

The most common misconceptions about global employment services



August 2021

Introduction

The global employment services industry is providing ambitious companies with the tools to employ people anywhere in the world. Since the beginning of the COVID-19 pandemic, we've seen a rise in companies opening up to the possibility of employing remotely and hiring internationally.

77% of respondents have hired remotely or will consider doing so in the future.

With remote employment here to stay, we asked senior and mid-level managers working across industries in the US, Canada, Australia, Singapore, Germany, and the UK about their understanding and expectations of the global employment services space as a remote employer. Here we defined 'remote' as **hiring someone abroad** or outside of the legal jurisdiction where a company is based.

Our findings show that confusion exists around what global employment services, like Employer of Record (EOR), can support employers with. To help you take your international hiring further, we'll be clarifying the most common misconceptions in this space:

- International hiring involves a lot more than international payroll
- Global employment services cover more than the immediate logistics of hiring
- PEOs and EORs aren't the same - they offer different levels of service
- The best providers don't just hire your talent, they create the right employee experience
- Cost isn't the only thing you need to consider when choosing your provider

Have you, or are you planning to, hire an employee remotely?

I'm not sure

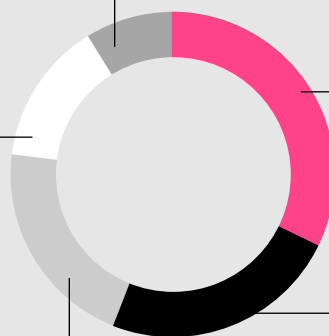
9%

No, we are not planning on hiring anyone remotely now or in the future

14%

No, we are not hiring anyone remotely right now, but we may do so in the future

21%



Yes, we have hired an employee remotely

32%

Yes, we are planning to hire an employee remotely in the future

24%

International hiring involves a lot more than international payroll

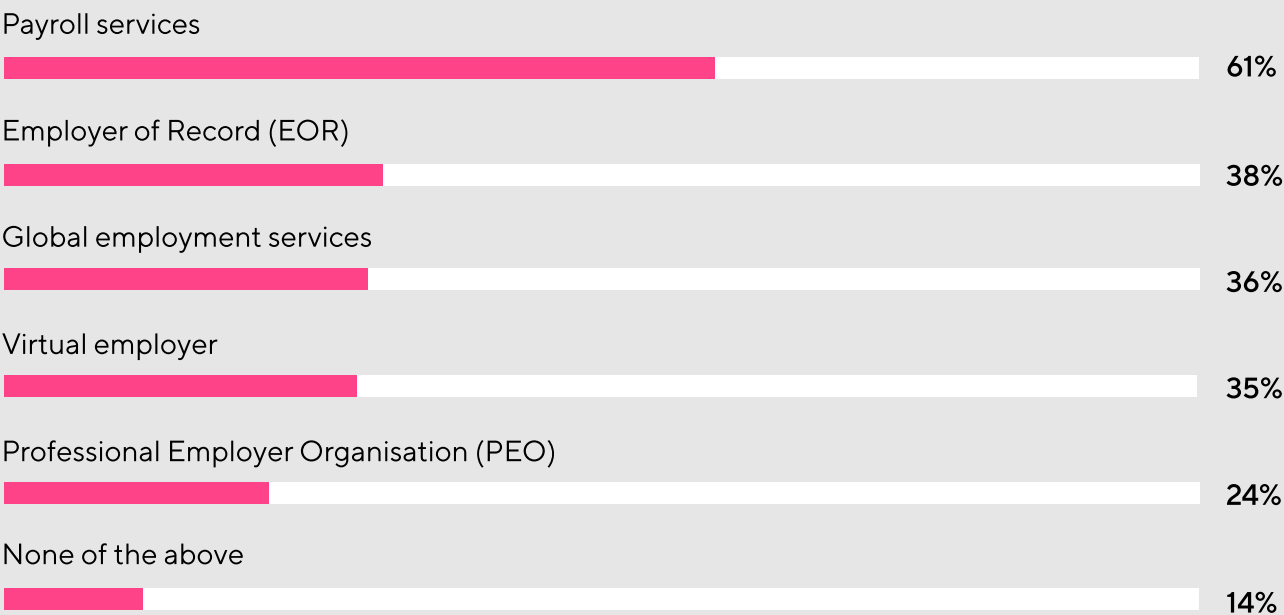
Managers hiring abroad are unaware that:

