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| German Vacancy market: an entry analyis  MrWork | Cornelis Carolus Hartveld  Student ID: 1590512  Hogeschool Utrecht (University of Applied Sciences  Graduation project |

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## Acknowledgements

I would like to thank Mees van Velzen for his support during my internship. As the CEO of MrWork he offered me this internship when I was actually looking for a part-time job. I thoroughly enjoyed my time at MrWork and always felt welcome. Mees, you are a positive person, and where needed, critical in your assessment. I think you are a good CEO and this shows in your style in leadership and the atmosphere in the company as a whole. Thank you! I will miss the atmosphere and the games of Mario Kart after office hours!

Additionally, I would like to thank my colleagues Maurits Abrahamjan, Sander Hoogendoorn and Zeno Lampe for their friendship and humor and (not always too sensible) words of advice during my stay at MrWork. Without you guys my internship would have looked completely different, thank you!

Conclusively I would like to thank my supervising lecturer, Tip Atkins, for her advice in time of need and her trust in my capabilities. I enjoyed our conversations and was happy that you always remained calm and positive towards me and my research. Thank you for your time and effort!

## Executive summary

The expansion into a foreign market brings with it many considerations and problems. MrWork, a small company specialized in recruitment via Social Media, would like to enter the German vacancy market. This report describes and evaluates the current situation in the German vacancy market and gives a range of possible market entry options. The research consisted out of desk research and interviews, through which a market analysis has been made, largely based around a SWOT analysis. The objective of this report is to outline the general trends and aspects of the market, analyze them and finally give recommendations that MrWork can use to plan their market entry strategy and give an indication of the feasibility.

All in all, the German labor and vacancy market are looking very healthy. The general trend in the labor market is one of continuous and stable growth. The average revenue made in the German recruitment sector is about €10 billion each year. All in all the relative trends are that, although job boards remain the biggest providers of hires, recruitment via social media is growing. Internal hiring and referral programs are also becoming important as well as the use of employer branding (strategies). However, even though many German companies are aware of the benefits, proper strategies of implementing recruitment are not always place yet and therefore German companies are also lacking in the variance of the advertisement channels and the number of ads for their vacancies. The interview with Vonq has shown that it is usually better to do business in Germany by making use of Germans, as they are already familiar with the culture. The MaBa analysis showed that MrWork should focus on growth and invest. The market is very attractive, yet it can be considered unstable due to the competition within and fragmentation of the market. The SPACE Matrix analsysis has shown that MrWork should follow a competitive strategy in the German recruitment market. It becomes clear that MrWork’s major strength: “Very strong knowledge of recruitment and EB via social media” and its major opportunity: “Incorporation/cooperation with all-in-ones” match well together and form a cluster upon which MrWork can concentrate and profit from.

The market is very attractive and open for entry by MrWork. Although there is a lot of competition, MrWork’s experience is its major unique selling point. There are four identified possibilities for an expansion. Postpone an expansion into Germany and keep focusing on growth in the Netherlands. Option 1: Use existing partners to grow gradually in Germany. Option 2: Attract/use investments to start up a small business in Germany and actively seek new Customers. Option 3: Find a well-established German recruitment firm and partner/merge with them. Depending on the funding, MrWork can start expanding, since the company is ready for an expansion into Germany.

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# Introduction

## Introduction: the rationale for the project

MrWork, a start-up company based in Rotterdam, the Netherlands, aims to help companies reach the right candidates for possible employment via social media and also support companies in their online activities. It provides improvements to employer branding and website traffic via advertising campaigns and innovative applications. MrWork has 11 employees and has active sales and development teams. MrWork already provides its services to around 250 companies in the Netherlands. (MrWork, 2015) Currently the company is active in the Netherlands, but they are planning to expand into Germany in 2015.

Currently MrWork has four products or “packages” available: “Boost XL”, “Video Boost”, “Lokale boost” (Local Vacancy Boost) and an integrated app for Facebook. MrWork’s main packages facilitate a range of options, including design for a mobile device enabled website for the client, targeted Twitter and Facebook ads, and postings in relevant LinkedIn groups. In addition to that, the packages may field other advertisement campaigns and optional job postings. Conclusively MrWork monitors these campaigns daily and if needed, places vacancies in designated niche Social Media networks to get the optimal vacancy response. MrWork’s newest product is its Facebook app, in which it incorporates a direct vacancy and job application tab for companies on their Facebook pages.​ With these services, MrWork would like to enter the German market.

Therefore the proposed research question is:

“What should MrWork do to successfully introduce its services in the German online vacancy market?”

The aim of the research is to map the German online vacancy market, so that MrWork can identify the differences optimally and prepare itself for its first steps into the German market. Up to now MrWork has had no activities in Germany, but it would like to start there in 2015. In order to be able to answer the proposed research question the following sub-questions are needed.

* What is the current vacancy market situation in Germany?
* What are the differences in the social-political area between the Netherlands and Germany that affect recruitment?
* In what ways is the vacancy competition active online and on social media?
* What kind of recruitment tools do German companies prefer?
* Would the expansion be profitable in the long run?

Therefore the goals of the research itself is to explore the current situation in the German online vacancy market. It should be clear what the trends are, who the competitors are and what the customer’s wishes and behavior are. Conclusively it should give an idea of possible costs and revenues. This information together will form the basis of a suggestive approach for MrWork to enter the German market.

From the company’s perspective it should provide all the necessary information and groundwork to be able to form a strategic marketing plan for product introductory purposes in the German vacancy market. Based upon this research it should be clear what the market size is, who the most important competitors are and what differences there are between the Dutch and German market, so it can prepare itself fully for introducing its products in the German market.

# Literature review

At the moment, social media is booming, and according to Abbas and Singh (2014), if Facebook were a country it would be the third largest populated in the world, after China and India. Social media is a result of the discoveries of communication possibilities people made for the internet. It can be described as an online social instrument of communication, wherein users can post, comment, share and form social groups of common interests (Nagendra, 2014).

In order to get a picture what the total size of this social media is, its figures should be defined. Currently over 72% of all internet users are active on social media, counting about 1.61 billion people. In the US alone people spend about 3.6 to 6.6 h a month on social media (Croitoru, Wayant, Crooks, Radzikowski, & Stefanidis, 2014). Although the growth has slowed down in the western world, new markets are developing and last year alone, another 200 million people became active on social media. Facebook user growth is coming the fastest from the Asian-Pacific area, with India, Indonesia and Japan leading and exceeding worldwide average growth rates (Abbas & Singh, 2014).

In order to provide the idea that people and organizations are using internet more for job finding purposes, an idea of the movement towards the web needs to be established. Campos, Arrazola and de Hevia (2014) found that worldwide both public administrators as well as firms are using the internet more and more for search purposes and that the online vacancy market is currently the main pool of where companies get their labor force. According to Fieseler, Meckel and Müler (2014), unemployed individuals who use the internet have a higher chance to find a job that people who do not. Additionally, people who find jobs via social media experience more support and a higher success rate than other online jobseekers (Fieseler, Meckel, & Müller, 2014). Internet job search has advantages over the more traditional methods such as printed advertisements or employment agencies. It provides benefits for both jobseekers and employers. For jobseekers it provides an up-to-date vacancy pool, reduces search and application costs and improves the communication with the companies. For employers online recruitment is cheaper, faster, offers a larger pool of candidates with more precise personal details and overall improves communication. However, this reduction in application costs makes that vacancies can have an overload of applicants, thus raising the screening costs and the costs for high-skill jobseekers to differentiate themselves. (Campos, Arrazola, & de Hevia, 2014).

Online recruitment and the use of social media are trends that can be identified. Nagendra (2014) found that online recruitment is moving towards social media, as Human Resources managers find that it provides a larger candidate pool, easier background checking and better interaction with active and passive candidates. Consequently, social media improves employee engagement, training and relationship building. Most HR managers rely on social media because of the ease and convenience and because of the competitive scenario (Nagendra, 2014). In Germany currently about 89.5 percent are active on social media, of which a relatively low number of companies are very active online, with only one in ten organizations. (Linke & Oliveira, 2014) In comparison, four out of every ten Portuguese companies are very active on social media.

Moreover, Nagendra’s (2014) study suggested that social media is an upcoming platform for employer branding (EB). EB is the way companies attract and retain prospective applicants and current employees, by improving their employer image (EI). In general, monetary benefits such as salary level seem to be less important than non-monetary benefits, such as “Recognition/appreciation from management” and “Having a good relationship with colleagues”, in attracting and retaining employees (Alnıaçık, Alnıaçık, Erat, & Akçin, 2014; Baum & Kabst, 2013). However, the attractiveness of EB strategies differ per country, and as such, HR managers should first study the most valued aspects of their target group and adjust their branding to the outcomes (Alnıaçık, Alnıaçık, Erat, & Akçin, 2014). Baum and Kabst (2013) found that career opportunities or working atmosphere are appreciated internationally, but in an individual-oriented country such as Germany a work-life comfort might be a fruitful strategy for EB due to higher appreciation of, for example, flexible working times and attractiveness of the work location. Additionally, German jobseekers perceive the attractiveness of a job as important. Overall, international firms can coordinate their EB activities on a global scale, as EI differences do exist, but are not as impactful as expected (Baum & Kabst, 2013).

Moreover, Linke and Oliveira (2014) found that the fast technological developments make that companies often feel overwhelmed by new challenges and the search for processes to deal with them accordingly. PR managers and strong users of social media perceive social media and it’s (communication) tools as vital to an organization, but acknowledge the fact that the right strategies and instruments are not yet being used and thus fail to make efficient and effective use of them in the two-way conversations between the organization and the public (Moreno, Navarro, Tench, & Zerfass, 2015). Additionally, according to Linke and Oliveira (2014) high activity on social media does not directly mean a professional approach, as not every company has a strategy or responsible department for their online activities. Conclusively, Moreno et al. (2015) press the issue that practitioners could be inflating their social media usage and its value estimation thereof, due to overly positive perception about the tools and possible wrong interpretation of the influence from stakeholders and gatekeepers.

When it comes to German business culture, the history of relationships is very important for German companies, and has a strong effect on trust (Rooks & Matzat, 2010). Therefore, companies from other nationalities need to prove their worth by examples backed up by the necessary figures and facts, in order to be able to gain the German companies trust. Furthermore, Germany is a very masculine country, focusing on personal achievements and success, having expertise is rewarded and titles (and the naming thereof) matter (Hofstede G. , Country Comparison: Germany - Netherlands, 2015).

Following the idea that experience is rewarded, if you offer a superior service or product, German managers are more willing to use it, as long as it is based upon previously gained and honored trust. However, in general German people do have the tendency that as soon as something works correctly, it should not be changed (resulting from their uncertainty avoidance level), further stretching the importance of backing up your proposal by hard facts and data (Rooks & Matzat, 2010). Furthermore, due to the masculine nature, German companies are much more willing to terminate relations with companies after unsatisfactory transactions, compared to their Dutch (feminine natured) counterparts which prefer a more mediating, long lasting relationship (Rooks & Matzat, 2010; Hofstede G. , Dimensions of national cultures, 2015). This further presses the importance of doing business on a very professional level, aiming for the best results in both intercompany relationships as well as the delivered service and product.

Figure - Hofstede Dimensions: Germany - Netherlands (Hofstede G. , 2015)

# Research design

## Research stages

The research itself consisted out of four stages: 1. Desk research to unveil the current market situation and differences on socio-political areas between the Netherlands and Germany. 2. Desk and field research on the partners and competition active in the German online vacancy market. 3. Research in which German companies are interviewed on their usage of recruitment tools. 4. Desk research on costs and requirements for entering the market. Finally all the input will be combinedto form a final overview the options MrWork has to enter the German market

The first phase fielded a desk research on current data in the German vacancy market. It was performed to be fully able to understand the current situation on the German market and to be able to identify the primary differences. The models used for this were with a focus on the social-political area for defining differences between the Netherlands and Germany. The attractiveness of the market was identified through a SWOT and MaBa analysis. They were adjusted and added upon if needed, throughout the entire research. The first phase answered sub-questions one and two.

The second phase fielded desk and field research on the competition and partners in the German online vacancy market. Primarily the desk research fielded an initial overview of the number of competitors and their activities. Secondly, through semi-structured interviews a more in-depth view of the partner’s conduct of business has been made. A Porters 5 forces analysis has been formulated to make the results more tangible as wel as a MaBa positioning matrix. The research identified processes that might contribute to success in the German market and possible information about threats and/or difficulties when operating there. The information that was viable for the SWOT analysis, was added in the designated analysis. Phase two answered sub-question three.

The third phase consisted of desk and field research on the preferences of German recruiters for recruitment tools and possible additional information regarding their recruitment habits. The interviews will be taken via telephone and/or face to face where possible. All information that was for the SWOT analysis was added upon it. Phase three answered sub-question four.

The fourth phase fielded desk research on the costs and revenues in the sector. It revealed the total market size, profit margins and costs. Moreover, the SWOT, MaBa and Porters 5 forces have been finalized and a Space matrix analysis has been made to help formulate different entry scenarios. This phase answered sub-question five.

Before an interview or survey took place the respondent had been informed about the purpose, duration and the procedures of the research and were asked if there were willing to cooperate. If so, possible ethical considerations are the sensitivity of information and names coming forth during the research amongst the approached people and businesses. The information that is given has been handled with confidentiality and anonymity to prevent any personal harm. The participant had the right to withdraw, even after initiation of the interview/survey, without consequence.

## Data collection

The population differed per phase of the study and with it, sampling also differed per phase. 1. Phase one dit not contain any sampling as it was purely observatory and involved the gathering of secondary data. 2. The second phase’s population consisted out of Dutch partners. The sampling method is Purposive Sampling, as the population was selected upon the basis of partnerships with MrWork. The partner’s marketing manager has been questioned via a semi-structured interview. 3. The population of the third phase consisted out of German businesses with online activities and aspirations that could be interesting clients for MrWork. They have either been previously selected and thus selected upon purposive sampling basis, or selected via random sampling from companies with online activities/aspirations. This stage also involved the gathering of secondary data. 4. Phase four generally consisted out of desk research. However, information that was of importance to the analysis of the attractiveness of the market came up during phase two and was used here.

Figure - Conceptual model

The gathering of data did not went as well as it supposed to have. The planned questionnaire had too little response, due to the summer vacation, which rendered the results inapplicable and not generalizable. The interview went well, a lot of interesting aspects came forth, which could then be studied further on the basis of desk research, to see whether the answers were indeed applicable for MrWork.

The model is based upon the roadmap for mapping the properties of the German online vacancy market. The model has been verified as a well-organized, step by step analysis and combination of information input. Currently MrWork has little to no information on the properties of the market. During the research this level should move from unknown to known as the various steps and combination of information sources are combined. From this combination of information, MrWork should be able to identify the differences between the Dutch and the German market, and therefore be able to adapt and successfully make its move into Germany.

## Data Collection and analysis

The data analysis differed per phase of the research. Primarily basic data on the current situation in the market was collected via desk research. Qualitative research data would be provided via the company, semi-structured interviews with partners. Conclusively data on financial aspects has been collected through desk research. As such, the research fielded multiple forms of research and analysis. The findings are appropriate and recent, but do miss an input of quantitative data to confirm their validity. However, multiple secondary sources have been used to confirm them as far as possible. The analyses and models used use both data gathered from secondary sources as well as data gathered from inside the company. Therefore, although not every piece of information has been confirmed by the research, it gives a very broad perspective on the market, and with the help of models and analyses, it can be useful to a high extent.

## Population and sampling

This population are either the competitors or businesses that are using/seeking social media strategies and online recruitment.

## Limitations & delimitations

The research has been made with the assumption that the German market is already developed enough to use MrWork’s services. As the research is more qualitative focused, the sample at times might be insufficient in size to draw significant conclusions from the data. Outcomes of interviews are subject to subjectivity and are therefore not one hundred percent reliable. Moreover, time constraints took place due to the set time of the internship. During the research there might be either limited or denied access to information sources, further limiting the research. The scope of the research is restricted to the German online vacancy market and the results are therefore not generalizable for the entire German vacancy market or other vacancy markets. The study is further delimitated to businesses with aspirations for, or already existing online vacancies.

## Research planning

The Gannt presented as table 5 in the appendices shows the planned activities and research phases for the next 5 months. The table is an as relative as possible presented planning, showing the progression from activity to activity and phase to phase. Some activities will take place simultaneously, because the expected workload is either manageable or activities are intertwined/related to each other. The following data are the most important data concerning deadlines: 16 March 2015 – deadline research proposal; 27 March 2015 – deadline market research; 17 April 2015 – deadline competitor research; 8 May 2015 – deadline customer research; 22 May 2015 – deadline preliminary draft; 29 May 2015 – deadline financial research/hand in secondary draft; 12 June 2015 – submit final draft of report; the oral exam is planned for the week of the 22 of june, thus giving the examiners about two weeks’ time to review the report.

# Findings

## External Analysis (Macro)

#### Labor market

Germany currently has a population of over 82 million people and is the fourth largest country in the world when it comes to the national economy and industrial base. Over 90% of Germany’s companies are small- to medium-based companies and make up for two thirds of all jobs and more than half of the country’s economic output (European Commission, 2014). The economically active population currently sits around the 45 million people, making it to the top 20 with the most economically active population worldwide (World Bank, 2014). Furthermore Germany still has one of the lowest unemployment rates of Europe, with 4.7 percent (German Missions in the United States, 2015). Underemployment in January 2014 was 9.4% (European Commission, 2014). The employment rate estimate for April 2015 was another increase of 0.5%, or about 200.000 people extra that found a job. Moreover, there was a decrease of 103.000 people that were unemployed in April 2015, compared to April 2014. (Statistisches Bundesamt, 2015).

Trends in the German labor market are considered as stable. A notable improvement is the participation rate of women in the labor market. The participation of women increased by 10%, from 16.7 million in 1995 to 19.7 million in 2013. In comparison to only one percent by men, from 22.4 to 22.9 million (DIW Berlin, 2015). As of January 2015 a new law, the Posted Workers Act (Arbeitnehmer-Entsendegesetz) (Bundesministerium für Arbeit und Soziales, 2015) has been put into place that determines a minimum wage, regardless of whether the company is based in Germany or elsewhere.

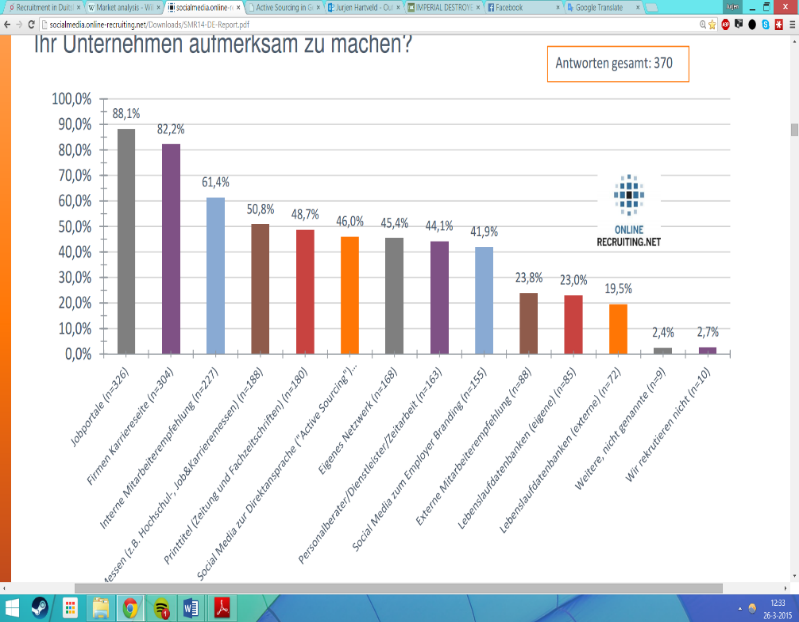
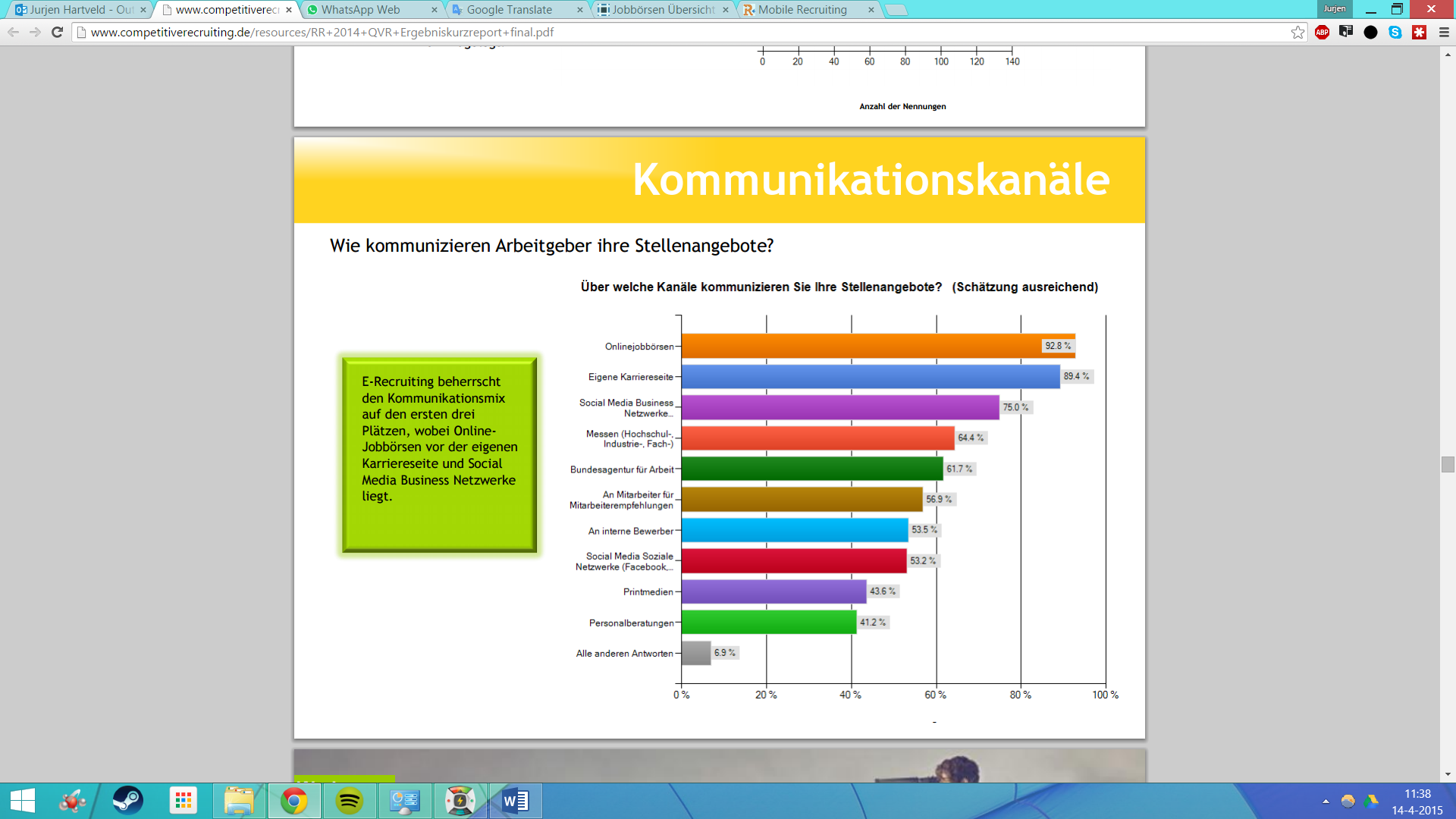
In regards to working conditions, foreign companies active in Germany are only obliged to adhere to German collective agreements and regulations in place for corresponding German employers by means of a declaration of general obligation or a legal ordinance (Bundesministerium für Arbeit und Soziales, 2015).

