



# Lexicon of Global Workforce Solutions-Related Terms

## About Staffing Industry Analysts

Founded in 1989, Staffing Industry Analysts (SIA) is the global advisor on staffing and workforce solutions. Our proprietary research covers all categories of employed and non-employed work including temporary staffing, independent contracting and other types of contingent labor. SIA's independent and objective analysis provides insights into the services and suppliers operating in the workforce solutions ecosystem, including staffing firms, managed service providers, recruitment process outsourcers, payrolling/compliance firms and talent acquisition technology specialists such as vendor management systems, online staffing platforms, crowdsourcing and online work services. We also provide training and accreditation with our unique Certified Contingent Workforce Professional (CCWP) program.

Known for our award-winning content, data, support tools, publications, executive conferences and events, we help both suppliers and buyers of workforce solutions make better-informed decisions that improve business results and minimize risk. As a division of the international business media company, Crain Communications Inc., SIA is headquartered in Mountain View, California, with offices in London, England.

For more information: **[www.staffingindustry.com](http://www.staffingindustry.com)**

## Introduction

One of the major challenges facing contingent workforce program managers and staffing executives focused on this area is ensuring that a common language is used. A lack of common definitions can cause severe communication problems between program managers and suppliers or when benchmarking contingent workforce programs across organizations. To help alleviate the issue, the following lexicon suggests a set of “working definitions” for contingent workforce program managers to use.

Some of these terms are used differently among sectors, or have definitions that are subject to some debate. In these cases, we have endeavored to provide multiple definitions to clarify the issues. While we trust that this document will be useful in bringing new employees up to speed and enabling a common understanding among parties, it is not meant to provide a complete set of legal or operating definitions. Although this is not meant to be an exhaustive dictionary of accounting and legal terms, we have included a number of such terms where they are particularly relevant to the staffing and HR industries.

The majority of terms are generic in nature and can be applied equally in North America, Europe or Rest of World; however, some terms are more regional in nature and we indicate which these are with the identifying icons below. Our aim is not to provide a multi-language Lexicon but simply to help clarify any differences and similarities in the use of English in North America and Europe. We have retained the use of US spellings throughout the Lexicon, however, it is prudent to familiarize yourself with common work-related variations such as *Call Center/Call Centre*, *Labor/Labour*, *Organization/Organisation*, *Program/Programme* and *Specialty/Speciality*. English-users in continental Europe tend to use both North American and UK spellings.

This is meant to be a living document. We encourage readers to suggest additional terms or to submit corrections and clarifications to the existing set of definitions. As we receive and compile new additions or clarify existing definitions, we will make periodic updates to this Lexicon. If you have corrections, clarifications or questions, please send them to us at **[memberservices@staffingindustry.com](mailto:memberservices@staffingindustry.com)**.

● Term used in North America

● Term used in Europe

● Term used in Asia Pacific/Latin America/Middle East & Africa

## Staffing Industry Analysts' Workforce Solutions Ecosystem



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The Workforce Solutions Ecosystem highlights interconnected components of the Staffing Industry and other types of Workforce Solutions. It comprises six primary segments all of which are further defined in this Lexicon:

- Staffing,
- Process Outsourcing,
- Payrolling/Compliance,
- Contracting/Consulting,
- Talent Acquisition Technology, and
- Other Workforce Solutions

Businesses in this Ecosystem operate in a broad and complex network of related and unrelated products and services which interact and compete with each other.

We have placed the Staffing Industry at the core of this Ecosystem, though, of course, we realize that this will appear to be a somewhat biased perspective if the center of your particular universe lies elsewhere.

We are confident that the Workforce Solutions Ecosystem provides a good representation of the market as it exists today, but we are equally confident that it will need reviewing and updating on a fairly frequent basis, owing to the rapid evolution of technology and globalization.

## Lexicon

- **1099 worker** — See Independent Contractor.

**Accruals** — The accounting basis that brings items to account as they are earned or incurred (and not as cash is received or paid) and includes them in financial statements in the related accounting period. Accrual-based accounting can provide improved visibility into a company's cash flow and financing requirements. For example, companies that “draw down” from purchase orders as services are used can use accrual-based accounting to help understand how that usage is impacting the company's finances overall.

**Administrative Fee** — The additional fee charged to a client (subscriber) by a an MSP or a VMS service-providing organization to cover selling, general and administrative costs for administering the contingent worker program (defined as “Operating Costs” in Europe) over and above the costs of contingent worker salary, taxes and benefits provided. This fee is usually expressed as a percent of bill rate and often, but not always, passed on to the suppliers within the program.

**Administrative Services Organization (ASO)** — An ASO is similar to a PEO in that it assumes the risks and rewards of workers' compensation insurance, and provides healthcare coverage to client employees, but it differs from a PEO in that it does not serve as co-employer of the workers.

**Affirmative Action** — Legal policy of favoring workers who are members of a disadvantaged group that currently suffers or historically has suffered from discrimination within a culture in securing employment or a promotion. Its intention is to improve their chances in securing employment or a promotion. Used in many countries in one form or another, but most notably in South Africa as a remedy to balance the workplace following many years of apartheid. Known as “positive discrimination” in the UK and “employment equity” in Canada, affirmative action may be used by governments to address issues of inequality relating to race, color, religion, sex or national origin.

**Agency** — A shorthand term that has come to apply to any staffing firm providing temporary or direct hire services. (See also: Employment Agency (Private).)

**Agency Contractor** — A term used to refer to temporary employees provided by a staffing agency. Often used in contrast to independent contractors. (See also: Temporary Employee.)

- **Agency Model MSP** — Refers to an alternative contractual arrangement for the supply of MSP found in those markets where having the MSP act as Principal is not lawful. In certain markets (i.e. France, Germany and Italy), legislation prevents second tier suppliers from supplying through an intermediary as local agency license requirements determines that the license holder contracts directly with the end user. Under the Agency Model, the MSP sits beside the supply chain rather than in the middle of it providing administrative services. The hirer has to continue to contract directly with individual supplying staffing companies, but the MSP administers those contracts on their behalf. Administrative services provided by the MSP may also include supplier selection, negotiating and standardizing contracts, processing requisitions, management of time reporting, compliance services, and managing invoicing requirements such as consolidated invoicing and invoice tracking. It will not include billing second tier staffing suppliers. (See also: Principal Model MSP and Margin only Model MSP)
- **Agency Work** — Preferred terminology used by CIETT and by certain European social partners to describe temporary staffing provided through a staffing company. Hence “Agency Work Business” (AWB) and Agency Worker. There is a contractual relationship between the Agency Worker and the Employment Business and the Agency Worker is paid by the Employment Business. There is no contractual relationship between the Agency Worker and the end user client. Direction and control of the Agency Worker is exclusively the responsibility of the user client.

- **Agency Worker** – A UK legal term used to refer to an individual who is engaged by an Employment Business (see definition) to perform labor for one or more of the Employment Business’ clients. (See also: Agency Work)

- **Agency Workers’ Directive (AWD)** – A European Union Directive agreed upon in November 2008 that seeks to improve the quality of temporary agency work by applying the principle of non-discrimination and to address unnecessary restrictions and prohibitions on the use of temporary agency work in the European Union. Under the Directive, an agency worker will be entitled to equal treatment (at least the basic working and employment conditions that would apply to the workers concerned if they had been recruited directly by that undertaking to occupy the same job. “Equal treatment” relates only to basic working and employment conditions of temporary agency workers (e.g., pay, working time) and does not affect the employment status of temporary workers. As with all EU Directives, the purpose of the AWD is to harmonize the law across the common market. Though it was originally proposed in 2002, the British government and others blocked its enactment until 2008. However, the UK government was successful in negotiating a derogation whereby equal treatment will only apply in the UK after 12 weeks in a given temporary job. All EU member states were obliged to amend laws and regulations to comply with the AWD by Dec. 5, 2011; however, there are examples of non-compliance in certain countries.

- **Agency Workers Regulations (AWR)** – A UK law, effective Oct. 1, 2011, in order that UK legislation complies with the EUI Agency Workers Directive (See: “Agency Workers Directive”). The AWR provides temporaries supplied through a staffing agency with entitlement to the same basic employment and working conditions as if they had been recruited directly, if and when they complete a qualifying period of 12 weeks in the same job. (See also: “Qualifying Clock.”). The AWR also grants certain rights to such temporary workers from the first day of their assignment such as access to facilities (i.e. canteen) and information on job vacancies.

- **Alliance** – A business relationship between a supplier and a customer, or among two or more suppliers, usually involving joint product development or joint marketing efforts.

**Alternative Staffing** – A very imprecise term that describes the gamut of nontraditional work arrangements available to organizations other than regular, direct and full-time employment. Alternative staffing arrangements include temporary help, leased worker arrangements, home-based work and contract employment. Alternative staffing arrangements may be made through a third-party contractor or directly negotiated between an employer and an employee. (See also: Atypical Employment.)

**Ancillary HR Services** – This includes all other workforce related third-party services not captured elsewhere in the Workforce Solutions Ecosystem. Examples include retirement services, compensation and benefits, employee motivation and engagement, performance management and relocation services to name a few.

**Applicant** – An individual seeking employment (with a temporary help firm, technical services firm, through an employment agency or directly with a company). In most countries, after hiring, a temporary worker is regarded as an employee, not an applicant, of the temporary help company.

- **Applicant Paid Fee (APF)** – The applicant pays the fee to the employment agency upon placement in a permanent job. APF business was common in the early years of permanent placement, but now accounts for a very small portion of total placement revenue. (See also: Employer Paid Fee.) In most European countries, applicant paid fees are legally forbidden for the assignment of temporary workers, except in case of additional training or for CV-drafting services.

**Applicant Tracking System (ATS)** – A service segment of the Talent Acquisition Technology Industry. An ATS is a software application that enables the electronic handling of corporate recruitment needs. Most incorporate a company website, enabling companies to post jobs onto their own website, as a way to attract candidates. The ATS solutions store these candidate data inside a database to enable effective searching,



filtering and routing of applications. Certain vendors use a different description for ATS software, such as talent management software (TMS), candidate management system (CMS) or recruitment management system (RMS). ATS is often used to underpin a Recruitment Process Outsourcing program (see definition). There is a separate type of ATS which acts as a module within a staffing firm front-office software solution, however these products are normally sold by different vendors with functionality to meet the workflow requirements of staffing firms rather than corporate recruiters.

**Approved Supplier List (ASL)** – A Contingent Workforce Sourcing Model (see definition) in which the provision of a contingent workforce, in whole or in part, is exclusively granted to a limited, but more than one, number of staffing providers, at specified conditions. Also known as a Preferred Supplier List (PSL).

**Artificial Intelligence (AI)** – Refers to computer systems able to perform tasks normally requiring human intelligence, such as visual perception, speech recognition, decision-making and translation between languages. AI is enabled through cognitive computing which is the simulation of human thought processes in a computerized model. Cognitive computing involves self-learning systems that use data mining, pattern recognition and natural language processing to mimic the way the human brain works. The development of AI alongside complementary technical advances such as robotics and big data is forecast to have a profound development on the future of work with many traditional occupations threatened by AI while, at the same time, new occupations will emerge.

**Assign** – The act of deploying a temporary employee on a specific work-engagement.

**Assignment** – A task or duty being performed by a contingent worker (i.e., a requisition for a temp, or each onboarded consultant associated with a consulting engagement). Assignment may also refer to the period of time that a temporary employee is working at an organization's facility; however, change orders such as extensions, do not count as separate assignments. Assignment length is regulated in many European markets. (See also: Place.)

- **Atypical Employment** – Work that is other than full-time and permanent, including part-time, evening and weekend work, fixed-term work, temporary or sub-contract home-based work, telework (telecommuting in the US) and outwork. (See also: Alternative Staffing.)
- **AUG (Arbeitnehmerüberlassungsgesetz)** – AUG is the German employment agencies law that requires each separately incorporated entity that wishes to lease employees to obtain an AUG license from the appropriate state labor office. Licenses are valid for one year and may be renewed. Many German end user hirers will only contract with foreign agencies that are in possession of an AUG license. However, the provision of independent contractors falls outside the scope of the AUG and a number of foreign staffing firms focus on this area of provision in order to avoid the licensing requirements.

Failure to follow the licensing rules correctly exposes the agency to fines and criminal proceedings while end users will find that an employee who works for an unlicensed agency, and not as a true independent contractor, will be deemed to be the hirer's employee at the point in time they started to work for the hirer.

- **BELO Agreement** – An agreement between an employer and employee that outlines an alternative salary method of compensation. It includes both standard hours and expected overtime pay, but its use is even more restrictive than the fluctuating workweek method.

**Blended RPO** – Refers to the inclusion of contingent labor as well as direct hire in a Recruitment Process Outsourcing contract. (See also: Recruitment Process Outsourcing and Contingent RPO)

**Blended Workforce** — This is a recent term that is gaining momentum especially among large staffing firms that also offer MSP and RPO services. Blended workforce means the planned use of direct-hire personnel and contingent workers to meet the strategic and tactical workforce needs of a corporation. The contingent worker element of today's organizations continues to grow as an important percentage of the "blended workforce" across multiple industries and skill sets, and can range from non-exempt customer services roles to executive exempt positions in the leadership C-Suite. A "blended" total talent acquisition supply chain solution has the capability to deliver talent in whatever modality/legal form required (direct or contingent) in an integrated solution engagement. (See: Total Talent Management.)

**Bill Rate** — The amount the buyer of staffing services is expected to pay the agency inclusive of the pay, statutory expenses, benefits and agency markup.

**Burden** — The mandatory employer-paid payroll taxes and benefits based on the wage or salary of the employees. In many countries, including the United States, both state and federal authorities collect some form of payroll tax. In the United States, Burden will include workers' compensation, unemployment insurance (SUTA), employer's share of FICA (Social Security and Medicare) and state or local taxes, for each temporary employee on assignment. In Europe, mandatory benefits vary per market but will generally include employment tax and social insurances. (Also known as "Statutory Expenses.") In staffing, Pay Rate plus Burden equal Direct Cost.

**Bureau of Labor Statistics (BLS)** — The US Bureau of Labor Statistics is the principal fact-finding agency for the federal government in the field of labor economics and statistics. The BLS is an independent national statistical agency that collects, processes, analyzes and disseminates essential statistical data to the American public, the US Congress, other federal agencies, state and local governments, business and labor organizations. The BLS also serves as a statistical resource to the Department of Labor. In Europe, every country has its own statistics authority but, for members of the European Union, national data are also captured and collated by Eurostat.

**Business Intelligence (BI)** — Business intelligence (BI) is the set of techniques and tools for the transformation of raw data — sometimes from disparate sources — into meaningful and useful information for business analysis purposes. In a contingent program, BI would be used to determine opportunities for program optimization, or rate optimization by comparing internal company data to third party data or external reference points.

**Business Process Outsourcing (BPO)** — A service segment of the Process Outsourcing Industry, Business Process Outsourcing is the use of an outside business services vendor (and its supervised personnel), either on the customer's premises or off-site at the vendor's location, to perform a function or run a department that was previously staffed and supervised by the customer directly. (Sometimes, but not necessarily, limited to situations where some or all of the customer's previous staff performing that function are hired by the outsourcing vendor.) BPO relationships differ from project work in that the duration of the contracts are typically much longer than one year or more and are not necessarily driven by milestones or deliverables but ongoing provision of services. In Europe, certain legal obligations are placed on the outsourcing company. For example, a formal Transfer of Undertakings Procedure (TUPE) applies to outsourced functions whereby the contracts of employment of all staff within the affected area are automatically transferred to the new employer, which then takes over all rights and obligations arising from those contracts of employment, except criminal liabilities and pension obligations.

Outsourcing can be undertaken in a different country, usually to leverage cost advantages and this activity is more commonly referred to as 'offshoring'. While many offshore projects are outsourced to third party intermediaries, a company can offshore activities using facilities/resources it owns/controls in another country, such that the term does not necessarily imply outsourcing.



**Candidate** — An applicant for a job who has been pre-qualified for temp or full-time consideration. Also used to distinguish an individual from a pool of unqualified applicants.

