



CS25

Global HR & Payroll: Strategies for a Flatter World



Global HR & Payroll: Strategies for a Flatter World

Thursday, September 24th, 2024
2:30pm - 3:45pm

Presentation By:
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PRESENTORS



Simon Bradbury

CEO

GLOBAL HR IMPLEMENTATION
SERVICES



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DIRECTOR

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HR Body of Knowledge - Recertification Credits

- Understand overseas employment options and entity structures.
- Understand corporate income tax ramifications of employment activities in overseas jurisdictions, including unintentional permanent establishment.
- Understand employer branding strategy to attract diverse talent in local overseas markets.
- Identify the risks and benefits of leveraging nonemployees (independent contractors, consultants, third-party contractors) as part of a global staffing plan.
- Identify the components & costs of mandatory, supplemental and customary benefits plus indirect costs for your overseas employees.

Agenda

- Winning Globally
- Company Structure & Permanent Establishment
- Overseas HR & Payroll Framework
- Which global model should I choose?
- How will the model affect my org. structure?
- Now I have my model, what is the next step?

Mentimeter

You know a little bit about us, can you tell us a little about you, just your title and industry

Winning Globally



The world's fastest growing economy?

Not **China**, but **Mongolia** at **+15.3%**.

Winning Globally

China is to surpass the **US** in luxury car sales by 2021.



Global Expansion Scenarios for HR



France

VP of Sales of a Napa wine company walks into the Director of HR's office with two signed offer letters to hire new sales people in France. The company doesn't have an office in France.



Cape Town

The company has acquired a company and workforce in Cape Town, South Africa but not the business entity.



Rio de Janeiro

Company has engaged independent contractors in Rio de Janeiro who are now a compliance risk.

Employment Type – Entity Type



Subsidiary

- Separate legal entity for engaging in business overseas
- Provides a layer of protection between the interests of the parent and the on-the-ground entity
- Long setup and registration time; heavy oversight
- May take months to establish



Branch Office

- An extension of a parent company, serving a certain geographic area
- Can engage in core activities, sales, etc.
- Not a separate legal entity; foreign parent subject to all liability
- Potential for taxation of overseas profits in UK



Representative Office

- One of the easiest ways to get set up overseas
- Allows a company to establish a minimal presence
- Employees cannot engage in sales or contractual matters
- “Market development”



EOR / PEO / GEO

- A business entity that provides non-core human resources outsourcing services to client companies.
- Employer of record for tax purposes
- Hire your employees in days
- Limited or no setup

Set up a local entity



**Local Bank
Registration**



**Annual
Filing**



**Tax
Filings**



**Employment
Documentation**



**Insurance
Benefits**

Company Structure from a HR Perspective



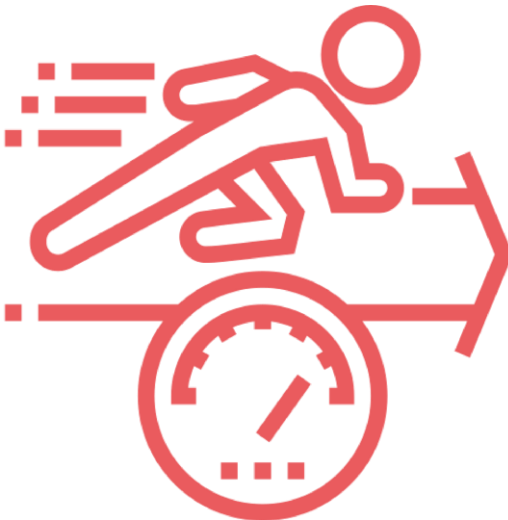
**Employment
Brand**



**Permanent
Establishment**



**Company
Structure**



**Speed of
Hire**



**Employee
Benefits**



Permanent Establishment Risk



Types of Roles



Employment Documentation



Fixed Place of Business



Sales Commission

Employer of Record Service



Your Company



Commercial Contract



Employment Contract



Your local country employees

Your company maintains day-to-day control of your employee



Global HRIS handles all risk mitigation, compliance, payroll and benefits.

Global Staffing Plan



International Staffing

Local Hire Employees

Contractor

Expatriates

Sample US Offer Letter

Dear Jane Doe,

On behalf of XYZ INC. (the “Company”), I am pleased to confirm our offer of employment to you for the position of EMEA Regional Sales Director ...

You will be paid a base salary of \$5,000 per month less applicable tax and other withholdings.

You will also be eligible to participate in various Company fringe benefit plans, including group insurance and 401(k) programs. You will also be eligible for fifteen (15) days of paid time off (PTO) each year.

