



GoGlobal

Pathways to International Success

A guide for navigating the global
expansion and hiring lifecycle



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Introduction

Global expansion is a strategic business move that should take your company to new heights, opening doors to new markets, supply chains and top talent.

Common Goals for Business Expansion:



Generating New
Business in New Markets



Tapping into Top
Talent



Diversifying Supply Chains
and Vendor Footprint

EOR services have numerous use cases, including global market expansion and seamlessly tapping into talent pools abroad. An EOR partner can even help a company achieve compliance quickly ahead of corporate transactions, such as initial public offerings (IPOs), mergers and acquisitions (M&As), carve outs and wind downs. Companies may also engage an EOR partner to help them streamline HR functions, enabling internal teams to operate more efficiently.



While the idea of going globally may be enticing, the journey is almost never without risks and challenges. More often than not, these roadblocks are unexpected and unaccounted for prior to planning.

In this guide, we will take a look at the global expansion and hiring lifecycle – and offer insights to help you carve out a pathway toward international success.

The Transformation of International Business

Expansion and increased hiring are typical objectives for any successful company.

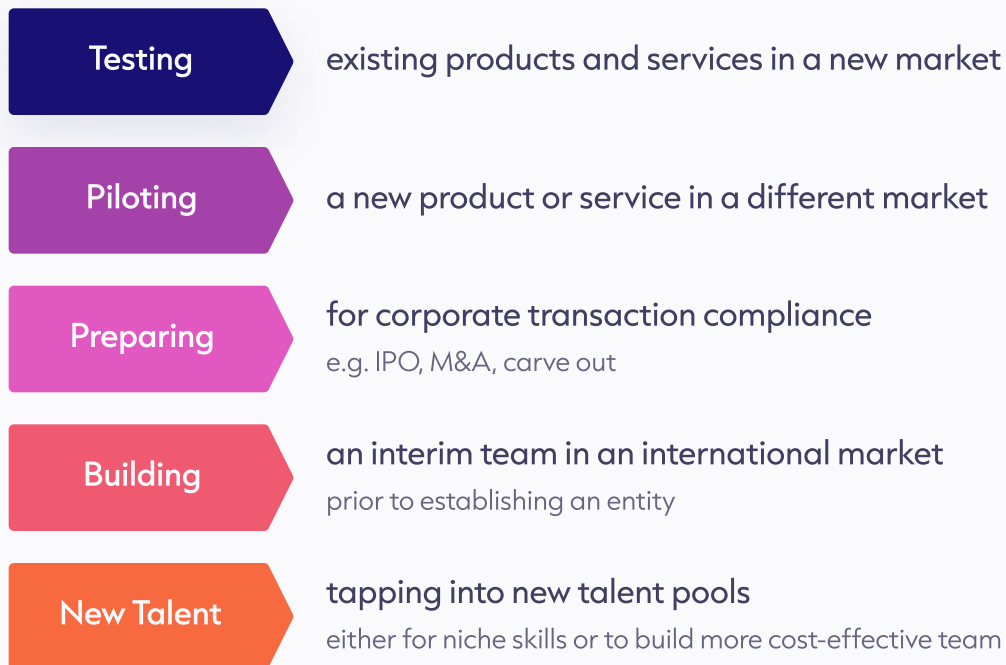
Traditionally, business activity begins locally in the company's home location and may soon branch out 'nationally' into other marketplaces within the same country.

Following local successes, a company may decide to enter other countries to build teams and open up new business opportunities.

Legacy Model of International Business	Today's Model of International Business
Business activity begins in home location.	Global expansion and hiring can now occur at any stage of a business's life.
Business footprint grows to other marketplaces within the home country.	Cross-border activity is now a business imperative, with new opportunities emerging.
Business establishes entities in other countries to gain new business, diversify supply chains and hire talent.	Risks in global expansion and hiring continue to challenge companies.