**Candidate Relationship Management** — A widely implemented strategy for managing a company's interactions with internal and external job applicants and candidate prospects. It involves using technology to organize, automate, and synchronize business processes—principally recruiting activities, but also for promoting the employer brand, and the development of talent pools or communities. The overall goals are to find, attract, and engage new prospective employees, nurture and retain the candidates the company has invested in but cannot yet hire, entice former employees back into the fold, and measure the return on recruitment marketing and job advertising costs.<sup>1</sup>

**Casual Labor** — See Day Labor.

**CCWP** — See Certified Contingent Workforce Professional.

- **CDI** — Contrat à Durée Indéterminée; French Legal equivalent of a permanent employment contract.
- **CDD** — Contrat à Durée Déterminée; French legal equivalent of a temporary employment contract, concluded directly between the employer and an employee. Legally, a CDD does not differ a lot from a contract for a temporary worker hired through a temporary agency, except that the latter requires three participants: the user company, the temporary agency and the temporary worker. In practice, CDDs are often used for longer assignments.
- **CEI (Certificate of Employment Intermediaries)** — The Singapore Ministry of Manpower requires that all agency employees who are acting as employment intermediaries must have obtained a CEI. There are two different levels of certification depending on whether or not foreign workers are to be placed. It is important that agency employees properly understand their obligations under the various acts, and their personal liability if they breach certain conditions, and this is one of the reasons for the certification course and process. The Ministry of Manpower maintains an online registry of all CEI holders.

**Certified Contingent Workforce Professional (CCWP)** — An accreditation program provided by Staffing Industry Analysts designed for HR, procurement, MSP solution providers and others who manage corporate contingent staffing. The CCWP Certification assesses and expands the level of expertise of participants to create an elite brand of CW program management professionals. To become certified, participants must demonstrate knowledge of contingent workforce management best practices by taking a class and passing a rigorous certification exam.

- **CL (Comprehensive License)** — One of two types of license required in order to operate as an employment agency in Singapore and is valid for three-year periods. An employment agency holding a CL may place any type of workers. However, if they place foreign workers, the number they place will depend on the amount of security deposit they have furnished. (See also: Select License.)

**Clinical/Scientific Staffing** — Staffing of research professionals and research technicians, primarily serving the pharmaceutical (clinical trial), biotech, chemical, and food and beverage industries. Common job titles include scientist, research assistant, clinical trial coordinator and chemist. Roughly corresponds to the US BLS's Life, Physical, and Social Science Occupations group and to the ISCO's Physical and Earth Science Professionals and Life Science Professionals groups.

**Co-employment (Co-employer)** — Legally referred to as a “Joint Employer” relationship, co-employment is

often used to describe the relationship among two or more organizations that exert some level of control over the same worker or group of workers. Co-employers often share some degree of liability for shared employees. (See also: Joint Employment.)

**Co-employment Risk** — The specific legal and financial risk to employers arising from co-employment situations. These risks can include, but are not limited to, pay, benefits or unemployment claims; discrimination claims; harassment claims; and, within the United States, workers compensation claims. Many experts view co-employment risk as a fact of life, particularly in dealing with contingent workers and staffing agencies.

- **Collective Labor Agreement (CLA)** — A CLA is a labor contract between an employer and one or more unions and is common throughout continental Europe. Collective bargaining consists of the process of negotiation between representatives of a union and employers (represented by management, or in some countries by an employer organization) involving terms and conditions of employment, such as wages, hours of work, working conditions and grievance-procedures, and about the rights and responsibilities of trade unions. The parties often refer to the result of the negotiation as a collective bargaining agreement (CBA) or as a collective employment agreement (CEA). CLAs can be negotiated at a company, regional or national level. Staffing agencies in the Netherlands have their own Collective Labour Agreement, which applies to temporary staffing and which is administered by ABU, the Dutch staffing association.

**Commercial Staffing** — A segment of temporary staffing that includes, but is not limited to, workers with the skills, knowledge and training required for occupations in light industrial, office/clerical and general labor categories. Sometimes referred to as “Traditional Staffing” or “Generalist Staffing.”

**Compressed Workweek** — A standard workweek of 35 to 40 hours that has been compressed into three or four days of 9 to 12 hours. Sometimes referred to as “four-tens,” meaning four 10-hour workdays.

**Consolidated Invoicing** — The combination of invoices from multiple sources (such as staffing suppliers) into a single invoice.

**Consultant** — A term often used interchangeably with “temporary employee,” though typically one performing professional-level work in areas such as IT, Engineering or Management Consulting Services. (See also: Temporary Employee.) Confusingly, in some European countries “Consultant” is also the term commonly used to describe the front-office staff in a temporary work agency.

**Contingency Placement** — The practice of charging a fee to either the applicant or the employer only after a successful referral of the applicant to the employer for employment. (See also: Retained Search.)

**Contingency Recruiting (Search)** — Refers to senior-level recruitment or executive-level searches most likely undertaken by an executive search firm. The executive search firm takes responsibility for the initial recruiting, screening and interviewing with payment of all (or most) of the fee contingent on the hiring of a referred candidate into a traditional employment role. (See also: Retained Search.)

**Contingent RPO** — A type of Managed Service Provision (See definition) model of supplying contingent labor whereby the supplier sources contingent labor through client-dedicated recruiters in an outsourcing mode. These recruiters are trained on the company business and employer brand to attract candidates and any candidate data derived pools developed as part of the sourcing process are owned by the client. As such, the candidate database is the IP of the client which is returned at the end of a contract. Also, unlike the traditional Master Vendor MSP models, the candidate databases are not shared with other clients and candidates are not offered roles in other companies. The majority of activity for the Contingent RPO supplier

relates to performing services that deliver a high percentage of direct sourcing through this model, rather than managing and sourcing suppliers which strongly features in a Vendor Neutral MSP model. Further, unlike other MSP models, Contingent RPO pricing is typically volume based, with a price per candidate placed, rather than being based on spend either by number of candidates placed or on a per candidate basis. This model is closer to a Direct Sourcing model (See Direct Sourcing) except that the service is outsourced to a third party.

**Contingent Worker** — Used to describe work arrangements that differ from regular/permanent, direct wage and salary employment. Contingent work and workers are primarily distinguished by having an explicitly defined or limited tenure.

Contingent workers include temporary employees provided by an outside staffing agency and independent contractors/consultants. Contingent workers may also include temporary workers from an internal pool, and others (such as summer interns, seasonal workers, freelancers, “crowd-sourced” workers, etc.) employed directly by an organization for an intentionally limited time period.

From an employer point of view, contingent work also includes statement of work (SOW) consultants who work for the company on a short term basis. While the consultants themselves may or may not have an expectation of ongoing employment with their consulting firm, their work for the client is considered contingent.

Workers in Professional Employer Organization (see definition) arrangements are not contingent workers, because the relationship is by definition ongoing. Similarly, outsourced service workers would not be included in contingent work as this work is expected to have an ongoing rather than explicitly defined, short-term tenure.

The “contingent worker” label applies to all workers of any skill type or experience level who meet this definition, including those in professional, blue-collar, or office/clerical roles.

**Contingent Workforce Management (CWM)** — Contingent Workforce Management (CWM) is the strategic approach to managing an organization’s contingent workforce in a way that it reduces the company’s cost in the management of contingent employees and mitigates the company’s risk in employing them while providing a more consistent supplier and user experience.

**Contingent Workforce Program** — The way a company or institution organizes its need for and use of (normally large numbers of) contingent workers (See: Contingent Worker). This may be limited to staffing, but usually includes other elements to optimize cost, quality, efficiency and level of risk. A program usually, but not necessarily, includes services from third parties. A Contingent Workforce Program is based on, or integrated into, one or more Sourcing Models. (See: Sourcing Models, Hybrid Program.)

**Contracting/Consulting** – Industry segment of the Workforce Solutions Ecosystem which includes Directly Sourced Contingent Workers and SOW Consulting Services. In addition to consulting businesses where work is paid on the basis of a defined deliverable/statement of work, this covers those categories of contingent workers that are not sourced via third-party intermediaries operating in other parts of our Workforce Solutions Ecosystem (i.e. temporary workers sourced via a staffing agency and freelance or crowdsourced workers sourced via the Human Cloud).

**Contractor** — An individual hired to deliver a specified service as laid out in a contract. In some organizations this term is used interchangeably with “temporary employee” to refer to individuals employed by a temporary staffing firm, typically at a professional level. (See also: Independent Contractor.)

**Contract Services** — Well-defined services delivered by an individual or organization as laid out in a contract.

**Conversion Fee** — Compensation fee paid to a temporary staffing firm for the loss of an employee when the staffing firm's customer hires the temporary employee on a direct-hire basis. In the United States, this is also known as Liquidated Damages. In Europe, the Conversion Fee may be defined or restricted under law. (Some full-service firms prefer to charge a “placement fee” rather than a conversion fee when this occurs. Many firms allow the conversion fee to be negotiated over a certain period on the temporary assignment.) (See also: Temporary-to-Permanent.)

**Cost-Plus Pricing** — Pricing methodology that gives the buyer full visibility to all of the costs in a given outsourced program. The buyer and seller agree contractually on a fixed percentage of profit as part of the cost. The actual cost, plus the agreed-upon profit margin, is paid by the buyer to the seller directly (not as part of supplier mark-up). The advantages of this model is the transparency and flexibility of determining exactly what activities and what costs are in the model and the ability to collaboratively optimize these over time. May also be known as “Should Cost Pricing.”

- **Criminal Records Bureau (CRB)** — An executive agency of the UK Home Office, set up to help organizations make safer recruitment decisions. The CRB acts as a “one-stop-shop” for organizations, checking police records and, in relevant cases, information held by the Independent Safeguarding Authority (ISA). In the United Kingdom, staffing companies are legally obliged to undertake CRB checks for candidates put forward for any temporary assignments that include working with children or vulnerable adults. Note: In contrast, within some markets, such as the Netherlands, criminal record (and health checks) are forbidden by law.

**Crowdsourcing** — A sub-segment of the Human Cloud, Crowdsourcing is an online platform model that enables work assignments to get parsed out and performed (often as disaggregated “microtasks”) by a far-flung “crowd” of independent workers who perform (paid or otherwise compensated/incented) work at will. Typically, the client of a “crowdsourcing” platform is purchasing “an outcome” (as a service output, not a labor relationship). Crowdsourcing also includes work arrangements where a “crowd” of workers compete or bid against one another to solve problems or tasks, with winner(s) selected and compensated based on the merit of their submissions.

**Customer Relationship Management (CRM)** — Software that enables users to track and manage customer or prospect contacts and information centrally. Ideally, all customer contacts are captured by the system and then made available to the organization through pre-defined or ad-hoc reports.

**Day Labor** — The provision of temporary workers to clients on a daily-pay, daily-availability basis, often on a multiple-worker basis. Day labor offices typically provide unskilled labor such as construction and may include transportation to and from the job site.

**Days Sales Outstanding (DSO)** — Days Sales Outstanding is a company's average collection period. A low number of days indicate that the company collects its outstanding receivables quickly. The DSO figure is an index of the relationship between outstanding receivables and sales achieved over a given period. This is a critical consideration for staffing firms that are required (by law in some countries) to pay employees on a frequent basis (normally weekly) while receiving payment from clients could take significant amounts of time. In Europe, DSO is more commonly referred to as Debtor Days.

**Direct Employment** — A two-way direct employment relationship between a worker and an employer, with no third-party broker or co-employer involved.

**Direct Hire** — A term commonly used to refer to services provided by a staffing agency related to helping an organization obtain an employee to work on their payroll as opposed to temporary staffing relationship where the employee is typically working on the staffing firm's payroll. In a direct hire arrangement, the provider is only paid a fee if a placement is made, as opposed to a retained search arrangement. (See also: Permanent Placement, Placement.)

**Direct Sourcing** — A term commonly used to refer to the process by which a company leverages its own internal candidate pool (i.e.: former employees, retirees, applicants from own ATS) to place within the company as temporary employees. These temporary employees are most often placed on the payroll of a third party payroll provider.

**Directly Sourced Contingent Workers** — A service segment of the Contracting/Consulting Industry, Directly Sourced Contingent Workers include independent contractors/consultants, temporary workers sourced from an internally developed pool of talent and others such as summer interns, seasonal workers, retirees and other contingent workers not sourced from a third-party staffing supplier. In a Direct Sourcing Model, company most often finds talent and administers the talent pool, but may engage a third party to do so as well.

**Dispatch Worker** — The translated English term commonly used in Japan and some other South East Asian markets for temporary agency worker.

**Diversity Supplier** — In North America, this refers to a minority-, woman-, disabled- or veteran-owned staffing supplier. Organizations often find that using diversity suppliers as part of their staffing supplier base is a good way to meet their diversity recruitment goals. (See also: Women and Minority Business Enterprise.) In Europe, a Diversity Supplier could be taken to mean a supplier with an equal opportunities policy in place, which ensures equal treatment for workers from disadvantaged minority groups.

**Earnback** — A principle whereby if SLAs are breached within a contract, a supplier is offered an opportunity improve performance to a level which could negate the application of any penalties that they might otherwise be liable for in a service contract.

**Education Staffing** — Staffing of education professionals, substitute teachers and teacher aides for K12 schools, and college and university instructors. Roughly corresponds to the U.S. BLS's Education, Training, and Library Occupations group and to the ISCO's Teaching Professionals group.

**Employee** — An individual who works directly for an organization in a job with no specific end date. Employees are mostly full-time engagements, but can be part-time as well. The term employee is generally accepted as one who receives a W-2 (or equivalent outside the United States). (See also: Non-Employee, Contingent Worker, W-2 Employee.)

- **Employee Leasing/Staff Leasing** — At times a technical and legal term. Defined as a contractual relationship under which (1) the leasing company assigns workers to client locations and thereby assumes responsibility as an employer of the leased workers assigned to the client location; (2) direction and control of the leased employee are the right and responsibility of the leasing company and may be shared with the client consistent with the client's responsibility for its product or service; (3) the leasing company pays and reports wages and employment taxes of the leased employee out of its own accounts; (4) the employment relationship between the leasing company and its leased employees is intended to be long-term and not temporary; and (5) the leasing company retains the right to hire, reassign and fire the leased employees. (See also: Professional Employer Organization, Professional Employer Services, Employer of Record.)

**Employee Value Proposition (EVP)** — See Employer Branding

**Employer Branding** — Commonly used to describe an organization’s reputation as an employer as opposed to its more general corporate brand reputation. Employer Branding is therefore concerned with the attraction, engagement and retention initiatives targeted at enhancing an organization’s employer brand. Also known as Employee Value Proposition.

**Employer of Record (EOR)** — The company or department in a company that is legally responsible for paying wages, employees’ taxes etc. (See also: PEO.)

- **Employer Paid Fee (EPF)** — The hiring organization pays the fee to the employment agency for a permanent placement. The fee may be based on the salary of the position or a flat fee. (See also: Applicant Paid Fee.)

**Employment Agency (Private)** — A for-profit, private entity that brings together a job seeker and a prospective employer, for a fee, for the purpose of effecting a traditional employment relationship. In the vast majority of cases the fee is paid by the new employer. This term is also frequently applied to temporary staffing firms. PrEA (Private Employment Agency) is the preferred acronym used by CIETT and by certain European social partners to describe an entity that provides both temporary recruitment and permanent placement as well as certain other related activities. The use of the word “Private” from a European perspective is to provide a clear differentiation from public organizations that, in some markets, historically offered these services. (See also: Employment Business.)

- **Employment Business** — A UK legal term for a business engaged in Labor Contracting, one that supplies labor to third party clients using Agency Workers. This term should not be confused with Employment Agency. Although a labor contractor is sometimes referred to as an employment agency, from a legal perspective, it means an organization providing services for the purpose of finding workers employment. (See also: Employment Agency.)

**Employment Intermediary** — A person who makes arrangements under or in consequence of which: a) an individual works or is to work for a third person; or b) an individual is, or is to be, remunerated for work done for a third party. In practice, any person or business that supplies more than one worker to work for the end client is an employment intermediary for the purposes of this tax legislation.

**Engagement Manager** — An engagement manager is an employee in the buyer organization who is responsible for engaging a contingent worker for a specific service or required skill, and responsible for the presence and administration of that contingent worker’s engagement in the buyer organization. (See: Hiring Manager.)