Subject to the approval of the Company’s Board of Directors, you will be granted an option to purchase X shares of Company common stock....

Your employment with the Company is “at will.” It is for no specified term and may be terminated by you or the Company at any time, with or without cause or advance notice...



Recruitment in Disneyland Paris



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Budgeting for Talent - Location



Haute Cuisine to Burgers



Getty Image



Disney Images



Social Security – A Real Cost



OTE



Typical employer contribution

10%

Employer cost

\$20,000

France employer contribution

44%

Employer cost

\$88,000

Budgeting for Mandatory Benefits



10% Profit Sharing



Life Insurance



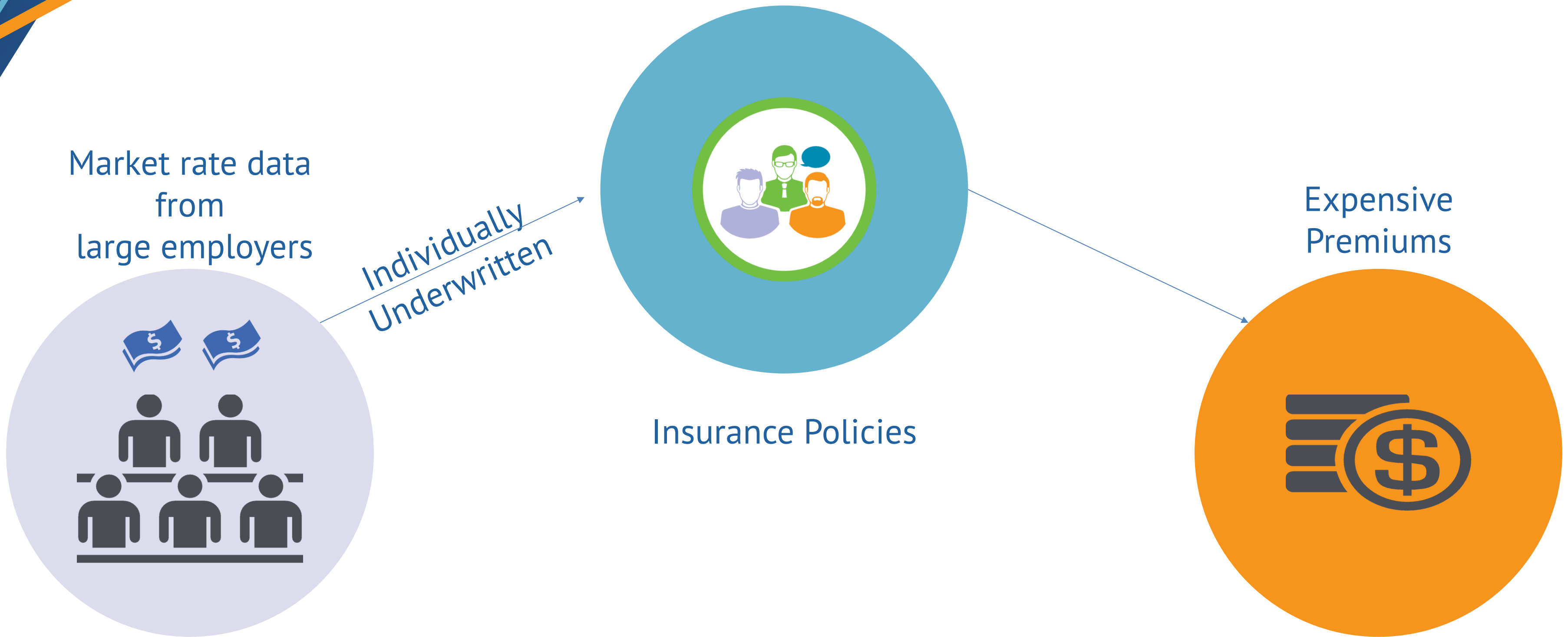
Study Fund



Worker's Compensation



Cost Associated with Headcount



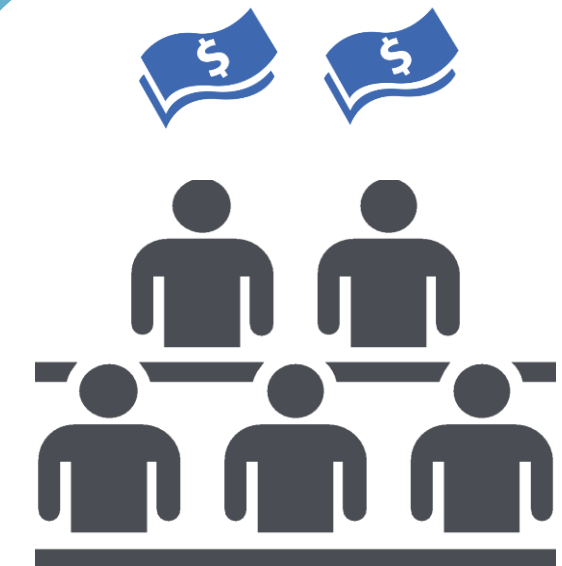
Indirect Costs of Employee Absence

Paid Time Off / Time
Off in Lieu



Overtime Premiums

Vacation Accrual and
Carryover



Annual Leave Carryover

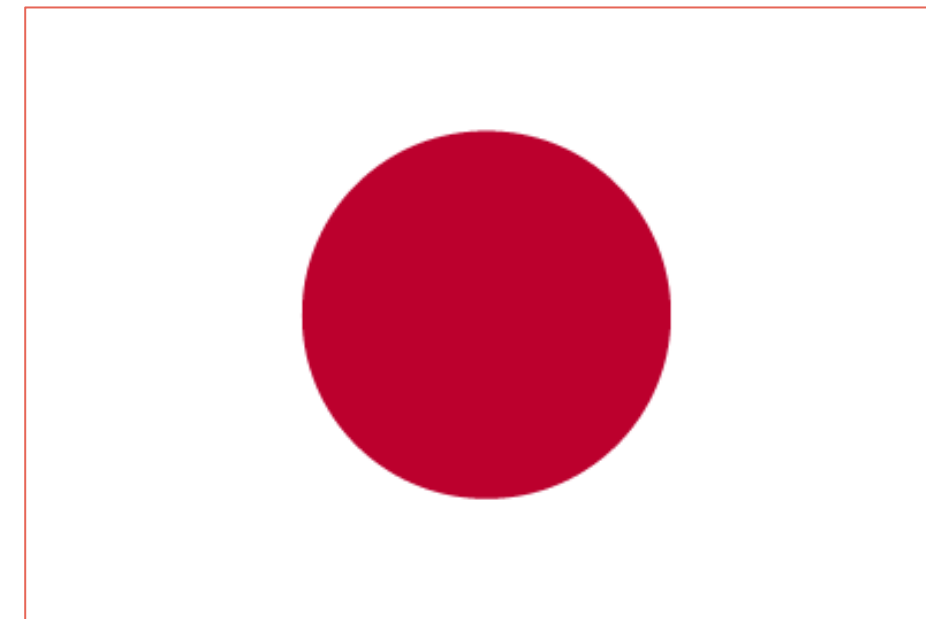
Mexico – 18 months
after accrual



Sweden -5 days per year
Max 25 days



India – 3 times
annual allowance



Japan – next leave
year

Which global model should I choose?



Single Global Provider Model



Advantages

- Simplified management
- Compliance
- Greater control



Disadvantages

- Integration challenges
- Less local expertise
- Risk concentration
- Less flexibility

