THE BENEFITS OF AN INTERNATIONAL EXPANSION TO SPAIN

This bachelor thesis aims at the benefits of establishing a subsidiary in Spain. The paper is written in assignment of Sofist Headhunters.

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Preface

First of all I would like to thank the reader for taking the time to read my thesis. I am honoured by your interest and I would be very happy to answer any questions you may have after reading.

As a part of finalizing my study at Hogeschool Rotterdam, I am supposed to hand in a thesis in which I can demonstrate the knowledge I have gained during my courses in the past years. I have chosen to do the graduation internship at Sofist Headhunters.

I am passionate about gaining professional experience within an international business environment. Sofist Headhunters is an executive search agency in which C-level management of the largest organizations Worldwide is part of the daily correspondence. Besides the great experience I obtained, I grew a large international network. I enjoyed the internship, and still enjoy working for Sofist Headhunters.

Sofist Headhunters has a solid international client portfolio with recruitment projects all over the World. However, there is a lack of projects coming from the Spanish speaking world. In this case, Spain and Latin America. This was the main inspiration for my research objective.

First, I want to thank my 1st reader, Mrs. Philipsen-Royeca. In particular her patience, motivation, enthusiasm, and immense knowledge. Her instructions, directions and feedback were always helpful and always brought me one step closer to the finish line. I also want to thank my company supervisor, Mr. Van de Lustgraaf. He supported me throughout the research. Especially when sharing the lunchtable, that was always a moment of inspiration.
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Wise Words

**Headhunter** - Executive recruitment agency that tracks qualified personnel during their work life, and can quickly and precisely locate a suitable candidate for a specific job requirement. (BusinessDictionary, 2013)

**C-level/suite** - The C-suite is considered the most important and influential group of individuals at a company. (Investopedia, 2010)

**Shortlist** - Selection of screened candidates for a certain position. (Van de Lustgraaf, 2013)
Executive Summary

Sofist Headhunters is an established international executive search agency with Worldwide operations. Spain is an important source of business which could be used as a gate way to Latin America. However, there is a lack of projects coming from Spain which could be because of several factors:

- Language barrier;
- Cultural barrier;
- Mental and physical distance;
- Economic barriers;
- Legal barriers

Sofist plans to develop its business to Spanish speaking countries, Spain has been chosen to be its gateway or its pilot project. Therefore, the main objective is to establish the benefits of opening a subsidiary of Sofist Headhunters in Spain. The data comes from multiple sources, primary (interviews) and secondary (books, journals, articles, organizations), which is also called the triangulation method.

The first research question is: What are the differences between Spanish and Dutch professionals? The objective is to measure the differences between Dutch and Spanish customers in demography, cultural participation and demands. To answer this question quantitative and qualitative research is conducted. The theories/concepts implemented: the Geert Hofstede Model, Strategic Contingencies theory and Abell model.

Besides the theories, the research findings show important differences between the Spanish and Dutch, which could cause a lack of projects in Spain. Eventually, it is concluded that the cultural differences between Spanish and Dutch are important barriers for business. It is recommended that a potential office in Spain should contain trained Spanish employees, and the Dutch employees in the main office should receive extra training as well.

The second research question is: How competitive is the Spanish market? The objective is to evaluate the Spanish market in the fields of competition, liberty and domestic market. This question is also explained with qualitative and quantitative research. The theories/concepts used are: DESTEP, Porters Five Forces, Environmental Uncertainty Matrix, Resource similarity and Market Commonality. The research findings show that the urban areas of Spain are interesting for Sofist due to a younger, educated and less corrupt labour market.

As the Spanish economy slowly recovers, the recruitment sector is growing with more and more demand for companies offering recruitment services. This leads to heavy competition. This is sensible especially in the construction, healthcare, tourism and conglomerates sectors. However the services sector is currently the largest with 72.6% of the total GDP. Furthermore, Latin America is becoming more and more interesting for Spain. It is recommended that Sofist Headhunters continuously increases knowledge on the Spanish market and identifies recruitment needs. The emphasis should be on large urban areas as the most interesting labour markets are there. Also Sofist should build up relations with Latin American businesses.

The third research question is: What are the impacts of Spain’s labour market? The objective is to evaluate the mobility of workers in Spain and impact to the recruitment industry. This question is answered partly qualitative and partly quantitative with the use of migration statistics. The theories/concepts implemented are: International movement of labour, theory of free movement and structure of the labour market. The government took a role in the employment market by connecting employers and employees.
A new legislation presented by Spain’s Economic and Social Council will make the job market more transparent and easy to enter. Furthermore, the migration levels are high with 206,000 people leaving Spain over a few years. Sofist should put more emphasis on the mentioned sectors in the second researched question, develop relations with the government to benefit from the new legislation and identify international migrants as they are looking for stable employment.

The fourth question is stated: What are the legal and financial challenges concerning an international expansion to Spain? The objective is to determine legal and financial barriers within and between EU countries for Sofist’s expansion plan. This question is mostly answered qualitative with a financial analysis. The theories/concepts are: Entry mode decisions and the Common Market Concept. EU policies are being harmonized throughout the union. There are four freedoms: free movement of services, goods, people and capital. There are no major legal barriers for running an office in Spain. However, the interviews revealed that there are minor regional legal differences within Spain from region to region. This is because Spain exists out of 6 autonomous regions. All the factors of entry modes are measured, which eventually showed that Sofist should keep its own company policy in Spain and focus on a wholly owned subsidiary. The forecasted costs of running an office in Spain (financial analysis) reveal that 74% of Sofist’s total monthly budget exists out of salaries to its employees. Therefore, Sofist should identify regional policies in Spain, Implement the usual company policy in a possible Spanish office and Limit the amount of workers in the Spanish office.

The last research question is stated as follows: How could a headhunter gain competitive advantage in Spain? The objective is to determine the sustainable economic factors for Sofist’s entry to Spain. The last question is answered by the use of secondary qualitative data. The theories used: Miles and Snow typology and Porter’s Generic Strategies. The interviews revealed that a wholly owned subsidiary with a potential combination of a strategic alliance with another headhunter already established in Spain is advantageous for business development and market research. Most importantly, it creates long term stability. The relevant economic factors are the demand for labor and stability. When entering Spain, the differentiation strategy should be used due to the large amount of competition. Therefore, Sofist should identify and develop strategic partners and differentiate the company from the competition with exclusive services and benefits.
Chapter 1

1.1. Introduction

Based in Utrecht, The Netherlands, Sofist Headhunters is an established international executive search agency which operates on exclusivity in form of a retained contract. This means a high level of service and research. The staff of Sofist operate worldwide with the capabilities to locate and contact C-level candidates, directors and senior managers. The best candidates are guaranteed, based on a process in which the motivation and suitability of candidates are assessed by conducting meetings and interviews. Lots of headhunters make use of databases and standardized methods, Sofist Headhunters goes all out to find the best employees working either for the competitors of the client, or employees who are just interesting due to their great profile. Furthermore, retained contracts are based on three guarantees:

- A fully screened shortlist (final selection of candidates) matching the client requirements;
- The shortlist will be delivered within 8 weeks;
- When a candidate leaves the company within 6 months, this candidate will be replaced by Sofist without any charge.

(Sofist Headhunters, 2012)

The Sofist Headhunters services include:

- Consultation on feasibility of the position and the remuneration package, especially for international companies;
- Advice on the remuneration package based on market research;
- Detailed weekly report on the project’s progress;
- In depth research by experienced staff on knowledge, behavior, motivation and personality of the candidates;
- Assessment of the shortlist candidates;
- Reference check if desired;
- Structural follow up on placed candidates for a period of minimum 6 months.

(Sofist Headhunters, 2012)

The organizational structure of Sofist could be seen below. Currently, most of Sofist’s employees do not only cost money, but create revenue.
The author’s role is the lowest rank within the chain, which is ‘consultant’. A consultant could grow to senior consultant, or to managing consultant, who takes charge of an office’s daily operations and its employees.

Sofist Headhunters has a vision formulated by ‘being the best quality corporate executive search agency worldwide’ and a mission which is stated ‘exceeding our clients’ expectations, deliver guarantees and provide the highest level of service to all major industry sectors.’ Sofist Headhunters wants to achieve this vision with innovation, expansion and a continuous learning environment. (Lustgraaf, 2013)

Sofist handles a strategy according to their mission and vision which could be described with Treacy & Wiersema’s Value-Discipline Model and Porter’s competitive advantages. (Pols, 2013)

Treacy & Wiersema’s Value-Discipline Model shows that Sofist’ main value strategy is customer intimacy. This means Sofist' main focus is on the availability of a full range of services for the customers, a deep customer insight and continuous improvement of customer satisfaction. (Wiersema, 1993)

With respect to Porter’s competitive advantages, as the only focus lies on C-level candidates in conjunction with the highest service and the ambition for uniqueness within its industry, Sofist uses the differentiation strategy. This is explained in chapter 4.6. (Porter, Competitive Advantage: Creating and Sustaining Superior Performance, 2008)
1.2. Management issue

Sofist has attracted a great amount of international companies in the past few years. These were companies within a variety of industries. However, Sofist does not get the desired amount of Spanish speaking clients, which should be at least 1 each month considering the huge Spanish speaking markets. Spanish is, with approximately 500 million speakers, the third most spoken language in the world. (KryssTal, 2013) There could be several factors which holds Spanish speaking clients back, such as:

- Language barrier;
- Cultural barrier;
- Mental and physical distance;
- Economic barriers;
- Legal barriers

Spain is suffering from the effects of the current global recession, which could be seen from the bright side for Sofist. From the perspective of a headhunting company, a highly unemployment rate in Spain in conjunction with a highly educated population is an opportunity when considering the amount of people who are open to international relocation and the acceptance of a lower salary. (Lustgraaf, 2013) Furthermore, the Spanish government is working hard on regulations which will make it easier lay off personnel. There is also an increase in female participation with the new European Union objective which says that the non-executive boardroom should consist of at least 40% women by the year 2020. (Twaronite, 2013)

Considering the main sector in Spain, which is the service sector, remains very interesting for FDI even during the recession. (Economywatch, 2010) Most of Sofist’ experience lies in the service sector. Currently, the location of 8 top-500 companies is Spain, and Spain also retains economic ties with Latin-America. (CNNMoney, 2012)

It is also important to note that Spain has relatively moderate office rentals, mainly because of the low tax rate together with the real estate bubble. Irrespective of crisis, the Spanish government is investing in modern infrastructure and invested €20 billion in R&D in absolute value. (UnescoScienceReport, 2010)

After all, Spain always was, and remains an important source of business for Sofist. Opening a subsidiary in Spain is one of the management’s strategies in capturing more Spanish speaking clients. Therefore the management issue is Sofist’s global market expansion.

1.3. Thesis objective

The objective of this research paper is to establish the benefits of opening a subsidiary of Sofist Headhunters in Spain. Sofist plans to develop its business to Spanish speaking countries, Spain has been chosen to be its gateway or its pilot project. The choice has been done by the company management and the author’s task is to prove or disprove the benefits of such.
1.4. Research objectives

RQ1. To measure the differences between Dutch and Spanish customers in demography, cultural participation and demands.

The Sofist Company assumes that there are differences between the Dutch and the Spanish customers. The author will measure these differences using three sociological factors, demography, cultural decisions and demands. Demography is limited to the industries of their customers.

RQ2. To evaluate the Spanish market in the fields of competition, liberty and domestic market.

Sofist Headhunters assumes that the Spanish market could be separated into three segments, competition, liberty and the domestic market. Sofist assumes that most of the competition is located in the urban areas of Spain. Liberty is limited to laws and regulations concerning the recruitment industry, and the domestic market is externally observed.

RQ3. To evaluate the mobility of workers in Spain and impact to the recruitment industry.

Sofist Headhunters assumes that the mobility of workers impact the recruitment industry. It is also assumed that only the educated workers are relevant for the executive search branch. The author will measure the impact on the recruitment industry by comparing theories with statistical migration data.

RQ4. To determine the legal and financial barriers within and between EU countries for Sofist's expansion plan.

The Sofist Company assumes that there are legal and financial barriers when expanding internationally. The author identifies these barriers by collecting data concerning the legal and financial frameworks of Spain and the European Union. The financial barriers are limited to the costs running an office in Spain. Set Up costs are excluded.

RQ5. To determine the sustainable economic factors for Sofist's entry to Spain.

Sofist Headhunters assumes that external economic factors indicate the competitive edge within the recruitment industry. The author will identify the economic factors to determine a framework in which Sofist could develop a competitive strategy. This question assumes that Spain is advantageous for international expansion.

1.5. Research design of main research questions
The research designs per research question are outlined below:

1. **What are the differences between Spanish and Dutch professionals? (People)**

   **Motivation:** To measure the differences between Dutch and Spanish customers in demography, cultural decisions and demands.