**Engineering/Design Staffing** — Staffing of engineers, drafters, skilled technicians or architects excluding software engineers. Includes mechanical, civil, electrical, industrial, petroleum, environmental, process, design, quality and other engineers. Roughly corresponds to the U.S. BLS’s Architecture and Engineering Occupations group and to the ISCO’s Engineering Professionals, Electrotechnology Engineers and Technicians and Associate Professionals groups.

**Enterprise Resource Planning (ERP)** — Integrates internal and external management information across an entire organization, embracing finance/accounting, manufacturing, sales and service, customers, and HR, etc. ERP systems automate this activity by way of an integrated software application in order to facilitate the flow of information between internal business functions as well as external connections to outside stakeholders. Human resources activities that could be included within an ERP include payroll, training, benefits, pensions, recruiting, and diversity management. A key aspect of many VMS implementations is ERP integration.



**E-recruitment** — Refers to methods and processes undertaken by sourcers and recruiters which rely significantly on electronic platforms like job boards, social networks and other online labor platforms, to find candidates. This is different from “online staffing” in which no sourcers or recruiters are involved. (See also: Job Board.)

- **Exempt/Non-Exempt** — Under the Fair Labor Standards Act (see definition), all employees are either “exempt” or “non-exempt.” Non-exempt employees are entitled to overtime pay. Exempt employees are not. Most employees covered by the FLSA are non-exempt. Some are not.

Some jobs are classified as exempt by definition. For example, “outside sales” employees are exempt (“inside sales” employees are non-exempt). For most employees, however, whether they are exempt or non-exempt depends on (a) how much they are paid, (b) how they are paid, and (c) what kind of work they do. With few exceptions, to be exempt an employee must (a) be paid at least \$23,600 per year (\$455 per week), and (b) be paid on a salary basis, and also (c) perform exempt job duties.

**Executive Search** — Refers to the process of recruiting for senior-level managers or professionals to be employed as traditional employees. It is usually done in a “retained” capacity, where the search firm is paid a fee regardless of the success of the search.

**Expatriate/Expat** — An expatriate (often shortened to ‘expat’) is a person temporarily or permanently residing in a country and culture other than the country where the person permanently resides. The word comes from the Latin terms ex (“out of”) and patria (“country, fatherland”). In some countries, such as in the Middle East, a high proportion of the workforce is expat (perhaps the majority of workers in the commercial sector).

**Facilities Management** — The ongoing management of an entire facility, function, or department at a customer site, usually including responsibility for hiring, training, and management of staff, as well as the provision of equipment and supplies necessary to perform the contracted function by an outside vendor. Assigned staff are usually permanent employees of the service provider, though temporaries may also be used in a routine or supplemental way. Responsibility for the product or service rests completely with the supplier, so these are (ostensibly) not temporary- or leased-employee arrangements. (See also: Employee Leasing, Sole Employer.)

**Facilities Staffing** — The provision of temporary workers to handle a particular facility, department or function for an organization. Although first-line supervision of these workers is sometimes managed through the temporary employer, ultimate supervision and management responsibility for the product or service of the department, or the outsourced function, is retained by the customer. Typically, these are considered to be “temporary help” arrangements, even though they may be for an indefinite period. Facilities staffing is often sold as a way to maintain high productivity in high-turnover, high-burnout positions such as telephone work, data-entry operations, or repetitive assembly work.

**Factoring** — A generic term sometimes used to convey the use of various nontraditional work approaches, such as contingent employment arrangements, planned staffing strategies or flexible work arrangements. In general business terms, factoring has an alternative meaning and refers to a transaction in which invoices or accounts receivable are sold for immediate payment generally to improve cash flow. The receivables are pledged as collateral and the business may draw cash against the eligible accounts receivable at any time. Also known as business receivable financing, it is not a loan, so there is no need to make payments or create debt to the business. The rates charged to staffing firms for factoring range from 1% to 5%, depending on client mix. This is very common with smaller staffing firms, where managing cash flow is a critical concern.

- **The Fair Labor Standards Act (FLSA)** — In the United States, the FLSA is a federal labor law of general and nationwide application, including Overtime, Minimum Wages, Child Labor Protections, and the Equal Pay Act.
- **Fesco** — The abbreviated term for the Beijing Foreign Enterprise Human Resources Service Company Limited, a state-owned enterprise founded in 1979 as the first company to provide professional HR services to foreign enterprises' representative offices in China. Such foreign businesses cannot hire employees directly and, by law, have to use the services of dispatch companies such as Fesco which provides workers on a temporary basis. Given Fesco's first mover advantage and its dominance in the Chinese market, the term is now commonly used as a general description for all Chinese dispatch firms in the same way as genericized trademarks Hoover and Sellotape have come to be common terms for vacuum cleaners and sticky tape. So, employers in China may use "a Fesco" to source labor which may not necessarily be part of the original Fesco. There are now multiple competing Fescos in each city, some subsidiaries or affiliates of companies in another part of the country, some partially state-owned and some 100 per cent privately-owned.

**Finance/Accounting Staffing** — Staffing of work that involves processing and/or analyzing business or financial information related to the finance, accounting, business intelligence, procurement or human resource functions. Common job titles include accountant, auditor, financial analyst, business analyst, loan agent, claims adjuster, procurement specialist and human resource specialist. Roughly corresponds to the U.S. BLS's Business and Financial Operations Occupations group and to the ISCO's Business and Administration Professionals group.

**Fixed Rates** — Uniform, fixed candidate staffing agency bill rates are pre-determined for each job title. Generally in conjunction with job title, description and geography.

**Flexible Staffing** — A generic term used to convey the use of various nontraditional work approaches, such as contingent employment arrangements, planned staffing strategies or flexible work arrangements. Also commonly referred to as Flex Work in continental Europe.

- **Flexicurity** — A portmanteau of flexibility and security is a European term used to denote a welfare state model combined with a pro-active labor market policy. The term was first coined by the social democratic prime minister of Denmark, Poul Nyrup Rasmussen, in the 1990s and refers to the combination of both labor market flexibility as well as security for workers. The European Commission considers flexicurity as an integrated strategy to be implemented across four policy components: 1) flexible and reliable contractual arrangements, 2) comprehensive lifelong learning strategies, 3) effective active labor market policies and 4) modern social security systems providing adequate income support during transitions. In a 2003 report by the Lisbon Employment Taskforce, "Jobs, jobs, jobs — creating more employment in Europe," temporary work was highlighted as an important component of the flexicurity model.

**Flextime or Flexi-time** — Work schedules that permit flexible starting and quitting times, usually within limits set by management.

**Franchise** — An independently owned local unit of a staffing supplier that acts as a franchisor. A franchise agreement usually includes an authorization to sell staffing services in a particular place. As typically executed among staffing suppliers, in a franchise relationship, as opposed to a licensee relationship, the temporary employees are usually employed and paid by the franchisee, not the franchisor. Staffing companies with franchises typically include in their revenue only the fee they earn from franchisees, not the total system sales of their franchise network. (See also: Licensee.)

**Freelancer** — A term that originated in the last century to describe (especially) journalists not tied to particular publishers, but independently made their living by contributing to multiple publications. By the late 1990s, this term spread to be applied to independent contractors working in the graphics arts and other related fields. At this time, the term can be used to refer to almost any independent professional worker who performs jobs transiently and is unaffiliated with a particular employer organization, though sometimes they may be affiliated with one or more agency organizations. Freelancers are typically classified as independent contractors.

**Freelancer Management System (FMS)** — A cloud-based workforce management platform. The FMS helps businesses initiate, manage, complete, track and analyze engagements with individual independent workers, who may be sourced by the provider of the business itself. To fall within the FMS category, a solution provider must provide a complete, end-to-end technology system that allows users in an organization to search for and find a particular worker and activate, complete, and pay for the work engagement within the system. Staffing Industry Analysts view FMS as a sub-category of Online Staffing Platforms as it enables specific hirers and specific (typically contingent) workers to enter into, complete and transact work arrangements.

**Full Service** — Historically this refers to the provision of both temporary help and permanent placement by a single staffing agency. Today, as staffing services provide an ever-broader array of human resource consulting and strategic staffing options, full-service also has a much broader connotation, implying a complete set of staffing solutions that may also include executive search, career consulting, PEO arrangements (in North America), vendor management, on-premise responsibilities, contract employee management, and HR consulting.

**Full-time Equivalent (FTE)** — A measure of workforce size in which the total hours worked are divided by the contractual hours in a full-time job (2,080 hours in the United States), regardless of the number of individuals employed in a certain entity (company, region, sector etc.).

**Gain Sharing** — The sharing of cost savings and/or other non-monetary benefits between a client and the service provider. Usually tied to stated savings objectives or other goals. Gain Sharing is a feature of some managed services contracts.

- **General Employer** — A US legal term usually referring to the staffing company employer, in a co-employer or joint employer relationship, that is maintaining the employee on a payroll. While not common, confusingly, the term may sometimes be used in a European context but could refer to other types of employment relationships. (See also: Special Employer.)

**Gig Work/Gig Economy** — One of several names used to describe various forms of gig, or small project freelance work. Others include “on demand economy,” “collaborative consumption” and “sharing economy.” Work in this space is structured as small projects or relatively limited duration activities and is typically facilitated by an internet platform or app. Freelancing as intermediated by vendors operating in the Human Cloud (see definition) is part of the gig economy. While the term Gig Work has more recently emerged to describe freelance work within the Human Cloud, the term could readily be used more broadly to describe any work of a fixed duration such as Contingent Work (see definition).

**Gross Margin** — The difference between the bill rate for the temporary services and the direct costs of employment (pay rate plus burden and/or mandatory benefits. In the United States, burden will include workers’ compensation, unemployment insurance, employer’s share of FICA and state or local taxes for each temporary employee on assignment. In Europe, mandatory benefits vary per market but will generally include employment tax and social insurances. Staffing company gross margins vary per country and per

staffing category depending on the perceived value-add of the service provided, which can be affected by issues as varied as unit labor cost, social acceptance, competition and idle-time management. Expressed as a percentage, this term is often incorrectly confused with markup, whereas gross margin is a percentage of the hourly bill rate before Value Added Tax, and markup is a percentage of the temporary worker's hourly gross wage. (See also: Markup.)

**Group Purchasing Organization (GPO)** — An entity that is created to leverage the purchasing power of a group of businesses to obtain discounts from vendors based on their collective buying power.

Many GPOs are funded by administrative fees that are paid by those vendors that the respective GPO oversees. Some GPOs are funded by fees paid by the buying members. Still other GPOs are funded by a combination of both of these methods. These fees can be set as a percentage of the purchase or set as an annual flat rate. Some GPOs set mandatory participation levels for their members, while others are completely voluntary. Members participate based on their purchasing needs and their level of confidence in what should be competitive pricing negotiated by their GPOs.

Group purchasing is used in many industries and countries to purchase raw materials and supplies, but it is common practice in the grocery industry, healthcare, electronics, industrial manufacturing and agricultural industries. GPOs are also known as Group Buying Networks (GPN).

- **H-1B Visa** — A visa classification that allows a foreign worker to enter the US temporarily for the purpose of performing services in a “specialty occupation” for a US employer. The H-1B visa classification requires that (1) a foreign national be coming to the US to work temporarily in a “specialty occupation”, (2) that the foreign national have the equivalent of at least a US bachelor's degree in a field related to that occupation; and (3) that the sponsoring company pay the foreign national the prevailing wage, provide proper notice to its workforce, and not be involved in a strike or lockout. The Neufeld Memo of January 2011 contains a recent update from the State Department regarding H-1B visas and staffing suppliers.

**Headcount** — The total number of people employed in a particular organization. Different organizations have different standards for recording headcount. In some organizations they only record permanent headcount and not contingent labor.

**Headhunter** — A rather colloquial description of an individual or company providing executive search services.

**Healthcare—Allied Healthcare Staffing** — Staffing of healthcare professionals other than physicians, advanced practitioners and nurses. Common job titles include physical therapist, occupational therapist, respiratory therapist, medical assistant, pharmacy technician, phlebotomist, sonographer, imaging technician and other medical technicians.

**Healthcare—Locum Tenens Staffing** — Staffing of physicians, advanced practitioners (physician assistants, nurse practitioners or nurse anesthetists) or dentists on temporary assignments, which typically involves temporary relocation and staffing firm coverage of housing expenses. Locum tenens physicians are typically paid as independent contractors rather than employees.

**Healthcare—Per Diem Nurse Staffing** — Staffing of nurses (registered nurses, licensed practical and licensed vocational nurses, and nursing assistants) on assignments of less than four weeks, which typically does not involve relocation.

**Healthcare Staffing Services** — Within the temporary help sector, this segment includes supplemental staffing to medical facilities (hospitals, nursing homes and outpatient clinics), as well as the provision of licensed nursing personnel (RNs, LVNs in the United States), trained (medical technologists), and unlicensed staff (home health aides, homemakers, personal assistants, etc.) to home healthcare agencies.

**Healthcare—Travel Nurse Staffing** — Staffing of primarily registered nurses (RNs) on assignments of four weeks or more. A travel assignment can involve temporary relocation and staffing firm coverage of housing expenses, but not always. Despite the use of the word “travel,” local nurses are sometimes used for travel assignments. The most common assignment length is 13 weeks, which may be renewed.

**Hiring Manager** — The manager/employee within a buyer organization who requests a new permanent job position be filled or to fill an open permanent job. In most cases the hiring manager is also the manager that the new permanent employee will report to once the hire is completed. Hiring managers can also be individuals who engage contingent workers, but they are then referred to as Engagement Managers during those transactions because they are not executing a hire. (See also: Engagement Manager.)

**HR Consulting** — A service segment of the Other Workforce Solutions Industry, HR Consulting is a specialist form of management consulting, HR Consultancies are hired by organizations in order to achieve a better outcome for their human resources-related activities. It differs from HR Outsourcing in that clients pay for an advisory/consulting recommendation rather for a specific HR-related service. HR Consulting firms can advise clients on important strategic issues such as performance management and alignment, HR technology selection/implementation, HR transformation (i.e. Mergers & Acquisitions, redundancy programs), talent management, and staff analytics. HR Consultancies perform needs assessments or audits and make recommendations or proposals, coordinate the creation and implementation of an action or corrective plan, and when required, organize and coordinate cross-functional HR teams to assist with developing and implementing performance improvement corrective plans, programs or processes.

**HR-XML Staffing Industry Data Exchange Standards (SIDES)** — A comprehensive and freely available suite of data exchange standards designed to offer efficiencies and cost savings for all participants in the staffing supply chain by using Extensible Markup Language (XML), a set of rules for encoding documents in machine-readable form. HR-XML SIDES offers a means of exchanging data over the Internet by standardizing data elements and attributes and the way they are exchanged. Through these standardized XML data exchanges, staffing suppliers, staffing customers and third-party vendor managers may share orders, assignments, and resumes, etc without the need for expensive systems integration.

Originally developed as part of a collaboration between Adecco, Kelly, Manpower, Randstad, The SFN Group and Vedior, HR-XML SIDES was donated to the HR-XML Consortium, an independent, non-profit, volunteer-led organization dedicated to the development and promotion of a standard suite of human resources XML specifications. HR-XML SIDES is available in English, French and Japanese.

**Human Capital Management** — Interconnected human resource processes designed to source, attract, select, train, develop, retain, promote, and move employees through an organization with the aim of improving revenue, customer satisfaction, quality, productivity, cost, cycle time, and market capitalization. The major aspects of talent management normally include recruiting, performance management, leadership development and workforce planning/identifying talent gaps. (See also: Talent Management.)

**Human Capital Supply Chain Management (HCSM)** — Human Capital Supply Chain (HCSM) refers to the integration of business planning, strategic workforce planning, staffing and recruiting processes and technology to enhance corporate productivity and profitability. Employing methods of common manufacturing and distribution supply chain management principles to human resources and human capital, corporations create an end-to-end, human capital supply chain.

**Human Cloud** – A service segment of the Talent Acquisition Technology Industry. The Human Cloud is an emerging set of work intermediation models that enable work arrangements of various kinds to be established and completed (including payment of workers) entirely through a digital/online platform. In many cases (though not always), the platform also supports “the enactment and management” of the work (to a lesser or greater degree). Job boards and social networks do not fall within our definition of the Human Cloud; while those two types of talent exchange platforms may support the sourcing and recruiting part of work arrangements being established, such platforms do not further enable or support work arrangements through to their completion (including payment of workers, tax filings, etc.). Staffing Industry Analysts has defined three types of Human Cloud platform models: Crowdsourcing, Online Work Services and Online Staffing Platforms (See definitions). Some companies operate across more than one of these Human Cloud segments.

