Are there business prospects for the XY group on the Dutch market?

Masterthesis

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Management Summary

The research at hand has been carried out on behalf of the XY group. The company is headquartered in XY/Germany and is active in the temporary staffing industry. From its subsidiary in XY/Germany (located at the German-Dutch boarder) the company has been dispatching little quantities of German workers to the Netherlands for several years now. However, the management is estimating that there is more growth potential for the company on the Dutch market and has also developed some ideas where and how to get on the market. The company eventually decided to conduct a professional market analysis regarding its possibilities in the neighboring country. Within this research it will be systematically investigated whether XY should enter the Dutch market and which market entry option is then most appropriate.

Firstly, all the strengths and weaknesses of the company that influence a possible market entry were examined by means of an internal analysis. Secondly, an external analysis of the opportunities and threats that arise from the legal circumstances and the demand and supply situation in the Netherlands was conducted.

The results of the internal analysis showed that XY´s strategic capabilities are not transferable to the Dutch market and that the company has to work on internal deficiencies. The external analysis retrieved that the temporary staffing market in the Netherlands is highly competitive and that XY´s services are not distinguishable on the Dutch market. Also the working population as well as the number of unemployed people in the Dutch and the German market are declining. Therefore neither the market entry options with base in the Netherlands (e.g. a merger or an acquisition) nor with base in Germany (e.g. intensifying the activities in the subsidiary in XY) could be recommended. These findings led to the advice not to enter the Dutch temporary staffing industry at the moment.

This is why recommendations are given instead of a marketing plan. The company first of all has to establish its position on the German market before it should reconsider entering the neighboring market. It is advised that the company works on its internal weaknesses. In addition, the company should consider implementing a Dutch trend in the field of HR services, namely training and development, to gain a competitive advantage.

This report is also valuable for the academic community. As little research has been conducted about the internationalization of small and medium sized temporary staffing industry new insights have been gained here. In addition, the step by step framework that has been developed can serve as a framework for other temporary staffing agencies that wish to enter foreign markets.

List of abbreviations

[ABU]	Algemene Bond Uitzendondernemingen
[BA]	Bundesagentur für Arbeit
[CBS]	Centraal Bureau voor de Statistiek
[CEO]	Chief Executive Officer
[CFO]	Chief Financial Officer
[CLA]	Collective Labor Agreement
[COO]	Chief Operating Officer
[CPB]	Central Planning Office
[CV]	Curriculum Vitae
[CWI]	Centrum voor Werk en Inkomen
[EU]	European Union
[Eurociett]	European Confederation of Private Employment Agencies
[HR]	Human Resources
[ICT]	Information and Communication Technology
[IGZ]	Interessenverband deutscher Zeitarbeitsunternehmen
[NBBU]	Nederlandse Bond van Bemiddelings- en Uitzendondernemingen
[POWI]	Platform Onderwijs, Werk en Inkomen
[SWOT]	Strengths-Weaknesses-Opportunities- and Threats analysis
[SZW]	Ministerie van Sociale Zaken en Werkgelegenheid
[WAADI]	Wet Allocatie Arbeidskrachten door Intermediairs
[WAGA]	Wet arbeidsvoorwaarden grensoverschrijdende arbeid

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1. RESEARCH PLAN

1.1 Company background and objective of the research

Confidential

1.2 Background of the Market Entry in the Netherlands and objective of the research

Confidential

The objective of this research is to identify the possibilities for the AMG group to enter the Dutch market. It will also be evaluated whether the firm´s ideas about a possible market entry are feasible.

1.3 Problem formulation

Management forecasts a market potential for its services on the Dutch market. The purpose of this assignment is to determine if the companys´ services could be transferred under the given internal and external conditions in order to ensure the company of a successful and sustained position on the Dutch market.
The problem can therefore be stated as follows:

How can the XY Group transfer its services successfully to the Dutch market?

The output of the research is a systematic evaluation of potential business prospects for the company on the Dutch market. In case there are possibilities an advice will be given regarding the best way to enter the market. In addition to that an implementation plan will be generated.

1.4 Theoretical Framework and Research Questions

In the literature several approaches towards the internationalization of firms can be distinguished. Swoboda and Foscht (2005) found four basic perspectives concerning the internationalization process of firms: the experiential learning perspective, the systematic planning perspective, the evolutionary perspective and the contingency perspective. Though the systematic planning perspective is not the most recent perspective it was chosen to approach the problem of AMG. The systematic planning perspective assumes that the internationalization of a firm can best occur by a systematical planning. This implies several steps based on market research and planning (Root, 1994, Yip, Biscarri and Monti, 2000 and Miller, 1993).

The systematical planning perspective approach that was taken by Root (1994) is chosen for this research since it provides a complete, applicable and incremental overview of the internationalization process of firms. This is a great advantage above many other theories covering only the decision-making or market screening process, which makes it difficult to apply these to a practical setting (e.g. theories of Meffert & Bruhn, 2000, Yip et al., 2000, Miller, 1993).

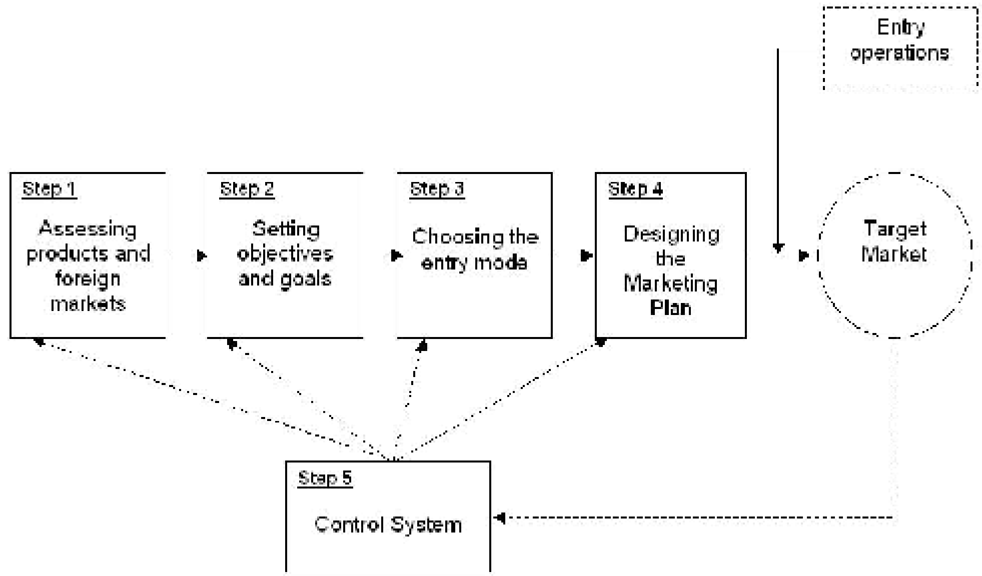


Figure 3: The elements of an International Market Entry Strategy, Root (1994)

Root (1994) regards the internationalization of firms as an incremental decision making process (compare figure 3). Within this process the following steps have to be taken: First of all, the firm must assess the products it wants to sell abroad and the markets it wants to enter. Secondly, the objectives and goals must be set, before the company has to choose an appropriate entry mode in the next step. In the fourth place the marketing plan is being designed. Finally, a control system should be developed to monitor the operations and to revise the entry strategy.

In the case of the internationalization process of the XY group the first two steps are already completed as decisions about the services the company wants to internationalize, the target market and the objectives and goals have been taken already. This research will therefore concentrate on the third step. Here the information about factors that influence the entry modes will be gathered, it will be decided if a market entry is wise and which market entry mode should then be chosen. In case the third step reveals that business prospects exists on the Dutch market the fourth step will be realized as well and a marketing plan will be formulated. Due to time constraints within this research a possible fifth step is excluded.

Although XY is not a manufacturing but a service company and Roots (1994) theory applies overall to the manufacturing sector, it can be used as framework for this research. Meffert and Bruhn (2000) claim that because of similarities in the planning process of product and service companies the same questions concerning the internationalization arise for both types of companies. The questions concern the analysis of the international situation, the international market choice, international market entry choice and the international market cultivation strategy.

Still, the composition of the several steps has to be adapted to the service sector because of the different characteristics of services like intangibility, inseparability, heterogeneity and perish ability (Búrca , Fletcher & Brown, 2004). Lommelen and Matthyssens (2005) provide a service-specific adaptation of the third step of the model of Root (1994) (factors in the entry mode decision, see for original model of Root, 1994 appendix 1). The authors found that factors that influence the entry mode choice are distinctive for service firms. Its adaptations are based on a literature review of more than 100 articles that treat the internationalization of service concepts. As this study is very extensive it is regarded as valid to deploy its findings within this research. Moreover, it is a quite recent investigation and can therefore provide a more profound reflection of the current reality than the model of Root (1994).

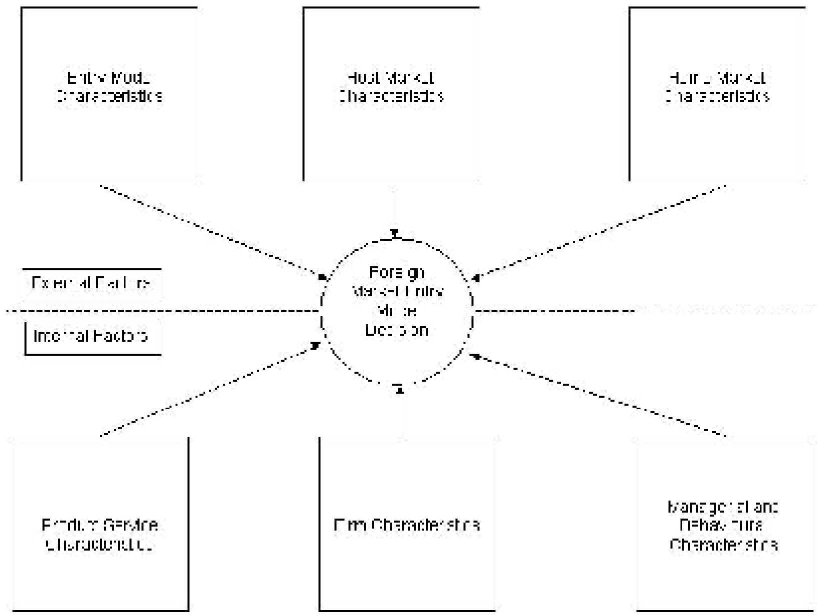


Figure 4: Factors in the Entry Mode decision of Service Firms based on Lommelen and Matthyssens (2005)

Lommelen and Matthyssens (2005) discovered that internal factors, e.g. product service characteristics, firm characteristics, and managerial and behavioral characteristics, influence the entry mode choice of service firms. Whereas the external factors consist of entry mode characteristics, home market and host market. For every influential factor on the entry mode choice, e.g. managerial and behavioral characteristics, the authors give indicators. For instance, the component managerial and behavioral characteristics subsumes the following indicators: attitudes and perceptions of foreign sales, desire to get rapidly established, corporate policy on control as well as personal knowledge of foreign markets and experience (compare appendix 4 for an overview of all indicators). However, it is a problem that the indicators have not been tested empirically yet, are very general and thus are not suitable in all cases. Hence another more specific model has to be used as a supplement to the model of Lommelen and Matthyssens (2005).

A model that offers a broader choice and more specific indicators is the “Factors of the situation analysis for the international marketing of service” model by Meffert and Bruhn (2006) (compare appendix 3 for an overview of all factors). This model specifies factors that have to be taken into consideration while systematically collecting information for the planning of international activities of service companies. It consists of three parts: the global factors, the industry and competition factors and the firm factors.

Both models should be understood as a frame of reference from which only the relevant factors are included in this specific research.

The rough classification of the internal factors by Lommelen and Matthyssens (2005) is very clear and succinct which fits the needs of this research. For this reason it is chosen instead of the classification of the firm factors by Meffert and Bruhn (2006). The first research question is therefore:

1) *How do XY´s firm characteristics, the employees´ managerial and behavioral characteristics and the product service characteristics influence the entry mode choice?*

A strong focus in this study lies on the external analysis as the temporary staffing industry is determined heavily by external influences. The factor “Host Market Characteristics” of Lommelen and Matthyssens (2005) is thus too general. Here the distinction of the external analysis by Meffert and Bruhn (2006) on the macro level (the global conditions) and the meso level (industry and competition) is more adequate. Each level has to be examined in a single research question because of the complexity of the numerous external influences on the market entry options.

Meffert and Bruhn (2006) state in their model that the global conditions could comprise economic, legal-political, socio-cultural and geographical aspects. Therefore the first research questions on the macro level will be:

2) *How do the economic, legal-political, socio-cultural and geographical aspects of the host market affect the market entry mode choice?*

Coming to the meso or industry level Meffert and Bruhn (2006) distinguish between industry culture, competitors and customer aspects. As the second factor called “Home market characteristics” of the model of Lommelen and Matthyssens (2005) is of minor importance it is included here. This factor only has to be considered because of the ideas of the company to dispatch small quantities of German workers to the Dutch market. This leads to the third research question:

3) *How do the industry culture, the competitors, the customers and the home market characteristics affect the market entry mode choice?*

The third factor in the external enivronnment of the model of Lommelen and Matthyssens (2005) are the entry mode characteristics. As the entry mode characteristics are included in the research question number five no single research question is dedicated explicitly to this factor.

Lastly the entry mode options that result from the internal analysis and the external analysis are examined. In the next step these are compared against the ideas that the AMG group has already developed regarding a possible market entry. If there are possibilities for the AMG group on the Dutch market the best entry mode option will be chosen. This leads to the following research question:

4) *Which entry mode is the most appropriate for the XY group?*

In case in question four it is decided to enter the Dutch market the fourth step of Roots (1994) internationalization model will be executed: The design of the marketing plan. This leads to the last research question:

5) *How should the international marketing plan be designed in order to implement the selected entry mode successfully?*

These research questions should be regarded as preliminary. In chapter two they are further specified and adapted according to the specific characteristics of the temporary staffing industry, both countries and the conditions of this research.

1.6 Research approach

According to Saunders, Lewis and Thornhill (2007), the following research can be overall called an “applied research” as the purpose is to improve the understanding of a particular business or management problem. In this case the question whether a market entry for the XY group into the Dutch market is feasible is treated. Moreover, the research will result in a solution to a problem by making a in-depth analysis that helps with the decision making and by conducting an implementation plan. Furthermore, the research is an applied research as the new knowledge is limited to the problem due to the specific adaptation to the needs of XY. Besides, the findings are of practical relevance and value to the managers of XY as they will facilitate to answer the question if the company should invest in the Netherlands or not. In addition, the objectives were negotiated with the originator, the Chief Executive Officer [CEO], and there is a tight timescale as the research should be finished within five month (Saunders et al., 2007).

In order to guarantee a systematical data collection and interpretation a clear theoretical position has been developed prior to the collection of data which is done in chapter one and two. A theoretical framework is developed from the theory with the purpose of examining the relationships between the relevant variables for this research (compare adapted model of Root (1994), Chapter 1). Secondly, the different parts of the theoretical framework are operationalized by developing a strategy to collect data (Chapter 2). In the third place, the theoretical framework is tested by collecting data (Chapter 3-4). After having conducted the research it will be reflected critically whether the theoretical framework is feasible or if modifications are needed (Chapter 7).

Concerning the data collection there will be an emphasis to collect secondary data by academic literature research, review of written company information and desk research for time and financial constraints. Data being collected specifically for the research project undertaken, so called primary data, will only be generated if the needed information is not available elsewhere. As this primary data are qualitative, non-standardized interviews suit it best (Saunders et al., 2007). In order to follow the systematical research primarily semi-structured interviews will be utilized. For this purpose a list of themes and questions, which can vary from interview to interview, is prepared in advance (Saunders et al., 2007). These questions and themes are derived from the theory (compare Chapter 2). During the interview the order of questions can be changed or additional questions depending on the specific situation can be added. Unstructured interviews or informal interviews where no predetermined list of questions is prepared are used only in the beginning of the research to explore some areas in depth. If possible interviews will be conducted face-to-face because this increases the possibility to obtain valuable information. The primary data will be gathered through interviews with the director and subsidiary managers of the company and experts from the temporary staffing industry (compare the appendix 3 for a detailed overview of the data collection approach).

This research is a multi-method qualitative study as several qualitative data collection techniques e.g. desk research, academic literature research and semi-structured interviews are used (Saunders et al., 2007).

As this research strategy “involves the empirical investigation of a particular contemporary phenomenon within its real-life context, using multiple sources of evidence” (Saunders et al., 2007, p. 592) it can also be classified as a case study. Furthermore, as this research is undertaken for XY only it is a single-organization case study.

The relevance of this research for the academic community is fourfold. Firstly, the theoretical adaptation of the factors that influence the entry mode decision in the service industries of Lommelen and Matthyssens (2005) (based on an extensive literature research of more than 100 relevant articles) has not been tested empirically yet. Hence, this research offers the possibility to test the applicability of the model in a practical setting. Secondly, there is barely research done concerning the internationalization of the temporary staffing industry (Ward, 2004). Thus, this research adds new insights into the international activities of temporary staffing companies. Thirdly, the little research that has been done about the temporary staffing sector only considers the biggest players of the industry. This research offers the possibility to take a look at the internationalization options for a medium-sized temporary employment company. In the fourth place, no framework has been designed so far to study the international market entry of temporary staffing agencies. New insights are provided to the scientific research in this field, as within this research a framework is developed to study the internationalization of temporary staffing firms in a systematical manner.

Here also the social relevance is touched as this research is likely to be informative for other, particularly little and medium sized, temporary staffing agencies that wish to internationalize and do not possess the resources to pay an external consultant. The framework that is developed and tested within this research provides the temporary employment agencies with a clear and applicable approach how to choose guide the internationalization process.

2. THEORY AND METHODOLOY

In this chapter it will be described in detail how this research will be approached. The theoretical framework still has to be further adapted to the specific situation of this research. Therefore more suitable indicators are included and the research questions are stated more precisely. For each research question it is indicated which models and tools are utilized. To keep it convenient a summary of the factors, authors and methods will be given for each level.

2.1 Internal Factors

2.1.1 Firm level

Theory

Coming to the internal factors the rough classification of Lommelen and Matthyssens (2005) is very suitable but the given indicators are mostly too broad. Therefore one factor of Meffert and Bruhn (2006) is considered too. Besides research-specific factors are added.

Coming to the firm characteristics the philosophy of the company, which is stated in its corporate policy, are considered to be the most important indicators. Here the essence of the company is stated in a succinct form. Moreover the aspect of the current organizational restructuring has a major impact on the actual functioning of the firm and on the entry mode options. Therefore this aspect was added as well.

Neither the indicators given by Lommelen and Matthyssens (2005) nor by Meffert and Bruhn (2006) capture the content and specific characteristics of the firm´s services. This is why a description as well as an analysis of the influence of XY´s services on the market entry options is included.

The impact of the managerial and behavioral characteristics on the possibilities to enter the Dutch market can best be expressed by the indicator personal knowledge and experience of foreign markets of Lommelen and Matthyssens (2005).

Besides it is crucial to examine the uniqueness of XY´s services as this is what sets the company apart in their home market. It is important to get to know if these special features could be transferred to the Netherlands and are appreciated as well over there. Hence the strategic capability analysis of Johnson and Scholes (2005) will be used. The authors claim that the strategic capability of a firm consists of a combination of the firm's resources and competences.

The relevant internal or external factors influence the market entry options in a negative and/or positive way. In order to capture these impacts a Strengths-Weaknesses-Opportunities-and Threats analysis (SWOT analysis, Baker, 2006) will be used throughout the research. The SWOT analysis is a helpful tool to investigate these influences systematically. Moreover, the results of the SWOT analysis serve later on as the basis for the development of an market entry strategy and the optional marketing plan. After describing the nature of each internal and external factor that impacts the market entry strategy the strengths/weaknesses of each internal factor or the opportunities/threats of each external factor will be described and eventually be summarized.

The first research question will remain the same:

How do XY´s firm characteristics, the product service characteristic and the employees´ managerial and behavioral characteristics influence the entry mode choice?

Methodology

At the very beginning of the research unstructured interviews were conducted with the CEO and the Chief Operating Officer [COO] as well as with one subsidiary manager. This was done to get a first understanding of the company, its services and the industry and to investigate the managerial and behavioral characteristics. Most of the data for the internal factors were gathered by the review of company documentation (presentations, quality management handbook, company website etc.). Moreover semi-structured interviews with selected topics (firm characteristics, service characteristics, strategic capabilities) were executed with four current and one former subsidiary manager of the company.

