

**Innovative Business Plan for AR Recruit: Recruitment of specialized foreign labor to
Denmark**

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Resumo

As empresas e as instituições públicas dinamarquesas estão passando por uma escassez de mão de obra e são forçadas a dizer não à pedidos ou a cortar gastos públicos apesar do crescimento da economia. Vários setores na Dinamarca são atingidos pelo fato de que não há uma substituição natural da força de trabalho, onde mais e mais pessoas estão entrando na idade de aposentadoria e a substituição natural da mão de obra não é suficiente para acomodar o potencial de crescimento das empresas. O governo dinamarquês tem falado em facilitar a entrada da força de trabalho de fora da União Europeia na força de trabalho dinamarquesa e está buscando alterar as leis para tornar mais ágil recrutar de fora da União Europeia. Anteriormente, a norma era para recrutar pessoas da União Europeia mas muitos países que anteriormente eram pobres, têm apresentado altos salários e padrões de vida o que dificulta o processo de recrutamento pois a motivação para a mudança tem diminuído.

Nesse Plano de Negócio, eu desejo criar uma agência de recrutamento chamada *AR Recruit* que com destaque na Argentina para recrutar a demanda de mão de obra especializada que a Dinamarca precisa, esse objetivo é baseado na cultura, habilidades educacionais, e na composição geral das raízes da Argentina na história da Europa, onde as ondas de imigração da Europa Ocidental ocorreu durante o século passado.

A razão para o foco cultural do projeto será a facilidade de interação e a taxa de retenção de trabalhadores no mercado de trabalho dinamarquês, devido ao fato que as taxas de retenção anteriores, principalmente com mão-de-obra asiática não tem obtido sucesso devido a grande diferença cultural. O método será de recrutamento físico, clarificando o nível educacional de potenciais candidatos e selecionando de vários conjuntos de critérios o candidato certo para a empresa certa na Dinamarca. Incorporando um modelo de negócio inovador adequado para atingir o objetivo da *AR Recruit*.

Palavras-chaves

Recrutamento, escassez de mão-de-obra, estratégia de negócio, análise do concorrente, plano de negócio

Classificação JEI

- M13 – Novos Negócios, Novas Firms, Startups
- O15 – Recursos Humanos, Desenvolvimento Humano, Distribuição de renda, Migração

Abstract

The Danish companies and public institution are experiencing a shortage of labor and are forced to say no to orders or cut in public spending despite growth in the overall economy. Various sectors in Denmark is hit by the fact that there is no natural replacement of workforce in the country, where more and more people are entering their pension age, and the natural replacement of the workforce is not sufficient to accommodate the potential of growth for the companies. The Danish government are talking about making it easier for workforce from outside the European Union to enter the Danish workforce and are looking to change the laws to make it more agile to recruit from outside of the European union. Previously the norm was to recruit people from the European union, but many previous poor countries has experienced higher salary and living standards which makes the recruitment process difficult because the motivation to move has decreased.

In this business plan I wish to create a recruitment agency called AR Recruit that are focusing on Argentina to recruit the demanded specialized labor that Denmark needs, this objective is based on culture, educational skills, and the and the overall composition of Argentina's roots in the European history, where waves of immigration from western Europe occurred during the last century.

The reason for the cultural focus of the project will be the ease of integration and the retention rate of workers in the Danish work market, due to the fact that previous retention rates primarily with Asian labor has not been successful because of huge cultural differences. The method will be physical recruitment, clarifying the educational level of the potential candidates and selecting from a various set of criteria's the right candidates for the right companies in Denmark. Incorporating a suitable innovative business model to reach the objective of AR Recruit.

Key words

Recruitment, Shortage of labor, Business strategy, Competitor analyses, Business plan

JEL Classification

- M13- New Business, New Firms, Startups
- O15- Human Resources, Human Development, Income distribution, Migration

“Cultural complexity will not go away. It is a competitive advantage to be able to embrace it and turn it into a benefit for business”.

Elisabeth Plum

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Allow me to thank my thesis supervisor Mr. António da Silva Robalo for his responsiveness and helpfulness during the writing process. Moreover, I would like to thank all the people that has made this project a reality, and ISCTE for the opportunity to study at the university. Also, a thanks to my family and close friends that has supported me and to all teachers throughout the years.

Thank you all.

Executive Summary

The Danish labor market is experiencing a shortage of skilled labor within various industries, that inhibits the growth potential for various companies. 47% of organizations in Denmark is not able to find the labor that they need.

AR Recruit is a small startup company that will provide the Danish companies the demanded labor, recruited from a new recruitment pool of matching talent in Argentina.

The combination of the gap in the Danish workforce due to increased number of people reaching the pension age is solvable with international recruitment. Argentina is on cultural and political factors similar to Denmark which support the opportunity of recruitment and facilitates a higher retention rate. AR Recruit has selected the target group of IT specialist since they represent a group with intense lack of labor and are compatible with the legislation of international recruitment in Denmark. The IT candidates are particularly interesting because of their high rating of tech skills in Argentina, and the high salaries combined with their job which is the foundation of income for AR Recruit.

AR Recruit will be a competitive new entry on the Danish market competing on a new channel of labor, being the differential focus, with a cost focus strategy to compete on price and risk in the recruitment process.

The total worth of the recruitment market within the target group of AR Recruit based on the IT Segment is 343.240.000 EUR in Denmark.

The pricing strategy of AR recruit is based in the contingency model moving the risk from the client onto AR Recruit in order for AR Recruit to be competitive among its competitors. The Innovative business model of AR Recruit succeeds to solve a gap in the recruitment market based on an innovative target market using international management as the tool for success.

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Introduction

Foreign labor is an indispensable part of the Danish work force and is representing 10 % of the employees in Denmark (Confederation of Danish Industry DI 2018). The foreign workers are both a gain for the Danish companies and the society as a whole. The Danish companies are currently struggling to find the labor needed, that's why recruiting labor from abroad is a crucial channel of recruitment. It is important to secure the growth of Danish companies and the society that its agile to recruit labor from other countries. Denmark has to improve its marketing of the country overall as an interesting carrier destination for international talents, and a good place for them and their families to live. Few foreigners know about the vast opportunities of creating a successful career in Denmark, and the competitive advantages that's exists when it comes to salary and living standards compared to other European destinations. Within Companies in Denmark with a turnover around 51-100 Million DKK 46,7% of the companies has expressed that they find 2018 to be more difficult or very difficult to attract the labor needed (BDO 2018).

The Danish political system is divided in the question about this topic of recruiting foreign labor from outside of the Schengen, already there is a system in place called the PayLimit Scheme which states that everyone can be employed in Denmark from without the Schengen if they find a job that can pay them 57.182.804 EUR yearly or more. The other system in place is the Positive List that is showcasing all the jobs with acute lack of labor decided by the authorities which can enter Denmark bypassing the rules of the Pay Limit Scheme. One big problem is that not all the industries that are experiencing lack of labor is represented on the Positive List which makes its very difficult for SME's and other companies to pay the Pay Limit Scheme in order to attract the work power if unskilled workers are needed (New in Denmark 2019).

The reason for the skepticism between certain politicians is because of the history of immigration in Denmark. In the 1970s Denmark had similar problems with a lack of labor and invited a lot of guest workers, the idea back then was that they should return to their countries when the boom in the economy was over, but they were granted citizenship and had family members coming to Denmark through the 70s, 80s and 1990's. The mistakes in integration and the cultural clashes has resulted in a yearly deficit of 4.825.025.764 EUR in welfare for the group and their descendants. That is the reason of the division where some politicians are reluctant to make the rules easier for workers from

outside of EU. But Denmark needs the work power to maintain the growth and prosperity and has to find a clever way to recruit foreigners that lives up to the skills needed and also from a cultural perspective match the Danish culture as best as possible (Aarhus Universitet 2019).

Problem statement

How can AR Recruit successfully attract and retain specialized labor needed to obtain the growth potential of a specific industry in Denmark, and can an innovative business idea support and help to link foreign talents to Danish companies?

Objectives

The objective with this business plan is to create a business that could get a share of the new huge window of opportunity within recruitment of labor to Denmark from third countries, and to be competitive within the retention rate based on cultural relations, where people from the third countries already will have a prerequisite for understanding the culture, political landscape, and human rights that are essential in Danish culture.

The objective regarding culture is very important in Denmark in order to create social circles and to feel integrated in society. The focus on the social aspects are very important since they help to reduce recruitment costs of the specific company or public institution. Furthermore, it's important to state that peoples ease in integration is also based on the foundation of understanding the Danish society, which could be culturally easier to obtain from more socialistic societies in South America. The objective is to validate that recruitment from countries in the southern scone is easier because they are socialistic societies that is closer to the Danish model compared to other third world countries, where "A real man creates his own luck".

The objective is to allocate knowledge about shortage levels of the jobs that are on the Danish positive list, in order to find the right educational foreign match, living up to the Danish requirements. Using that knowledge to pair right candidates with the right employers. It's an important objective for the project to do a segmentation to find the most attractive industry to target.

Another objective is to understand the willingness for the right candidates from Argentina to move and work in another country, and what key motivation factors that could be associated to the willingness or unwillingness, and what expectations they have for recruitment.

Also, its vital to create a strategic business plan, evaluating how the recruitment company should function, what the cost requirements will be and the income potential, in order to verify the plan.

Scope

The scope of the project will be Argentina due to size of the country and its position as the most European influenced country in Latin America.

Delimitation

Due to the length of this project other interesting countries of Latin America or South America has been deselected, to be able to create a business plan that is archivable for a startup company. Another delimitation is some parts of the financial evaluation of the business plan due to the reason that the company is a startup and is based as a sole proprietorship and Danish laws and regulations do not demand more financial elements showcased per year.

Company concept

The innovative business plan during this project will be a recruitment agency called AR Recruit targeted Argentina as a primary market. In order to attract the correct talent for the Danish companies. Argentina is especially interesting because of similar cultural, historical and political factors, and the degree of integration those potentially can bring.

The recruitment company's task is to locate, screen and recruit the specific talent to the right receiver in Denmark, making sure that the demands of the clients are meet in regards to the

competences wanted from the foreign labor, making the recruitment investment worthwhile and keeping the retention rate competitive, creating trust in an international recruitment processes.

AR Recruit will operate as a facilitator between the right candidates and the client, using a competitive business model and feasible strategic measures to achieve an attractive position in the Danish recruitment market.

AR Recruit needs to proof the opportunities in international recruitment and to compete on an international strategy with access to a pool of untapped labor for the industry in focus. The business model of AR Recruit has to be agile and adaptable to the opportunities in the market, offering competitiveness on price, service and a process creating a win for both AR Recruit, the client and candidate.

This thesis will comprehensively describe the need and the benefits of international labor from Argentina and create a competitive startup proposal in the Danish recruitment industry that are living up to the SMART goals which should be specific, measurable, archivable, reachable and timely.

Literature review

In the literature review there is an overall explanation of entrepreneurship and the definition thereof in order to describe the fundamentals of what it is. Furthermore, this project is linking two markets together in a business plan thereby it is of value to review international entrepreneurship literature. This is also an innovative project so there will be an evaluation of the terms which defines innovation. The last point in the literature review will be about recruitment the benefits thereof and international recruitment.

Entrepreneurship definition

One of the main cornerstones of the current global economy is the growing importance of new entrepreneurial ventures (Almeida & Bloodgood 1996) In the literature there is according to “(Churchill and Lewis 1987) no accepted definition or model that can be used to determine what an

entrepreneur is or does. “(Gartner 1985) has an explanation that entrepreneurship is the creation of new organizations, that is carrying out of new concepts of firm organization—new products, new services, new sources of raw material, new methods of production, new markets, new forms of organization”. (Schumpeter 1934) is describing entrepreneurs as determined to find a purposeful idea and to create a company that is profit-oriented, which according to (Cole 1959) refers to the identification of an untapped market opportunity for the entrepreneur (Peterson 1985)

International Entrepreneurship

The internationalization and the entry on new markets in regard to time will affect the strategic decision made and the outcome of the small business (Eisenhardt, 1990) explains. McDougall, Shane & Oviatt (1994) explains the term of "global start-ups" which is described as an "international new venture" as a business that from the startup phase is striking to gain competitive advantages in its markets by selling products/services internationally.

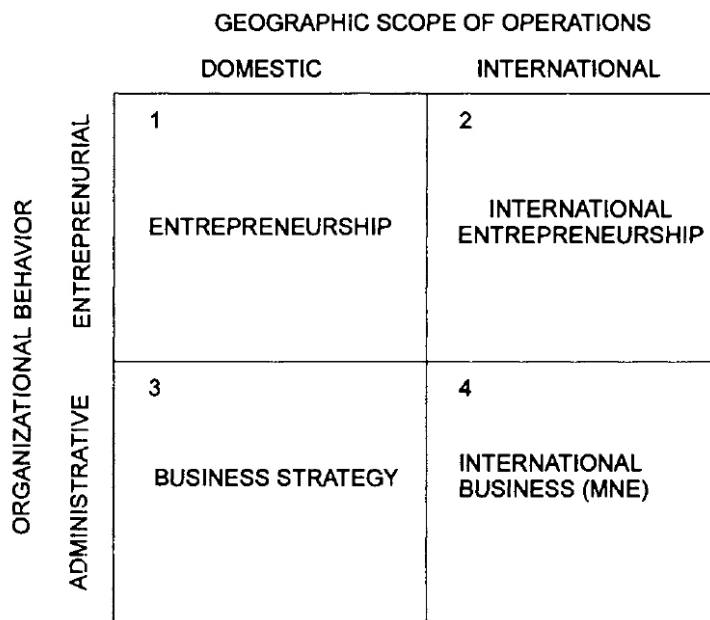


Figure 3 DOMAIN OF INTERNATIONAL ENTREPRENEURSHIP (McDougall, Oviatt and Brush, (1991) (Stevenson and Gumpert (1985)

The model above is based in the domain of international entrepreneurship and the position of the company and its geographic scope of operations. The model describes the organizational behavior and is a tool to evaluate the scope of operation in which the company operates.

