



Your EOR Handbook to Malaysia: Unlock Growth Without Borders



Prepared by

GP Outsourcing Asia Sdn Bhd

A thought

A thought.

Imagine tapping into Malaysia's thriving talent pool, scaling your business effortlessly, and leaving HR complexities behind. Sounds impossible, right? Think again.

This handbook demystifies the magic of Employer of Record (EOR) in Malaysia, your key to hassle-free expansion and explosive growth.



to the EOR Handbook

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Malaysia at a Glance

1. A Booming Economy



6.5%

GDP Growth
(Source: IMF, 2023)



USD23.3 bil

Foreign Direct Investment (FDI)
(Source: Malaysian Investment Development Authority, 2023)



650 mil of accessible consumers

Situated in the heart of Southeast Asia, Malaysia offers access to a vast regional market

2. A Vibrant Talent Pool

94.5%
literacy rate



56%

of the population is below 35 years old
(Source: Department of Statistics Malaysia, 2023)



50,000

IT professionals graduated annually
(Source: MDEC, 2023)



2 mil

Skilled manufacturing workers
(Source: Department of Statistics Malaysia, 2023)



Malaysia at a Glance

3. Thriving Industries



16th ^{RANK}
Global Fintech Index '23
(Source: Fintech Global, 2023)



USD13.5 bil
E-commerce market
(Source: Malaysian Investment Development Authority, 2023)



1 mil medical tourists annually
(Source: Malaysia Healthcare Travel Council, 2023)

4. Cost-Effectiveness

Competitive Salaries

Malaysia offers significantly lower average salaries for skilled professionals, making it a cost-effective destination for talent acquisition. (Source: Mercer)

Favorable Tax Incentives

The Malaysian government provides various tax incentives for foreign investors, including tax breaks for research and development, pioneer tax status for high-tech industries, and investment tax allowances. (Source: MIDA)

Developed Infrastructure

Malaysia boasts a well-developed infrastructure, including modern airports, highways, and telecommunication networks, minimizing logistical costs and ensuring smooth business operations. (Source: World Bank)





PROBLEM

The Expansion Roadblock

Imagine setting your sights on Malaysia's vibrant market, only to get entangled in a web of complexities. Traditional expansion often promises paradise, but delivers purgatory. Let's face the harsh reality



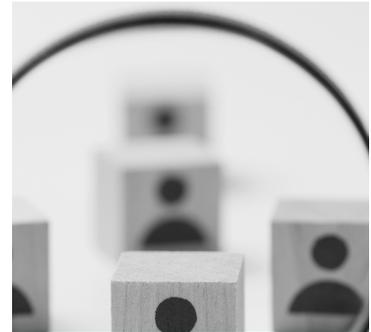
Problems



Entity
Setup
Hurdles



Compliance



Talent
Acquisition

Malaysia's potential is undeniable, but navigating the expansion journey can be tricky.



1. Entity Setup Hurdles



Bureaucratic Maze

Navigating Malaysia's company registration process can be daunting, with complex paperwork, legal requirements, and time-consuming procedures. Imagine months spent battling forms instead of conquering the market.



Time is Money

The lengthy setup process keeps you out of the Malaysian market, delaying revenue generation and potentially costing you valuable first-mover advantage.



Hidden Costs

Setting up a local entity comes with unexpected expenses, from legal fees to licensing charges, and can drain your expansion budget before you even get started.



2. Compliance



Regulatory Labyrinth

Understanding and adhering to Malaysia's ever-evolving labor laws, tax regulations, and social security contributions can be a full-time job in itself. One misstep can lead to costly fines and legal repercussions.



HR Complexities

Managing payroll, benefits, and employee visas for your Malaysian team adds another layer of complexity, diverting your focus from core business objectives.



Hidden Risks

Non-compliance exposes your business to legal risks, reputational damage, and operational disruptions, jeopardizing your entire expansion.



3. Talent Acquisition



Finding the Right Fit

Identifying and recruiting skilled talent in a new market can be a challenge, especially with cultural nuances and language barriers adding to the mix.



Time-Consuming Process

Traditional recruitment methods require extensive screening, interviews, and onboarding procedures, further delaying your team's entry into the market.



Visa Complications

Securing work visas for your foreign employees can be a complex and lengthy process, adding yet another hurdle to your expansion timeline.



About Us

EOR Breakdown

Enter the Employer of Record (EOR) –
your secret weapon for hassle-free
expansion and explosive growth.



What is an Employer of Record (EOR)?

An employer of record (EOR) is a company that hires employees on behalf of another firm. An EOR handles all the legal stuff like payroll, taxes, and benefits, so you can focus on what you do best.



What services does an EOR provide?

Pre-Employment:

- Compliance:
 - Advises on local labor laws and regulations.
 - Guides client company through employee classification (e.g., full-time, contractor).
 - Ensures proper work visa and permit arrangements.
 - Creates compliant employment contracts.
- Onboarding:
 - Collects and verifies employee documentation.
 - Handles new hire paperwork and tax forms.
 - Provides company policy orientation and training.

