University of Twente

TKS GROEP

recruitment professionals

Internationalisation of a Dutch recruitment & selection agency

How can the TKS Groep enter the German market?

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Management summary

This report is the result of a master thesis on the area of preferences of the German customer and their impact on the business model (BM) of a small recruitment and selection agency.

The purpose of this thesis is to get insight in the BM that is needed for the TKS Groep to successfully enter the German market. Therefore the following main research question is formulated: ‘What value can the TKS Groep create and offer to the German market?’ In order to answer this question the current Dutch BM is formulated and the new German BM is formulated.

The current BM is formulated with the help of the theoretical framework, observations, and small informal interviews. Within the theoretical framework is chosen to use the V4 BM dimensions theory of Al-Debei and Avison (2010).

For formulating the German BM the information of the Dutch BM is used as a starting point, a workshop is held and customer preferences are researched. In order to get a clear picture of the customer preferences a survey is designed. This survey consists of multiple constructs and service characteristics. The constructs are: communication, accessibility, pricing mechanism, price, target market. The service characteristics are: guarantee, process, advice, adaptability, operating hours, accessibility, phone number, establishment, employee, and reputation. Also the opinions of the respondents about five additional services are asked: assessments, interim management, executive search, organizational development and international search.

Next to these types of research, also market research is done in order to find a target market and see whether or not the German market is suitable for entry by the TKS Groep. For this the market screening approach of Ball et al. (2008) is used which contains six steps: initial screening, screening of financial and economic forces, screening of political and legal forces, screening of socio-cultural forces, screening of competitive forces, and final selection of new markets.

The Dutch BM can be described as follows. The value proposition can be put into one sentence: offering recruitment and selection of higher educated personnel services for small or medium sized, family owned businesses in Twente who value the service mostly on economy, but also on quality. Second, the value architecture shows four well integrated resources: knowledge, database, business network, and money. Knowledge and money are used for all services the TKS Groep offers, the database and business network are primarily used for recruitment and selection services. Third, the value finance is well organised. The TKS Groep has low costs-of-ownership and the pricing-methods are variable and adjusted to the customers. The revenue-structure looks complicated, but it is actually not. The payments come in and are marked to the employee who filled the vacancy or played a role in filling the vacancy. Lastly, in the value network there are four actors or groups of actors: database providers, Campus BC, Gidsen HR advies, and the customers. These actors each play different roles, but the relationships are all provider-customer relationships. The actors with the largest power are the customers. The other actors have low to medium powers since they can be replaced individually.

The German BM can be described as follows. The value proposition can be put into one sentence: offering recruitment and selection of higher educated personnel services for firms of all sizes, ages and various sectors in the area of Neuenhaus, Lingen, Osnabrück, Münster, and Oberhausen who value the service mostly on quality. The additional service of assessments is emphasized here since

this can be an unique selling point for the TKS Groep. Second, the value architecture contains four resources: knowledge, database, business network, and money. The resource business network is even more important than it is in the Dutch BM since it is needed to find and contact new customers. Third, the value finance includes low costs-of-ownership and variable pricing-methods. As in the Dutch BM, the payments are linked to the employee who filled the vacancy or played a role in filling the vacancy. Fourth and last, the value network contains the actors: database providers, German newspapers and journals, German business complex, German assessment provider, and customers. The German business complex and German assessment provider have the same characteristics as their Dutch opponents do, but the online database providers, German newspapers and journals, and the customer have not. The governance of the online database providers lowers and the governance of the customers rises, because a pre-service communication role is added.

In the integrated BM the value proposition and the value network are the most challenging since these differ in the Dutch and German BM. The most differences are captured by constituting two establishments which operate together, but also keep in mind the differences between the Dutch and German customer.

In order to implement the integrated version of these two BMs the following recommendations are formulated:

- Open a German establishment and hire a native German employee. By opening a German establishment the value network of the integrated BM includes the German actors. This establishment can have its own website, phone number, e-mail addresses, etcetera. This way, the slightly different service offerings can be promoted optimally and the different intended-value-elements can be optimal communicated this way. Also, the entire target market can be served. Further, hiring this employee can expand the business network of the TKS Groep. Therefore, when hiring such an employee attention can be paid to the size of the personal or business network of this candidate.
- Be aware of the power of the customers in the integrated BM. The power of the customers is larger than in the Dutch BM since the customers not only play a buyer role, but also play a communication role. Therefore, build and maintain a good reputation and encourage the customers to spread the word. This is the most important way of communicating with potential new customers and should be used optimal. Also because the reputation of the agency is considered to be important by both customer nationalities.
- Engage in many networking activities in Germany. Through these activities the personal and business network of the employees of the TKS Groep grows. Hereby most effort should be put into enlarging this network with managing directors and HR departments since the people in these functions generally value r & s services the most. This is favourable since it can increase the number of new customers and the number of candidates that can be recruited. Also, by engaging in networking activities the TKS Groep can emphasize the importance of their services.

Preface

I executed this research commissioned by the TKS Groep. My personal reason for executing this research was to earn my master degree in Business Administration, the Service Management track.

For this research I have been working at the agency itself in order to observe the way they do business and get the feeling of the culture within the agency. I had a great time here and therefore I want to thank my supervisors Han and Frank for this. I also want to thank them for the support I received during the entire process. Also, I want to thank my supervisors Björn and Kasia of the University for their advice and comments. Personally I also want to thank my parents, brothers, grandparents, boyfriend, and the rest of family and friends for their immense support and advice during this research and beyond.

Hopefully the outcomes of the research will actually help the TKS Groep to enter and concur the German market. And maybe help other students or scientists to understand the German customers and BM theory.

Wendy N.M. Veldhuis

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1. Introduction:

In this first chapter the research problem is explained, as well as the deficiencies in current literature, the significance of the study, the purpose statement and the company description.

1.1. Research Problem

When small companies want to internationalize, a different business model (BM) is needed in order to be able to successfully enter foreign markets. The home market and the foreign market can differ, mostly because of cultural differences which influence the behaviour and perception of customers. Therefore the organisation in this foreign market is influenced by these cultural differences on different areas of expertise like marketing or human resource management (Ball, McCulloch, Geringer, Minor, and McNett, 2008). Organisations should adapt their activities and BM to these foreign customers and influences.

In the Netherlands recruitment and selection agencies are increasingly popular. There are a small number of large organisations, but also many small organisations who offer these services. In Germany, these agencies are upcoming. There are some agencies in the south of Germany, for example around Munich, which offer recruitment of professionals and some related services like policy advice. But in Nordrhein-Westfalen there are less of these agencies. Mostly they are also smaller and do not always offer those related services. There are head-hunters present who mediate between organisations and professionals, but the larger part of the recruitment and selection agencies in Nordrhein-Westfalen recruit mostly lower educated employees or for short time jobs. That means that for a new recruitment and selection agency which focuses on higher educated personnel, the competition is not high. According to the Dutch-German Chamber of Commerce (www.dnhk.org, 2012), companies in Germany are traditionally not very eager to use external agencies for recruitment, selection, and HR policy advice. These organisations rather keep this internally. But since the use of agencies is upcoming in Germany, it can be a great opportunity for Dutch agencies to enter this market. Also, looking at the establishments of the German Chamber of Commerce in the region Nordrhein-Westfalen (www.dihk.de, 2012), it becomes clear that the density of establishments in this region is very large. In this part of Germany the Chamber of Commerce has more establishments close to another than in other parts of Germany. This can be an indication that the industry is large as well as the number of organisations in that area. This implies a large group of potential customers for agencies. The problem is that there is no knowledge about the willingness of this group of potential customers to pay for services like recruitment, selection, and related services. Also the needs and customs of the potential customers in this market are unknown. Although Hofstede and Hofstede (2008) mention that the Netherlands and Germany are very alike. The biggest difference is in the area of masculinity. According to Rothaermel, Kotha, Steensma, (2006, p.63) 'countries that are more masculine in their cultural orientation are arguably akin to what Moore (1991, as cited in Rothaermel et al., 2006, p. 63) called innovators because they are ones that pursue new technology more aggressively.' If this goes for new services the way it goes for new technologies, German customers will want to be a customer of service providers like the TKS Groep. Looking at these results it becomes clear that there are differences between the cultures of Germany and the Netherlands. Therefore it can be assumed that the customers in these two markets may also differ from each other. That is why the way the services are offered can be accepted differently by the Dutch and German customers and research into the needs and wishes of the German customer is necessary. Looking at all this, a different BM is needed when entering a foreign market, but what should this MB look like and how is it influenced by the cultural differences between the home and foreign market. The research problem is that it is unknown which strategy and BM to implement in order to please the foreign customers.

This study is based on the case of the TKS Groep. This Dutch organisation offers recruitment and selection, and policy advice services in the Netherlands and would like to enter the German market like described above.

1.2. Studies that have addressed the problem and their deficiencies

In order to find a way for the TKS Groep to enter the German market successfully the organisation must be mapped. BM theories provide a good way to map an organisation and its current position in the market. This can be done, for example based on the BM theories of Osterwalder et al. (2005) or Al-Debei and Avison (2010). These theories describe how an organisation can look like and the characteristics are of different parts of the organisation and the services this organisation offers. But when one wants to change this BM, for example by expanding business abroad, the BM does not offer a framework for this. Therefore, theory on international business is needed. Ball et al. (2008) describe seven international environmental forces which can have an influence on the organisation when entering a foreign market. However, the impact these influences have on the design of the organisation is not discussed. When these two different theories are combined a good picture is created of the organisation and the changes it must undergo in order to enter the German market successfully. By analysing the current BM and developing a new BM with the help of the existing BM theories and analysing the German market and its implications with the help of the existing market screening theories, a path is created to change the organisation. This path of change can be an example for similar organisations in similar positions.

1.3. Purpose statement and research questions

The purpose of this exploratory study, using mixed methods, is to develop a new BM for the organisation at TKS Groep in order to successfully enter the German market.

In order to solve the research problem and fulfil the purpose, a main research question is formulated: *What value can the TKS Groep create and offer to the German market?*

To answer this main research question three sub questions are formulated:

1. *What does the Dutch business model look like?*

2. *What can the German business model look like?*

3. *How can the Dutch business model and the German business model be integrated?*

The first sub question, 'What does the current business model look like?', will be answered by an analysis of the current activities within the TKS Groep with the help of BM theory, observations and interviews with the employees.

The second sub question, 'What can the new business model look like?', will be answered by an analysis of the circumstances in the German market. Therefore also potential German customers will be approached to get insight in the way they would value the services of the TKS Groep and what (parts of) services they would value and what not.

The last and third sub question, 'How can the Dutch business model and the German business model be integrated?', will be answered by comparing the current BM and the new BM and defining the differences and similarities. According to the comparison of these two business models a way can be found to integrate these BM designs successfully.

While answering these questions the focus will be on the customer interface of the BM, because this, next to the competition, will be most affected by the cultural differences between the customers in the Netherlands and in Germany.

1.4. Relevance

There are three kinds of relevancies of a study, namely: scientific relevance, social relevance, and personal relevance. First of all, the scientific relevance of this study is the use of the BM model theory on a small organisation. In most scientific writings, the BM model theories are applied to large companies with defined target markets. In this study the target market is determined with the help of international business theory and implemented through the BM theory. In this case it is also demonstrated how the BM changes when entering a new and foreign market based on market screening.

Second, the social relevance of the study is mainly the new BM that is developed for the TKS Groep. With this new BM it can, successfully, enter the German market. With the answers to the third sub question it gets the information it needs to simultaneously work in Germany and the Netherlands. Also, other small organizations can use the way the German BM is developed and reached as an example and with this basis develop their own BM for assessing foreign markets.

Third and last, the personal relevance for me is using the knowledge I gained during my study at the University and expending this knowledge. Next to this experience and skills I gain, I also learn more about the German labour market and the German culture and customs to possibly enter this labour market.

1.5. Company description

Like mentioned before, this study is based on the case of the TKS Groep in the Netherlands. The 'Te Koppele Search Groep' is a relatively small organization, founded in the year 2005 and owned by Han te Koppele. Currently, the TKS Groep is situated in Hengelo and employs five employees. First of all, the founder and owner who works for the organisation full-time. Secondly, a full-timer who added the brand QuiEs to the organisation in January 2012. Thirdly, two freelancers who perform recruitment and selection activities just like the two previously called employees. And fourthly, one freelance psychologist who performs psychological assessments as a part of the selection activities. Together these employees offer the service of recruitment and selection of higher educated personnel and other related services like interim-management, policy advice (mostly on the area of HR-management), and psychological assessments. In chapter 4 the company is described more extensively when mapping the Dutch BM of the organisation.

1.6. Structure

In this chapter an introduction is given to the research problem and the relevance of this study. Also the company is described and the research questions are introduced. In the next chapter a theoretical framework is made in order to get a clear overview of the relevant articles that are written in relation to BMs and how internationalisation impacts these BMs. The chapter following on the theoretical framework describes the methods that are used in executing this study. In the fourth chapter the results of the survey will be discussed as well as the results of the other forms of research. In the fifth and sixth chapter conclusions from these results are drawn and limitations of this study are discussed.

2. Theoretical framework

In order to put the research questions and research proposition in the right context and gain knowledge about the different relevant theories a literature review is executed. In this chapter, literature about business model designs is consulted in order to get a clear overview of how a BM can look like and how such a BM can be mapped. Secondly, literature about the internationalisation of organisations is consulted to find out how this process takes place and where to pay attention to during this process. Also the way customers influence the BM and the internationalisation process is discussed. At the end of this chapter the main findings are summarized.

2.1. Business model design

The BM concept is relatively young, but in the last few years much research has been added to the literature (Osterwalder et al., 2005; Al-Debei and Avison, 2010; Zott, Amit and Massa, 2010). Still there is not just one commonly accepted definition of a BM. According to Chesbrough and Rosenbloom (2002, p. 533) a BM 'is the method of doing business by which a company can sustain itself – that is, generate revenue'. Another definition is given by Camponovo and Pigneur (2003, p. 4) which says that a BM 'can be seen as a detailed conceptualization of an enterprise's strategy at an abstract level, which serves as a base for the implementation of business processes'. Finally, Zott and Amit (2001, p.511) also give a definition of a BM: 'A business model depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities.' Looking at these three definitions it can be concluded that a BM describes the way an organisation can do business. In the case of the TKS Groep the BM can describe what services they provide to whom and how they provide these services. According to Chesbrough and Rosenbloom (2002), a BM has several functions:

- It articulates the value proposition;
- It identifies a market segment and specify the revenue generation mechanism;
- It defines the structure of the value chain;
- It details the revenue mechanism;
- It estimates the cost structure and profit potential;
- It describes the position of the firm within the value network linking;
- It formulates the competitive strategy.

According to these functions the business model gives a clear overview of the organisation for which it is used to describe. Several developments of the BM theory have been made during the past few years.

2.1.1. Nine BM building blocks

The First development of the BM theory to be discussed is the theory of the nine BM building blocks that Osterwalder, Pigneur and Tucci (2005) describe. These building blocks are shown in the following table (Osterwalder et al., 2005):

Table 1: *Nine business model building blocks*

Pillar	***Building block***
Product	Value proposition
Customer interface	Target customer
	Distribution channel
	Relationship
Infrastructure management	Value configuration
	Core competency
	Partner network
Financial Aspects	Cost structure
	Revenue model

Next to these building blocks, Osterwalder et al. (2005) also describe the BM's place in the firm. They place the BM in the middle of the business strategy, ICT, and business organisation. It is the centre around which the organisation is situated. The BM is influenced by the: social environment, legal environment, competitive forces, customer demand and technological change (Osterwalder et al., 2005). All these aspects are also represented in one of the nine building blocks (for example, customer demand can influence the target customer and the revenue model), but there is no real building block or pillar that represents the competitive forces. Magretta (2002) mentions a similar argument. Although the current BM theory covers many facets of business characteristics, it does not take competition into account. According to Magretta (2002) the business model theory is very interpretable, but it does leave competition out of the equation. She says that people seem to think that a clear business model is comparable or even the same as a good strategy. But according to her, next to an appropriate business model, a proper strategy is essential. In this strategy attention must also be paid to the competition factor. Magretta (2002) mentions that a lack of strategy and a lack of competition represented in the BM are one of the main reasons that internet businesses in large numbers fail. When a large number of internet businesses with the same BMs and no strategy in which they define how to differentiate from the competition entered the market they all fail because of it (Magretta, 2002). They need to differentiate from the competition. That is why competition should be added to the BM concept. In designing the BM competition and a proper strategy should be factors. Just designing a good BM is not sufficient. Another important point, according by Osterwalder and Pigneur (2010), is the shift from an organisation-centric BM design to a customer-centric BM design. That means that in organisational thinking, the needs of the customer are central and not the wishes of the organisation.

2.1.2. Activity system perspective

Zott and Amit (2009) mention yet another perspective on BMs, the activity system perspective. They see the BM of an organisation as 'a system of interdependent activities that transcends the focal firm and spans its boundaries' (Zott and Amit, 2009, page 0). To design an appropriate activity system two sets of parameters should be kept in mind: design elements and design themes (Zott and Amit, 2009). Design elements are elements which relate to the architecture of such a system (Zott and Amit, 2009). These elements are: content, structure, and governance (Zott and Amit, 2009). Design themes are themes that 'describe the sources of the activity system's value creation' (Zott and Amit, 2009, page 0). These themes include: novelty, lock-in, complementarities, and efficiency (NICE). In the activity system the content element contains the selection of activities an organisation performs

(Zott and Amit, 2009). The structure element contains information about the way that the activities of an organisation are linked and how they are of importance to the BM of the organisation (Zott and Amit, 2009). The last element, governance, contains the information about who is performing the activities described by the content (Zott and Amit, 2009). The first design theme, novelty, is about renewing the content, structure, and governance (Zott and Amit, 2009). The second design theme, lock-in, is about keeping shareholders interested as business model participants (Zott and Amit, 2009). Thirdly, the design theme complementarities, refers to the situation where more value is provided when activities are executed together instead of separately to create more value (Zott and Amit, 2009). Lastly, the fourth design theme efficiency is, like the name says, all about the way an organisation can design their activities as efficiently as possible (Zott and Amit, 2009). In summary Zott and Amit (2009, page 9) mention that 'a BM can be viewed as a template of how a firm conducts business, how it delivers value to stakeholders (...), and how it links factor and product markets'. As can be concluded from the above mentioned theory, Zott and Amit (2009) look at BMs as a compilation of activities instead of an organisation with different functions and characteristics, like Osterwalder et al. (2005) see an organisation. That is why this can complement the other business model theories in analysing the current and future BMs.

2.1.3. The Unified Framework

Next to the above mentioned framework of Osterwalder et al. (2005), the extension of adding competition by Magretta (2002) and the theory of Zott and Amit (2009), another relevant framework is developed. Al-Debei and Avison (2010) developed the Unified Framework.

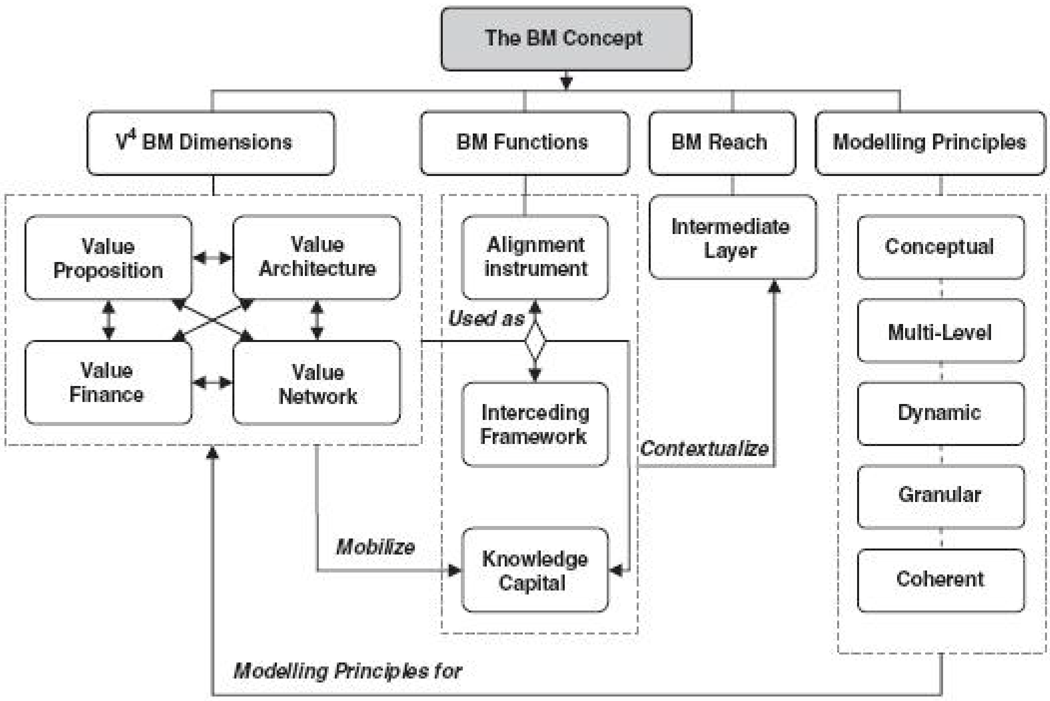

Figure 1: *Unified business model conceptual framework (Al-Debei and Avison, 2010)*

When comparing this model with the previous mentioned models it shows that this model is more extensive, because many perspectives on BM design are combined into an unified model. Looking at the V^4 BM Dimensions particularly the following image is shown.