Factor	Author	Method
Corporate policy	Lommelen & Matthyssens, 2005 Meffert & Bruhn, 2006	-desk research -semi-structured interviews -unstructured interviews
Organizational restructuring	Lommelen & Matthyssens, 2005 The researcher, 2008	
Service characteristics	Lommelen & Matthyssens, 2005 The researcher, 2008	
Personal knowledge and experience of foreign markets	Lommelen & Matthyssens, 2005	
Resources	Johnson & Scholes, 2005	
Competences	Johnson & Scholes, 2005	
Strengths (of every factor)	Baker, 2006	
Weaknesses (of every factor)	Baker, 2006	

Table 1: Overview of the factors that have to be taken into consideration concerning the firm characteristics, service characteristics and the managerial and behavioral characteristics

2.2 External Factors

2.2.1 Macro level

<u>Theory:</u>

The external factors on the macro level differ significantly between Germany and the Netherlands. An example is that according to Jahn (2005) there are different regulations for setting up a temporary employment agency and also distinctive regulations of contracts and assignments by temporary employment agencies in both countries. Besides, based on findings the European Confederation of Private Employment Agencies [Eurociett] (2007), it can also be estimated that the image and the socio-cultural acceptance of temporary work is much more positive in the Netherlands. Nevertheless, within this research not all aspects out of the global conditions (economic, legal-political, socio-cultural, geographical aspects) of the model of Meffert and Bruhn (2006) are equally relevant (compare appendix 3). The economic, the socio-cultural and the geographical aspects will be evaluated if useful along the research but are not so decisive as to be treated separately. However as the temporary staffing industry is a very regulated and monitored industry the legal-political aspects are of major importance and will hence be at the centre of the research question on the macro level. The most important factors that impact the market entry opportunities are: the international legislation and the host country legislation of Meffert and Bruhn (2006).

Since the content of the work contracts of temporary workers is mostly based on the results of the collective bargaining (Jahn, 2005) the collective labor agreements have to be considered within the legal-political aspects as well.

Moreover, the opportunities and threats of each factor will be analyzed throughout the assessment of the legal-political aspects of the host market.

Thus the second research question needs to be specified:

> *How do the legal-political aspects of the host market affect the market entry mode choice?*

<u>Methodology:</u>

The data was gathered through internet research of governmental institutions and employer associations. In addition, academic literature was considered. Primary data was collected through a semi-structured interview with a lawyer specialized on Dutch labor law and the temporary staffing industry.

Factor	Author	Method
International legislation	Meffert & Bruhn, 2005	-Desk research -Academic literature research -Semi-structured interview
Host country legislation	Meffert & Bruhn, 2005	
Collective labor agreements	Jahn, 2005	
Opportunities (of every factor)	Baker, 2006	
Threats (of every factor)	Baker, 2006	

Table 2: Overview of the factors that have to be taken into consideration concerning the legal aspects of the host market

2.2.1 Meso or industry level

Theory:

The triangular relationship between the Temporary Employment Agency, the Temporary Worker and the User Organization (Eurociett, 2007, compare figure five) is the very particular characteristic of the temporary staffing industry. Because of this the research on the meso level will especially be focused upon that.

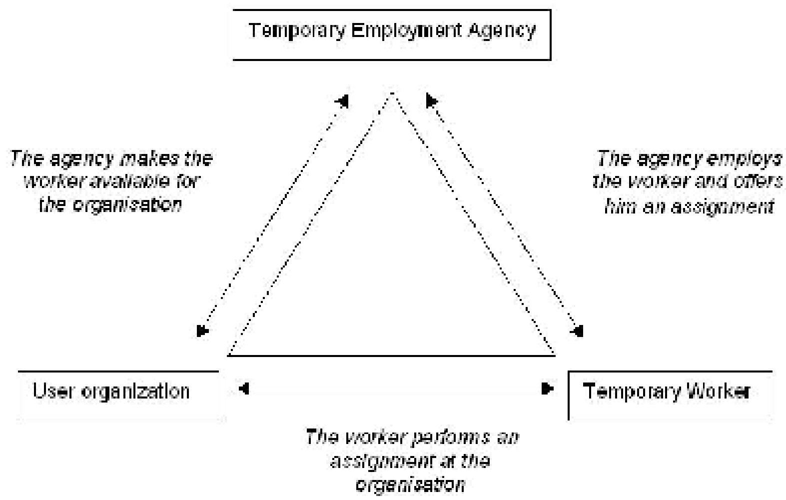


Figure 5: Triangular relationship in the temporary staffing industry, adapted by researcher, based on Eurociett (2007)

This relationship can be divided into the demand side (user organizations) and the supply side (temporary workers).

The demand side in the Netherlands must be investigated in more detail as there are differences between Germany and the Netherlands concerning the sectors where temporary agency work is requested. Moreover, the reasons why companies call on temporary agency work also vary between the two countries (Eurociett, 2007).

Also, the supply side is distinctive as more university graduates work in the temporary staffing industry in the Netherlands (Jahn, 2005, Eurociett, 2007, Berkhout, Dustmann & Emmer 2007). Besides, in the neighboring country there is also an equal gender division between the temporary workers which is not the case in Germany. In addition, the Dutch temporary staffing industry is regarded as much more experienced and sophisticated than the German one. As Peck, Theodore & Ward (2005) characterize the German temporary staffing market as „emerging“ and the Dutch temporary staffing market as „mature“ the industry characteristics are crucial to investigate.

The indicators of Lommelen and Matthyssens (2005) are not specific enough to fit this complex industry situation. As a consequence the factors of Meffert and Bruhn (2006) are examined. To get a first overview of the market, the following factors are seen as most important to study: the nature, number and size of competitors, the service mix of competitors and the value creation in the industry

Secondly, in order to get a solid overview of the competitive landscape an extra analytical tool is needed. Here the Five-Forces Model of Porter is very suitable. This model conceptualizes the five sources of competition: rivalry among existing intra-industry firms, new entrants, substitutes, suppliers and buyers. However, there is a need to adapt Porter´s model to the service context because of fundamental differences between manufacturing and service industries. Risch Rodie and Martin (2001) adapted the Five Forces model of Porter to the service industry context by changing the aspect “Substitute” into “Substitute services” and by adjusting the aspect “Buyer” into “Buyers=do it yourselfers” (compare appendix 4). As the authors state further, there are also significant differences between the different service industries. Therefore, the modified model of Risch Rodie and Martins (2001) is adapted to the specific situation of the temporary staffing industry. For this purpose the aspects “Suppliers” is changed into “Supply of temporary staff” and the aspect “Buyers=do it yourselfers” is adapted to “Demand of companies for temporary staff”.

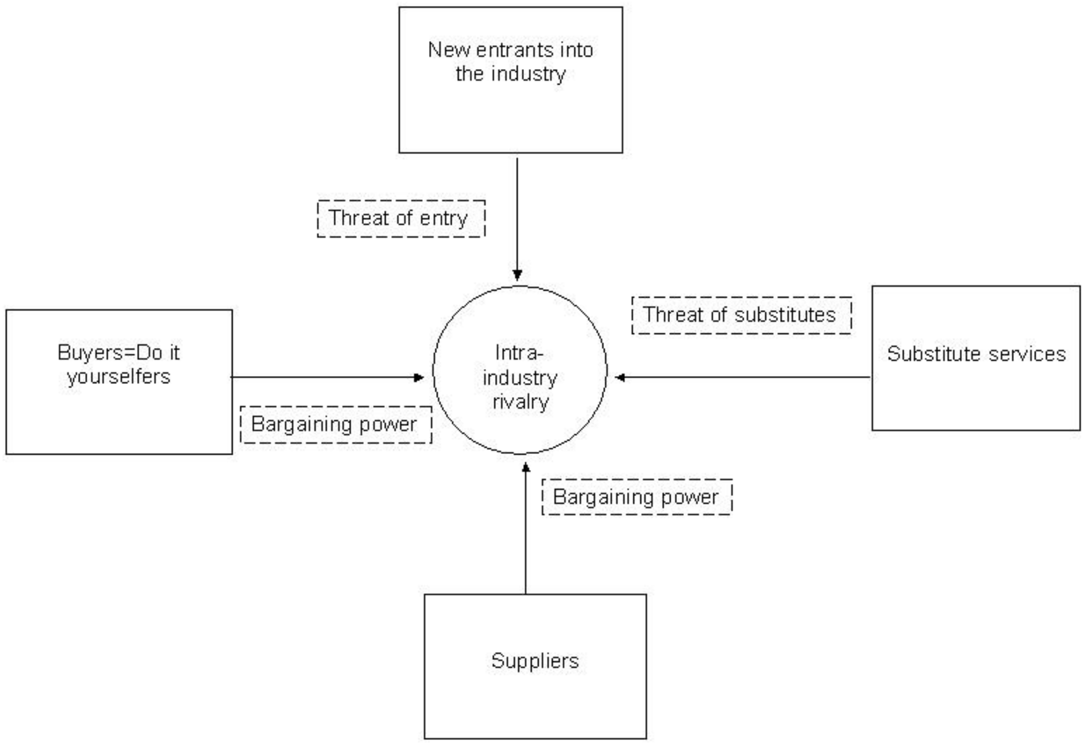


Figure 6: The competitive structure of the temporary staffing industry, adapted by the researcher, based on the modified five forces model of Risch Rodie and Martin (2001)

The supply of temporary staff is overall influenced by the labor market situation and the labor market situation is in turn heavily influenced by the economic situation. For this reason a thorough investigation of the current and future Dutch labor market and the labor market in the Twente region as well as related aspects is included in the factor “Supply of temporary staff”. The Twente region is analyzed in particular as the company´s ideas include entering the Dutch market in this boarder region.

Moreover, a short analysis of the second factor in the external ZZnment of the adapted model of Lommelen and Matthyssens, 2005 (compare figure 2), the home market and the supply of temporary staff from there will be included in this question as well.

Finally, the opportunities and threats that emerge out of each factor and have an impact on the market entry options will be analyzed throughout the consideration.

Therefore the research question will be adapted into:

How do the demand and supply conditions of the Dutch temporary staffing industry and the supply conditions of the German market affect the market entry mode choice?

<u>Methodology:</u>

The relevant information was obtained by doing desk research and reviewing websites of competitors, employer associations and the government. Besides, academic literature was considered. Furthermore, semi-structured interviews were conducted with three Dutch temporary employment agencies (a small, a medium-sized and a big company) to get an overview over the market. In addition, a semi-structured telephone interview was executed with an employee of the most important employer association of the Dutch temporary staffing industry to obtain an objective opinion about the sector.

Factor	Author	Method
Nature, number and size of competitors	Meffert & Bruhn, 2006	-Desk research -Semi-structured interviews -Academic literature research
Service mix of competitors	Meffert & Bruhn, 2006	
Value creation in the industry	Meffert & Bruhn, 2006	
Substitute services	Risch Rodie & Martin, 2001	
New entrants industry	Risch Rodie & Martin, 2001	
Intra industry rivalry	Risch Rodie & Martin, 2001	
Demand of companies	Risch Rodie & Martin, 2001	
Supply of employees	Risch Rodie & Martin, 2001	
Economic situation in the Netherlands	The researcher, 2008	
Labor market in the Netherlands	The researcher, 2008	
Labor market in Twente	The researcher, 2008	
Supply conditions in the home market	Lommelen & Matthyssens, 2005	
Opportunities (of every factor)	Baker, 2006	
Threats (of every factor)	Baker, 2006	

Table 3: Overview of the factors that have to be taken into consideration concerning the demand and supply conditions in the host market and the supply conditions in the home market

2.3 Choice of market entry mode

<u>Theory:</u>

Here the indicators of the “Entry mode characteristics” of Lommelen and Matthyssens (2005) are too broad and are not suited for a practical application. Therefore the classification of the entry mode options of service firms of Vandermerwe and Chadwick (1991) in Meffert and Bruhn (2006) was utilized (compare figure seven). According to these authors the entry modes can be clustered based on the intangibility of the service and the intensity of the interaction for the service provision.

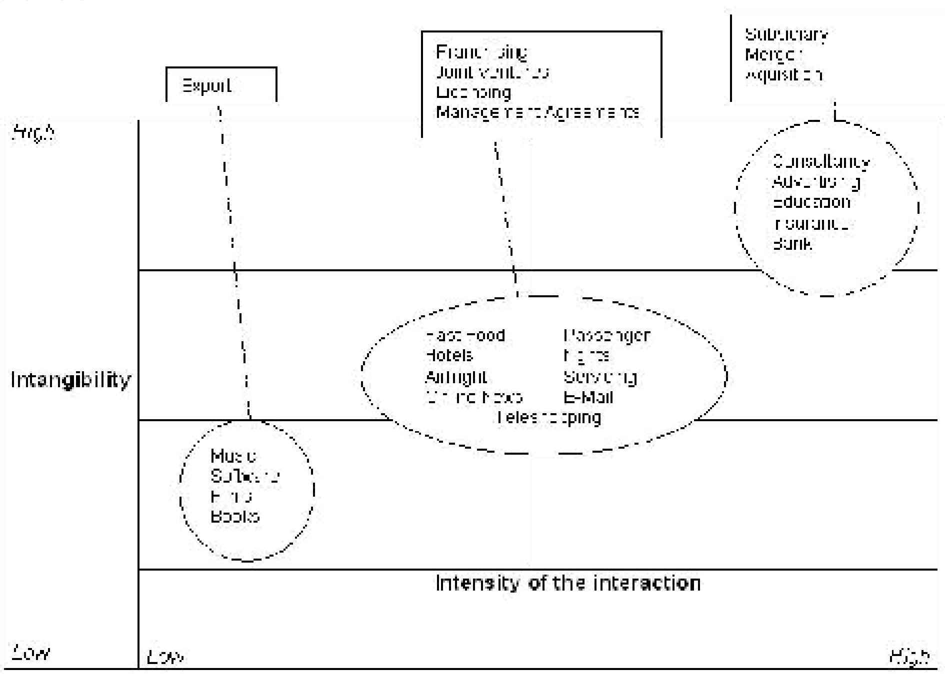


Figure 7: Typology of international services based on constitutive service features, Vandermerwe and Chadwick (1991) in Meffert and Bruhn (2006)

If the intangibility as well as the intensity of the interaction of the service is low the best option is direct export. If the intangibility is overall middle and the intensity of the interaction is middle cooperative market entry options like franchising, joint ventures, licensing and management agreements are useful. Finally, if the intangibility as well as the intensity of the interaction is high a wholly owned subsidiary, a merger or an acquisition are most suitable.

The research question will remain the same:

Which entry mode is the most appropriate for the XY group?

Methodology:

In order to choose the best market entry options the results from the internal analysis as well as the external analysis are examined. During the course of this examination the intangibility and the intensity of the interaction for the service provision are determined. In the next step these are compared against the ideas of the XY group and a market entry option from the German market. Lastly, a suitable entry mode option will be chosen if there are positive signs for a business prospect of the XY group on the Dutch market.

Factor	Author	Method
Market entry options of service firms	Vandermerwe & Chadwick, 1991 in Meffert & Bruhn, 2006	-examination of the intangibility and the intensity of the interaction for the service provision -comparison of the findings of the SWOT analysis with the ideas of the company
Strengths	Baker, 2006	
Weaknesses	Baker, 2006	
Opportunities	Baker, 2006	
Threats	Baker, 2006	

Table 4: Overview of the factors that have to be taken into consideration concerning the choice of the entry mode

2.4 Optional: International Marketing Plan

Theory:

Only if in research question four an entry mode is chosen this step is relevant.

In order to develop the international marketing plan the theory of Búrca et al. (2004) will be used. This theory states that next to the traditional marketing mix variables: place, product, promotion and price there are three additional marketing mix variables for services: personnel, process and physical facilities. These additional variables are therefore included as well in the marketing plan. If the entry mode option requires cooperation with a partner the marketing plan will include the search of an appropriate partner as well.

The research question will remain identical:

How should the international marketing plan be designed in order to implement the selected market entry mode successfully?

Methodology:

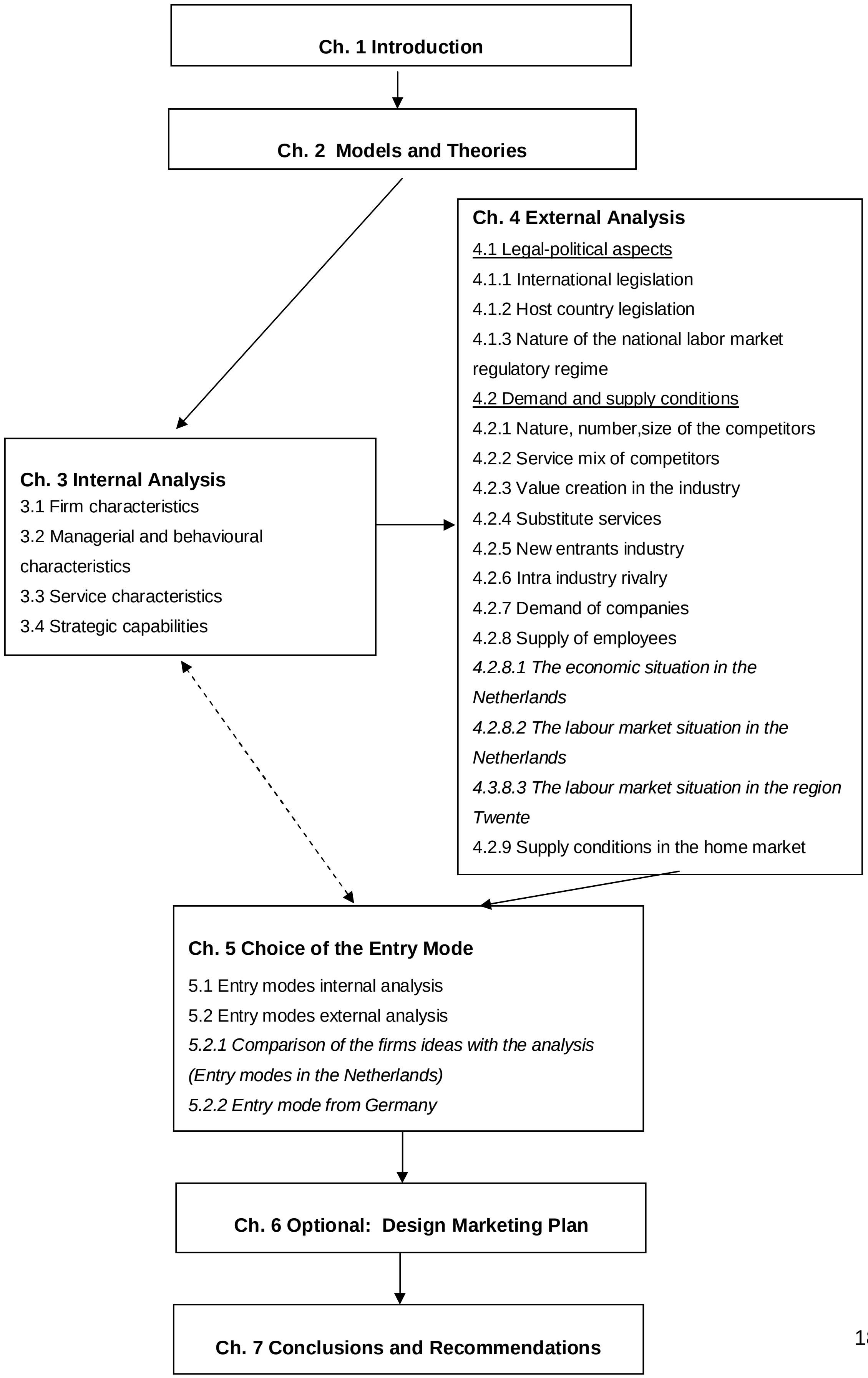
To design the international marketing plan the marketing mix variables are examined and completed based on the previous findings.

Factor	Author	Method
Place	Búrca et al., 2004	-examination and completion of the marketing mix variables with the previous findings
Product	Búrca et al., 2004	
Promotion	Búrca et al., 2004	
Price	Búrca et al., 2004	
Personnel	Búrca et al., 2004	
Process	Búrca et al., 2004	
Physical facilities	Búrca et al., 2004	
Optional: Search for partner	Not specified yet	

Table 5: Overview of the factors that have to be taken into consideration concerning the international marketing plan

2.5 Overall model of the research

Figure 8: Overall model of the research



3. RESULTS: INTERNAL FACTORS

Within this chapter the relevant internal factors: firm characteristics (3.1), service characteristics (3.2) and managerial respectively behavioral characteristics (3.3) are studied. To analyze the uniqueness of XYs services a strategic capability analysis (3.4) is executed. All this is done in order to determine the impact of the internal factor on the market entry options.