Provider by Region Model



Advantages

- More local expertise
- Greater flexibility
- Cost effective



Disadvantages

- Inconsistency
- More administrative tasks
- Higher risk of data breaches

Employee Headcount Model



Advantages

- Retention of payroll knowledge
- Cost savings
- Greater control



Disadvantages

- Technical capability
- Compliance risk
- Is not a universal fit



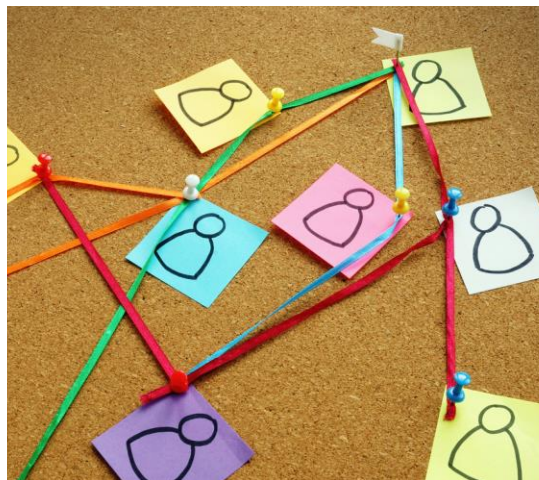
BUDGETS



**TECHNICAL
EXPERTISE**



COMPANY CULTURE



**LOCAL PAYROLL
TEAM REPORTING
LINES**



COMPANY MAKEUP

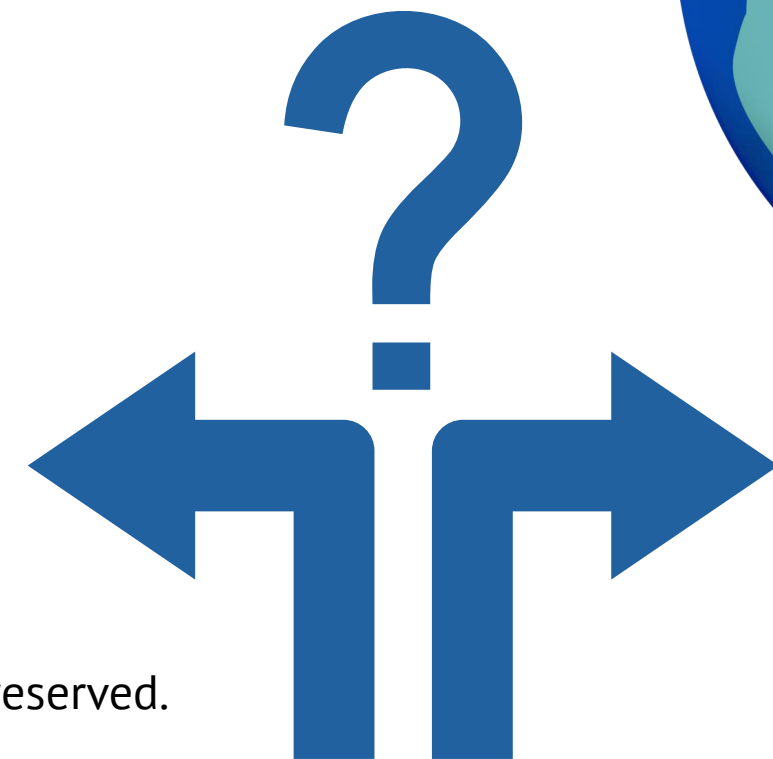


**GLOBAL PAYROLL
PROJECT EXPERIENCE**

Global Payroll Models

Key Considerations

Case Study



**How will the model
affect my organization
structure?**



Mentimeter

Does your organization have a global hr information system in place?

Getting the organization right



- Global HRIS enforcement of existing structure
- You can't keep your current structure if you are moving to a new payroll global model
- Structure needs to be defined before the new model comes in

Case Study

Structure done right



Case Study

Structure done late

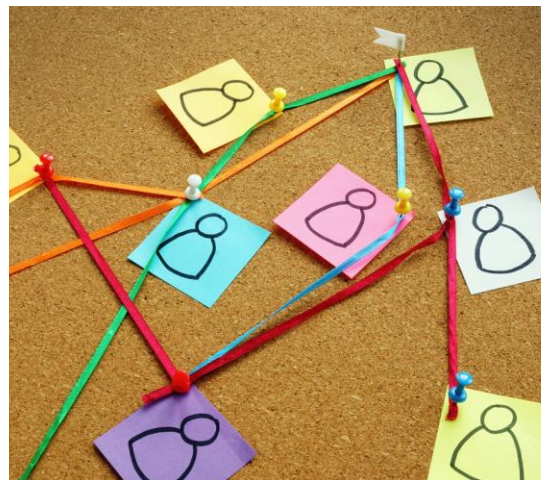




TIMEZONES



**SHARED SERVICE
CENTER**



**CULTURAL
SENSITIVITY**



**BALANCE GLOBAL
CONSISTENCY WITH
LOCAL
CUSTOMIZATION**

Getting the Structure Right

Key Considerations

**Now that I have my model.
What is the next step?**

Vendor Management



1. Establish Clear Communication Channels
2. Focus on Compliance and Data Security
3. Develop a Comprehensive Transition Plan
4. Monitor Performance Closely
5. Prepare for Change Management

Vendor Selection Process

01

Select Model

02

Internal Audit

03

Draft an RFP or RFI

04

Vendor selection

05

Go through contracting

Case Study

RFP process



**Please tell me, how
complex this will be?**



Mentimeter

What is your biggest concern?

Legal Complexities



France

VP of Sales of a Napa wine company walks into the Director of HR's office with two signed offer letters to hire new sales people in France. The company doesn't have an office in France.



Cape Town

The company has acquired a company and workforce in Cape Town, South Africa but not the business entity.

