

Meeting The Demand For Cross-Border Hiring: Challenges In International Workforce Payment And Management, a PYMNTS and Nium collaboration, examines the key predictors of challenges by firm revenue, overseas workforce size, and recent growth in international hiring. The report explores how these challenges affect organizations' attitudes toward increasing international hiring, innovating cross-border payment methods and using a private agency.



MEETING THE DEMAND **FOR CROSS-BORDER HIRING:**

CHALLENGES IN INTERNATIONAL
WORKFORCE PAYMENT AND MANAGEMENT



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November 2022

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ACKNOWLEDGMENT

Meeting The Demand For Cross-Border Hiring: Challenges In International Workforce Payment And Management was produced in collaboration with Nium, and PYMNTS is grateful for the company's support and insight. PYMNTS retains full editorial control over the following findings, methodology and data analysis.

Introduction

International hiring among U.S. and U.K. businesses skyrocketed in 2021, with organizations primarily looking to expand their business into new markets, to increase their market share in other countries or both. The second-most common reason for hiring internationally was to find new talent, particularly among organizations that do not have many overseas employees.

Hiring and paying international employees involves a complex series of requirements, such as adhering to local regulations, managing taxes and dealing with fluctuating exchange rates. Our research shows that 14% to 19% of organizations surveyed list these as primary challenges when paying international hires, while 20% say they do not experience any such challenges.

While 17% of respondents cited cybersecurity and data risks as their biggest challenges when managing a cross-border workforce,

14% of organizations said their primary challenge is simply paying cross-border workers. Again, 20% of organizations said they do not experience any such challenges.

Meeting The Demand For Cross-Border Hiring: Challenges In International Workforce Payment And Management, a PYMNTS and Nium collaboration, examines the key predictors of cross-border hiring challenges by firms' revenue, overseas workforce size, and recent growth in international hiring. The report explores how these challenges affect organizations' attitudes toward increasing international hiring, innovating cross-border payment methods and using a private agency. Results are based on a survey conducted between March 10, 2022 and March 29, 2022, of 250 executives in accounts payable, payroll or payments at U.S.- and U.K.-based companies with more than \$100 million in annual revenue.

This is what we learned.

1 Four in five surveyed organizations said they have experienced challenges in paying and managing overseas workers. Smaller organizations faced greater challenges than those with a higher share of international hires.

Only 20% of all organizations surveyed have not experienced challenges when paying or managing overseas workers, nor have 26% of organizations with more than a 50% share in international payroll. The share of organizations without challenges when paying or managing international workers drops to 14% and 13%, respectively, for companies earning \$500 million to \$1 billion with less than a 25% share in international payroll.

2 While organizations that faced no challenges in managing and paying international workers were the most likely to significantly increase their cross-border workforce in 2021, companies that faced the most challenges were the second-most likely to do so.

Among organizations that did not face any challenges when paying international workers, 31% significantly increased their share of cross-border hires, as did 27% of organizations that did not face any challenges when managing overseas workers. Of the organizations that faced four to six challenges when managing international workers, 26% significantly increased their share of cross-border hires, while 23% of those facing four or five challenges did so.

3 The challenges organizations faced in paying and managing international workers significantly impacted their interest in growing their overseas workforce and innovating methods to pay them. While 54% of organizations that cited one or two challenges when paying workers were interested in growing their overseas workforce, 32% were highly interested in innovating methods to pay international workers.

Among organizations that reported the need to comply with regulations in different countries as the most challenging factor when paying international workers, 60% were very or extremely interested in expanding their cross-border workforce, while 26% were very or extremely interested in innovating methods used to pay them. Meanwhile, 47% of organizations that cited cybersecurity and data risks as the most challenging factor when managing overseas workers were very or extremely interested in expanding their international workforce — and 30% were very or extremely interested in innovating methods used to pay them.

4 The more challenges organizations face, the more likely they are to use private agencies to assist with international worker recruitment and management. However, more than one-third of organizations with no challenges in managing or paying international workers have used a private agency to recruit international workers.

Of companies that cited four to six challenges when managing international workers, 43% used private agencies to recruit those workers in the last 12 months, while 40% of those citing the same number of challenges did so. Of those that did not face any challenges, 35% used private agencies to recruit international workers in the last 12 months.



The challenges organizations face — and why

PYMNTS' research found that 20% of organizations surveyed said they have not experienced challenges when paying or managing overseas workers. Interestingly, large and small organizations were the most likely to report facing no challenges: 31% of organizations with a revenue of \$1 billion or more have not experienced any challenges when paying international workers, while 22% of those organizations have not experienced any challenges when managing international workers.

Meanwhile, 23% of organizations with revenues of \$100 million to \$250 million have not experienced any challenges when paying or managing international workers. The share of organizations that say they have not experienced challenges dropped to between 12% and 19% for those earning between \$500 million and \$1 billion in revenue.

This suggests that middle-income companies struggle to manage and pay international hires more than smaller organizations, yet do not have access to the same resources as larger organizations.

The share of companies that experienced challenges managing and paying overseas workers also changed according to the share of international employees on their payroll:

- 26% of companies with an international payroll share of 50% or more did not experience any challenges paying or managing their international hires.
- Only 21% of those with a share of between 25% and 50% faced no challenges.
- Among organizations with an international payroll share of less than 25%, the share of organizations that have not experienced any challenges paying or managing international hires dropped to 14% and 13%, respectively.



These findings suggest that paying and managing overseas workers can present significant challenges for smaller organizations.

Still, with larger shares of international workers, these become less significant as organizations gain experience or partner with a payroll provider.



Paying and managing overseas workers can **present significant challenges for smaller organizations.**

