

Addressing complexities associated with

PEOPLE OPERATIONS IN US-BASED MULTI-NATIONAL COMPANIES



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5 key findings

1) Multi-national operations introduce people management complexity across the employee lifecycle.

According to our survey results, HR professionals reported a growing level of complexity in managing people operations across international organizations, spanning the entire spectrum of employment-related activities, such as recruitment and orientation, ongoing correspondence and cultural development, appraisals, compensation processing, and beyond.

2) Building a global company culture is challenging and complex for mid-size enterprises.

Half of the respondents reported that building a company culture across multiple locations is difficult, and communications are complex.

3) Multiple HCM platforms are being used in an attempt to meet the requirements of different countries, but they lead to high costs and inefficiencies and often do not provide the necessary support.

Our study shows that although two-thirds of multi-national US-based companies use more than one HCM to meet various compliance and operational requirements, their solutions still can't support multiple workflows for the employee lifecycle across multiple sites and don't make it easy to open new sites in new countries.



4) Legacy HR tech solutions are not meeting the changing needs of multi-national people operations.

Only a quarter of leading HR professionals report that their current HCMs allow them to tackle the complexity of global HR operations and streamline global processes.

5) Multi-national operations can help US-based companies become more resilient.

Hiring is still a challenge, despite the current economic situation. Luckily, there's talent out there—if you have the capacity to access it. Eighty percent of the respondents in our survey say that hiring in other geographies can help them overcome the difficulties related to hiring in these conditions.



Executive Summary

Global operations offer numerous benefits for companies in an array of verticals, including access to talent, supply chain flexibility, and more. Yet managing people in different countries poses many legal, cultural, and logistical complexities for HR professionals. Our study shows that HCM platforms used by US-based multi-national companies are insufficient for addressing the complexity of global people management comprehensively and holistically. HR leaders are looking for alternative solutions to support various needs.



About the survey

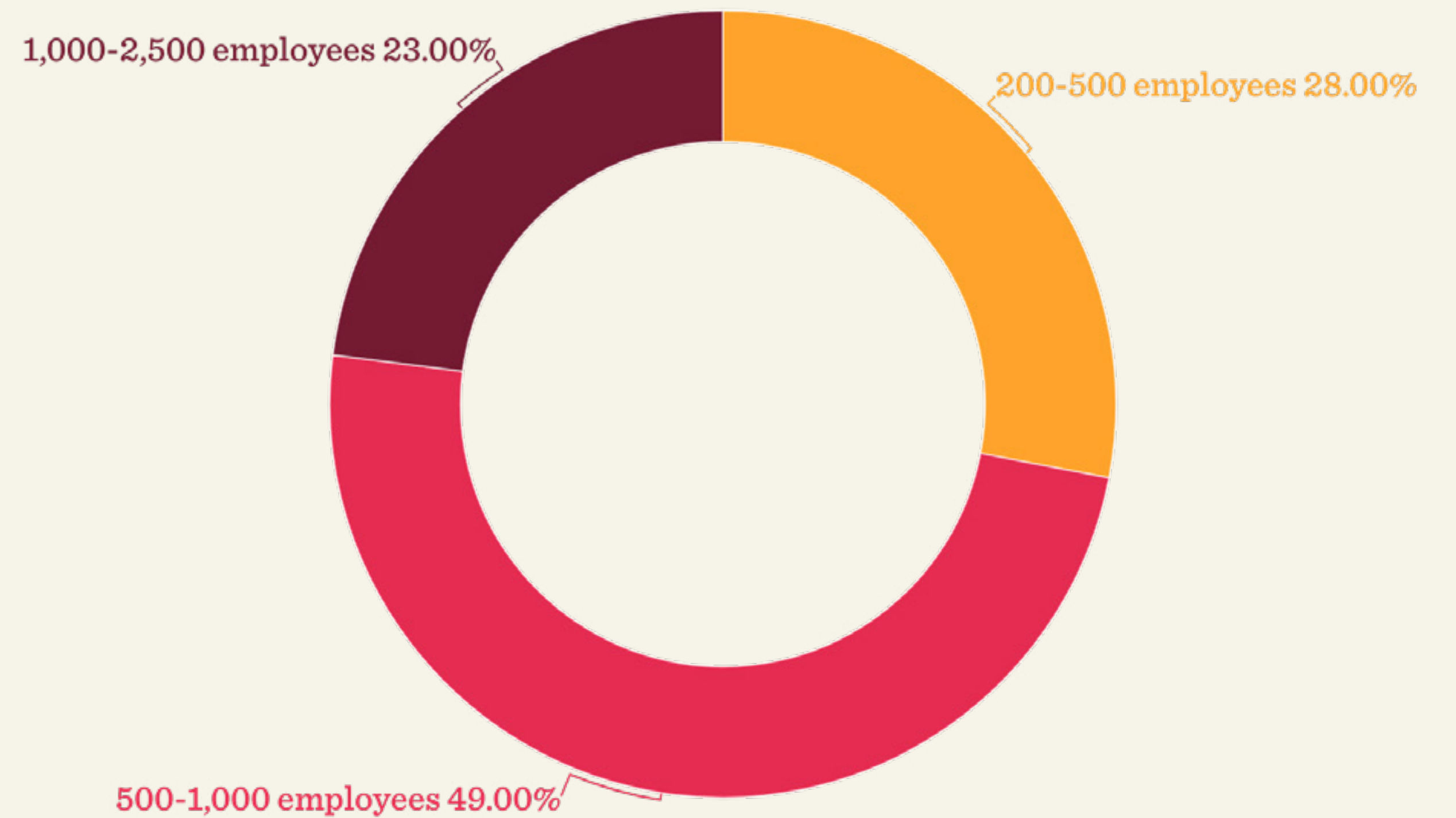
To better understand the complexities of multi-national people management, as well as the strategies and tools companies use to overcome them, in Q1, 2023, we conducted a survey of 300 C-level HR leaders, HR directors, and HR VPs with companies headquartered in the United States that work in at least one additional country outside of the US.



US multi-national mid-size enterprise companies

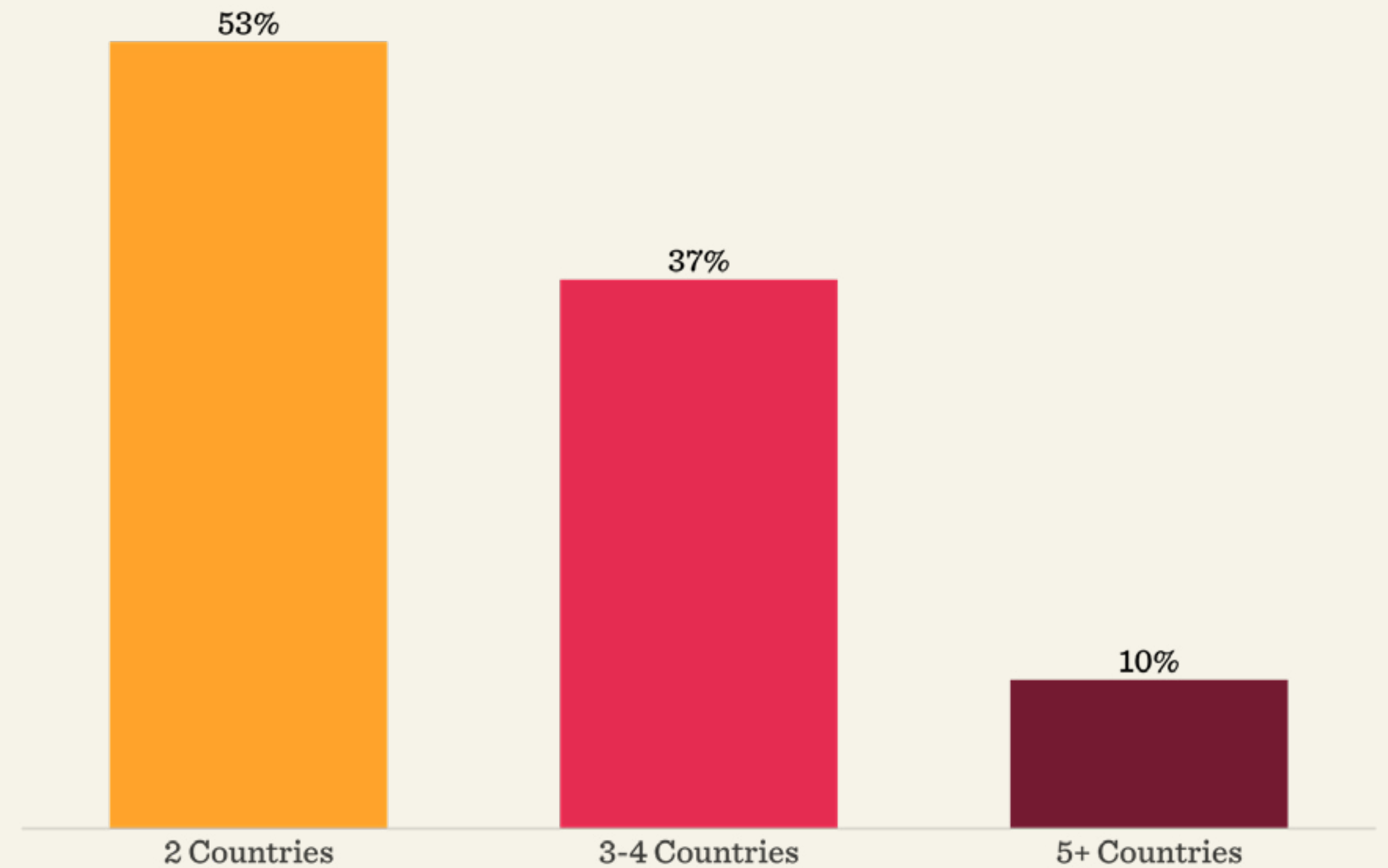
The survey focused on modern companies with 200–5,000 employees, where at least 50 percent of the workforce is employed in a professional capacity such as HR, finance, legal, R&D, sales, marketing, and engineering.

Figure 1: Company Size



Fifty-three percent of the companies have additional sites in one more country outside the US, 47 percent have additional sites in two or more additional countries, and in all of the companies surveyed, at least 15 percent of the workforce is hybrid or fully remote.

Figure 2: Number of countries the company has sites/offices



The companies sampled are modern companies from a variety of industries. Forty-three percent are in hi-tech, 16 percent provide financial services, and the others work in accounting, advertising and marketing, consulting and professional services, and more.