Definition of innovation

According to (Lassen et al., 2006; Robson, Haugh and Obeng, 2009) Innovation can be incremental or radical. Innovation can be defined as, development of a new idea and its realization in practice (The Great Danish encyclopedia) There are three different levels of innovation, individual level, company level, national level (Henriette Bjerreskorv Dinitzen & Lars Krogh Jensen 2010). (Drucker 2007) developed a model showcasing the seven sources of innovation, (Drucker 2007) believes companies should monitor in a systematic and structured way to capture new signals internally and externally. The signals should undergo a creative process to become innovative opportunities for the company.

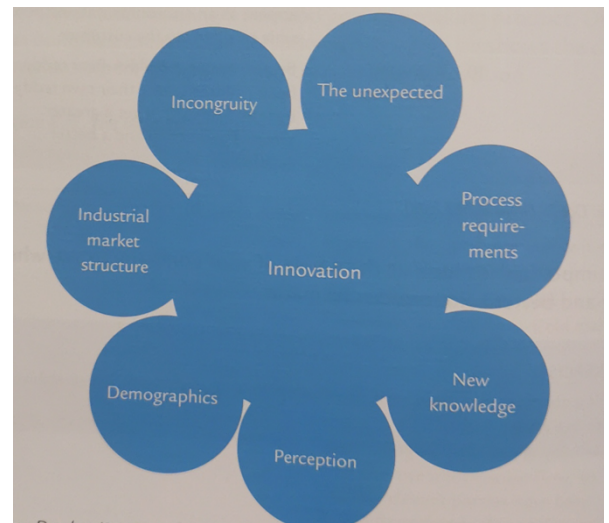


Figure 4 Shows the 7 circles of innovation. Source Drucker 2007

Definition of recruitment

The global exchange of educated labor from poor to wealthy nations has been internationally recognized since the 1960s (Carrington WJ, Detragiache E 1998). (Opatha 2010) is defining the recruitment process as attracting and locating talent that are matching the specific vacancies of the company.

Human resource management has been defined according to Schermerhorn (2001, p 2004) “The process of attracting, developing and maintaining a talented and energetic workforce to support organizational mission, objectives, and strategies”

Benefits of Recruitment of foreign labor and retention

There are many angles to look at recruitment of foreign labor and the benefits that it can have for a company, different authors and associations has various viewpoints of the matter.

According to (Thomas, 2004) It is of high value to identify a workforce that is differentiated and can improve the competitive advantage, which can result in a higher performance outcome for the organization (Jackson, Joshi, & Erhardt, 2003). Within the literature on the subject, findings suggest that increased representations of minorities in recruitment advertisements has a positive brand value and betters the perception of the overall company attractiveness, leading to a better recruitment strategy (Avery, 2003; Walker et al., 2009).

Empirical findings state the importance of workforce retainment, since the newly employed will bring revenue value starting from the first and second year of employment (Hom et al., 2008). In the literature of (Schneider, 1987) it is described how perceptions of positive attributes in regard to the cooperate culture and values has the ability to attract applicants that feels an association with those. According to (Sakar and Kumar 2007) The overall achievement of the organization, is closely tied to the selected recruitment strategy which leads to its employees.

International Recruitment

According to (Velocity Global 2018) international recruitment opens the organization for larger opportunity of employees, the necessity of international recruitment is significant because of demographic challenges with ageing populations in the western world, in which (OECD 2018) is estimating a huge workforce decline between 2010 and 2050, In absolute terms and as percentage of population.

According to (Hussein and Manthorpe, 2005) the developed world can help resolve the lack of labor with international recruitment, meeting the demand from organizations and the ageing populations.

The Resource Based View (RBV) of Barney (1991) is proposing a potential durable competitive advantage of an organization when the human resources represent a pool of talent that cannot be imitated or substituted by competitors.

According to (Sang 2005) there is an undeniable connection between recruitment, the selection of employees and the state of the organization.

In the literature of (Kristof, 1996; Judge and Cable, 1997) they characterize the necessity and benefits of a match between the suitable candidates to be hired and the organizational culture and emphasizes the importance of further socialization into the culture after the candidate is hired.

According to (Audretsch and Thurik, 2000, 2001) effectiveness within HRM are getting more important, based on the fact that more countries are moving away from industry based societies to “knowledge-based” economies, many companies are facing a double challenge looking to increase the amount of skilled workers within their organization, facing simultaneously a shortage of labor qualified.

Looking into international recruitment also means looking into cultural diversity, according to (Cox, 1994) Cultural diversity is the presence of people belonging or associating to a different cultural group within another social system. The cultural differences are by (Harrison, Price, & Bell, 1998) described as surface level characteristics, but can also according to (Milliken & Martins, 1996) be showcased as observational attributes. In the literature of (Kossek & Zonia 1993 Mcleod) they refer to cultural diversity as “racioethnicity” meaning the difference of race or ethnicities within a nationality.

The Danish government also has their view of the benefits of recruiting international labor to Denmark from outside the EEA. People that are recruited to Denmark through the pay limit scheme which is the largest arrangement to recruit labor from countries outside of the EEA, the European Economic Area, is contributing to the Danish economy with 187.654.205,87 EUR to the public funds every year, that equals to an average of 40.211,28 EUR for every Employee. Because of this its good business for Denmark to recruit foreign labor, it benefits with more money to the public funds if more foreign employees come, and that specific money can strengthen the welfare society.

A strengthening that enables continued efforts to ensure orderly conditions on the labor market. (The Danish Ministry of Immigration and Integration 3 of October 2018)

According to (McEvoy, 1984; Deshpande & Golhar, 1994; Atkinson & Storey, 1994) it is a complex challenge to find skilled workers and a crucial task for the organization. According to (Carton 1988) diversity in the workforce is enhancing the performance of improving problem solving decision making and creating new internationalization opportunities which according to (Weinstein 1994) leads to increased product development, and (Barnum 1992) brings an ability to compete in global markets. (Cox 1993) suggests a generation of flexible workplaces stating that flexibility incorporated into work policies with reward systems that tie managers compensations and promotions to their diversity efforts will be beneficial.

According to (Forskerzonen 2018) Diversity in the workplace leads to social cohesion and wellbeing on the workplace. According to (Berlinske Business 2016) diversity at the workplace is contributing to an increase of 12,6 percentage points on the business bottom-line.

Business strategies

According to (Porter, 1980) Every business needs an effective strategy to achieve the desired position in the market. By executing an effective competitive strategy, a company finds its differentiation or niche and gains information of its costumers (Porter, 1980).

“Porter states (1985) There are three basic businesses strategies —differentiation, cost leadership, and focus—and a company performs best by choosing one strategy on which to concentrate”.

Reference table

The reference table will showcase the search for articles, reports, books and other sources that has been found about entrepreneurship, innovation and recruitment, the literature review will be a supporting element for the rest of the project.

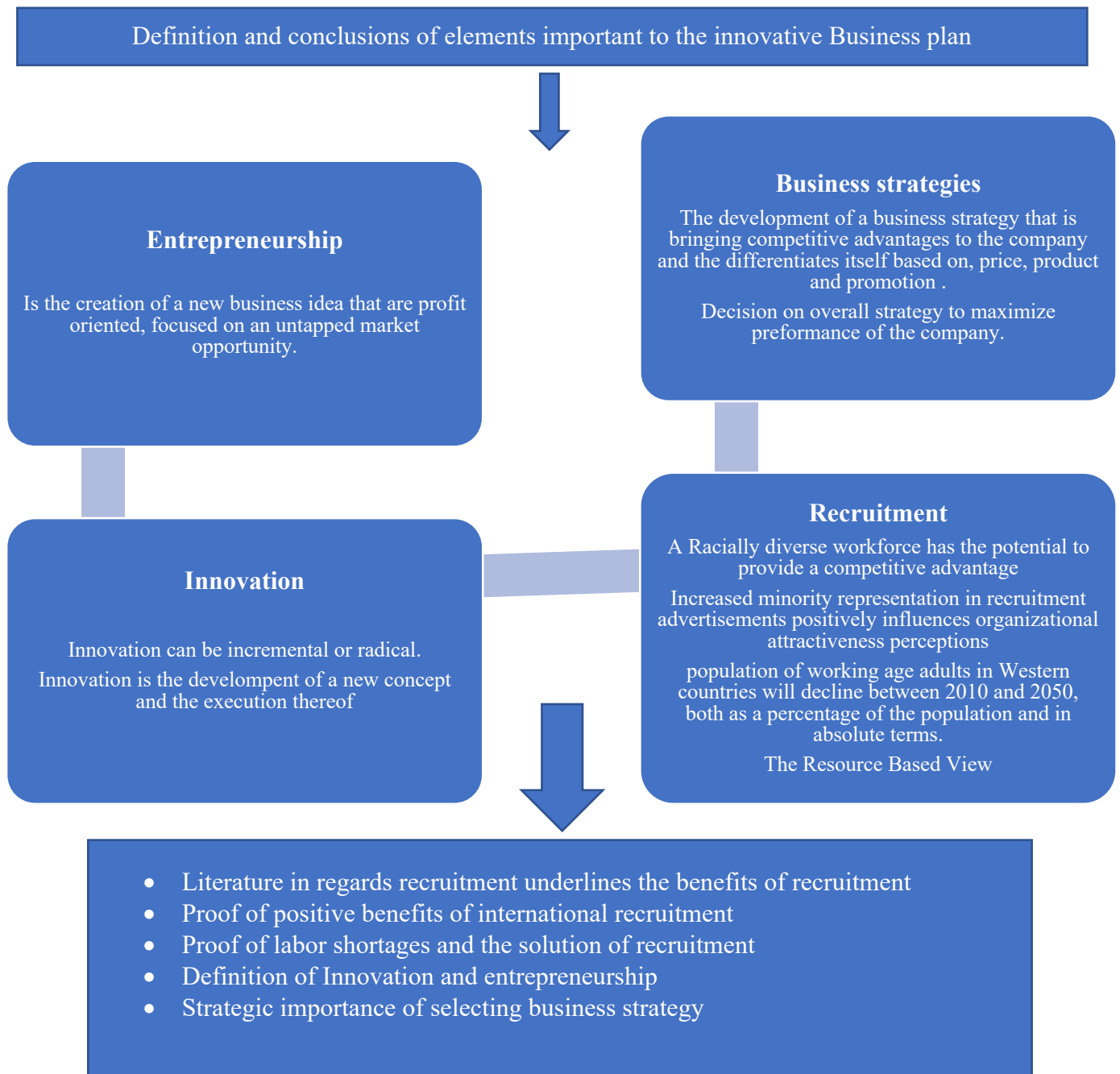


Table 1 Showing reference table of literature review. Source Author

As seen from the reference table and the literature it states the benefits of recruitment as an indispensable part of the company's performance, if a company fails to recruit correct skilled labor it cannot gain competitive advantage in the industry where it operates. The literature showcases the positive features of international recruitment stating that the performance in companies with racial diversity is performing with 12,6% more revenue on the bottom line than companies that are only recruiting a homogenous workforce.

Bringing the literature together it showcases that the overall company objectives and the performance of the business strategy is based on the workforce the company is able to attract and the composition of that workforce. The literature stresses the importance for diversity which is positive for AR Recruit objectives. It also states the importance of correct recruitment for the companies since the value of the new employee is not harvested on average before 1-2 years of employment, meaning that recruitment when done correct can be a vital step to success for organizations, but also bears the challenge of being a risk if done incorrectly. The literature underlines the importance for a recruitment company that can use new radical innovation and new measures in the segmentation of potential candidates for international recruitment.

Methodology

The methodology for the thesis is based on both quantitative data of statistics collected from various sources and qualitative data based on interviews. This thesis does not have extended surveys to justify the market need or the necessity of the business plan in the market, but justifies this based on external literature, such as statistic and information from both industry reports, articles and scientific articles. The conclusions throughout the report is based on theory and stated facts from valid sources in both Denmark, Argentina and more broadly internationally.

The selection of not having surveys conducted is the high rate of biased combined with those and because of the more significant evidence in reports and other sources where extensive statistical data is conducted by the industry. The research method is based on the online/ literature method combined with qualitative measures.

Another reason for the deselection of the survey method is the rigid answering type which doesn't allow for additional information besides the asked questions in usual surveys. By interviewing competitors, clients or potential candidates, it's more realistic to find answers to the needs and demands than to make a multiple-choice model where the answers are preset.

The interviews will be based on physical meetings and telephonic contact with potential candidates and players operating in the market to understand the trends, challenges, demands and motivational factors that are driving the industry combined with literature and statistical data conducted by acknowledged governmental organizations, and other valid sources.

Market analysis introduction

The innovative business idea in the thesis is operating between two markets, in order to demonstrate the external factors that are affecting the business. The first element of the project will be a Pestl analyses of both Denmark and Argentina describing the two external environments in which the company will operate, after the Pestl there will be the description of the recruitment market of both Denmark and Argentina in order to understand the KPI's of the two different countries industries and conduct a competitor analyses using Porters 5 forces to explain competitive advantages or disadvantages on the market. The chapter will be summarized with a SWOT analyses pinpointing strengths, weaknesses, opportunities and threats internally and externally for the company.

