EnRoute Jobs

FOR EMPLOYERS

EMPLOYER GUIDE

Paying People *Across Borders*

The moment you decide to hire outside your own country, you have four ways to pay them and each one changes the cost, the risk, and what you can honestly write in the listing. Decide it before you post.

WHAT'S INSIDE

- The four models
- What each one costs, with a worked example
- Misclassification: the risk small employers underrate
- Choosing and questioning an EOR
- Location-based pay bands
- The per-hire decision worksheet

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Why this decides your listing

"Hire anywhere" is a payroll question wearing a recruiting slogan. Where you can employ people depends on where you have a legal entity; where you can pay contractors depends on the law in their country, not yours; and an employer of record extends employment to countries where you have neither, at a fee. The choice sets the employment types you can offer, which is 20 points of a listing's Geo-Flex score, and it sets the countries in your hiring reach, which is 45.

So decide the model first, state it in the listing, and the applicants who arrive will be ones you can actually pay. This guide is the decision, not the legal advice: your accountant and the provider's counsel handle the specifics in each country.

ONE SENTENCE PER MODEL

Contractor: they invoice you; fast, cheap, risky if it is really a job.

EOR: a provider employs them for you; compliant, fee per head.

Own entity: you employ them; right at scale, expensive to set up.

Partner or agency: someone else's staff on your work; simplest, least control.

01 The four models

	CONTRACTOR	EMPLOYER OF RECORD	OWN ENTITY	PARTNER / AGENCY
How it works	The person invoices you from their own business; you pay the invoice	A provider with an entity in the country employs them on your behalf and bills you	You register a company or branch and run local payroll	A local company employs them and provides them to you under contract
Set-up time	Days	1–3 weeks	2–9 months	Weeks
Ongoing cost above pay	Near zero	Fee per employee per month (typically a few hundred dollars) plus statutory employer costs	Statutory employer costs plus accounting, filings, a registered address	Margin on the person's cost, often 15–40%
Who carries employment law	Nobody, until a court says the contractor was an employee	The provider, with you as the "client"	You	The partner
Benefits and leave	None unless priced in	Local statutory, administered by the provider	Local statutory, administered by you	Provided by the partner
IP and confidentiality	Must be in the contract; enforceability varies	In the employment contract; assignable to you	Standard	Depends on the partner contract
Best for	Project work, genuine freelancers, short engagements, one person in a country	1–20 people in a country, testing a market, senior hires who want employee status	20+ people in a country, or a permanent presence	Volume roles, short-term surges
Worst for	Full-time, long-term, single-client roles	Very low-paid roles where the fee dominates	One or two hires	Roles that are core to the business

02

What each one costs

A worked example, then a blank to run for your own hire.

Assume a role you would pay $60,000 a year to as an employee in a country where employer contributions run 20%. The numbers are illustrative; the shape is what matters.

LINE	CONTRACTOR	EOR	OWN ENTITY
Pay to the person	$78,000 (rate 30% above salary, to be equivalent)	$60,000	$60,000
Employer statutory contributions (20%)	$0	$12,000	$12,000
Provider fee (e.g. $500/month)	$0	$6,000	$0
Entity: accounting, filings, address (annual)	$0	$0	$8,000–$25,000
Entity set-up (one-off, amortised over 3 years)	$0	$0	$3,000–$15,000
Equipment, onboarding, admin time	$1,500	$1,500	$1,500
Annual cost, one person	**~$79,500**	**~$79,500**	**~$85,000–$113,000**
Annual cost, ten people	**~$795,000**	**~$795,000**	**~$750,000–$770,000**
Misclassification exposure	Real	None	None

The contractor and EOR routes cost about the same for one person once the contractor is paid fairly; the EOR carries no legal exposure. An entity wins on cost somewhere between five and fifteen people in one country.

My hire

Country ________________ Employee-equivalent salary __________ Employer contribution rate there ________

LINE	CONTRACTOR	EOR	OWN ENTITY
Pay to the person			
Employer contributions			
Provider fee (12 months)			
Entity running cost			
Entity set-up, amortised			
Equipment and admin			
Annual cost			
People I expect in this country in 2 years			

03 Misclassification

The risk small employers underrate, because the consequences arrive years later.

Most countries decide whether someone is an employee by looking at the relationship, not the contract. Full-time hours, a single client, fixed schedules, company equipment, a manager who directs the work, integration into a team: any few of these together make a "contractor" an employee in the eyes of a tax authority or a labour court, regardless of what the invoice says. The consequences are back-taxes and contributions, penalties, and in some countries the employee's statutory rights applied retroactively, including severance.

