



Innovative Employee Solutions

Whitepaper

How-to streamline global workforce hiring & management with an Employer of Record



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Introduction

The economy has gone global, and with advancements in technology improving remote working capabilities, an increasing number of organizations have made the strategic decision to take their recruitment efforts international. If you're going to do business overseas, it only makes sense to branch out and broaden your talent pool. The decision offers more diversity in hires, bringing a wider array of perspectives, improving access to specific skill sets, and almost guaranteeing that ideas never get stale. It also allows you to build a more agile team and even scale your operations faster than you ever thought possible.

However, the international hiring process isn't without complexities – and those complexities involve more than just varying time zones or cultural differences. (Though they, too, should be taken into consideration.) One of the most critical considerations will be the range of labor laws and regulations you'll have to follow wherever you choose to hire an international employee. Fail to comply, and you could be left dealing with significant legal and financial repercussions.

Overcoming these types of barriers to hiring internationally is often just a matter of outsourcing the responsibility to a third party. One of the most common entities to handle such a task is what's known as a global employer of record (or EOR).



By 2030, the global gig economy is predicted to reach \$455.63 billion.

PRNewswire: [Transformative Trends Shaping the Gig Economy](#)

What is a global employer of record and why use one?

A global employer of record is a third-party entity that serves as the full legal employer of workers on behalf of another company. Being the full legal employer, an EOR also assumes employer-related responsibilities, allowing your company to focus on its core business. An EOR can engage talent in locations where you haven't yet set up a business entity, whether that's somewhere overseas or in a different state.

Partnering with an EOR also reduces the risk of noncompliance, as it handles compliance with employment requirements, worker classifications, and the like. As mentioned earlier, labor laws and employment requirements in one country are rarely, if ever, the same as in another. Even something as seemingly straightforward as the structure of an employment contract can vary by country. The same can be said for pay cycle, pay structure, annual leave, sick leave, and a variety of other mandated employee benefits.



What's more, at-will employment policies, which can be found in most states across the U.S., aren't common in other countries. Many countries require certain conditions to be met prior to terminating an employee. It's not something you can always do at any time for any legal reason, like in the U.S. Some countries have mandated notice periods, while others might require the payout of a specific severance.



What is a global employer of record and why use one?

Compliance isn't the only reason why so many companies are now turning to EORs to handle the international hiring process. The following are just a few of the additional EOR benefits you can expect:



Greater flexibility.

Partnering with a global EOR affords you the opportunity to build an extremely flexible workforce. Let's say, for example, your business is impacted by seasonality. The burden is no longer on you to ramp up – and then ramp down – your workforce based on fluctuations in business. Instead, an EOR can help fill your need for talent with contingent (i.e., freelance, part-time, etc.) workers, often quite quickly.



HR administration.

On top of hiring an international employee, EORs handle onboarding, payroll, tax withholdings, mandatory benefits, as well as myriad other HR administrative duties. All that's left is for you to decide what the talent will be doing. Will they be part of a specific project? Are they merely filling a gap temporarily?



Access to untapped markets.

If you want to test your product or service in a different country by hiring sales or operations staff in the local market, you don't need to commit to establishing a business entity in order to do so— a requirement when hiring talent yourself in another country. The EOR does this for you in compliance with local labor laws, saving you a great deal of time and money. It also helps you avoid any potential misclassification or noncompliance of engaging these workers.



More specialized talent.

Most businesses source talent from within certain geographic limitations. As such, competition for the best of the best can grow fierce very quickly, especially when it involves candidates with very specialized skill sets. That all changes once you partner with a global EOR, as the talent pool becomes more of an ocean. You can hire based on the experience and skill set you need without geographic limitations.



An EOR doesn't just make it easier to secure global talent. It ensures you get the talent you need to explore new opportunities, scale operations, weather business fluctuations, and much, much more – while helping your business avoid all the various barriers that can come with the international hiring process and global workforce management.

What to consider when partnering with an EOR for Global Workforce Management.

Of course, not all global employers of record are created equal. Even those with proven track records can fall short of expectations, so it's important to go through all the necessary due diligence before striking up a partnership. The last thing you want is for your business to run into issues that could negatively impact operations or, worse yet, your reputation.

While there's no one-size-fits-all solution, there are a few factors to keep in mind when [choosing an EOR](#):

Regional experience.

Labor laws change, as do legislation, wage regulations, and so on. When screening potential EOR partners, make a point of asking about their experience in the regions or countries where you're planning on hiring international employees. Don't open your business up to unnecessary risk by going with an EOR partner unfamiliar with whatever territory you want to expand into.

Tax and employment compliance knowledge.

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Support services.

It's one thing for an EOR to broaden your access to skilled talent in other countries. It's another thing entirely to support those workers. What sorts of services does the EOR offer? Does the firm provide a dedicated account manager to oversee your workers? Does that responsibility instead fall to your team? Remember, you'll likely be dealing with different time zones, so you'll want to partner with an EOR that can be responsive to your dispersed team.

Ability to scale.

