

# AN EMPLOYEE-FOCUSED FUTURE

Addressing the complexities of  
Human Resources & Payroll in 2024

Global Business Complexity  
Index 2024 – sub-report

Human Resources  
and Payroll

**TMF**  
GROUP

# Introduction

Human resources and payroll services remain a pivotal aspect of business operations in 2024, with the range of areas covered by HRP continuously expanding and the overall landscape undergoing numerous drastic shifts in just the last year.

For multinational businesses, reputation is key and that means the delivery of standardised HRP services on a global scale. On-the-ground input and local expertise are essential too, if a business is to successfully navigate complex legislative changes.

But balancing global standards with local compliance can be a challenge and with HRP regulations set to become more complex for multinationals over the next 5 years, it is vital that businesses prepare for the obstacles ahead. Even now, employees are demanding greater flexibility around both benefits and payments, while at the same time, jurisdictions are placing further restrictions on businesses looking to hire. There is also the ongoing need to comply with multiple conflicting central and local government requirements, with global mobility set to complicate the hiring and retention of employees.

Nonetheless, these challenges are not insurmountable. Building on the findings unearthed by the latest edition of TMF Group's Global Business Complexity Index (GBCI), this sub-report not only explores how jurisdictions are evolving in this context to boost foreign investment – from digitalisation to reduced bureaucracy – but also what businesses can do to both adapt and thrive within these changing workforce dynamics.



# The employee-centric model and its impact on operations



## Human resources and payroll regulations are predicted to become more complex over the next 5 years

The majority of global jurisdictions (54%) predict global regulatory requirements will become increasingly complex in the next five years. Many jurisdictions even identify difficulties in the regulatory environment as the predominant trend causing complexity for foreign investors.

It is the combination of an ever-expanding set of rules and regulations, accompanied by more stringent penalties for non-compliance that drives this sense of complexity, creating the need for adaptable and forward-looking compliance frameworks. The following sections of this sub-report will outline how this complexity manifests itself across a range of reporting requirements.

According to GBCI 2024, almost a third (29%) of jurisdictions expect HRP to become more complex over the next five years. This is a notable increase from the 25% of 2023.

When asked why HRP is so complex in their jurisdiction, TMF Group experts pointed to changing tax frameworks (33%), changes in labour laws (25%) and changes to compliance requirements (19%). Multinational businesses

operating in several jurisdictions not only have to navigate diverging requirements but there is also increased confusion when these requirements undergo frequent changes. Complexity increases, with organisations struggling to keep up with said pace of change.

The landscape is set to shift further throughout 2024 and into 2025. Several jurisdictions surveyed within this year’s GBCI mentioned how HRP’s increasing complexity was heavily linked to a changing accounting and tax environment. Whilst some jurisdictions benefit from simplified procedures when it comes to payroll calculations due to limited personal taxes - such as in Qatar or the UAE - other jurisdictions are seeing increased tax legislation add to the complexity of payroll calculations. For example, Croatian experts are expecting their imminent tax reforms to have an impact, while Belgium has already seen a tax shift to support environmental protection measures.

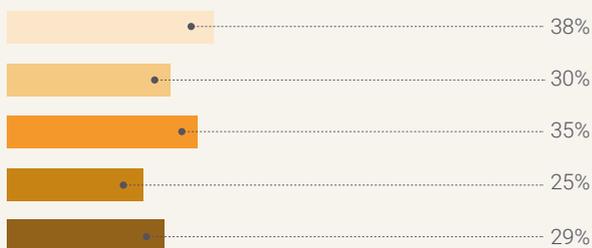


*Businesses operating in multiple states need to navigate and comply with a patchwork of state-specific regulations, which can be time-consuming and challenging. For example, while a federal paid leave law is still pending, several states have passed their own paid leave legislation which differ by state.*

**TMF USA expert**

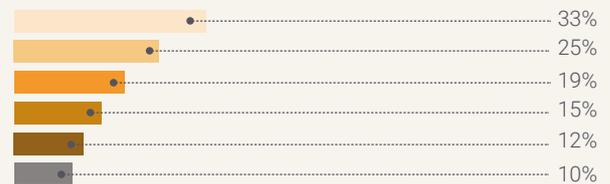
### HR and payroll - next five years complexity of service lines