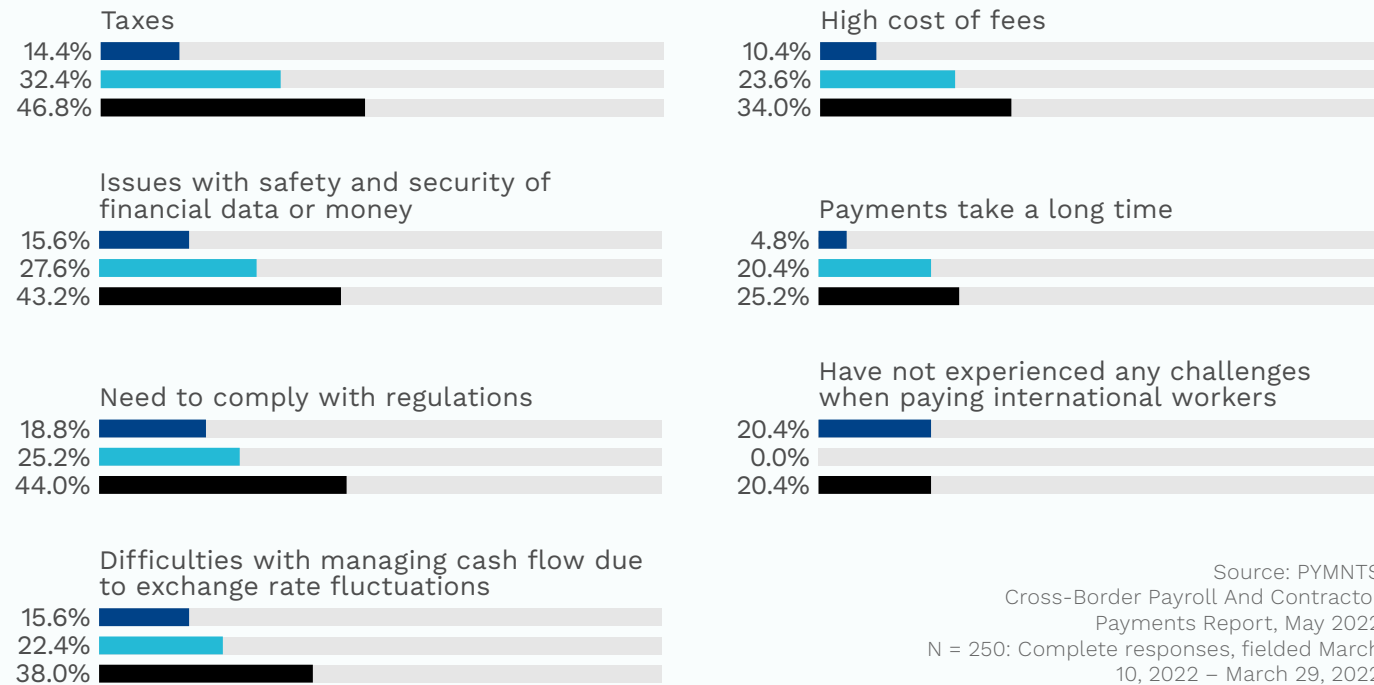
Still, with larger shares of international workers, these become less significant as organizations gain experience or partner with a payroll provider.



FIGURE 1A:
Challenges organizations face when paying international workers

Share of organizations citing specific challenges in paying international workers

■ **Most important**
■ **Important, but not most important**
■ **Total**

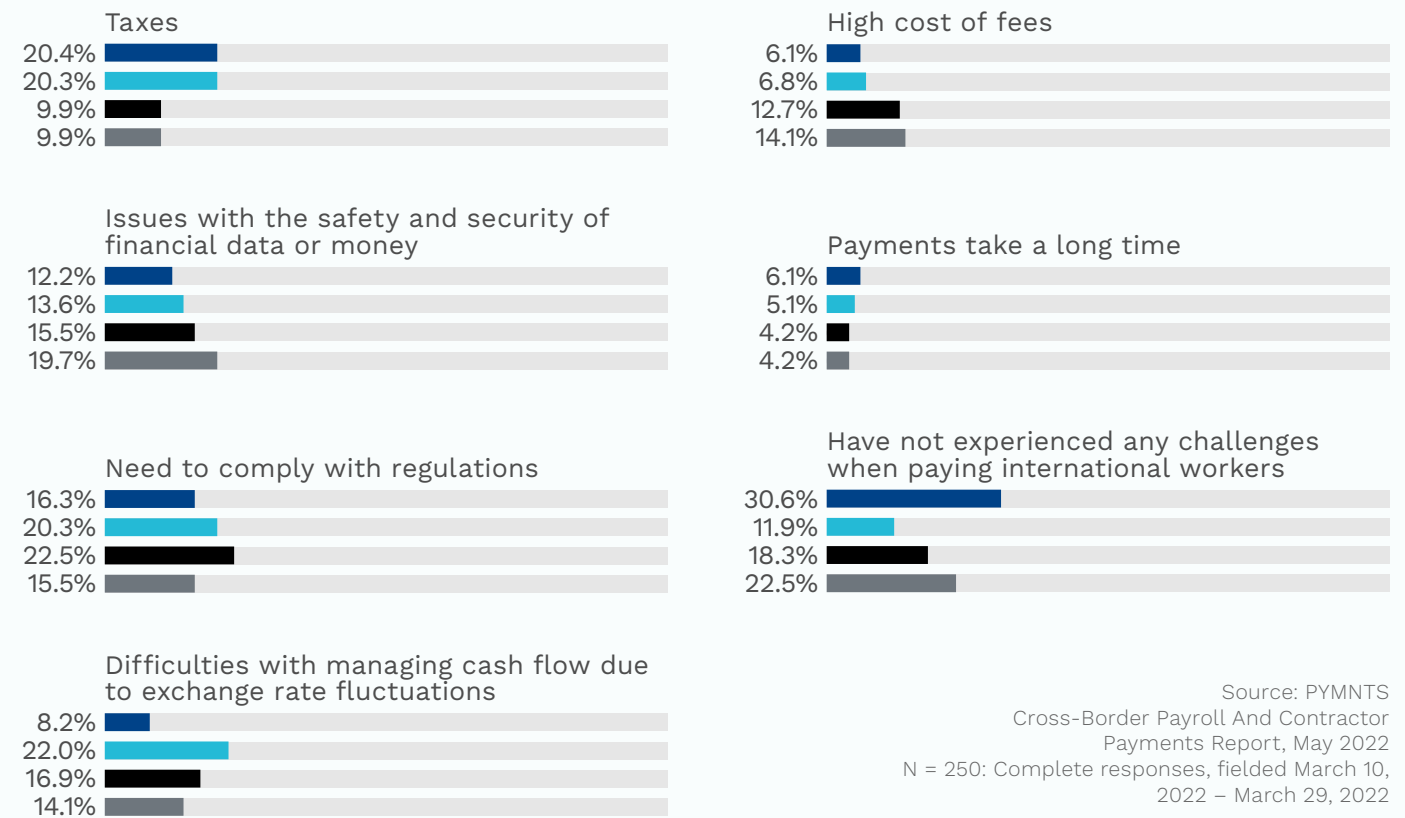


Source: PYMNTS
Cross-Border Payroll And Contractor
Payments Report, May 2022
N = 250: Complete responses, fielded March
10, 2022 – March 29, 2022

FIGURE 1B:
Challenges organizations face when paying international workers

Share of organizations citing specific challenges as most important in paying international workers by revenue

■ **\$1 billion or more**
■ **\$500M to \$999.99M**
■ **\$250M to \$499.99M**
■ **\$100M to \$249.99M**