Use Cases for Global Expansion and Hiring

There are various situations a company may find itself in that would benefit from global expansion or global hiring:



Global Expansion and Hiring Strategy

The main objective of global expansion is to gain access to new markets, supply chains and talent. Global expansion enhances business opportunities.

BENEFITS

- + New revenue potential
- + Operational cost reductions
- + Diversity, Equity and Inclusion (DEI) in workforce, product development and customers
- + Business and supply chain diversification
- + Organic growth opportunities
- + Talent development, including niche talent and a more cost-effective workforce

While a global expansion and hiring strategy can present itself in various formats, it is a comprehensive business plan that outlines how a company will expand its footprint into new locations abroad. The strategy may cover the following and more:



Specific goals and objectives in expanding globally



Identification of target countries and specific cities within countries



Product development strategies



Collaboration with international partners



Costs of doing business in target countries



Risk assessment and mitigation policies



Overview of labor laws and other HR considerations

Questions to Ask Beforehand

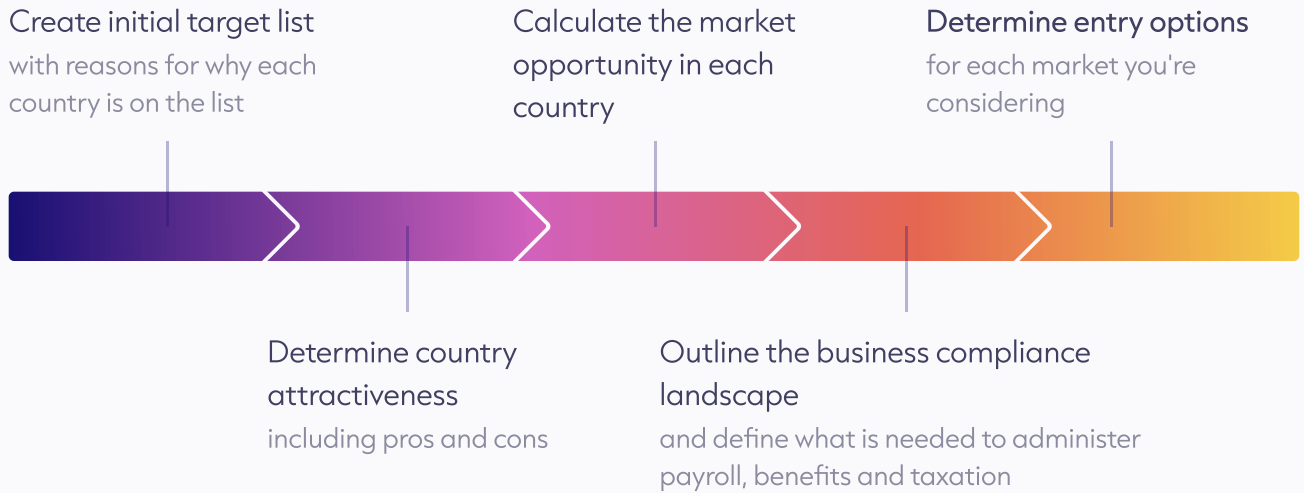
A company should consider the following questions prior to committing to a global expansion and hiring strategy:

- ✓ Do the economic and operational benefits of expanding into an international market outweigh the risks?
- ✓ Does your company have the staff or executive team to effectively expand?
- ✓ How familiar is your HR team with the labor landscape of the target market? Will they be able to administer payroll?
- ✓ Will you be able to adapt to the local culture? This includes not just adapting your product and services but also your operations, including the worker experience.
- ✓ Will your HR staff be able to communicate with workers in their native language in order to execute payroll?
- ✓ What role will time zone differences play in operations?
- ✓ What is the optimal mode of entry into the international market?

Where Will You Go Next?

