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 Work/Worker — Used to describe work arrangements that differ from regular/permanent, direct wage and salary employment. Contingent workers most often 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) employed directly by an organization for an intentionally limited time period. They do not include work done by consulting firms or by part-time regular employees, and are primarily distinguished by an explicitly defined tenure.

Self-employed individuals should only be defined as contingent workers if they provide themselves as contract labor to other organizations. Otherwise, they should not be included in the contingent workforce, because they may have stable occupations or careers that are clearly not conditional. Workers in Professional Employer Organization (see definition) arrangements are not contingent workers, because the relationship is by definition ongoing. Outsourcing also falls outside of the contingent work definition, because it defines a vendor-supplier relationship, not an employer-worker relationship.

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.

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.

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. (See also: Permanent Placement, Placement.)
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).

Managed Service Provider (MSP) — A company that 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.

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. (See also: Vendor on Premises.)

On-boarding — The process of bringing a worker into a position with a goal of providing all necessary tools to be productive as soon as possible. On-boarding can apply to permanent hires as well as contingent workers. May include training, seat assignments, equipment requirements and other steps. Many ATSs and VMSs include on-boarding functionality.

On-site — Vended or outsourced services provided to the client (customer) via supplier personnel located at the client site.

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

On-site Supervision — Supervision by the supplier at the client’s site.

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.

Payrolling — As it relates to contingent staffing, payrolling is the provision of longer-term temporary workers to a customer where the workers have been recruited (possibly interviewed, tested and approved) by the customer but 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. Often the payrolling arrangements are temporary in nature and usually only involve a specific client function or position, not all or a significant portion of a client’s workforce as in employee leasing. Payrolling services are typically billed at significantly lower markups than traditional temporary staffing because the staffing firm has not incurred any recruiting costs.
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: Direct Hire.)

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).

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.)

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.)
Recruitment Process Outsourcing (RPO) — A category of human resource outsourcing applying specifically to recruitment matters. Typically involves an organization taking on responsibility for all or most parts of an organization’s recruiting process for direct hire employees.

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.)

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.)

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.)

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.

Structured Tiers — Selection of multiple suppliers in a specific priority, usually based on pricing level, combined with size and capacity.

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.
**Temporary Staffing** — A 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)** — 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. In a “temp-to-perm” situation, only temporary workers who are also seeking a similar type of traditional job would be sent on the 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.)

**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)** — An Internet-enabled, often Web-based application that acts as a mechanism for business to manage and procure staffing services (temporary help as well as, in some cases, permanent placement services) as well as outside contract or contingent labor. Typical features of a VMS include order distribution, consolidated billing and significant enhancements in reporting capability over manual systems and processes.

**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.