

Compliance – a necessary evil?

For those of us involved in the relocation of customers across international boundaries, issues of compliance have become ever-more complex in recent years.

Regulatory requirements in most countries continue to tighten and multinational corporations are increasingly concerned at the prospect of penalties from a failure to comply with the growing number of new rules that they face around the world. Corporations are making significant investments to ensure that they – and their supply chains – comply with the laws, regulations and ethical standards of wherever they are doing business.

How does an industry as fragmented as ours respond to the challenge of compliance? Having a Corporate Compliance programme in place makes good business sense but requires time and expenditure which deters many companies. The potential cost of non-compliance, however, is such that breaches of some laws can result in penalties that could erase years of hard work and investment. How, therefore, do we prevent this from happening?

A company like Crown Relocations faces challenges in both our internal and external supply chains. Recent legislative changes in the areas of data privacy and anti-bribery and corruption have led us to further enhance our approach to these important issues. Following the steps below has positioned us as an industry leader in this arena:

1 Implementing policy, procedure and controls for employees and partners has enabled us to reduce the risk of misconduct. This includes establishing a Code of Conduct for our employees as well as our partner network. Creating policy and procedure is relatively easy – establishing controls is a harder challenge.

2 Appointing senior functional management to provide input and guidance allows Crown Relocations to manage compliance objectively both within and outside of the company. If you don't have these resources, consider appointing an external party who can perform that role.

3 Background checks on employees and partners - do not delegate authority to anyone

with a propensity for illegal conduct. There are sophisticated mechanisms available for such checks but a good start is by accessing a corruption index, such as that of Transparency International. The index shows locations which are perceived to have low corporate governance. If you're doing business in those locations, extra background checks and procedure controls may be necessary.

4 Education – communicate the expected standards of behaviour to all employees and partners. Crown Relocations does that through e-Learning, but other mechanisms can be used. Having recipients acknowledge their understanding is key.

5 Take all reasonable precautions and steps to ensure compliance – this includes auditing, monitoring and establishing reporting mechanisms. Educate employees to watch out for 'red flags' when dealing with locations where risk is higher. Encouraging everyone to report suspected incidents will help identify issues that may require action.

6 Consistent enforcement of policy - using appropriate disciplinary measures will ensure that your employees and partners understand the potential consequences of breaches.

7 Respond to incidents in an appropriate manner and implement measures to prevent re-occurrence – the objective and fair investigation of incidents is essential if repetition is to be avoided. Be careful here; these can be tricky situations to handle as they involve either employees or 'trusted' partners. Ask your HR adviser for their support.

Enforcement agencies generally advise prosecutors to take the existence and adequacy of a compliance programme into account when considering prosecution for the criminal actions of an organisation, its employees

and its supply chain. If a breach does occur, being able to demonstrate adherence to the steps outlined above will help.

The greater the number of transactions a company carries out, the greater the risk. The geographical range of service provision also heightens risk. Keeping abreast of legislation and alert to increasing risk is a fundamental role of management and there are external organisations who can help too.

Despite all of this, the ability to completely eliminate breaches by individuals is likely to remain beyond our reach. Rather than becoming depressed by that thought, do as Crown Relocations has done and take positive actions in your business to minimize risk. That way, compliance will become something to be proud of, rather than a necessary evil.

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Flying below the radar

As many countries become more focussed on capturing tax revenue they become more diligent in pursuing taxes owed by assignees. This can be a particular problem for employees on temporary or short-term-assignments, who may not always be tracked or reported on with regularity, giving rise to 'stealth expats'.

The Cartus survey, which focussed on challenges in 11 geographic regions worldwide, received responses from 164 international mobility managers who were asked to evaluate regional challenges, and to rank - by degree of severity - issues specific to each region. Cartus found that many of the issues impact not only the company's relocation managers, but also the daily lives and job success of their employees.