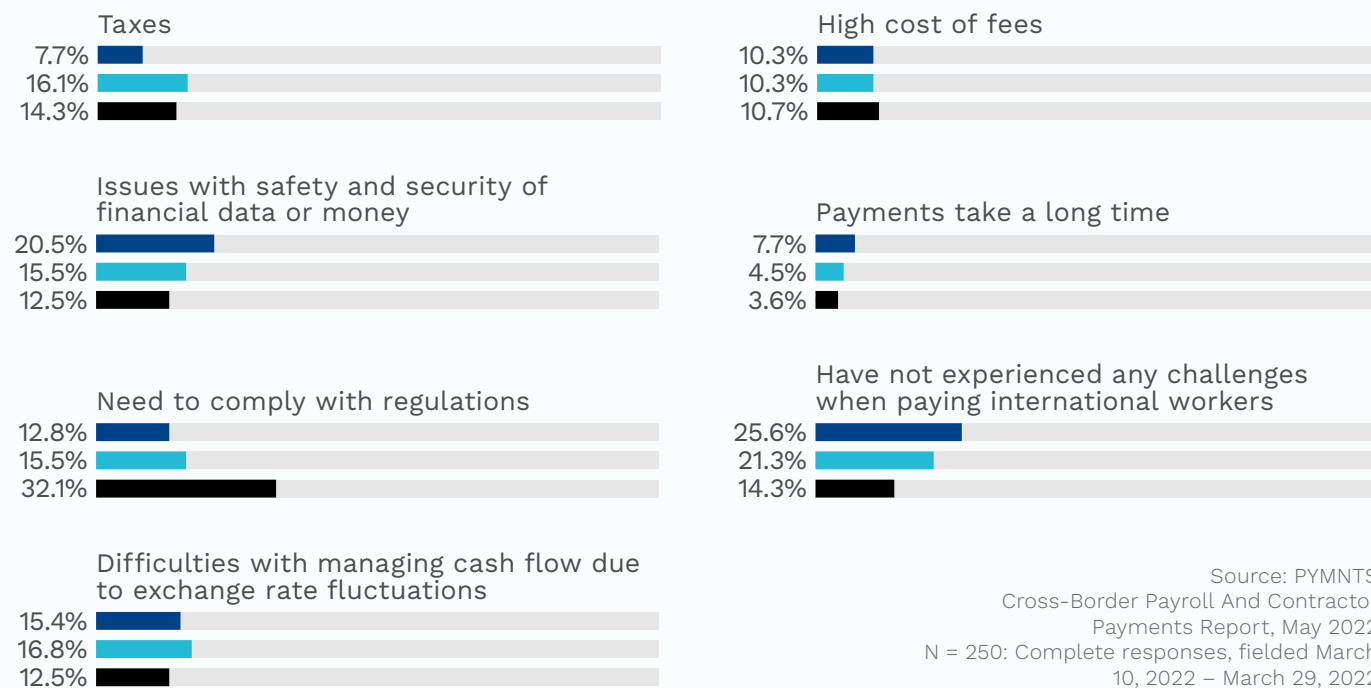


Source: PYMNTS
Cross-Border Payroll And Contractor
Payments Report, May 2022
N = 250: Complete responses, fielded March 10,
2022 – March 29, 2022

FIGURE 1C:
Challenges organizations face when paying international workers

Share of organizations citing specific challenges in paying international workers by international employee payroll share

- 50% or more
- At least 25%, but less than 50%
- Less than 25%

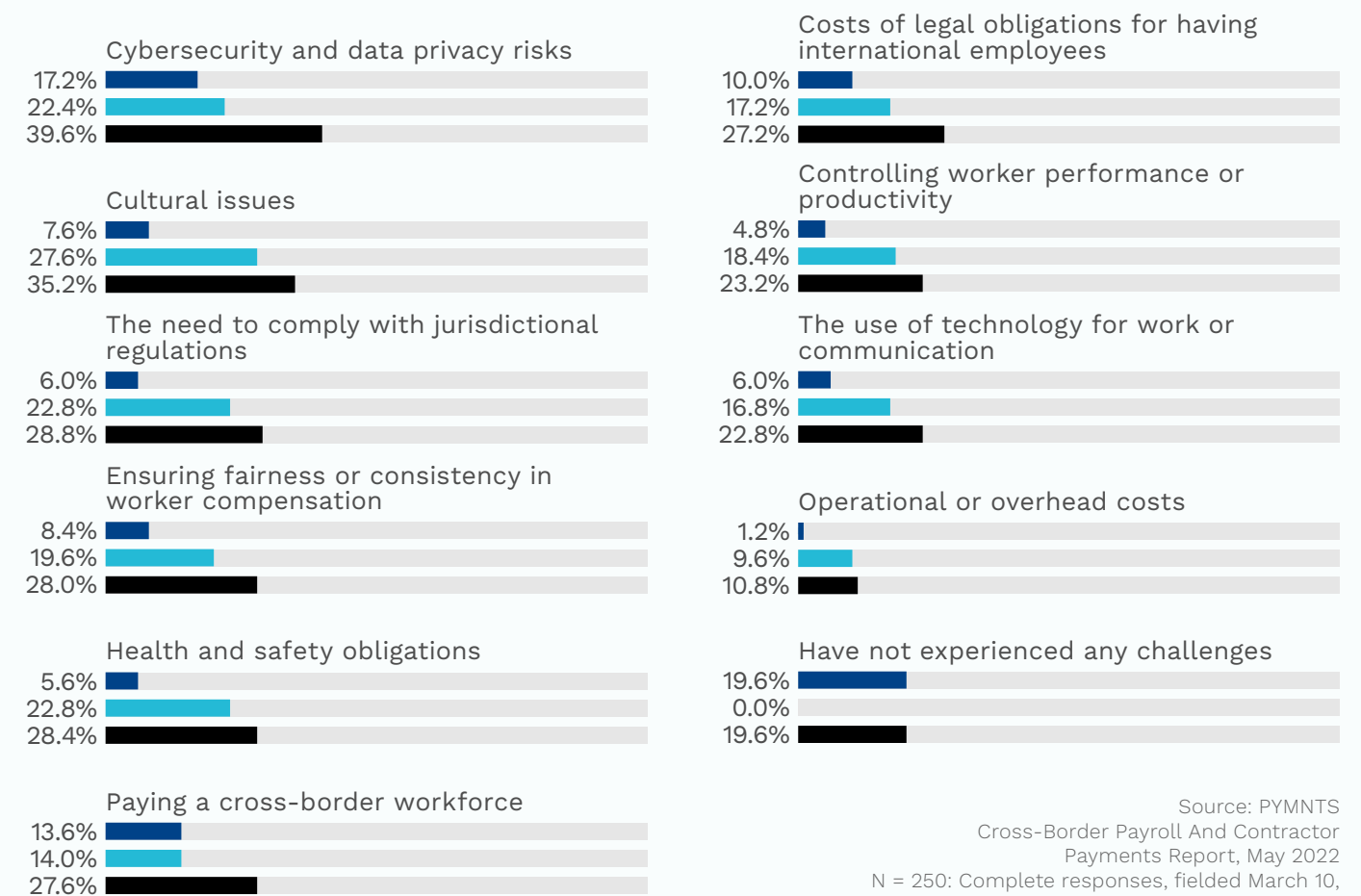


Source: PYMNTS
Cross-Border Payroll And Contractor
Payments Report, May 2022
N = 250: Complete responses, fielded March
10, 2022 – March 29, 2022

FIGURE 2A:
Challenges organizations face when managing international workers

Share of organizations citing specific challenges in managing international workers