Pestl Argentina

Country History Argentina

Argentina is a country in South America and is the eighth largest country in the world and the fourth largest economy in the Americas. Argentina is demographically the largest Spanish speaking nation in the world. The population of Argentina is 44.852.648 million people. The country has various different climates and its largest city and capital region is Buenos Aires followed by Cordoba and Rosario. The Argentinian demography consists of different waves of immigration specifically in the years 1860 to 1930 primarily from Italy. The Italian decedents represents today 62,5 % of the population where the rest comes from Spain and other countries in Europe. The Argentinian culture has strong ties with Italian culture today, especially in the capital of Buenos Aires where most

immigrants has Italian roots, where in the northern regions the language is Spanish, and Guaraní. In the north people are more mixed with the old indigenous tribes from the country's prehistory (Central Intelligence Agency 2019).

Argentina declared independence from Spain in 1816 led by Jorge Luis Borges that also was a big contributor to the rest of South America's independence history. The Argentinian history is dominated with different times of internal political unrest and conflict, having different political directions and disputes between civilians and the military fractions (Worldometers 2019).

An interesting era in Argentinian history is the years after the second world war where the president was the famous Juan Domingo Perón which was an Argentine army general and president of the country in two different periods from 1946-1955 and again from 1973 until his death in 1974 where new democratic winds were blowing in the country (Wikipedia 2019). During the Perón era his wife Eva Perón had immense popularity among the working class due to her background in poverty and her strong connections to Che Guevara an Argentinian Marxist revolutionary that helped change the course of history in Cuba and other Latin American countries (Biography.com 2019). Eva Perón was a fighter for women's rights and ran the ministry of health and education. She was an advocate for women's right to vote and labor rights. She is still to this day one of the most iconic figures of Argentinean history and is a lasting symbol for human rights internationally even though her husband at the same time was a dictator in contrast to her socialistic Marxist humanity (ThoughtCo 2019).

In the beginning of the 20th century Argentina was one of the wealthiest countries in the world and was exceeding the GDP per capita of many European countries such as France and Germany. Throughout Argentina's history there has been a lot of political corruption and different military dictatorships, but since 1983 the country has had democracy. In 2001 the country experienced an economic default after the leadership of Carlos Saúl Menem 1989-99. Argentina had sold out on state enterprises and privatized previous governmental sectors combined with a hard peg monetary policy locking the Argentinian peso's value equally to the US Dollar and extensive foreign borrowing. The country went into hyperinflation, and the currency devaluated. It all led to a devastating currency sovereign debt and banking crises where the ties with the international monetary fund was cut because Argentina did not meet the agreed condition of the rescue program

(RaboResearch - Economic Research 2013). When the IMF stopped the collaboration with Argentina the country lost all access to foreign finance (*Rok Spruk 2018*).

In 2007 the leader of the Peronist party Frente Para La Victoria's Christina Fernandez de Kischner became the president of Argentina as the first female president of the country, she was elected after her husband's death Nestor Kischner, that had also been the president of Argentina. Throughout the eight years rule of Christina Fernandez de Kischner the country had been dominated with difficult international relations to the western world and new strategic alliances formed with Russia, Venezuela, Iran and China. Argentina's foreign policy resulted in mild isolation from former western allies. The mild isolation was also based on the extreme market regulations in Argentina both for export and import, together with a fixed currency rate and various corruption scandals involving money laundering, high inflation and subsidized prices on basic necessities. To artificially sustain the welfare areas of education, infrastructure and social transfers the Christina Fernandez government borrowed from foreign nations creating an even higher debt for Argentina. During the presidency of Christina Fernandez the biggest income sources such as soy and cow meat was hit hard due to implemented export taxes that made it near impossible for farmers to sell their produce internationally and importation tax that made it impossible to import the equipment to optimize production of the farmers, thereby the core industries shrunk and was outcompeted by neighboring countries such as Uruguay and Brazil (New World Encyclopedia 2015). Furthermore, in order to keep the money in the country and avoid carry trade it was decided to cut the opportunity of foreign transactions making it very difficult for international companies to operate in the country. The normal Argentinian was also blocked from exchanging their currency, because of the regulations, a black market of pesos to dollar exchange was established (blue dollar) by the people with extreme exchange rates. Many international companies selected not to enter the market for these years, in fear that they could not withdraw revenue from the country. After turbulent times with the unresolved murder of Alberto Nisman a prosecutor of the former president Christina Fernandez, the corruption scandals allocating money from the construction industry and possible connections to the terror attack on the Jewish community the AMIA bombing in 1994 together with unpopular international relations Christina Fernandez de Kischner's presidency came to an end in 2015, where the business friendly and internationally recognized Mauricio Marci was elected president (The Bubble 2019).

Political factors

The political system in Argentina is a democratic system divided into three branches the executive the legislative and the judiciary. The president of Argentina is called Mauricio Macri he is the leader of the coalition PRO, the republican proposal and was elected into office in 2015 (Pro Argentina 2019). In the beginning of his period he reestablished the lost connections with the former leaders of the western world, he also removed as one of the first things the regulations of the currency exchange and eliminated the blue dollar system. Furthermore, he lifted the import tax and export tax rules and created more competitive measures for Argentina to regain its competitiveness international in core industries and making measures to digitalize the public sector.

Mauricio Macri went together with the IMF and made the biggest reconstruing deal of the IMF history to get Argentina back on track economically. Mauricio Macri lifted the Argentinian veto that kept Venezuela inside of the Mercosur Union and reestablished good relationships thereby with neighboring countries. The more than 20 yearlong free trade negotiations with the European union was also agreed due to the more business friendly nature of the new president and international investments began once again to aim for Argentina. Doing the presidency of Mauricio's Macri the Argentinian people has suffered the bill for the mismanagement of the former president that has to be paid, this has resulted in high inflation rates and increased poverty in the country seizing the opportunity for the previous president Christina Fernandez de Kischner to find a way into politics once again, playing the savior of the poor and striking on the decreasing living standard of the people. She created the coalition Frente de Todos with the leader Alberto Fernandez and herself as vice chairman. During the mid-term elections Frente de Todos won with 47.7% over Macri with 32.1% sending Argentina and the economy into a new shockwave of economic instability (BBC News 2019).

Economic factors

Argentina has a GDP of 500 billion USS which makes it one of the largest economies in Latin America, the country earns most of its money from natural resources and agriculture (World Bank 2019).

The economic situation of Argentina is constantly shifting, Argentina remains a high GDP per capita country compared to other OECD countries, but the country is among the OECD countries

with the highest inequality between rich and poor. Recent tax reforms are put in place to strengthen the opportunities of low-income earners. Import tariffs has been removed on selected products to strengthen the competition, trade barriers have been reduced to allow companies to reintegrate into the global scene and strengthen export performance. The aim for the economy is for those policies to create more productivity and higher wages. Argentina needs to change laws on product market regulation and competition in order to break the normality of having oligopoly industries. (OECD2019)

The average income of Argentinians is shrinking due to the high inflation rates that still persists in the country, the Argentinian retail industry has decreased heavily in 2018 due to the household income per capita's drastic decrease (Ceric data 2018).

Argentina is experiencing a crisis that haven't been benefited due to the recent midterm election where Alberto Fernandez won resulting in a currency drop of 25 % from August 2019 to September. The Peso is struggling to regain its strength due to insecurities from the international markets, based on which economic policies will take place in an eventual new leadership with Alberto Fernandez as president and Christina Fernandez de Kichner as vice president. This sudden new situation has forced sitting president Mauricio Macri to impose regulations on international transactions to prevent carry trade from the Argentinian economy of 10.000 USD per person per month and it's not possible to take company deviance abroad (Bloomberg 2019). There are strong economic tendencies that points to a new financial breakdown if Argentina cannot meet the needs of the IMF reconstruction deal which in worst case scenario could lead to a situation like the 2001crises. In economic terms Argentina ranks as number 148 out of 180 countries when it comes to economic freedom together with Ukraine and Micronesia (Heritage 2019) the country has an unemployment rate of 10,1% (Trading economics 2019) with an current yearly inflation rate of 54,5% ,and a monthly inflation rate of 2,20% the food inflation rate is 58,10% yearly (Trading Economics 2019). The economic situation of the country is leading to brain drain of educated workforce that wants to leave the country and look for better opportunities in stabile economies like the United States of America, Americas or Europe (Science 2019).

Sociocultural and social factors

Looking into the sociocultural factors of Argentina it's interesting to use Hofstede's culture theory of the 6D-model describing the culture. Argentina ranks 49 in power distance. The power distance is described according to Hofstede's as "***The extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally***" the rank of 49 in power distance is in connection to the recent history of the immigration to Rio De La Plata, of more than 6.5 million people primarily from different cultures in western Europe in the last century from 1900 to 1960. In a society like that appearance is very important, how you dress and present yourself, and the opportunities and of having expensive accessories or leisure and showcase that to define who you are as a person.

The next part of the 6D model is the individualism where Argentina ranks 46, the individualism is described according to Hofstede's as "***The degree of interdependence a society maintains among its members***" Argentina ranks in the middle, again based on the immigration history of the country with people coming from various different cultures and a historically early creation of a big middleclass in the society. Argentina is the most individual culture in Latin America. The collectivistic traits that prevails in the society is the leaning towards opinions in your extended family or in a group situation. The country differs from metropole to countryside, where the metropole is based on more individualistic traits both due to educational levels, economic levels and general human rights acknowledgment and incorporation thereof in people's personal lives. The urban areas also have a more individualistic work culture where there is respect for individual spare time and not to mix work and private life to a higher degree.

The Masculinity rates 54 and is defined according to Hofstede's as "***The fundamental issue here is what motivates people, wanting to be the best (Masculine) or liking what you do (Feminine)***". In this dimension Argentina showcases that the society leans towards a more masculine culture where the motivation drivers are strong achievement orientation and assertiveness. The leaders in the society needs strong personal egos to cut through in the society, the Argentinian personality is strong and very competition oriented.

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In the dimension uncertainty avoidance Argentina rates high with 86 this dimension is defined by Hofstede's as followed “ ***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***” Argentina like other Latin American countries ranks high in this dimension, they feel comfortable with strong rules and legal systems in order to have a functional life. People in the society is expected to follow these rules and regulations in society however this is not always the case due to strong corruption. There will be a huge difference between rules, regulations and laws and what is actually practiced in the culture. Argentinians will strike to find possible holes in legislation, rules or regulations and will excuse themselves to act on that in which they will justify their actions.

Long term orientation is the fifth dimension and Argentina rates very low in this one with only 20, Long term orientation can be defined as followed “ ***How every society has to maintain some links with its own past while dealing with the challenges of the present and future***” Countries like Argentina that rates low in this dimension is skeptical to society changes and are treasuring long lasting traditions and norms. The Argentinian culture can be categorized as a normative culture, the culture is striving to agree on an absolute truth, they are not focused on the long run, when it both comes to economy and personal life they act more spontaneously and are focused on short term achievements.

The last and sixth dimension is indulgence Argentina rates 62 in this, Indulgence is categorized by Hofstede's as “***The extent to which people try to control their desires and impulses***” Argentina is to be considered an Indulgent culture due to the high rating within this dimension, it means that people are acting a lot on their desires and impulses, there is a wish to enjoy life, Argentinians in general has a positive life attitude and are driven by optimism. Free time is important and there is a smaller degree of economic monitoring, people spend money as they wish. (Hofstede Insights)

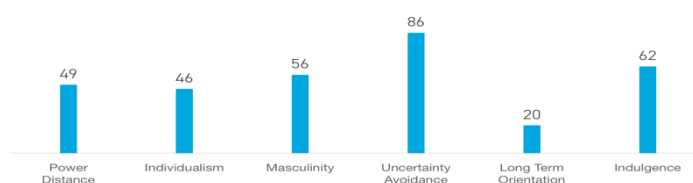


Figure 3. Hofstede's Insights Argentina's 6 dimensions. Source Hofstede's insight

Looking into the age distribution of Argentina the majority of the population is in the working age 63,79%, where 15,28% is between 15 and 24 years 39,38% of the population is between the age of 25-54 years and the 9,13% is from 55-64 years (Indexmundi 2016) which means Argentina has a more healthy population pyramid than most European countries.

The Education level of Argentina can be compared to Latvia, Croatia, Hungary and Portugal where Argentina rates 49 out of 180 countries in the human development report of education index from the united nations (United Nations 2013). The Argentinian education system both has public and private universities currently there are 2.164.497 people enrolled in universities, 24% of the students selects an education within IT science or technology. 66 of the universities is public and 63 is private universities of the 133 universities in Argentina. There are 12.196 different educational offers and an increase of students every year. 20,9% is selecting careers within applied science and 18 % within health sciences (Argentina.gob.ar 2019).

Argentina is the third most unequal country in the world, the 10% richest people in the country possess 60% as much wealth as the poorest. According to the Argentinian government the indigence line is a 2150,29 ARS and the poverty line is 5397,23ARS (Buenos Aires Times 2019). According to INDEC 33,6% (Perfil.com 2018) of Argentinians are living in poverty with 6,7% living in extreme poverty (Buenos Aires Times 2018). Argentina's population growth has slowly declined over the years and are 0,89% (Central Intelligence Agency 2019) which is likely to be a direct result of the difficult economic situation the country has been facing the last decade.