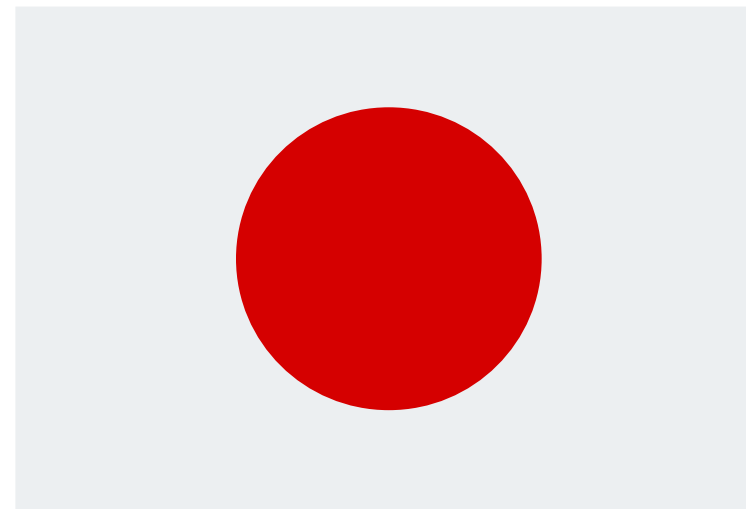
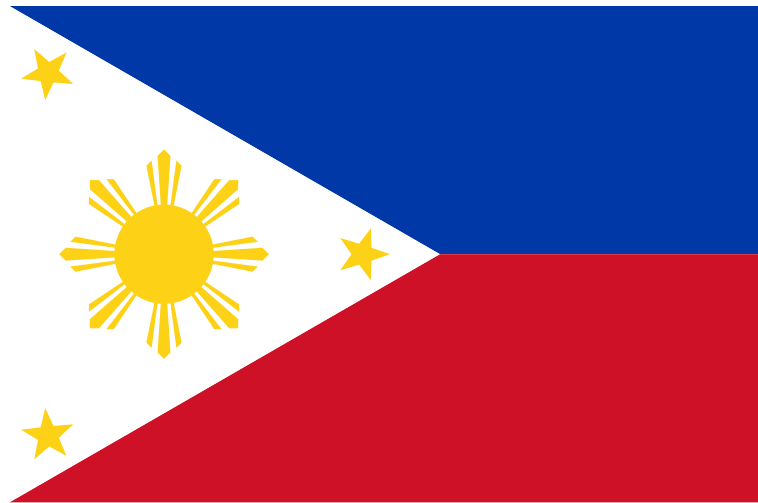


UK

Company has engaged independent contractors in Manchester who are now a compliance risk.

