

Side-hustles and freelancing exposing employers to more employment compliance risks

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The rise in side-hustles and freelance employment may be exposing employers to greater risks and more sophisticated recruitment fraud. That's according to global background screening and identity services firm, Sterling.

With recent data from Talent.com revealing that workers plan to develop a side hustle (18%), take on additional jobs (8%), or freelance (4%) in order to counter the rising cost of living, Sterling has warned that businesses are facing an increasingly complex employment compliance landscape.

Steve Smith, President of International at Sterling explained:

“While the flexible working environment has created a positive sense of autonomy over how, where, and when people work, it does also increase the compliance challenges for employers. One of the interesting trends we're seeing of late are concerns around tracking when people have a side hustle that they perhaps haven't shared with their current employer, which could impact both productivity and their employment contract.

“With recruitment fraud also becoming increasingly sophisticated, firms are at risk of outsourcing work in a non-compliant way inadvertently. As a case in point, engaging contract workers remotely is the norm — particularly in industries such as tech — but ensuring the person who has been contracted and vetted is actually the person delivering the work, is challenging.

“Across the globe we are seeing more employers falling foul of schemes whereby an individual contractor uses their qualifications to secure work, but then hands the execution over to someone else. For businesses, that can mean individuals are delivering work without being fully vetted to corporate standards.

“As more people engage in side hustles and remote working remains in place, the risks to employers grow unless they have the robust set up to not only identify the potential red-flags from the initial on-boarding stage, but also track workers throughout their journey with the brand. We are facing a

continued adjustment to the new world of work and we don't expect it will be an easy journey, but recognising these compliance risks is crucial.”

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