- Payroll isn't the only problem
- Other global employment services exist to help with international hiring
- Different global employment services providers operate in distinct ways

Global employment services can really support companies like yours to build out their international teams. But many managers are unaware of the breadth of options available to them. That's why we asked how managers understand the key terms around global employment services.

Unsurprisingly, our results reveal that 61% of managers are aware of payroll services. Payroll is one of the biggest pain points for companies hiring remotely. Each country or jurisdiction has its own payroll system and regulations. In Canada, for example, multiple regulations and systems apply, and are managed by the different provinces.

Are you familiar with some of these terms?



But hiring from abroad is more than just an international payroll issue. Other global employment services exist, like virtual employer, **EOR, or PEO services**. Many hiring managers are confused around their differences.

Our results showed that managers are equally aware of the terms global employment services at 36%, Employer Of Record (EOR) at 38% and virtual employer at 35%. Professional Employer Organisation (PEO) is the least known term at 25%. A lot of the confusion around these terms comes down to the fact that different countries have different regulations for these services.

In France, the PEO/EOR model is called *portage salarial*. These companies are the legal employers of the new hires and help individuals find relevant companies and job roles. They employ most knowledge-based professionals but exclude other vocations, like doctors or lawyers.

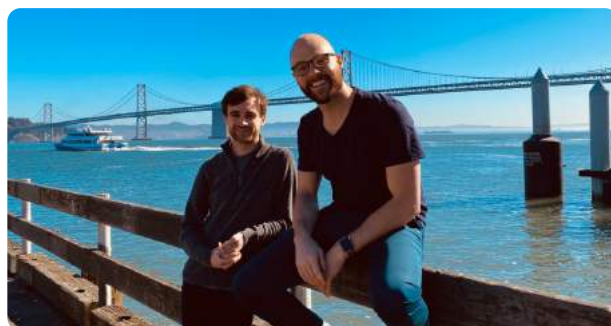
In China, PEO and EOR services are also known as Foreign Enterprise Service Company (FESCO), providing labour dispatching services. Chinese FESCOs will employ staff for their clients, much like an EOR.

The key for managers hiring abroad is to focus on the services you need help with or, even better, if you can find a provider that has **all your global hiring needs covered**.

Case study

One of our clients, Superscede, was on the lookout for a provider that can help their team employ easily and efficiently around the globe. Their focus was on building an easy process to hire a remote-friendly global team.

"Being fully remote with the help of Omnipresent is our strategy for access to top global talent," says Jerad Leigh, CEO of Superscede.



Global employment services can cover more than the immediate logistics of hiring

Managers hiring abroad mostly think of global employment services as providing:

- PEO services
- International payroll
- EOR services

Hiring managers are thinking about global employment services primarily as a logistical service for hiring abroad, providing functions like international payroll and onboarding.

But managers also think of them as a resource for legal and HR advice when managing a global workforce. 32% of managers believe global employment services provide legal and HR advice, and 31% believe they provide country specific social security and statutory benefits.

22% think global employment services can **provide them with tax advice.**

If you're considering expanding your team internationally, you should know that global employment services can actually extend beyond the immediate logistics of remote employment.

While individual tax advice tends not to be included, global employment services can help you with compliantly developing your global expansion plans. Sadly, only 23% of managers are aware of this!