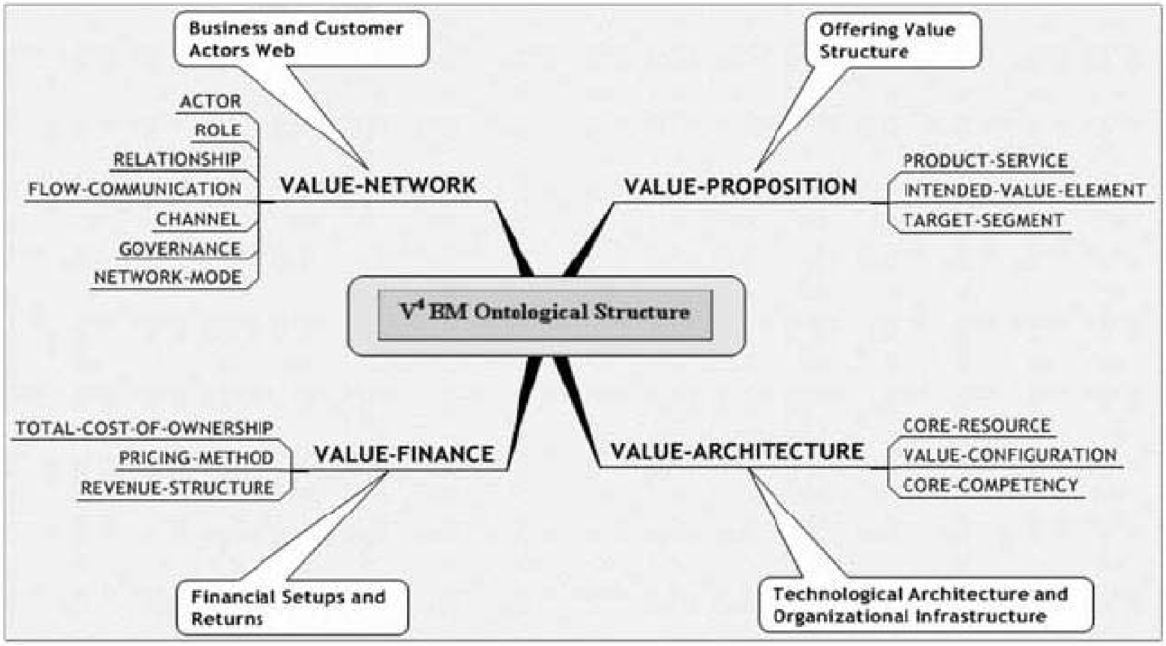

Figure 2: *V^4 BM Dimensions Ontological Structure (Al-Debei and Fitzgerald, 2010 as cited in Al-Debei and Avison, 2010, p. 368)*

2.1.4. V4 BM dimensions ontological structure

In Figure 2 four BM dimensions are shown: value proposition, value architecture, value network, and value finance. These dimensions and their 15 corresponding main design concepts will be discussed in paragraphs 2.2.1. to 2.2.4. Looking at figure 1 it shows that the BM concept does not only consist of the four dimensions, but also contains three other elements: BM functions, BM reach, and modelling principles. There are three BM functions mentioned: alignment instrument, interceding framework, and knowledge capital. First of all, a BM is an alignment instrument because it can 'fill the gap between corporate strategy and business processes' (Al-Debei and Avison, 2010. p. 371) and thereby align the different organizational layers. Secondly, a BM is an interceding framework because it mediates between the (technological) artefacts and the strategic goals and objectives (Al-Debei and Avison, 2010). Third and lastly, a BM offers a knowledge capital because it represents the knowledge that is almost never shared with others but is only embedded in the minds of the managers of the organisation (Al-Debei and Avison, 2010). The BM reach that is mentioned leads to the block 'intermediate layer', which means that 'the BM is not a substitute for the corporate strategy but does sustain it as the concept's configurations are strategically oriented' (Al-Debei and Avison, 2010, p. 365). The element on the right, modelling principles, contains the blocks coherent, granular, dynamic, multi-level, and conceptual. First of all, the concept is a coherent framework because it maps the internal and external position of the organisation extensively (Al-Debei and Avison, 2010). Secondly, the concept is granular because the framework is broken down into different components which can also be broken down into different elements (Al-Debei and Avison, 2010). This way the framework covers a wide range of aspects which makes it more useful in designing a BM (Al-Debei and Avison, 2010). Thirdly, the framework is dynamic because it can cope with continuous change which makes it flexible (Al-Debei and Avison, 2010) by evolving and adapting to internal and external forces like market conditions or changing technologies (Kamoun, 2008). Fourthly, the framework is multi-level, because it can be used on the level of an individual organisation, on a part of the organisation, and on business networks (Al-Debei and Avison, 2010). Next to these levels it can also vary in purposes. It can be used as an alignment instrument, as a mediating construct or interceding framework, and as knowledge capital (Al-Debei and Avison, 2010). These purposes are discussed above as the BM functions. Fifth and lastly, the framework is conceptual because it can be a 'blueprint that covers only the key business components' (Janssen et al., 2008 as cited in Al-Debei and Avison, 2010, p. 369).

The four BM dimensions correspond partially with the four pillars from Osterwalder et al.'s (2005) concept. The value proposition corresponds with the pillars product and customer interface, value architecture corresponds with the pillar infrastructure management, and the value finance dimension corresponds with the pillar financial aspects. Only the dimension value network does not correspond with a pillar from the model of Osterwalder et al. (2005), because this dimension includes competition and also a part of the infrastructure management. Next to these dimensions, other aspects are included in this unified framework: the BM functions, the BM reach, and the modelling principles. Also, arrows in the figure represent the way the aspects fit together in the framework and influence each other. The framework of Al-Debei and Avison (2010) is more extensive than the nine building blocks that Osterwalder et al. (2005) mention. And in the value network, the competition factor is included. Therefore, to analyse the current and future framework of the TKS Groep the theory of Al-Debei and Avison (2010) is used. In the next paragraphs the four dimensions of the framework are individually discussed.

2.1.1. Value proposition

The first dimension in the V^4 BM dimensions framework of Al-Debei and Avison (2010) is the value proposition. This dimension includes a description of the services that the organisation will offer with the associated value elements and the targeted market segments with their preferences (Al-Debei and Avison, 2010). Three concepts are here important: product-service, intended-value-element, and target-segment (Al-Debei and Fitzgerald, 2010). The first concept, product-service, 'describes the potential service(s) along with the information provided to target segments' (Al-Debei and Fitzgerald, 2010, p. 35). This information can be in the form of characteristics like: name, type, function, and technical or nontechnical requirements (Al-Debei and Fitzgerald, 2010). In order to map this concept, the following three questions can be asked (Al-Debei and Fitzgerald, 2010).

- What is the offering?
- What sort of value is incorporated within that offering?
- Who are the targeted customers that are most likely to desire the proposed offering?

In the case of the TKS Groep, this initial offering is already known, namely the recruitment and selection services together with the policy advice and the assessments they offer. It is unknown who the target customers can be and what these customers value in these services. Therefore a survey will be conducted. In chapter 3 an elaboration on this is given. The second concept, intended-value-element, is mostly about the kind of value what the organisation will offer to customers (Al-Debei and Fitzgerald, 2010). This value depends on whether or not the organisation can meet the preferences and expectations of the customer (Al-Debei and Fitzgerald, 2010). According to Slater and Narver (2000, as cited in Al-Debei and Fitzgerald, 2010, p. 35), value is 'created when the benefits associated with services are equivalent or exceed the offering's total price where the latter includes search, operating, and disposal costs in addition to the purchase price'. The value of an offering can be based on quality or economy, or can be found utilitarian or hedonic (Al-Debei and Fitzgerald, 2010). When the value of an offering is based on economy, it is based on the price of the offering (Al-Debei and Fitzgerald, 2010). When the value of an offering is based on quality the following factors are mentioned: connection, content, interaction, and contextual (Chae and Kim, 2001 as cited in Al-Debei and Fitzgerald, 2010), security and privacy (Al-Debei and Fitzgerald, 2010), and quality of life factors (Amanatiadis, Drakatos, Tsironis and Moustakis, 2006, as cited in Al-Debei and Fitzgerald, 2010). The value of an offering is perceived as utilitarian when the service reaches its goal (Al-Debei and Fitzgerald, 2010). Hedonic value is when the offering provides 'fun and enjoyment' (Al-Debei and Fitzgerald, 2010, p. 36) or fulfils people's needs. Therefore, it is important to address these kinds of values in the survey in order to understand the way German customers perceive value. With that information a suitable value proposition can be designed. The last concept is about the segmentation of customers: 'clustering them into different groups based on shared common properties and characteristics' (Al-Debei and Fitzgerald, 2010, p. 37). In the case of customers being firms this segmentation can be executed on the following factors: firm capital, size, revenue generated from the firm, sector, industry, or other (Al-Debei and Fitzgerald, 2010). That means that these factors can be addressed in the survey in order to be able to divide the potential customers into suitable segments.

2.1.2. Value architecture

The second dimension of the unified BM framework is value architecture. This dimension includes technological architecture, organizational infrastructure and the configurations of these two (Al-Debei and Avison, 2010). The technological architecture describes how the organisation is build in order to 'operate efficiently and effectively' (Al-Debei and Fitzgerald, 2010), p. 41). Organizational infrastructure includes the organisation's structure, key processes and functions, task force, management mindsets, and culture (Al-Debei and Fitzgerald, 2010). The dimension value architecture also adds three concepts: core-resource, value-configuration, and core-competency (Al-Debei and Fitzgerald, 2010). The concept of core-resource is about 'examining and creating useful information of the needed assets and resources to develop new services' (Al-Debei and Fitzgerald, 2010, p. 41). These resources can be classified based on the following characteristics: human, organizational, informational, physical, financial, legal, and relational (Seppänen and Mäkinen, 2007, as cited in Al-Debei and Fitzgerald, 2010). After classifying these resources, they can be connected to a specific service in order to get a clear overview of the way resources add value to specific services (Pynnönen, 2008, as cited in Al-Debei and Fitzgerald, 2010). That means that it is possible to see whether or not specific resources add value to these specific services or not. The second concept, value-configuration, is about the way the core resources are integrated in the organisation (Al-Debei and Fitzgerald, 2010). These core resources should be integrated 'in a way that allows efficient and effective roll-out of successful services' (Al-Debei and Fitzgerald, 2010, p. 42). This means that when resources are not used efficiently and effectively these processes should be altered. Then these resources add more value to the offered service. The third concept, core-competency, is about the organisations core competencies and capabilities (Al-Debei and Fitzgerald, 2010). According to Ballon (2007, as cited in Al-Debei and Fitzgerald, 2010) and Treacy and Wiersema (1993, as cited in Al-Debei and Fitzgerald, 2010) there are three ways to approach core competency: operational excellence, service leadership, and customer intimacy. First of all, operational excellence is about organising processes efficiently in order to save costs which can attract more customers when this is transferred into more competitive prices (Al-Debei and Fitzgerald, 2010). Secondly, service leadership is about offering differentiated services that cannot easily be imitated by competitors (Al-Debei and Fitzgerald, 2010). Lastly, customer intimacy is about offering customers a good experience to ensure retention and maybe even loyalty (Al-Debei and Fitzgerald, 2010). The key of this concept is that the core competencies of the organisation can be linked to the intended value elements (Al-Debei and Fitzgerald, 2010). According to Al-Debei and Fitzgerald (2010) this means that to understand this dimension all resources and the way these move around in the organisation must be mapped. This will be done based on information given by the employees during interviews, by internal and external documents, and by observations.

2.1.3. Value finance

The third dimension is value finance. This BM dimension contains financial data like costs, revenues, and pricing methods (Al-Debei and Avison, 2010). This financial data is translated into three concepts: total-cost-of-ownership, pricing-method, and revenue-structure (Al-Debei and Fitzgerald, 2010). This dimension captures how revenue is generated from the services (Timmers, 1998, as cited in Al-Debei and Fitzgerald, 2010) and how this revenue is distributed among the stakeholders (Al-Debei and Fitzgerald, 2010). The first concept is total-cost-of-ownership. This concept includes all costs that are made to provide, market, deliver, and maintain the services (Al-Debei and Fitzgerald, 2010). According to Al-Debei and Fitzgerald (2010) this includes: costs of tangible materials, costs of development, support, maintenance, and costs of collaboration. This data will be obtained by interviews with the employees and by studying internal documents. The second concept, pricing-method, is about the prices that are asked for the services that are provided (Al-Debei and Fitzgerald, 2010). Also the used pricing mechanisms and the used billing methods are included in this concept (Al-Debei and Fitzgerald, 2010). These pricing methods can be fixed, dynamic, or both (Al-Debei and Fitzgerald, 2010). Fixed pricing methods means that the customers can pay a predetermined amount of money at set times to pay for the used services (Al-Debei and Fitzgerald, 2010). A dynamic pricing method means that the price of the services can fluctuate (Al-Debei and Fitzgerald, 2010). The price of the services in such a situation can be time-based, transaction-based, or volume-based (Al-Debei and Fitzgerald, 2010). In designing a BM this concept is not only used to determine prices for the services, but also for determining a suitable pricing method (Al-Debei and Fitzgerald, 2010). In order to find out what prices can be asked for the offered services and what pricing mechanisms and billing methods German customers prefer, these items will be addressed in the survey. The last concept of this dimension, revenue-structure, is about the revenue generated by the organisation (Al-Debei and Fitzgerald, 2010). This concept shows how the profitability of the organisation is divided among the services, customer segments, and the different economic participating actors (Al-Debei and Fitzgerald, 2010). For this purpose again interviews with the employees will be held and internal documents will be consulted.

2.1.4. Value network

The fourth and last dimension that is described is the value network. The value network dimension of the BM is 'a description of the position of an organisation in the value system' (Rappa, 2008, as cited in Al-Debei and Avison 2010) and its relationships with different stakeholders (Al-Debei and Avison, 2010, p. 368). This can be in the form of an open or closed network. According to Al-Debei and Fitzgerald (2010), the value-network contains six concepts: actor, role, relationship, flow-communication, channel, and governance. The first concept, actor, 'is about identifying the core actors with whom' the organisation 'communicates, collaborates, and cooperates in order to launch and deliver a particular service' (Al-Debei and Fitzgerald, 2010, p. 38). Two categories of actors exist:

business partners and customer actors (Al-Debei and Fitzgerald, 2010). The second concept, role, defines for every actor the main role(s) they play (Al-Debei and Fitzgerald, 2010). This can be functional or strategic roles (Al-Debei and Fitzgerald, 2010). Functional roles are operational roles and determine the position of the actor in the value system (Al-Debei and Fitzgerald, 2010). Strategic roles are the key objectives and benefits that an organisation gets by staying in contact with this particular actor (Al-Debei and Fitzgerald, 2010). There are seven different strategic roles: resource allocation, efficiency, risk mitigation, effectiveness, time-to-market, agility, and intelligence. In short these roles are explained. The first strategic role, resource allocation, is about relationships with actors that provide different resources needed for the organisation to offer new services (Al-Debei and Fitzgerald, 2010). Secondly, efficiency is about building relationships in order to use resources cheaper than owning the resources itself (Al-Debei and Fitzgerald, 2010). Thirdly, risk mitigation, is about cooperating with actors in order to share the risk (Al-Debei and Fitzgerald, 2010). Fourthly, effectiveness is about cooperating with actors to be able to offer 'competitive, high quality services' (Al-Debei and Fitzgerald, 2010, p. 39). The fifth role, time-to-market, is about finding an actor which can reduce the time-to-market of a new service in order to be the first to enter the market with that service (Al-Debei and Fitzgerald, 2010). The sixth role, agility, is about a business relationship with actors that can help achieve flexibility and quick response to changing needs in the environment (Al-Debei and Fitzgerald, 2010). The last role, intelligence, is about new knowledge that can be acquired during relationships with actors (Al-Debei and Fitzgerald, 2010). The third concept, relationship, is about identifying the relationships the organisation has with the actors, like strategic alliances, strategic partnerships, joint ventures, etcetera (Al-Debei and Fitzgerald, 2010). According to Hamel (2000, as cited in Al-Debei and Fitzgerald, 2010, p. 39), 'customers are the main sources of revenue; thus creating positive relationships dynamics with them is vital'. The fourth concept, flow-communication, is about the enrichment of the relationships by communicating materials like: information, knowledge, money, product/services, hardware, software, documents, agreements, etcetera (Al-Debei and Fitzgerald, 2010). Within this concept two scenarios are possible. The first scenario includes materials flowing between the organisation and customers (Al-Debei and Fitzgerald, 2010). The second scenario includes materials flowing between the organisation and enterprise actors (Al-Debei and Fitzgerald, 2010). The fifth concept, channel, includes the 'communication mediums or ports used to communicate materials among actors as a result of their established relationships' (Al-Debei and Fitzgerald, 2010, p. 40). The most appropriate channel for each single flow of materials must be found in designing the BM (Al-Debei and Fitzgerald, 2010). The final concept, governance, is about the degree of power and the degree of control which the different actors have in the value network and over what kind of objects (Al-Debei and Fitzgerald, 2010). In researching the actors, data about business partner actors will be obtained by interviews with the employees. Needed data about customer actors will be obtained by the survey. For each group of actors the roles, relationship, communication, channel, and governance will be stated based on the outcomes of the survey and the interviews.

2.1.5. Customers

Looking at the above discussed dimensions the customer plays an important role in designing a BM, especially in the value proposition dimension. The concepts intended-value-element and target-segment are both influenced by the customer. About the intended-value-element can only be decided when the wishes and preferences of the German customer are clear. It needs to be clear whether they value a service on quality or on economy. And how they perceive the service. What are the value elements of the service that are important for the customer? Within the concept target-segment, the characteristics of the customer play a role in determining the segment on which the organisation should focus. Therefore, characteristics like firm capital, size, revenue generated from the firm, sector, industry, or other are needed to classify the customer into segments. With the help of these characteristics a market segment can be chosen to enter. Looking at the value architecture and the value network, the customer does not play a very important role. In the value finance dimension the customer plays a role in the pricing-method. First of all, the customer can prefer fixed, dynamic or a combination of both pricing methods. Secondly, they can be willing to pay a particular amount for a particular service. In order to find out what the characteristics and characteristics of the customers are, the above mentioned issues will be addressed in the survey. The survey will be discussed in chapter 3.

2.2. Market research

Before entering the German market, the TKS Groep must become an international organisation. Like described above, expanding business abroad is not the same as expanding business in the domestic country. Therefore some literature is consulted. According to Ball, McCulloch, Geringer, Minor, and McNett (2008), there are seven forces in the environment that can influence the organisations actions when internationalizing: socio-cultural forces, natural resources and environmental sustainability, economic and socioeconomic forces, political forces, legal forces, financial forces, and labour forces (Ball et al., 2008). These environmental forces are comparable with the PESTEL framework which is mentioned by Boddy (2008). This framework consists of six main factors: political, economic, socio-cultural, technological, environmental, and legal (Boddy, 2008). An organisation must look at the impact of these forces and influences when entering a foreign market. Political and economic risks together determine the general risk of the host country (Rothaermel et al., 2006, p. 59). Also, the bigger the cultural differences are, the bigger the uncertainty is (Rothaermel et al., 2006). In order to know how to enter such a market it is necessary to know what the market segment is the organisation should focus on. Therefore traditional approaches can be used, like a market screening based on country- and market indicators (Ball et al., 2008) or a market screening using the approach of (perceived) psychic distance (Anderson and Buvik, 2002). Also non-traditional approaches can be used: the relationship approach (Anderson and Buvik, 2002) or the network approach (Glückler, 2006).

2.2.1. Traditional market screening approaches

The traditional market screening approach based on country- and market indicators withholds six steps: initial screening, screening of financial and economic forces, screening of political and legal forces, screening of socio-cultural forces, screening of competitive forces, final selection of new markets (Ball et al., 2008). Looking at these six market screening steps one might notice that these resemble the seven earlier mentioned environmental forces and the factors of the PESTEL framework. Therefore, when performing the market screening the environment of the foreign establishment is mapped. With the help of this approach, the foreign country can be mapped systematically according to the prescribed steps and a target market can be chosen. The other traditional approach is the approach using psychic distance (Anderson and Buvik, 2002). Following this approach elements like language, culture, political systems, level of education, or level of industrial development (Johanson and Vahlne, 1977, p.24, as cited in Anderson and Buvik, 2002, p. 350) determine the psychic distance. This can be described as the perceived gap of the information flow between the home country or market and the foreign country or market (Johanson and Vahlne, 1977, as cited in Anderson and Buvik, 2002). The main difference between the approach based on country- and market indicators and the approach based on psychic distance is that the latter is more subjective and less systematic than the first approach.

2.2.2. Non-traditional market screening approaches

As mentioned earlier there are also two non-traditional approaches. The relationship approach does not focus on the target market or country like the traditional approaches do, but on the potential customer (Anderson and Buvik, 2002). In this approach, the most information about the potential customers comes from the business relationships-network of the organisation (Anderson and Buvik, 2002). According to Anderson and Buvik (2002), there are three stages in which such a relationship can be formed: awareness, exploration, choice of partner(s). These stages can be followed in order to gain partners in the potential target market. However, because the TKS Groep is a service provider and not a production firm, this theory might not be sufficient in order to map the target market. This is mostly because they do not need partners like supply chain partners, but customers with whom they build a relationship. Next to the relationship approach discussed by Anderson and Buvik (2002), Glückler (2006) mentions another non-traditional approach; the network approach. This approach looks like the relationship approach and is formulated because small- and medium-sized firms mostly cannot be represented by the traditional approaches (Glückler, 2006). That is because the international expansion of these firms is different from the international expansion of larger and global firms (Glückler, 2006). The network approach ‘views the market as a network of exchange relations between producers, suppliers, customers and competitors’ (Glückler, 2006, p. 376). The meaning of these intentions can differ from reducing certain costs, adding knowledge or other purposes (Johanson and Mattson, 1987, p. 37, as cited in Glückler, 2006). According to Glückler (2006, p.388), the presence of social networks minimizes ‘the risk of business development failure’. The TKS Groep does have a network in Germany, although this network mostly consists of Dutch customers who moved their business abroad. According to this theory, before and during entering the German market this network needs to grown in order to increase the chance of this business to be successful. Because this network approach alone cannot provide enough information about the German market, also the traditional approaches will be used in this study. Complementing the approaches with each other gives a substantial amount of information to be used in designing the BM.

