



## 10 Questions to Consider Before Hiring Employees Internationally

Expanding your business globally can be a major step in a positive direction for the future of your company. However, hiring employees in another country — especially if you're doing so for the first time — can require a lot of upfront work before you're ready to post that first job ad. You have to research broad topics, like hiring processes in the country and the characteristics of the labor force as a whole, as well as more detailed subjects, like statutory vacation leave and other benefits.

We're going to look at some of the most important factors to consider when hiring global employees. There are 10 questions your company should work through so you're prepared for the international recruitment process.

### 1. What Steps Are Needed to Establish a Business Entity?

Before you start hiring, you need to be prepared to pay your new employees. Most countries prohibit remote payroll, so you need to have a business entity in the country where you're hiring so you can legally pay your employees. You can choose from various types of corporate structures, depending on the country. In some countries, the process of establishing your business can be exceedingly complex and time-consuming.

According to the World Bank, establishing a business in Venezuela [takes the longest at 230](#)

days. Even if you're planning to hire in a country where you can start a business in just a few days, you'll still need time before you officially start the process to ensure you meet all the requirements. This may include having a business representative who lives in the country, for example, or opening up a bank account in the country.

The upfront work of establishing your business entity is a significant step in the process. Make sure you understand what this will entail so you have an accurate idea of the time and finances you will need to invest before you can turn your attention to international hiring considerations.

## 2. What Is the Labor Force Like in the Country?

You should also consider what the labor force looks like in the country you're considering. This can help you understand the potential advantages or challenges you'll face when recruiting in the country. There are a few aspects of the labor market to consider.

One is whether the market is tight or slack. For example, in Japan, you'll encounter a tight labor market with [1.62 jobs available per applicant](#). This means you'll have to work extra hard to convince workers to join your company as job seekers are likely to have multiple job offers. In a slack labor market, you should be prepared for more applicants vying for a position with your company.

Another thing to consider is what qualifications you should and should not expect to find in the country's labor force. Consider what kind of schools are in the country and whether there are skilled workers in your field. Of course, you can't account for each individual in the country, but it can help to start with a general understanding of the national population's education and experience.



### 3. Are There Any Cultural Difference You Need to Learn About?

You should also take some time to learn about the culture in the country where you plan to start hiring. Keep in mind that cultural stereotypes or general descriptions you may find don't tell the whole story about a culture. Don't assume all job candidates in a particular country will act the same. Differences in personality, religion, and background can cause some employees to contradict cultural stereotypes completely.

In metropolitan areas, especially, you'll also find that there are fewer cultural barriers to overcome due to economic globalization. Still, it is helpful to understand if there are cultural influences that will directly affect your hiring practices and the way you do business in the country. If possible, talk to business connections in the country to find out what to consider before hiring internationally in regard to culture.

Some cultural factors can directly affect employment practices. For example, in some countries, employees will expect you to grant time off or even close your business temporarily for holidays or annual events. In some countries, a large annual bonus is customary, so you could offend and even lose some employees if you fail to award it.

#### 4. How Does Compensation and Payroll Work?

Setting up and managing payroll can be one of the more complex parts of hiring employees internationally. One key aspect is knowing the appropriate amount to pay your employees in their national currency. Make sure you're aware of any national or local minimum wage laws and overtime pay requirements for a baseline. You may also need to look into collective bargaining agreements that apply. Beyond these requirements, you should research local salary norms for various positions in your industry.

You also need to understand any compensation requirements that go beyond base salary. Some countries [mandate a 13th-month bonus](#) or profit-sharing, for example. Other countries may not mandate bonuses, but a bonus could still be customary.

Beyond knowing how much to pay employees, you also need to understand how to handle payroll. This means knowing exactly what amounts you need to withhold in income tax in countries that use a Pay As You Earn (PAYE) or Pay As You Go (PAYG) model. You may also need to withhold certain amounts for social security or a pension scheme.





## What **Statutory Benefits** Will You Need to Provide?

Some categories of benefits you may need to account for include:

- ✓ Vacation leave
- ✓ Holidays
- ✓ Sick leave
- ✓ Parental leave
- ✓ Caregiver leave
- ✓ Health insurance
- ✓ Retirement savings

## 5. What Statutory Benefits Will You Need to Provide?

You also have to know what benefits employees are legally entitled to in the country, as well as any customary benefits you need to offer to remain competitive as an employer. Some categories of benefits you may need to account for include:

- Vacation leave
- Holidays
- Sick leave
- Parental leave
- Caregiver leave
- Health insurance
- Retirement savings

In some countries, employees may even be entitled to transportation or meal vouchers. Employees may also be entitled to specific rest periods every week. The key thing to know here is that every country has its own requirements for employee benefits, so you need to research this thoroughly before taking on new employees. Keep in mind that collective bargaining agreements may require even more benefits for your international employees.

Factoring in the benefits your employees are entitled to can help you get a more accurate idea of how much each employee will actually cost your company. In some countries, this total could exceed the employee's base salary by a substantial margin.

## 6. What Employment Laws Will You Need to Follow?

Legal considerations can go well beyond compensation and benefits. Find out what laws govern hiring and employment practices in the country and study them carefully. You may need to follow anti-discrimination practices, for instance. You may also need to structure your workweek a certain way or handle terminations in a specific manner. If you hire anyone who isn't a citizen of the country, there may be employer requirements to hire foreign workers you must follow.

Most companies will need to consult with legal professionals in the country to ensure they



comply with all employment laws. The risk of non-compliance can be great when you try to navigate the process on your own. If you violate a law, you could incur heavy fines or worse. If you fail to grant your employees the treatment and benefits they are legally entitled to, you could also face a lawsuit.