#### Vacancy market

The vacancy rate in Germany was 3.2%, or 1.264.707 jobs, by Q4 2014, making it the highest in Europe (Eurostat, 2015). The largest amount of vacancies were to be found in the temporary employment sector (110 390), in wholesale and retail trade and the repair and maintenance of vehicles and personal and household goods (43 821), in health care and social services (39 148) and in manufacturing (36 644). The highest growth rate of vacancies was in the water, sewage and environmental services sector (9.8%) and in the mining and quarrying sector (+7.3%) (European Commission, 2014). Currently most labor force can be found in eastern and northern Germany. Areas such as Berlin, lower Saxony and the Ruhr area also form areas of labor supply. In August 2013 there was a ratio of 6.6 unemployed persons per vacancy (European Commission, 2014).

German HR managers use a relatively low number of channels to support their vacancies. In 2014 the average was 2.4 channels. Moreover, Germany had more than 9 million unique vacancies in 2014, but only advertised 4 million job ads. The Dutch colleagues only had 1.2 unique vacancies, but advertised with almost 6 million job – ads. This shows that there is a big difference in the active recruitment habits in the two countries (Vonq, 2015).

Figure 4- Used channels for job advertisements (Competitive Recruiting, 2014)



**Figure 3 - Used recruitment channels** (Online Recruiting, 2014)

Figure 3: “used recruitment channels” is the result of a research performed by the German company onlinerecruiting.net. The 2014 research shows that job portals remain the most used recruitment method, followed by company career websites, internal recruitment, job markets, newspapers and Social media/active sourcing. The graph shows that social-media recruitment does not play a very big role yet and thus, German companies remain relatively “traditional” by using passive recruitment methods such as job boards and newspapers.

Figure 4: “Used channels for job advertisements” made by Competitive Recruiting, shows relatively the same picture with online job portals as the most mentioned form of job advertisement. The research also shows that the company’s career website remains very important for job advertisement and recruitment purposes. The biggest difference however lies in the social media and business networks.

Table 1: “LinkedIn research: sources of quality hires” shows that the usage of job boards is declining, whereas the usage of social professional networks is increasing. The strongest increase lies in the usage of referral programs, following the fact that turnover is trying to be reduced by internal hiring and referral for potential candidates from within the company (LinkedIn Talent Solutions, 2013).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sources of quality hires** | **2011** | **2012** | **2013** | **Decrease/increase** | |
| College recruiting programs | 6% | 5% | 10% | 4,00% | |
| Company ATS | 7% | 15% | 9% | 2,00% | |
| Company career website | 35% | 32% | 29% | -6,00% | |
| Employee referral programs | 25% | 18% | 40% | 15,00% | |
| General career fairs | 6% | 4% | 8% | 2,00% | |
| Internal hires | 28% | 24% | 30% | 2,00% | |
| Internet job boards | 49% | 60% | 34% | -15,00% | |
| Internet resume databases | 8% | 7% | 7% | -1,00% | |
| Recruitment agencies | | 45% | 46% | 43% | -2,00% |
| Social professional networks | | 25% | 24% | 37% | 12,00% |

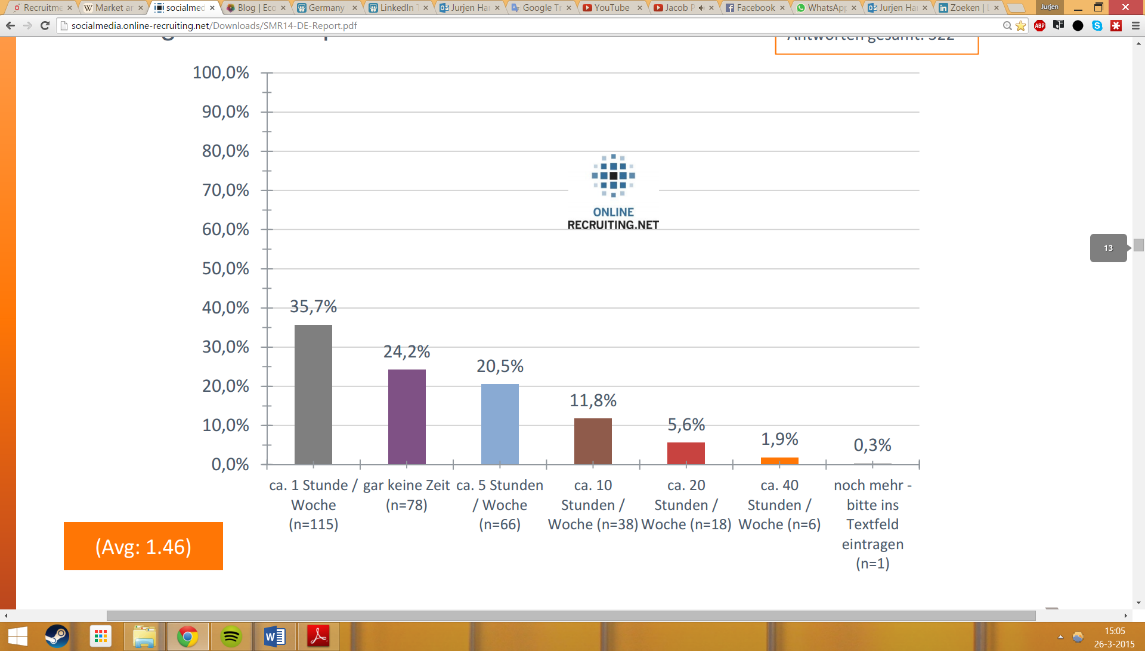
 Table 1 - LinkedIn research: sources of quality hires (LinkedIn Talent Solutions, 2013)

Figure 3 - Average h. spent on social media recruitment Germany (Online Recruiting, 2014)

Supporting the fact that German HR managers are not very frequently using social media for recruitment purposes is figure 5: “Average h. spent on SMR Germany” in which HR managers have been asked how much time they spend for social media recruitment activities on average, per week. The bigger part of the research group responded with one hour to none, clearly showing that recruitment via social media is not yet the standard.

The graph above shows that by far the most used platform for recruitment purposes is XING. This is a German social media platform, and much preferred over foreign social media platforms. Xing is followed by LinkedIn and “Arbeitgeberbewertungsplattformen”, or employer valuation platforms. Facebook, Twitter and Youtube are not used much when it comes to recruitment on social media.

Figure 4 - Recruitment Marketing Channels (Ranking 1= completely false to 5= completely true) (Competitive Recruiting, 2014)

Figure 5 - Use of SMR (Ranking: 1= entirely false to 5 = entirely true) (Competitive Recruiting, 2014)

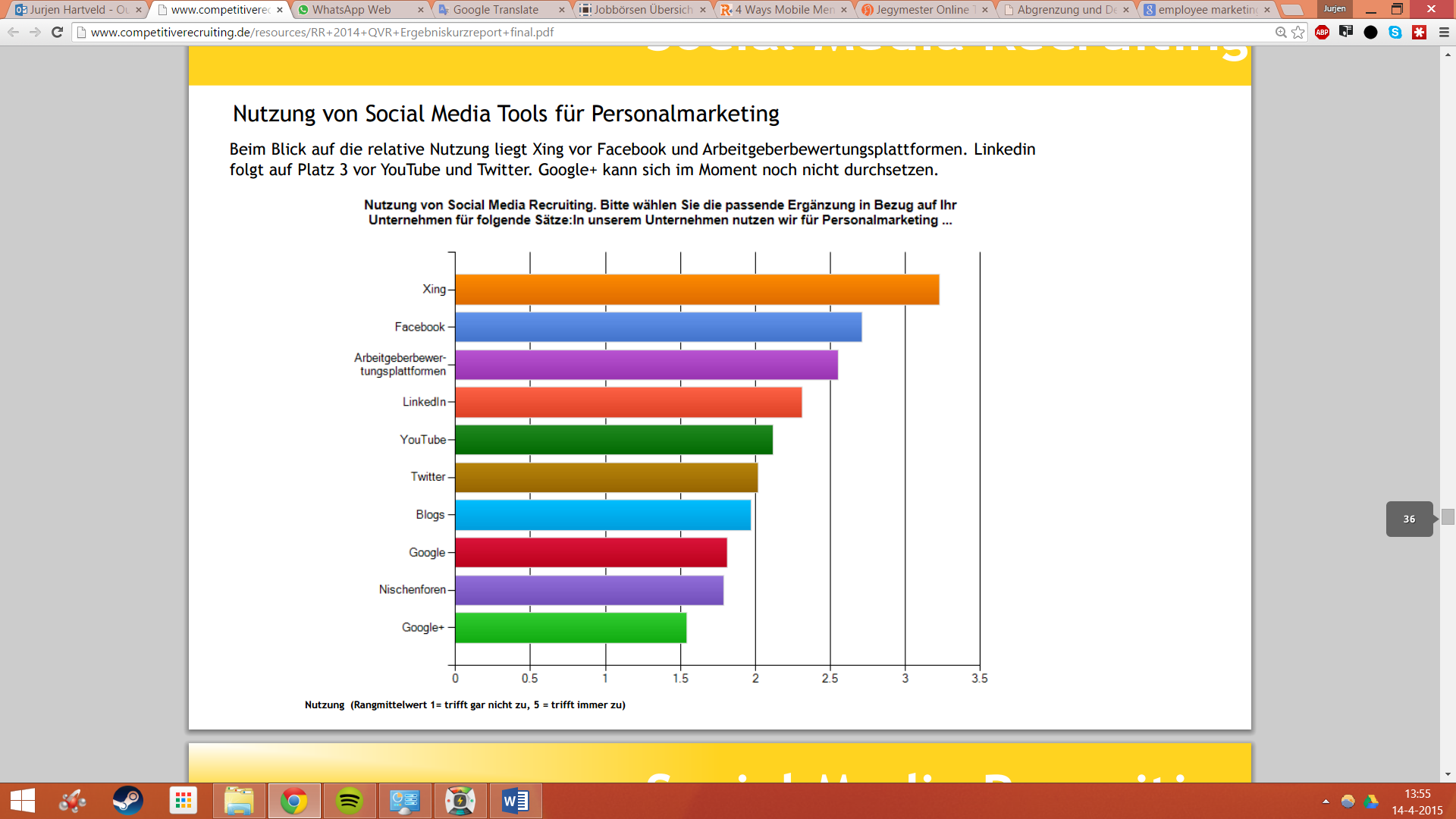


Figure 7: “Recruitment Marketing Channels”, shows what social platforms are used for employer branding purposes the most (Competitive Recruiting, 2014). Clearly again, Xing is the mayor party in Germany. Other large parties are Facebook, LinkedIn and employer valuation websites.

Furthermore, Linkedin Talent Solutions (2013) have found that German HR managers responded that they will use their company website (from 73% in 2012 to 83% in 2013) and social (professional) networks (from 35% in 2012 to 39% in 2013) more for the purposes of Employer Branding. Traditional job boards (37%), printed ads (11%) and Youtube (8%) video were less mentioned for 2013.

Social Recruitment is also being mentioned as one of the top priorities of installing new systems among companies, according to Competitive Recruiting (2014). As mentioned before, employer branding is an important topic as well, but it has had a higher awareness level over the last few years and as such, many already paid attention to this topic, thus lowering the relative priority of this topic compared to newer ones such as Social Recruitment.

The highest priority of improvements and installation of programs was in the area of Mobile Recruitment, which also proved to be one of the least developed forms of recruiting in Germany (Competitive Recruiting, 2014). According to Recruiter.com, mobile recruitment promises to be the next big thing in recruitment after social (media) recruitment. (Recruiter.com, 2015). Furthermore, the internationalization of recruitment is mentioned as one of the least prepared for trends in 2014 in the research performed by Competitive Recruiting (2014).

After a downturn in the number of vacancies in 2013 and 2014, 2015 promises to be a fruitful year with a strong opening of 528.2 thousand vacancies reported in January (Statistisches Bundesamt, 2015). The increase in jobs and vacancies can be traced back to the increase in domestic demand and exports. Real GDP rose with 1.6% in 2014, from 2,814.137 in 2013 to 2,908.384 in 2014 (Statistisches Bundesamt, 2015). Retail turnover (domestic consumption) went up with 5.3 percent, in comparison to 2014 (German Missions in the United States, 2015).

Figure 6 - Vacancies Germany (Statistisches Bundesamt, 2015)

#### Recruitment market size

The total recruitment market includes various areas. According to CIETT (International confederation of private employment Services) the total annual sales revenue in the recruitment sector is €415 billion. From this total sales revenue the biggest area consists out of agency work (€282 billion), followed by search and selection processes (26 billion) and RPO (Recruitment Process Outsourcing, €25 billion). Social recruitment is seen as a part of RPO. The rest of the revenue comes from “other” services (€81 billion) (CIETT, 2015). The total recruitment annual sales revenue accounts for €415 billion worldwide, of which about 28.5% is from the EU. This 28.5% counts for about €118 billion. Germany accounts for about 5.7% of the total sales revenue share, making it about €23.7 billion of annual sales revenue that is made in the total German recruitment sector (CIETT, 2015).

#### Culture

Generally speaking, German culture and companies alike are very structured and organized. This difference also came forth from the interview with Vonq, in which they mentioned that business is formal and decision making is a trans-hierarchical process. This way of doing business is found throughout the country, also in its (highly) bureaucratic structure. Hence, although personal input in the company is accepted and appreciated, titles and thus hierarchical differences, still matter and will be addressed accordingly.

The interview with Vonq delivered similar results and advised that it is usually better to do business in Germany by making use of Germans, as they are already familiar with the culture. However, according to Vonq the new generation of managers (<35 years) are less traditional and more willing of trying out new, better ways of doing business. This will take time, as these new managers will have to start playing bigger roles in the German companies.

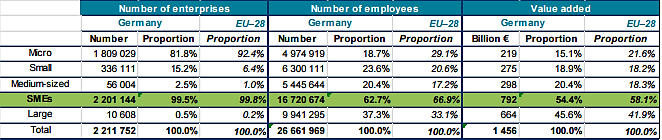
## External Analysis (Meso)

#### Competitor and partners

Because the German market is a relatively fragmented one, there are a lot of different services available. However, the line between “customer” and “competitor” for MrWork is relatively vague. All of the companies in the following chapter can be seen as competitors. However, these companies can also make use of MrWork’s competences and outsource the social media recruitment services.

However, some competitors can definitely be seen as real competitors, as there are little opportunities to cooperate with them. The primary competitors are job boards, still widely used by German companies. Job boards take up the major part of the market and thus have to be counted as competition in the online vacancy market (Competitive Recruiting, 2014; Online Recruiting, 2014; LinkedIn Talent Solutions, 2013). Usually these job boards have partnerships with “all-in-one” firms, which helps them maintaining their importance and role within the recruitment landscape (Online-Recruiting, 2013). The following job boards are amongst the most popular in Germany: Indeed, Stepstone, Jobpilot, Stellenangebote and Monster. The second group that should be taken into account is Social-Media platforms aimed for businesses. The two biggest players in the German market are Xing and Linked-in. Xing offers an integrated app that allows HR managers to directly advertise their job opening via Xing. The third biggest “competitor” would be the internal websites or company websites of the employers, in which they promote vacancies and recruit new employees. However, these websites can also be seen as customers because the process of getting people directed towards those websites is usually outsourced.

According to the European Commission, about 99.5% of the German businesses are considered SME’s, or “Mittelstand” in German (European Commission, 2014). The target group of MrWork is companies that have more than 200 employees.

Table 2 - Enterprises in Germany (European Commission, 2014)

The table shows that the total amount of SME’s (<500 Annual Work Unit) is over 2.2 million, of which the largest part are micro (<10 AWU) and small companies (<50 AWU) (European Commission, 2005). Thus, the number of companies that, in theory, fit MrWork’s target group (medium and large sized companies) is about 66.612 companies, which roughly make up about 3% of the total amount of enterprises in Germany (European Commission, 2014).



Figure - German recruitment market map

Figure - Dutch recruitment market map

MrWork previously identified the key customer groups as described above. These can be divided into Uitzenders (employment agencies), Resellers, ATS (Applicant tracking systems), AMC (arbeidsmarkt communicatie) Bureau’s (employer branding agencies), Media Bureaus (media agencies) and social media marketing agencies and of course, Eindklant (end customer).

**All-in-ones:** In Germany the biggest main agencies are the all-in-one agencies, which incorporate various marketing and business related solutions, both in software as in service areas. As such, these companies advertise and manage job offers, but also provide software for companies to manage recruitment. The line between the various companies is relatively vague and therefore can be “placed” differently in a scheme, according on how one is perceiving the services.

**Employer branding agencies:** Specialized in employer branding solutions**.**

**Media Bureaus:** There is a large range of various small and larger companies that have skills in media and PR management. Often these firms are more local (state) focused but some are active throughout Germany.

**Social Media bureaus:** On the area of social media, there are a lot of small companies active. It shows that it is a relative new business. Existing digital media bureaus incorporate social media strategies. Others start companies that are solely focused on social media. One such company is *Votum*, which offers e-commerce and brand communication solutions on social media.

**Employment agencies:** In Germany we can identify two types of employment agencies. The first are employment agencies that are privately owned. The biggest ones are more or less the same as in the Netherlands, such as: *Randstad*, *Adecco, Manpower group* (Wirtschafts Woche, 2013).

The second group is the so called “job centers”, which are in place to support (long-term) unemployed people. These are either a collaboration of employment agencies and local authorities, fully owned agency by local authorities or fully privately owned agencies but under governmental supervision (Angloinfo, 2015).

**Recruiting agencies:** Although a lot of the all-in-one offer recruitment services, not all of them are solely focused on recruitment.

**ATS:** These are specialized in business software solutions, applicant and employee management programs and E-Recruiting.

#### Porters 5 forces



As you can see in figure 11, Porters Five Forces model, the mayor threats in the market are the power of suppliers, the rivalry amongst existing firms and the possible threat of new entrants. The influence from substitutes and the buyer power is relatively low. MrWork is generally very dependent on the services and functionality of social media. Furthermore, their entire company is web based, and as such, if either one of their online CMS’s, CRM’s, social media or internet as a whole breaks down, their business will suffer heavily. As such, according to the Kraljic Portfolio purchasing model, these services belong to the strategic items; high profit impact and a high supply risk (Kraljic, 1983). The threat of new entrants is relatively high due to rapidly evolving technologies, and with it a lot of companies that start using them. Currently there are a lot of suppliers in the German recruitment market. The market is quite fragmented, also a result of the larger scale of the country, and is still developing.

Figure 9 - Porters Five Forces Model (Porter, 2008)

## Internal Analysis (Micro)

#### Loyalty staff

Currently the organizational structure of MrWork is very flat. Firstly this is because of the small size, secondly input from every employee in every business decision is appreciated and encouraged. The team is very close and can cooperate well together. Good relations and teamwork heavily determine motivation and job performance, and as such has implications on the loyalty of the staff (Zopiatis, Constanti, & Theocharous, 2014).

