



# Global Business War Stories

7 cautionary tales from the front lines of expansion

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**As the war for talent heats up, businesses are smart to look beyond traditional boundaries and consider the entire world to be their talent pool.**

The ability to add qualified and passionate people to your team – from any country – can be exciting for your business and your culture. That said, hiring in other countries can also be complicated and risky. And while terminations are a natural part of doing business, you should be prepared for some interesting (and often unexpected) costs and battles.

Read on to learn about more about the cultural nuances you need to know as you begin growing your team around the world. What does this mean for your international expansion plans and your business? Whether you are the CEO, CFO, head of HR, or general counsel, it means that an uneventful employment action or termination in the U.S. could blindside your business in an international context.

Without help, navigating the intricacies of country specific labor laws can feel like a minefield of potential legal exposure, expensive litigation, and costly payouts. It's critical to have local experts working with your team, watching your back, and charting a course that will help you avoid stepping on any legal tripwires (and minimizing impact if you do).

Wondering what sort of surprise-attacks you might encounter? Here are seven actual global business war stories from the front lines of expansion that we have seen. All names and some genders have been changed to protect privacy.

## United Kingdom:

The employee with colossally poor decision-making skills



**Business travel and alcohol can make a dangerous combination, and that combination has caused problems for many companies. For Christine’s company, a potentially awkward situation turned into a full-fledged disaster when a British team member, Liam, came to the U.S. for a company conference.**

Throwing caution to the wind, Liam got very drunk one evening, making somewhat of a spectacle of himself at the professional event. Retiring to his hotel room, he proceeded to make things exponentially worse. Between 2 a.m. and 3 a.m., he decided to take shirtless videos of himself, talking about how intoxicated he was and that he also consumed mind-altering substances – and subsequently sent the videos to a number of his colleagues via company email.

Christine woke up to an unwelcome surprise and a huge personnel headache. When Christine brought the issue to her company’s HR group, their reaction was predictable – according to company policy, they determined Christine should terminate Liam immediately, and they immediately notified Liam that he was terminated. But immediate termination isn’t as simple with a UK national as it is with a U.S. employee.

When Christine and her company informed G-P of their decision, as their Employer of Record, we let her know that they would need to go through the appropriate steps for termination in accordance with UK labor laws – which are very protective of workers’ rights.

First, all employment-related actions must come from the Employer of Record. Essentially, the client’s termination notice to Liam was invalid.

Because Liam was still under the probationary period of his contract, G-P was able to terminate him both quickly and compliantly. We took the steps needed to avoid potential lawsuits that could have been brought against Christine’s company – and they quickly saw the last of Liam, his videos, and his very poor judgment.

“But immediate termination isn’t as simple with a UK national as it is with a U.S. employee. ”

## Japan:

The employee who also worked at the rumor mill



**Most employees know not to publicly badmouth the company they work for – even if they aren't 100 percent happy there. But every once in a while, an employee can become disgruntled and seek to damage the reputation of their company in the marketplace. For Francisco's company, that employee was Keiko, an employee located in Japan.**

When news came to Francisco that Keiko had been causing serious harm to the business by sharing unfavorable rumors about the company with colleagues and clients, Francisco knew immediately that Keiko must be let go.

Just as he would with any employee on the U.S. team, Francisco wanted to show Keiko the door immediately. But unlike the U.S., Japan does not operate under at-will employment with options for immediate termination of any employee. Instead, Japan has historically recognized an expectation of lifetime employment, so terminations there are quite challenging.

While Francisco and his company wanted to immediately set in motion plans to terminate Keiko, G-P cautioned him that Japanese law is much stricter around employee termination.

If Francisco had followed his instinct, and fired Keiko on the spot, it could have resulted in a minimum of a one-year severance payout. Or worse, it could have resulted in a potentially drawn-out and costly lawsuit that his company could have ultimately lost.

Instead, G-P took the necessary, local legal precautions to help Francisco's company avoid a lawsuit, which still sent Keiko packing, but reduced her severance payout to only a five-month period – a significant savings for the company.

“Japan has historically recognized an expectation of lifetime employment, so terminations there are quite challenging.”

