Global Hiring Is Surging - But Compliance Gaps Are Holding Businesses Back

As readers of this publication are already very aware, international recruitment has entered a period of significant expansion. Long-established patterns of how and where companies source talent are being re-shaped and businesses that once hired almost exclusively within their national borders are now recruiting globally.

Global hiring has enabled companies to access a broader, more diverse, and often more specialised talent pool and this has had a profound impact on how many businesses operate.

The move to a globally distributed workforce has also delivered significant benefits for employees. Skilled workers who previously felt compelled to relocate to major economic hubs are increasingly able to build high-quality careers in their home countries.

This shift is one of the most consequential developments in the modern labour market. Yet, despite its many advantages, it also poses complex challenges for HR professionals. Chief among these is compliance. Still, our research (the 2025 Global Workforce Report which surveyed 3,650 HR and business leaders across 10 countries), shows that reality often tells a different, and more concerning, story.

Why International Recruitment Is Growing So Rapidly

Several structural factors have converged to make cross-border hiring not only more prevalent, but, in many cases, strategically necessary. It addresses the limitations of local markets, especially in advanced economies, where competition to attract top talent can be brutal. The time-to-hire can collapse dramatically, and this can empower businesses to innovate more quickly and speed up the attainment of key business goals.

Global recruitment also helps organisations build workforces that better reflect the diversity of the markets they serve. Teams composed of individuals from different cultural, geographical, and professional backgrounds often demonstrate stronger creativity and problem-solving capabilities.

Employees benefit from this shift in ways that would have been unimaginable a decade ago. Historically, the highest-paying and most coveted roles were concentrated in a handful of cities such as New York, San Francisco and London. Professionals seeking those opportunities had to uproot themselves, often leaving behind families, support networks, and communities. They also faced new personal challenges, such as finding accommodation in areas where affordable rental property is scarce and the cost of living is high.

The rise of global hiring has loosened that constraint. A software developer in Lagos or a designer in Seville now has the tools and network to access employment opportunities that once required physical relocation.

The economic implications of this shift are profound. When skilled workers remain in their home countries, their earnings stay within local economies. They buy homes, use local services, pay taxes, and contribute to community life. In regions that have traditionally experienced brain drain, this creates a powerful countervailing force. The ability to participate in global labour markets while remaining rooted in one's own country can rejuvenate regional economies and help governments grow their tax revenues.

The Compliance Challenge At The Heart Of Global Hiring

Yet the simplicity with which companies can now recruit internationally often masks the complexity that underpins the process. Every country has its own regulations governing employment, taxation, social security, payroll, benefits, data protection, and labour rights. Even within the EU, Germany, for example, has very different employment regulations from those in Greece. Sometimes, as is the case in the US, regulations can vary from one state to another.

In many countries, the rules governing employee leasing or labour lending were drafted in the late 20th century, and their primary role was to regulate temporary staffing agencies. These laws were never intended to accommodate long-term, cross-border employment enabled through digital platforms. Yet until recently, countries have yet to amend their legislation, and consequently, they continue to shape what companies can and cannot do, often in inconsistent or unclear ways.

Taxation and social security obligations introduce further complications. Each jurisdiction has its own approach to payroll, reporting, and contributions to national insurance systems. Even minor mistakes in these areas can trigger financial penalties, audits, or reputational damage. For HR teams managing multiple international employees, the administrative burden can quickly become substantial.

With countries enacting legislation to govern remote employment, HR professionals are increasingly finding themselves faced with new challenges. As regulators respond to the realities of digital work and cross-border employment, laws are evolving, and the pace of change means companies sometimes struggle to keep up with new requirements.

The internal structures of many HR departments amplify these challenges. The proliferation of digital tools has undoubtedly helped create efficiencies for HR teams, but if they are applied haphazardly or in a piecemeal fashion, this leads to fragmented systems that do not communicate efficiently with one another.

The Scale Of The Problem

Remote's 2025 Global Workforce Report sought to understand how HR leaders are responding to the compliance demands of international hiring. The results revealed a striking and consistent theme: widespread overconfidence.

An overwhelming 98 per cent of HR leaders told us they understood the employment laws in the countries where they hire. Yet almost three-quarters (74 per cent) reported facing international compliance challenges. In the UK, for example, sixty-two per cent of HR leaders described themselves as "very confident", and a further 36 per cent as "somewhat confident"; yet 75 per cent acknowledged that they had experienced compliance problems abroad. These issues included

violations of labour laws, misclassification of workers, errors in tax and payroll calculations, and failures to meet statutory benefits requirements.

