



Labor Contractors Can Make Dangerous Bedfellows: Part I

Insights

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According to many sources, there is a shortage of unskilled workers in the United States that is only projected to worsen, and employers nationwide are feeling the pinch. From hoteliers to seafood processors, manufacturers to contractors, employers are often finding it more and more difficult to fill open positions. As a result, many employers have turned to foreign workers. But, let's face it - processing visa applications is complex and the penalties associated with the employment of unauthorized workers are too great. Looking for the easiest and most efficient solution, many employers have simply outsourced the hassle.

To avoid a host of headaches, companies are working with labor contractors to obtain workers. Typically, the contractor handles the visa applications and/or the recruitment of foreign or domestic workers, and provides those workers to the employer. The contractor also pays the worker directly, and often undertakes providing that worker (especially when he or she is a foreign national) with transportation and accommodations. In exchange for the convenience, employers pay the contractor a fee. I know what you might be thinking: where do I sign up?!

While use of labor contractors can be a boon to employers, it is not without its dangers. There are several issues about which an employer should be educated before it decides to get into bed with a labor contractor. Failure to do so can result in numerous hazards that run the gamut (e.g., the Fair Labor Standards Act, human trafficking allegations, liability concerns, and other contractual issues). This series will explore those issues and offer advice on how you can minimize risk. Stay tuned until next time, when we will discuss how the Fair Labor Standards Act fits into this discussion.