## Singapore:

### The employee with a secret criminal past



**Michelle was thrilled when her business brought on Lucas in an administrative role in their Singapore office. For more than a year, he turned in high-quality work and was generally a pleasure to work with. But Lucas had a past that had never appeared in his work history.**

Years ago, at a previous job, Lucas had committed a crime. One day, Lucas stunned Michelle by telling her he had been charged with a past offense and was being brought before Singaporean authorities to answer for it. The result could be either a fine or incarceration, he said. He immediately offered Michelle his resignation. The team and company were in shock.

Michelle didn't want to lose a good employee, but she wasn't sure what to do. Was the infraction something minor and unrelated to the work he was doing? Should the company stick by him? Or should they terminate him on the spot, out of caution? She reached out to G-P, who explained all the legally compliant options the company could pursue.

Strict privacy laws in Singapore limited the types of questions Michelle could even ask about what Lucas was being charged for. Lucas was a valued employee, so

Michelle and the company decided to wait to be informed of the outcome of the case before taking any action.

This also prevented a possibly unfair premature termination – along with potential discrimination charges that could have been brought against Michelle's company. Unfortunately, in the end, Lucas was convicted and served several months of jail time.

Once this happened, G-P helped Michelle to map out the proper legal channels, ultimately accepting Lucas's resignation in strict accordance to Singaporean labor laws.

Having this information reduced the time and cost to Michelle's company in dissolving the employment relationship with Lucas – and the company's actions also reassured other employees that they would be fair to any employee similarly accused.

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## Saudi Arabia:

### The employee who went AWOL



**Things seemed to be going well with Omar, a Saudi national who had recently onboarded for George’s company. Well, that is, until the day Omar went on vacation and never returned to work.**

After working at George’s company for about six months, Omar took some holiday time for a vacation to Canada. But, unbeknownst to George or any of his team members, Omar won the Canadian visa lottery and apparently decided to emigrate permanently.

Omar did not inform G-P or the company of his plans to move to Canada and never return. He simply put in for vacation time and packed his bags. Once he was settled in Canada, Omar sent a resignation letter back to George – ignoring the resignation notice period stipulated in his contract.