3.1 Firm characteristics

As according to Lommelen and Matthyssens (2005) the individual firm characteristics have a strong influence on the market entry options of service firms they are considered here. It has been decided to examine the corporate policy here as it describes the essence of the firm. In addition, the organizational restructuring is examined as it has a major impact on the current functioning of the firm and therefore also on the market entry opportunities.

Corporate Policy

As the company states in its Corporate Policy on its website (XY, 2008b) it has six basic principles:

1) Expertise: Long standing market experience, qualified personnel
2) Quality: Satisfied clients, motivated employees
3) Flexibility: Customized solutions
4) Steadiness & Continuity: Durable collaboration and partnerships
5) Reliability: Fair price-performance ratio, fair deals with our business partners
6) Speediness: Shortening of the filling of vacancies

Here it is positive that the company is living up to its corporate policy. XYs expertise, quality and steadiness respectively continuity set the company apart from its competitors. However it is unfavorable that exactly these distinguishing principles can not be transferred to the Dutch market. The XY group's expertise is bounded to the German ZZnment. Moreover also its satisfied clients and motivated employees in its home market are of little value while operating in another country. Finally also durable collaborations and partnerships are mostly restricted to Germany and are only relevant if XY follows one of its clients into the Dutch market.

Organizational restructuring

At the moment, XY is undergoing large organizational restructuring. First of all, the company is changing into a division structure in order to be able to react in a flexible way to the market needs and to shorten the decision making process. Moreover, the several subsidiaries and incorporations are intended to interact and cooperate much more than in the past. Secondly, it is expanding its business by moving up the value chain. The group wants to focus more on long-term contracts for work and services where it even takes over whole processes of the client company. Overall, the XY Group wants to act more like a consultant or "problem-solver" providing individual process management and HR solutions. Furthermore, it aims to place more professional and highly qualified staff.

Opportunities that arise out of the organizational restructuring are that it is the right way to make the company capable of competing in the future. In addition, it is favorable that the company is changing its services into higher-quality concepts and is focusing on providing higher-qualified staff. On the one hand this is more lucrative and on the other hand XYs is forward-looking as these concepts are still modern on the German market. Still it is a threat that the company is in a very dynamic phase where a lot of changes take place. It is questionable if an additional activity like going abroad can be managed properly at this moment. Besides it is unfavorable that the company has not so much experience yet with long-term contracts. It will need sufficient experience to be able to provide these concepts on the Dutch market. It is also questionable whether these services have not already been incorporated for a long time in such a mature market like the Netherlands.

3.2 Product service characteristics

The characteristics of the services that should be transferred to the foreign market impact the potential options to act on the outlandish market and as a consequence must be examined in-depth (Lommelen & Matthyssens, 2005).
The XY group offers services in four different fields (based on XY, 2008c):

Confidential

These are all the services that XY can offer. However as the company has more experience with some services and less with other services the following opportunities and threats evolve: Positive aspects are that the company is skilled with placements in the industrial sector and with dispatching craftsmen. Since the take-over of ZZ the company is well versed in the logistics and disposal industry. Finally the company has some experience with providing personnel cost analysis.

Yet it is unfavorable that the XY has less experience with commercial qualified personnel and project solutions. It has also very little knowledge about dispatching Engineers, IT-specialists and technicians. Finally, XY has never been active with HR solutions, joint ventures or master vendor.

3.3 Managerial and behavioral characteristics

The previous international experience of the staff of a company and particularly the important decision makers heavily influence the future international engagements (Lommelen & Matthyssens, 2005).

In the past the XY group has been only merely engaged in foreign activities when it was asked by clients to deliver personnel (e.g. The Netherlands and Poland). It was only in 2005 when the group first decided to enter proactively a foreign market. It opened a subsidiary in Poland with the primary aim to post Polish personnel in Poland. In the meantime the XY group has already transferred also some of its higher value services to Poland (e.g. process analysis and problem solution for clients). In the group there are three persons with experience and knowledge about foreign markets.

The COO who started in October 2007 has been Business Development Manager for IT and Engineering at OO Germany in the past. In this function he had close contact with his colleagues at OO Netherlands and therefore possesses some expertise of the Dutch temporary staffing industry.

Moreover the subsidiary manager of OOO has some basic knowledge of the Dutch market as two of his external employees are working in the Netherlands. However this manager just started last summer and the former manager who worked there for 9 years had much more experience concerning the Dutch market.

It is particularly the CEO of the company who has a good know-how of foreign markets. He is also engaged the longest in the company. The CEO was directly involved with the opening of the subsidiary in Poland and is there at regular intervals. As the Polish labor market is experiencing a severe shortage of labor XY Poland is depended to get its workers from the Ukraine, the Georgian Republic and China. The CEO assisted with these foreign market activities and is currently also in discussion with the Vietnamese authorities to get working visa for 400 Vietnamese metal workers who should then work for XY in Poland.

Concluding it can be said that it is strengths that the company has already gained some international experience. Nevertheless it is considered a weakness that it possesses little knowledge about the Dutch temporary staffing industry.

3.4 Strategic capabilities

The strategic capability analysis of Johnson and Scholes (2005) will be used in order to get a deeper knowledge about what makes the company special and sets it apart from its competitors. The authors state that the strategic capability of a company consists of resources and competences. Resources can be divided in four broad categories: physical, financial, human and intellectual resources. Whereas competences are described as activities and processes through which an organization deploys its resources effectively.

As the subsidiaries are heavily influenced by regional differences (e.g. distinct branches, different types of required skill levels, distinct forms of competition) the resources and competences can differ between subsidiaries. Here it is tried to give an overview that represents the whole group.

Physical resources:
As the XY group is a service company the physical resources are of no importance to the core business. The physical resources are therefore not considered to be a strategic capability.

Financial resources:
The XY group is in a good financial position. The turn-overs of the operational business of the XY group added up to ??? Euro in 2007. On the subsidiary level there are also sufficient financial resources. The subsidiaries are capable of paying the wages, taxes and social insurances on time. To get big contracts this is crucial as these client firms require a certificate of non-objection every three months. This position is also underlined by Mrs. MMM, subsidiary manager of the ZZ branch in Cologne:

> *„We are professional and have a good organisation compared to the majority of our small and medium sized competitors. We are for example one of the few middle sized temporary staffing agency with the total quality management certification ISO 9001:1000 (MMM, personal communication, March 26, 2008) .“*

This steady financial position and professional behaviour can be seen as a strategic capability as a lot of the small and medium enterprises in the German temporary staffing industry have problems paying wages etc. on time. Nevertheless it is questionable if this is considered a strategic capability in the highly developed Dutch temporary staffing industry.

Human resources:
The CEO, the COO, the Chief Financial Officer [CFO], the commercial director, the two assistants to the board, the marketing assistant and the 18 executive managers all very well trained and the majority has an academic background. The high educational level of these key employees sets the company apart from most of the other companies in the industry. Moreover, these key employees are experienced in the temporary staffing industry which is also a strategic capability as the industry is very new in Germany and there are not so many people with experience yet. The company puts emphasis on the on-the-job training of all its employees and organizes internal workshops and cooperates with external education providers. Until now the on-the-job training was not organized in a systematic way. The subsidiary managers could for example decide themselves which employees should get training and what type. As the employees are of major importance to the company the on-the-job-training of the employees must be further professionalized in order to become a strategic capability.

The employees have a very high identification with the company. This is also reflected in the very long employee retention. These aspects are crucial for XY as experienced and motivated employees are one of XY´s backbones. The high identification with the company and the employee retention which ensures the company of an experienced workforce is one of XY`s strategic capabilities as within the temporary staffing industry the employee turnover is normally very high.

The relevance of the human factor for XY is besides expressed by Mr. MMM, subsidiary manager in OOO:

> *„The human resources are our most important resource as the temporary staffing industry is overall a people business. For our subsidiary it is crucial to have internal staff with knowledge about the industries, with contacts in these industries and the experience to dispose the adequate temporary staffing worker on the right job (MMM, personal communication, April, 10, 2008).“*

Still it is a problem that this strategic capability of experienced and highly identified employees is hardly transferable to the Dutch market.

As until last year the subsidiaries could operate more or less independently the overreaching structure in the group is weak. This among other things becomes evident as there are still deficits in the controlling of the human resources. The COO is holding target meetings with the subsidiary managers but the subsidiaries are not obliged to report all their sales activities weekly. A correct, systematically check whether the targets are met is therefore not possible. The controlling can be not called a strategic capability. Moreover it is a huge problem that if a internal employee leaves often a huge part of its knowledge is lost as well. As there is no obligation to report all contacts and to send an overview regularly to the holding this is hard to check. Even though the company uses software where all contacts with a client could be inserted this software is used for only 20%. XY has to invest in software trainings and a suitable controlling system. The implementation of the customer relationship software is not a strategic capability.

<u>Intellectual resources:</u>
The XY group has no intellectual property on its concepts. Therefore the intellectual resources can not be seen as a strategic capability.

Competences
<u>Resource management</u>
Resources are managed centrally from out of the head office. Most of the investment decisions have to be taken in consultation with the head office. Only purchases that are important for the daily operational functioning of the subsidiaries, like stationary, can be purchased independently. The management of the financial resources can not be regarded as a strategic capability as this kind of management is normal in the industry. Coming to the management of the human resources all the internal staff is recruited in cooperation with the head office as well. However, there is still no HR manager for the internal staff. Moreover, regular appraisal interviews are only held by the COO with the subsidiary managers. The subsidiary managers are urged to hold appraisal interviews with their internal employees but are not obliged to report the results of these interviews to the holding. With the internal employees in the holding no appraisal interviews are held at all. As people comprise the core competence of XY it is crucial for the company to invest more in the management of the human resources. Employees should regularly be asked in performance interviews if they are still motivated, what they want to achieve in the next time and if they want to develop themselves further. This could enhance the employees´ productivity and prevent that employees are discouraged or quit. Concluding it can be stated that the resource management competence of the head office can not be regarded as strategic capability as it is still very nonprofessional.

<u>Cooperation between people</u>
The cooperation between the head office-that functions as a service centre-and the subsidiaries is very high. Moreover the employees within the subsidiaries work a lot together. Mr. MMM, the subsidiary manager in Bochum handles a daily structure to secure the collaboration between his employees (compare appendix 8 for the whole interview):

> *"In my subsidiary we have daily meetings in the morning and evening to exchange all the important information as I regard the internal communication to be crucial (MMM, personal communication, April, 2, 2008)."*

The cooperation between the head office and the subsidiaries as well as the internal employees in the subsidiaries can be called a strategic capability as it is very good and coordinated professionally what is often not the case.

The cooperation between the subsidiaries is very limited until now as the subsidiaries worked overall on their own and did not see themselves as part of a group. Still here the XY group is not using its potential as best practices could be shared or subsidiary managers could help one another with employees. With the restructuring that is going on at the moment this should change. The cooperation between the subsidiaries can not be characterized as a strategic capability yet.

The employees' adaptability and innovatory capacity

All employees have to possess a high adaptability at the moment as a large organizational restructuring is going on. During this ongoing change process in the last years some employees had to quit because they could not deal with the altered situation. The innovatory capacity however is only important on the management level as here the development of new services for the whole group is taking place.

The relationship with customers and suppliers

All employees within the XY group try to develop excellent personal relationships with its temporary employment workers as well as with its clients. The employees in the subsidiaries possess a high social competence that enables them to establish relationships based on trust. In practice this is revealed as they could ask for example workers that have some days off to come back in case of a bottleneck. External employees also regularly recommend the XY group to its friends or family. This is a sign of the good relationship the group has with its external employees. Moreover the XY group uses new instruments to enhance the identification with the firm. It introduced last autumn an internal newsletter for all internal and external employees that they receive by mail with their payroll. Furthermore, an excellent marketing towards potential candidates is crucial as there is a lot of competition and the potential candidate could also choose easily for the competitor. Due to all this there is not such a high internal and external personal turnover than normally in the industry. The relationship with its employees can therefore be characterized as a strategic capability.

Besides, XY develops long-term relationships with its clients. These relationships are cultivated strategically by having regular contact with the client and by establishing also a personal relationship. XY does not see its services as restricted to the delivery of personnel. It aims to deliver individual problem solutions in cooperation with the client firm. A lot of internal information about the clients firm is gathered and by talking regularly with its temporary staffing workers about the companies where there work, what is going wrong there, if somebody is ill so that they need somebody to replace that person etc. Overall Mrs. MMM, subsidiary manager in Lünen is very prosperous with her way of maintaining relationships:

> *"The key of our success is that we offer an all-round service to both our external employees and our clients. Our temporary workers approach us when they need an advance payment or when they have other problems like outstanding debts. We try to find solutions to their problems and send them for example to the debt counseling etc. or help them to manage their monthly costs. Moreover we offer our clients a 24 hours service which is overall important for our clients that have shift work. One person of our internal staff is always in charge of the 24 hour telephone line (MMM, personal communication, March, 19, 2008)."*

In addition, the executive managers have very good contacts to the top management in various industries. The network has been enlarged enormously since new managers came to the XY group that were former executive managers at the biggest temporary staffing agencies like Manpower or OO.

The outstanding relationship of the subsidiaries with the clients is a strategic capability since many temporary staffing companies only are searching for the short term profit. The contacts until the top management of client firms and the big network competence can be also called a strategic capability as most of the small and medium sized companies do not have long-term relations with clients or a strategic network with the biggest players of different industries. Still, in the context of a possible market entry in the Netherlands it is negative that this kind of strategic capability can not be transmitted.

Experience and learning about what works well

The company has already been active in the temporary staffing industry since 1989. This is a long time as the German temporary staffing industry has only been growing enormously for some years now. As some employees and the CEO are working in this company for several years the company has a lot of expertise about what works well. As within the subsidiaries there is a close cooperation between the employees there is a lot of experience and learning about what worked well. Nevertheless this knowledge has to be further institutionalized to be secured on the longer term. The experience and learning about what works well can be regarded partially on the firm and subsidiary level to be a strategic capability.

Conclusion internal factors:

Strengths	Weaknesses
-XYs expertise, steadiness/continuity, professional behavior and long experience in the industry sets the company apart from most of its competitors in Germany -the firm is very skilled with placements in the industrial sector and craftsmen -XY has a good financial position -the company possesses already some international experience -XY has a low employee turnover -the internal employees have a high identification with the company -the key employees have a high educational level and experience in the temporary staffing industry -the management board has an excellent network -XY has a very good relationship with its external employees and clients -there is a good cooperation between the head office and the subsidiaries and between the employees in the subsidiaries -the organizational restructuring and new focus is a right way to make the company capable of competing in the future	-the distinguishing principles: expertise, steadiness/continuity, excellent relationship with its external employees as well as the excellent network of the management can not be transferred to the Dutch market -XY has with a lot of the services that it has in its portfolio little or no experience -nonprofessional on-the-job-training of the internal staff -nonprofessional management of the internal human resources (no HR manager for the internal staff) -no performance interviews are held with the employees -the overreaching structure in the group is weak -deficits in the controlling -XY is not using its full potential as e.g. there is hardly a cooperation between the subsidiaries and no best practices are shared -XY has little knowledge about the Dutch temporary staffing industry -it is questionable if the focus on higher-quality concepts and higher-qualified staff has not already been incorporated in the mature Dutch temporary staffing market -it is questionable if XYs professional behavior is as well a strategic capability in the highly developed Dutch market -because of the organizational restructuring the company is in a very dynamic phase and it is doubtful if an additional activity like going abroad can be managed properly at this moment

Table 6: Summary of the internal part of the SWOT analysis, (Baker, 2006)

To conclude it can be stated that it seems at first glance that the XY group is ready to enter an international market as it has a good financial position, expertise and a professional behavior. This is also proven as the company has been successfully operating in the last years on the Polish market. Still in Poland the company entered the market because it had a big contract with one of its most important German clients that went to Poland. In addition, the Polish temporary staffing market is still emerging. However in the Netherlands XY would have to enter the market with only some minor contacts and no big one. Therefore it is a major problem that a lot of the factors that determine XY´s group success in Germany can hardly be transferred to the Netherlands. As the Dutch market is very mature it is also doubtful if the company's services and way of doing business are distinguishing. Moreover the company has several organizational deficiencies. Even though the company is undergoing a large organizational restructuring at the moment and is trying to solve some of the deficiencies it is questionable that an additional activity can be supervised properly.

The internal analysis has shown that the XY group is not in a good starting position to enter the Dutch market. Still the external analysis has to demonstrate if there are nevertheless some chances for the XY group in the neighboring country.

4. RESULTS: EXTERNAL FACTORS

Within this chapter the relevant external factors: legal-political (4.1) and demand-supply aspects (4.2) are described and partially analyzed. This is done in order to judge which opportunities and threats arise from the external ZZnment and how these facts influence the possible market entry options.

4.1 Legal-political aspects of the host market

As the room to maneuver for temporary staffing agencies is heavily influenced by the regulation of the law and the political climate (Meffert & Bruhn, 2005) towards a flexible labor market this factor is crucial to explore. The international legislation, the host market legislation and the collective agreements will be examined and the opportunities and threats that arise from it will be retrieved.

4.1.1 International legislation

Within the European Union [EU] states the community law is reckoned as supranational law and must be therefore applied prior to the national law (Prop, 2007, p. 91). Because of this the international law will be treated first. Since the international legislation impacts the different options the XY group has to enter the Dutch market are: 1) the supply of Dutch workers in the Netherlands 2) the supply of foreign workers of EU member states in the Netherlands (employer based in another EU member state than the Netherlands) 3) the supply of foreign workers of EU member states in the Netherlands (employer based in the Netherlands) the distinct options will be examined apart.

4.1.1.1 International legislation influencing the supply of Dutch workers in the Netherlands

The relevant fundamental freedom of the European Union are incorporated into the European Contract. It concerns the free movement of labor (Art. 39 ff. EG), the freedom of establishment (Art. 43 ff. EG) and the freedom of services (Art. 49 ff EG) (Prop, 2007). Within the EU contract there are no specific arrangements regarding the temporary staffing industry incorporated (Prop, 2007). The European legislation included only in some guidelines specific arrangements concerning the supply of temporary workers. One guideline that is relevant for the supply of Dutch workers in the Netherlands is the guideline 91/383/EWG which is saying that temporary workers should get the same treatment than permanent employees (Prop, 2007) . Moreover it states that the client firm has the day to day responsibility on the work floor to educate and control the temporary worker.

This law is neither an opportunity nor a threat as it can be bypassed in Germany as well in the Netherlands by collective labor agreements.

4.1.1.2 International legislation that influences the supply of foreign workers of EU member states in the Netherlands (employer based in another EU member state than the Netherlands)

Coming to the border crossing supply of temporary workers within Europe the general European Legislation is decisive. According to the right on free movement of labor the citizens of the EU have the right on equal treatment concerning employment opportunities, remuneration and other conditions of employment (Art. 39 EG) (Douven, Essers, Houwerzijl & Smits, 2006). Besides, based on the freedom of services (Art. 49 ff EG) a temporary employment agency that is based outside the Netherlands can deliver its services also on Dutch territory.

The EU guideline that is relevant here is the Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the “posting of workers in the framework of the provision of services”. The Dutch state transposed this guideline into its national legal system with the “Employment conditions Cross–border employment Act” (its Dutch name is “Wet arbeidsvoorwaarden grensoverschrijdende arbeid” [WAGA], official publication: Stb.55, 2 December 1999). This law is relevant to “all workers (from European member states) who exercise an activity in the Netherlands on a temporary basis and whose employment contract is not governed by Dutch law" (European commision, 2007, p.1).

The WAGA law states that a foreign worker from another EU country should receive the same treatment than a Dutch worker. That means that if a binding collective labor agreement [CLA] of the industry of the employer exists all the legitimate conditions of employment that are stated have to be applied to the foreign worker (Douven, 2006). In the case that no binding collective agreements exist the employment conditions that are specified in the Dutch labor law are mandatory.

