

How to Employ Top International Talent with Ease

and Without Forming a Legal Entity



Curious about Hiring Internationally?

Between an increase in hybrid workforces and the desire to expand globally, startups and organizations of every size are exploring the international talent pool. Not to mention, if hiring top talent is truly your objective—hiring without borders is essential. International hires may be open to spending some of their time stateside, but they may not be willing to relocate to the states.

International recruitment poses additional challenges. Once you identify your ideal candidate, hiring and paying them must be compliant with their country's laws and ordinances. Between the bureaucracy and legalities, this can be complex and costly. So much so, that most businesses abandoned their plans to hire international candidates. With a global Employer of Record (EOR) this process is simple, compliant and cost-effective.



What Are the Benefits of Hiring International Talent?

Before we dive into the technicalities, let's take a quick look at the key benefits of hiring without borders. The objective of hiring international talent is not to remove quality jobs from the United States, but to build your Dream Team by adding diverse talent to the mix and sourcing niche or technical roles easily and cost-effectively. This is often related to a larger objective of establishing an international presence.



Talent Pooling

The job market is more competitive than ever. Some positions and skill sets are so in-demand that smaller organizations simply can't compete, and even large organizations struggle to retain their top talent. Seeking out international talent with the competitive skillsets you require fills your open positions, helping your organization maintain its innovation and competitive edge.



Unique Skill Set

Adding international talent to the mix is an ideal method of closing skill gaps. For example, an executive who is fluent in 2 or more languages. Or a thought leader whose innovative ideas are ones you want to explore. Or an expert in an industry or niche that is new or emerging in the United States — or as a supplement to shallow talent pools.



Change Management

According to a report by **Bersin by Deloitte**, 450 organizations were surveyed over a 2 year period. Those with a diverse international staff were nearly twice as prepared to navigate change than organizations that are less internationally diverse.



Optimized Innovation

As with prioritizing all types of diversity, an international perspective optimizes innovation. The nuanced differences between our American perspective and way of doing things may not be as effective in your global markets. An international perspective can also optimize your stateside innovation, by adding a fresh new perspective.



Cultural Proficiency

On that same note, international employees understand the best ways to engage both consumers and business contacts in their local country. This goes beyond the local language and dialect, as even English-speaking countries have different customs, communication styles, social etiquette, and sense of humor.



Global Branding

Your international team members will play a vital role in helping you establish and expand your global brand awareness. Even employees who aren't in a sales or marketing position can build a valuable network of consumers and contacts.



Increased Productivity

There are a variety of ways in which your international team members may optimize productivity. Having someone on the ground in your global markets accelerates a variety of tasks. If your team member is simply located in another country but plays no role in targeting their local marketplace—their unique skill set may increase productivity.



Cost Savings

Increased productivity saves costs. The decreased need to send your US-based staff overseas saves costs. If your international team works from home, you save the expense of relocation and office setup. Or the decreased expense of a local coworking space versus leasing an entire office. Depending on the country your employee is based, you may also be able to provide a highly competitive and lucrative hourly wage or salary—with an advantageous US exchange rate.



What Else Should I Know About International Hiring?

Both international recruitment and remote employment were on the rise pre-pandemic. Now, both are being embraced at record levels. During the pandemic, organizations adopted the technology, business processes, and communication tools required to successfully work with remote team members. Whether nationally or internationally, this has inspired HR teams to embrace hiring based on skill, not skill and location.

This new recruitment model is beneficial for all:

- *Organizations can build their Dream Team without passing up remote or international employees who don't want to relocate.*
- *Top talent can land their dream positions without having to uproot their lives.*
- *For positions that aren't region-specific, working remotely provides flexibility to travel for personal purposes or to move to any new location without worry of giving up their job.*

To ensure international employees are successful, organizations must take a proactive approach to ensure they feel connected, engaged, and part of the team. Below are a few best practices, which also apply to your US-based long-distance and remote employees.



Travel

If your international team member's job requires traveling to the states or other countries, ensure they understand their travel obligations upfront. While some employees enjoy traveling for work, others prefer to stay closer to home.



Availability

Unless they are in North or South America, the time difference will be significant. This means you must consider what you need their availability to be. If their role entails growing your international region, their hours will be centered in their time zone. If their role entails working with US-based team members and clients, their schedule will require a significant overlap with US business hours. Balance your needs as an employer, with their needs for quality of life.



Belonging and Sense of Purpose

As with all remote team members, you must ensure your international employees feel as though they are valued members of your team. Working with a Professional Employer Organization (PEO) will help you curate culturally aligned communication and engagement strategies.