   Primary and secondary data is used to answer this research question. The primary data exists out of eight face-to-face interviews with HRM directors and managers from Sofist's Dutch network. The answers of the primary data will verify the secondary data, which exists mainly out of three theories/concepts: Geert Hofstede's Five Cultural Dimensions (qualitative/quantitative), Strategic Contingencies Theory (qualitative) and Abell model (qualitative). With these theories and interviews, the general and regional behavior of Spanish people and organizations are identified and compared to the Netherlands.
2. **How competitive is the Spanish market? (Environment)**

*Motivation: Evaluation of Spanish market in the fields of competition, liberty and domestic market.*

This research question is answered with the use of secondary data and primary to a small extend coming from the interviews. The data exists out of five theories/concepts: DESTEP analysis (qualitative/quantitative), Porter’s Five Forces (qualitative), Environmental Uncertainty Matrix (qualitative), Resource similarity (qualitative) and Market commonality (qualitative). These theories provide an external overview of recent (2011-present) Spanish economic, financial and market data. Eventually, this contributes to determining the advantages of moving to Spain. The research also contains a statistical part in which the size of the recruitment industry in Spain is presented in a yearly timeline.

3. **What are the impacts of Spain’s labour market? (Labour)**

*Motivation: To evaluate the mobility of workers in Spain and impact to the recruitment industry.*

The third research question is answered with the use of primary and secondary data. This exists out of the following theories/concepts: International movement of labour (quantitative), Theory of free movement (qualitative), Structure of labour market (qualitative). With these theories, Spanish (educated) labour and recent migration rates are examined. Within the Spanish labour market, educated labour are the only point of interest for an executive search agency. Part of this research is a statistical analysis of the labour market in the past years and contemporary.

4. **What are the legal and financial challenges concerning an international expansion to Spain? (Legal)**

*Motivation: To determine the legal and financial barriers within and between EU countries for Sofist’s expansion plan.*

This question is answered with primary and secondary data. The primary data exists out of four phone interviews with professionals from within Sofist’s international network and the financial data which comes from Sofist’s management. The answers back up the secondary data which exists out of two theories: Foreign market entry modes (qualitative) and Common market concept (qualitative). Also a financial analysis (quantitative) is included. These theories, interviews and financial analysis provide an insight into Spanish and European regulations and costs of interest for Sofist’s potential international expansion.

5. **How could a headhunter gain competitive advantage in Spain? (Economy)**

*Motivation: To determine the sustainable economic factors for Sofist’s entry to Spain.*

The last question is answered by the use of secondary qualitative data. The theories used: Miles and Snow typology and Porter’s Generic Strategies. With these theories, Spanish market data is used to develop a roadmap in creating an expansion strategy.
1.6. Ishikawa diagram

Figure 2 | Ishikawa Diagram

1.7. Structure of the report
This research proceeds as follows. Chapter 2 covers the literature review which will be used on key features of the Spanish economy, business, politics, demographics, culture and competition which will continue with an elaboration of the methodology used for this research in section 3. Then section 4 describes the research findings which will be followed up by conclusions in section 5. All these sections will lead to a final strategy which will be covered in section 6. As the research is finalized, it will be followed up with an adjunct self-reflection in section 7.

As the importance of Spain is presented, in the next chapter, I would like to continue with the literature and theoretical concepts.

2. Theoretical Foundation

2.1. Introduction
This section will cover the literature on measuring the attractiveness of the Spanish internal and external environment. First the theories/concepts regarding the nature of Spanish projects will be elaborated. After that, the literature regarding the key features of Spain’s internal external environment will be presented. Furthermore, the literature will refer to aspects of the Spanish economy, markets and labour force.
2.2 Theories and concepts

Research question one (People)

Geert Hofstede’s five cultural dimensions

Geert Hofstede is a well-known researcher of cross-cultural groups and organizations in which he demonstrates cultural and regional influence on behaviour of societies and organizations. Sofist Headhunters assumes that differences between the Dutch and Spanish national culture could have an effect on business between the two countries. The author will identify and compare the national and regional cultures by dividing the cultures into five dimensions, power distance, individualism, uncertainty avoidance, masculinity and long term orientation.

Geert Hofstede’s five cultural dimensions is a well-established theory. Specific cultural and organizational differences between the Spanish and Dutch people could be a cause of less business with Spain.

“Professor Geert Hofstede conducted perhaps the most comprehensive study of how values in the workplace are influenced by culture. He analyzed a large data base of employee values scores collected by IBM between 1967 and 1973 covering more than 70 countries, from which he first used the 40 largest only and afterwards extended the analysis to 50 countries and 3 regions. In the editions of Geert Hofstede's work since 2001, scores are listed for 76 countries and regions, partly based on replications and extensions of the IBM study on different international populations.” (Hofstede, www.geert-hofstede.com, 2013)¹

“Many researchers have followed Hofstede’s paradigm. Some have developed new research instruments for comparing country samples, others have replicated Geert's research, using updated versions of the IBM questionnaire on which his original study was based.” (Hofstede, www.geert-hofstede.com, 2013)

However, Geert Hofstede’s cultural dimensions are critiqued in an essay of Brendan McSweeney who challenges entire national cultures and questions the plausibility of systematically causal national cultures. (McSweeney, 2001)

Strategic Contingencies theory

This theory is a non-cultural explanation for differences between international companies and intraorganizational power balances. According to this theory, policies and practices within organizations could be affected by this power balance. “There is no perfect way of organising or managing.” (Hickson et al, 1974) Sofist assumes that these differences in power balances between Spain and the Netherlands could impact business (operational barriers) positively or negatively. The author measures and compares the power balance by using three contingent factors, problem skills, actor centrality and uniqueness of skill.

This will contribute to seeking day-to-day, operational business barriers/differences between Spain and the Netherlands.

The basic ideas underlying contingency is described by Gareth Morgan in his book: Images of Organization. These are the ideas described:

- Organizations are open systems that need careful management to satisfy and balance internal needs and to adapt to environmental circumstances;
- There is no one best way of organizing. The appropriate form depends on the kind of task or environment one is dealing with;

¹ Geert Hofstede’s Official Website, 2013
Management must be concerned, above all else, with achieving alignments and good fits;
Different types or species of organizations are needed in different types of environments.

(Images of Organization, 2006)²

However the theory is questioned by Child and Kieser (1979) who discusses methodological issues of Hickson’s work.

**Abell model**

Sofist Headhunters assumes that there is a difference between Spain and the Netherlands concerning client needs, clients and services. The author makes a comparison between the two countries.

Introduced by Derek F. Abell in 1980, the Abell model gives a great insight into the customers, customer needs and services (technologies) by the use of three coordinate axes. (12Manage, 2013)

There could be less business between Spain and the Netherlands when there is no consistency in client needs, services or target groups.

The disadvantage of this model is the generalisation of client needs. It is not possible to include all the needs in the market. Therefore the ‘least common’ client needs are left out. The company assumes that the most common needs are enough to prove the consistency.

**Research question two (Environment)**

**DESTEP analysis**

Sofist Headhunters assumes that the external view of Spain could be decisive concerning an international expansion. The author will divide this external analysis into demographics, economics, social (cultural), technological and political-legal. The ecological part is left out, since Sofist assumes that it does not contribute.

The external environment on which organizations depend, could be divided in a meso and macro environment. The meso environment is the organizations’ market of operation, which could be influenced by the organization itself. This analysis provides more information about the macro-economic factors which are: Demographics, Economics, Social (cultural), Technological, Ecological and Political-Legal, which will instead, influence the organization.

With the DESTEP analysis, Spain’s external environment is analysed from several points of view.

The theory has its roots in 1967. “From our research over the last few years, the earliest know reference to tools and techniques for ‘Scanning the Business Environment’ appears to be by Francis J. Aguilar (1967) who discusses ‘ETPS’ – a mnemonic for the four sectors of his taxonomy of the environment: Economic, Technical, Political, and Social. Some time after its publication, Arnold Brown for the Institute of Life Insurance (in the US) reorganized it as ‘STEP’ (Strategic Trend Evaluation Process) as a way to organise the results of his environmental scanning.” (Morisson, 2012)³

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² Gareth Morgan, Images of Organisation, 2006
³ Mike Morrison, 2012
Afterwards, this macro analysis was modified again. It became the STEPE analysis (Social, Technical, Economic, Politica land Ecological taxonomies). (Morisson, 2012)

“In the 1980s, several other authors including Fahey, Narayanan, Morrison, Renfro, Boucher, Mecca and Porter included variations of the taxonomy classifications in a variety of orders: PEST, PESTLE, STEEPLE etc. Why the slightly negative connotations of PEST have proven to be more popular than STEP is not known. There is no implied order or priority in any of the formats”. (Morisson, 2012)

The research is done by using secondary and primary data. Primary data from the interviews and secondary data from company reports, articles, academic sources and more.

Porters Five Forces

The Sofist Company assumes that the Spanish recruitment industry should be analyzed. The author will explore this industry by dividing it into five areas, threat of entry, power of buyers, power of suppliers, threat of substitutes and competitive rivalry/advantage.

“In 1979, Harvard Business Review published “How Competitive Forces Shape Strategy” by a young economist and associate professor, Michael E. Porter. It was his first HBR article, and it started a revolution in the strategy field. In subsequent decades, Porter has brought his signature economic rigor to the study of competitive strategy for corporations, regions, nations, and, more recently, health care and philanthropy.” (Porter, Harvard Business Review, 2008)4

It is important to note the organizations’ advantages and disadvantages related to the competitors. When a competitor is successful or not, it could say something about your own organization. Also when it comes to differentiation and developing a strategy, it is good to gain knowledge on your competitors’ way of thinking and operating.

However these five forces have been challenged and criticized by other academics and strategists. Stewart Neill is one of them. Also the likes of ABC by Kevin P. Coyne and the work of Somu Subramaniam shows that there are three assumptions which underlie the five forces:

- That buyers, competitors, and suppliers are unrelated and do not interact and collide;
- That the source of value is structural advantage (creating barriers to entry);
- That uncertainty is low, allowing participants in a market to plan for and respond to competitive behaviour.

Environmental Uncertainty Matrix

Sofist Headhunters assumes that the environment will have specific influences on their operations. Especially in a new market like Spain. The author will identify and divide the influences in four dimensions, the stable-unstable and simple-complex dimensions. The stable-unstable dimension refers to whether elements in the environment are dynamic. The simple-complex dimension is about environmental complexity. It refers to the number and dissimilarity of external elements relevant to an organization’s operations. This contributes to create an overview of threats, changes and opportunities. (Weitzel, 2005)

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Resource similarity

This is the extent to which the firm’s tangible and intangible resources could be compared to the competitor’s in terms of both type and amount. Companies which have similar types and amounts of resources are more likely to have similar strengths and weaknesses and use similar strategies. (Weitzel, 2005) 5This is part of the competitor analysis. It also backs up the ‘services’ part of the Abell model.

There is a critique, which is that the intangible resources are difficult to identify and understand. (Weitzel, 2005)

Market Commonality

It is assumed by Sofist that analyzing multimarket competition could reveal competitors from other markets or branches. The author will brake the recruitment industry into several markets. Some could be broken into market segments, product segments and geographic markets. Generally, competitors agree about different characteristics of individual markets that form an industry. Market commonality looks at the number of markets in which a firm and the competitors are involved. This is also called multimarket competition. (Weitzel, 2005)

This concept is a way of identifying potential competitors.

The weak point of this theory is stereotyping of markets. Most of the times it is very hard to describe and compose an industry.

Research question three (Labour)

International movement of labour

Sofist Headhunters assumes that free international migration combined with unemployment rates lead to easier negotiations. It certainly impacts the recruitment industry. The author will therefore collect statistical data concerning international movement of labour and unemployment rates.

Free international migration of people is most likely to maximize world income. However there is no perfect freedom. Who mainly benefits from such a liberal policy are the migrants themselves. On a macro level, there are impacts and influences to be examined.

"Labour mobility consists of changes in the location of workers both across physical space (Geographic mobility) and across a set of jobs (occupational mobility). Geographic mobility can be further subdivided into short-distance and long-distance moves, as well as into voluntary and coerced migration. Occupational mobility can be lateral (within a broad class of jobs similar in socioeconomic status) or vertical (from one job to a better or worse job). The availability of large, nationally-representative longitudinal surveys in the late twentieth century has made it possible to measure the extent of mobility in all these dimensions, and how they are related, in several developed economies. "

(Long, 2011)

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5 Weitzel, 2005
6 Long, 2012
Theory of free movement

It is assumed by Sofist that the EC Treaty of free movement influences the recruitment business. The author will identify the positive and negative influences on Sofist.

