

HR ADMINISTRATION: CONNECTING GLOBAL WORKFORCES

A TMF Group briefing
October 2018

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Global reach
Local knowledge



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INTERNATIONAL HUMAN RESOURCES: GLOBALLY INTEGRATED, LOCALLY CUSTOMIZED

To compete successfully in diverse markets, international firms have to manage people locally, reflecting local culture, local labor markets and the needs of local business units. And this task falls to the HR department, who have to achieve both global integration and local responsiveness.

Many firms have responded to this challenge with technological solutions, by systemizing and automating various aspects of HR. They have created global standards, platforms and service centers.

But, while technology can help in countless ways, employees can be turned off by the inhuman side of human resources. Employees are not machines. No matter where they are located, they want to feel connected, appreciated, rewarded and be treated with respect and dignity. For this reason, good HR needs to retain the human touch – understanding and supporting the needs of employees locally and when possible managing face-to-face contact, meetings and discussions.

Global firms wishing to maintain human HR interactions around the world are faced with two main problems. First, it's unrealistic for most multinationals to have a HR presence in every country in which they operate. Many firms will have several satellite offices employing just a handful of people – meaning not enough local workforce or revenue to justify hiring a local HR professional. HR professionals can be stretched too thin supporting multiple locations and trying to be in several places at once. In extreme cases such a solution can lead to higher levels of dissatisfaction and turnover in both the HR department and the workforce.

The second issue is the country-by-country differences HR professionals must be aware of. Local country contracting, employee registrations, benefits administration and termination arrangements all vary by jurisdiction. The HR team faces a lot of pressure ensuring compliance with all these different regulations and processes.

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“There's a lot of complexity around managing people worldwide,” said Ben Ritchie, HR & Payroll at TMF Group. “If businesses do not give their talent the professional or personal support they need, that talent will leave. People want to feel loved and cared for, especially millennials who account for 27% of the global population and are increasingly taking senior roles and driving a cultural

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MAKING FIRST IMPRESSIONS COUNT

Onboarding is critical to any talent management strategy. An employee's first experience of a company is the employer's best opportunity to make a good impression – and therefore to keep them happy, productive and loyal.

In surveying 1,024 U.S.-based full-time employed adults, an online HR software company learned that more than 80 percent of employees who rated their onboarding experience highly felt strongly committed to their jobs and have higher role clarity than those who had a poor onboarding experience.

Madelien Delfos Visser, TMF Group's HR director for the EMEA region, said a good orientation program should last up to year and when done correctly leads to:

- Higher job satisfaction
- Organizational commitment
- Low turnover
- Higher performance levels
- Career effectiveness
- Lowered stress

The flipside is that new employees whose onboarding is badly planned and executed may conclude the organization is poorly managed and decide it was a mistake to take the job. This results in high turnover, which in turn can have a negative impact on employee morale, productivity and, ultimately, company revenue.



Contracts 101:

When it comes to employment law, there's the U.S. and there's everybody else. A key employment doctrine that is unique to the U.S. is the concept of employment at-will. In the U.S. you can fire someone for no reason. Most other countries have indefinite employment, and if an employer wants to terminate an employee, specific legal procedures must be followed.

In part because of employment at-will, written employment contracts are not common in the U.S. except for senior leaders. That's very different than Europe, for instance, where written contracts are legally required. There's even a requirement in some countries to produce the contract in multiple languages.

The agreement typically covers a list of topics like the place of work, pay rate, title, office hours, benefits, annual leave and, in some cases, termination clauses.

The preparation of and maintenance of employment contracts is a substantial administrative burden. They have to be updated when employees are promoted or conditions of employment change. They can't be changed without agreement of the employee.

"Contracting is very precise," Visser said. "If you don't get the contract right, you can have huge financial consequences. Therefore, it's essential that local contracting requirements are understood and adhere to procedures and employment laws."

So how should international firms organize their onboarding programs? A common complaint we hear is that many onboarding sessions are too focused on the perspective of corporate headquarters, and too little on the regional office in which the employee will work. Such an approach can also present potential language, cultural and regulatory issues.

A second common problem is an overly Western focus. Historically, companies in North America and Europe would expect their international counterparts to adapt to North American or European working cultures. However, as economic activity shifts towards Asia and South America, western businesses need to begin understanding the value of tailoring onboarding programs to these regions.

