

Recruiting, Hiring, and Onboarding a Global Workforce: A Practical Guide

IRIS



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can you unlock their full potential?

Expanding your organization's workforce globally can help you reach broader audiences, expand your market share, and access a diverse talent pool. Still, navigating the HR and payroll processes, laws, and requirements in these new countries can be overwhelming.

If you're not prepared, managing a global workforce expansion can feel like being thrown into the deep end without knowing how to swim. Every country has unique challenges, and they can feel overwhelming.

This guide will help you clarify the essential steps to get started with your global expansion, including optimal strategies for recruiting, hiring, and onboarding talented professionals worldwide. We'll also discuss best practices for successfully navigating global HR and payroll.

Getting Started

Your executive team has come to you and said they want to expand your business to another country. What do you do now? Here are six steps that will help you get started.

1. Understand Immigration and Mobility Requirements

Most companies don't blindly enter a new market without at least one point of contact in that country. Typically, a manager is relocated to the new country to serve as the liaison and project manager of the expansion. If this is the case with your company, your first step should be to research how to move an employee safely and legally to that country.

When researching relocation services, consider the following questions:

Travel Costs: Who is paying for travel and moving fees? Is the employee responsible? Will they be reimbursed? What is the company willing to fund?

Insurance: Is your company insured to have an international employee? Do you need to expand your existing insurance contract, or do you need to look for a new insurance provider?

Housing: Where is the employee going to stay? Is permanent housing needed, or are they staying abroad permanently? Who is responsible for setting up and paying for the housing?

Passport: Does your employee have a valid US passport? If they do, when does it expire, and do they need to apply for an extension or get a new passport to cover the time they will be working outside the country? If they do not, what is the process of applying for a passport?

Visa: What is the application process for a visa? What paperwork and fines will be involved (if non-compliant), and what is the estimated timeline to get a visa?

Work Permit: Will your employee need an additional work permit in addition to their visa? What is the paperwork and cost of the license?

Compensation: How will your employee receive compensation for their work? Is their US bank account easily accessible in the new country? Do they need to create a new bank account in the country? Will their pay be in USD or the local currency? Does their pay align with the local cost of living?

2. Research Laws and Regulations

During this early phase of research and information gathering, you need knowledge on the requirements and regulations governing employment at both the federal and local levels for both your company and employees.

For example, if a German company expands operations to the United States, it would be responsible for following the federal and unique regulations of the state in which it will operate. The company needs to be aware of the federal requirements for doing business in the U.S. and the regulatory requirements for doing business in for example, the State of California.

Start by determining if you need to establish a legal entity in the country, and if you do, what is the process to develop your business in that country.



For example, in Canada, but only in Alberta or British Columbia, you must have an employee who is an agent of incorporation. They become the designated person responsible for receiving service of process and other official documents on your organization's behalf, but they must be a province resident. Meanwhile, in Ontario, at least 25% of your directors must be a Canadian resident for you to do business in Ontario.

Finally, you need to research mandatory employee benefits. This includes federal and local laws concerning-

- Minimum wage
- PTO
- Severance pay
- Holiday pay
- Health insurance
- Social security contributions
- Pension plans
- Maternity & paternity leave
- Maximum hours per workweek

While researching these benefits, remember that these are the legal minimum requirements that must be met to avoid fines and legal action. You may have to offer more benefits to attract the qualified and experienced talent you require.

3. Double Check for Non-Compliance Risks

Compliance is the most challenging and scariest aspect of building a workforce overseas.

The most frustrating part is trying to find accurate information. Government websites are not frequently updated, leading you in the wrong direction, but non-compliance isn't something to brazenly overlook. If your organization is non-compliant, you risk expensive fines, tax penalties, lawsuits, reputational damage, employee turnover, lowered evaluation of your business and its stocks, and closure of your overseas business.

It can take a significant amount of time and resources to keep up with the most up-to-date policies; however, the cost of being non-compliant is much higher, so it is always worth getting it done correctly the first time.

4. Recruit Skilled Workers

Once your company is legally established, it is time to start building your workforce. However, it may be different from what you are accustomed to. For instance, if you normally hire based on referrals within your locality or industry, you likely won't have those contacts to rely on in a different country.

The most common recruitment method is to post job openings on a relevant website or job board, but it is important to know if job posting rules exist. Many countries have strict requirements on what must be included, such as the position's pay range.

You must also consider the country's cultural and economic standards to ensure the job appeals to skilled workers. It is almost certain that there are mandatory and supplementary benefits unique to that country. Remember that if your benefits package is below the market average, it can be challenging to attract the talent you are looking for.

5. Onboarding New Hires

Once you identify the workers you want to hire, it's time to compliantly onboard and integrate them into your organization.

