered what had possessed them to do this. Blue does not blend well with the brickwork. All the neighbouring houses have white. It made the property difficult to sell. They even extended the blue paint to the garage doors and to the summerhouse. And inside, too, to the walls of the master bedroom, the downstairs cloakroom and the hallway and

landing. So when they handed over the keys I asked them why they had painted everything blue. *"Because blue is good,"* they replied.

"Measuring is good"

I encounter a similar sense of the nebulous when considering international assignments and return on investment. As a former international assignments manager, I have spent many years reading articles and listening to conference presenters and internal HR managers

on the subject. They all keep reminding me of the importance of HR maintaining credible and realistic evaluation systems, for ensuring and measuring the return on investment of international assignments. Measuring is good.

However, I think there are big questions to be asked:

1. Is it in fact possible to measure the value of an international assignment? (That's the value, not the cost.)
2. If so, the value to whom? The company as a whole? Or just the host country? And what about the assignee?
3. Lastly, and I hate to be controversial, but what is the point in HR doing this measuring if HR can't do anything about the outcome of the measuring?

In answer to the first question, I think it is indeed possible to measure the value of an assignment. And in answer to the second, I think it is all three. Seven years ago a small but enthusiastic group of large European multinational companies set out to design a software tool to do just this. We wanted something to help us decide which assignments were likely to work (or had worked) and which were poor investments. We came up with a tool that, at the time, I recall I exuberantly and publicly heralded as "groundbreaking" and "likely to demand a paradigm shift in international assignment management thinking."

"a groundbreaking tool"

We fed in lots of data from questionnaires sent to various stakeholders in an assignment, and the 'Assignment Value Tool', or 'magical triangle', that we designed, gave us a 3-D visual representation of the relative value of the assignment to the stakeholders. The triangle was covered in dots, which, when we changed the viewing angle, sprouted into three-coloured cylinders, the height of which represented respective quantitative values. (We quickly customised these cylinders to resemble things relevant to our own businesses - oil barrels, yoghurt pots, stacks of coins, cigarettes! - but that's another story.)

I still think it was a groundbreaking tool, although perhaps ahead of its time. Unfortunately, soon afterwards I left the company I was working for and my successor wasn't quite as enamoured with it. I suspect it was locked away in a dark cupboard next to other ambitious and cyclical HR fancies such as 'How to prove to the finance director that HR makes an impact on the bottom line' and 'How to get HR a seat on the board.'

The enthusiasm for the magical triangle did not die in some of the other companies I was working with, and last year the group revisited the question of how organisations derive value from an international assignment. It reached pretty much the same conclusion as before: that HR needs to understand why an employee is being assigned internationally. It is usually for one of the following reasons:

- Knowledge transfer: to transfer knowledge between different parts of the organisation; to train and develop local employees; to add to local employee knowledge and value. >

SOLVING THE DUAL CAREER CHALLENGE

To attract highly qualified employees to an international assignment, companies increasingly have to recognise the needs of the partner and his or her own career.

"Dual career issues head the list of reasons why employees turn down an expatriate assignment," says Siobhan Cummins, managing director Europe, ORC Worldwide. ORC has conducted five dual career surveys of several hundred international employers since 1990. *"Nowadays, in 81% of couples, both partners have a career. When it comes to overseas assignments, although the typical expatriate is still male, nearly 17% of assignees are women and the percentage of male partners has increased as a result."*

Most partners want to continue working to maintain their skills and facilitate their re-entry to work when they return home. And yet few manage to do so. They face a number of challenges looking for a job in an unfamiliar location. One of the challenges is getting a work permit.

PERMITS FOUNDATION

Permits Foundation is a non-profit corporate initiative to promote open work permits for expatriate partners worldwide. Set up in 2001, it encourages governments to relax work permit regulations that currently make it difficult for expatriate spouses and partners to work in many countries. The foundation brings together more than 30 international companies and organisations from diverse sectors and countries of origin. It is also supported by The United Nations' chief executive board.