**Human Resource Information System (HRIS)** – The Human Resource Information System (HRIS) is a software or online solution for the data entry, data tracking, and data information needs of the Human Resources, payroll, management, and accounting functions within a business.

**Human Resource Outsourcing (HRO)** – A service segment of the Process Outsourcing Industry, HRO is an outsourcing relationship in which a third-party vendor is hired to take over part or all of a client’s human resources functions. A HRO firm allows companies to pick and choose which services will be outsourced and which will be managed in-house. This differs from the services of a Professional Employer Organization (PEO) (see definition) which takes care of all HR functions. HRO could entail the provision of specialist HR personnel on an outsourced basis or the provisions of specific services such as employment law, employee benefits, insurance, health and pension programs. Many HRO providers will also provide Payrolling/Compliance services.

**Hybrid Program** – A contingent workforce program management strategy that involves blending different sourcing model attributes. Typically, a hybrid program would include elements of vendor-neutral as well as master-supplier programs. For example, a buyer might engage a single provider to act as the sole supplier for its Light Industrial job requisitions while having multiple providers competitively bid on IT positions.

**Identity Management** – Storing a system record for a worker and ensuring processes for keeping worker details are in place so a company has visibility of the worker, even if the sourcing of the worker or payment of the worker might be managed internally or by another supplier. Also known as Worker Tracking.

**IFRS** – International Financial Reporting Standards (IFRS) are designed as a common global language for business affairs so that company accounts are understandable and comparable across international boundaries. They are a consequence of growing international shareholding and trade and are particularly important for companies that have dealings in several countries. They are progressively replacing the many different national accounting standards. IFRS began as an attempt to harmonize accounting across the European Union but the value of harmonization quickly made the concept attractive around the world. They are sometimes still called by the original name of International Accounting Standards (IAS). The obliged risk paragraph within IFRS could necessitate companies summarizing the risk related to their use of external labor.

**Indemnification** – Indemnification in a contract requires a staffing company to be responsible for various potential legal claims involving temporary workers. These could include indemnification from staffing companies for claims filed by temporary workers who felt they were harassed by full-time company employees; sexual harassment complaints filed by temporary employees against customers; destruction of the client’s facility; violent crimes committed by a temporary employee as well as other acts or omissions committed by the temporary employees working on the client’s site. Also known as “hold harmless clause.”



- **Indemnification Payment** — Applicable in some European countries (e.g., France, Spain). Statutory payment of a certain percentage of total wage earned by a temporary worker (assigned by a temporary agency) or temporary employee (hired directly by the user company), in order to compensate (indemnify) the individual for being assigned in an unstable job, and respectively out of work when the assignment ends. Also known as *Précarité* (France), *Precariedad* (Spain), or *Precarietà* (Italy).

**Independent Contractor (IC — not SOW)** — A self-employed individual performing services for a company under contract. Services are often provided through a single-person corporate entity (in the UK known as a personal service company or ‘PSC’ contractor.) Unlike employees, independent contractors are free to perform their work as they see fit, with limited or no control over the manner in which the work is performed. Tax authorities in many countries use the concept of ‘control’ in respect of behavior, together with financial autonomy and a range of other tests to determine the true nature of the relationship between the parties for tax liability purposes. These tests vary by country but follow broadly similar principles.

**Independent Contractor Compliance (ICC)** — A service segment of the Payrolling/Compliance Industry, compliance describes the ability to act legally, following a set of rules so that parties are not exposed to any specific legal and/or financial risk related to the sourcing, recruiting, hiring and/or management of contingent workers. Compliance services will evaluate processes and worker status to ensure that companies have commercially viable risk mitigation programs in place with regard to the classification of independent contractors. Depending on the legislative environment within a particular country, employee misclassification risk (and the liabilities imposed) can vary as it relates to the independent contractor, the staffing intermediary and the end-user.

**Independent Contractor Evaluation (ICE)** — A description of the process to determine if Independent Contractors are appropriately classified by virtue of certain regulatory and legal tests and requirements depending on the country in question. IC valuation is a service that provides guidance to a client regarding the correct or incorrect classification of workers identified as ICs, either prior to engagement or for those already working.

**Independent Contractor Management (ICM)** — Independent Contractors are utilized by many businesses along with other non-employee groups. IC Management refers to the administrative management of these workers into and out of an organization. This could include some or all of the following: RFx activities, milestone tracking, onboarding, reporting, payment and billing.

**Industrial Staffing** — Staffing of work that is “blue collar” in nature, typically requires physical activity or operation of machinery and falls outside of office/clerical staffing. Common job titles in the manufacturing setting include assembler, operator and skilled trades worker (welder, electrician, etc.). Common job titles in the warehouse and distribution setting include shipping and receiving clerk, material mover, picker and packer, and forklift operator. Other common job titles include construction laborer, truck driver, janitor, cook, waiter/waitress, security guard and personal care aide. Roughly corresponds to the following US BLS groups: Building and Grounds Cleaning and Maintenance Occupations; Construction and Extraction Occupations; Farming, Fishing, and Forestry Occupations; Food Preparation and Serving Related Occupations; Installation, Maintenance, and Repair Occupations; Production Occupations; Protective Service Occupations; and Transportation and Material Moving Occupations. Roughly corresponds to the following ISCO groups: Skilled Agricultural, Forestry and Fishery Workers; Craft and Related Trades Workers; Plant and Machine Operators, and Assemblers; and Elementary Occupations.

**Informal Employment** — See Gig Economy

**Information Technology (IT) Staffing** — Staffing of software engineers, network administrators and other occupations with a significant computer programming, computer systems or computer user support component. Common job titles include IT project manager, data analyst/data scientist, database administrator, network and computer systems administrator, computer technical support specialist and medical records and health information technician. Roughly corresponds to the US BLS's Computer and Mathematical Occupations group and to the ISCO's Information and Communications Technology Professionals group.

**In-house Temporary** — A temporary employee hired directly by a company, rather than through a staffing firm, to perform various “temporary” assignments at that company as part of an “in-house pool.” (Note that these positions may provide permanent, full-time work to specific individuals.)

**In-house Work** — Unlike In-house Temporary, the usage of “in-house work” describes a situation in which a technical services firm conducts projects for customers at the technical services firm’s own facility.

**Insourcing** — This term is sometimes used to define outsourcing from the reference point of the new vendor service provider, which imports employees to a customer location to handle a customer’s outsourced function. More recently, it has been used by some technical services companies to refer to the provision of computer staff and its immediate supervision at a customer site, where responsibility for the data processing facilities, hardware, and overall systems remains with the client. This is essentially the same concept as “facilities staffing.” In some cases, the staffing supplier “insources” its computer operators to sites that have been “outsourced” to other vendors.

**Interim Executive** — A high-level professional or executive temporary with managerial responsibilities, often hired to complete specific projects. Also referred to as “Interim Manager.”

**Interim Management** — The provision of Interim Executives, most commonly by specialist Interim Management Firms.

- **International Labour Organization (ILO)** — The ILO is a tripartite U.N. agency that brings together governments, employers and workers in common action to “promote decent work throughout the world”. As such, the ILO is the only international regulatory body drafting conventions and recommendations on employment-related matters. Adopted in 1997, ILO Convention n°181 on Private Employment Agencies represented a dramatic reversal of the ILO position regarding the Agency Work industry: from prohibition (Convention n°96) to legal recognition and support of the development of the activities of private employment agencies.
- **IR35** — UK intermediaries legislation designed to tax “disguised employment” at a rate similar to employment. In this context, “disguised employees” means workers who receive payments from a client via an intermediary and whose relationship with their client is such that, had they been paid directly, they would be employees of the client and, therefore liable for tax and national insurance payments. Those who are genuinely self-employed will not face liabilities under IR35.
- **IRS Three Factor Test** — A simplified test of independent contractor status that replaces the previous IRS Twenty Factor test. The test considers behavior control, financial control and relationship of the parties. Behavior control requires independent contractors to be free from client control of how they complete their work. Financial control focuses on the business aspects of the relationship, such as whether the workers have a significant investment in their business, an opportunity for profit or loss and how they are paid. Relationship of the parties focuses on how the parties perceive their relationship and considers such

factors as the presence or absence of a contract, access to benefits and ability to terminate the relationship. According to the IRS, the Three Factor Test is only an analytical tool. The legal test of whether an individual is an employee or an independent contractor is whether there is “a right to direct and control the means and details of the work,” which the Three Factor Test attempts to make more explicit. (See also: Independent Contractor.)

- **ISIC** — International Standard Industrial Classification. See North American Industry Classification.

**ISO 9001:2000** — A standard developed by the International Organization for Standardization that specifies requirements for a quality management system where an organization needs to demonstrate its ability to provide product consistently that meets customer and applicable regulatory requirements, and aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable regulatory requirements. A number of staffing companies have ISO accreditation, especially those that provide software such as VMS or ATS as part of their service offering as evidence of the quality of their systems. Some vendors also have ISO 27001:2005 accreditation, which specifies the requirements for establishing, implementing, operating, monitoring, reviewing, maintaining and improving a documented information security management system.

**ISO Certification** — An ISO standard is a document that provides requirements, specifications, guidelines or characteristics that can be used consistently to ensure that materials, products, processes and services are fit for their purpose. Many staffing firms undergo ISO certification in order to prove the trustworthiness of their processes and systems. The most common standard used by staffing firms is ISO 9001:2000, the world’s most popular standard for quality management. ISO 9001 is now under review and an updated version is due to be available by the end of 2015.

**IT Services** — IT services includes both IT staffing and IT solutions. IT solutions includes systems integration, more project-based work where the provider takes full responsibility for the project’s completion.

**Job Boards** — A service segment of the Talent Acquisition Technology Industry. Job Boards are internet-based talent acquisition technologies that aggregate either local, national or international job offerings. In most instances, employers pay up-front to advertise these job offerings, which differs from the cost model of Employment Agencies that charge a fee only when a Candidate has been successfully placed. Job Boards sometimes refer to themselves as Job Portals or Career Portals. Newer variations on the traditional job board business model have more recently emerged such as those offered by social media giant LinkedIn, career communities, job aggregators (meta search job boards that aggregate job postings from other sites), and job distributors (platforms for hirers to advertise jobs on multiple syndicated Job Boards).

**Job Order** — Refers to a bona fide request to a staffing firm or employment agency to refer applicants for a specific position. A job order is the specific set of requirements set forth by an employer for an actual position.

**Job Sharing** — See Work Sharing.

**Joint Employment** — A US legal term where two employers exercise significant and simultaneous control over the same employee. For example, when a temporary help or leasing firm exercises control over personnel matters while the client company exercises supervisory and workplace control. Both employers may be liable for payment of taxes, workplace safety, etc. Such relationships are sometimes not thought to be “joint-employment” relationships, because the client company is indemnified from some liabilities; but because control is shared significantly between the general employer and the client workplace supervisor,

these may be considered “co-employer” relationships as well. (See also: Co-employment, General Employer, Indemnification.) Joint Employment is understood within Europe to describe a situation where an individual has two employers that are separate entities, although such an arrangement is not common.

**Just-in-Time Staffing (JITS)** — Essentially comprises labor intermediaries that are a web/smartphone-enabled and provide a *staffing service* for on-site blue collar work. These companies are unique in that they combine the technology of more typical freelancer marketplaces (such as a two-sided digital labor marketplace, ratings system, and algorithmic recruiting, management, and matching) with services that are typical of a more “traditional” staffing firm. JITS is a subset of online staffing platforms typically operating at the lower end of the skill spectrum via an online/smartphone-based digital platform. In a US context, the company acts as the Employer of Record for the worker(s), either themselves (handling statutory employment taxes and workers’ compensation as a traditional staffing firm would) or via a payrolling firm. Outside the U.S., JITS operate under local temporary agency worker legislation. The work engagements via JITS are characterized by being very short-term in nature (i.e. hourly) and requests from clients are filled very quickly.

**Key Performance Indicator (KPI)** — Used across a number of professional industries, this term is defined by a set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals. KPIs vary between companies and industries, depending on their priorities or performance criteria. In contingent programs, KPIs include broadly defined metrics like Time-to-fill or agency fill rate, to more granular metrics like invoice accuracy or VMS system uptime. KPIs are meant to track supplier and program performance and are different from Service Level Agreements (SLAs, see definition) in that they usually do not carry a contractual or fiscal consequence for failure to achieve. KPIs vary between companies and industries, depending on their priorities or performance criteria.

**Labor Broking** — A term used in South Africa to denote the supply of temporary labor through an agency.

**Labor Hire** — A term used in Australia, especially by regulators, referring to temporary staffing.

- **Labor Contracting (Labor Leasing)** — The provision of labor to a third party, usually providing limited or no benefits to the workers and for a limited time. Most commonly used to describe agricultural and construction contract labor arrangements. Sometimes used more broadly to include employee or staff leasing, temporary help, and other business services such as cleaning and security.

**Labor on Demand** — The entire non-employee population, inclusive of Contingent Workers and SOWs, ICs, etc. (See also: Contingent Work, Statement of Work, Independent Contractor.)

**Leased Employees** — Individual workers assigned to clients by an organization that employs the workers or assumes responsibility as an employer for the length of the assignment. In the US, employees may be ‘leased’ by Professional Employer Organizations (PEO); in the UK they can be provided via umbrella companies; and in France, by portage companies. In the UK some temporary workers are engaged on contracts guaranteeing a level of work and payment between assignments (‘Swedish Derogation’ contracts – see definition) such that they are effectively ‘leased employees,’ and in other countries they may be employed on permanent employment contracts in countries (e.g., Germany) where all agency workers have to be employed by suppliers on a ‘benched’ capacity. (See Staff Leasing)

**Legal Staffing** — Staffing of attorneys, paralegals, legal secretaries and other related legal professionals. Roughly corresponds to the US BLS’s Legal Occupations group and to the ISCO’s Legal Professionals group.

**Licensee/Licenser** — In the staffing industry, similar to a franchise relationship in that an independent

party operates a staffing company's business in a designated territory. Unlike a franchise relationship, temporary employees are typically employed by, paid and billed by the licensor. The staffing firm that is the licensor typically counts as revenue the total system sales of its licensees and pays the local operator a fee usually based on gross margin. (See also: Franchise.)

- **Limosa Declaration** — Landenoverschrijdend Informatiesysteem Migratie Onderzoek Sociaal Administratief (Limosa) is a mandatory declaration for foreign employees, self-employed persons and apprentices in Belgium, including those working on a temporary basis. As of July 1, 2013, all foreign self-employed workers must make a Limosa declaration prior to starting work. Limosa is used to fight against fraud and the unfair competition of foreign workers who accept work at below-market wages and disregard Belgian labor laws and regulations. Failure to follow Limosa legislation correctly can lead to sanctions against the employee and the employer.
- **Liquidated Damages** — Compensation fee paid to a temporary staffing firm for the loss of an employee when the staffing firm's customer hires the temporary employee on a direct-hire basis. This is more typically known as a Conversion fee in Europe. Some full-service firms prefer to charge a "placement fee" rather than liquidated damages when this occurs. Many firms allow the liquidated damages or placement fee to be negotiated over a period of 30 to 180 days on the temporary assignment. (See also: Conversion Fee, Temporary-to-Permanent.)

**Locum tenens** — Latin for "holding the place." In healthcare staffing, locum tenens is a temporary physician who is substituting for a physician who is absent from his or her duties. This also refers to the segment of the healthcare staffing industry that provides these physicians.

**Long-term Assignment** — Usually refers to assignments of more than a year, but in some cases assignments more than six months are considered to be long-term. There is no legal guideline for what actually constitutes "long-term" in relation to jobs or employment. (See also: Short-term Assignment.)

**Malpractice Insurance** — Insurance coverage for a doctor or a lawyer, against liability claims resulting from alleged malpractice due to professional misconduct or lack of skills. Staffing firms providing locums tenens physicians typically provide their doctors with malpractice insurance coverage as part of their service.

