

# Making Expatriate Assignments more cost effective

Expatriate Assignments and the  
Global Financial Crisis




# Global Financial Crisis

- ❖ 10 days in September 2008
- ❖ HR the “hapless messenger”
- ❖ Gold Mining Industry
- ❖ Focus on Africa. It is in the hardship countries where expat costs are highest.



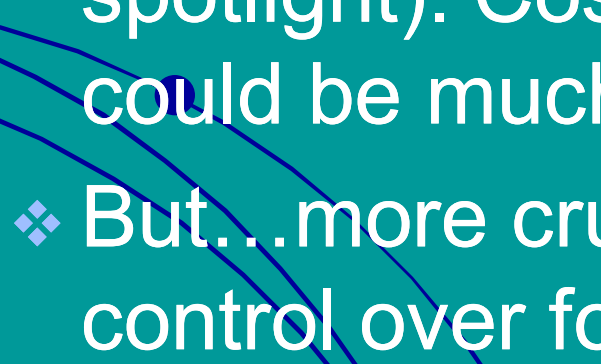
# Current Expat Benefits

- ❖ Salary between 2 and 4 times the home country net
  - ❖ Retirement funding
  - ❖ Medical Benefit (and evacuation cover)
  - ❖ Insurance (Life and Accident)
  - ❖ Accommodation
  - ❖ Leave (6 to 12 weeks per annum)
  - ❖ Flights (2 to 4 flights per family p/a or 2 to 12 flights per individual)
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# Benefits (cont.)

- ❖ Schooling Assistance
  - ❖ Vehicle
  - ❖ Pre and Post Assignment Counselling
  - ❖ Storage and Removal Costs
  - ❖ Club Membership
  - ❖ Internet Access
  - ❖ Transport of pets
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# A Future for Expats?

- ❖ Could this lead to a decrease in expats?
  - ❖ The year of the CFO - Executive pay under scrutiny – particularly with bailouts
  - ❖ Expat costs are high (but not in the spotlight). Cost of not having the expat could be much higher
  - ❖ But...more crucial than ever to have control over foreign entities
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# Future?

- ❖ More globalization - not less. More co-ordination, more control, more centralization – to avoid similar crises in future
  - ❖ International co-ordination is the theme running through all suggested solutions proposed and implemented
  - ❖ International co-ordination will in all likelihood mean more cross-border employee movements
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# What can we expect?

- ❖ More scrutiny of pay (executives and possibly expats)
- ❖ More pressure to standardise the calculation of expat pay
- ❖ Scrutiny of difference between expat and local pay
- ❖ Proof of ROI on expat assignments
- ❖ No more sending problem employees on assignment
- ❖ Focus on delivery

# Solutions

- ❖ Assignments only where absolutely necessary – but they're not going away
  - ❖ Uniform use of lean build up
  - ❖ Reasonable benefits – sharing cost
  - ❖ Negotiate better deals with service providers (BUPA risk share)
  - ❖ Move from mercenary mentality to making international assignments essential part of career development
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