These Dutch legitimate conditions of employment comprise binding rules concerning: work periods and rest periods; paid annual holidays; minimum wage; rules concerning the hiring-out of workers and terms and conditions which apply to temporary workers; health, safety and hygiene at work; rules concerning terms and conditions of employment of pregnant women; women who have recently given birth and children and young people; equality and non-discrimination (compare for a detailed explanation appendix 5).

A foreign collective agreement can be applied instead of a Dutch CLA in the case of boarder crossing work. Still this is only allowed if the terms are not below the mandatory Dutch employment conditions. In practice this means that a German temporary staffing worker who is sent from its German temporary staffing agency to the Netherlands can for example work still under the German "Interessenverband deutscher Zeitarbeitsunternehmen [IGZ]" collective labor agreement (one of the biggest collective labor agreements in the German temporary staffing industry) as it lives up to the minimal conditions of the Dutch labor law (IGZ, 2008).

This law is an opportunity for XY as it provides a competitive advantage to the company compared to its Dutch combatants. As the wages of the German CLAs are below the wages of the Dutch CLAs XY can provide workers for a cheaper price. In addition in the low wage sector the minimum wage is an opportunity for XY to attract German temporary staffing workers as they can earn far more than in Germany where no general minimum wage exists.

Pursuant to Dutch law from the first day the temporary employment worker is working in the Netherlands all social insurances and health care have to be paid in the Netherlands. However according to the European directive 1408/71 EWG the payment of social insurances and health care can still be effectuated in the member state of the temporary employment agency if:

-the temporary staffing employee is posted with a definite contract of the longest 12 months to another member state
-the temporary staffing employee was directly before the posting covered by the national social insurance of the member state of the temporary staffing agency
-the temporary staffing employee is in a working relationship with the employer that does the posting
-the temporary staffing agency still pays the wage
-the posting is not taking place to replace a colleague who was posted earlier
-the temporary staffing agency is basically active in Germany
(Bureau voor Duitse Zaken, 2008)

This directive is an opportunity and a threat to XY. It is positive that XY can provide workers during one year while all the social insurances and health care can be paid in Germany. Still after 12 months this law can be negative for the company as probably German workers are not so willing to be posted in the Netherlands anymore. The Dutch social insurances are of much lower quality than in Germany. Moreover, in the field of European boarder crossing social insurances a lot of topics are not clarified yet. This implies in some cases a social protection disadvantage and financial risk for the temporary staffing workers and their family (e.g. in the case of unemployment it is not always clear which country is responsible to pay unemployment benefit).

Coming to taxes there exist a double taxation agreement between the Netherlands and Germany. This agreement states that in the case of boarder crossing work besides the originating country (in this case Germany) only after 183 days also the receiving country (in this case the Netherlands) is entitled to collect wage income tax. Since the judgment of the Dutch High Court in December 2006 this agreement does not apply to temporary staffing agencies anymore and the wage income taxes have to be paid from day one in the Netherlands. (Ministerie van Sociale Zaken en Werkgelegenheid [SZW], 2008a). In addition the Dutch finance office sometimes demands that a client firm that works with foreign temporary staffing agencies has to open a locked trust account for taxes and social insurances. The temporary staffing agency can be committed by the client firm to open such an account (IGZ, 2008)

The exclusion of the temporary staffing agencies from the double taxation agreement is a serious threat for XY as in the past it always sent their workers only for 182 days to the Netherlands to avoid to have to pay taxes directly in the Netherlands. Now the group has to employ a Dutch tax accountant to undertake the payment of the taxes. Besides the opening of a trust account can be required by the client firm. This is negative for the liquidity of XY and requires an extra administrative effort. Moreover as the laws change continuously, have a lot of exceptions, sometimes no explicit judicial information can be found and high penalties are risked if the laws are not respected also a Dutch lawyer has to be engaged. However this implies again extra costs. Therefore sending German workers from a German branch is only profitable for bigger and long-term projects.

4.1.1.3 International legislation influencing the supply of foreign workers of EU member states in the Netherlands (employer based in the Netherlands)

The Alien Employment Act (“Wet arbeid vreemdelingen”) is relevant if a Dutch company is employing a foreigner. Moreover this law is also relevant for companies/private individuals that do not employ the foreigner directly (e.g. via a temporary staffing agency) but where the foreigner is carrying out the job. The responsibility to check the nationality of the foreign employees is the task of the employer and also of possible sub contractors (companies/private individuals) who are all regarded legally to have an employer status. The law is specifying for which nationalities it is allowed to work without restrictions in the Netherlands. These groups are employees from the European Economic Area (European member states and supplementary Norway, Iceland, Liechtenstein). Only Bulgaria and Romania are excluded. From 1 may 2007 the restrictions for the free movement of labor for the following countries were removed: Estonia, Latvia, Lithuania, Slovakia, Czech Republic, Poland and Slovenia (SZW, 2008b)

This law imposes neither a threat nor an opportunity as XY wants to provide German workers who can work without restrictions in the Netherlands.

4.1.2 Host country legislation concerning the labor market and the temporary staffing industry

Since the host country legislation offers as well opportunities and threats for the market entry options of the XY group it is incorporated in detail as well.

4.1.2.1 Host country legislation concerning the temporary staffing industry

Until 1998 the supply of temporary staff in the Netherlands was not regulated univocally and it was regarded more like a freelance activity. The temporary staffing agency only acted as a middle man. (Thiele, 2007) On the national level now two laws influence the temporary staffing industry: the “law of allocation of labor force through intermediaries” in Dutch ”wet allocatie arbeidskrachten door intermediairs” [WAADI], and the Flexibility and Security (“Flexicurity”) Act.

<u>Law of allocation of labor force through intermediairs</u>

In 1998 WAADI came into effect. This law is aiming to provide on the one hand the temporary employment worker more social security and on the other hand to allow the temporary employment agencies the needed flexibility (Dirzius, 2006, p.22). This law effectuated that temporary employment agencies are not subject to licensing anymore and that the maximum duration in which a hiring organization can employ a temporary employment worker exists no longer (Prop, 2007). With this law the contract between temporary employment agency and temporary employment worker is now considered to be a real employment contract and came under the Dutch Civil Code, in Dutch “Burgerlijk Wetboek” [BW], Article 7:690 BW. The temporary employment worker is by then under labor law provisions an employee of the temporary employment agency. This means that temporary employment agencies should bear the employer responsibility. WAADI states that the temporary employment agency should inform the temporary employment worker about safety regulations and about the required qualification in the user firm (Tijdens et al, 2006).

Furthermore it introduced the equal pay rule which says that temporary employment workers should receive the same wage compensation than permanent employees. According to Article 8 para. 2 and 3 WAADI it could be diverged from the equal pay rule if:

-for the temporary employment agency valid collective labor agreement foresees another wage compensation

-a law sets forth how much wage an employee should receive (e.g. permanently unemployed persons and unemployed persons under the age of 23 years only receive a minimum wage)

-the collective labor agreement that the temporary staffing agency uses contains a clause that advises the temporary staffing agency to realign its wage compensation to the collective labor agreement of the client firm (Thiele, 2007).

Flexibility and Security (Flexicurity) Act

This law was introduced in 1999 on the one hand in order to increase the flexibility of the work. On the other hand the legal position of the temporary employment worker should be increased, the work and income security should be raised and the claim on aid money should be warranted (Thiele, 2007). However the labor law provision under the Dutch Civil Code (Article 7:691 BW) that was introduced to the temporary staffing industry by the law WAADI was restricted by the flexibility and security act. The normal labor law provision is only applied when the working contract between the employer and the employee lasts longer than 26 weeks.

The host country legislation concerning the temporary staffing industry is an opportunity as it is very employer friendly. The WAADI Act removed former restrictions for temporary staffing agencies (e.g. licensing). In addition the flexicurity act offers the possibility to employ workers for 26 weeks without bearing the whole employer responsibility (e.g. pension has not to be paid yet). For the temporary staffing worker the general host country legislation does offer opportunities (e.g. more gross wage as in Germany because of lower social insurance and tax contributions, minimum wage) as well as threats (e.g. no buildup of pension within the first six months).

4.1.3 Nature of the national labor market regulatory regime

Since within the Netherlands the configuration of the temporary employment contracts is primarily based on the collective labor agreement (Jahn, 2005) it is important to study this aspect and its implications in-depth.

4.1.3.1 Collective labor agreements

In the Netherlands there are various employer associations for the temporary staffing industry. However only the two biggest associations Algemene Bond Uitzendondernemingen [ABU] and Nederlandse Bond van Bemiddelings- en Uitzendondernemingen [NBBU] have a powerful position and participated in the negotiations of the collective labor agreements (Dirzius, 2006). These two collective labor agreements apply for 90% of the temporary staffing workers (Thiele, 2007) therefore the other associations are not relevant to mention here.

ABU-Collective Agreement for Temporary Employees 2004-2009

The employer association ABU was founded in 1965 by several leading temporary employment agencies like OO and Adecco (Dirzius, 2006). Currently it represents 60% of the market and is the biggest employer association in the temporary employment industry in the Netherlands (ABU, 2008). The collective labor agreement was closed with three unions and handles a A,B,C phase system.

NBBU-Collective Agreement for Temporary Employees 2004-2009

This employer association NBBU was set up in 1994 with the aim to represent the needs of the small and medium sized temporary employment agencies (Dirzius, 2006).

The collective agreement was negotiated with one little union. Within this collective agreement the temporary staffing agency can decide if it wants to use a period and chain system or a 1, 2, 3, 4 phase system (the phase system is described below). According to “The counting of the period and chain system under the Netherlands Civil Code (Section 668a, Book 7)“ the 3-and-3 rule states that any employee receives automatically an indefinite contract if consecutively three definite work contracts with a maximal disruption of three month or one contract that lasted longer than three years were completed (Thiele, 2004).

Within the collective labor agreements of the ABU and the NBBU a system of phases is used where every week the temporary staffing employee worked for the temporary staffing agency counts for the buildup of the weeks. For the counting of the weeks it does not matter how many hours per week a worker labored. The phase system directs the rights of the temporary staffing worker concerning the remuneration, a temporary employment clause, the terms of notice, pension, training and illness (compare for a detailed explanation appendix six). The further a temporary staffing worker is in the system of phases the more rights he gets and the more permanent the relationship becomes with the temporary employment agency (ABU, 2008).

The collective labor agreements pose on the one hand some opportunities as they are very employer friendly. Moreover the XY group can choose between two collective labor agreements whereas the NBBU collective agreement is the most employers friendly. On the other hand there are also some threats as the temporary employment agencies should be very careful in deciding which collective labor agreement to choose as they have very different images. In addition while supplying German temporary staffing workers these collective labor agreements are a threat as they provide the worker much less social security than in Germany. These conditions could make working in the Netherlands less attractive to German temporary staffing workers.

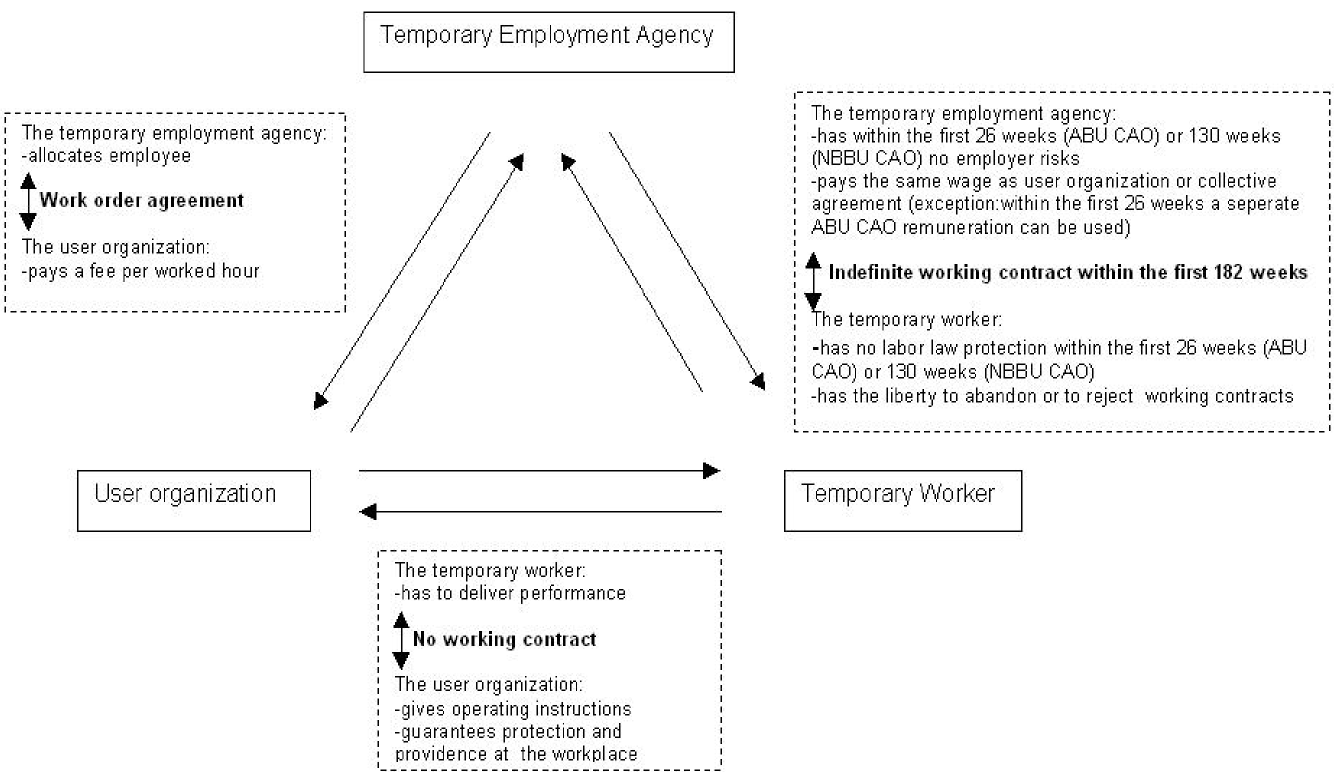


Figure 9: Overview legal relationship between the temporary employment agency, temporary worker and user organization in the Dutch temporary employment industry, adapted by researcher, based on Weingärtner, 2004

4.2 Demand and supply conditions in the host market and supply conditions of the home market

The situation on the Dutch temporary staffing market has a major impact on the market entry options for the XY group. Hence this aspect is studied in-depth in order to retrieve the opportunities and threats. To get a first overview over the market the nature, number and size of the competitors, their service mix and the value creation in the industry (Meffert & Bruhn) are described. In addition to determine the competitive intensity and attractiveness in terms of overall industry profitability the adapted five forces: substitute services, new entrants industry, intra industry rivalry, demand of companies and supply of employees are examined (Risch Rodie & Martin, 2001). Within the last force the Dutch labor market is studied in detail as it considerably influences the supply of employees.

4.2.1 Nature, number and size of competitors

According to Statistic Netherlands, in Dutch: Centraal Bureau voor de Statistiek [CBS] the sales volume of the Dutch temporary staffing industry increased with + 19% in 2007. The total of the deployed hours of Dutch temporary staffing agencies augmented with +13% in 2007 (CBS, 2008a).

Based on the information of the CBS in January 2006 a total of 6975 temporary employment agencies were active in the Netherlands. The spreading of the temporary employment agencies by number of internal employees is described in the table below. It is very remarkable that more than one third of all temporary staffing agencies only works with one internal employee and that in total more than 65% of the temporary staffing agencies have five or less employees.

Number of internal employees	1	2	3 to 5	5 to 10	10 to 20	20 to 50	50 to 100	More than 100
Number of temporary staffing agencies	2510	1225	820	765	740	490	205	220

Table 7: Temporary employment agencies by persons employed in January 2006 (CBS, 2006)

Based on estimates of the employer association ABU 80% of the temporary staffing in the Netherlands is dominated by the four biggest players (OO(+Vedior), USG People, Adecco and Manpower). The remaining 20% of the market are a large amount of different overall little temporary staffing agencies. However there is also an increasing number of middle-sized agencies within this 20%. These middle-sized firms are overall former little agencies with a specialization on a particular type of market, function or employee that are now expanding with for example up to 10 branches (MMM, personal communication, May, 5, 2008).

In addition, the sales volume priority list of flexmarkt of may 2007 states that the ten biggest temporary staffing agencies in the Netherlands (OO, USG People, Vedior, Adecco, Manpower, AB, Olympia Uitzendgroep, Humares Groep, Timing, Brunel) realized in 2006 collectively a sales volume of 6,7 billion Euro. This is an increase of 24% compared to the year before. Within the group of the ten biggest temporary staffing agencies OO has a market share of 43% and USG People of 23,6%.

The middle sized temporary staffing agencies realized in 2006 collectively a sales volume of 1 billion Euros which is an augmentation of 30% in comparison to 2005.

The 22 small temporary staffing agencies that provided information for this list realized together a sales volume of 50 million Euro. The average increase in this category is 40%. By that the small agencies are growing the most (Flexmarkt, 2007).

Concluding it can be said that it is a threat that there are so many competitors on the market. Moreover it is a menace that 80% of the market is dominated by the biggest players and only 20% are left for small and medium sized companies. An opportunity is that the overall sales volume of the Dutch temporary staffing industry is growing and especially the small temporary staffing agencies have the biggest growth potential.

4.2.2 Service mix of competitors

According to Tijdens et al (2006) most of the big temporary staffing agencies in the Netherlands offer overall general services like recruitment, assessment & selection, training, outplacement, outsourcing, consulting and payrolling. However besides these players provide specialized services through particular branches that are for example focused on providing highly trained employees. The authors state that coming to the small temporary employment agencies a division in three categories can be found. In the first category a focus on skilled professionals (nurses, accountants etc.) is present. In the second category the small temporary working agencies are specialized on unskilled or semi-skilled workers like cleaning or hotel workers. Finally, in the third category a concentration on industries in particular local or regional labor markets like the port workers in Rotterdam can be found.

It is a threat that XY´s services do not have distinguishing features that are not present on the Dutch market. Also in the interviews with the Dutch temporary staffing agencies and the employer association the respondents all said that without a distinguishing feature a market entry on the Dutch market is very hard as the competition is so strong.

4.2.3 Value creation in the industry

The temporary staffing agencies try to create value by interacting on a strategic level with the client firm. The agencies try to emphasize into the problems of the client firm and to get insight into the processes in order to adapt all the provided services to it. The aim is to be recognized by the client firm as a professional supplier and to even get into the steering committee of suppliers of the client firm (MMM, personal communication, April, 23, 2008).

Moreover the agencies try to be distinguishable by specializing on regions, specific target groups (elderly people, student, immigrants and permanently unemployed persons) or educational levels. (MMM, personal communication, May, 5, 2008)
As Mr. Muijser, Business Analyst of OO Holding admits overall the bigger players try to provide their clients more certitude:

> *“The big temporary staffing agencies try to make their services measurable in order to give the client firm some security. Service level agreements are discussed and Key Performance Indicators are determined based on the needs of the client. For example it can be decided on how quick the demand of the client firm must be fulfilled, how high the percentage “no shows” can be, how good temporary staffing workers must be etc. This is normally linked to a bonus system so that if the temporary staffing agency is living up to the Key Performance Indicators will receive a bonus and if it is not a penalty (MMM, personal communication, April, 22, 2008).”*

Another way of creating value of the bigger players is that they are capable of providing all possible services at once to the client (MMM, personal communication, April, 22*, 2008)*

In conclusion, the way of getting insights into the processes of client firms and working with service level agreements is an opportunity for XY as in Germany they are now starting to work in the same way. Still it is negative for XY that the industry is very professional and XY has barely experience with bigger contracts or being in the board of suppliers of a client firm. Like it was already mentioned another threat is that XY is neither specialized nor can offer all possible services to the client.

4.2.4 Substitute services

The conventional temporary staffing can be replaced very easily. This service is neither very complex nor it requires an exhaustive knowledge of the client firm. In addition the client firms have a broad choice of temporary staffing agencies. In the last year in this segment the price was overall important. However this is changing recently and the client firms are paying more attention to work with a reliable partner that acts ethically correct (MMM, personal communication, April, 22*, 2008)*

This development can be attributed to several scandals in the last years where temporary staffing agencies employed illegal workers or paid beneath the minimum wage. (Note: The biggest employer association is estimating that at the moment more than 5000 to

6000 unofficial temporary staffing agencies (that do not pay taxes, social insurances or minimum wage and/or employ illegal employees) are active in the Netherlands which is almost the same number than the official temporary staffing agencies! (MMM, personal communication, May, 5, 2008).