2.2.3. Market screening method

In this case the traditional market screening approach is used. Therefore the six steps mentioned by Ball et al. (2008) are executed. During the initial screening it is determined whether or not there is a basic need potential in the target market (Ball et al., 2008). Without this basic need potential there is no need for the organisation to enter that market. The basic need potential is determined in the introduction, because there are potential customers in the form of small- and medium sized firms who need employees. The screening of financial and economic forces is done in chapter 4 based on market indicators (Ball et al., 2008). These market indicators are: market size, market growth rate, and service readiness. The screening of political and legal forces is also discussed in chapter 4. Three factors are important here: entry barriers, profit remittance barriers, and policy stability (Ball et al., 2008). The screening of socio-cultural forces focuses on the socio-cultural influences in the environment. That is also the focus of this case. There are five influences which are mentioned by Boddy (2008) representing this factor: demographics, values in society, changing lifestyles, changes in consumer tastes and preferences, and levels of education. Demographics are discussed in the introduction. The area is limited to the northern part of Nordrhein-Westfalen and many firms are suited to become customers of the TKS Groep, since there are many small- and medium sized firms present just like in the Netherlands. Values in society are also mentioned in the introduction. Rothaermel et al. (2006) concluded that there are not that many differences between the Netherlands and Germany. The influences called 'changing lifestyles' and 'changes in customer tastes and preferences' in this case can be put together, because the potential customer of the TKS Groep is a firm and not an individual customer. They interrelate and therefore changing lifestyles and changes in customer tastes and preferences are not easily individual recognizable. That is why in this case they are put together in order to identify these with the help of the survey. In the introduction is mentioned that German firms are traditionally not very eager to use external agencies. The common trend is perceived to be that German firms are increasingly open to using such external agencies. To check if this is true and there is actually a demand for such services in Germany this will be addressed in the survey. Lastly, the levels of education in Germany are different but comparable from those in the Netherlands and will not play a role in this case. That means that changes in customer tastes and preferences can lead to opportunities for the TKS Groep and therefore will be addressed in the survey. The screening of competitive forces is shortly addressed in the introduction. In chapter 4 it will be addressed more in dept. Attention will be paid to an overview of the most important competitors and their strategies, quality levels, pricing policies, and coverage of the market (Ball et al., 2008). The last step of the market research is the final selection of new markets. This part of the market research will be addressed in chapter 4 and 5. Ball et al. (2008) also mention five criteria a market segment should meet: definable, large, accessible, actionable, and capturable. These criteria will also be discussed in the chapters 4 and 5.

2.2.4. Customer needs and preferences

Concerning the survey where customer needs and preferences will be visualized, Verma and Thompson (1999) mention in their research into customer preferences five general constructs to measure these preferences: cost, delivery, flexibility, product quality, and service quality. For each of these constructs multiple attributes are formulated which are case-specific. Sohail and Shanmugham (2003) use in their research into customer preferences other constructs: accessibility, reluctance, costs, trust in one's bank, security concerns, convenience, and ease of use. These constructs are also represented by multiple attributes. In this case both the constructs and attributes are case specific. Hofman, Halman and Ion (2006) also performed a research into customer preferences. Based on field research, literature review and information from experts, they identified five case specific dimensions themselves which consist of the different parts of the product that is offered: technical systems, interior finish, floor plan, house volume & exterior, and environment. Lihra, Buehlmann and Graf (2012) also formulated their own constructs based on the literature review. They found the following four constructs to be important: product customization, customization time, delivery time, and price. Siguaw, Kimes and Gassenheimer (2003) use in their research a framework for the segmentation of customers, namely the customer-segmentation schema of Shapiro, Rangan, Moriarty, and Ross (1987, as cited in Siguaw et al., 2003). This schema shows four constructs on which the customer segmentation is based: service, price, performance expectations, and preferred communication style (Shapiro et al., 1987, as cited in Siguaw et al., 2003).

2.2.4.1. Constructs

When looking at these scales the construct cost or price seems very important since it is mentioned by the majority of the above mentioned authors. Price is not mentioned by Hofman et al. (2006)

since their research did not include the influence of price on the decisions of customers. Since price is of importance in the case of the TKS Groep, this construct will be admitted in this survey. According to Osterwalder and Pigneur (2010) the pricing mechanisms should be suitable for the customer. Therefore this will be a part of the construct price in this survey. The second construct that is admitted to the survey is accessibility. This construct is mentioned by Sohail and Shanmugham (2003) and partly corresponds with the construct delivery mentioned by Verma and Thompson (1999). Verma and Thompson used in their research the case of a pizza place; therefore delivery partly represents the accessibility of the product of the pizza place, namely the pizza. In the case of the TKS Groep this construct will be approached somewhat differently since it will be accessibility in the sense of how the accessibility of the establishment of the TKS Groep is perceived. Accessibility in the form of having a German phone number or office is asked separately under the construct quality. The third construct admitted to this survey is quality. This construct is mentioned by Verma and Thompson (1999) and is important because it can show what attributes influence the perception of the quality of the service and how this perception of quality can influence the purchasing choices that the customer makes. Also Shapiro et al. (1987, as cited in Siguaw et al. 2003) mention a similar construct, namely performance expectations. These are the expectations of the customer about the performance of the organisation before the actual service or product is delivered. Because in services the process and the service are linked to each other and these constructs are about expectations and not about the actual experiences the performance expectations and quality are put together under the construct quality. To measure the preferences and expectations of the potential customers within this construct, first a brainstorm is conducted in order to find characteristics of the services that the TKS Groep offers. The opinion of the respondents on these characteristics leads to an expectation about the way the services of the TKS Groep can be perceived in Germany. It also provides information about the specific parts of the services that are perceived desirable and which specific parts are not. Based on the constructs mentioned by the authors above, convenience or flexibility could also be a construct in this survey. This construct corresponds with the construct flexibility mentioned by Verma and Thompson (1999), since this is about enlarging the convenience of the customer which can only be done by being flexible towards the customer. However, this is not applicable on the case of the TKS Groep because their service offerings are always personal, customized and aimed at the convenience of the customers. Other factors that can enlarge the convenience of the customers like opening hours etcetera are mentioned under the construct quality. Also the constructs customization and customization time are different for every customer and therefore will not be included in the survey. All services are adapted to the customer, otherwise the outcome of the services will not be suitable for the customer. The customer and the TKS Groep together decide what the process will look like and what the outcome will be. The preferred communication style mentioned by Shapiro et al. (1987, as cited in Siguaw et al. 2003) is not mentioned by the other authors, but since the TKS Groep likes to know how to address the potential German customers this construct will also be admitted to the survey. That makes communication the fourth construct of this survey.

2.2.4.2. Customer characteristics

Next to the constructs price, accessibility, quality, and communication also characteristics of the customers are important in order to establish a customer segment to focus on. Therefore at the end of the survey some questions will be asked about the characteristics of the customers. Al-Debei and Fitzgerald (2010) mention characteristics that can contribute to segmenting customers: firm capital, size, revenue generated from the firm, sector, and industry. In addition to this they mention that it is also possible to segment the customers based on other characteristics (Al-Debei and Fitzgerald, 2010). Ball et al. (2008) do not mention characteristics of firms in customer segments, but do mention characteristics of individual customers: age, income, and psychographics. Grosova, Gros, and Cisarova (2011) mention two characteristics for segmenting customers: industry in the form of an FEFCO classification and the size of the company's turnover a year. In chapter 3 it is discussed how these constructs and characteristics will be represented in the survey.

In short, the V4 BM theory of Al-Debei and Avison (2010) is used for analyzing the current situation of the TKS Groep and for designing a future BM with which the TKS Groep can enter the German market. Especially attention will be paid to the customer preferences and how this affects the BM design. Also, knowing the German market is important. Therefore, market research will be executed following the traditional method of Ball et al. (2008). In this, the customer preferences also play an important role. A survey will be executed in order to find out what these customer preferences are. In the design of the survey multiple constructs seem to be of interest: price, accessibility, quality, communication, and customer characteristics.

3. Method

In order to get an accurate view on the dimensions of the business model design and the characteristics of the customers a survey and a workshop with the organisation's employees will be executed. This in order to get a clear overview of the wishes and needs of the German customers and their significance. The workshop will be organised with the employees of the organisation in order to map the current BM and parts of the future BM. Figure 3 shows the different research methods and how the results of these methods lead to the conclusion.

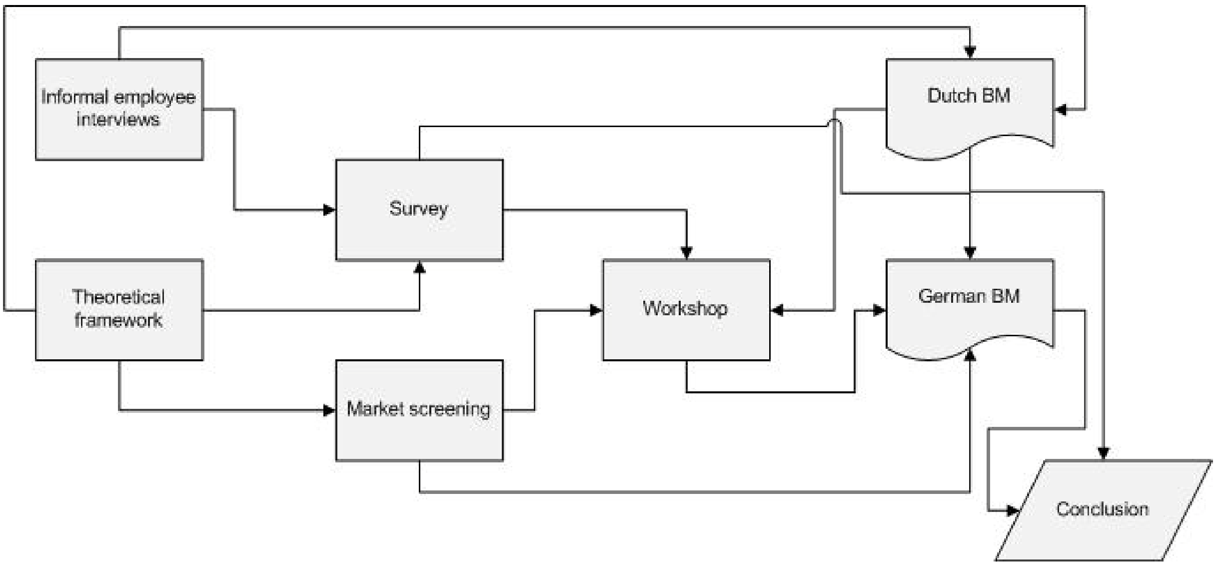

Figure 3: methods

3.1. Mapping the current BM

In order to map the current BM design small, semi-structured and informal interviews are held with the employees, research is done online, and observations are made. The employees are consulted because they know their agency the best and can provide clear answers. The questions asked during these semi-structure interviews are shown in appendix 1. In order to verify the results of these interviews information research is done, mostly online. Online information can be found regarding for example trends in this industry and competitors. But also opinions of people who work for or work with recruitment and selection agencies can be found which put the employee's answers in perspective. The observations provide information about the way the TKS Groep works. With the help of these forms of research the current BM of the TKS Groep can be mapped and form a basis for the German BM. This will eventually result in an internationally integrated BM.

3.2. Survey

As mentioned before, a survey will be distributed among potential customers in Germany in order to find out whether they would be interested in the services that the TKS Groep provides or not and what the value elements of these services would be. According to Babbie (2007) a survey is the best available method for collecting data when the actual population is too large to observe directly. The survey is designed to map the characteristics and preferences of this population, the potential customers in Germany, and to find the target segment of the TKS Groep's actions in Germany.

3.2.1. Survey sample

The survey will be distributed among a sample of German companies in the area of Nordrhein-Westfalen in order to generate enough response for valid results. The approached German companies vary in size, firm age and industry in order to be able to determine a market segment based on these characteristics. According to Ter Denge (2012) the snowball technique is a proper way to distribute the survey. This means that ‘subjects select themselves and possible other respondents, based on the description of this research’ (Ter Denge, 2012, p. 20). This way a large sample of the German companies can be reached. The companies are asked to fill in the online survey through E-mail. For this mailing, the E-mail address of the university is used to minimize the chance that the companies see the survey as an advertisement. The contact details of the first approached companies are gained through personal and business contacts of the TKS Groep and public records of the Dutch-German Chamber of Commerce. Note that the respondents gained by personal and business contacts of the TKS Groep are not aware that the research is a project of the TKS Groep. Therefore, socially desirable answers are minimized.

3.2.2. Survey design

In order to measure the constructs price, accessibility, quality, communication mentioned in chapter 2 these are addressed in the survey. In the survey also the relevant characteristics of firms are addressed. How these constructs are put into the survey is made clear through the operationalisation table below which is discussed further in this paragraph.

Table 2: Operationalisation table

Construct	Indicators	Questions/ statements	Number
Communication	Pre-service communication	How would you search for a suitable service provider?	2
Accessibility(5)	Nearby highway	A nearby highway is important.	21
Accessibility(6)	Flow through	The flow through on the road is important.	22
Accessibility(7)	Public transport	The presence of public transport connections is important.	23
Accessibility(8)	Parking space	Enough parking space is important.	24
Accessibility(9)	Travelling time	A travelling time of an hour is maximum.	25
Pricing mechanism	Pricing mechanism	What kind of pricing mechanism would your firm prefer when paying for recruitment of higher educated personnel services?	26
Price(1)	Fixed price level (percentage)	How much percent of the gross annual salary would your firm be willing to pay?	26A
Price(2)	Fixed price level (amount)	What amount of money would you be willing to pay?	26B
Price(3)	Dynamic price level	How much would you be willing to pay per hour?	26C
Target market	Firm industry	In what kind of sector is your firm currently operating?	29
	Firm size	How many employees are currently employed within your firm?	28
	Firm's previous experiences	Does your firm use recruitment and selection of higher educated personnel services?	1
	Firm age	In what year is your firm established?	27
	Firm location	What is the location of your firm?	30
	Firm's HR department	Who in the firm is responsible for performing recruitment and selection services?	31

**The construct quality is not mentioned in this table because this construct is measured more extensively as will be discussed later in this paragraph.*

3.2.2.1. Accessibility and pricing

According to Babbie (2007), a survey should start with the questions that seem useful to the respondent in order to motivate the respondent to fill in the survey. Since the respondent should not be overwhelmed by the survey, first some introduction questions are asked. These questions are for example about previous experiences with similar services.

The communication of the TKS Groep with its customers starts at the marketing and introduction of the agency. The agency must know where the customers will try to find them. To find out how customers will try to find agencies, question 12 and 13 from the survey formulated by Gortemaker

(2010) are used and reformulated to fit this case. This is question 2 with a sub question in the survey. Other items related to communication are mentioned under the construct quality and therefore not mentioned here again.

In order to get a clear overview of what factors are experienced as important by customers accessibility is measured by statements which can be answered on a 5-point Likert scale. The factors that are mentioned in these statements are from the survey by Gortemaker (2010). These questions are number 20 to 24 of the survey in appendix 2. The method used to identify customer preferences also contains the construct accessibility. This is accessibility in the way of how easily the employees can be reached by phone and e-mail. In this part of the survey the construct accessibility represents the demands that customers have in how they can reach the establishment physically.

In previously used surveys like described in the research of Gortemaker (2010) the researcher just asks directly for the prices the customers are willing to pay. In the situation of this case there are three ways of paying possible (Al-Debei and Fitzgerald, 2010). This leads to the first question of this construct which is number 25. In order to find out how much customers are willing to pay two sub questions are formulated. For each sub question, five pricing options are given. These options are formulated with the help of experiences of employees of the agency. The first sub question is formulated for the respondents that have chosen the fixed pricing option and the second sub question is formulated for the respondents who have chosen the dynamic pricing option.

3.2.2.2. Quality

The construct quality is mapped with the help of a selection of the characteristics of the agency and the services they offer. A brainstorm about the characteristics of the offered services leads to the following table.

Table 3: Characteristics of the services offered by the TKS Groep

Characteristic	Specification
Assessments	Executed by a psychologist, gives insight in the qualities and competencies of the candidates.
Interim management	Professionals are found to fill in vacancies temporarily.
Executive search	The best executives in the market are actively approached to fill in the vacancy.
Organizational development	Advice is given on the strategy, policy and plans of the client firm.
International search	The search for suitable candidates is not only executed in Germany, but also across country borders, for example the Netherlands.
Guarantee	A new search will be executed when the candidate(s) who was/were believed to be suitable turn out not to be.
Process	The total process of recruitment and selection of personnel, (job) interviews, and (contract) advice.
Advice	The services are offered with objective professional advice.
Adaptability	The service is adjusted to specific needs of the client firm.
Operating hours	The agency has limited availability outside standard office hours.
Accessibility(1)	The agency is accessible through phone within an hour.
Accessibility(2)	The agency is accessible through phone within a day.
Accessibility(3)	The agency is accessible through e-mail within an hour.
Accessibility(4)	The agency is accessible through e-mail within a day.
Phone number	The agency has a German phone number.
Establishment	The agency has a German establishment.
Employee	The agency employs one or more native German employees.
Reputation	The agency has a good reputation.

These 14 characteristics are case specific and with the help of these the respondents can indicate what they value in a recruitment and selection agency and its services. This helps mapping what customers expect from the kind of services that the TKS Groep offers. Based on the response to these characteristics also a focus can be determined for the agency. The first five characteristics are included in the survey as additional services (questions 3 to 7). The respondents can indicate whether or not they value these services in addition to the service of recruitment and selection. The statements formulated based on the remaining characteristics are questions number 8 to 20.

3.2.2.3. Target market

To get to know what the characteristics of the target market are, the characteristics of the respondents are very important. The characteristics of the respondents that indicate that they are interested in the services of the TKS Groep are analyzed in order to find matching characteristics. These matching characteristics can form a profile of the average target firm. Also the characteristics of the respondents who not initially indicate to be interested in the services of the TKS Groep will be analyzed. This can deliver valuable information about the part of the market which the TKS Groep does not have to put time and money in to try to reach. There are different characteristics that seem to be important when composing such a target profile. Gortemaker (2010) asks in his research questions about the industry the respondent firm is in, the amount of employees working in the firm, and whether or not the firms has previous experiences with the offered services. Based on Al-Debei and Fitzgerald (2010) these first two characteristics are also indicated as important aspects.

Therefore the first question is about the previous experiences of the firm with similar services. This is represented in question 1. Based on the characteristics mentioned in chapter 2 another characteristic asked about in the survey is firm age (question 27). This characteristic is only mentioned by Ball et al. (2008) for individual customers, but it can help visualizing the potential customers, since it shows whether or not it is an old and well-established firm or a new firm. The size of the firm is also a characteristic, represented in question 28. Grosova et al. (2011) represent this by asking the annual firm turnover, but it can also be determined by the amount of employees working for the firm (Gortemaker, 2010). In the survey the size of the firm is determined by the latter method, because not all firms might be willing to fill in the annual firm turnover. The industry in which the firm is operating which is mentioned by Al-Debei and Fitzgerald (2010), Grosova et al. (2011), and Gortemaker (2010) and therefore included as question number 29 in the survey. The location of the firm (question 30) is asked because the respondents can indicate whether or not it is important for them to have a maximum travelling time. Based on the results of this question also an area can be defined in which the target segment lays. Also it is good to know which person or department in the firm is responsible for the recruitment and selection services (question 31). In the survey there is a question about whether or not having an own HR department is a reason to not hire an external agency. Therefore it is interesting to see whether or not the person who in responsible for these services influences the willingness to hire an agency like the TKS Groep. Also Dutch firms with a HR department are usually not willing to pay for services like the TKS Groep offers, because they can execute these themselves. Therefore it will be interesting to see whether or not this goes for German firms.

3.3. Workshop

In order to discuss the meaning of the results of the survey and help map the German BM design a workshop with the employees of the TKS Groep is organized. During this workshop the results of the survey can be interpreted and the understanding of the customer can be deepened (Brandt, 2004). The basis of the German BM is the current BM of the TKS Groep which can be altered according to the results of the desk research and the survey. There is chosen to use a workshop in order to get a clear picture of the consequences for the German BM. When employees do not initially agree on something it can be discussed on the spot which will lead to a proper conclusion. Also, some ideas of how to implement this German BM can be mentioned here. The outcomes of the survey are discussed and then the employees can come up with ideas about the new German BM based on the results of the survey and the deeper understanding of the customer this provides.

First, the questions about the characteristics of the customers are discussed. Also is discussed what the expectations are about the answers of the respondents, what the actual answers are and what the possible reasons can be for these differences. Important hereby is that the employees understand the reasons of the German customers to choose or not to choose an agency for recruitment and selection services and how they search for such an agency.

Second, the questions about the expectations the German customers have about the services and how they value the additional services is discussed. When discussing these outcomes they are compared to the expectations the employees have of the German customer and their experiences with the Dutch customer. Hereby it is important to understand how and why these customers differ and how this influences the way the BM is designed and the customer is addressed. The results of this workshop are discussed in paragraph 4.4.

4. Results

In this chapter the current BM of the TKS Groep, the results of the survey, and the workshop with the employees are presented. First of all, the current BM is mapped trough observations and with the help of the employees knowledge. Secondly, the results of the survey are given and discussed. Thirdly, the outcomes of the workshop are discussed and their impact on the design of the future BM. Lastly, the German BM is given and discussed.

4.1. Mapping the current BM

As mentioned in chapter 3 the current BM is visualized according to small, semi-structured and informal interviews with the employees following the questions shown in appendix 1. As the results of these interviews, the current BM is discussed dimension by dimension.