#### Innovation power / R&D

Currently MrWork tries to update and upgrade its products continuously. Due to Dutch governmental regulations, labor taxes for development in young companies are very low and as such, it is actively searching for developers that can aid the growth of MrWork’s services and internal management systems. However, due to the fact that continuous investments are needed the overall innovative/R&D “power” is relatively low due to limited funds.

#### Flexible organization

Because MrWork is a small company the organizational structure is very flat. This means that the flow of information is fast and the employees work close together. This also means that the organization is quite flexible and can adapt faster to changes than, say, bigger firms.

#### Sustainable competitive advantages and core competences

One of MrWork’s major sustainable competitive advantages (SCA) is its database and knowledge on the targeting of potential applicants. Their years of experience and constructed databases provide a unique advantage that is not easily copied or replicated. This SCA also means that customers actually benefit from remaining customers, due to ever improving (campaign specific) targeting measures, thus improving the rate and quality of applicants. A second one is the way MrWork handles its customers. By aiming for long standing relationships, each customer gets a tailored approach to ensure optimal campaign performance. This creates customer loyalty and is therefore very important for the future of MrWork.

The SCA’s lead to the following core competences for MrWork: “Targeting capabilities” and “Customer service”.

#### Key success factors

MrWork observes the following key success factors during their operations. 1. Delivering qualitative campaigns, because without these there is no reason for customers to stay. 2. Keeping internal software up and running. Campaigns cannot be managed without the proper, functioning, software applications and as such keeping them updated is of utmost importance. 3. Communication, both internally and externally. Without the proper flow of information mistakes are easily made and concerning social media, once a statement is made it is not easily undone, thus further stressing the need for doing the targeting properly from the start.

# Discussion and conclusions

## Market situation

All in all, the German labor and vacancy market are looking very healthy. The decrease in unemployment is another form of proof that the job market is doing well. The general trend in the labor market is one of continuous and stable growth. There is a growing number of women participating in the market and, in general, the number of vacancies increase whereas the number of unemployed is going down. An interesting prospect is the balance between unemployment rate and the vacancy rate, or number of vacancies in Germany. Currently the number of vacancies is growing, whereas the number of unemployed people is decreasing. This leaves less and less labor force available to fill in all the positions, especially concerning the higher tier jobs (college/university grade jobs). This will increase the need for more extensive employer branding strategies, as it will become harder to find, select and recruit prosperous applicants. Furthermore, the need for finding and reaching more latent job-searchers will increase. Many people that already have a job are not (actively) considering moving to another job, but are subconsciously open for a new challenge. The scarcity for qualified hires will push companies to expand their employer branding strategies and job advertisements to be able to reach these people.

#### Revenues

The total recruitment annual sales revenue accounts for €415 billion worldwide, of which about 28.5% is from the EU. This 28.5% counts for about €118 billion. Germany accounts for about 5.7% of the total sales revenue share, making it about €23.7 billion of annual sales revenue that is made in the total German recruitment sector. For the Netherlands it is 2.6% of the total annual sales revenue, accounting for about €10.8 billion (CIETT, 2015). The total amount of businesses in Germany is over 2.2 million, of which the largest part are micro (<10 AWU) and small companies (<50 AWU) (European Commission, 2005). The number of companies that fit MrWork’s target group (medium and large sized companies) is about 66.612 companies, which makes up for roughly 3% of the total. As a general calculation, 3% of the total revenue of €23.7 billion (that is spread equally amongst all of Germany’s enterprises), is €711 million. However, the medium and large sized companies make up for 57.7%, or an estimated 15.5 million employees, of the total number of employees in Germany. When using this percentage, the total revenue is €13.7 billion for medium and large sized companies. For value added the medium and large sized companies make up for 66% of the total, or roughly €15.6 billion. The average of the three figures combined would give a more reasonable idea of the amount of revenue made within these enterprise groups, which is about €10 billion revenue each year.

#### Recruitment trends

All in all the relative trends are that, although job boards remain the biggest providers of hires, recruitment via social media is growing. Internal hiring and referral programs are also becoming important and with it the use of employer branding (strategies). German HR managers are aware of this and seem willing to decrease employee turnover and increase retention strategies. The general trend is that even though many German companies are aware of the benefits, proper strategies of implementing recruitment are not always place yet, therefore German companies are also lacking in the variance of the advertisement channels and the number of ads for their vacancies.

Comparing figures 3: “used recruitment channels” and 4: “Used channels for job advertisements” confirms the fact that both online job portals and company career websites remain the biggest forms of recruitment. What cannot be denied however is the recognition of the importance of Social Recruitment. The increase and/or existence of internal referral programs has been identified by three parties as important factors in the German recruitment landscape (Competitive Recruiting, 2014; LinkedIn Talent Solutions, 2013; Online-Recruiting, 2013; Online Recruiting, 2014).

When social media is used, it is mostly for active sourcing purposes. In the online German vacancy market active sourcing only happens on a small scale. The trend of recruitment via social media is a hot topic in Germany, but according to Competitive recruiting it is this year surpassed by active sourcing (Competitive Recruiting, 2014). Recruitment via social media can however, be seen as a part of active sourcing and as such, employers are apparently becoming more aware of active recruiting as a whole. However, even though companies are becoming more aware of (pro-) active recruitment practices, research has shown that only 3% exclusively use active sourcing methods. About 45% use passive recruitment methods only and about 15% make use of both passive and active recruitment practices (Competitive Recruiting, 2014). However, active recruitment and the awareness is growing, also with the gradual introduction of younger managers that frequently use social media. The options for online recruitment and the available tools are relatively known, but not used much yet and so there is room for improvement.

In general, German HR managers look for the best quality, highly-skilled applicants (LinkedIn Talent Solutions, 2013). Further research performed by Wolfgang Brickwedde (Competitive Recruiting, 2014) confirms the fact that finding quality applicants is indeed the highest priority. However, he also found that this is also the biggest source of frustration, because these quality applicants are often hard to find.

Employer branding strategies are in general less common. However, the trend identified by LinkedIn is that German HR managers are going to be more interested in reducing employee turnover, increasing retention and therefore invest in their employer brand (LinkedIn Talent Solutions, 2013). This trend has been confirmed by the research performed by Competitive Recruiting, as respondents said employer branding would be the most important topic of 2014, after finding quality employees.

## German culture

The interview with Vonq has shown that it is usually better to do business in Germany by making use of Germans, as they are already familiar with the culture. German companies are much more willing to terminate relations with companies after unsatisfactory transactions, compared to their Dutch (feminine natured) counterparts which prefer a more mediating, long lasting relationship (Rooks & Matzat, 2010; Hofstede G. , Dimensions of national cultures, 2015). This further presses the importance of doing business on a very professional level, aiming for the best results in both intercompany relationships as well as the delivered service and product. Study performed by Rooks and Mazat (2010) showed that on many aspects of business culture the Netherlands and Germany are alike, simplifying the process of market entry into Germany. This has been confirmed by the interview with Vonq.

## Target group

The number of companies that fit MrWork’s target group (medium and large sized companies) is about 66.612 companies, which roughly make up about 3% of the total amount of enterprises in Germany (European Commission, 2014). Of course, not all of these companies would be suited to be a customer or partner of MrWork, but it does give an impression of the target group size. Most of the types of companies (all-in-ones, AMC’s, Media Bureaus, Social Media Bureaus, Employment agencies, Recruiting agencies and ATS’s and “work at” or company websites) can be seen as both potential competitors as well as customers. Job boards will be direct competitors, especially considering that they have a leading role in the German vacancy and recruitment market.

## Treacy and Wiersema value strategies

T&W diagram has shown that the highest values for MrWork are in the Product leadership and Customer intimacy areas. The lowest value is in Operational excellence. Most of the high values are explainable because of the fact that MrWork is a young company, in a new area of business. This makes them a leader in their product, because there are not many direct competitors in the area of social recruitment. Furthermore, their organization is still growing and continuously searching for new, long term clients. Because of this any good customer is king. Furthermore MrWork excels at delivering their services with a high quality and the customer in mind, tailoring their campaigns to the customers wishes. Conclusively, MrWork’s Operational excellence is the lowest value of the three. This is because it is a young company, still growing in terms of employees, services and clients. This means that with this change in size, a change of internal processes and corresponding CMS and CRM systems happens. This leads to less efficient and effective processes that still need a lot of tweaking and changing. Therefore MrWork’s Operational excellence is the lowest value.

Figure 10 - T&W Value Strategy Analysis (Wiersema & Treacy, 1995)

## MaBa analysis

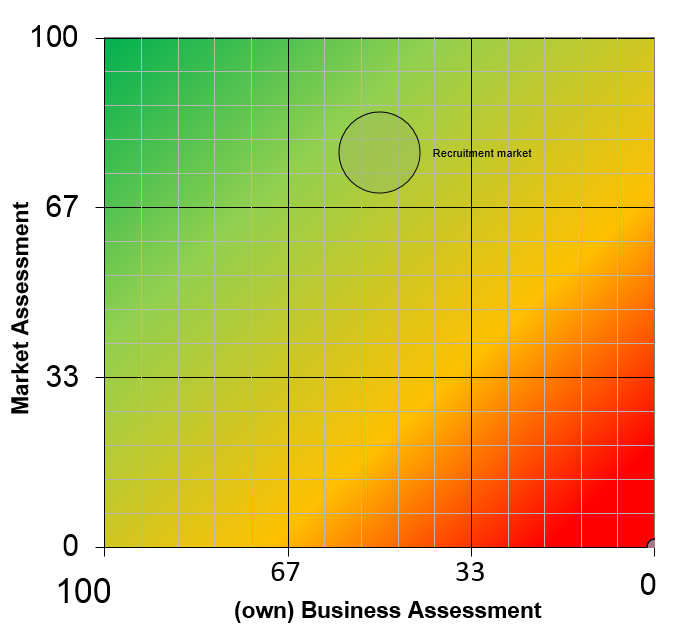
The MaBa analysis showed that MrWork should focus on growth and invest. The market is very attractive, yet it can be considered unstable due to the competition within and fragmentation of the market.The three green areas on the left side indicate that this is possible, as they represent the indicator of invest/expand. However, given the fact that it is relatively close to the orange centre, an area that represents selective/careful investments, there is a clear indication that there are some factors weighing down on the outcome of the analysis. These are related to the (own) Busines Assesment, in the forms of low market share, reputation and financial aspects within the company. The implication of this situation is that MrWork is in a relatively vulnerable position, due to the lack of suppliers, in this situation, social media. Only a few are commonly used, which also differs per country and target group. Getting a balanced relation with the local social media, seeking out a two way profitable relation, would be key (e.g. in extra support setting up vacancy advertisements). The market share and reputation are things that will come gradually, since MrWork is not yet very active in Germany. Financial however, MrWork is highly dependent on investments from outside the company and is not yet profitable. Turning this around would increase the growth and potential for success even further.

Figure 11 - MaBa (GE Matrix) (McKinsey & Company, 2008)

## Space matrix

The SPACE Matrix analsysis has shown that MrWork should follow a competitive strategy in the German recruitment market. The market is very attractive, yet it can be considered unstable due to the competition within and fragmentation of the market.

Figure - SPACE Matrix (Rowe, Mason, Dickel, Mann, & Mockler, 1994)

MrWork should either attract more investments to increase its marketing activities, sales activities, or improve its current products. Other options could include further cutting of costs and/or increase productivity. The final option is to merge with a competitively less advantaged company, but with a solid financial base (Radder & Louw, 1998).

## Porters 5 forces analysis

###### Supplier power (Bargaining power of suppliers)

MrWork is generally very dependent on the services and functionality of social media. Furthermore, their entire company is web based, and as such, if either one of their online CMS’s, CRM’s, social media or internet as a whole breaks down, their business will suffer heavily. As such, according to the Kraljic Portfolio purchasing model, these services belong to the strategic items; high profit impact and a high supply risk (Kraljic, 1983).

The implication of this situation is that MrWork is in a relatively vulnerable position, due to the lack of suppliers, in this situation, social media. Only a few are commonly used, which also differs per country and target group, as will be the case in Germany. Getting a balanced relation with the local social media, seeking out a two way profitable relation, would be key (e.g. in extra support setting up vacancy advertisements).

Figure 13 - Kraljic Portfolio Purchasing Model (Kraljic, 1983)

#### Threat of new entrants

The threat of new entrants is relatively high. Currently the technology and software solutions are rapidly evolving, and with it grows the amount of mobile devices and applications. As such, even though MrWork is currently a pioneer, they too will become outdated and will experience more competition on the field of social recruitment. It is currently still a new market, but new markets become old as well. Moreover, considering that Germans prefer relations in business (Rooks & Matzat, 2010), MrWork, as a Dutch company, will have a harder time building up relations with German companies and will take longer to do so. German market entrants will experience this less so.

###### Rivalry among existing firms

Currently there are a lot of suppliers in the German recruitment market. The market is quite fragmented, also a result of the larger scale of the country, and is still developing. More traditional recruitment methods such as newspapers and job boards are still commonly used. There are a few “powerhouses”, the all-in-one companies that offer a range of facilities as a complete package. These companies have a relative large market share and income (Online-Recruiting, 2013; Wirtschafts Woche, 2013) and thus a high power in terms of competitive advantage and intercompany relations. Although there is room for new (niche) startups and starters, this will only flare up more competition between al the companies.

###### Bargaining power of buyers

The bargaining power of buyers is medium. This is because most of the buyers do not exactly know what they exactly need to improve their recruitment practices. Especially concerning online activities, a lot of companies do not exactly know what to do or what they are doing wrong. This is currently already the case in the Netherlands, which in terms of recruitment market is ahead of the German market (Vonq, 2015). Outsourcing recruitment practices is not uncommon and as such, their knowledge in the field remains relatively low. The biggest companies might have scale benefits through contracts with the larger all-in-one recruiters in Germany.

###### Threat of substitutes

The fact that it is a growing market makes it very likely that new types of recruitment processes are introduced. The German market is using social media more and more and thus German recruitment company’s services also change (Competitive Recruiting, 2014). For existing companies such as job boards this means a heavy increase in competition. Again, they have to rely on their previously gained relations with other companies, also something German companies prefer, having good relations and being able to build upon them (Hofstede G. , 2001; Rooks & Matzat, 2010). This need for relations makes that it is relatively hard to enter the German market, and thus there is a big need for German employees with larger social networks.

###### Reputation

MrWork’s reputation is non-existent in Germany. However, currently in the Netherlands it is growing, as the recruitment market is moving towards social recruitment practices. Currently more and more parties acknowledge MrWork and its activities as viable for their organization. Bigger parties outsource their social media (recruitment) activities to MrWork. This good reputation can be used, and already existent partnerships can be used to start in Germany.

###### Perceived price/quality

The perceived price/quality is high at MrWork. The prices, and thus cost per hire, are quite low and usually there is a good amount of applications per vacancy. Of course, this depends on the vacancy function type and sought for target group. However, in general the cost per hire is lower when a vacancy is filled by using MrWork’s services.

###### Distribution position

MrWork is in a good position to start there as it already has partners and/or clients that are active in Germany. As such, it can try to expand into Germany by actively seeking vacancies through their partners/clients. These first channels can serve as the basis of an expansion strategy. So, based upon previously gained reputation and relations a steady expansion can be planned and new relations can be formed.

###### Innovation power / R&D

Currently MrWork tries to update and upgrade its products continuously. However, due to the fact that continuous investments are needed the overall innovative/R&D “power” is relatively low due to limited funds. This means that, in time, MrWork might have to face the consequences of diminishing health of their software applications and systems. Continuous maintenance and improvements are required due to the fact that Social Media, such as Facebook, continuously update and change their systems and “black boxes”. Without updating and maintaining the systems, integration and input from these sources will be unusable and inaccessible.

###### Synergies

Currently MrWork has a few partnerships, or synergies, in place. These partnerships with firms such as Adver-Online, Vonq and Randstad will be of utmost importance when it comes to the expansion of MrWork into Germany. These companies are already active in Germany and already deliver some campaigns for German firms to MrWork. Being able to already show a portfolio of German campaigns to German firms will generate (necessary) trust and a good basis for further acquisition of clients.

###### Flexible organization

With a possible increase of campaigns due to an increase in customers, MrWork should be prepared to grow in size and as such, lay a more apparent organizational structure.

Table 3 - SWOT Confrontation Matrix Overview

## SWOT & confrontation matrix

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Strengths | Weaknesses | Opportunities | Threats |
| 1 | Intimate customer relationships | Financially weak | Shortage in qualified personnel (Germany) | Cultural differences (summed up) |
| 2 | Very strong knowledge of recruitment and EB via social media | IT systems under construction | Incorporation/cooperation with all-in-ones | Lack of suppliers |
| 3 | Very flat and flexible organization | Small workforce | Economies of scale | Differences in (active) recruitment habits |
| 4 | Small but highly loyal and involved staff | No brand awareness | Market potential | Rapid market movements |

Table - Confrontation Matrix

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Opportunities* | | | | | *Threats* | | | | |
|  |  | O1 | O2 | O3 | O4 | T1 | T2 | T3 | T4 | Total |
| *Strengths* | S1 | 0 | + | 0 | + | 0 | - | + | 0 | 2 |
| S2 | ++ | ++ | 0 | + | 0 | 0 | + | + | 7 |
| S3 | 0 | + | + | 0 | + | + | + | + | 6 |
| S4 | 0 | + | 0 | 0 | + | 0 | 0 | 0 | 2 |
| *Weaknesses* | W1 | 0 | + | 0 | -- | 0 | 0 | 0 | - | -2 |
| W2 | 0 | 0 | - | 0 | 0 | - | 0 | -- | -4 |
| W3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | -1 |
| W4 | 0 | ++ | 0 | - | - | 0 | 0 | 0 | 0 |
|  | Total | 2 | 8 | 0 | -1 | 1 | -1 | 3 | -2 |  |

Of MrWork’s main opportunities number 1: Shortage in qualified personnel (Germany)” and 2: Incorporation/cooperation with all-in-ones” are the best scoring ones, of which especially the latter is the most promising. The major threats that MrWork is facing are threat 2: “Lack of suppliers” and 4: “Rapid market movements” are the ones that MrWork needs to keep an eye on, whereas threat 3: “Differences in (active) recruitment habits” can be overcome by MrWork’s strengths.

Overall, MrWork has a powerful set of strengths, of which strengths 2: Very strong knowledge of recruitment and EB via social media” and 3: Very flat and flexible organization” are the ones that stand out from the other two. MrWork’s biggest weaknesses are weakness 1:”Financially weak” and weakness 2: “IT systems under construction”.

###### Opportunities vs. strengths clustered:

It becomes clear that strength 2: “Very strong knowledge of recruitment and EB via social media” and Opportunity 2: “Incorporation/cooperation with all-in-ones” match well together and form a cluster upon which MrWork can concentrate and profit from. This means that by showing what MrWork is capable of on the Dutch market, it can attract possible cooperation with German “all-in-ones” or similar enterprises. This will combine the financial strength and local market knowledge with the technical and product knowledge that MrWork has. Since MrWork is small and quite flexible, and has a focus on customer relations, they can quickly adapt to the German way of business and the local market situation with the help of these companies. This will increase the market potential, as it will now have the means, knowledge and knowhow on how to enter the German market. Furthermore, this opportunity will in turn lead to a higher number of campaigns and thus a chance to start introducing economies of scale into the company.

###### Threats vs. weaknesses clustered:

A cluster that deserves some attention is situated mainly under threat 4, including the first three weaknesses. Threat 4 “rapid market movements”, has effect on many of MrWork’s weaknesses and as such these weaknesses should be improved upon to be able to cope with the market changes.

These rapid market changes can be seen as two major factors that play a role. Firstly it is the role of competitors developing their own set of alternative products and skills that either are like MrWork’s products, or substitute them entirely. Secondly, (mobile) technologies, social media and applications change constantly, making it very hard to maintain a “pole position” when it comes to these factors. For example, Facebook might decline very fast in the coming years, which is something MrWork should anticipate for, by identifying new technologies, social media or applications. Hence, having a limited budget for R&D purposes might mean that without proper research and investments, MrWork might miss out on the incorporation of new successful Social Media or added functions of these. An added problem is that there are only a limited number of (either successful or interesting in the field of recruitment) Social Media and applications available, rendering MrWork very dependent on them.

Furthermore, since MrWork has only a small and irregular development team, based on part-timers, interns and freelancers, that can deal with short and long term market movements this might prove to be dangerous. Any unanticipated changes to Social Media and their applications might lead to problems with data collection and incorporation. Additionally, in a few years’ time previously invested money can be considered as lost, due to the substitution of certain Social Media. Therefore, especially as a small firm and considering the fact that what the future holds is quite a “black box”, it is of utmost priority to follow every market movement and plan strategically (long term).

These rapid market changes can be seen as two major factors that play a role. Firstly it is the competitors developing their own set of alternative products and skills that can substitute MrWork’s products. Secondly, (mobile) technologies, social media and applications change constantly, making it very hard to stay ahead of the competition. For example, Facebook might decline very fast in the coming years, which is something MrWork should anticipate for, by identifying new technologies, social media or applications. Hence, having a limited budget for R&D purposes might mean that without proper research and investments, MrWork might miss out on the incorporation of new successful Social Media or added functions of these. An added problem is that there are only a limited number of (either successful or interesting in the field of recruitment) Social Media and applications available, rendering MrWork very dependent on them and as such, seeking out a two way profitable relation would be key (e.g. in extra support setting up vacancy advertisements).

