

International Market Practices – Localization

This benchmark analyzes localization, the transition from assignment to permanent host-country employment terms, focusing on policy prevalence, step-down design, and how companies balance cost control with talent retention.

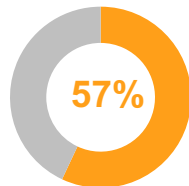
A majority of organizations have formal localization policies, with most focusing on the tapering or replacement of housing and education benefits. Companies use step-downs or lump sums to ensure a smooth transition while controlling long-term costs.



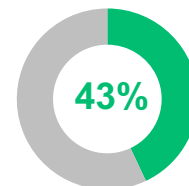
Key Findings

- Prevalence: 75% of companies have a formal localization policy or provisions in place
- Purpose of Localization: Common drivers include cost containment, compliance with assignment length caps (five–10 years), and retaining talent in host locations
- Core Benefits Included: Immigration support, tax preparation, household goods shipment or storage, temporary living, and education reimbursement, with companies typically providing a subset of these based on policy design and duration
- Step-Down Benefits: 58% of companies reduce benefits at the end of assignment or during localization
 - Gradual reductions over two years
 - Lump sum allowances such as 12 months' housing, 75% of tuition/housing, or fixed cash allowances (USD 5,000–USD 8,000 or two weeks' salary)

Distribution of Step-Down Models:



Gradual reduction



Lump sum payout



Key Practices

- Housing and education are the primary benefits phased out or converted.
- Lump-sum payouts are increasingly used for flexibility and cost predictability, and policies often align with assignment caps to ensure compliance and a smooth transition to host terms.
- Companies frame localization as a retention tool, particularly in growth markets.



Key Takeaways

- Localization is widely adopted to manage long-term assignments while balancing cost efficiency and employee retention.
- Housing and education remain the most frequently adjusted benefits.
- Both lump sum and step-down models offer predictable cost control while supporting employee transition.