Article 39, EC Treaty of free movement of workers proved to be of economic and social value to the community. However this legislation is only applicable for EU workers. One of the core components is the fact that any form of discrimination based on nationality and employment between the workers is forbidden. (Van Hall, Van Leeuwen, Lengton, Van Der Linden, 2010) Spain is part of the European Union and Schengen area. Free movement has its effects on Spanish business.

Structure of the labour market

Sofist assumes that the process of hiring workers could be a decisive factor concerning an international expansion to Spain. The structure and institutional mechanisms through the working cycle are: starting off, permanence and leaving the labour market. (Kettaneh, 2001)

The following processes are important to note for question 3.

- Searching process and availability of information;
- Process of starting a job – different kinds of contracts;
- Relationship with the firm;
- Collective bargaining:
  - Wages;
  - Working time;
  - Social security;
  - Social situation of the citizens of EU countries;
  - Termination of a work contract;
  - Unemployment benefits;
- Future prospects.
  (Kettaneh, 2001)

As this research is based on the potential international expansion of an executive search agency, the convenience of hiring new employees is an important factor to consider.

A downside is that the processes described above could be different in autonomous regions of Spain.

Research question four (Legal)

Entry mode decisions

The way an organizations enters a foreign market could have an impact on the results, is an assumption made by Sofist. This model explains the factors which affect the foreign market entry mode decision. (QuickMBA, 2010) There are 16 factors which need to be considered. These factors will be judged with a plus or minus. More plusses means that the company needs to go in the direction of internalization (hierarchical) mode. More minuses means externalization (export) mode. (Hollensen, 2007) The results will give a direction for Sofist.

However there could be cases in which some factors are not fully considered, or even excluded. This affects the overall result.

Common Market Concept

The common market is one of the steps the European Union took in order to achieve economic integration between the EU countries. This gives clearance to specific barriers
between Spain and the Netherlands which is relevant for question 4. It is also an addition to the theory of free movement. (Van Hall, Van Leeuwen, Lengton, Van Der Linden, 2010)

It is much easier for Sofist to expand to Spain, than any other country outside the EU because of the common market.

However, there is a critique. Common, or single markets could harm the national economy and labour. A country could be subject to foreign exploitation by undeveloped countries inside the European Union.

Research question five (Economy)

Miles and Snow’s strategy typology

Sofist Headhunters assumes that the external environment plays a significant role in formulating a strategy. Miles and Snow typology is based on the idea that managers seek to draw strategies which are harmonious with the external environment. There are four strategies which could be developed.

- The prospector:  
  (Innovation, risks, new opportunities and growth)
- The defender:  
  (Stability, retrenchment)
- The analyzer:  
  (Stability, innovation)
- The reactor  
  (Environmental treats and opportunities)

(Weitzel, 2005)

However typologies are criticized. ‘Typologies represent a theorist’s attempt to make sense out of non-quantified observations. They may have the advantage of being ‘poetic’, that is ring true, often sounding very plausible. However, since they are the product of rather personal insight, they may not accurately reflect reality. Or, more likely, they may serve well for descriptive purposes but have limited explanatory or predictive power’ (Hambrick, 1984: 28)

Porters Generic Strategies

Sofist Headhunters assumes that they need to differentiate themselves from other recruiters.

This theory is a well established framework for describing three competitive strategies: low-cost leadership, differentiation and focus. (Weitzel, 2005) These generic strategies could create competitive advantage by determining an effective strategy. However Porters Five Forces need to be researched prior to the generic strategies to have an insight into the industry itself. Also these generic strategies are complementary to Miles and Snow’s strategy typologies. However there are criticisms by Miller who calls the generic strategies, the generic trap. He argues that Porter’s model only represents dimensions in which a business could create its own strategy. (ABER, 2009)

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7 Weitzel, 2005
8 Hambrick, 1984:28
2.3. Relevance tree

Establishing the benefits of opening a subsidiary of Sofist Headhunters in Spain.

- Legal
  - Foreign market
    - Legal barriers
      - Financial barriers/opportunities
  - Sustainable economic factors
  - Markets/industries
  - Competitive strategies
- Economy
- People
  - New business
    - Regional culture and behavior
  - Customer/industry needs
  - Intraorganizational power balances
- Environment
  - External analysis
  - Demographics
  - Economics
  - Politics
  - Social
- Labour
  - Labour market
  - International movement
    - Unemployment
    - Free movement
  - Markets/industries
  - Multimarket competition

2.4. Chapter summary

There are 15 theories/concepts with respect to Spain’s internal and external environment. These are used to answer the research questions. The theories/concepts are described, motivated and criticized along with the relevance to the research context. Furthermore a relevance tree is presented.
3. Methodology

In this section, the methodology is discussed, using a brief description on the conducted case study. The research questions are elaborated with units of analysis and observation, and the strategy and data collection methods underlying this research are defined. After that, the interviews are elaborated.

3.1. Case study

This research includes an in-depth qualitative and quantitative analysis about a number of cases. This mixture is also called the triangulation method. Triangulation stands for two or more methods which are used to get reliable results. The case study examines whether Spain is an interesting location in terms of an international office expansion by Sofist Headhunters. Some quantitative analyses are found in the analysis of the consumption functions of the Dutch versus the Spanish customers in RQ1, the competitiveness within and between the recruitment service industry in RQ2, the unemployment and migration rates in RQ3, and the European common market in RQ4. On the other hand, qualitative analyses are evidenced in the analysis of cultural and organizational differences between the Spanish and Dutch professionals in RQ1, the external view and evaluation of Spain in RQ2, the labour mobility and impact to productivity RQ3, the financial and legal barriers in RQ4, and the sustainable economic factors to enter Spain in RQ5.

3.2. Research questions

The research questions in combination with the objectives and units of analysis and observation could be defined as follows:

What are the differences between Spanish and Dutch professionals? (People)

This research question measures the differences between Dutch and Spanish customers in demography, cultural decisions and demands. The unit of analysis could be stated as, the nature of the Spanish market, while the unit of observation could be stated as, the behaviour and needs of the Spanish people (national culture) and organizations. Part of it are interviews with professionals with broad experiences in Spain.

How competitive is the Spanish market? (Environment)

This research question evaluates the Spanish market in the fields of competition, liberty and domestic market. The unit of analysis could be stated as, the competitiveness of the Spanish economy, while the unit of observation could be stated as, Spanish economic, financial and market data.

What are the impacts of Spain’s labour market? (Labour)

This research question evaluates the mobility of workers in Spain and the impact to its productivity. The unit of analysis could be stated as, Spain’s labour market, while the unit of observation could be stated as, Spanish labour and migration. Part of it are interviews with professionals.
What are the legal and financial challenges concerning an international expansion to Spain? (Legal)

This research question determines the legal barriers within and between EU countries for Sofist’s expansion plan. The unit of analysis could be stated as, discovering barriers, while the unit of observation could be stated as, Spanish and European regulations. Also professionals by phone interviews. Part of it are interviews with professionals.

How could a headhunter gain competitive advantage in Spain? (Economy)

This research question determines the sustainable economic factors for Sofist’s entry to Spain. The unit of analysis could be stated as, the strategy to enter the market, while the unit of observation could be stated as, the competitors and markets. Part of it are interviews with professionals.

3.3. Research strategy and data collection

When an in-depth analysis is needed, which could be about several related situations, and when the investigator has little control over these situations, the case study approach is desired. (Fisher, 2004) Fisher states, “the survey approach would be applicable when the researcher wants to obtain a broad and representative overview of a situation”. To prove or disprove the attractiveness of an international expansion to Spain, an in-depth qualitative and quantitative analysis is required about a number of situations which are connected to each other. Also the macro and micro environment of Spain cannot be controlled. Therefore a case study has been carried out.

Primary data will be collected with the use of semi-structured interviews, which is often called a ‘conversation with a purpose’. In the interviews, there are specific areas which need to be covered. Because of a large number of open-ended questions, the interviewees have the freedom to answer the questions expressing their own views. Interview to interview, some questions could be different. The answers provide reliable data and comparable qualitative data. The subject is clear and the interviews are conducted in a controlled manner. There are two ways of conducting these qualitative interviews. For the interviewees from the Netherlands, face-to-face interviews are applied. The interviews with foreign professionals are conducted by phone. The face-to-face interviews are based upon cultural barriers in correlation to Spain. The telephone interviews are a guideline and source of knowledge in finding a strategy to enter Spain.

When putting everything together, the major entity which is being analysed is the long term attractiveness of Spain’s markets, economy and environment for a potential international expansion.

The unit of observation would be: Spanish economic and financial data with the core focus on labour. Also the Spanish business environment (national culture) and competitors (executive search agents and recruitment agencies) are part of the data collection.

There are two types of sampling methods, probability sampling and non-probability sampling. Probability sampling requires a sample frame and relies on random selection out of this frame. Non-probability sampling methods do not require a sampling frame and is used when the population of interest is unsure. (University of West-England, 2007) Since there is a predetermined sample frame, the method used in this paper is probability sampling.

The respondents are selected on the basis of their background. They have broad experienced with operating in Spain.

———

9 Fisher, Researching and Writing a Dissertation: For Business Students, 2004
There are 8 interviewees for the face-to-face interviews and 4 interviewees for the telephone interviews. These respondents are executives and leaders from multinationals who have operated in Spain. The source is Sofist’s management and global network. The respondents are long-term business partners and/or transparent individuals who assist the research by participating in the interviews. The respondents are formally approached with the assist of my supervisor with the question to conduct a short interview at a convenient time. Eventually, the respondents are not obliged to assist. Therefore, the respondents who do assist, are happy to do that. The interview questions could be found in appendix A.

The respondents are from several departments of multinational organizations, who have operated in, or served the Spanish market. Sofist’s management and network together consist out of 14 senior management personnel with this experience. This makes the margin of error 4.8% at a confidence level of 95.

An overview of the respondents for the face-to-face interviews:

<table>
<thead>
<tr>
<th>Company</th>
<th>Function</th>
<th>Additional information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freelancer</td>
<td>Independent International Entrepreneur</td>
<td>11 years of experience operating in Spanish market</td>
</tr>
<tr>
<td>Company A</td>
<td>Co-Founder &amp; CEO</td>
<td>Cosmetic manufacturer with wide range of Spanish B2B clients</td>
</tr>
<tr>
<td>Company B</td>
<td>Senior Business Consultant</td>
<td>Advisor on customer satisfaction and loyalty concerning Iberian peninsula</td>
</tr>
<tr>
<td>Company C</td>
<td>HR Director</td>
<td>Final responsibility internal and external HR</td>
</tr>
<tr>
<td>Company D</td>
<td>Cross-Cultural Consultant &amp; Trainer</td>
<td>Advice on cultural differences in mannerisms and non-verbal communications</td>
</tr>
<tr>
<td>Company E</td>
<td>European Program Manager</td>
<td>IT leader operating in Spain for 7 years</td>
</tr>
<tr>
<td>Company F</td>
<td>Regional Sales Manager (Spain)</td>
<td>Responsibility Spanish sales targets</td>
</tr>
<tr>
<td>Company G</td>
<td>Project &amp; Partnerships Manager</td>
<td>Day-to-day affairs and final responsibility operations</td>
</tr>
</tbody>
</table>

An overview of the respondents for the telephone interviews:

<table>
<thead>
<tr>
<th>Company</th>
<th>Function</th>
<th>Additional information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company A</td>
<td>Finance Director (Interim)</td>
<td>Final responsibility day-to-day transactions and legal subjects</td>
</tr>
<tr>
<td>Company B</td>
<td>Owner</td>
<td>Deployment agency established in Spain</td>
</tr>
<tr>
<td>Company C</td>
<td>Country Manager (Spain)</td>
<td>Final responsibility daily operations</td>
</tr>
<tr>
<td>Company D</td>
<td>Executive</td>
<td>Theatre located in Bilbao</td>
</tr>
</tbody>
</table>
3.4. Credibility

There are certain limitations and assumptions made in advance of this research. These are cited below:

- The research contains limited legal and financial data. These are mostly covered by Sofist’s management;
- Contact information of the interviewees are strictly confidential. These come from within Sofist’s own network;
- The company assumes that it is willing to expand to Spain on a short term;
- Sofist’s management team has experience doing business with Spanish clients and/or partners and assume that they are capable of opening an office in Spain;
- The company assumes that the office in Spain should have the form of a subsidiary. The author approves or disproves this based on the data gathered from the research questions and/or interviews;
- Sofist assumes that its services are needed in Spain and client groups are similar in Spain;
- Sofist made an assumption that language and cultural barriers, mental and physical distance, and economic and legal barriers are the possible causes of a lower amount of business in Spain;

3.5. Research planning and risks

Figure 3 | Gantt chart

Primary data gathering during the summer months caused a delay the end of June.