Jurisdictions agreeing over the next five years, HRP will become more complex



- 2020
- 2021
- 2022
- 2023
- 2024

### Reasons that currently cause operational complexity for foreign businesses



- Changes in tax framework
- Changes in labour laws
- Changes in compliance requirements
- Increasing regulatory environment
- Social security requirements
- Changes in legislation

## An increase in progressive benefits equals complications for HRP teams

Benefits legally required to permanent employees (overall yearly)	2020	2021	2022	2023	2024
Minimum wage/minimum hourly rate	91%	92%	94%	94%	92%
Paid vacation/time off	88%	94%	94%	92%	96%
Paid maternity leave	87%	87%	86%	86%	84%
Severance/redundancy pay	84%	83%	86%	88%	87%
Paid sick days	84%	87%	83%	83%	85%
Overtime pay	81%	78%	83%	82%	85%
Paid paternity leave	64%	61%	62%	62%	70%
Health insurance	57%	58%	58%	56%	58%
Pension fund	58%	48%	57%	55%	57%
Compassionate leave	46%	51%	52%	51%	58%
Shared maternity/paternity leave	48%	43%	43%	42%	45%
Paying a 13-month salary or bonus	34%	34%	32%	32%	33%
Personal leave	45%	31%	29%	27%	27%
Childcare assistance	16%	30%	31%	29%	28%
Housing/social care contributions	13%	25%	27%	28%	26%

Changes to labour laws also impact how businesses provide for their employees. Over the last 5 years, there have been increases in the legal provision of progressive benefits, with the majority of jurisdictions requiring organisations to provide minimum wages (92%), paid vacation (96%), severance pay (87%) and sick and overtime pay (85%).

Whilst these benefits further support employees, this employee-centric system conversely creates added complications for HRP teams. With the additional elements to take into consideration, payroll calculations can become a large project to tackle. As such, organisations often require local expertise and knowledge to help ensure provisions for employees are met and global standards for the organisation are kept intact.

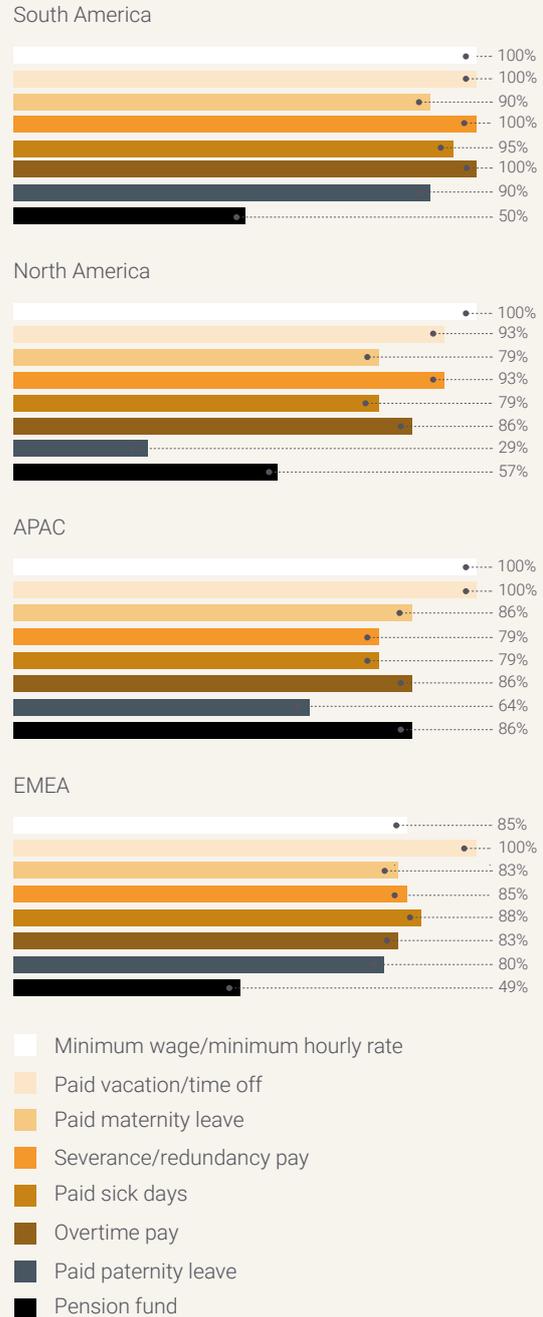
## South American jurisdictions lead the way in providing progressive benefits