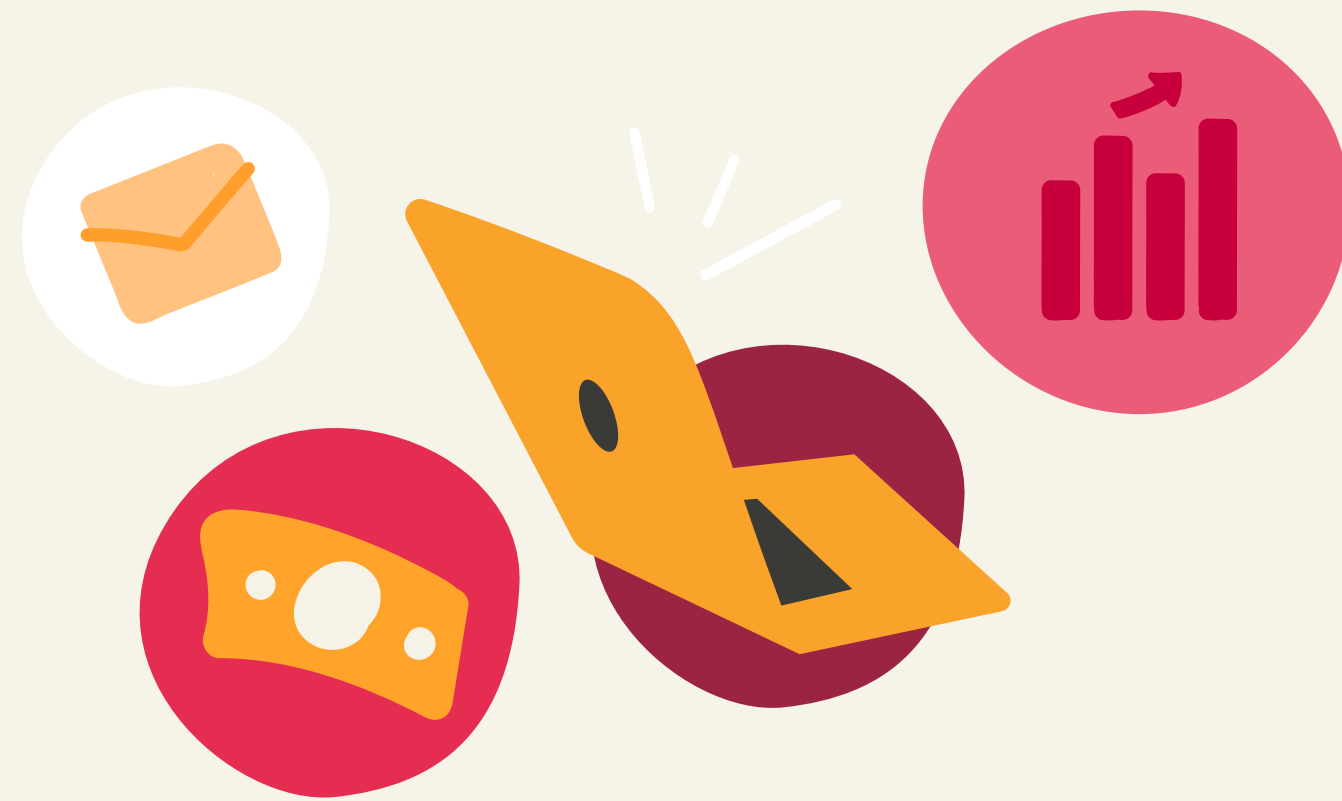
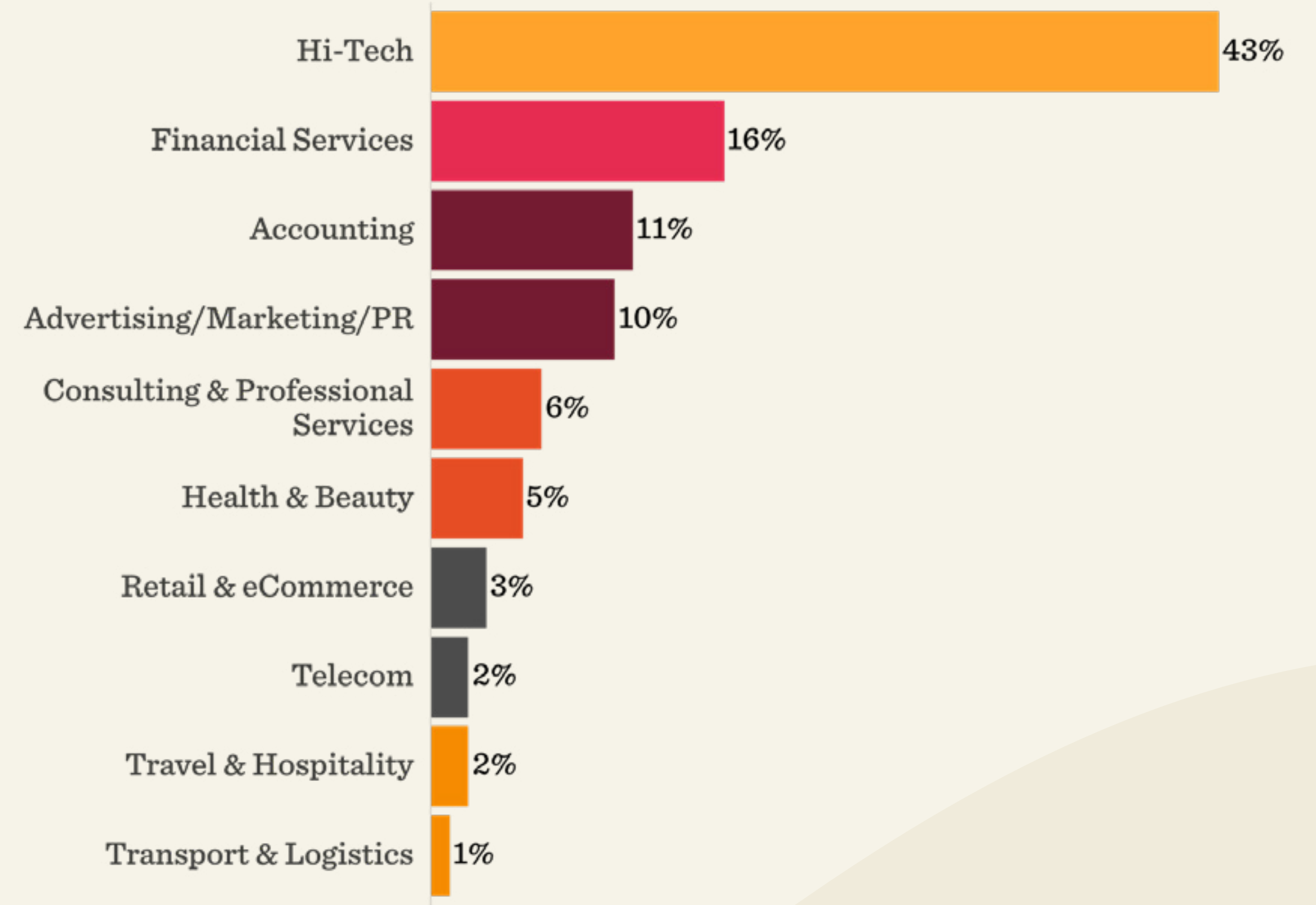
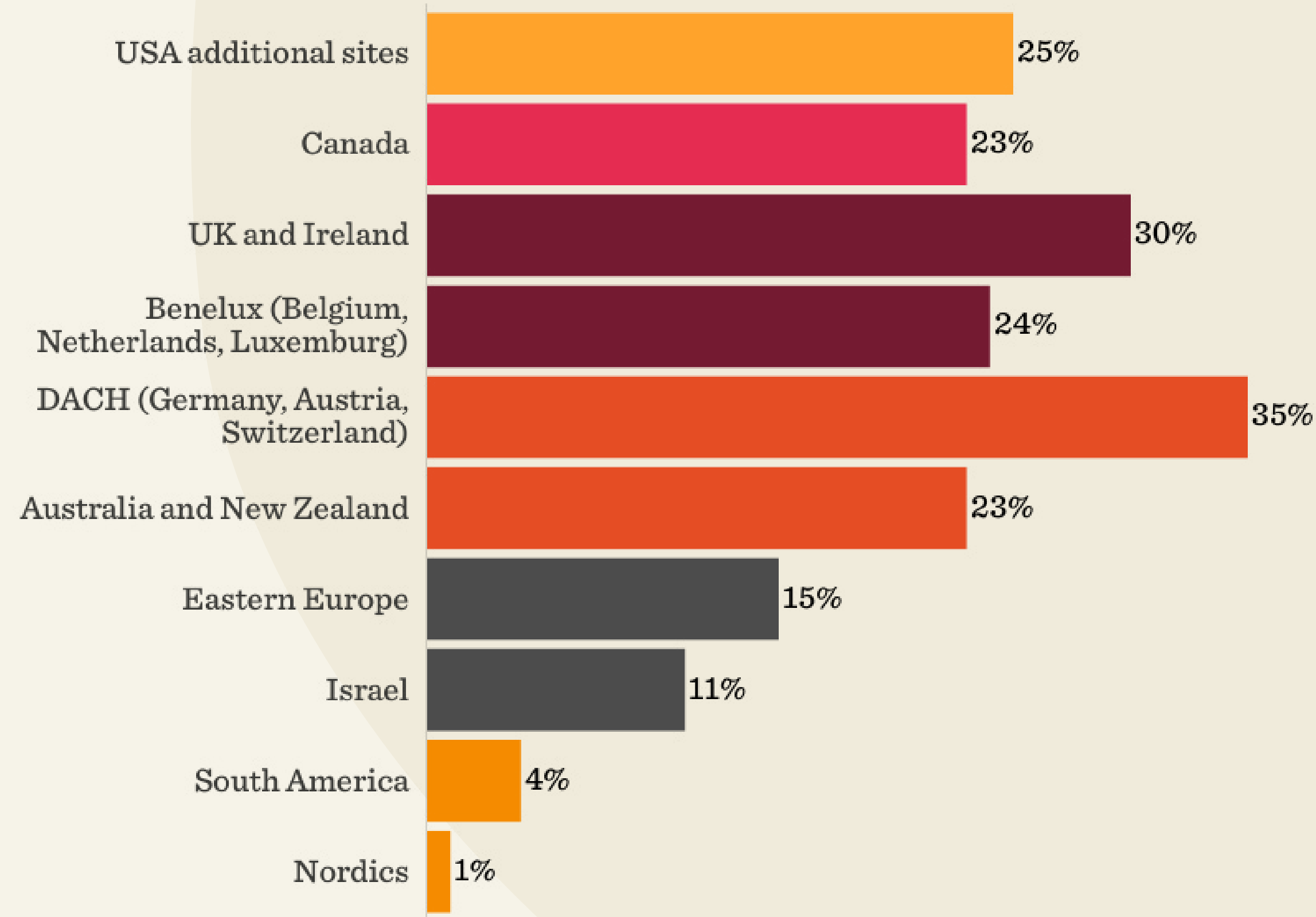


Figure 3: Industry



Our survey shows that US-based companies have expanded internationally in interesting ways. Thirty-five percent have expanded to DACH countries (Germany, Austria, and Switzerland), 30 percent to UK or Ireland, 24 percent have expanded to Benelux countries (Belgium, Netherlands, and Luxemburg), and 23 percent to Australia, New Zealand, or Canada. Since many of these countries are not English-speaking, companies are juggling multiple languages in addition to currencies, cultures, and regulations. In addition, 25 percent have more than one site in the US in addition to their international sites.