The risks are as follows:

- Quality of the research
  It is very vital to use the right candidates for primary, and adequate academic sources for secondary research. Therefore sources are double checked;

- Lead time of the project
  There could be crucial factors which effect the research and cause delay. Especially during the summer months, contacting the right people could be a problem;

- Cost or needed manpower
  Sofist is financially on the right track, however there is never a certainty. Crucial colleagues could be sacked or specific measures could be taken regarding the team which could affect the research directly;
• Communication problems
  These could be internally, between Sofist's employees or externally, between the author and the interviewees, or any third party;

• Organizational change
  There could be a change in the organizational structure which could affect the research;

• Change of organization goals
  The goals and objectives of the organization could be reviewed and adjusted. This could be a risk regarding the potential expansion to Spain.

3.6. Summary
The research is a case study in which the triangulation method is used. The major entity which is being analysed is the long term attractiveness of Spain’s markets, economy and environment for a potential international expansion. The unit of observation is: Spanish economic and financial data with the core focus on labour, the Spanish business environment and competitors. The primary data is gathered by semi-structured face-to-face and telephone interviews with respondents from Sofist’s own management and global network. The respondents are found through probability sampling. There is a confidence level of 95, the margin of error is 4.06%. All the interview answers are relatively examined and reported. The research includes certain assumptions and limitations which do not affect the general validity.

4. Research Findings
This section will describe the research findings by using the literature from chapter two. The findings are presented in combination with both primary and secondary data.

4.1. Research justification
- Sofist Headhunters implements a strict confidentiality policy throughout its internal and external communication with its candidates or business partners. This is also the case for the interviews. The author did not include the names or company of the interviewees. Neither are the full interviews included. However, the area of expertise (of the interviewees), interview questions and research findings are included in this paper;

- From the twelve interviews, four are by phone. Some interviewees are not located in the Netherlands. These are approached by telephone;

- The research contains limited legal and financial data. These are mostly covered by Sofist's management. The financial data is collected via internal sources, mostly coming from the company’s director.

- In the ‘Resource Similarity Theory’, Sofist assumes that tangible differences between their competitors and Sofist in terms of technology and automation do not directly matter.

4.2. Research question one
As described in chapter 3.3 and presented in appendix A, there are 8 face-to-face and 4 phone interviews conducted between the 7th and 13th of August with executives from a variety of industries. The author uses the findings as a backbone for the research.
In the preface of this research it was clear that Sofist suffers from less projects in Spain. As described in chapter 1.2, the company assumes that the reasons could be cultural and language barriers, mental and physical distance, and economic and legal barriers. The cultural and language barriers, mental and physical distance and the client needs/services are identified and analyzed in the first question.

The interviews revealed that even though Spain is part of one common market, the European Union, the level of nationalism is immense. This could also be divided into regional nationalism as there are different cultures, languages and traditions existing throughout the country. There are six different autonomous regions which all have Spanish as their official language, but also their own official regional language. The consequence is that Spanish businessmen tend to do business with companies which understand their regional norms and values, language and traditions. The English language is not well-established, especially with the elderly people. This is less the case when it comes to major international cities like Madrid, Barcelona or Valencia. Furthermore, before doing business with the Spanish, there should be a great degree of friendship between the two sides. Friendship leads to trust which is a key factor.

The siesta is very common in Spain. A short nap in the afternoon is inevitable for lots of Spanish businesses. Communication via e-mail barely works. This could make them hard to reach. The Spanish prefer either direct telephone calls, or even better, face to face conversations. After a meeting, it is a must that the business cards are fully Spanish, or at least one side. Also, the way of negotiating is different, as Spanish behave like aggressive negotiators, which could frighten foreign investors.

For this research question, two theories are used. Geert Hofstede’s Cultural Dimensions, the Strategic Contingencies Theory and the Abell model. Also the research findings from the interviews are implemented.

First of all, Geert Hofstede’s Cultural Dimensions is a model to describe Spain’s national culture. This can be related to the Dutch national culture.

The model puts its emphasis on the dimensions described below.

1. Power Distance

“The extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally.” (Hofstede, http://geert-hofstede.com/spain.html)

This stands for the extent to which power is equally distributed within a society, but also the degree that the society accepts this distribution. It is usually the case that when there is a high power distance in a country – we talk about hierarchical bureaucracies, strong leaders and authority. A low power distance is about personal responsibility and autonomy. (Hofstede, http://geert-hofstede.com/spain.html)

2. Individualism versus Collectivism


This is the degree to which the society is based on self-interest (individualism) or the interests of the group (collectivism). In individual societies; free will, own goals and needs are
most relevant, however in a collectivistic society the common good has a higher priority. There is a huge difference in the government’s role for both situations. (Hofstede, http://geert-hofstede.com/spain.html)

3. Masculinity versus Femininity

“The fundamental issue here is what motivates people, wanting to be the best (masculine) or liking what you do (feminine).” (Hofstede, http://geert-hofstede.com/spain.html)

A masculine culture puts an emphasis on status derived from work related goals and assertiveness while a feminine culture has a more humanistic vision and an emphasis on quality of life. (Hofstede, http://geert-hofstede.com/spain.html)

4. Uncertainty Avoidance.

“The extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these” (Hofstede, http://geert-hofstede.com/spain.html)

This is referring to a lack of tolerance and the degree to which individuals require to have clear rules, laws and structures. People living in a high uncertainty culture are more likely to feel uncomfortable in uncertain and ambiguous situations. They can cope better with risk and innovation. A low uncertainty culture means that the people are living in a standardized society with great job security. (Hofstede, http://geert-hofstede.com/spain.html)

5. Time Orientation


This shows the degree to which a society prioritizes long-term commitments and the importance of tradition.

Please find below the results of the analysis on the Spanish national culture, with respect to Sofist’s future expansion to Spain.

PDI – Power Distance

Spain’s score of (57) expresses a culture in which hierarchical distance is acceptable. All the individuals hold a specific position for a reason. When linking this to Sofist – it is theoretically obvious that future employees of the Spanish office of Sofist could expect a strong level of hierarchy. The lower ranked employees will abide and respect the rules, regulations and characteristics of their superior. It is very important to note that Sofist, as a startup in Spain will have to adapt to a specific business culture and way of working. Having lower ranked employees who trust the superiority of their management instead of advising and assisting could be an issue at the start. Therefore the recruitment of ‘experienced’ employees for the Spanish office is a necessity. (Hofstede, 2013)

IDV – Individualism

Spain has a score of (51) which makes the Spanish culture rather Collectivistic compared to other European countries (except for Portugal). Spanish people act for the common good,
the common interest of a group instead of working for themselves only. Thus family is a vital factor which impacts the behavior of employees considering hiring and promoting decisions. This could lead to a lower commitment by the employees to Sofist in Spain. However this is a part of Sofist’s cultural adaption and integration process. (Hofstede, 2013)

MAS – Masculinity / Femininity

With a score of (42), Spanish people are rather masculine. The key elements of the society are competition, status and success. For Sofist’s Spanish office, it could be positive to have a competitive environment within, since this could lead to a higher rate of productiveness. However, when this competitive environment replaces a unified structure – it could affect Sofist’s results and reputation. Having a workforce which works in total harmony is an important challenge in a masculine work floor. (Hofstede, 2013)

UAI – Uncertainty Avoidance

Spain scores 86 on this dimension, which means that rules and laws are standardized in society. The actions of Spanish people are very certain, however they do try to avoid laws that make life more complex. It is all about eliminating all causes of stress and worries. This means that Sofist's Spanish office has to implement clear policies concerning the Spanish employees, in order to create a healthy operational environment. (Hofstede, 2013)

LTO – Long Term Orientation

Having a score of 19 says that Spanish people do not obtain a future oriented mindset. Quick results, no delays. Well defined rules and structure within Sofist are key terms, which is also explained in the ‘Uncertainty Avoidance’ paragraph. Relaxed and pragmatic approaches to the future are prevalent. (Hofstede, 2013)

Please find a graph below of the Spanish and Dutch scores compared.

Figure 4 | Country scores

Source: Geert Hofstede official website
When comparing the national culture of Spain and the Netherlands, we can identify the following differences:

- **PDI:** The Dutch are less hierarchical and do not work with ranks as much as Spanish.
- **IDV:** Dutch people are much more individualistic and rather think of themselves.
- **MAS:** Dutch people are less masculine compared to Spanish. Competition, status and success are less important.
- **UAI:** Laws and policies are less standardized in the Netherlands compared to Spain.
- **LTO:** Compared to the Spanish, Dutch obtain a more future oriented mindset. The future is taken more seriously.

**Strategic Contingencies theory**

The problem skills, actor centrality and uniqueness of skill are the basic factors influencing policies and practices within organizations. When having a look at figure 1 (Sofist’s organizational chart), everyone has a clear task and responsibility.

**Chief Executive** → Final responsibility of all internal and external decisions and operations. This central position requires problem solving skills, to handle business issues and uniqueness of skill (skills which the other employees do not possess), because being a chief executive requires a certain amount of knowledge, charisma and leadership.

**Accountant** → Responsible for identifying, monitoring, presenting the financial conditions of Sofist. Uniqueness of skill applies in this position, since this position requires financial skills.

**IT Specialist** → Technical support on system, network and software. This job requires problem skills, to solve technical problems and uniqueness of skill. The other employees are not capable of solving difficult technical issues.

**Director** → Responsible for all operations of the managers, consultants and researcher. Reports to the Chief Executive. Also a central position with problem solving skills because the director should be able to manage issues coming from the managers, consultants or researchers.

**Managing Consultants** → Responsible for operations, training and managing the consultants and researchers. These tasks require first of all problem skills since problems coming from the consultants or researchers should be handled efficiently. Also uniqueness of skill applies here since the managing consultant for the Netherlands should have specific knowledge about his/her country and employees, and the managing consultant of Spain should have specific knowledge of operating in Spain.

**Consultants** → Responsible for contacting clients and running day to day operations. This requires problem skills in order to handle problems coming from the client or during day to day operations.

**Researchers** → Responsible for market research, identification of candidates and prospects. This requires uniqueness of skill. A consultant is not able to do the same research in an effective way.

All the positions within the company are supported by an upper level in the hierarchy. Most of the positions require uniqueness of skill which creates collective results. Sofist would not be able to operate efficiently when one of the hierarchical layers is missing.

**Abell model**

The client groups, client needs and services could differ between countries. The Abell model will give an insight into these differences.
Experience tells, that the basic client needs and client groups are fixed. Besides the basic needs, there are always special needs which differ from country to country. (Lustgraaf, 2013)

When it comes down to Spain, the research findings coming from the face-to-face interviews tell us that most of the Spanish customers, when looking for a headhunter, have the following criteria:
- Nationalism. The will to do business with a Spanish headhunter. Especially outside Madrid and Barcelona.
- Regional language and culture. Spanish businesses prefer to do business with locals who speak their local language and understand their norms and values well. Even non-Spanish business cards are considered rude.
- No email contact. Spanish businesses prefer a face-to-face conversation or direct phone call.
- English proficiency. Older Spanish businessman are not able to speak English sufficiently.
- Trust. Spanish businessman are suspicious. Before doing business, an informal friendship needs to be established.

4.3. Research question two

The second research question is answered by the use of primary data retrieved via interviews and secondary data in order to measure the external environment and competitiveness of Spain.

The urban areas of Spain are interesting for Sofist due to a younger, educated and less corrupt labour market, as the telephone interviews revealed. As the Spanish economy slowly recovers, the recruitment sector is growing with more and more demand for companies offering recruitment services. This leads to heavy competition. This is sensible especially in the construction, healthcare, tourism and conglomerates sectors.
DESTEP Analysis

The competitiveness of Spain is mostly measured by an external analysis.

Demographic

General Population

With a population of 47,370,542 (July 2013 est.), Spain is the 28th largest country in the world. Almost 50% of its population is aged between 25 and 54. There is a population growth of 0.73%. This is much higher than the European average of 0.098%. The life expectancy at birth is currently 78.37 years for men and 84.57 years for women against a death rate of 8.94. With 94%, the main religion is catholicism, 6% practice other religions. However Spain does not have an official religion. (OECD, 2013)

Languages

There are four major languages in Spain, which are Castilian Spanish (official) 74%, Catalan 17%, Galician 7%, and Basque 2%. Castilian is the official language with respect to Spain as a whole. Catalan, Galician and Basque are official regional languages. (OECD, 2013)

Population spreading

Most of the population is spread around the cities with an urbanization rate of 1% yearly. The major cities are Madrid (capital, metropolitan area) with a population of 5.7 million and Barcelona (metropolitan area) with a population of 5 million. (OECD, 2013)

Figure 6 | Population spreading

Source: DDG World, 2010

Trends Immigration rate

With a migration rate of 5.02 per 1000 people (OECD, 2013), there is still a relatively high immigration rate. However the worldwide recession also affected Spain. Therefore many immigrants have trouble finding stable employment in Spain. (The Economist, 2010)
What relevance does it hold for the company?