Although providing progressive benefits is a significant global trend in 2024, there are some stark differences in the regional uptake of such requirements. All South American jurisdictions report that it is a legal requirement to provide minimum wage, paid vacation, severance pay, sick pay, and overtime pay. In comparison, EMEA and North American provisions are much lower, with 85% of EMEA jurisdictions requiring minimum wage and 79% of North American jurisdictions requiring paid maternity leave and paid sick days.

But while South America leads the way in terms of providing progressive benefits, this comes with the added complications that these benefits entail. Changes to benefits and the logistics of providing them causes administrative complexities. For example, experts in Argentina highlight the difficulties organisations face in staying up to date with labour agreements and constant wage changes. Meanwhile in Brazil, complex labour laws - that seek security in the relationship between employers and employees - add various layers of complexity to the specific rules and agreements that organisations must abide by.

Nonetheless, the provision of employee benefits can improve the quality of the labour environment, which in turn can attract greater foreign investment. The Mexican government, for example, has worked to provide more for its employees in the past year, increasing minimum wage, paid annual leave and an initiative to reduce working hours from 48 to 40 hours per week. Whilst North America lags slightly behind in providing paid time off, jurisdictions in this region are also noticing a shift toward employers recognising the importance of employee wellbeing. TMF Group’s USA expert noted how several states were beginning to ensure their employees have adequate time off for personal reasons. So although progressive benefits can mean a greater administrative burden, the focus on employee protection is likely to continue – on a global scale.

### Benefits legally required to permanent employees (by region)



## An employee-centric system means a push toward financial wellbeing

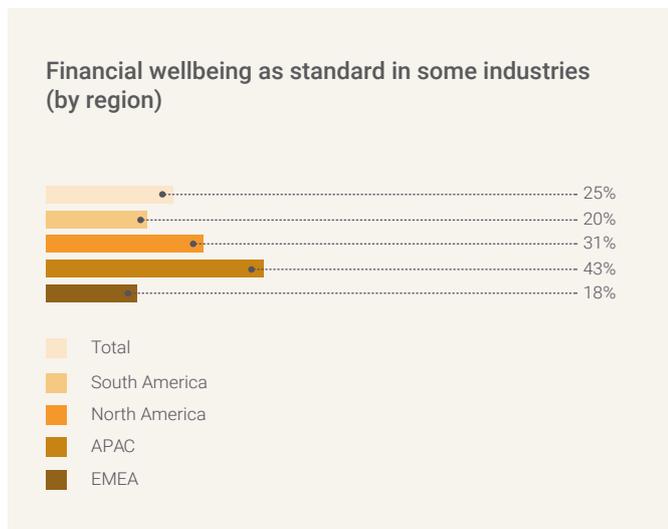
While it is not yet a legal requirement, financial wellbeing is a trend that HRP experts predict will impact the future of how payroll is processed. Financial wellbeing is about feeling secure and in control of your financial situation and it can look different for each employee.

Financial wellbeing is increasingly important, as employees with poor financial wellbeing are at risk of poor mental wellbeing and therefore, diminished performance at work. To adjust to these needs, employees are looking for greater flexibility from their employers.

In fact, a quarter of jurisdictions surveyed in this year's GBCI reported that financial wellbeing is now a standard in some industries. This figure rises to 43% amongst APAC

jurisdictions. Whilst this suggests, at present, financial wellbeing continues to be a 'nice to have', there is also evidence of a greater appetite for this benefit. TMF Group's global HRP expert noted that there is an increasing trend towards early wage access, as well as an employee's ability to choose when they are paid.

The need for this greater flexibility has the potential to create additional tasks for organisations - namely the need for payroll to be processed multiple times per month. Factors like financial wellbeing and wage access are therefore turning traditional HRP services into much larger undertakings, with the need to outsource payroll tasks becoming ever more necessary.