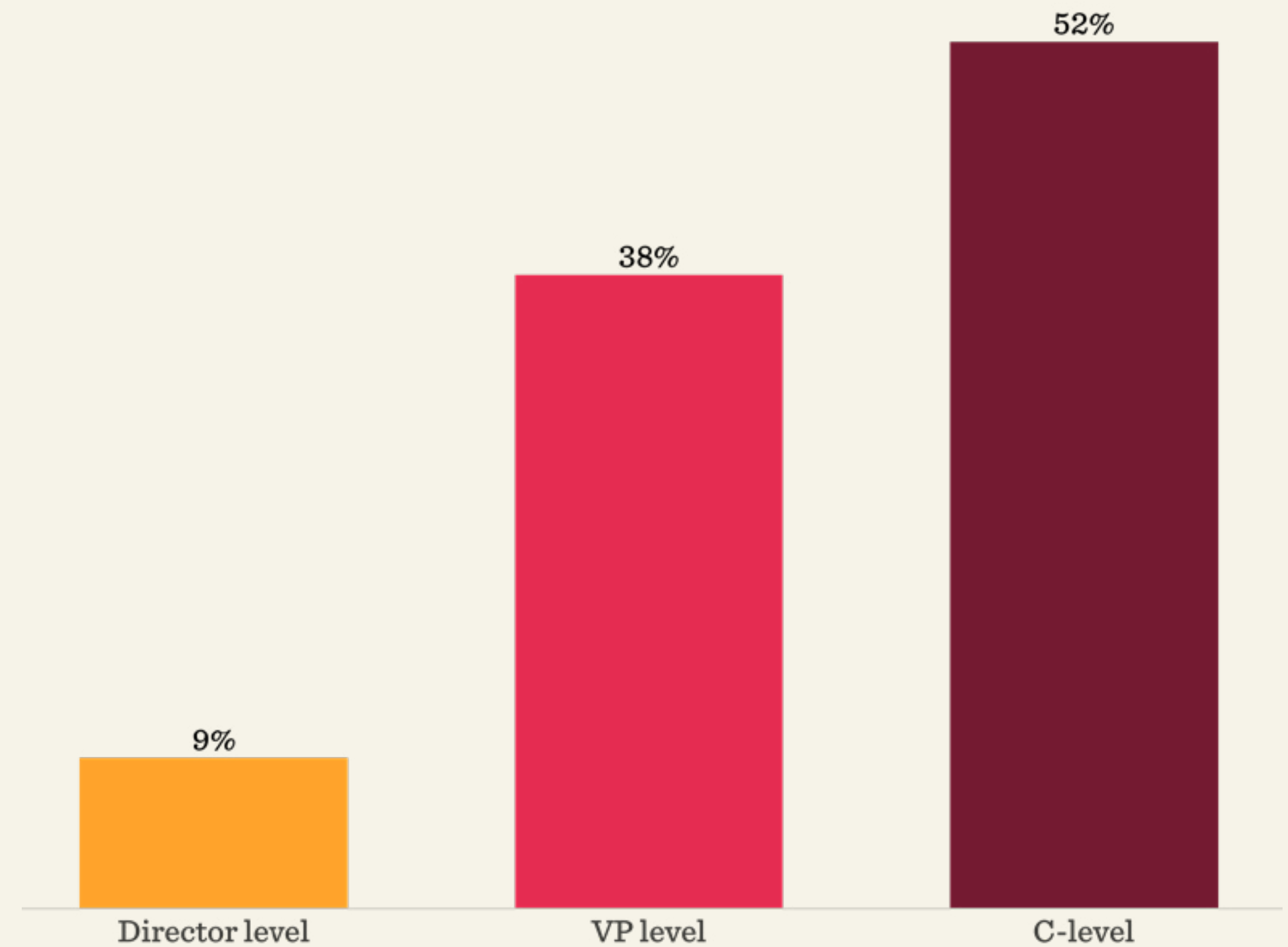
Figure 4: Location of additional sites to HQ



HR teams of multi-national US-based companies

Managing multi-national people operations is an extremely strategic and complex function and therefore requires expertise and resources, including high-level and large HR teams. This was apparent in our survey. Among the US-based multi-national companies that responded to this survey, 91 percent have a C-level or VP-level HR leader.

Figure 5: Level of seniority of your company's most senior HR person



Only 34 percent of the most senior HR people report to the CEO. The majority of the senior HR people (66 percent) do not report to the CEO and therefore are outside the executive team.

Figure 6: Who does the most senior HR person report to?

Figure 6	Director level	VP level	C-level	Overall
CEO	39%	30%	36%	34%
CFO	29%	25%	21%	23%
COO	32%	36%	38%	36%
CIO	0%	9%	3%	5%
CTO	0%	0%	2%	1%
Total	100%	100%	100%	100%
CEO	39%	30%	36%	34%
Other C-Levels	61%	70%	64%	66%
Total	100%	100%	100%	100%



As expected, the size of the HR team is largely determined by the size of the company, and larger companies have larger HR teams. An interesting insight from our survey is that HR teams overall are quite large with respect to the company's size, pointing to the significant resources needed to manage the complexities of multi-national operations.

Figure 7: HR team size and Company size

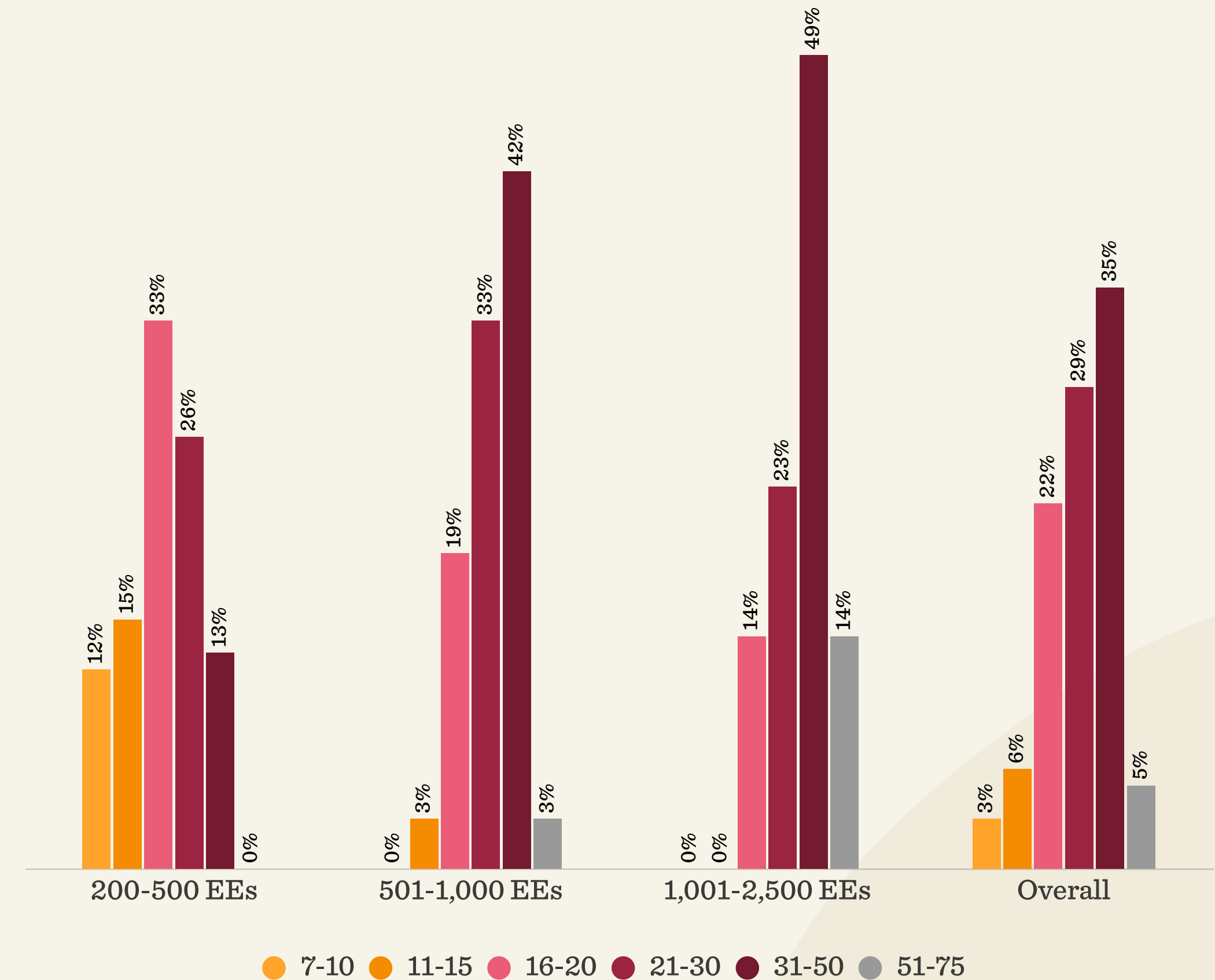
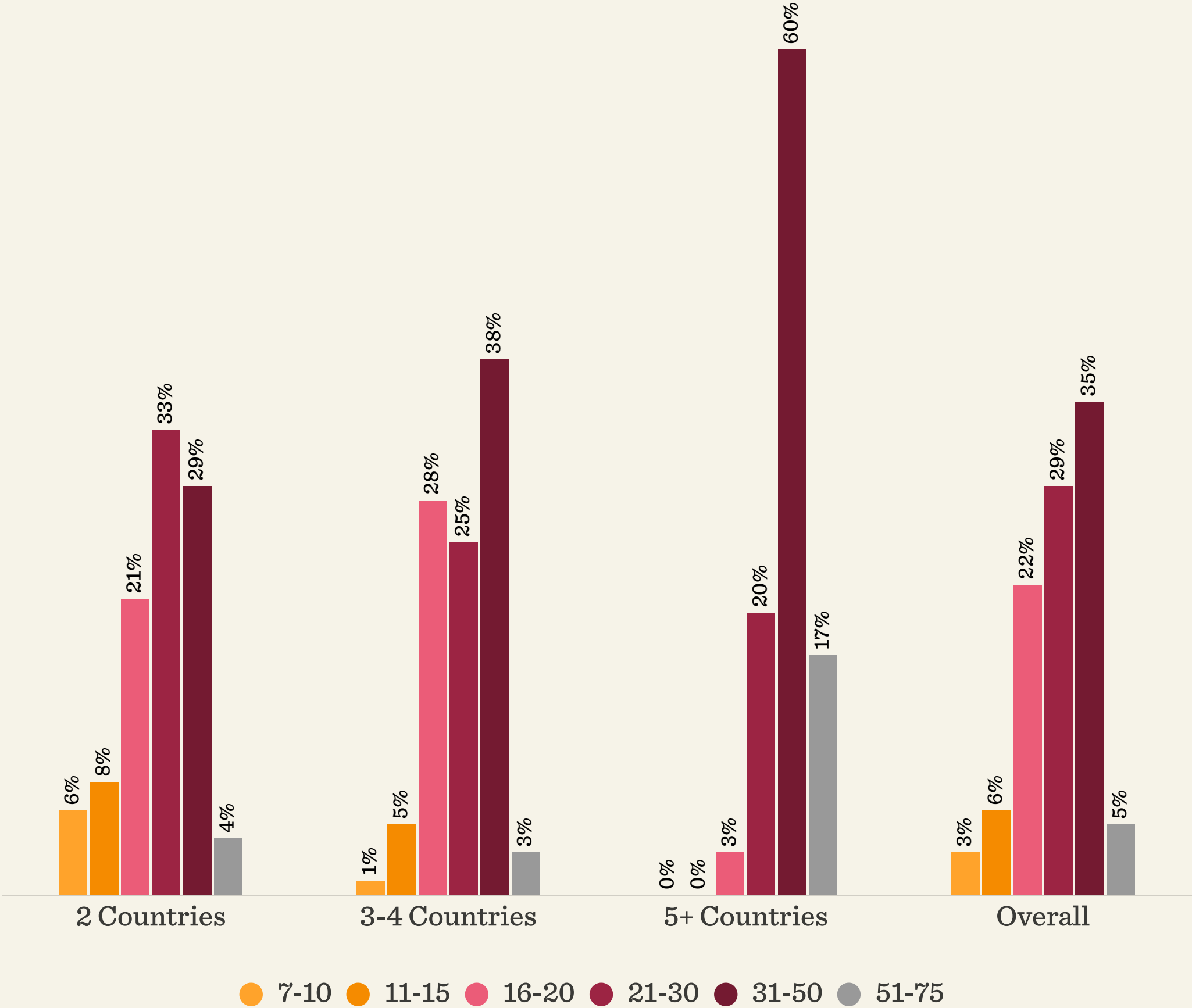