- High population, large market.
- There are high international migration rates due to unemployment. This is a benefit for any international headhunter. It means a larger market and easier negotiations.
- Spain has a young population. A dynamic population is also beneficial with respect to negotiations.
- The major cities are important sources of candidates and new business.

Economic

General

Within Europe, Spain has the 13th largest economy with a GDP per capita of $30,400 in 2012. There is an expected GDP growth of 0.2% in 2014 and 1.1% in 2015. The corporate tax rate is lower than the European average. The main imports are fuel and high valued goods, and the main exports are manufactured products, food, and cars. (OECD, 2013)

Spanish GDP

The Spanish economy/GDP is composed of three sectors. These are the services, industrial and agricultural sectors. The largest and most important sector is the services sector with 72.6% of the total GDP. Industrial and agricultural sectors are following with 24.2% and 3.3% respectively. (OECD, 2013) Below is a clear and detailed overview of the Spanish GDP.

Figure 7 | GDP composition

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>-1.4</td>
<td>-1.7</td>
<td>0.2</td>
<td>1.1</td>
<td>1.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Private consumption</td>
<td>-2.2</td>
<td>-2.6</td>
<td>-0.1</td>
<td>1.0</td>
<td>1.5</td>
<td>2.2</td>
</tr>
<tr>
<td>Fixed investment</td>
<td>-9.1</td>
<td>-7.1</td>
<td>-0.2</td>
<td>2.0</td>
<td>2.1</td>
<td>2.3</td>
</tr>
<tr>
<td>Stockbuilding (% of GDP)</td>
<td>0.6</td>
<td>0.7</td>
<td>0.5</td>
<td>0.4</td>
<td>0.5</td>
<td>0.6</td>
</tr>
<tr>
<td>Government consumption</td>
<td>-3.7</td>
<td>-4.1</td>
<td>-3.3</td>
<td>-1.0</td>
<td>-0.3</td>
<td>0.7</td>
</tr>
<tr>
<td>Exports of goods and services</td>
<td>3.1</td>
<td>3.6</td>
<td>4.6</td>
<td>4.4</td>
<td>3.4</td>
<td>3.3</td>
</tr>
<tr>
<td>Imports of goods and services</td>
<td>-5.0</td>
<td>-3.8</td>
<td>1.1</td>
<td>3.8</td>
<td>3.5</td>
<td>3.4</td>
</tr>
<tr>
<td>Consumer prices</td>
<td>2.4</td>
<td>1.8</td>
<td>1.0</td>
<td>0.9</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Unemployment rate (level)</td>
<td>25.1</td>
<td>27.2</td>
<td>27.6</td>
<td>27.1</td>
<td>26.4</td>
<td>25.5</td>
</tr>
<tr>
<td>Current account balance (% of GDP)</td>
<td>-1.1</td>
<td>0.7</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Government budget (% of GDP)</td>
<td>-10.6</td>
<td>-6.4</td>
<td>-5.8</td>
<td>-4.5</td>
<td>-3.2</td>
<td>-2.3</td>
</tr>
<tr>
<td>Government debt (% of GDP)</td>
<td>84.2</td>
<td>93.2</td>
<td>100.2</td>
<td>105.1</td>
<td>108.2</td>
<td>109.5</td>
</tr>
</tbody>
</table>

Source: Oxford Economics, 2012

Spain is ahead of many other highly developed countries when it comes to a number of factors described in the table below.
European Union and Latin America

Spain became a member of the European Union in 1986 and entered the Eurozone in 1999. It became a member of the Schengen Area in 1991. The European Union accounts for 65 percent of Spain’s foreign trade. Spain’s main trading partners are France and Germany. Outside Europe, Latin America also holds a great significance for Spain’s trade. According to a study by IE Business School, by 2015, Spanish companies with operations in Latin America will generate most of their revenues in the region, instead of the Spanish market.

Foreign direct investment

Despite the global economic recession, Spain still continues to be an interesting country for FDI. Especially reforms in the country are making FDI more attractive. An increase in FDI is expected over the next years.

An overview of the main investors could be find below.

Economic recession

According to the results of the research study by Barcelona-based Universitat Pompeu Fabra (UPF), the Spanish property prices had a great downfall of 41.7% between 2006 and 2011. It was the first time housing prices declined since 1993. This is also called Spain’s real estate
property bubble burst. The highest decline was between 2010 and 2011 with a drop of 19.7%. (Catalan News Agency, 2012) In 2008, the global financial crisis started which had economic, social and political impacts on Spain. One of the most important effects was the decrease in consumer spending, which led to cases of unemployment. “The latest unemployment figures for Spain, recorded in the summer of 2008, confirm the dramatic downturn in the country’s economy. Rising by almost 25% in the last year to 2.5 million people, Spain’s unemployment levels have reached the highest in the last decade. The service and construction sectors were among the worst affected, with job losses rising by as much as 70% in the latter sector.” (Eurofound, 2008)

Spain has succeeded in stabilizing a banking system that almost collapsed last year and is well-positioned for better economic times going forward, European Central Bank President Mario Draghi said in a meeting with Spain’s prime minister Mariano Rajoy. He is clear about the fact that the Spanish economy is still in recession but recovering slowly.

**Figure 10 | Size of Spain’s recruitment market**

![Size of Spain’s recruitment market](source: Global Recruitment Report, 2010)

The statistics show a big growth in Spain’s recruitment industry until the start of the global economic recession.

**What relevance does it hold for the company?**

- Lower corporate taxes which is beneficial for an office in Spain
- Unemployment equals easier negotiations for a headhunter
- The service sector is the largest in Spain. Sofist’s experience lies mostly within this sector.
- Spain is ahead of lots of other EU countries at the fields of starting a business, protecting investors and more.
- Outside Spain’s main trading partners in the EU, Latin America holds great economic significance. An office in Spain could benefit from this by forming a gateway to the Latin American markets.
- Economic recession will reshape the Spanish economy and businesses upcoming years. This will require recruitment and HRM.
Social – Cultural

General

The Spanish welfare state is composed by four pillars, which are health, education, pensions and unemployment benefits. There have been various attempts in which the government tried to provide the elder and incapacitated citizens with subsidized home care, free social security (to a certain extend), and one-euro prescriptions at the pharmacy. However, these efforts were in vain. Recession caused a mandatory cut in public spending for general government, nonfinancial corporations and households and NPISHs as seen in the figure below. (Cato Journal, 2013)

Figure 11 | Public spending in Spain

![Financing of Nonfinancial Sectors in Spain](source: Banco de España, 2013)

Labour participation (% of total population ages 15+)

The total labour participation between 2002 and 2011 is listed below.

Figure 12 | Total labour participation in Spain

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>53%</td>
<td>55%</td>
<td>56%</td>
<td>57%</td>
<td>58%</td>
<td>58%</td>
<td>59%</td>
<td>59%</td>
<td>59%</td>
<td>59%</td>
</tr>
</tbody>
</table>

Source: (The World Bank, 2012)

As seen in the table, there is an increase in labour participation of 6% between 2002 and 2011 despite the global economic recession.
Ageing population

The ageing process of Spain has been rapid the last 50 years and continues to be rapid. By the year 2050, 30% of the Spanish population will be aged +65 with over four million 80+ citizens. This is above European Union average. (Fundación General CSIC Analysis Unit, 2010) Please have a look at the charts below.

Figure 13 | Ageing population in Spain

There are three important reasons for the rapid growth of the number of 65+ citizens.
- Increasing life spans
- Low birth rates
- Spain attracts retired people from all over Europe

What relevance does it hold for the company?

- Serious cut in public spending and subsidizing of nonfinancial corporations could decrease the spending power of various sectors. This could have a negative effect for Sofist, since less spending power in public sectors cause less business.
- The total labour participation has shown an increase the past 9 years. More labour participation means a larger market.
- There is a rapid ageing process going on in Spain. This is one of the negative factors.

Technological

Internet Demand and Social Media in Spain

In 2012, there were more than 31, 5 million internet users in Spain. This makes up 67.2% of the total population. Frequent users who are accessing the internet at least once a week, or daily, account for 65% of the population. Most of the internet users are aged between 25-44 with 48.8% in total. (European Travel Comission, 2013)

Spanish internet users use various social media with almost 17 million Facebook users, 4,7% of all tweets and 1,5% of Google+ users coming from Spain, as of 2012. The usage of Social media increased with 7% since 2011 according to the data from IAB Spain. (European Travel Comission, 2013) According to eMarketer, by 2014, 65.9% of the internet users will use social media.

What relevance does it hold for the company?

- The amount of internet and social media users is increasing with thousands of users a year. This holds great importance for Sofist which makes use of internet channels for daily operations.

Political

Officially, the Kingdom of Spain is a parliamentary monarchy. With an area of 505,370 sq km, Spain is Europe’s fourth largest country by geographical area. (CIA Factbook, 2013)

The government put wide effort in reducing unemployment. There are significant labour market reforms. See “International movement of labour” in chapter four.
Porter's Five Forces

When formulating a strategy, it is crucial to understand the competitive forces. These forces are described below. This model is based on a company which is already operating in its market. (Harvard Business Review, 2008)

Figure 14 | Porter's Five Forces

The five forces could be described as follows:

- Threat of entry
- Power of suppliers
- Power of buyers
- Threat of substitutes
- Rivalry among existing competitors

Threat of entry

When new entrants enter the market, they want to gain market share. This results in more rivalry. The threat of entry depends on the height of entry barriers. When these are low, the threat of entry is high and industry profitability moderated. There are seven major entry barriers stated below. (Harvard Business Review, 2008)

- Supply-side economies of scale
- Demand-side economies of scale
- Customer switching costs
- Capital requirements
- Incumbency advantages independent of size
- Unequal access to distribution channels
- Restrictive government policy
Network is the key word for an executive search agency. The number of leads who consider to use the services of Sofist will increase and even create a broader range of prospects along with word of mouth. Therefore the demand-side economies of scale is very important. (Harvard Business Review, 2008)

**Power of suppliers**

Suppliers put themselves in a powerful position by charging high prices, limiting quality or services, or shifting costs to industry participants. (Harvard Business Review, 2008)

The supplier group is powerful with three factors stated below.

- Substitute to what supplier group provides
- Dependence on the industry for its revenues
- Supplier offer products that are differentiated


There is product differentiation to a certain extend. With Sofist's exclusive services it is possible to charge higher prices.

**The power of buyers**

Buyers try to capture value by demanding lower prices, better quality or more service. This could cause price competitions, all at the expense of the profitability of the suppliers. Buyers have negotiating leverage with the situations discussed below. (Harvard Business Review, 2008)

- Few buyers, or each purchase is in the size of a single vendor
- The industry’s products are standardized and undifferentiated
- Buyers face few switching costs in changing vendors
- Buyers threaten to produce the product themselves when vendors are too profitable
- Product represents significant fraction of cost structure or procurement budget


Executive search agents do not have daily projects because of the price. There are just a few companies which hire the services of Sofist. Sofist and the hirer have to come to a compromise in order for the project to be realized. Buyers could threat not to pay, which is also called no cure – no pay. This means that the buyer power is high.

