

DUTY OF CARE:

12 tips to mitigate risks and
improve compliance



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Duty of care is a term that refers to an organization's responsibility to protect its employees. It is a particular focus for companies with globally mobile employees, which may include international long-term assignees, temporary assignees, business travelers, and cross-border commuters. Sending employees to distant locations where they – and sometimes the company – may not understand the regulations, customs or community, requires a higher degree of focus on duty of care considerations.

Compliance with host country regulations and preparing for challenging situations presents issues for employees and their families as well as company business. To best reflect what companies should be doing to mitigate the risks for staff and their organizations, both perspectives need to be considered.

Duty of Care for Internationally Mobile Employees

There are numerous considerations when it comes to considering a company's duty of care for its internationally mobile employees and their families. While personal safety is typically the first consideration, there are other factors that significantly impact the security of employees and their families during business travel or a temporary assignment, including:

- Immigration compliance
- Tax compliance
- Business ethics
- Local cultural appropriateness
- Health care
- Travel practices



So, what can companies do to support duty of care best practices for their employees?

1 It Can't Happen Here – Or Can It?

Employees tend to think of security as a concern for only certain locations, but every location should be considered. There are several ways to communicate this information to assignees. Sixty-five percent of respondents to RELO Direct's 2017 survey -*The Changing Dynamics of Employee Mobility* who manage global mobility programs stated security information is provided to assignees via links to a website or in written form; forty percent provide a security briefing as part of the pre-departure orientation. Seventy percent stated they provide security information to all international business travelers, most commonly in the form of written information provided by an outside security advisor.

In general, current best practice is to provide security information at a level appropriate to the host location to all internationally mobile employees and their families, ideally in a separate security briefing with the company's internal or external security consultants.

2 Establish Emergency Procedures

This is the most common duty of care element addressed in employee mobility policies. Most companies participating in the *Changing Dynamics* survey state that an external service provider will provide assistance as needed and some state that costs of evacuation are covered. Yet it is the stories of companies that were not sure whether they had employees in harm's way in a given situation that points to the need for companies to do better tracking of employees and have procedures in place that employees are aware of when it comes to reacting to an emergency situation.

3 *Following the Rules Abroad*

Following the company's business ethics standards is paramount for employees on international assignments. Different countries have different standards for behaviors, and it is not unheard of for employees to relax their regard for company guidelines when on a foreign posting. A reminder about the importance of company standards is a good duty of care practice. Breaking laws, possibly subjecting oneself to blackmail and other actions, doesn't have to be intentional to be wrong.

4 *Someone in the Know Locally*

There is no shortage of stories of travel experiences gone wrong among globally mobile employees. To minimize this potential, companies should have an established process for making travel arrangements, requirements for modes of transportation and accommodations, and services such as meet and greet to ensure that employees who may be unfamiliar with the host location travel safely.



5 *You're Not From Around Here, Are You?*

When it comes to culturally appropriate communications and behavior, what employees don't know can be a liability. Companies have a responsibility to ensure that their emissaries – their employees and accompanying dependents – know what and what not to do to stay aligned with local customs. In addition to traditional cultural training programs, especially for those assignees or travelers who are unable to find time to take advantage of policy approved cultural training, there are now a number of low cost, web-based comprehensive cultural training tools that can help to reduce cultural missteps that can impact assignment success.

6 *Taking Your Health Plan Abroad*

Most policies address the health exams and immunizations required for immigration. But, best practices policies recognize that employees may not be aware of the impact that living in a different location may have on their health or that of their accompanying dependents and offer to reimburse any out of pocket costs for a medical exam pre-departure.

The growth in the use of international medical plans for assignees and even extended business travelers is also a best practice for international companies, given that assignees may be unable to access all the features of a local plan or may have to be out of pocket for significant expenditures until they can be reimbursed through a home country plan.

Duty of Care for Companies

It's not just the impact on employees that companies need to focus on. The implications of non-compliance for the organization can put the company at risk, too. There are financial, legal, and business consequences for companies that do not focus on duty of care for the organization, some of which can be long-lasting and have a significant impact on the company's ability to do business in a given country. Situations like this are not merely cautionary tales: there are many companies who have experienced this because they did not consider duty of care implications within their own organizations.