Some countries tend to be more litigious than others, and some are more likely to rule in favor of employees when a dispute arises. Especially in these instances, it is critical that you remain above board in all your employment practices and stay as transparent as possible.

## **7. Will You Need a Translator to Communicate?**

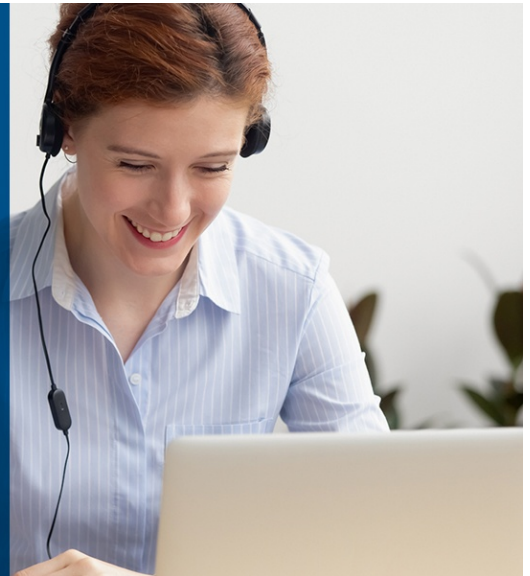
Language is an important item on the list of things to consider before hiring international employees. In some cases, it's a nonissue. However, if you're hiring in a country where the predominant language is different from your native language, this can add a layer of complication to the hiring process. In some cases, you may be able to seek out multilingual nationals or expatriates who are fluent in your language to simplify matters. However, that is not always feasible.

Consider whether you have any employees who are fluent in the other language and whether they would be willing to assist in the process of establishing your business and hiring employees. This will involve drafting business documents, writing job ads, and communicating with applicants in the second language. Many companies will instead have to hire a translator to facilitate this process.

You will need to have the translator present during interviews unless you plan to hire through an agency. Language barriers can be a challenge in international hiring, but there are ways to work around them.

Take some time to learn about remote management before you begin hiring so you don't find yourself in over your head as soon as you onboard your new employees.

**ARE YOU PREPARED TO MANAGE YOUR TEAM REMOTELY?**



## 8. Are You Prepared to Manage Your Team Remotely?

Another question to ask yourself is whether you're ready to manage a team remotely. As sources like [Entrepreneur point out](#), remote management is a challenging task that requires plenty of communication so your international team doesn't feel disconnected from your company's headquarters.

Knowing how to manage a team on-site and even managing some remote employees in your home country doesn't prepare you for what to consider for international hires. The more geographical distance and possible language or cultural differences that stand between you and your employees, the more difficult bridging the gap can be.

Take some time to learn about remote management before you begin hiring so you don't find yourself in over your head as soon as you onboard your new employees. There will be a learning curve, but [learning some best practices](#) now can help you prepare.

## 9. What Recruitment Practices Should You Use?

You also need to understand how to recruit international employees. The recruitment

practices you've been used to using in your country may not work as well in another country. Consider the following questions to help you determine the best way to recruit employees in the country where you plan to expand your business:

- Is it common to hire employees through an agency?
- Is there an established method for recruiting recent university graduates?
- Which print publications, social networks, or websites do people consult to find job ads?
- Is it common practice to host or attend hiring events?
- What does a standard job application packet look like?
- Are there any prohibitions to help employers avoid discriminatory practices?

In some cases, you may find that hiring practices in another country align closely with those you're already used to. In other cases, they may differ in ways you never expected. For example, administering a comprehensive physical and psychological exam is [a standard part of the hiring process](#) in some Latin American countries, regardless of whether the job involves physical activity.

In short, the process of international recruitment and selection may look different from the process you've been using to hire domestic employees, so make sure you tailor your recruitment strategies for each country where you expand.

## **10. Would You Be Better Off Working With an Employer of Record?**

It should be clear by now that international hiring can be a highly involved process. Considering the time and expense involved in establishing your business entity, all the employment laws you have to follow, and the complexities involved with payroll, you may be wondering if there is an easier route you can take. Fortunately, you can simplify the process greatly by working with an employer of record (EOR).

An EOR offers a unique global hiring solution. The EOR organization will already have a legal business entity in the country as well as expertise in local employment laws and HR practices. By using an EOR for your international employees, you can outsource the aspects of international hiring that can otherwise create the biggest headaches for your company.

Your international employees still work for you in effect, but they'll be on the EOR's payroll.

If you're tentatively planning to set up your own business entity in the country, [weigh this option alongside the EOR option](#) and determine which makes more sense for your company. For many companies, depending on their overall plans for international expansion, working with an employer of record is the better option, by far.



**Start Building Your International Team With [Globalization Partners](#) as Your EOR**

When you partner with Globalization Partners as your Employer of Record, **you can start hiring right away** without having to establish a branch or subsidiary of your business.

### **Start Building Your International Team With Globalization Partners as Your EOR**

If you're ready to start hiring international employees, Globalization Partners can streamline your global expansion process. With a presence in 187 countries, Globalization Partners is likely already in the country where you plan to hire and has extensive knowledge of the local employment laws and practices there.

When you partner with Globalization Partners as your Employer of Record, you can start hiring right away without having to establish a branch or subsidiary of your business. You can also leave payroll and legal compliance to us so you can focus on managing your international team. To get started, [request a proposal](#) and learn more about how

Globalization Partners can help you go global.

For more information about hiring and managing global employees, download our eBook “Global Hiring Handbook: Onboard and Manage Talent in 20 Top Expansion Countries.”

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