**The threat of substitutes**

Substitutes are the same or similar products or services by different means. The threat of a substitute is high in the cases below. (Harvard Business Review, 2008)

- Attractive price-performance trade-off to the industry’s product
- Cost of switching the substitute is low


When talking about an executive search agency, there is a high number of substitutes. These could be recruitment agencies or other type of headhunters. There are also no costs involved in switching to other substitutes. Therefore, the threat of substitutes is high for Sofist.
Rivalry among existing competitors

Rivalry between competitors exist in a variety of forms. This could be price discounting, advertising campaigns, improved services etc. Rivalry starts affecting the profitability of an industry when there is a specific amount of intensity of competition. Also the base on which they compete is relevant. Rivalry is high when considering the statements below. (Harvard Business Review, 2008)

- Numerous competitors, or very equal in size and power
- Slow industry growth
- High exit barriers

Sofist has a high number of competitors. There is a high number of recruiters, headhunters and intermediaries in the market. The industry is stable, however it does not have high exit barriers. Stepping out of the industry could be done priceless on a short term, especially when the company has a small size. Most of the executive search agencies do not have more than 20 employees. However, eventually, there is a high rivalry for Sofist. (Harvard Business Review, 2008)

Figure 15 | Environmental uncertainty matrix

<table>
<thead>
<tr>
<th>Low uncertainty</th>
<th>Low-Moderate Uncertainty</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Small number of external elements, and elements are similar</td>
<td></td>
</tr>
<tr>
<td>2. Elements remain the same or change slowly</td>
<td></td>
</tr>
<tr>
<td>1. Large number of external elements, and elements are dissimilar</td>
<td></td>
</tr>
<tr>
<td>2. Elements remain the same or change slowly</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>High-Moderate Uncertainty</th>
<th>High Uncertainty</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Small number of external elements, and elements are similar</td>
<td></td>
</tr>
<tr>
<td>2. Elements change frequently and unpredictably</td>
<td></td>
</tr>
<tr>
<td>1. Large number of external elements, and elements are dissimilar</td>
<td></td>
</tr>
<tr>
<td>2. Elements change frequently and unpredictably</td>
<td></td>
</tr>
</tbody>
</table>

As an executive search agency, there is a large amount of external elements which influence the results. E.g. when the oil industry collapses, this influences the amount of projects from that industry. Another example is the dynamic business environment in which hierarchies could change daily. Therefore Sofist could be classified in a ‘high uncertainty’ environment. It is at the complex side of the spectrum. (Lustgraaf, 2013)

Resource similarity
The amount of tangible resources do not matter for an executive search agency. Or in other words, that is very similar. However, the amount of intangible resources in terms of network matters. The amount of potential candidates or prospects differ throughout the executive search industry. The larger competitors in Spain are more likely to have a greater amount of projects yearly. However, the nature of headhunting is very basic. This makes the strengths and weaknesses, of small and large competitors, with respect to tangible and intangible resources similar. (Lustgraaf, 2013)
**Market Commonality**

One of the largest international competitors with Spanish operations are:

- Amrop Referal (Spain)
- Boyden
- Ellis & Partners
- Gortari Asociados
- Headlight International AB
- Heidrick & Struggles
- Korn/Ferry International
- Leaders Trust International
- AltoPartners
- Norman Broadbent
- Odgers Berndtson
- Russell Reynolds Associates, Inc.
- Signium International
- Singer & Hamilton
- Spencer Stuart
- Stanton Chase International
- TRANSEARCH

(AESC, 2011)

Most of these firms are providing their headhunting services in a large spectrum of industries. All the firms are active in the services branche/tertiary sector. However, the services branche is very broad. This could be divided into:

- Government
- Telecommunication
- Pharmaceuticals
- Communication
- Financial
- Food processing
- Construction

And much more. When considering the big competitors, it is very clear that all the firms are specialized in a different market, even though all of them are in the services sector.

Please find short profiles of the largest international competitors below:

**Amrop Referal**

International executive search agency established in Madrid, Spain. Amrop is active in the following sectors: financial services, technology, construction/real estate, telecommunications, energy, consumer, distribution, pharmaceutical, professional services, logistics, entertainment, media and industrial. (Amrop Referal, 2013)

**Boyden**

International executive search agency established in Madrid, 65 offices Worlwide. Boyden is active in the following sectors: financial services, technology, healthcare & life sciences, board services, consumer & retail, industrial and HR. (Boyden, 2013)

**Ellis & Partners**

International executive search firm established in Madrid, Spain. Active in the following sectors: life Sciences/health care, institutional/corporate relations, industrial products, utilities, IT, automotive, luxury goods, fashion and media. (Ellis & Partners, 2013)
Gortari Asociados

International executive search firm which is also part of TRANSEARCH, the top ten global executive search firms. Active in the following sectors: consumer markets, professional services, financial services, industry and family enterprises. (Gortari Asociados, 2013)

Headlight International AB

International executive search firm with offices across Europe. The company is active in the following markets: consumer goods & retail, financial services, manufacturing, infrastructure, telecom & it, construction and energy, media & online, life science & healthcare, private equity, professional services, sports, entertainment, recreation and NGOs. (Headlight International, 2013)

Heidrick & Struggles

Worldwide executive search firm based in Chicago. The company offers its services to the following markets: consumer markets, education and social enterprise, energy, financial services, healthcare and life sciences, industrial, professional services and technology. (Heidrick & Struggles, 2013)

Korn/Ferry International

Global executive search firm active in the following branches: consumer, industrial, financial, healthcare, technology and life sciences. (Korn/Ferry International, 2013)

Leaders Trust International AltoPartners

Global executive search firm with 44 offices in 29 countries. Active in the following key sectors: aerospace & defence, automotive & manufacturing, board practice, consumer, retail & luxury goods, financial services, government, tertiary education, infrastructure & utilities, leadership consulting, life sciences & healthcare, media & entertainment, natural resources and technology & telecoms. (Leaders Trust International Altopartners, 2013)

Norman Broadbent

International executive search firm active in the following sectors: financial services, leisure & travel, life sciences & healthcare, private equity, professional services, retail, technology and media & telecoms. (Norman Broadbent International, 2013)

Odgers Berndtson

Global executive search firm with 30 offices Worldwide. Active in the following sectors: business & professional services, consumer, corporate communications, education, energy & utilities, financial management & services, healthcare, HR, information & communications, legal, IT, technology and sports. (Odgers Berndtson, 2013)

Russell Reynolds Associates

Executive search firms with offices Worldwide. They have expertise in the following sectors: consumer products & services, digital leadership, financial services, healthcare, industrial/natural resources, nonprofit and technology. (Russell Reynolds Associates, 2013)
**Signium International**

Global executive search firm with offices in 26 countries. Their expertise lies in the following sectors: professional services, higher education/non profit, financial services/insurance, consumer goods, communication, technology, entertainment, industrial, construction & natural resources, life sciences, healthcare and biotech. (Signium International, 2013)

**Singer & Hamilton**

European executive search firm with expertise in the following functions/sectors: issuer, technologies, consulting, institutional investors, private equity funds and banks. (Singer & Hamilton International, 2013)

**Spencer Stuart**

Worldwide executive search & consulting firm with 54 offices in 29 countries. The company was founded in 1956. Their expertise lies in the following sectors: business & professional services, consumer, education, nonprofit & government, energy, financial services, industrial, life sciences, private equity, technology, media and telecommunications. (Spencer Stuart, 2013)

**Stanton Chase International**

International executive search firm with worldwide offices. Active in the following sectors: consumer products & services, financial services, government, education & non profit, industrial, life sciences & healthcare, logistics & transportation, natural resources & energy, professional services and technology. (Stanton chase International, 2013)

**TRANSEARCH**

Group of worldwide executive search agencies pointed as World’s best. This group has offices all over the World and is specialized in the following industries: business & professional services, construction, design & real estate, consumer & retail, energy, mining & utilities, financial services, government, education & non profit, industrial, life sciences, technology, communications & media, renewable energy and clean technology. (TRANSEARCH, 2013)

**4.4. Research question three**

The third research question is answered with primary data coming from the interviews and secondary data by implementing three theories. The global recession has its effects on Spain. It is the main cause of migration and unemployment according to the telephone interviews.

**International movement of labour**

Among the OECD countries, Spain suffered most during the crisis with an unemployment rate of 21.6% in 2011. Also structural problems of the labour market play a significant role in these rates.
The labour market reform legislation presented by Spain’s Economic and Social Council (responsible for socio-economic and employment matters) comes with certain solutions stated below:

- Reduce excessive protection of workers in permanent contracts. *This leads to more liberty for the employees to cross borders. Easier negotiations.*
- Better training of young people due to high drop-out rates from lower secondary education. *This creates a larger labour force, thus a larger market to hunt for Sofist.*
- Matching of people to jobs through public employment services need to be made more efficient. *There is a need for efficient public employment services, as an innovative recruitment/executive search agency, Sofist could be the solution.*
- Regional public employment services should be benchmarked. *Controlling the competitors will make them play by the rules.*

**Figure 16 | Employment rates**

![Employment rates graph](image1)

*Source: OECD Economic Department Working Papers, 2011*

Until the crisis, the labour market was very stable and growing.

**Figure 17 | International migration**

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign-born population</td>
<td>% of population</td>
<td>11.1</td>
<td>11.1</td>
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<td>11.1</td>
<td>11.1</td>
<td>11.1</td>
<td>11.1</td>
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<td>11.1</td>
<td>11.1</td>
<td>11.1</td>
<td>11.1</td>
</tr>
<tr>
<td>Foreign population</td>
<td>% of population</td>
<td>12.3</td>
<td>12.3</td>
<td>12.3</td>
<td>12.3</td>
<td>12.3</td>
<td>12.3</td>
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<td>12.3</td>
<td>12.3</td>
<td>12.3</td>
<td>12.3</td>
</tr>
<tr>
<td>Unemployment rate of native-born men</td>
<td>% of labour force</td>
<td>5.7</td>
<td>5.7</td>
<td>5.7</td>
<td>5.7</td>
<td>5.7</td>
<td>5.7</td>
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<tr>
<td>Unemployment rate of foreign-born men</td>
<td>% of labour force</td>
<td>8.3</td>
<td>8.3</td>
<td>8.3</td>
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<td>8.3</td>
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<td>8.3</td>
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<td>8.3</td>
</tr>
<tr>
<td>Unemployment rate of native-born women</td>
<td>% of labour force</td>
<td>10.2</td>
<td>10.2</td>
<td>10.2</td>
<td>10.2</td>
<td>10.2</td>
<td>10.2</td>
<td>10.2</td>
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<td>10.2</td>
<td>10.2</td>
<td>10.2</td>
</tr>
<tr>
<td>Unemployment rate of foreign-born women</td>
<td>% of labour force</td>
<td>13.8</td>
<td>13.8</td>
<td>13.8</td>
<td>13.8</td>
<td>13.8</td>
<td>13.8</td>
<td>13.8</td>
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<td>13.8</td>
<td>13.8</td>
<td>13.8</td>
</tr>
</tbody>
</table>

*Source: OECD, 2013*

As seen in the table above, the unemployment rate of foreign born men and women are significantly high in Spain. These foreign people most likely have an international mindset when searching for jobs. These unemployment rates and international mindset lead to easier negotiations.
Theory of free movement

Labour shortages, economic performance and a drop in unemployment are direct effects of free movement of workers. There has been a lot of worker movement from economically weaker areas to more stable countries. (Van Hall, Van Leeuwen, Lengton, Van Der Linden, 2010) Because of the recession, 206,000 residents left Spain which makes the total population decrease to 47.1 million. (Reuters, 2013)

As Spain is part of the European Union and Shengen, free movement brought, and still brings many advantages for Sofist. An eager, large workforce willing to work or less money makes it much easier to conduct negotiations for Sofist.

Structure of the labour market

The structure and institutional mechanisms through the working cycle are: starting off, permanence and leaving the labour market. (Kettaneh, 2001)

- Searching process and availability of information
  Until 1994 Spanish Office of Employment was the link between employers and employees. After the labour reforms, public and private employment agencies emerged. Besides newspapers, labour magazines, the internet is the most important tool of identifying jobseekers in Spain.
- Process of starting a job – different kinds of contracts
  It is possible to hire employees on the following contracts:
  - Unlimited contract: in this case, the entrepreneur receives a bonus from the government (less social security contribution)
  - Part-time contract
  - Temporary contract
  - Practice contract
  - Training contract
- Relationship with the firm
  - Collective bargaining

Negotiating wages usually takes place between trade unions and the employers’ association independently with all sectors. However the level of unemployment or other macro economic factors are usually not taken into consideration. Also the productivity of independent firms are not taken into consideration, which makes this system of negotiating wages very weak.

- Wages
  There is a minimum wage set per month which is € 753.85 (CountryEconomy, 2013). Annual wages are divided into 14 payments.
- Working time
  Maximum duration of working time is 40 hours, however there could be special agreements between the employer and employee. 12 hours between working days has to be respected.
- Social situation of the citizens of EU countries
  Since 1992, citizens of all EU countries are able to work in Spain with the same conditions as Spanish citizens. Residence or work permits are not needed, only when the residency is less than three months.
- Termination of work contract
  After the labour reforms of 1994 and 1997, legal indemnity is decreased. It is much easier for an employer to dismiss employees with an unlimited contract. This made the job environment much more dynamic.

- Future prospects
  Globalization, international competitiveness and technological breakthroughs continue to create needs of adjusting the labour market. Today, Spain is very open to foreign investors to co-operate with prospects in every field of investment. (Kettaneh, 2001)
4.5. Research question four

This research question is answered by primary data from the findings and secondary data coming from the theories. The research findings tell us that the legal system is one, however, specific laws and regulation differ from region to region, because of the autonomous communities. E.g. in touristic coastal cities, there are environmental protection regulations. The real barriers appear when there is a lack of market research into the Spanish autonomous regions.

**Entry mode decisions**

The way an organizations enters a foreign market could have significant impact on the results. This model explains the factors which affect the foreign market entry mode decision. (QuickMBA, 2010).