- Most Important
- Important but not most important
- Total

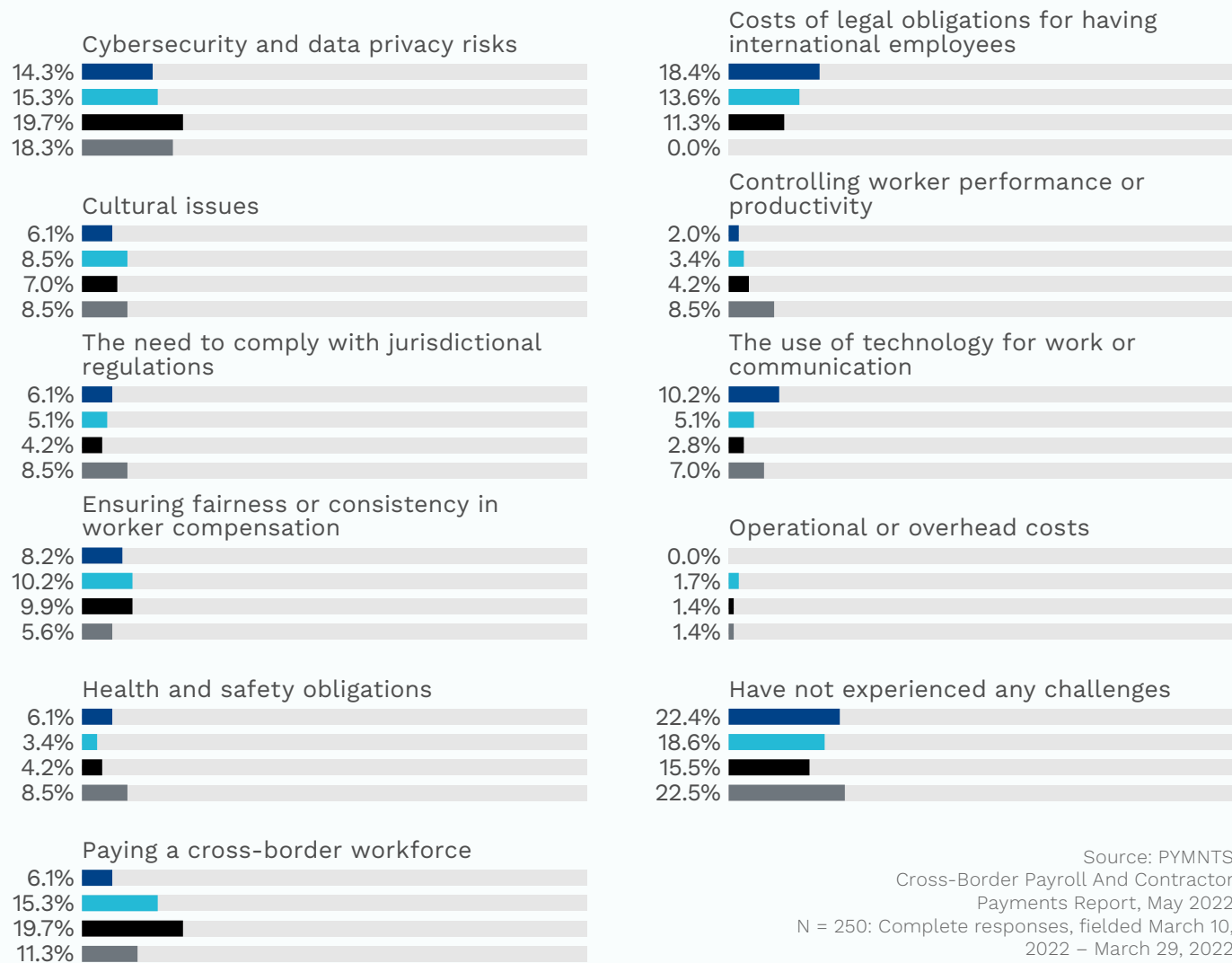


Source: PYMNTS
Cross-Border Payroll And Contractor
Payments Report, May 2022
N = 250: Complete responses, fielded March 10,
2022 – March 29, 2022

FIGURE 2B:
Challenges firms face when managing international workers

Share of organizations citing specific challenges as most important in managing international workers, by revenue

- \$1 billion or more
- \$500M to \$999.99M
- \$250M to \$499.99M
- \$100M to \$249.99M

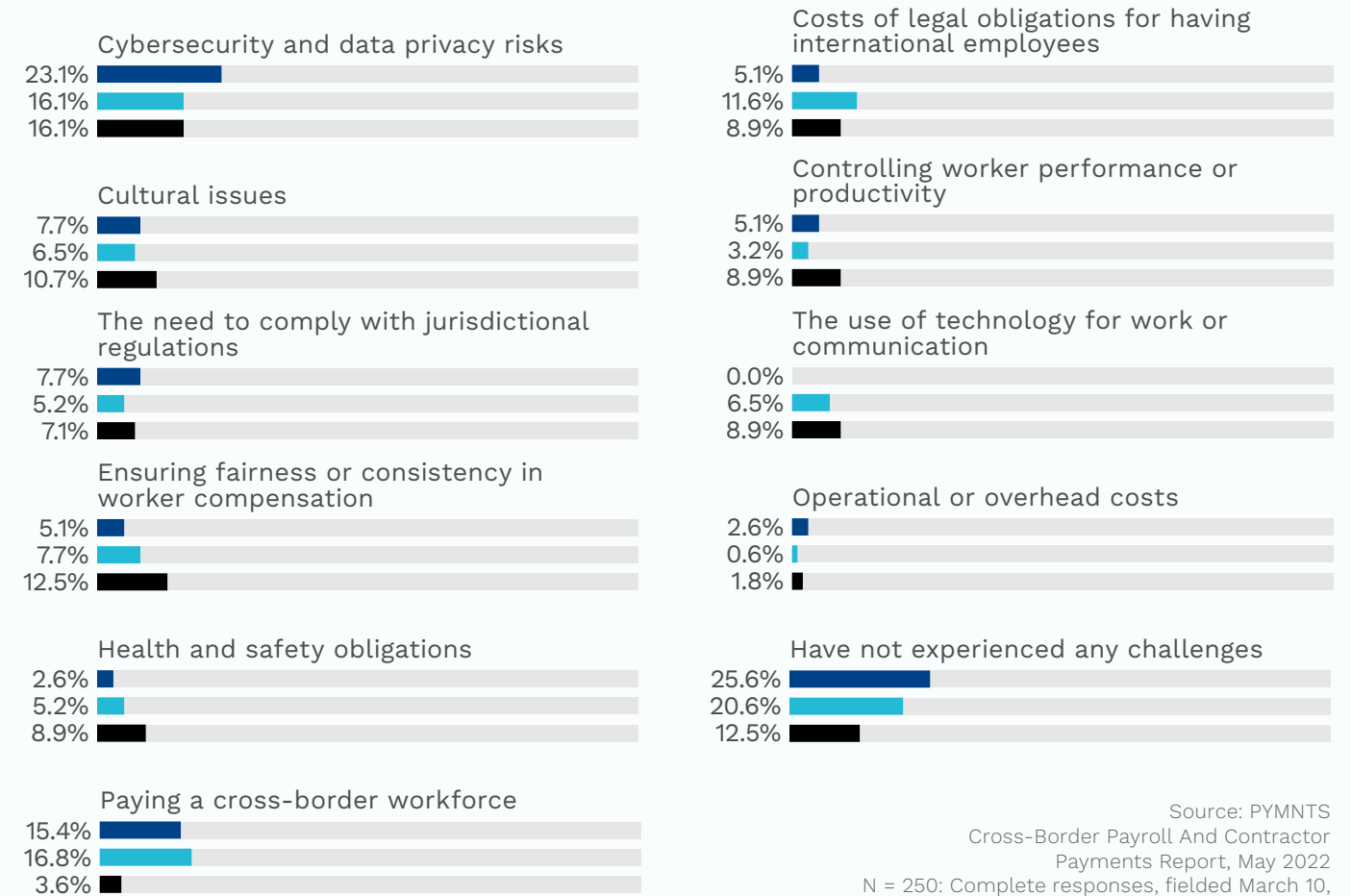


Source: PYMNTS
Cross-Border Payroll And Contractor
Payments Report, May 2022
N = 250: Complete responses, fielded March 10,
2022 – March 29, 2022

