

## Asia Experiencing Growing Trend in Local-Plus “Light” Packages

The Relocation Report, [www.relocationreport.com](http://www.relocationreport.com)

Finding skilled employees from the local labor pool has become a challenge for many corporations, but filling these positions with foreign talent can be costly. Employers are looking for cost-effective expatriate compensation options.

Participants in two surveys by ORC Worldwide—Local-Plus Packages in Hong Kong and Singapore and Survey on Local-Plus Packages for Expatriates in China—report a growing trend toward expatriate “light” or “localplus” packages. “These alternative packages often base the assignee’s salary on host-country pay structures,” says Phil Stanley, managing director of ORC Worldwide Asia-Pacific region, “but then tack on a few expatriate-type benefits, such as some form of housing assistance and possibly an allowance to partially cover children’s education.” But employers in different Asian locations address the situation differently, depending on the local market and other factors. “For example,” he adds, “while the idea of a local-plus approach in China is popular, and employers are discussing it, in actuality, the concept is still very much a work-in-progress for most companies. Employers determine much of what they offer on a case-by-case basis; due to the talent shortages and living challenges in China, we found that most often the local-plus offering is merely a reshuffling of the traditional expatriate assignment package elements.”

When it comes to places like Hong Kong and Singapore, the practice varies. Two-thirds of companies operating in Singapore use local-plus packages for certain situations, compared with half the companies in Hong Kong. “The lower prevalence in Hong Kong may be due to a higher percentage of companies simply offering a pure local package to some expatriates due to higher salary levels and lower tax in Hong Kong.” “When a local-plus package is provided,” Stanley continues, “it is likely to be limited to a local salary and include a cash allowance for housing assistance and placement in the local pension plan – but no other ‘plus’ elements.” Singapore is different. “There is a higher likelihood that the employer will pay rent directly to the landlord rather than provide a cash housing allowance due to more favorable tax treatment,” Stanley said. The employer is also likely to provide tax preparation help for the first year, cover some dependent education, and provide a cash allowance for pension if the employee is ineligible to participate in the government pension fund.