The relationship looks like a contract when

- [ ] They set their own hours and place of work
- [ ] They have, or could have, other clients
- [ ] They use their own equipment and tools
- [ ] They are paid per deliverable or per project, not per month
- [ ] They can subcontract or substitute
- [ ] The engagement has a defined end

It looks like employment when

- [ ] Fixed hours, core overlap, a rota
- [ ] One client, full-time, for more than a year
- [ ] Company laptop, email, Slack, title on the org chart
- [ ] A monthly retainer that looks like a salary
- [ ] A manager who assigns and reviews the work
- [ ] Leave that has to be requested

THE HONEST RULE

If you would be unhappy to learn the person was working for two other companies at the same time, they are an employee. Use an EOR, or, where you have an entity, employ them. Candidates on EnRoute are taught the same rule in the Global Salary Negotiation Guide, and increasingly ask for the EOR arrangement when a "contractor" role is plainly a job.

04 Choosing and questioning an EOR

Employer-of-record providers differ mainly in three things: whether they own an entity in the country or subcontract to a local partner, how the fee is structured, and how well they handle the moments that matter (a termination, a visa, a payroll error). Ask these before signing.

ASK	WHY IT MATTERS
"Do you own the entity in [country], or is it a partner?"	Owned entities give faster answers and fewer surprises. Partners are fine, but you should know who actually employs your person.
"What is the all-in monthly fee, and what is excluded?"	Some quote a low fee and add charges for onboarding, off-boarding, currency, benefits administration.
"How do you handle termination in [country], and what does it cost?"	Notice, severance and process differ enormously. The provider should describe it without being asked twice.
"Can you sponsor a work visa in [country]?"	Many cannot, or only in some countries. If the hire needs sponsorship, this is the first question.
"Who owns the IP the employee creates, and how is it assigned to us?"	Should be in the employment contract and the client agreement, clearly.
"What happens if we later open our own entity there?"	Transferring employees to your entity should be routine, not a penalty.
"Which currency do you invoice in, and at what exchange rate?"	Currency margins are a hidden fee.
"Show me the employment contract you would issue."	Read it. Your employee will.

05 Location-based pay bands

If you hire in several countries, you need a policy, and candidates will ask what it is.

Companies hiring across borders pay in one of four ways: a single global rate, location bands (a base rate times a factor for the country or city), the local market rate, or whatever was negotiated. Bands are the most common at companies with more than a handful of remote staff, because they are explainable. The Global Salary Negotiation Guide tells candidates to ask which model you use and what the band for their location is; have the answer.

DECISION	OPTIONS	OUR POLICY
Reference market	HQ city; a global benchmark; the highest-cost market you hire in	
Band factor basis	Country cost of living; city; a published multiplier table	
Band width	Typically 0.5–1.0 of the reference rate	
What happens on a move	Re-band on move; re-band at next review; no re-banding within a region	
Currency of pay	Local currency at a fixed annual rate; reference currency; employee's choice	
Review cadence	Annual; on promotion; on exchange-rate moves over a threshold	
Transparency	Published bands; bands on request; not disclosed	

PUBLISH THE BAND IN THE LISTING

"Base $70k–$95k, location-adjusted; the band for your country is shown when you apply" gets you the applicants who will accept the number and none of the offer-stage withdrawals. EnRoute shows a market estimate on listings that do not state pay, which may be lower than what you would offer.

06 The per-hire decision worksheet

Role ______________________________ Country of the hire ______________________________

Do we have an entity there? ☐ Yes ☐ No ____________ People we expect there in 2 years ____________________

Is the role full-time, long-term, single-client? ☐ Yes (employ them) ☐ No (contractor is defensible) ____________________

Does the hire need visa sponsorship? ☐ Yes ☐ No ________ Can our chosen route sponsor? ☐ Yes ☐ No ______________

MODEL	ANNUAL COST (FROM SECTION 2)	SET-UP TIME	LEGAL EXPOSURE	VIABLE?
Contractor				☐
Employer of record				☐
Own entity				☐
Partner / agency				☐

Decision ______________________________ Employment type to state in the listing ______________________

Hiring reach to state (countries or regions we can pay in) ____

Pay band for this country, and the policy sentence for the listing ____

EnRoute Jobs

State the model, get the right applicants.

Employment types and hiring reach are structured fields on every EnRoute listing. Fill them in and the Geo-Flex score, the filters and the applicants all line up with what you can actually pay.

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- The Geo-Flexible Hiring Playbook
- The Job Post Template Pack
- The Visa Sponsorship Employer Checklist
- The 90-Day Remote Onboarding Plan
- The Global Salary Negotiation Guide (what your candidates read)

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