At the moment the client firms pay much more attention to have a good relationship with their supplier of temporary workers. Besides, the additional value the temporary staffing agency can offer because of an extensive knowledge about the client firm and the relevant market gets more important than the price. Moreover, the client firms emphasize to receive high quality services that go far behind the conventional temporary staffing like: HR services, payrolling, inhouse services. These services comprise increasingly a higher part of the turnover of overall the bigger temporary staffing agencies (MMM, personal communication, April, 22, 2008).

Besides the services can not be exchanged so easily if the temporary staffing agency operates in a niche market with little competition. Also temporary staffing agencies that are specialized in rural regions and have a strong business network within the region will ordinarily not be substituted (MMM, personal communication, April, 23, 2008).

To sum up it is an opportunity that most of the client firms pay attention to work with a reliable and legitimate partner like the XY group. It is negative that XY has only little knowledge yet in providing extra services like outsourcing, onsite management or master vendor. It is also a problem that client firms overall prefer buying these services from the biggest players in order to get more security e.g. that social insurances are paid on time. (MMM) A threat is that XY has nearly no clients yet in the Netherlands so that developing strategic relationships will take some time. In addition it could be a disadvantage that XY is not operating on a niche market or with a specialization.

4.2.5 New entrants industry

As since 1998 because of the WAADI Act the temporary staffing agencies are not subject to licensing anymore the number of temporary staffing agencies raised enormously. This is also affirmed by Mrs. MMM, employee at the knowledge centre of the biggest employer association ABU (compare appendix 9 for the whole interview):

> *"We always say that in the Netherlands if you have a mobile phone, some people that are willing to work for you and some clients you are in (the temporary staffing) business (MMM, personal communication, May, 5, 2008)."*

Nevertheless, in the East and North of the Netherlands the entry is not so easy as the client firms have a strong supplier loyalty in contrast to the West of the Netherlands (MMM, personal communication, April, 23, 2008).

The low entry barriers are an opportunity for XY.

4.2.6 Intra industry rivalry

The intra industry rivalry is very high as there are so many temporary staffing agencies.
Moreover as the client firms have so many problems to get good personnel they place their vacancies at several temporary staffing agencies. This also strengthens the competition between the different agencies as everybody wants to fulfil the job advertisement. (MMM, personal communication, May, 5, 2008)
The problems of getting into covering agreements or framework agreements were emphasized by Mr. MMM, owner of a small temporary staffing and dispatching agency:

> *"Overall the big client firms have normally already a long term contract for the supply of temporary works with one of the biggest player like OO, Adecco, Manpower etc.. These "first suppliers" then have to fulfil all the requests of the client firm even by subcontracting themselves other temporary staffing agencies in the case they can not provide workers themselves. Getting into these big contracts being a stranger to the client firm is very hard (MMM, personal communication, April, 23, 2008)."*

It is a serious threat to the XY group that the intra industry rivalry is so high. Moreover it is negative that it is nearly impossible to get into covering agreements which XY is planning on the longer term in the Netherlands.

4.2.7 Demand of companies

The demand of companies for labor in general and also temporary staffing workers is very strong. In the Netherlands the demand of the companies for flexibility is very high and they often prefer to employ e.g. 80% of their jobholders themselves and 20% via a temporary staffing agency. Also the authorities favor to outsource some of their specializations and to keep only the core staff in house (MMM, personal communication, April, 23, 2008).

Overall middle sized companies expect a growth of the number of flexible workers of up to 30% in 2015. A close, strategic cooperation between the company and the temporary staffing agency that can offer a full service could bring off the growth. However as the vision on temporary staffing in these companies is still very traditional, only 11% of the middle-sized firms use other services (like support with the administration, HR-services, personnel planning and payrolling) the temporary staffing agencies have to work and invest in these kinds of cooperation's with middle-sized firms (Goudswaard, A., de Leede, J., van Hooff, M., Brugman, T., Klein Hesselink, J., de Leeuw, M., et. al., 2007).

According to the market analysis about the Dutch temporary staffing market of the Rabobank from March 2008 the demand of highly qualified temporary staffing workers is growing in particular. As this group is more mobile and is positive concerning flexible working hours here is a potential for temporary staffing agencies that can bind these employees to them (Rabobank, 2008).

A trend in the last year is that the purchasing of temporary staffing workers by client firms is professionalized. The bigger client firms have own professional purchasers and the medium and small sized client firms often hire professional purchasers to support them in the negotiations. The process is the same as a standard purchasing process for goods and the trials are very though. If the temporary staffing agency is asked to negotiate with the client firm this often takes several months in order to fulfill all formal requirements. In the case that than a frame contract is closed the temporary staffing agency than only receives some eurocents per worked hour. Bigger frame contracts where e.g. 200 temporary staffing workers are provided are overall provided by the biggest player in the industry or sometimes strong local temporary staffing agencies. (MMM, personal communication, April, 22, 2008)

Also the temporary staffing agencies are very positive. According to the state of the industry test of the Statistics Netherlands in March 2008 28% of the temporary staffing agencies expected that the receipt of orders will grow. Whereas 57% of the agencies estimated that the number of received orders will remain the same and 15% of the agencies forecast a reduction of the orders. Coming to the expected growth of the volume of trade 32% of the agencies anticipated that the volume of sale will increase, 54% awaited that the volume of sale will remain the same and 14% of the agencies estimated that the volume of sale will decrease (CBS, 2008b).

The bargaining power of the client firms depends on the employees they are searching. If the client firm only wants lower skilled helpers that are still available on the labor market and nearly every temporary staffing agency is providing then the bargaining power is very high. However if the client firm is searching for specialized staff that is hardly available and can only be provided by some temporary staffing agencies the bargaining power is low. However by using professional purchasers during the bargaining process the position of the client firm can be strengthened.

Another aspect that does not totally fit here but is nevertheless very relevant while dealing with Dutch client firms was mentioned by Mr. MMM, the former subsidiary manager of the subsidiary OOO. Mr. MMM worked there for nine year until last year and has some experience dispatching German workers to the Netherlands:

> *"The Dutch firms have very bad payment behavior. It often takes six weeks until you get your payments. This puts us in trouble as we are not used to that long payment periods and we have to deliver payment in advance. Besides if the client firm does not pay at all it is very difficult to hedge receivables as it is a boarder crossing financial transaction (Mr. MMM, personal communication, May, 6, 2008).*

In summary it is an opportunity for XY that the Dutch companies and authorities are very accustomed to work with temporary workers. In addition, it is positive that the request of the client firms for flexibility is growing as the client firms are hardly able to manage this growth alone. Moreover, it is favorable that most of the temporary staffing agencies expect their receipt of orders and the volume of sales to grow. A threat is that the medium-sized companies which expect the biggest growth are not so used yet to higher value services like outsourcing. In addition the bargaining power of client firms that search lower skilled workers or general services, both a main focus the XY group, is mostly very high as many temporary staffing offer these services. Another menace is that the negotiations with client firms are very tough as professional purchasers support the client firm in the process and XY is not used to it yet. Finally it is unfavorable that the Dutch client firms have a bad payment behavior and can therefore put XY into problems.

4.2.8 Supply of employees

In order to estimate the supply of temporary working employees first of all the Dutch labor market in general has to be considered as this influences mainly the supply of temporary workers. Moreover as labor markets (work productivity and number of jobs) in general are highly affected by the economic situation in the first place the economic situation in the Netherlands is considered.

4.2.8.1 The economic situation in the Netherlands

In 2007 the economic growth in the Netherlands was 3,5%. In march of this year the legitimate central planning office [CPB] published an expected growth of 2,25% for 2008 (CPB, 2008). Coming to the future economic progresses the Dutch federal employment centre published in June 2007 the prognosis below mentioned. There it can be seen that the gross domestic product is expected to decrease the next years. As when this data was published the problems on the financial markets where just slightly beginning and the current lower economic growth is overall influenced by the effects of the financial crisis, like a weaker world market and lower exports (CPB, 2008) rather the lower prognosis's should be considered.

Years	**1997-2001**	**2002-2006**	**2007**	**2008**	**2009-2012**
Low economic growth	3,56%	1,42%	2,25%	1,75%	2,0%
Middel economic growth	3,56%	1,42%	2,75%	2,75%	
High economic growth	3,56%	1,42%	3,25%	3,75%	

Table 8: Expected growth percentage 2007-2012 of the Gross Domestic Product for different economic growth scenarios, CWI (2007)

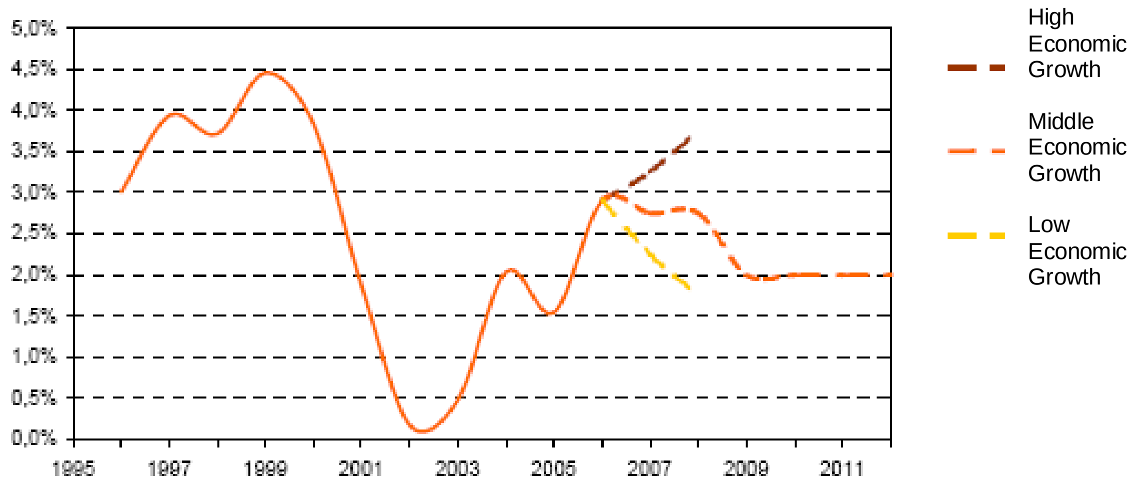


Figure 10: Development of the economic growth between 2007-2012 for different growth scenarios, CWI (2007)

For the XY group it is a threat that the economic growth is declining as the temporary staffing industry in general is very sensitive to the state of trade.

4.2.8.2 The labor market situation in the Netherlands

The labor force

The Netherlands have 16,3 million inhabitants. From the total of inhabitants, the so called potential labor force (inhabitants between 15 years and 64 years) are 11 million. From this potential labor force the working population that has an employment or is searching for a job is 7,5 million. The employed labor force is 7,1 million (CWI, 2007).

According to the expectations of the Dutch federal employment centre, in Dutch: Centrum voor Werk en Inkomen [CWI] that were published in June 2007 the average increase of the working population is declining.

Years	**1997-2001**	**2002-2006**	**2007**	**2008**	**2009-2012**
Average increase of the working population	1,7%	0,6%	1,0%	0,9%	0,3%

Table 9: Expectations of the average increase of the working population until 2012, CWI (2007)

In addition the number of unemployed people over the potential labour force has been also decreasing the last years. According to the labour market prognosis of the Dutch federal employment centre from June 2007 the percentage should also be on the decline in 2008.

Years	**2004**	**2005**	**2006**	**2007**	**2008**
Unemployed population	9,4%	9,1%	7,4%	6,6%	6,2%

Table 10: Expectations of the average increase of the unemployed working population until 2012, CWI (2007)

According to actual data of the CWI the number of unemployed people decreased in march 2008 with 2,7 % to 441.000. Currently 5,8 percent of the labour force is unemployed (CWI, 2008). Besides Statistics Netherlands is reporting that the number of social security payments declined in the first quarter of 2008 until the largest number in the last 25 years (CBS, 2008c).

Coming to the specific labor market situation for the Dutch temporary employment industry in 2006 730.000 persons started working as a temporary staffing worker in the Netherlands and where employed in a total of 1,3 million different temporary staffing jobs (Van Heel, P.D., Van Nuland, E. & Van der Ende, M., 2007)

The forecast of the inflow of temporary staffing workers is decreasing. For the year 2008 a growth percentage of 2 percent is prognosticated and for the year 2009 and 2010 even only a one percent growth per year is predicted. In comparison in 2005 the inflow of temporary staffing workers was 9% (Van Heel, P.D. & Van Nuland, E., 2008). The tense situation on the Dutch labor market has a negative influence on the supply of temporary staffing workers. This is overall the case for technical as well as nursing and caretaking personnel (Rabobank, 2008). Only in specific segments the supply of employees is positive as e.g. there is a trend that employees leave the authorities to work somewhere else or to be self-employed (MMM, personal communication, April, 23, 2008).

The Dutch temporary staffing agencies try to solve this problem in several ways:
-investing in training or traineeships for temporary staffing workers in sectors where there is a known shortage of labor e.g. building plan controllers (MMM, personal communication, April, 23, 2008)), metalworkers (ABU, 2008c) or IT-professionals (OO Netherlands, 2008).
-providing work and reintegration schemes for groups that are still less participating on the labor market than the average. These groups are elderly people, foreigners, handicapped people, permanently unemployed persons and women. As here lies still a big potential for the Dutch labor market temporary staffing agencies that are specialized on these groups have good growth prospects (ABU, 2008b).
-filling vacancies with employees from Middle and Eastern Europe. As since the first of may 2007 the Dutch labor market is open for citizens from Estonia, Latvia, Lithuania, Slovakia, Czech Republic, Poland and Slovenia it is estimated that more than 100.000 employees from Eastern Europe are working currently in the Netherlands. However, the overwhelming majority is from Poland (ABU, 2008d).

For the XY group who wants to provide overall Dutch workers in the Netherlands it is negative that the increase of the working population is declining, the number of unemployed person is descending and the inflow of temporary staffing workers is decreasing. On the other hand it would be an opportunity as the XY group could offer German staff in place of Dutch staff.

Number of Jobs

Based on Statistics Netherlands in the last year 190.000 jobs more than in 2006 evolved. This is an increase of jobs of 2,5%. The most important rise of jobs occurred in the field of professional services with a growth of 88.000 places of employment (+6,2%). The majority of these jobs are temporary employment jobs as employers choose to fulfill vacancies first with temporary employment staff (CBS, 2008d). According to the expectations of the Dutch federal employment centre that were published in June 2007 the quantity of employments will decrease (CWI, 2007).

Years	**1997-2001**	**2002-2006**	**2007**	**2008**	**2009-2012**
Increase of Jobs	2,4%	0,4%	1,4%	1,5%	0,8%

Table 11: Forecasted increase of jobs until 2012, (CWI, 2007)

The CWI is forecasting that the majority of the jobs will arise in the professional services and IT sector and in the care and welfare sector. The industry sector and the public administration sector will reduce their number of jobs the most in the future.

Average growth jobs per year (x1000)	**2006**	**2007**	**2008**	**2009-2012**	**Share of the growth per job 2007-2012**
Professional services and IT	64	51	57	32	50%
Care and welfare	29	32	31	32	40%
Retail business	13	9	11	7	10%
Hotel and catering sector	8	3	6	3	4%
Tourism and social institutions	8	4	5	3	4%
Construction sector	8	6	6	2	4%
Financial services	2	1	3	3	3%
Wholesale business	7	3	5	1	3%
Education	2	1	2	2	2%
Agriculture and fishing	1	1	1	0	1%
Minerals extraction	0	0	0	0	0%
Public utilities	0	-1	0	0	-1%
Transport and telecommunication	1	-1	1	-1	-1%
Public administration	-6	-7	-6	-6	-8%
Industrie	6	-1	-5	-12	-12%

Table 12: Forecasted growth of jobs per sector until 2012, (CWI, 2007)

Overall it can be said that the number of jobs is increasing quicker than the working population. This is already now creating big problems as a lot of vacancies can not be filled. In the future these major difficulties will only be amplified as it can be also seen in the figure below.

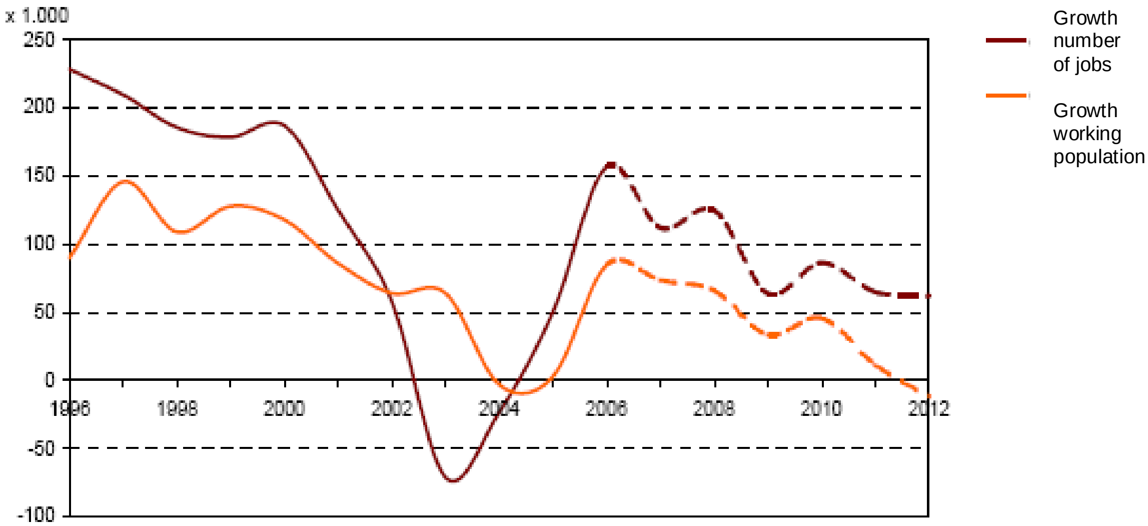


Figure 11: Forecasted growth number of jobs and working population on the labor market until 2012, (CWI, 2007)

As the labor market is very tight and there are so many temporary staffing agencies the bargaining power of the temporary staffing workers is high as they can often choose where they want to work. Coming to the remuneration the bargaining power for temporary staffing workers is not so high as the temporary staffing workers are always paid according to or the ABU CLA, the CLA of the client firm or the minimum wage. Only temporary staffing workers that are highly sought-after can bargain (MMM, personal communication, April, 22, 2008).

However the increase of jobs is declining. Compared to the years before it is an opportunity that the number of jobs is growing quicker than the working population and therefore an overlap of jobs is emerging. This overlap of jobs could be filled with German workers. Still here it is a problem as the forecasted number of job growth is declining or rising fractional in sectors where German staff can be placed without having to learn Dutch (like industry, minerals extraction or agriculture and fishing). In addition it is a threat that the bargaining power of the temporary staffing workers is high as they can often choose where they want to work.

4.2.8.3 The labour market situation in the region Twente

Since the XY group would like to enter the Dutch market at first in the region Twente it is important to examine this regional labor market in particular.

The economic situation in the region Twente

The economic turnover of the regional economy is growing since 2006. The growth percentage of 6% is even higher than the national average of 3,7%. According to a survey under the employers in the region this increase in economic turnover will lead also to a rise in jobs (Platform Onderwijs, Werk en Inkomen [POWI], 2008). This was already obvious in 2006 where the number of full time jobs increased with 3,1% (the national average of job increase was 2,2%).

The labor force

It is forecasted that the working population in the region Twente is increasing with the average of 1.465 persons per year between 2008 and 2011. However the growth per year is decreasing. In 2008 the growth of the working population is expected to be 1,0%, in 2009 it should be 0,8%, in 2010 already 0,7% and in 2011 it should even diminish to 0,5% (POWI, 2008).

Nevertheless, in Twente the employed labor force, which was 67% of the whole population in the region in 2006 is lower than the national average of 68,4% (POWI, 2008).

Still the number of employed people is rising as the unemployed labor force is also on the decline with –1,6% between 2006 and 2008 as it can be seen in the table below (CWI, 2007).

Years	2006	2007	2008
Unemployed population in the region Twente	9,3%	8,2%	7,7%

Table 13: Expectations of the average increase of the working population in the region Twente until 2012, (CWI, 2007)

Based on the recent numbers of the CWI the region Twente (red circle in the figure below) has currently a unemployment percentage of six to seven percent (CWI, 2008).