4.1.1. Value proposition

First of all, the current value proposition is discussed. As mentioned in chapter 2, there are three concepts which are important: product-service, intended-value-element, and target-segment (Al-Debei and Fitzgerald, 2010). The product-service concept leads to the initial offering, which in this case is the recruitment and selection of higher educated personnel, together with policy advice and assessments. The target customers in the current BM are small or medium sized companies and in most cases family businesses. The intended-value-element in the current BM of the TKS Groep is the amount of work the TKS Groep can do for the firm. They find suitable candidates, so the firm does not have to advertise the vacancy, read all the letters and résumés and choose the most promising. This value is mostly based on economy, although it is also based on quality. The value is based on quality because by using these services more suitable candidates can be found than when a firm has to look for these professionals themselves, since the agency has a lot of experience with recruiting. The value is also based on economy because it is cheaper to hire an agency to perform the recruitment and selection process than placing advertorials, reading all letters and résumés and meeting the candidates themselves. The time that this saves a manager or other employee who is responsible for this part of the HR-management process can be worth more than the fee the agency is charging. The service is by customers perceived as an utilitarian service because the service reaches a goal instead of providing fun and enjoyment. The target-segment is shortly discussed before. The target customers are small or medium sized companies in Twente. These companies are mostly family businesses and mostly operating in the industrial industry. The size of the companies varies from 20 to 200 employees. That means that, in short, the value proposition withholds recruitment and selection services for small or medium sized, family owned businesses in Twente who value the service both on quality and economy.

4.1.2. Value architecture

The value architecture is the second dimension of the unified BM framework and includes technological architecture, organizational infrastructure and the configurations of these two (Al-Debei and Avison, 2010). According to Al-Debei and Fitzgerald (2010) the core of this dimension is to understand what the resources of the agency are and how they move around in the organisation. Therefore the most important resources and their characteristics are mentioned in table 4.

Table 4: *resources of the TKS Groep*

Resource	Classification	Service	Integration
Knowledge	Human	All services	Well integrated
Database	Informational	Recruitment related services	Well integrated
Business network	Relational	Recruitment related services	Well integrated
Money	Financial	All services	Well integrated

The first resource in table 4 is knowledge, which is one of the most important resources of the organisation. This resource is a human resource since it is embedded in the minds of the employees of the organisation. For every service that the agency provides this resource is used and therefore it is well integrated in the organisation. The second resource is the database of the organisation. This database contains the contacts of a large group of possible candidates for a large variety of vacancies. Therefore this resource is an informational resource which is used in all recruitment related services offered by the agency. This resource is also well integrated in the organisation since it is consulted when it is necessary for delivering the service. The third resource is the business network the employees of the agency build in their carriers. This network is a relational resource since it involves connections with external persons. It is used for all recruitment related services. Like the database, this resource is not used for organisational development services since they serve no purpose here. This resource is only used for delivering services where they serve a purpose; therefore this resource is also well integrated. The fourth and last resource is a financial resource: money. Money is needed and used in the process of delivering all services since it requires the employees to rent a workplace, pay phone bills, pay for licenses and memberships of vacancy sites, etcetera. During the interviews and observations no indications of the misplacement of misuse of the resource money are found. Therefore it can be stated that this resource is well integrated in the organisation. Looking at the resources mentioned in table 4 it seems that the resources are all well integrated in the organisation, which is not surprising since it concerns a relatively small agency which provides services. A large production company shall be using a larger number of resources and the processes in which these resources are used will be more complicated. Table 4 shows that there are no service specific resources. Therefore no alternations need to be made in the processes concerning the resources and their integration in the organisation. In chapter 2 the concept core-competency is introduced and three ways to approach this concept: operational excellence, service leadership, and customer intimacy (Ballon, 2007 as cited in Al-Debei and Fitzgerald, 2010; Treacy and Wiersema, 1993 as cited in Al-Debei and Fitzgerald, 2010). Operation excellence is for the TKS Groep not really relevant because they cannot work according to meticulous schemes since it is not a production company but a service provider who works together with the customer. On top of this, it is a small agency with entrepreneurs who have no one to report to but themselves. This also affects the competitive prices, because they mostly experience fixed costs. Variable costs are extremely low. The second concept, service leadership, is a large part of their business already. They adapt their service to the specific wishes and needs of each customer and offer a broad variety of additional services like international search and executive search. A problem with this is that there is no patent on the service, so all agencies in the area can offer the same services to the customer. Also the appearance of the 'product' is not applicable since there is no product. When the service is provided the candidate does not wear a brand name and is not unique for that agency. It is an employee who could also have been selected by another agency. Therefore, service leadership is mostly approached in the way of providing (additional) services according to the wishes of the customer. For the third concept, customer intimacy, the core competences of the agency are linked to the intended value elements (Al-Debei and Fitzgerald, 2010). Offering customers a good experience is the main goal of the TKS Groep, because that is one of the biggest reasons for customers in this market to 'rebuy' the services of an agency and become loyal. Many firms use one agency for a longer time, because this agency knows the situation and culture of the firm, but also because they have a good experience with this agency. In short, all resources are well integrated in the organisation and used as efficiently as seems possible.

4.1.3. Value finance

The value finance consists of three concepts: total-cost-of-ownership, pricing-method, and revenue-structure (Al-Debei and Fitzgerald, 2010). The first concept includes costs of tangible materials, cost of development, support, maintenance, and cost of collaboration (Al-Debei and Fitzgerald, 2010). The costs of tangible materials are very low, since the main resource, knowledge, is intangible. Further most interaction goes digital, therefore only the employees laptops are needed. Secondly, costs of development are low since there is no need for a research and innovation department. The only development costs of the agency are the costs for seminars or workshops in which the employees engage. Because the agency does not own its own building or factory, the support and maintenance costs are also very low. The biggest source of support costs are the subscription costs for database providers like Jobbird. Lastly, there are no costs of collaboration, since the agency does not work together with other agencies. The agency only works together with the customer. Looking at collaboration costs from that point of view, the costs are low, because the only costs made, working together with the customer, are the gas-costs and telephone costs. The pricing-method that is mostly used for all the services, excluding executive search, is the fixed pricing method. The agency and the customer agree on a particular percentage of the gross annual salary of the vacancy that represents the payment for filling in the vacancy. For the service of executive search, the pricing method is mostly dynamic. In this case the agency and the customer agree on an hourly wage. That means that the payment is time-based. Transaction-based and volume-based payment do not fit this kind of service, since only one suitable candidate will be hired by the customer firm and they want the right candidate the first transaction. The last concept, revenue-structure, is within this organisation very simplistic. The revenue that is gained from all services, except for the executive search service, comes in but is not marked. From this account the fixed and most variable costs are paid. The economic actors are the employees in the agency. The actor that fulfils the highest paid vacancies earns the most money. In that way the money is marked. The revenue from the executive search service comes in on a different account and goes also to a part of the fixed and variable costs in the form of office-rent costs and gas-costs.

4.1.4. Value network

The value network includes the position of the agency in the value system and its relationships with different stakeholders (Al-Debei and Avison, 2010) and contains six concepts: actor, role, relationship, flow-communication, channel, and governance (Al-Debei and Fitzgerald, 2010). In the value system of the TKS Groep there are four different actors or groups of actors. First, the database providers the agency is subscribed to. Second, Campus Business Center. Third, Gidsen HR advies. And fourth, the customers of the TKS Groep. In table 5 for each of those four the characteristics are mentioned.

Table 5: Characteristics of actors in the value system

	Online database providers	Campus BC	Gidsen HR advies	Customers
Actor	Business partner	Business partner	Business partner	Customer actor
Role	Efficiency	Resource allocation	Effectiveness	Functional
Relationship	Provider-customer	Provider-customer	Provider-customer	Provider-customer
Flow-communication	Information	Product/service	Information	Service
Channel	Electronic	Physical	Physical	Physical/ electronic
Governance	Medium power	Low power	Medium power	High power

Table 5 shows the first group of actors, the online database providers, are business partners who play a strategic role in the value system. These database providers offer access to candidates and additional information about these candidates. The TKS Groep also has its own database, but this database is smaller. Subscribing to larger databases is more efficient than trying to build and maintain such a database themselves. Since the TKS Groep has a subscription on these databases there is a provider-customer relationship. Through the electronic channel, the internet, money is exchanged for information about where to find suitable candidates and their characteristics. The database providers by themselves do not have high power over the TKS Groep, since they compete amongst themselves. But those database providers together do have a high power, since it provides very useful information for the TKS Groep which cannot be easily found elsewhere. The second actor is the business partner Campus Business Center in where the agency is located. In addition to an office, they also provide reception services, internet, phone lines etcetera. Therefore, this actor plays the role of resource allocation. This actor also maintains a provider-customer relationship with the TKS Groep since they provide an office with related services like internet connection and phone lines. The flow of communication therefore consists of money in exchange for products and services. These materials are exchanged physically, except for the money which goes through electronic channels. This actor has low power over the TKS Groep since there are multiple other possibilities to find an office with internet and phone lines. The third actor, Gidsen HR advies, is also a business partner and provides a part of the service that cannot be executed by the employees of the agency and which increases the quality of the service. This actor provides services like assessments on possible candidates. Therefore the role this actor plays is the strategic role of effectiveness. The relationship with the TKS Groep is also a provider-customer relationship. As mentioned above, Gidsen HR advies delivers information about the candidates which is very case specific. This exchange of money for information is done through both physical and electronic channels. Since this actor has successfully worked together with the TKS Groep for a long period of time, the power of this actor has increased. In essence, the power of such an actor is not very high since there are other consulting agencies that can perform the same tasks and probably present the same results. But when such a cooperation lasts longer the power of the actor can increase. The last group of actors are the customers which are customer actors. They play a functional role in the value system. Just like the other actors there is a provider-customer relationship. But in this case the relationship is the other way around. Now the agency is the provider. Through both electronic and physical channels the service is provided. The two parties contact each other by e-mail and/ or phone. But also meetings are scheduled in which they meet each other physically. This is the only actor in the value network of the TKS Groep that has high power over the TKS Groep, because without these customers the service cannot be provided and that means that no money is made. In figure 4 the above mentioned value streams of the value network of the TKS Groep are shown. And in figure 5 the revenue streams that correspond with these value streams are given.

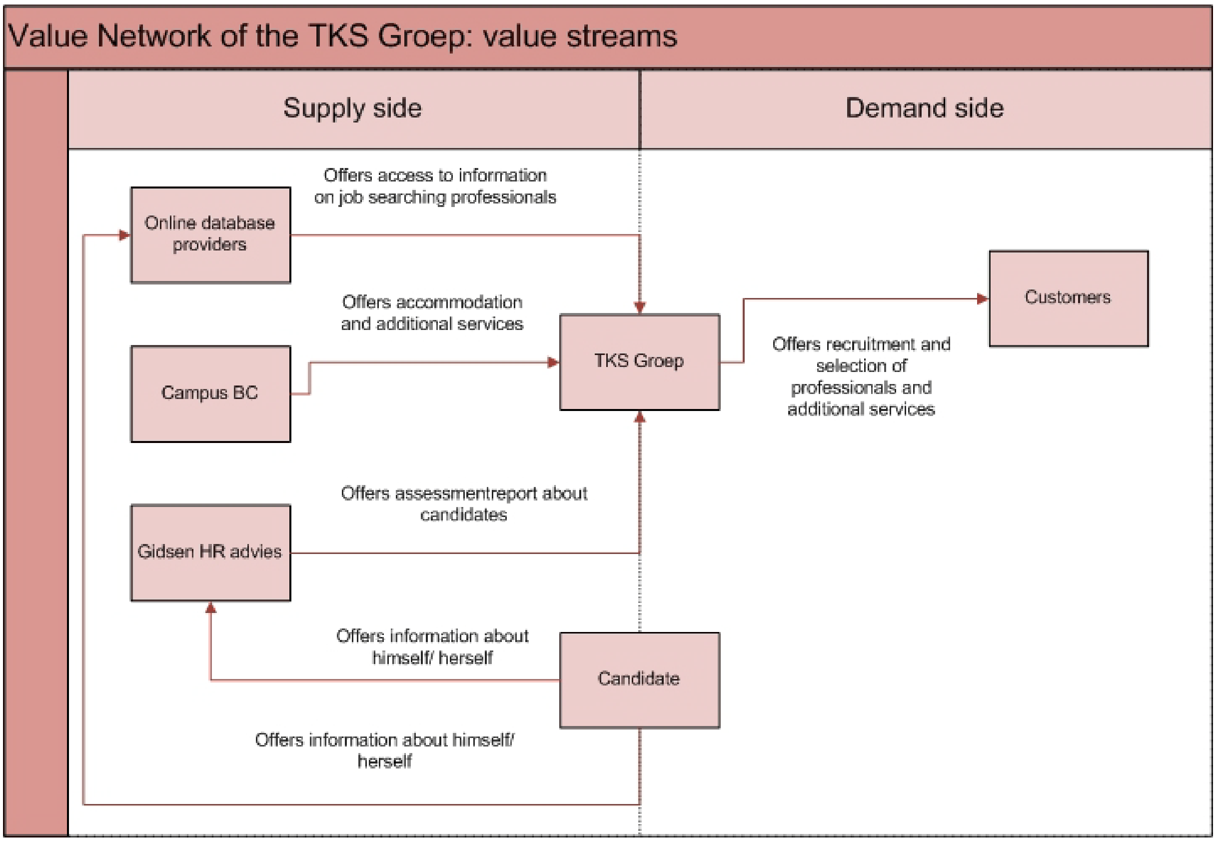

Figure 4: Value streams of the value network of the TKS Groep

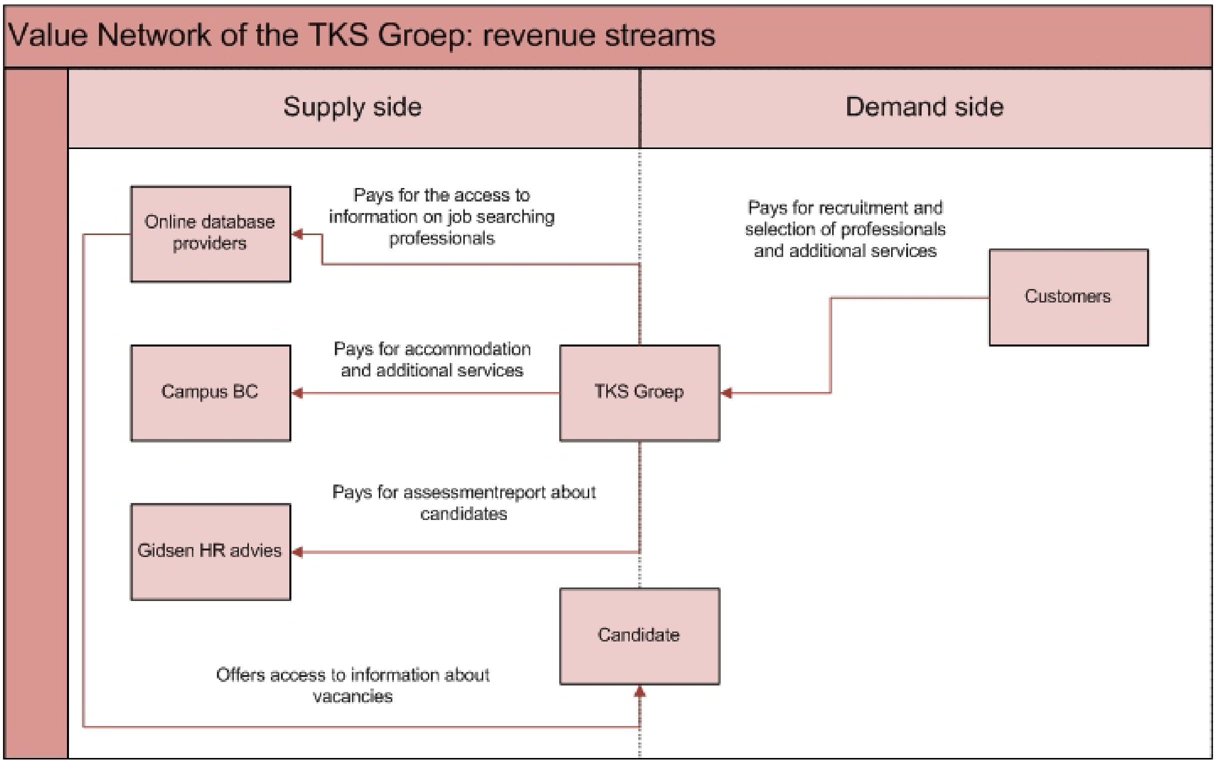

Figure 5: Revenue streams of the value network of the TKS Groep

One might notice that in figure 4 and figure 5 the actor 'candidate' is mentioned, which is not mentioned in table 5. That is because the candidates plays a second tier role in the value network of the TKS Groep. They are part of the value streams that connect the actors with first tier roles to the TKS Groep which plays the nodal role in this value network. In short, the value network of the TKS Groep is an open network. They use products and services from outside the agency. The building and maintenance of databases is outsourced. So is a part of the screening of the candidates by outsourcing the assessments.

4.2. Survey

A survey is distributed among German companies. The results of this survey are obtained with the help of the statistical program 'IBM SPSS Modeler' and will be discussed below. The survey was sent to a total of 194 e-mail addresses from which 37 respondents filled out the survey. This leads to a response rate of 19%. 21 respondents completed the total survey which is 11% of the approach firms. These respondent firms are all situated in Germany, across the border with Twente. The exact characteristics of these respondents and their implications for the BM will be discussed and summarized in this paragraph. First will be discussed which firms indicate in the survey that they use recruitment and selections services and the characteristics and motivations of these firms. These characteristics and motivations will be compared to the group of firms who indicated not to use recruitment and selection services. Secondly, the expectations that German firms have of r & s services and the providing agencies will be discussed.

4.2.1. Reasons for using or not using recruitment and selection services

Of the 37 respondents 49 % indicated that they use recruitment and selection services for higher educated personnel, against 51 % that indicated not to use these services. In figure 3 the reasons for using r & s services are indicated.

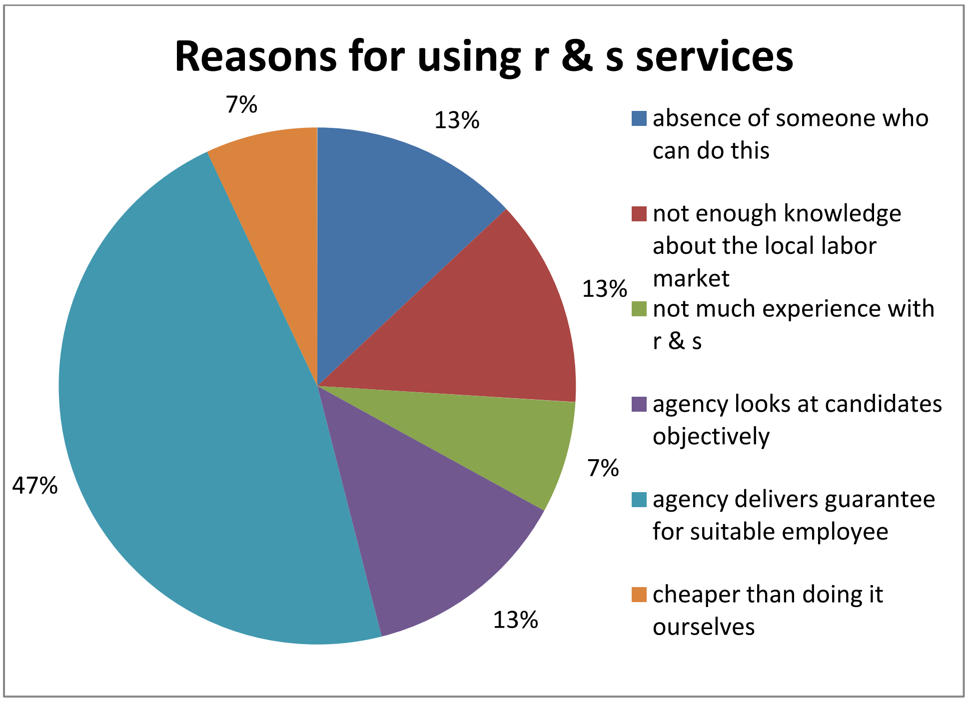

Figure 3: reasons for using recruitment and selection services

Figure 3 shows that 47 % of the respondents who use r & s services indicate that the reason for this is that an agency guarantees that a suitable employee will be found. This is a large part of the respondents. The other respondents choose one of the various other options that were given as reasons. This leads to the conclusion that the guarantee offered by such an agency is of large value to the customers. This impacts the value proposition since there is a difference in the value element for Dutch customers and for German customers. In the workshop it becomes clear that the Dutch customers especially value the time-saving element of the service and the results presented in figure 3 show that the German customers value the guarantee element of the service. Therefore, the intended-value-element of the German BM should be different from this element in the Dutch BM. The intended-value-element in the German BM is focussed on the guarantee. In figure 4 the respondent's reasons for not using r & s services are shown.

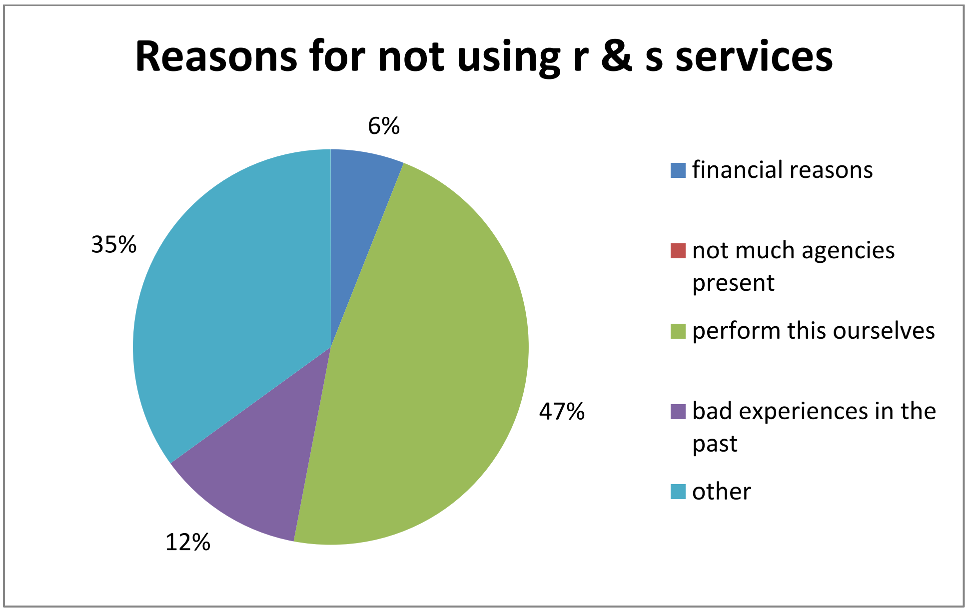

Figure 4: reasons for not using recruitment and selection services

Figure 4 shows that 47 % of the respondents who do not use r & s services indicate that the reason for this is that they perform these activities themselves. The other part of the respondents chooses the ‘other’ option or indicated financial reasons and bad experiences in the past with r & s agencies. The only option that is not chosen by any of the respondents is the ‘there are not much agencies in the direct environment to use for these kind of services’ option. This can be an indication of a sufficient number of such agencies in the area. It can also be an indication that the other options were put more weight to than this option. The results of this question also influence the value proposition. It does not change the specific elements of this dimension, but it does show the TKS Groep what does not need to be emphasized in the value proposition. Since financial reasons and bad experiences in the past are not the main reasons why firms do not choose for an agency when recruitment and selection services are needed, the value proposition does not need to emphasize the costs of the service or the reputation of the agency and how the services are performed.