Regulatory concerns are more of an issue today than in the past primarily because technology advances allow countries to track information and uncover non-compliant situations more quickly and efficiently. What are some steps that companies can take to ensure effective duty of care practices?

7 *Know Before You Go*

Check with your immigration specialist before scheduling any trips to the proposed host country while a visa/work permit application is in process. Paperwork requirements differ by country and by activity. This means that poor timing of the familiarization trip or even a business trip to the host country while a visa or work permit application is in process may result in the cancellation of the assignment.

8 *You Should Talk to Someone About That*

Encourage employees to get tax counseling prior to accepting an assignment. The tax implications of working in a different country can be significant and unexpected. Even with tax equalization applied, most companies do not cover all the tax implications of an assignment, e.g., the employee and spouse have outside income or other considerations not addressed by the company's tax assistance program.

9 *Just Passing Through*

Counsel employees on activities that could risk creating permanent establishment for the company. Depending on the company's presence and permissible activities in a country, allowable and forbidden will differ, but it is highly likely that without counseling on the subject, employees will have no idea this is an issue. Even inadvertently creating permanent establishment by engaging in activity appearing to generate revenue or create value where it is not regulated to do so can lead to severe financial penalties and/or expulsion from the country.

10 *Compliance is Key*

Confirm finance and tax departments have processes in place to address country-specific requirements. There are many aspects of doing business that can cause a duty of care breach for a company. Most large companies know this, but many that are starting out in international activities do not.

11 *Don't Double Down*

Certify compliance with social tax schemes in host countries. A totalization agreement, which helps avoid double social tax payments, can be implemented depending on the home-host country combination.

12 *Read the Fine Print*

Advise employees on what company income is and is not covered by the tax assistance program. Salary and benefits and even bonus payments typically are covered, but exercising stock options may not be.

Duty of Care Oversight

Duty of care responsibilities within a company touch many departments. Global mobility, human resources, legal, finance, tax, and security all have a hand in ensuring that duty of care is addressed in the organization. So, who owns the overall responsibility? While it would seem that global mobility is the logical owner for duty of care assurance for internationally mobile employees, just 41% of participants in RELO Direct's *The Changing Dynamics of Employee Mobility* survey stated that they are involved in duty of care issues for international assignments.



The majority – 55% of respondents – stated that they use internal corporate security teams to address duty of care concerns. Others utilize the human resources department (13%) or the global mobility team (10%). Some (22%) reported they don't know who is responsible for duty of care in their organizations.

Ultimately, corporate leadership is responsible to ensure the safety and well-being of the company and its employees, but they may not even be aware of the complexities involved. This is a prime opportunity for global mobility to step into that coordination role and integrate duty of care practices into its mobility procedures. After all, who is better positioned to answer the question of how to support business travelers and assignees to help them be as safe as possible? By leveraging a combination of internal and external resources, maintaining awareness of the challenges faced by globally mobile employees, and integrating this knowledge with other business units, global mobility is in the best position to help the organization mitigate the risks and improve compliance of their global mobility initiatives.



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This white paper is the second in a series based upon the results of The Changing Dynamics of Employee Mobility survey and discussions held during RELO Direct's seventh annual Corporate Forum. For questions or inquiries about the survey, or membership in RELO Direct's Global Mobility Roundtable™ contact Roger Atchinson, Senior Vice President, Consulting Services at ratchinson@reلودirect.com.

About RELO Direct®

RELO Direct® is a full-service relocation management company. We offer a wide range of global mobility management services to support clients with employees on the move. With 25 years of industry experience, RELO Direct® has the systems, processes, and people in place to exceed customer expectations.



About the Global Mobility Roundtable™

The Global Mobility Roundtable™ is hosted and facilitated by RELO Direct®. The Roundtable is non-commercial and dedicated exclusively to HR professionals who manage corporate global mobility programs. The Roundtable was created in 2000 by Detroit area HR professionals and RELO Direct® to provide global mobility managers a forum for education, networking, and sharing information. Regular meetings are conducted at rotating host locations in regional markets and webcast live for convenient access by all Roundtable members.





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