

Glossary of HR

360 Survey: An employee feedback program whereby an employee is rated by surveys distributed to his or her co-workers, customers, and managers. HR departments may use this feedback to help develop an individual's skill or they may integrate it into performance management programs.

401(k) Plan: An employer sponsored retirement plan divided into two different categories: the defined benefit plan and the defined contribution plan. In the defined benefit plan, the employer pays a defined amount to a retiree who meets certain criteria. In a defined contribution plan, the plan defines the contributions that an employer can make. 401(k) plans are instrumental in ensuring a company's competitiveness in attracting and retaining talented employees. It is common for companies to outsource all or some of their plan including performance monitoring, investment selection, and administration.

Administrative Services Only (ASO): The hiring of a firm (usually a health care vendor) to perform specific administrative services. The firm would not have to assume any risk. For example, a self-insured employer would use this arrangement in order to retain financial responsibility for paying claims without having to perform administrative functions.

Agent: An employee of a company that owns the product they are selling. In other words, they do not represent or sell other insurance company's products like a broker does.

Application Service Provider (ASP): An organization (usually a business) that provides access to their servers through the Internet for a fee. ASP customers do not have to install and manage software themselves and the ASP can be accessed from any location via the Internet. Companies have access to such services as Calendar systems and Human Resources tools (timesheets, benefits, etc.). HRmarketer.com is an example.

Applicant Tracking System (ATS): An applicant tracking system (ATS) is an employee recruitment software application that can be used to post job openings on a corporate Web site or job board. It can be useful in screening resumes, and requesting interviews by e-mail. It is estimated that roughly 50 percent of all mid-sized companies and almost all large corporations use some type of applicant tracking system.

Assessment Testing: Testing used to assist employers in pre-hire evaluations. They ensure that organizations place the right people into the right jobs. These tests can be done via the Internet and they can provide employees with effective training, assist managers in becoming more effective, and promote people into appropriate positions.

Background Screening / Pre-employment Screening: Testing to ensure employers are hiring qualified and honest employees. The screening involves criminal background checks as well as validating important information including Social Security numbers, past addresses, age or year of birth, corporate affiliations, bankruptcies, liens, and judgments. If an employer outsources pre-employment screening, the federal Fair Credit Reporting Act requires that there must be a consent and disclosure form separate from an employment application.

Base Wage Rate (or base rate): The hourly rate or monthly salary paid for a job performed. It is solely a base rate and does not include any benefits, overtime, or incentives.

Benchmark Job: A standard job used as a base from which to make pay comparisons. It can be within the organization or in comparable jobs outside the organization. Employers can usually access various pay data through surveys.

Benefits Administration: Software that enables HR professionals (or, brokers, agencies, TPAs or anyone else responsible for managing a company's employee benefits) to track employee participation in benefits programs including healthcare, insurance and pension plans. Benefits administration software automates and streamlines these tasks.

Blog: A journal that is available through the Internet. It is published by a blogger (author) using such software as www.blogger.com. Others can access the blog through the web (e.g., <http://hrmarketer.blogspot.com/>) or subscribe to the blog's RSS feed and receive alerts when there is a new posting. Blogs are becoming increasingly important to HR suppliers in order to increase their company's visibility, communicate with customers, and promote their products or services to establish themselves as a thought leader.

Broker: An individual who acts as an agent for a buyer and a seller and charges a commission for his/her services. An example of a large brokerage firm is Marsh. An example of a state firm is ABD in California.

Business Process Outsourcing (BPO): The managing of an organization's business applications by a technology vendor.

Buzz Marketing: A viral marketing technique that attempts to make each encounter with a "prospect" appear to be a personal, spontaneous interaction instead of an obvious marketing pitch. For example, the advertiser reveals information about their new product to a few opinion leaders within their target audience. In theory, these opinion leaders then talk about your product with their peers, thus beginning a word-of-mouth campaign where other buyers are flattered to be included in the group of those "in the know". A typical buzz marketing campaign is initiated in chat rooms, where marketing representatives assume an identity appropriate to their target audience and pitch their product. Blogs are another popular media for buzz marketing.