4.2.2. How respondents search for an agency

Question 4 is about the pre-interaction communication between the agency and the customer. The answers to this question are given in figure 5 and figure 6.

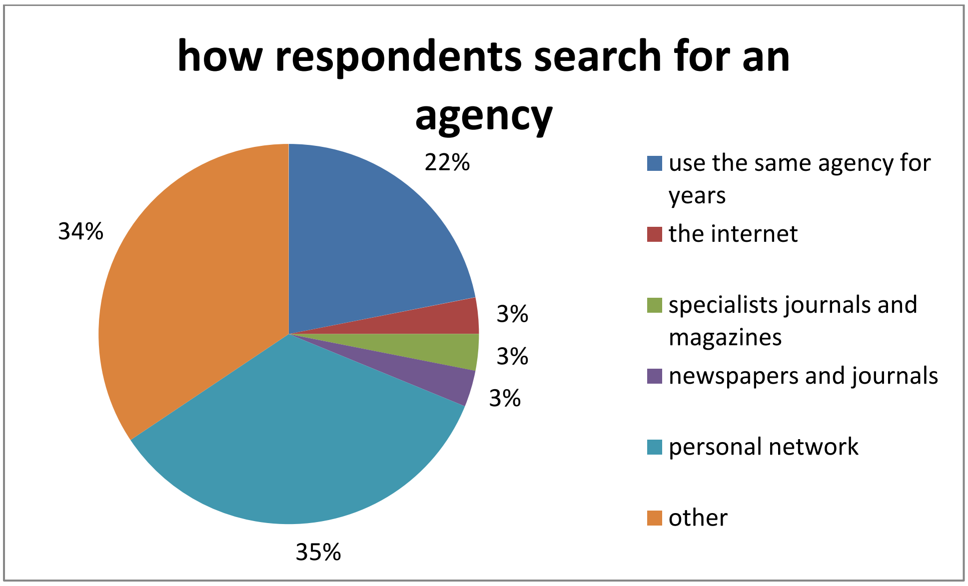

Figure 5: how all respondents search for an agency

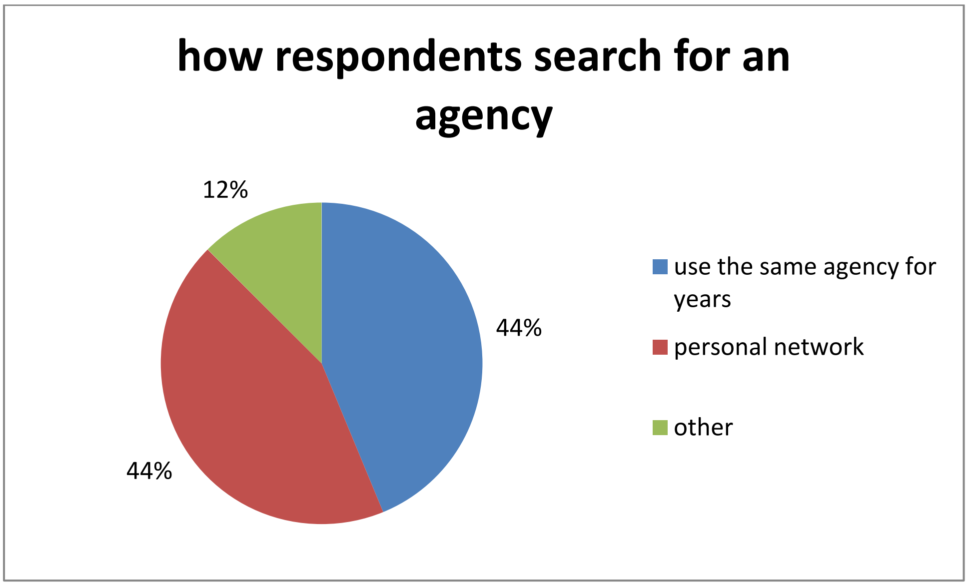

Figure 6: how respondents who use recruitment and selection services search for an agency

Figure 5 shows what the most used way to find an agency, according to all the respondents, is through their personal network and by used 'other' ways. Figure 6 shows the answers to the same question which are given by the respondents who indicate to use r & s services. By these respondents only three answers are given of which the most important are: 'we use the services of one agency for years now' and 'through our personal network'. When performing the Mann-Whitney U test with SPSS the outcome is 0,006 which is smaller than the 5% alpha. This means that the difference between the answers of the two groups of respondents is significant. This indicates that the pre-interaction communication for potential customers mostly goes through informal ways. Not by advertising but by networking and getting to know the right people. This outcome influences the value network. The customers do not just play the role of the purchaser of the service, now they are also the way of communicating with potential customers through word of mouth. That means that the relationship expands from just being a provider-customer relationship to a communication role in addition. The questions 5 to 27 will be discussed later in this paragraph. First the questions 28 to 31 about the pricing mechanisms will be discussed. Hereafter, the questions 32 to 36 will be discussed which reflect the characteristics of the respondent firms.

4.2.3. Pricing mechanisms

In table 6 the several price options per pricing mechanism are given including the respondents answers. Since there are a lot of price options and not all respondents answered these questions the answers are not given in percentages. The sum of the respondents who chose that option is mentioned. In the last column the percentage of the respondents who chose that pricing mechanism is mentioned.

Table 6: price options of all respondents

Pricing mechanism	Price option	Respondents	Percentage
Fixed (percentage)	< 15 %	2	19
	15 – 20 %	2	
Fixed (amount)	<10000	7	43
	10001 – 15000	1	
	15001 - 20000	1	
Dynamic	< 100	3	14
Combination		5	24

Table 6 shows that a fixed pricing mechanism the most chosen mechanism is. Particularly the mechanism that uses a fixed amount of money. The dynamic pricing option is least popular among the respondents. It stands out that the respondents have mostly chosen the lower pricing options. In table 7 the answers that the respondents who indicate to use r & s services are given.

Table 7: price options for respondents who use recruitment and selection services

Pricing mechanism	Price option	Respondents	Percentage
Fixed (percentage)	< 15 %	1	18
	15 – 20 %	1	
Fixed (amount)	<10000	3	46
	10001 – 15000	1	
	15001 - 20000	1	
Dynamic		0	0
Combination		5	36

What stands out in table 7 is that from the group of respondents who indicate to use r & s services none prefer a dynamic pricing mechanism. Comparing the two groups of respondents with the help of SPSS the outcome is 0,711 which is larger than the 5% alpha. This means that there is no significant difference in preferences for pricing mechanisms between the two groups. Comparing these results with the value finance dimension of the Dutch BM, it seems that the German and Dutch customer are both not conclusive about the pricing mechanism they prefer. Therefore, these results will have no impact on the composition of the pricing method in the value finance.

4.2.4. Age and size of the respondent firms

Questions 32 to 36 reflect the characteristics of the firm on which a customer profile can be based. Question 32 asks about the year the respondent firm was established. The average year of establishment of all respondents is 1961. The average for the respondents who indicated to use r & s services is 1967 and for the respondents who indicated not to use r & s services this year is 1953. The firms who indicate to use r & s services are mostly established between 1930 and 1965 and from 1990 to present. This leads to the conclusion that the firms who use r & s services are younger. The averages of these two groups differ 14 years. However when performing the Mann-Whitney U test with the help of SPSS it leads to the conclusion that this difference is not significant. The outcome of the test is 0,725 which is larger than the 5% alpha. Comparing this to the Dutch BM, the target segment of the value proposition does not need to change according to these results. It is not known what the average year of establishment of the Dutch customers is, but these are mostly family-owned businesses. That means that these firms exist multiple years or generations, which makes it comparable to the average of the respondents. However, looking at the size of the firm, the target segment might change. Question 33 is about the size of the firm which is measured by the number of employees it employs. In figure 7 and figure 8 the results of this question are shown for the respondent firms that do use r & s services and the group of respondents who do not use r & s services.

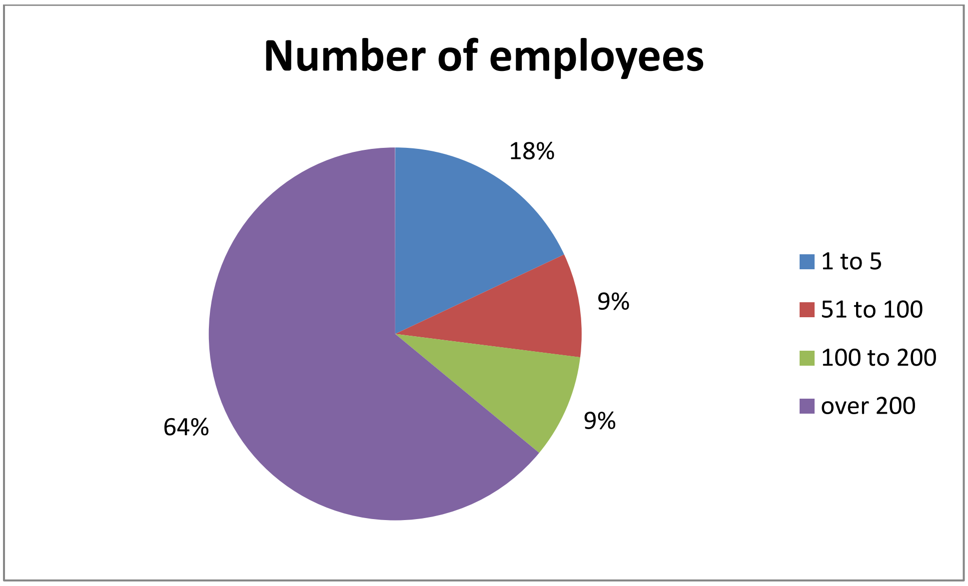

Figure 7: number of employees employed in firm who use r & s services

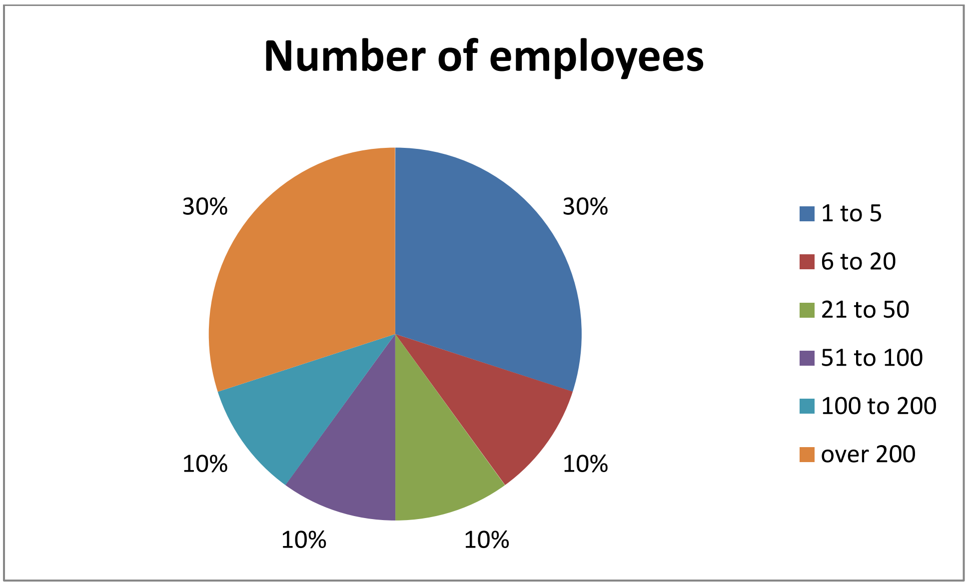

Figure 8: number of employees employed in firm who does not use r & s services

Figure 7 shows that the most firms who use r & s services are large firms with over 200 employees. Also very small firms use r & s services. The medium sized firms of the respondents are less represented in the total sample therefore they may have smaller percentages of this sample. For the respondents that do not use r & s services the allocation of the size is roughly the same as for the other group of respondents. However, figure 7 shows that the larger part is represented by large firms. In figure 8 the allocation of the larger part is composed by the smallest and the largest firms. Comparing the two groups with the help of the Mann-Whitney U test it can be concluded that there is not a significant difference in the number of employees between the two groups. Since the outcome of this test is 0,143 which is larger than the 5% alpha. Therefore, it cannot be concluded that this characteristic of the target segment should change.

4.2.5. Sector of the respondent firms

Question 34 asks about the sector the respondent firms operate in. Table 8 shows the results of the two different groups of respondents and the total group of respondents for this question. For the two groups the results are mentioned in the form of the total of the respondent firms who choose that answer. For the total group of respondents the results are mentioned in percentages.

Table 8: sector of the respondents

Sector	Non-usage	Usage	Total (%)
Industrial sector	3	5	**38**
Healthcare and welfare	1	1	10
Transport, storage and communication	0	1	5
Public administration and government	1	0	5
Trade and repairs	1	1	10
Business services	2	2	19
Construction	0	1	5
Agrarian sector	1	0	5
Other	1	0	5

Because the two groups of respondents are again very alike no real distinction between these two can be made. The most of the firms who indicate to use r & s services operate in the industrial sector, but firms who indicate not to use r & s services also mostly operate in the industrial sector. And for both groups the sector of ´Business services´ is the second largest sector for the respondents. Performing the Mann-Whitney U test leads to an outcome of 0,363. Since this outcome is larger than the 5% alpha it can be concluded that there is no significant difference between the sectors of the two groups. Since there is no real difference between the two groups and the respondents are not equally divided among the sectors these results do not cause a change in the target segment of the value proposition. Question 35 is about the location of the firm, but because this question is not properly understood by the respondents this question will not be discussed in this chapter. In the survey was asked to fill in the ´Standort´ of the firm. This could have given some locations that were suitable for starting an establishment, but since some respondents only filled in the country in which the firm is situated, this question cannot be helpful for the purpose of selecting an area for an establishment and defining the target customer in the value proposition dimension. Since the survey is only sent to firms within the area of Neuenhaus, Lingen, Osnabrück, Münster and Oberhausen this limits the area of interest and therewith the target segment.

4.2.6. Responsibility for recruitment and selection services

The last question, question 36, asks about the person or group of persons who are responsible for the recruitment and selection services in the respondent firm. The results for this question are shown in table 9. Again the results of the two separate groups are arranged by of the number of respondents. The total of all respondents is mentioned as a percentage.

Table 9: responsibility of the recruitment and selection services

Responsible	Non-usage	Usage	Total (%)
Owner	7	1	38
Managing director	2	4	29
Department manager	1	0	5
HR department	0	5	24
Other	0	1	5

The results shown in Table 9 show that of the firms that do not use r & s services the owner is mostly responsible for these services. For firms that do use an agency for these services the HR department or the Managing director is responsible for this. Using SPSS for performing the Mann-Whitney U test the outcome of 0,003 leads to the conclusion that there is a significant difference in the person that is responsible for the r & s services between the two groups since this is outcome is smaller than the 5 % alpha. For the value dimensions of the BM this has no large impact, but it shows clearly that managing directors and HR departments see the value of using an external agency for r & s services more than the owner of a firm does. This can also be important when the TKS Groep is expanding its personal and business network.

4.2.7. Characteristics of the target customer

In short the characteristics of the target customer of the TKS Groep based on the above discussed results are:

- Uses such services because an agency can guarantee suitable employees
- Finds the agency they will work with through their personal network and previous experiences with the same agency
- Would like to pay a fixed amount of less than 10000 euro's for the service
- Is between 80 and 40 years old or up to 20 years old
- Employs 1 to 5 employees or over 200 employees
- Operates in the industrial sector or business services
- The managing director or HR department are responsible for the recruitment and selection.

4.2.8. Additional services

Now the results of the questions about the additional services and the expectations of the customers are discussed. Table 10 and table 11 show the results of the questions about additional services from the total group of the respondents and the group of respondents who indicate to use recruitment and selection services.

Table 10: percentages of total respondents on the additional service questions

Characteristic	Totally not valued	Not valued	neutral	valued	Totally valued
Assessments	22	13	22	**44**	0
Interim management	**39**	13	13	26	9
Executive search	17	4	26	**35**	17
Organizational development	**39**	30	17	13	0
International search	**41**	9	14	27	9

Table 11: percentages of respondents who use recruitment and selection services on the additional service questions

Characteristic	Totally not valued	Not valued	neutral	valued	Totally valued
Assessments	17	17	17	**50**	0
Interim management	**33**	17	8	**33**	8
Executive search	0	8	17	**58**	17
Organizational development	25	**58**	8	8	0
International search	36	9	9	**45**	0

When comparing these tables some things stand out which are discussed in the following sub paragraphs.

4.2.8.1. Assessments

First of all, the service of assessments is valued by the larger part of the respondents although no respondent has indicated that they 'totally value' that service. 17 % of the respondents who use r & s services indicate to 'totally not value' the service of assessments. Yet, in both respondent samples the majority values the service of assessments. This affects the value proposition of the German BM since the service that is being offered should include the service of offering assessments.

4.2.8.2. Interim management

Second, when looking at the total group of respondents it seems that the service of interim management is totally not valued by the majority. This picture is put in perspective when comparing it to table 11. Here the group that values the service is larger than in table 10 and the group that totally not values interim management is smaller. Still the group that does not value interim management is larger. Therefore it can be stated that the service of interim management is not that important for the German customers. When describing the service in the value proposition, the emphasis should not lay on this service. There are respondents who value this service, so the TKS Groep should not stop offering these services, but since it is not very important overall the emphasis should lay on the additional services the majority of the respondents do value.

4.2.8.3. Executive search

Third, the service of executive search is valued by both groups. By the group of respondents who indicate to use r & s services this service is valued by 58 % and totally valued by 17 %. In table 10 this allocation is somewhat different. In the sample of all respondents a larger group chooses for the 'neutral' answer option and the 'totally not valued' option. Therefore, it can be stated that for the target market this service is of great importance. This outcome leads to an important conclusion regarding the value proposition; this additional service should be included in the service offering.

4.2.8.4. Organizational development

Fourth, the service of organizational development is not that high valued. In both tables there are not much respondents who value this service. This leads to the conclusion that this additional service should not be emphasised in the description of the service in the value proposition. It does not add great value to the service offering for the customer.

4.2.8.5. International search

The last additional service, international search, is valued very diverse. From the total group of respondents 41 % indicates to totally not value this service although 27 % of the same group indicates to do value this service. When looking at the group of respondents who use r & s services the answers shift. In this case the majority values the service although a large group indicates to totally not value this service. Therefore, it is doubtful how to value this service based on this data. Because the respondents from table 11 are the target customer, it can be stated that the service of international search is valued by the German customer. This result is important for the value proposition since this additional service should be added to the description of the service.

For all these five additional services no significant differences between the group of respondents who indicate not to use r & s services and the group who indicates to do use these services exist. This can be seen through the outcomes of the Mann-Whitney U test shown in table A (appendix 3). These numbers are all larger than the 5 % alpha which means no significant differences exist. The service of executive search has the lowest outcome, which is near the 5 % alpha, but still no significant difference can be concluded.

In short, these outcomes impact the value proposition, since the service is defined in this element. When defining the product-service for the German market more attention should be paid to offering assessments, executive search, and international search and less attention should be paid to offering the service of interim management and organizational development. In the German BM the TKS Groep does not need to stop offering interim management and organizational development services since there are no additional costs involved for the TKS Groep when the services are not sold. And since they are all valued by a part of the respondents they can be offered when the customer asks for it.

4.2.9. Respondents expectations

Table 12 and table 13 show the results of questions about the expectations the respondents have when thinking of r & s services. First, the table is given with the expectation results of the total group of respondents. Second the table is given with the expectation results of the group of respondents who indicated to use r & s services. Table B (appendix 3) shows the outcomes of the Mann-Whitney U test when comparing the group of respondents who indicated not to use r & s services and the groups who indicated to do use those services.

