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NAVIGATING US AND GLOBAL TALENT:

Understanding PEOs and EORs

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Cross-border talent and the future of work

In recent years, global talent shortages have become an acute challenge for businesses worldwide, with three quarters of employers struggling to recruit talent. Korn Ferry estimates that by 2030, there will be 85 million unfilled jobs globally (including over 6 million in the U.S.), resulting in $8.5 trillion in lost revenue.

The talent crunch is particularly acute in the tech sector, to the tune of $162 billion in lost revenue annually in the U.S. alone. A Gartner survey reveals that talent shortages are the most significant barrier to the adoption of emerging technologies. According to a McKinsey report, the lack of qualified talent is limiting the growth of fields such as artificial intelligence, cloud computing, machine learning, and more. In the burgeoning cybersecurity industry, there are 750,000 unfilled positions in the U.S. and 3.5 million globally in 2025.

As a result of these staffing challenges, companies have become increasingly open to remote and cross-border hiring, whether that's across states, provinces, or international borders. The World Economic Forum estimates that remote global jobs will grow to 92 million roles by 2030. Research by Gartner shows that borderless tech hiring doubled from 2020 to 2023, with 58% of organizations reporting that they employ remote tech talent based in other countries.

In addition to overcoming talent shortages, hiring across borders enables companies to access a larger talent pool, reduce costs, increase diversity, and expand into new markets.

Whether you're a U.S. company looking to expand internationally or a global company wanting to hire U.S. employees, it's important to start by **understanding what's involved in employing people across borders**.

2.
Hiring talent across borders

What does it take to employ talent in other countries or jurisdictions?

Every country has its own employment laws and tax regulations that employers must comply with, and even within a country (such as the U.S. or Canada), states and provinces have their own local laws. These laws govern every aspect of employment, including contracts, payroll, social contributions, benefits and leave entitlements, notice periods, severance pay, and more. When you hire an employee in another jurisdiction, it's crucial to ensure compliance with local laws—otherwise, you put your business at risk of fines, penalties, legal claims, and reputational damage.

Getting all of this right involves a huge amount of time, effort, and expense. That's why employing talent across borders used to be a tedious and expensive process involving opening legal entities and hiring local lawyers, accountants, benefits providers, and more. Now, however, the barrier to entry is much lower thanks to employers of record (EORs) and professional employer organizations (PEOs) that already have a compliant employment infrastructure in place for client companies to tap into.

What exactly are EORs and PEOs, and how can they help you hire cross-border talent while mitigating risk and ensuring compliance? Let's unpack the differences between EORs and PEOs, the complexities of hiring internationally, and how companies can partner with an EOR or PEO to successfully navigate compliance challenges and achieve their global expansion goals.

> **Oyster takes away the stress and complexity of setting up company entities, figuring out tax regulations and employment laws, and sourcing benefits providers when we operate in new territories.** We don't have to worry about any of that, which means we can dedicate our time, energy, and resources to building a great product for our customers.

James Corfield
Director of Talent Acquisition at Lokalise
lokalise

3.
Understanding EORs and PEOs

EORs and PEOs both help companies employ and manage talent, but they operate under fundamentally different models.

PEOs primarily serve the U.S. market, while EORs provide global employment solutions. Let's examine each model in detail.

Employer of Record

An employer of record is a third-party organization that employs talent on behalf of a client company and assumes liability for the employment relationship. As the legal employer, the EOR is responsible for every aspect of the employee lifecycle from compliant contracts to payroll, taxes, benefits, and offboarding. The team member provides services to the client company, but their employer is the EOR.

Professional Employer Organization

With a professional employer organization, the employment relationship is very different because the client company and the PEO become co-employers of the team member. In this model, the duties, responsibilities, obligations, and risks of employment are shared by the client company and the PEO. The client company manages the employee's day-to-day work while the PEO handles HR tasks like processing payroll, withholding and remitting taxes, ensuring compliance with labor laws, and more.

Despite the differences in the employment model and legal relationships, EORs and PEOs are similar in that they both provide outsourced employment and HR support by taking care of payroll, taxes, benefits, compliance, and more. By taking on the HR admin burden, an EOR or PEO partner makes it easier for the client company to focus on the core of their business, and not the administration of their workforce.

> "An EOR or PEO partner manages the complexities of multijurisdictional hiring, which **empowers companies to expand quickly and compliantly at the pace your business requires**."