*In many regions, financial wellbeing is not just a concept but a standard that is integral to the overall health and prosperity of communities. It ensures that individuals have the financial security and resilience needed to face life's challenges. Other regions should take this into consideration because promoting financial wellbeing leads to more stable economies, healthier populations, and ultimately, more vibrant and resilient societies. For employees, financial wellbeing is crucial as it enhances productivity, reduces stress, and fosters a more engaged and loyal workforce. Investing in financial education and support systems is not just beneficial but essential for the success and sustainability of both businesses and their employees.*

**Veronique Lemaire,**  
**Global Head of HR and Payroll Client Solutions**  
**TMF Group**

## Case study: Signify

Signify is multinational lighting corporation, with its Philips products, Interact-connected lighting systems and data-enabled services, delivering value and transforming spaces within homes, buildings and outdoors.



### The challenge

As a result of the corporation's carve out from Phillips, Signify needed to establish its own administrative structures and processes for around 38,000 employees in more than 70 countries worldwide. Chief among these processes was ensuring the proper handling of HR and payroll across a newly-created business.

Signify's larger offices inherited the outsourced payroll processing contracts it had in place when it was part of Phillips, backed up with in-house HR admin teams. However, for the scores of medium-sized and smaller Signify offices around the world, the transition was significantly more complex. These offices had a patchwork set-up of outsourced payroll provision arrangements, with little or no in-house HR expertise available in most locations. Consistency was a challenge, and the company had even suffered from a local payroll partner closing without warning, leaving it entirely without support in that country.

### The solution

Signify needed a partner that could ensure continuity by delivering efficient, accurate and timely payroll services around the globe, and could also handle the complexity of ensuring pre-payroll HR admin was in place. Moreover, this had to be compliant with the widely varying employment rules and regulations in many locations around the world.

Signify chose to partner with TMF Group, who now delivers payroll services for Signify in most of these locations too. Today, Signify relies on HRP outsourcing to ensure the continuity and compliance of its multi-country payroll and HR administration.

*With TMF Group on board, we are able to trust that every office has a solid team in place for HR and payroll, whether it employs one person or one hundred.*

*Martijn Voermans,*  
Head of HR Services  
Signify

# The future of human resources and payroll



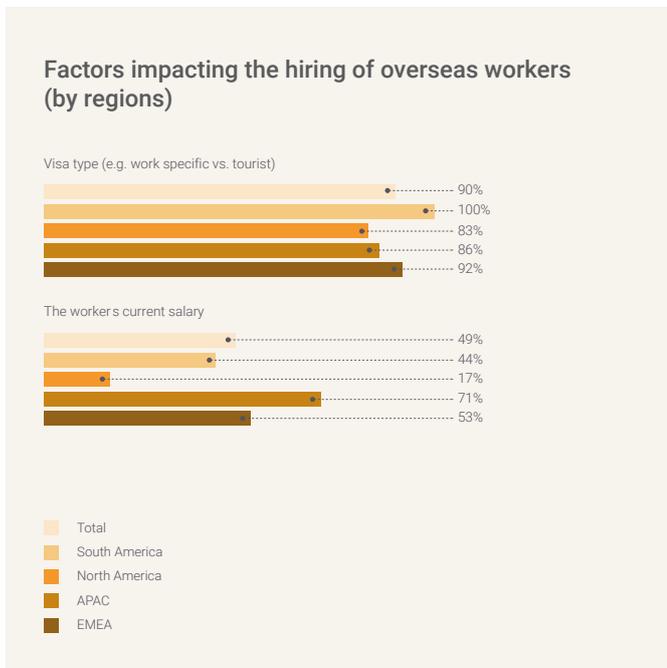
## Pushing towards global mobility

Post-pandemic, workers around the world are seeking more mobility and flexibility - not only in their workplace, but also in the location in which they choose to work. It is becoming increasingly common to have workers who work remotely. Digitalisation, along with a greater number of online and remote working opportunities, mean that people are now working from just about anywhere. TMF Group experts have found that jurisdictions like Costa Rica are currently benefitting from “digital nomads”, looking to freely work from multiple locations and choosing Costa Rica as a hub. Nations like Singapore, Qatar, Saudi Arabia and New Zealand are also benefitting from workers wanting to relocate.

