

PORTAS GLOBAL
SIMPLIFYING GLOBAL EMPLOYMENT

Your Guide to
**Global Workforce
Expansion**

Plan ahead to avoid the pitfalls

Over the past few years we have worked with many companies that have embraced global expansion of their workforce to promote their products or services.

By working with HR business partners, C-level management and company directors, we have gained valuable insight into the discussions being held around corporate boardrooms. Having access to commercial business discussions has enabled Portas Global to be a true business partner and confidant when assessing the opportunities and risks of expanding the global workforce.

Once a company has decided to establish a workforce in another country, where they have no local entity, and the task of facilitating this shifts to the HR and mobility teams, these are the key considerations. The list is not exhaustive but it provides an excellent checklist as a starting point for planning your strategy.

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Talent
Acquisition

02

Salary
Package
and
Employee
Benefits

03

Local
Compliance

04

Remote
Workforce
Management



01 Talent Acquisition

In house HR recruitment or external sourcing. This decision is determined by the following factors; recruitment budget, candidate skill sets required, time frame to hire and knowledge of the local market where the candidate is to be hired.

The growth in technologies, to facilitate global talent acquisition via software programs based on complex algorithms, to match a candidate in a specific location to a company's talent requirement has shifted the playing field.

Companies like Abodoo and Remote.io are a far more cost-effective proposition for HR budgets but typically the employer is left to their own devices to find the most compliant way to employ the staff in the host country where they have no established corporate entity.

Surprisingly, this key element of local compliance is not regarded as an important element when the whole focus is on sourcing a suitable candidate in a tight labour market. This employment risk happens too frequently across large and small employers for it to be considered as a simple oversight.



02 Salary Package & Employee Benefits

Benchmarking competitive salaries and benefits for a global workforce is easier said than done.

There is no hard and fast rule and it is important to have local resources who can advise on market rates and employee expectations.

Failing to plan ahead for the potential hire and leaving to the last minute often means that you will pay above market expectations. This is a real challenge for HR leaders as the business units often push back when salary negotiations with a candidate stalls the commencement of a project. Each country has their own level of mandatory social security obligations for the employee and

the employer and these are not difficult to define. However, benefits parity for employees across different countries is difficult because employees all have different drivers. For some it will be purely financial compensation whilst others will prefer lifestyle benefits. Furthermore, some benefits, such as medical insurance, will have greater value in some countries than others which have a well-established public health service.



03 Local Compliance

Based on recent results from a CFO Research survey, over 53% stated that they were uneasy with Labour Law compliance and over 55% were concerned with tax law compliance when considering global employee expansion.

Commercial discussions in the boardroom are usually centred around providing a compliant and cost effective outcome but unfortunately as time pressures mount to engage an employee there are many important compliance considerations that get overlooked.

This leads to issues that need to be resolved post employee commencement and that can be costly to fix. In no particular order, these are the key elements to be aware of and to understand how they apply for the new employee;

- Employee and Employer taxes otherwise known as employment costs. Each country has them but they can vary significantly as a percentage of the monthly salary.
- In country employee registrations with the local authorities. Allowing an employee to commence work before being properly registered with the tax and social security authorities will lead to consequences for the employee and the employer.
- Payroll calculations vary significantly from country to country. Don't be surprised to hear that employees in certain countries receive a 13th and 14th month salary half way through the year and at Christmas as standard. In other countries, if you engage an employee for a defined contractual term of say 12 months and they don't work out or the contract finishes sooner, you are still liable to pay out the full contract term. In these countries that is common knowledge but to a foreign employer this can come as a financial shock.
- End of Financial Year reporting. These also vary from country to country as does the actual financial year end date. Many reports need to be completed in the local language and navigating around a foreign website trying to input important data to avoid late lodgement penalties is a task better left to local advisors to ensure lodgement compliance.

Local Compliance continued...