# Recommendations

As an answer to the main question: “What should MrWork do to successfully introduce its services in the German online vacancy market?” the following options have been identified:

## Zero Option: Postpone an expansion into Germany and keep focusing on growth in the Netherlands

This plan involves MrWork postponing the plans for expansion. No extra investments will be needed.

**Suitability:** This plan is suitable, however it does not solve the main problem of entering the German market. It does help minimize threats and possible weaknesses. Threats such as cultural differences do not have to be solved. Furthermore, no extra initial investments are needed, enabling this money to be used on improving the business itself. However, it also minimizes opportunities, since growth is now restricted to the Netherlands and therefore introducing economies of scale will be harder due to the abstinence of a higher number of campaigns coming in.

**Feasibility (FOETSJE): *Financial*:** there is no extra funding necessary and as such, there are no extra costs. ***Organizational*:** no adjustments needed. ***Economic*:** no adjustments needed. ***Technologic*:** no other adjustments needed than further developing its systems and products. ***Social / strategic*:** no further action needed. ***Juridical*:** no further action needed. ***Ethics***: no further action needed.

**Acceptability:** the main reason why this option is not very acceptable for all the stakeholders and shareholders is because it does not provide enough growth and revenue. Investments made in the company and the chance for further investments depend on the economic prospects of the company. For the current employees it would mean less work, as an expansion would also demand more input and output from them.

## Option 1: Use existing partners to grow gradually in Germany

This plan involves the use of existing partners that already provide campaigns for German companies to MrWork.

**Suitability:** This plan is quite suitable, as it involves expansion with minimal costs and a medium level of time input. It minimally follows the outcome of the MaBa analysis, increasing the growth. It does take away the financial risks. It has a minimal effect on the threats and possible weaknesses. Cultural differences are to be taken into account. However, the main dealing with the “end customer” are done by the partners. It improves the number of opportunities, since growth in campaigns and revenue is now increased and therefore introducing (better) economies of scale will be possible. This does require adjustments to the CMS systems, enabling a German language and social media such as XING. Its strengths remain the same or will grow, because of the new experiences MrWork gets from increase in scale and experience on the German market.

**Feasibility: *Financial*:** Financially speaking, this option requires some investments. Primarily, current account managers should push MrWork’s partners to obtain more campaigns in Germany, which would take up to 2 hours weekly at a rate of €18 per hour maximum. Furthermore, MrWorks CMS needs a translation and XING integration, which requires some programming and a translator. Estimates are a week of (re-)programming, or 40 hours, at a rate of €19 per hour maximum (Loonwijzer, 2015). Translation costs come at €0.13, with approximately 5000 words (Eurotaal, 2015). This comes to a total of ((2\*18)+(40\*19)+(5000\*0.13))= €1446, with an approximated maximum of €2000. ***Organizational*:** The option requires obtaining more German campaigns via existing partners, which is extra work for the account managers. Furthermore, campaign planners have more work to do and basic understanding of German is required. Obtaining an extra intern or employees with knowledge of German might be necessary. ***Economic*:** the plan is acceptable, as it fits the general idea of growth both nationally as internationally. ***Technologic*:** only minor system changes and additions in the CMS are required. ***Social*:** as long as the company does not grow too quickly and loses its core values, the plan is acceptable. ***Juridical*:** juridical influences are minor, due to the fact that the main business is handled by MrWorks partners. Only copyright should be more strictly enforced due to German laws on copyright infringement. ***Ethics*:** no further action needed.

**Acceptability:** the plan is acceptable for the stakeholders because it involves minimum input and change, whilst it improves the growth rate and revenue streams of MrWork. The plan will lead to more work and possible expansion in the number of employees, but further changes come gradually as the company grows.

## Option 2: Attract/use investments to start up a small business in Germany and actively seek new Customers

This plan makes use of existing partnerships and opening up business in Germany by actively searching for new customers to work with.

**Suitability:** This plan is suitable, but does require heavy investments. It fully follows the outcome of the MaBa analysis, increasing the company’s growth and expansion. It has a high effect on the threats and possible weaknesses. Cultural differences are to be taken into account, since it involves direct expansion. As such, German employees need to be hired. It improves the number of opportunities greatly, since growth in campaigns and revenue is now increased a lot and therefore introducing (better) economies of scale will be possible. This also requires adjustments to the CRM systems and CMS systems, enabling a German language and social media such as XING. Its strengths will increase because of the inclusion of German employees that have knowledge of the German recruitment market and culture.

**Feasibility: *Financial*:** Financially speaking, this option requires high investments. Primarily, a German sales/account manager (avg. wage of €3.494 p/m) as well as a German customer support/campaign planner (avg. wage of €2.333 p/m) should be hired (Gehaltsvergleich, 2015). Furthermore, MrWork’s CMS needs a translation and XING integration, which requires some programming and a translator. Estimates are 40 hours of programming, at a rate of €19 per hour maximum. Translation costs come at €0.13, with approximately 5000 words. A lease car is needed for transportation and sales meetings, coming in at around €250 to €500 per month before tax deductions, depending on the model (Directlease, 2015). Conclusively, a small office (approx. €1000 p/m for 90 m2 in Frankfurt) with office supplies and infrastructure (approx. €3000) is needed (Immobilienscout24, 2015). This comes to an initial “first year” cost of (((3494+2333)\*12)+(40\*19)+(5000\*0.13)+(300\*12)+(1000\*12)+3000)= €89.934, or roughly €100.000. ***Organizational*:** The option requires changes to the organization. Firstly it requires an international perspective, by combining Dutch and German workforce. Furthermore, depending on the amount of vacancies that come in, campaign planners have more work to do and basic understanding of German is required amongst most of the employees. ***Economic*:** the plan is acceptable, but has to be sold to investors. It does fit the general idea of growth both nationally as internationally. ***Technologic*:** changes to the CMS and CRM are needed (translations). ***Social*:** socially speaking, expansion and financial success are appreciated. As long as the company does not grow too quickly and loses its core values, the plan is acceptable. ***Juridical*:** juridical influences are relatively big, due to the fact that German law and regulations have to be followed and understood. ***Ethics*:** no further action needed.

**Acceptability:** the plan is acceptable for the stakeholder, but it involves many changes in the business, and as such, needs to be explained and “sold” carefully. It improves the growth rate and revenue streams of MrWork, which is of interest for its shareholders.

## Option 3: Find a well-established German recruitment firm and partner/merge with them

This plan makes use of existing partnerships, new customers and direct partnerships or integration with bigger German recruitment firms.

**Suitability:** This plan is suitable, but very extensive and requires heavy planning, time and investments. It fully follows the outcome of the MaBa analysis, increasing the company’s growth and expansion. It also takes away the weakness of MrWork: its financial shortcomings, by sharing the risk with a partner/merger. Cultural differences are to be taken into account, since it involves direct expansion and integration and as such, German employees need to be hired. Financial weaknesses are diminished but autonomy is also being reduced, making the organization less flexible. It improves the number of opportunities greatly, since growth in campaigns and revenue is now increased exponentially, and therefore introducing (better) economies of scale will be possible. This also requires adjustments to the CRM systems and CMS systems, with possible integration with the partner’s/merger’s systems. Its strengths will increase because of the inclusion of the market knowledge of the partner’s firm.

**Feasibility: *Financial*:** Financially speaking, this option requires high investments. Primarily, a German sales/account manager (avg. wage of €3.494 p/m) as well as a German customer support/campaign planner (avg. wage of €2.333 p/m) should be hired, possibly even one or two more depending on the amount of work coming in (Gehaltsvergleich, 2015). Furthermore, MrWork’s CMS needs a translation and XING integration, as well as an integration with the partner. Programming will take up to 200 hours, at a rate of €19 per hour maximum. Translation costs come at €0.13, with approximately 10.000 words. At least one lease car is needed for transportation and sales meetings, coming in at around €250 to €500 per month before tax deductions, depending on the model (Directlease, 2015). Conclusively, a small office (approx. €1000 p/m for 90 m2 in Frankfurt) with office supplies and infrastructure (approx. €5000) is needed (Immobilienscout24, 2015). This comes to an initial “first year” cost of (((20000)\*12)+(200\*19)+(10000\*0.13)+(600\*12)+(1000\*12)+5000)= €269.300, or roughly €300.000. However, these costs might be bigger or smaller, depending on the partnership. ***Organizational*:** It requires an international perspective, by combining Dutch and German workforce. Integration between the two firms is required, and as such, this will need extensive planning and communication. ***Economic*:** the plan is acceptable, but a viable partner has to be found and convinced. It does fit the general idea of exponential growth both nationally as internationally. ***Technologic*:** many system changes and additions are required, but technologically speaking the plan is feasible since everything is online. However, it requires many links and system adaptations with the partner firm. ***Social*:** a lot of social/strategic changes will have to be made to line up the two firms. This might lead to complaints and resistance from both sides, as core values will be reset. ***Juridical*:** juridical influences are very big, since both Dutch as German juridical influences will be apparent. ***Ethics*:** No further action is needed besides choosing the “greenest” options for capital and consumables.

**Acceptability:** the plan might lead to resistance of current shareholders, as they might not want to see MrWork merged with another firm. Employees however might resist a lot, since there will be big changes around the company and the amount of work that needs to be done. Furthermore, current Dutch partners might see this cooperation/integration as a threat to their business and partnership with MrWork.

# Appendices

Table 5 - Project Gannt Chart



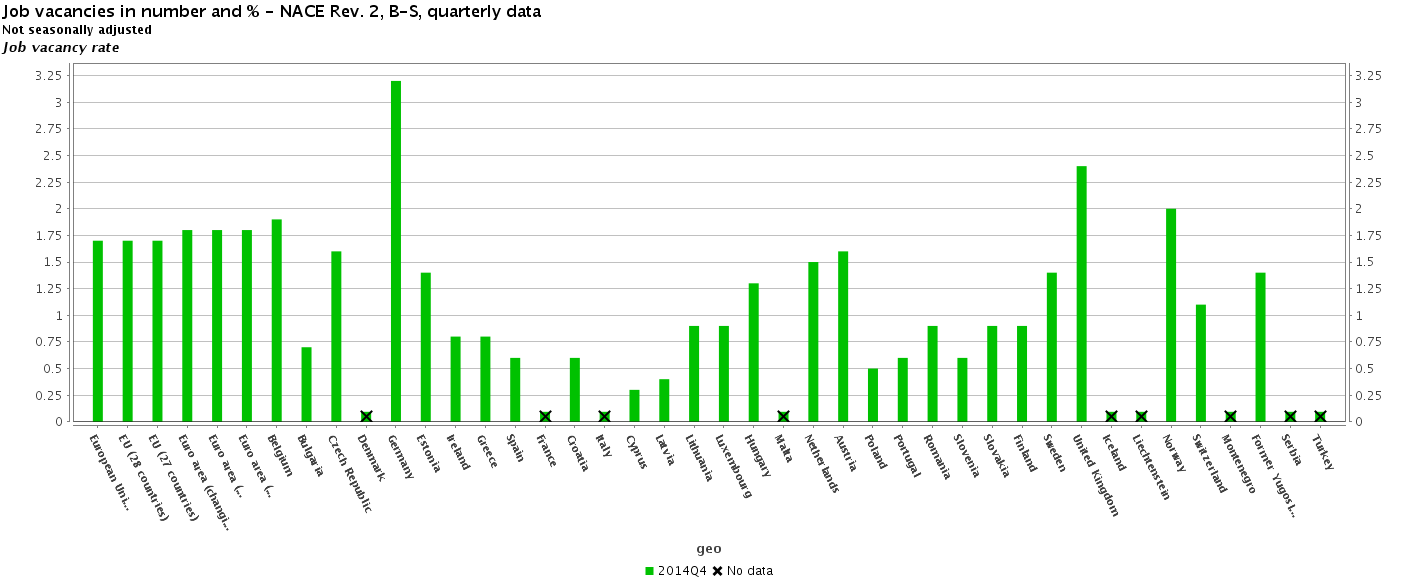


Figure 14 - Job vacancies in percentage (Europe) (Eurostat, 2015)

Table - SWOT Analysis MrWork

|  |  |  |  |
| --- | --- | --- | --- |
| Strengths | Weaknesses | Opportunities | Threats |
| Very strong knowledge of recruitment and EB via social media | CMS and CRM systems are not fully developed yet | Large market and growth potential for recruitment (rev. €23.7 billion vs Netherlands €10.8 billion) | Less advanced market (difference in (active) recruitment habits) |
| Intimate customer relationships (tailor made products) | No economies of scale applicable yet | Prosperous country | Jobboards marketleaders |
| Good reputation amongst its Dutch clients | Low budget for R&D purposes | High vacancy rate vs unemployment rate | HR managers not very accustomed to using Social Media for Recruitment purposes |
| Small but highly loyal and involved staff | An exhaustive amount of people able to work on key activities | Social media is not fully used for recruitment | Business is a trans-hierarchical and bureaucratic process |
| Strong partnerships with bigger firms | Financially not independent, exhaustive funds | Active use of XING, getting to know its possibilities, gain expertise | Germans prefer Germans in business |
| Very flat and flexible organization | Not well known, almost no brand awareness due to being new in the market. | Full active recruitment not very common yet | Germans more willing to terminate business due to masculine culture |
| MrWork’s services are relatively cheap but effective and allow for high margins up to 50% | (Almost) zero market share. | Employer branding growing topic | Uncertainty avoidance (hard to introduce new ways) under older generation. |
| Internet based, can operate from anywhere | MrWork’s portfolio only involves Social Media | Mobile recruitment next big thing | Existing partnerships between German competitors (jobboards/all-in-ones) |
| Strong network | No German employees active in the company | Very similar cultures, except masculine/feminine and indulgence | Big all-in-one firms dominate the market |
| Already partners with bigger firms that have moved into Germany |  | Incorporation/cooperation with all-in-ones | Recruitment programs in place by social-media |
|  |  | Growing labor and vacancy market | Relatively fast technology movements, rapid market movers |
|  |  | Generally little knowledge of recruitment practices amongst businesses | Lack of suppliers: Few social media, highly dependent on them and their services |
|  |  | Economies of scale/benefits can be obtained with growth | Without proper funding, MrWork’s products might become outdated due to lack of R&D |
|  |  |  | Growth might mean a less flexible organization structure |

Table 7 - Labor Market Germany (European Commission, 2014)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2011 | 2012 | 2013 | 2014 |
| Population | 81,779 | 81,917 | 82,103 | 82,407 |
| Economically active population | 43,921 | 44,203 | 44,408 | 44,686 |
| Employed | 41,522 | 41,979 | 42,226 | 42,598 |
| Unemployed | 2,399 | 2,224 | 2,182 | 2,088 |
| Employees | 36,976 | 37,435 | 37,769 | 38,193 |
| Self-employed | 4,546 | 4,544 | 4,457 | 4,405 |

# Complete research as an Appendix

# External Analysis (Meso/Macro-environment)

## Market size

### Labor market size

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2011 | 2012 | 2013 | 2014 |
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Germany currently has a population of over 82 million people and is the fourth largest country in the world when it comes to the national economy and industrial base. Over 90% of Germany’s companies are small- to medium-based companies and make up for two thirds of all jobs and more than half of the country’s economic output (European Commission, 2014). The economically active population currently sits around the 45 million people, making it to the top 20 with the most economically active population worldwide (World Bank, 2014). The amount of working hours reach up to 58.4 billion, which has not been matched since 1992. Furthermore Germany still has one of the lowest unemployment rates of Europe, with 4.7 percent (German Missions in the United States, 2015). Underemployment in January 2014 was 9.4% (European Commission, 2014).

Table 1 - Labor Market Germany

### Vacancy market size

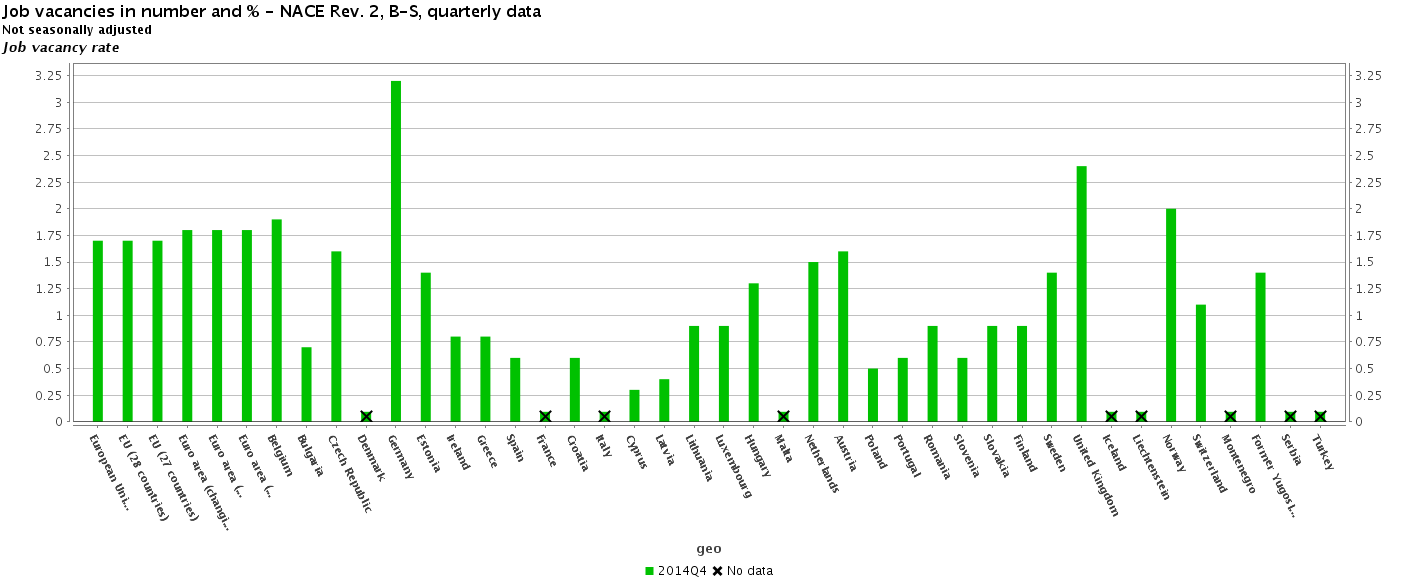
“A job vacancy is defined as a paid post that is newly created, unoccupied, or about to become vacant: (a) for which the employer is taking active steps and is prepared to take further steps to find a suitable candidate from outside the enterprise concerned; and (b) which the employer intends to fill either immediately or within a specific period of time” (Eurostat, 2015).

Figure 1 - Job vacancies in number and % (Europe)

The job vacancy rate can be calculated by dividing the total of vacancies by the number of occupied posts plus the number of vacancies multiplied by one hundred. The vacancy rate in Germany was 3.2%, or 1.264.707 jobs, by Q4 2014, making it the highest in Europe. As a comparison, the United Kingdom had a rate of 2.4% and the Netherlands a rate of 1.5% (Eurostat, 2015).

Relatively speaking, the largest amount of vacancies were to be found in the temporary employment sector (110 390), in wholesale and retail trade and the repair and maintenance of vehicles and personal and household goods (43 821), in health care and social services (39 148) and in manufacturing (36 644). The highest growth rate of vacancies was in the water, sewage and environmental services sector (9.8%) and in the mining and quarrying sector (+7.3%) (European Commission, 2014).

Currently most labor force can be found in eastern and northern Germany. However, areas such as Berlin, lower Saxony and the Ruhr area also form areas of labor supply. In August 2013 there was a ratio of 6.6 unemployed persons per vacancy, which held especially true for the arts graduates, building technicians, book, art and antiques dealers, and language and literature graduates (European Commission, 2014).

### Recruitment market size

The total recruitment market includes various areas. According to CIETT (International confederation of private employment Services) the total annual sales revenue in the recruitment sector is €415 billion. From this total sales revenue the biggest area consists out of agency work (€282 billion), followed by search and selection processes (26 billion) and RPO (Recruitment Process Outsourcing, €25 billion). Social recruitment is seen as a part of RPO. The rest of the revenue comes from “other” services (€81 billion) (CIETT, 2015).

The total recruitment annual sales revenue accounts for €415 billion worldwide, of which about 28.5% is from the EU. This 28.5% counts for about €118 billion. Germany accounts for about 5.7% of the total sales revenue share, making it about €23.7 billion of annual sales revenue that is made in the total German recruitment sector. For the Netherlands it is 2.6% of the total annual sales revenue, accounting for about €10.8 billion (CIETT, 2015).

## Market trends

### Labor market trends

Trends in the German labor market are considered as stable. A notable improvement is the participation rate of women in the labor market. The participation of women increased by 10 percent, from 16.7 million in 1995 to 19.7 million in 2013. In comparison to only one percent by men, from 22.4 to 22.9 million. The change is due to an increase in qualified women and their increased willingness to participate in the job market (DIW Berlin, 2015).