Onboarding often starts with an employment contract or job offer letter. Many countries require a contract and have strict rules on what must be included and the language it is written in. Contracts can be as long as fifteen pages and detail duties, working hours, and compensation.

You should create an alternative version of your employee handbook and new hire materials that accurately reflect the culture and standards of that country. There is no one-size-fits-all approach due to the stark differences—and at times contradictions—between various countries' norms and regulations. Therefore, there is no such thing as a universal employee handbook.

A key facet of your onboarding process should be familiarizing and integrating your new hire(s) into your organization's culture, values, and expectations. Because onboarding establishes routines, habits, and expectations for the rest of your employee's time with your organization, be overt and purposeful when establishing your company's culture.

You must complete and submit all required documents and forms as part of your onboarding process. These can include tax forms, social security and health insurance registration, employment declarations, and pensions. To ensure that these are handled correctly and to avoid future fines and legal complications, they should be handled by an in-country expert.

6. Establish Compensation

Pay your employees accurately, on time, and in the country's currency.

The employment contract will dictate how employees will be paid. Generally, payments are made using the local currency. Still, some employees may prefer to be paid in a more stable currency, like USD, instead of their





local currency, which may be more volatile. If an employee wants to change the currency they are paid, you may have to generate a new work contract to reflect those changes. Be aware that due to fluctuations in exchange rates, the total cost of payroll may change over time.

Ideally, all payments should be processed through a local bank. This will reduce processing and holding times for payments, helping ensure payroll will always be processed on time.

7. Establish Payroll

To help streamline your payroll processes, consider following these tips.

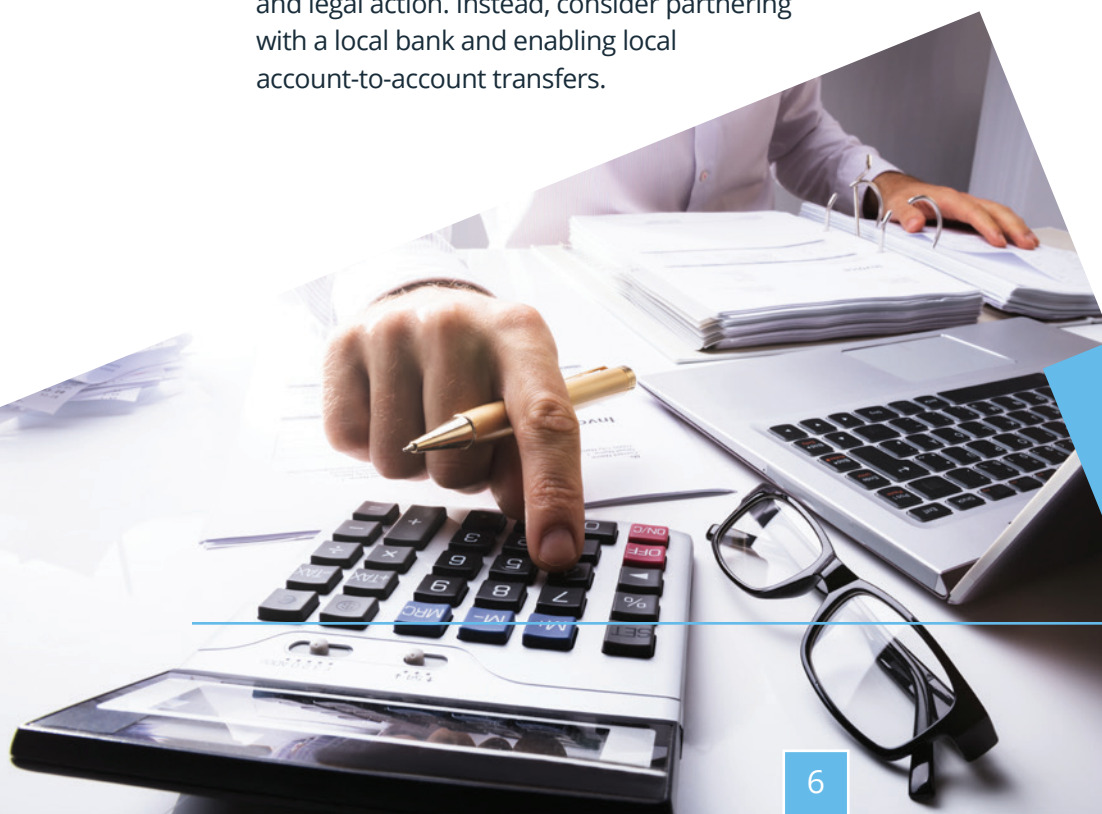
- Make all payroll payments in the local currency.
- Determine how you will provide paystubs. Some countries require a physical copy each pay period, while others allow digital copies. Make sure your payments also include necessary benefit and tax deductions.
- Decide which global payment option will be used. International bank transfers and electronic payments can come with significant processing delays. Delays can lead to a breach of the work contract, fines and legal action. Instead, consider partnering with a local bank and enabling local account-to-account transfers.

