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Master Vendor

Is the Master Vendor MSP becoming obsolete?

Hiring organisations are looking for a more flexible option.



Introduction

In the past, Managed Service Provision has usually been more focused on controls and constraints, rather than agility and opportunity. Large hiring organisations relied on their Managed Service Provider to operate as a Master Vendor. This gave the MSP the opportunity to both manage the talent supply chain and also be a part of the supply chain.

If that sounds like there's the possibility for a conflict of interest to arise, that is exactly what can happen. The dual role of MSP and Master Vendor creates friction within the contingent program that more and more hiring organisations are starting to openly question.





What is a Master Vendor?

A **Master Vendor MSP** is a workforce management model used by organisations to streamline and control their use of contingent workers. The Master Vendor takes primary responsibility for managing all contingent staffing needs for their client. This includes managing relationships and contracts with other staffing providers but also being able to supply workers directly themselves. It allows hiring organisations with complex requirements to benefit from a single point of contact, centralised management and standardised rates, processes and workflows.

The question is, are the negative aspects of a Master Vendor starting to outweigh the positives? In an era when hiring organisations need increased agility and innovation from their partners, a Master Vendor model may leave them with neither. Heavy reliance on one vendor can limit access to wider talent pools, erode the quality and diversity of candidates being sourced and cause bottlenecks in the pipeline.

Here are some of the reasons hiring organisations are moving away from the Master Vendor model →



1. Conflicts of Interest

The most common criticism of Master Vendor MSPs is the inherent conflict of interest in their structure. Unlike a neutral MSP that manages multiple suppliers objectively, a Master Vendor MSP is incentivised to prioritise its own candidates. This means that Master Vendors can be inclined to funnel most requisitions to its own recruitment arm first, leaving little room for secondary suppliers. Because the Master Vendor profits both from its MSP management fees and the placement of its own candidates, decisions may be driven more by financial interests than by client needs.

2. Limited Access to the Best Talent

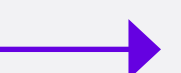
The Master Vendor model can suffocate fair competition for the provision of talent and demotivate secondary suppliers. Other suppliers may feel disincentivised to engage, knowing the Master Vendor has first pick. Over time, this diminishes the competitive tension that drives quality and innovation. Relying primarily on one supplier can also limit exposure to diverse candidate pipelines.

Diverse suppliers often bring niche expertise, new sourcing methods, or access to underrepresented communities—advantages that can be lost when the Master Vendor dominates. Ultimately, this results in longer time-to-fill, weaker candidate quality, and reduced workforce diversity—all critical factors in today's highly competitive labour market.

For clients, this often translates into less transparency and diminished trust, as they question whether the MSP's recommendations truly align with their best interests.

3. The Hiring Manager Experience

While the Master Vendor model is intended to drive a singular approach to hiring, it does not always contribute to the best experience for Hiring Managers. Because the Master Vendor controls the flow of candidates, it can often cause issues with hiring managers if recruiters do not have specialised sector experience or niche recruitment experience. A single way of working does not always suit every recruitment brief. Hiring Managers often have existing relationships with specialist suppliers who feel excluded once the Master Vendor arrives.





4. Pricing and Cost Concerns

While Master Vendor MSPs often pitch themselves as cost-effective, clients sometimes discover the opposite. A lack of competition and transparency can mean that, over time, it becomes more difficult to establish fair market rates, mark-ups and hidden costs.

Within a lot of large-scale organisations, accountability for the contingent workforce often falls between a number of different functions, such as HR, talent acquisitions, procurement, individual business areas. When a Master Vendor MSP steps in to fill the gap in oversight, the different stakeholder areas within the hiring organisation continue to take responsibility for different aspects – and they rely on their Master Vendor MSP to be the single source of truth for all of their contingent hiring needs.

7. Cultural and Strategic Misalignment

Finally, many organisations find that the Master Vendor model simply does not align with their broader strategic goals:

- **Diversity, Equity, and Inclusion (DEI):** Clients aiming to improve workforce diversity may find the single-supplier approach too narrow.
- **Global consistency:** Large, multinational companies may struggle with Master Vendors that lack reach or local expertise.
- **Agility and innovation:** Organisations seeking agile, forward-thinking approaches often feel constrained by the rigidity of the Master Vendor setup.

In essence, the Master Vendor model may deliver short-term convenience but fail to meet long-term workforce strategy needs.

What's the *alternative?*



What's the alternative?

As dissatisfaction with Master Vendor MSPs grows, clients increasingly turn to alternative models:

Neutral Vendor MSP:

Ensures all suppliers compete on a level playing field, increasing access to talent and driving competition.

Hybrid MSP:

Balances the benefits of a strong primary supplier with vendor-neutral oversight for transparency and diversity.

These alternatives place transparency, choice, and flexibility at their heart, addressing many of the pain points clients experience with Master Vendor setups.



Conclusion

While the Master Vendor MSP model once offered an appealing “single point of contact” solution, clients today increasingly see it as problematic. From conflicts of interest and weakened supplier ecosystems to reduced transparency and limited talent access, the drawbacks often outweigh the perceived benefits.

In a world where workforce agility, diversity, and innovation are prized, clients are demanding greater neutrality, choice, and strategic alignment from their MSPs. For many, this means moving away from the Master Vendor approach toward more transparent and collaborative models that truly serve their long-term business goals.





To find out more about our offering, or to discuss how we can support your business, **please get in touch.**

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