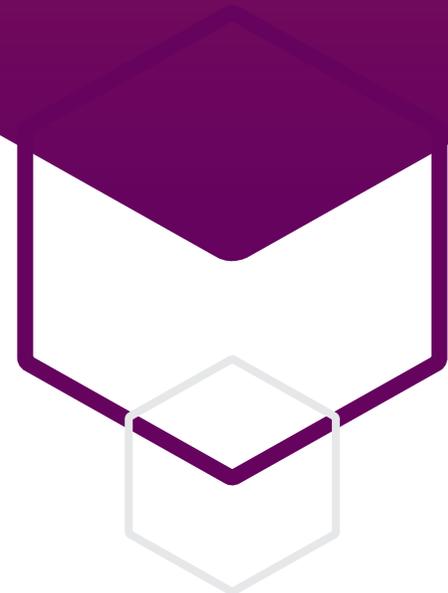
Wherever in the world the onboarding takes place, the best programs find the right balance between global technology and local representation. A local presence is essential for country set-ups, ensuring all the relevant corporate, HR, payroll and benefit forms are completed and register new employees with the proper regulatory agencies.

Stay focused on the human factor by reaching out and engaging employees. A local HR professional can make the impersonal, personal – from relocation to onboarding to professional development. Engaged employees are more productive, passionate and loyal. If you do not have an HR professional in the area, work with a local partner.

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“There has been a shift from ‘our way’ to ‘let’s try and understand your way,’” said Ritchie. “Why? Because western organizations are feeling the impact a lack of cultural sensitivity can and does have upon business performance.”

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SUPPORTING EMPLOYEES IN COUNTRY IMPERATIVE FOR SUCCESS

HR departments must manage documents and information throughout the employee life cycle, from hiring to exit. But they are no longer the dusty repositories of records locked in filing cabinets. Human Resource Information Systems have streamlined the collection and management of statistics about your employees, such as personal details, training records, benefits, leave and absence.

HR departments use this data to monitor employees, turning this data into strategic insight.

Your analytics can only be as good as your data. And updating this data in a timely fashion is a task that many HR professionals find tedious as they would prefer to concentrate on more strategic activities and thinking. So who's updating the HRIS when a new employee joins in an office in another country? Who's tracking paid time off and sick leave? Who's updating the system when an employee receives a raise or bonus? When an employee has a baby, who's making the sure the child is added to the medical benefits?

These are all mundane tasks, but they keep HR directors up at night.

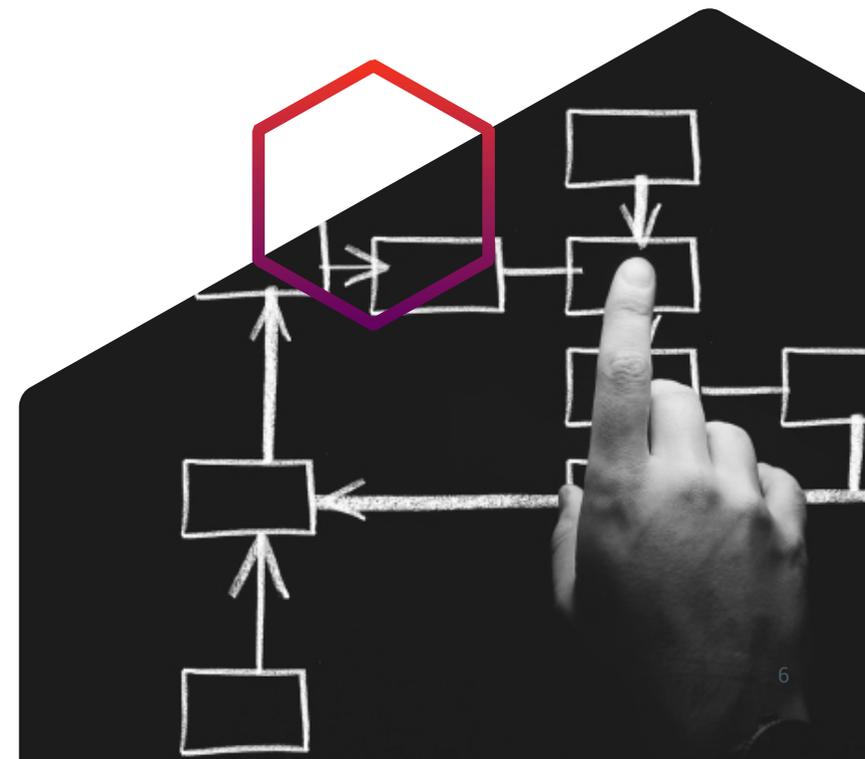
Incomplete employee files continue to plague companies. The average large company uses separate technology platforms for recruiting, time and attendance, payroll and benefits. It makes for a fragmented view of employee data, which can often lack synchronisation. Such information requires regular updates and out-of-date documents reviewed and deleted, but often HR departments lack the resources to effectively maintain such activity in each location. There are so many areas where appropriate documentation is crucial because it could potentially save you money and protect you from compliance and legal pitfalls.

