



## Global Health & Benefits Update

Visit us at: [www.HannaGlobal.com](http://www.HannaGlobal.com)

December 2006

### **MULTATIONALS IN CHINA SEEKING LOCALIZATION TO REDUCE COSTS OF EXPAT PACKAGES**

A survey of expatriates working in China finds that, in an effort to avoid costly compensation packages, multinationals are turning more and more to foreigners already in the country and to Chinese returnees. The survey found that Westerners who are brought to the country for specific assignments are no longer the largest group of expatriate workers in the country. Whereas last year they represented 30.7 percent of all expatriates in China, now they represent just under 25 percent. Foreigners hired within China by contrast now represent 47 percent of expatriates, compared to 26.4 percent last year. Chinese returnees make up a large part of this segment, many having spent years abroad acquiring much needed skills at foreign firms. The survey found that 55 percent of multinationals were implementing localization hiring programs or planned to, compared to 46 percent last year, and that wages were climbing, particularly for returnees, whose salaries increased by an average 6.6 percent this year compared with 4.8 percent for Hong Kong and Western expatriates.

### **EMPLOYMENT IN JAPAN: THE STRUGGLE FOR CHANGE**

Younger workers, older workers, women, people with disabilities, foreign companies and others are seeking their place in the evolving Japanese economy. Japan's human resource issues continue to change. Many young Japanese job seekers today are looking for entrepreneurial opportunity and a faster track. The older worker is more at risk than ever before, bewildered at the pace of change (glacial by US standards) and frightened at the prospect of a broken lifetime job covenant. Women see greater potential opportunity, but may feel more comfortable staying abroad after higher education or working for foreign companies at home. People with disabilities, long shunned, may get a new chance. Foreign companies are beginning to attract the best recruits, and the number of independent contractors and part time workers is growing. New employment is generally down in Japan, although less so in high tech areas than in the "old economy," and this means young people's employment opportunities are suffering. The number of high school graduates with job offers was lower in 1999 than in 1998 or 1997. In Hokkaido, 77,000 such students went without offers last year. The fabric of "lifetime" employment is becoming frayed, and not just at the edges. The Japanese have been very slow to alter their traditional social and business practices, but today, change is taking place. As a result, it is critical to monitor and focus on Japanese employment practices for multinationals. When such change takes hold, Japan may once again be a primary world economic force.

### **STRENGTHENING SINGAPORE DOLLAR MAY ERODE EDGE IN WOING TALENT**

Singapore's relative low cost of living compared to many of its Asian neighbors along with its favorable tax policy and high standard of living has made it a destination of choice among expatriates in the region. The cost advantage of living and working in the country could be eroded if its dollar continues to strengthen. The cost of living for expatriates in Singapore is about a third less than in Seoul and Tokyo, the most expensive cities in the region. Prices in Hong Kong are 15 percent higher and in Beijing, 5 percent. Overall, Singapore ranked No. 132 (out of 250 locations surveyed in a recent study) in terms of costliness for expatriates, and No. 10 in Asia. The report also notes that second-tier cities in China are getting more expensive due to growing consumer demand fueled by rapid development.



1600 S. Main Street, Suite 215

Phone (800) 654-6600

Fax (925) 932-6030

[www.HannaGlobal.com](http://www.HannaGlobal.com)