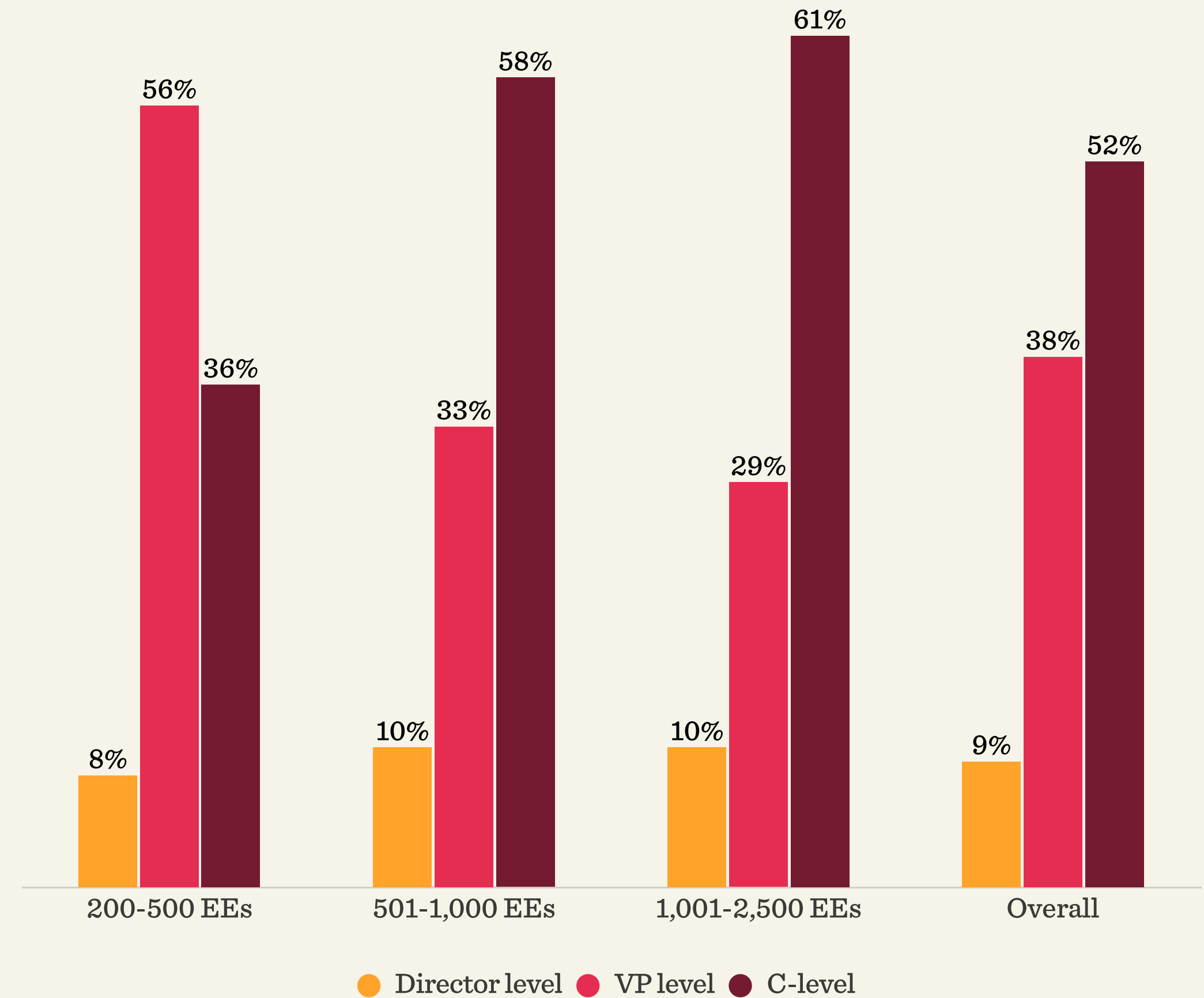
Figure 8: HR team size and Multinational operations

Companies with operations in multiple countries also had larger HR teams, regardless of their size, indicating that multi-national operations are as significant as company size in determining the centrality and size of the HR team. For example, in companies working in 5+ countries, 77 percent had an HR team of 31-75.



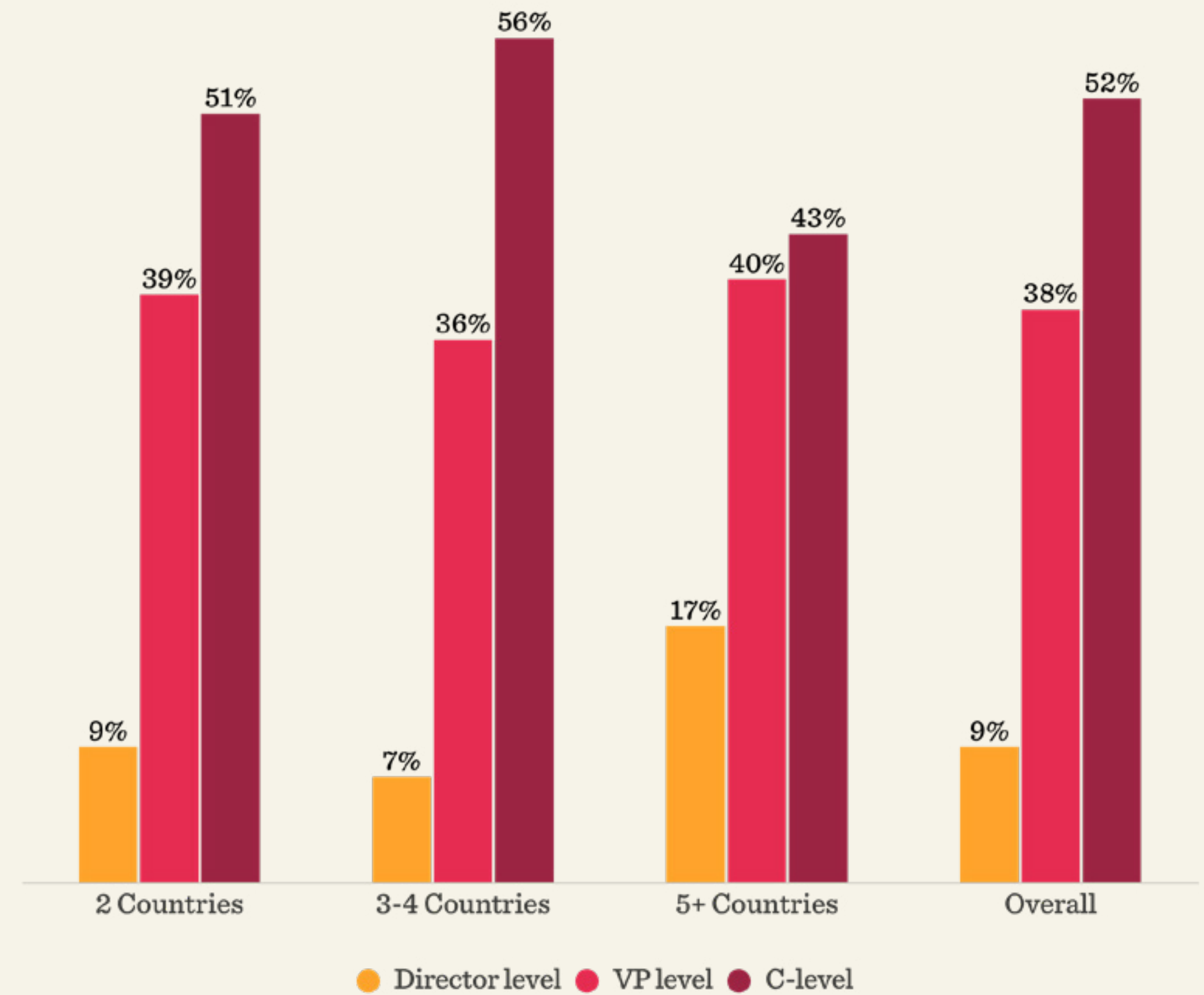
There is a clear correlation between the size of the company and the seniority of the most senior HR manager. In smaller companies, 56 percent of the most senior HR managers are at the VP level. Among the larger companies with 501-2,500 employees, 58-61 percent have a C-level HR leader. Overall, in only 9 percent of these modern multi-national companies, the most senior HR manager is at the director level.

Figure 9: HR Seniority and Company size



When diving into the differences between the seniority of the most senior HR leader and the number of countries in which the company is active, we see that the distribution is similar, regardless of the number of locations.