The unemployment has not been so low since years and the demand for workforce is growing steadily. This brings with it an increase in the number of vacancies and job openings. The number of self-employed people is also going down, probably as a result of the rise in job openings. Germany as a country is relatively high in risk avoidance, and care for job security. Thus, people rather work for established companies with good social benefits, instead of employing themselves with the risk of hurting their own wallet when business is not going well. Also, bureaucratic measures in place make it less attractive than compared to other countries (Wirtschaft und Schule, 2011).

Currently the German labor market is the inspiration for many European countries because of its high amount of vacancies, job growth and the ever decreasing unemployment rate. These effects are partly there thanks to the strong economy, but also laws made it that the German labor market stays strong. As of January 2015 a new law, the Posted Workers Act (Arbeitnehmer-Entsendegesetz) (Bundesministerium für Arbeit und Soziales, 2015) has been put into place that determines a minimum wage, regardless of whether the company is based in Germany or elsewhere, for the following working sectors:

* Construction industry proper and subsidiary construction industry
* Cleaning services
* Letter delivery services
* Security services
* Special mining work in anthracite mines
* Laundry services for third accounts
* Waste management including street cleaning and winter services
* Basic and further training services under Books Two or Three of the Social Code
* Long-term care sector (care for the elderly and out-patient nursing)

This means that for these sectors a minimum wage has been determined. Any employee that works in Germany is entitled to this minimum wage, and therefore can sue his or her employer if the minimum requirements are not met. The minimum wage has been determined at €8.50 per hour. Although the law has had some criticism, the wages of most jobs already met this minimum requirement and about 3.7 million people (out of 42 million) will see an increase in their salary (Bundesministerium für Arbeit und Soziales, 2015). Most changes can be seen in temporary and/or low level work such as cleaning services and waste management. Before the change in law wages were determined per region and industry. Economists do argue that because most basic life necessities jobs (such as the food industry or hairdressers) see an increase in wages, the prices will most likely increase gradually, nullifying the increase in the wages for these people and increasing overall price pressure for many companies (Marie J. Business Insider, 2014). It could either improve the economic growth due to more consumer spending, or put pressure on purchasing power due to cutbacks in jobs (especially low-level sector jobs) or increase in prices, the outcome will only be clear after a longer period of usage.

In regards to working conditions, foreign companies active in Germany are only obliged to adhere to German collective agreements and regulations in place for corresponding German employers by means of a declaration of general obligation or a legal ordinance (Bundesministerium für Arbeit und Soziales, 2015).

Moreover, a set of measurements that might be introduced in 2015 could make the temporary work sector less flexible. This will be based on top of the current minimum wage law. Besides the minimum wage, currently the law provides temporary workers which are on sickness-leave or in between two temporary jobs a payment that was close to the original wage, thus increasing (partially paid) vacations and sickness leaves. The new law however, will reduce the temporary working period to 18 months, after which either the person has to get a fixed working contract or a new temporary job has to be found. Besides that the law also implies that after 9 months of employment, a temporary worker should earn at least as much as a full-time employee (Handelsblatt, 2015). These requirements put pressure on the border areas around eastern Germany, due to the much lower wages (€2.65) in countries such as Poland (Financieel Dagblad, 2015).

### Vacancy market trends

German HR managers use a relatively low number of channels to support their vacancies. In 2014 the average was 2.4 channels, which is low compared to the Dutch 5.2 channels per vacancy. Moreover, Germany had more than 9 million unique vacancies in 2014, but only advertised 4 million job ads. The Dutch colleagues only had 1.2 unique vacancies, but advertised with almost 6 million job – ads. This shows that there is a big difference in the active recruitment habits in the two countries (Vonq, 2015).

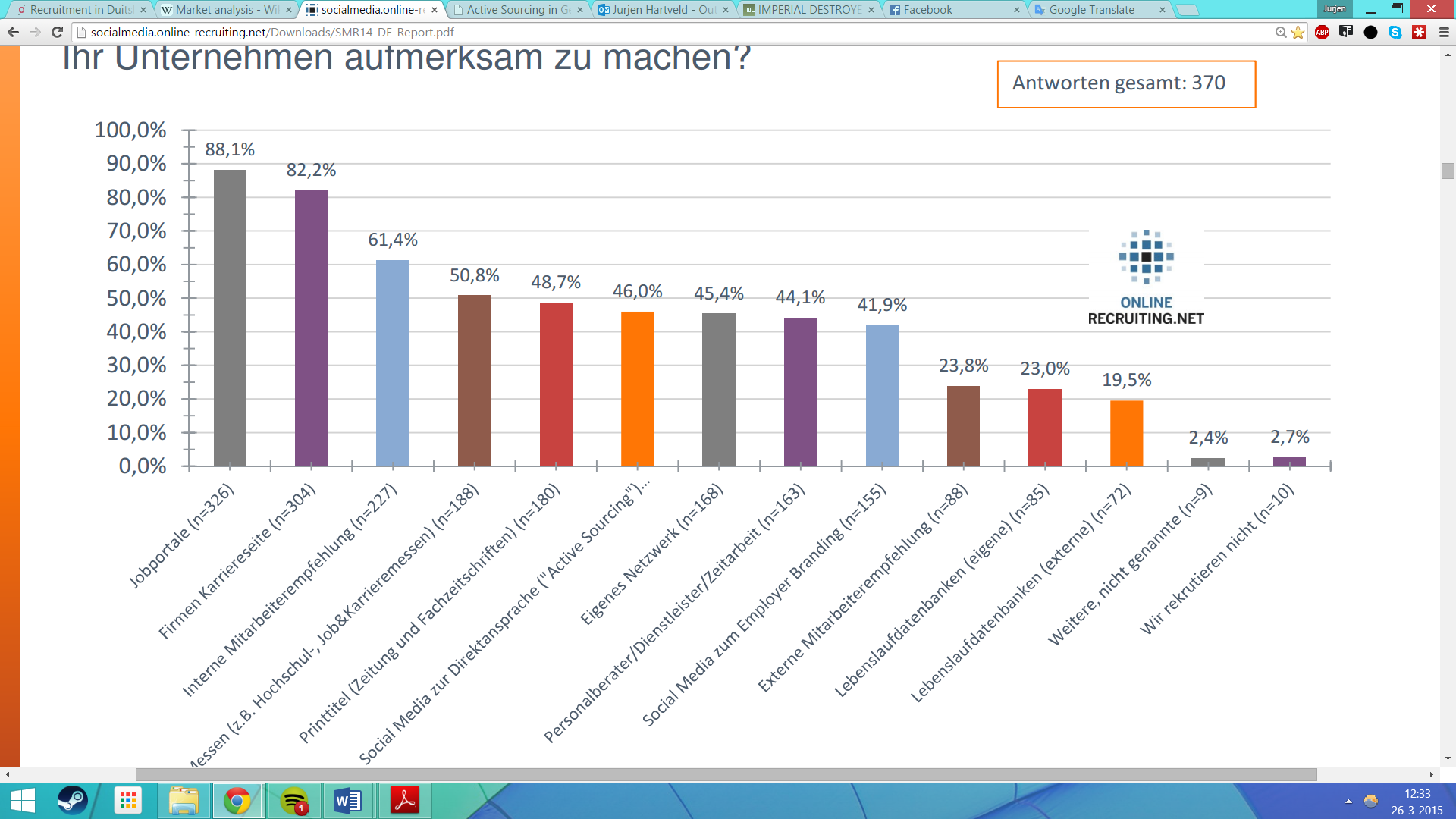


Figure 2 - Used recruitment channels

Figure 2 is the result of a research performed by the German company onlinerecruiting.net. It is part of the yearly returning research performed by the company, which monitors the recruitment methods in Germany. The 2014 research shows that job portals remain the most used recruitment method, followed by company career websites, internal recruitment, job markets, newspapers and Social media/active sourcing (Online Recruiting, 2014). The graph shows that social-media recruitment does not play a very big role yet and thus, German companies remain relatively “traditional” by using passive recruitment methods such as job boards and newspapers.

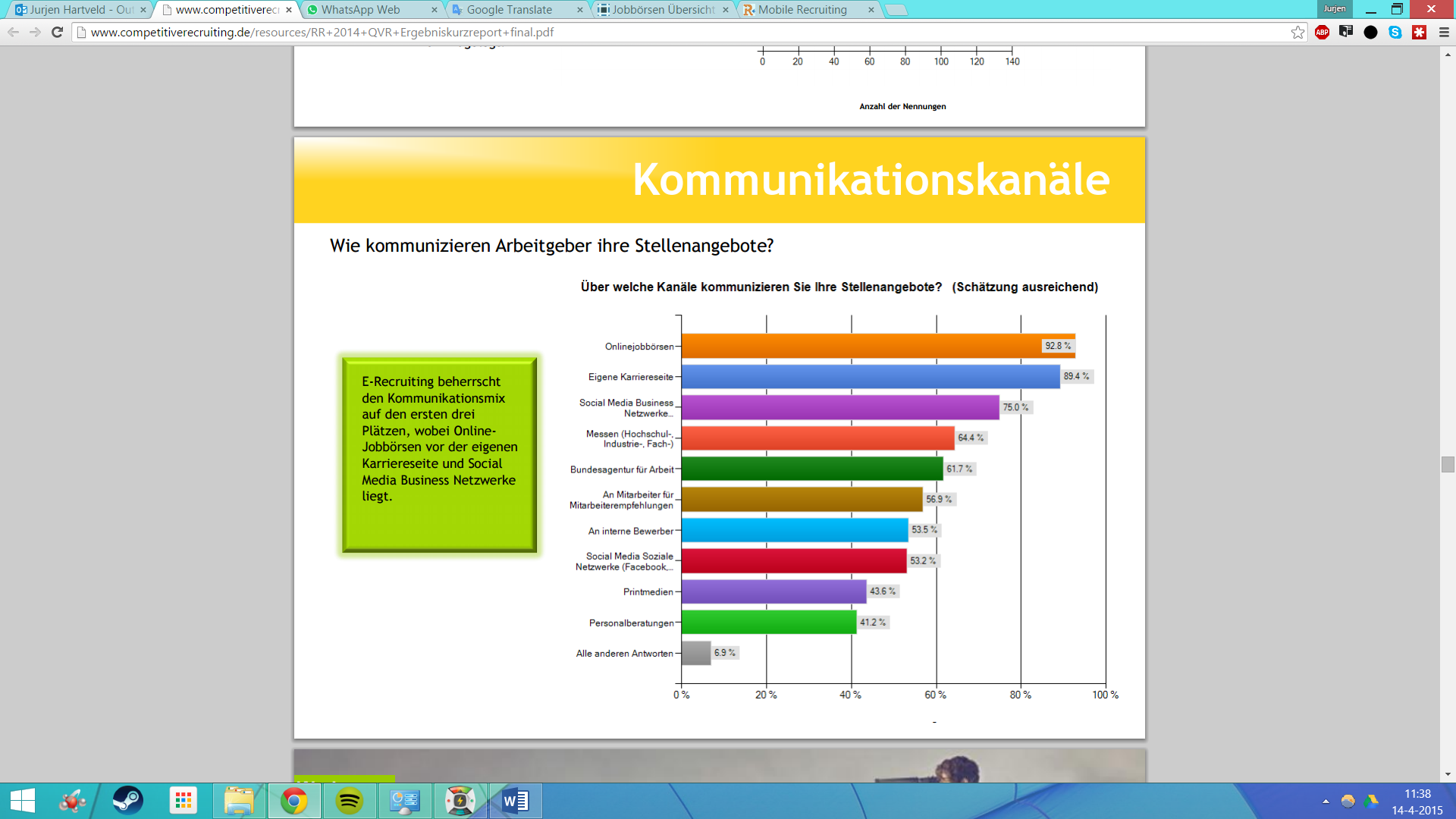


Figure 3 - Used channels for job advertisments

Figure 3, made by Competitive Recruiting (2014), shows relatively the same picture, with online job portals as the most mentioned form of job advertisement. The research also shows that the company’s career website remains very important for job advertisement and recruitment purposes. The biggest difference however lies in the social media and business networks. This might be a result of different grouping of practices.

Comparing the two graphs confirms the fact that both online job portals and company career websites remain the biggest forms of recruitment. What cannot be denied however is the recognition of the importance of Social Recruitment.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sources of quality hires** | **2011** | **2012** | **2013** | **Decrease/increase** |
| College recruiting programs | 6% | 5% | 10% | 4,00% |
| Company ATS | 7% | 15% | 9% | 2,00% |
| Company career website | 35% | 32% | 29% | -6,00% |
| Employee referral programs | 25% | 18% | 40% | 15,00% |
| General career fairs | 6% | 4% | 8% | 2,00% |
| Internal hires | 28% | 24% | 30% | 2,00% |
| Internet job boards | 49% | 60% | 34% | -15,00% |
| Internet resume databases | 8% | 7% | 7% | -1,00% |
| Recruitment agencies | 45% | 46% | 43% | -2,00% |
| Social professional networks | 25% | 24% | 37% | 12,00% |

Table 2 - LinkedIn research: sources of quality hires (LinkedIn Talent Solutions, 2013)

Supporting this trend is the research done by LinkedIn; in which they identified a number of trends that were present the last few years. The graph above shows that the usage of job boards, although still strong, is declining, whereas the usage of social professional networks is increasing. The strongest increase lies in the usage of referral programs, following the fact that turnover is trying to be reduced by internal hiring and referral for potential candidates from within the company (LinkedIn Talent Solutions, 2013). The increase and/or existence of internal referral programs is thus identified by three parties as important factors in the German recruitment landscape.

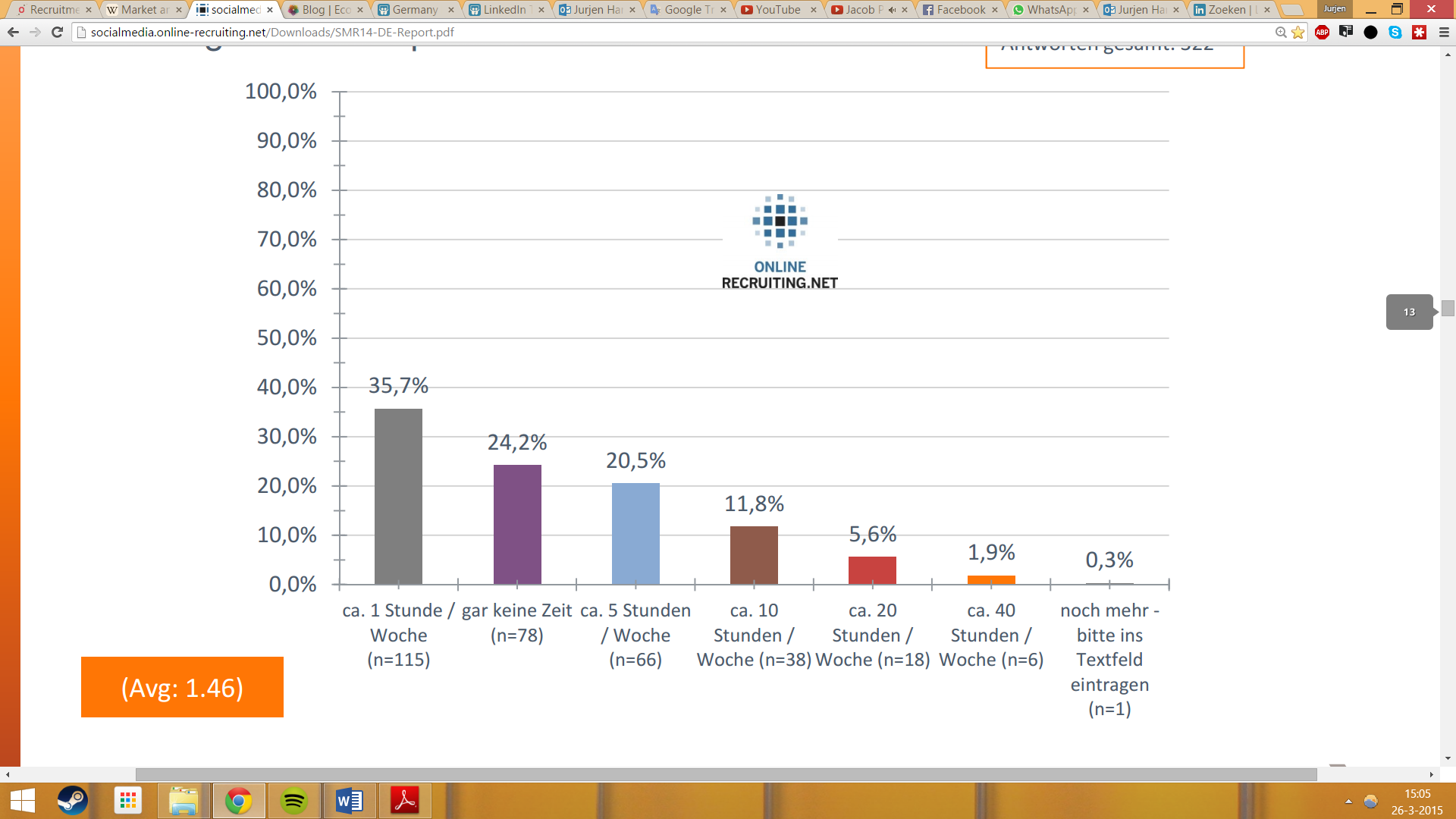


Figure 4 - Average h. spent on social media recruitment Germany (Online-Recruiting, 2013)

Supporting the fact that German HR managers are not very frequently using social media for recruitment purposes is figure 4 above, in which HR managers have been asked how much time they spend for social media recruitment activities on average, per week. The bigger part of the research group responded with one hour to none, clearly showing that recruitment via social media is not yet the standard (Online Recruiting, 2014).

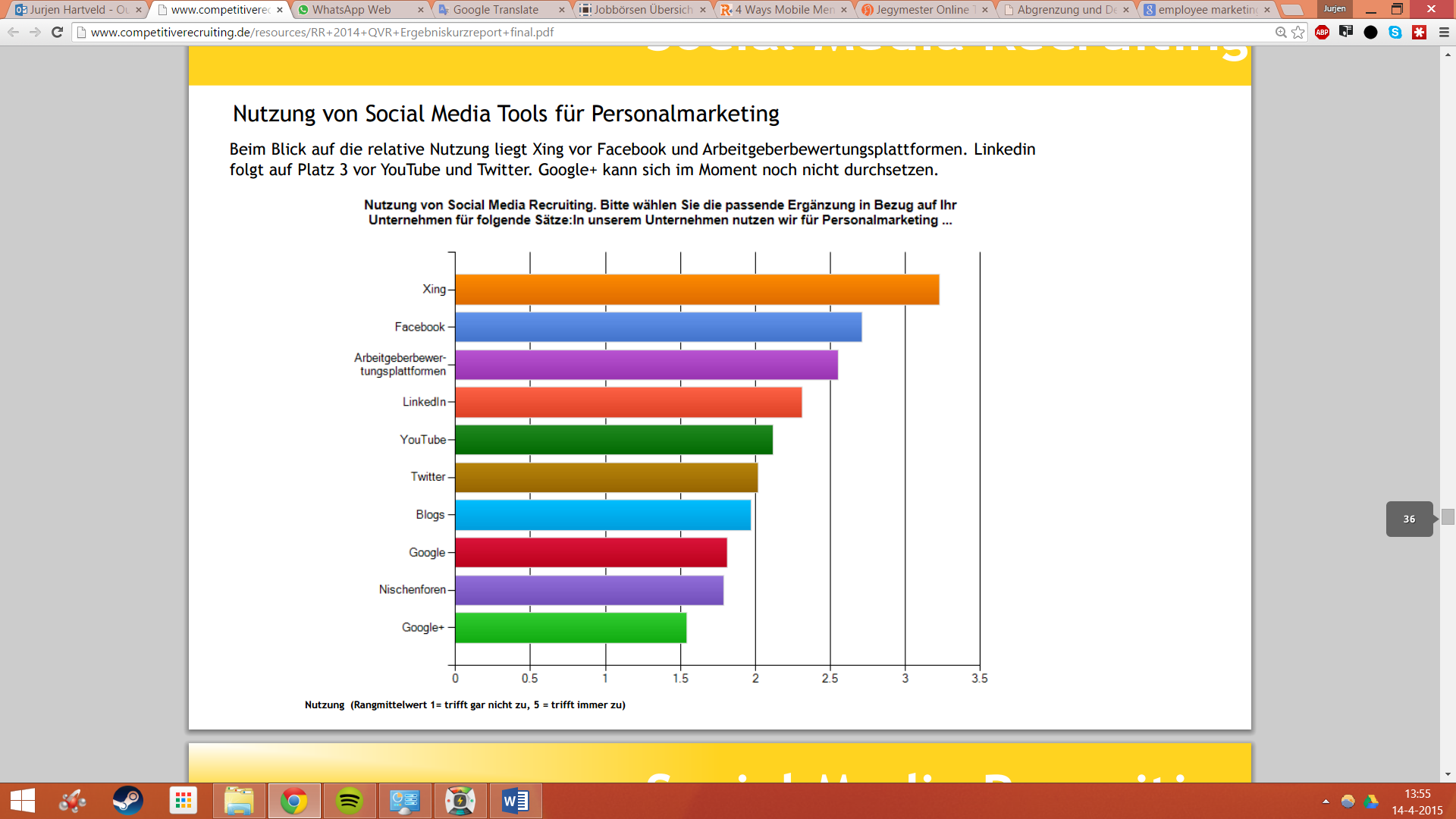


Figure 5 - Social Media Recruitment Sources (Competitive Recruiting, 2014)

Figure 5 above shows that by far the most used platform for recruitment purposes is XING. This is a German social media platform, and much preferred over foreign social media platforms. Xing is followed by LinkedIn and “Arbeitgeberbewertungsplattformen”, or employer valuation platforms. Facebook, Twitter and Youtube are not used much when it comes to recruitment on social media.