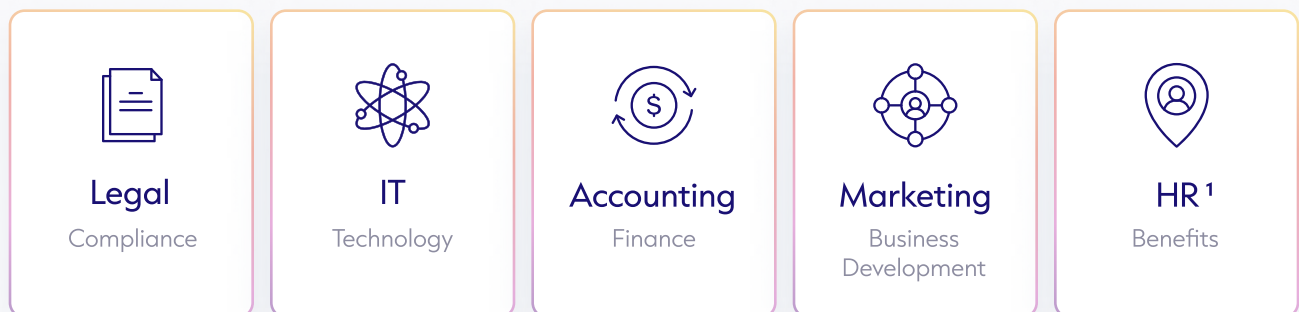
Sometimes, a company may believe it is in the position to undergo global expansion or engage in cross-border hiring. However, it may not know what country or countries to focus on.

Generally, landing on a target country is a multistep process:



Building Your Expansion and Hiring Team

What types of professionals/functions should serve on an expansion team?



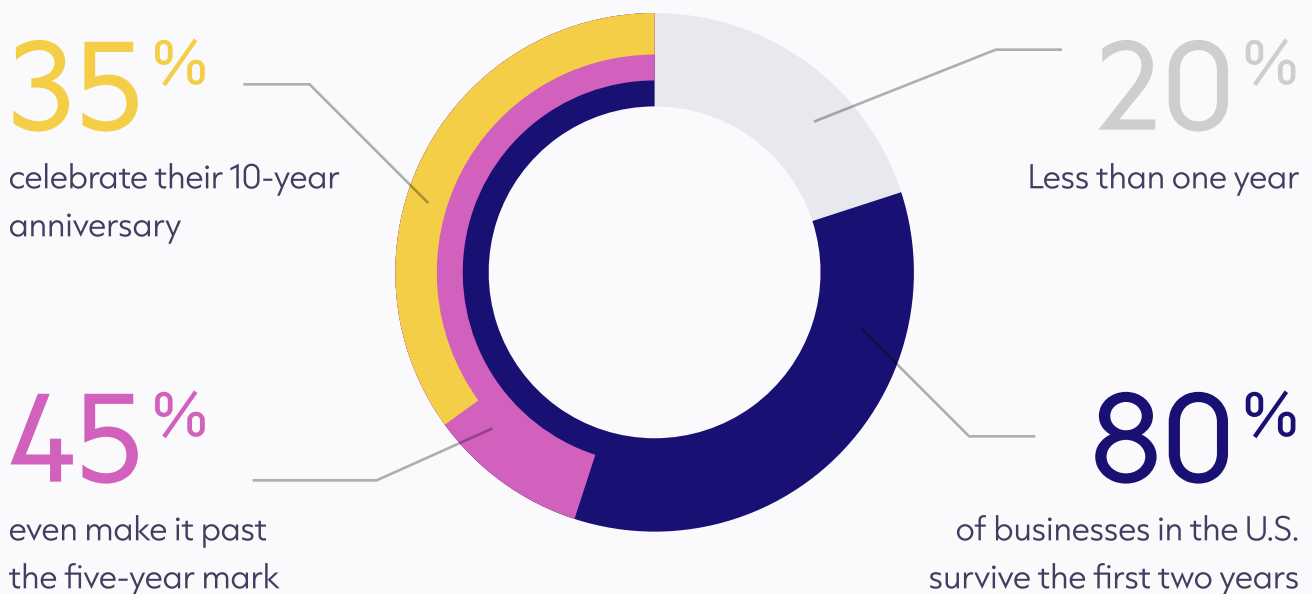
¹ this may include an Employer of Record, more on [Page 10](#)

Pitfalls in Global Expansion and Hiring

Global expansion does not come without pitfalls and, if the plan fails, it can be detrimental.