Only **23%** believe they offer **global expansion support.**

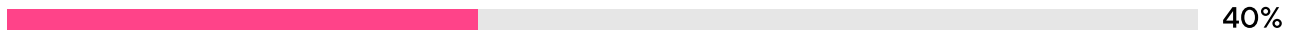


A holistic global employment services provider understands the **full employee lifecycle** and can actually offer you all these services together.

You'll need to know what your global hiring needs are in order to choose the right provider.

What kind of services do you believe are provided by global employment services?

Professional Employer Organisation (PEO)



Employer of Record (EOR)



International Payroll



PEOs and EORs can provide you with very different levels of service

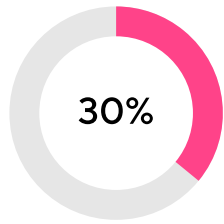
Managers don't distinguish clearly between **PEO and EOR**. In fact, both types of providers offer **different levels of service**.

The main misconceptions around EOR services are:	In reality, EOR services tend to differ from PEOs in terms of:
EOR providers' clients remain the legal employer of new staff	EORs employ on your behalf
EORs provide recruitment services	EORs are the legal employer of your new hires
EORs can automatically employ anywhere	How they employ and what they can offer depends on the jurisdiction where you want to hire

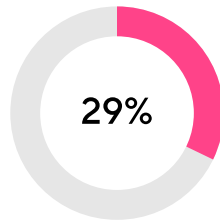
The main misconceptions around PEO services are:	In contrast, PEO services rather include:
PEOs provide recruitment services	Hiring locally in specific jurisdictions
PEOs can help companies hire abroad	You remain the legal employer of the staff hired through a PEO
PEOs can employ anywhere	The actual level of service you receive ultimately depends on individual providers and where they operate

Although both PEOs and EORs can offer you a range of HR admin services, they can't necessarily help you with recruitment. Again, this also depends on the jurisdictions where they're operating. For example, in France, local employment service providers can match client companies with suitable candidates that are hired by the provider itself.

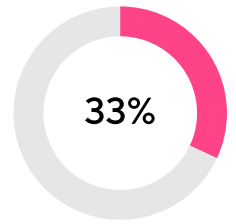
Which of these statements do you believe applies to Employer of Record (EOR) services?



They offer employment advice

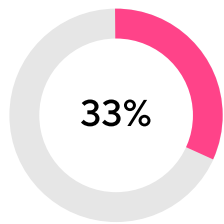


Their services are for all company sizes

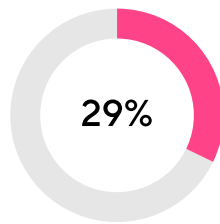


They can help with recruitment

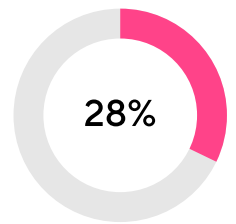
Which of these statements do you believe applies to Professional Employer Organisation (PEO) services?



They can help with recruitment



Their services are for all company sizes



They can help with compliant employment



You can think of PEOs and EORs like you would compare the roles of a product manager and an engineer in a tech company. Both are focused on developing a product that is user-friendly and centres their customers' needs. While an engineer handles the design and creation of a product, a product manager is responsible for managing a product's end-to-end lifecycle, ensuring its success all along the way.

PEO and EOR services also overlap, **but they work very differently.**



Case study

QuotaPath are a SaaS platform helping sales representatives automate their sales commission.

They were keen to hire the best talent outside of their home base in the US. Part of our solution is to help them understand the EOR process so they could make informed decisions every step of the way.

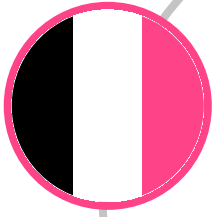
"The Omnipresent solution just works and requires very little extra work from us," says Eric Heydenberk, Technical Co-Founder at QuotaPath.