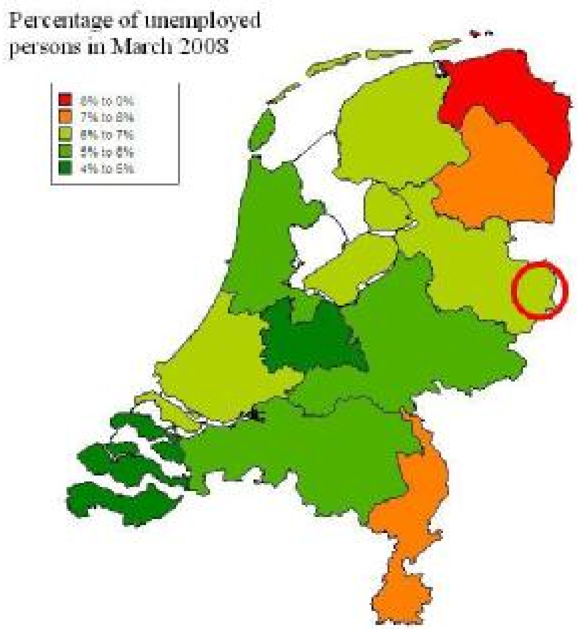


Figure 12: Registered percentage of unemployed persons over the working population in the Netherlands in March 2008, (CWI, 2008)

Mr. MMM, subsidiary manager in the region Twente of a medium-sized temporary staffing agency is facing serious problems finding adequate staff for the vacancies of his client firms:

> *"I have a lot of curriculum vitaes [CV] in my system and I still could get people from the Centre for Work and Income but these people are not appropriate. Finding suitable candidates in Twente has become so hard as the good ones are all already engaged permanently (MMM, personal communication, April, 17, 2008).*

The number of jobs

The prognosis is that between 2008 and 2011 the number of jobs will increase with an average of 3.430 jobs per year in Twente. In the period between 2008 and 2011 a total of 13.720 jobs will emerge whereas the working population is only increasing with 5860 persons. As in the national average (compare table14) there will by a major gap between the demand and the supply conditions on the labor market in Twente (POWI, 2008).

The commercial services sector provides most of the jobs in the region Twente (40%). Moreover this sector is the sector that has grown the most between 2005 and 2006 which is mostly assigned to the strong rise of temporary staffing jobs. Also the construction sector has grown strongly in the period 2005-2006. Typical voor Twente is the big fraction of the industry sector of the total quantity of jobs as in Twente it is 26% and in the national average only 19% (POWI, 2008).

Sector	Year 2006	Year 2001-2006
Agriculture, hunting, foresting	13.202	-1.281
Mineral extraction	125	50
Total primary sector	**13.327**	**-1.231**
Industry	46.983	-7.463
Production and distribution of electricity, gas en water	541	-27
Building industry	23.267	-1.517
Total industry	**70.791**	**-9.007**
Reparation of consumer articles and commerce	52.650	1.864
Gastronomy	11.606	357
Transport, storage and communication	12.340	-860
Financial institutions	5.218	-1.071
Professional services/rent/real estate	27.829	3.007
Total commercial services	**109.643**	**3.297**
Public administration	12.850	1.097
Education	19.096	733
Care and welfare	39.250	5.347
ZZnmental services, culture, recreation, other services	9.618	470
Total not-commercial services	**80.814**	**7.647**
Total	274.588	719

Table 14: Total of jobs per sector in the region Twente in 2006, (POWI, 2008)

It is an opportunity for the XY group that the growth percentage of the economy in Twente is higher than the national average. It is also positive that it is prognosticated that more jobs than employees will arise in the region. Still it is a threat that that the labor force and also the number of unemployed persons in the region is declining as the XY group wants to provide overall Dutch workers. This gap could be filled with partially with German workers e.g. in the industry sector that is still very strong in the region. However a lot of jobs can not be executed by foreigners without language skills like in the strongest growing sector of commercial services.

4.2.9 Supply conditions in the home market

As the XY group is also considering to supply German workers for the Dutch market the situation on the German labor market must be explored as well.

The economic situation in Germany

The forecasted economic growth for 2008 is 1,7% (Wirtschafts Woche, 2008). Although that for 2008 a lower economic growth is prognosticated than for 2007 and the economic cycle is expected to diminish in the course of the year the economic situation is still very positive (Bundesagentur für Arbeit [BA], 2008a). This is also reflected in a favorable labor market situation. Compared to 2007 the big plus in the employed labor force is opposed to a minus in the unemployment (BA, 2008a).

The labor force

In April 2008 3,41 million inhabitants (8,1% of the German working population) were unemployed. Compared to April of 2007 this is a decrease of 14 percent (BA, 2008a). The Halle Institute of Economic research is expecting that this number is declining in 2009 with up to 3,3 Million which is 7,6% of the working population (Wirtschafts Woche, 2008). If the XY group wants to provide German workers who can commute to the Twente region this is really difficult as in the relevant German regions (compare red circle in the figure 12) the percentage of unemployed persons is very low. Nevertheless there is still a big potential of unemployed persons in the East of Germany that could be supplied to the Netherlands. Still this would imply to organize housing for these workers as well.

Figure 13: Registered percentage of unemployed persons in Germany over the working population in April 2008 (in brackets: the number of the year before), the red circle is showing the region from which German workers could commute to the Twente region, (BA, 2008b)

The number of jobs

According to the German federal employment centre the demand of jobs is still on a high level but is reaching its limit. The BA-X indicator that measures the demand for labor in Germany is decreasing from +7 in December 2007 to +4 in March 2008 (BA, 2008a).

Coming to the supply of German employees to the Netherlands it is a threat that the German economy has a stable and favorable position at the moment. This is also reflected in an increasing employed labor force and therefore a decreasing number of potential employees that could be send to the Netherlands. Another threat is that in the regions from which workers could commute to the Twente region the percentage of unemployed people is very low. An opportunity is that there is a big potential labor force in Eastern Germany. Still XY has no subsidiary there and these people need extra support with housing etc. Another opportunity is that the number of jobs is reaching its limit so that perhaps in the future more people are unemployed and could be disposed to the Netherland.

Conclusion external factors

OPPORTUNITIES	THREATS
>*legislation influencing the border crossing supply of employees:* -competitive advantage compared to Dutch combatants as XY can provide workers with lower wages -within the first 12 month all social insurances and health care can still be effectuated in Germany -in the low wage sector is it attractive for German workers to labor in the Netherlands >*host country legislation* -the laws concerning the temporary staffing agency are very employer friendly -German employees receive more gross wage than in Germany >*collective labor agreements* -very employer friendly >*competitors* -the overall sales volume of the Dutch temporary staffing market is growing >*value creation* -XY is currently gaining some knowledge in Germany about the common kind of value creation in the Dutch temporary staffing industry >*substitute services* -most of the client firms now pay extra attention to work with reliable partners, like XY >*entry barriers* -low entry barriers >*demand of companies* -Dutch companies and authorities are very accustomed to work with temporary workers -the demand of client firms for the flexibilisation of their labor force is growing -most of the temporary staffing agencies expect their receipts of orders to grow >*labor force on the national level* -XY could offer German staff to fulfill the Dutch scarcity of labor >*number of jobs on the national level* -an overlap of jobs is emerging as the number of jobs is growing quicker than the working population, XY could offer German staff to reduce the overlap of jobs >*labor market situation in the region Twente* -the growth percentage of the economy in Twente is higher than the national average -there is a scarcity of labor in the region as more jobs that employees arise >*supply of employees from Germany* -there is a big potential labor force in Eastern Germany -nationwide the number of jobs is reaching its limit	>*legislation concerning the border crossing supply of employees* -after 12 month the social insurances and health care have to be paid in the Netherlands -temporary staffing agencies have been excluded from the double taxation agreement >*collective labor agreements* -German employees have higher social security risks than in Germany >*competitors* -there are numerous competitors -80% of the market is dominated by the four biggest agencies >*service mix* -XY has no distinguishing services that are not present yet on the Dutch market >*substitute services* -XY has only little or no knowledge yet in providing higher value services -most of the bigger clients prefer to do large projects with one of the most important temporary staffing -XY has only some minor clients in the Netherlands yet >*intra industry rivalry* -the intra industry rivalry is very high -it is nearly impossible to get into covering agreements >*demand of companies* -the negotiations with client firms are very though -the bargaining power of client firms that search lower skilled workers or general services is mostly very high >*economic situation on the national level* -the economic growth is declining >*labor force on the national level* -the increase of the working population is declining, the number of unemployed persons and the inflow of temporary staffing workers are decreasing -the Dutch temporary staffing agencies already have so many problems finding (suitable) personnel that dispatching 90% Dutch people in the Netherlands is an illusion. >*number of jobs on the national level* -an overlap of jobs is emerging as the number of jobs is growing quicker than the working population, however this gap can not be filled sufficiently with Dutch workers -the forecasted number of job growth in sectors where German staff can be placed without having to learn Dutch is declining or rising fractional -the bargaining power of the temporary staffing workers is high >*labor market situation in the region Twente* -the planned supply of overall Dutch worker is difficult as the labor force and the number of unemployed persons in the region is declining -the type of vacancies that are emerging can only partially be filled with German workers >*supply of employees from Germany* -the German economy is positive and stable at the moment ,more jobs are created, the employed labor force is increasing and the number of potential employees that could be send to the Netherlands is declining -in the regions from which workers could commute to Twente the number of potential employees is very low -the supply of employees from Eastern Germany is not so easy

Table 15: Summary of the external part of the SWOT analysis, (Baker, 2006)

In summary it can be stated that there are several opportunities for the XY group in the Netherlands as the current and future overlap of jobs or the growing sales volume of the Dutch temporary staffing industry. Still these possibilities can not be exploited as the needed staff to fulfill the Dutch scarcity of labor can be found neither within the Netherlands nor within Germany. Irrespective of the fact, that the emerging overlap of jobs can only partially filled with foreign workers as mostly advanced Dutch language skills are indispensable. All in all XY´s chances to succeed in the Dutch market are minimal.

5. CHOICE OF THE MARKET ENTRY OPTION

Based on the strengths, weaknesses, opportunities and threats that were found in the internal and external analysis a market entry option for the XY group will be chosen in this paragraph. Firstly, the entry modes that result from the internal analysis are described (5.1). Concerning the entry modes that arise of the external analysis the opportunities and threats differ in the first place mainly according to if an entry mode is chosen in the Netherlands or in Germany and less according to the different entry modes (e.g. direct export, franchising, joint venture, licensing, management agreements, wholly owned subsidiary, merger or acquisition). As the initial ideas of the company about the best way to approach the Dutch market are via an entry mode in the Netherlands all the factors concerning an entry mode with base in the Netherlands are included here (5.2.1). After that the added option to intensify the delivery of staff via an entry mode based in Germany is examined (5.2.2). During the course of the chapter the best manner for XY to enter the Dutch market is determined.

5.1 Entry modes internal analysis

According to Vandermerwe and Chadwick (1991) in Meffert and Bruhn (2006) the entry mode options of service firms can be clustered based on the intangibility and the intensity of the interaction. If the intangibility as well as the intensity of the interaction of the service is low the best option is direct export. If the intangibility is overall middle and the intensity of the interaction is middle cooperative market entry options like franchising, joint ventures, licensing and management agreements are useful. However if the intangibility is high and the intensity of the interaction as well a wholly owned subsidiary, a merger or an acquisition are most suitable.

The internal analysis has shown that the services of XY have a middle to high intangibility as the services can not be shown immediately. The only thing the company can do is give references of former projects or work with service level agreements. Moreover, the intensity of the interaction is middle to high as a close contact with the (potential) external staff as well as with the (potential) client firm is crucial in order to be successful in the temporary staffing business.

Concluding it can be said that direct export can be excluded as it does not fit the characteristics of XY´s services. Furthermore, franchising, licensing and management agreements are not suitable as XY´s services can not be standardized. As such a high interaction for XY´s services is given and a very good knowledge of the market, the language and the culture is crucial the company must work with Dutch staff in order to be successful. Since it is very difficult and time consuming to recruit several experienced and committed Dutch employees for a wholly owned subsidiary this option can be excluded as well. Based on the internal analysis suitable options are therefore a joint venture, a merger or an acquisition.

Still the internal analysis has also shown that XY´s services are hardly transferable, are not distinguishable on the Dutch market, the company has organizational deficiencies and is undergoing a large, time-consuming organizational restructuring. Therefore it is questionable if the company should anyhow enter the Dutch market.

5.2 Entry modes external analysis

In this paragraph firstly the ideas of the firm are contrasted with the most important results of the external analysis. Thereafter, the prospects to do business on the Dutch market via a German subsidiary are compared to the findings of the external analysis.

5.2.1 Comparison of the firm’s ideas with the analysis (Entry modes in the Netherlands)

Ideas	Opportunities	Threats
1) Deliver staff with the basis in the Netherlands (subsidiary, joint venture, merger or acquisition)	-the laws concerning the temporary staffing industry and the collective labor agreements are very employer friendly	
2) Focus at the beginning: placement of temporary staff	-the overall sales volume of the Dutch temporary staffing market is growing -Dutch companies and authorities are very accustomed to work with temporary workers -the demand of client firms for the flexibilization of their labor force is growing -most of the temporary staffing agencies expect their receipts of orders to grow -an overlap of jobs is emerging	-there are numerous competitors and the intra industry rivalry is very high -80% of the market is dominated by the four biggest agencies -the economic growth is declining -an overlap of jobs is emerging, however this gap can not be filled sufficiently with Dutch workers
3) Provide mainly Dutch workers (approx. 90%) and dispatch only alongside German workers (approx. 10%)	-German employees receive more gross wage than in Germany -XY could offer a higher percentage of German staff to fulfill the Dutch scarcity of labor -there is a big potential labor force in Eastern Germany -nationwide in Germany the number of jobs is reaching its limit	-the Dutch working population is nearly completely employed and will even decrease in the next years. -the German economy is positive and stable at the moment -the supply of employees from Eastern Germany is not so easy -the social insurances and health care have to be paid from day one in the Netherlands and under the Dutch collective labor agreements German employees have higher social security risks
4) Start in the Twente region	-the growth percentage of the economy in Twente is higher than the national average -there is a scarcity of labor in the region as more jobs than employees arise	-the planned supply of overall Dutch worker is difficult -in the regions from which workers could commute to the Twente region the number of potential employees is very low -the vacancies that are emerging in the Twente region can only partially be filled with German workers
5) Focus on the longer term to deliver gradually more and higher quality services, get into covering agreements	-XY is currently gaining some knowledge in Germany about the common kind of value creation in the Dutch temporary staffing industry	-XY is neither specialized nor can offer all possible services to the client -XY has no distinguishing services that are not present yet on the Dutch market -most of the bigger clients prefer to do large projects with one of the most important temporary staffing agencies -the negotiations with client firms are very though -XY has no clients in the Netherlands yet -it is nearly impossible to get into covering agreements

Table 16: Comparison of the firm’s ideas about a market entry with the opportunities and threats out of the analysis

It can be retrieved from the comparison of the firm’s ideas with the results of the external analysis in table 16 that these ideas can not be realized. The placement of temporary staff is very difficult as most of the market is taken by the bigger agencies and the competition is very high. The idea to provide mainly Dutch workers is illusionary as the Dutch labor market is very tight at the moment and it is prognosticated that this will even worsen in the future. The supply of German workers is also difficult. The plan to start in the Twente region is difficult as there and also in the rest of the Netherlands most of the working force is employed. Moreover the emerging jobs require advanced Dutch skills and can therefore not be filled in large scale with German workers. Finally the idea to deliver on the long term higher value services is a mirage as it is nearly impossible to get into these contracts for a little, unknown, foreign temporary staffing company.

It can be concluded that neither a market entry that follows the ideas of the company nor within another region in the Netherlands provides sufficient business prospects for XY. A market entry in no matter what form (e.g. joint venture, merger or acquisition) with a base in the Netherlands is thus not advisable.

5.2.2 Entry mode from Germany

Even though a market entry with a base in the Netherlands is not recommendable it is important to examine the positive and negative aspects that arise out of a entry mode from Germany. The option is therefore included here. This mode is related to the exclusive delivery of German staff for the Dutch market from Germany e.g. the subsidiary in OOO. This option has already been exploited in the past and could in the future become the main focus of XY´s activities on the Dutch market.

Added option	Opportunities	Threats
1) Intensify the delivery of staff with the basis in OOO/Germany	-competitive advantage compared to Dutch combatants -within the first 12 month all social insurances and health care can still be effectuated in Germany -German employees receive more gross wage than in Germany	-the German workers are hardly available along the boarder -temporary staffing agencies have been excluded since 2006 from the double taxation agreement -after 12 month the social insurances and health care have to be paid in the Netherlands

Table 17: Comparison of the added option with the opportunities and threats out of the analysis

To sum up it can be stated that also an entry mode from Germany is not advisable. The competitive cost advantage can hardly be exploited as the German staff that could fill the Dutch vacancies is hardly available. However, to be profitable higher volumes and long-term projects are needed because of extra costs that arise. Still, it is very hard for XY to provide higher volumes of staff as in the regions close to the border most of the working population is employed and getting staff from other parts of Germany involves additional expenses. Finally, because of the lacking business relations it is very difficult for XY to get into long-term projects in the Netherlands.

6. CONCLUSION AND RECOMMENDATIONS

Conclusion

The purpose of the thesis was a thorough analysis of the company's capabilities, thus it's outstanding and its weak facets, as well as a systematic investigation of the business prospects for XY on the Dutch market.

The internal analysis has shown that XY neither has the experience nor the required distinguishing services to enter the mature Dutch market. The external analysis retrieved that the Dutch temporary staffing industry is very professional as well as highly competitive and that the labor market is very tight.

At this moment it is therefore not advisable for XY to enter the neighboring market.

Recommendations

It is, however, very important for XY to become more professional in order to stimulate growth on the German market and to secure its future. Moreover, a potent position in the home market often simplifies potential future entries into international markets. In order to discuss these aspects in detail this chapter has been enlarged.

Based on the internal analysis concrete proposals will be illustrated concerning the aspects in which XY has to become more professional (compare recommendations one to three). Besides, an interesting trend from the Dutch market offering solutions to the problem of the scarcity of labor is being examined as the transfer of this trend could help XY to strengthen its position (compare recommendation four). Still it should be kept in mind that the transfer of trends from the Dutch to the German market was not the primary aim of this thesis. This aspect has not been investigated as profound as the rest of the thesis and can be therefore not be stated with the same certitude.

The recommendations should be taken one after another.

1) The XY group entirely depends on its human labor force. However, not enough attention is paid to this aspect resulting in a great risk. It seems that the performance potential of the firm as well as its labor force is not completely utilized. The company should therefore not only invest in a systematical on-the-job training, but also hold appraisal interviews with <u>all</u> internal employees. In addition, the deployment of performance interviews is strongly recommended. In this type of interview the employee and the superior have a chance to exchange their views in form of a structured dialogue. The employee can express if he or she is still satisfied with his or her job and in which direction the personal development is leading. Performance interviews increase the motivation of the employee leading to a reduction of dismissals.

2) The company has to invest in an internal structure as otherwise the transition into a division structure can not be put into practice effectively. An example is that the subsidiary managers were used to work rather independently. As they were not obliged to report systematically to the holding it proved difficult to check and supervise them. Therefore an appropriate controlling system should be developed to secure a centralized management.

3) The company should pay attention to using the full potential a division structure provides. The management has to stimulate the cooperation between the subsidiaries in order to share knowledge, help one another and work together to fulfill the clients´ needs.

4) XY should consider implementing the Dutch trend of the provision of HR services by temporary staffing agencies as it could offer new business prospects for the company in Germany.

In the Netherlands, the temporary staffing industry plays a major role in trying to solve the problem of the scarcity of labor. The agencies operate as HR specialists that help in increasing the labor participation as well as the labor productivity. This shifting of the working fields of the agencies from the provision of pure dispatching service to a provider of several HR services can overall be observed at the biggest players. The clients do not only approach the agencies when they need temporary personnel, but request services for all HR problems they have.

XY´s home labor market is already tight in some industries and it is prognosticated that this problem will affect most of the German sectors in the near future. On the long run the farest-reaching effect in Germany will be the demographic development (Fuchs, 2007). The most important question for the German society and the employers will be how to use the existing human labor force as effective as possible despite of quantitative and qualitative deficits.

