



Check the Blind Spots with Mark Pallo

ASO vs. PEO: The Differences Between a PEO and an ASO

Many people have asked what the difference is between a **PEO** (Professional Employer Organization) and an **ASO** (Administrative Services Organization). What exactly makes a PEO different from an ASO?

There are some similarities since both ASOs and PEOs offer human resources and administrative services to businesses. But there is a **key difference in the concept of a “co-employment relationship”** that impacts which option might be the best solution for your business’s needs.

The main difference between **ASO vs. PEO** is that PEOs offer a co-employment relationship with their clients, meaning that they become the employer of record for their clients’ employees. This includes the handling of [payroll](#), [employee benefits](#), [workers’ compensation](#), and other HR-related functions.

However, the client company still maintains control over their employees’ day-to-day work activities and responsibilities even though the PEO takes on many of the employer-related responsibilities and liabilities. Learn more about [what is a PEO](#).

ASOs, on the other hand, offer administrative services to their clients but **do not enter a co-employment relationship**. The ASO provides similar services such as the processing of payroll, benefits administration, [HR compliance](#), and other administrative tasks. In the case of ASO’s though, the client company remains the employer of record and retains control over their employees.

The primary difference between a PEO vs. ASO is that a **PEO takes on a co-employment relationship with its clients** and becomes the employer of record for their employees, while an ASO offers administrative services but does not become the employer of record. Both can offer advantages based on your company’s needs. Contact us to learn more about ways to outsource HR to help your business grow.



For more information contact Mark Pallo by calling 724.815.5610
or by emailing mark.pallo@onesourceem.com.

724.815.5610 / mark.pallo@onesourceem.com / onesourceem.com



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