Cultural Complexities

Understanding the country's culture

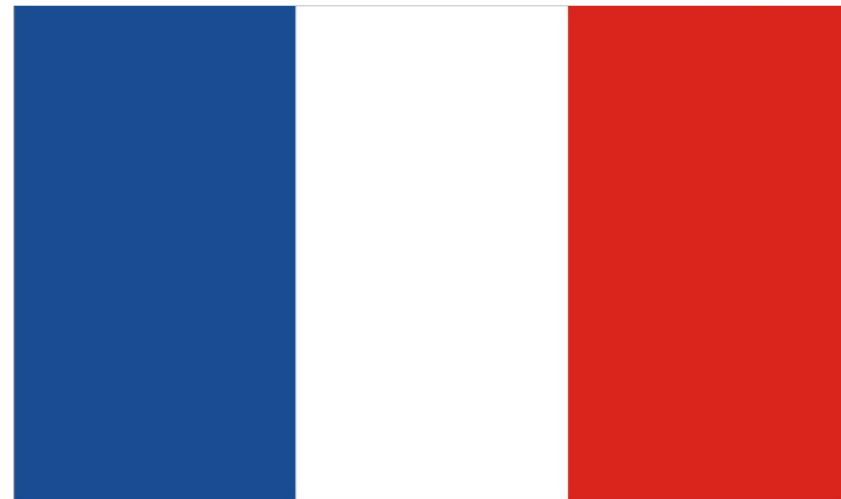


Organization's culture

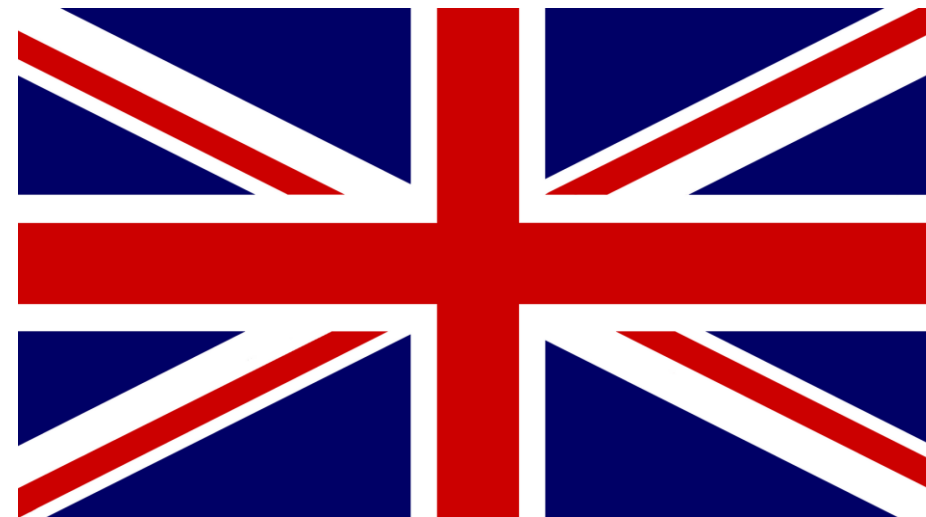


Cultural Complexities

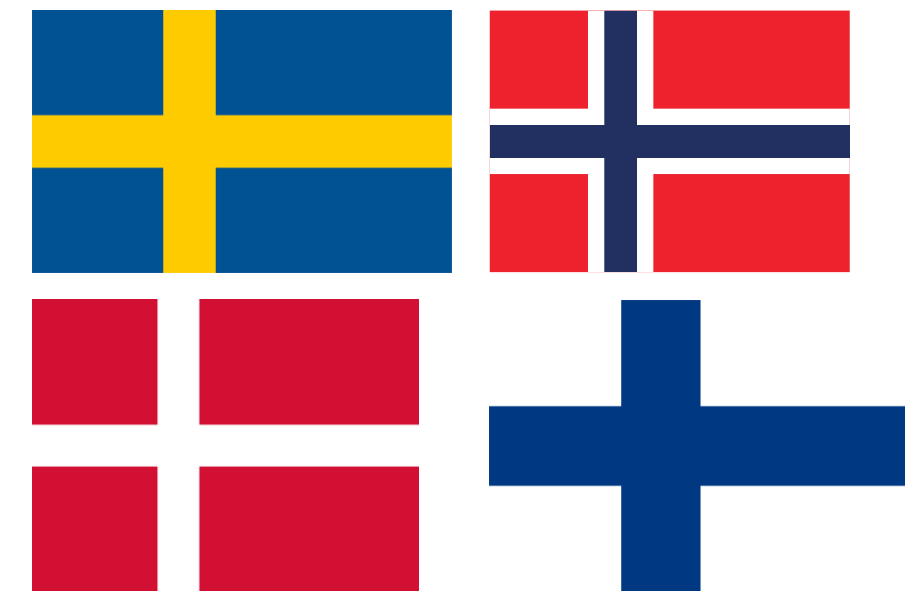
Work hours & Overtime



Leave Policies