Figure 10: HR Seniority and Multinational operations

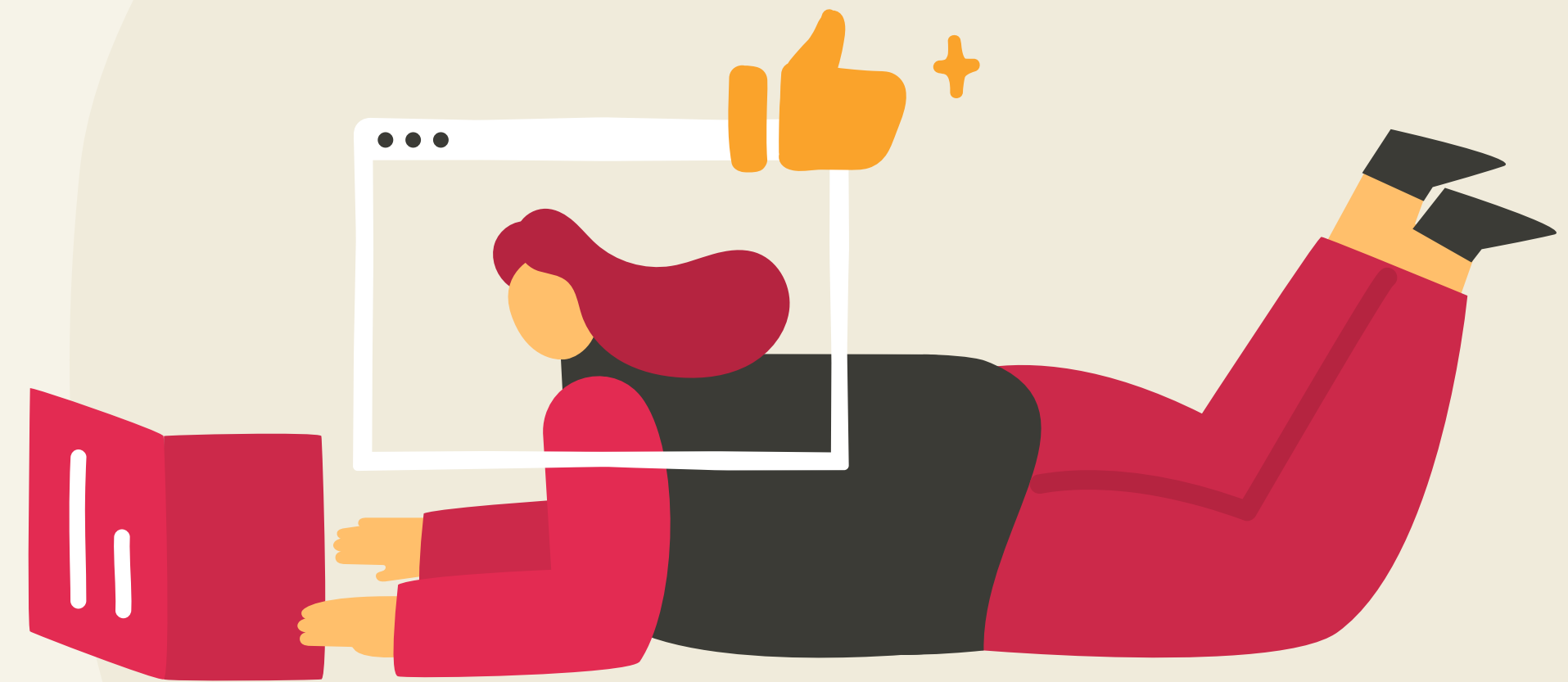


Findings:

Perceptions about the future of work and the workforce

Flexible work is here to stay

There's been a lot of industry buzz about the future of the flex work models that became prevalent during the pandemic. Are they a passing trend or something more permanent? Our survey provides a clear answer, with 77 percent of HR professionals in multi-national companies strongly agreeing or somewhat agreeing that flexible work is here to stay.

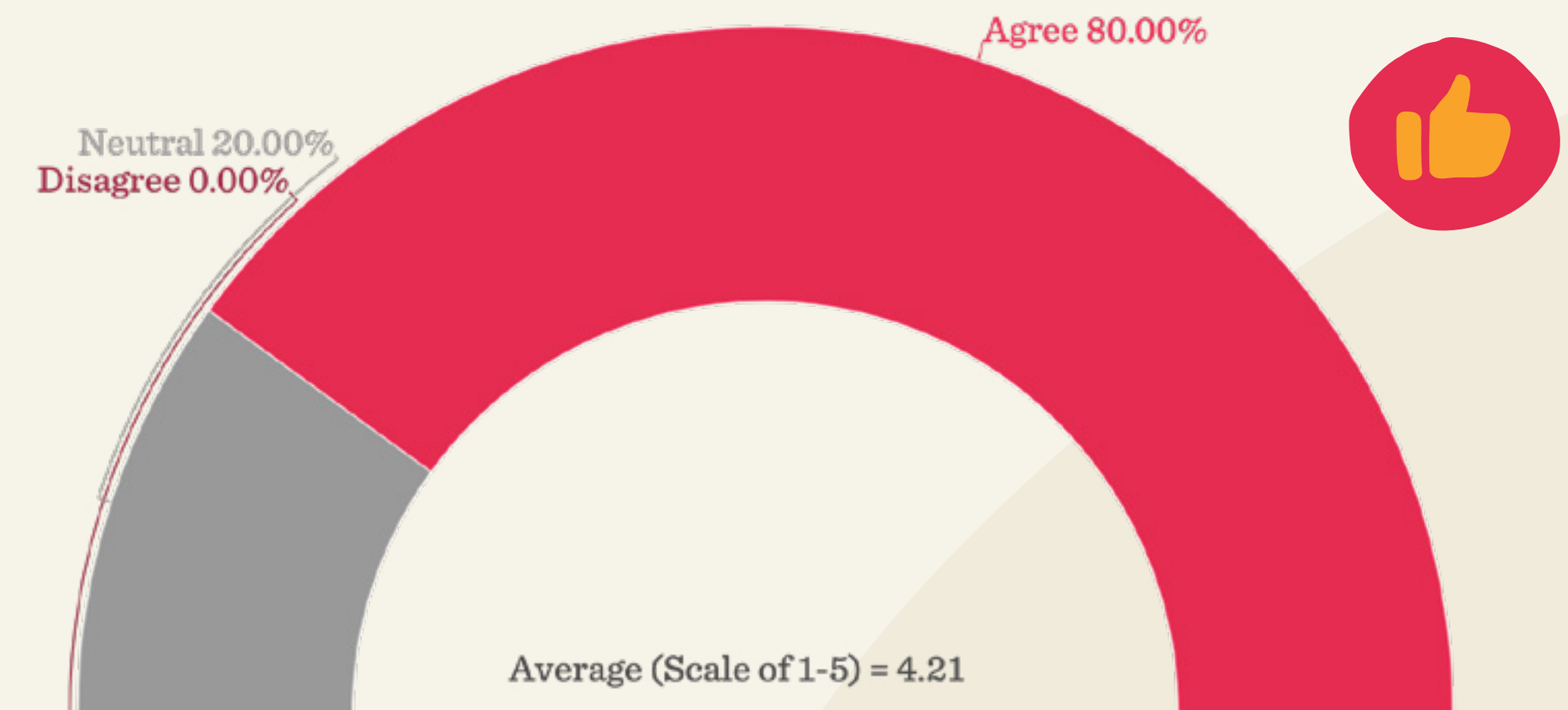


Flexible work is often an enabler for multi-national hiring, and global talent is definitely on the HR radar. In fact, 80 percent of the respondents agree or strongly agree that hiring in other geographies could help their companies overcome hiring challenges. Flexible work is one of the components that make international hiring possible.

However, flexible work must be managed properly to be effective, as seen in the recent collapse of the Silicon Valley Bank (SVB). Although the main cause of the collapse is thought to be a series of highly unprofitable investments, the annual report published shortly before the collapse cited a variety of downsides to the remote and flexible work model the bank had adopted that may have also contributed to the collapse.

The SVB fiasco illustrates two things. First, although remote work is here to stay, it must be properly managed to be effective, especially in multi-national companies. Second, it shows that flexible work models are dynamic and need to be readdressed frequently in light of changing circumstances, something that companies with multi-national operations must remain aware of.

Figure 11. Flexible work is here to stay - remote, hybrid, etc

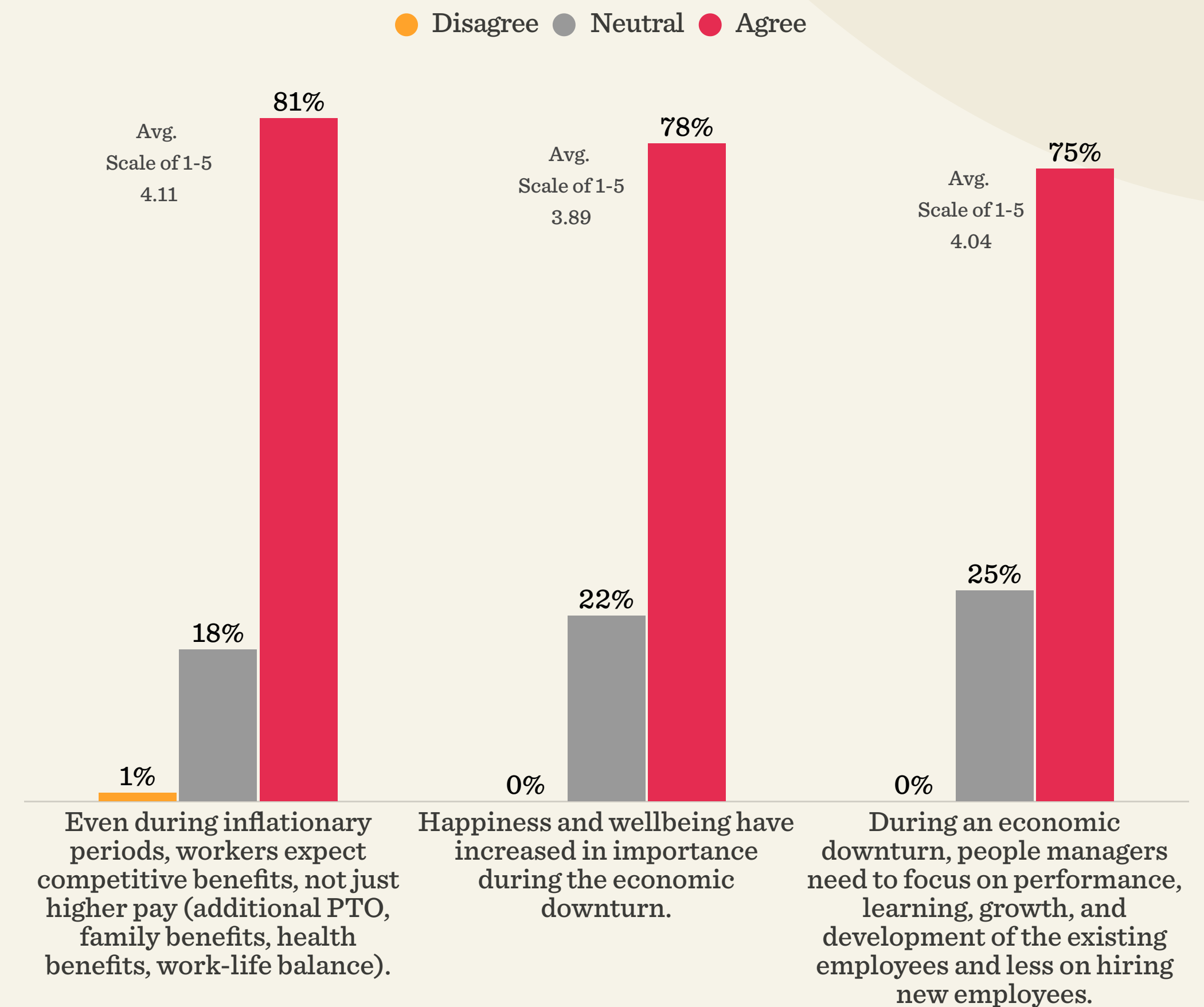


Employees' workplace expectations are high despite the economic situation

We wanted to understand better how the current economic downturn impacts multi-national companies. Our survey shows that despite hiring freezes and layoffs, employee expectations are still high. Seventy-seven percent of the respondents strongly agree or somewhat agree that even during inflationary periods like the current one, offering increased compensation alone is insufficient to address the impact of rising prices. Workers also expect competitive benefits such as additional PTO, family benefits, health benefits, and work-life balance. In addition, 74 percent of the respondents strongly agree or somewhat agree that happiness and wellbeing have become more important during the current economic downturn.