Post-Employment:

- Payroll:
 - Processes accurate and timely payments based on agreed-upon terms.
 - Handles deductions for taxes, social security, and other contributions.
 - Provide detailed payroll reports to both clients and employees.
- Tax Administration:
 - Withholds and submits all mandatory taxes to relevant authorities.
 - Manages tax audits and compliance issues.
- Benefits Administration:
 - Offers a variety of employee benefits packages (optional).
 - Handles enrollment and deduction of employee contributions.
 - Liaises with insurance providers and administers claims.
- Compliance Maintenance:
 - Monitors changes in local labor laws and regulations.
 - Updates employee contracts and policies as needed.
 - Maintains accurate employee records and documentation.
- Risk Management:
 - Provides guidance on mitigating employment-related risks.
 - Handles employee relations and dispute resolution.
 - Offers insurance coverage for potential liabilities.

Additional Services (may vary by EOR):

- Talent acquisition and recruitment support.
- Payroll compliance for contractors and independent workers.

When would businesses use an EOR?

1

Small and Medium-sized Enterprises (SMEs)

Principle: SMEs benefit from EOR services as it allows them to enter new markets quickly and efficiently without the complexities of establishing legal entities or hiring in-house HR teams.

2

Companies Expanding Internationally

Principle: EOR facilitates global expansion by offering a fast and flexible way to hire talent and navigate local employment laws without setting up legal entities.

3

Fast-Growing Startups

Principle: EOR streamlines hiring processes, enabling fast-growing startups to access international talent quickly and without significant administrative burdens

4

Temporary or Project-Based Hiring

Principle: EOR offers flexibility in hiring for short-term projects, enabling companies to access specialized skills without committing to long-term employment.

5

Companies Unable or to Hire Foreign Employees

Principle: In certain countries such as Malaysia, companies need to receive quotas to hire Foreign Employees from the government, which may not be obtained by many companies. Such case may require an Employer of Record who has Employment Passes Quotas.

What are the benefits of engaging with an EOR?



EOR vs Traditional Expansion

Choosing the right path for Malaysian expansion can be daunting. To clarify the benefits of an EOR, let's compare it to the traditional expansion:

	EMPLOYER OF RECORD	TRADITIONAL EXPANSION
Time to Market	2-4 weeks: Quick onboarding, minimal paperwork	7-12 months: Entity setup, legal approvals, office setup
Cost	Cost-effective: Predictable monthly fees, reduced overhead, no entity setup costs	High: Entity setup fees, legal fees, HR resources, ongoing operational costs
Risk	Low: EOR assumes legal responsibility, compliance expertise mitigates risks	Low: EOR assumes legal responsibility, compliance expertise mitigates risks
Flexibility	Highly Scalable: Easily adjust team size as needed, no long-term contracts	Limited: Scaling up or down is slow and costly
Focus	Dedicated: Focus on core business goals, EOR handles HR and administrative tasks	Divided: Managing entity setup, compliance, logistics, and core business
Talent Acquisition	Streamlined: Access diverse talent pool, EOR manages recruitment and visa logistics	Complex: Recruitment challenges, visa processing delays
Compliance	Guaranteed compliance: EOR experts navigate local laws and ensure compliance	High risk of errors: Understanding and adhering to complex Malaysian regulations

SOURCE:

- 2023 Global Expansion Survey by Deel
- Papaya Global, 2023 State of EOR report
- Gartner, 2023 HR Outsourcing Trends report
- Malaysian Investment Development Authority, 2023
- World Bank Ease of Doing Business report, 2023

EOR vs Staffing Agencies

	EMPLOYER OF RECORD	STAFFING AGENCY
Employment Relationship	EORs assume full responsibility	Shared responsibility and risks
Administrative Freedom	EORs handle intricate HR tasks	HR administration left to your team
Compliance Management	Comprehensive, handled by EOR	Basic, responsibilities shared
Talent Pool	Access to diverse talent	Limited to agency's candidate database
Speed of Placement	Moderately fast	Rapid, suitable for immediate needs
Long-Term Commitment	Yes, suitable for permanent roles	Primarily focused on short-term roles
Payroll & Benefits	Managed by EOR	Typically handled by client after hiring

EOR vs PEO vs GEO

Hiring and managing employees across borders can be a complex web of legalities, HR, and logistics. Fortunately, various solutions like Employer of Record (EOR), Professional Employer Organization (PEO), and Global Employment Organization (GEO) can simplify this process. But with so many acronyms, it's easy to get confused. Here's a clarification:

Employer of Record (EOR)

An EOR acts as the legal employer of your international employees, assuming full responsibility for payroll, taxes, benefits, and compliance with local labor laws. This allows you to hire quickly and seamlessly in new markets without setting up a legal entity.



Professional Employer Organization (PEO)

A PEO co-employs your team alongside its own employees, sharing employer responsibilities in your existing locations. They handle HR tasks like payroll, benefits, and compliance, reducing your administrative burden and offering economies of scale.



Global Employment Organization (GEO)

Think of a GEO as a hybrid of EOR and PEO. They specialize in international expansion, utilizing established local entities to employ your foreign workers. GEOs offer comprehensive HR services like a PEO, while acting as the legal employer like an EOR.