Table 12: Answer percentages of total respondents on the expectation questions

Characteristic	**Totally disagree**	**disagree**	**neutral**	**agree**	**Totally agree**
Guarantee	14	0	5	**43**	38
Process	19	**29**	24	24	5
Advice	14	0	0	**67**	19
Adaptability	14	0	5	38	**43**
Operating hours	**33**	14	29	24	0
Accessibility(1)	24	5	10	**52**	10
Accessibility(2)	24	5	5	**43**	24
Accessibility(3)	14	5	**33**	29	19
Accessibility(4)	14	10	5	**43**	29
Phone number	14	10	**52**	14	10
Establishment	14	5	33	**43**	5
Employees	14	5	24	**48**	10
Reputation	14	0	5	**57**	24
Accessibility(5)	19	24	**48**	10	0
Accessibility(6)	19	14	**48**	19	0
Accessibility(7)	24	19	**43**	14	0
Accessibility(8)	19	14	19	**43**	5
Accessibility(9)	19	19	**29**	**29**	5

Table 13: Answer percentages of respondents who use recruitment and selection services on the expectation questions

Characteristic	**Totally disagree**	**disagree**	**neutral**	**agree**	**Totally agree**
Guarantee	0	0	0	**64**	36
Process	0	**46**	27	27	0
Advice	0	0	0	**91**	9
Adaptability	0	0	0	**55**	46
Operating hours	18	18	**46**	18	0
Accessibility(1)	9	0	18	**64**	9
Accessibility(2)	9	0	0	**64**	27
Accessibility(3)	0	9	**55**	18	18
Accessibility(4)	0	9	0	**64**	27
Phone number	0	9	**64**	18	9
Establishment	0	9	36	**55**	0
Employees	0	0	27	**64**	9
Reputation	0	0	0	**64**	36
Accessibility(5)	0	36	**64**	0	0
Accessibility(6)	0	27	**64**	9	0
Accessibility(7)	0	36	**55**	9	0
Accessibility(8)	0	27	18	**46**	9
Accessibility(9)	0	27	27	**36**	9

Just like table 10 and table 11 between table 12 and table 13 there is a different allocation of the answers. Although between these two tables the differences are smaller. For most characteristics the majority choose the same answers. The answers given in table 13 are less scattered than the answers given in table 12, the answers are less ambiguous. Although the differences between the two groups are for the larger part not significant as can be seen in Table B (Appendix 3). The only characteristic on which the group of respondents who do not use r & s services and the respondents who do use those services significantly differ opinions is about the reputation of the agency. As can be seen in table 12 and table 13 the respondents who use r & s services value the reputation of an agency more than the respondents who do not use r & s services.

4.2.9.1. Guarantee

With the first statement, about the guarantee an agency can offer, the first group of respondents agrees for the larger part. The respondents who use r & s services agree with the statement unanimously which means that the guarantee is valued highly by the target customer. This result is comparable with the results discussed in paragraph 4.2.1. Here the guarantee of the service is discussed which, again, proves to be of great importance to the German customer. As mentioned in paragraph 4.2.1. and the workshop this differs from the Dutch customer, who especially values the time-saving element of the service. Therefore, this impacts the intended-value-element of the BM which for Germany can focus more on the guarantee.

4.2.9.2. Process

The second statement is about the offering of the total process by an agency. In table 12 the small majority disagrees with the importance of offering the total process. Looking at table 13 the difference between the opinions of the respondents is smaller. With 46 % the majority indicates not to value this characteristic of the service. This means that offering the total process from vacancy to contract does not have to be named in the value proposition and should not be a part of the intended-value-element.

4.2.9.3. Advice

The third statement is positively answered by both groups. In table 13 can be seen that a very large group, namely 91 % of the respondents, finds objective professional advice an important part of the service such an agency can provide which makes it important for the value proposition. Objective professional advice can be emphasised in the intended-value-element.

4.2.9.4. Adaptability

The fourth characteristic, adaptability, is also found to be important by both groups. Just like the previous characteristic, advice, no respondent of the groups who indicated to use recruitment and selection services answered this question negatively or neutral. That means adaptability and advice are found to be important for the target customer and therefore can be added to the intended-value-element in the value proposition.

4.2.9.5. Office hours

The fifth statement, about the office hours of the agency is found to be of less importance for the target customers. Table 12 shows that 47 % of the respondents disagree or totally disagree with the statement that the agency must be available outside standard office hours. Table 13 shows also respondents who disagree with this statement, but it also shows a large number of neutral responses to this statement, namely 46 %. Therefore, it can be stated that this characteristic of the service is not of importance to the majority of the target customers. This has no impact on the value proposition but it does show that the TKS Groep does not need to change their office hours from the office hours they now handle.

4.2.9.6. Accessibility 1 to 4

Looking at the sixth and seventh characteristics, accessibility(1) and accessibility(2), the answers between the two tables are comparable. That means that the target customers want to be able to reach the agency within an hour or day by phone. It can be noted that the group that wants to reach the agency within a day is larger than the group who that wants to reach the agency within an hour. The eighth and ninth characteristics are accessibility(3) and accessibility(4). Comparing these answers to the characteristics accessibility(1) and accessibility(2) it stands out that the accessibility per e-mail is perceived differently than the accessibility per phone. The majority responds neutral to the accessibility of the agency per e-mail within an hour. Though the agency must be available per e-mail within a day according to 43 + 29 = 72 % of the total respondents and 64 + 27 = 91 % of the respondents who indicate to use r & s services. This answer is comparable with the answers given by the same respondents on the accessibility by phone within a day. These results do not affect the different elements of the BM, but they do state that the agency must be available within a day via e-mail and within an hour via phone.

4.2.9.7. Phone number, establishment, employees and reputation

The tenth characteristic, the presence of a German phone number is not of great importance for the target customer. The majority in both tables reacted neutral to this statement. The presence of a German establishment and native German employees is more important for the respondents. The majority indicated to agree with the two statements about the importance of these characteristics. These results imply changes for the TKS Groep. Next to hiring a German employee the value network can change in order to set up a German establishment. Therefore, the actor Campus BC will be removed from the network and traded for another business complex. Another possibility is that this actor will be split into an actor who delivers the office space and one or more actors who deliver the internet connection and the necessary phone lines. Next to a German establishment and native German employees, the reputation of the agency is also found to be important by the German customer. Table 13 shows that all respondents who use recruitment and selection services agree or totally agree with the importance of the reputation of an agency. Table 12 shows that there are some respondents who indicated not to find the reputation of an agency important or not to have an opinion about it, but more than three quarter of the respondents indicate that the reputation is important. This has no impact on the composition of the BM. However, it is important to keep in mind what role the reputation of an agency plays and therewith the role of customer satisfaction. Because the customer plays a double role in the value network of the German BM: it is not only the customer who pays for the services, it is also the way of communicating with potential customers since this mainly goes through word of mouth.

4.2.9.8. Accessibility 5 to 9

The last five characteristics are about the accessibility of the establishment of the agency. In both tables can be seen that accessibility(5), accessibility(6), and accessibility(7) are not found to be very important. That means that the establishment does not have to be nearby a highway and public transport. Also the flow through on the road is not that important. What the respondents do find important is the presence of enough parking space (accessibility(8)). A travelling time of an hour (accessibility(9)) is for a large group of respondents maximum, but table 12 shows that there is also a large group who answered neutral to this question. For the group of respondents who indicated to use r & s services this group is smaller but there is also a quarter that disagrees with a maximum travelling time of an hour. Therefore, the maximum travelling time can be an hour or a little more. This means that when the TKS Groep opens a German establishment the target customer will be at a travelling distance of at most an hour. The other results of the accessibility questions do not affect the BM dimensions but are characteristics of the new establishment in Germany. Since the location of the establishment does not seem to be an issue the only point of attention is the presence of enough parking space.

In short the expectations of the respondents are:

- The agency guarantees suitable candidates
- The agency does offer the total service process
- The agency provides objective professional advice
- The agency adapts the service to my personal situation
- The agency is not necessarily available outside standard office hours
- The agency is within a day available by phone and e-mail, preferably within an hour by phone
- The agency has an establishment in Germany and employs native German employees
- The agency has a good reputation
- The agency has enough parking space and the maximum travelling time is about an hour

4.3. Market screening

Based on the forces Ball et al. (2008) mention the results of the traditional market screening are discussed. The six steps of this market screening approach are discussed step by step.

4.3.1. Initial screening

The initial screening is performed in the introduction. During this part of the market screening a basic need potential for the service of the TKS Groep is established. In the introduction it is stated that despite the fact that German firms are traditionally not very eager to use external agencies for the services that the TKS Groep offers there is an opportunity for recruitment and selection agencies because of the changing attitude of these firms. Also, there is a large number of potential customers in the form of small- and medium sized firms who are looking for employees. Therefore, the basic need potential is established.

4.3.2. Screening of financial and economic forces

The screening of financial and economic forces is performed with the help of the market indicators: market size, market growth rate, and service readiness (Ball et al., 2008). These indicators provide some information about the relative strength of the market in different geographic areas (Ball et al., 2008). Koncept Analytics (2010) mentions in their report about the global recruitment market in 2010 and the prospects for this market until 2014, that the size of the German recruitment market in 2009 was 5 % of the global market size: 12.27 billion US dollar. The market size of the Netherlands was in that year 6 % of the global market size, which is 17.02 billion US dollar. This Dutch market size increased with 16 % between 2000 and 2009. The German market size however grew between 2003 and 2009 with 52.25 %. These numbers represent the whole recruitment and selection market, but 68 % of this global recruitment market is aimed at professionals against 32 % that represents the recruitment of general personnel. Koncept Analytics (2010) mentions signs of a slow financial and economical recovery of the industry although the G-mind (German Market Indicator) shows a different picture of the stability of the industry for each month (www.zew.de, 2012). According to Best (2012) 'Germany has enjoyed a relatively strong recovery since 2009' (Best, 2012, p. 2). These numbers combined show that the German market is a relative strong market which offers opportunities for an agency like the TKS Groep. Moreover, Koncept Analysis (2010) mentions that the growth of the German market is 'a result of the increased demand of placement services among various business sectors' (Koncept Analytics, 2010, p.18).

4.3.3. Screening of political and legal forces

For the screening of the political and legal forces of Germany the following factors are important: entry barriers, profit remittance barriers, and policy stability (Ball et al., 2008). The entry barriers and profit remittance barriers between the Netherlands and Germany are not high, this is also because these two countries are both member of the European Union which guides trade between its member countries. According to Best (2012) the political risk of Germany is very low. Only the fiscal policy underwent a change worth mentioning here in 2009 in order to save the economy. Therefore it can be stated that policy stability is high in Germany.

4.3.4. Screening of socio-cultural forces

As mentioned in chapter 2, the screening of socio-cultural forces focuses on five socio-cultural influences in the environment: demographics, values in society, changing lifestyles, changes in consumer tastes and preferences, and levels of education (Boddy, 2008). Concerning demographics, as discussed in chapter 1 and 2, the target area is limited to small- and medium sized firms in the northern part of Nordrhein-Westfalen. The above discussed outcomes of the survey partly contradict this. 49 % of the total respondents uses recruitment and selection services. Of this percentage, the most firms are small (1 to 5 employees) or large (over 200 employees). This is odd since the Dutch customers employ usually between the 20 and 200 employees. Since the allocation of the firm sizes are mostly like this throughout the whole sample, this might not have a large impact on the target market. The second socio-cultural influence, values in society, is also discussed in chapter 2. Rothaermel et al. (2006) and Hofstede and Hofstede (2008) conclude that the differences between the Netherlands and Germany are not that big. This minimizes the necessity to alter the services of the TKS Groep. The third and fourth socio-cultural influences are put together in chapter 2. As mentioned in that chapter German firms traditionally do not use external agencies that much, but this is becoming increasingly popular. This opinion is supported by the outcomes of the survey since almost half of the respondents indicate to use recruitment and selection services offered by external agencies. The main reason is that the agency offers a guaranteed suitable candidate or employee. Why 51 % of the respondents do not use r & s services is because they rather perform these activities themselves. Some respondents also experienced bad services in the past. The last socio-cultural influence does not play a role in this case, as discussed in chapter 2. The levels of education in the two countries are comparable to each other.

4.3.5. Screening of competitive forces

As mentioned in chapter 2 when screening the competitors in the market attention will be paid to their strategies, quality levels, pricing policies, and coverage of the market (Ball et al., 2008). In chapter 1 this screening is shortly addressed, but here it will be discussed in depth. An overview will be given of the most important competitors and their characteristics. In the survey respondents are asked to fill in the name of the agency they use when they use recruitment and selection services. The agencies mentioned in these answers can be considered to be the most important competitors of the TKS Groep in Germany. These competitors are: Personato, Pentagon, MSP Consulting, and Liebig Eisentraut. Also Randstad can be added to this list. While this agency is not mentioned by the respondents, according to Koncept Analytics (2010) this agency has the highest market share (15 %) of Germany. This agency does not only have a large market share, it is an agency that operates throughout Germany and many other countries. They do not specifically recruit professionals, it is just a small part of what they do. The agency is not mentioned by any of the respondents. Therefore this agency does not seem to be a large threat to the TKS Groep.

4.3.5.1. Personato

The first agency that is mentioned by the respondents is Personato. This is a Dutch agency which leads to the conclusion that the TKS Groep will also compete with other Dutch agencies in the German market. This is consistent with the results of the survey question about the presence of a German establishment; a part of the respondents indicated not to value a German establishment. That means that it is also for the competition of the TKS Groep not necessarily needed to have a German establishment. Personato differs from the TKS Groep because it does not only offer recruitment services for professionals, but also for lower educated personnel (www.personato.nl, 2013). Also the additional services of this agency, like payrolling, differ from the additional services that the TKS Groep offers. Therefore this agency cannot be seen as a big threat.

4.3.5.2. Pentagon

The second agency mentioned by the respondents is Pentagon. This agency operates throughout Germany with the headquarter situated in Düsseldorf. The agency offers five different services: recruitment and selection of professionals and executives, development, coaching, outplacement, and interim management (www.pentagon-ag.com, 2013). These services correspond for the bigger part with the services that the TKS Groep offers. They also offer multiple pricing possibilities (www.pentagon-ag.com, 2013). That means that Pentagon is a competitor that the TKS Groep should watch closely.

4.3.5.3. MSP Consulting

The third agency, MSP Consulting, has an establishment in Wiesbaden which is more than 350 kilometres from the current establishment of the TKS Groep. Although it is not established in the target area of the TKS Groep, it is a competitor since one of the respondents mentioned this agency. It offers the services of recruitment and selection, executive search and coaching in different sectors like telecommunication, automotive, and branded goods (www.msp-consulting.de, 2013). According to MSP Consulting (www.msp-consulting.de, 2013) their target market consists of medium sized companies who need support with the recruitment and selection process. Although this agency is situated outside the target area of the TKS Groep it can be a competitor to them, because they offer a cluster of services that are similar to the services the TKS Groep offers.

4.3.5.4. Liebig Eisentraut

The last agency which is mentioned by the respondents is Liebig Eisentraut. This agency operates in the same target area but in a different target market since it aims on vacancies in the healthcare sector (www.liebig-eisentraut.de, 2013). Therefore, this agency cannot be seen as a competitor of the TKS Groep.

Next to the agencies mentioned in this paragraph other agencies also operate in the recruitment and selection market. For example ProfiLs – executive search, Hunting Heads – Executive Search International, and T & S Personalberatung – Human Resource Management Consulting. The majority of these agencies are small and flexible agencies like the TKS Groep. Most of them offer mostly the same services and additional services the TKS Groep offers although assessments and interim management are not that common mentioned. In short, there are more competitive forces than was expected before the research. There are already a number of agencies active in this area. Since the survey shows that agencies are mostly searched for within personal networks of firms or the same agency is used for years, it is going to be difficult to enter this market without a large personal network of German firms. This does not mean it is impossible and when the reputation of the agency begins to grow, it could become easier to expand the business. Therefore this market can be entered, but the first period will probably not be easy.

4.3.6. Final selection of new markets

For the selection of new markets, Ball et al. (2008) mention five criteria a market segment should meet: definable, large, accessible, actionable, and capturable. With the results of the survey the target market can be defined according to the following characteristics:

- Uses such services because an agency can guarantee suitable employees
- Finds the agency they will work with through their personal network or previous experiences with the same agency
- Would like to pay a fixed amount of less than 10000 euro´s for the service
- Is between 40 and 80 years old or up to 20 years old
- Employs 1 to 5 employees or over 200 employees
- Operates in the industrial sector or business services
- The managing director or HR department is responsible for the recruitment and selection.
- Is situated between the Dutch border, Neuenhaus, Lingen, Osnabrück, Münster and Oberhausen.

The market as described above is broader than area the TKS Groep initially proposed. Since the initial entering of the market can be difficult, it is large enough to find firms who will hire them. When the agency in the future has a large client database it can decrease the size of the target area or expand the agency to fulfil the wishes and needs of the customers in the entire area. The accessibility of the market is good, there are no entry barriers worth mentioning since the membership of the EU allows for flexibility in trading and operating over the country borders. The only problem with accessibility in this target market is that the firms find agencies they will hire through their personal network. That means that initially, without a large network, the customers cannot be reached by advertisements or other marketing methods of those kinds. Concerning the actionability of the market it must be noted that not all components of the 4Ps can be used in this market. As mentioned before, promotion goes through personal networks and building a reputation. The other Ps, product, place and price, can be used for this target market. The service the TKS Groep is offering is for a part comparable to the services other agencies offer, but for example assessments can add value to it. Therefore, the target market is actionable. The target market is also capturable because although there are competitors in the market, there are also opportunities for new agencies.

4.4. Workshop

The outcomes of the workshop performed with the employees of the TKS Groep and their implications for the BM design are discussed here. A small summary of the workshop can be found in appendix 4. As mentioned before the workshop is mostly about discussing the results of the survey and comparing them with the image the employees have of the German customer and their experience with the Dutch customer. According to the outcomes of the survey not all elements of the BM need to be changed. For example, the value architecture does not need to be changed because the resources do not change whether or not the agency works with Dutch or German customers. Also the value finance does not need changes since the results of the survey show that the Dutch and German customers both prefer various pricing mechanisms.

There are also elements of the BM that do change. First, the value proposition changes. Appendix 4 shows that the reasons for German firms to choose for an agency are different from the reasons of Dutch firms. Therefore, the intended-value-element for the German BM is not the time-saving value the Dutch customers value, but the value of a guarantee. The agency guarantees the quality of the service, that a suitable employee will be found. That is after all the most important reason why German firms choose for an agency instead of recruiting themselves. About the target segment, the results on the questions about the characteristics were inconclusive. The only outcome that was clear, was that firms in which the owner is responsible for the r & s service for the larger part do not use an external agency for that. When the managing director or the HR department is responsible for these services the percentage that uses an external agency goes up. This does not affect the BM of the TKS Groep, but the employees of the TKS Groep should expand their personal and business network with mostly managing directors and HR departments which are responsible for r & s services and understand the advantages of using an external agency. Concerning the target customer they prefer a maximum travelling time of about an hour. Also within the value network some things must change, but no indications for this can be found in the results of the survey since this was not in the scope of the survey. These changes will be discussed more extensively in paragraph 4.5.4.

4.5. German business model

Based on the previous paragraphs the German BM is designed and discussed dimension by dimension.

4.5.1. Value proposition

First, the value proposition is discussed. The product-service remains the same for the larger part. The TKS Groep still offers recruitment and selection of higher educated personnel. Based on the results of the survey, the most emphasis should lay on the assessments, executive search, and international search (Table 11). Furthermore, the results of the market research show that assessments are not offered by many competitors. Therefore this can be an unique selling point since this is where the TKS Groep can focus on. The intended-value-element changes, since a large part of the respondents indicated to value the guarantee the agency offers. Also, 47 % of the respondents gave this guarantee as the reason they use an agency for these services (Figure 3). Therefore, the intended-value-element does not focus on the time-saving element of the service but on the guarantee. In the intended-value-element now also attention is paid to objective professional advice since this is valued high by respondents in the survey. The target segment, of course, changes from Twente to the area within the Dutch border, Neuenhaus, Lingen, Osnabrück, Münster and Oberhausen. When the TKS Groep opens an establishment in Germany the maximum travelling time of the potential customer is about an hour and the presence of enough parking space is important. Since the results of the survey do not give a decisive answer on the size, age or sector of the potential customer firms the target segment can vary from small or medium sized firms to large firms with over 200 employees, from old to new firms and in various sectors.

4.5.2. Value architecture

Second, the value architecture of the Dutch BM is found to be efficient. The only thing that needs change is the size of the third resource, the business or personal network. That is important since this network is necessary in Germany in order to find and contact new customers (Figure 5). When expanding this network attention should be paid to the managing directors and employees of the HR department of firms, since the results of the survey show that they value the r & s services the most. Expanding the personal and business network with people in these functions can therefore deliver more assignments than people in other functions.

4.5.3. Value finance

The third dimension, value finance, does not have to change a lot with respect to the Dutch BM. The results of the survey show that the customers do not agree on the most favourable pricing mechanism. Therefore, the agency can continue to use the various pricing options they use in the Dutch BM. Also, most costs are relatively low because there are almost no costs of ownership. Additionally, the revenue structure of the Dutch BM is logical. The revenue that comes in is marked in the way that the largest part goes to the one that worked on that assignment and the rest is to pay for the small amount of cost-of-ownership. Therefore, no changes have to be made with respect to the value finance.

4.5.4. Value network

The fourth and last dimension concerns the value network. This network will probably automatically change when the German market is entered. But it is better to think about these changes before the TKS Groep becomes a player in the German market. In figure 9 the value streams of the TKS Groep in the value network of the German BM are shown. The corresponding revenue streams of this BM are shown in figure 10. These two figures and their implications are discussed in paragraph 4.5.4.1. to 4.5.4.4.