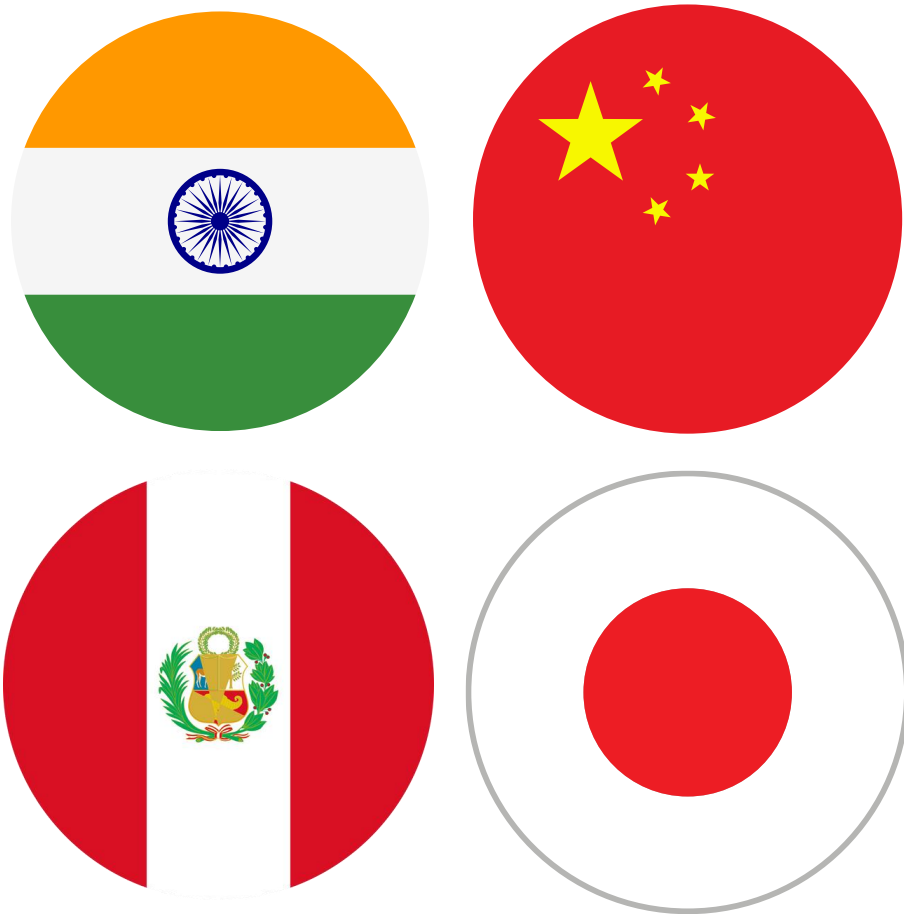
Motivation & Recognition



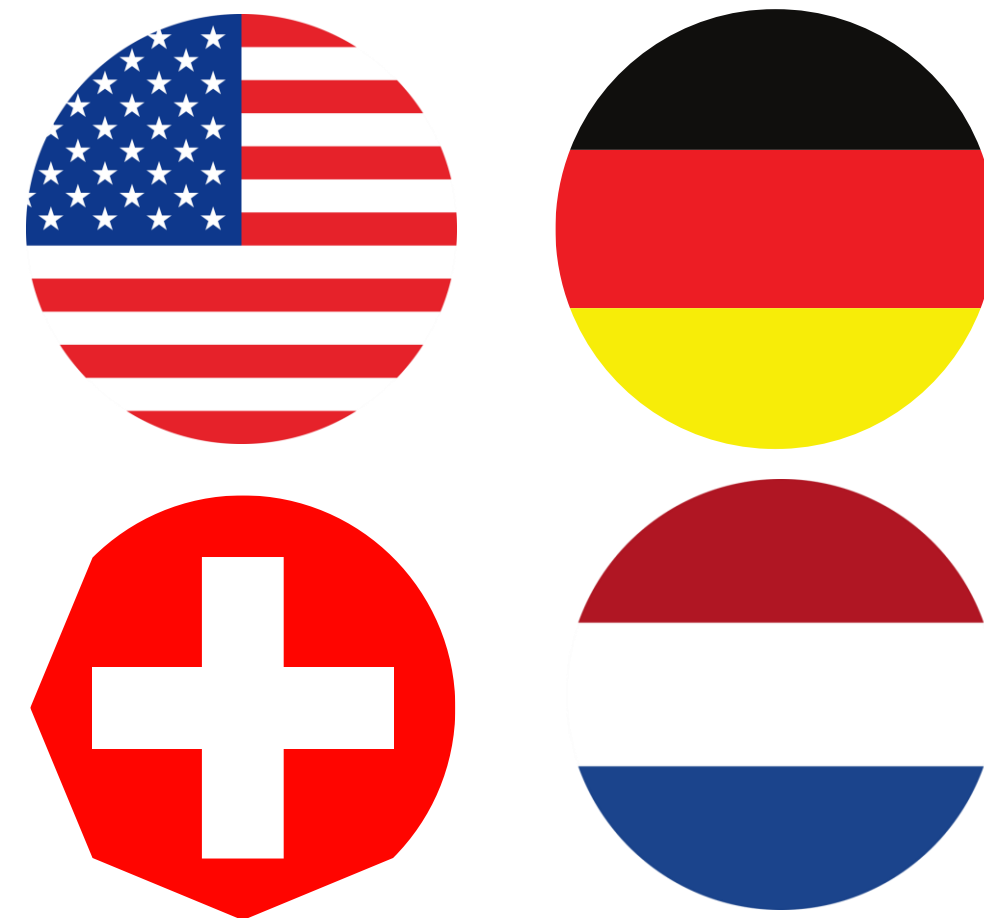
Cultural Complexities

Direct vs Indirect Communications

Direct



Indirect



Value the Diversity Across the Pond



**We have a lot in
common....**

Royalty...