**Managed Services/Managed Staffing** — Term used to describe facilities support management and outsourcing services. Refers to the on-site supervision or management of a function or department at a client (customer) site on an ongoing, indefinite basis. In the world of temporary staffing, these arrangements are also known as managed service providers (MSPs). (See also: Facilities Staffing.)

**Managed Service Provider (MSP)** — A service segment of the Process Outsourcing Industry, MSP is a service whereby a company takes on primary responsibility for managing an organization's contingent workforce program. Typical responsibilities of an MSP include overall program management, reporting and tracking, supplier selection and management, order distribution and often consolidated billing. The vast majority of MSPs also provide their clients with a vendor management system (VMS) and may have a physical presence on the client's site. An MSP may or may not be independent of a staffing supplier.

**Margin** — See Gross Margin and Operating Margin.

- **Margin only Model MSP** — This is an alternative to the standard Principal Model for MSP used in markets where the MSP is legally prohibited from acting as a Principal intermediary. Here, the MSP appoints local staffing agencies to source contingent workers. The MSP will have contracts with individual agencies, but

once candidates are identified, the MSP contracts directly with the contingent workers and supplies them to the end user acting as the contractual intermediary. Under this Model, the MSP will assume responsibility

for paying the contingent workers and will also pay a margin to the staffing agency that sourced the contingent workers. A prerequisite of the Margin only model is that the MSP is properly licensed as a staffing agency.

(See also: Principal Model MSP and Agency Model MSP.)

**Marketing/Creative Staffing** — Staffing of marketing professionals and professionals engaged in creative work, such as graphic designers, web designers, user interface (UI) and user experience (UX) designers, and copywriters. Roughly corresponds to the US BLS's Arts, Design, Entertainment, Sports, and Media Occupations group and to the ISCO's Advertising and Marketing Professionals group.

**Markup** — The percentage added to the temporary employee's hourly pay rate to reach the bill rate. (For example, a \$15.00 bill rate and a \$10.00 pay rate would compute to a 50% markup.) The markup percentage includes all selling, recruiting, general, direct payroll and administrative costs ("operating costs" in Europe) associated with providing temporary help services, plus profit. In the temporary staffing industry, markups can vary even for a single supplier depending on the extent of direct recruiting, training, and other costs associated with providing a specific employee for a specific client assignment.

**Master Service Agreement (MSA)** — A contract reached between parties, in which the parties agree to most of the terms that will govern future transactions or future agreements. Often companies will craft an MSA to outline the parameters of the legal relationship and include additional countries and or service lines as additional schedules to the MSA. This ensures that key contract provisions are uniform and saves time.

**Master Supplier** — A staffing supplier that takes overall responsibility for providing clients with temporary staff. In a master supplier relationship, all orders will usually go first to the master supplier to either be filled or distributed to secondary suppliers. Sometimes a master supplier will not only provide a significant portion of the temporary staff working at the employer's site but also manage an organization's contingent workforce program. Also known as Master Vendor. Master Supplier can be an alternative to a Vendor Neutral MSP or Contingent RPO model. (See also: See also and Contingent RPO, Vendor Neutral, and Vendor on Premises.)

**Master Vendor** — See Master Supplier.

**Maverick Spending** — See Rogue Spending.

**Max Bill Rates** — Staffing agency bill rates that are capped at a maximum level by job title, agency, or geography. Candidate pay rates are determined by the agency. Also known as "not to exceed" bill rates.

**Medical Staffing Services** — See Healthcare Staffing Services.

**Mobile Recruiting** — The use of mobile media, communication, or technology as a channel for attracting and engaging prospective talent. Techniques used in mobile recruiting include the deployment of SMS (Text Job Alerts), QR campaigns, mobile videos, and career apps.

- **NACE** — Nomenclature Générale des Activités Economiques: (See: North American Industry Classification System.)

**Near-shoring** — A form of outsourcing arrangement performed in roughly the same time zone with less than one day's travel to reach the near-shore destination. (See: Offshoring.)



- **NEN-4400** — NEN-4400 is a national standard developed by the Netherlands Standardization Institute (NEN) that establishes requirements for Dutch organizations hiring temporary employees, like employment or secondment agencies. NEN-4400-1 and 4400-2 are applicable to staffing companies, describing tax and duty payment rules. Employers, unions and the government participate in the NEN.

**Net PEO Revenue** — PEOs report revenue on a net basis for the amount billed to clients for client employee salaries, wages and certain payroll-related taxes minus amounts paid to client employees and taxing authorities for these salaries, wages and taxes.

**Non-Employee** — An individual who provides services/skills to an organization but is not providing those services/skills in a permanent job/role. Example of non-employees can be temporary workers, independent contractors, consultants, outsourcing provider staff, SOW workers, etc. (See also: Employee, Contingent Worker)

**Non-Professional Staffing** — See Commercial Staffing.

**North American Industry Classification System (NAICS)** — The standard industry classification system used by US Federal statistical agencies in classifying business establishments. NAICS is a two- through six-digit hierarchical classification system, offering five levels of detail. Each digit in the code is part of a series of progressively narrower categories, and an increasing number of significant digits in the code signify greater classification detail. Use of the standard provides uniformity and comparability in the presentation of statistical data. The equivalent system in Europe is NACE (Nomenclature Générale des Activités Économiques dans les Communautés Européennes). NACE is administered by the European Commission and subject to legislation at a European level which imposes the use of the classification uniformly within Member States. There is also an International Standard Industrial Classification in existence which is administered by the United Nations. The latest version of NACE (Rev2), is based on ISIC Rev 4 and adapted for European circumstances.

**Offboarding** — The process of “checking-out” a contingent worker at the close of an assignment. May include final compensation, equipment return, and an exit interview among other steps.

**Office/Clerical Staffing** — Staffing of work that is administrative in nature, takes place in an office setting, and/or consists primarily of customer service or sales (except waiters and waitresses). Common job titles include office clerk, cashier, customer service representative, administrative assistant, receptionist, data entry specialist and telemarketer. Roughly corresponds to the US Bureau of Labor Statistics’ (BLS) Office and Administrative Support Occupations and Sales and Related Occupations groups. Also roughly corresponds to the European Union’s International Standard Classification of Occupations’ (ISCO) Clerical Support Workers and Service and Sales Workers groups.

**Office/Clerical Support** — The second-largest market segment for temporary help, which includes secretaries, general office clerks, typists, word processing operators, and data-entry requiring no professional training. The standard definition also includes telemarketers, cashiers, product demonstrators, and other related office occupations. Also commonly referred to as “Clerical/Admin.”

**Offshoring** — Performing activities in a different country, usually to leverage cost advantages. While many offshore projects are outsourced to third party intermediaries, a company can offshore activities using facilities/resources it owns/controls in another country, such that the term does not necessarily imply outsourcing. (See also: Outsourcing, Near-shoring.)

**Off-site** — Business services provided for a client (customer) at the service provider’s location, not at the client premises.

**Onboarding** — The process of bringing a worker into a position with a goal of providing all necessary tools to be productive as soon as possible. Onboarding can apply to permanent hires as well as contingent workers. May include training, seat assignments, equipment requirements and other steps. Many Applicant Tracking Systems (ATSs) and Vendor Management Systems (VMSs) include onboarding functionality.

**On-Demand Economy** – See Gig Economy.

**On-site** — Vendored or outsourced services provided to the client (customer) via supplier personnel located at the client site. Sometimes also referred to as in-house work (see definition).

**On-site Management** — Management of a department or function by the supplier at the client’s site. (See also: Facilities Management, Managed Services/Managed Staffing.)

**On-site Supervision** — Supervision by the supplier at the client’s site. (See also: Facilities Staffing.)

**Online Services** — An online platform (Human Cloud) model that enables the delivery of certain specialized services (customer service, translation, writing, etc.) performed by a managed group of online workers organized/managed by the platform provider. The client is purchasing “an outcome” (as a service output, not a labor relationship). Though the model was launched by LiveOps in 2000, only recently have more businesses (like Rev, et al) begun appearing in this segment. In a B2C context, an example of an online services company would be Uber. (See also: Crowdsourcing, Online Staffing.)

**Online Staffing Platforms** – A sub-segment of the Human Cloud, an online staffing platform enables specific hirers and specific (typically contingent) workers to enter into, complete and transact work arrangements most often virtually with resources anywhere in the world. It is the oldest Human Cloud model (arising in the early 2000s). There is typically a direct legal relationship between the hirer and worker, which the platform enables.

**Online Work Services** – A sub-segment of the Human Cloud, Online Work Services is an online platform model that enables the delivery of certain specialized services (customer service, translation, writing, taxi-rides, etc.) performed by a group of online workers that are organized/managed by the platform provider. The client is purchasing “an outcome” (as a service output, not a labor relationship).

**Open Bill Rates** — Staffing agency bill rates are open and determined per assignment. May be part of a reverse-auction process.

**Operating Margin** — Operating margin is a measure of profitability that tells how much of revenue will eventually become profit for a company. The formula for calculating operating margin is Operating Income divided by Revenue. As such, Operating Margin is a measurement of what proportion of a company’s Revenue is left over, before taxes and other indirect costs. It typically excludes interest expense, nonrecurring items (such as accounting adjustments, legal judgments, or one-time transactions), and other income statement items not directly related to a company’s core business operations. Also sometimes referred to as Return on Sales.

**Other Workforce Solutions** — Industry segment of the Workforce Solutions Ecosystem. This is a broad grouping of employment-related services including employee benefits services, insurance, retirement services, employee development, motivation/engagement, outplacement, HR consulting, testing, training, relocation services and any other ancillary HR services not found elsewhere in the Workforce Solutions Ecosystem. These services are not directly related to the sourcing or hiring of workers but focus on other facets of managing and developing a workforce.

**Outplacement** — A service segment of the Other Workforce Solutions Industry, Outsourcing is a service to guide a terminated employee of a company to a satisfactory new position or career through the provision of short-or long-term counselling and support services, on a group or individual basis, most often paid for by the terminating employer.

**Outsourced Personnel** — Outsourcing, whether to domestic, near-shore or offshore third-party firms, is typically a longer-term arrangement with even clearer delineation of methods, culture and degree of process ownership. Outsourced personnel, like SOW consultants, are typically employees of the outsourced provider. Some outsourced personnel are never seen at any of the facilities of the buying corporation; others can be very visible members of an IT, HR, cafeteria or security staff. (See also: Outsourcing, Statement of Work.)

**Outsourced Service Contracts** — A form of outsourcing whereby services are provided by an organization that has expertise in operating a specific client function. The firm contracts with the client not just to provide and supervise staff (as in temporary staffing), but to take on full-operational responsibilities for performing the function — generally peripheral to the client’s core business — on an ongoing basis. (e.g., call center operations, IT help desk operations, food services, janitorial services, guard/security services, facilities management, lawn care services, etc.) Operations of this type may or may not be on client premises.

**Outsourcing** — Use of an outside business services vendor (and its supervised personnel), either on the customer’s premises or off-site at the vendor’s location, to perform a function or run a department that was previously staffed and supervised by the customer directly. (Sometimes, but not necessarily, limited to situations where some or all of the customer’s previous staff performing that function are hired by the outsourcing vendor.) In Europe, certain legal obligations are placed on the outsourcing company. For example, in the United Kingdom, a formal Transfer of Undertakings Procedure (TUPE) applies to outsourced functions whereby the contracts of employment of all staff within the affected area are automatically transferred to the new employer, which then takes over all rights and obligations arising from those contracts of employment, except criminal liabilities and pension obligations.

**Partnering** — Long-term commitments focusing on “win-win” relationships between customers and suppliers (or among suppliers) that add value to both parties through increased sales, reduced expenses, and/or greater productivity.

**Part-time Work** — Work for a single employer that is regularly scheduled and ongoing but is less than full-time — either for less than a full day, or less than five days a week, or for only part of the year (e.g., summer jobs for students). Part-time employees are usually not temporary workers, because part-timers generally work a regular schedule as a direct-hire on an ongoing, indefinite basis. However, some temporary jobs are for shorter weekly working hours and could be classified as part-time.

**Pay Rate** — Direct compensation paid by the staffing agency employer to its temporary employee. May be paid hourly, daily weekly or monthly.

**Pay When Paid Clause** — A clause found in some MSP/RPO agreements through which the intermediary (MSP or RPO) has no obligation to pay sub-vendors (staffing suppliers) unless and until the end-user (buyer) settles its own invoices. Pay When Paid Clauses are popular with buyers as it enables them to simplify their invoicing procedures and provides them with “one throat to choke” while the intermediary also gains — primarily from cash management opportunities. However, the concept is much less popular among sub-vendors, which often have no knowledge of whether the end-user has made a payment and is usually discouraged or prevented from having a direct dialogue with the end-user. Sub-vendors also suffer from this arrangement as it limits their ability to factor invoices and thereby finance their business.

**Payrolling** — A service segment of the Payrolling/Compliance Industry, payrolling is a business service that provides payroll processing, pay check writing, and payroll tax administration, for a fee. Payrolling as defined here is normally provided on the basis that no co-employer or joint employer relationship exists; it is plainly an administrative function. The service can be provided by specialist payroll companies or, sometimes, directly by staffing companies.

As it relates to contingent staffing, payrolling is the provision of (usually) longer-term temporary workers to a customer where the workers have been recruited (possibly interviewed, tested and approved) by the customer. In this case, the workers become, in effect, employees of the supplier providing the payroll services. This may occur in an instance when only the customer has the proper knowledge and experience to properly evaluate potential workers. Payrolling arrangements usually only involve a specific client function or position, not all or a significant portion of a client's workforce as in a 'PEO' relationship (See 'Professional Employer Organization'). The term "contractor payrolling" defines any arrangement in which a provider serves as the employer of a contingent worker on an assignment with another company, and is not responsible for recruiting. This common definition links together substantially different business models across the globe, such as the typical US payrolling model and the UK/European model where contingent payrolling is often provided by 'umbrella' companies (See 'Umbrella Company') as part of a broader compliance service when staffing firms use independent contractors to fill temporary positions. As part of the definition is that the payrolling provider be the worker's employer, the engagement of independent contractors (ICs) does not apply to contractor payrolling. Payrolling services are typically billed at significantly lower mark-ups than traditional temporary staffing because the staffing firm or other intermediary has not incurred any recruiting costs.

**Payrolling/Compliance** – Industry segment of the Workforce Solutions Ecosystem comprising a range of payrolling and compliance services. Payrolling and compliance services may be offered by one company or by separate companies.

**Permanent Placement** — The bringing together of a job seeker and a prospective employer for the purpose of effecting a traditional employment relationship, for a fee. Also refers to the process of arranging such a relationship. This term is now falling out of favor (in the US) because the use of "permanent" can connote a guarantee of employment that is generally misleading for a typical "at-will" employee. In the US, "Direct Hire" is more commonly used. (See also: Placement, Direct Hire.)

**Penetration Rate** — Used in relation to temporary staffing, the term 'Penetration Rate' is the proportion of people working on a temporary basis through a staffing firm compared to total people in employment. In most developed staffing markets, the penetration rate is normally between 1.5% and 3%. The Penetration Rate is often used as an indication of the relative maturity of a national staffing market.

**Per Diem** — Daily living expenses paid to technical, travel nurses, or other skilled temporary or contract employees while they are employed at a distant location requiring housing away from home, or during a period while they are relocating.

Can also refer to billing by the day (instead of hourly billing) or shorthand for nurses provided on a daily basis rather than a travel basis.

**Perm** — Short for permanent, usually permanent placement.

**Permanent Placement** — The bringing together of a job seeker and a prospective employer for the purpose of effecting a traditional employment relationship, for a fee. Also refers to the process of arranging such a relationship. This term is now falling out of favor because the use of "permanent" can connote a guarantee of employment that is generally misleading for a typical "at-will" employee. (See also: Placement, Direct Hire.)

**Perma-temps** — A colloquial expression used to describe long-term temporary workers who successfully sued Microsoft Corp. in the US, in a case that began in 1996. It is an amalgam of “permanent” and “temporary.” Microsoft eventually settled with plaintiffs for approximately \$100 million. As a result of the high-profile nature of the case, many companies began looking at their temporary worker policies with much greater scrutiny.

**Phased Retirement** — Gradual retirement brought about by the reduction of full-time employment commitments over a set period of time.