Technological factors

Argentina is technologically modern and has been throughout the years the leading hotspot for tech companies in Latin America, where some of the biggest unicorns in Latin America has been created such as Mercadolibre, Despegar, OLX and Globant. In general Argentina outcompetes its neighbor countries by having a more global outlook when it comes to tech companies (Financial Times 2016). In Argentina 24.9 million of the population has smartphones (Statista 2019) 93,1% of the population is internet user. In many developing economies the technology is limping, but Argentina has another story (Financial Times 2016).

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Argentina has digitalized various parts of the society and the universities are working together with the government to provide practical technology education, to grow protentional tech entrepreneurs (Financial times 2016). Out of 60 countries analyzed by Harvard business review Argentina ranks number 1 in the world when it comes to tech skills in front of all European countries in the list (Harvard business review 2019). The Argentinian tele companies are ready to roll out 5G connection in Argentina in 2020. According to a report from Cisco Argentina ranks as a middle stage of digital readiness in an accelerating stage together with Hungary and Poland (Cisco 2018).

Which Countries Have the Highest and Lowest Skill in Business, Data, and Tech?

The top and bottom 10, based on an analysis of 60 countries. A higher GDP correlates with a higher rank.

Highest	Business skill	Tech skill	Data skill
No. 1	Finland	Argentina	Israel
No. 2	Switzerland	Czech Republic	Switzerland
No. 3	Austria	Austria	Belgium
No. 4	Netherlands	Spain	Austria
No. 5	Belgium	Poland	Sweden
No. 6	New Zealand	Belarus	Czech Republic
No. 7	Germany	Germany	Germany
No. 8	Sweden	Sweden	France
No. 9	Australia	Belgium	United Kingdom
No. 10	Canada	Finland	Poland

Table 2 - Table showing skills in Business, Data and Tech. Source: Harvard Business Review

Legal factors

In 2017 Argentina and Spain signed a mutual education cooperation for the mobility of teachers and students and mutual recognition of titles and certificates of primary, secondary and professional education, as well as diplomas and university degrees. The two countries recognize the full studies of the levels cited through their corresponding officially recognized titles or certificates. The qualifications are equivalent in terms of academic level, scope, professional profile and acquired skills, in accordance with current teaching and regulatory plans (Expansión 2017). This agreement has made Argentinian degrees valid in Europe (The Bubble 2016).

Argentiniens that are visiting Europe are exempt from a Schengen visa, and are able to travel within the countries after entry, with a national Argentinian ID card. From 2021 Argentinian citizens that visits Europe for business or leisure needs to obtain the ETIAS travel authorization which is the name for the new visa waiver for Argentinian citizens visiting Europe. The ETIAS is a new system that has been designed to strengthen border and security controls in Europe and will be an online formula that needs to be filled before visits to Europe (The Danish Agency for International Recruitment and Integration 2019).

Another agreement that Argentina is a part of is the working holiday agreement, that allows citizens of Argentina, Denmark, Australia, Canada, Chile, Japan, New Zealand and South Korea to work

across the different countries. There are different rules in the different countries about age, requirements of security deposits, insurance, work hours and length but generally it is 12 months that is allowed per time abroad, per country till the age of 30 (The Danish Agency for International Recruitment and Integration 2019).

In June 2019 the long-awaited trade agreement between the Mercosur and Europe was agreed upon which means shared rules tariffs, products, rule of origin, technical barriers to trade, sanitary and phytosanitary measures, services, government procurement, intellectual property, sustainable development, small- and medium-sized enterprises. This legislation and agreement have made it easier for European companies and Argentinian to operate in the two different markets and has together with the education agreement moved Argentina and Europe closer than ever before in vital areas of trade and education (European Commission 2019).

The Recruitment industry Argentina

The Argentinian recruitment industry has suffered the last years based on political instability and economic instability, it is difficult for the companies in the market to predict the future and make outlooks. The biggest player in the market is Computrabajo has an offer of 6.791 jobs and has 1.909 companies connected to their webpage.

The majority of the recruitments happens within IT systems and technology development 19%, finances and economy 10,4%, sales 8,4%, engineering 7,8%, production 7,1%, retail 5.7%, service 5,4% and logistics 5,3% (Job Market Insights 2019).

Top Sites	Offers	Companies
#1 computrabajo.com.ar	6,791	1,909
#2 ar.indeed.com	3,650	922
#3 Bumeran.com.ar	3,180	577
#4 Zonajobs.com.ar	2,970	431
#5 empleos.clarin.com	2,400	535
#6 hiringroom.com	1,161	231
#7 unmejorempleo.com	718	437
#8 ar.jobomas.com	601	230
Total Unique	20,847	4,349

Table 3 Showing the top recruitment companies in Argentina. Source: Job Market Insights 2019

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IT systems and tech development have the highest market share which also goes hand in hand with the most selected direction within educational institutions and the position of being the number one hotspot for Tech - development in Latin America. The Argentinian capital of Buenos Aires has the biggest market share for recruitment 36,9% of the overall market followed by the second largest city Cordoba (Job Market Insights 2019).

Top Categories

CATEGORY	Offers	Market Share
IT - Sistemas - Tec... >	3,952	19.0%
Finanzas - Economía >	2,171	10.4%
Comercial - Ventas >	1,745	8.4%
Ingeniería >	1,629	7.8%
Producción - Industria >	1,478	7.1%
Retail >	1,181	5.7%
Atención al Cliente >	1,121	5.4%
Logística - Distribu... >	1,108	5.3%
Total Unique Offers	20,847	

[View more](#)

Figure 4 Showing the highest demanded areas of recruitment. Source: Job Market Insights 2019

Pestl Denmark

Country History Denmark

Denmark is a country located in the north of Europe with a population of 5.8 million people, Denmark has a small open market economy and has been a constitutional democracy since 1849 where the constitution of Denmark was signed by king Frederik the 7th (Aarhus Universitet 2019). Denmark is the oldest monarchy in Europe and is strongly connected to the other monarchies in the world due to the benefits of marring off princes and princesses to various other countries back in the time. The marriage strategy has kept the political or foreign policy ties close with allies throughout the time. The current Queen Margrethe the seconds grandfather is often referred to as the grandfather of Europe (Aarhus Universitet 2019). Denmark has a long history of trade internationally and was throughout the colonization times an active player, within the sad history of slave trade from the gold coast of Africa to the colonies in the South Atlantic regions. Denmark still has some areas in the North Atlantic region (The National Museum of Denmark 2019). The country of today consists of Denmark located in Europe and the realm of Greenland and the Faroes Islands. The country was occupied in the Second World War by Nazi Germany and lost in that time the territory of Iceland. After the Second World War the social democratic period of Danish history began, transforming Denmark into the welfare system that it is today, with high taxes and equal rights for all the citizens, creating a competitive economy and placing Denmark where it is economically today (Aarhus Universitet 2019).

Political factors

The Danish political system is a parliamentary system that includes 13 different parties. The parliament in Denmark is called Folketinget and the system is described as a multiparty system where coalitions are created on the right and left. The leader of the coalition normally the biggest party within the two political sides usually becomes the prime minister leading the country. The systems are often dependent of a coalition because it demands 179 votes to rule alone which can be complex to achieve. The election period is every 4th year and the head of the parliament is the Danish Queen Margrethe the second (Aarhus Universitet 2019). The sitting prime minister is the social democrat Mette Frederiksen that won the 5 of June 2019. The overall theme in the elections was the country's surplus and how it was to be divided between different areas of the welfare system, taking into account the demographic challenges, the country is facing with more pensioners and more children. The election became a fight of which areas that should be invested more in. The social democrats and their coalition won the election based on the premise that they would make a new pension reform, so that dilapidated workers could have the right to go on pension earlier than the agreed. The agreed is a dynamic pension reform based on birth year, that defines your right to pension (The Danish Broadcasting organization 2019). The people in 2019 can go on pension when they are 65.5 years old and the model stretches to 2070 where the pension age will be 74.5 (Danish Agency for Labor market and recruitment 2019). The other topics in the elections was children and relative poverty, where the Socialistic Peoples Party, one of the parties in the coalition together with the Red-Green Alliance wished to have by, law minimum standards defining how many teachers per children in kindergartens and raising cash and unemployment benefits (Dagbladet Information 2019).

Another important area in the election campaign specifically for the Danish Social Liberal Party "Radikale Venstre" was and is labor shortages both within the public sector and the private sector. All of these areas were made into a political understanding paper that was released after the win, combining the different areas of the political programs of the coalition.

When it comes to the political perception of the labor shortages there are different points of view of the three parties of the parliamentary coalition. The majority does not want to lower the rules and legislation when it comes to workers from countries outside the European union or Schengen (The Danish Broadcasting organization 2019). The party Radikale Venster wish to make the rules more

agile, that companies can attract more labor also from outside the European union if necessary (Radikale Venstre 2019). The Social Democrats are allied with the unions that handle's the interests of unemployed people (Altinget 2019). It can be people that has been long-term unemployed or people that are in job rotation. The understanding and political view from, the social democrats and the other members of the coalition is that the workforce is to be found by optimizing the unemployed people through education so they can be attractive for the job market (The Social Democrats 2019). On the other hand stands the business organization and employer association that is thoroughly stating that the workforce cannot be found in the Danish job market alone by education since the demand is now, and demographically the number of people unemployed cannot live up to the demand, which is harmful for the Danish growth and companies, resulting in lost tax income for the state (Altinget 2018). The Confederation of Danish industry (DI 2019) states that labor shortage costs the Danish companies 10 billion DKK per year. All parties in the Danish parliament wants to attract skilled labor from abroad but the dispute is about the current legislation, where some are in favor as keeping it as it is, and others wants an easing of the rules (Berlingske 2019).

Economic factors

The Danish economy growth forecast is set to 1,7% growth in 2019 (Bloomberg 2019) with an unemployment rate of 3,1% of the overall population and one of the lowest youth unemployment rates in Europe of 8,4% where the average in Europe is 14.7% (Statistics Denmark 2018). The overall boom in the economy in the rest of Europe has been slowed down recently due to political instability with the Brexit and the trade war between the US and China (The Local 2019). Especially Germany is experiencing a standstill in the economy. The Danish economy has not been hit by these international tendencies because of the specialized industries in which Denmark is operating such as green energy and the pharmaceutical industry, which is the largest industries in Denmark. The pharmaceutical industry in Denmark stands for 20% of the overall industry production and in Europe in general counts for 5%. The industry production is increasing in Denmark with 8,6% and decreasing in Europe overall with -1.7%. This is based on the fact that the specialized industries are not as fragile to international crises or recessions, making the Danish economy one of the highest growing economies in Europe in 2019 (Danish Broadcasting organization 2019). According to the ease of doing business index conducted by the world bank,

Denmark ranks number 3 internationally after New Zealand and Singapore (World Bank 2019). Denmark has a GDP per capita growth of 0.9% per year (World bank 2019) the average income before taxes per year for a Danish family with 2 children is 129.335,3 EUR (Ritzau 2019) when it comes to Nominal GDP per capital Denmark ranks number 10 and when it comes to purchasing power parity per capita Denmark ranks number 22 (Statistics times 2019). The inflation rate of Denmark is at 0,71% (Statista 2019). When it comes to the Human development index Denmark rates number 11. The (HDI) reflects over life expectancy, education and GDP per capita (United nations development program 2017).

Sociocultural and social factors

Looking into the sociocultural factors of Denmark it's interesting to use Hofstede's culture theory the 6D-model describing the culture of the country. To later use and compare the cultural traits of Danish and Argentinian culture.

Denmark ranks with a score of 18 in Power Distance. Power distance is defined as "***The extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally***" (Hofstede's Insights 2019) rating 18 in this is a low score that means that Danish people expects distance from their employer to act on their own under responsibility. Denmark has the highest rank when it comes to employee autonomy in Europe. Danes believe in equality, independency, accessible superiors and that the management facilitates them and empowers to achieve the best results. The power in companies are decentralized and the managers is expected to count on the skills and experience of their employees. Respect is earned proving your competences. The organizational structures are flatter and more informal involving direct communication, talking to superiors using first names, the relation between the employer and the employee is a consultancy relationship.

The next part of the 6D model is the individualism where Denmark ranks 74, the individualism is described according to Hofstede's as "***The degree of interdependence a society maintains among its members***" Denmark ranks high in this dimension which means that Danes prefer a low key social convention, where people are able to care of them self's. In a business meeting the Dane will

usually avoid too much small talk and cut straight to the case, using a very direct form of communication.

The Masculinity rates 16 and is defined according to Hofstede as “***The fundamental issue here is what motivates people, wanting to be the best (Masculine) or liking what you do (Feminine).*** Denmark rates 16 in this dimension and is to be considered a feminine culture where there is a distinct line between work and free time, and there are norms of inclusivity in the workplace. Managers in a Danish companies has to strive to support the decision making of employees through involvement. It’s important for the employee to experience a high degree of equality, rightfulness and solidarity in the work life. Conflicts are resolved by negotiation and compromise often with long discussions to find the best common ground. Personal free time and flexibility from the workplace is highly considered by the employees.

In the dimension uncertainty avoidance Denmark rates low with 23 this dimension is defined by Hofstede’s as followed “ ***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***” Danish people do not need a lot of rules and structures in their work life. The Danes are very adaptable to a sudden change of situation. It is normal in the upbringing and institutions of the Danish society that curiosity is encouraged and the individual thoughts are treasured which is a key competitive advantage factor in the Danish business innovation. Things that stands out is interesting and pursued. That can be seen in the sense of humor and the innovative products the country is exporting and developing.