FIGURE 2C:
Challenges firms face when managing international workers

Share of organizations citing specific challenges as most important in managing international workers, by international employee payroll share

- More than 50%
- At least 25%, but less than 50%
- Less than 25%



Source: PYMNTS
Cross-Border Payroll And Contractor
Payments Report, May 2022
N = 250: Complete responses, fielded March 10,
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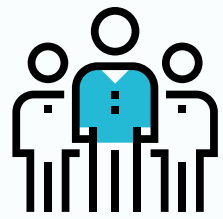


How challenges drive growth

According to PYMNTS' research, organizations that have experienced no challenges when managing and paying workers outside their country were the most likely to significantly increase their share of international workers in 2021.

Among organizations that report they have not faced challenges when managing international workers, 27% significantly increased their share of cross-border hires, as did 31% of organizations that report they have not faced challenges when paying international workers.

Our data also finds that companies that faced the most challenges when managing and paying overseas workers were the second-most likely to have increased their share of international employees.



- Among organizations that have faced four to six challenges when managing international workers, 26% significantly increased their share.
- Of those that faced four or five challenges when paying international workers, 23% significantly increased their share.

Organizations that have experienced the most challenges when managing and paying overseas workers have significantly increased their cross-border workforce, which suggests they are committed to growing internationally despite the obstacles. These organizations may also be more likely to look for a solution to their challenges via payments innovation or a private agency.



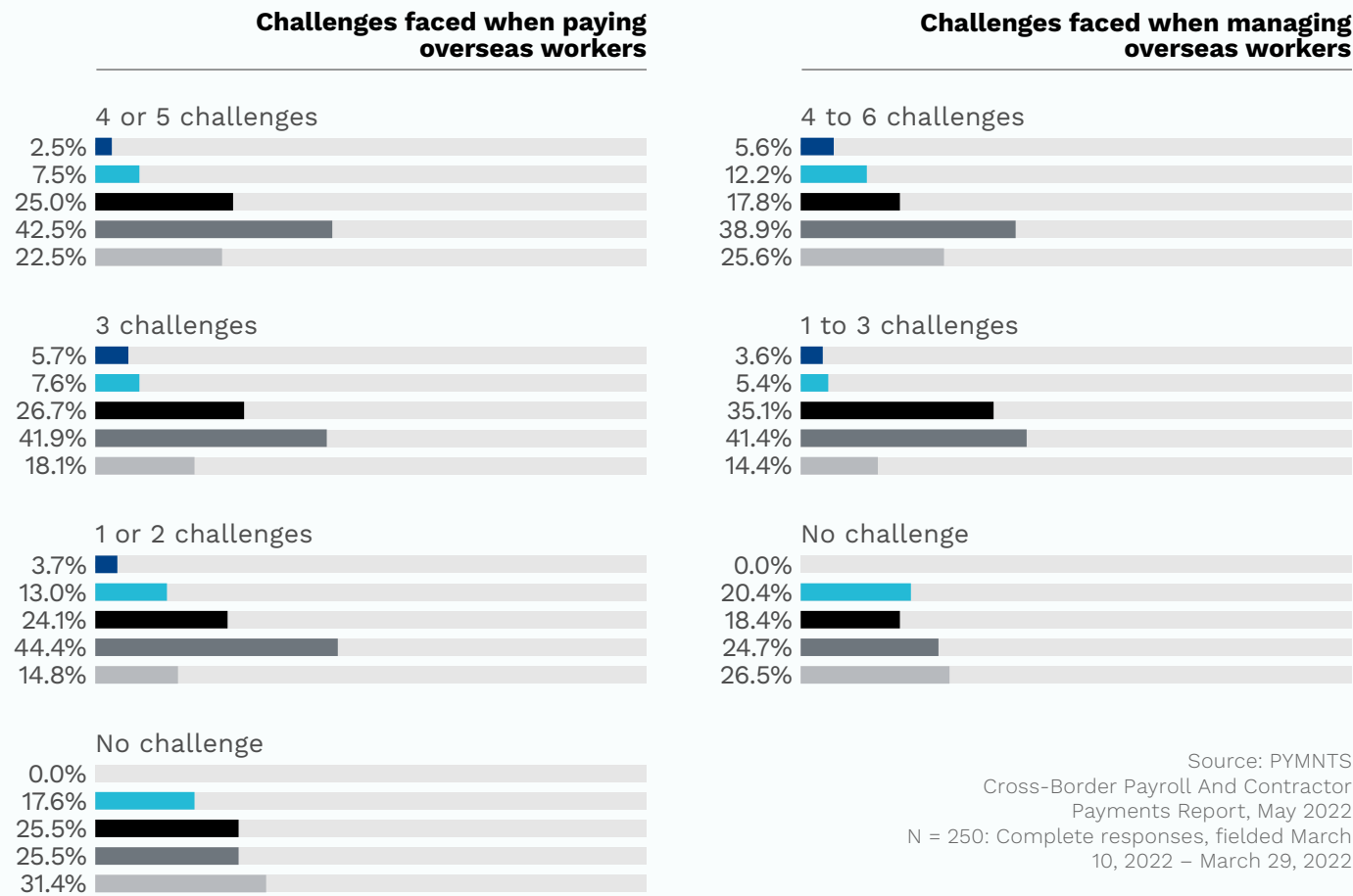
Organizations that have experienced the most challenges when managing and paying overseas workers have **significantly increased their cross-border workforce**, which suggests they are committed to growing internationally despite the obstacles. These organizations may also be more likely to look for a solution to their challenges via payments innovation or a private agency.



FIGURE 3:
How challenges have impacted firm growth in international workers, 2020-2021

Share of organizations that changed their share of international workers, by number of challenges

- Significantly decreased
- Somewhat decreased
- Stayed about the same
- Somewhat increased
- Significantly increased



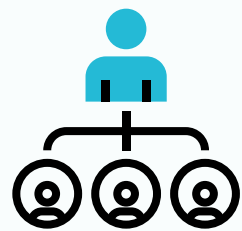
Source: PYMNTS
Cross-Border Payroll And Contractor
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Linking growth with **innovation**

PYMNTS' data also indicated that organizations with only a few challenges in paying and managing international hires were significantly more interested in expanding their number of international workers and innovating methods used to pay them.



- Among companies that have experienced one or two challenges when paying workers, 54% were very or extremely interested in expanding their international hires.
- 32% of organizations facing one or two challenges when paying cross-border workers were also more interested in innovating payment methods compared to organizations experiencing fewer or more challenges.
- While 53% of companies facing one to three challenges when managing workers were very or extremely interested in expanding the number of international workers, 26% were very or extremely interested in innovating methods to pay those workers.
- At 27%, organizations facing no challenges when managing workers were the most interested in innovating payment methods.

