



# 20 | The Global Employer 23 | of Record Report

How Employer of Record Solutions are Transforming  
the Future of Work

# Welcome to The Global Employer of Record Report: 2023

This report, compiled in conjunction with some of the foremost experts in the HR, HXM, and EOR industries, gives in-depth insight into:

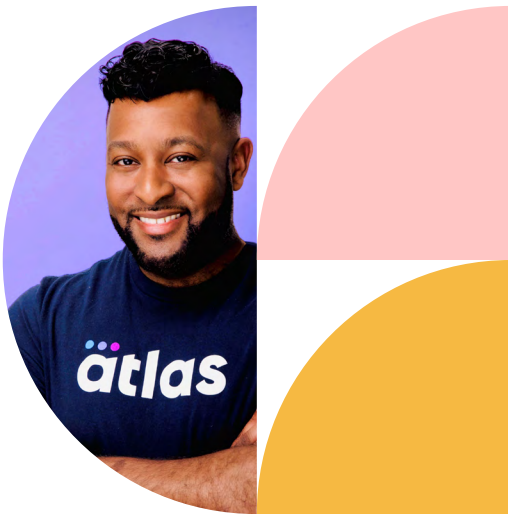
- the growth of EOR services,
- how different organisations and business functions are leveraging EOR to overcome contemporary labour challenges,
- and the considerations that HR decision makers must take into account when exploring EOR as a potential solution.

As the experts in ‘Glocalisation’ – providing local experiences through our global reach – Atlas is pleased to offer versions of this report in a host of languages.

Simply follow the links below to access this report in your preferred language.

- Arabic
- Chinese
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- Portuguese
- Spanish





# A letter from our Founder and EOR Visionary Leader

“ Prior to the pandemic, the typical work routine involved a structured week of work, with most individuals commuting to an office on a regular basis. However, the emergence of COVID-19 swiftly changed this. Those fortunate enough to have the choice began working from home, setting up their laptops in various parts of their residences. Thanks to technological advancements, we remained connected and productive.

Even as COVID-19 transitions from a pandemic to an endemic and the world presents new challenges such as the Russia/Ukraine war and widespread economic instability, employers strive to strike the right balance for their businesses. This includes exploring fully remote work arrangements or adopting flexible combined plans. The prevailing economic uncertainty compels employers of all levels to re-evaluate their approaches to expanding their markets and securing talented individuals. The ones who can swiftly adapt and exhibit flexibility will be the most prosperous.

To remain competitive, it is imperative for all companies to devise an international expansion strategy. Even small businesses must decide which markets to enter and the extent of their involvement. Previously, the talent pool was limited to a few hundred individuals. However, seeing that pre-pandemic norms are outdated, employers now have the opportunity to tap into the vast global talent pool comprising billions of potential candidates. This has facilitated expansion across borders in ways that were previously unimaginable.

Effectively accessing this talent and successfully venturing into new markets necessitates an agile and adaptable partner capable of navigating local laws and regulations, both domestically and internationally.

This is where the Employer of Record (EOR) solution comes into play. It offers businesses of all sizes the flexibility to expand into new markets and swiftly recruit top global talent. By simplifying the complexities of global expansion, an EOR provides comprehensive HR services tailored to meet the requirements of local labour laws in each jurisdiction where a company establishes its presence.

While EOR is still emerging as a concept, it is quickly becoming the go-to solution for businesses aiming to redefine themselves and thrive in a rapidly changing world. In the following report, we delve into the transformations and obstacles faced by employers today, while also exploring solutions for both the present and future.

**Rick Hammell**  
Founder and Chairman of Atlas



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## 01

# The Current Global Landscape for HR Decision Makers



The current economic landscape is unlike any that we've experienced in recent history. A host of complex and multi-faceted issues have combined on an international level to create a challenging environment for businesses to thrive in.

From the effects of the COVID-19 pandemic occurring long after its commencement to the ongoing conflict in Ukraine, rising inflation and rising interest rates mean that the next 12 months have never looked so uncertain. And uncertainty is not good for business.

Since the start of 2023, companies of all sizes have significantly reduced their total number of people employed as the heady days of the pandemic fade into memory. According to [layoffs.fyi](https://layoffs.fyi), the running total for job redundancies in the tech industry alone for 2023 is more than 212,000 at the time of writing, with the likes of Microsoft, Amazon, and Meta all laying off thousands of workers in recent months.

According to Chris Cavanagh, the general partner at Guidepost Growth Equity, the era of “growth at all costs” has ended.

“

**I think we went through a period of time where it was kind of growth at all costs, and organisations could be growing 80 or 100% from year to year, but if they were losing significant sums, no one really cared. Now there is a very big focus on that, so cost management and containment, I think, is a critical area of focus for organisations.”**

**Chris Cavanagh,  
Guidepost Growth Equity**

We have now entered a new phase where the biggest concerns for companies are profitability while containing costs and, above all else, survival.

Layoffs aren't the only route that companies are taking to cut back on costs. Downsizing real estate, reducing business travel, and increasing use of variable staffing models are all tactics companies are using to protect themselves during the potential economic contraction of 2023.

## The HR Perspective

While the main agenda for many businesses at the moment is reducing costs, HR decision-makers are facing more unique challenges. Artificial intelligence (AI) and automation technologies, for example, require talent with skills that are hard to define and constantly evolving.

Despite the media frenzy over global layoffs, almost all industries face real talent shortages. [The 2023 WEF Future of Jobs Report](#) found that more than half of the employers indicated difficulty in solving their skills gaps locally, and this inability to attract talent is one of the primary barriers to transforming their businesses to remain competitive.

As if that wasn't enough, retaining top talent appears to be even more difficult. The recent media hubbub about the “quiet quitting” crisis is not without basis — a recent Gallup survey indicates that at least half of the U.S. workforce is performing at the bare minimum expected of them in their roles.

This does not infer a lazy or disinterested workforce. Instead, it highlights the unique challenges presented by the modern workplace — where remote or combined work has become the norm, job uncertainty is at an all-time high, and expectations from management are becoming less obvious.

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The overall decline [in engagement] was especially related to the clarity of expectations, opportunities to learn and grow, feeling cared about, and a connection to the organisation’s mission or purpose – signalling a growing disconnect between employees and their employers.”

Gallup, ‘Is Quiet Quitting Real?’

The new world of remote working plays a major role in this. The ability to work from anywhere – one of the few benefits of the COVID-19 pandemic for many workers – now appears to be under attack in certain industries like technology and financial services.

Indeed, while some predicted the end of the traditional office, mid-2023 saw a large-scale return. As reported in the [Wall Street Journal](#), office occupancy rates in some parts of Asia ranged from 80% to 110% by February, meaning more people were in the office than before the pandemic. EMEA and North America are now also looking at 80% office occupancy.

However, workers remain resistant. According to Gallup research, six out of 10 U.S.-based employees with remote-capable jobs want a combined work relationship. Of those surveyed, one-third prefer fully remote work, and fewer than 10% want to work on-site.

#### Top Challenges for HR Decision Makers in 2023:

- **Talent Shortages**
- **Employee Engagement**
- **Reducing Budget**

In addition, 50% of major global companies expect to cut office space by 10% to 20% because it remains empty. The global landscape has changed since the start of the pandemic, and the growing pains are real. The future of work is here.

## The Future of Work and the Employer of Record

Businesses are faced with many competing priorities from the top down. On the one hand, cost containment and a focus on profitability instead of growth is the driving force behind most business decisions in 2023. On the other hand, the inability to access and retain top-quality talent in the rapidly shifting global labour market threatens an organisation's ability to rebound and make its mark on the next decade of innovation.

In the midst of every crisis comes great opportunity.