Local Employment Service Structures Compared

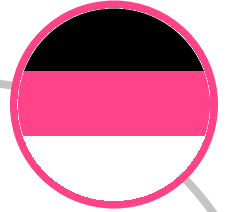
- Employment services providers in all countries employ on their clients' behalf
- The providers are the legal employers

France



- *Portage salarial*
- Allow client companies to hire in France
- *Portage salarial* helps employees find hiring companies
- Only for knowledge-based professions

Germany



- Labour leasing company
- Only up to 18 months per employee
- After 3 months of non-employment, the 18-month timeline resets

China



- Foreign Employment Service Company (FESCO)
- Allow client companies to hire in China
- A client can only employ in one province

The best providers don't just hire your talent, they create the right employee experience

When they're thinking about remote hiring, they're also thinking about:

- Salary benchmarking
- Benefits benchmarking
- Remote work set-up

48% of managers are focusing on **salary benchmarking** when hiring abroad.

Salary benchmarking is a complex and somewhat divisive subject. Many companies are unsure how to salary benchmark for an international team. Some companies benchmark salaries according to where their employees are based, while others calculate salaries according to where the business is located. If you're up for a challenge, you might even want to try creating your own salary benchmarking formula.

Similar to salary benchmarking, benefits benchmarking means you're providing compliant, relevant, and fair benefits to your team members in all locations.

There is also a lot of remote office advice on the web. But like many companies, you might still be struggling to find the right path for you and your team.

41% of managers are looking for **remote office advice** when hiring abroad.

Benchmarking is an important consideration for **close to half** of all managers surveyed.

Global employment service providers can help you benchmark your remote employees’ salaries, find an effective and relevant benefits benchmarking solution, and support you in providing healthy and productive remote work set-ups for all your global talent.

Case study

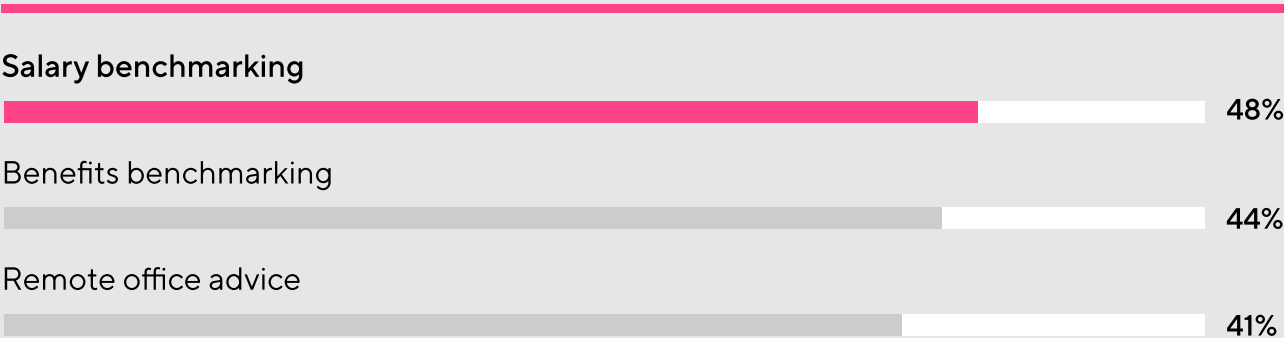
Ravelin is a tech company helping to prevent fraud. They reached out to us as many of their employees were asking to work from abroad permanently during the COVID-19 pandemic.

It was important to them to make sure all employees feel like they are part of the same team no matter where they are based. This meant, for example, tailoring their benefits strategy to include more than what is statutorily required. We continue to support them in building an engaged global team.

“Omnipresent is there for us whenever we need them,” says Toni Georgieva, People Operations Manager at Ravelin Technology.



