

Direct Offshore Hire vs Offshoring Provider

Determining whether to engage offshore talent directly or through an outsourcing provider is a critical decision—and one that carries significant legal, financial, and reputational risk if done incorrectly.

This Fact Sheet is designed to help you understand the key differences between the two models so businesses can make informed, compliant decisions.

Businesses that hire directly may inadvertently trigger employer obligations under Australian law—including wages, superannuation, and leave entitlements—even if the worker is based overseas. Getting it wrong can lead to costly disputes, Fair Work claims, or international compliance breaches.

Hiring Direct vs Using an Offshoring Provider		
Factor	Direct Offshore Hire	Offshoring Provider
Control	Business issues instructions and manages the offshore worker directly. High risk of being deemed the true employer.	Provider manages staff operations and provides services per agreement. Client gives goals, not day-to-day instructions.
Compliance	Worker is often misclassified as a contractor but operates like an employee. Carries risk of claims under Fair Work.	Outsourcing company is the legal employer. Australian business is not exposed to direct employment risk.
Data & Security	Workers often use personal devices and home networks. Business has limited visibility or control over these.	Enterprise-grade infrastructure, secure networks, and equipment owned and managed by the provider are used.
Compliance Risk	Australian business is responsible for aligning with both Australian and foreign labour laws. High risk if misunderstood.	Provider assumes responsibility for compliance with local laws and employment standards.

Direct Offshore Hire vs Hiring via Outsourcing Provider

Factor	Direct Offshore Hire	Outsourcing Provider
Training and Supervision	No structured training or local oversight unless business provides it directly.	Staff receive onboarding, ongoing training, and in-country supervision from provider.
Cost	Perceived lower cost due to absence of outsourcing fees. However, hidden fees might be incurred from errors, claims, or low productivity.	Transparent pricing includes compliance, IT, and management, minimising risk and admin burden.
Reputation Risk	Poor handling of offshore relationships can damage a business's brand, especially if workers are unpaid or unsupported.	Provider enforces fair treatment, ensures ethical standards, and shields brand from direct exposure.
Business Continuity	Vulnerable to power outages, natural disasters, and unstable infrastructure in offshore locations.	Providers often offer business continuity plans, generator access, and disaster preparedness protocols.
Tools and Equipment	Worker may supply their own laptop, software, and tools. Security and quality may vary.	All tools, systems, and security protocols are managed by the provider and aligned with ISO standards.
Employment Protections	Business may unintentionally trigger obligations for wages, super, and leave if misclassified.	Workers are employed by the provider under compliant local contracts. No HR liabilities for businesses to consider.

**Need help assessing your offshore model?
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