

# Is Your Employer of Record Actually the Employer of Record?

Examining the challenges and risks of employer of record white labeling



In the context of employer of record (EOR) services, vendors sometimes consult with external providers to perform EOR tasks under the contracting company's brand. Essentially, these third-party providers handle EOR duties for the contracting organization, often without the end client or employees being aware of their involvement. This is known as **white labeling**, and it's surprisingly common.

The practice of white labeling EOR services presents considerable challenges and risks, especially regarding transparency, compliance, and service quality.



## Poor Transparency

A major challenge linked to white labeling EOR services is the absence of transparency in the employment relationship. Employees might not realize a third-party EOR provider is involved, causing potential confusion or distrust about their employment status and rights.

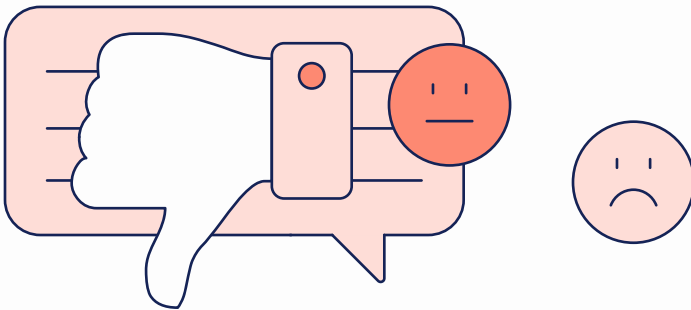
This lack of clarity can negatively affect employee morale and satisfaction, ultimately impacting the organization's overall productivity.



## Compliance Pitfalls

White labeling EOR services can lead to compliance risks, including worker misclassification, tax liabilities, and regulatory obligations. When the actual relationship with the EOR provider is not transparent, organizations might unintentionally breach labor laws or contractual agreements, risking legal and financial repercussions.

Conducting thorough due diligence and maintaining stringent oversight are crucial to reducing the compliance risks inherent in white labeling EOR services.



## Decline in Service Quality

The practice of white labeling EOR services can lead to diminished control over service quality and customer experience. Organizations that depend on third-party EOR providers may find they have limited visibility and influence over how services are delivered, potentially resulting in inconsistent standards and performance.

Maintaining strong communication channels and establishing service-level agreements (SLAs) can help mitigate the risk of service quality issues in white-label EOR arrangements.

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