



**GP**  
Global Made Possible

# Compliance Throughout the Remote Employee Lifecycle



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## Table of contents:

- 01** Introduction – p. 3
- 02** The remote employee lifecycle – p. 4
- 03** First phase: talent search, hiring, and onboarding – p.5-6
- 04** Second phase: team management, professional growth, and knowledge management – p.7
- 05** Third phase: offboarding – p. 8
- 06** How G-P can help – p. 9

# Introduction

**“Hire the very best, train them well, retain your rock stars, and treat them like gold – and what you’ll get back from them will be beyond your wildest dreams.”**

– Founder and Executive Chair at G-P, Nicole Sahin, “Global Talent Unleashed”

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Global hiring is no longer a luxury for megacorporations; it’s a necessity for any company that wants to remain competitive and hire the best talent. Borders aren’t an obstacle anymore – thanks to digital technology developments, it is easier than ever to source candidates in global talent hubs. Companies can hire the best workers anywhere in the world without worrying about relocation. New hires can leverage digital tools to onboard, train, and work remotely.

However, as new doors open, new challenges appear. Hiring globally means that companies need to manage legal requirements, taxes, and job regulations in different countries. Compliance must be a top-of-mind priority for employers with global aspirations.

Understanding each country’s legislation might seem intimidating, but the correct knowledge and guidance can simplify the process. Identifying common mistakes and partnering with a strategic ally are also key to achieving a successful global growth venture. The business world is complex, and there isn’t a one-size-fits-all solution to compliance challenges, but research and preparation will help companies adapt and overcome any situation that arises.

The objective of this eBook is to highlight common compliance challenges companies may face during each stage of the remote employee lifecycle. Our years of expertise in global expansion and remote working have given us a deep understanding into what it takes to scale global teams quickly, effectively, and compliantly. From recruiting to offboarding, every stage will require HR departments to adapt to specific in-country requirements. Remember that global hiring is not an exact science but an art that demands knowledge and experience to succeed. These guidelines will help companies start their global hiring journey on the right foot and mitigate potential compliance headaches.

## The remote employee lifecycle

The employee lifecycle encompasses the different stages a worker goes through during their time with a company. It begins with talent search and ends with offboarding. HR can optimize organizational processes by understanding employees' needs during every stage.

The remote employee lifecycle has seven stages:

- Talent search
- Hiring
- Onboarding
- Team management
- Professional growth
- Knowledge management
- Offboarding

Each one of these stages comes with particular compliance challenges – contrasting legislations that regulate the talent search and hiring processes, and varying laws that determine if and how companies can end their professional relationship with an employee.

In a traditional workplace, employers can follow their workers' career development and fulfill every compliance need because most team members live and work in the headquarters' jurisdiction. In global workplaces, employees work from multiple countries with different regulations. Compliance responsibilities vary from country to country, making the process far more complex for companies with dispersed teams.

However, there are general practices that can help HR departments prepare and prevent compliance mistakes.



## First phase: talent search, hiring, and onboarding

“Even the idea of putting up a job posting in a country halfway around the world has made companies pause and confirm whether this is really what they want to do. The reality, however, is that the employee recruitment process is much the same across the world, from Poland to Portugal to the U.S.”

– Founder and Executive Chair at G-P, Nicole Sahin, “Global Talent Unleashed”



Global talent is more accessible than ever. The widespread use of social media and employment platforms allows employers to log in, search, and find candidates in any part of the world. However, as simple as it might seem, there are compliance challenges one must prepare for during recruiting, hiring, and onboarding. During this initial phase, companies need to keep an eye on talent sourcing regulations and take actions to ensure compliance in the subsequent stages of the employee lifecycle. Here is some advice on aspects companies should consider during their first contact with potential candidates.

### Verify the candidate's location.

Before kicking off the hiring process, companies should always ask where the global employee is based. The responsibility for ensuring workers have the necessary permit or visa falls on the employer. As a rule of thumb, if the candidate has citizenship or permanent residency, they can legally work in that location.

### Stay on top of new work trends.

Thanks to the opportunities and flexibility of the remote era, there has been a global increase in the number of digital nomads – talent that's constantly moving and traveling as they work. They are highly skilled and excellent candidates; however, digital nomads can also bring additional compliance challenges, but with the right preparation during recruitment, companies can easily manage these difficulties. Here are a few recommendations to simplify the digital nomad hiring process:

Communicate mobility policies from the beginning: Digital nomads want to keep traveling, so offering relocation opportunities to countries where you have an entity not only helps avoid legal and tax problems in the future, but also provides an attractive incentive during the recruiting stage.

Provide information on international regulations: Some countries offer visas and benefits to attract digital nomads. Help your candidates

navigate these requirements to streamline the hiring and onboarding stages.

Establish efficient communication channels: Keep candidates informed and connected with your HR department to expedite hiring processes. Take a moment to voice your support during the first interviews and highlight any compulsory measures to ensure they can keep traveling while contributing to your company.

### Always double-check employment laws.

Once you find your ideal candidate, make sure you examine the local regulations before hiring them. Here is a checklist of compliance topics companies should review before starting their international hiring journey. Remember, context is a major deciding factor – some countries might have additional requisites:

**Legal entities:** In most countries, companies need a legal entity to hire someone, although there are a few exceptions where setting up a branch office is enough.

**Medical checks:** Some countries require a medical check for all new hires. Others only allow it if it is essential for the position in question— while others forbid it to protect the employee's privacy.

**Candidates' privacy:** Criminal records and background checks are allowed in certain countries. In some cases, the candidate must grant consent before the company conducts the research.

