Global employment organizations
Do you have a business case?
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Your presenters

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Global employment organizations (GEOs)

► What is a GEO?
  ► An international manpower company for the affiliated group
  ► Also called an international employment/management company
  ► Domestic or offshore (or both) employer of mobile employees who are partially or fully global

► Goals of a GEO:
  ► To relocate employees:
    ► In a tax-effective and administratively efficient environment
    ► While simultaneously providing employees with incentives that promote global mobility
GEO: the before and after

Today: Typical pattern of a multinational’s assignee deployments with complex country combinations

- Decentralized, chaotic organizational design
- Compliance challenges
- More challenging to meet changing business demands
- Higher risk and may lack proper checks and balances
- Potential for inconsistent treatment

Future: Typically, a GEO is a separate entity that exists for the sole purpose of providing employment-related services to the organization’s international projects

- GEO acts as in-house employment agency
- GEO employs mobile employees
- GEO provides employment contract
- GEO pays salary and allowances
- GEO provides benefits and administrative support
- GEO bills host company and receiving entity
A world of improvement
GEOs can address a variety of issues

- Mitigate current tax and regulatory risks
- Provide improved tracking and reporting
- Provide clear organizational structure and standardized and centralized policies and processes
- Enter new markets quickly and efficiently
- Improve and simplify home and host country compliance
GEO observations

Cutting edge drivers

- Risk management opportunities for challenging, non-traditional populations such as:
  - Employers of regional teams
  - Employers of executive management team
  - Employers of rotational employees
  - Employers of short-term business travelers

- Cost reduction opportunities:
  - Administrative
  - Social security, especially in Europe
  - Policy and exception management
  - Population bifurcation opportunities:
    - Provide solution for globalists who no longer have a home country

Marketplace historically

- Permanent establishment risk minimization
- Facilitation of corporate deductibility
- Social security minimization
- Individual tax planning

Marketplace over recent years

- Permanent establishment risk minimization
- Facilitation of corporate deductibility
- Human resources administration and control
- Speed to deployment
- Facilitation of entry into new markets
- Short-term/frequent travel

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Mobility: a holistic perspective
Each stakeholder group must be considered
General issues to consider

Considering the following questions can lead to identification of pain points for each stakeholder group and ultimately determine whether there is a business case to move forward:

► What are the current areas of concern?
► Do you feel your program is effective as it could be?
► Are costs where you would expect them to be?
► Do you know your actual costs?
► Where are there opportunities for improvement?
► What do you think your desired future state should be?
► What are the issues to be considered to get to the desired future state?
Case study
Corporate issues to consider

Corporate issues to consider

Planning opportunities

Entity structure

Organization chart

Payroll structure and delivery

Staffing model

Location

Charge-back issues

Assignment documentation

Ask questions such as:
► Who currently employs the local nationals?
► Do you have the ability to deliver pay in the local countries?
► Do you have a scalable staffing structure to support your mobility needs?
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Employee issues to consider

- Employee specifics – roles and responsibilities
- Attractiveness and ease of mobility
- Employment law and benefit coverage

Questions:
- What do you envision to be your future international talent needs?
- What impact will the change in employer have on the employees?
- Do employees report to a local supervisor or could the supervisor be based elsewhere?
- Do you have retention or other issues that may attract labor law consequences?
Process issues to consider

Do you have a process for process exception management? Is it working effectively?

What processes exist to identify income and social security tax and regulatory compliance?

What global mobility process documentation exists?

Do you need compliance guides or training to help you manage compliance?

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Policy issues to consider

Ask questions such as:
► Do your policies align with your mobile strategy and business needs?
► Does your current assignment model limit your flexibility to implement policy changes you would like to make?
► Do you find that current employee demographics are challenging your traditional policies and creating noise?
Questions?