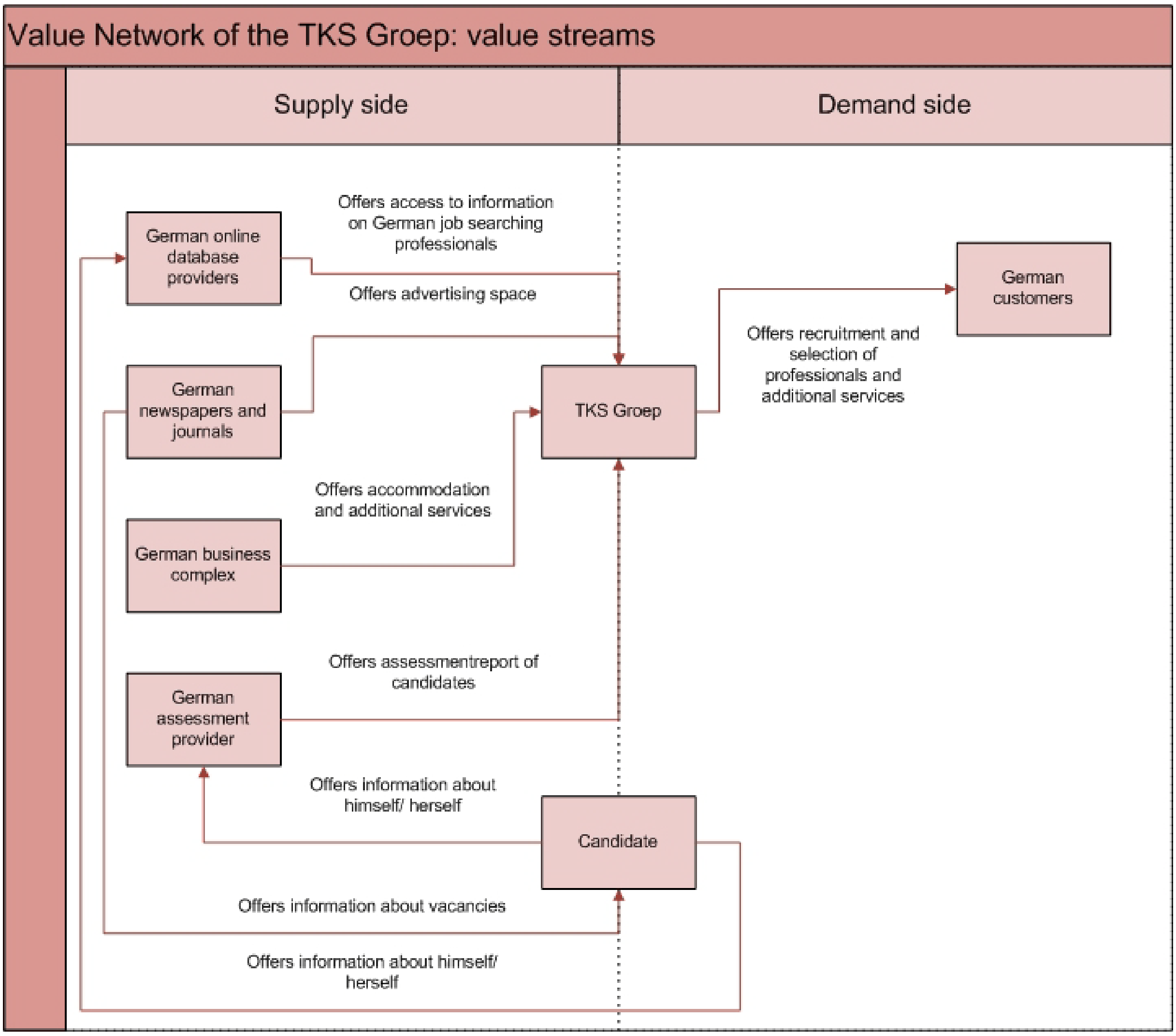

Figure 9: Value streams of the German BM value network

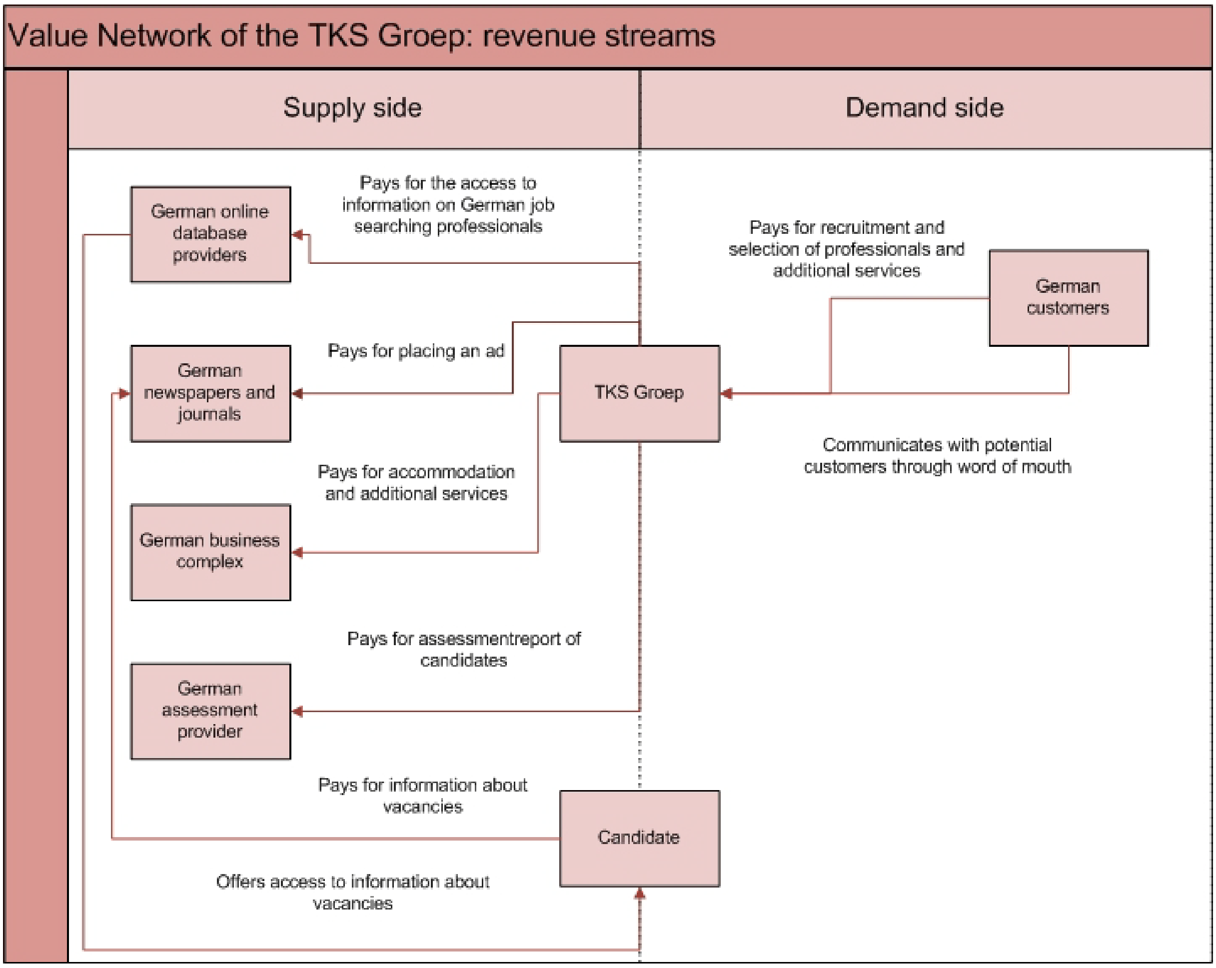

Figure 10: Revenue streams of the German BM value network

4.5.4.1. German assessment provider and German business complex

If Gidsen HR advies is not able to operate in Germany, because of language reasons for example, a substitute must be found for this actor with a first tier role, since it offers an additional service that is valued by the German customers (see table 10 and table 11) and is not offered by most competitors. Also Campus BC will probably be removed from the value network. The larger part of the German customers values the presence of an establishment in Germany (Table 12 and 13). There is also a large part of the respondents who answered this question neutrally (Table 12 and 13). That means that it is not the first priority to open an establishment in Germany, but it can help to connect to the potential customers. Since it is not easy to reach new customers in Germany, it might be a good idea to exchange the actor Campus BC for a German actor. This can be a German business complex which also offers additional services like internet and phone lines. But it can also be a separate office building. That means that there will be another actor with a first tier role added to the value network for offering internet and phone lines in exchange for pay.

4.5.4.2. German online database providers

The online database providers like Jobbird and Nationale Vacaturebank should be interchanged by German online database providers. That means that the group of actors will still play a first tier role in the value network of the TKS Groep. The group will just consist of other database providers. The recruitment and selection trends are not the same as in the Netherlands. In the Netherlands online databases are commonly used for finding suitable candidates, but in Germany another common way of searching for suitable candidates is by advertising in newspapers or journals (www.justlanded.com, 2013). This means that the governance of the online database providers in the German BM will be smaller than in the Dutch BM. In the German BM the German online database providers have low power over the TKS Groep. The names of the providers and their governance will change, but their role, the relationship to the agency, the communication flow, and the channel will not change with respect to this group of actors in the Dutch BM.

4.5.4.3. Newspapers and journals

Based on the information about knowledge trends, another first tier actor is added to the value network; German newspapers and journals (figure 9 and figure 10). This actor consists of the various newspapers and journals with advertisement space the TKS Groep can use in Germany to find suitable candidates. This actor is in this way a business partner of the TKS Groep with a provider-customer relationship. The role this actor plays is a role of efficiency since by such an advertisement many candidates can be found by the effort of setting up an advertisement. The flow of communication between the two parties consists mostly of information. This communication goes for the larger part electronically between the TKS Groep and the newspaper. Between the newspaper and the reader of the newspaper who can be a possible candidate, the communication takes place physically. Last, the governance of this actor is comparable with the Dutch online database providers. Because an agency like the TKS Groep has several options within the group of actors the power they individually have over the TKS Groep is low. The power of this actor remains low, since in this BM the actor can also be partially replaced by the online database providers.

4.5.4.4. Customers and candidates

Fourthly, the customer actors will change geographically, but the characteristics of these customers are not that different from the current customers. The Dutch firms are from all different ages, and mostly from the industrial sector, which matches the characteristics of the German customer. Like the German customers the Dutch customers also tend to use the same agency and value a good reputation. Therefore, the Dutch and German customers are comparable and have the largest power of all the actors. Despite all these similarities there is one big difference in the role of the customers. The German customer does not only pay for the services they receive, but they are also the way of communicating with the potential customer. Word of mouth plays a role in the Dutch value network, but in Germany the importance of this communication tool is larger. Mostly, the personal network of the firm and their employees is used when an agency is needed instead of the internet and other ways of communication and advertising. Therefore the customers gain an extra role in the value network, which is shown in figure 10. Finally, also in these figures the actor candidate is included, for the same reasons as it was included in the Dutch value network. It plays a second tier role in the value network, but they have no real power over the TKS Groep. This group can be seen more as a resource than an actor.

4.6. Integrated BM

In order to integrate the Dutch and the German BM into one international BM for the TKS Groep, the similarities and differences need to be clear. Therefore in table 14 for each aspect of the BM is indicated whether or not this aspect is present and optimized in the current (Dutch) BM. With the help of this table the obstacles to an integrated BM become clear.

Table 14: Dutch and German BM compared

	Value Proposition			Value Architecture			Value Finance			Value Network					
	Product-service	Intended-value-element	Target-segment	Core-resourc	Value-configuration	Core-competency	Total-cost-of-ownership	Pricing-method	Revenue-structure	Actor	Role	Relationship	Flow-communication	Channel	Governance
Dutch BM	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
German BM	O	O	O	X	X	X	X	X	X	O	O	O	X	X	O

Note: X = present and optimized, O = not present or optimized

When looking at table 14 it stands out that there are many similarities between the two BMs especially in the dimensions value architecture and value finance.

4.6.1. Product-service

First of all, the differences in the value proposition concern all the elements of this dimension. The service is changed from 'recruitment and selection of professionals with the additional services of assessments, interim management, executive search, organizational development, and international search' to 'recruitment and selection of professionals with the additional services of assessments, executive search, and international search'. The services of interim management and organizational development can still be executed, but they are no longer emphasized within the German BM. Integrating these two services into one BM is not difficult since there will be two establishments with their own website and communication. These two services can be named and constituted differently for each establishment. That means that for the Dutch customers the service will include the services of interim management and organizational development and for the German customers the offered service will exclude these two services. This can be implemented by assuring two separate establishments which work together, but act according to the customer expectations of the customers in that country. However, if a German customer asks for the services of interim management and organizational development these can be offered as mentioned in paragraph 4.2.8.5.

4.6.2. Intended-value-element

In the German BM the intended-value-element is changed from the 'time-saving value' of the Dutch BM to 'guarantee'. This intended-value-element is more based on quality than on economy. Although the guarantee that a suitable employee will be found can also have economic advantages since it still saves the firm time and effort. Integrating these two value elements into a combined BM is not easy since these are very different. Therefore, these two elements will be separated for each establishment, which means that when employees work in the German establishment they emphasize the guarantee. When employees work in the Dutch establishment they emphasize the time-saving element.

4.6.3. Target-segment

The target-segment of the Dutch BM withholds small or medium sized, family owned businesses in Twente from various sectors. The German BM's target-segment includes small, medium sized or large businesses, from all ages and various sectors in the area of the Dutch border, Neuenhaus, Lingen, Osnabrück, Münster, and Oberhausen. These two target-segments can be integrated by expanding the two target-segments with each other. In that case the new target-segment will be: small, medium sized or large business, from all ages and various sectors in the area limited by Twente, Neuenhaus, Lingen, Osnabrück, Münster, and Oberhausen. According to paragraph 4.2.9.8., when a German establishment is opened, the target market can be narrowed down to Twente and the area of about an hour travelling time around the German establishment.

4.6.4. Actors, their relationships and governance

Secondly, the value network also differs between the Dutch BM and the German BM. Because the German BM includes a German establishment, the actors, their roles, and governance are different. In table C (appendix 5) all first tier actors and their characteristics from the integrated value network are shown. In figure 11 these actors and the corresponding value streams are shown and in figure 12 the revenue streams corresponding with these actors are shown.

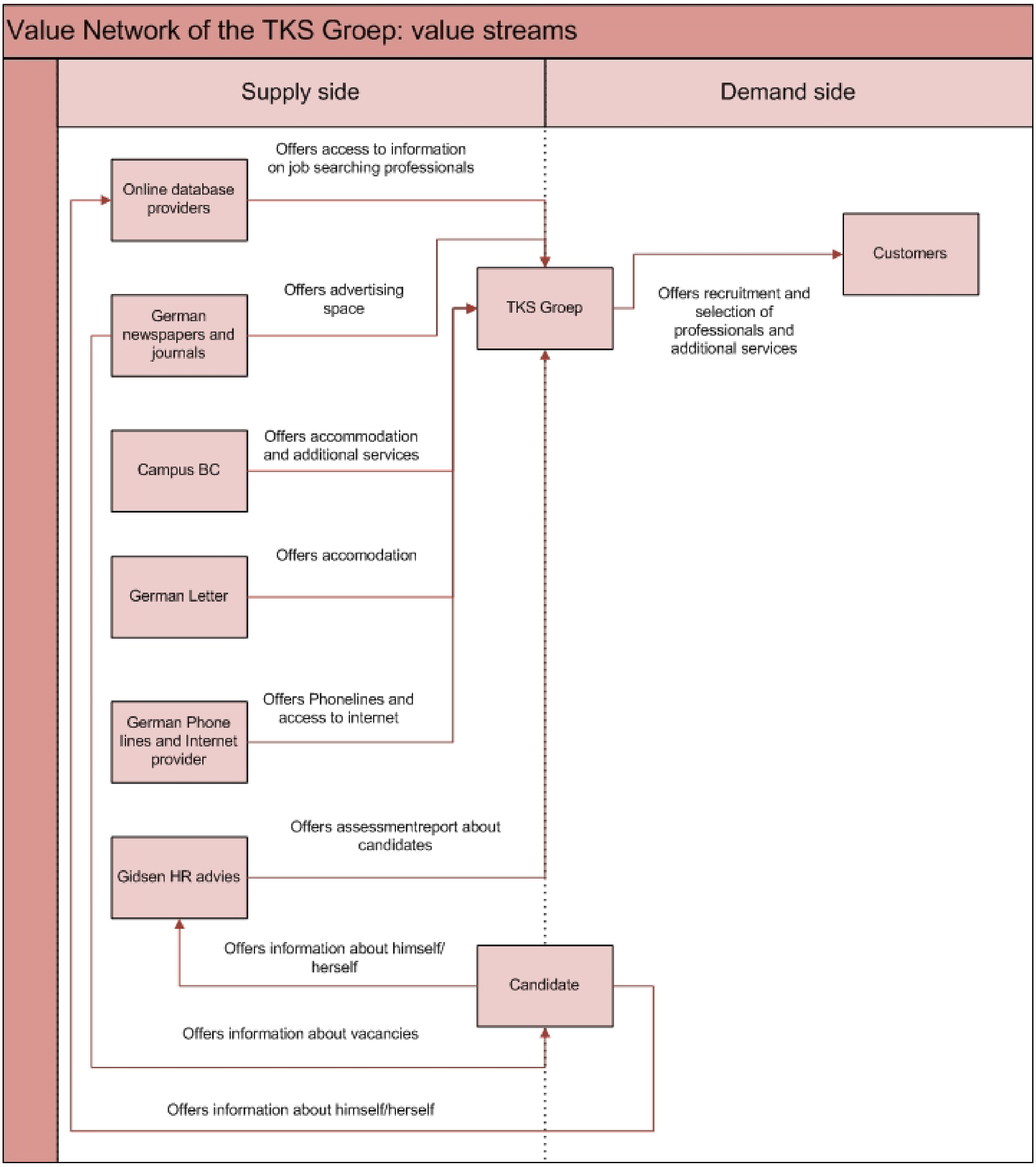

Figure 11: Integrated BM value network, value streams

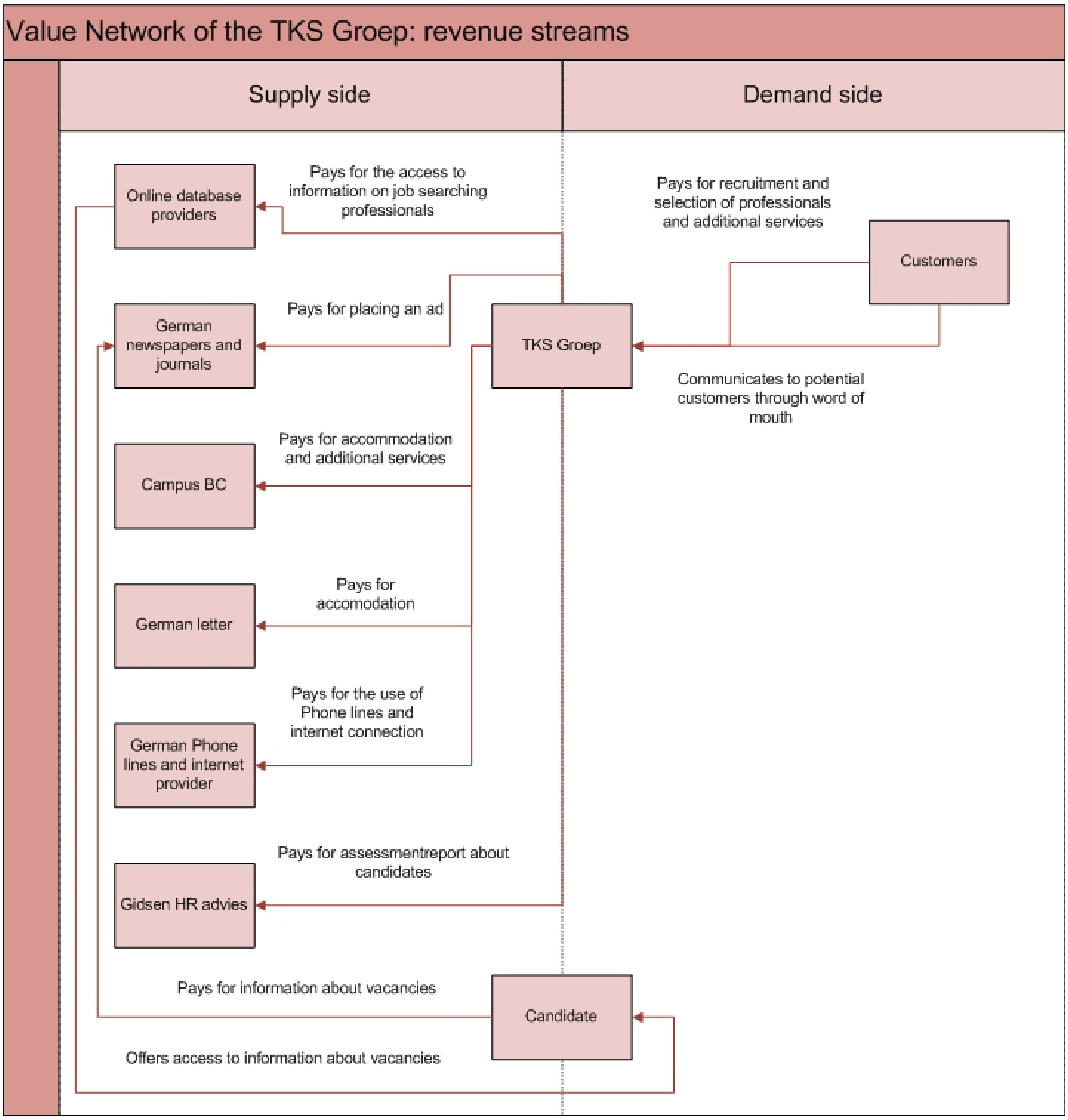

Figure 12: Integrated BM value network, revenue streams

The first actors that are different in the two BMs are the database providers. In the Dutch BM Dutch database providers are used and in the German BM German database providers are used. Integrating these two results in a combination of the two actors: the new actor 'online database providers'. This actor represents both the German and the Dutch database providers. The first tier role they play and other characteristics of this actor do not change with respect to the role and other characteristics of the German and Dutch database provider actors. Secondly, the actor 'German newspapers and journals' which was added in the German BM is also represented in the integrated value network. As mentioned in paragraphs 4.5.4.2. and 4.5.4.3. this actor is of importance when searching candidates in Germany. The role, relationship and governance of this actor do not change with respect to these characteristics in the German value network (see table C, appendix 5). Thirdly, in figure 11 and figure 12 can be seen that the actors who provide accommodation and further needed services are not integrated as one actor in the integrated BM. Since the agency wants to continue operating in the

Netherlands, the Dutch actor 'Campus BC' remains an actor in the integrated BM. However, an establishment in Germany is recommended. Therefore an actor who can provide a German establishment is added. In the German BM this actor is represented by a German business complex. Since the Dutch and German BM are integrated it is geographically not possible to open an establishment in one of the current present business complexes in Germany. The complex that is the nearest to their Dutch establishment is over an hour away which makes it difficult to combine these two. Therefore, for the German establishment a German letter is added as an actor in the value network. According to paragraph 4.2.9.8. the German establishment must meet one important demand with regard to the accessibility for the customers; the presence of enough parking space. Therefore, attention should be paid to this when looking for an establishment. For the additional services a German phone line and internet provider is added. Other than the names of the actors nothing changes: their roles, relationships, communication flows, channels, and governance do not change. Fourthly, in the integrated BM Gidsen HR advies also executes assessments of the German candidates. In the German BM this actor was replaced by a German assessment provider. Since Gidsen HR advies indicates to be able to operate on the German market as well, in the integrated BM this actor added is as being the assessment provider for both nationalities and therewith for both establishments. Lastly, in figure 12 can be seen that the German and Dutch customers are put together into one actor 'customers' and share the revenue streams of the German customer. That is because word of mouth also plays a role for the Dutch situation. In Germany this plays a larger role and can therefore be seen in the value network of the German BM. In the integrated BM these customers are put together and so are their revenue streams. Since now the customers are not only paying for the services but also the way of communicating with potential new customers their governance is large, the customers have high power in the value network of the TKS Groep. Also the relationship has changed, a communication role is added.