EOR vs PEO vs GEO

Feature	EOR	PEO	GEO
Employment Model	Legal Employer	Co-Employment	Legal Employer (local entity)
Geographic Scope	International	Existing locations	Primarily International
Key Services	Payroll, Taxes, Compliance, Onboarding	HR, Payroll, Benefits, Compliance	HR, Payroll, Benefits, Compliance, Onboarding
Control over Employees	Limited	Shared	Limited
Flexibility	High (easy entry/exit)	Moderate	High (easy entry/exit)
Cost	Usually higher	Cost-effective for large groups	Varies depending on services
Suitable for	Companies expanding internationally	Businesses looking for HR support and scale	Companies seeking seamless global expansion with localized support

Choosing the Right Option:

The ideal solution for your business depends on your specific needs and goals. Consider these factors:

- 1. Expansion plans:** Are you focusing on a few key markets or looking for wider global reach?
- 2. Team size and structure:** Are you hiring individual contractors or larger teams with varied needs?
- 3. Desired control:** Do you need direct control over employee relationships, or prefer a hands-off approach?
- 4. Budget:** How much are you willing to invest in managing your international workforce?

You can consult GP Outsourcing Asia to help evaluate your options!

Steps to Choosing the Right EOR



- 1 Define Your Expansion Goals
- 2 Assess EOR Expertise
- 3 Verify Compliance Capabilities
- 4 Evaluate Technology & Processes
- 5 Consider Scalability
- 6 Seek Client References
- 7 Review Contracts & Service Agreements
- 8 Conduct a Cost-Benefit Analysis



About Us

GP Outsourcing Asia Sdn Bhd

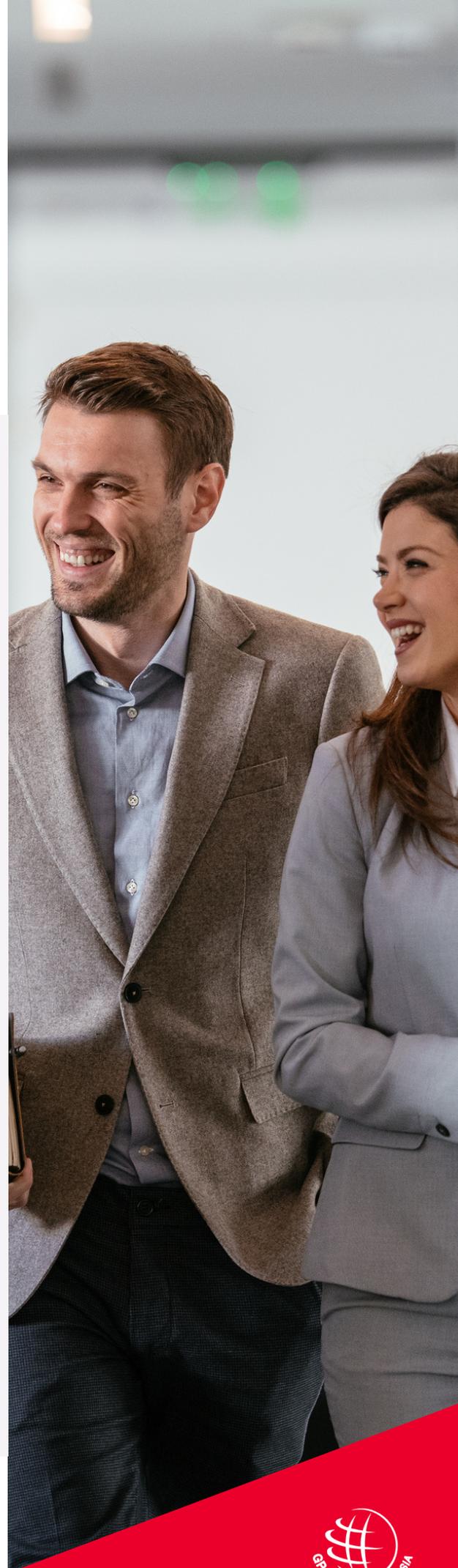
#1 EOR Partner in Malaysia



About Us

GP Outsourcing Asia, an MSC status company, has offered a complete range of BPO HR service support to our clients since 2009. As the foremost expert in Employer of Record (EOR) services in Malaysia, GP Outsourcing Asia has positioned itself as the industry leader, holding the number one spot in delivering comprehensive solutions for businesses seeking seamless expansion into the Malaysian market.

Our unparalleled expertise in navigating the complexities of Malaysian employment regulations, payroll management, and compliance ensures that clients can focus on their core business activities while entrusting their workforce management to seasoned professionals. Beyond Malaysia, our company boasts a rich and diverse international experience, successfully providing EOR services in the United States, the United Kingdom, Dubai, and China. Our global footprint attests to our adaptability and proficiency in addressing the unique requirements of diverse markets, making GP Outsourcing Asia the trusted partner for companies seeking reliable and compliant Employer of Record solutions worldwide.



Our Clients



Work with us !

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Let us know if you have
any questions or
concerns about
Employer of Record
and we would be happy
to help!



**Thank
You**