<table>
<thead>
<tr>
<th>Factors</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal factors</td>
<td></td>
</tr>
<tr>
<td>Complexity of the product</td>
<td>++</td>
</tr>
<tr>
<td>Product differentiation advantages</td>
<td>-</td>
</tr>
<tr>
<td>Firm size</td>
<td>+</td>
</tr>
<tr>
<td>International experience</td>
<td>++</td>
</tr>
<tr>
<td>Desired mode characteristics</td>
<td></td>
</tr>
<tr>
<td>Risk averse</td>
<td>+</td>
</tr>
<tr>
<td>Control</td>
<td>++</td>
</tr>
<tr>
<td>Flexibility</td>
<td>++</td>
</tr>
<tr>
<td>Transaction specific factors</td>
<td></td>
</tr>
<tr>
<td>Tacit nature of know-how</td>
<td>n/a</td>
</tr>
<tr>
<td>Opportunistic behavior</td>
<td>n/a</td>
</tr>
<tr>
<td>External factors</td>
<td></td>
</tr>
<tr>
<td>Socio-cultural distance</td>
<td>-</td>
</tr>
<tr>
<td>Country risk/demand uncertainty</td>
<td>++</td>
</tr>
<tr>
<td>Intensity of competition</td>
<td>++</td>
</tr>
<tr>
<td>Market size and growth</td>
<td>+</td>
</tr>
<tr>
<td>Direct and indirect trade barriers</td>
<td>-/+</td>
</tr>
<tr>
<td>Small number of relevant export intermediaries available</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>+</td>
</tr>
</tbody>
</table>
More minuses makes a company go higher in the spectrum above, while more plusses makes a company go lower.

Source: Global Marketing: A Decision Based Approach, Page 292.

**Common market**

As Spain is part of the European Union as well as the Netherlands, barriers which prohibit free movement of labour, capital and technology are eliminated with a single market. This means production, investments and utilization of technology within the internal market is allowed. This means a social and market growth, but also a growth in competition. (Van Hall, Van Leeuwen, Lengton, Van Der Linden, 2010)

**Financial analysis**

Sofist focuses on an organic growth within the Spanish office, which means that the employees will need to earn themselves back. The reason for this is, when looking at the two graphs above, it is very clear that the employees are the biggest cost factor. The cost of employees dominate all the other costs. Sofist anticipates on a factor three commission, which means that the Spanish managing consultant is expected to earn a revenue which is at least three times his/her annual salary.
Example: the Dutch managing consultant earns €36.000,- a year, this means that the annual revenue of the Dutch office should be at least €108.000,- according to a factor three commission.

With those measures, Sofist is willing to achieve a perfect return on investment, which is not very hard for the Spanish employees since one project, which is the full process of creating a long list, interviewing and selecting candidates, composing a short list, and offering the candidates to the client creates a revenue of around €20.000,- to €40.000,-. Therefore an annual revenue of at least €108.000,- is equal to around 4-5 projects a year. Less than the official one-project-a-month requirement of Sofist’s main office in the Netherlands. These requirements may change on a long term when there will be a case of growth in employees for the Spanish office.

4.6. Research question five

The last research question is answered by implementing two theories, in which the most competitive strategy in Spain will be defined.

The interviews revealed that a wholly owned subsidiary with a potential combination of a strategic alliance with another headhunter already established in Spain is advantageous for business development and market research. Most importantly, it creates long term stability.

Porters Generic Strategies

Before entering a market, the strategy of entering should be well defined by considering product costs, market size and competitiveness. Porter identified three strategies to position in a new industry: cost leadership, differentiation and focus. (QuickMBA, 2010)

According to Porters Generic Strategies, the differentiation strategy is most applicable. This, because Sofist’s services are unique. Sofist differentiates itself by offering their services exclusively for the executive market and a high level of service bound to three unique guarantees. This allows Sofist to charge a premium price. However, to conduct this strategy, these are the points of consideration:

- Scientific research is a must.
- Strong sales people with the ability to successfully communicate the strengths and uniqueness of the services offered.
- Corporate reputation for quality and innovation.

When entering the Spanish market, customer loyalty plays a crucial role in the differentiation strategy. Prospects who trust Sofist will only make use of the precious services. (QuickMBA, 2010)

Miles and Snow’s Strategy Typology

Managers seek to formulate strategies which are congruent with the external environment. Organizational characteristics, strategy and external environment are key factors. (Weitzel, 2005).

The main factors of the prospector strategy, risks, opportunities and growth along with a dynamic, growing environment are most suitable for Sofist’s international expansion to Spain. A prospector should be flexible, learning orientated with a decentralized culture. Also strong research capabilities are a must.
5. Conclusions & Recommendations

This chapter provides the conclusions and recommendations per research theme. The author implements the Ishikawa bones to enlighten these themes. Each conclusion is followed up by a recommendation for the company.

5.1. Conclusions based on entire research

5.1.1. People

Sofist is able to enter the Spanish market by adopting to the Spanish social and cultural system, which is described in chapter 4.2. As the graph in chapter 4.2 shows, there are differences between the Dutch and Spanish national culture. The power distance, masculinity and uncertainty avoidance are lower in the Netherlands. Individualism and long term orientation on the contrary are higher in the Netherlands. The research findings also tell us that Spanish business people are nationalistic, have problems managing the English language and request friendship before doing business. The ways of contacting them should always be directly via phone or face-to-face and it is hard to reach Spanish prospects in the afternoons due to siesta’s. This means that there is a significant cultural difference between the two countries which could affect Sofist’s business. Therefore, physical attendance, by the means of an office in Spain could be beneficial for more customer satisfaction.

The collective national culture of Spain also applies to Sofist. Almost all the positions within Sofist require uniqueness of skill. The employees work together towards the same goal. They need each other during the company's operations. This means that the working environment is collective. This matches with the Spanish national culture which is rather collective than individualistic, which is described in chapter 4.2.

Based on the experiences of Sofist's management, the client needs, services and client groups are equal in Spain. However, the special needs like Spanish language skills, trust relationship and cross-cultural skills are needs to be included in a possible expansion to Spain. This means the employees in the new office should be either Spanish or require training.

Therefore the difference lies in the cultures of the two peoples, not necessarily organizational differences.

5.1.2. Environment

Spain is a large, young and diverse country which is slowly recovering from the global economic recession. The recruitment industry suffered a lot from the crisis. The economy will reshape which will require recruitment and HRM. The large labour market with high immigration and unemployment rates make negotiations with candidates easier. Most of the population is concentrated around the big cities, and the telephone interviews tell that especially the population in the urban areas are young, educated and less corrupt. The candidates are also easy to reach with high numbers of internet and social media users.

Spain has significant international ties with Europe and Latin America which makes, the already growing labour market, even larger. It is also easy to reach new clients or candidates as most of the Spanish people implement internet channels. A downside is the rapid increase of retired people from all over Europe. This increases the ageing rate.

With 72, 6% of the total GDP, the services sector is the largest and most important sector of Spain. This is an advantage for Sofist, as most of their experience lies in that sector.
Spain is ahead of many other highly developed countries when it comes to doing business. The country is open for Dutch investors as the Netherlands is the second largest FDI investor in Spain by 2012. The biggest trading partners of Spain are France and Germany, however, by 2015, Spanish companies with operations in Latin America will create most of its revenue in the Latin American region instead of Spain. There will be important ties between the Latin American continent and Spain.

The interviews reveal heavy competition especially in the construction, healthcare, tourism and conglomerates sectors. Sofist’s strengths are its network and exclusive services. Porters Five Forces show that the amount of substitutes, the rivalry and buyer power are high concerning an expansion to Spain. Also with a complex and highly uncertain environment in which Sofist operates, it could make the new office risky. However, there are some advantages. The resources (besides network) of the competition do not matter. A small headhunter could be as competitive as a big one. Sofist’s most important international is mostly specialized in only one sector each. This makes the differentiation process more effective.

5.1.3. Labour

The Spanish labour market is large, dynamic and liberal. Until the global economic recession, the labour market was growing hard, then it became stagnant with an unemployment rate of 21.6% in 2011. The global recession is the main cause of migration and unemployment according to the telephone interviews. As Spain is part of the EU and Schengen agreement, there are high labour migration rates between EU countries. According to the interviews, the rate of unemployment in conjurance with economic recovery creates demand for recruitment services. The new legislation presented by Spain’s Economic and Social Council will make the job market more transparent and easy to enter. This will make it easier to locate individuals from the labour force. The labour force could be divided into a native and foreign born labour force due to international migration. The unemployment is high in both groups. Especially the foreign born labour force will possible have an international mindset which will increase their availability for international positions. Also, with 206,000 residents leaving the country, it is clear that Spanish are looking for stable employment, even if it is outside Spain.

5.1.4. Legal

With the common market, EU policies are being harmonized throughout the union. The four freedoms: free movement of services, goods, people and capital are implemented. This is an advantage as there are no major legal barriers within the union. However, the interviews revealed that there are minor regional legal differences within Spain from region to region.

All factors of entry modes are measured with a plus or minus sign. An average plus sign means internalization (hierarchy) while an average minus sign means externalization. As the average is a plus, hierarchy applies for Sofist. More specifically, Sofist should keep its own company policy and focus on a wholly owned subsidiary.

The forecasted costs of running an office in Spain reveal that 74% of Sofist’s total monthly budget exists out of salaries to its employees. This means that the amount of workers should be very limited in the potential Spanish office.
5.1.5. Economy

The relevant economic factors are the demand for labor and stability, because the recruitment demands and competition are high since the start of an economic recovery. When entering Spain, the differentiation strategy should be used due to the large amount of competition. However to implement such a strategy, these are the points of consideration:

- Scientific research is a must.
- Strong sales people with the ability to successfully communicate the strengths and uniqueness of the services offered.
- Corporate reputation for quality and innovation.

The primary research revealed that a competitive advantage could be created by forming a strategic alliance with an experienced headhunter. This would work in terms of locating prospects and candidates, research possibilities and sustainability.

The Spanish unemployment levels, and new legislation require adequate recruitment services. The Spanish economy is dynamic, and slowly but surely growing. The international expansion to Spain could be a risk in these times of recession, but also an opportunity due to the unemployment rates.

5.2. Recommendations

5.2.1. People

- Hire Spanish employees who understand the Spanish business and national cultures, and train them to understand regional Spanish cultures. It is concluded that the main differences between the Spanish and Dutch are cultural instead of organizational. When the location of the Spanish office is set, there should be additional training in the regional Spanish culture, behaviors and language. Understanding the Spanish language and culture will lead to more business.

5.2.2. Environment

- Increase knowledge on the Spanish market and identify the recruitment needs. The global economic recession will make Spain more competitive for a company operating in the recruitment branche. The level of rivalry and substitutes within the recruitment industry are high. There is also contemporary uncertainty in the Spanish market. The economy is reshaping and the demand for recruitment services is increasing. Sofist should put an extra focus on the most competitive industries: construction, healthcare, tourism and conglomerates.

- Prefer big cities when doing business. The labour markets are mostly concentrated around the cities. Sofist should establish itself in the urban areas. The candidates from this labour market should be reached via internet.

- Develop new business in Latin America. As the economic ties between Spain and Latin America become more and more important.

5.2.3. Labour

- Develop relations with governmental institutions. The Spanish labour market is getting more and more transparent with the new legislation. The labour force is available for international migration. This is proven by the 206,000 emigrants past years.
Sofist should be in close contact with Spain’s Economic and Social Council as they are heavily involved in the new legislation and procedures.

- Identify international migrants. There are high emigration rates of workers looking for stable employment.

5.2.4. Legal

- Identify regional policies in Spain. As Spain is part of the European Union and implements EU policies, there are no major legal barriers. However there are legal rules and policies which differ from region to region in Spain. Sofist should identify these differences when the exact office location is determined.

- Implement the usual company policy in the Spanish office. The office should be internalized (hierarchical) which means that Sofist’s usual company policy should be applied in the new office. In other words, Sofist should focus on a wholly owned subsidiary.

- Limit the amount of workers in the Spanish office. The salaries are the largest expenditure. There should be a factor three commission, which means that the Spanish employees are expected to earn a revenue which is at least three times their annual salary.

5.2.5. Economy

- Identify strategic partners. This will be an advantage in locating prospects and candidates, research possibilities and sustainability.

- Differentiate the company from the competition. The level of competition is high. Sofist’s services should be exclusive. The skills which the employees should obtain:
  
  - Flexibility
  - Capable of doing scientific research
  - Strong sales tactics
  - Clear communication
  - Create corporate reputation for quality and innovation

5.3. Summary

All the conclusions and recommendations are presented per research theme coming from the fishbone diagram.