**Place** — The act of placing a job applicant in a traditional, direct-employment role.

**Place & Search** — A service segment of the Staffing Industry that incorporates certain activities of staffing firms and executive search firms. The ‘Place’ part of the definition ‘Place & Search’ refers to the bringing together of a job seeker and a prospective employer by a third party staffing firm for the purpose of effecting a traditional employment relationship, for a fee. Also refers to the process of arranging such a relationship. This term is often substituted by the terms ‘direct hire’ (in the US) and ‘permanent placement’ (elsewhere).

The ‘Search’ part of the definition ‘Place & Search’ refers to any one of a variety of unbundled sourcing research services provided by third-party executive search firms (sometimes referred to as ‘headhunters’) involving the identification of potential candidates at competitive firms, pre-screening, reference-checking, and other search-related research. ‘Search’ could also refer to the hiring activities undertaken directly by corporate recruiters though our definition of ‘Place & Search’ refers exclusively to those services provided by third-parties.

Temporary-to-Permanent (or “Temp-to-Perm”) conversion is also feature of Place & Search and refers to the transition of a temporary worker to permanent employment status.

**Placement** — The result of effecting a traditional direct employment relationship, usually used to describe a successful referral by an employment agency. “Placement” generally implies the marketing of applicants to employers, rather than the recruitment of applicants for a specific employer position.

**Placement Agency** — An employment agency that seeks to refer applicants seeking employment to employers seeking employees. A fee is charged either to the employer or the applicant (rarely) after a successful referral.

**Placement Fee** — The fee due to an agency when a referred candidate is hired by a direct employer, typically in the range of 15% to 35% of annual salary. Fee calculations are usually based on salary — one month’s salary, a fixed percentage (e.g., 20% of annual salary), or a percentage that increases with the salary level (e.g., 1% per thousand).

**PMO or PgMO** — See Program Management Office.

**Placement Services** — Services provided by a staffing service to an organization to locate a properly skilled employee with the ultimate goal of a traditional direct hire employer-employee relationship with the client; may include “temp-to-perm” services. (See also: Temporary-to-Permanent.)

**Planned Staffing** — Contracting for the regular use of temporaries to handle peak production periods, seasonal activities or special projects. May involve the supplementation of a customer’s traditional workforce, or the provision of a temporary workforce to handle a project that occurs periodically. (The concept of “Planned Staffing” differs from “Facilities Staffing” in that planned staffing refers to cyclical or intermittent staffing needs, while facilities staffing refers to the process of “planning turnover” in a continuous function. However, as might be expected, these terms are often used interchangeably.)

**Precarious Work** — A pejorative definition used to describe non-standard forms of work including contingent work. A similar pejorative term also used occasionally is “Atypical Work.”

- **Précarité** — Statutory cost in France. See Indemnification Payment.
- **Precariedad** — Statutory cost in Spain. See Indemnification Payment.
- **Precarietà** — Statutory cost in Italy. See Indemnification Payment.

**Preferred Supplier List (PSL)** — A Contingent Workforce Sourcing Model (see definition) in which the provision of the majority of a contingent workforce is exclusively granted to a limited number of staffing providers, but more than one, at specified conditions. (See also: Primary Suppliers)

**Primary Suppliers** — Two or more suppliers that have the majority of a company’s staffing requirements distributed to them, in lieu of or underneath an MSP arrangement. They may be on-site and they may also be in a competitive bid situation or not. (See also: Managed Service Provider.)

**Principal Model MSP** — Refers to the standard contractual arrangement commonly found in the US and UK whereby the MSP acts as the Principal contractual (and payment) intermediary in relation to the supply by second tier staffing companies of temporary workers. They may also act as an intermediary in the supply of independent contractors/freelancers (whether through an agency or not) as well as SOW contractors. (See also: Agency Model MSP and Margin only Model MSP)

**Process Outsourcing** — Industry segment of the Workforce Solutions Ecosystem. Use of an outside business services vendor (and its supervised personnel), either on the customer’s premises or off-site at the vendor’s location, to perform a function or run a department that was previously staffed and supervised by the customer directly. (Sometimes, but not necessarily, limited to situations where some or all of the customer’s previous staff performing that function are hired by the outsourcing vendor. For our purposes, Process Outsourcing describes the use of an outside vendor to perform part or all of the role of a Human Resources department or a specific work output. Partial solutions would include Recruitment Process Outsourcing (RPO) where a vendor takes on responsibility for an organization’s hiring requirements (to some degree) and Managed Service Provision (MSP) where a vendor manages an organization’s staffing suppliers. It could include outsourcing certain aspects of human resources (HRO) or outsourcing a whole work function/department such as telesales, catering or security (BPO). Such outsourcing could be done locally or offshore and sometimes, but not necessarily, limited to situations where some or all of the customer’s previous staff performing that function are subsequently hired by the outsourcing vendor.

**Professional Employer Organization (PEO)** — A service segment of the Payrolling/Compliance Industry primarily used in the USA, a PEO assumes, via contract, a significant portion of employer responsibilities and associated risk for either part or all of a client’s workforce. In this situation, employees are typically employed by the PEO but work on an indefinite basis under the control and direction of the client organization. PEO arrangements can be similar to HR Outsourcing though it is distinguished by a direct employment relationship between the workers and the PEO firm. While this is not a familiar service outside the US, it is known in certain countries such as the Netherlands.

**Professional Employer Services** — In addition to assuming a significant portion of employer responsibilities for a client company’s workforce, additional services may include many human resource functions such as recruitment, drug testing, etc. However, the PEO does not have accountability or responsibilities in regards to output or results. (See also: Employee Leasing.)



**Professional Staffing** — A segment of temporary staffing that includes workers in IT/technical, engineering, accounting and finance, legal, sales and marketing, and managerial functions, among others. This segment contrasts to commercial (or traditional) staffing. While there is common consensus on how to categorize the highest and lowest skilled workers, there is a blurring of boundaries when it comes to medium skilled/middle management roles. Within these categories (such as sales & marketing, nursing, social care, and HR), what some people call professional staffing, others might call commercial staffing. Such variation exists among the categories used by different national staffing associations to estimate the size and growth of their respective markets. (See also: Specialist Staffing.)

**Project Management Fee (PMF)** — A fixed monthly fee charged as part of a Recruitment Process Outsourcing contract and which covers all aspects of service delivery. A proportion of the fee is normally linked to performance via service-level agreements against pre-agreed targets to provide a risk/reward system. Alternative RPO fee models/components are a Success Fee (normally on a per-hire basis) and a Transactional Fee for miscellaneous services.

**Project/Program Management Office (PMO)** — This is a group or department within a business, agency or enterprise that defines and maintains standards for project management within the organization. The PMO strives to standardize and introduce economies of repetition in the execution of projects. In a contingent program, a PMO will be tasked with handling the day to day interactions between engagement managers, staffing suppliers and contingent resources as well as identifying opportunities for optimization of the program based on industry best practices. While most PMOs are provided by third-party managed serviced providers, many companies utilize internal teams as their PMO.

- **Pseudo-independence** — Pseudo-independence is false self-employment disguised to avoid paying employment taxes and social charges. The term has particular resonance in Germany ('Scheinselbstständigkeit') where new temporary labor legislation and collective agreements have made the use of temporary agency workers both more complex and more expensive, leading to the increased usage of independent contractors or freelancers. German unions are suspicious that many such independent contractors are, in fact, pseudo-independent.

**Purchase Order** — A pre-approval for spending on a specific product or service. Some organizations require the issuance and approval of a purchase order before a contingent worker may be employed.

**Quarterly Business Review (QBR)** — Conducted on a quarterly basis with strategic suppliers and or MSPs, this is a review of the contingent program ongoing business plans and program objectives. The goal of these meetings is to address new business issues and opportunities and provide project status updates on existing ones. Operations and planning staff oversee and review project timelines and budgets, as well as address audit and compliance issues. Follow up action items are then defined and delegated.

- **Qualifying Clock** — A concept within the UK Agency Workers Regulations (See "Agency Workers Regulations") that provides for a number of circumstances in which breaks in the assignment of a temporary agency worker do not prevent them from completing the 12-week qualifying period upon which they benefit from parity in basic employment and working conditions with equivalent permanent workers. These provisions can best be explained by thinking of the qualifying period as a clock that runs from 0 to 12. Sometimes a gap between assignments – or a move to a new assignment - will mean that the clock is reset to 0 and must start again. In other circumstances a break will merely 'pause' the clock, which will then continue to tick when the agency worker returns. In some limited circumstances, the clock will continue to tick even if the agency worker is not working on an assignment.

- **Reasons of Use** — A legal term used in some European countries (i.e., Spain, Belgium and France) to denote the fact that the use of temporary workers must be justified by certain pre-defined “reasons of use,” such as replacement of absent workers, absorption of activity peaks, etc. Both the scope and approval process for Reason of Use differ by country.

**Recruiting** — The process of locating and screening a candidate or candidates for an employer as part of a search assignment. Also used to describe overall general efforts to bring in temporary employees. “Recruitment” generally implies the search for candidates who meet specific client specifications rather than the marketing of available applicants to employers. It is also often used by corporate human resources departments.

**Recruitment Company or Recruitment Agency or Recruitment Firm** — A company providing recruitment services; however, the term may be used to refer to companies that provide both permanent placement as well as other services such as temporary staffing.

**Recruitment Process Outsourcing (RPO)** — A service segment of the Process Outsourcing Industry, RPO is the partial or full outsourcing of the internal recruitment function to a third-party specialist provider, which serves to provide the necessary skills, activities, tools, technologies, related recruitment supply chain partners and process methodologies to assume the role of the client’s recruiting department by owning and managing its recruitment process and related recruitment supply chain partner relationships. RPO is more commonly used as a method for employers to recruit direct-hire personnel, particularly in the US. In Europe, contingent workers will also be included within that scope in some instances.

**Recruitment to Recruitment (Rec to Rec)** — The provision of niche permanent placement services to staffing companies in order to meet their own hiring requirements.

**Refer, Referral** — The act of sending a specific applicant or candidate from an agency to a client for consideration for employment. Also can refer to one search professional’s sending a candidate to another search professional who may have an open order that fits that candidate.

**Registry** — A listing of persons available for work within a specific occupation, such as nursing or modeling. Most registries charge referral fees to the registrants.

**Regular Part-time Work** — Refers to part-time employment that includes the same rights and prorated benefits available to regular full-time employees of an organization. (See also: Part-time Work.)

**Regular Work** — This term is replacing “permanent work” as a way of describing a direct, ongoing, full-time and non-contingent two-party employment relationship between an employer and an employee. This is also referred to as traditional work.

**Request for Information (RFI)** — An invitation to suppliers to provide information about their company and solution capabilities in order to assess the marketplace for available solutions to a business problem and whether the company would qualify for a Request for Proposal (RFP) or Request for Quotation (RFQ) (see definitions).

**Request for Proposal (RFP)** — An invitation for suppliers to bid on a specific product or service. This document typically involves much more than the price. It may include basic corporate information and history, financial information, technical capability, product information and estimated completion period, and customer references. RFPs are sent to an approved supplier or vendor list. The bidders return a proposal by a set date and time.

**Request for Quotation (RFQ)** — An invitation for suppliers to present a price or quotation to a business problem as described.

**Requisition** — A formal written request for a particular job or services that has specific and unique requirements.

**Retained Search** — Service provided by an executive search firm to locate a candidate for a specific position at a client company. Fee is payable whether or not a hire is made. (See also: Contingency Recruiting.)

**Reverse Auction** — A Candidate selection process in which staffing companies bid on the opportunity to make a placement. The company with the opportunity sets the parameters of the auction (i.e. skill-set requirements, pricing limits, etc) and bids may or may not be blind, or not known to other bidders. Whereas a traditional auction features multiple buyers and a single seller, reverse auctions have a single buyer (the company with the opportunity) and multiple sellers (the staffing companies). Reverse auctions are also used in an RFP or RFQ process, and usually carried out online.

**Reverse Billing or Reverse Invoicing** — Reverse billing (also referred to as ‘reverse invoicing’) is functionality provided within vendor management systems (VMS) where the VMS time card system generates instructions to pay vendors directly without the creation of an invoice. (See: Self Billing.)

**RFx** — a generic term in procurement used to describe the vendor selection process. May include an RFI and RFP, or in RFQ and RFI, or some permutation thereof.

**Risk Management** — The broad category of activities and best practices suited to minimize, monitor and control the probability and/or impact of event losses. Contingent employment-related risks may include legal risks pertaining to co-employment, resource risk, as well as the safety of human and physical resources.

**Rogue Spending** — Spending with staffing suppliers outside of pre-negotiated contracts or the guidelines of the organization’s contingent workforce program. Also called Maverick Spending.

- **Sarbanes-Oxley (SOX/Sarbox)** — The Sarbanes-Oxley Act of 2002 or the American Competitiveness and Corporate Accountability Act of 2002. Sarbanes-Oxley requires that publicly traded companies tighten financial controls and audits; CEOs and CFOs must sign off on the accuracy and truth of financial reports. In particular, SOX Section 404 deals with certifying the sufficiency of controls for detecting fraudulent, questionable, or unauthorized activity that could impact company financial statements. In many cases, Section 404 requires companies to take responsibility for the internal controls of service providers in addition to their own. An SOC 1 (SSAE 16) Type II Audit is one way to accomplish this.
- **SAS 70 Type II Audit** — An audit that assesses a service provider’s internal controls over a period of at least six months and conforms to the Statement on Auditing Standard 70 (SAS 70.) A SAS 70 Type II audit is recognized by the Securities and Exchange Commission (SEC) as an acceptable way of obtaining an auditor’s opinion for Sarbanes-Oxley (SOX) Section 404. Furthermore, companies that use service providers such as staffing suppliers or MSPs may request that their service provider conduct a SAS 70 Type II audit of its controls as part of a SOX-compliance effort.

**Search Research** — Any of a variety of unbundled sourcing research services provided to corporate recruiters or third-party executive search firms, usually by sole practitioners, involving identification of potential candidates at competitive firms, pre-screening, reference-checking, and other search-related research.

**Search/Search Assignment** — The process of recruiting a candidate for a specific position with an employer, usually a senior managerial position. A search may be contracted on a retained or contingency basis. (See also: Contingency Recruiting, Retained Search.)

- **Secondment** — Temporary loan, attachment or detachment of an employee to another company (external) or department (internal), for a specified task and predetermined length of time. While assigned elsewhere, the secondee stays on the payroll of his employer and the employer will charge the receiving company or department a fee. In some countries, temporary agencies may (e.g. the Netherlands) or be legally obliged to (e.g. Germany, Denmark) assign temporary workers as secondees, meaning that the temporary worker will be entitled to receive payment even if no assignment is available.

**Self-Billing** — Similar to Reverse Billing, an arrangement between a supplier and a customer in which the customer prepares the supplier's invoice and forwards a copy to the supplier with the payment.

**Self Employed** — An individual who operates a business or profession as a sole proprietor, independent contractor or consultant. See Independent Contractor.

**Self-Managed Program** — Overall contingent worker program managed internally by the client employees as opposed to an outside vendor.

**Service Level Agreement (SLA)** — A document describing the (minimum) levels of service quality a supplier should comply with. Common examples applicable for the staffing industry are: time-to-fill a job-request, maximum invoice corrections in a given period, and time-to-solve a complaint. An SLA, if applicable, usually is part of a general services agreement or contract.

**Shared Services Center (SSC)** — Internal bundling and streamlining of similar services previously spread over many departments, usually in a large organization. Services referred to are normally non-production related, such as ICT, Indirect Purchasing, Sales, Logistics and HR (including Contingent Workers). The benefits and purpose of an SSC are efficiency, cost reduction (scale) and expertise. Internal acceptance can be a challenge to an SSC, if the complexity of the inevitable change-process is underestimated. SSC is an internal concept. Similar services bundled externally are referred to as Outsourced Services or a Joint Venture, in case more companies decide to launch an external center for similar services.

**Sharing Economy** – See Gig Economy

**Short-term Assignment** — Refers to a work assignment of limited duration. The duration implied here is open to some debate. Most would agree that “short-term” means employment of a year or less. (See also: Long-term Assignment.)

**Single-source Leasing** — The provision of employees and equipment by a single leasing source, as in the case of a driver leasing company that supplies trucks and drivers to its customers.