One would expect that organizations with the most challenges in paying and managing international hires would be very or extremely interested in payments innovation, yet only one-quarter or less of them showed high interest. Instead, they are more likely to be somewhat interested in payments innovation, with 68% of organizations facing four or five payment challenges and 72% facing four to six management challenges saying so. Organizations that faced more than four challenges in paying and managing overseas workers were only slightly more likely to be very or extremely interested in expanding their international workforce.

This suggests that while these organizations recognize that payment and management challenges may impede their international hire growth, they still need convincing that payments innovation is the solution.

It is less of a surprise that organizations with only a handful of challenges in paying and managing international hires are more interested in expanding their international workforce than in innovating payment methods. It also suggests that these organizations are more confident moving toward international hiring expansion, with some keeping an eye on payments innovation as a way to enable this growth.



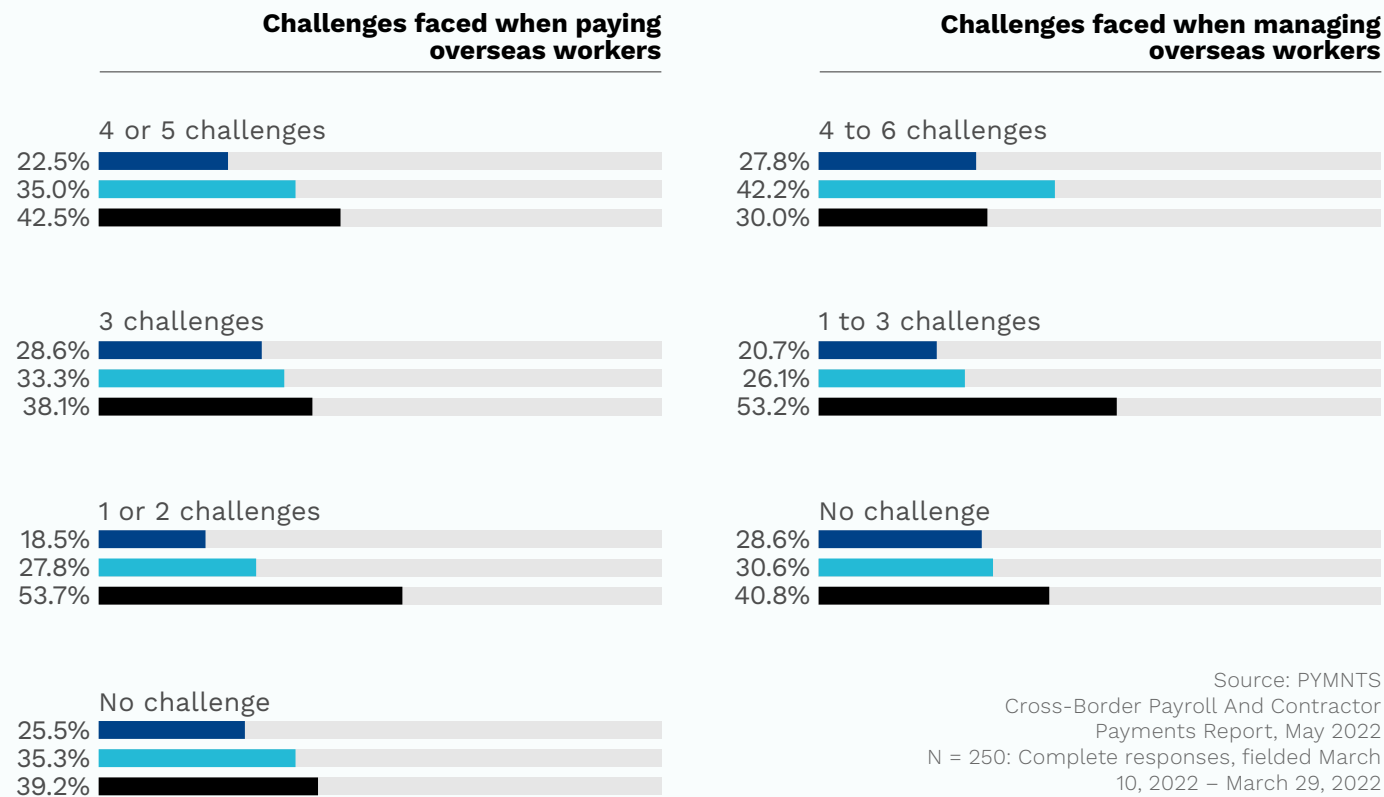
Organizations recognize that payment and management challenges may impede their growth in international hires, **yet they need convincing that payment innovation is the solution.**



FIGURE 4:
How challenges impact organizations' interest in expanding their overseas workforce

Share of organizations interested in expanding the number of workers outside their country, by number of challenges