Cafeteria Plan: A plan in which an employer offers employees a variety of different benefits. The employee is able to choose which benefits would fit their individual needs. Examples of benefits offered in the cafeteria include group-term life insurance, dental insurance, disability and accident insurance, and reimbursement of healthcare expenses.

CAN-SPAM Act (Controlling the Assault of Non-Solicited Pornography and Marketing Act): Congressional legislation that regulates commercial emails (i.e. commercial advertisement or promotion) and sets clearly defined opt-out standards. Any billing, warranties, product updates or customer service information is not included in this act. E-mail newsletters that are not considered advertisements are also exempt.

Capitated Pricing: Vendors deliver contracted services for a set amount of money per employee per month. This can be a risky strategy for vendors whose profitability is directly tied to how much the services are or are not used (e.g., EAPs).

Carrier: A vendor in the employee benefits space. More commonly used in reference to health care. Carriers (e.g., Met Life, Blue Cross, Aetna, etc.) sell their products through Brokers & Consultants, but may also sell to an employer directly.

Carve-Out: The elimination of coverage of a specific category of benefit services (e.g. vision care, mental health/psychological services, or prescription drugs). The employer opts out of certain services with one vendor and contracts another to deliver them.

Change management: The process of developing an effective strategy to engage change within an organization. Change management can be conducted on a continuous basis, on a regular schedule (such as an annual review), or when deemed necessary on a program-by-program basis.

COBRA: Consolidated Omnibus Budget Reconciliation Act. 1985 Federal law that requires employers to offer continued health insurance coverage to terminated employees and their beneficiaries. The coverage may continue for the following cases: termination of employment, change in working hours, change in dependent status or age limitation, separation, divorce, or death.

Compensation: Pay structures within an organization. It can be linked to employee appraisal. Compensation is effectively managed if performance is measured adequately.

Competency Modeling: A set of descriptions that identify the skills, knowledge, and behaviors needed to effectively perform in an organization. Competency models assist in clarifying job and work expectations, maximizing productivity, and aligning behavior with organizational strategy.

Consultants: An outside individual who supplies professional advice or services to companies for a fee. Large HR consulting firms include Aon, Mercer, Hewitt and Watson Wyatt. Large HR consulting firms typically work with companies who have more than 1,500 employees.

Contingency Recruiting (Search): Contingency recruiters conduct frontline talent searches and represent either employers or individuals seeking placement. Contingency firms are not paid unless a candidate is successfully placed.

Contingent Staff: Temporary staff that supplements a company's workforce. Contingent staff may be hired through a staffing firm. Businesses that have fluctuating seasonal staff demands or are in need of temporary call center representatives often use contingent workers.

Conversion Rate: A conversion rate is defined as the relationship between visitors to a web site and actions considered to be a 'conversion', such as a sale or request to receive more information. A 2006 study by WebSideStory showed the following conversion stats for these major search engines: AOL traffic 6.17%, MSN traffic 6.03%, Yahoo traffic 4.07% and Google traffic 3.83%. Search optimization (SEO) is far less expensive than an aggressive paid search campaign and gets you the same amount of traffic. Plus, the effects are longer lasting, and conversions are frequently

in the same range (or even higher) than paid ads on engines.

Cost-Benefit Analysis: The ability to measure the costs associated with a specific program, project, or benefit. The cost is then compared to the total benefit or value derived.

Cost-Per-Hire: The costs linked to recruiting talent. These costs can include advertising, agency fees, relocation costs, and training costs.

Direct Marketing: Direct marketing is a sales method by which advertisers approach buyers directly with products or services. The most common forms of direct marketing are telephone sales, emails and print (e.g., catalogs, brochures). Successful direct marketing also involves renting or compiling / maintaining a database of qualified buyers. According to the Direct Marketing Association, average response rates for print direct mail (flat mail) are 2.73%, catalogs are 2.45% and E-mail is 1.12%. HRmarketer.com research shows emails that offer a compelling “offer” in the form of a free downloadable white paper or research report (on a topic that resonates with your buyer) are significantly more likely to generate a response than promotional offers. In all industries, marketers are shifting their spending from brand building tactics like print advertising to direct response-oriented promotional channels such as direct marketing and interactive marketing (online advertising).

