

WHAT ARE THE RISKS OF HIRING INTERNATIONAL CONTRACTORS?



Protect your intellectual property and avoid misclassification fines and penalties.

Hiring internationally can be complex and time-consuming so many companies opt to onboard talent as contractors, either as a short-term solution or a long-term team-building strategy. Is this the best solution for your company? You should know the potential risks involved.

What are the risks?



Loss of intellectual property (IP): Without a compliant employment contract, constructed specifically to protect your IP, contractors can claim ownership rights on their output, risking your company's value. Without IP on lockdown, any future disagreement with the professional could result in costly, extensive legal action to prove company ownership.



Costly legal misclassification: Each country defines contractors and employees differently, so hiring internationally takes specialist expertise. In general, if a person works solely for your company and performs the functions of an employee, they likely should receive all the legal protections of formal employment. If a contractor misclassification is brought to the attention of local authorities, the penalties are severe.



No full-time commitment: When contractors are not dedicated full-time to the work you assigned to them, it can be harder to create a strong company culture. Moreover, contractors may be more likely to leave a professional engagement if they lack the security of full-time employment.

Contractor	Advantages	Disadvantages
Independent of your company.	No benefits provided.	Risks of misclassification and heavy penalties.
Works on a short-term basis.	No taxes withheld.	A contractor won't be as invested in your company as an employee.
Has several different clients.	Terminate a contract easily.	Intellectual property belongs to the contractor.

***Note:** Every country has different laws for regulating company-contractor relationships.

How can a global Employer of Record solve contractor risks?

There are options for companies that wish to onboard global talent without the burden of setting up in-country entities.

An Employer of Record (EOR) takes on all the legal responsibilities of an employer in the country your contractor is based. Hand over payroll, taxes, benefits, and compliance concerns to your EOR and onboard your employee in a matter of days. The candidate works full-time for you, but the EOR handles everything else.

Hire anyone, anywhere, quickly and easily.

- ✓ We have a 97 percent customer satisfaction rating, so you know your employees are in good hands.
- ✓ Research firm NelsonHall named Globalization Partners market leader in the Global EOR industry.
- ✓ Our in-house, worldwide HR experts support your global remote teams.



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