- Slightly or not at all
- Somewhat
- Very or extremely

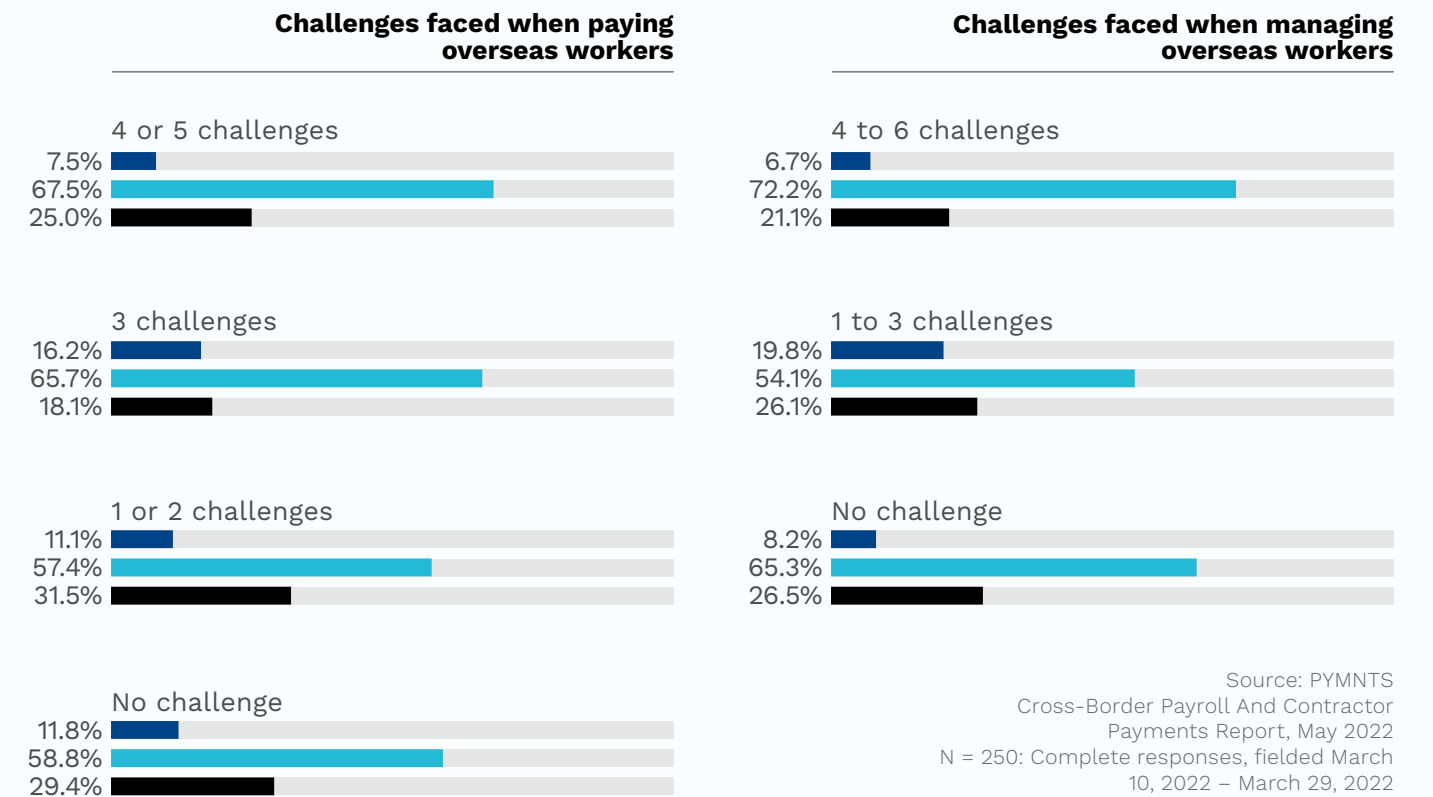


Source: PYMNTS
Cross-Border Payroll And Contractor
Payments Report, May 2022
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10, 2022 – March 29, 2022

FIGURE 5:
How challenges impact organizations' interest in payments innovation

Share of organizations interested in innovating methods used to pay workers located outside their country, by number of challenges

- Not at all interested
- Slightly or somewhat
- Very or extremely



Source: PYMNTS
Cross-Border Payroll And Contractor
Payments Report, May 2022
N = 250: Complete responses, fielded March
10, 2022 – March 29, 2022



The impact of specific challenges

PYMNTS' research finds that 19% of organizations cited the need to comply with regulations in different countries as their biggest challenge when paying overseas workers. This is followed by issues with the safety and security of financial data, which 16% of organizations named as their primary challenge. Cybersecurity and data privacy risk was the most important challenge for 17% of organizations when managing overseas workers, while 14% of organizations struggled with paying their cross-border workforce.

Taking a deeper dive into how specific payment and management challenges drive interest in expanding the number of cross-border workers and payments innovations, our research found that:



- Organizations that report the need to comply with regulations in different countries as the most challenging factor when paying international workers are more interested in expanding their cross-border workforce (60%) and innovating payment methods (26%) than those that cite financial safety (39%) and security (13%) as the most challenging factors.
- Organizations that cited cybersecurity (47%) and data privacy risks (30%) as the most challenging factors when managing workers outside their country were more interested in expanding their international workforce and innovating payment methods than those that cited paying cross-border workers (at 27% and 18%, respectively).

Organizations that experience the biggest challenges when paying and managing workers outside their country are looking to grow their international workforce and are interested in using payments innovation to enable this growth.



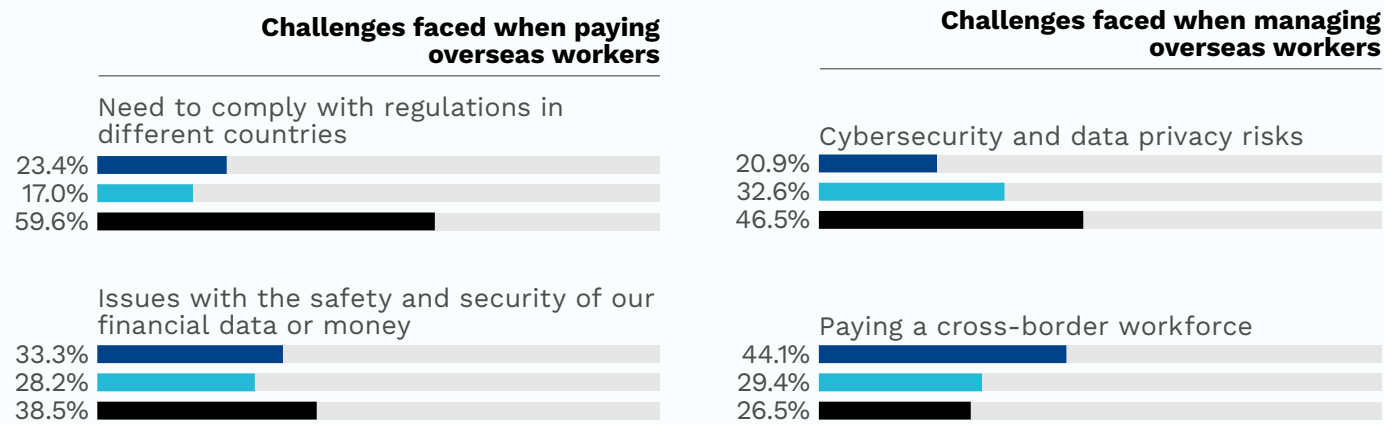
Organizations that experience the biggest challenges when paying and managing workers outside their country are looking to grow their international workforce **and are interested in using payments innovation to enable this growth.**



FIGURE 6:
How specific challenges impact organizations' interest in hiring internationally

Share of organizations interested in expanding the number of workers outside their country, by specific challenges

- Slightly or not at all
- Somewhat
- Very or extremely

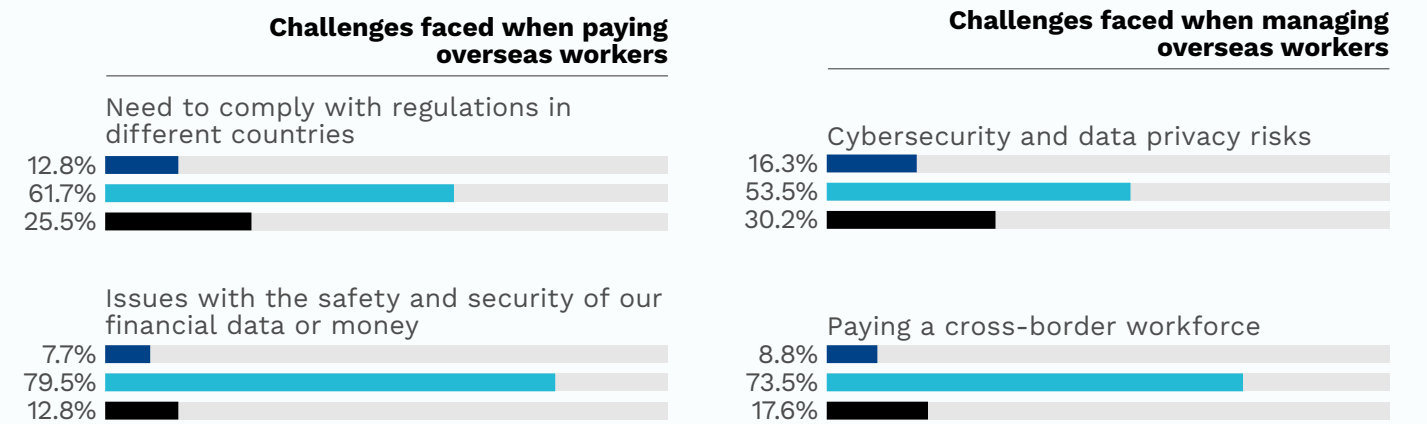


Source: PYMNTS
Cross-Border Payroll And Contractor Payments Report, May 2022
N = 250: Complete responses, fielded March 10, 2022 – March 29, 2022