Disability: The inability to perform all or part of one's occupational duties because of an accident or illness. This can be due to a sickness, injury or mental condition and does not necessarily have to have been caused by the job itself.

Disability Income Insurance: Health insurance that is paid to a policyholder who experiences a loss of income due to an injury or an illness. Disability insurance plans pay a portion of the salary of a disabled worker until his/her retirement age.

Disease Management: An information-based process involving the continuous improvement of care (prevention, treatment and management) throughout the delivery of health care. Effective disease management can mean decreased health care costs.

Defined Benefit Plan: A retirement plan that pays participants a lump-sum amount that has been calculated using formulas that can include age, earnings and length of service.

Defined Contribution: A pension plan that clearly defines the amount of contributions, which is usually a percentage of an employees salary. The benefits payable at retirement depend on several factors including future investment return and annuity rate at retirement.

EAP: An employer-sponsored program that is designed to assist employees whose job performance is being adversely affected by such personal stresses as substance abuse, addictions, marital problems, family troubles, and domestic violence. For every dollar invested in an EAP, employers save approximately \$5 to \$16. The average annual cost for an EAP ranges from \$12 to \$20 per employee. Source: US Department of Labor.

E-Recruitment: Web-based software that handles the various processes included in recruiting and onboarding job candidates. These may include workforce planning, requisitioning, candidate acquisition, applicant tracking and reporting (regulatory or

company analytics).

E-Learning: E-learning is a method of education via the Internet or other computer related resources. It presents just-in-time information in a flexible learning plan. E-learning can be combined with face-to-face courses for a blended learning approach.

Employee Self-Service: A program that allows employees to handle many job-related tasks normally conducted by HR departments including benefits enrollment, and updating personal information. Employees can access the information through the company's intranet, kiosks, or other Web-based applications.

Employment Branding: A strategy designed to make an organization appealing as a good place to work. This targeted marketing effort utilizes both print and Internet tactics and attempts to shape the perceptions of potential employees, current employees and the public / investment community.

Enterprise Compensation Management (ECM): The automation of the compensation process to assist organizations in the acquisition, management and optimization of its workforce.

ERISA (Employment Retirement Income Security Act): A federal law that governs pension and welfare employee benefit plans. ERISA requires plans to provide participants with plan information including plan features and funding. It also requires that plans provide fiduciary responsibilities for those who manage and control assets. It gives participants the right to sue for benefits and breaches of fiduciary duty.

ERP: Short for enterprise resource planning, a business management system that integrates all facets of the business, including manufacturing, sales, marketing, finance and human resources. This is slightly different than best-of-breed HRIS applications and the industry continues to debate the merits of one versus the other. With the growing popularity of web-based applications (ease of use, lower costs) ERP seems to be losing out, especially in the mid-market.

Executive Coaching: Executive coaching is a professional relationship between a Coach and an Executive, or an Executive Team. The goal is to assist executives with positive leadership development. It can be provided in one-on-one sessions or via the Internet.

Executive Search: An agency or organization used by employers to assist them with the selection and placement of candidates for senior-level managerial or professional positions.

Exempt Versus Non-Exempt Employees: Employees who meet one of the FLSA (US Fair Labor Standards Act that governs overtime compensation.) exemption tests and who are paid on a fixed salary basis and not entitled to overtime.

Expatriate: An employee who is transferred to work abroad on a long-term job assignment.

Flexible Spending Accounts (FSA): FSAs allow employees to set aside a portion of their earnings on a pre-tax basis into separate spending accounts to fund allowable health care and/or dependent day care expenses. The funds must be segregated as per IRS regulations.

Flexible Work Arrangements: Schedules that allow employees to structure their work hours around their personal responsibilities. Examples include flextime, job sharing, telecommuting and a compressed workweek. Home sourcing has become a popular flexible work concept in recent years. In this arrangement, employees work full-time from their homes.

General Agents: General agents are middlemen for carriers and brokers and usually focus on the 250 employee market. Usually an individual appointed by a life or health insurer to administer its business in a given territory. GAs are important for companies who sell to small employers or brokers e.g., benefits administration software providers.

HR Generalist: An individual who is able to perform more than one diversified human resources function, rather than specializing in one specific function.

