

How Can We Compensate Young, Single Expatriates on Developmental Assignments?

Siobhan Cummins

As companies increasingly identify different types of assignees within their international assignment policies, a trend is emerging that involves the introduction of developmental assignment policies. Such assignments usually involve younger, single candidates who may be sent on a developmental assignment to further their career progression.

In such cases, compensation elements may differ from assignees who relocate under a traditional assignment package, for example:

- Many of these developmental assignees are keen to undertake an international assignment because it suits their career aspirations and long-term goals with the organization. Therefore, the usual incentives—in particular, a foreign service premium—are not necessary to entice them to go abroad.
- Many companies opt for a host-country package (whereby the employee is on local terms and conditions) for these assignments, particularly in Europe where the cost-of-living difference between many countries is relatively modest. In such situations, the company typically does not pay a cost-of-living differential or any of the usual expatriate “perks.”
- If the employer follows a balance sheet approach, it typically provides lower allowances for items such as a car or other transportation, housing, or goods and services to minimize the cost of these assignments. Consider:

- Housing, particularly for single assignees, is often smaller, of a standard equivalent to local peers, and in different areas than the higher-priced expatriate communities (that are often in suburban neighborhoods, where proximity to an international school matters).
- Younger, single expatriates want recreational options— theater, nightclubs, and so on—that may only be found in a metropolitan area.
- Cost-effective cost-of-living indexes—particularly where there is an ample supply of high-quality goods and services, and the expatriate can purchase local brands that are lower priced—are often appropriate.
- The profile of a developmental assignee is a young single, without the need for educational allowances or spousal assistance.
- Most companies do not usually provide a company car, as they expect the assignee to use public transportation.

And finally, work-life balance is an important element for many younger assignees. Therefore, many of these assignees are looking for more flexibility in the work situation, as well as overall assignment policies.

However, as with any other package, it is important to consider not only the assignee’s concerns, but also the company’s goals and budgets, while keeping an eye on equity issues and minimizing exceptions to policy—a tough balancing act overall.

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