In the 2023 climate of economic uncertainty, the business leaders – including their senior human resource officers (SHROs) and other HR professionals – who adopt new ways of working and attract the greatest talent will be the ones to prosper in the coming decade.

In particular, the nascent Employer of Record (EOR) industry and its increasing integration into wider HR functions offer great opportunities for maximising business potential.

“

Modern organisations currently face a headwind of continued economic, geopolitical, environmental, and technological disruption. Conversely, the same technological disruption is expected to provide a tailwind of potential unlike anything humanity has experienced.”

Pete Tiliakos, GxT Advisors





## 02

# Employer of Record — A Modern Solution for Modern Business



“

Now, more than ever, organisations of every size must become highly agile, adaptive, and resilient by design to fulfil their strategic ambitions and as a means of competitive advantage and survival. “Pivot or perish” has never been more meaningful than in the current and future global marketplace”

Pete Tiliakos, GxT Advisors

As modern organisations look for ways to become more resilient to an ever-shifting business and labour landscape, Employer of Record (EOR) service providers are growing in popularity.

## What is an Employer of Record (EOR) Service?

An EOR service provider allows an organisation to hire employees in a country or jurisdiction where they don't have an existing establishment. The EOR acts as the legal employer of the worker or workers in question, assuming responsibility for the integration and induction of employees, release and termination of employees, and payroll on the client's behalf.

As the employer, the EOR partner manages the legal, HR, tax and local compliance needs for the workers as its own employees, while the client organisation maintains full control of their day-to-day work.

## Why Use an EOR Service Provider?

With the competing priorities of reducing costs while continuing to grow and access the best talent globally, most EOR services providers offer immediate benefits to an organisation.

An EOR service provider increases a company's operational manoeuvring by giving it:

- the ability to quickly enter new markets across the globe by acting as the employer and providing visa and global mobility support to relocate managers and workers,
- a low-cost, low-commitment alternative to forming local business establishments to implement global expansion plans,
- the ability to secure global talent and improve employee experience by hiring employees in their home countries, and
- the ability to quickly hire employees in a carve-out divestiture and save an M&A deal.

EOR service providers support business efforts in foreign markets by employing workers in compliance with local law. Many offer a platform solution that centralises HR and payroll and which is easily accessed by the client business as well as the employees.



# Different Types of EOR Services

Currently, there are three distinct types of EOR service providers:

## Direct EOR

A **direct EOR service** provider has a business establishment in the country where employees are hired and uses no third-party vendors to assist in providing services to the client.

## Indirect EOR

An **indirect EOR service** provider does not have an establishment in a country, even though it offers EOR services there. Instead, it relies on in-country vendors of HR, tax, accounting and legal services to manage services and compliance.

## Hybrid EOR

A **hybrid EOR service** provider offers a mix of both direct and indirect EOR services to its clients.

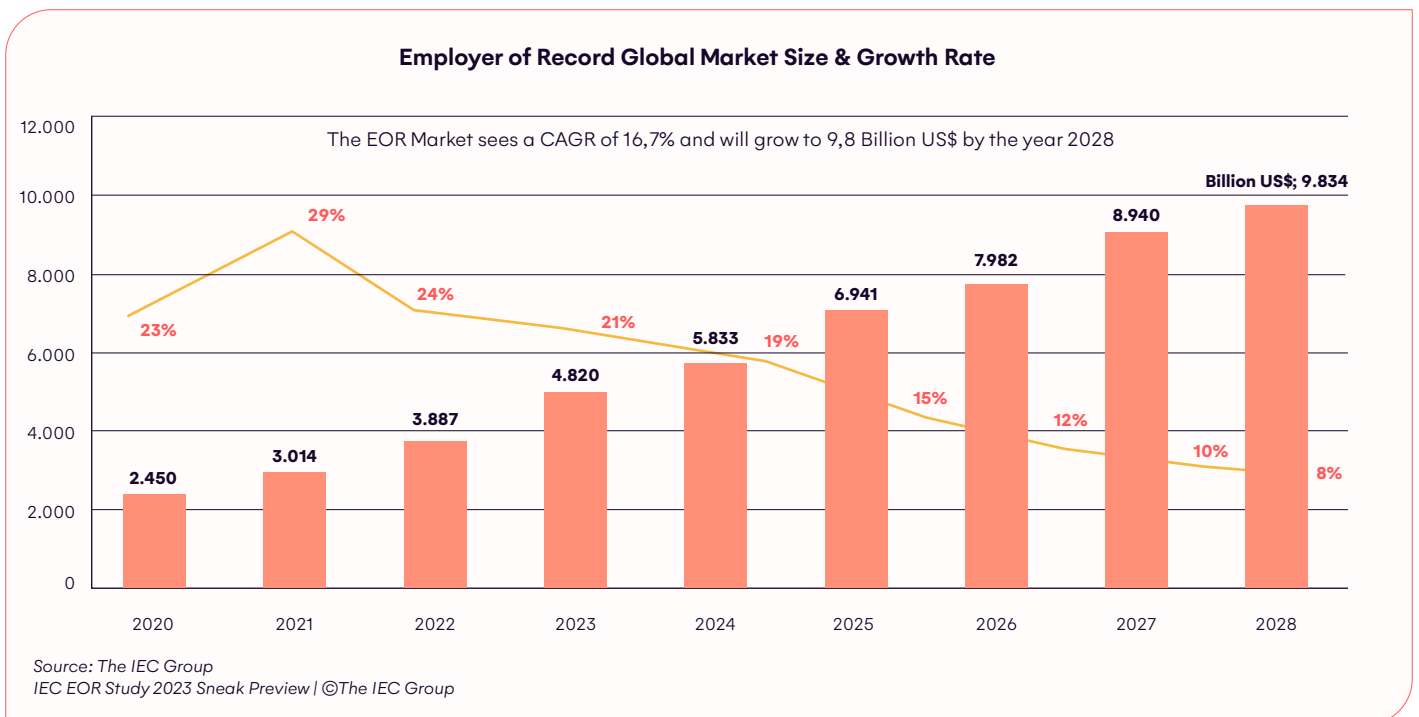




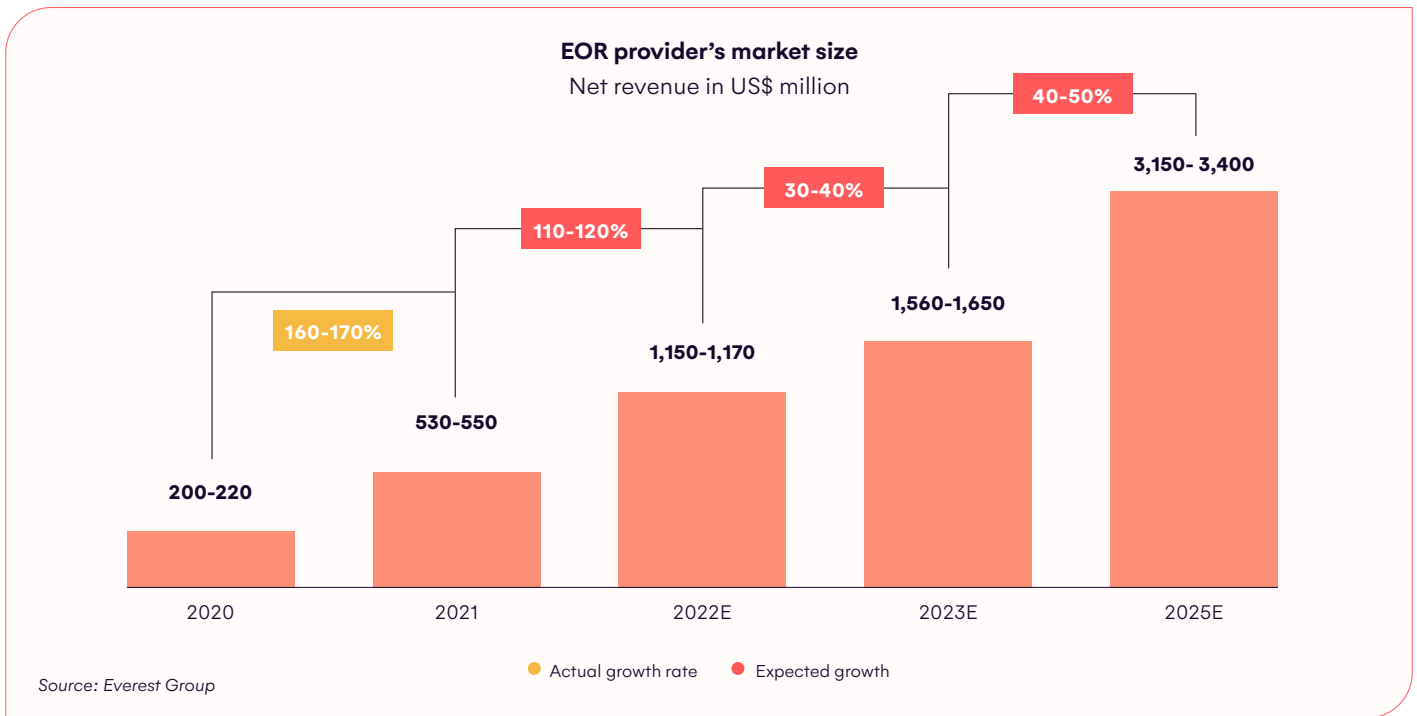
## A Rapidly Growing Market and Industry