FIGURE 7:
How specific challenges impact organizations' interest in payments innovation

Share of organizations interested in innovating methods used to pay workers outside their country, by specific challenges

- Not at all interested
- Slightly or somewhat
- Very or extremely



Source: PYMNTS
Cross-Border Payroll And Contractor Payments Report, May 2022
N = 250: Complete responses, fielded March 10, 2022 – March 29, 2022





Where private agencies fit in

Many organizations looking to grow their overseas workforce may be interested in using a technology solution or service partner to streamline the payment and management of international hires. Yet, data also shows that organizations with payment challenges tend to use private agencies more often than organizations without those struggles. Of organizations that experienced payment challenges, 39% used a private agency in the last 12 months, while 35% of organizations that used a private agency did not report any payment challenges.

In addition, the more challenges organizations have experienced, the more likely they are to have used private agencies in the last 12 months to assist with the recruitment and management of international workers.

- Among those organizations facing four to six challenges when managing international workers, 43% used private agencies to recruit and manage those workers in the last 12 months. This is a slightly higher rate than the 36% of organizations experiencing one to three challenges.
- 40% of organizations facing four or five challenges when paying international workers used private agencies only slightly more than the 39% of organizations that cited one, two or three challenges.
- 35% of organizations that report not facing any challenges when managing or paying international employees used private agencies to recruit cross-border workers in the last 12 months, indicating that these organizations used private agencies primarily for recruiting.



Organizations are more likely to rely on private agencies as they experience an increasing number of challenges in paying and managing international hires.



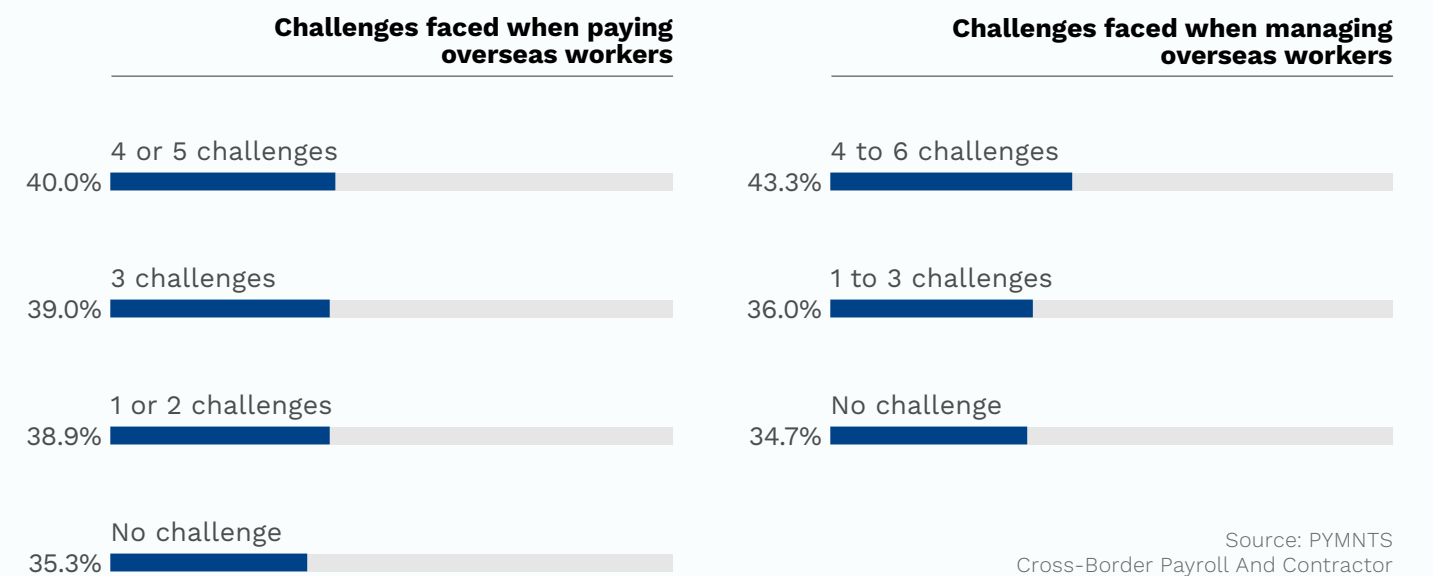


The more challenges organizations have experienced, the **more likely they are to have used private agencies in the last 12 months** to assist with international worker recruitment and management.



FIGURE 8:
How challenges impact organizations' interest in using a private agency

Share of organizations that used a private agency in the last 12 months to recruit overseas workers, by number of challenges



Source: PYMNTS
 Cross-Border Payroll And Contractor
 Payments Report, May 2022
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Conclusion

In exploring the key predictors of organizations' challenges in paying and managing an overseas workforce, research shows that four in five surveyed organizations have experienced challenges when paying and managing overseas workers. Smaller and larger organizations were the most likely to not face any challenges, along with those with a higher share of international payroll. These organizations may also be more likely to look for a solution to their challenges, whether via payments innovation or a private agency. Meanwhile, organizations citing only a few challenges are the most interested in expanding the number of international workers and innovating methods used to pay them, while those facing more challenges tend to be more interested in using a private agency. Organizations experiencing top challenges, such as adhering to regulatory compliance and cybersecurity issues, also seem to be the most interested in expanding the number of international workers and innovating payment methods. The fact that middle-market organizations and those with smaller international payrolls tend to face the most issues suggests that companies have growing pains that get solved over time. A technological payment solution can help companies mitigate challenges during their more turbulent periods of growth.

Methodology

This report is based on insights from a survey of U.S. and U.K. executives conducted from March 10 to March 29. All executive respondents were required to have deep expertise and leadership responsibilities in the accounts payable, payroll or payments areas of their organizations. All organizations were required to generate more than \$100 million in annual revenue and at least 20% of each firm's workers had to be located outside the company's home country. In total, the survey contains 250 complete responses: 150 were from U.S. executives and 100 were from U.K. executives.



About

PYMNTS

PYMNTS is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way companies in payments share relevant information about the initiatives that make news and shape the future of this dynamic sector. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovations at the cutting edge of this new world.

NIUM

Nium is the global platform for modern money movement. It provides banks, payment providers and businesses of any size with access to global payment and card issuance solutions. Its modular platform powers frictionless commerce, helping businesses pay and get paid across the globe. Once connected to the Nium platform, businesses are able to pay out in more than 100 currencies to over 190 countries – 100 of which in real time. Funds can be received in 35 markets, including Southeast Asia, the U.K., Hong Kong, Singapore, Australia, India and the U.S. Nium’s growing card issuance business is already available in 34 countries, including Europe (SEPA), the U.K., Australia and Singapore. Nium’s license portfolio covers 11 of the world’s jurisdictions, enabling seamless global payments and rapid integration, regardless of geography.

For more information, visit nium.com.

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