4.6.5. Customer preferences

Lastly, when integrating the Dutch and German BMs the BM aspects are important. However, when implementing this integrated BM also attention can be paid to the customer preferences which resulted from the survey. Not all these results have an effect on the BM dimensions, but it does give guidance when dealing with customers. First of all, the German customers and also the Dutch customers do not need to reach the agency outside standard office hours. That means that the Dutch and German establishment can use the standard office hours. Secondly, the survey shows that the customers prefer the agency to respond to phone calls within an hour and respond to e-mail within a day. Which means that on the area of customer contact the customers should not be kept waiting for too long. Thirdly, as expected, for the German customers the reputation of the agency they choose to work with is important. This does not differ from the Dutch customers expectations. It does emphasize the importance of building a large business and personal network. As mentioned before, the customers are the most important communication tool for pre-service communication. Therefore, it is important that this pre-service communication withholds talking about the good reputation of the agency. The TKS Groep must be aware of this and try to keep the customers satisfied at all times. Fourth and lastly, from the survey can be concluded that the majority of the German customers prefer a native German employee to work at the agency. This would make them feel comfortable. Therefore, it is recommended to hire such an employee and let him or her handle the first contacts. When the customers feel content, they can be assigned to one of the native Dutch employees. When hiring a native German employee, attention can be paid to the size of his or hers personal network since this can add to the business network of the TKS Groep and expanding the customer portfolio.

It can be concluded that not all different aspects of the German BM and the Dutch BM can be integrated, because of the differences between the two nationalities of the customers. Therefore, some differences between the German and the Dutch establishments remain.

5. Conclusions and recommendations

In this chapter the main research question 'What value can the TKS Groep create and offer to the German market?' and the corresponding sub questions formulated in chapter 1 are answered. At the end of the chapter recommendations are given based on the results and conclusions of this study.

5.1. Conclusions

In the next paragraphs the three sub questions are answered.

5.1.1. What does the Dutch BM look like

The core of the value proposition can be put into one sentence: offering recruitment and selection of higher educated personnel services for small or medium sized, family owned businesses in Twente who value the service mostly on economy, but also on quality. Second, the value architecture shows four well integrated resources: knowledge, database, business network, and money. Knowledge and money are used for all services the TKS Groep offers, the database and business network are primarily used for recruitment and selection services. Third, the value finance is well organised. The TKS Groep has low costs-of-ownership and the pricing-methods are variable and adjusted to the customers. The revenue-structure looks complicated, but it is actually not. The payments come in and are linked to the employee who filled the vacancy or played a role in filling the vacancy. Lastly, in the value network there are four actors or groups of actors: database providers, Campus BC, Gidsen HR advies, and the customers. These actors each play different roles, but the relationships are all provider-customer relationships. The actors with the largest power are the customers. The other actors have low to medium powers since they can be replaced individually.

5.1.2. What can the German BM look like

The value proposition can be put into one sentence: offering recruitment and selection of higher educated personnel services for firms of all sizes, ages and various sectors in the area of Neuenhaus, Lingen, Osnabrück, Münster, and Oberhausen who value the service mostly on quality. The additional service of assessments is emphasized here since this can be an unique selling point for the TKS Groep. Second, the value architecture also contains four resources: knowledge, database, business network, and money. The resource business network is here even more important than it is in the Dutch BM since it is needed to find and contact new customers. Third, the value finance includes low costs-of-ownership and variable pricing-methods. The incoming payments will be processed identical to the way they are processed in the Dutch BM: the payments are linked to the employee who filled the vacancy or played a role in filling the vacancy. Fourth and last, the value network contains the actors: database providers, German newspapers and journals, German business complex, German assessment provider, and customers. The German business complex and German assessment provider have the same characteristics as their Dutch opponents do, but the online database providers, German newspapers and journals, and the customer have not. First of all, the online database providers have less power over the TKS Groep in Germany because the actor of German newspapers and journals is added with respect to the Dutch BM. Second, the new actor German newspapers and journals also withholds a provider-customer relationship with the TKS Groep and has the same power of the TKS Groep as the online database providers do. Third, the German customer does not only have a provider-customer relationship with the TKS Groep. They also add a communication role to this, since they are the way of communicating with potential new customers through word of mouth. This also increases their power over the TKS Groep which was already high.

5.1.3. How can the Dutch BM and the German BM be integrated

First, the value proposition looks different in both BMs. An integration can be implemented by owning two establishments which work together, but act according to the customer expectations of the customers in that country. For the Dutch establishment this results in the following service description: recruitment and selection of professionals with the additional services of assessments, interim management, executive search, organizational development, and international search. For the German establishment this results in a somewhat less extensive service description: recruitment and selection of professionals with the additional services of assessments, executive search, and international search. The intended-value-element is different for both countries. Since the value of the Dutch customer is based on economy and the value of the German customer is based on quality it is not possible to integrate these two. Therefore, when handling Dutch customers the agency should focus on the time-saving element and when handling German customers the agency should focus on the guarantee of the service. The target segment of the integrated BM is: firms from all ages, sizes and various sectors in the area of Twente, Neuenhaus, Lingen, Osnabrück, Münster, and Oberhausen. After a German establishment is actually opened, the target market can be narrowed down to Twente and the area of about an hour travelling time around the German establishment. Second, in the value architecture four resources are present: knowledge, database, business network, and money which are used for offering the services. Third, in the value finance dimension all payments that come in are linked to the employee who generated that income. Further, the costs-of-ownership are low and the pricing-methods are variable. Fourth, the value network is large. All actors from both BMs are added: Online database providers, German newspapers and journals, Campus BC, German letter, German phone lines and internet provider, Gidsen HR advies, and the customers. Of all these actors, the customers have the largest power over the TKS Groep.

5.2. Recommendations

Based on the three sub questions that are answered in the previous paragraphs, recommendations can be made in answering the main research question '*What value can the TKS Groep create and offer to the German market?*' and advice can be given in order to implement the integrated BM successfully.

The first recommendation to implement the integrated BM is to open a German establishment and to hire a native German employee. From the survey results can be concluded that German customers value this. By opening a German establishment the value network of the integrated BM includes the German actors. This establishment can have its own website, phone number, e-mail addresses, etcetera. This way, the slightly different service offerings can be promoted optimally and the different intended-value-elements can be optimal communicated this way. Also, the entire target market can be served. On top of the survey results that suggest that the German customer values a native German employee, hiring this employee can expand the business network of the TKS Groep. Therefore, when hiring such an employee attention can be paid to the size of the personal or business network of this candidate.

Second, it is important to be aware of the power of the customers in the integrated BM. The power of the customers is larger than in the Dutch BM since the customers not only play a buyer role, but also play a communication role. Therefore it is necessary to build and maintain a good reputation and encourage the customers to spread the word. This is the most important way of communicating with potential new customers and should be used optimal. Also because the reputation of the agency is considered to be important by both customer nationalities.

The third recommendation to implement the integrated BM is to engage in many networking activities in Germany. This kind of activities are organised by, for example the Dutch-German Chamber of Commerce or similar organisations. Through these activities the personal and business network of the employees of the TKS Groep grows. Hereby most effort should be put into enlarging this network with managing directors and HR departments since the people in these functions generally value r & s services the most. This is favourable since it can increase the number of new customers and the number of candidates that can be recruited. This way also the value of r & s services can be emphasized by the TKS Groep. The German recruitment and selection market has grown the last couple of years, but there are many firms who do not use r & s services although it can be valuable to them. This can result in a more successful entering of the German market.

The last two recommendations do not affect the BM, but the TKS Groep can keep them in mind with respect to the customer. First, there is no need for the Dutch and German establishments to be open outside standard office hours so it is recommended not to do this. Of course, when a customer asks for this, this request can be granted. Second, it is recommended to respond to phone calls within an hour and respond to e-mail within a day to meet the customers' expectations.

6. Discussion

This last chapter of the report is about the limitations of the study and the some ideas for future research these limitations lead to.

6.1. Limitations

The first limitation of this study is about the comparison that is made between the Dutch and the German BM. Because the only information of the Dutch market is from information provided by experts of the market the comparison of the Dutch and German market can be somewhat off at some points. For a more reliable comparison of the two markets a Dutch research among the current or potential customers is required. The substitution of this data with secondary data from the employees of the agency may have had an impact on the designed German BM. The second limitation is about the sample taken from the whole population. Because it is not possible to research the whole population of German businesses in the northern part of Nordrhein-Westfalen I choose to approach a sample of these businesses. Therefore two lists were used, both from organisations which meddle in Dutch-German business relations. This might have had an impact on the outcomes of the survey because it can be stated that these businesses are more targeted on doing business abroad. When another list of firms is used the outcomes of the survey can be different. The third limitation is also about the sample. Overall the sample consists of more large and small firms than medium sized firms. This may affect the results in the way that medium sized firms might be very willing to use recruitment and selection services, but since there is not that much data from this group this cannot be found in the results. During the discussion of the results of the survey in paragraph 4.2 it seems that the customers of a recruitment and selection agency for the larger part can be found in large firm with over 200 employees. This might be influenced by this sample.

6.2. Future research

For future research it is recommended to execute a research into the wishes and needs of the Dutch customers. This will provide more reliable data for comparing the Dutch and German customers. Which can result in designing a more suitable integrated international BM. Secondly, it would be interesting to see whether or not these outcomes also apply to other industries and other companies. Repeating the same research for other industries can give information about whether or not these conclusions are also valid for other business. Thirdly, it might also be interesting to perform this study among medium sized firms since in this research there is not much data of this part of the population. The data that is collected with such a research can be compared to this data. This way conclusions about the willingness to hire a recruitment and selection agency can be more accurately. Fourthly, with the data that is collected for this research also other analysis can be executed which are not very useful for this research, but can provide information for other purposes. For example comparing the size of the firm with the multiple additional services. Or comparing who is responsible of recruitment and selection with what expectations are of agencies that perform such services. Fifth, a longitudinal research can be executed in order to see if the expectations and wishes of the German customer change over time and how this impacts the recruitment and selection market. Also the changes in customer preferences can be linked to changes in the financial sector for example. Sixth, research can be executed to see if the number of organisations which successfully enter the German market share a common or mostly equal BM and how this BM relates to the size and industry of that organisation.

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Appendix 1: Questions semi-structured interviews

Customers
What does de Dutch recruitment and selection market look like?

What is your typically Dutch customer? What are the characteristics and what do they value?

What kind of contract do you have with your customers?

How do you mostly/ normally get new customers?

How does your customer think about you?

Business model
How do you perform the services? What does the process look like and what is involved in this process?

How do you manage your finances?

What kind of contract do you have with Campus BC?

Appendix 2: Survey Questions

Remember that in this research your opinion about the situations asked about is what is important. Also remember that the situations mentioned are about the firm for which you are currently working. Answer according to this.

This research is about the service of recruitment and selection of higher educated personnel. Here after, this will be indicated as 'service'. When the questions are not clear to you, give the answer that you find most suitable the way you perceive the question. When questions are asked about certain concepts these are explained where necessary.

This survey starts with some questions about the experiences of your firm with recruitment and selection. Tick the box of the answer you prefer.

1. *Does your firm use recruitment and selection of higher educated personnel services?*

- o *Yes*
- o *No*

In case of answering 'no' on question 1: What is the main reason why your firm does not use recruitment and selection services of higher educated personnel?

- o *Financial reasons*
- o *There are not much agencies in the direct environment to use for these kind of services*
- o *We perform this activities ourselves*
- o *Bad experiences with such agencies in the past*
- o *Other, namely:……*

In case of answering 'yes' on question 1: Why does your firm use recruitment and selection services of higher educated personnel? <u>*Only tick the box of the answer that is most suitable to the situation of your firm.*</u>

- o *We do not have someone who can perform this activities*
- o *We do not have enough knowledge about the local labour market, an agency does*
- o *We do not have much experience with recruitment and selection, an agency does*
- o *An agency can look at candidates objectively*
- o *An agency delivers the guarantee that a suitable employee will be found*
- o *Letting an agency perform this activities is cheaper than doing it ourselves*
- o *Other, namely:……*

2. *When you wish to use the services of recruitment and selection of higher educated personnel, how do you search for a suitable service provider?*

- o *We use the services of one agency for years now*
- o *Through the internet*
- o *Through specialist journals and magazines*
- o *Through newspapers and journals*
- o *Through our personal network*
- o *Other, namely:……*

In case of answering 'we use the services of one agency for years now', which agency do you use?

- o *Open question*

An agency providing the service of recruitment and selection can offer additional services. For the below mentioned additional services, please indicate on a scale from 1 to 5 how you would value these when 1 = totally not valued and 5 = totally valued.

3. *Assessments.* These assessments are executed by a psychologist and gives insight in the qualities and competencies of the candidates.
4. *Interim management.* Professionals are found to fill in your vacancy temporarily.
5. *Executive search.* The best executives in the market are approached to fill in your vacancy.
6. *Organizational development.* Advice is given on the strategy, policy and plans of your firm.
7. *International search.* The search for suitable candidates is not only executed in Germany, but also across country borders, for example the Netherlands.

Now some statements are given about certain aspects that can influence the way you perceive the service. Please indicate on a scale from 1 to 5 to what degree you agree with the statements when 1 = totally disagree and 5 = totally agree. Remember that your opinion is asked.

8. *It is important that the agency guarantees a new candidate when the candidate(s) who was/ were believed to be suitable turn out not to be.*
9. *It is important that the agency offers the total process of recruitment and selection of personnel, (job) interviews, and (contract) advice.*
10. *Objective professional advice is an important part of the service.*
11. *The service must be adjusted to my specific needs.*
12. *It is important that the agency is available outside the standard office hours.*
13. *It is important that the agency is available through phone within an hour.*
14. *It is important that the agency is available through phone within a day.*
15. *It is important that the agency is available through e-mail within an hour.*
16. *It is important that the agency is available through e-mail within a day.*
17. *It is important that the agency has a German phone number*
18. *It is important that the agency has an office in Germany.*
19. *It is important that the agency has one of more native German employees.*
20. *The reputation of an agency is important.*

The following statements concern the office of the agency. Please indicate for each statement to what degree you degree when 1 = totally disagree and 5 = totally agree. Remember that your opinion is asked.

21. *A nearby highway is important.*
22. *The flow through on the road is important.*
23. *The presence of public transport connections is important.*
24. *Enough parking space is important.*
25. *A travelling time of an hour is maximum.*

The following questions are about the financial side of the recruitment and selection services. Tick the box of the answer you prefer.

26. *What kind of pricing mechanism would your firm prefer when paying for recruitment of higher educated personnel services?*

- o *Fixed (a particular percentage of the gross annual salary of the vacancy)*
- o *Fixed (a fixed amount of money)*
- o *Dynamic (invoice based on worked hours by agency)*
- o *A combination of both*

When the answer is: Fixed, How much percent of the gross annual salary would your firm be willing to pay?

- o *<15 %*
- o *15 - 20 %*
- o *21 -25 %*
- o *>25 %*

When the answer is: 'Fixed (a fixed amount of money)': What amount of money would your firm be willing to pay?

- o *< 10000*
- o *10000 – 15000*
- o *15001 – 20000*
- o *> 20000*

When the answer is: Dynamic, When you prefer a dynamic pricing method, how much would you be willing to pay per hour?

- o *<100*
- o *100 - 150*
- o *150-200*
- o *>200*

The next questions are firm specific questions. Please tick the box of the answer that you prefer on the multiple-choice questions and fill in your answer on the open questions.

27. *In what year is your firm established?*

    ……………………………

28. *How many employees are currently employed within your firm?*

- o *1 – 5*
- o *6 – 20*
- o *21 – 50*
- o *51 – 100*
- o *100 – 200*
- o *Over 200*

29. *In what kind of sector is your firm currently operating?*
- o *Industrial sector*
- o *Healthcare and welfare*
- o *Transport, storage and communication*
- o *Education*
- o *Public administration and government*
- o *Financial institutions*
- o *Trade and repairs*
- o *Business services*
- o *Construction*
- o *Food service industry*
- o *Agrarian sector*
- o *Other, namely:*

30. *What is the location of your firm?*
  ……………………..

31. *Who in the firm is responsible for performing recruitment and selection activities?*
- o *The owner*
- o *The managing director*
- o *The department manager*
- o *The HR department*
- o *Other, namely:*

Do you have any comments or thoughts about this research or subject?
……………………………

Thank you for your participation.

Appendix 3: Figures and Tables from results

Table A: Outcomes of Mann-Whitney U test

Service	Outcome	Significant difference
Assessments	0.559	No
Interim management	0.585	No
Executive search	0.060	No
Organizational development	0.872	No
International search	0.757	No

Table B: Outcomes of Mann-Whitney U test

Characteristic	Outcome	Significant difference
Guarantee	0.364	No
Process	0.491	No
Advice	0.768	No
Adaptability	0.256	No
Operating hours	0.442	No
Accessibility(1)	0.234	No
Accessibility(2)	0.087	No
Accessibility(3)	0.942	No
Accessibility(4)	0.234	No
Phone number	0.194	No
Establishment	0.410	No
Employees	0.098	No
Reputation	0.025	Yes
Accessibility(5)	0.522	No
Accessibility(6)	0.764	No
Accessibility(7)	0.335	No
Accessibility(8)	0.209	No
Accessibility(9)	0.082	No

Appendix 4: Results Workshop

During a meeting the results of the survey and the desk research are discussed and their implications for the German BM. During this workshop were present: Han te Koppele and Frank Brummelhuis.

First, the number of respondents and their willingness to use agencies for recruitment and selection services are discussed. The employees were surprised by the 49% of the respondents who indicated to use recruitment and selection services by external agencies. The main reason for this decision also surprised the employees since they thought the main reason would be that the firms would not have someone who can perform these activities. But the main reason is actually that the firms value the guarantee the agency delivers, that a suitable employee will be found. This is a contrast with the Dutch customers, since the Dutch customer is more focussed on time and money. The German customer is more focussed on quality. The reasons for not using recruitment and selection services were estimated well by the employees who thought that the firms would perform the activities themselves. In the survey this turns out to be the case for the larger part of the customers. The answers to the second question, about the way customers search for an agency, also surprised the employees since they thought the main channels would be the internet or advertorials, but it turns out that most agencies are contacted through their personal network. The other characteristics of the respondent firms were more or less according to the expectations of the employees. Since the Dutch customers also vary in their preference for pricing mechanisms. Also old and new companies are in their Dutch client portfolio. The number of large firms who indicated to use recruitment and selection services was a surprise since the target customers in the Netherlands are small to medium sized firms. It is probably not a good idea to focus on this group of large firms based on the outcomes of this survey, because the percentages of large firm respondents was higher than the percentages of medium or small sized firms. The results of the question about the responsibility of the r & s services were not surprising. The employees found it logical that owners of firms want to keep the control about these services themselves and a managing director or HR department knows the importance of hiring an external agency to provide those services.

The second part of the workshop is about the expectations of the services themselves and the agency that provides these services. The employees found it not surprising that the services of interim management and international search were valued somewhat less than the services of assessments, executive search, and international search. This is comparable with the demand of the Dutch customer. The German customer values the guarantee an agency offers more than the Dutch customer. But about the offering of the total process, objective professional advice, adjusting the service to specific needs, and being available outside standard office hours the Dutch and German customers are alike. About the accessibility there was some discussion. The importance of being accessible by phone within an hour was not known to be important in the way the customers find it important. The other three forms of accessibility were estimated better. The employees also had a good indication of the importance of a German establishment, the presence of a native German employee in the agency, and the reputation of the agency. The only surprise was that the German customers seem pretty neutral about the presence of a German phone number while a German establishment is important. About the office of the agency only the presence of enough parking space is important which was expected by the employees. Dutch customers also do not value things like public transportation. What is important for the target segment is the maximum travelling time of about an hour. This limits the target area and is found logically by the employees.

Appendix 5: Actors in the integrated value network

Table C: Characteristics of actors in the integrated value network of the TKS Groep

Name	Actor	Role	Relationship	Flow-communication	Channel	Governance
Online database providers	Business partner	Efficiency	Provider-customer	Information	Electronic	Low power
Newspapers and journals	Business partner	Efficiency	Provider-customer	Product/ service	Physical/ electronic	Low power
Campus BC	Business partner	Resource allocation	Provider-customer	Product/ service	Physical	Low power
German letter	Business partner	Resource allocation	Provider-customer	Service	Physical	Low power
German Phone lines and internet provider	Business partner	Resource allocation	Provider-customer	Service	Electronic	Low power
Gidsen HR advies	Business partner	Effectiveness	Provider-customer	Information	Physical	Medium power
Customer	Customer actor	Functional	Provider-customer	Service	Physical/ electronic	High power