Overall, there seems to be an increased focus on investment in existing employees. Seventy-four percent of respondents strongly agree or somewhat agree that during the economic downturn, people managers need to focus on performance, learning and growth, and development of existing employees and less on hiring new ones.

Figure 12: Workplace expectations are high despite the economic downturn

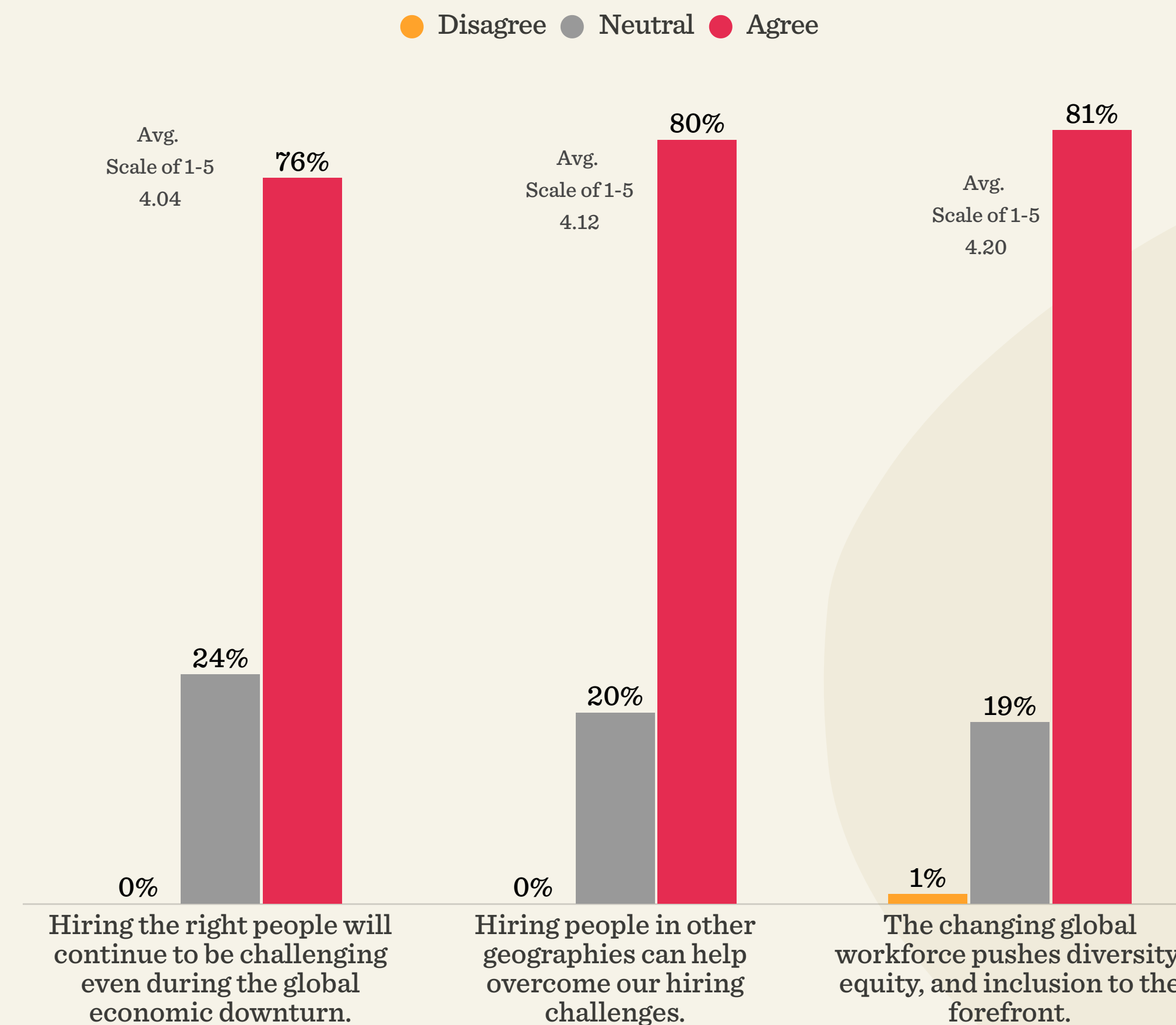


The battle for talent isn't over

Our survey shows that despite many high-profile layoffs by tech titans, the job market is still strong and the battle for talent is still being waged. Seventy-six percent of survey participants somewhat or strongly agree that recruitment difficulties will persist during the economic downturn. However, 79 percent also somewhat or strongly agree that sourcing talent from other regions can help overcome these challenges.

Diverse hiring is also a significant component of the battle for talent. Seventy-three percent of HR professionals strongly agree or somewhat agree that the changing global workforce is pushing DE&I (Diversity, Equity, and Inclusion) to the forefront of the HR world and widening the horizons for hiring and talent acquisition.

Figure 13: The battle for talent isn't over



Complexities in multi-national people operations

Companies recognize the benefits of recruiting and conducting business on a global scale, preferably through local operations that generate employment and revenue in the markets they serve. However, such an approach can also present significant challenges, as HR experts note in our survey, citing the growing complexities of managing a diverse and dispersed workforce.



Figure 14. Complexities in multinational people operations

	Low complexity	Medium complexity	High complexity
Global payroll administration	15%	48%	37%
Communications separated by site/location	10%	40%	50%
Having a single global source of information for reports and analytics	17%	52%	31%
A consistent and high-quality onboarding experience globally	12%	46%	42%
Workforce planning processes that require hiring/relocating or laying people off	12%	40%	48%
Building a global company culture	10%	37%	53%
Ensuring compliance with multiple time off and attendance regulations	19%	52%	29%
Multi-currency compensation management	10%	46%	44%
Aligning performance review processes across teams and work cultures	8%	38%	54%
Compliance in terms of data collection and storage	19%	54%	27%
Having a central location for people information that employees need	16%	52%	32%
Assessing workforce benchmarking costs globally and locally	12%	58%	30%

Complexities in compensation and benefits

On a practical level, payroll, compensation, and benefits are more complex when a company operates in more than one country. For example, 49 percent of respondents report that workforce planning processes that require hiring, relocating, or laying people off are highly complex. An additional 40 percent say that they pose medium complexity. Forty-four percent report that multi-currency compensation management is highly complex, and 46 percent say it poses medium complexity. Global payroll administration is also challenging, with 37 percent of respondents reporting high complexity and 48 percent medium complexity. Last but not least, 30 percent report high complexity in salary benchmarking, and 58 percent report medium complexity.

Figure 15. Complexities in compensation and benefits

	Low complexity	Medium complexity	High complexity
Workforce planning	12%	40%	48%
Multi-currency compensations	10%	46%	44%
Global payroll	15%	48%	37%
Salary benchmarking	12%	58%	30%



Complexities in culture and communications

The challenges go beyond payroll and compensation—cultural differences are also difficult to manage in multi-national organizations. Fifty percent of respondents report that building a global company culture is highly complex, 49 percent of respondents report high complexity in communication across locations, and 34 percent of respondents report that creating a central location for people information was highly complex.

Complexities in onboarding and performance review

HR leaders also report that onboarding and benchmarking performance was challenging when operating internationally. Forty-two percent of respondents say that delivering a consistent, high-quality onboarding experience is highly complex, and 52 percent report that aligning performance reviews across global teams and work cultures is highly complex.



Figure 16. Complexities in culture and communications

	Low complexity	Medium complexity	High complexity
Global company culture	10%	37%	53%
Communications	10%	40%	50%
High quality onboarding	12%	46%	42%
Centralized people information	16%	52%	32%

Figure 17. Complexities in onboarding and performance review

	Low complexity	Medium complexity	High complexity
High-quality onboarding	12%	46%	42%
Aligning performance review process	8%	38%	54%

Complexities in data management and legal compliance

Data management and legal compliance in multiple countries are yet another source of complexity. Thirty-three percent of respondents report that having a single global source for people reports and analytics is highly complex, 30 percent report that compliance with data collection and storage regulations is highly complex, and 28 percent of respondents report complexity in ensuring compliance with multiple time-off and attendance regulations.

Figure 18. Complexities in data management and legal compliance

	Low complexity	Medium complexity	High complexity
Time-off and attendance compliance	19%	52%	29%
Data collection and storage	19%	54%	27%
People analytics	17%	52%	31%



HCM platforms in US-based multi-national companies

HR tech can help manage some of the complexity of multi-national operations, providing the company has the appropriate HCM to meet their needs. The majority of the survey respondents, 67 percent, use more than one HCM solution, which they see as both costly and inconvenient. In fact, 64 percent of respondents would consider replacing their current setup or HR tech stack.

Figure 19: Does your company use one or more HCM?

