



## Cast and crew: Securing and managing talent

This article is part of a series devoted to global expansion considerations for US businesses, particularly those in the middle market segment

Picture an established, efficient global offshoot of your company — the way an expansion you launch today might appear several years from now if everything goes just right. In this vision, who is walking the halls? Who keeps the operation running? And who is in charge?

As your organization is considering all the aspects of expansion, including defining the purpose, locating it, structuring the investment, and complying with regulatory requirements in multiple jurisdictions, it would seem the way to answer those talent questions is simply to align them with all the other decisions you've made. However, those aren't the only alignments your talent strategy needs to consider.

### Decisions you control, conditions you cannot

Early in the process, staffing an overseas expansion may appear to be a numbers game: An organization needs the right people in the right places, and it probably needs them there as soon as possible.



However, companies that rush to hire people in a new location may run right past a number of other important considerations — such as the workforce and organizational structure, the talent mix (e.g., local hires versus expatriates), how to attract and motivate talent, and adherence to tax and legal requirements. There are situational considerations, such as the local organized labor environment, talent supply, global tax structure substance requirements that reflect ongoing legislative changes, and potential government incentives that may apply to local employment or site selection. And there are legal standards that govern work rules, immigration, and worker eligibility.

These concerns fall into two principal areas: securing talent, and managing it.

### **Securing talent**

An operation of any size is likely to combine both local and expatriate employees. This combination can be a strength, but it also brings into play questions about attracting, motivating, developing, and retaining the right talent.

#### **Start with strategy**

In crafting your talent strategy, think about your workforce requirements in the short, medium, and long term. What business

purpose will each talent role play at each stage? Who are the leaders and specialists now? Who will grow to become leaders tomorrow, and how can you expose them to the experiences that will groom them?

#### **Local recruiting**

In attracting the local talent you want, job profiles and hiring criteria should satisfy both global standards and local realities. In particular, the way you segment talent should align to practices in the specific region. The recruitment mix of paid searches, advertising, and campus recruiting that works at home may be different in your new location. Your local recruitment efforts should also adhere to local cultural priorities, including family considerations, and drive a brand that is locally relevant while remaining globally adherent.

#### **Compliance**

Every location has an established labor ecosystem that is part legal, part contractual, and part cultural. Once you have identified your workforce, you will have to satisfy the formal and informal requirements that apply there. Like other parts of the talent puzzle, this is a multivariate question that includes at-will versus collective bargaining, payroll reporting and withholding, visa

requirements, and possible exceptions or tax protections for expatriates. Organizations need to assess how and when to be consistent across jurisdictions, but also consistencies from one company location to another.

If local collective bargaining groups are already in operation, the employer needs to evaluate how to work with them. Meanwhile, contract templates that may have served well in home-country locations must accommodate regulatory differences in the jurisdiction where the expansion is located.

An employer new to an area should start by identifying the local employment law regime, then assess co-determination rights at a company level and evaluate any relevant local works council. It will be important to know local redundancy and dismissal requirements before committing to hire people, and it will be vital to gauge trade union and collective bargaining rights before committing to a workforce compensation structure.

Employers should also make themselves aware of visa and visa sponsorship requirements, work permit rules, and the documentation requirements that accompany them.

As it is with permissions to work, so it is with the costs of work: Employers need to understand the local specifics that inform payroll taxes, retirement, profit sharing, or insurance coverage, well as the regulatory reporting requirements for both local employees and international assignees/expatriates. Protocols that come naturally at the home office may have to work differently in the overseas location.

**What business purpose will each talent role play at each stage? Who are the leaders and specialists now? Who will grow to become leaders tomorrow, and how can you expose them to the experiences that will groom them?**

Paying for work is one consideration — carrying it out is another. Employers who are new to a foreign location should assess cycle times, vendor/technology requirements, and the work tools that are important in carrying out human resource activities and processes. The company should develop and implement policies and programs, as well as supporting service delivery guides, templates, and tools.

## Managing talent

Workforce planning will have to satisfy both short-term needs and long-term strategy. And the potential opportunities that arise in the new country of operation should align with your parent organization's overall global talent strategy, but should be adapted to local requirements.

