The strategic use of GECs for assignees in remote locations

Operating in remote locations presents both significant opportunities and complex challenges for multinational companies. For such remote locations, most Global Mobility policies would prescribe an "unaccompanied" assignment, often based on "rotations". Rotational assignments are a common staffing model in many project-based industries. These assignments typically involve employees working in a host location for set alternating periods, for example 28 days on-site followed by 28 days back in their home base (a variety of common rotation patterns exist). In such assignments, the host location can change every few years with each new project, making it impractical to align terms and conditions to a single host country. At the same time, the home location of these employees becomes less relevant in terms of managing their employment contract, which further complicates the process of setting up employment agreements that align with each host country's local labour laws.

This is where the Global Employment Company (GEC) model becomes ideal. A GEC allows companies to centralize the employment structure, offering a consistent framework for managing rotational assignments, regardless of the location of the project. It ensures that all employees on rotational assignments receive uniform terms and conditions, while allowing them to work in multiple jurisdictions without the complexity of changing their employment terms each time they are deployed.

One of the key advantages of using a GEC for rotational assignments is its ability to centralize and standardize the process, particularly when it comes to compliance. Local compliance remains a significant concern for many organizations, and this can be particularly challenging in remote locations. A model where compliance is heavily reliant on the host country's teams often introduces risks, inconsistencies, and difficulties in monitoring compliance across multiple assignments. This decentralized approach can lead to inconsistencies, errors, non-compliance, and legal complications.

Managing these assignees through a GEC, preferably with the use of an international payroll system, ensures that the entire process is handled centrally and consistently, thereby enhancing governance and compliance across all assignees and all jurisdictions. Compensation details can be utilized in host locations to calculate the necessary local tax and social security contributions through a "shadow payroll."

It is worth mentioning that many companies also prefer to keep expatriate packages confidential, particularly regarding compensation details. While this confidentiality is often necessary for maintaining privacy within the organization, it can complicate compliance with local tax and social security requirements in the host country. If confidentiality is a concern within the organization, the shadow payroll process could be outsourced to third-party providers.

The GEC model provides a robust framework for managing these complex issues and reducing the administrative burden that comes with handling multiple host countries' compliance requirements. By centralizing the management of expatriate and rotator contracts, companies can achieve greater governance, reduce risk, and ensure that compliance is maintained across all jurisdictions in which their employees are working.

Moreover, GECs provide a stable employment relationship for employees on rotational assignments. This structure allows organizations to retain flexibility while ensuring their international workforce remains protected under consistent terms and conditions.

As companies continue to expand globally and deploy employees across various locations, the GEC model offers an effective solution to manage rotational assignments efficiently, ensuring both compliance and employee satisfaction.