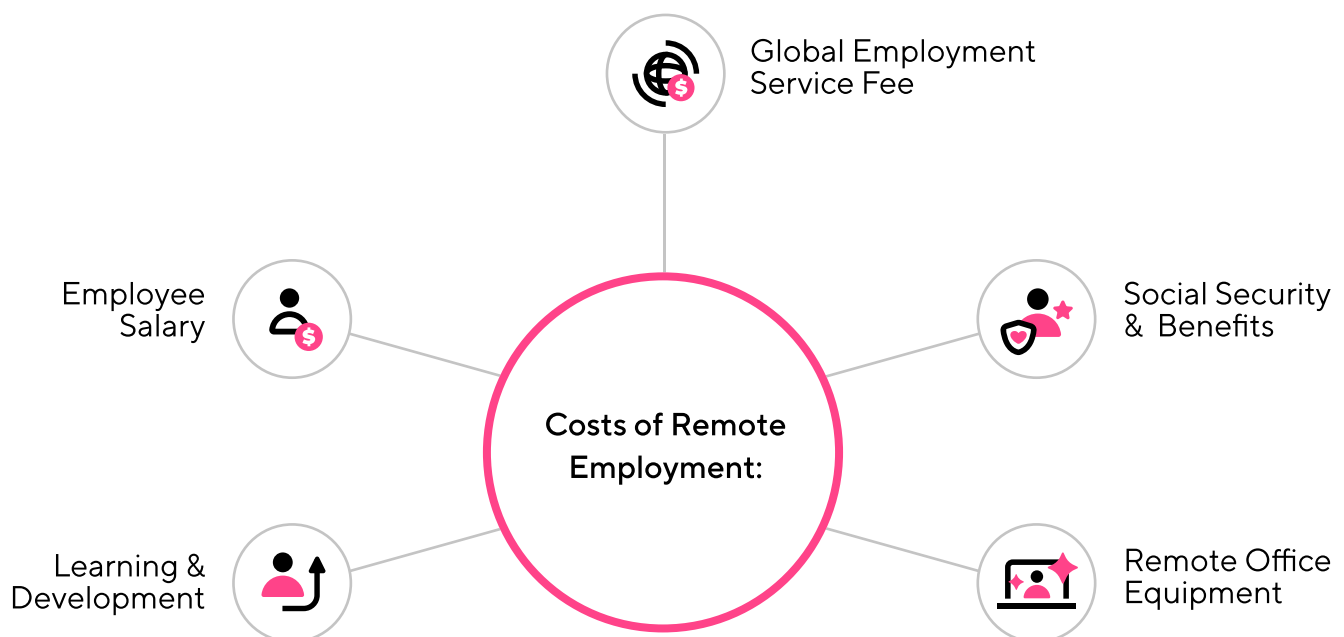
Would you expect any of these other services to be included as well?



Cost isn't the only thing you need to consider when choosing your provider

When choosing the right global employment service provider, managers are considering:

- **Costs:** what is your budget for hiring abroad?
- **Service level:** are you offering the right statutory benefits to all your employees wherever they are based?
- **Compliance:** do all your employment contracts comply with local employment regulations?



25% of managers said
cost is the main factor.

On top of your employee’s salary, social security and benefits, the costs typically include a monthly fee for each employee hired through a global employment services provider. But this will depend on the level of service you’re opting for. Asking for a concrete breakdown of costs at the consideration stage, and aligning these with the services you need, will help you make an informed decision.

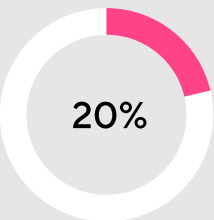
23% of respondents consider **the service level**.

The level of service also needs to be commensurate with the cost. Different providers accommodate different services in their pricing structure, like onboarding, legal guidance, and salary benchmarking.

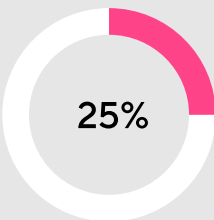
Compliance is one of the greatest challenges for managers hiring abroad. Managing employment contracts or terminations are key employment processes where your legal compliance as the employer is essential.

20% of our respondents said **compliance is a critical point**.

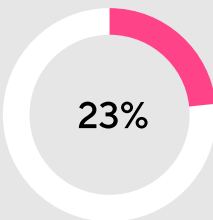
Which do you believe will be most important for you when considering a provider to support your international hiring?