Do I Have to Form a Legal Entity to Hire International Talent?

You can form a legal entity, but you don't have to. You have two options for legally hiring and paying international team members as full-time employees.



Option #1 Registered Entity

Your first option is to create a registered entity in the country the employee works. The process of forming a legal entity is complex, costly, and time-consuming. It's an option typically reserved for organizations that have plans for a major global expansion in a targeted country.

Once your entity is formed, it's up to you to maintain compliance with labor, payroll, tax laws, end of year financial reporting, nominating local directors, and ensuring that the entity meets all local legal requirements.

If you only plan to hire one employee or a small team in a foreign country, the cost of forming an entity isn't worth the time or expense. This leaves many turning to the second option of hiring an EOR.

Option #2 Partnering With an Employer of Record (EOR)

Your second option is to secure the services of a local Employer of Record (EOR). Your employee will technically work for the EOR, but their services are contractually limited. EORs provide you with a legal and compliant method of hiring top international talent at a fraction of the cost of forming an entity.

Typically, you are restricted by country or region when recruiting for your business. Partnering with an EOR empowers you to hire based on skill set without being restricted by location. You will be able to hire the international professional swiftly and with ease.

Organizations who plan to form an entity, often begin by working with an EOR so that they can begin hiring as soon as possible.



In essence, an EOR acts as intermediary between you and the international professional. They manage employment-related compliance while your own team oversees the professional's day-to-day work and responsibility.

An EOR can also:

- *Obtain visas and work permits*
- *Be a registered entity to run compliant, in-country payroll*
- *Act as interface between the employee and any local government authorities*
- *Provide general guidance about local employment laws, such as termination policies, notice periods, workers protections, and severance.*

An EOR Helps You...

- **Circumvent Local Incorporation.**
- **Guard Against Permanent Establishment + Independent Contractor Non-compliance.**
- **Expand into Global Markets with Less Risk, Time, and Money.**

What Services Do PEOs and EORs Provide?

Another service provider you must familiarize yourself with when hiring international talent is Professional Employer Organizations (PEOs). PEOs and EORs are often considered one and the same, but there are vital differences between the services they provide.

To hire an international employee, you must be in full compliance with their country's labor, payroll, and payroll tax laws and ordinances. Simply working with an EOR ensures this compliance.

Employers of Record

EORs are an intermediary. Your international employees are technically employed by the EOR via a service agreement. Your EOR does not represent or act on behalf of your organization, as their services only extend to their clearly outlined HR benefits. If you have employees in multiple foreign countries, you will need an EOR for each country.

EOR services include internationally compliant:

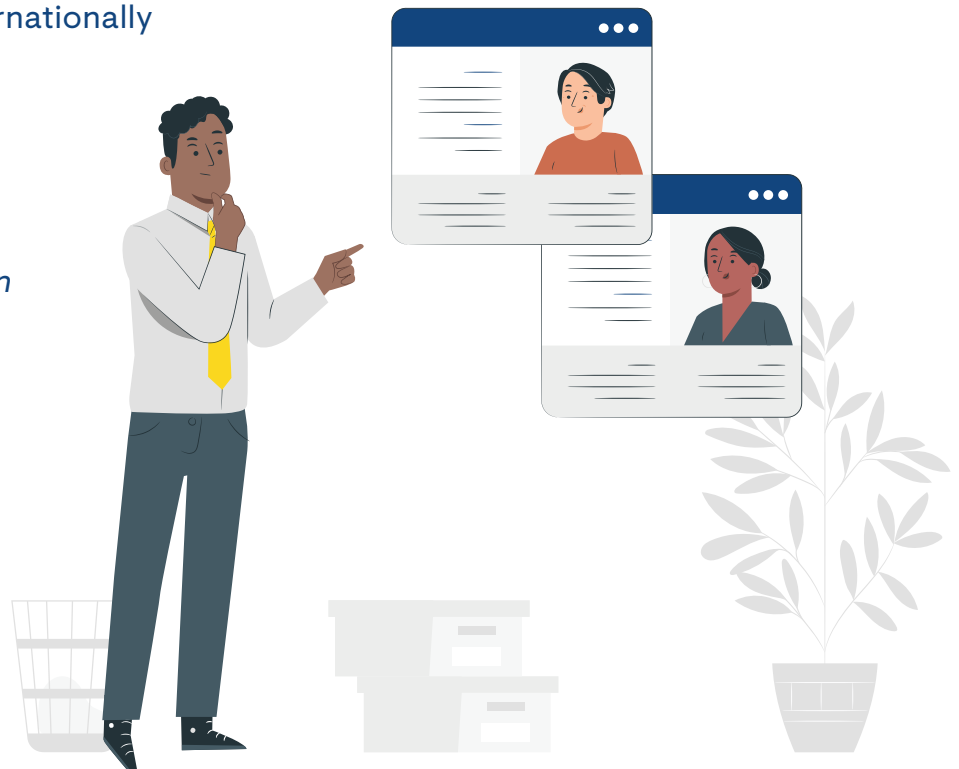
- *Compensation*
- *Holidays*
- *Benefits & welfare*
- *Severance & termination*
- *Payroll tax*
- *Employee contracts*