When social media is used, it is mostly for active sourcing purposes. In the online German vacancy market active sourcing only happens on a small scale. Passive forms of recruitment (ads in newspapers and on job boards) only reach about 15-20% of the potential target group (Competitive Recruiting, 2014), and thus only a very small part. The trend of recruitment via social media is a hot topic in Germany, but according to Competitive recruiting it is this year surpassed by active sourcing (Competitive Recruiting, 2014). Active sourcing means the company is actively pursuing potential applicants. Recruitment via social media can however, be seen as a part of active sourcing and as such, employers are apparently becoming more aware of active recruiting as a whole. However, even though companies are becoming more aware of (pro-) active recruitment practices, research has shown that only 3% exclusively use active sourcing methods. About 45% use passive recruitment methods only and about 15% make use of both passive and active recruitment practices (Competitive Recruiting, 2014).

However, the relative bigger passive recruitment methods do not mean that German HR managers do not look for the best quality, highly-skilled applicants, they are in fact very keen on finding them (LinkedIn Talent Solutions, 2013). Further research performed by Wolfgang Brickwedde (Competitive Recruiting, 2014) confirms the fact that finding qualitative applicants is indeed the highest priority. However, he also found that this is also the biggest source of frustration, because these qualitative applicants are often hard to find. The options for online recruitment and the available tools are relatively known, but not used much yet and so there is room for improvement.

Employer branding strategies are in general less common. However, the trend identified by LinkedIn is that German HR managers are going to be more interested in reducing employee turnover, increasing retention and therefore invest in their employer brand (LinkedIn Talent Solutions, 2013). This trend has been confirmed by the research performed by Competitive Recruiting, as respondents said employer branding would be the most important topic of 2014, after finding qualitative employees.

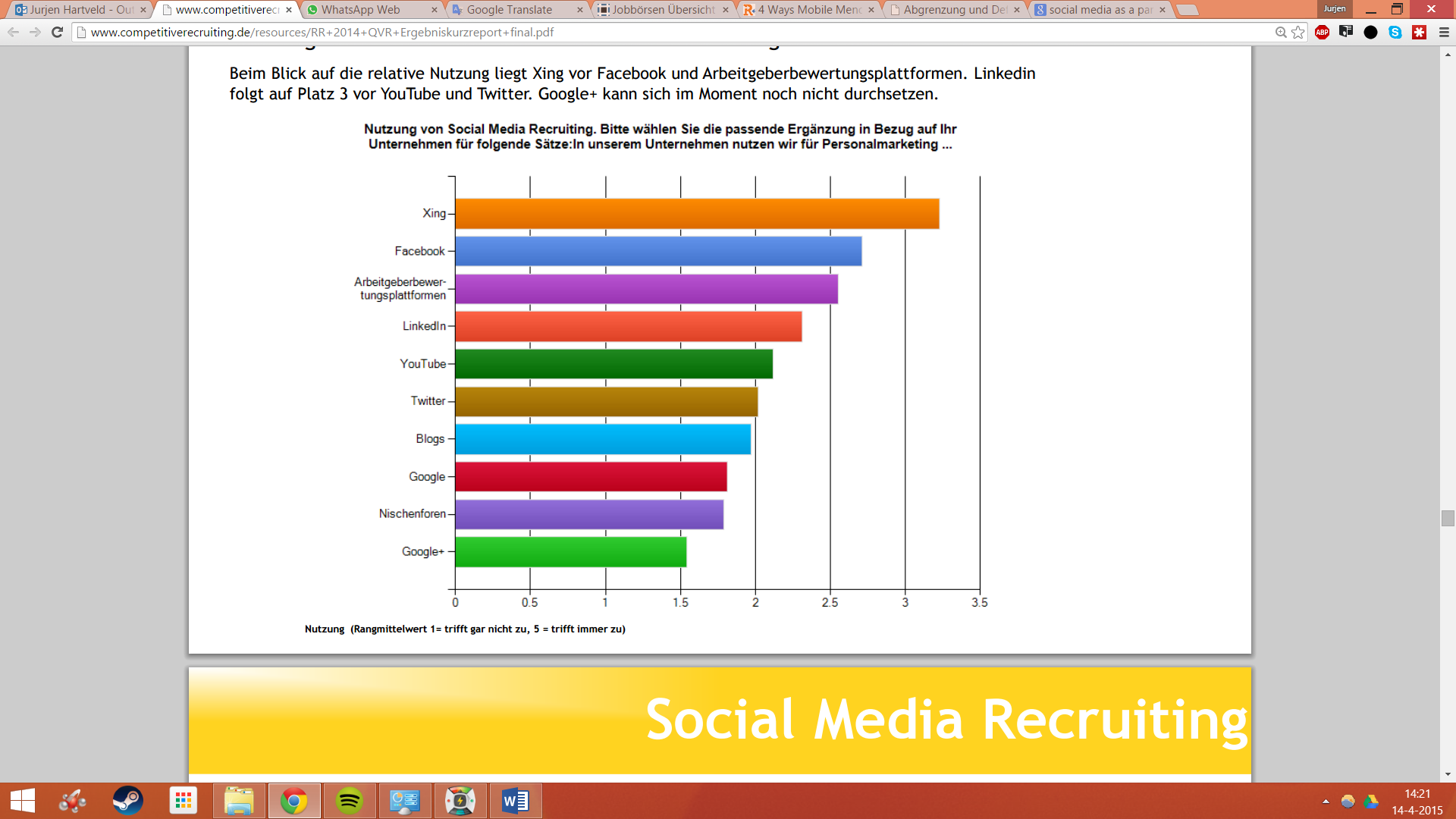


Figure 6 - Employer Branding Sources (Competitive Recruiting, 2014)

Figure 6 above shows what social platforms are used for “Personalmarketing” (recruitment marketing, which can be seen as part of employer branding) purposes the most (Competitive Recruiting, 2014). Clearly again, Xing is the mayor party in Germany. Other large parties are Facebook, LinkedIn and employer valuation websites.

Furthermore, Linkedin Talent Solutions (2013) have found that German HR managers responded that they will use their company website (from 73% in 2012 to 83% in 2013) and social (professional) networks (from 35% in 2012 to 39% in 2013) more for the purposes of Employer Branding. Traditional job boards (37%), printed ads (11%) and Youtube (8%) video were less mentioned for 2013.

Social Recruitment is also being mentioned as one of the top priorities of installing new systems among companies, according to Competitive Recruiting (2014). As mentioned before, employer branding is an important topic as well, but it has had a higher awareness level over the last few years and as such, many already paid attention to this topic, thus lowering the relative priority of this topic compared to newer ones such as Social Recruitment.

The highest priority of improvements and installation of programs was in the area of Mobile Recruitment, which also proved to be one of the least developed forms of recruiting in Germany (Competitive Recruiting, 2014). According to Recruiter.com, mobile recruitment promises to be the next big thing in recruitment after social (media) recruitment. (Recruiter.com, 2015). Furthermore, the internationalization was mentioned as one of the least prepared for trends in 2014 in the research performed by Competitive Recruiting (2014).

### Culture analysis

Generally speaking, German culture and companies alike are very structured and organized. This difference also came forth from the interview with Vonq, in which they mentioned that business is formal and decision making is a trans-hierarchical process. This way of doing business is found throughout the country, also in its (highly) bureaucratic structure. Furthermore, Germany is a very masculine country, focusing on personal achievements and success, having expertise is rewarded and titles (and the naming thereof) matter (Hofstede G. , Country Comparison: Germany - Netherlands, 2015). Hence, although personal input in the company is accepted and appreciated, titles and thus hierarchical differences, still matter and will be addressed accordingly.



Figure 7 - Germany vs. Netherlands Culture Comparison (Hofstede G. , Country Comparison: Germany - Netherlands, 2015)

Moreover, the history of relationships is very important for German companies, and has a much stronger effect on trust (Rooks & Matzat, 2010). Therefore, companies from other nationalities need to prove their worth by examples backed up by the necessary figures and facts, in order to be able to gain the German companies trust. The interview with Vonq delivered similar results and advised that it is usually better to do business in Germany by making use of Germans, as they are already familiar with the culture. Furthermore, due to the masculine nature, German companies are much more willing to terminate relations with companies after unsatisfactory transactions, compared to their Dutch (feminine natured) counterparts which prefer a more mediating, long lasting relationship (Rooks & Matzat, 2010; Hofstede G. , Dimensions of national cultures, 2015). This further presses the importance of doing business on a very professional level, aiming for the best results in both intercompany relationships as well as the delivered service and product.

Following the idea that experience is rewarded, if you offer a superior service or product, German managers are more willing to use it, as long as it is based upon previously gained and honored trust. However, in general German people do have the tendency that as soon as something works correctly, it should not be changed (resulting from their uncertainty avoidance level) and therefore might be hard to convince, further stretching the importance of backing up your proposal by hard facts and data (Rooks & Matzat, 2010). However, according to Vonq the new generation of managers (<35 years) are less traditional and more willing of trying out new, better ways of doing business. This will take time, as these new managers will have to start playing bigger roles in the German companies.

Study performed by Rooks and Mazat (2010) showed that on many aspects of business culture the Netherlands and Germany are alike, simplifying the process of market entry into Germany. Supporting this fact is the graph from the Hofstede Centre. The major differences are in masculinity and femininity, and indulgence and restraint. The latter describes the degree to which a country is open to the relatively free gratification of basic and natural human drives related to enjoying life and having fun, as opposed to the restraining cultures, in which these needs are suppressed by rules and regulations (one of the results of uncertainty avoidance) (Hofstede G. , Dimensions of national cultures, 2015).

### Competitor and partner analysis

The German recruitment market is of a different consistency than that of the Netherlands. It is still more traditional, with paper job advertisements and job boards still playing a major role in the market. However, as previously described, the market is moving towards online recruitment and thus new customer segments can be described. Although the consistency is different, key player groups remain the same.

#### competitor analysis

Because the German market is a relatively fragmented one, there are a lot of different services available. However, the line between “customer” and “competitor” for MrWork is relatively vague. All of the companies in the following chapter can be seen as competitors. However, these companies can also make use of MrWork’s competences and outsource the social media recruitment services. As such, the competitor as well as customer analysis can be seen as one cohesive analysis.

However, some competitors can definitely be seen as real competitors, as there are little opportunities to cooperate with them. The primary competitors are job boards, still widely used by German companies. Job boards take up the major part of the market and thus have to be counted as competition in the online vacancy market (Competitive Recruiting, 2014; Online Recruiting, 2014; LinkedIn Talent Solutions, 2013). Usually these job boards have partnerships with “all-in-one” firms, which helps them maintaining their importance and role within the recruitment landscape (Online-Recruiting, 2013). The following job boards are amongst the most popular in Germany: Indeed, Stepstone, Jobpilot, Stellenangebote and Monster. However, there are also more niche placed job boards such as academics.de, in which only academic and research related jobs are available.

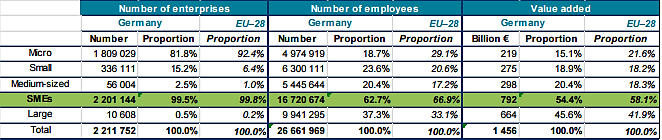
The second group that should be taken into account is Social-Media platforms aimed for businesses. The two biggest players in the German market are Xing and Linked-in. Xing offers an integrated app that allows HR managers to directly advertise their job opening via Xing.

The third biggest “competitor” would be the internal websites or company websites of the employers, in which they promote vacancies and recruit new employees. However, these websites can also be seen as customers because the process of getting people directed towards those websites is usually outsourced and also one of the main activities of MrWork.

#### Partner analysis

According to the European Commission, about 99.5% of the German businesses are considered SME’s, or “Mittelstand” in German (European Commission, 2014). The target group of MrWork is companies that have more than 200 employees. The total amount of companies of these sizes in Germany is the following:

Table 3 - Enterprises Germany (European Commission, 2014)



The table shows that the total amount of SME’s (<500 Annual Work Unit) is over 2.2 million, of which the largest part are micro (<10 AWU) and small companies (<50 AWU) (European Commission, 2005). Thus, the number of companies that fit MrWork’s target group (medium and large sized companies) is about 66.612 companies, which roughly make up about 3% of the total amount of enterprises in Germany (European Commission, 2014). Of course, not all of these companies would be suited to be a customer or partner of MrWork, but it does give an impression of the target group size.



Figure 8 - Dutch market key customers (MrWork, 2015)

MrWork previously identified the key customer groups as described above. These can be divided into Uitzenders (employment agencies), Resellers, ATS (Applicant tracking systems), AMC (arbeidsmarkt communicatie) Bureau’s (employer branding agencies), Media Bureaus (media agencies) and social media marketing agencies and of course, Eindklant (end customer).

**All-in-ones:**

In Germany the biggest main agencies are the all-in-one agencies, which incorporate various marketing and business related solutions, both in software as in service areas. As such, these companies advertise and manage job offers, but also provide software for companies to manage recruitment. The following companies can be seen as all-in-ones. Not all of them offer the exact same range of services, but do incorporate more than job-advertisements and employer branding services alone. As such, the line between the various companies is relatively vague and therefore can be “placed” differently in the upper scheme, according on how one is perceiving the services.

*1000jobbörsen.de* uses its experience in job boards to give advice on which ones to use and also optimizing the use these channels for companies.

*Aktor-Interactive* is a more international company, focusing on (inter)national employer branding, media and job advertisment management and corresponding software solutions.

A similar concept is *Arvato Medienfabrik*, which offers employer branding and job advertisement solutions, as well as recruitment services and career networks.

*Delphi*, provides employer branding services, applicant management services and software and job advertisments.

*Iventa* is a more recruitment-focused all-in-one, offering a range of facilities such as job advertising, employer branding and recruitment services. Furthermore they offer e-recruitment solutions and media services.

One of the most well-known is *Königsteiner Agentur*. They offer a complete range of services, from job advertising to full HR services and it programs.

Media-in-town uses both off- (printed) and online job advertisement channels. Furthermore they offer job board, employer branding and consulting services.

*Milchundzucker* is another all-in-one company, which offers a range of marketing solutions as well as software.

*Pro-spective* is a typical all-in-one, which uses an omni-channel approach. They offer a full range, 5 channel strategy as well as employer branding and process optimization solutions.

Another big all-in-one is *Sapient*, which offers digital solutions to companies (Sapient Global Markets) and governments (Sapient Government Services) in both internal business and marketing (Sapient Nitro) related areas.

**AMC**

One of the mayor AMC’s in Germany is *Köhler Kommunikation Werbeagentur*. This bureau is specialized in employer branding strategies.

*Dr. Schmidt and partner*, offers executive search services as well as HR media and employer branding.

DS-Media is specialized in corporate communication, advertising services, media strategy, applicant management and employer branding. It could also be considered as an “all-in-one” agency.

**Media Bureaus:**

There is a large range of various small and larger companies that have skills in media and PR management. Often these firms are more local (state) focused but some are active throughout Germany. A big company is *Valtech*, implementing omni-channel strategies for a full range service, ranging from the traditional brick-and-mortar to full digital services. Other bureaus dedicated to media are *Mediacom, OMD* and *Crossmedia*.

*UDG, United Digital Group*, is one of Germany’s largest internet agencies, and has offices throughout the country. Similar companies are *Sinner-Schrader* and *Plan-net*, also focusing on a complete digital marketing package. Therefore it is arguable that these three companies can also be seen as all-in-ones for the digital area (Bundesverband Digitale Wirtschaft (BVDW), 2015).

**Social Media bureaus**

On the area of social media, there are a lot of small companies active. It shows that it is a relative new business. Existing digital media bureaus incorporate social media strategies. Others start companies that are solely focused on social media. One such company is *Votum*, which offers e-commerce and brand communication solutions on social media. *Such-Dialog* and *Greate White Ark* (GWA) are similar, social-media focused companies.

**Employment agencies:**

In Germany we can identify two types of employment agencies. The first are employment agencies that are privately owned. The biggest ones are more or less the same as in the Netherlands, such as: *Randstad*, *Adecco, Manpower group*. Also in the employment agencies area there are niche companies to be found, such as *Autovision*, which is a sub-firm of Volkswagen. Other big firms are *Hofmann, ZAG Zeitarbeits-Gesellschaft* and *7 (S) Personal-Gruppe*, of which the latter is an employment agency focused on specialists in certain areas (HR, Marketing etc.) (Wirtschafts Woche, 2013).

The second group is the so called “job centers”, which are in place to support (long-term) unemployed people. These are either a collaboration of employment agencies and local authorities, fully owned agency by local authorities or fully privately owned agencies but under governmental supervision (Angloinfo, 2015).

**Recruiting agencies**

Although a lot of the all-in-one offer recruitment services, not all of them are solely focused on recruitment. *Job-agentur Cottbus* is one of the companies that is solely focused on recruitment. Another one is *Germanpersonnel*, it offers recruitment services and employer branding services, and as such can also be seen as an all-in-one provider as well.

**ATS**

*Team-neusta* is specialized in business software solutions, amongst others for applicant and employee management programs. *Softgarden* is specialized in E-Recruiting and applicant management software

#### Short summary



Figure 9 - German Market Overview

Most of the types of companies previously listed (all-in-ones, AMC’s, Media Bureaus, Social Media Bureaus, Employment agencies, Recruiting agencies and ATS’s and “work at” or company websites) can be seen as both potential competitors as well as customers. Job boards will be direct competitors, especially considering that they have a leading role in the German vacancy and recruitment market. Additionally there are the social media websites that provide extra services for employers, such as LinkedIn and XING. Through these social media employers can recruit directly, with the help of propriety software distributed by the two parties.

## Market growth

### Labor market growth

Currently the German labor market is growing, with year on year increases in employed people and decreases in unemployment rates (Statistisches Bundesamt, 2015). This means that there is an increase in the amount of jobs available in the country, and thus a higher rate of people being able to work. The estimate for April 2015 was another increase of 0.5%, or about 200.000 people extra that found a job. Moreover, there was a decrease of 103.000 people that were unemployed in April 2015, compared to April 2014. (Statistisches Bundesamt, 2015).

Table 4 - German Labor Market (Statistisches Bundesamt, 2015)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *X1000* | 2011 | 2012 | 2013 | 2014 |
| Population | 81,779 | 81,917 | 82,103 | 82,407 |
| Economically active population | 43,921 | 44,203 | 44,408 | 44,686 |
| Employed | 41,522 | 41,979 | 42,226 | 42,598 |
| Unemployed | 2,399 | 2,224 | 2,182 | 2,088 |
| Employees | 36,976 | 37,435 | 37,769 | 38,193 |
| Self-employed | 4,546 | 4,544 | 4,457 | 4,405 |

### Vacancy market growth

After a downturn in the number of vacancies in 2013 and 2014, 2015 promises to be a fruitful year with a strong opening of 528.2 thousand vacancies reported in January (Statistisches Bundesamt, 2015). The increase in jobs and vacancies can be traced back to the increase in domestic demand and exports. Real GDP rose with 1.6% in 2014, from 2,814.137 in 2013 to 2,908.384 in 2014 (Statistisches Bundesamt, 2015). Retail turnover (domestic consumption) went up with 5.3 percent, in comparison to 2014 (German Missions in the United States, 2015).

Figure 10 - Vacancies Germany (European Commission, 2014)

## Porters 5 forces



Figure 11 - Porters 5 Forces

As you can see in the model above (Rustenburg Consultancy, 2007), currently the mayor threats in the market are the power of suppliers, the rivalry amongst existing firms and the possible threat of new entrants. The influence from substitutes and the buyer power is relatively low.

#### Supplier power (Bargaining power of suppliers)

MrWork is generally very dependent on the services and functionality of social media. Furthermore, their entire company is web based, and as such, if either one of their online CMS’s, CRM’s, social media or internet as a whole breaks down, their business will suffer heavily. As such, according to the Kraljic Portfolio purchasing model, these services belong to the strategic items; high profit impact and a high supply risk (Kraljic, 1983).



Figure 12 - Kraljic Portfolio purchasing model

The implication of this situation is that MrWork is in a relatively vulnerable position, due to the lack of suppliers, in this situation, social media. Only a few are commonly used, which also differs per country and target group, as will be the case in Germany. Getting a balanced relation with the local social media, seeking out a two way profitable relation, would be key (e.g. in extra support setting up vacancy advertisements).

#### Threat of new entrants

The threat of new entrants is relatively high. Currently the technology and software solutions are rapidly evolving, and with it grows the amount of mobile devices and applications. As such, even though MrWork is currently a pioneer, they too will become outdated and will experience more competition on the field of social recruitment. It is currently still a new market, but new markets become old as well. Moreover, considering that Germans prefer relations in business (Rooks & Matzat, 2010), MrWork, as a Dutch company, will have a harder time building up relations with German companies and will take longer to do so. German market entrants will experience this less so.