The EOR market is young but growing rapidly.

According to a recent IEC report, the global market size of the EOR industry is at USD 4.8 billion in 2023. This is expected to grow at a compound annual growth rate (CAGR) of 16.7% to hit close to USD 10 billion by 2028.



Meanwhile, the Everest Group estimates that the current EOR market is smaller at around USD 1.5 to 1.6 billion but predicts rapid growth of between 30% to 40% throughout this year.

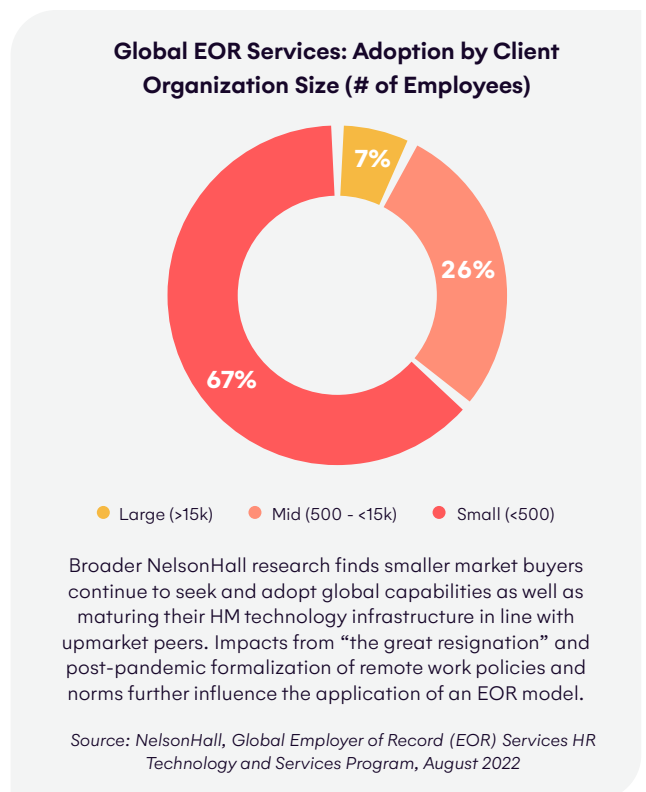


Either way, it's clear that EOR services are recognised as a high-growth industry that is gaining traction across many regions and user cases.

Historically, this growth has been fuelled by companies based in North America, which make up 50% of the global market, according to reports by both the IEC Group and NelsonHall. Europe and the Middle East together comprise about 28% of the adopting market.

While Europe, Asia and the Pacific regions are expected to take greater shares of the market due to the expansion plans of multinational companies, companies based in Latin America have been performing very well in 2023.

Small to mid-size businesses are the biggest market for EOR service providers.





## Use Cases of EOR Services

While most EORs are predominantly used by organisations for the services they provide, the future of EOR lies in its tech-supported HR capabilities that cater to all aspects of HR compliance across all countries where the EOR operates – a “one stop shop,” according to a recent NelsonHall report.

This tech can give HR teams insight into all aspects of the employees that the EOR manages on its behalf, allowing the customer-service relationship between the EOR and customers to focus on bespoke, high-level consulting and more meaningful service.

EOR tech is also expected to become more cloud-based and offer personalised dashboards for clients and employees, standard and ad hoc reporting, data and predictive analytics to manage costs and monitor trends, API integration with other key business technologies, and strong cyber security credentials.

NelsonHall gives weight to client priorities when it comes to the global capabilities of EOR service providers.

But, for now, let’s look at how organisations are using EOR service providers to overcome the challenges of the modern workplace.

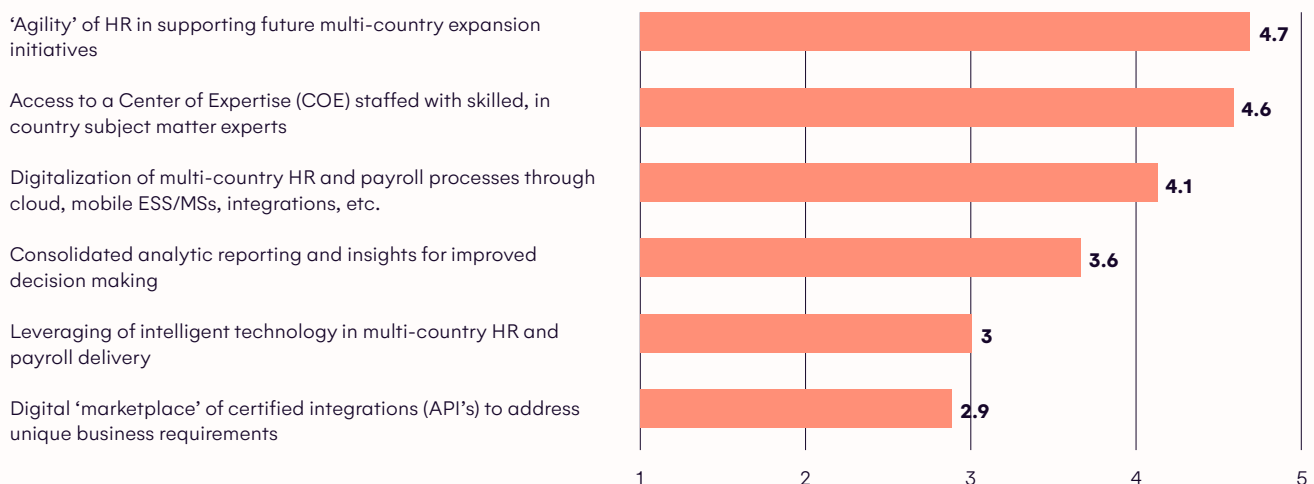
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**CHROs of an agile organisation should look to complement existing HCM investments and resources to solve the volatility and marketplace dynamics, drive organisational agility, and enable material competitive advantage for their businesses. The global EOR model should be a go-to lever for enabling their talent demands and driving impactful business outcomes..”**

Pete Tiliakos, GxT Advisors

### Buyers were asked to share the key operational priorities associated with global Employer of Record services for their businesses moving forward

Importance of Characteristics within Transformed EOR Operations



Source: NelsonHall, Global Employer of Record (EOR) Services HR Technology and Services Program, August 2022

# 03

## HR Trends and the Future of Work



Automation in the workplace is nothing new but recent developments in AI – namely large language model (LLM) generative AI such as ChatGPT – will revolutionise technology and alter the labour landscape.