## Rewards and compensation

People generally approach work with expectations born of their culture and surroundings, so simply extending headquarters-based programs for pay and recognition may not be effective. Elements like performance metrics, the mix of guaranteed versus at-risk pay, equity, and the nature of benefits should straddle the dual standards of global organizational standards and local relevance. Start with culture: How do employees in the new location perceive and define value? When they receive awards, how do they prefer to learn about it? Then turn to regulation: Will any of the reward or recognition schemes you adopt inadvertently put employees in a negative tax situation?

## HR policies and development

Equity and pension plan registration will function differently from place to place, and it may be necessary to make accommodations compared to other practices your company has used in headquarters or other countries. The same considerations may apply to tax filings and pension plan reporting. Employers need to establish reporting mechanisms, policies,

and procedures that meet local standards while maintaining useful data flows among parts of the global organization.

Considerations such as working hours, time off, and expectations for career progression will all have local variants. Some locations may be more group-oriented, while others are more individualistic. Gender and generation will mean different things in different cultures. Even the ways people mark and value time will vary.

## Ongoing talent management and development

Once your overseas expansion team answers the many initial questions that involve talent, the company will need to keep its workforce effective for the long haul. People may expect, and respond to, different approaches to learning and development from the ones used at home. In addition, the skillsets available in a new market may differ from those in the headquarters location — with new gaps between what's there and what's needed. To maintain the established "standard" and keep performance and business outputs globally comparable, organizations may need to adjust the degree and type of training they use.

Companies are familiar with the ways in which expectations of career growth and professional development may vary by employee groups, gender, or tenure. Now they will need to account for variances by geography and culture as well, especially

with respect to global rotations and locations that represent highly desirable cross-border postings.

These decisions will affect an employer's talent brand, which is particularly important for global companies and those in highly competitive growth markets. What is the company's internal and external talent brand in a given market? How it is customized to local expectations, overall company recognition, and the types of employees the company wants to attract and retain?

## Retention

In the early days of global business, many organizations looked upon foreign operations in superficial ways — for example, as sources of low-cost labor — so high turnover might have been considered a cost of doing business. In the course of organizations creating more complex global webs, with value and innovation traveling in both directions, the significant value of retention in overseas locations is openly acknowledged.

This effort starts with local understanding. What are people's career goals and expectations? What is the value proposition you deliver as an employer in that environment — both financially and otherwise? And what are competitors in the employment market offering to the same people? Data analytics may help identify and head off attrition risks, and appropriate celebrations of milestones and advancement can help people understand that you value them.

## Conclusion

The future vision of a fully populated operation, humming along in accordance with the mission you set for it, is not unattainable. But the cast of characters will be a major influence on how close that vision comes to reality. So will the care an organization takes in observing the many factors that go into populating that cast. Talent management will be a critical component in the way your organization reaches across borders — and a key determinant in the value it brings home.

## Contacts

### Wolfe Tone

*National Tax Leader*  
Deloitte Growth Enterprise Services  
Deloitte Tax LLP  
[wtone@deloitte.com](mailto:wtone@deloitte.com)

### International Tax

**Miguel Fonseca**  
*Partner*  
Deloitte Tax LLP  
[mifonseca@deloitte.com](mailto:mifonseca@deloitte.com)

### Jimmy Man

*Partner*  
Deloitte Tax LLP  
[jman@deloitte.com](mailto:jman@deloitte.com)

### Global Employer Services

**Karee Buerger**  
*Director*  
Deloitte Tax LLP  
[kbuergert@deloitte.com](mailto:kbuergert@deloitte.com)

### Elizabeth Rosenthal

*Director*  
Deloitte Tax LLP  
[elrosenthal@deloitte.com](mailto:elrosenthal@deloitte.com)

### International Expansion Services

**Christy Wissemeier**  
*Senior manager*  
Deloitte Tax LLP  
[cwissemeier@deloitte.com](mailto:cwissemeier@deloitte.com)

### Human Capital

**Ina Gantcheva**  
*Senior manager*  
Deloitte Consulting LLP  
[igantcheva@deloitte.com](mailto:igantcheva@deloitte.com)

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