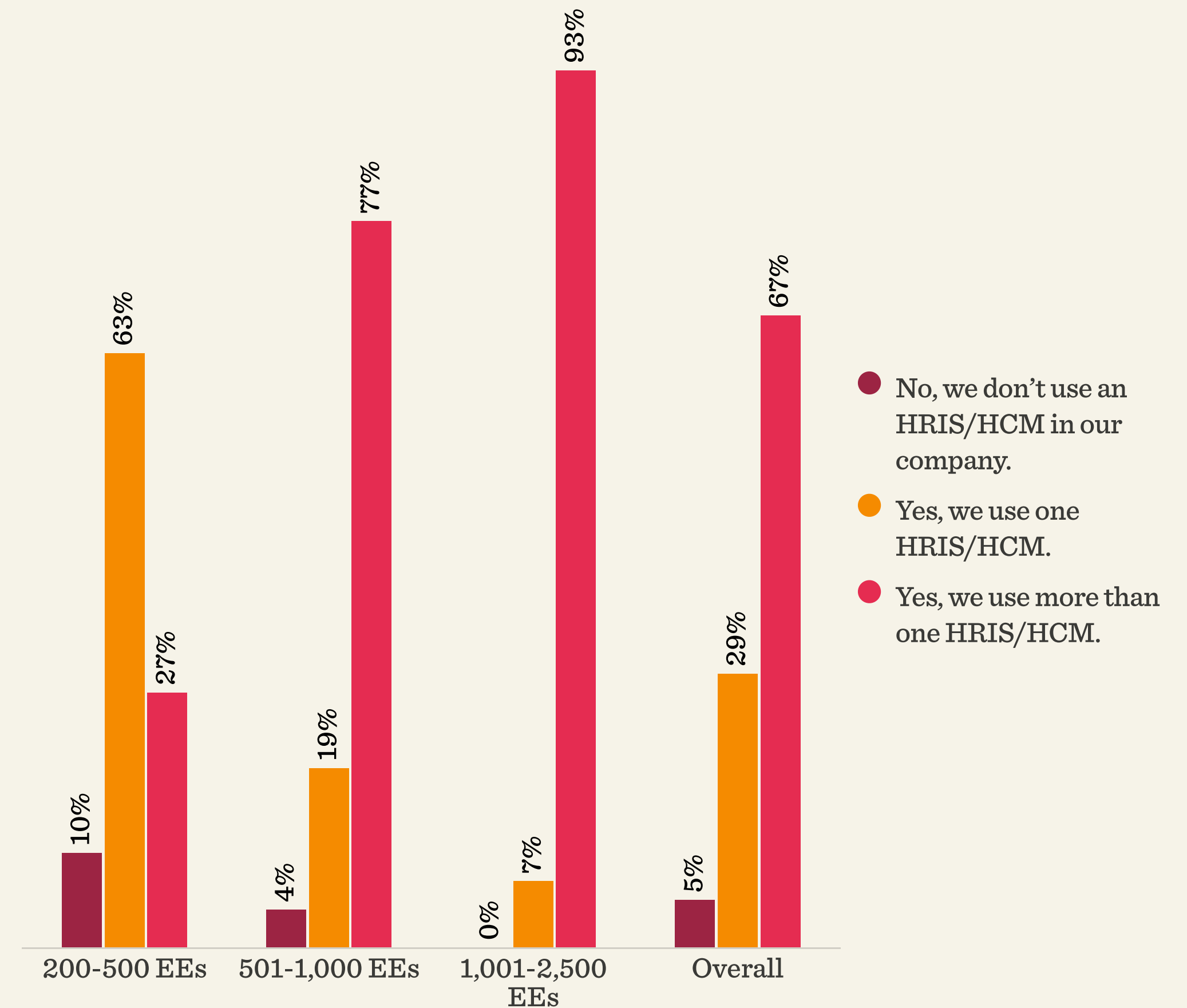
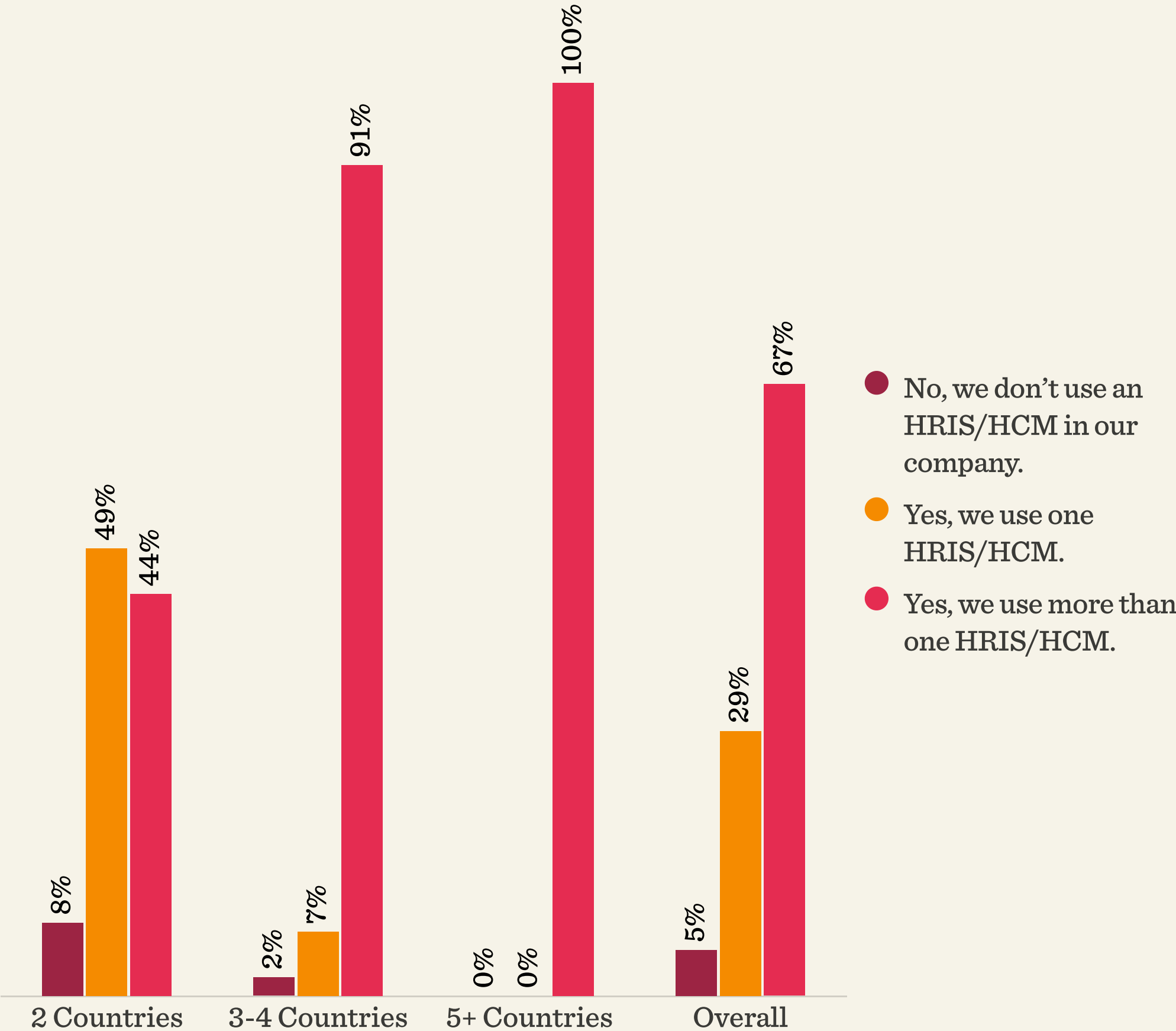


Figure 20: Number of HCM systems and number of countries



Main reasons for using multiple HCM solutions

Nearly all business endeavors involving multi-national expansion necessitate the introduction of additional or new technologies. In fact, 88 percent of respondents report that they had to replace tech tools when they expanded to become a global company.

Figure 21: Replacing HR tech to support global operations

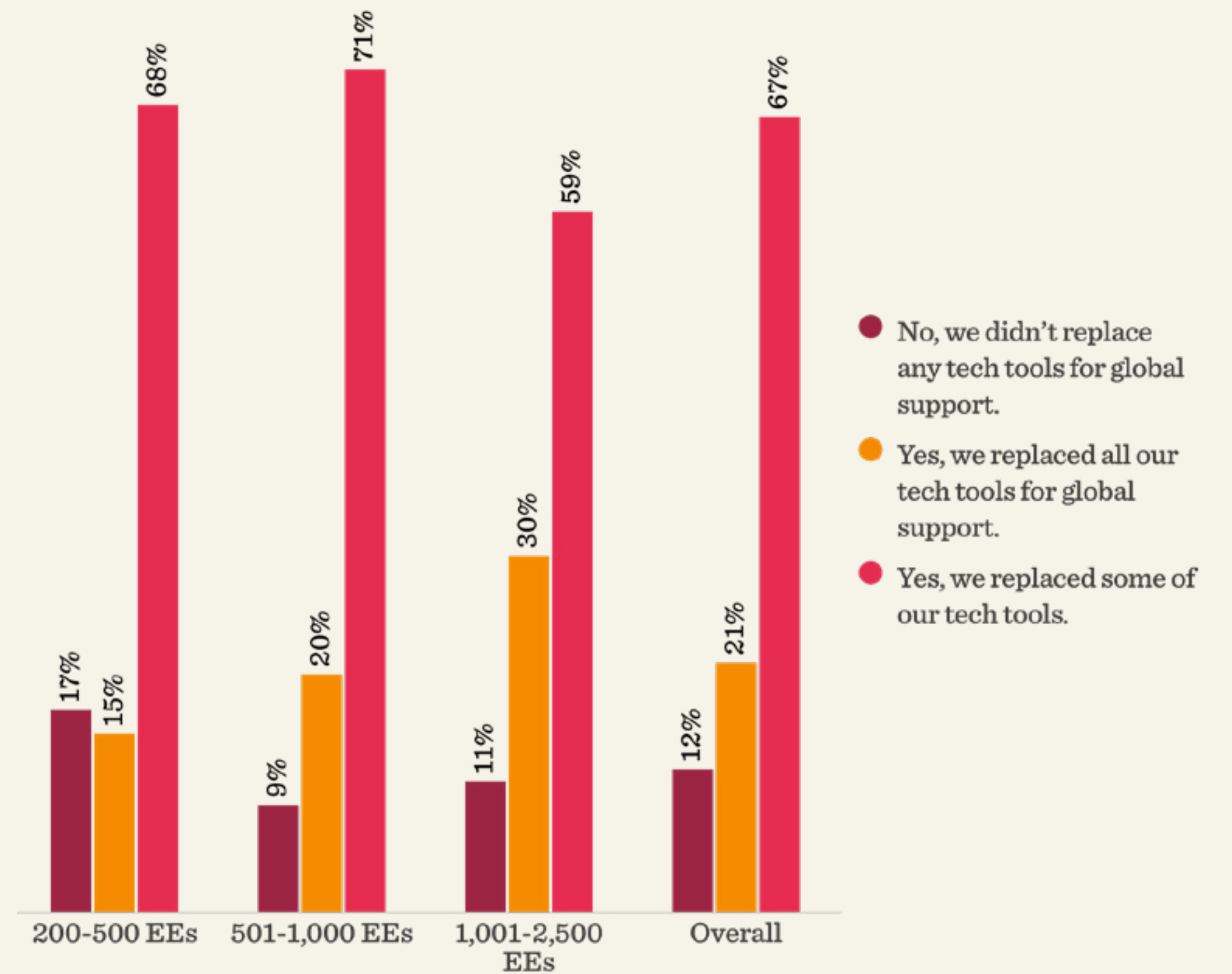
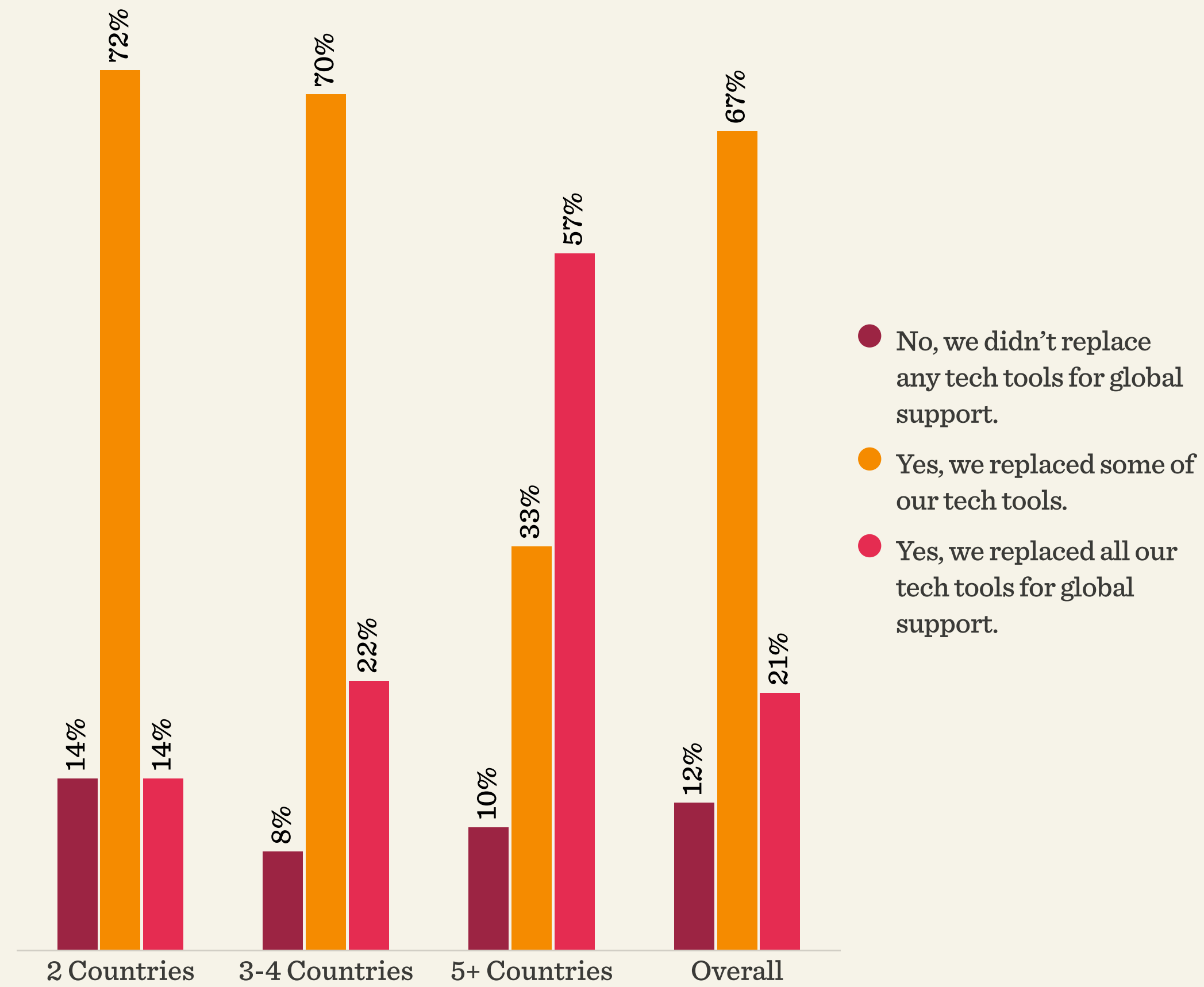