Employees also expect accurate record keeping because mistakes can trigger an emotional reaction. For example, most of us will have experienced an incorrect spelling of a name or title, which is the most basic information yet so important. There are also numerous sad stories of new parents forgetting to add their baby to their health insurance in the required time and being stuck with unexpected medical bills.

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“The moment you update the system, you feel like you are already behind,” said Visser. “You need all the people who enter data into the system to do it correctly and on time. There are not many people who like doing that.”

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PLANNING FOR GRACEFUL GOODBYES

Just as transitions into the company demand care, employee departures, whether voluntary or not, require more than a pat on the back and collecting a security badge. But often, the care employers offer new hires on the way in vanishes on the way out. This is a mistake.

A formalized exit process not only reduces legal and security risks, it helps you gain honest feedback on where to improve the organization, and it leaves the door open for departing “star” employees to return. In the case of voluntary departure, it’s important to learn why an employee is leaving. Exit interviews are a critical step in gaining such knowledge and most effective when done in person.

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“CEOs want to know why employees are leaving,” said Ritchie of TMF Group. “If they are leaving for higher paying jobs or better benefits, salary benchmarking may be necessary. Companies don’t always know how they compare on compensation and benefits with their peers. Ultimately there are a number of factors influencing the decision to leave that could reflect upon the need for business improvement.”

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There are occasions where you have to make difficult decisions regarding employment. Involuntary terminations, especially outside the U.S., are trickier because of employment contracts and local country regulations. Within areas of Europe, for example, if you are planning a mass layoff you must begin consultations with staff representatives in good time and give them written notice of the reasons for the collective action and how you selected the staff to be made redundant. You must also notify your public authority. In contrast Malaysia’s common practice is to dismiss employees based on the “Last In, First Out” principle, where the most junior employee in a category is selected for termination. Severance pay also varies country by country.

It’s imperative that your organization operates within the legal frameworks of each country. Non-compliance can cause financial and reputational damage. How confident are you that your business can meet these requirements?

KEEP YOUR BUSINESS SAFE

HR professionals are dealing with opposing forces: on the one hand, technology gives them new tools; on the other, local governments and public authorities frequently change work regulations. The result is constant change, and a constant challenge to remain compliant.

Whether your company has 5, 500 or 5000 employees, cross-border HR compliance is complex. Businesses have to ensure that their overseas HR operations comply with foreign local laws including their own in-house code of conduct, policies, employment agreements and corporate values, often in the shape of policy documents and employee handbooks. An international partner with people on the ground locally can help make sure you are following the rules from jurisdiction to jurisdiction.

Quirky local labor and employment laws

Workplace laws and customs vary wildly from country to country. What's normal office behavior in one country could be highly unusual somewhere else. Here's a sampling:

- **SPAIN:** When an employee travels abroad, you need to submit a form to the local authority. The form has to be submitted in person; it can't be mailed.
- **JAPAN:** Employers have to measure the waistlines of citizens between the ages of 40 and 75 once a year, as part of law to reduce obesity. Employers have to help overweight employees lose weight or face penalties.
- **RUSSIA:** Your employee data need to be in personnel file, printed out and filed in a cabinet in every office.
- **FRANCE:** Workers can ignore work-related emails sent after working hours.
- **BRAZIL:** Employees are guaranteed a "Christmas" bonus, also known as the "Thirteenth Salary."



HELPING YOU BETTER MANAGE THE LIFECYCLE OF YOUR EMPLOYEES

Working with a local partner can relieve much of the pressure faced by global HR teams. Locally-based HR professionals can support your employees and have the specific knowledge required for local compliance.

TMF Group can help. Operating in over 80 jurisdictions we provide our 15,000 clients with on-the-ground compliance and administration services so they can venture further. We keep things running seamlessly, giving them the peace of mind to focus on the bigger picture.

With our global coverage we can act as an extension of your HR department, removing the administrative burden and relieving the pressure on your department so you can focus on strategic HR activities.

Our services support the employee lifecycle from; **Getting Started** with employee contracting and onboarding services, to **Employee Servicing** for the ongoing upkeep of employee records including updates to your HRIS database and more, through to **Moving On** for the exit of an employee from your business. This is underpinned by **HR Office** for regulatory updates, Employee Handbooks, reporting needs and more to keep you locally HR compliant.

Get in touch to see what we can do for you.

Get in touch

Interested in finding out more?

Please go to

tmf-group.com/enquiry

to make an enquiry.

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