However, due to the complexity of navigating cross-border regulation, some businesses do not provide options for remote working. Within this year’s GBCI survey, the majority of jurisdictions report that visa type is the main factor

that impacts their ability to hire overseas workers (90%). Depending on the type of visa a worker has, employers have to tackle various requirements, such as length of stay, conditions of employment, application fees and administrative work. For example, in South Africa, over the past 12 months there have been increasing delays in visas and permits for foreign workers. Similarly, in Indonesia obtaining a foreign worker permit can be complex, with lots of specific requirements that businesses must abide by, such as obtaining authorisation to hire and needing a residence permit. In this instance in particular, the employers often have to take on these tasks as the documents have to be submitted within the country in question.

Additionally, half of jurisdictions surveyed (49%) noted the cost implications of hiring overseas employees. An increasingly globalised world affects the global hiring market, making it not only much more competitive but also leading to increasingly elevated salaries. As such, greater global mobility means that employers are competing to attract workers against both local and global competitors at the same time.



*People don't necessarily reside or live in the same place as their work base. Workers can now be in a completely different country, as people are much more mobile. The next generation of employees want more mobility and to move around. However, this throws up a huge amount of complexity in areas such as cross-border regulation, as well as the technical and practical aspects of paying people.*

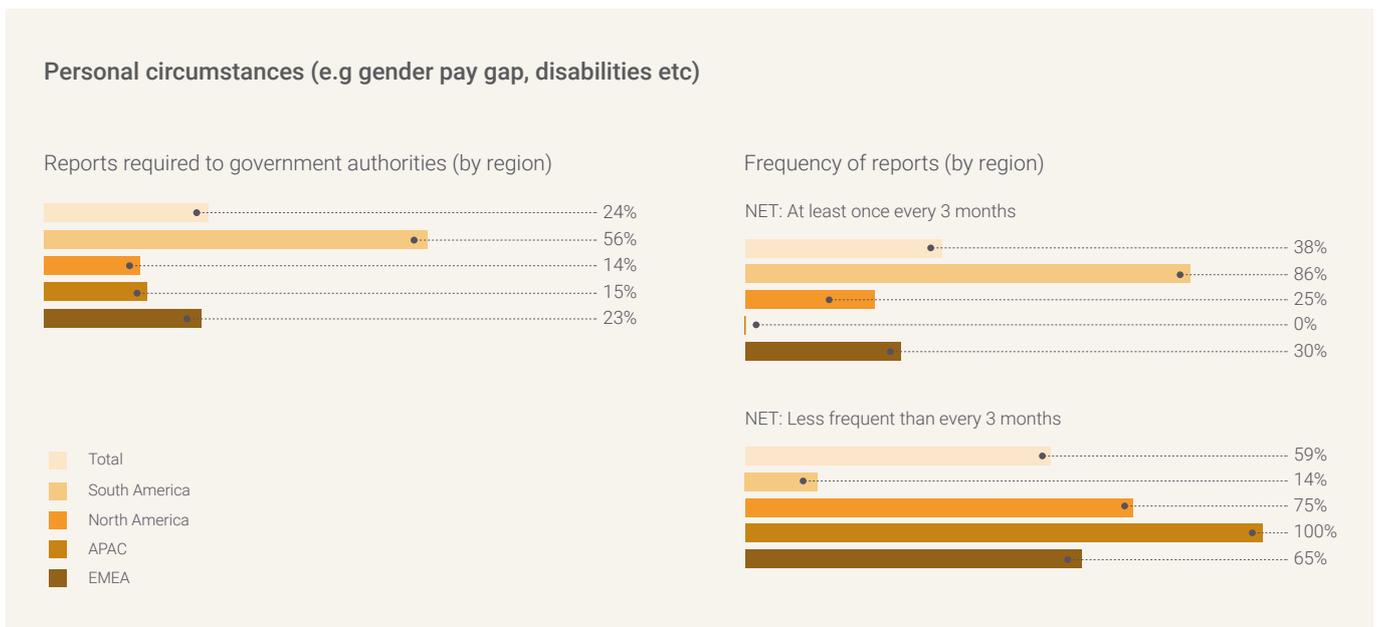
**Mark Rosson,**  
*Global Head of HR and Payroll Practices*  
 TMF Group

Jurisdictions such as South Africa, Hungary, Romania and Italy also highlighted the free flow of workers - particularly those within the EU - who are looking for a new environment but also higher salaries. This is placing more pressure on businesses to offer competitive hiring packages, including covering for relocation costs.