Long term orientation is the fifth dimension and Denmark rates low with only 35, Long term orientation can be defined as followed according to Hofstede’s “ ***How every society has to maintain some links with its own past while dealing with the challenges of the present and future***” The Danish culture is to be considered normative, people wants to establish the truth, they have respect for traditions and are not to the highest degree obsessed about saving for the future, they want quick results.

The last and sixth dimension is indulgence Denmark rates 70 in this, Indulgence is categorized according to Hofstede’s as “***The extent to which people try to control their desires and impulses***”

this rating means that Danes are indulgent and impulse driven, they have a strong desire to enjoy their existence. The people possess a positive attitude and look bright and optimistic on life.

Denmark has various times been called the happiest nation in the world.

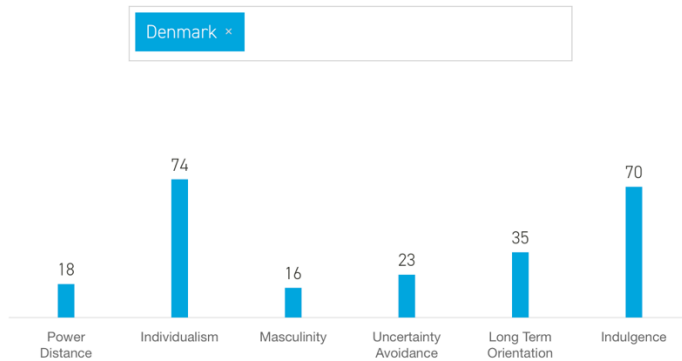


Figure 5 Showing the 6 dimensions of culture of Denmark. Source: Hofstede's Insights

The age distribution of Denmark places the majority of the population in the workforce age 65,8% of the population with the highest part of the population in the age frame of 25-54 years old 38,76% and 12,52% from 55-64 years old and 15-24, 13,8% of the populations (Indexmundi 2019).

Denmark like many other European economies are in recent years nervous about the big challenges combined with the elder burden, meaning that many people from the baby boomer generation born between 1943-1960 is leaving the job markets during the next 10 years (Dagbladet Information 2017). The issue connected to the society is that the people are increasingly getting older which means that hospital care and other welfare goods will have to be provided to lager generations longer time, with smaller generations to cover. These are combined with increasing hospital expenses and other expenses for the state, and challenges of shortage for the companies when this generation leaves on the job market (Jyllands Posten 2019).

During the last 50 years the birth rate has been 1,7 child per woman in Denmark which means that the society cannot maintain growth and prosperity in the long run providing the welfare goods that the Danes are expecting without finding a solution to the shortage of labor (Danish Broadcasting union 2019). Denmark is the 18th most educated country in the world just after Estonia. Denmark was previously a more production-oriented country but has shifted towards a knowledge based economy that demands higher degrees of academics. Denmark has experienced a rise of 60% of newly educated academics the last 10 years due to massive investments in education to accommodate the shift in the job market (Berlingske 2018).

In the top 100 of universities list in the world, the University of Copenhagen shares place with the Georgia university of technology in the US nr 72, just followed but the University of Buenos Aires 74 (Top Universities 2019). The most popular university degrees in Denmark is social teacher 5956 people, nurse 4991 people, Medicine 3860 people, Bachelor of Engineering 3588 people, civil engineer 3588, Bachelor of Science (BSc) in Economics and Business Administration 3118 people, Social worker 3056 people, Teacher 3001 people, psychology and Jura 2400-2600 people (studentum.dk 2019). Denmark is one of the most equal countries in the world.

Technological factors

Denmark is a technological advanced country and is the most digitized country in the European union. Of the population 94% is online and are actively using a variety of digital services, the public sector in Denmark is largely digitalized and its normal for all ages of the population to engage and communicate with the public institutions digitally. The business side of the country is also highly digitized taking a lead position in Europe, using cloud computing, invoicing and social media, the average coverage of fast internet connection is rating as one of the highest in Europe and is increasing with the plans to implement 5g connection in 2020 (Invest in Denmark 2019).

Denmark is in regards of renewable energy internationally in the very front due to a massive investment in the area the last 30 years. Denmark aims to be free of fossil fuel in 2050 and to reduce its emission with 50% in 2030, this is very important for the country to sustain its position as the world leader in clean tech innovation (Study in Denmark 2018). The digital infrastructure and IT penetration rate has led to various cases of international companies using Denmark as an initial test market for new products, the software market is growing and Denmark is considered an IT hub for huge international IT companies such as Microsoft, IBM, HP and Google, with massive investments in datacenters from Facebook and Apple, and a new data center from Google opening in 2020 in Denmark (Danish Broadcasting organization 2019). The tech giants are selecting Denmark due to the strong digital infrastructure and are merging Danish cleantech innovation into their operations (Google 2019).

Legal factors

The legal factors that are of importance in this innovative business model is the laws in connection to international recruitment to Denmark from third countries meaning countries outside of the European union or Schengen area. The Danish job market in regard to foreign labor is constructed with two different options. The first option is called the pay limit scheme and it allows labor from outside of the European union with a yearly salary before tax of 57.182.804EUR or higher. The foreign worker has to apply for residency and work permission if the criterion has been fulfilled. The pay limit scheme does not require any specific educational qualifications and is only evaluated based on the employee's salary. The salary of the person recruited has to be transferred to a Danish account. When the applicant applies, they must attach a copy of the employment contract or job offer, with all the terms of the contract extensively stated to the Danish agency for international recruitment and integration (SIRI). If SIRI has any doubts, they will conduct an investigation into the matters of the specific field of job to guarantee that the salary and terms of employment corresponds to Danish standards. The foreign worker applying through the pay scheme has to work a minimum 30 hours per week in order to obtain access to the job market. Furthermore, there are some specific job positions that require a Danish authorization for example medicine, that has to be obtained through the Danish Patient Authority (Ny I Danmark 2019). The processing of the pay limit scheme takes 1 month, and the fee of the process is 405,13 EUR (Ny I Danmark 2019).

The second option for foreign workers is called the positive list, which is a list where the job market in Denmark is experiencing critical shortage of labor, the positive list is updated and expanded two times per year in sync with the lack on the labor market. The positive list is currently representing eleven different industries in the country with 61 specific job positions. With this option the salary is not the important measure. The applicant can gain Danish residency and work permit based on the shortage of qualifications within their job area. The eleven areas are:

1. Administrative and commercial managers
2. Production and specialized service managers
3. Hospitality, retail and other services managers
4. Natural sciences and engineering,
5. Healthcare professionals
6. Teaching and educational work

7. Economics, administration and sales
8. Information and communication technology
9. Law, social science and culture, technical work in science
10. Engineering and shipping and aviation
11. Technicians and assistants in healthcare

Within the different industries there are 61 different job positions and the requirements differs, but a general requirement is a bachelor level and some positions require a master level. Primarily the jobs in in the public sector require Danish official recognition or authorization that has to be fulfilled.

When applying for a job in this model it's important that all terms of employment corresponds to Danish standards in regards of salary, holiday and other conditions. The process fee of the positive list costs 405,13 EUR for the employee and the time of process is 1 month (Ny I Danmark2019).

Residency permit conditions, the two models

If the applicant is applying form abroad, the person has an opportunity to enter Denmark one month prior to the start of the job, to settle in the country, this has to follow a declaration that the applicant is able to support himself and for example accompanying family members. If the applicant cannot demonstrate the ability to support himself, the time prior to the job start will be 14 days in the country. The new employees residency in Denmark is based on the contract with the company and can be as long as the contract lasts, if the period of the employment is below 4 years the employee can apply for an extension of the residency permit, which will give the employee the opportunity in case of termination of work to gain 6 months to obtain a new job position in Denmark. This new job position can be based on one of the two models for workers from outside of the Schengen. The person that obtains the Danish residency permit is only allowed to work in Denmark and cannot use the permit to work in other Schengen countries. The employee is allowed to receive partly payed Danish lessons to learn the language during their stay. The employee and their family members will be allowed to use the hospital system, school and daycare system (Ny I Danmark 2019).

Bringing the family to Denmark

In case the employee wishes to bring their family along them to Denmark they are able to, if the family members are: Spouses, Civil partners, cohabiting partner of which the employee lived with for 1 and a half year to two years, or children under the age of 18 years. A spouse or a civil partner can be denied if one of the two was under the age of 18 years during the marriage or if the marriage was made without both parties. When the application is accepted the employee and the family members has to live together in Denmark on the same address, the family members that are brought along the employee is not allowed financial benefits from the Danish state during the stay. The employee must be able to support their family members financially unless the spouse is able to obtain a work allowance from one of the two different models. The process fee of brining family members to Denmark is 202,09 EUR and the processing time is 2 months (Ny I Danmark 2019).

The recruitment industry Denmark

The Danish recruitment industry has 23.836 fulltime employees and 790 companies, the biggest company in the recruitment industry in Denmark is JKS measured on employees, followed by Addeco, Hartmanns and Temp Team. The biggest players in the Danish industry is operating as employment agencies, where people are hired for short time positions. In general, the industry is dominated by SME's where a majority is sole proprietorships. The majority has around 5-19 employees. The recruitments agencies have had troubles with surpluses in the industry median, the profit margin has fallen from 18% to 11%. Since the industry primarily is composed by SMEs there can be a huge difference of solvency ratio in the industry, and the financial risk for the costumers to the industry. The efficiency of the industry is not high compared to other industries, due to the fact that development of the industry demands manpower and cannot be atomized ore digitized as in other industries. The recruitment industry has risen its manpower with 12% from 2017 to 2018. The weaknesses in the industry is the mismatch between what the clients wants and what the companies are offering, the clients want innovative digitalized solutions to ease the problems of shortages of labor and make the recruitment process faster and more agile. The clients to the industry do not feel that the operations in the industry are professional enough and they are not getting value enough for their money. The clients in the industry wants a good collaborate partner that can create positive relations, with an effective and trustworthy communication, where the oral

communication is the most important part for the client. Furthermore, they want that the recruitment company can create results and secure customer satisfaction. Most recruitment companies in Denmark operates traditionally and the majority of clients are satisfied with that, but demands digital innovation, the clients does not seek partnerships with the recruitment companies, there is a high degree of mutability in the industry and the patterns of the clients and the customer loyalty is low. The client changes recruitment agency easily. The key performance indicators of the industry are first of all the ability for the recruitment agency to present their clients to a suiting number of candidates for the giving job. This will give the clients the option to make an own selection of the best fit from the pool of candidates and a higher chance for a perfect match between employer and candidate. Another KPI is the fact that the candidate is demonstrating relevant competences and experience, and after the recruitment process that the candidate is living up to the expected performance, that they were hired to deliver. That the candidate is living up to the competencies is consider the most important KPI in the industry. Also, employer branding is important because by choosing a specific recruitment agency, this Is the company's communication towards the possible candidates. A negative recruitment process can have consequences for the company onwards in the future search of new employees. The net promoter score of the industry is 56% of clients that will recommend a distributor of labor (Supana 2018). According to analyses of the Danish business association 3 out of 4 Danes are positive to foreign recruitment (Danish Business organization 2019) but 25 % of overall Danish companies are skeptical in regard to foreign language in the workplace (Balisager 2018)

There are 5 different types of recruitment strategies that are normal in the recruitment market.

1. **On demand recruitment:** The on-demand recruitment is where a recruiter works on an hourly or project basis. The costumer has the right to remove hours or remove the recruiter from the project as they wish. This model is to be considered as renting a recruiter for extending a business inhouse talent acquisition.
2. **Contingency hiring:** The contingency hiring is a model that works on agreed terms and conditions between the recruitment agency and the client. The candidates that are recruited through this model does not have to pay any fee for the recruitment process. The client are the ones that has to pay a fee for the recruitment process, for the supplement of the right

candidate. This model demands different tests to find the correct candidates, and its normal for the contingency recruiter to have a database of prospective candidates. This is a model that is mostly used on IT professionals. The contingency fee is paid in the end by the client when the candidate is hired.

3. **Retained search:** This recruitment model works with a contractual relationship between the clients and the recruiter, to conduct a strategic search assignment. The client or the employer will have to pay upfront fees for the recruitment consultant to find the right candidate. The retained recruiter works until they find a match with an applicant. They work closely with the client to find the candidate that match the required skills for the given job opening.
4. **Exclusive requirements:** This recruitment model is based on exclusive requirements; in this case the recruiter guarantees to fill the position within a specific timeframe. If the recruitment fails, the client can shift to another recruitment agency and will be able to pay less commission or charge penalties to the recruiter. The specific agreements and terms are negotiated in the beginning of the recruitment process. This model does not have competition in the timeframe giving by the client.
5. **Recruitment process (outsourcing):** This model consists of an external recruiter that works for a company internal recruitment process. The recruiter will find all the company staff within all areas needed. The recruiter is responsible for the interviews joining the offers. This model can be a cost saver for a company thus there are risks combined with outsourcing the recruitment process to another company and companies should be very careful selecting the strategic partner.

(Movanti 2018)

Internal Analyses

In regard to pinpointing strong and weak points for the business concept, it's important to sum up the previous information's from the pestl and compare Denmark and Argentina, in order to justify the business concept of recruiting labor from Argentina to Denmark.

Looking at a comparison of Denmark and Argentina, the two different countries has similar societal structures both countries are welfare societies with similar political structures. Both countries have a multi-party system with various different parties and coalitions going into government. Argentina and Denmark have welfare models and both populations are used to having free public services paid through the tax system such as education and healthcare, even though Denmark ranks as a more developed country compared to Argentina, it is obvious that the two counties share political ideology. Besides the political ideology the economic policies are the area where Argentina and Denmark differ the most. Argentina has had various recessions the last 50 years where the Danish economy has experienced growth and prosperity. The recent economic crises in Argentina is leading to brain drain of skilled labor, or the wish for many professionals in Argentina to leave the country and move to more stable economies, where their private income is not exposed to high inflation and economic unrest. The political shared ideologies and current economics both based on the past history and present, is a window of opportunity for the business concept since many skilled professionals wants to move to seek better opportunities abroad.

