How to access and hire international talent post-Brexit

The UK's withdrawal from the European Union has disrupted the local talent supply across many industries and sectors. Which options do UK businesses have to hire international talent in a post-Brexit world?

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According to the <u>*Open University's latest annual Business Barometer*</u>, more than two-thirds (68%) of SMEs are currently facing skills shortages – in large organisations, the percentage even goes up to 86%. In the tech sector, the talent shortage experienced by UK businesses even <u>*threatens to stifle growth in the industry*</u>.

With skilled workers no longer being able to move freely between Europe and the UK due to Brexit, accessing international talent to compensate for local skill shortages has turned into a real challenge for local businesses. And while the government plans to <u>*reform the UK's skills development*</u>, industry experts point out that retraining and upskilling the UK's workforce is no short-term solution.

"[These] plans may have been designed to safeguard the UK's skills in the longer-term, [but] it is not a solution to the immediate challenges that employers are facing," Ann Swain, CEO of the Association of Professional Staffing Companies, remarks in a piece published in <u>*The HR Director*</u>.

International employment solutions like <u>*Employer of Record*</u> services (EOR) allow UK businesses to access and hire talent overseas in full flexibility and compliance. Here's how they help businesses meet their

hiring needs in a post-Brexit world.

How Brexit has impacted talent acquisition for UK businesses

In a _2018 Recruiter Sentiment survey conducted by LinkedIn_, 96% of HR professionals and recruiters stated that Brexit was already having an impact on their hiring strategies. 44% of respondents even indicated that the UK had become less attractive to EU 27 candidates after the country's decision to leave the European Union.

With the end of the Brexit transition period and the _new points-based immigration system for skilled workers_, which requires applicants to have a job offer from an approved employer sponsor and pay considerable _visa fees_, the willingness among international job candidates to relocate to the UK is considered a lot lower than before. This is reflected in the latest rankings of the _Global Talent Competitiveness Index_ where the UK dropped from the 9th to the 12th rank between 2019 and 2020, indicating a decrease in the country's ability to attract and retain talent.

Yet in the light of current _skills shortages_, UK employers need to access international talent to make sure they can fill open positions and get the workers they need to meet their business objectives. Since relocating to the UK has become more difficult for skilled workers from abroad, the only option to quickly access much needed talent is by building a remote workforce. However, the problem is that, especially for SMEs and startups, setting up legal entities abroad to employ talent overseas is not a viable option. This is where international employment solutions like Employer of Record services come into play.

Using an Employer of Record to access foreign talent in a post-Brexit era

An *Employer of Record* (EOR) is a global employment solution which allows businesses of any size to hire full-time employees in another country without having to establish a legal presence, i.e. a subsidiary or a representative office. This is made possible through the fact that EOR providers have their own entities in the countries where they provide their services and can therefore act as the employee's legal employer.

In the role of the legal employer, the EOR takes on all administrative responsibilities related to the employment relationship, while the business contracting the EOR service remains the de facto employer and hence

retains control over the employee's work schedule, projects and tasks.

Tasks and responsibilities that are typically taken over by an Employer of Record include:

- Drafting a local employment contract
- Registering the employee with all the government bodies, tax and social security agencies
- Processing payroll and paying wages and salaries
- Handling tax and social security reporting and payments
- Taking care of HR issues

Using an Employer of Record allows businesses to easily and quickly access foreign talent. Since there is no need for the business contracting the EOR service to set up a legal entity, the hiring process can be completed much faster (usually in as little as two weeks) and at much lower costs.

Global Employer of Record services like _Lano_ further offer the flexibility to hire talent all over the world thanks to their global partner networks. With this flexibility, even small and medium-sized businesses can tap into a global talent pool and find the candidates they need to take their business forward.

Let's illustrate this with a fictive example

A recently founded UK tech startup has completed its first funding round and is now looking to hire software developers to join their team. After advertising their open positions on the local market, the business soon realises that there aren't many suitable candidates available, and available talent is quickly snatched away by bigger corporations.

The only option they have is to look for talent abroad. They know that Eastern European countries such as Poland and the Czech Republic are

prime locations for software development outsourcing, since there is a lot of talent available and wage levels are lower than in the UK. However, relocating foreign talent to the UK via the skilled workers scheme is too slow and complicated and therefore not a viable option. Opening up a local branch or subsidiary isn't an option either, for the same reasons.

With an Employer of Record solution, the startup can go ahead and extend the geographic reach of their talent search to Easter Europe without having to worry about legal hurdles. Once they identify the right candidates for their open positions, they can hire the new recruits through the EOR and have their new teammate working in less than two weeks.

Maddyness, media partner of <u>Lano.</u> A cloud-based compliance and payments platform designed for building and scaling global teams. Through its network of experienced Employer of Record and payroll partners, Lano enables businesses to compliantly hire, onboard and pay employees in over 150 countries.

Article by Maddyness, with Lano