# In focus: How GECs improve program efficiency


In response to the need for greater flexibility and scalability when moving talent across borders, Global Employment Companies (GECs) have emerged as a useful approach to streamline the management of international assignments. By centralizing the legal employment and management of assignees within one dedicated entity, GECs typically reduce administrative complexity and introduce operational efficiencies that enhance the effectiveness of Global Mobility programs.

In traditional global mobility models the number of "home-host combinations" can grow exponentially as new assignments and countries are introduced, resulting in significant administrative workloads for HR teams around the world, many of whom may not have the bandwidth or technical expertise to handle complex Mobility matters. Since a GEC serves as the primary legal employer for international assignees, regardless of their actual "home location" or nationality, this model fundamentally reduces the complexity inherent to assigning employees directly from their home countries to host destinations. With a GEC, HR teams benefit from simplified, centralized processes, freeing up resources for strategic planning and value-added activities. In other words, assuming that the GEC is adequately designed, implemented and operated, it delivers greater efficiencies. It should be stressed that the GEC is much more than a simple administrative hub (such as a Shared Service Center), but an employing entity with a direct contractual relationship with the employee.

Centralizing expatriate headcount and administration within a GEC also leads to better oversight, visibility, and consistency. By consolidating the employee base under a single employment entity, organizations gain a holistic view of their global assignees. This transparency enhances both governance and efficiency, enabling streamlined compliance and risk management. Policies and procedures for expatriates become more standardized, reducing discrepancies in treatment between different regions and simplifying the management of international talent pools. Additionally, organizations benefit from enhanced reporting capabilities, allowing for more accurate tracking and analysis of international assignments.

One of the key advantages of a GEC lies in its flexibility to employ talent from regions where an organization lacks an established presence. For instance, an engineering company looking to source specialized engineers from a range of locations might encounter legal and logistical barriers if it lacks subsidiaries or branches in those areas that could act as a "home country". A GEC acts as a "ready-made" employment entity for these employees, providing established policies and procedures that facilitate the hiring and deployment of talent. This structure unlocks efficiencies by enabling the organization to

offer consistent contractual terms and standardized policies to assignees, irrespective of their origin. Such a centralized model is particularly useful for projects that demand a diverse set of skills sourced globally, allowing the organization to focus on project outcomes rather than administrative details.

The aggregation of expatriate headcount within a GEC further facilitates efficiencies in accounting, reporting, internal recharges, and cost analysis. The availability of consistent, comprehensive data on assignees also simplifies financial reporting and enhances decision-making capabilities. With a centralized approach to managing expatriates, companies can better analyze global costs, compare assignment expenses across projects, and identify areas for improvement. Additionally, the GEC model enables more streamlined compliance processes and helps better manage the costs related to managing payroll and taxes across multiple jurisdictions. For instance, a single set of accounting processes, applied consistently across all assignments, simplifies cost tracking and financial reconciliation, enabling organizations to identify and address cost inefficiencies more effectively.

Monitoring and managing tax risks, including Permanent Establishment (PE) exposure, is also simpler and more efficient under the GEC model. Apart from making it easier to have a global view of the compliance status of every assignment, a GEC provides a singular interface for engaging tax consultants, who can assess and manage the organization's PE exposure based on comprehensive, centrally stored data. By having a dedicated legal entity to employ expatriates, companies gain tighter control over their tax risks and a single interface for addressing tax-related concerns with experts. Similarly, the GEC could also act as the single entity engaging with EOR or PEO providers, allowing visibility and consistency when managing employees working in locations without a subsidiary. In fact, a GEC could also be registered as a "non resident employer" in several overseas locations, as an alternative to an EOR/PEO arrangement. In this context, it is important to emphasize that such decisions would need to be evaluated carefully, in terms of their potential legal and tax implications.

The centralization of governance within a GEC also supports smoother handling of challenging situations, exception requests, and performance monitoring. A GEC can offer quicker resolution pathways, given the unified processes and standards applied across assignments. Moreover, by using key performance indicators (KPIs) to monitor and measure the effectiveness of the Global Mobility program, a GEC facilitates continuous improvement and better alignment between the organization's strategic goals and operational requirements. The standardized approach supported by a GEC fosters consistent decision-making and equips HR teams with a structured platform to evaluate program outcomes and make data-driven adjustments. Over time, this leads to greater alignment between the strategic and operational elements of Global Mobility, resulting in more efficient processes and an improved experience for both employees and managers.

In summary, a GEC can significantly enhance the efficiency of a company's Global Mobility program by reducing administrative complexity, offering a reliable employment platform in new locations, and improving financial and operational control. By centralizing expatriate headcount and processes, companies benefit from enhanced governance, streamlined reporting, and better risk management. The GEC model also provides a standardized, scalable approach that can support strategic global expansion while ensuring a consistent experience for assignees. Needless to say, unlocking these efficiencies depends ultimately on how well the GEC is designed, implemented and operated. Assuming these factors are aligned, the efficiencies delivered by a GEC not only optimize the Global Mobility program but also contribute to the organization's broader objectives of operational excellence and talent mobility.

If you wish to discuss whether a GEC could potentially work in your organization, please feel free to **reach out to an ITX consultant** for a free consultation. You can also take the self-assessment using the QR Code below and receive a customized report in about 60 seconds.