However, companies must be cautious. If employers base their hiring decision on confidential information, candidates can have grounds to claim discrimination. To remain compliant, companies need to understand the laws surrounding personal information. For example, in Canada, even if a criminal record check is required, candidates can take legal action if the hiring decision was influenced by unrelated information such as provincial offences.

**Employment contract:** Always draft a written employment contract with key details regarding the relationship between employer and employee. Some countries do not require a formal contract, but they do need a signed agreement between both parties. Language is also important to consider —countries with more than one official language may require contracts to be written in a specific language, while other nations only request that both parties understand the content and create a document stating all binding terms and conditions. However, in case of a legal dispute, the contract in the official language will be the only version enforceable in court.

**Probation periods:** Most legislations allow a probation period in which the company can assess the employee to determine if they wish to hire them permanently. The length of this trial period depends on the employee's role and the local laws.

Normally, probation times can range from two months for office workers to four months for executives. Some countries, such as Chile and Belgium, do not allow probation periods. Others, such as Thailand, do not

have explicit laws regarding this practice, but trial periods are often negotiated between the employee and employer.

**Training and tools:** Some countries require employers to offer training for new employees during the onboarding process. Companies may also be obliged to pay for equipment or tools their employees need to work from home.

For example, in Mexico, the law dictates that companies must provide all the tech equipment employees need to work remotely. This includes laptops and gadgets, ergonomic chairs, and compensation to cover internet and electricity.



## Second phase: team management, professional growth, and knowledge management

The second phase starts once global employees finish their onboarding and begin their journey with the company. During this part of the employee lifecycle, workers will contribute to the organization's goals and objectives. Most of the compliance challenges in these stages are related to benefits and tax responsibilities. By ensuring a compliant recruiting, hiring, and onboarding process, companies will avoid most of the potential problems in this second phase.

### Global employee benefits

Benefits vary from country to country, but vacation leave and health insurance are the most common. Some legislations require that employers cover pension contributions, fully paid parental leave, and sick leave.

### Payroll and tax contributions

Local payroll is complex and can lead to potential tax and legal liabilities if done incorrectly. Double taxation is something to look out for here. Compensation should be administered by a local entity – if a company decides to pay global employees directly from their home payroll, the company and the worker may be subject to double taxation, creating additional expenses for both parties.

### Employee classification

One of the most common mistakes companies make is hiring employees as independent contractors. Misclassification occurs when a worker performs the duties



or qualifies for the benefits of an employee, but their employer compensates them as a contractor. Global legislation treats this as tax evasion as some companies unethically use this “strategy” to cut costs and provide fewer benefits to their workers.

Although definitions may vary depending on the country, workers are considered employees if they:

- Have full-time schedules
- Work for a single company
- Have a defined role in the company's structure
- Are not allowed to work for several employers
- Are economically dependent on one employer
- Have a permanent contract
- Receive equipment, training, and business expenses insurance

### Permanent establishment

Companies that employ digital nomads should always be careful of this compliance risk. People can travel and work for a certain amount of time in a country without paying residency taxes. The period is around 90 days, but local regulations can differ. China, for example, only grants 60 days. If an employee stays longer, it can trigger a permanent establishment – and the worker is considered a resident employee, which has tax and legal implications for the company. Legal responsibility always falls on the employer, even if it was an employee's mistake.

## Third phase: offboarding

Not all employee exits have to be on bad terms. Sometimes, employees outgrow their role and wish to pursue other employment opportunities to progress their careers. This can be an opportunity for both employees and companies to expand their network and find new partners and collaborators.

Country-specific job legislation dictates the terms required to compliantly end an employment contract. Local laws also determine the required compensation owed to the employee, if any. Companies that fail to comply with these regulations may face legal action.

### Compliant offboarding

Deciding to let an employee go is not easy. Companies invest in their worker's recruitment, onboarding, training, and development. The United States is the only country that has at-will employment –

employers can terminate their workers at any time. In the rest of the world, several laws and regulations define the notice period and compensation companies must pay if they terminate an employee.

Companies might be required to follow strict government procedures before starting the offboarding process. Offboarding is one of the most complex stages of the global employee lifecycle in terms of compliance. Companies might be required to follow strict government procedures before starting the offboarding process. Additionally, employers may need to pay an indemnity depending on why they want to terminate an employee.

Before starting the termination process, companies must understand that every country has unique offboarding regulations. For example, in most countries, the

process starts with a termination notice, but local legislation outlines the mandatory notice period, and determines if employers can pay compensation in exchange for immediate termination, or if they must go through a legal process before letting an employee go.

Due to the complexity and legal nuances, companies must always conduct thorough research and consider partnering with a strategically with local expertise to guide them through the offboarding process compliantly.

The only constant in global business is change. Legislations are constantly evolving, and the talent landscape is ever-shifting; companies that are well-equipped with the proper knowledge will adapt and succeed in today's market.



## How G-P can help



Remote work has transformed the employee lifecycle. The stages might be the same, but the way companies build and manage their workforce is more complex now. Knowing how to navigate these compliance challenges is vital to a successful global growth venture.

G-P breaks down the barriers of global business and helps companies hire skilled talent anywhere in the world.

Streamline and automate your remote onboarding, payroll, and hiring processes with our #1 SaaS-based Global Employment Platform™. Our team of in-country legal and HR experts complement our industry-leading technology to help navigate the most complex regulations and ensure compliance during each stage of the employee lifecycle.

**Contact us and start your global growth journey today!**

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