Compliance



Cost



Service level

Confirm where employment services providers are able to help you hire compliantly and ask them for their compliance checking process. Then you can consider who is able to provide the services you need and at what cost they are able to do so.

In the worst case, non-compliance can lead to **hefty fines and lengthy lawsuits**. That's why **compliance should be a top priority**.

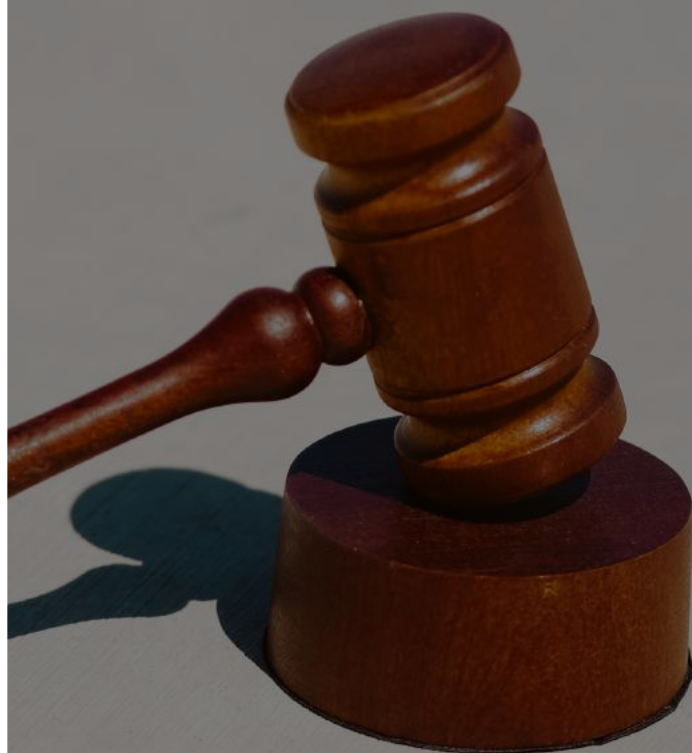


Case study

Sphere are a SaaS company developing the future of community-driven group chat. They came to us for their first remote hire based in Germany. German employment regulations proved to be too cumbersome to navigate without the right support.

Our team helped them employ their talent quickly and in compliance with German employment law.

"It's great knowing that Omnipresent's quick and easy service is there for us to tap into whenever we decide to make our next remote hire," says Kyrie Burgoine, Head of People at Sphere.



