

# Global Employment Companies

## What? Why? Where? When?



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The Leading Expatriate Management Company

We have never seen such a flourishing number of articles, seminars or speaking sessions headlining Global Employment Companies (GEC).

From educational contents where the concept of GEC is presented over case studies, to more academic angles in specialized publications, the subject is being discussed and decorticated. GECs are under the spotlight with two central questions: **what are exactly the benefits of using a GEC and are we "GEC-able"?**

If back in the days GECs (often referred to at that time as Hubs) were essentially used as a paying platform for "career expats" a big turn occurred when these structures started being utilized as more active partners of both Operations and Finance. They now provide reliable solutions bringing compliance and transparency with cost oriented approaches. More important they continuously evolve to follow global mobility trends and adapt to new requirements and changing legislations.

### **What are exactly the benefits?**

If you ask those having implemented a GEC you will be surprised by the number of reasons which led them to a GEC solution. Many sought for an efficient way to manage TCNs, some were looking to improve cost control when others wanted to create a true global package providing a common ground of benefits under a fair and sustainable employment contract.

Oil & Gas companies found it a good answer to the complexity of managing rotators and to some extent an alternative to the costly and exposed use of freelance staff. The Automotive industry uses it to streamline and secure the recurrent assignments of hundreds of employees while setting up new or moving existing plants. Groups with a multiplicity of separated activities find it a perfect way to align mobility policies and practices over their entities.

One common stand point is that GECs perfectly match to employ company's Executives, key personnel and company's talents within a comprehensive, flexible and reliable structure.

4 main drivers emerge when it comes to US companies:

- Streamline processes
- A customizable and autonomous payroll
- Hire internationally
- Mitigate the risk of Permanent Establishment

**Are we "GEC-able"?**

While many companies do have an interest in setting up a GEC only a limited number actually turned it into reality. The main reason is that however much appealing the idea of GEC is on paper it is as much arduous to put in place.

Many underestimate what such a project really implies internally. You are incorporating a new company in an organization that already has dozens or hundreds of other entities, affiliates, branches, JVs with established processes. You will be shaking it up and everyone expects you will make their live easier and simpler.

The biggest threat is to see such project stretching out in time or go-live while still "under construction" and thus not delivering its promises and reaching its full potential.

Every corporation is different, starting from its company culture, its internal processes to operational requirements. A GEC project demands the allocation of the right resources among various fields, in depth analysis and expertise for a successful implementation.

*Gordon Zovko is the Chief Development Officer of ITX S.A. based in Geneva (Switzerland) and member of its Executive Committee.*

*Prior to this, he held the position of Head of International Mobility Administration & Finance at ITX S.A. for several years, where he successively set up, promoted and administrated Global Employment Companies on behalf of ITX clients.*

*His "Human Resources Specialist" background and his strong experience of working with multinational companies from diverse industries makes him an expert measuring the strategic importance of Global Mobility and its key topics such as: Compensation & Benefits, policies, international working contracts, management of TCNs, rebilling, cost control vs package "attractiveness" and expatriation process efficiency.*

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