Miranda Zolot
General Counsel at Oyster
Oyster

4. Benefits of partnering with an EOR or PEO

Working with an EOR or PEO partner enables companies to expand across borders while minimizing legal, logistical, and administrative expenses.

Below are some of the most important benefits of using an EOR or PEO.

- **Speed and readiness to hire:** Whether you need to hire U.S.-based talent to service key customers, establish a software engineering team in India, or build a customer service pod in the Philippines, a PEO or EOR partner can help you expand quickly and compliantly, allowing your business to grow at the pace you intend.
- **Compliance management and risk mitigation:** When hiring in another country or jurisdiction, an EOR or PEO can keep you compliant with local labor laws and tax regulations. Whether it's payroll taxes, statutory entitlements, or workers compensation insurance, a PEO or EOR partner will have the HR infrastructure in place to check all the legal and regulatory boxes.
- **Workforce visibility and management:** The best EORs and PEOs provide an intuitive, scalable software platform that makes it easier for HR teams to view and manage their workforce, from PTO tracking to employee benefits, bonuses, expenses, equity, and more.
- **HR guidance and strategy:** EORs and PEOs have a wealth of HR knowledge and experience, so they're well equipped to offer you guidance and strategic advice, whether it's fine-tuning your talent strategy or becoming an employer of choice.

> HR compliance can be all-consuming, so **the benefit of an EOR or PEO is that they bring the necessary HR expertise and support infrastructure, from payroll taxes to workers compensation.** Relieving the burden of HR administration allows companies to focus on growing their business.

Boyd Rogers
Divisional Vice President and Lead Counsel, Employment Law, at TriNet
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5.

Challenges of hiring in the US—and how a PEO can help

International companies hiring in the United States may find it challenging due to the unique cultural and legal nuances of U.S. employment practices.

First, at-will employment is the norm in the U.S., which may be surprising or unfamiliar to employers in other countries. Employment at will means that either party, the employee or the employer, can end an employment relationship at any time without reason, cause, or notice (as long as the employer is not terminating for an unlawful reason). This model is unique to the U.S. and builds a high degree of flexibility into the employment relationship.

Another challenge of hiring in the U.S. is the layered structure of U.S. employment law, which operates at three distinct levels: federal, state, and local. At the federal level, legislation like the Fair Labor Standards Act, Title VII of the Civil Rights Act, and the Americans with Disabilities Act establish baseline standards that all employers must follow. Moving to the state level adds another layer of complexity, as each of the 50 states has its own unique set of employment laws and compliance requirements, often exceeding federal standards. The final layer comes from local jurisdictions—cities and counties can enact their own employment ordinances, such as higher minimum wages or additional worker protections. For both U.S. and international employers, managing compliance across these three interconnected levels can feel like navigating a complex maze.

The good news is that a PEO, like TriNet, is already equipped with the knowledge and infrastructure to keep you compliant in all 50 U.S. states.

PEO services can help companies navigate multi-state and multi-level compliance requirements, from where to remit payroll taxes in Minnesota to how to interpret a court opinion on a particular statute in Florida. By leveraging the knowledge and expertise of a PEO, global companies can onboard talent in the U.S. without getting mired in the complexities or making costly compliance mistakes.

> **A PEO like TriNet understands the complexities of the varying laws across all 50 states in the U.S.**, and can leverage their in-house skill and talent for the benefit of the client to stay compliant and spend their time working productively to build their business.

