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Determinants of Expatriate Compensation Findings among Expatriate Members of sefe

Expatriate compensation has been found to be a very challenging issue for decision-makers and in the light of expatriates' dissatisfaction companies have not been very successful in their compensation decisions. On the other hand, fairly little data on existing compensation packages of expatriates has been available in the literature to support the decision-making. Furthermore, very little information has been available on the determinants which influence compensation levels. In the light of this, the present study present data on the compensation packages of about 200 Finnish expatriates operating around world. The results indicate that, on the average, the expatriates earned in total FIM 35 196 a month. About every second expatriate received performance-based bonuses. With regard to holiday payments it was most common for host-country principles to be followed or for the holiday payments not to be paid at all. Only about every third expatriate reported that their taxation treatment was taken into account when their salary-level was defined. From the different types of allowances, home-leave allowance, housing allowance and transportation / car allowance were received by the majority of the expatriates. Considering insurance incentives, travel insurance and health insurance were received by about half of the respondent group. Assignment insurance and accident insurance were almost as common.

With regard to determinants of compensation, many significant variables could be identified. Support was received for expectations in the case of the following variables: sex, age-group, family situation, level in the organizational hierarchy, nature of assignment, area of operation and the nationality of the employer. In the case of the task type, the only difference appeared when general management tasks were contrasted with other tasks. Still, this is related to the level in the organizational hierarchy since general management tasks typically represent higher organizational levels. No additional differences appear across the task types and thus the task type was not a very relevant explanatory variable. The earlier international experience had significant influence on some compensation elements, but the total salary-levels did not vary significantly between groups. All in all, empirical support was received for the most determinant factors suggested in the literature.