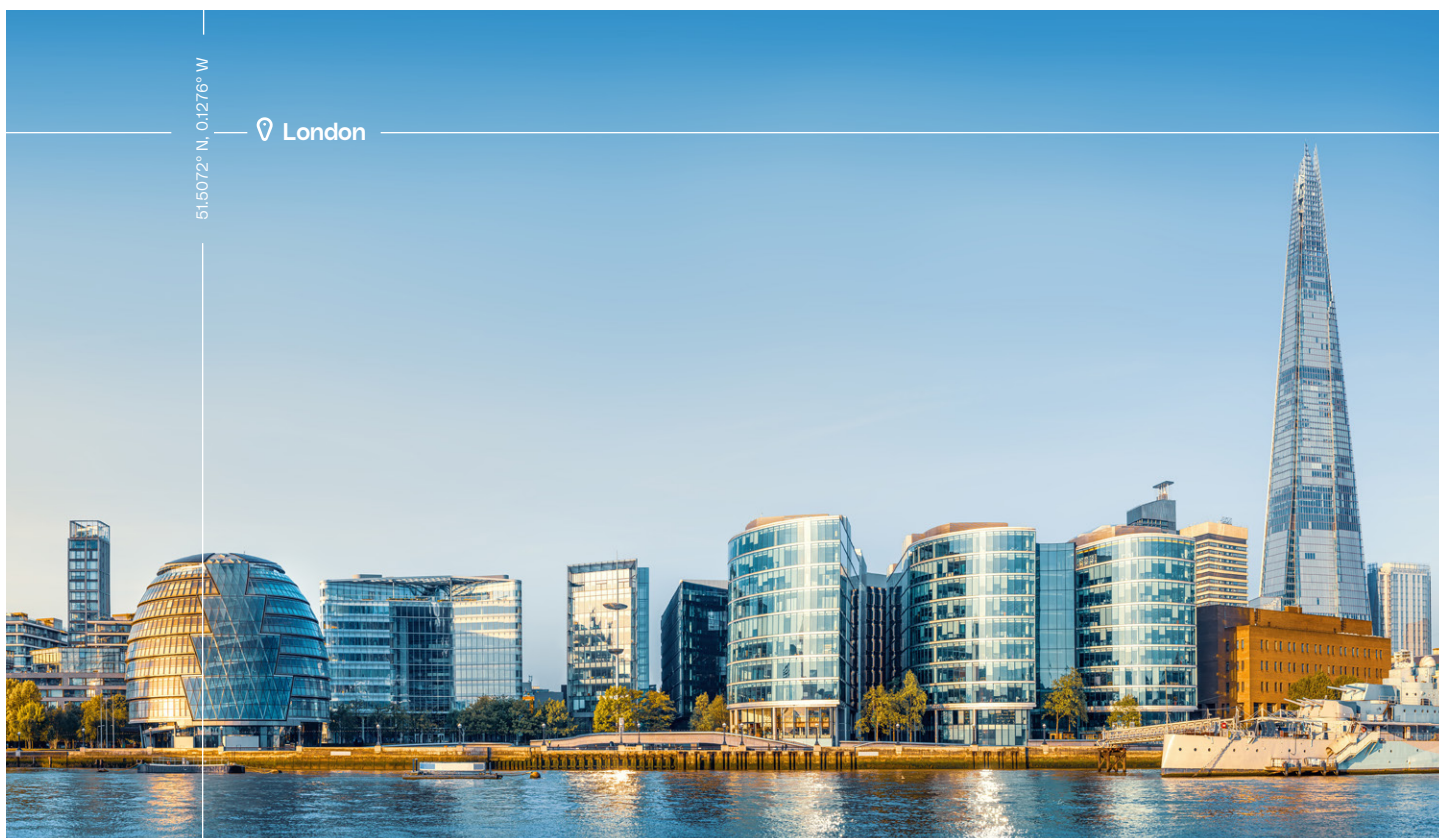
He even asked that his vacation time be credited back to him and paid out upon resignation.

Because Omar was in breach of his contract, and because he had abandoned his job without the required notice period, G-P was actually able to charge back for his notice period pay, as well as for work he had not completed – which eliminated any payout costs for George’s company.

“G-P was actually able to charge back for his notice period pay, as well as for work he had not completed...”

## United Kingdom:

### The employee with an axe to grind



**Tom ran a company in the U.S., and worked with G-P to compliantly hire Samantha, a local professional based in the UK. Samantha joined the company as part of a recent business acquisition, and although she'd only worked for Tom's company a short while, she had 13 years of service with the acquired company.**

Samantha's manager started having some performance issues with Samantha and wanted to terminate her. The manager thought that Samantha was slow, undynamic, and left opportunities on the table. The manager had never put Samantha on a Performance Improvement Plan (PIP), nor did he document any of Samantha's performance issues.

The manager decided not to put Samantha on a PIP because he felt the process would take too long. Instead, two months later, the company created a plan to restructure the European sales team, which would eliminate Samantha's position.

Before anything was communicated to Samantha, she raised two grievances: one, that she was being bullied by her manager and two, that the manager was delivering

machine parts into various countries without declaring them to the customs authorities of those countries. The company conducted an internal investigation and found that Samantha's allegations had no merit, and they still wanted to proceed with her immediate termination as part of the restructure.

Having no idea how to legally proceed, Tom turned to G-P to advise and develop the legal strategy. In order to save the company costly and lengthy legal proceedings, G-P was able to mutually end the employment relationship with Samantha through a settlement agreement and obtain a full release and waiver of all claims in exchange. This resulted in only a six-month salary payout, instead of a lawsuit, which would have cost exponentially more and taken months, if not an entire year, to resolve.

"In order to save the company costly and lengthy legal proceedings, G-P was able to mutually end the employment relationship..."