Jobs based on repetitive tasks appear under threat, while roles that leverage these new technologies, some of which don't even exist yet, will fill future job boards and recruiter email inboxes. Employers are looking at skills gaps and talent shortages in 2023, but the competition for talent is likely to become fiercer in the coming years as the possibilities of these generative AI tools unfold.

In its [2023 Future of Jobs report](#), The World Economic Forum predicts that many industries expect a high level of job changes during the next five years, with some roles disappearing completely and new roles with new skill requirements emerging. Based on the report's data, we may see “structural job growth of 69 million jobs and a decline of 83 million jobs.”

Also, according to the report, by 2027, automation will result in 26 million fewer jobs in recordkeeping and administrative roles. The accuracy of this prediction remains to be seen, but companies clearly anticipate replacing some of the more manual tasks with technology as quickly as they can.

Skills that are particularly susceptible to automation over the next 3 years:

- **Data Entry Manual**
- **Analytical Thinking**
- **HRIS**
- **Business Analytics Analysis**
- **Human Resources**
- **Administrative**
- **Data Analytics**
- **Technical**
- **Customer Service**
- **Finance**
- **Accounting**
- **Land Administration**
- **Market Research**
- **Coaching**

Source: *Mercer Future Skills Survey Report*

However, most experts agree that AI doesn't pose a risk to highly skilled jobs just yet. In fact, the dawn of AI might increase the demand for top talent that can use and enhance productivity through new AI tools.

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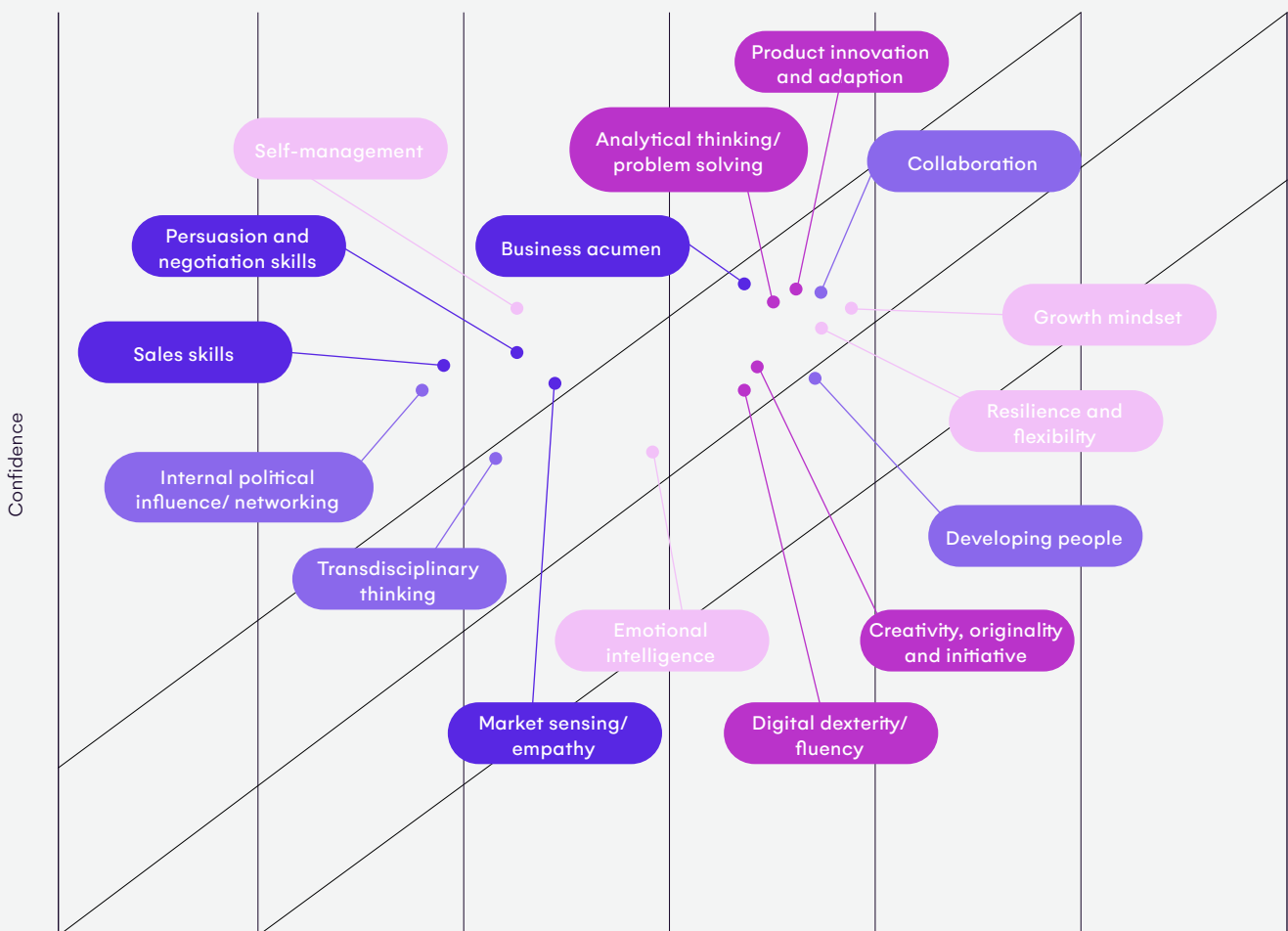
Technology should increase, guide, and predict to elevate and empower human talent and creativity. The goal should be a symbiotic relationship between technology and human talent that increases and amplifies the rich, unmatched human skill and emotional intelligence of an organisation's people, arming them with the nudges, cues, and insights to drive improved business outcomes for their employers.”

Pete Tiliakos, GxT Advisors

## Demand for Highly Skilled Workers

Despite some global starts and stops over the course of the pandemic – when some industries thrived and expanded while others experienced mass layoffs and furloughs –the global demand for highly-skilled talent grows.

**Gap Analysis Matrix - confidence in being able to meet needs by the end of 2024 for each skill**



**Underperforming**

Skill	Score
Developing people	-0.0

**Overperforming**

Skill	Score
Market sensing/empathy	0.7
Persuasion & negotiation skills	1.0
Self-management.	1.1
Internal political influence/ networking	1.2
Sales skills	1.2

Source: Mercer Future Skills Survey Report

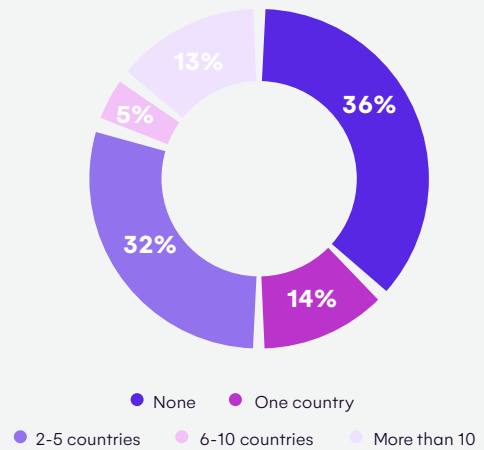


In a recent survey of HR decision makers across the UK, UAE, Singapore, Australia, and the USA, Atlas found that 8 in 10 (82%) of companies agree that recent global layoffs have made them consider expanding into new markets for the right talent. This is especially the case for companies in Singapore (90%) and UAE (83%).

This is backed up by a separate survey on borderless hiring trends, conducted in conjunction with Atlas, where People Matters found that 64% of the companies surveyed noted that they were expanding their business operations globally.