Professional Employer Organizations

PEOs are a contracted service provider that provides internationally compliant HR functions. The extent of their services can vary from one PEO to the next. Most PEOs provide services in multiple foreign countries. For efficiency, select a PEO who has pre-established partnerships with EORs in each country they serve to further simplify international recruiting, hiring, and ongoing HR.

PEO services include:

- *Payroll processing*
- *Managing benefits*
- *Recruiting*
- *Onboarding*
- *Advising on local employment laws*
- *Advising on local customs & industry best practice*
- *Improved employee experience*
- *Simplified payroll process & tax preparation*



Can I Hire International Employees as Contractors Instead?

Instead of establishing an entity or sourcing a PEO and EOR, you may be considering hiring your globalized workforce as contractors. Just like in the United States, this hiring strategy comes with a variety of risks.



Contractor Misclassification

In many countries, if an employee works exclusively for one organization, classifying them as a contractor is not in compliance with local labor laws. The legal and financial consequences of contractor misclassification can be costly. If the employee you intend to hire began as a part-time contractor, reclassification is required to bring them on full-time.



Legal Considerations

In addition to the legal risks of contractor misclassification, you may be putting yourself at risk for a variety of legal issues. While contractor NDAs are standard, it is often more difficult to enforce signed non-competes and IP protection clauses. In fact, most contractors decline to sign non-competes, as it limits the projects they can take on in the future—which isn't worthwhile for an organization that doesn't bring them on as full-time employees.



Employee Retention

As a contractor job security is less consistent. As a result, your contractor may not be as committed to you, just as you have not fully committed to them. They may continue to seek out local and international organizations offering full-time employment, which provides increased job security and benefits such as health insurance, paid time off, retirement savings, severance, and more.

Do You Need Both a PEO and EOR?

As you can see, both PEOs and EORs offer vital HR services. However, many organizations can achieve their goals with just an EOR.

Your EOR enables you to hire as few or as many international employees as you want. This empowers you to access top talent and expand globally at a cost-effective rate. You will need one EOR in each country you hire talent.

To streamline international recruitment and expansion, modern organizations partner with EORs in the countries they serve. This simplifies things, so that you and your HR team have one aligned partner to manage your international hiring. Also, so that you are free to source top talent without borders.

How Do I Start Hiring Internationally with an EOR?

Global hiring starts with an EOR like IsoTalent. We are a US-based recruiting and hiring organization who can legally employ your international talent as you expand and develop your international presence.

We have partnerships with pre-vetted EORs in over 145 countries. Our services empower you to source, hire, pay, and expand your global team from one simple platform. We ensure compliance, improve retention, save time, money, and stress—and help you build your Dream Team by closing internal skill gaps.

Over the years we have worked with HR Teams, Hiring Managers, Startups, and Organizations across a variety of industries, staffing for international positions including:

- *Technology*
- *Software*
- *SaaS*
- *IT*
- *Healthcare*
- *BPO*
- *Consumer Goods*
- *And more!*

In addition to our Global EOR services, we are worldwide recruiters based out of Utah. To ensure we serve all our client needs, we have grown a robust international network. **We invite you to reach out today to learn more!**



Recruiting Reimagined

IsoTalent is a job recruitment firm based in the Silicon Slopes area of Lehi, Utah. We help high-growth startups, executive teams, hiring managers, and HR professionals find the talent they need at flexible and affordable pricing. Our low-cost hourly model saves organizations thousands of dollars compared to traditional hiring agencies. Our recruiting services help clients save an average of 40% to 70% to place high-volume, standard, technical, and executive roles.

Hourly-Rate Recruiting

Standard Role

\$110/hr

Technologist Role

\$125/hr

Executive Role

\$200/hr

International Role

\$75-\$100/hr

High-volume placements are billed at the standard rate and typically fill 10x faster than standard averages.

Please speak with your representative about rebates for candidates placed through IsoGlobal.

Contact

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