Dispelling the Myth: Should GECs have only one Global Mobility policy for all assignees?

A common misconception in the world of global employment management is the belief that all employees hosted in a Global Employment Company (GEC) must be governed by a single global mobility and remuneration policy. This idea suggests that a one-size-fits-all approach to employee management can be efficiently applied across a multinational workforce under the GEC umbrella. However, this view is far from accurate. To successfully leverage a GEC, organizations must recognize the value of flexibility and segmentation in their policies.

At its core, a GEC is an entity that is wholly owned by the parent organization, operating as one of its subsidiaries or branches. This structure gives the parent company full control over the GEC, allowing it to decide how employees within the GEC are managed and compensated. Unlike some external employment providers or consultancies, the GEC is fully integrated within the corporate structure. This close relationship means that the policies governing employees can be as diverse as the organization needs them to be.

While some may argue that having a GEC in place should automatically lead to a streamlined, single-policy approach for the workforce, the truth is more nuanced. The GEC can serve various strategic purposes, from housing global executives to facilitating international assignments in complex markets. Therefore, the idea of managing all employees in a GEC under a single policy does not account for the different roles and circumstances that might exist within the company's workforce.

Balancing Consistency and Flexibility

Often, a key driver behind the establishment of a GEC is the desire for greater consistency in managing a global workforce. Organizations may seek to bring more order and uniformity to their international employee population, particularly when dealing with varying tax regulations, legal requirements, and employment conditions in different countries. It is true that a GEC can centralize many of these concerns, allowing the parent company to apply a more consistent framework across its global operations.

However, consistency does not necessarily mean uniformity. As mentioned above, it is important to differentiate between achieving consistency in principles and processes, and enforcing identical policies on all employees. While consistency is important for ensuring fairness, compliance, and administrative efficiency, some level of differentiation is essential to meet the distinct needs of various employee groups within the GEC.

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The Role of Segmentation in GEC Policies

The number of policies within a GEC primarily depends on the segmentation of its employees. Segmentation is shaped by why the GEC was established and how it is used. For example, a GEC created to host only global executives will likely have a relatively homogeneous employee population. In such a case, it might be practical to manage the entire group under a single policy that addresses their compensation, benefits, and mobility needs. These executives are typically part of a globally consistent management tier, where a uniform approach makes sense in terms of aligning with the organization's overall strategy and rewarding top leadership.

However, not all GECs are created for such narrow purposes. In many cases, a GEC is designed to serve broader operational needs, hosting a more varied employee population. For instance, an organization might use its GEC to host not only global executives but also long-term international assignees, and even employees on rotational assignments in remote locations. In these instances, the diversity in roles and assignment types demands a more tailored approach to managing compensation and mobility.

Global executives may require one policy focused on high-end benefits, strategic mobility support, and executive-level compensation. Meanwhile, long-term assignees could fall under a different policy with more focus on cost-of-living adjustments, housing allowances, and family relocation support. Similarly, rotational assignees working in remote or hardship locations might require policies that rotational travel schedules and differentiation between "on-site" and "off-site" days. Each of these groups has different needs, making it impractical and potentially counterproductive to manage them all under a single policy framework.

In conclusion, a well-designed GEC policy framework is one that finds the right balance between consistency and differentiation. Tailoring policies to meet the needs of different employee groups is not only possible but necessary for achieving the best outcomes for both the organization and its global workforce.