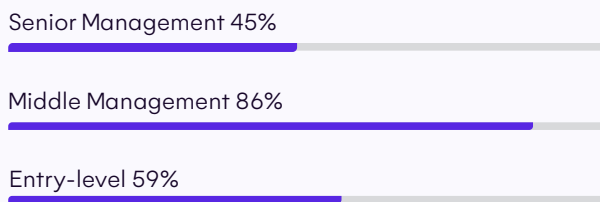
Furthermore, nearly 86% of the respondents said that they were looking for middle-level talent globally, indicating the high competition for experienced and skilled workers.

**With the world of work going borderless post-pandemic, how many countries has your organisation expanded its business operations to?**



Source: 'Borderless Hiring: Trends Reshaping the World of Work', People Matters

**Which level of employees are you looking to hire?**

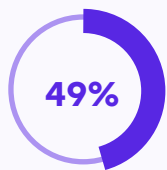


Source: 'Borderless Hiring: Trends Reshaping the World of Work', People Matters

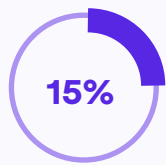


Interestingly, the respondents to the same survey identified in-country compliance as the biggest challenge to these global ambitions, with almost half of those surveyed citing it as a major roadblock to their global expansion plans.

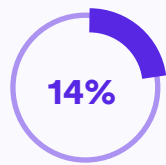
**According to you, what is the one big HR roadblock that is stopping your organisation from global expansion?**



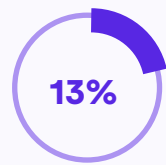
Compliance with in-country employment, HR and taxation laws



Cultural challenges



Entity and payroll



Global mobility and Visa



Recruitment issues

Source: 'Borderless Hiring: Trends Reshaping the World of Work', People Matters

This is one of the main reasons why many organisations are turning to EOR services as an agile solution to access the global workforce. Over half (52%) of companies surveyed by Atlas said that they struggle with finding the right talent when entering and hiring in a new geographic market.

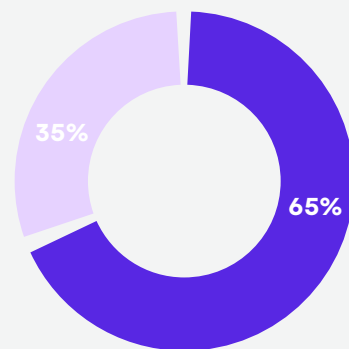
Meanwhile, according to People Matters, a majority of employers are looking for a service provider or partner to engage and hire the best talent, while only 35% of the companies said they would invest their own capital and time in hiring borderless talent.

“

**I think organisations have woken up to the fact that if you got demand from clients outside of your headquarter country, you're probably going to need boots on the ground to really enable that and service that capability.”**

Chris Cavanagh, Guidepost Growth Equity

**How do you intend to execute /have executed your global expansion?**



- Setting up your own local entity, which requires a significant amount of capital, time, and workforce
- HR Service, which enables speed to market and empowers onboarding & paying a remote employee business compliant with local laws

Source: 'Borderless Hiring: Trends Reshaping the World of Work', People Matters

## Retaining Talent

The cost of hiring a new employee is many times higher than the cost of keeping one. However, in the current global climate, where there is a distinct shortage of skilled workers across many key sectors and geographies, we can assume that the cost of losing an employee has become much greater.

The pandemic forever changed the way people work, as well as where they work. The so-called “pandemic” – defined as the talent shortage that is quickening as older generations retire and fewer individuals from younger generations enter the workforce – has meant that employees now have significant leverage over their employer regarding the terms of their work.

The resulting landscape has changed HR professional priorities when it comes to keeping skilled talent. As always, compensation remains the number one factor in retaining the best workers, but HR professionals also need to focus on tactics that enact a flexible future of work strategy, including:

- **remote, hybrid, and flexible working policies,**
- **internal learning and development training for upskilling, and**
- **commitment to DEI (Diversity, Equity, and Inclusion) initiatives.**

Gartner believes that the things HR leaders and professionals will focus on in 2023 will all be in line with changing norms and the future of work. They will focus on HR strategy, looking for ways to increase efficiency and improve operational capability. These goals align strongly with cost containment and a focus on profitability, but also with hiring and keeping the best talent. Of course, a good HR strategy considers employees’ needs in relation to business needs.

HR professionals will also focus in 2023 on creating a productive, flourishing hybrid workforce. This will require training managers to have skills needed to effectively manage such a workforce including empathy, authenticity, and the ability to adapt. A related focus for HR professionals is mental health and well-being.

## Digital Nomads

Attracting and keeping talent might mean employing a worker who is a digital nomad. Digital nomads take remote work and global mobility to the next level, travelling and working around the world by taking advantage of digital nomad visas in places like Portugal, Greece, and Dubai. Many are freelancers, but demand is growing from employees that want this lifestyle while working for one employer.

Companies focused on employee experience and building a robust ‘Future of Work’ strategy can offer visa support and clear policies to employees who want to become digital nomads. An EOR service provider can guide on visa support for these travelling remote workers, and, if a digital nomad decides to settle somewhere, the EOR service can simplify that decision for everyone by taking on the role of local employer.





## Hiring and Managing a Remote or Hybrid Workforce

With a potential split emerging between employees and employers on where the future of work will take place, it would serve all organisations well to have HR strategies in place for facilitating in-office, remote, and hybrid working arrangements.

Make no mistake – while employees might return to the office in some regions and industries, the future of work embraces flexibility, especially around remote work and building a global remote workforce.

First, global remote work is an essential tactic in any ‘Future of Work’ strategy that’s dedicated to accessing the widest pool of talent and moving fast into new markets. Second, remote work saves companies money by fundamentally reducing overhead expenses. Finally, despite return-to-office pressures in some sectors, employees have the upper hand in today’s tight labour market. Remote work has proven productive, and it may be the best way to avoid another so-called ‘Great Resignation’.

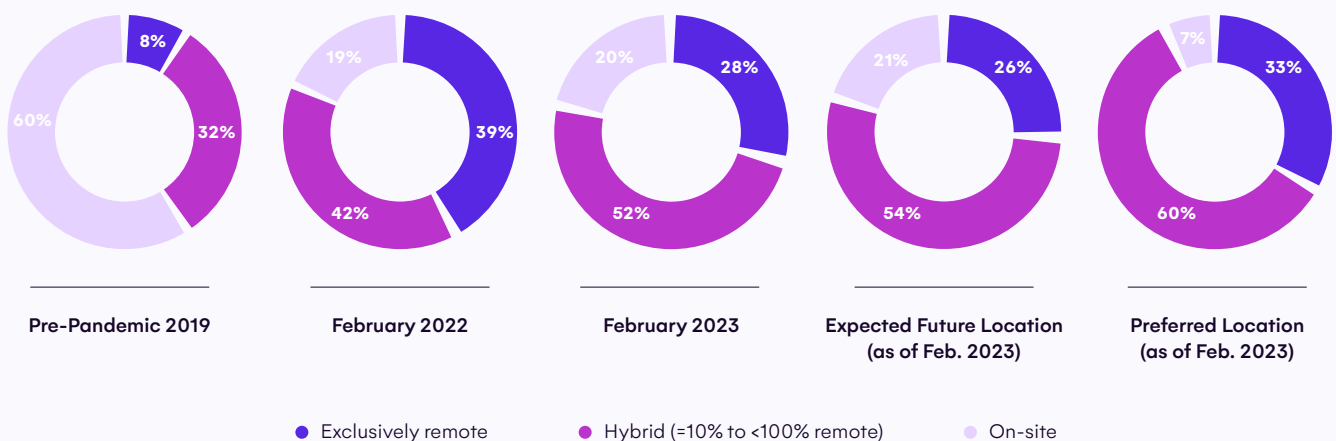
Small and medium-sized firms looking for creative ways to bring in premium talent and enter new markets may be best poised to benefit from this new world of work, and these quick companies are increasingly leveraging EOR services to achieve their expansion goals.