Figure 22: Replacing HR tech to support global operations



Why are multi-national companies using more than one HCM?

The study revealed several reasons companies endure the inconvenience of using more than one HCM solution. The most important reason is to comply with local workplace regulations, followed by the low cost and ease-of-use of local solutions, the need to support local currencies, and to meet the needs of local HR teams. But there comes a turning point where the limitation of working with several HCMs is not acceptable and limits global expansion and global employee experience.

Figure 23: Why are multinational companies using more than one HCM?

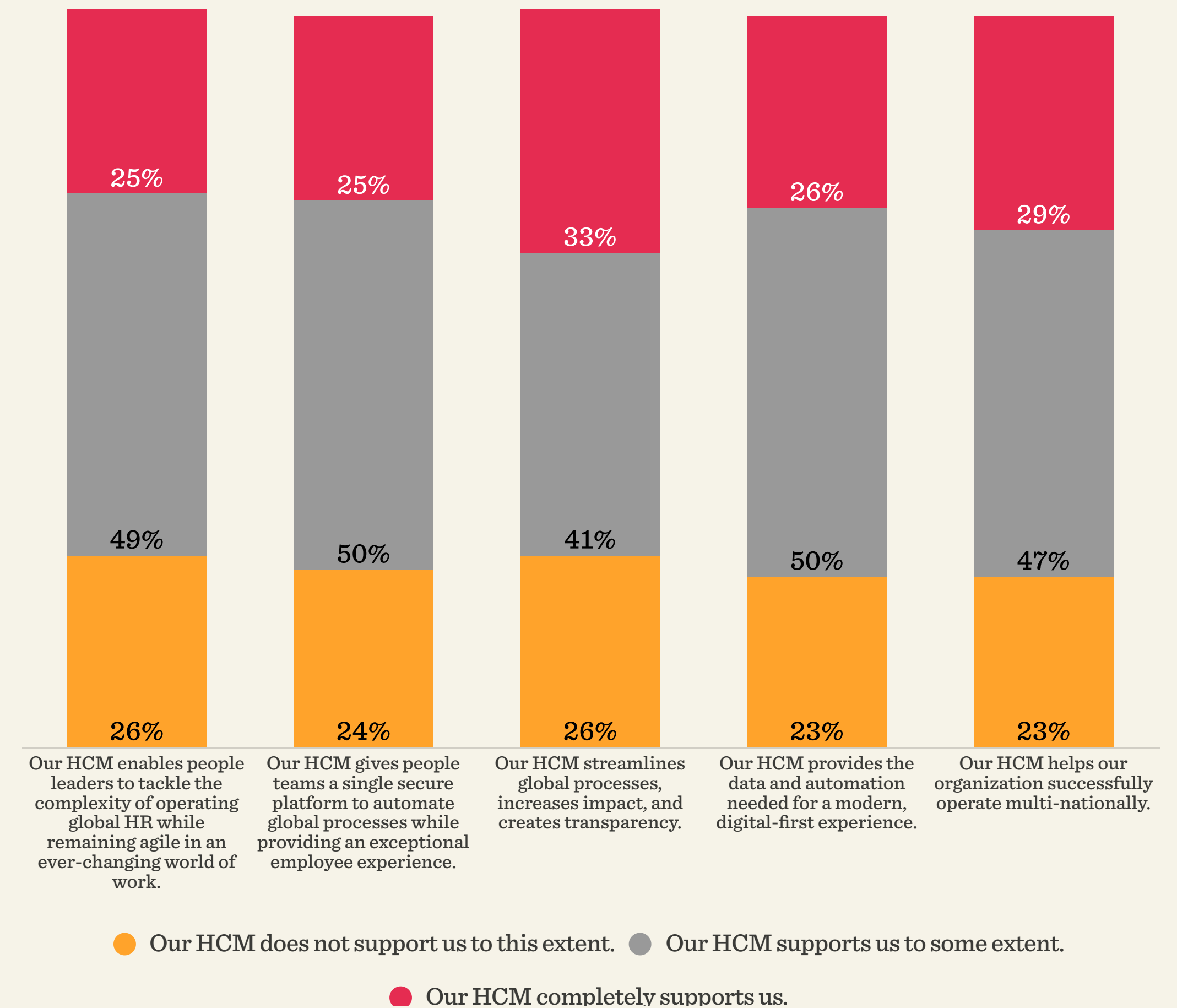
	200-500 EEs	501-1,000 EEs	1,001-2,500 EEs	Overall
We use an additional local solution to keep the company compliant with local workplace regulations.	52%	54%	62%	56%
We use an additional local solution that is inexpensive and easy for us to implement.	48%	53%	48%	51%
We use an additional local solution to support local currencies.	65%	38%	26%	37%
We use an additional local solution to support local languages.	13%	21%	32%	24%
My HR team is distributed, and each HR leader in each site has their own HR systems to support them.	17%	46%	66%	49%
My US-based HCM did not support us outside of the US, so we needed an additional platform for other locations outside of the US.	4%	13%	15%	13%
My US-based HCM could not integrate with other local solutions.	4%	7%	11%	8%

Gaps in HCM functionality at multi-national companies

Although the majority of the respondents are using multiple solutions, they are not necessarily receiving the support they need from the HCMs they use. For example, only 26 percent of respondents report that their current HCMs enable people leaders to tackle the complexity of operating HR on a global basis while remaining agile in a dynamic world of work.

A similar number report that their company's HCM does not support them in streamlining global processes, increasing impact, creating transparency, or helping their organization successfully operate at a multi-national level.

Figure 24: Global operations support of the current HCM platforms



Which of the following capabilities would cause you to consider replacing your current HCM tool or tools?

So, what is missing? We asked respondents what capabilities would lead them to consider replacing their current HCM platform/s. The most common reason (29 percent) cited for upgrading their current HCM system is the inability to accommodate multiple employee lifecycle workflows across various locations. Another significant factor, identified by 25 percent of respondents, is the difficulty in deploying the system to support new site openings in different countries. Twenty-four percent of respondents say they would consider changing because their current solution does not support DE&I programs or because it does not have a central place for company announcements, recognition, and sharing culture. The lack of global and local HR analytics and a lack of support managing compensation in multiple currencies is also a motive for changing HCMs for many of the respondents.

Figure 25: Missing capabilities that will lead to HCM replacement

	200-500 EEs	501-1,000 EEs	1,001-2,500 EEs	Overall
Our current HCM cannot manage employees multi-nationally.	23%	15%	14%	17%
Our current HCM cannot support multiple workflows for the employee lifecycle across multiple sites.	23%	28%	34%	28%
Our current HCM does not integrate with the local tools we use.	12%	14%	23%	16%
Our current HCM does not support multiple languages.	17%	13%	13%	14%
Our current HCM does not support managing compensation with multiple currencies.	19%	10%	27%	17%
Our current HCM does not have a central place for company announcements, recognition, and sharing of our culture.	14%	23%	34%	23%
Our current HCM does not provide global and local HR analytics.	19%	19%	24%	20%
Our current HRIS/HCM does not support diversity, belonging, and inclusion programs.	27%	21%	23%	23%
Our current HCM does not allow for the easy opening of new sites in new countries.	23%	21%	31%	24%
We will not consider replacing our current HCM tools because they support all of our multi-national needs.	31%	34%	37%	34%

Conclusions

Multi-national people operations are part of the modern business model, enabling resilience in economic uncertainty. Multi-national operations can also help companies overcome talent shortages, especially since most HR leaders believe flexible work is here to stay.

However, leading HR programs in multiple countries are complex in multiple ways, for example, in terms of payroll and compensation, performance evaluation, and company culture. Therefore, the HR function becomes more strategic in companies with multi-national operations, both in terms of HR seniority and the required size of the HR teams.

HR teams at multi-national companies need sophisticated HR tech to support them in tasks such as aligning performance reviews, onboarding, managing multiple currencies and languages, and more. Many HR teams use multiple HCM platforms to support their multi-national people operations. However, in addition to the inconvenience of using multiple systems, a significant number feel that their needs are still not being met in terms of streamlining global processes, increasing impact, and creating transparency.

Modern HR tech that supports global people operations can help companies overcome complexities and succeed in building a global HR program and a global company culture. In fact, going global can be a catalyst to re-evaluate your tech stack, consolidate systems, and use tools that can support you across all territories.

Meet Bob

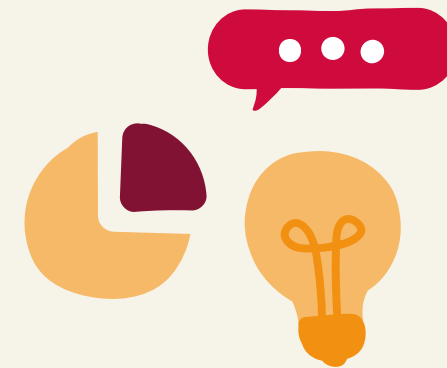
Modern HR tech for multi-national companies. Bob was designed and developed for the new world of work, including the unique needs of multi-national operations. Its innovative UI, automated processes, and **integrations** with leading third-party tools ease administrative tasks for everyone across the organization.

Bob puts people first and includes culture tools that help HR teams connect co-located and remote employees to their fast-growing, global companies.



For HR

it automates many common processes, allows greater oversight and visibility of the business, and centralises all people data in a secure, user-friendly environment.



For managers

It provides access to data and insights to help them lead more effectively and streamline processes.



For employees

It's the tools and information they need to connect, develop, and grow throughout their journey.

Now is the time to make smarter decisions
when it comes to your people and organization.



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