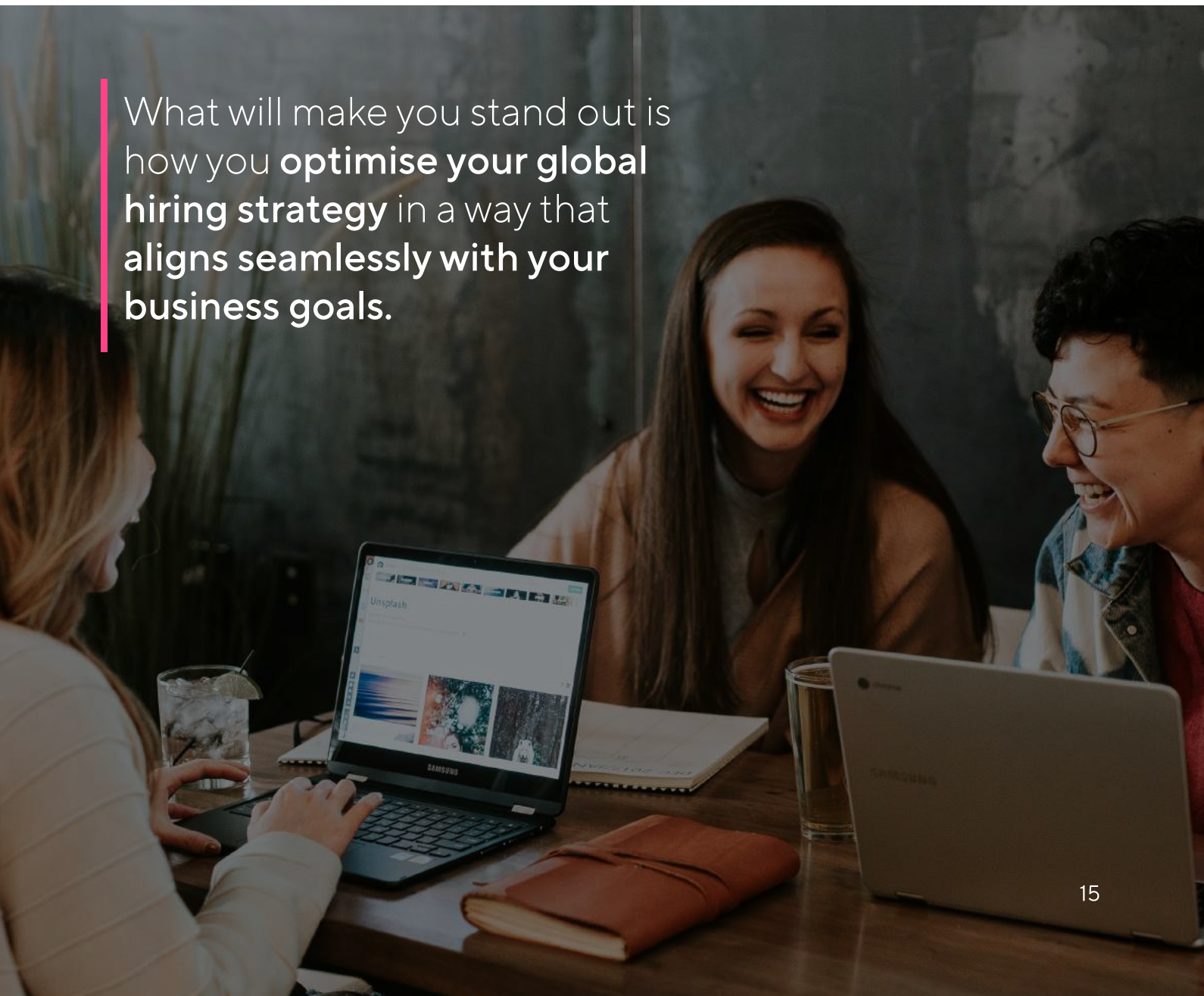
Optimise your international hiring strategy with the right global employment solutions

As managers aspiring to hire abroad, you can tap into the diverse offerings of the global employment services industry. You can expand your team sustainably and compliantly with services like international payroll, social security and statutory benefits solutions, and salary benchmarking advice. The right provider can help you build an effective and bespoke global employment strategy that suits your ambitions as a business and an employer.

To be the best, it's not enough to simply hire internationally.

Whether your priorities are to attract the best technology talent with extensive benefits, or to build a global presence from the start, you need to select the right provider so that you can employ in a fast, cost-effective and compliant way.

What will make you stand out is how you **optimise your global hiring strategy** in a way that **aligns seamlessly with your business goals**.



About Omnipresent



We make it easy to employ, pay and provide support for **global teams** across 150 countries as your Employer of Record (EOR).

We make it possible for employers to employ anywhere by providing real-time support for employers and their remote working employees with our:

- Strategic approach to international expansion - supported by our team of global employment experts and technology.
- End-to-end service - we take care of everything from onboarding through to offboarding, including legal and compliance, payroll, expenses and health and benefits.
- Reliable global support - our remote-first team are globally distributed covering all timezones supporting more than 10 languages.

If you'd like to know more about our bespoke solutions, **book a call** with us today.

This report is based on anonymous survey data gathered in June 2021 amongst 500 senior and mid-level managers. Our respondents work across industries in Australia, Canada, the US, Singapore, Germany, and the UK. All survey data was collected using SurveyMonkey.