People: Cultural differences are the biggest reason for less business in Spain. Sofist should focus on eliminating these differences.

Environment: The Spanish market is very unstable, while the needs for recruitment services are high. Sofist should see this as an opportunity and meet all the needs. Latin America also holds significance for business development.

Labour: The unemployment rates impact the governmental policies and migration rates. Sofist should develop close relationships with governmental institutions to reach the labour market better. Also the international migrants should be identified and approached.

Legal: Spain has different rules and regulations in almost each of its provinces. These should be identified. Sofist’s own company policy needs to be kept in the new office and the employees should be limited.

Economy: The Spanish market is full of competition. To create a competitive advantage, Sofist should identify strategic partners and differentiate itself from the competition.
Chapter 6 will explain how to implement the recommendations.

6. Implementation

This thesis outlined the benefits and strategy of an international expansion to Spain. The conclusions and recommendations, the "what" question is given which leads to the question "how" to realize these recommendations.

6.1. Short term actions

**Environment:** Increase knowledge on the Spanish market and Identify recruitment needs

As the Spanish market is very dynamic and uncertain, there should be continuous market research with a special focus on the construction, healthcare, tourism and conglomerates sectors as these sectors are pointed out as the most competitive currently. Recruitment needs could change continuously. Yearly updated country reports of Spain should be available to Sofist’s employees. OECD provides detailed and reliable country reports composed of up-to-date statistical and theoretical data concerning most of Spain’s markets and industries. The reports also includes the newest country reviews and publications.

Details of OECD
Organisation for Economic Cooperation and Development
Address: 2, rue André Pascal, 75775 Paris Cedex 16
Phone: +33 1 45 24 82 00
Website: [http://www.oecd.org/spain/](http://www.oecd.org/spain/)

**Labour:** Develop relations with Spain’s Economic and Social Council, Identify international migrants

The Spanish government took responsibility in creating more recruitment possibilities. Sofist should develop relations with Spain’s Economic and Social Council by contacting the institution via their official website.

There are high migration rates of workers flowing in and out of the country looking for stable employment. Sofist should turn those migration rates to good account by identifying the migrants and discuss employment possibilities. They could be found on LinkedIn by their location and background. The LinkedIn advanced search option should be used, than there is the possibility of searching by location and background.

Details of The Economic and Social Council:
Spanish Government
The Economic and Social Council
Address: C/ Huertas 73 Madrid 28014
Phone: +34 91 429 00 18
Website: [http://www.ces.es/web/guest/inicio](http://www.ces.es/web/guest/inicio)

**Economy:** Identify strategic partners

Research made clear that it would be advantageous to identify strategic partners. This way, there are more possibilities in creating competitive advantage. In order to create these possibilities, the Strategic partners should be large international headhunters already established in Spain. These could be identified online at The Association of Executive Search Consultants by observing the member companies.
6.2. Mid term actions

**People:** *Hire native Spanish employees and train them with regional languages and cultures within Spain.*

As the cultural differences cause less business, the potential expansion to Spain should be along with new Spanish employees.

The Spanish employees need to understand the Spanish business and national cultures. They also need to be enriched with extra training on the regional language and culture after the office location is set.

Spanish employees could be located and recruited via the “Spanish Business and Professional Network” group on LinkedIn, which is made possible by ICEX Spain Trade and Investment. The group has 9,698 members. Sofist Headhunters is also a member.

The Spanish employees could receive additional training via Communicaid. This is a British company which offers training in improving culture and communication skills for clients including large corporations worldwide. One of their courses is “Living and Working in Spain”.

**Details of the LinkedIn group:**
ICEX Spain Trade and Investment, Spain’s Ministry of Economy and Competitiveness Spanish Business and Professional Network

**Details of Communicaid:**
Address: Mitre House, 12-14 Mitre Street, EC3A 5BU, London
Phone: +44 (0)20 3370 8580

**Legal:** *Limit the amount of workers in the Spanish office, Identify regional policies in Spain*

As the salaries are the largest expenditure after an office expansion, there should be limited employees in the Spanish office. The hired employees should be multifunctional and work with a factor three commission, which means that the Spanish employees are expected to earn a revenue which is at least three times their annual salary. The tasks and yearly targets should be clear and achievable. Everything should be stated in the contract to avoid disputes.

Spain follows the European Union law. There are still regional rules and policies existing throughout Spain. These should be identified by obtaining free legal assistance from the Ministry of Justice of Spain after the exact office location is set.
6.3. Long term actions

**Environment:** *Prefer big cities when doing business, Develop new business in Latin America.*

The educated labour and businesses are mostly concentrated around the big cities, therefore Sofist should also locate candidates and businesses in the urban areas of Spain. Tens of thousands of candidates (professionals) or businesses (leads) could be searched by location via LinkedIn. This could be done by using the advanced search button at the top of the page.

As the economic ties between Spain and Latin America are growing, Sofist should develop new business in Latin America. Companies could be located and contacted via LinkedIn by using company search (advanced search). There are 3,231,907 companies registered worldwide. There are 92,213 registered companies from Brazil, Argentina, Peru, Colombia, Chile and Venezuela. The company search button could be found after clicking advanced search at the top of the page.

**Legal:** *Implement the usual company policy in the Spanish office.*

Backed up by the Entry mode decisions theory, Sofist should focus on internalization. This means Sofist should retain its company policy after the international expansion. The company handbook is currently written in Dutch and English. Sofist should translate this handbook to Spanish, so the Spanish employees could have a better understanding and implementation of the company policy. A professional translation could be conducted by translation agencies which focus on special translations like policies.

**Economy:** *Differentiate the company*

The level of competition is high, especially in these times of economic recovery. Sofist should be exclusive should provide training for the Dutch and Spanish employees. The skills which all the employees should obtain are as follows:

- Flexibility
- Capability of doing scientific research
- Strong sales tactics
- Clear communication
- Create corporate reputation for quality and innovation

The training should be Communicaid’s Sales and Marketing course as their emphasis is on intercultural Sales & Marketing. The URL to find the course is as follows: [http://www.communicaid.com/requirement/sales-marketing/#UIxRlxDnB8E](http://www.communicaid.com/requirement/sales-marketing/#UIxRlxDnB8E)

6.4. Financial overview

The cost related recommendations are hiring native Spanish employees for the office expansion, providing the Spanish employees with training on regional culture and language and providing all employees with a Sales and Marketing training.
Hire native Spanish employees

First of all, as stated in chapter 4.5, the Dutch managing consultant earns a gross salary of €36.000, - a year for a 24 hour workweek. Chapter 4.4 shows that the minimum wage of a Spanish employee is €753.85. - which means that there are lower salary standards in Spain. The expected workweek is at least 36 hours due to the heavy tasks and responsibilities. This means that the average fixed salary for the Spanish managing consultant would be between €25.000, - and €35.000, - with commissions excluded. This depends on the degree, age, experience and achievements of the candidate.

According to Mitchell van de Lustgraaf (supervisor), the consultant wages are 75% of the managing consultant’s salary in the Dutch office. As the usual company policy will continue in Spain, the Spanish consultants would also earn a salary which is around 75% of the Spanish managing consultants salary. This means their fixed salary needs to be between €18.750, - and €26.250, - with commissions excluded. Again, the salary depends on the degree, age, experience and achievements of the candidate.

<table>
<thead>
<tr>
<th></th>
<th>Managing Consultant – The Netherlands</th>
<th>Managing Consultant – Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Gross Salary in Euros (excluding commissions)</td>
<td>36000</td>
<td>25000-35000</td>
</tr>
<tr>
<td>Annual Gross Consultant Salary in Euros - 75% (excluding commissions)</td>
<td>27000</td>
<td>18750-26250</td>
</tr>
<tr>
<td>Annual Factor Three Commission in Euros – Managing Consultant</td>
<td>108000</td>
<td>75000-105000</td>
</tr>
<tr>
<td>Annual Factor Three Commission in Euros – Consultant</td>
<td>81000</td>
<td>56250-78750</td>
</tr>
<tr>
<td>Annual fixed profit in Euros – Managing Consultant</td>
<td>72000</td>
<td>50000-70000</td>
</tr>
<tr>
<td>Annual fixed profit in Euros–Consultant</td>
<td>54000</td>
<td>37500-52500</td>
</tr>
<tr>
<td>Total annual fixed profit of the Managing Consultant and Consultant</td>
<td>126000</td>
<td>87500-122500</td>
</tr>
</tbody>
</table>

Cost of trainings

The course is provided in-company (at Sofist’s office) by Communicaid. The name of the courses are ‘Living and Working in Spain’ and ‘Sales and Marketing’ with an intercultural touch. The price depends on the amount of audience, location and availability and needs to be enquired. According to Sofist’s Director, Kees Pols, the average price of such courses lie between €2000. - and €6000. -
### 6.5. Timeline and Risks

<table>
<thead>
<tr>
<th>Action</th>
<th>Term</th>
<th>Time and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase knowledge on the Spanish market and Identify recruitment needs</td>
<td>Short Term</td>
<td>This should be as soon as possible (October 2013). The Spanish market is very dynamic and the needs change quickly.</td>
</tr>
<tr>
<td>Identify international migrants</td>
<td>Short Term</td>
<td>This should be as soon as possible (October 2013). The Spanish labour market changes continuously along with the economy.</td>
</tr>
<tr>
<td>Develop relations with Spain’s Economic and Social Council</td>
<td>Short Term</td>
<td>Preferably within two months (December 2013) Relations should be build up before the Spanish expansion. This will take time.</td>
</tr>
<tr>
<td>Identify strategic partners</td>
<td>Short Term</td>
<td>Preferably within two months (December 2013) Relations should be build up before the Spanish expansion. This will take time.</td>
</tr>
<tr>
<td>Identify regional policies in Spain</td>
<td>Mid Term</td>
<td>As soon as the office location is set. This will take time. Preferably within half a year as this should be done before opening the office. (March 2014)</td>
</tr>
<tr>
<td>Hire native Spanish employees and train them with regional languages and cultures within Spain.</td>
<td>Mid Term</td>
<td>As soon as the strategic partners and other relations are set. This could take time. Preferably within half a year (March 2014)</td>
</tr>
<tr>
<td>Limit the amount of workers in the Spanish office</td>
<td>Mid Term</td>
<td>The tasks and responsibilities should be divided well for a small group of employees to prevent extra expenditures. (March, 2014)</td>
</tr>
</tbody>
</table>
Implement the usual company policy in the Spanish office

Long Term

As soon as the office is officially opened. Within a year. This should be on time to prevent disputes. (September 2014)

Prefer big cities when doing business.

Long Term

The labour markets are concentrated around the big cities. The reach of potential candidates in rural areas is very low. Within a year is preferable. (September, 2014)

6.6. Summary

The timeline summarized the planned actions and implementation plan. The cost related actions are hiring Spanish employees and training the employees.

7. Reflection

The final chapter includes the IBMS competencies (leadership, co-operation, communication, following guidelines, planning and organising, learning abilities, self-development and ethical behaviour) a self-reflection and an explanation of the eligibility for the BBA degree.

7.1. Reflection on the competencies

The IBMS competencies could be found in appendix B. All the competencies are marked level 3 with the exception of 'International Business Awareness, Business Communication and Business Research Methods'. Because of my background and multicultural history, it is easier to classify and adopt to new cultures. Business Communication is easy as the main languages in the company are Dutch and English. Negotiations also went smoothly. The Business Research Methods were made easy with the help of Mrs. Philipson.

7.2. Lessons learned

This paper made it clear to me how to conduct an academic research and expansion plan. Most relevant, I have learned how to use theories and concepts according to academic guidelines in real life. Prior to this study, all the theories/concepts/models were used to fulfil school projects. The research also made me fulfil almost all IBMS competencies, which is important for my professional development.
7.3. Improvement points

Prior to this research, I had insufficient knowledge of how to write a proper academic paper. Another improvement point was my methodology. This was not clear at the start as I could not describe the research design, units of analysis and units of observation properly. I am glad that Mrs. Philipsen guided me very well throughout the paper.

7.4. Eligibility BBA degree

With the IBMS Fast Track study, I always worked hard with strict deadlines. The hard work rewarded me with good grades. Furthermore I did an international minor in Istanbul and did both of my internships in a very international environment. I grew both personally and professionally throughout this study and will definitely, like Dutch say, pluck the fruits in the future.

7.5. Chapter summary

I have completed an interesting research in an international company. This summarized almost all of my modules in the previous years during the IBMS course. I worked hard for both my modules and thesis. I want to thank Mrs. Philipsen who has been a great 1st reader.

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Boyden Official Website, 2013
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Russell Reynolds Associates Official Website, 2013
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Stanton Chase International Official Website, 2013
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TRANSEARCH Official Website, 2013
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