*Most of South Africa's good talent moves offshore for various reasons like safety, higher salaries, better education, better run governments and reduced corruption. Most of the highly skilled individuals already hold good tier positions, therefore it is either difficult to attract workers to move to South Africa at all, with employers having to offer premium packages to compete.*

*TMF South Africa expert*

### The requirement to provide in-depth reporting on employees continues to rise



Gender pay gaps, demographic information and data on minority groups all serve a useful purpose in monitoring the ESG standards of both jurisdictions more widely and the individual businesses within them.

According to GBCI 2024, nearly a quarter (24%) of jurisdictions require reports from all organisations about the personal circumstances of their employees. This is particularly high in South America where over half of jurisdictions (56%) in this region require this form of reporting.

Speed and frequency of reporting is also demanding. Two in five jurisdictions (39%) require reports on personal circumstances every three months. Again, this pressure is higher for South American jurisdictions where 86% have to abide by high frequency reporting. This level of reporting can place administrative burdens on HRP staff, who have to collect and formulate the data ready for publication in a relatively short amount of time. Timeliness and up to date management of personal data is therefore essential in keeping track of reporting requirements.

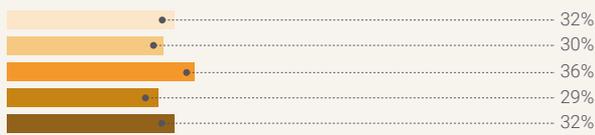
## Organisations are feeling the pressure

Although employers have the drive to provide this data, placing requirements on businesses to do so is a source of added pressure. ESG reports and legislation are becoming more and more important to governments each year, with 40% of jurisdictions surveyed requiring reports on senior executive pay and 32% requiring organisations to report on the diversity of their workforce.

As a result, whilst a third (30%) report that organisations are prepared for reporting and ESG legislation, the pressure to comply remains. Additionally, 43% of jurisdictions report that organisations are unprepared for new or changing legislation around ESG. Without support on how to navigate these changes and new requirements, organisations could easily fall behind on collecting this type of data – or worse, risk non-compliance.

### Legal ESG reporting requirements by jurisdiction

#### Diversity of the workforce

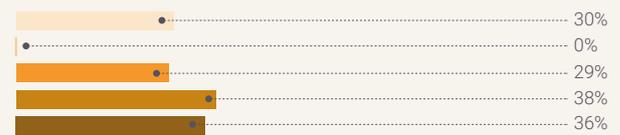


#### Rules around pay of senior executives

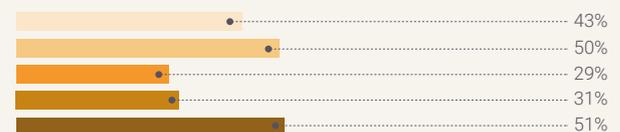


### Preparation for new / unexpected ESG legislation and reporting

#### Yes, clients are generally prepared but feel the pressure



#### No, clients are generally unprepared



# How to adapt and thrive amidst changing workforce dynamics



## Reducing the administrative burdens

Although the complexities around HRP process are not expected to ease in the next few years, there have been efforts made to alleviate pressures – namely, in digitalisation, improved assistance from governments and a reduction in bureaucracy.

Digitalisation is a widespread trend that has helped reduce complexity across several areas of corporate administration. HRP processes too have been positively impacted by the shift toward digital innovation in the workplace.

For example, several governments have implemented online HRP portals and platforms for reports to be uploaded and via which payroll taxes can be processed. In Brazil, the ‘eSocial’ platform has been set up to make the country more attractive and accessible to foreign investors. The platform reduces additional obligations by reducing bureaucracy around processes such as sending labour and social security charges. Other jurisdictions - like Mainland China, South Africa and France - are also now able to submit papers, social security and employee information online, making processes much more efficient than in previous years.

