

7 ways to contain costs with global expatriate policies

Multinational companies face the challenge of attracting and retaining top talent while keeping expenses in check. Here are seven tips to contain costs when creating or revising your global expatriate policies.

1

Streamline your approach with thorough planning and assessment

- Use decision trees or similar tools to weigh variables such as assignment duration, purpose, status (temporary or permanent) and potential dependents to help determine the most suitable candidates and packages.
- Consider high-potential local nationals as an alternative to expensive foreign executives to help contain costs while still maintaining effectiveness.

2

Implement better processes and track actual expenditure against forecasts

- Perform detailed cost projections and track expenses to ensure accurate budgeting.
- Utilize specific tools designed to administer international assignment programs to streamline processes and ensure efficient cost management.

3

Reduce assignment durations and explore alternative options

- Shorten long-term assignments to a maximum of three years to help contain costs by minimizing the duration of expensive expat packages.
- Explore alternative options such as intraregional assignments, working with third-country nationals or commuting to provide cost-effective alternatives to traditional expat assignments.

4

Segment policies to contain costs while offering flexibility

- Segment policies based on different levels and strategic positions to contain costs while still offering competitive packages.
- Differentiate compensation packages based on developmental moves, know-how transfers, and strategic moves to ensure compensation is tailored to meet the specific needs and value of each assignment.

5

Consider a local or local-plus approach for long-term cost savings

- Transition expats from home-based balance-sheet packages to local or local-plus arrangements. But apply with caution as local-plus packages can sometimes be higher than expat packages, depending on the destination and local market conditions.
- Base salary ranges can vary widely, particularly in emerging markets, so careful consideration is needed when implementing local or local-plus approaches.

6

Cap allowances to control expenses

- Cap allowances to be a contribution towards accommodation expenses rather than a full payment in popular expat locations where housing costs are running rampant.
- Extend this approach to other areas such as health care premiums and education fees, ensuring that allowances are aligned with the intended purpose and not exceeding necessary expenses.

7

Effectively manage exceptions to manage cost and maintain flexibility

- Establish clear guidelines and efficient processes for handling exceptions.
- Empower HR departments or relevant stakeholders to authorize exception requests, ensuring that decisions are aligned with cost containment goals.
- Consider the specific needs of assignees, such as family-related issues or personal preferences, and find flexible solutions that balance their requirements with cost considerations.

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