In the same way that the Dutch temporary staffing agencies help in solving the labor market problems XY could play this role in Germany. The company could anticipate the problem, act as a pioneer and implement services that others have not thought of yet. This way XY could fortify and extend its position.

Within the range of HR services training and development can be regarded to be most important in this context. German companies are famous for their unique dual apprenticeship system that ensures them of qualified workers. However after the initial apprenticeship or tertiary education investments in the human workforce are rare. According to the Federal Statistical Office in 2006 in total 143 billion Euros were spend for education in Germany. The major part, namely 114 billion Euros, were invested in initial training. However the investments in continuing education come off badly with only 8 billion Euros (Astheimer, 2008). This produces major problems as the dynamic working ZZnment forces employees to constantly acquire new skills to be able to handle increasingly complex problems and to be deployed versatilely. XY could support those companies, which, without investments in training and development will encounter great difficulties. Through training and development the potential of the existing employees can be used more effectively. Moreover, previously unqualified persons could be recruited and trained for a certain profession thereby helping to reduce the scarcity of labor in this field.

Three successive steps should be taken by XY to achieve the goal of providing this HR service to clients. The prerequisite to be able to offer training and development is that XY gains experience in this field first. This is why the initial step would again be taken on an internal level. In a second step, additional experience could be obtained by offering this service to external employees. Finally, training and development could be provided as a separate service for other companies.

- Internal employees should get relevant trainings e.g. in the field of data processing or executive training to be able to achieve better performances. In order to secure a good quality of the trainings and to be able to offer a broad choice the company should work with external parties as well. As on the longer term the services of training and development should best be embedded in a separate unit, called the training academy, the company should now start to establish this unit on a small scale already.

- In a second step training and development should also be provided to the external employees of XY. An example is that within technical trainings a welding certificate could be obtained. Besides this short-term education the company should also consider providing longer-term education like traineeships for university graduates. Within these traineeships XY could qualify the graduates for jobs that are highly sought-after. For one thing the graduates could obtain working experience in XY´s client companies. For the other XY could provide them with mentoring as well as off-the-job courses in the training academy. This also matches with the new focus of the XY group on the field of IT/Engineering. Especially higher qualified staff is needed here, which requires a professional HR management and continuous training. Also for other core businesses of the XY group, e.g. logistics of the disposal industry, higher qualified staff could be attracted.

- Finally, after having implemented and gained experience within the field of training, the group could start to open its training academy to other companies as well. Especially small and medium sized enterprises, the major client group of the

XY group demand more professional HR management skills as well as training and development. XY should make use of its excellent network within this segment and try to offer their services especially there.

To conclude it is strongly recommended that XY focuses on the current restructuring process. This is why extra activities like the international expansion plans should be put on hold. So far, the company has initiated an appropriate way to secure its future; a lot has been achieved compared to last year. However, the company should not forget to secure itself of a sustainable and powerful position on its home market. Therefore the HR-skills that XY obtains during their internal changes should gradually be provided to its clients.

7. REFLECTIONS

In this part I will reflect on the academic and social relevance of the thesis. Moreover personal reflections about the process of writing the thesis are added.

The little existing research on the internationalization of temporary staffing companies only take the biggest players of the market into account. Besides, only the existing internationalization of temporary staffing agencies is analyzed. For this reason the thesis at hand adds new insights to the literature on the internationalization of temporary staffing agencies as it investigates a mediums-sized company and also examines how to approach a possible market entry.

Moreover, the systematical framework that has been developed provides findings to the few academic studies in the field of market entry of service firms. The combination of the theories of Root (1994), Lommelen and Matthyssens (2005) and Meffert and Bruhn (2006) and the resulting broad choice of indicators offer more opportunities to consider the individual characteristics of service provider internationalization. The applicability of the different indicators has been proven during the implementation of the research instrument.

However, as these kinds of studies always have to be adapted to the particular features of the industry and the individual situation of the company, some of the indicators will have to be added. Therefore the instrument as applied here can hardly be transferred one by one to another research. However, the theoretical framework as well as the different steps of the research can serve as a guideline.

Finally, the social relevance of this research for small and medium sized temporary staffing agencies, as stated in chapter two, could not be achieved entirely. The developed framework provides companies with a clear and applicable means to research internationalization options on their own. Still, as most of the documentation is only available in Dutch an employee with advanced Dutch skills is needed. It is doubtful that the companies have a Dutch speaking employee in-house. There is probably no getting around hiring a person with the appropriate language skills to do the research or to hire an external consultant.

Coming to the personal reflections, finding, reading, choosing and integrating the literature was the most difficult part for me. I experienced it as problematic to handle the literature and to develop an own instrument. Moreover, I focused on service and international market entry specific literature too early. Next time I would begin by reading more general literature, e.g. about strategy development, before studying the topics more in-depth. This would provide me with the necessary broad view and a basic structure.

During the process of gathering data I encountered most of the problems with the legal factors. Firstly, I have never had law classes and therefore had to get into the topic. Secondly, it was very complicated to find unambiguous information. Finally it was very time-consuming and complex to describe the distinct laws for the different scenarios of a market entry as Dutch, German and EU law were relevant.

Towards the end of my research my findings showed that a market entry in the Netherlands could not be put into practice. Therefore the development of an international marketing plan was no longer necessary. Talking to my supervisors about this problem we agreed that I would enlarge my recommendations instead by advising what to change internally and by including a trend of the Dutch market in order to fortify the position of the company on its home market. I was very pleased with this solution because this way my findings could be of additional value for XY.

Concluding I can say that I really enjoyed working on the thesis. I think that this is clearly linked to the topic that I have chosen. Before working on the thesis I had already developed a strong interest in international market entry strategies during an internship at an export agency and the lectures during my master studies. I like this topic because it touches on a broad range of aspects. Besides, I was already acquainted with the temporary staffing industry because of a student job at a Dutch temporary staffing agency where I was responsible for the market entry on the German market. Being a proficient speaker of the Dutch language it was no problem for me to work with Dutch literature or to conduct interviews. I think these aspects in combination with a very good mentoring of my university supervisors and a nice atmosphere at XY were the reasons why I could work so quickly and efficiently on my thesis.

Appendices

Appendix 1: Factors that influence the market entry option, original model, (Root, 1994)

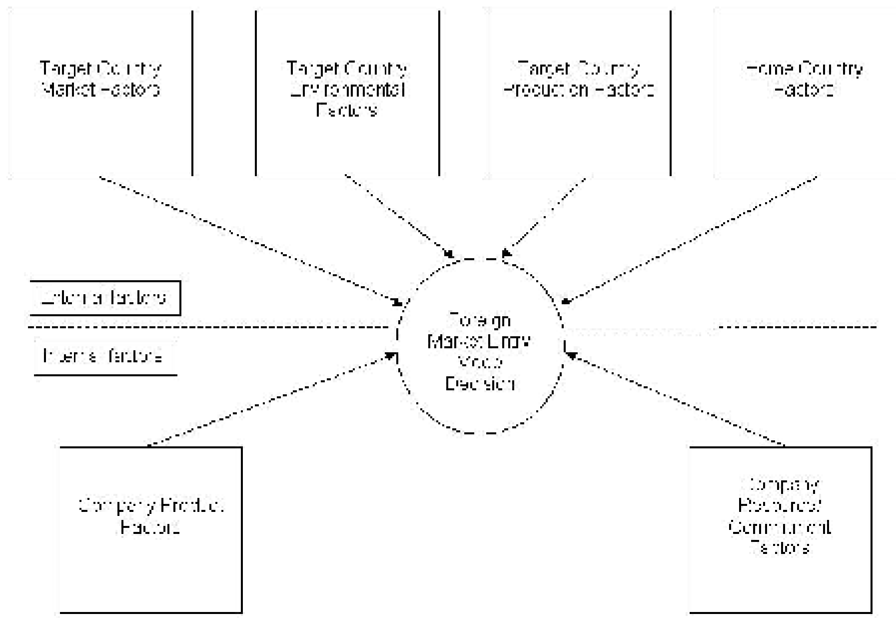


Figure 14: Factors that influence the market entry option, original model, (Root, 1994)

Appendix 2: Overview of the data collection approach

Paragraph	Factors (operationalization)	Sources	Method	Theory
2.1.1 Firm characteristics, managerial and behavioral characteristics, service characteristics	-Firm characteristics -Managerial and behavioral characteristics -Service characteristics -Strategic capability analysis -Strengths (of every factor) - Weaknesses (of every factor)	-company documentation -company presentations -board of the company -subsidiary manager of the company	-desk research -semi-structured interview -unstructured interview	Lommelen & Matthyssens, 2005; Johnson & Scholes, 2005; Mathys, 2007; Baker, 2006
2.2.1 Legal-political aspects of the host market	-International legislation -Host country legislation -Collective labor agreements -Opportunities (of every factor) -Threats (of every factor)	-governmental documentation -websites of employer associations -academic literature -lawyer specialized on Dutch labor law and temporary staffing	-desk research -literature research -semi-structured interview	Meffert & Bruhn, 2006; Jahn, 2005; Baker, 2006
2.2.3 Demand and supply conditions in the host market and in the home market	- Nature, number and size of competitors -Service mix of competitors -Value creation in the industry -Substitute services - New entrants industry - Intra industry rivalry - Demand of companies - Supply of employees -Supply conditions in the home market	-governmental website -website of competitors -website of employer associations -academic literature -industry experts (three employees of three different sized temporary staffing agencies, one employee of the most important Dutch employer association of the temporary staffing industry)	-desk research -literature research -semi-structured interviews	Meffert & Bruhn, 2006; Risch Rodie & Martin, 2001; Lommelen & Matthyssens, 2005; Baker, 2006
2.3 Choice of market entry mode	-Strengths -Weaknesses -Opportunities -Threats -Market entry options	-previous internal and external analysis -literature research -board of the company	-desk research -semi-structured interviews	Baker, 2006 Meffert & Bruhn, 2006
2.4 International Marketing Plan	-place -product -promotion -price -personnel -process -physical facilities	-previous analysis -board of the company	-desk research -semi-structured interviews	Búrca et al., 2004

	-optional: search for a suitable partner			

Table 18: Overview of the data collection approach

Appendix 3: Factors of the situation analysis for the international marketing of services, Meffert & Bruhn (2006)

	Factors	Examples
GLOBAL FACTORS	Economic factors:	-Market size -Gross national product -Per capita income -Buying power -Interest rate development -Development of the rate of exchange -Cost of labor
	Legal-political factors:	-Host country and home country legislation -International legislation -Political stability -Labor dispute -Economic agreements -Tariff and non-tariff trade barriers
	Socio-cultural factors:	-Language and religion -Values and norms -Habits -Educational level -Social institutions and social behavior
	Geographical factors:	-Clima -Resources -Infrastructure -Topography
INDUSTRY & COMPETITION	Industry culture:	-Market form -Barriers of entry -Capital intensity of the industry -Value creation within the industry -Technological change within the industry
	Competitors:	-Nature, number and size of competitors -Degree of competition -Service mix of competitors -Market shares
	Customers:	End-consumer -Demand behavior -Structure of needs -Character and volume of market segments -Price willingness -Phase in the Product-Life-Cycle Distributor -Buyer Concentration of power -Purchasing power of the partner -Concentration Rate of the Partner -Structures of distribution
FIRM FACTORS	Goals of the Company:	-Philosophy of the company, most important company goal -Country specific marketing goals
	Financial power:	-Capital structure -Liquidity -Creditworthiness
	Capability characteristics:	-Possibility to standardize -Quality of the service -Perquisite
	Employees:	-Qualification -Work experience abroad
	Service capacity:	-Available capacity -Capacity utilization

Table 19: Factors of the situation analysis for the international marketing of services Meffert & Bruhn,2006

Appendix 4: Overview of influential factors-directly or indirectly-on entry mode choice in a service context

Entry mode choice is affected by	**Examples of indicators**
Internal factors: **Product service characteristics**	-Inseparability (soft versus hard) -Capital versus labor intensity -Asset specificity -Interaction with client (high versus low) -Technological intensity
Firm characteristics	-Export motives-strategies (client following versus market seeking) -Experience (length and scope) -Resources (personnel and capital) -Size (in employees and in sales)
Managerial and behavioral characteristics	-Attitutes and perceptions of foreign sales -Desire to get rapidly established -Corporate policy on control -Personal knowledge of foreign markets/experience
External factors: **Entry mode characteristics**	-Level of control -Degree of flexibility -Resource commitment (costs)
Home market	-Intensity domestic competition -Market size
Host market	-Availability of suitable partners -Economic and market infrastructure -Information availability -Intensity foreign competition -Lack of host country knowledge -Market size & growth -Political instability -Production costs -Psychic/cultural distance -Trade and investment restrictions

Tabel 20: Overview of influential factors-directly or indirectly-on entry mode choice in a service context, based on conceptual and empirical work of Agarwal and Ramaswami (1992), Buckley et al (1992), Brouthers et al. (1996), Cicic et al. (1999), Ekeledo and Sivakumar (1998), Erramilli (1990, 1991, 1992), Erramilli and D´Souza (1995), Erramilli and Rao (1990, 1993), Maijkgard and Sharma (1998), O´Farrell et al. (1996), O´Farrell and Wood (1998), and Patterson et al. (1999) in Lommelen and Matthyssens (2005)

Appendix 5: Five Forces Model of Porter adapted to the Service Context

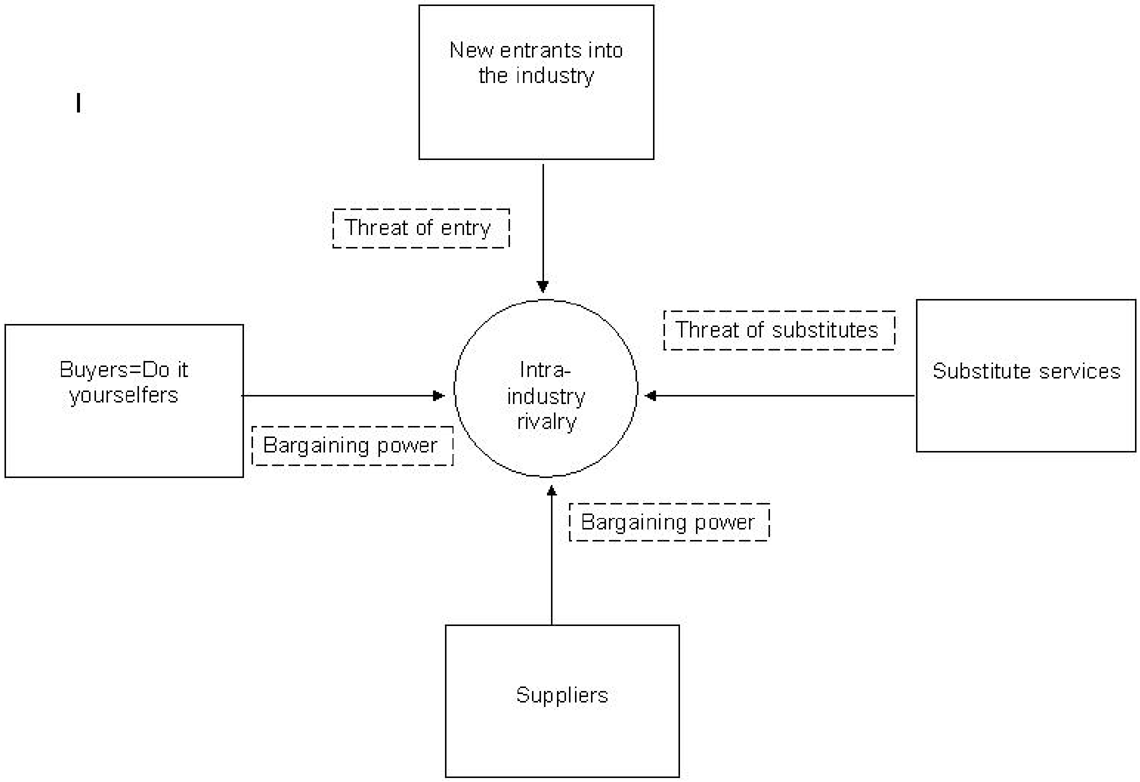


Figure 15: Five Forces Model of Porter adapted to the Service Context by Rich Rodie and Martin, 2001

Appendix 6: Hard core of the conditions of employment that apply to all workers that labor in the Netherlands

1) Work periods and rest periods

According to the Working Time Act (ATW) the maximum of working hours per week is 45 hours excluding overtime and 48 hours including overtime. The average numbers of hours is set at 40 hours per week measured over a 4-week period, excluding overtime. An employee can work a maximum of 60 hours a week but measured over a 13-week period, the average number of hours may not exceed 48 hours (European Commision, 2008).

2) Paid annual holidays

The right on minimum paid annual holidays is laid down in Article 15 of Wages Act (WM). The minimum paid holidays is four times the weekly working hours. The minimum paid annual holidays may not be paid out (European Commision, 2008).

3) Minimum Wage

According to the Dutch law “minimum wage and minimum holiday bonus” (WMM) every employee between the age of 23 and 65 has to get at least the legitimate minimum wage and a holiday bonus. The height of the minimum wage is adapted every six month (in January and July) based on the average development of the wages of the collective labor agreements. The minimum holiday bonus is 8% of the de facto salary.

Gross minimum wage by 1st of January 2008

The gross minimum wage for an employee that is 23 years old or older and is employed with a fulltime contract is:

By month	€ 1.335,00
By week	€ 308, 10
By day	€ 61, 62

Table 21: Gross minimum wage by 1st of January 2008 for an employee that is 23 years old or older (SZW, 2008b)

Gross minimum youth wage by 1st of January 2008

For young people between the age of 15 and 22 there exists a gross minimum youth wage that increases after every birthday. It is a percentage of the gross minimum wage.

Age	% of the minimum wage	By month	By week	By day
22	85 %	€ 1.134,75	€ 261,85	€ 52,37
21	72.5%	€ 967,90	€ 223,35	€ 44,67
20	61.5 %	€ 821,05	€ 189,45	€ 37,89
19	52.5 %	€ 700,90	€ 161,75	€ 32,35
18	45.5 %	€ 607,45	€ 140,20	€ 28,04
17	39.5 %	€ 527,35	€ 121,70	€ 24,34
16	34.5 %	€ 460,60	€ 106,30	€ 21,26
15	30 %	€ 400,50	€ 92,40	€ 18,48

Table 22: Gross minimum youth wage by 1st of January 2008 (SZW, 2008c)

4) Rules concerning the hiring-out of workers and terms and conditions which apply to temporary workers

These rules are laid down in the WAADI, the Dutch temporary agency act, which will be explained in paragraph 4.1.1.2.

5) Health, safety and hygiene at work

The working conditions act (Arbo-wet) specifies the rules about health, safety and hygiene at work. According to this act the employer has to “pursue a working condition policy in order to prevent absenteeism due to illness, occupational disability and occupational illnesses.” (European Commission, 2008, p.3)

6) Rules concerning terms and conditions of employment of pregnant women, women who have recently given birth and children and young people

According to Dutch law these groups need special protection. As these rules are too extensive to be explained here the author refers to the working time act (ATW), the Working Conditions Act (Arbo-Wet 1998), the Minimum Wages Act (WMM) and Article 7:670(2) of the Civil Code (BW) (based on EU legal notice)

7) Equality and non-discrimination

In the Equal Treatment Act (AWGB) and in Article 646, 647 and 648 of Book 7 of BW men and women should be treated equally and no one should be discriminated because of his nationality (If not deviated information from European Commission, 2008).