Human Capital Management: The challenge of recruiting and retaining qualified candidates, and helping new employees fit into an organization. The goal is to keep employees contributing to the organizations intellectual capital by offering competitive salary, benefits and development opportunities. The major functions of human capital management include Recruitment, Compensation, Benefits and Training.

Human Resource Information System (HRIS): Business software systems that assist in the management of human resource data (e.g. payroll, job title, candidate contact information). Some of the larger HRIS platforms include SAP and Peoplesoft.

Human Resource Outsourcing (HRO): A contractual agreement between an employer and an external third-party provider whereby the employer transfers responsibility and management for certain HR, benefit or training-related functions or services to the external provider.

Job Board: An online location that provides an up-to-date listing of current job vacancies in various industries. Applicants are able to apply for employment through the job board itself. Many job boards have a variety of additional services to help job seekers manage their careers and their ongoing job search processes.

Managed Care: A health care system in which the provider manages the care of the individual for a fixed fee. The opposite of this preventive intervention (or, population-based) approach is fee-for-service. Managed care emphasizes wellness and prevention.

Marketing PR: Marketing PR is the combining of what are traditionally two separate departments, public relations and marketing, to one integrated front whereby all marketing and PR activities focus on reaching buyers directly. Marketing PR incorporates both traditional marketing and PR tactics with social media and other Internet-based initiatives that support the measurable goals of online publicity, increased web site traffic, search-optimization (SEO) and, lead generation. A key difference between traditional PR and Marketing PR is the use of a press release. Traditional PR writes and distributes a press release for the sole purpose of securing media placements. Marketing PR does this as well but also uses the press release to enhance website SEO, increase web site traffic and generate qualified sales leads.

"Non-Traditional" versus "Traditional" Employee Benefits: Traditional benefits include life, retirement, health, and disability benefits. Non-traditional benefits include various types of life management benefits such as EAPs, child and elder care counseling and referral, etc. (see life management benefits). According to the US Chamber of Commerce, health insurance is the most expensive single benefit cost, accounting for about 20% of total benefits, or about \$2,666 per employee on average. (as per a 1999 study.)

Offshoring: The act of moving work to an overseas location to take advantage of lower labor costs. Offshoring usually involves manufacturing; information technology and back-office services like call centers and bill processing. Companies can build its own work center abroad, establish a foreign division, or create a subsidiary in remote locations.

Onboarding: The process of moving a new hire from applicant to employee status ensuring that paperwork is done, benefits administration is underway, and orientation is completed.

Organic Search Results: Search results returned by search engines that are based purely on the content of the pages and page popularity. Organic search results are not categorized directory results, or pay-per-click advertising results. According to MarketingSherpa.com, total money spent on search engine optimization represents only 12% of what is spent on pay-for-click advertising (PPC). What makes this statistic so startling is that it is that organic search engine results (those that show up in natural "free" listings) are better noticed, read, and clicked on than the paid listings.

Organizational Development: A planned organization-wide effort to improve and increase the organizations effectiveness, productivity, return on investment and overall employee job satisfaction through planned interventions in the organization's processes.

Pay-Per-Click (PPC): Online advertising payment model in which payment is based on qualifying click-throughs. A typical PPC agreement has the advertiser paying for clicks to the destination site based on a prearranged per-click rate. Popular PPC advertising options include search engines (right sidebar on Google). Paying per click is different than paying per impression which generates lower-quality traffic/leads.

Pay-Per-Impression: Online advertising payment mode in which payment is based on how often the "publisher" (e.g., web site where you purchase a banner ad) shows your banner ad on their web site (e.g., an "impression"). Typically, prices are set per one thousand exposures.

Payroll: Documentation created and maintained by the employer containing such information as hours worked, salaries, wages, commissions, bonuses, vacation/sick pay, contributions to qualified health and pension plans, net pay and deductions.

Performance Appraisal: A periodic review and evaluation of an individual's job performance.

Performance Management: The process of maintaining or improving employee job performance through the use of performance assessment tools, coaching and counselling. Continuous feedback is a large part of performance management.

