

## Global HR - Fish to Go Is Going Places

- **What are the advantages of choosing a host-country national staffing strategy?**

Fish to Go's decision to expand by choosing a host-country national staffing strategy gives them the advantage of eliminating language barriers, a possible better understanding of local rules and law, and reduce hiring costs associated with moving a local employee to work abroad. Sending a local employee abroad would require paying for moving expenses and costs associated with obtaining visas. In addition, moving local employee does not guarantee success and may even result in the loss of good talent since the expat may not adjust well to their new environment which can cause them to become disengaged and leave the company. It is less costly to train and hire a local person. The local specialist will not have many of the cultural challenges associated with a foreign country assignment and will already know the culture and laws.

- **Develop a compensation plan for each of the two countries, revising the current compensation for managers in the United States, if necessary. The compensation plan should include salary, benefits, and any fringe benefits to attract the most qualified people. The plan should also address any legal compensation requirement for both countries.**

### **US:**

Fish to Go is currently paying their Restaurant Managers \$45,000 per year, plus 2 percent profit sharing, which would be considered a market-competitive salary since the average salary for a Restaurant Manager, according to Glassdoor, is \$48,464.00 per year with salaries ranging from \$36,000 to \$66,000.

According to Paychex, The U.S. Bureau of Labor Statistics states that "[l]egally required benefits provide workers and their families with retirement income and medical care, mitigate economic hardship resulting from loss of work and disability, and cover liabilities resulting from workplace injuries and illnesses." These mandated basic benefits, which have been instituted for less than two generations, include Social Security, Medicare, and Federal Insurance Contributions Act (FICA), Unemployment insurance, Worker's Compensation insurance, health insurance, Family and Medical Leave (FMLA). Some states require paid family leave, paid sick leave, and short-term disability insurance (STDIB) benefits. Voluntary benefits would include paid vacation, life insurance, long-term disability insurance (LTDIB), 401(k) retirement savings plans, education assistance, wellness programs, and childcare assistance.

Employees work weeks vary in the U.S. Some employers work a 35 hour work-week while others work a 40 hour work-week. Overtime pay is usually paid at the rate of 1.5% for any work hours beyond 40 hours. There are no federal laws that require an employer to pay any severance pay to employees upon termination or retirement. In addition, under the FLSA employers are only required to pay for time worked. This means that vacation time and payment of federal or religious holidays are offered by employers as an employee benefit. Most employees are hired as "at-will" employees and can be terminated with or without cause or notice. There is also no mandatory provision for employers to provide retirement or pension contributions and employees rely on Social Security and Medicare for retirement benefits.

Paid family and medical leave policies vary by workplace and state. There is no mandatory provision for paid maternity or paternity leave in the U.S. Most employees will use FMLA which provides qualifying

employees with up to twelve weeks of unpaid, job-protected leave per year. Unemployment insurance provides temporary financial assistance to employees who become unemployed through no fault of their own and are based on reported quarterly earnings for a maximum of twenty-six weeks. Due to the ongoing pandemic, special rules have been applied and payments have been extended until September 6, 2021 with additional payments of \$300 per week. Worker's Compensation insurance provides payments for employees who get injured on the job or develop work-related illnesses, rules of compensation vary from state to state. Short-term disability provides coverage for employees who become sick or injured due to non-work related illnesses.

#### **UK:**

The current market-salary for Restaurant Managers in the UK according to Indeed.com is £26,373 per year, converted to US dollars that would be \$36,886.60 per year. Glassdoor.com lists salaries for Restaurant Managers in the London, UK area at £32,485 per year, converted to US dollars that would be \$45,435.15 per year. This tells me that salaries fluctuate depending on the location of the restaurant. If you include the 2 percent profit sharing being offered by Fish to Go, I feel we would be above the market-competitive rate, which would help to attract the most qualified candidates.

According to Asinta.com, mandatory employee benefits in the UK include retirement (pension), healthcare, holiday pay, maternity/paternity pay and sick pay. Employers must auto enroll eligible employees into an appropriate pension which require a minimum level contribution rate of 8% of qualifying earnings of which 3% is paid by the employer. Voluntary benefits in the UK include life insurance, income protection referred to as GIP (Group Income Protection), equivalent to LTDIB in U.S., critical illness insurance, comparable to STDIB insurance, which provides lumpsum benefits for any listed conditions such as cancer, heart attack or stroke, private medical insurance, dental insurance, health cash plan, employee assistance programs and virtual GP services, and employer sponsored retirement. Employee fringe benefits include company cars, season-ticket loans, childcare vouchers, biking to work, gymnasiums, paid paternity/maternity leave, paid holiday allowances, and workplace canteens.

In the UK, employees work a legally mandated 48 hour work-week and are entitled to at least 28 days paid annual leave per year, which can include public holidays as part of the statutory annual leave (See Public Holiday Calendar below. Free or reduced cost healthcare is provided by the National Health Service (NHS) which include doctor's visits, hospital care, maternity care, emergency care, and treatment of life-threatening injuries or health issues.

#### **Public Holiday Calendar:**

<b>Day</b>	<b>Date</b>	<b>Holiday</b>	<b>Notes</b>
Friday	Jan-1	New Year's Day	
Friday	Apr-2	Good Friday	
Monday	Apr-5	Easter Monday	
Monday	May-3	Early May bank holiday	
Monday	May-31	Spring bank holiday	
Monday	Aug-30	Spring bank holiday	
Monday	Dec-27	Christmas Day	Substitute day
Tuesday	Dec-28	Boxing Day	Substitute day

Statutory Maternity Pay (SMP) is paid for up to thirty-nine weeks. You get 90% of your pre-tax average weekly wage (AWW) for the first six weeks and £151.97 or 90% of your AWW, whichever is less, for the next thirty-three weeks. SMP is paid by the employer which can claim it back from HMRC (HM Revenue and Customs). Statutory Paternity Pay (SPP) is paid by the government at the rate of £145.18 a week or 90% of average weekly earnings (whichever is lower) with deductions for Tax and National Insurance.