**Single-source Supplier** — The provision of all staffing services employees through a single supplier source. Also referred to as “Sole Supplier.”

- **SL (Select License)** — One of two types of license required in order to operate as an employment agency in Singapore. The SL is valid for three year periods and allows employment agencies to place workers earning a monthly salary of more than SGD 7,000 per month. Holders of an SL are not allowed to place workers who earn less than SGD 7,000 a month. (See also: Comprehensive License.)

- **SNA Hallmark** — The Stichting Normering Arbeid (SNA) is an important hallmark for staffing companies established by the Labour Standards Foundation in the Netherlands, safeguarding a buyer if a staffing supplier does not pay mandatory taxes and duties. The SNA hallmark makes hiring temporary labor and subcontracting a lot easier and safer for the client, simply because they enjoy better protection against fraud. The SNA hallmark is partly based on the NEN-4400 quality mark. (See: NEN-4400)

**Social Recruiting** — Social recruiting is a concept at the intersection of recruitment and the embryonic field of social media. The most common definition used for social recruiting is that it is the process of sourcing or recruiting candidates through the use of social platforms as promotional and/or advertising channels by employers and recruiters. Social recruiting falls into two different categories. The first is internet sourcing using social media profiles, blogs, and online communities to find and search for passive candidate data and information. The second is social distribution. This involves using social media platforms and networks as a means to distribute jobs either through HR vendors or through crowdsourcing where job seekers and other influencers share job openings within their online social networks.

**Sole Employer** — The traditional two-party, employer-employee work relationship in which a worker has a single employer, as compared to a co-employment relationship or joint employer status.

**Sole Supplier** — A sourcing method in which only one supplier is selected to provide all services for a customer, maybe within a service line, geography or for an entire program. (See also: Sourcing Model, Master Supplier.)

**Solutions Business** — Most often used when describing the provision of IT services as a total “solution” or package customized to an organization’s specific needs. Solutions work is typically sold on a fixed-fee basis rather than a time basis. Used to distinguish from “staffing,” which is the simple provision of a person or persons to fulfill a specific work assignment. (See also: Outsourcing.)

**Sourcing (aka Candidate Sourcing)** — A typically early stage of a talent acquisition process which is dominated by candidate search and identification of potentially attractive candidates, but which typically excludes actual engagement of candidates (recruiting) except to obtain clarifying information. Candidate sourcing activity typically ends once the name, job title, job function and contact information for the potential candidate is determined by the candidate sourcer. To further develop a list of names that were sourced some companies have a second person then reach out to the names on the list to initiate a dialogue with them with the intention of pre-screening the candidate against the job requirements and gauging the interest level in hearing about new job opportunities. This activity is called “candidate profiling” or “candidate pre-screening.” The actual act of sourcing for candidates is performed by either a recruiter (be it an internal corporate recruiter or agency recruiter) or a dedicated recruiter just focused on the sourcing function (called a sourcer). A third-party recruitment agency or corporate recruiting department may be made up of individuals dedicated to just the sourcing of candidates while recruiters can either focus on more account management responsibilities or leverage sourcing experts to supplement an additional volume of potential candidates. An increasing number of agencies and corporate recruiting departments outsource this work to a Recruitment Process Outsourcing vendor. In some situations a person that “sources” candidates can and will perform both ‘primary’ and ‘secondary’ sourcing techniques to identify candidates as well as the candidate profiling to further pre-screen candidates, but there is a growing professional specialization of the roles “telephone sourcing”, “internet sourcing/researching” and candidate profiling.

**Sourcing Model** — The method by which a company identifies, selects, receives, and pays for contingent workers and related services. Companies may employ more than one sourcing model within a contingent workforce program. Sourcing Models can be identified by a company’s position along three independent axes: competitiveness, rate elasticity, and vendor integration. Competitiveness is the degree to which

staffing agencies are invited to bid against each other with respect to submission time, candidate quality, and price. Typical options include sole-source, primaries, structured tiers, and open bidding. Rate elasticity is the degree to which CW demand affects rates, with options including fixed rate cards, pay range plus markup, max bill rates, and open bill rates. Vendor integration is the degree to which a company uses external resources, with options including complete program outsourcing, on-site administrative support, off-site transaction support, and no use at all.

**SOW Consultant** — See Statement of Work (SOW) Consultant.

**SOW Consulting Services** — The statement of work itself is a document that captures the work products and services, including, but not limited to: the work activities and deliverables to be supplied under a contract or as part of a project timeline. In contrast to a typical temporary or contingent work arrangement which is billed based on time worked, SOW agreements are sometimes billed based on a fixed price deliverable or for hitting specific milestones. Like typical contingent arrangements, they may also be billed based on time, including arrangements where there is a time-based billing that is capped at some “not to exceed” level for time and materials.

**SOX/Sarbox** — See Sarbanes-Oxley.

- **Special Employer** — A US legal term referring to the client employer’s legal relationship to the employee in a joint-employer relationship, which usually includes responsibility for day-to-day supervision at the worksite. (See also: General Employer.)

**Specialist Staffing/Specialty Staffing** — A term used as an alternative to “Professional Staffing,” i.e., a segment of temporary staffing that includes workers in IT/technical, engineering, accounting and finance, legal, sales and marketing, and managerial functions, among others. (See also: Professional Staffing.)

**Spend Under Management** — The amount of currency that was actually invoiced by suppliers (typically in an MSP/VMS relationship) for work performed during a given time frame. This excludes spending that has been identified, but not yet rolled into the program. Suppliers and program managers sometimes describe this spending by breaking it out by job family (professional and commercial) and by worker classification (contract labor, SOW, outsource service contract). While not ideal, spend under management is the most common indicator of supplier and market sizing.

**Splits** — Splits are formal or informal agreements between staffing firms to “split” a temporary or direct hire placement (and a fee) if one firm has the job order and another has an acceptable candidate. The Web has facilitated this in various ways, with both exchanges and job networks. Within individual staffing firms a split fee may refer to the internal assignment of commission where one office or consultant has the job order and another office or consultant provides the candidate.

**Staff Augmentation** — Staffing services that supplement internal staffing teams where either part of the talent acquisition process is managed by an external supplier or a segment of the organization is supported by the external supplier, however the supplier is often using the company’s internal recruiting processes rather than its own processes to manage the staffing activities. IT staff augmentation services entail allocation of dedicated technical resources, usually offshore, hired as overseas development extensions of in-house application development teams on fixed or flexible terms and conditions. Using IT staff augmentation services provide a one-window solution to companies who might require application development across diverse technology verticals.



- **Staff Leasing** — A term used in Italy to describe the supply of temporary labor through an agency. In the US, “leased” employees are those employees who are engaged using a Professional Employer Organization. Employment responsibilities are typically shared between the leasing company and the client company. The client company retains essential management control over the work performed by the employees.

**Staffing** — Industry segment of the Workforce Solutions Ecosystem. Major sectors of the Staffing Industry include Temporary Staffing and Place & Search with the commonality of sourcing workers for a client. Place & Search is comprised of three activities: Direct Hire (or Permanent Placement), Retained Search and Temporary-to-Permanent conversions.

**Staffing Association** — An organization that represents and promotes the interests of the staffing industry and provides political lobbying and other services to its members. Members normally comprise staffing companies but may also include other ancillary service providers depending on the constitution of the association. Also referred to as Staffing Federation. Examples of staffing associations are the ASA (American Staffing Association), the REC (Recruitment & Employment Confederation) in the United Kingdom, and Prism’emploi in France. Many countries have more than one staffing association and some associations represent niche interest groups such as APSCO (Association of Professional Staffing Companies) in the United Kingdom. At a global level, CIETT is the International Confederation of Employment Agencies and represents more than 40 national staffing associations. Aligned to CIETT is Eurociett, which seeks to protect the interests of the staffing industry at a European level and negotiates with social partners on e-related matters.

**Staffing Company / Staffing Agency / Staffing Firm** — A company providing staffing services.

**Staffing Industry** — A broad grouping of staffing- and employment-related services where a staffing firm, supplier, broker, agent, or consultant provides employment or help supply services to an organization that involves its own employees or the client’s potential or previous employees. Major sectors of the staffing industry include temporary staffing, place and search, PEO/staff leasing and outplacement.

**Staffsourcing** — A concept that seeks to distinguish the HR outsourcing function from the staff leasing co-employment relationship. “Staffsourcing” refers to the provision of various payrolling and personnel administration services without the assumption of a general employer role.

**Standard Occupational Classification (SOC)** — The 2000 Standard Occupational Classification (SOC) system is used by US federal statistical agencies to classify workers into occupational categories for the purpose of collecting, calculating, or disseminating data. All workers are classified into one of more than 820 occupations according to their occupational definition. The United Nations administers the International Standard Industrial Classification of all Economic Activities (ISIC) and national classifications tend to relate to this global initiative. In the European Union, since 1990, members states have been obliged to conform to Standard Industrial Classification (SIC92).

**Statement of Work (SOW)** — A document that captures the work products and services, including, but not limited to: the work activities and deliverables to be supplied under a contract or as part of a project timeline. In contrast to a typical temp or contingent work arrangement which is billed based on time worked, SOW agreements are usually billed based on a fixed price deliverable or for hitting specific milestones. Like typical contingent arrangements, they may also be billed based on time, including arrangements where there is a time-based billing that is capped at some “not to exceed” level for time and materials (See also: Statement of Work (SOW) Consultant.)

**Statement of Work (SOW) Consultant** — Any consultant performing work on a project under a Statement of Work (SOW) arrangement. In contrast to agency consultants, SOW consultants are typically, but not always given a regular, consistent salary by their employer and continue to receive this salary when off project assignments (i.e., “benched resource”). While SOW consultants are typically employed by consulting firms, a host of technology and other staffing firms have also entered the solutions space for its greater premium margins (the theory being that you are paying for the firm’s proven methodology and chemistry of the team). At times “rogue” managers have used an SOW arrangement in order to avoid restrictions on the use of temporary workers or agency consultants (See also: Statement of Work.)

**Statement on Auditing Standard (SAS) 70** — A method established by the American Institute of Certified Public Accountants (AICPA) for telling an auditor how to assess and issue an official auditor’s report about a service provider’s internal controls. Standard 70 focuses on services that could impact a service user’s financial reporting, including payroll services, benefits claims processing, outsourced IT operations or data centers, and vendor management services or software. An SAS Type I audit presents a snapshot of the service provider’s controls at a moment in time, whereas a Type II audit presents those same controls in operation over a period of at least six months and is recognized by the Securities and Exchange Commission (SEC) as an acceptable way of obtaining an auditor’s opinion for Sarbanes-Oxley (SOX) Section 404. (See Also: SAS 70 Type II Audit). SAS 70 reports are issued on every continent and country leading to various audit and accounting standards being used. To address the inevitable overlap that arises from multiple similar standards, an initiative was started in 2007 by the International Auditing and Assurance Standards Board (IAASB). The goal of the IAASB initiative is to issue two new international standards for reports on controls at service organizations. One of the two standards will be for user organizations and their auditors (ISA 402), while the second standard will be for service organizations and service auditors (ISEA 3402). Both ISA 402 and ISEAE 3402 are assurance reports which aim to provide insight into the controls at a third-party service organization.

**Strategic Staffing** — The pre-planned use of alternative or flexible staffing strategies by the customer. May include the use of temp-to-perm hiring, planned temporary staffing for work cycle peaks or projects, or payrolling, for example.

**Strategic Workforce Planning** — The process an organization undertakes to develop a holistic, long-term and proactive approach to strategically assessing and accessing all multiple forms of talent engagement. Specifically, Strategic Workforce Planning links corporate and strategic objectives and their associated workforce implications with multiple avenues of talent engagement and resourcing (Direct Hire, Contingent, SOW, Outsource, etc.).

**Structured Tiers** — Selection of multiple suppliers in a specific priority, usually based on pricing level, combined with size and capacity. (See also: Sourcing Model.)

**Supplemental Staffing** — The provision of temporary workers to a client company to supplement the current workforce for peak loads, special projects, or planned and unplanned worker absences. Also describes the regular practice of using contract healthcare staff in hospitals and other medical institution settings.

**Supplier** — Staffing firms are referred to as suppliers by some contingent workforce buyers (whether hiring organizations or VMS/MSP entities).

**Supplier Management** — See Vendor Management.

**Supplier-Funded Model** — MSP and/or VMS programs are funded through a small, negotiated margin percentage or fixed fee added to the billing of each assignment.

**Supply Chain Management (SCM)** — Supply Chain Management (SCM) is the management of the flow of goods and services. It includes the movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption. Interconnected or interlinked networks, channels and node businesses are involved in the provision of products and services required by end customers in a supply chain. In a contingent program supply chain management refers to the process of optimizing a company's contingent talent pipeline from candidate sourcing to onboarding and beyond.

- **Supply Teacher** — A person who teaches at a school on a temporary basis when the regular teacher is unavailable because of illness or personal leave. The provision of Supply Teachers in the UK by staffing firms is a thriving business, although this sector is less prevalent (to non-existent) in other staffing markets. In the US, Supply Teachers are more commonly referred to as Substitute Teachers and, elsewhere in the world as Relief Teachers.
- **Swedish Derogation** — An opt-out clause successfully negotiated by the Swedish delegation when the Agency Workers Directive was debated among social partners in the European Union. This derogation means that the AWD rights to equal pay of a temporary agency worker do not exist when the temporary agency worker is directly employed on a permanent basis by the temporary work agency and receives pay in-between assignments. While the derogation was credited to the Swedes, it is also a crucial factor for the German and (to a lesser extent) Dutch staffing markets, where it is normal for temporary workers to be employed full time by their temporary work agency.

**Talent Acquisition** — The ongoing cycle of processes related to attracting, sourcing, recruiting, and hiring (or placing) employees within an organization. This includes elements of employment branding, out-reach, networking, and relationship building with potential candidate communities to continually build and enhance the talent pool for an organization.<sup>2</sup>

**Talent Acquisition Technology** — Industry segment of the Workforce Solutions Ecosystem, defined as technology based businesses related to attracting, sourcing, recruiting, and hiring (or placing) employees and non-employed workers within an organization. This includes elements of employment branding, candidate attraction, networking, and relationship building with potential candidate communities to continually build and enhance the talent pool for an organization. Talent Acquisition Technology is a broad category which includes Job Boards for advertising vacancies online, Applicant Tracking Systems (ATS) for processing new hires, Vendor Management Systems (VMS) for managing staffing suppliers and an emerging category of online services operating within the 'Human Cloud'.

**Talent Engagement** — A term to encompass a variety of services related to staffing or payrolling services. Talent Engagement is made up of the following categories, all of which have their own definitions in this lexicon: Managed Service Providers, Recruitment Process Outsourcing, Payrolling, Online Staffing, and Professional Employer Organizations.

**Talent Exchange** — An online (possibly cloud technology-based) platform spanning worker type (direct employee or contract, task-based, project-based or position-based), location (work where appropriate, needed), and time (global environment, work when it makes sense). This broad definition could conceivably include job boards/social networks, crowdsourcing platforms, and what Staffing Industry Analysts identifies as "Human Cloud" platforms such as oDesk, Elance, etc., and is used in the e-recruitment process. (See also: E-recruitment, Human Cloud, Job Board, Crowdsourcing, Online Staffing, Online Services.)

**Talent Management** — Interconnected human resource processes designed to source, attract, select, train, develop, retain, promote, and move “regular employees” (as opposed to contingent workers) through an organization with the aim of improving revenue, customer satisfaction, quality, productivity, cost, cycle time, and market capitalization. The major aspects of talent management normally include recruiting, performance management, leadership development and workforce planning/identifying talent gaps. (See: Workforce Management, Total Talent Management)

**Talent Management System (TMS)** — A talent management system (TMS) is an integrated software suite that addresses recruitment; performance management; learning and development; and compensation management.

**Talent Pool** — Passive and active sources of talent who are selected based on common interests, location or skills who are potential targets for the sourcing of future candidates.

**Technical Services** — The provision of technical and engineering personnel including engineers, computer programmers, systems analysts, designers, drafters, writers, editors and illustrators.

**Technical Services Firm** — A firm that locates, recruits, and hires technical and/or engineering skilled personnel and then contracts with another company to assign its workers at the customer’s location for a specified duration and/or project.