Six out of 10 U.S.-based employees with remote-capable jobs want a hybrid work relationship, according to Gallup research. Of those surveyed, one-third prefer fully remote work and fewer than 10% want to work on-site.

Surveys by both [Mercer](#) and [EY](#) report that companies recognise the benefits of remote work from both a cost and talent perspective and are adopting Future of Work strategies that move jobs to people.

### Work Locations for Remote-Capable Jobs

Among U.S. employees



Note: Due to rounding, totals may not sum to 100%.

Source: ‘State of the Global Workplace 2023 Report’, Gallup

“

I do believe that flexible work arrangements will continue to be more mainstream, but I think it's going to be really important for organisations to have more work situated away from their office building as a way to build culture and really ensure alignment because, ultimately, having those conversations in person are in many ways a requirement to really get everybody on board.”

Chris Cavanagh, Guidepost Growth Equity

Fully remote may not work for everyone, but there are distinct advantages to flexibility, including a deeper and more loyal talent pool. Hybrid and flexible work models that maintained strong connections between managers and employees proved to be a strong common ground for the winners in [Gallup's 2022 Exceptional Workplace awards](#).

Of course, there is also the important aspect of diversity, equity, and inclusion (DEI) to consider.

Perhaps the greatest beneficiaries of remote work are people with disabilities. In the U.S., for instance, a recent [New York Times](#) report revealed that the share of those with a disability who are employed has increased by more than 12% since the start of the pandemic.

Several factors are contributing to this boon, one being the ability to work from home. Remote work can be especially accommodating to individuals with disabilities and requiring an in-office presence can potentially deter disabled applicants. The positives of remote work can also help people with non-visible disabilities, including those with social anxieties or who prefer working alternative hours, perhaps outside the in-office 9 am to 5 pm expectation.

Moreover, half of all employees with disabilities are 65 and older, some of whom may also benefit from not having to commute to and from work daily.

## 04

# Streamlining Costs Through an EOR Service Provider



Cost management and containment is high on the list of priorities for all workers at the moment. The uncertainty that runs through almost all international and domestic markets has meant that companies are tightening their belts and remaining cautious on spending and growth plans for the time being.

But there is a great need for highly skilled talent and maintaining growth. Also, despite the lurking shadow of possible recession, organisations and investors remain optimistic about the term near future.

“

Over the next 12 months, I think there's real optimism that we're going to put a lot of this uncertainty behind us.”

Chris Cavanagh,  
Guidepost Growth Equity

So how do organisations manage the seemingly conflicting priorities of cost management and maintaining growth?

## HR Strategy: How Companies Grow on a Tight Budget

Business leaders who see growth opportunities are now looking to the HR leaders to help solve issues. In their relatively recent move to executive leadership, HR professionals are spending more time on strategy to build workforces that focus not only on employee satisfaction and productivity, but on meet growth and profit goals.

As part of this HR strategy, HR leaders need to offer solutions that support operational capability but, in our current economic climate, that account for tighter hiring budgets than the past few years.

## Expanding Without a Business Establishment

A common tactic for moving into new markets is setting up a new legal establishment. But this option comes with financial and legal risks as well as compliance hurdles that can be costly and time-consuming.

Depending on the country, a company may have to hire a local professional to register the new local establishment branch, deal with multiple government agencies, lengthy approval periods and unpredictable delays, translate and notarise integrated documents even at the parent company level, prepare board resolutions, hire a local manager or company representative, or lease office space.

Once a subsidiary or branch office is ready to operate, it must then comply with local labour laws, visa and immigration laws, tax laws, data and privacy laws, financial accounting rules, and corporate maintenance laws. The potential for liability in a new country is broad, and the company must pay local advisors to navigate the literal foreign legal landscape and ensure compliance.

In recent surveying, Atlas found that keeping track of changing regulations across multiple jurisdictions is particularly challenging for companies (63%) when staying up to date with evolving employment regulations and HR policies.

In addition to this, three in five (60%) of the international organisations surveyed also found it particularly challenging to ensure compliance with local regulations.

A flexible future of work strategy would consider partnering with an EOR when exploring new markets. An EOR can also get people hired fast to provide services to eager new customers in a new country. An HR strategy that embraces EOR services can drive operational capability effectively and at a low cost. In today's economic climate, an HR department that knows how to leverage EOR services can be invaluable to the business.

“

I've seen CEOs that are running companies that are very successful in the realm of being remote. I think the biggest thing I would add is that it's a lot of work. If you're a CEO and you're running a company and your staff is remote, you need to really work at it. The successful ones plan work situated away from their office building and the CEO gets on and makes a video at the end of every week and gives the company an update. They put a lot of time and effort into hiring people for integration and induction of employees and training. So, it's not just something to say, "Hey, we're not going to come back into the office". I think it's something where people have to say we're going to put some real effort into this to do it the right way.”

Jeff Stone, Sixth Street Global Advisors





## 05

# How EOR Supports Payroll Functions



As the world of work becomes more global, one of the most basic HR functions of an organisation becomes increasingly challenging – the payroll.

Reports by The Everest Group show that compliance with local laws and regulations and processing the payroll with almost 100% accuracy, are the top objectives behind adopting an EOR provider. An EOR's compliance ability depends on their people and their payroll technology. Some EORs address this valid concern by offering a global payroll solution that customers can access.

But to be relevant as demand for EOR services increases, providers will have to address the new player in the payroll execution strategy. According to the Global Payroll Association,

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**Agility is the new watchword for savvy, future-minded, organisations but their ability to move quickly, act decisively and continue to grow relies on a solid foundation of information.”**

In addition to seeing the importance of having an HR strategy, businesses are learning how payroll data can influence hiring decisions, and they are building payroll strategies.

In a recent survey sponsored by Atlas, HR.com found that 15% of the organisations identified their payroll strategy as highly strategic. More than a third of the organisations surveyed said that they find compliance with wage, hour, and taxation policies and regulations challenging.

Also, more than half of respondents said that the primary trend shaping the near-term future of payroll will be increased integration of payroll, HR, and attendance systems.

**Top payroll challenges are:**

- **Lack of technology integration**
- **Inflexible payroll systems**
- **Inconsistent or minimal automation**
- **Cost of payroll systems**

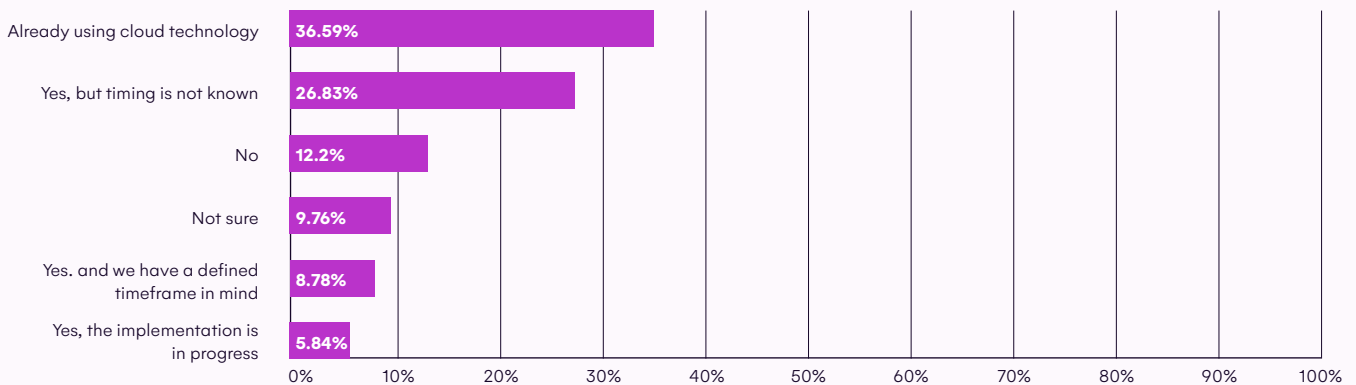
Source: 'Future State of Payroll', HR.com



**This change has been a long time coming.**

In a survey run by GPA in 2021 – ‘Is Global Payroll Setup to Impact the Bigger Business Picture?’ – it was revealed that cloud technology had been adopted by a little over 36% of the respondents, while a further 14% of the companies had implementation and adoption underway. At that time, only 42% believed there was a single vendor capable of handling all their payroll needs globally.