By now, we have all heard the commonly cited statistic that most new businesses fail within the first year. However, this is not always true and it is only part of the story.

For example, according to data from the U.S. Bureau of Labor Statistics:



Why does failure often happen later in the business growth cycle?

A failed global expansion may be to blame. Cross-border business can bring transformative benefits to a company but only if it is done correctly and with care.

Potential Pitfalls in Global Expansion

- ⚠️ Cost of entry establishment
- ⚠️ Legal and regulatory compliance
- ⚠️ Risks of permanent establishment
- ⚠️ Global tax ramifications
- ⚠️ Local competition
- ⚠️ Failure to localize products and services
- ⚠️ Failure to localize HR strategy
- ⚠️ Geographic and cultural differences
time zones, language, customs, etc.

Legacy Options for Global Hiring

Traditionally, there have been three main options for hiring foreign talent:



Employer-sponsored visas



Setting up a company abroad



Engaging independent contractors/freelancers

However, all of the above come with their own set of challenges and risks.

There are delays, processes and restrictions that can get in the way of employer-sponsored visas.

Setting up a company abroad is usually an arduous process – and then the company assumes all the risks and responsibilities of operating and managing a workforce in-country.

When it comes to engaging ICs, companies expose themselves to permanent establishment risks and misclassification fees, fines and legal ramifications. Plus, they don't enjoy the same dynamic they have with an employee-employer relationship.

Enter the Employer of Record (EOR) Hiring Model

Unfortunately, the previously mentioned options for global hiring come with bureaucratic delays, tax liabilities and compliance hurdles that can become major problems down the line.



The good news is that, for some companies, hiring through an Employer of Record (EOR) allows them to tap into foreign talent quickly and compliantly.

What is an EOR?

- An Employer of Record (EOR) is an organization that has legal entities already established in the target countries in which a company (the EOR's client) wishes to hire talent.
- It legally employs that talent on behalf of the hiring company, rather than the hiring company directly employing the worker.
- The EOR assumes the liabilities of operating a local business as well as the responsibilities of administering payroll and employee headcount in the country.

An effective EOR offers a combination of specialized knowledge in local HR regulations, statutory requirements, customary benefits, culture and hiring practices. They also provide the administrative acumen and due diligence to ensure international employees are welcomed locally, onboarded efficiently and well-cared for throughout the entire employment tenure.

A company can circumvent the arduous business incorporation process by partnering with an EOR – and workers can be hired almost immediately.

The company, as the client of the EOR, pays one predetermined amount to the EOR, rather than putting up the usual capital requirements (setting up a local bank account, infrastructure costs, office overhead, registration fees, hiring local consultants, etc.).



The EOR hiring model essentially removes global market entry barriers, empowering companies to tap into new talent pools around the world with flexibility and ease.

At the same time, the worker is managed by the company and carries out day-to-day responsibilities – just like any other member of the team.

Comparing Options in Global Hiring

	Setting up an entity and sending expats to expansion country	Setting up an entity and hiring locally	Engaging independent contractors	EOR
Mitigates compliance risks	✓	✓	✗	✓
Reduces intellectual property theft	✓	✓	✗	✓
Is cost effective	✗	✗	✓	✓
Fast hiring and seamless HR management	✗	✗	✓	✓

Benefits Matter – Especially for Global Teams

Whether it's your company's first global expansion venture or you're already operating abroad, determining what is required for your business in a new market can be an overwhelming and time-consuming task.

In particular, a global HR department faces the daunting task of implementing both statutory and supplemental (non-statutory) benefits packages.