**Telecommuting** — Working at home, or at another off-site (satellite) location, for an organization whose office is located elsewhere, with one-way or (usually) two-way electronic linkage to that organization via phone, fax, modem, and/or the Internet or a company Intranet. Home work may be full-time, occasional, or a scheduled part of the workweek.

**Temp** — Common abbreviation or colloquial expression for temporary worker.

- **Temporary Agency Worker (TAW)** — Formal legal description in Europe used to describe a temporary supplied via an intermediary such as a staffing firm.

**Temporary Employee (“Temporary”)** — An employee who performs work for an organization with the expectation that the work will be for a fixed duration. Temporary employees may be hired directly by the employer or sourced through a staffing company and work fulfilling client assignments. May also refer to temporary workers from an internal pool employed directly by an organization for an intentionally limited time period.

**Temporary Help** — The furnishing of employees to meet the short-term and/or project needs of another employer. Originally used primarily as replacements for office or light industrial workers, temporary help has come to be used across a broad range of skills and occupations. Most of the companies delivering this service are now referred to as staffing firms or temporary staffing firms.

**Temporary Help Company** — An organization engaged in the business of furnishing its own employees (temporaries) to handle customers’ temporary staffing and special projects needs. A temporary help company recruits, trains, and tests these employees, then assigns them to clients for a finite (albeit sometimes very extended) time period.

**Temporary Placement** — A term that is often used to distinguish between the temporary help services of a staffing firm and its “permanent placement” activities. In a legal sense, the term may be used incorrectly, because “placement” refers to affecting an employment relationship, and providing a temporary worker involves the provision of a service by a person already employed by a temporary firm.

**Temporary Pool** — A group of in-house employees hired directly by a company and used to fill temporary job assignments at that company.

**Temporary Staffing** — A service segment of the Staffing Industry that provides temporary help and related staffing services to businesses and other clients. The temporary staff provided are recruited, screened, possibly trained, and employed by the temporary staffing provider, then assigned to client organizations. Although the customer typically assumes supervisory responsibility for these workers, in certain service arrangements coordination or supervisory functions may be provided by the supplier.

**Temp-to-Direct** — See Temporary-to-Permanent.

**Temp-to-Hire** — See Temporary-to-Permanent.

**Temporary-to-Permanent (Temp-to-Perm) Conversion** — Transition of a temporary worker to permanent employment status. This may be on an ad hoc reactive basis where an employer finds that a temporary worker can fulfill a permanent job vacancy or a more formal employment service concept where a client company proactively plans to make a traditional hiring decision during or after a temporary help assignment. The term is falling out of favor due to aversion to the use of “permanent” when referring to a typical “at-will” employment situation. The fee for transitioning a temporary worker in this way would normally be charged at a discount to the staffing company’s standard permanent placement fee and normally related to the length of time the temporary has been assigned to the client. Temp-to-perm fees may be subject to legislation in certain European jurisdictions. (Other terms used to describe this process are temp-to-direct, temp-to-hire, try-before-hire or try-before-buy.)

- **Temporary Work Agency (TWA)** — Formal legal description in Europe used to describe a staffing firm.

**Testing** — A service segment of the Other Workforce Solutions Industry, Testing is the practice of administering written, oral, or other tests as a means of determining the suitability or desirability of a job applicant or for evaluating the suitability of an existing employee. These may include the evaluation of hard skills such as performance assessments and job knowledge tests but also soft skills by way of personality examinations using various psychometric techniques. Pre-employment screening undertaken before someone is offered a job or temporary position may also include background checks and drug testing which are commonly conducted for hiring in safety critical roles such as heavy machinery or driving and government agencies although there is a growing trend for tests to be administered in a wider range of industries.

**Time and Expense System** — A system and method for collecting and recording time and expenses. Time and Expense systems can be stand-alone products or integrated in other applications, such as VMS or ERP software.

**Time and Materials Contract** — Time and materials is a standard phrase in a contract in which the buyer agrees to pay the provider based upon the work performed by the contractor’s employees and subcontractors, and for materials used in the performance of the Assignment. This is opposed to a fixed-price contract in which the buyer agrees to pay the contractor a lump sum for fulfillment of the contract no matter what the contractor pays its employees, sub-contractors and suppliers.

**Total Cost of Ownership (TCO)** — A business analysis that assesses cost to include direct cost (purchasing price) and indirect cost (related to the use of a service or product). In temporary staffing services, this is often used by employers to ask temporary staffing agencies for proposals to decrease the total cost of using temporary employees, besides the hourly bill rate. Options to reduce TCO are implementing specific Sourcing Models (see definition), close monitoring (e.g., consolidated reporting), or additional services like wage management.

**Total Talent Acquisition** — An emerging model for Talent Acquisition, subsumed within the concept of Total Talent Management and therefore encompassing acquisition of both “permanent hire” and “contingent talent.” Total Talent Acquisition refers not only to the operational approaches to sourcing, recruiting, and engaging talent, but also to higher level strategic considerations of structuring or managing the talent supply chain (i.e., decision about outsourcing, sourcing geographies, etc.).

**Total Talent Management (aka Total Workforce Management)** — An emerging model of talent or workforce management that includes an organization’s management of “permanently hired” workers as well as “contingent” workers (see Talent Management, Contingent Work/Workforce). Spurred by organizational bifurcation and the rising importance of contingent workers, this model seeks to integrate the respective management of “permanent hire” and “contingent” workforce by HR and Procurement functions. While Total Talent Management is a term that tends to be used by hiring organizations, RPOs have begun using the term “Blended Workforce Management” to refer to the same concept, but provided as an outsourced service by an RPO. Total Talent Management is Staffing Industry Analysts’ preferred descriptor for this phenomenon/development. (See: RPO, Blended Workforce.)

**Traditional Employment** — Our preferred term for what previously has been called “permanent” employment. Because no job is truly permanent, “traditional employment” provides a better contrast to “contingent employment.”

**Traditional Staffing** — A segment of temporary staffing that includes, but is not limited to, workers with the skills, knowledge and training required for occupations in light industrial, office/clerical and general labor categories. Sometimes referred to as “Commercial Staffing.”

**Training & Accreditation** — A service segment of the Other Workforce Solutions Industry, there are many forms of work-related Training provided by third-party experts. Some may relate to a very particular job role such as electrical engineering, accounting or nursing, some provide education on broader skill sets such as sales techniques, public speaking/presenting, health and safety and leadership, while others help workers develop better skills on a particular software program. Many staffing firms will provide training where it can improve the skills (and, therefore, the value) of a temporary worker and, in certain countries, such as France, such training is a legal obligation. Accreditation is formal, third-party recognition of competence to perform specific tasks.

**Transactional Pricing** — Pricing model that is based on a unit that can vary over time. For instance, price per applicant or price per contractor.

- **Transfer of Undertakings Protection of Employment (TUPE)** — A European Union regulation designed to protect the rights of (temporary) employees in a situation in which an undertaking — in part or whole — is transferred, including continuity, conditions and terms of work. This can be important when an employer with an existing contract for the provision of temporary workers is acquired by another company that has different agreed-upon pay rates or working times.

**Travel Nurse Staffing** — See Healthcare —Travel Nurse Staffing

**Try-before-Buy** — See Temporary-to-Permanent

**Try-before-Hire** — See Temporary-to-Permanent

**Umbrella Agreement** — Contract with a supplier defining the general conditions and the subsidiaries, services, geographical regions or job-profiles included. For the respective deliverables of the supplier specific additional conditions might apply.



- **Umbrella Company** — A service offered in the United Kingdom whereby an umbrella company acts as an employer to independent contractors (ICs) working on temporary assignments usually provided by a staffing company. When using ICs to fill temporary positions, staffing companies in the United Kingdom often opt to issue contracts to an umbrella company as it can help to reduce their liabilities. Many staffing companies have partnerships with preferred umbrella companies. Using an umbrella company can also be a practical choice for ICs as it removes the hassle of setting up their own limited company and ensures that they meet the tests used to identify employment status for tax purposes. Most umbrella companies provide a payroll solution and also take care of all the required administrative tasks such as accounting and financial reports that independent contractors need to process.
- **VAR Declaration** — A Verklaring arbeidsrelatie or ‘VAR’ is a declaration of independent contractor status that defines the status of a freelance worker (see ZZP) in the Netherlands. VARs are obtainable on application from the Dutch Tax & Customs Administration and come in four types depending on the relationship with the client: Income from employment (VAR-loon), Results from other activities (VAR-row), Profits from business activities (VAR-wuo) and Income from activities at the company’s risk and expense (VAR-dga). The VAR declaration provides the probable self-employed freelancer and the principal/company with clarity regarding the withholding and payment of taxes and employers’ contributions. However, the VAR has no value if the principal/company should be reasonably aware that the Freelancer is, in fact, employed by them. Even if the VAR declaration states that the individual is not an employee, but the Company has reasons to doubt this declaration, then the Company is held liable to deduct appropriate taxes and social charges.
- **Variable Time Programs** — Time/income trade-offs that enable full-time employees to reduce work hours for a specified period of time with a corresponding reduction in pay.

**Vendoring** — The provision of business services by an outside supplier (vendor), where the vendor brings its own employees on-site to perform a specific function, such as running a cafeteria or providing security services, or uses its own employees off-site to perform a specific function that was formerly done by the customer. (See also: Outsourcing, Insourcing.)

**Vendoring Out** — Contracting with an outside business service to provide either on-site or off-site vendored services that may have been previously handled directly by the customer. (See also: Outsourcing.)

**Vendor List** — A list of approved vendors that an organization can consider using to fill its staffing needs. Organizations typically manage their approved vendor list as a way to control rogue spending with suppliers that have not negotiated a favorable contract with the company.

**Vendor Management/Supplier Management** — A comprehensive approach to managing an enterprise’s interactions with the organizations that supply the goods and services it uses. Vendor management includes both business practices and software (e.g. VMS) and attempts to streamline and make more effective the processes between an enterprise and its vendors.

**Vendor Management System (VMS)** — A service segment of the Talent Acquisition Technology Industry. A VMS is an Internet-enabled application that acts as a mechanism for business to manage and procure staffing services through third party staffing suppliers (temporary help as well as, in some cases, permanent placement services) as well as outside contract or contingent labor. VMS systems now often include the management of Statement of Work (SOW) consultants and outsourced services within their scope of coverage. Typical features of a VMS include supplier management, order distribution, consolidated billing, risk mitigation, headcount tracking and significant enhancements in reporting capability over manual systems and processes.

**Vendor Neutral** — A term used to describe a model in which a managed services or VMS technology handles its tasks (e.g. order distribution or candidate selection) based on client-defined policies that mandate that all (or a pre-defined set of) staffing suppliers (vendors) be (a) given an equal opportunity to fill each order, and/or (b) selected for each order based on the same criteria. Under a vendor-neutral model, a managed services or VMS provider could not, on its own accord, push orders to itself or any other staffing vendor. The presumed advantage of a vendor-neutral model is that the best supplier with the best candidate will fill each position. The term is sometimes used in a stricter form to refer to an independent managed service provider that is completely autonomous, or semi-autonomous, from the staffing suppliers.

A common alternative model is a combined MSP/master supplier approach. Here the master supplier also acts as the MSP, and, with the full support and knowledge of the client, pushes a disproportionate share of orders to itself. Orders it cannot fill itself are sent to other staffing suppliers. The presumed advantage of this approach is volume pricing discounts for the client, and potentially a supplier that gets to know the client's needs more intimately.

**Vendor on Premises (VOP)** — On-site coordination of a customer's temporary help services through an exclusive, long-term general contractor relationship with a temporary help company. The designated vendor on premise may enter into subcontracting relationships with other temporary help suppliers, or such relationships may be specified by the customer.

**Vendor Tiering** — Model in which vendors are invited to fill positions in a well-defined order and often with time triggers. For example, a temporary vacancy will go to Tier 1 vendors first, and then to Tier 2 vendors if not filled within a certain time period.

**Wind Down Fees** — Fees that apply to the transition out of a service as the service is then taken in-house or transitioned to another supplier. Fairly common in outsourcing arrangements.

- **W-2 Employees** — Workers who are paid hourly on a regular basis and work with a staffing firm that handles their payroll.
- **Witkey or 威客** — The term used in China to describe a Web-based system whereby users can purchase or exchange services and information or simply share useful knowledge and experience. These platforms, with colorful names and lively, somewhat informal website home pages, act as bustling electronic marketplaces in which people and businesses can sell and buy services (typically labor services provided by a person to a business or to another person). Services can range from business professional services (like software development, accounting, marketing) to more personal services (like cleaning, home care, etc.). Many of the services can be performed and paid for online, but there is no doubt that many of the services are delivered locally, on premise. Witkeys seem similar enough to Online Staffing platforms in other parts of the world to include them in the general SIA Online Staffing segment category. However, the population of Online Staffing platforms outside of China tend to be clearly divided — at least to date — into those that support business services and professional skills categories (Elance-oDesk, freelancer.com, etc.) and those that cater to consumer services and lower-skilled workers (Task Rabbit, Thumbtack, etc.). The Chinese version of Online Staffing platform, Witkeys, seem to cater to both of these segments.
- **Women and Minority Business Enterprise (WMBE)** — Suppliers that meet government criteria to qualify them as being women- or minority-owned. (See also: Diversity Supplier.)
- **Workers' Compensation** — Financial compensation to an employee for work-related injuries, in particular compensation of loss of wages, sometimes also for medical costs. Typically one of the major costs that staffing firms are responsible for, and in occupations such as industrial staffing, the cost of workers' compensation insurance is significant in determining profitability.

- **Working Time Regulations Act (WTR)** — Legal Act in the United Kingdom that regulates the time an employee can be required to work and the rests and breaks employees are entitled to. Includes minimum conditions that apply for Agency Workers.

**Work Order** — Refers to a request from an organization for a specific type of service to be provided by one or more temporary employees for a specific period of time.

**Work Sharing** — The situation in which two or more workers may “share” one full-time position at a company, often for the purpose of schedule flexibility. The workers often stagger their schedule in order to meet outside personal commitments such as family responsibilities. In other cases, an employer, in lieu of a layoff, may combine two jobs into one and retain both workers, each working a reduced schedule.

**Worker Dispatch Law** — *A law in Japan that governs temporary employment.* The law was first enacted in the 1980s and later amended throughout the years. Most recently, an amendment to the worker dispatch law approved in March 2012 adds restrictions and prohibits temporary assignments of less than 30 days in many cases. It also urges employers to give temporary workers the same pay as regular workers if the temps are doing the same work. However, a rule that would ban temporary staffing in the manufacturing sector was not included, as it was in the original proposal for the law.

**Worker Tracking** — See Identity Management.

**Workforce Planning** — See Strategic Workforce Planning

**Workforce Mix Optimization** — The practice of using the right percentage of each workforce category (employees or contingent workers) to accomplish corporate objectives as profitably and safely as possible.

**Workforce Solutions** — Workforce Solutions are third-party products and services relating to the sourcing, engagement and development of employed and non-employed (including contingent) workers. Workforce Solutions includes the Staffing Industry and five other important segments; Talent Acquisition Technology, Process Outsourcing, Payrolling/Compliance, Contracting/Consulting, and Other Workforce Solutions.

- **Works Council** — An organization representing workers that functions as a local/firm-level complement to national labor negotiations. Works councils exist with different names in a variety of related forms in a number of European countries. Works councils can also be formed in non-unionized companies. Works council representatives may also be appointed to the Board of Directors. The aim of works councils is to reduce workplace conflict by improving and systematizing communication channels; to increase bargaining power of workers by means of legislation; and to correct market failures by means of public policy. In 1994, the European Union passed a Directive (94/45/EC) on the establishment of a European Works Council (EWC) or similar procedure for the purposes of informing and consulting employees in companies which operate at European Union level. The EWC Directive applies to companies with at least 1,000 employees within the European Union and at least 150 employees in each of at least two Member States. The Agency Workers Directive includes the requirement that Agency Workers should be included in employee headcount for this purpose. In some markets, temporary workers may actually be represented on Works Councils (sometimes after a qualifying period).

**Zero Hour Contract** — A labor contract describing the conditions of work but without any guarantee of work. Variations are possible, for example with guarantee of a certain minimum amount of work in a given period, e.g. weekly or monthly. Also called “Fixed Hours Contracts.”

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