#### Rivalry among existing firms

Currently there are a lot of suppliers in the German recruitment market. The market is quite fragmented, also a result of the larger scale of the country, and is still developing. More traditional recruitment methods such as newspapers and job boards are still commonly used. There are a few “powerhouses”, the all-in-one companies that offer a range of facilities as a complete package. These companies have a relative large market share and income (Online-Recruiting, 2013; Wirtschafts Woche, 2013) and thus a high power in terms of competitive advantage and intercompany relations. Although there is room for new (niche) startups and starters, this will only flare up more competition between al the companies. As such, it really comes down to having sustainable competitive advantages (SCA). The easiest way to approach this is with the model of Treacy & Wiersema, which opts for general grasp of all the areas (Operational excellence, Customer intimacy and Product leadership), but excelling in one of them (Treacy & Wiersema, 1993).

Figure 13 - T&W Model (Treacy & Wiersema, 1993)

The T&W diagram above shows that the highest values for MrWork are in the Product leadership and Customer intimacy areas (Treacy & Wiersema, 1993). The lowest value is in Operational excellence. Most of the high values are explainable because of the fact that MrWork is a young company, in a new area of business. This makes them a leader in their product, because there are not many direct competitors in the area of social recruitment.

Furthermore, their organization is still growing and continuously searching for new, long term clients. Because of this any good customer is king. Furthermore MrWork excels at delivering their services with a high quality and the customer in mind, tailoring their campaigns to the customers wishes.

Conclusively, MrWork’s Operational excellence is the lowest value of the three. This is because it is a young company, still growing in terms of employees, services and clients. This means that with this change in size, a change of internal processes and corresponding CMS and CRM systems happens. This leads to less efficient and effective processes that still need a lot of tweaking and changing. Therefore MrWork’s Operational excellence is the lowest value.

#### Bargaining power of buyers

The bargaining power of buyers is medium. This is because most of the buyers do not exactly know what they exactly need to improve their recruitment practices. Especially concerning online activities, a lot of companies do not exactly know what to do or what they are doing wrong. This is currently already the case in the Netherlands, which in terms of recruitment market is ahead of the German market (Vonq, 2015). Outsourcing recruitment practices is not uncommon and as such, their knowledge in the field remains relatively low. The biggest companies might have scale benefits through contracts with the larger all-in-one recruiters in Germany.

#### Threat of substitutes

The fact that it is a growing market makes it very likely that new types of recruitment processes are introduced. The German market is using social media more and more and thus German recruitment company’s services also change (Competitive Recruiting, 2014). For existing companies such as job boards this means a heavy increase in competition. Again, they have to rely on their previously gained relations with other companies, also something German companies prefer, having good relations and being able to build upon them (Hofstede G. , 2001; Rooks & Matzat, 2010). This need for relations makes that it is relatively hard to enter the German market, and thus there is a big need for German employees with larger social networks.

# Internal Analysis (Micro-environment)

#### Reputation

MrWork’s reputation is non-existent in Germany. However, currently in the Netherlands it is growing, as the recruitment market is moving towards social recruitment practices. Currently more and more parties acknowledge MrWork and its activities as viable for their organization. Bigger parties outsource their social media (recruitment) activities to MrWork. This good reputation can be used, and already existent partnerships can be used to start in Germany.

#### Perceived price/quality

The perceived price/quality is high at MrWork. The prices, and thus cost per hire, are quite low and usually there is a good amount of applications per vacancy. Of course, this depends on the vacancy function type and sought for target group. However, in general the cost per hire is lower when a vacancy is filled by using MrWork’s services.

#### Distribution position

Currently MrWork is not active on the German market yet. However, it is in a good position to start there as it already has partners and/or clients that are active in Germany. As such, it can try to expand into Germany by actively seeking vacancies through their partners/clients. These first channels can serve as the basis of an expansion strategy. So, based upon previously gained reputation and relations a steady expansion can be planned and new relations can be formed.

#### Success score product intro­ductions

The services of MrWork had mixed successes when introduced. First of all, the company has just now reached a level of maturity, before which its products needed a lot of pivoting and adjustments. Currently, its products are still developed further and will be maintained continuously. The main reason that MrWork is still growing is because the company is able and willing to adjust their products to the client’s wishes and changes in the market. As such, the company is still growing, increasing the rate of success of their service(s).

#### Loyalty staff

Currently the organizational structure of MrWork is very flat. Firstly this is because of the small size, secondly input from every employee in every business decision is appreciated and encouraged. The team is very close and can cooperate well together, thus enhancing the team spirit and will to put in effort for the company. Good relations and teamwork heavily determine motivation and job performance (Erkan Kabak, Şen , Göçer , Küçüksöylemez , & Tuncer , 2014), and as such has implications on the loyalty of the staff. According to Zopiatis, Constanti, & Theocharous (2014), a negative affective organizational commitment is related to turnover intentions and as such, keeping the relations positive and close will ensure a form of loyalty amongst the staff.

#### Gross margin

MrWork handles a margin of around 50% on its services.

#### Innovation power / R&D

Currently MrWork tries to update and upgrade its products continuously. Due to Dutch governmental regulations, labor taxes for development in young companies are very low and as such, it is actively searching for developers that can aid the growth of MrWork’s services and internal management systems. However, due to the fact that continuous investments are needed the overall innovative/R&D “power” is relatively low due to limited funds. This means that, in time, MrWork might have to face the consequences of diminishing health of their software applications and systems. Continuous maintenance and improvements are required due to the fact that Social Media, such as Facebook, continuously update and change their systems and “black boxes”. Without updating and maintaining the systems, integration and input from these sources will be unusable and inaccessible.

#### Scale of economies

Economies of scale are not applicable yet to MrWork. Up till now most of the campaigns could be handled by “human processing”, because of the limited amount of campaigns being launched. However, when MrWork grows bigger in campaign amounts, it will need to automate a lot of its processes in order to keep up with the demand.

#### synergies

Currently MrWork has a few partnerships, or synergies, in place. These partnerships with firms such as Adver-Online, Vonq and Randstad will be of utmost importance when it comes to the expansion of MrWork into Germany. These companies are already active in Germany and already deliver some campaigns for German firms to MrWork. Being able to already show a portfolio of German campaigns to German firms will generate (necessary) trust and a good basis for further acquisition of clients.

#### flexible organization

Because MrWork is a small company the organizational structure is very flat. This means that the flow of information is fast and the employees work close together. This also means that the organization is quite flexible and can adapt faster to changes than, say, bigger firms. However, with a possible increase of campaigns due to an increase in customers, MrWork should be prepared to grow in size and as such, lay a more apparent organizational structure.

#### Sustainable competitive advantages and core competences

One of MrWork’s major sustainable competitive advantages (SCA) is its database and knowledge on the targeting of potential applicants. Their years of experience and constructed databases provide a unique advantage that is not easily copied or replicated. This SCA also means that customers actually benefit from remaining customers, due to ever improving (campaign specific) targeting measures, thus improving the rate and quality of applicants.

A second one is the way MrWork handles its customers. By aiming for long standing relationships, each customer gets a tailored approach to ensure optimal campaign performance. This creates customer loyalty and is therefore very important for the future of MrWork.

The SCA’s lead to the following core competences for MrWork: “Targeting capabilities” and “Customer service”.

#### key success factors

MrWork observes the following KSF’s during their operations. Firstly it is delivering qualitative campaigns, because without these there is no reason for customers to stay.

Secondly it is keeping internal software up and running. Campaigns cannot be managed without the proper, functioning, software applications and as such keeping them updated is of utmost importance.

Thirdly it is communication, both internally and externally. Without the proper flow of information mistakes are easily made and concerning social media, once a statement is made it is not easily undone, thus further stressing the need for doing the targeting properly from the start.

# MaBa (GE Matrix) Analysis

## Market Assesment

Table - Market assesment MABA

|  |  |  |
| --- | --- | --- |
| Factors | Weighting (Market) | Ranking (Company) |
| Market Size | 0.2 | 100 |
| Market Growth | 0.1 | 75 |
| Competition | 0.3 | 75 |
| Price Sensivity | 0.1 | 50 |
| Entry Barriers | 0.3 | 75 |
| TOTAL | 1 | 77,5 |

**Market Size**: the market size is of medium importance (0.2), Germany has a large recruitment market and as such, there is a lot of revenue made in the market and enough room for market-challenging companies. Therefore the ranking is 100, the outlook on the size of the market is very positive from MrWork’s standpoint and because they already started building up relations this can be seen as a good score.

**Market Growth**: the market growth is of low importance (0.1). Currently the market is already very big and has enough place to support both very small and very large companies. From MrWork’s perspective the growth and changes in the recruitment market (moving towards mobile/social media), this offers good opportunities.

**Competition**: the competition in Germany is quite fierce; there are a lot of players in the market, both big and small. Especially the all-in-ones are well known. This is why the weighting is high (0.3). As such, the rating has been put on 75 because the competition is relatively high and should definitely be considered when entering the market. However, because MrWork is doing relatively new things, this means they have a kind of a first mover’s advantage, escpecially considering their gained expertise in the field of social recruitment.

**Price Sensivity**: price sensitivity is relatively low in Germany and as such has a lower weighting (0.1). Businesses first look for quality and service before prices. This means that the ranking for MrWork is medium, as it poses no imminent problems, especially concerning that their prices are low(er) than most other services in recruitment.

**Entry Barriers**: Germany has high entry barriers as businesses have known the market and preferably use locals (Germans) to obtain a place in the market, therefore the weighting is high (0.3). Also, this means that MrWork will have to work hard to gain the much needed trust and work with locals in order to do so. However, given that MrWork already has partners that are active in Germany, this might be overcome relatively well.

## Business Assesment

Table - Business Assesment MABA

|  |  |  |
| --- | --- | --- |
| Factors | Weighting (Market) | Ranking (Company) |
| Relative Market Share | 0.1 | 25 |
| Growth Market Share | 0.2 | 75 |
| Image/Reputation | 0.3 | 25 |
| Financial Aspects | 0.1 | 50 |
| Vision/Strategy/Policy | 0.2 | 75 |
| TOTAL | 1 | 50 |

**Relative Market Share**: The German recruitment market is quite fragmented, a lot of parties with their own specialties or a combined portfolio of services. However, as a new entry market share is not a big issue yet, which explains the low weighting (0.1). From MrWork’s perspective, this means that even though their current market share is low, the focus should lie on obtaining and growing their share, which explains the low ranking (25).

**Growth Market Share:** From a market perspective the growth of the market shares is of medium importance (0.2). Currently the market is fragmented but with enough room for both big and smaller firms, due to the yearly increase in size and revenue. From MrWork’s perspective growing is of a very high importance, because of the fact that they need to gain a foothold to start their business in.

**Image/Reputation:** Having a good reputation and image is important in the German market, as are good relations and trust, which explains the heavy weighting (0.3). From MrWork’s perspective this means using their already existing connections with German firms via their partners. However, this is still very limited and as such they get a low score of 25.

**Financial Aspects:** The financial aspects are of a relatively low essence in the German market, as both small as well as big firms are active and successful in the recruitment market. However, from MrWork’s perspective, starting somewhere new as an expansion will need the necessary funding and as such, is of relative high importance to them, resembling the score of 50.

**Vision/Strategy/Policy:** having the right strategy in an quite rapidly moving market such as recruitment is essential and as such, is rated quite high (0.2). In MrWork’s case, this means planning a good market entry strategy and policy, combined with the vision which started the company in the first place. As such, a rating of 75 is given because of its importance to the company.

## MaBa Model Analyisis

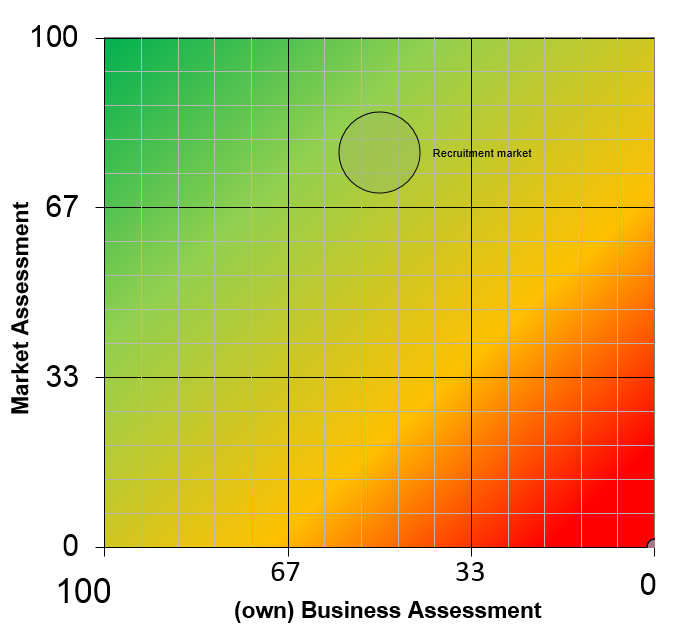


Figure 14 - MaBa (GE Matrix) (McKinsey & Company, 2008)

After the analysis the outcome is that MrWork should invest and focus on growth. The three green areas on the left side indicate that this is possible, as they represent the indicator of invest/expand. However, given the fact that it is relatively close to the orange centre, an area that represents selective/careful investments, there is a clear indication that there are some factors weighing down on the outcome of the analysis. These are related to the (own) Busines Assesment, in the forms of low market share, reputation and financial aspects within the company.

The market share and reputation are things that will come gradually, since MrWork is not yet very active in Germany. Financial however, MrWork is highly dependent on investments from outside the company and is not yet profitable. Turning this around would increase the growth and potential for success even further.

# Space Matrix analysis

1. Subfactors re: 'environmental stability' (ES)

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Subfactors re: 'Industry strength' (IS)  |  |  | | --- | --- | | Subfactors: | Value (where “6” is little, “0” is many): | | Growth market | 4 | | Profitability market | 5 | | Competition intensity | 2 | | Technological knowhow | 5 | | Use of resources | 5 | | Capital intensity | 5 | | Entry barriers for existing market player | 4 | | Productivity / capacity use | 4 | | Flexibility industry, e.g. locations | 5 | | Others, e.g. outsourcing, co-engineering | 4 |  |  |  | | --- | --- | | Subfactors: | Value (where “6” is low, “0” is high): | | Technical changes | 3 | | Inflation rate | 6 | | Demand fluctuations | 4 | | Price range/Competing products/services | 2 | | Confidence in economy/future | 5 | | Co-operations/alliances in industry | 4 | | Price (in-)elasticity | 2 | | Shortage of qualified employees | 2 | | Others (influence of Gatt, WTO, EU, Authorities | 2 |  1. Subfactors re: 'Competitive advantage' (CA) |
| |  |  | | --- | --- | | Subfactors: | Value (where “0” is small, “6” is big): | | Market share | 0 | | Product range and quality | 5 | | Position / stage in product life cycle | 4 | | IT use | 5 | | Customer loyalty | 4 | | Capacity use e.g. production | 5 | | Technological knowhow | 5 | | Vertical integration in industry | 3 | | Others e.g. branding | 2 | |
| 1. Subfactors re: 'Financial Strength' (FS)  |  |  | | --- | --- | | Subfactors: | Value (where “0” is low, “6” is high): | | Return on investment | 4 | | Solvability | 2 | | Liquidity | 1 | | Needed financial resources | 1 | | Cash flow | 2 | | Exit barriers | 4 | | Company risks | 1 | | Others e.g. credibility for bank | 2 | |
|  |

1. SPACE Matrix Model



Figure 15 - SPACE Matrix (Rowe, Mason, Dickel, Mann, & Mockler, 1994)

The SPACE (Strategic Position and Action Evaluation) Matrix analsysis shows that MrWork should follow a competitive strategy in the German recruitment market. The market is very attractive, yet it can be considered unstable due to the competition within and fragmentation of the market. MrWork should either attract more investments to increase its marketing activities, sales activities, or improve its current products. Other options could include further cutting of costs and/or increase productivity, in MrWork’s case this can only be achieved by attracting more customers, in order to obtain benefits of scale. The final option is to merge with a competitively less advantaged company, but with a solid financial base. This would save MrWork a lot of financial shortcomings, but does give up its unique, independent, identity (Radder & Louw, 1998).

# Final SWOT analysis

## SWOT overview

Table - SWOT Overview

|  |  |  |  |
| --- | --- | --- | --- |
| Strengths | Weaknesses | Opportunities | Threats |
| Very strong knowledge of recruitment and EB via social media | CMS and CRM systems are not fully developed yet | Large market and growth potential for recruitment (rev. €23.7 billion vs Netherlands €10.8 billion) | Less advanced market (difference in (active) recruitment habits) |
| Intimate customer relationships (tailor made products) | No economies of scale applicable yet | Prosperous country | Jobboards marketleaders |
| Good reputation amongst its Dutch clients | Low budget for R&D purposes | High vacancy rate vs unemployment rate | HR managers not very accustomed to using Social Media for Recruitment purposes |
| Small but highly loyal and involved staff | An exhaustive amount of people able to work on key activities | Social media is not fully used for recruitment | Business is a trans-hierarchical and bureaucratic process |
| Strong partnerships with bigger firms | Financially not independent, exhaustive funds | Active use of XING, getting to know its possibilities, gain expertise | Germans prefer Germans in business |
| Very flat and flexible organization | Not well known, almost no brand awareness due to being new in the market. | Full active recruitment not very common yet | Germans more willing to terminate business due to masculine culture |
| MrWork’s services are relatively cheap but effective and allow for high margins up to 50% | (Almost) zero market share. | Employer branding growing topic | Uncertainty avoidance (hard to introduce new ways) under older generation. |
| Internet based, can operate from anywhere | MrWork’s portfolio only involves Social Media | Mobile recruitment next big thing | Existing partnerships between German competitors (jobboards/all-in-ones) |
| Strong network | No German employees active in the company | Very similar cultures, except masculine/feminine and indulgence | Big all-in-one firms dominate the market |
| Already partners with bigger firms that have moved into Germany |  | Incorporation/cooperation with all-in-ones | Recruitment programs in place by social-media |
|  |  | Growing labor and vacancy market | Relatively fast technology movements, rapid market movers |
|  |  | Generally little knowledge of recruitment practices amongst businesses | Lack of suppliers: Few social media, highly dependent on them and their services |
|  |  | Economies of scale/benefits can be obtained with growth | Without proper funding, MrWork’s products might become outdated due to lack of R&D |
|  |  |  | Growth might mean a less flexible organization structure |

From this overview of strengths, weaknesses, opportunities and threats, the major variables have been selected to be used in the following chapter; the Confrontation Matrix (CM). The following SWOT has been used to construct the CM.

Table - SWOT Summary

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Strengths | Weaknesses | Opportunities | Threats |
| 1 | Intimate customer relationships | Financially weak | Shortage in qualified personnel (Germany) | Cultural differences (summed up) |
| 2 | Very strong knowledge of recruitment and EB via social media | IT systems under construction | Incorporation/cooperation with all-in-ones | Lack of suppliers |
| 3 | Very flat and flexible organization | Small workforce | Economies of scale | Differences in (active) recruitment habits |
| 4 | Small but highly loyal and involved staff | No brand awareness | Market potential | Rapid market movements |

## Confrontation matrix

Table - Confrontation Matrixd

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Opportunities** | | | | | **Threats** | | | | |
|  |  | O1 | O2 | O3 | O4 | T1 | T2 | T3 | T4 | **Totaal** |
| **Strengths** | S1 | 0 | + | 0 | + | 0 | - | + | 0 | 2 |
| S2 | ++ | ++ | 0 | + | 0 | 0 | + | + | 7 |
| S3 | 0 | + | + | 0 | + | + | + | + | 6 |
| S4 | 0 | + | 0 | 0 | + | 0 | 0 | 0 | 2 |
| **Weaknesses** | W1 | 0 | + | 0 | -- | 0 | 0 | 0 | - | -2 |
| W2 | 0 | 0 | - | 0 | 0 | - | 0 | -- | -4 |
| W3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | -1 |
| W4 | 0 | ++ | 0 | - | - | 0 | 0 | 0 | 0 |
|  | **Totaal** | 2 | 8 | 0 | -1 | 1 | -1 | 3 | -2 |  |

## Confrontation Matrix Analysis

Of MrWork’s main opportunities number 1: Shortage in qualified personnel (Germany)” and 2: Incorporation/cooperation with all-in-ones” are the best scoring ones, of which especially the latter is the most promising. The major threats that MrWork is facing are threat 2: “Lack of suppliers” and 4: “Rapid market movements” are the ones that MrWork needs to keep an eye on, whereas threat 3: “Differences in (active) recruitment habits” can be overcome by MrWork’s strengths.

Overall, MrWork has a powerful set of strengths, of which strengths 2: Very strong knowledge of recruitment and EB via social media” and 3: Very flat and flexible organization” are the ones that stand out from the other two. MrWork’s biggest weaknesses are weakness 1:”Financially weak” and weakness 2: “IT systems under construction”.

###### Opportunities vs. strengths clustered:

It becomes clear that strength 2: “Very strong knowledge of recruitment and EB via social media” and Opportunity 2: “Incorporation/cooperation with all-in-ones” match well together and form a cluster upon which MrWork can concentrate and profit from.

