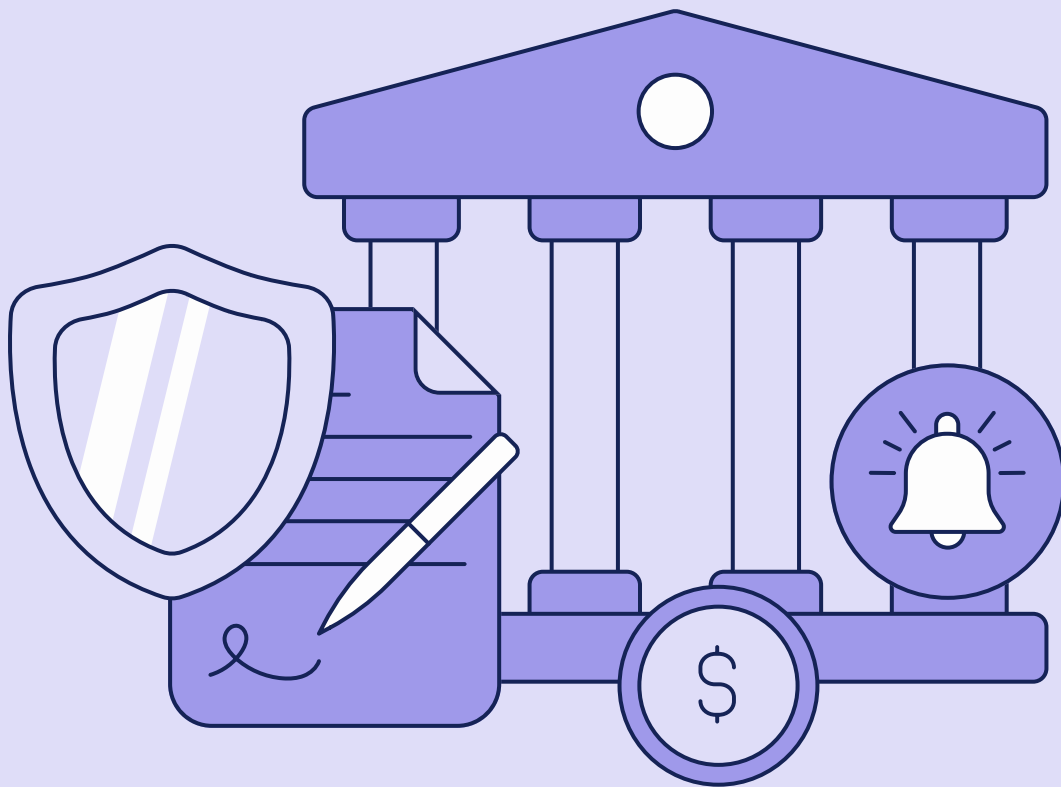


# The Role of Risk Management in Controlling Contract Workforce Expenses

Why employer of record services are a powerful tool for preventing financial mishaps





## Heavily Regulated Industry

The contract workforce industry operates under heavy regulatory scrutiny, making organizations susceptible to various forms of liability and risk. Compliance with local labor laws, tax regulations, and employment standards is mandatory, and failure to adhere to these requirements can result in severe financial penalties.

### **Common risks encountered when managing a contract workforce program include:**

**Liability from regulators:** Regulatory bodies can impose significant fines and penalties for non-compliance with employment laws.

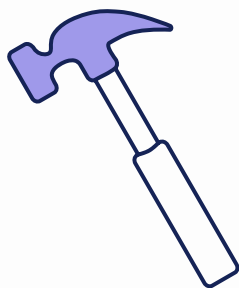
**Penalties for worker misclassification:** Misclassifying employees as independent contractors can result in back-pay and benefits owed in addition to any applicable tax obligations.

**Employee-led lawsuits:** Misclassified workers may file lawsuits, which may result in compensatory damages.

**Increased scrutiny from regulators:** Non-compliance can trigger heightened regulatory scrutiny moving forward, which is always disruptive to business operations.

**Punitive damages and legal fees:** Severe violations may result in punitive damages designed to punish and deter future misconduct, alongside mounting legal expenses.





## **A Useful Tool**

Employer of record (EOR) services are an effective tool as part of a greater risk management strategy. EORs specialize in assuming the legal responsibilities of employment, thereby insulating client organizations from direct exposure to various compliance risks.



## **Legal Buffer**

By serving as the legal employer, EORs create a protective buffer for client organizations. They assume liability for compliance-related issues, such as worker classification, wage and hour regulations, and employment disputes. This arrangement not only reduces the risk of financial penalties, but also ensures that the client organization is shielded from the direct impact of legal challenges.





## Expertise at All Levels

EORs bring a wealth of expertise in regulatory compliance at the federal, state, and even local levels. Their in-depth knowledge of labor laws and regulations ensures that client organizations remain compliant with all relevant legal requirements, regardless of complexity or locality. This expertise helps prevent costly compliance errors and allows organizations to focus on business operations without the ongoing worry of legal liabilities.



**Everything you need to manage your own contract workforce**

Employer of Record, On-Demand Sourcing, Vendor Management, and Freelancer Management, in the same self-serve UI.

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