Plan Sponsor: An entity that has adopted and has maintained an employee-benefit plan. The plan sponsor is often an employer, but may be a union or a professional association. The Plan Sponsor is responsible for determining employee participation and the amount of benefits involved.

Professional Employer Organization (PEO): A staffing service that is contracted to assume the employers responsibilities and risk for his/her workforce. Employees are legally co-employed by the PEO. The PEO is responsible for such actions as the preparation of accurate payroll checks, the remittance of payroll taxes to federal and state jurisdictions and the preparation of various tax information.

Recruitment Process Outsourcing (RPO): The outsourcing of the recruiting process to a third party.

Risk Management: The use of insurance and other strategies to minimize an organizations exposure to liability in the event a loss or injury occurs.

RSS (Real Simple Syndication): A commonly used protocol for delivering web-based content such as blogs. RSS is an XML-based format that allows webmasters to provide fresh web content in a succinct manner. It is fast becoming an easy and affordable way to spread content.

SEO (Search Engine Optimization): The process of optimizing a web site (e.g., identifying and placing targeted keywords on web pages) to ensure the site places well when queried on search engines. It is important for corporate web sites to optimize their visibility on search engines. See <http://hrmarketer.blogspot.com/2005/04/seo-industry-gold-rush-or-fools-gold.html>.

Self-Funded (Self-Insured) Plan: A health care insurance program in which employers (usually larger companies) pay the specified health care costs of their employees rather than insuring them. Self-funded plans may be self-administered, or the employer may contract a third party administrator (TPA) for administrative services only (ASO).

Sourcing: The developing of lists of potential candidates. Also relates to the task of requisitioning, or creating job descriptions, approval workflows and actual job postings. Most e-recruitment software providers include modules for requisitioning.

Staffing: A method of finding, evaluating, and establishing a working relationship with future employees. They may be current employees or future employees.

Succession Planning: The process of identifying long-range needs and cultivating a supply of internal talent to meet those future needs. Used to anticipate the future needs of the organization and assist in finding, assessing and developing the human capital necessary to the strategy of the organization.

Talent Management: The automation of various recruitment tasks including selection, training, promotion and internal movement of employees. Critics claim talent management is too complex to automate.

Third-Party Administrator (TPA): An organization that is responsible for the administration of insurance for a self-insured group. It does not have any

responsibility for paying claims. The self-insured group is financially responsible. (See self-insured group)

Training & Development: The process of obtaining knowledge, attitudes and skills needed to carry out a specific activity or task.

Voluntary Benefits: Benefits that are paid for by the employee through payroll deductions. The employer pays for administration. Examples of these benefits include life insurance, dental, vision, disability income, auto insurance, long-term care coverage, medical supplement plans and homeowners insurance.

Underwriter: A person or organization that ensures money will be available to pay for losses that are insured. An insurance company can be considered an underwriter.

Viral Marketing : Any marketing technique that induces people (or web sites) to pass on a marketing message to other people or sites, creating a growth in the message's visibility and effect. A classic example of this concept was Hotmail whereby each email sent via Hotmail included Hotmail's own advertisement in the footer (Get your Free Email....").

Virtual HR: The use of various types of technology to provide employees with self-serve options. Voice response systems, employee kiosks are common methods.

Work/Life Employee Benefits: Work/Life benefits are "non-traditional" employee benefits that assist employees in managing their lives. Employers purchase these services from vendors and they are offered to employees as benefits. These services can make the difference in attracting and retaining employees. Common life management benefits include: child and elder care referral services, employee assistance program (EAP), concierge, legal assistance, and emergency back up childcare.

Workforce Planning: The assessment of the current workforce in order to predict future needs. This can consist of both demand planning and supply planning. Many e-recruitment software providers include modules for workforce planning.

XML and HR-XML: Extensible Markup Language. A common system used for defining data. Unlike HTML, XML is not a fixed set of elements. XML allows information creators to apply descriptive markup (or "tags") around each discrete element of data. The HR-XML Consortium strives to spare employers and vendors the risk and expense of having to negotiate and agree upon data interchange mechanisms on an ad-hoc basis. By using XML, the Consortium provides the means for any company to transact with other companies without having to establish, engineer, and implement many separate interchange mechanisms.