One of the main EOR benefits for many companies is the ability to scale up and expand business without the need to establish separate entities within other countries. This goes back to regional experience, of course. But even if a potential EOR partner has helped other companies secure talent in whatever country is part of your expansion efforts, make sure the firm has the legal, financial, and HR staff to help your business scale and support business growth. This is especially important if your expansion goals include multiple countries.

What to consider when partnering with an EOR for Global Workforce Management.

Employee engagement.

Global workforce management involves more than permit and visa coordination, tax and payroll administration, and compensation and benefits distribution. Employee engagement is critical, and that's what an EOR should provide, especially when that partner will be acting as an arm of your operations. What procedures does a potential partner have in place to maintain the morale, happiness, satisfaction, and productivity of workers?

Think about an EOR as you would any other partner in your business. It's not about finding the cheapest or most convenient option. The relationship should be mutually beneficial, where you can trust that your partner is reliable and always working in the best interest of your business and those who join your team.

Did You Know?

An EOR like IES helps businesses build a more agile, flexible workforce globally.

- ✓ Help you quickly adjust your workforce
- ✓ Offer cost savings
- ✓ Give you the ability to engage, pay, and manage highly skilled professionals anywhere around the world
- ✓ Reduce the risk associated with new full-time employees, especially in a turbulent economy

Considerations for hiring international employees in specific countries.



With so many labor laws and employment regulations around the globe, it isn't always enough to go through the "standard" due diligence prior to [partnering with any global EOR](#). Other considerations should be made, and those considerations are often based on where you intend to hire an international worker.

Let's take a look at a few of the regions that many companies are now sourcing talent from.



Ireland

Obviously, any EOR that you work with must be a registered business in Ireland. However, it must also maintain what's known as an Employment Agency License. If your goal is to employ a [global contingent workforce](#) – meaning workers typically working on a fixed-term employment contract – there are some important factors to keep in mind. First, if these workers are employed for over four years, they will be seen as "indefinite" employees and should be afforded the same benefits and privileges. Additionally, any worker employed for at least two years will be entitled to redundancy pay.

Additional considerations:

- + The employer must contribute to social insurance.
- + Probationary periods last three to six months.
- + Notice periods are based on the length of service.



Canada

When hiring workers in Canada, employment is regulated by both federal and provincial laws. As such, whoever you're partnering with as a global EOR must be well-versed in the required employee benefits, payroll tax deductions, and mandated policies for the health and safety of employees at both the federal and provincial levels.

Additional considerations:

- + At-will termination is not allowed without just cause.
- + Minimum wages and hours vary by province.
- + Valid work permits are mandatory.

Considerations for hiring international employees in specific countries.



United Kingdom

One of the biggest differences in hiring an international employee from the U.K. versus other countries involves worker classification. You and your EOR should never use the terms “worker” and “employee” as if they are the same. Each implies different employment rights that could lead to issues down the line. It’s also important to note that the workweek generally consists of 37.5 hours, annual leave consists of 5.6 weeks (which includes 20 holiday days and eight public holiday days), and sick pay consists of anywhere from five to 10 days per year.

Additional considerations:

- + At-will employment doesn’t apply.
- + Notice periods are based on length of service.
- + Must have a document stating the employee’s right to work in the U.K.



Germany

Similar to Ireland, any EOR that you partner with must maintain a license. In Germany, that would be an Arbeitnehmerüberlassungsgesetz License (or AÜG, for short). Neglecting this could lead to a financial penalty of 30,000 euros per violation. Equal treatment and pay are also something to be mindful of, as any discrepancy can result in a fine of up to 500,00 euros.

Additional considerations:

- + Duration of employment must be established.
- + Reason for employment must be defined.
- + Terms of employment must be thorough.

Considerations for hiring international employees in specific countries.

It's not just a matter of checking a box. As you can see, the international hiring process can be very complex, and it only grows in complexity as you source talent from more countries. Any EOR worth its weight should provide the assurance that your business is covered — not just with talent but compliance.



Learn more with these specific articles:

- + [“Everything You Need to Know About Hiring in the UK”](#)
- + [“Thinking of Sourcing Talent From Ireland? Get to Know Ireland’s Labor Laws First.”](#)
- + [“9 Things You Should Know Before Hiring in Canada.”](#)
- + [“What to Consider When Hiring Employees in Germany on a Contingent Basis”](#)

Conclusion

Making the right choice in a global employer of record.

Hiring international employees offers businesses a plethora of benefits. But it can get complicated doing it yourself. There's no way around that, especially when talent sourcing crosses one border to the next. Even in the U.S., labor laws and employment regulations will be different in Texas, Iowa, Oregon, Florida, etc.

If you decide to lean on an EOR for global workforce management, it's important to make the right choice. Go through the proper due diligence to ensure a potential partner can handle much more than the administrative tasks reserved for HR teams. You want a firm that understands all the red tape of hiring in the regions you want to expand into. With the right partner, you can widen your talent pools and scale your business faster than ever.

Learn more about hiring and managing a global workforce.

Contact IES to discover how our Employer of Record services can streamline your global workforce hiring and management, ensure compliance, and drive your business success.

[Consult an expert](#)

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