Based on the sociocultural factors in Argentina the country is a multicultural country with primary immigration from Western European countries the last 80 years, meaning that the people have an identification with West European cultures. This could be assessed more compatible with Denmark. The Argentinian and the Danish culture are most similar according to Hofstede's when it comes to individualism, long term orientation and indulgence, meaning that there is a match on half of the dimensions of the Argentinian and Danish culture. Compared to for example the Indian workforce there is a higher degree of cultural prerequisite for successful integration between Argentinians and Danes.

The educational prerequisite for living up to the lack of skilled labor does also has a match, the Argentinian degrees has been equalized with the European educations. The public universities rank strongly internationally in Argentina, and the transfer of education between the two nations has to

be assessed as a strong point for the Danish recruitment companies, because they can rely on the quality of the recruited labor's educational competencies. When it comes to the technological factors both Argentina and Denmark are considered modern nations, with a high degree of internet connectivity, public digitalization and with a high priority in Argentina of education within this area. The tech competences in Argentina is of very big strength for the recruitment companies in Denmark, because the Danish companies are working digitally and the society as a whole in Denmark is the most digitized in Europe. The tech competences of the Argentinian foreign worker will create prerequisite knowledge from their own society useful in Denmark. The area with the biggest challenges for the recruitment process will be the legality of the recruitment in Denmark, there are two different methods for recruitment the pay limit scheme and the positive list, meaning that the recruitment cannot just be broad according to the demand in the market, there has to be allocated a specific target group that matches either the pay limit scheme or the positive list in order to make the recruitment possible. The legality of working abroad from Argentina is not complicated and is a strong point for the recruitment companies since there is easy and agile visa rules for Argentinians to the Schengen area and also the opportunity of the working Holiday permit that allows limited work visas to Denmark.

Competitive analysis

The recruitment industry in Denmark is dominated by a red ocean environment. As previously mentioned, the industry is having a lot of different players. The recruitment players are both big and small, as seen at the positioning map to the right the differentiation is made between market challenger, market leader, small distributors, big distributors, the size of them and the economic growth. Within the industry it has been selected to focus on the 5 biggest competitors in the industry and describe their processes and model in order to evaluate on their business model and the competitiveness in the industry. There will be conducted a Porter's 5 forces diagram and a determination of AR Recruit's competitive situation, summarized with statements from operating experts in the industry.



Figure 6 Showing competitive positions on the recruitment market. Source: Supana

The 5 biggest competitors in the market

1. Adecco: Adecco is an international recruitment company that has 33.000 employees globally. The concept is a webpage with the opportunity for employers to upload job positions and job applicants to upload their cv's, thereby Adecco can match the right candidates with the right positions in the market. The Danish division of Adecco is employing 100 employees. Adecco Denmark is operating in general within 9 main industries their main focuses are: manufacturing and production, logistics and warehouse, office, building and construction, customer service, travel and leisure, engineering and technical, fiancé, healthcare. They provide jobs on a project base, permanent and temporary across different areas of Denmark and they also offer, try and hire. Adecco has a database with potential candidates. Adecco is using screening processes to assure that the match of the candidate matches the wanted qualifications, all the relevant interviews, tests and references will be collected to ensure chemistry between the candidate and the employer. Adecco also operates with the hire and try solution which makes it possible for the given company to try a candidate for a given time period, the shorter the more expensive, the longer the cheaper it will be. The try and hire solution is based an hourly rate per candidate, and the employer can stop the agreement with a day's notice within the first 3 months (Adecco Denmark 2019). Adecco is internationally owned by the Adecco group which is a network of 10 recruitment companies.

Adecco is like many other recruitment companies focused primarily on operation on every domestic market exclusively. According to the annual report of the company the future delivery of talent in a world that is experiencing shortages of skilled labor, is for Adecco to step into up qualification and education of workers. Adecco wants to establish educational options within their company to deliver the talent needed. International recruitment from country to country is not a main priority, thus its mentioned in the annual report as a force for companies, but they see the retention and attraction of workers as a risk. It is important to understand this is a global outlook and are not targeted specific markets but is an overall strategy (Adecco Group 2018). The Danish division of Adecco has an economic activity of 85.533.540,57 EUR, they have a market share of 13% and is to be considered the largest player on the Danish market (Supana 2018).

2. Hartmann's: Hartmann's is a recruitment company that has 5 main specialized areas that they are working within: IT and technology, finance and insurance, machine, automation & electronics, sales & service and HR. From their Danish webpage they are operating domestically and with Germany, Greenland and Norway. The company has existed for 20 years and has a history of 16.000 recruitments. The value that they are expressing is to have a large extended network and professional knowledge in the industries that they operate. The recruitment process starts with a meeting with the client and Hartmann's, where there will be conducted a job analyses and a customization of the profile, process, methods and timetable. They offer the client a consultant that are working on the recruitment task, that has knowledge from the specific industry the client wishes. When it comes to managers and specialist Hartmann's has international cooperation partners and a huge network of partners in Denmark. Hartmann's has a database of 60,000 candidates with access to online cv portals of both nationals and internationals (Hartmanns.dk 2019). According to Lars Pelch (Interview in Appendices Index 1) Sales and business development manager at Hartmann's. Hartmann's international corporation it primarily operating with the western world countries and the majority of international recruitments to Denmark is from East Europe, USA, and few from India. Hartmann's has a market share of 7% and economic activity in Denmark of 46.735.297,92 (Supana 2018)
3. Jobindex: Jobindex is the largest job portal in Denmark they are an online platform and is operating within a vast area of employment for their clients. They have 3 main areas: Advertisement of jobs where they offer profile advertisements where the companies can advertise with their logos and a presentation of their vacant position, Profile ad+ cv match and guaranteed reposting where it's possible to jump directly into the inbox of the relevant candidates, Job index Quick apply, Do it yourself ad where you enter the job add yourself and its placed as the last ad in the relevant category, robot scanning with automatic posting, and profile advertisements in Sweden and Norway with jobsafari.se or jobsafaria.no. They also operate with special packages; the first packages are the executive package where it's possible to reach thousands of managers and career executives, and the IT pro packaged that is targeted to IT Specialist in Denmark. When it comes to the

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recruitment process Jobindex is working with, they have two different offers. Semi search where they handle the entire recruitment process, but the company has to do the interviews. In this they are specialized within IT positions and management positions. They also have administration of the candidates where they are doing the screening and administration of all candidates. Jobindex operates solemnly domestically on the Danish market and has partners in Sweden and Norway but does not have international recruitment, besides spontaneous candidates that by chance are subscribing to the webpage. Jobindex has a market share in Denmark of 5% and has an economic activity of 32.403.470,09 euro per year (Jobindex 2019).

4. Temp team: Temp Team is a Danish recruitment company that has been operating for 40 years. They are working with 6 countries and has a customer database of 3400+ costumers and a pool of candidates of more than 230.000+. Temp Team is recruiting within 8 industries: office/administration/economy, storage/production, sale, marketing and purchase, cantina and cleaning, medicinal and laboratory, IT, tech, & management. In the recruitment process temp team meets the client personally to assess the value proposition to the candidate and the environment at the workplace, in order to tailor the right strategy to find the correct skilled labor. Then the screening process is conducted in the people pool to find the best match to the position. Recruitment interviews are conducted together with person profile analyses. After the process the client receives a brief presentation of the candidates, thereafter the interviews with the clients can take place. Temp team has a follow up of the recruitment (Temp Team 2019). The market share of temp team in Denmark is 4% and their economic activity is 28.466.663,53Eur per year (Supana 2018).
5. Manpower group: also called Experis is an American multinational recruitment corporation operating in more than 50 countries. They have primary focus on engineering, IT, Finance, Sales and marketing, HR, Legal and executive. Manpower operates with search and selection, and they are focused on individual solutions for the clients where solutions are tailored to the specific needs of the client, using scientific principles and knowledge to assure quality and efficiency and the highest value for money perception for the client. The company is focused on outsourcing. Manpower has 1% of the market share in Denmark and their economic activity is 20.445.682,15 per year (Experis 2019).

Information about the competitive environment

According to Lars Holmer researcher at SRC, a recruitment agency within IT specialist in Denmark, the IT recruitment industry is suffering due to shortages of labor and high competition of talents domestically, the international recruitment in IT is often from India where it's difficult for clients to assess the real qualifications in the market, and also there is a pain in regards to job market integration which results in weakness in the industry, when it comes to foreign labor. The Danish market is willing to hire English speaking IT specialist, but there is a mismatch in order to guarantee the retention rate of the foreign labor primarily from India, due to the cultural differences and the work ethic that are different from the Danish. Indians are keener to work by instruction, and the Danish companies requires labor that is working on own initiative, furthermore the educational background and the skills stated in the application is not necessarily matching the practical reality (Interview Lars Holmer Appendices index 1). It inevitable that more Danish companies are changing their organizational languages to English in order to accommodate the change in the job market and the estimated international shortage of IT specialist of 1.8 million people and the Danish of 20.000 the next 10 years (IT Watch 2018). Finding the best match for the companies when it comes to competences and cultural prerequisites, can guarantee the retention rate and integration of labor coming from countries outside of the European union. Based on the fact that other European labor market within IT has been emptied during the economic boom, and in combination with the demographic situation in the European which is making the competition of skilled labor high among the European nations. According to Hofstede's Denmark and India is not matching on any on the six dimensions. (Hofstede's Insight 2019)

Porters 5 forces

In order to understand and outline the competitive environment in Denmark when it comes to the recruitment industry its visible that the industry is large and that it is a red ocean industry that has a lot of different players with different specializations, according to AR Recruit's innovative business plan it's important to underline that companies in the market is very domestically oriented, and only in special circumstances are recruiting labor from outside the European Union. The table below will take into consideration the competitive position in international recruitment from countries outside

of the European union or western world. The porters 5 forces will be conducted in a framework using the information from the Pestl and the 5 main competitors in the market.

Bargaining power of buyers / clients: High

The industry is known not to have a high loyalty among clients meaning that it's easy for a client to change provider of the recruitment, based on the specific task. The demand from the clients are based on price, retention rate and quality in the recruitment. Since the industry is fairly similar in its service offerings and value proposition to the clients, they don't see a high risk to change provider of the recruitment service. The companies that are best at providing the needs will have a higher chance in the market, but their position is not guaranteed since it's a fast-moving market. There are 790 companies in Denmark that are operating within recruitment. It is fair to estimate the bargaining power of buyers high in the Danish market.

Bargaining power of suppliers / Candidates: High

The bargaining power of candidates is high due to the fact that there is a lack of labor, Denmark is currently in the situation where there is lacking 45.000 employed (Confederation of Danish industry 2018) in various sectors and the availability and future perspective of labor, uphold with the demand does not match. This means a high competition in the market to attract the right labor in Denmark, and the candidates to a high degree can select and deselect recruitment companies and set high demands to, salary and conditions. Due to the fact that the future lack of skilled labor in the Danish job market is only predicted to grow, because of more people entering pension age and smaller working population volume, the bargaining power of suppliers is only expected to grow making the competition in the recruitment industry even more aggressive. According to Danish statistic there are 87.100 net unemployed people in Denmark, meaning people that is belonging to job centers and unions that has declared that they are ready to work. The 45.000 missing job positions in the country doesn't necessarily match the ability of the 87.000 people or the overall unemployment rate of 3.1% (Statistics Denmark 2019). The only perspective to turn the development around is foreign skilled labor so secure the future opportunities and growth for recruitment companies in Denmark and various European nations (Ministry of Immigration and Integration 2019). It is fair to estimate the bargaining power of suppliers or candidates as high.

Threats of new entrants: High

Based on a regular overview of the industry and since the industry is a red ocean industry with many players it would be natural to assess that the industry will find new entrants of low threat. Hence the fact that the business models and the strategies are homogeneous in the industry, a new business model and a new strategy based on international recruitment, with an underlined guarantee of retention rate, cultural prerequisites and educational prerequisites from candidates, can shake the industry in a new direction. The agility and the international contact networks of the big players in the market has an ability to shift their focus from domestic operations to more international operations, but it will take some time to change the perception from upgrading of the unemployed to international recruitment. Because of the lack of labor in the Danish workforce and the present and future demand in various industries it can be of significant threat if a new business model is focusing on the generic strategy of porter, the differentiation focus, finding a window of opportunity, to expand the supply of skilled labor within industries that are on the positive list of labor shortages. The industry has low entry barriers, there are a high power of incumbents in the industry based on the established networks of the existing players, but little product differentiation between the players, the services and processes.

Threats of substitutes: Medium

A threat of substitute for international recruitment can be the online platforms. If they change strategy and brand themselves to match other countries and does marketing efforts to attract candidates in Argentina. Another threat of substitutes will be the option of outsourcing to Argentina thus the fact that the general trend in Denmark in various industries are insourcing, especially when it comes to IT specialists and engineering (Technical Union 2017). In general, in Denmark there is currently no companies that are focusing only on skilled labor from Latin America, thereby the threats are not high, but it is an opportunity that existing players and substitutes can quickly change strategy if needed.

Rivalry among existing competitors: High

Due to the homogeneity in the market with similar offerings, processes, pools of people of which to recruit, there is high rivalry among existing competitors to provide the correct competences to the

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needed demand in the market. There are many competitors, of the 790 companies the majority are SME's and the market shares are very similar in the market, so the competition is hard. The industry has a slow aggregate growth where the only way to grow on the existing market is to get market share from competitors.