**Is your organisation considering the use of cloud based technology to support global payroll?**



Source: ‘Is Global Payroll Setup to Impact the Bigger Business Picture?’, GPA

Fast forward to 2023, and the GPA reaffirms that organisations expect technology to play a central role in facilitating the flow of information within organisations with data stored on a single platform and easily accessed by all. In the future, the payroll will also be more widely recognised as a strategic partner in broader business planning, and AI-backed payroll systems will help realise this potential.

Increasingly, decision makers recognise how payroll data can be leveraged to make business decisions. An EOR service provider that offers a payroll management system, as well as its clients, will be best served if their system can gather and analyse that payroll data for their client.

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**From the GPA: The wealth of payroll data records can lead to important HCM decisions.**

Remote working is here to stay and so too are the changed priorities of the global workforce. Prior generations who expected a classic career trajectory and a 9 am to 5 pm day at a physical office are ageing out or moving on and their Gen Z and Millennial replacements are shaking things up by putting work-life balance and ethical concerns first. And they expect their workplace to reflect their values.

To recruit and retain employees from this unconventional talent pool, companies must be proactive and flexible in their approach. They should offer employee benefits that are attuned to employees' needs, being open to hybrid work requests and exploring alternatives to traditional work and pay cycles such as a four-day week and on-demand pay. When it comes to remote work, an EOR can give businesses the confidence to say yes — even when they lack an establishment in the destination country — safe in the knowledge their employee will be compliantly integrated and inducted and accurately paid.”

Payroll data can inform business leaders about where they are putting their employee spending. Data on roles can show trends in salaries, talent ability, and the true costs of employees. Decision makers can decide to concentrate certain roles in one country due to talent availability and relocate other roles to countries with lower costs of employment.

Global payroll is not just about complying with local rules anymore. It will be the foundation of payroll strategy driving business decisions in the hunt for top talent and the timeless quest for reducing costs, all on a global scale.

The Everest Group backs this up, reporting that buyers state “that complying with local laws and regulations and processing payroll with almost 100% accuracy are the top objectives behind adopting an EOR solution.” EOR providers need to meet this threshold before customers look at other solutions and services.

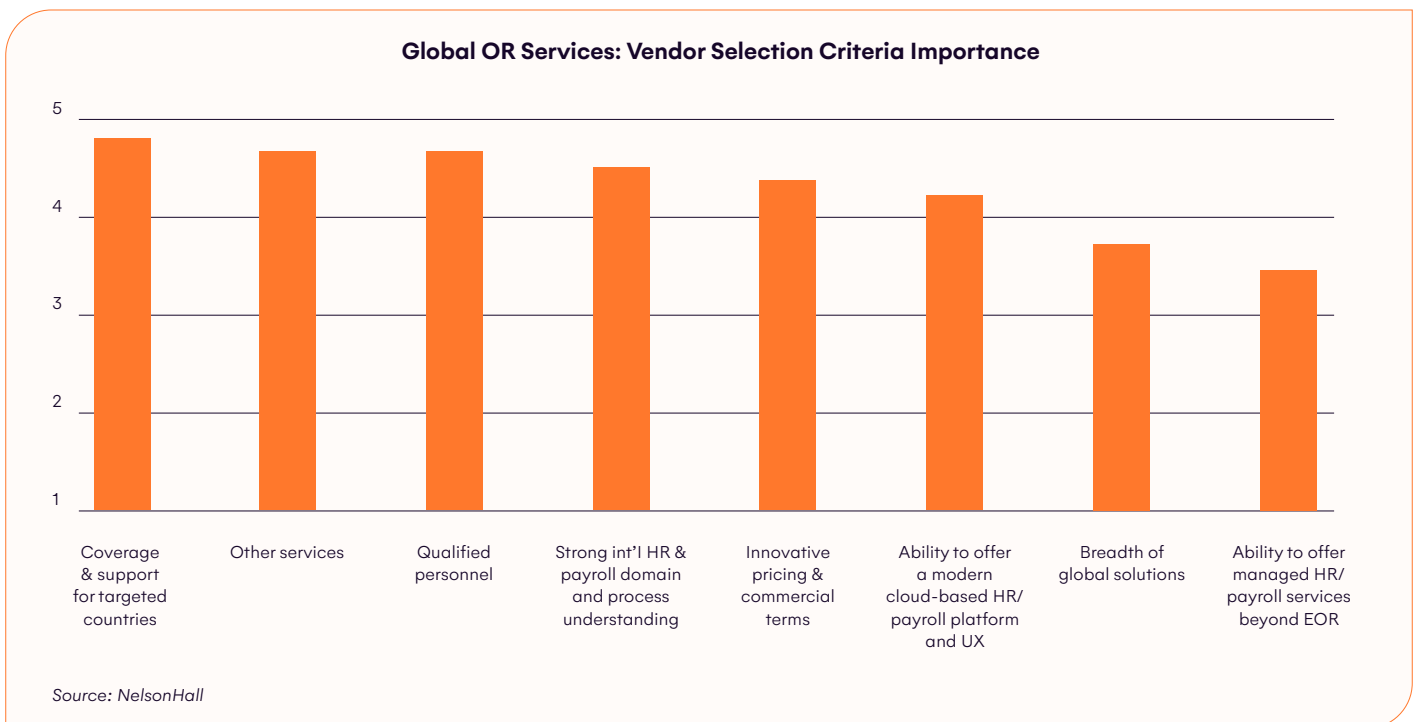
# 06

## Emerging EOR Trends: What HR Decision Makers Need to Consider in the Next 12 Months



**So, what does the future of EOR service adoption look like?**  
High growth is predicted for the EOR services industry in the coming years, but what will it take to create that market?  
NelsonHall reports that the key criteria for customers looking to partner with an EOR are:

- **in-country coverage and support**
- **qualified staff**
- **a strong international HR and payroll domain and an understanding of the process**





The expected demand for EOR services reflects a desire for international expansion. While the growth mindset has abated in 2023, other factors such as tight labour markets and talent shortages may make up the difference.

Despite on-going economic uncertainty, however, using an EOR remains a cost-effective hiring solution.

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**In order to remain competitive, it is imperative for all companies to devise an international expansion strategy. The prevailing economic uncertainty compels employers of all sizes to re-evaluate their approaches to expanding their markets and securing talented individuals. The ones who can swiftly adapt and exhibit flexibility will be the most prosperous.**

Although we are seeing a shift back to office work, EOR still offers the flexibility employers need to hire the best talent regardless of location. The EOR market is still new, as we see economies bounce back, you will see the expanded need for flexibility when finding global talent. The EOR is just getting started.”

Rick Hammell, Founder and Chairman of Atlas



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According to the [2023 Mercer Global Talent Trends](#) report, 96% of organisations expect to redesign their HR functions, and 54% expect to do so by using agile HR resources to meet evolving HR project/enterprise needs. This will require stepping outside their comfort zones, driving impactful change, and reaching beyond borders to engage the right mix of the best skills and talent available.