Other jurisdictions have noted that organisations are implementing their own payroll software and automation techniques to help solve HRP’s biggest challenges - timeliness and accuracy. And getting these two functions right is pivotal in maintaining both compliance and a strong reputation. For example, in El Salvador, organisations use a unified payroll calculation system to streamline processes and to avoid non-payments or inaccuracy. Additionally, jurisdictions in Europe benefit from standardised payment

and billing systems, which produces the necessary files for payments without issue.

And while digital improvements have assisted in the simplification of HRP processes, other efforts have also been made to increase clarity. Several jurisdictions reported that in the past 12 months, there has been improved assistance from governments and local authorities surrounding HRP requirements, where previously there had been ambiguity. When asked what changes have been made to reduce complexity in HRP in their jurisdiction, 22% of TMF Group experts referred to process simplification. For example, in the USA, there have been initiatives to provide certainty regarding independent contractor classification. Having greater clarity has also helped reduce confusion when organisations are looking to onboard contractors. Additionally, some states in the US have simplified payroll tax processes by implementing state-administered income, which works to reduce complexities around tax calculations.

This trend of simplified processes has also been seen in Mauritius, with the introduction of the Worker Rights Act. This piece of legislation has fast-tracked procedures for employment of foreign employees and reduced the timings for work and living permit applications. This type of process simplification has reduced the bureaucracy that foreign investors have to grapple with when processing HRP tasks. Such initiatives to reduce red tape have also been witnessed in Qatar with the Visa Centre Gateway. This gateway has reduced the administrative tasks needed for hiring overseas workers. Linking back to the future of HRP and global mobility, government initiatives - like the aforementioned in Qatar and in Hong Kong, SAR with the ‘Top Talent Pass Scheme’ - were designed and introduced to attract workers and therefore, foreign investors. Such initiatives and schemes can be used by multinationals as avenues to enter new markets and as tactics to reduce the negative impacts of a globalised hiring market.

Reasons, laws or trends that reduce complexity (by region)



*Notifying central bodies of new employees and their social security requirements is simple, immediate, and digitised. There is only one form to fill in and send to social security via an online site, with the employee’s personal information.*

TMF France expert

## Partnering with global HRP experts

Human resources and payroll management is high risk and high pressure to get right. As explored throughout this sub-report, HR teams are increasingly expected to provide greater stability and support to employees, whilst also reporting data to the authorities. As a result, one of the largest challenges faced by HRP teams includes the sheer number of tasks and ensuring that these tasks are carried out consistently across all areas and jurisdictions that an organisation may operate within.

To counter the administrative burden of HRP, many organisations are ensuring consistency by outsourcing whole elements of their HRP administration. Organisations that work with global partners are helped by using service providers to implement and set-up payroll software. Such software can then be tested by the service providers and deployed globally, therefore ensuring consistency in payments for an organisation across regions. A global partner can work to become extensions of any core HRP team, developing a valuable partnership through which multinational businesses can confidently navigate a precarious future landscape.

Along with establishing a partnership, organisations also benefit from having a partner with local knowledge and expertise in the jurisdiction they are operating within. Often HRP processes can be difficult to understand due to the intricacies of each jurisdiction. By working with local experts, foreign investors do not have to spend their time researching and understanding complex and often ambiguous HRP rules. Working with the local providers helps organisations ensure they are operating within the local guidelines, thereby maintaining their reputation in the market.

## Case study: LzLabs

Headquartered in Zurich, Switzerland, LzLabs is a software company that develops innovative solutions for enterprise computing customers.



### The challenge

Looking to expand their operations into Canada, LzLabs required a partner that could go beyond merely taking care of back-office functions. To ensure global consistency and accuracy, it needed certainty that its HRP functions would be executed in the right way, while at the same time, also remain compliant with Canadian law.

### The solution

LzLabs turned to TMF Group to help on both a global and local level. TMF Canada's team, based in Toronto, held the knowledge to help LzLabs navigate the intricacies of Canada's incorporation requirements. Additionally, TMF Group's global presence has also helped begin conversations around LzLab's future plans for expansion.

With TMF Group acting as an extension to the LzLabs team, LzLabs can instead focus on its core priorities.