Porters 5 forces table

Below in the table there is a sum up of the competitive situation in the Danish recruitment market using Porters 5 forces (Porter 1980)

Bargaining power of buyers: High	Bargaining power of suppliers: High	Threats of new entrants: High	Threats of substitutes: Medium	Rivalry among existing competitors: High
<ul style="list-style-type: none"> • Low loyalty among clients. • No risk of changing provider. • Fast moving market. 	<ul style="list-style-type: none"> • Shortages of labor • Lacking 45.000 employees. • High demands from candidates, salary and conditions. • Small volume of workers 85.000 net unemployment. • Unemployment rate 3.1%. 	<ul style="list-style-type: none"> • Red ocean environment. • Homogeneous market. • High agility • High threat with a differentiation focus strategy 	<ul style="list-style-type: none"> • Online platforms • Outsourcing • No companies focusing only on international recruitment 	<ul style="list-style-type: none"> • Similar offerings • High rivalry between competitor • Shortages of labor increases the competition. • Majority of companies SME's • Slow aggregate growth

Table 4 Showing Porters 5 Forces Matrix. Source: Author

Overall the competitive situation is high in this market, but an innovative solution to accommodate the labor shortage is needed only, 1% is recruited from outside of the western world, the specific industries are Management, IT and Technological consulting (Confederation of Danish industry

2018). 1% is a small volume compared to the current demand and the fact that labor shortages are present in all of the European union. In order to be competitive in the recruitment industry an international strategy is needed to deliver the needed workforce to the labor market, hence the market is mature and over half of the companies in Denmark has implemented English as organizational language the companies hasn't succeeded to a high degree of international recruitment (Berlingske 2016). It is essential to find the right match between skills, education and culture to be competitive and get market share of the unexploited market.

The competitive situation in international recruitment is not only a competitive question in the Danish market, internationally there will be a shortage of 1.8 million IT specialist, the Danish companies are in competition with the rest of the European Union's countries, but it can be an argument that Denmark has a competitive advantages due to the next highest salaries in Europe after Switzerland (The Local 2018).

SWOT

In order to get an overview of the internal and external factors that affects the innovative business plan of AR Recruit a SWOT analyses is important to sum up the important Strengths, Weaknesses, opportunities and threats that affects the business.

Strength	Weakness
<ul style="list-style-type: none"> • Other recruitment companies are not operating with international recruitment • Argentinians has a high degree of similarity to Danes which can ease integration, retention rate and performance. • An international business model with a differentiation focus could gain market share and avoid slow aggregate growth 	<ul style="list-style-type: none"> • Limits to recruitment set by the pay limit scheme and the positive list • Not all Danish companies has English an organizational language • Industry is not known to have high loyalty • Barging power of suppliers high, the candidates has a lot of power in the recruitment process. • Aggressive overall competition.
Opportunity	Threats
<ul style="list-style-type: none"> • Shortages of labor. 	<ul style="list-style-type: none"> • Skepticism of the Danish politicians due to previous immigration history.

- **No natural replacement due to demographic situation.**
- **47% of companies find it difficult to recruit**
- **They majority of Argentinians descends from west Europe, similar welfare and political system.**
- **Political movements towards an ease of the work immigration rules.**
- **Historic and current political and economic instability in Argentina resulting in brain drain.**
- **Cultural similarity according to Hofstede's matching in 3-4 out of 6 dimensions**
- **Argentina ranks number 1 when it comes to tech skills.**
- **24% of students in universities selects educations within IT, Science and technology and 18 % health science.**
- **Educations has been equalized with the European Union in 2017.**
- **The working Holliday agreement.**
- **Trade agreement has been established between Eu and Mercosur.**
- **Yearly expenses of 4.825.025.764,03eur to fail integration.**
- **Red ocean competition with homogenous offerings.**
- **Danish companies do not have a strong knowledge of recruiting labor from Latin America.**
- **Only 1 % of the market is recruiting from outside Europe.**

Table 5 Showing SWOT. Source: Author

Objectives of the Plan

The objectives with AR Recruit is to establish a new innovative solution in order to accommodate the window of opportunity in the market, finding the perfect recruitment match of where the Danish labor market is experiencing the highest shortages, and find the best target group that is having the highest educational prerequisites. The concept is based on educational factors, cultural factors to ensure the retention rate of the recruited labor so that the investment for the client is worthwhile. Documenting the similarity's and using those facts as a guarantee and create more confidence in the market towards international recruitment. AR Recruit will operate as a traditional recruitment

company based on the industry overviews assessment that describes, the wants and desires of the clients in the market, with a differentiated strategy that is going to change the scene of recruitment, aiming at a global approach in a globalized world, with a country like Argentina that politically, economically and historically could be referred to our forgotten next cousin.

AR Recruit will provide labor to the Danish market based on the pay scheme and the positive list and will not focus on the slow aggregate growth model that the competitive environment is currently using taking market share from each other. AR Recruit aims to find new channels to avoid the red ocean environment, delivering labor that can be competitive skilled and bring confidence to clients that it's possible to create cultural diversity with ease, where integration is not a challenge. The objective of the business plan is a small-scale recruitment company with growth potential, keeping costs and expenses at the minimum, making a company with flexibility and a flat organic organization.

Strategy Development

In order to develop the correct strategy of the business plan it's important to find the right segment, target and positioning for the business. below will be a segmentation matrix that will focus on shortage in the labor market within two different industries, looking at the education proportion of people in Argentina within the specific area and an income potential based on the estimation of a 20% revenue per recruited person of their average salary, which is a normal price setting in the industry (Balisager 2018). There will be an estimate of the income potential for each industry of recruitment. When it comes to the AR Recruit business model it's important that the concept lives up to the SMART goals (George T. Doran 1981) that its specific, measurable, archivable, reachable and timely. Because of the incorporation of the SMART goals, the business concept will be based on the minimum viable. After the segmentation, targeting and positioning, an evaluation of Porters generic strategy positioning will be evaluated, then a marketing mix based on the 7 p's. After the 7p's there will be conducted a client profile to assess what type of costumers in Danish market to reach and what should be the necessitates of that specific client group. After that an elaboration on the costumer profile what kind of costumer should it be, and what are the necessities of that group.

Segmentation/Targeting/ Positioning

Candidate Segmentation

As mentioned, previous in the project there are various different industries that are experiencing a shortage of labor. The segmentation is based on 2 different industries that could be viable for the business plan. The two selected industries are IT, Health science and Engineering.

Criteria's	IT specialist	Health Science and Engineering
Future shortage in the Danish market till 2030.	20.000 people	18.333 People
Number of Argentinians graduates within the area the next 10 years	304.584 people	265.241 people
Educational level	Number 1 in Tech skills according to Harvard	Best university within engineering ranks number 600 out of 800
Average yearly salary In Denmark	85.812,32 Eur per Year	87.297,37 EUR per year
Revenue potential in the total market with recruitment fee of 20% of yearly salary per person.	343.247.461,46 EUR	319.015.559,56 EUR

Table 6 Showing the Segmentation of the two selected groups. Sources: Itwatch 2019, Danish Engineering association 2019, Argentina.gob.ar 2019, Times higher education 2019, ComputerWorld 2018.

According to the finding in the segmentation matrix there has been found two very interesting groups that both has a great potential for international recruitment, with a high overall market opportunity when it come to the total market value, the educational level, salary and the future

shortage the next 10 years. It is important for a company like AR Recruit to have a viable business with a future potential, and the amount of labor shortage is an important factor combined with the recruitment potential in Argentina within the area. The segmentation criteria's has been selected due to the shortages the next 10 years, the amount of people graduating from the needed educations in Argentina the next 10 years, and the educational standard of the groups combined with the average yearly salary per group in order to assess the overall market size if AR Recruit had 100% market share, which will not be possible. The objective of the market share will be elaborated later in the project.

Targeting of Candidates

From the segmentation matrix above it is clear to see that to two different industries are both interesting from the perspective of AR Recruit. One industry has a higher forecasted shortage number and a bigger pool of recruitment potential candidates in Argentina, a higher educational advantage and a bigger potential income source, which is the IT specialists from Argentina. Because of this analysis it is of priority for AR Recruit to select the IT specialists as primary target group of candidates in Argentina, with a future possibility of a secondary target group within health science and engineering. In regard to the target of clients in the market it could be all sizes of companies that are operating within IT thus only the companies that has English as organizational language. The tasks and the demands are flexible in the industry and AR Recruit should be agile and ready to adjust to the demands of the client and the candidate. The candidates will also differ but will be targeted to the same industry in order to keep the business model archivable and reachable.

Segmentation of Clients

Denmark has many companies of which English is the organizational language 47% of the existing companies are operating with English as language, and this number is only expected to increase with the shortage of labor due to the demographic challenge in the country (Jens Frederik Wang appendices index 1). In the segmentation of clients, it's important to look into different potential customers for AR Recruit in order to understand the growth of the companies, the annual revenue, the organizational language and how many people working in the company. The segmentation

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process is based on an industry analyses that is representing the IT companies and is based on their performance on the market. The companies are known for recruiting English speaking professionals, Danish or European. Below there is an overview of potential interesting Clients for AR Recruit.

Companies	IBM Denmark	NNIT Denmark	SIMCORP Denmark	ACCENTURE Denmark	COLUMBUS Denmark
Equity	114.415.260,86 EUR	145.218.198,86 EUR	168.980.920,68 EUR	58.891.111,72 EUR	85.627,896 EUR
Annual revenue	620.822.093,57 EUR	402.521.493,80 EUR	382.449.285,69 EUR	261,150.125,97 EUR	251.004.849,72EUR
Organization and language	Danish and English Positions	English	English	English	English and Danish Positions
No. of employees	1.637	3.129	1.554	622	1.845

Table 7 Showing the Segmentation of Clients for AR Recruit. Sourses: IBM 2019, NNIT 2019, SIMCORP 2019, Accenture 2019, Columbus 2019.

Targeting of clients

The three most interesting clients from the segmentation is NNIT, Simcorp and Accenture that are all operating in English, it could be of interested for AR Recruit to establish contact with these companies and use the job position section of their webpages in order to match with a potential pool of Argentinian IT specialists. Smaller companies are also of interest for AR Recruit since the projects of recruitment are on ad hoc basis, the general targeting will be a task of one of the employees of AR Recruit, in order to scan the market for all the different clients, and also be in line with eventual development of organizational changes in companies. The employees of AR has to

constantly investigate new organizations that opens for English spoken job positions. The selection of the larger IT companies is based on the fact that 47% of companies are speaking English and the majority of those are international companies that are selling IT solutions internationally (Berlingske 2017).

Porters generic strategies

In regard to the generic strategies of Porter, AR Recruit is placed in the middle between cost focus and differentiation focus. AR Recruit wants to exploit the window of opportunity of the shortage of labor in Denmark, within a specific target group of candidates, and the cost focus want to exploit the cost advantages in the segment within the target group of clients. The strategy for AR Recruit is to have a competitive pricing strategy differentiated to the existing competitors in the market by keeping the recruitment fee in the end of the recruitment, in that way the risks of costs will be able to be lower for the client and thereby create a competitive advantage for AR Recruit. The aim for AR Recruit is making the organization as remote as possible by not having physical offices and working with provision salaries for the people working in the recruitment process to motivate performance. Another competitive advantage is the differentiation focus where AR Recruit will source its labor from markets that usually is not a focus of existing competitors, thereby creating a new channel of skilled qualified labor that can compete on previous competitor's channels. The differentiation is also based on the fact that the selected candidate segment, the IT specialists from Argentina rates way higher when it comes to the skills needed in the market compared to the previous 1% recruited international labor that the competitors are normally recruiting to the market from for example India (Balisager 2018).

The benefits of selecting a differentiation focus strategy for a small startup company is not to be too broad in the beginning process but focusing on one specific industry where even competition from the biggest players still will allow a fair market



Figure 7 Showing Porters Generic Strategies and AR Recruit position. Source: Cambridge University, Edited by Author

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to share obtainable. The competitive advantage will be further elaborated in detail in the implementation of strategies section focusing on the lower cost risk for the client and higher success rate of retention based on cultural factors of the labor that eases, the private integration and the integration into the organizational structure of the receiving client(Cambridge University 2019).

Positioning

Regarding the positioning in the market with a new small innovative startup company, the position in the market that AR recruit wishes to obtain is the market challenger position, as a small distributor in the market with high economic growth, due to a new recruitment channel in the market and a generic strategy in the middle between cost focus and differentiation focus. The market challenger position will be based on a competitive price strategy, promotion strategy and communication strategy. The objective of the company will be as low costs as possible to assure that most possible money is allocated in company equity, in order for future development and possible repositioning in the future by expanding into new target markets or expanding, facilitating the public sector as client.



Figure 8 Showing AR Recruits position among competitors. Source Supana 2018 and edited by Author

Definition of implementation policies

Product/Service strategy

The product strategy will be based on the contingency hiring model, which is the to minimize the risk and costs for the clients, in order to be competitive in the industry. AR Recruit offers specialized intangible products. The contingency hiring model is not widely used in the Danish market and are sought after by the costumers (Jens Peter Sørensen index 1 Appendices). The contingency model means that the fee of recruitment will only be payed when the candidate is hired by the specific company. The product strategy and the task of which person to find, differs from task to task, it is a strategy for AR Recruit to tailor and customize its service and price according to the demand of the specific clients.