Further, leveraging independent contractors and workers that do a job that lasts a specified period of time will be a favoured approach to speeding up agile talent strategies moving ahead. [60% of executives](#) expect gig workers to replace traditional full-time workers substantially.

Given these dynamics, it's no surprise that the global EOR solution has seen unprecedented adoption over the past five years, with a massive opportunity ahead of it to help every HR organisation facilitate the strategic direction of their businesses.

Global EOR solutions have come a long way from their mostly payroll roots and have emerged as a full-service, global employment and growth-accelerating technology-enabled platform. These solutions are and will continue to mature at an accelerated rate. Expect more digital innovation, greater human capital management (HCM), integration and insights, and expanded workforce solutions, services, and enablers.

This will lead to deeper integration and convergence for global EOR solutions to synergise with, complement, and extend the primary HR operating model to support global mobility and facilitate borderless hiring and rapid marketing while controlling the costs of entering into the market.

CHROs of an agile organisation should look to complement existing HCM investments and resources to solve the volatility and marketplace dynamics, drive organisational agility, and enable material competitive advantage for their businesses. The global EOR model should be a go-to lever for enabling their talent demands and driving impactful business outcomes.

However, not all EOR solutions are equal achievers, and the stakes and risks are high when one “gets it wrong.” When seeking global workforce solutions, go slow to go fast. The marketplace for global EOR solutions is incredibly crowded, confusing, and filled with a wide range of vendors of varying maturity.

While speed to market is the value driver for the global EOR solution, take the time for due diligence when selecting a partner to fuel your global employment strategy. Understand the providers' capability to support your firm's requirements. Look for directly owned establishments, in-country expertise, compliance capability, financial stability, and enabling technology.

Most importantly, ensure the solution can travel with the organisation along its growth journey. Growth-oriented organisations of all sizes commonly find their opportunistic global mobility and employment needs become long-tail global payroll needs. Landing, expanding, and thriving in the target country and finding their footprints and compliance needs have grown. Look for providers with a technology-enabled, managed. Global payroll services capability that compliments its global employment services and can support compliant payroll for the organisation's total workforce along its strategic growth path.

**Pete Tiliakos, Gxt Advisors**

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### Characteristics that will differentiate EOR Services Providers

According to the Everest Group, the key elements that will differentiate EOR providers going forward are:

- Country coverage
- Responsiveness
- Sophisticated technology platforms with a user-friendly interface
- Pricing
- Flexibility in benefits

**We will see EOR service providers focusing on these key elements to set themselves apart. The top trends to look for in EOR services are:**



Increasing digitisation and centralisation with other HR functions, including payroll and benefits management



High country coverage, especially in new regions and emerging markets



Adoption of AI and automation



Responsiveness



# 07

## A Regional Look at Work Trends and EOR Adoption

Despite continued economic challenges in 2023, experts agree that the global EOR market will continue to grow at a fast pace.

As already mentioned, the Everest Group has estimated the value of the global EOR market will be between USD 3.1 billion and USD 3.4 billion by 2025. The IEC Group, meanwhile, estimates that the market's value will approach USD 10 billion in 2028. These valuations are from revenues earned from the sales of EOR services, to companies in every global region.

However, the growth and adoption of EOR services varies distinctly from region to region. What follows is a breakdown of some of the key work trends that HR decision makers should be aware of in each region and the adoption of EOR services from a recent Atlas survey.



Africa and Middle East



Asia and Pacific



Europe



Latin America



North America



# Africa and Middle East

## Key Work Trends:

- Moderate to strong economic growth is expected in the ME and North Africa in 2023.
- Africa's population is expected to nearly double to 2.5 billion people by 2050, while it will become home to the world's largest working-age population by 2040.
- Africa is undergoing a structural shift from agriculture to services, with employment in the services industry increasing from 30% to 39%.
- Nations that are growing economically in Africa include Ghana, Burkina Faso, Ethiopia, Kenya and Tanzania.
- Technology jobs — especially in cyber security, data and cloud — are in demand in the UAE and Saudi Arabia.

## EOR Service Adoption:

- According to both the Everest Group, the MEA market remains one of the smallest in terms of EOR adoption.
- However, 97% of companies surveyed in the UAE said that they are planning on entering new markets in the next 12 months, with 41% stating that they planned to use external resources for hiring.
- This is because almost three in four (74%) of the companies surveyed in the UAE have said that they have difficulty finding the right talent currently.



# Asia and Pacific

## Key Work Trends:

- In general, APAC countries are expected to have moderate economic growth in 2023.
- Upskilling is in demand in China because the workforce is ageing compared to other emerging economies and its population is shrinking.
- Labour supply and demand do not match. In Japan, for example, companies average just two applicants for every role and millions of jobs remain unfilled.
- Organisations are increasingly exploring dispersed operating models to reduce the risk of operations based in China, with some manufacturers moving operations to Vietnam.

## EOR Service Adoption:

- EOR demand is highest in China, Hong Kong, India, and Southeast Asia.
- Industries seeking EOR services include technology, administration, support services, and health services.
- The challenges that companies are solving with EOR services include global expansion complexities, general hiring challenges, and the retention of talent.





# Europe

## Key Work Trends:

- Economic growth is expected to be sluggish in Europe throughout 2023.
- Labour costs are rising significantly in EU countries – as much as 5.3% in the first quarter of 2023 – as employment rates rise.
- More than 75% of EU companies report difficulties finding workers with the necessary skills, highlighting a growing talent gap in the region.
- It's expected that 20 million information and communications tech specialists will be employed in the EU by 2030.

## EOR Service Adoption:

- The adoption of EOR services is high in Europe due to the increased number of enterprises adopting remote and hybrid work styles. Continental Europe makes up over half of the overall revenue contribution to global EOR providers.
- The challenges that companies are looking to solve with EOR technology and services include finding talent, exploring new ways to reduce operational costs, and consolidating HR services onto one platform for improved employee experience.
- In the post-COVID landscape, managing and maintaining employee remote working needs compliantly is also a huge driver of EOR services.



# Latin America

## Key Work Trends:

- Weak economic growth is expected in 2023.
- The largest economies in South America are Brazil, Argentina, Chile, Colombia, and Peru.
- Latin American economies are expected to be as much as USD 9.2 trillion by 2030.

## EOR Service Adoption:

- As an emerging economy, the LATAM market is considered a targeted area for EOR services.
- Brazil remains the key market in the region, but Mexico, Colombia, and Argentina are also emerging centres of EOR expansion considering their favourable locations and highly-skilled pools of talent.
- In particular, EOR services that enable the management of contractor services will be particularly relevant to the LATAM market.





# North America

## Key Work Trends:

- Weak economic growth is expected in North America for 2023.
- Talent shortage challenges are expected to increase, with 77% of employers reporting difficulties in filling roles – a 17-year high.
- Remote and hybrid working trends remain high in North America, with 48% of knowledge workers estimated to be working hybrid or fully remote in 2024, up from 27% in 2019.
- Employee retention also remains a challenge, with turnover rates expected to hit as high as 24% in the coming years.

## EOR Service Adoption:

- North America leads the way in terms of adoption of EOR services.
- North American companies represented 36.4% of the global EOR services implementing market in mid-2022, down from 48% in 2021, as reported by the Everest Group.
- Top industries in need of highly skilled foreign talent in Canada include the technological, healthcare, and financial sectors. Canada is filling skills gaps by immigrating highly skilled workers.
- The challenges that companies are looking to solve with EOR technology and services include supporting employees in locations where the organisation does not have its own establishments and the need to become compliant in terms of paying employees.



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This report was compiled by Atlas in association with key experts in the Employer of Record and broader HR/HXM industries.

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- Sixth Street Growth
- NelsonHall
- People Matters
- Pete A. Tiliakos, GxT Advisors
- The Global Payroll Association
- The IEC Group

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