The financial impact of these errors is significant. Our survey respondents reported that each compliance incident cost their organisation an average of $42,000 globally. Not a trivial sum for a smaller or mid-sized organisation, and a single incident can place meaningful pressure on budgets and force difficult trade-offs in other areas.

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The data also highlighted differences between regions. European firms reported the highest rates of compliance challenges, with more than 80 per cent of French and German respondents reporting problems. By contrast, only 57 per cent of US companies reported similar difficulties. This disparity reflects the differing regulatory traditions in these regions. Europe, with its strong focus on worker protections and its legacy of industrial-era legislation, often presents regulatory environments that are more complex than those in countries with more flexible labour frameworks, such as the US and Singapore.

Another notable finding was the degree to which HR leaders are dissatisfied with their current systems. In the UK, 87 per cent said they would consider switching their HRIS if it offered more integrated global payroll and compliance capabilities. This suggests a growing awareness that fragmented systems are contributing to compliance exposure and that greater integration may be part of the solution.

Why HR Teams Struggle, Even When Expertise Is High

HR professionals are navigating environments that have quickly become more complex.

The rapid expansion of global hiring means many organisations are building cross-border employment models on the fly, leaving little time for teams to fully adjust. For example, some organisations start to hire globally as a reactive solution to a lack of local talent. As such, HR teams lack the time or resources to map legal and compliance implications, and are now responsible for tracking developments across multiple jurisdictions simultaneously, a problem that was rare even a decade ago. This is even further exacerbated by changing labour laws.

Ultimately, HR departments were not traditionally designed for this level of global complexity. Even well-resourced teams can struggle to maintain the detailed, continuous oversight needed to ensure compliance across multiple regulatory systems.

Building a More Resilient Approach to Global Compliance

While regulatory reform is essential in the long-term, there are several practical steps that HR leaders can take to keep global hiring compliant.

To start, begin a comprehensive review of the organisation's existing employment arrangements across all jurisdictions in which it operates. This should include territories where their employees currently live or may live in the future. Such a review helps establish a clear picture of potential risks and inconsistencies. Even when conducted internally, it can highlight areas that require additional legal guidance.

The second is to work towards consolidating HR systems, reducing fragmentation and if appropriate, rethinking the technology stack. A centralised, integrated approach to storing and managing workforce data lowers the risk of conflicting information and ensures that HR leaders have a single, reliable view of global activity. When paired with AI tools, they are empowered to analyse that data and base decisions on those findings efficiently. In the future, agentic AI may even perform basic tasks automatically, facilitating significant time savings.

Close collaboration with legal and finance teams is also critical. Regular cross-functional conversations help HR anticipate regulatory changes and identify emerging risks. Then internal processes can be aligned before issues arise. The objective is not simply to react to compliance problems but to build a structure that identifies and prevents them.

In addition, organisations should establish clear pathways for international hiring. Compliance early in the hiring journey enables HR teams to reduce the likelihood of unplanned or rushed decisions that lead to errors.

Training is another vital component. While HR professionals do not necessarily need deep expertise in every jurisdiction, they do need an understanding of the key areas where laws diverge. Providing HR business partners with foundational knowledge of international employment norms can significantly improve overall compliance readiness.

Finally, senior HR leaders should participate actively in broader policy discussions. As regulatory systems evolve, governments and unions must engage with the organisations most affected by these changes. HR leaders have valuable insights into how labour laws function in practice, and their involvement can help shape more pragmatic, modernised frameworks.

Conclusion: A New Responsibility for a New Era of Work

The rise of international hiring represents a fundamental transformation of how companies build their workforces and how workers build their careers. Its benefits are substantial, creating opportunities for organisations to access global talent, for employees to secure high-quality roles without relocating, and for local economies to retain valuable skills and spending power.

Yet these opportunities come with obligations. HR leaders must ensure that global hiring is conducted responsibly and ethically, in accordance with the laws of each country where people work. Compliance is not a barrier to innovation but a foundation for sustainable growth. When organisations get it right, they build trust with employees, reduce risk, and create conditions in which workers and businesses thrive.

The world of work is changing fast. As HR leaders, we must evolve with it, proactively, confidently, and with a clear commitment to compliance as the cornerstone of global workforce strategy.

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