This means that by showing what MrWork is capable of on the Dutch market, it can attract possible cooperation with German “all-in-ones” or similar enterprises. This will combine the financial strength and local market knowledge with the technical and product knowledge that MrWork has. This will be a win-win situation for both parties. Since MrWork is small and quite flexible, and has a focus on customer relations, they can quickly adapt to the German way of business and the local market situation with the help of these companies. This will increase the market potential, as it will now have the means, knowledge and knowhow on how to enter the German market. Furthermore, this opportunity will in turn lead to a higher number of campaigns and thus a chance to start introducing economies of scale into the company. This has, up to now, had no priority due to the manageable number of campaigns that MrWork received, increasing this number will push the need for more efficient planning and execution of campaigns.

###### Threats vs. weaknesses clustered:

A cluster that deserves some attention is situated mainly under threat 4, including the first three weaknesses. Threat 4 “rapid market movements”, has effect on many of MrWork’s weaknesses and as such these weaknesses should be improved upon to be able to cope with the market changes.

These rapid market changes can be seen as two major factors that play a role. Firstly it is the role of competitors developing their own set of alternative products and skills that either are like MrWork’s products, or substitute them entirely. Secondly, (mobile) technologies, social media and applications change constantly, making it very hard to maintain a “pole position” when it comes to these factors. For example, Facebook might decline very fast in the coming years, which is something MrWork should anticipate for, by identifying new technologies, social media or applications. Hence, having a limited budget for R&D purposes might mean that without proper research and investments, MrWork might miss out on the incorporation of new successful Social Media or added functions of these. An added problem is that there are only a limited number of (either successful or interesting in the field of recruitment) Social Media and applications available, rendering MrWork very dependent on them.

Furthermore, since MrWork has only a small and irregular development team, based on part-timers, interns and freelancers, that can deal with short and long term market movements this might prove to be dangerous. Any unanticipated changes to Social Media and their applications might lead to problems with data collection and incorporation. Additionally, in a few years’ time previously invested money can be considered as lost, due to the substitution of certain Social Media. Therefore, especially as a small firm and considering the fact that what the future holds is quite a “black box”, it is of utmost priority to follow every market movement and plan strategically (long term).

# Final conclusions

###### Market situation

All in all, the German labor and vacancy market are looking very healthy. The job market is growing thanks to the prosperous economy of Germany, and as such, more and more companies offer new jobs. The decrease in unemployment is another form of proof that the job market is doing well. The vacancy rate in Germany was 3.2%, or 1.264.707 jobs, by Q4 2014, making it the highest in Europe (Eurostat, 2015). Relatively speaking, the largest amount of vacancies were to be found in the temporary employment sector in wholesale and retail trade and the repair and maintenance of vehicles and personal and household goods, in health care and social services and in manufacturing. The general trend in the labor market is one of continuous and stable growth. There is a growing number of women participating in the market and, in general, the number of vacancies increase whereas the number of unemployed is going down.

An interesting prospect is the balance between unemployment rate and the vacancy rate, or number of vacancies in Germany. Currently the number of vacancies is growing, whereas the number of unemployed people is decreasing. This leaves less and less labor force available to fill in all the positions, especially concerning the higher tier jobs (college/university grade jobs). This will increase the need for more extensive employer branding strategies, as it will become harder to find, select and recruit prosperous applicants. Furthermore, the need for finding and reaching more latent job-searchers will increase. Many people that already have a job are not (actively) considering moving to another job, but are (un)subconsciously open for a new challenge. The scarcity for qualified hires will push companies to expand their employer branding strategies and job advertisements to be able to reach these people. Furthermore, working conditions of foreign businesses are subject to the collective agreements and regulations in place for corresponding German employers.

###### Revenues

The total recruitment annual sales revenue accounts for €415 billion worldwide, of which about 28.5% is from the EU. This 28.5% counts for about €118 billion. Germany accounts for about 5.7% of the total sales revenue share, making it about €23.7 billion of annual sales revenue that is made in the total German recruitment sector. For the Netherlands it is 2.6% of the total annual sales revenue, accounting for about €10.8 billion (CIETT, 2015).

###### Recruitment trends

All in all the relative trends are that although job boards remain the biggest providers of hires, recruitment via social media is growing. Internal hiring and referral programs are also becoming important and with it the use of employer branding (strategies). German HR managers are aware of this and seem willing to decrease employee turnover and increase retention strategies. The general trend is that even though many German companies are aware of the benefits, proper strategies of implementing recruitment are not always place yet, therefore German companies are also lacking in the variance of the advertisement channels and the number of ads for their vacancies.

###### German culture

The history of relationships is very important for German companies, and has a much stronger effect on trust (Rooks & Matzat, 2010). Therefore, companies from other nationalities need to prove their worth by examples backed up by the necessary figures and facts, in order to be able to gain the German companies trust. The interview with Vonq delivered similar results and advised that it is usually better to do business in Germany by making use of Germans, as they are already familiar with the culture. Furthermore, due to the masculine nature, German companies are much more willing to terminate relations with companies after unsatisfactory transactions, compared to their Dutch (feminine natured) counterparts which prefer a more mediating, long lasting relationship (Rooks & Matzat, 2010; Hofstede G. , Dimensions of national cultures, 2015). This further presses the importance of doing business on a very professional level, aiming for the best results in both intercompany relationships as well as the delivered service and product.

Study performed by Rooks and Mazat (2010) showed that on many aspects of business culture the Netherlands and Germany are alike, simplifying the process of market entry into Germany. The major differences are in masculinity and femininity, and indulgence and restraint. The latter describes the degree to which a country is open to the relatively free gratification of basic and natural human drives related to enjoying life and having fun, as opposed to the restraining cultures, in which these needs are suppressed by rules and regulations (one of the results of uncertainty avoidance) (Hofstede G. , Dimensions of national cultures, 2015).

###### Target group

The number of companies that fit MrWork’s target group (medium and large sized companies) is about 66.612 companies, which roughly make up about 3% of the total amount of enterprises in Germany (European Commission, 2014). Of course, not all of these companies would be suited to be a customer or partner of MrWork, but it does give an impression of the target group size.

Most of the types of companies (all-in-ones, AMC’s, Media Bureaus, Social Media Bureaus, Employment agencies, Recruiting agencies and ATS’s and “work at” or company websites) can be seen as both potential competitors as well as customers. Job boards will be direct competitors, especially considering that they have a leading role in the German vacancy and recruitment market. Additionally there are the social media websites that provide extra services for employers, such as LinkedIn and XING. Through these social media employers can recruit directly, with the help of propriety software distributed by the two parties.

###### Porters 5 forces

Porters 5 forces model has shown that the mayor threats in the market are the power of suppliers, the rivalry amongst existing firms and the possible threat of new entrants. The influence from substitutes and the buyer power is relatively low. MrWork is generally very dependent on the services and functionality of social media. Furthermore, their entire company is web based, and as such, if either one of their online CMS’s, CRM’s, social media or internet as a whole breaks down, their business will suffer heavily. As such, according to the Kraljic Portfolio purchasing model, these services belong to the strategic items; high profit impact and a high supply risk (Kraljic, 1983). The implication of this situation is that MrWork get a balanced relation with social media active in Germany and seeking out a two way profitable relation would be key. The threat of new entrants is relatively high due to rapidly evolving technologies, and with it a lot of companies that start using them. Currently there are a lot of suppliers in the German recruitment market. The market is quite fragmented, also a result of the larger scale of the country, and is still developing.

###### Treacy and Wiersema value strategies

The T&W diagram has shown that the highest values for MrWork are in the Product leadership and Customer intimacy areas (Wiersema & Treacy, 1995). The value is in Operational excellence. Most of the high values are explainable because of the fact that MrWork is a young company, in a new area of business. This makes them a leader in their product, because there are not any real direct competitors in the area of social recruitment.

Furthermore, their organization is still growing and continuously searching for new, long term clients. Because of this any good customer is king. Additionally, MrWork excels at delivering their services with a high quality and the customer in mind, tailoring their campaigns to the customers wishes.

Conclusively, MrWork’s Operational excellence is the lowest value of the three. This is because it is a young company, still growing in terms of employees, services and clients. This means that with this change in size, a change of internal processes and corresponding CMS and CRM systems happens. This leads to less efficient and effective processes that still need a lot of tweaking and changing. Therefore MrWork’s Operational excellence is the lowest value.

###### MaBa analysis

The MaBa analysis showed that MrWork should focus on growth. The market is very attractive, yet it can be considered unstable due to the competition within and fragmentation of the market. However, there is a clear indication that there are some factors weighing down on the outcome of the analysis. These are related to the (own) Busines Assesment, in the forms of low market share, reputation and financial aspects within the company. The market share and reputation are things that will come gradually, since MrWork is not yet very active in Germany. Financial however, MrWork is highly dependent on investments from outside the company and is not yet profitable. Turning this around would increase the growth and potential for success even further.The implication of this situation is that MrWork is in a relatively vulnerable position, due to the lack of suppliers, in this situation, social media. Only a few are commonly used, which also differs per country and target group. Getting a balanced relation with the local social media, seeking out a two way profitable relation, would be key (e.g. in extra support setting up vacancy advertisements).

###### Space matrix

The SPACE Matrix analsysis has shown that MrWork should follow a competitive strategy in the German recruitment market. The market is very attractive, yet it can be considered unstable due to the competition within and fragmentation of the market. MrWork should either attract more investments to increase its marketing activities, sales activities, or improve its current products. Other options could include further cutting of costs and/or increase productivity. The final option is to merge with a competitively less advantaged company, but with a solid financial base (Radder & Louw, 1998).

As an answer to the main question: “What should MrWork do to successfully introduce its services in the German online vacancy market?” the following options have been identified:

###### Zero Option: Postpone an expansion into Germany and keep focusing on growth in the Netherlands

This plan involves MrWork postponing the plans for expansion. No extra investments will be needed.

**Suitability:** This plan is suitable, however it does not solve the main problem of entering the German market. It does help minimize threats and possible weaknesses. Threats such as cultural differences do not have to be solved. Furthermore, no extra initial investments are needed, enabling this money to be used on improving the business itself. However, it also minimizes opportunities, since growth is now restricted to the Netherlands and therefore introducing economies of scale will be harder due to the abstinence of a higher number of campaigns coming in.

**Feasibility (FOETSJE): *Financial*:** there is no extra funding necessary and as such, there are no extra costs. ***Organizational*:** no adjustments needed. ***Economic*:** no adjustments needed. ***Technologic*:** no other adjustments needed than further developing its systems and products. ***Social / strategic*:** no further action needed. ***Juridical*:** no further action needed. ***Ethics***: no further action needed.

**Acceptability:** the main reason why this option is not very acceptable for all the stakeholders and shareholders is because it does not provide enough growth and revenue. Investments made in the company and the chance for further investments depend on the economic prospects of the company. For the current employees it would mean less work, as an expansion would also demand more input and output from them.

###### Option 1: Use existing partners to grow gradually in Germany

This plan involves the use of existing partners that already provide campaigns for German companies to MrWork.

**Suitability:** This plan is quite suitable, as it involves expansion with minimal costs and a medium level of time input. It minimally follows the outcome of the MaBa analysis, increasing the growth. It does take away the financial risks. It has a minimal effect on the threats and possible weaknesses. Cultural differences are to be taken into account. However, the main dealing with the “end customer” are done by the partners. It improves the number of opportunities, since growth in campaigns and revenue is now increased and therefore introducing (better) economies of scale will be possible. This does require adjustments to the CMS systems, enabling a German language and social media such as XING. Its strengths remain the same or will grow, because of the new experiences MrWork gets from increase in scale and experience on the German market.

**Feasibility: *Financial*:** Financially speaking, this option requires some investments. Primarily, current account managers should push MrWork’s partners to obtain more campaigns in Germany, which would take up to 2 hours weekly at a rate of €18 per hour maximum. Furthermore, MrWorks CMS needs a translation and XING integration, which requires some programming and a translator. Estimates are a week of (re-)programming, or 40 hours, at a rate of €19 per hour maximum (Loonwijzer, 2015). Translation costs come at €0.13, with approximately 5000 words (Eurotaal, 2015). This comes to a total of ((2\*18)+(40\*19)+(5000\*0.13))= €1446, with an approximated maximum of €2000. ***Organizational*:** The option requires obtaining more German campaigns via existing partners, which is extra work for the account managers. Furthermore, campaign planners have more work to do and basic understanding of German is required. Obtaining an extra intern or employees with knowledge of German might be necessary. ***Economic*:** the plan is acceptable, as it fits the general idea of growth both nationally as internationally. ***Technologic*:** only minor system changes and additions in the CMS are required. ***Social*:** as long as the company does not grow too quickly and loses its core values, the plan is acceptable. ***Juridical*:** juridical influences are minor, due to the fact that the main business is handled by MrWorks partners. Only copyright should be more strictly enforced due to German laws on copyright infringement. ***Ethics*:** no further action needed.

**Acceptability:** the plan is acceptable for the stakeholders because it involves minimum input and change, whilst it improves the growth rate and revenue streams of MrWork. The plan will lead to more work and possible expansion in the number of employees, but further changes come gradually as the company grows.

###### Option 2: Attract/use investments to start up a small business in Germany and actively seek new Customers

This plan makes use of existing partnerships and opening up business in Germany by actively searching for new customers to work with.

**Suitability:** This plan is suitable, but does require heavy investments. It fully follows the outcome of the MaBa analysis, increasing the company’s growth and expansion. It has a high effect on the threats and possible weaknesses. Cultural differences are to be taken into account, since it involves direct expansion. As such, German employees need to be hired. It improves the number of opportunities greatly, since growth in campaigns and revenue is now increased a lot and therefore introducing (better) economies of scale will be possible. This also requires adjustments to the CRM systems and CMS systems, enabling a German language and social media such as XING. Its strengths will increase because of the inclusion of German employees that have knowledge of the German recruitment market and culture.

**Feasibility: *Financial*:** Financially speaking, this option requires high investments. Primarily, a German sales/account manager (avg. wage of €3.494 p/m) as well as a German customer support/campaign planner (avg. wage of €2.333 p/m) should be hired (Gehaltsvergleich, 2015). Furthermore, MrWork’s CMS needs a translation and XING integration, which requires some programming and a translator. Estimates are 40 hours of programming, at a rate of €19 per hour maximum. Translation costs come at €0.13, with approximately 5000 words. A lease car is needed for transportation and sales meetings, coming in at around €250 to €500 per month before tax deductions, depending on the model (Directlease, 2015). Conclusively, a small office (approx. €1000 p/m for 90 m2 in Frankfurt) with office supplies and infrastructure (approx. €3000) is needed (Immobilienscout24, 2015). This comes to an initial “first year” cost of (((3494+2333)\*12)+(40\*19)+(5000\*0.13)+(300\*12)+(1000\*12)+3000)= €89.934, or roughly €100.000. ***Organizational*:** The option requires changes to the organization. Firstly it requires an international perspective, by combining Dutch and German workforce. Furthermore, depending on the amount of vacancies that come in, campaign planners have more work to do and basic understanding of German is required amongst most of the employees. ***Economic*:** the plan is acceptable, but has to be sold to investors. It does fit the general idea of growth both nationally as internationally. ***Technologic*:** changes to the CMS and CRM are needed (translations). ***Social*:** socially speaking, expansion and financial success are appreciated. As long as the company does not grow too quickly and loses its core values, the plan is acceptable. ***Juridical*:** juridical influences are relatively big, due to the fact that German law and regulations have to be followed and understood. ***Ethics*:** no further action needed.

**Acceptability:** the plan is acceptable for the stakeholder, but it involves many changes in the business, and as such, needs to be explained and “sold” carefully. It improves the growth rate and revenue streams of MrWork, which is of interest for its shareholders.

###### Option 3: Find a well-established German recruitment firm and partner/merge with them

This plan makes use of existing partnerships, new customers and direct partnerships or integration with bigger German recruitment firms.

**Suitability:** This plan is suitable, but very extensive and requires heavy planning, time and investments. It fully follows the outcome of the MaBa analysis, increasing the company’s growth and expansion. It also takes away the weakness of MrWork: its financial shortcomings, by sharing the risk with a partner/merger. Cultural differences are to be taken into account, since it involves direct expansion and integration and as such, German employees need to be hired. Financial weaknesses are diminished but autonomy is also being reduced, making the organization less flexible. It improves the number of opportunities greatly, since growth in campaigns and revenue is now increased exponentially, and therefore introducing (better) economies of scale will be possible. This also requires adjustments to the CRM systems and CMS systems, with possible integration with the partner’s/merger’s systems. Its strengths will increase because of the inclusion of the market knowledge of the partner’s firm.

**Feasibility: *Financial*:** Financially speaking, this option requires high investments. Primarily, a German sales/account manager (avg. wage of €3.494 p/m) as well as a German customer support/campaign planner (avg. wage of €2.333 p/m) should be hired, possibly even one or two more depending on the amount of work coming in (Gehaltsvergleich, 2015). Furthermore, MrWork’s CMS needs a translation and XING integration, as well as an integration with the partner. Programming will take up to 200 hours, at a rate of €19 per hour maximum. Translation costs come at €0.13, with approximately 10.000 words. At least one lease car is needed for transportation and sales meetings, coming in at around €250 to €500 per month before tax deductions, depending on the model (Directlease, 2015). Conclusively, a small office (approx. €1000 p/m for 90 m2 in Frankfurt) with office supplies and infrastructure (approx. €5000) is needed (Immobilienscout24, 2015). This comes to an initial “first year” cost of (((20000)\*12)+(200\*19)+(10000\*0.13)+(600\*12)+(1000\*12)+5000)= €269.300, or roughly €300.000. However, these costs might be bigger or smaller, depending on the partnership. ***Organizational*:** It requires an international perspective, by combining Dutch and German workforce. Integration between the two firms is required, and as such, this will need extensive planning and communication. ***Economic*:** the plan is acceptable, but a viable partner has to be found and convinced. It does fit the general idea of exponential growth both nationally as internationally. ***Technologic*:** many system changes and additions are required, but technologically speaking the plan is feasible since everything is online. However, it requires many links and system adaptations with the partner firm. ***Social*:** a lot of social/strategic changes will have to be made to line up the two firms. This might lead to complaints and resistance from both sides, as core values will be reset. ***Juridical*:** juridical influences are very big, since both Dutch as German juridical influences will be apparent. ***Ethics*:** No further action is needed besides choosing the “greenest” options for capital and consumables.

**Acceptability:** the plan might lead to resistance of current shareholders, as they might not want to see MrWork merged with another firm. Employees however might resist a lot, since there will be big changes around the company and the amount of work that needs to be done. Furthermore, current Dutch partners might see this cooperation/integration as a threat to their business and partnership with MrWork.

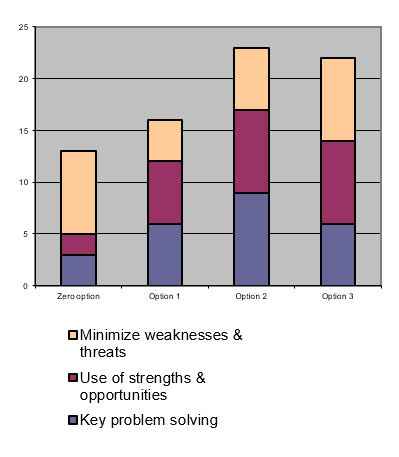
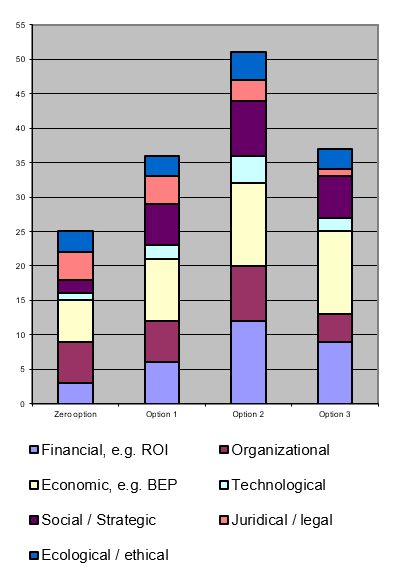


Figure 16 - Suitability of Options Figure 17 Feasability of Options

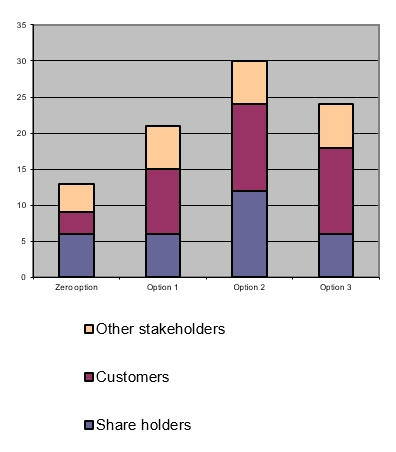
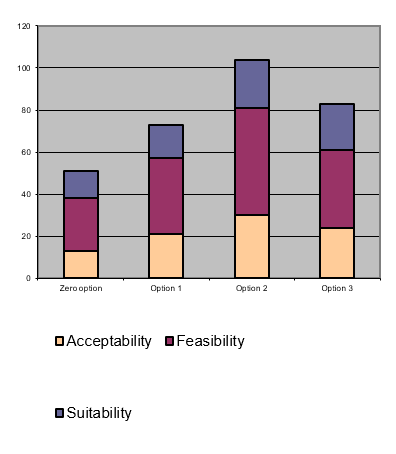
 

Figure 18 - Acceptability of Options Figure 19 - Total Score of Options

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