*It's harder for a young and not-yet-global company like LzLabs to build a presence in a new market with no local support. That's where TMF Group has been so helpful. The team seemed to know what I was looking for before I even asked for it, and that made the whole process easier and faster.*

*Thilo Rockmann,*  
Chairman and COO  
LzLabs

## Conclusion

The global landscape of HRP continues to evolve, with a clear shift towards a more employee-centric model. This evolution, while beneficial for employees, is increasing the complexity surrounding HRP services, with progressive benefits and frequent changes in tax frameworks chief among the shifting factors. The future of HRP is set to become even more complex with the rise of global mobility and increased reporting obligations. The trend of employees wanting greater flexibility from their employers - whether that be in work locations or payment dates - also brings with it additional complications.

However, amidst these complexities, there are developments that are helping to ease the administrative burden. Digitalisation is playing a key role in simplifying HRP processes, through online portals and automation. Additionally, improved assistance from governments and local authorities offers greater clarity overall, reducing ambiguity around compliance.

To further navigate these complexities, organisations are increasingly outsourcing elements of their HRP administration and forming partnerships with both global and local experts. Therefore, while the future of HRP is set to become more complex due to the employee-centric model, strategic use of digitalisation, government assistance, and partnerships can help organisations adapt and thrive amidst these changing workforce dynamics.



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HR transformation and change management

Global payroll and HR compliance

Payroll and HR project management

Health checks and guidance on global employment requirements

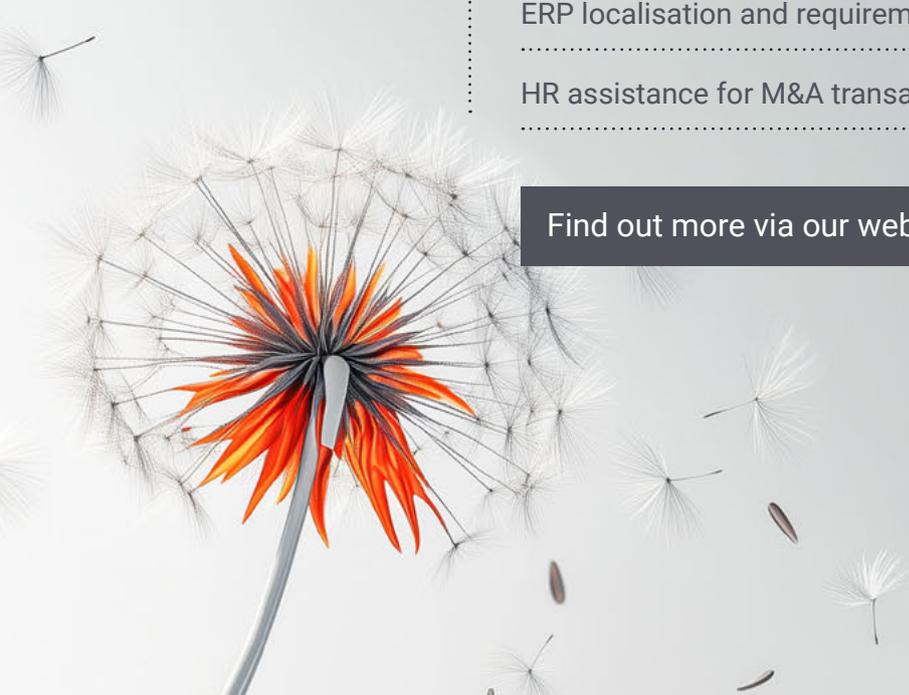
Compensation, incentives and benefits checks

Cross-border employment arrangements, mobility and posted workers

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# We make a **complex** world **simple**

TMF Group is a leading provider of critical administrative services, helping clients invest and operate safely around the world.

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We are a key part of our clients' governance, providing the accounting, tax, payroll, fund administration and legal entity management services essential to their success. We make sure rules are followed, reputations protected and operational compliance maintained.

Our global service model and technology platform put our clients in control of their portfolio of entities and global locations. The data insights we deliver keep them on top of emerging regulation, the status of their own activity and any points of risk.

We serve corporates, financial institutions, asset managers, private equity and real estate investors, and family offices. Our clients include the majority of the Fortune Global 500, FTSE 100 and top 300 private equity firms.

TMF Group is a trusted and reliable partner, in strong financial health and focused on providing flawless service to our clients.

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