This will make the payroll process faster and more cost-effective.

Another key part of the payroll process is end-of-year reporting. Fiscal year and tax deadlines vary, but they should be planned and prepared for when establishing payroll processes.

To start with end-of-year reporting, review your payroll setting and reconciliation activities for the fiscal year. Then, focus on producing and disbursing final pay runs and reports. Finally, update all employee records, including allowances, tax codes, and social security records, and share plans, and share those updates with the relevant authorities.

The final step in end-of-year reporting is to prepare for the future. Tax and payroll legislation is constantly shifting at the federal and local levels. You must follow all federal and local tax treaties and social security agreements to ensure proper withholding of taxes for both your organization and your employees.



Best Practices

Global expansion simplified down to only six steps doesn't look too overwhelming and seems simple, but the truth is, the process takes much longer and is more nuanced than we can cover here.

Rather than trying to do it all yourself, here are three of the most impactful best practices for streamlining your global expansion and making it more manageable.

1. Establish a Network of In-Country Experts

The first partner you need in the country is a native citizen who can serve as "boots on the ground" for your organization. Their role is to provide language and cultural assistance to help you enter the new market.

After that, your next in-country expert should be a professional staffing firm or a recruitment agency. They will place job openings, follow all compliance standards for posting and filling a job, and find qualified talent in the new market.

The next in-country expert your organization should partner with is a managed payroll service. This partner will manage all your payroll needs in the country. They will ensure that your payroll, taxes, and year-end reporting are done correctly while giving you time to focus on expanding your organization instead of worrying about payroll paperwork every pay period.

2. Partner with a Global HR and Payroll Provider

Expanding your organization to a global market is full of potential legal pitfalls and unseen traps; you need a legal expert who can guide you through every step of the process.

You don't have to manage your global expansion alone or hire one firm for recruiting and another agency for payroll. When you partner with the global HR and payroll provider, you automatically get a team of in-country experts – you essentially get an HR department in a different country. This partner will manage the finer details and logistics while you focus on the big-picture tasks.

To avoid risk, you should always consider outsourcing complex global HR and payroll tasks. They are responsible for delivering integrated solutions to address the complexities of managing a global workforce, including compliance with local regulations, cultural differences, and diverse payroll requirements. You can always try to do it without help, but it's strongly suggested you partner with a global HR and payroll provider who will provide all the help you need in a one-stop shop.

3. Select the Right Partner

A potential partner may look like a good fit now, but as your company grows, can they keep up with you? The best partner is one who meets you where you are, not the partner you're going to have to replace in a year.

Here are the main attributes to consider when selecting the right partner for your organization.

- **International Coverage** - Which countries do they cover, and does their market overlap with your potential future market? If you know that in the next five years, you'll want to expand to South America, make sure you find a partner that is established in South America and can provide you with the assistance you need wherever you're headed.
- **Dedicated Contact** - When you have a question or want to discuss strategy, you need help from someone who knows you and your organization. No one wants to work with a generic call line at a call center.

You should have a single point of contact who is easily reachable, collaborates with your team, and is the single source of truth for your needs.

- **Flexible Pricing Structures** - You shouldn't have to pay for services you don't use. Your partner should be able to support you whether you have three employees in a single country or five hundred employees Across 10 countries
- **Network of In-Country Experts** - The right business partner should have a network of professionals, including staffing firms, payroll services, law firms, and banks they rely on.
- **Breadth of Services** - Your partner should handle the entire employee life cycle. They handle it all, so you don't have to do more or have multiple partners to do the job the right one could do. This includes attracting potential employees, determining a benefit structure for employees, recruitment, onboarding, people relations, absence, and leave, retention, and separation.
- **Transparency** - The right partner should never leave you in the dark about what they are working on, how they are accomplishing tasks, or what is coming up next on their calendars. You should always have visibility into your global payroll, the stages during the payroll process, reporting, audit trails, and payroll history.





Simplify Your Global Expansion with IRIS

IRIS Global Workforce Management is a trusted partner for organizations expanding to the global market. Our centralized payroll reporting process provides you with a single view of your global payroll. We provide 'in-country' payroll and HR services for 135 countries, which equates to 90%

of the potential global workforce being in the range of our solutions.

Get started today and see the difference IRIS can make for your growing international organization.

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IRIS works with thousands of CPA firms in North America, including 52 of the top 100 CPA firms in the US, and provides innovative solutions to serve accountancy customers in the North American market, making IRIS the go-to partner for CPAs. IRIS has over 100,000 UK and international customers, with 80% having a tenure of five or more years.

