



GP
Global Made Possible

The Ultimate Checklist for Inter-Nordic Business Expansion

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Nordic countries share similar cultural values and offer a business-friendly environment, due to their reputation for having fewer regulatory and administrative barriers in comparison to other regions. This means expanding in the region is quicker and less risky for companies, particularly those based in neighboring countries which may already be familiar with the market and its nuances.

However, even with this in mind, there are sure to be some challenges when expanding your business internationally. Having pioneered the employer of record (EOR) industry more than a decade ago, our expert team at G-P can help navigate these obstacles to ensure a seamless global growth journey.

What is an EOR?

An employer of record helps companies legally hire employees across international borders without having to set up a local entity or risk violating national or state employment laws. Most companies don't have the resources or extensive knowledge to hire in international markets compliantly. Therefore, an EOR allows businesses to:

- Onboard talent quickly.
- Save costs and resources that would go into entity setup.
- Retain talent through comprehensive benefits packages.
- Maintain compliance with employment contracts and evolving labor laws.
- Benefit from full-time HR support.

Leveraging the technology and expertise behind an EOR enables companies to test new markets without the commitment of entity establishment and save time and money that would otherwise be spent navigating the country's local laws.



Cultural and compliance challenges to consider.

Now to the tricky stuff. Cultural nuances, legal barriers, local government procedures, and whether your company has a real business case in your targeted country are all key factors to consider before expansion. For instance, a business leader might ask:

- Does our product or service add value to the local market?
- Can our business work in adherence with local laws and regulations?
- What are the currency exchange rates?
- Is our business capable of responding positively to the challenges of international expansion?

Even companies based in neighboring Nordic countries should have answers to these crucial questions. Before you dive in, let's start with five of the most important elements of any business expansion checklist to ensure you're prepared for the journey ahead.

✔ Understand business behaviors and norms across different cultures.

Although Nordic countries certainly share some cultural similarities, no country is exactly the same. This is particularly true when it comes to business norms and etiquette. For example, Swedish companies tend to have a relatively flat hierarchy and decisions are often reached by consensus. Meanwhile, the management style in Norway is similar to the U.S. where a consensus is sought but the decision rests with company leaders.

✔ Be ready to adhere to local employment laws.

Employment laws are essential because they protect employees from unsafe or unhealthy working conditions, discrimination from their employers, and unfair compensation. These laws also help businesses avoid huge losses that often result from lawsuits and settlement payments. While employment regulations can vary significantly across the world, in the Nordic region, employers will find there are often similarities between countries. These regulations can vary significantly across the world. In the Nordic region, however, employers will find there are often similarities between countries.

In Denmark, companies determine employment terms and working conditions with the labor market parties instead of basing these laws off statutory regulations. Similarly, due to Finland's strong connection with trade unions, it is prudent to focus on collective agreements rather than the country's statutory requirements.



✔ Know what benefits you will be expected to provide.

When expanding your business into a new country, it's essential to understand the statutory benefits you're obligated to provide and any additional benefits and perks that will attract top talent in a highly competitive market. Typical benefits cover vacation time, sick leave, health insurance, and maternity and paternity leave. Naturally, these vary from country to country, and getting them wrong can result in penalties, fines, and reputational damage.

For example, let's consider maternity leave. In Finland, maternity, paternity, or parental leave is approximately 317 weekdays, covering roughly the first year of a child's life. Meanwhile, in Denmark, birthing parents are entitled to four weeks of maternity leave before the expected date of birth plus an additional 14 weeks after the birth. Non-birthing parents are allowed two weeks of parental leave at 50% of their salary, which must be taken within the first 14 weeks after the birth.

✔ Avoid noncompliance fines when organizing your taxes.

When going global, one of the most important things to consider is remaining compliant with each country's tax laws, which vary country to country. For example, Sweden's top personal income tax rate is 57.2%, Denmark's is 55.9%, and Norway's is only 38.2%.

Understanding the local tax requirements is essential for compliantly managing international payroll – and avoiding potential fines, audits, and investigations as a result of noncompliance. For example, in Sweden, a taxpayer that submits incorrect or insufficient information in a tax return can be charged a penalty of up to 40% of the tax that would have been imposed had the wrong information been accepted.

✔ Need to terminate an employee? Make sure you do it the right way.

Every country has specific laws around termination. Failure to comply can result in expensive international legal disputes. In Finland, the notice period for termination is 14 days if the employment relationship has lasted up to five years, and one month for more than five years. Whereas in Norway, the statutory notice period for an employer when dismissing an employee varies between one and six months, depending on the term of employment, age, and length of service with the company. It is most common to agree to three months' notice.

Partnering with an employer of record will ensure you have the technology and expertise to understand the protocols for termination from the beginning of your new employee relationship – which is essential when drafting employment agreements with clauses for notice periods and severance.

How G-P can help

Building international teams can bring numerous benefits, including access to new perspectives, expertise, and insights. At the same time, expanding your recruitment strategy to a global scale can increase your risk of noncompliance without proper preparation, prioritization, monitoring, and support. The good news is that you're not alone.

As your partner in global growth, this is where G-P can help. We back our **#1 Global Growth Platform™** with the industry's largest and most experienced team of legal and HR experts to ensure full compliance in 180+ countries. For more information on expanding your business into the Nordics, visit [Globalpedia](#), our global guide to country-specific labor laws, norms, and regulations.