- Local employment contracts. Usually to be provided in English and the local language, these must be compliant under the law of the employment jurisdiction. Under no circumstance should this be a cut and paste of your existing local employment contract, if you have one at all. A Spanish employment contract doesn't apply in Latin America simply because they are both Spanish speaking countries. Undoubtedly this is the most critical element of the recruitment process because getting this paperwork wrong will cost you money, time and potentially your business reputation.
- The termination process at the end of employment is important for so many reasons. Firstly, it is an indication of your management style and emotional intelligence. Whatever the reason for the termination, there will be many eyes looking at the way you handle the situation and not least of these will be your other remote employees. Don't forget that the process for termination commences when the employee signs the employment contract. If the termination guidelines are clear and correct from the outset then the process will be a lot smoother. It's important to set out clear definitions for the notice period, end of employment obligations with regards to returning company equipment and credit card or cash floats that the employee must adhere to, non-compete clauses and protecting your IP. A good employee can quickly become disgruntled and feel aggrieved if they feel they have been treated unfairly and it is fair to say that contesting a legal dispute in another country with a different time zone and language is not a pleasant or inexpensive experience.



04 Remote Workforce Management

The rise of the remote worker or the Smartworking Revolution has presented many opportunities for employers to source skilled talent that will perform their role remotely from their country of residence.

This change in the landscape will only continue to gain momentum as the outdated model of working Monday to Friday, 9-5 with an hour for lunch no longer suits a younger and aspirational generation that will put “bleisure” opportunities (the practice of combining business and leisure travel into one trip) provided by an employer ahead of higher salaries.

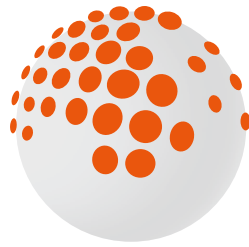
For a business, the Corporate and Social Responsibility of removing traffic congestion from the roads and thereby reducing carbon emission ticks a lot of boxes and simply makes sense. However, this remote form of employee management requires a new set of skills for HR teams and will be reliant on technology to do the heavy lifting. From our experience these are the key areas to focus on;

- Employee communication systems via a reliable/secure IT infrastructure. Once a very costly proposition, these are readily available in a multitude of SAAS subscription-based services.
- Leave entitlement/approval tracking. This needs to be responsive and consider staff and skill coverage during employee absences. Employees in some countries simply get more time off during the year and this expectation needs to be managed across global and remote teams.
- Expense reimbursements. In the absence of providing your staff with a corporate credit card, it is imperative that a suitable reimbursement policy is in place. Having to wait 4-6 weeks to be reimbursed for out of pocket business expenses or have to cover banking and foreign exchange costs doesn't sit well with most employees.

Remote Workforce Management continued...

- Performance Management and employee appraisals. One of the biggest challenges for a remote worker is the feeling of being excluded from Head Office operations and communal staff rewards. This is difficult to overcome because it is a fact of life for a remote worker, however, if you consider all the points raised in this section and have regular meetings scheduled to provide feedback and direction, you will be able to avert a lot of issues before they escalate. Constructive and concise appraisals will help to nurture a mutual

feeling of trust and confidence in the process and lead to greater employee engagement. Employee appraisals do not mean an automatic pay rise. Employers do not give enough credit to providing constant feedback, positive or negative, which is important for employee development.



PORTAS GLOBAL

Simplifying Global Employment

As a Global PEO, Portas Global facilitates global employment but this process is fraught with many factors that can go wrong.

Our role is to be enablers in this process but if the candidate is not happy at any stage then the whole thing can come crashing down.

Factors such as visas and work permits, currency fluctuations, lifestyle choices and family considerations can all impact the process.

Ultimately, we are talking about human interactions and human impact so you must think beyond software and processes and put the person or team who you will employ abroad at the top of the list of important considerations.

A Global PEO is an important piece of the global employment puzzle. By offering commercially focused solutions and reality checks about the compliance aspects of employing staff across the globe, we can be an important resource for your HR and Management Team.

Contact us to discuss your global employment expansion plans.

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