"However difficult it may be, offering the right benefits package is critical for success overseas. Sometimes, an MNC makes the blunder of not aligning operations in a new market with local compliance regulations, cultural expectations and company ethos. This can result in fines, unexpected costs, irreparable reputation damage and talent retention problems."



Liliana Mata

Director, Account Management, North America and LATAM, GoGlobal

A global benefits integration strategy – one that accounts for local statutory benefits and supplementary offerings – will pave the way for success in a new market. When done correctly, an MNC can apply benefits to harmonize a global team and build a sustainable talent pipeline in any country around the world.

How an EOR solution can support benefits packages



Streamline contributions toward statutory benefits



Enhance cross border talent management with a globally integrated benefits package



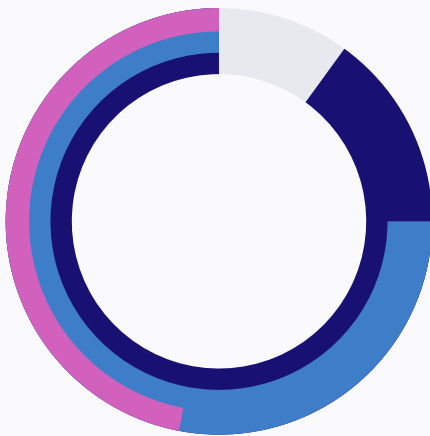
Reflect your company culture with a compliant, attractive benefits package

A Closer Look at the M&A Lifecycle

Cross-border mergers and acquisitions (M&As) can bolster a business expansion strategy by unlocking new revenue streams and improving bottom-line profitability. Some of the other benefits include increasing market access, reducing competition and opening up new talent pools.

Why is M&A a key part of some company's global expansion strategy?

- ✓ Increases market access
- ✓ Reduces competition
- ✓ Unlocks new revenue streams
- ✓ Opens up new talent pools
- ✓ Improves bottom-line profitability



Up to 90% of acquisitions fail, according to research published by [Harvard Business Review](#).

47% of key employees depart from the company within a year of a transaction

up to 75% leaving within three years of a transaction

An Employer of Record (EOR) partner can help both buying and selling companies address compliance issues, bolster employee engagement and build teams during all phases of a transaction.

How Does an EOR Hiring Strategy Support the M&A Lifecycle?



Pre-deal: The typical demands for companies to grow quickly and cost-effectively often promote short-term, band-aid solutions, which can trigger complex and potentially costly challenges further down the road. These nearsighted decisions can even compromise a company's valuation.

As a company prepares for a corporate transaction, these missteps are likely to be detected. Before signing an agreement, the buying company will apply due diligence to identify red flags in corporate risk such as compliance for misclassified workers, permanent establishment, IP, tax liabilities and more.

An EOR partner may be engaged by a selling company to avoid these common pitfalls, mitigate risks and uphold its marketplace value. The EOR can support the transition from an IC engagement strategy to hiring permanent employees. The EOR can also help a company wind down its headcount or avoid leaving the buyer with 'orphaned employees' in the case of a carve out.

Due diligence and transition: Due diligence is conducted before the deal closes to assure the buyer of what they're getting in the transaction. This also allows them to come up with a plan for how they will hire and retain talent once the deal is completed.

An EOR partner may prove to be a critical tool during this phase, as plans can be made to bridge any hiring gaps, reduce operational risks and promote talent development.

During due diligence, the buying company can work with an EOR to address the following questions and develop a road map for transition:

- ✓ Will any employees be 'orphaned' by the deal? How can this be addressed?
- ✓ Are there any permanent establishment risks lingering in the company's operational footprint? How can this be mitigated?
- ✓ Can an EOR hiring model serve as a solution to help further support hiring or talent retention?
- ✓ Will the EOR hiring model serve as an interim or long-term solution?

Beyond the deal: empowering agile, sustainable global expansion

Cross-border M&A activity exploded in 2022 and conditions in 2023 will likely present new opportunities. For companies with healthy balance sheets, an economic downturn, a reduction in inflation and lower valuations may also open more doors for acquisitions.