**Mexico:**

The current market-salary for Restaurant Managers in Mexico according to LinkedIn is MX\$270,000 per year, converted to US dollars that would be \$13,558.01 per year. SalaryExpert.com lists salaries for Restaurant Managers in Mexico at MXN\$390,493 per year, converted to US dollars that would be \$19,608.72 per year. If you include the 2 percent profit sharing being offered by Fish to Go, I feel we would be above the market-competitive rate, which would help to attract the most qualified candidates.

According to Asinta.com, mandatory employee benefits in Mexico include vacation pay, profit sharing, seniority premiums, and registration with Mexico’s social security system which entitles employees to free medical care and other social provisions. Voluntary employee benefits include life insurance, AD&D, major medical, retirement plans, food vouchers, and commuting services and support.

In Mexico labor laws exist at the Federal level only. In contrast to the U.S.’s “at-will” provision, employment in Mexico is presumed to be contractual and indefinite. Employees work a legally mandated 48 hour work-week. Federal Labor law requires that employees receive Sunday as their weekly day of rest and are entitled to vacation days based on years of seniority (as listed below). Employees who choose to work on a Sunday are entitled to receive a Sunday Premium of an additional 25% of their daily salary on top of their normal daily salary.

<b>Years of seniority</b>	<b>Days of vacations</b>
1	6
2	8
3	10
4	12
From 5 to 9	14
From 10 to 14	16
From 15 to 19	18
From 20 to 24	20
From 25 to 29	22

There are also eight mandatory paid public holidays:

- January 1st.
- The first Monday of February in commemoration of February 5th.
- The third Monday of March in commemoration of March 21st.
- May 1st.
- September 16
- The third Monday of November in commemoration of November 20th.
- December 1 of every six years, when it corresponds to the transfer of the Federal Executive.
- December 25
- Election day

- Rest days – Federal Labor Law requires employees receive one rest day a week. Labor law seeks it to be on Sunday.
- The Mexican Stock Exchange, all banks, stockbrokers, insurance, and surety companies are closed on 4 bank holidays.
- Thursday of Easter Week
- Friday of Easter Week
- November 2nd. Day of the Dead
- December 12th. Virgin Mary's Day

Employers are also required to pay a Vacation Premium, which means that in addition to paid vacation days, employees are entitled to 25% of their daily wages for each day they are on vacation excluding mandatory rest days and bank holidays. Federal law also requires that employers pay Christmas bonus equivalent to 15 days of salary after one year of employment. Employees who have not reached their one year anniversary receive a prorated bonus based on actual days worked during the year.

Women are entitled to twelve paid weeks of Maternity leave which includes six weeks of leave before childbirth and six weeks after childbirth, provided they are registered at least thirty weeks before the leave period and cannot perform any work duties that may pose a risk to the expectant mother or the unborn child. Maternity leave payments are made by the Mexican Social Security Institute based on her daily salary, not to exceed 25 times the UMA ("Unidad de Medida y Actualización"). Women who adopt are entitled to only six weeks of leave. Men are entitled to five paid days of adoption or paternity leave which is paid by the employer. If the company has an area that is designated for breastfeeding, the worker can take two thirty-minute breaks or a one hour reduction of her working day for about six months.

All workers must register with the Mexican Institute for Social Security (IMSS) to receive free medical care as necessary for conditions such as occupational hazards, illness, maternity care, childcare facilities, nursery services and social provisions. The Retirement Savings System (SAR) provides employees with life and disability insurance. The National Institute for the Workers' Housing Fund (INFONAVIT) allows employees to participate in programs for housing and mortgage credit.

If a company generates profits, they are required to pay 10% of the profits to the workers. However, this benefit does not apply to CEOs, CFOs, General Managers, and Administration and Finance Directors. Employees are also entitled to a Seniority Premium in cases of death, disability, wrongful termination, voluntary resignation after 15 years, retirement after 15 years, all based on their years of service. This premium encompasses payment of the lesser of either twelve days salary for each year of service, or twelve days of two times the monthly UMA for each year of service. If the employee has not completed a full year of service, the amount is prorated on the time worked until the leave date.

Mexico has a mandated Unjustified Dismissal Provision which requires severance payment consisting of three months' salary plus twenty days of salary for each seniority year. This provision also requires payment of proportional parts based on the employee's date of hire or January 1<sup>st</sup> of the ongoing year, whichever is later.

- Develop an outline for a training plan, making reasonable assumptions about the information a new manager would need to know at Fish to Go.

Fish to Go's outline for training as general manager would include the following:

- a) Emphasize company's core values and mission statement.
- b) Define company's expectations.
- c) Menu planning and development.
- d) Food safety and waste management.
- e) Workplace safety training.
- f) Revenue Management.
- g) Product sourcing and purchasing.
- h) Inventory control.
- i) Utilizing operational data.
- j) Equipment Training.
- k) Alcohol handling/service.
- l) Customer service.
- m) Sales and Marketing Strategies.
- n) Legal Aspects and Insurance.
- o) Talent Management.
- p) Employee conflict management.

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