## Mexico:

### The employee who was missing in action



**Daniel's U.S.-based company wanted to immediately terminate Antonio, a professional in their Mexico office. Antonio was not regularly showing up for work, yet he reported that he was working full-time. Based on these simple facts, Daniel believed that the company had cause to immediately terminate Antonio. As the company's Employer of Record, Daniel wanted us to move forward with the separation the next business day.**

Antonio joined the company as part of a recent business acquisition, and although he'd only worked for Daniel a short while, he had 12 years of seniority and a high rate of pay. We explained to Daniel that Mexico does not recognize employment at-will, which can make termination much more complex than in the U.S. By comparison, under Mexican Labor Law, an employee has a constitutional right to work, and the legal framework is one of employment stability.

Under the law in Mexico, it is extremely difficult (almost impossible) to establish cause for termination. Even with cause, firing an employee outright can be very expensive for a company because most employees will challenge their termination in court. With Antonio's level of seniority, the potential severance settlement would be significant – perhaps running several hundreds of thousands of dollars.

G-P recommended a temporary cessation of work with pay, so that we could investigate the records and develop a strategy to mitigate exposure to a lawsuit and any related damages. Then, we immediately went to work determining if cause could be established under Mexican Labor Law before we proceeded with Antonio's termination.

As we suspected, Daniel's team hadn't yet compiled the documentation necessary to support a for-cause termination. However, working with Daniel, we were able to come up with a resolution that settled the dispute and ended Antonio's employment without litigation. The settlement that Daniel's company ultimately paid was only a fraction of what the Mexican labor court would have awarded if the termination had gone forward as Daniel originally requested.

“Under the law in Mexico, it is extremely difficult (almost impossible) to establish cause for termination.”

## Germany:

### The employee who withheld personal details



#### **Terminations are not the only complexity of international expansion. Compliantly hiring and onboarding has its own challenges which vary between countries.**

Alejandra's company had added a new professional in Germany, Karl, who was very qualified for the position.

Shortly following the onboarding process, G-P became aware that Karl was categorized as having a "severe disability," which provided him with extra vacation days as well as protection against dismissal following the probationary period.

Alejandra and the team, in finding out this information, felt they were misled by Karl since he did not disclose his disability during the interview or onboarding process. She wanted to confront him with this information and their disappointment.

Thankfully, prior to reaching out to Karl, Alejandra contacted G-P for some guidance on how to proceed.

We informed her that Karl had no legal obligation to disclose his disability during the hiring process, especially since he had the job description and was able to perform all the job responsibilities and requirements.

In addition, we advised Alejandra that she should not proceed with confronting Karl with the information regarding his disability or ask any questions about the disability.

Had she done so, Karl would likely have had a disability discrimination claim and filed a lawsuit against G-P and/or Alejandra's company.

Ultimately, Alejandra followed our advice and the working relationship with the professional has been successful.

"Had she done so, Karl would likely have had a disability discrimination claim and filed a lawsuit against G-P..."

## You can win the war for talent with the right battle plan

Expanding your company to other countries can bring your business to the next level and open up entirely new revenue streams. But what works at your local headquarters with hiring and firing could result in huge legal headaches internationally.

You do not need to go into battle alone. Choose a partner who is an expert in international employment that can not only help you hire your ideal talent across the globe – but can also help you stay compliant and avoid costly lawsuits if those team members ever need to be terminated.

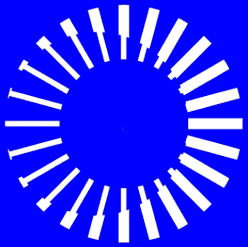
Businesses come to our team at G-P because they want to expand into a new country quickly, but don't

have the time to decipher local labor laws or set up their own subsidiary. We back our #1 SaaS-based Global Employment Platform™ with our team of HR and legal experts to offer unmatched services and expertise, enabling companies to expand internationally, with confidence.

G-P stands with growing companies like yours throughout each step of the employee lifecycle, helping you avoid costly lawsuits and payouts. From international labor issues to noncompliant contracts and global payroll management, our expert team has seen it all and we're committed to using this knowledge to make your growth journey a painless and smooth experience. Partner with us to unlock the power of global teams today.



**GET IN TOUCH WITH US TODAY**



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