



# Global Employment Company

## Does it bring savings and compliance?

When exchanging with HR professionals having an interest in whether a Global Employment Company could be a route to take for their organization, I look to identify how they perceive this type of structure and what are their motivations and expectations.

Having, for over 15 years, formed part in many corporate global mobility projects from design and validation, to implementation and operational management, I noticed a common pattern along the lines of undefined expectations on what this "Global Employment thing" can do to simplify their life.

They often "have it in the air for some time" or "been thinking about it" without really having made a step forward to analyze further what it would bring to their HR and Global Mobility program.

The first thing I like to point out is to take a quick look at how many companies have a Global Employment Company and to note that is by far not the majority of them.

There is a very simple reason for this, it is not that easy to go from concept to project as many components will influence the effective realization of a Global Employment Company. Starting from the place of Global Mobility within the organization, its size, the challenges being faced, areas for improvement and transformation, definition and measurement of ROI and final corporate green light. The Global Employment Company is in many cases, one of the multiple options or solutions to consider.

The discussions tend to carry further around two main topics: how could they reduce the cost of the overall global mobility program and how to increase compliance over their internal process and strengthen legal aspects.

There is a sort of myth around setting up a Global Employment Company and immediately benefiting from direct savings, particularly over social coverage aspects.

What is sure is that companies can experience discrepancies, exclusions, geographical limitations, overlapping in coverage and cobble together costly and unsecure solutions. Setting up a Global Employment Company allows them to build a comprehensive, flexible, high quality, exportable worldwide social coverage that can be modulated for almost the entire expatriate population regardless of their home and host country.

It is not as some may think a "100% winning solution" and in the absence of international agreements, changes in regulations limiting the duration of certain exemptions, more bordered practices and revised interpretation of treaties and agreements, the cost of social coverage often gets duplicated by maintaining the national and complying with the local system.

For instance, private pension funds considered less expensive, of higher performance and more dynamic have been considerably used. Most of these funds currently apply a 0% guaranteed rate and what used to be a pretty straight forward equation when comparing returns of pension funds vs national schemes has become far more complex. This especially when taking into account age, career length or exchange rate fluctuations.

Such funds still fit pretty well as top-up solutions or for those expatriates with true international careers or coming from countries with limited pension scheme or unsecured future to whether the accrued rights will provide more than just a symbolic pension.

Non negligible savings can still be attained upon implementing such structure but requires a thorough analysis and projected forecast over several years. It may help with cost containment and allocation, sharpen cost control and financial reporting and in many cases benefit companies by increasing the value of each dollar spent on their global mobility program.

When we talk about increasing compliance, it is about setting the right environment and configuration to succeed in reaching it.

Compliance within an organization is impregnated at executive level then spread and articulated at all tiers of a company.

Compliance will not be reached by the sole fact of setting a Global Employment Company. It may even have the opposite effect as it opens a new set of applicable jurisdictions, conflict of laws, financial requirements and many other operational liabilities when running such a structure.

This being said, a Global Employment Company can in many ways aide in achieving or increasing compliance by centralizing all mobility cases, mastering assignment processes, being able to better apprehend changes in laws and define responsibilities.

With expert teams ensuring awareness of major issues and risks, they ascertain company's policy and legal obligations are communicated, understood and applied over regions and mobility stakeholders.

It will also bring more control, ownership and accountability for the Global Mobility function where it could have been formerly diluted over several players.

In that sense a Global Employment Company is quite similar to a Center of Expertise with the exception that the former has a greater mission and carries the seal of "employer" bringing it more weight, autonomy and liabilities compared to a CoE.

Whether a company is addressing topics about compliance, savings or more largely the transformation of its Global Mobility program it is definitely worth to enquire about what a Global Employment Company can offer but at the same time approach it for what it probably is, a great HR tool box rather than a magic wand.

*About the author*

*Gordon Zovko is a recognized expert in Global Mobility and Global Employment Companies matters with significant collaboration on behalf of Blue-Chip companies. He also intervenes as Corporate Advisor for International Human Resources key topics such as Compensation & Benefits, Global Mobility policies and transformation, international working contracts, management of TCNs, Quality Management Services, rebilling and control, cost containment vs package "attractiveness" and expatriation process efficiency. His profile combines in-house, consulting and client services delivery expertise.*

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