

Four Critical Mistakes to Avoid when Expanding Globally

Your business is catching a great deal of momentum domestically, and it might feel like there's no time to lose in capitalizing and launching a multinational expansion. There can, however, be several pitfalls that could set progress on a backward path without an informed pathway to overcome global complexities (A 2021 NGA survey indicated 57% of companies underestimated these global HR and Payroll complexities).

HSP Group works with companies from across the globe as a trusted partner providing crucial expertise as they continue on their global expansion journey. When you can pull from a greater pool of knowledge, the odds of running into the following four critical mistakes will decrease greatly.



Misunderstanding Local Tax and Labor Requirements

Local tax laws, data security requirements, and labor regulations offer a globally complex **payroll challenge**, with nuanced differences sometimes even within the borders of the same country. The ability to properly understand these varying requirements relative to transactions, registration fees, and employee salaries is vital to avoid massive fines or even being forced to wind down operations in certain territories.



Failing to Adjust Pay and Benefits According to Different Territories

Key factors like Cost of Living, country/industry best practice, and government mandated social insurance vary from country to country and present major **HR challenges**. It's very important to have an HR team that is hyper-aware of these factors when bringing new employees and contractors on board.

For example, in the US a company may put heavy emphasis on including a healthcare package to attract talent, but in the Germany where social insurance covers healthcare, this may not be as critical when bringing new talent onboard.

Without a thorough understanding of compensation and benefits at a country level, it can cause the recruitment process to stall and maintenance of current staff to falter.



Lack of Financial Consistency

As you continue to expand to different countries', it's important to maintain a **singular direction** company wide. A key aspect of this is a unified understanding of your companies' books. Every decision to expand, hire, and partner with new clients will form an overall bottom line. Lack of a clear financial path across each region of operation could negatively impact your growth trajectory.

With the spectrum of currencies, regulations, and tax laws across the globe, this can become exceedingly difficult to monitor efficiently.



Departmental Misalignment

Starting operations in a new country requires diligent research to maintain **cross border compliance** with regional laws and regulatory mandates. This makes it crucial that each department of your expanded operation is aligned and informed in taking important operational decisions day to day.

Failure to do so can result in unexpected and potentially long-term legal and reputational risks.

Avoid Mistakes, Trust HSP Group's Experts

When you work with HSP Group, our team of global experts will work to simplify your expansion process, providing the knowledge and experience to help you navigate the ever-changing complexities of operating internationally.

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