

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.



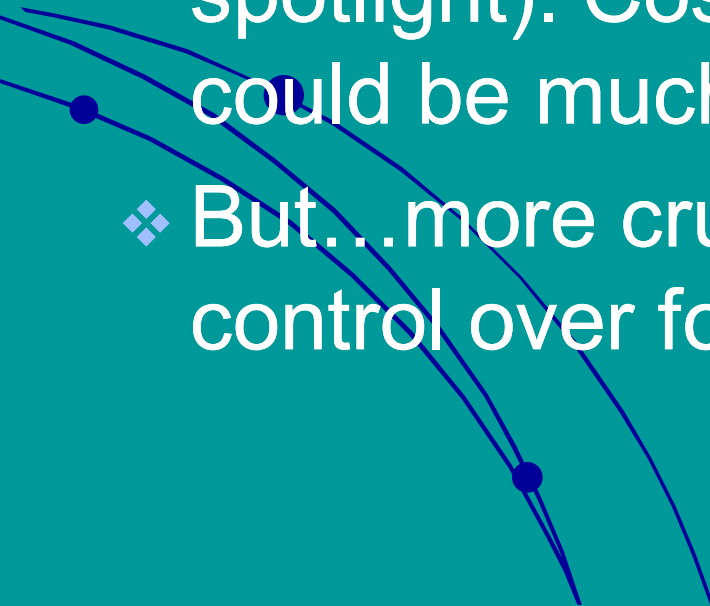
Current Expat Benefits

- ❖ 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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