

# IC Compliance Case Study – Kelly OCG

## Background

In 2020 CWS Israel, a Contingent Workforce Services firm, signed a strategic partnership with KellyOCG®, the outsourcing and consulting group of Kelly Services, to help mitigate clients' IC misclassification risk, adding CWS Israel's robust in-country processes into Kelly's Managed Service Provider (MSP) and Master Vendor (MV) solution offerings. CWS Israel is a prominent player in the Israeli Contingent Workforce management market, partnered with the world's largest MSPs and global employers.



## THE PROBLEM

The primary issue lies in the potential misclassification of these independent contractors as employees. Misclassification risks could cost the client and, by extension KellyOCG, an estimated \$200K-250K per Misclassified Independent Contractor. This risk did not include additional potential government fines and social payments, which could multiply the financial impact significantly.



## VISION & OBJECTIVE(S)

The vision was to safeguard full compliance with employment classification for the client's independent contractors, thereby preventing potential legal and financial repercussions. This strategy aimed to minimize unnecessary fiscal risks by averting the misclassification of contractors, thus evading substantial associated penalties.



## PROPOSED SOLUTION

CWS Israel proposed a two-part survey and conducting thorough interviews with each independent contractor and their immediate supervisor, to cross-reference and compare information provided by the two parties, and accurately determine the IC's employment status.



**CWS ISRAEL**



[www.reallygreatsite.com](http://www.reallygreatsite.com)



W Space Center, Pika 13, Rishon  
Le'zion, 7566113

# IC Compliance Case Study – Kelly OCG

## IMPLEMENTATION

1

Using their knowledge of Israel's labour law and compliance requirements and a network of legal professionals, CWS Israel created the survey and scoring mechanism to provide a risk mitigation tool for the client, to ensure an accurate and unbiased assessment.

2

CWS created resources like the "Independent Contractor Evaluation" to systematically ascertain whether the contractors could be deemed employees with which they can systematically ascertain whether the contractors could be deemed employees or not. Over the course of three years, CWS Israel conducted 74 interviews to assess the status of 37 independent contractors.



## RESULTS



The proactive approach of CWS Israel paid off. By accurately classifying the independent contractors, CWS Israel saved Kelly OCG and their client over \$5M in misclassification risks. The figure does not include the potential government fines and social payments, suggesting even larger more significant savings[DBNG1].  
[DBNG1]Can you estimate the cost of the government fines and social payments? The more quantifiable detail, the better.

## LEARNINGS



This case demonstrates the importance of proactive compliance checks in the complex landscape of independent contractor employment. Companies can avoid considerable financial and reputational damage by ensuring the accurate classification of their workforce. It also highlights the value of expert partners like CWS Israel in navigating complex labour laws and regulations.

## Resources

<https://www.contingentworkforceservices.com/independent-contractor-or-employee-calc/>

<https://www.contingentworkforceservices.com/contractor-compliance-partnership-with-kellyocg/>

<https://hbr.org/2017/07/lots-of-employees-get-misclassified-as-contractors-heres-why-it-matters>



**CWS ISRAEL**



[www.reallygreatsite.com](http://www.reallygreatsite.com)



W Space Center, Pika 13, Rishon  
Le'zion, 7566113