TCWGlobal

Go Global Without Getting Burned: How EORs De-Risk International Growth

The smartest way CFOs are scaling global teams without legal headaches

Executive Summary

Hiring international talent is now easier than ever — and riskier than ever. Misclassifying a global contractor can expose your company to fines, back taxes, lawsuits, and even criminal liability. The solution? Employer of Record (EOR)services that offer speed, scalability, and most importantly—compliance.

What Is an EOR (Employer of Record)?

An EOR becomes the legal employer of your worker in a foreign country.

You direct their day-to-day work, but the EOR handles:

- Payroll & benefits
- Taxes & social security
- Labor law compliance
- Employment contracts
- Terminations & transitions

Why This Matters to CFOs

Without an **EOR**, you risk:

- Massive misclassification fines (e.g., $530M Nike audit)
- Unpaid tax liabilities in multiple jurisdictions
- Local labor lawsuits and stop-work orders
- Criminal penalties for directors in places like Australia
- Delays and costs of setting up local entities

Benefits of Using an EOR

Without an **EOR**, you risk:

1. Risk Transfer
   - The EOR holds full legal responsibility
   - You eliminate classification concerns overnight
2. Speed to Market
   - Hire in days, not months
   - No need to establish costly local subsidiaries
3. Full Compliance
   - Every worker is fully documented, classified, and covered
   - Local tax, labor, and benefits laws always accounted for
4. Cost Control
   - Typical EOR fee: 10–20% of salary
   - Avoids six- and seven-figure compliance penalties

When to Use an EOR

- Expanding into a new country
- Hiring a long-term "contractor" abroad
- Building a distributed team without HR/legal infrastructure
- Running pilot teams in foreign markets

Final Word

EORs don't just make hiring easier — they protect your global growth strategy. While others gamble with misclassified contractors, EOR-backed CFOs sleep at night, scale with confidence, and keep expansion costs predictable.