Appendix 7: Collective agreements in the Dutch temporary staffing industry (ABU-CLA, NBBU-CLA)

Phase	Length	Interruption	Remuneration	Temporary employment clause	Terms of notice	Pension	Training	Illness
A	-78 weeks	-more than 26 weeks interruptions phase A starts anew	-remuneration scheme ABU CLA or -CLA of the client firm or -hard core of conditions of employment	-Yes	-yes, after 12 weeks	-yes after 26 weeks and -only for employees aged 21 or older, 2,6% of the gross wage (maximum 0,27% paid by the worker)	-No (Temporary employment agencies are obliged to spend 1.02 percent of the gross wage owed to temporary workers in a given year on training temporary workers from week 26 on, this money can be used in phase B and C)	-after the third day of illness payment of 91 % of the daily earnings (70% sickness benefit act, 21% temporary employment agency)
B	-2 years or 8 contracts -phase B starts immediately after completing phase A or reemployment by the same temporary employment agency within 26 weeks of the end of phase A	- minimal 13 weeks and maximal 26 weeks between two contracts the counting of phase B will start again. If there lie 26 weeks or more between the contracts the counting of the weeks starts anew with phase A	-CLA of the client firm or -hard core of conditions of employment	-No (the temporary employment agency must pay part of the wage if there is temporarily no work)	-Yes	-only for employees aged 21 or older 2,6% of the gross wage (maximum 0,27% paid by the worker)	-Yes (Temporary employment agencies are obliged to spend 1.02 percent of the gross wage owed to temporary workers in a given year on training temporary workers)	-after the third day of illness payment of 91 % of the daily earnings by the temporary employment agency
C	-indefinite period -phase C starts immediately after completing phase B or reemployment by the same temporary employment agency within13 weeks of the end of phase A	-If there lie minimal 13 weeks and maximal 26 weeks after the finishing of phase C the counting of phase B will start again. If there lie 26 weeks or more after the finishing of phase C the counting of the weeks starts anew with phase A	-compare phase B	-compare phase B	-for the termination of the contract by the temporary employment agency the permission of the Centre for work and Income or the sub district court is required	-compare phase B	-compare phase B	-compare phase B

Phase	Length	Interruption	Remuneration	Temporary employment clause	Terms of notice	Pension	Training	Illness
1	-26 weeks	-more than 26 weeks interruptions phase A starts anew	-CLA of the client firm or -hard core of conditions of employment	-Yes	-No	-only for employees aged 21 or older 2,6% of the gross wage (maximum 0,27% paid by the worker)	-Yes (Temporary employment agencies are obliged to spend 1.02 percent of the gross wage owed to temporary workers in a given year on training temporary workers)	-after the third day of illness payment of 90 % of the daily earnings (70% sickness benefit act, 20% temporary employment agency)
2	-104 weeks -phase 2 starts immediately after completing phase 1 or reemployment by the same temporary employment agency within 26 weeks of the end of phase 1	-compare phase 1 (the only difference with phase 1 is that the temporary employment agency can not change into the period and chain system anymore)	-compare phase 1	-compare phase 1	-compare phase 1	-compare phase 1	-compare phase 1	-compare phase 1
3	-52 weeks or four contracts for a definite period -phase 3 starts immediately after completing phase 2 or reemployment by the same temporary employment agency within 26 weeks of the end of phase 1	-If there lie minimal 13 weeks and maximal 26 weeks after the finishing of phase 2 the counting of phase 3 will start again. If there lie 26 weeks or more after the finishing of phase 2 the counting of the weeks starts anew with phase 1	-compare phase 1	-No (the temporary employment agency must pay part of the wage if there is temporarily no work)	-Yes	-compare phase 1	-compare phase 1	-compare phase 1
4	-indefinite period -phase 4 starts immediately after completing phase 3 or reemployment by the same temporary employment agency within 13 weeks of the end of phase 3	-not relevant	-compare phase 1	-compare phase 3	-for the termination of the contract by the temporary employment agency the permission of the Centre for work and Income or the sub district court is required	-compare phase 1	-compare phase 1	-after the third day of illness payment of 91 % of the daily earnings by the temporary employment agency

Table 23: The different phase systems of the ABU CLA and the NBBU CLA (based on Prop, 2007, ABUe, 2008, ABUf, 2008 and NBBU, 2008)

ABU-CLA

Phase A: 78 weeks worked at one temporary employment agency

Temporary employment clause

The end of the contract for professional services or the illness of the temporary employment worker (Prop, 2007) means the end of the temporary employment contract. The temporary staffing agency however must inform the temporary staffing worker in good time of the termination of the contract on part of the client firm. The number of calendar days that apply to the terms of notice (ABUe, 2008):

Duration of the contract for professional service in weeks:	*Term of notice stipulated in calendar days:*
0 to 12	0
12 to 26	5
26 to 52	10
52 up to and including 78 weeks	14

If the client firm does not inform the temporary staffing worker on time he will receive a payment for the days concerned. On the other hand the temporary employment clause gives the temporary employment worker the right to stop working at any time within the stated terms of notice (ABUe, 2008).

Remuneration

In week 0 to 26 the temporary staffing worker is paid based on a remuneration scheme. This scheme is divided into functional groups (classified on the base of the nature of the work, the level of knowledge required and the degree of independence). After this period the "equal pay"-clause is valid so that temporary employment workers must receive the same wage then a permanent employee in the same position with the same tasks (according to the collective agreements employed by the client firm or the industry). However for highly qualified personnel the equal pay clause is binding from week 0 (ABUf, 2008).

Interruption

If there lie 26 weeks or more between two temporary employment contracts with one employer the counting of the weeks starts anew with phase A (ABUf, 2008).

Phase B: 2 years or 8 contracts (immediately after completing phase A or reemployment by the same temporary employment agency within 26 weeks of the end of phase A)

Temporary employment clause

This clause can no longer be included. If the contract for professional services ends the temporary employment agency has to find other suitable work for the temporary staffing employee (Suitable work has to be no more than two job grades lower than the last job and the number of hours must be the same than before as well). Until then the worker is entitled to part of his wage.

Temporary employment contract for a definite period

A prematurely terminated employment contract for a definite period on any working day. This contract is subdue to the terms of notice:

Length Employment contract	*For the temporary employee*	*For the employment agency*
0 to 3 months	7 calendar days	1 month
3 months to 6 months	14 calendar days	1 month
6 months or longer	28 calendar days	1 month

Remuneration

In this period the “equal pay”-clause has to be applied. It states that the temporary employment workers must receive the same wage then a permanent employee in the same position with the same tasks (according to the collective agreements employed by the client firm or the industry). The following wage components must be taken into consideration by adopting the client firm’s remuneration (ABUf, 2008):

1) Hourly wage
2) Reduced working hour’s arrangements (ADV). The temporary employment agency may grant the working hours reduction in time and/or money.
3) Bonuses for overtime shifted working hours, irregular hours (including public holiday bonus) and shift bonus.
4) Initial wage increase, size and time as determined in the hirer’s organization
5) Allowances
6) Period-linked salary amounts

Interruption
If after the expiry of a temporary employment contract in this phase and a new temporary employment contract with one employer lie minimal 13 weeks and maximal 26 weeks the counting of phase B will start again. If there lie 26 weeks or more between the contracts the counting of the weeks starts anew with phase A (ABUf, 2008).

Phase C: indefinite period (immediately after completing phase B or reemployment within thirteen weeks of completing phase B)
The same rights apply than in Phase B. Only for the termination of the contract by the temporary employment agency it needs the permission to do so from the Centre for Work and Income or the sub district court (ABUf, 2008).

NBBU-CLA

Phase 1: 26 weeks worked at one temporary employment agency
Remuneration
Within this collective agreement the “equal pay” rule is binding from day one. This means that the temporary employment worker must receive the same wage as a permanent employee in the same position with the same tasks (according to the collective agreements employed by the client firm or the industry). The hirer’s remuneration will be calculated as described above under ABU collective agreement, phase B, remuneration.

Temporary employment clause
The end of the contract for professional services on part of the client firm, the sickness or accident of the temporary employment worker or the wish of the temporary employment worker to stop working effects the immediate ending of the temporary employment contract. There are no official terms of notice necessary.

The chain system
Within phase 1 there exists the possibility to change into the chain system (Prop, 2007).

Interruption
If between the different temporary employment contracts with one employer lie 26 weeks or more the counting of the weeks starts anew.

Phase 2: 104 weeks worked at one temporary employment agency
The same rules apply as in phase 1 except that the change to the chain system is not possible anymore at this point (Prop, 2007).

Interruption
If between the different temporary employment contracts with one employer lie 26 weeks or more the counting of the weeks starts anew with phase 1.

Phase 3: 52 weeks or at most four temporary employment contracts for a definite period (immediately after completing phase 2 or reemployment within 26 weeks of completing phase 3)

Temporary employment clause

This clause can no longer be included in the contract. Besides the temporary employment agency has the obligation to wage continuation.

Interruption

If between the different temporary employment contracts with one employer lie minimal 13 weeks and maximal 26 weeks the counting of phase 3 will start again. If there lie 26 weeks or more the counting of the weeks starts anew with phase 1 (NBBU, 2008).

Phase 4: indefinite period (immediately after completing phase 3 or reemployment within thirteen weeks of completing phase 3)

Within this phase the temporary employment worker receives an indefinite contract. For the termination of the contract by the temporary employment agency it needs the permission to do so from the Centre for Work and Income or the sub district court.

Appendix 8: Example of the semi-structured interview that was held with several subsidiary managers of the XY group (content is confidential)

02.04.2008, 10:00, Gespräch mit Herr MMM

1) Welche besonderen Alleinstehungsmerkmale haben die Dienstleistungen von XY?

>Wichtigsten Resourcen (finanziell, physisch, intellektuell, menschlich)

-finanziell
-physisch/intellektuell
-menschlich

>Wichtigste Kompetenzen

2) Was sind die kritische Erfolgsfaktoren von XY?

>Unternehmensspezifische Faktoren
>Branchen Faktoren
>Umgebungsfaktoren

Appendix 9: Example of the semi-structured interview that was held with experts from the Dutch staffing industry

05.05.2008, 13:30, Telefoninterview mit Frau MMM

-Hoe ontwikkelt zich het aanbod (van uitzendkrachten)? Welke onderhandelingspositie hebben de uitzendkrachten?
-in Nederland is op dit moment een sterke krapte (het aantal werknemers die will werken en beschikbaar is aan het afnemen ten opzichte van het aantal vacatures)
-dat zie je ook op het gebied van uitzendarbeid terug, het is op dit moment heel erg moeilijk om goede uitzendkrachten te vinden en ze ook nog aan jou te binden
-op dit moment hebben de UZKs een sterke onderhandelingspositie wanneer ze over een bepaalde opleiding, kennis en of ervaring beschikken, als je heel gewilt bent dan kun je nog een beetje over je salaris onderhandelen maar ook niet veel omdat het van de inlener afhangt, maar inleners beseffen zich ook dat ze anders niet aan personeel komen

-Hoe ontwikkelt zich de vraag (van inleners)? Welke onderhandelingspositie hebben de inleners?
-enorme vraag, er worden veel vacatures geplaatst, ook omdat ze zelf moeite hebben om hun vacatures te vullen dus ze gebruiken nu elk kanaal om aan werknemers te komen,maar ze plaatsen ook vacatures bij meerdere uitzendbureaus, dat is natuurlijk lastig voor de uitzendbureaus omdat onderling veel concurrentie is om de vacature zo snel mogelijk te vervullen
-een inlener die een hechte relatie met het uitzendbureau heeft, persoonlijk of en zakelijk, heeft vast wel een betere positie dan een inlener die gewoon maar gaat shoppen onder de uitzendbureaus, een intercedent gaat natuurlijk meer zijn best doen voor een vaste klant

-Hoe vergelijkbaar/vervangbaar is de dienstverlening binnen de uitzendbranche?
-als je geen mantel of raam overeenkomst als opdrachtgever hebt dan ben je vrij om van bureau te veranderen, een uitzendbureau rekent ook geen kosten voor het aantal vacatures dat je plaatst dus je kunt makkelijk switchen
-het is heel afhankelijk van wat je zoekt of je zo maar kunt switchen of niet, er zijn uitzendbureaus die zich gaan specialiseren (bepaalde faktoren of functies) dan is het natuurlijk moeilijker voor de opdrachtgever om te wisselen, ze zullen sowieso altijd proberen om in hun dienstverlening onderscheidend te zijn

-maar op het moment dat de markt krapper wordt zullen opdrachtgevers minder kritisch zijn met welk UZB ze zaken doen omdat ze zo erg hard aan het zoeken zijn

-Hoe hoog is de drempel om de industrie binnen te komen?
-er is bijna geen drempel, geen vergunning, geen extras, niet veel geld voor nodig, dat is ook op dit moment het probleem in NL, wanneer je een mobiele telefoon hebt en een paar opdrachtgevers en mensen die voor je willen werken dan ben je in business, lokkt een heleboel malafiditeit uit, het is heel makkelijk om veel fout te doen, vele mensen proberen zo snel mogelijk zo veel geld als mogelijk te verdienen
-niet de wettelijke/legale manier
-de overheid is niet van plan om de vergunning voor uitzendbureaus weer in te voeren maar de ABU is wel met de overheid bezig om een manier te vinden om bureaus die het goed doen te belonen en bureaus die het niet goed doen het werken moeilijker en minder aantrekkelijk te maken
-arbeidsinspectie wordt uitgebreid om het de uitzendbureaus moeilijker te maken

-Hoe hoog is de concurrentie binnen de industrie? Belangrijkste spelers?
-de concurrentie is heel hoog, na eigen schattingen wordt 80% van de markt door de vijf grootste spelers gedomineert, de 20% wordt door een veelheid aan kleine bedrijven vervult,
-het was zo dat in de markt vooral weinig grote en een heleboel kleine bedrijven waren maar er komen steeds meer middelgrote bedrijven erbei, b.v. een bedrijf met 10 vestigingen in NL, vooral als je je specialiseert op een bepaalde functie, markt of type werknemer dan kun je regionaal uitbreiden

-Hoe wordt meerwaarde in de industrie gecreert? Hoe probeeren uitzendondernemingen zich te onderscheiden?
-door je te specialiseren, verschillende groepen benaderen (regionaal, specifieke doelgroepen (opleidingsniveau, ervaring), langdurig werklozen, gehandicapten, ouderen, allochtonen, de specialisatie werkt heel erg goed
-het totale aantal uitzenduren loopt terug hoewel de omzet stijgt, heeft ook veel daarmee te maken dat het aantal fase B en C toe neemt waarvoor hogere verekeningsfaktoren berekent worden,
-het is ook zo dat ze zien dat uitzendbureaus die met buitenlandse krachten werken een heel andere ontwikkeling door maken dan de groote jongens, ze richten zich op een andere groep, op een andere aard vacature, ze vervullen een andere vraag, daarom kunnen ze op dit moment nog goed zaken doen
-ze weten niet precies hoe veel buitenlandse uitzendondernemingen er zijn maar naar eigen schattingen doe 100 tot 150 van de ABU leden iets met buitenlandse werknemers (dat is van groot tot klein)
-na eigen schattingen zijn er ongeveer op dit moment 5000-6000 malafide uitzendondernemingen (betalen geen sociale afdrachten, pMMMs) in Nederland dat zijn er meer dan de legale uitzendondernemingen, dat zijn vooral eenmans bedrijven, de malafide uitzendondernemingen zetten ongeveer 100.000 personen weg in een jaar (dat zijn uitzendkrachten die bij een malafide uitzendonderneming werken of illegaal in Nederland verblijven)
-de pakkans in Nederland is best wel klein en de boete is niet heel erg schrikbaar dus het is heel erg aantrekkelijk om dit te doen

-Wat zijn de belangrijkste ontwikkelingen/trends op dit moment in de industrie?
-malafide/illegale
-specialisatie op functies (was er altijd al maar nu is het nog meer)
-MOE landen
-specialisatie op moeilijk bemiddelbare (is nieuw)
-heel sterke toename ZZPers (uitzendondernemingen springen erop in om vraag en aanbod te vervullen, de arbeidsovereenkomst is tussen opdrachtgever en ZZPer en het uitzendbureau bemiddelt tegen een provisie

-de gemeentes en het CWI maken heel veel gebruik van de uitzendondernemingen wanneer het erom gaat om vraag en aanbod te matchen (70% van de vacatures van het CWI is een uitzendvacature)
-het gaat vooral om het begeleiden van moeilijk plaatsbare personen in het laatste traject, het echte reintegratietraject doen de uitzendbureaus nauwelijks omdat je daarvoor een andere organisatie moet hebben (moeten in arbeidsrhytme, arbeidsethos begeleid werden, dat is moeilijk voor uitzendondernemingen te realiseren)

-Wat moet een uitzendbureau in Nederland hebben om successvol te zijn? (resources en competenties)
-heel goede mensen op de vestiging, intercedenten, daar kun je het geld verdienen, de daadwerkelijke match/werk wordt door de intercedenten gedaan, ze moeten een good oog voor hun regionale arbeidsmarkt hebben, ze moeten heel slim vraag en aanbod op elkaar afstemmen en ook daarmee creatief om weten te gaan, het verlooppercentage onder de intercedentes is gigantisch hoog, het wordt gezien als een goede eerste opstapbaan,
-het heeft twee redenen waarom het verlooppercentage zo hoog is: 1) het is ongeloofelijk hard werken, je hebt veel verantwoordelijkheid 2) het is zo dat ze alle functies langs zien komen en wanneer ze iets voor zich zelf zien dan solliciteren ze zelf (ze hebben alle belangrijke info beschikbaar, op het presenteerbladje)

-Welke aspecten in de macro-omgeving hebben invloed op de uitzend branche?
-politiek is van invloed (meer of minder restricties beinvloed meteen de bedrijven), ABU strijd tegen malafiditeit, en tegen de hoge lasten die uitzendbureaus opgelegd worden, daardoor kunnen uitzendburaus veel minder hard groeien, je bent zo veel bezig met administreren dat je niet kunt doen waar je goed in bent (aanpak malafide uitzendondernemingen, administrative lasten),
-socio-cultureel (in NL geacepteerd door bedrijven, vakbonden, maatschappij geaccepteerd)
-economisch, is de belangrijkste invloed, afhankelijk van hoe het met de arbeidsmarkt gaat zo gaat het met jou, uitzendbranche is een indicator voor de conjunctuur

-Wordt Outsourcing, Master Vendor, Onsite management ook door middelgrote uitzendondernemingen aangeboden?
-ze zullen het wel doen maar het ligt aan de aantallen en het risiko wat je loopt, als je bijvoorbeeld de outsourcing van 200 mensen doet dan moet je een groter bedrijf zijn anders heb je het risiko op leegloop
-opdrachtgevers betalen wel meer daarvoor om met een groot, gerenommeerd bedrijf als OO samen te werken>minder risico

-Zijn er goed gescholde interne werknemers binnen de vestigingen van de uitzendbureaus? Hoe zit het met de medewerker in- en uitstroom?
-alle interne medewerkers moeten geschoold zijn tot interne vestigingsmedewerker!!!!, eis van de ABU-CAO!!!, ze moeten allemaal het SEU Examen hebben gedaan, helaas duurt het 9 maanden om ze allemaal op te leiden en is de gemiddelde verblijfsduur op dit moment 9 maanden ook NBBU CAO??
-het zijn ook hoog opgeleide werknemers MBO+niveau
-altijd als je in NL

-Is het doel van uitzendbureaus om langdurige relatie met klant en interne/externe medewerkers aan te gaan?
-ze zijn allemaal bezig met binden en boeien zowel naar de interne mw en uitzendkrachten (je bindt ze door goede banen aan te bieden en goed contact te houden ook door het aanbieden van een contract voor bepaalde of onbepaalde tijd (bv. Fase B of C contracten, maar daar zitten weer risicos aan omdat je dan ook door moet betalen op het moment dat er geen opdracht is, altijd een afweging per persoon, per bedrijf wat je gaat aanbieden) of door het aanbieden van scholing en opleiding

-Zijn er partners in de regio Twente aanwezig met wie een cooperatie mogelijk zou zijn?

-ze is er niet helemaal in thuis
-KvK
-samenwerken met een uitzendbureau dat NEN gecertificeert is, keurmerk van de uitzendbranche, daardoor weet je zeker dat het bedrijf het goed doet (normeringarbeid.nl)
-als je zeker wilt zijn dat ook de CAO goed zit dan moet je samen gaan werken met een ABU lid
-de toekomst van aanbod en vraag van de uitzendbrache: ze zien langzaam het aantal mensen in de beroepsbevolking dat werkt als uitzendkracht stijgen, ze zijn ervan overtuigt dat de bedrijven in de toekomst ook nog de flexibele schil gaan uitbreiden en structureel gebruik gaan maken van uitzendkrachten, ook voor uitzendkrachten zelf is het steeds meer geaccepteerd, vrijdheid en mogelijkheden om meer van baan te wisselen,
-op dit moment zit de conjunctuur even tegen maar op zich ziet de ABU de toekomst best positief
-er nog wel een goede oplossing voor de vergrijzing gevonden worden
-alleen kansen in NL als je je maar goed genoeg onderscheid, de concurrentie is heel heftig, maar zodra je je onderscheid en je uitzendkrachten kunt leveren, daar draait het op dit moment immer om, dan maak je wel kansen!

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