Boyd Rogers
Divisional Vice President and Lead Counsel, Employment Law, at TriNet
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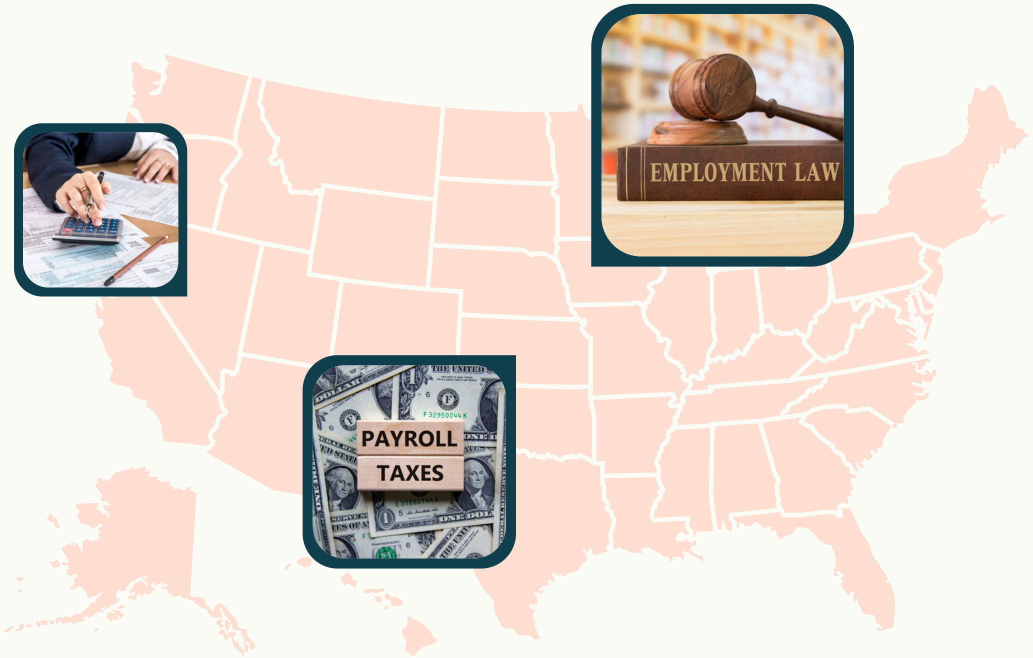


6.

Challenges of hiring globally—and how a EOR can help

Similar to hiring in the U.S., hiring globally also presents an array of compliance challenges since each country has unique laws, compliance requirements, and cultural norms and expectations around employment practices.

For instance, some countries mandate a 13th-month salary, while others require a mandatory Christmas bonus or vacation premium. When separating employees, you'll need to be aware of acceptable reasons for terminating employment as well as notice period and severance requirements. Employers may be required to withhold and remit social contributions to the appropriate government agencies.

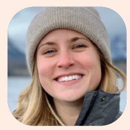
There may also be payroll reporting requirements, data privacy regulations, and more.

Adding another layer of complexity, employment legislation is constantly changing and evolving, so employers need to stay current with changing laws to ensure ongoing compliance. For example, restrictive covenants have fallen out of favor in Europe for some time, and are currently under scrutiny in the U.S., with a recent non-compete ban currently being appealed. Similarly, the rules and norms around employee mobility are also evolving, with digital nomad visas on the one hand versus tax liability, right to work, and labor laws on the other.

> **Employment legislation is constantly evolving, and it can be challenging for HR teams to keep track of changing laws. An EOR can provide advice and guidance to ensure ongoing compliance as the regulatory landscape evolves.**
>
> **Miranda Zolot**
> General Counsel at Oyster
> Oyster

The best EOR services make it much easier to ensure compliance when hiring globally because the EOR already has the HR knowledge and infrastructure in place to support companies who are looking to hire in a particular country or jurisdiction. This helps mitigate the risk of fines, penalties, and reputational damage. Most importantly, it allows you to work with top talent and grow your business without getting bogged down in the technicalities of contracts, payroll, benefits, or compliance.

> **Oyster has taken away the very important logistical work that must be done—and must be done correctly.** It's taken that stress off our plates. From a leader perspective, I can sleep easy at night knowing that we're not breaking some law that I didn't even know existed.



Tyler Parson
VP of People at Chili Piper

7.

Hire compliantly with Oyster and TriNet

Whether you're looking to expand your workforce in the U.S. or globally, remember that you don't have to go it alone.

You can partner with a PEO like TriNet to hire talent anywhere in the U.S. or an EOR like Oyster to onboard top talent worldwide. Partnering with a PEO or EOR will enable you to grow your team and achieve business goals faster and more efficiently.

→ To hire talent in the United States

TriNet is a leading PEO that offers access to human capital expertise, benefits, risk mitigation, compliance, payroll, and more—all enabled by industry-leading technology. TriNet's suite of products also includes services and software-based solutions to help streamline workflows by connecting HR, benefits, employee engagement, payroll and time & attendance. TriNet empowers small and medium-size businesses to focus on what matters most—growing their business and enabling their people.

→ To hire talent internationally

Oyster is a specialized global employment and intelligence platform that helps businesses compliantly expand across borders. Oyster's Employer of Record solution enables companies to engage full-time employees in 120+ countries without setting up their own entities. Guided by in-depth local knowledge backed by a team of HR and legal experts, Oyster manages the entire employment lifecycle, including employment agreements, onboarding, payroll, benefits, time off, and offboarding. The Oyster platform automates most HR processes and integrates with your HR tech stack to help businesses grow without complicating existing workflows.

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Learn more at oysterhr.com/trinet