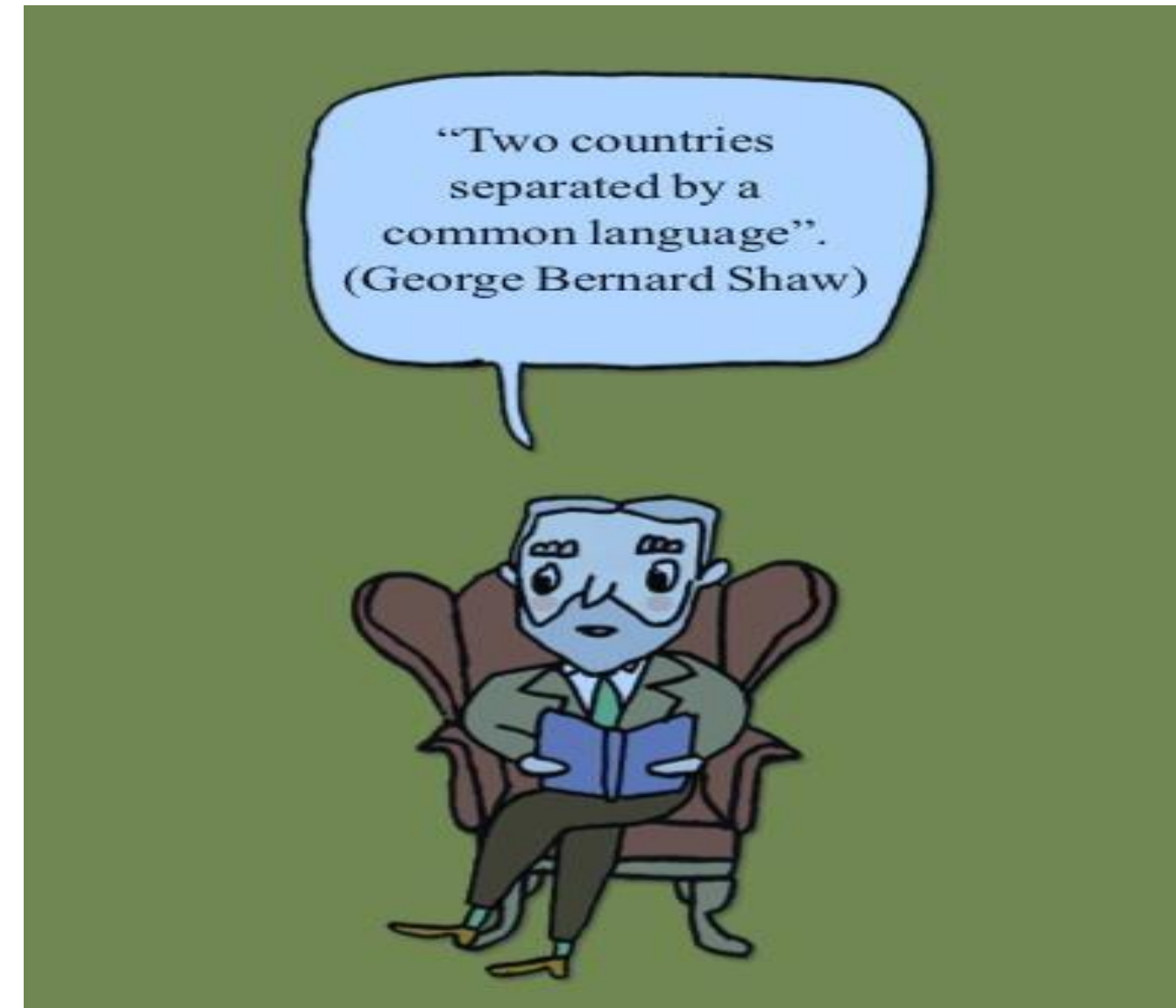
UK



USA

But there are differences...

- Language – a US-drafted contract does not always translate in the UK
- Legal systems: both common law systems but very different, including employment law



Systems Integration



Multiple languages **Time Zones**

Ensuring compatibility with vendor systems

Data privacy

Benefits systems

Middleware

3rd party

Systems automation

Time/Workforce

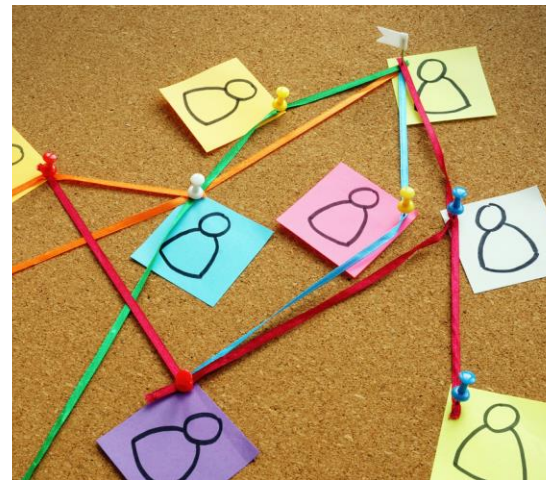
Management



**CHANGING
REGULATIONS**



**CULTURAL
EXPECTATIONS**



**UNDERSTANDING
YOUR SYSTEM
LANDSCAPE**

Complexities

Key Considerations

Thank you

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