Jan Schaapsmeeders, HR director of Shell Nederland and chairman of the foundation's board says, *"Expatriate employees are critical to the success of international business. They help to transfer knowledge, skills and technology, train local staff and form the 'corporate glue' that helps to bind cultures together. To attract top talent that goes hand-in-hand with international trade and investment, both employers and governments need to recognise that partners want to work. Separate work permit requirements for partners are a hurdle to mobility, equal opportunity and diversity. Responding to this issue represents a triple win - for employees and their partners, the companies that employ them and the countries where they work."*

GOVERNMENTS ARE RESPONDING

Permits Foundation has been successful in promoting change in the USA, France and The Netherlands. The UK is already a model of best practice in this area, allowing the spouses of work permit holders to work, and other countries that also allow spouses of intra-company transferees to work include Canada, Australia, New Zealand and Sweden. The Foundation has recently responded to the EU Commission's Green Paper on Economic Migration, has started to develop networks in Asia and is working to raise awareness of this issue worldwide.

The Foundation's submission to the EU can be read at:

http://www.europa.eu.int/comm/justice_home/news/consulting_public/economic_migration/contributions/contribution_permits_foundation_en.pdf



Kathleen van der Wilk-Carlton
board member, Permits Foundation
www.PermitsFoundation.com



- Technical need/skill shortage: to fill expertise gaps in local organisations; to implement systems and processes.
- Management development: to instill skills and knowledge in managers of longer-term value; to develop international mind-sets, business experience, and cultural awareness.
- Renewal/retention: to instill mobility; motivate employees; and ensure the replenishment of the international management cadre.
- Governance/management control: to ensure corporate standards; transmit corporate values and culture.
- Organisational need: to promote organisational growth; to establish regional/global management centres and resource centres of excellence.

HR can then measure the value of the assignment to give what I shall call, for brevity's sake, the 'value outcome'.

**"no point HR measuring the value outcome
if HR can't change it"**

This is all very well, but what happens if we capture the understanding we need of why a particular employee is being assigned, measure the value outcome, and deduce that the assignment will be of little or no value? Simple: we go and tell the line and they cancel the assignment, right?. Wrong. It doesn't work that way. Not in my company or in my last company or in any of the companies in the group I mentioned. The HR people involved in the international assignment process are often not senior or credible enough to push back successfully when they think the wrong decision has been made.

So, if HR knows why the business is sending someone on an assignment, but HR can't stop the business sending them if the value is low, what is the point of HR knowing in the first place? There is no point HR measuring the value outcome if HR can't change it.

This leads to a second question about the value of an assignment: once we know the value, what approach are we going to take to differentiation? For example, we have two assignments at the same level (but doing different jobs in different locations). By whatever means we prefer, we measure the value of the two assignments. Assignee A will realise, we estimate, £1m in value. Assignee B will realise £2m. Will Assignee B be paid more?

No. HR will say that it's not fair on Assignee A as the jobs and the location and the circumstances are different. Therefore, Assignee B is not adding £1m of extra value.

Yes he is, we've just measured it!

HR's reluctance to pay more to assignees on high value assignments is attributable in part to its obsession with equity. If there is one word I would like to see abolished from the corporate vocabulary it is equity. Paying substantially different salaries to people of similar skills and experience is anathema to most HR professionals. We have been bred to believe in orderliness and conformity and in standardising things across the organisation.

Michael Armstrong and Helen Murlis* hinted loudly that, "Reward management processes need no longer be confined to the straitjackets of rigid salary structures and elaborate job evaluation schemes." This is not a recent revelation: they wrote it seven years ago! Hands up if your current reward structure allows you to pay someone double the base salary of someone else of the same level if they are delivering double the value?

I hope you enjoy the coming summer. I shall be spending most of it up a ladder with a paint pot. For me, blue is not good.

My own company is not currently involved so I can unashamedly recommend the work of the Expat Technology Forum: please see their website at www.traqs.com.

*Armstrong and Murlis (1998), Reward Management



Richard Higginson
GlaxoSmithKline
www.gsk.com