"Whether you are a buyer or a seller, your company can be supported by an EOR solution throughout a transaction and enjoy streamlined HR processing, compliance assurance and a lower risk profile. Time is of the essence when a cross-border deal is on the table."



Andrew Lindquist

Partner, GoGlobal

By knowing your company is operating compliantly and efficiently at any point during the M&A, your team can then focus on employee engagement and the core business-growth activities that drive the bottom line.

In the end, by using a trusted EOR partner, your fast-growth company can approach cross-border deals with agility, efficiency and peace of mind.

EOR as an Bridge Solution

The EOR may serve as an interim solution, employing a company's workers until it has set up an entity in-country. As previously mentioned, a common example of this is a carve out M&A where there are orphaned employees left with no in-country entity to employ them.

When it is time to wind down an EOR agreement, a company must take due diligence and complete tasks including but not limited to the following:

- ✓ Manage employment relationships, drafting up the necessary contracts and paperwork
- ✓ Execute local requirements for operations, including payroll, benefits and taxes for workers.
- ✓ Prepare your team members for the switch.
- ✓ Onboard workers into the new arrangement, whether it is a new EOR provider or directly hiring them.
- ✓ Prepare for challenges along the way and have a team of experts on hand in legal, accounting, finance, HR, benefits and technology.

More on EOR: Getting Started

While hiring through an EOR can facilitate global expansion plans, not all companies are familiar with how the arrangement works – and getting started may not always be so simple.

The following questions can help determine whether an EOR is the right partner for building a cross border team:

- ✓ What level of local expertise and global hiring experience does the EOR have?
- ✓ Will your HR staff receive support in their time zone and first language?
- ✓ Will your workers have access to support in their time zone and in their first language?
- ✓ Has the EOR worked with organizations similar to yours before?
- ✓ How does the EOR secure your data and the data of our workers?
- ✓ Does the EOR have an easy-to-use platform?
- ✓ How will the EOR onboard and communicate with the new hires?

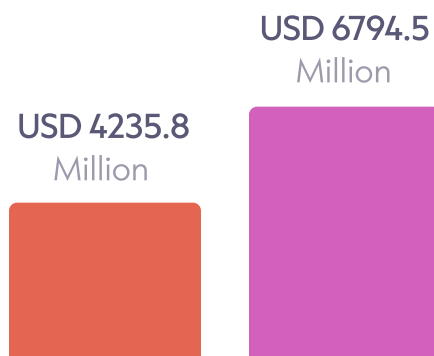


The use of EOR services is anticipated to grow at a steady but solid compound annual growth rate (CAGR) of 6.9% through 2028 according to data recently released by market research firm [Valuates](#).

Employer of Record Market 2028

Projected to grow at a CAGR of 6.9%

- 2021 - Estimate
- 2028 - Projection





Is an EOR Hiring Solution Right For You?

No matter what stage of global expansion or hiring your company is in, choosing to work with an EOR partner is all about finding the right balance of speed and risk.

If a company is looking to make a significant investment and is expanding into a new market with dozens of new employees, then it might be worth going through the process of setting up a legal entity. In many cases, the EOR can serve as an interim solution (as outlined on [Page 16](#)).

Contact us with your questions about hiring overseas talent quickly, compliantly and cost-effectively with our proven EOR solution.

[Contact Us](#)

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GO FAST. GO SMART. GOGLOBAL.



GoGlobal

GoGlobal is a people-first international HR and Employer of Record (EOR) service provider, with a globally distributed, naturally diverse remote workforce. GoGlobal's technology enabled EOR solution allows companies of all sizes to hire people anywhere in the world without the need to set up a local entity, opening new doors to rapid expansion and growth. With a presence in over 100 countries on six continents and growing, GoGlobal helps clients recruit, hire, manage and pay exceptional talent – quickly, cost effectively and compliantly.

[GoGlobalGeo.com](https://www.goglobalgeo.com)