Looking to the existing models in the market the recruitment companies are using a percentage to define the price of the recruitment which will normally be from 15-30% (Balisager 2018) of the yearly salary of the recruited person, depending of the position of the specific person but on average it will be 20% of the yearly salary. The product strategy will be based on a push strategy having a pool of talent constantly that are pushed by the sales and marketing employee in Denmark to match the right companies. The approach will be finding job applications and push the potential right candidate together with the company. The service will consist in an ongoing communication with the client and meetings to agree on terms, conditions and price on the specific candidate. With the push model the quantity is the important factor for AR Recruit. The service at AR Recruit will consist of a search phase where the client is found and matched with the right candidate from a collected pool of IT specialist. After the match the contact and meeting with the client will be established to determine further demands and requirements of the candidate. In the contract process the cost for the person will be shaped, together with crucial information about the recruitment process, the fees for the Danish state and the process of bringing eventual family along and other recommendations, that are task for the client such as eventual housing of the candidate in the initial

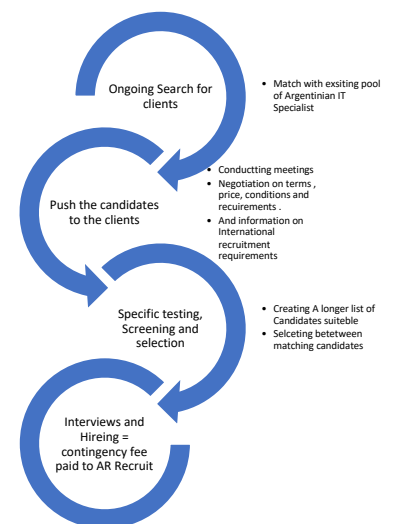


Figure 9 Showing Process of Recruitment for AR Recruit. Source Author

phase of employment. After that the screening of the candidates there will be made a longer list of potential candidates and then the interviews between candidate and clients can begin, which eventually can result in hiring and release of the recruitment fee or dismissals of the candidates.

Value Proposition

1. **Market:** The market is based in Denmark within the potential clients that has English as an organizational language.
2. **Value experience:** The value experience will be based on a higher degree of retention rate based on educational skills, cultural similarity, minimizing integration costs, risk minimization for the client using the contingency model creating value for big and SME's to reduce their HR costs and obtaining access to a new channel of workforce. They will experience an asset to ensure further growth and prosperity.
3. **Offerings:** Tailored recruitment solutions based on the need in the IT market with top notch internationally recognized quality of workforce to the IT industry, with higher probability of retention bringing a positive return of investment to the client.
4. **Benefits:** Increased competitive advantages by having skilled labor recruited, diversity in the workforce that can increase overall opportunities of further internationalization.
5. **Alternatives and differentiation:** The differentiation between the competitors and AR Recruit is the explicit focus on international recruitment based on culture and international ratings, when it comes to qualifications of the Argentinian IT professionals. Where only 1 % of recruited IT professionals are selected from outside the European union, from primarily Asia due to habits in the industry (Jens Peter Sørensen Appendices index 1). AR Recruit is focused on a scientific approach to assure the cultural and educational match of its recruitments.
6. **Proof:** The IT industry has a lack 20.000 specialist that cannot be found in Denmark.

Price strategy

The pricing strategy that will be used in AR Recruit is the competitive pricing. AR Recruit wants to minimize the risk in the recruitment process for its clients and potentially also the costs by not having initial fees, for the recruitment, meaning that the pricing strategy will be more competitive due to the differentiation of the recruitment model. The competitive pricing strategy is normally selected in an industry that are offering similar services such as the recruitment industry.

Pricing method

The pricing method is flexible and will determine on the task ahead, the higher the responsibility of the future recruited candidates, the higher salary, the more income. The prices are a percentage-based model where the service will be based on the average yearly salary of the IT professional

20 % of salary of average yearly IT salary	85.812,32 Eur per Year = 17.162 EUR PR recruitment
30% for highest 1% positions in IT average salary	644.406,27 EUR per year = 193.321,8 EUR PR recruitment

Table 8 Showing the pricing method. Source Computerworld 2018, Author

The aim in the beginning face of the company is to focus on positions that are based on the average salary of the overall IT positions, and then with success and time be able to reach opportunities within the 1% highest IT positions.

Physical evidence people and processes

AR Recruit wishes to have an organic organizational structure where the people working in the company can possess various different overlapping functions. Due to the fact that the company is a startup business and an innovative plan, the people must have a knowledge of the various areas of the company. AR Recruit will hire a HR specialist in Argentina that has education and experience within Human Resources, that will be earning a fixed higher salary in order to secure motivation and a competitive salary level. The Argentinian HR specialist main task is to deliver the pool of

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candidates that are needed in order to accommodate the demand in the IT companies in Denmark. the CEO will be in charge of the screening of candidate's competences and the economic areas of the company. A third person will function as a sales and marketing responsible in Denmark. The synergy of the three people in the company will be essential to deliver the correct match for the Danish clients. The organizational structure will be up for moderation if the demand grows for the service, then the workforce will be extended. In the picture below there will be a visual demonstration of the organizational structure. The company will operate in a remote setting there will not be offered any offices or physical setting for the company. The salary of all the involved parties will be fixed with a 3 % increase per year. The company will be registered as in the beginning as a sole proprietorship and will eventually be switch to another organization model. The aim is also to create a remote subsidiary in the future in Buenos Aires if the business model is viable to hire more employees. The idea is to have a database with all the candidates their competences and their experience, this database should consists of a smaller number of people in the beginning phase, since the starting objective is not to recruit a vast number of people, but start in an easy paste with approximately 1,6 recruitment's per month and scale up the number along the way.



Figure 9 Showing structure of AR Recruit. Source Author

Remuneration policies

Each person will work around 20 hours per week in the initial phase of the project, so the employees will be able to maintain another fulltime job besides the startup company. The 20 hours per week will result in the obtainment of the first client and the first successful recruitment. After the first recruitment all parties will shift to AR Recruit as their main income source with a 37 hours per week schedule, matching Danish work law. As earlier elaborated the income potential of an average recruitment is 17.162,4 Eur PR recruitment. The HR Specialist in Argentina will earn a fixed salary leaving 15.446 EUR, the CEO and the Sales and Marketing responsible will each earn the same salary in the startup phase of 4015,69 EUR leaving 7414,62 EUR if the taxation is taken of the 22% there will be 3638,22 EUR to put in Equity. This is the picture of the minimum viable. The first 3 months the salaries will be paid from private equity from the CEO which is the owner of AR Recruit.

Functions	Gross remuneration
CEO	4015 EUR / Month
HR Specialist Argentina per month	1716 EUR / Month
Sale and Marketing responsible	4015 EUR / Month

Figure 9 Showing the Remuneration in AR Recruit. Source Author

Promotion/ Communication Strategy

AR Recruit will start as a small new player on the Danish market, with a focused differential strategy and a contingency recruitment model. The aim for AR Recruit will be on owned and earned promotion. The owned promotion will be through an active salesperson that electronically or physically seeks out the companies with offers of candidates living up to the available job positions. Besides the aggressive personal marketing approach, Facebook will also be used as a promotion platform by having a company page there, then also a normal webpage describing AR Recruits value proposition, the cultural benefits, the international ranking of IT people in Argentina and the possible of archiving better retention rates. Due to the objectives of having low costs for AR Recruit in the startup phase there will not be build online databases, but it's an objective to establish a webpage with the opportunity for Argentinian talents to upload their CV'S in the future. The earned

promotion will come from the industry after the hiring, eventual feedback from the client about the candidate or from the candidate him or herself can be used as promotional content to attract more talent in Argentina or like a pull strategy for companies to contact AR Recruit by own initiatives. Furthermore, content can be used for marketing on Facebook and Instagram or specific forums where the IT specialist has interest. One of the cheaper more realistic starting points for the Argentinian HR specialist partner when it comes to promotion in Argentina to find candidates will be the big universities in Argentina that are educating IT specialists or by using LinkedIn to locate and contact the correct people in the market.

Target audience

The communication target audience for the IT industry is important to determine, since they are the receivers of the overall communication from the company.

Primary target audience Candidates and Clients

The primary target audience are all IT specialists in Argentina and IT companies in Denmark, the secondary target audience could be the universities where the IT professionals are educated in order to get some pull strategic promotion and create awareness about the opportunities of working internationally, when the education is finished. It's important that students have the information that their education opens for a potential international career. A secondary target audience within the client's area could be industry associations within IT. The most reasonable strategy for the primary target audience would be an undifferentiated strategy where all are treated with the same message regardless of difference. The objective of the undifferentiated strategy is to reach as many within the target audience as possible. And for the secondary client's area of target audience it could be a differentiated strategy focusing on the results obtained through recruiting Argentinian IT professionals.

Communication objective

AR Recruit's main objective with the communication is to create awareness about AR Recruit in general and create a desire to recruit Argentinian IT professionals in Denmark. It is also important

for the target audience to understand the unexploited possibilities in regards of international recruitment focused on culture, education and how that can have a higher probability for retention rate and the value that this can bring to the companies. The communication should talk to the cognitive response and make people think about the unexploited possibilities they could achieve in the recruitment. The communication should go through the exposure where the target audience is exposed to the communication, and then it shall be understood and received, starting the cognitive response where the client is thinking about the message. After the cognitive response the communication should provide a positive attitude that leads to an intention of contacting AR Recruit.

Push or pull strategy

Regarding the communication of AR Recruit to its primary target audience, the suggestion is the Push strategy, where AR Recruit makes the communication and gives it to the sales and marketing responsible in Denmark or the HR specialist in Argentina, that is responsible for the exposure to the target audiences. The reason for this decision is because the sales and marketing responsible and the HR specialist in Argentina are the ones that has the largest market knowhow.

The Communication messages

The communication message to the target audience should gain attention since AR Recruit is new player on the market. The creative strategy should be the informational and rational appeal that engages the clients and the candidates about their self-interest. The informational and rational appeal should inform about all the benefits and advantages about the value of international recruitment based on cultural and educational fitting criterions. The message structure should be the explicit with conclusions about the value and what it can provide to the client and candidate. The message presentation should be on-sided explaining about the values and positive sides of the service. The message source should focus on credibility explaining about the scientific criterions.

Channels

The channels will be both personal and non-personal, the HR specialist in Argentina should promote the opportunity of working in Denmark mouth to mouth finding potential candidates, by locating them on LinkedIn or other forums associated with the IT industry in Argentina. The same with the sales and marketing responsible person in Denmark should also use the personal and non-personal approach finding the right companies that are looking for IT specialist according to the client criteria's, through personal contact to companies and companies webpages looking into the available job positions on the different clients webpages.

Communication budget

To keep the communication cost at a minimum which is essential for a new startup company in the market, its suggestible to use top-down budget for AR Recruit. The top-down budget means that each area of the company is already budget for, and that it's not possible to use more resources than allocated to each area, which makes more security in the startup phase. It can be necessary to adjust the model in the future if higher demand is reached and the company needs to grow excessively.

Implementation requisites

In regard to the implementation requirements to obtain the first costumer, there will be a list of activities that has to be done before the launch AR Recruit can be effectuated. Below there will be a Gantt methodology showcasing the various processes until launch.

Activities	Estimated Duration (In days)
Company registration	1
Creation webpage and Promotion material	14
Finding HR person Argentina, Finding Sales and marketing representative	30
Find a pool of people in Argentina finding clients to approach	30
Launch of AR Recruit	1

Table 10 Implementation requisites showing the timeframe of activities. Source Author

Economic and financial evaluation

This chapter is going to elaborate on the financial necessities and economic forecast of the innovative business plan AR Recruit. The economic and financial evaluation will consist of growth assumptions for AR Recruit, and a sales forecast and income statement, all are based on the recommendations and demands from the Danish authorities when people are having a sole proprietorship.

Growth assumptions

The objective of AR Recruit is to start with a minimum viable. There will be a shortage of 20.000 IT Specialist until 2030. AR Recruit objective the first year is to target 20 candidates approximal 1,6 candidates per month. For a startup company it is important the first year to penetrate the market and start according to the SMART goals, so the objective is realistic and achievable. A realistic approach would be 0,10%, of the 20.000 which will be 20 recruitments of the shortages for AR Recruit with a growth of 0,10 % per year in the 5 years economic forecast.

Startup Budget

The cost of operations of AR Recruit are fairly low and will correspond the economic development of the company throughout the years. Other business models might demand a high degree of investment to start, but AR Recruit is based on a sole proprietorship and based on the fact that the employees already have laptops to execute the operations. The startup budget will be based on the first 3 month's salary of the employees and will be covered by private equity of the owner. The private equity will be 14.980 EUR, this will be covered from the equity of the company in the end of the first year of operation.

Sales forecast

In regards to the sales forecast the price is based on the 20% of the annually salary of the IT specialist which will be the average rule of thumb for AR Recruit unless a top 1% of the market IT position needs to be fulfilled, which will not be accounted for in the first 5 years. The price is only for the recruitment, it is the tasks of the individual company to obtain the work visa for the employees and also eventually housing and other expenses for the Argentinian that are recruited to Denmark. The sales forecast is based on the shortages in the market of 20.000, in order to operate after the SMART goals and not overpredict the potential of sales for AR Recruit the percentages are set fairly low. This is a decision in order to keep the expenses to a minimum for the startup company. The beginning target of the market share will be 0,10% of the market, resulting in 20 people with a recruitment income potential of 20% of the average IT Specialist salary of 17.162,40EUR, taking an overall market share of the 0,01% of the market turnover and leaving a result of 343.248EUR in revenue. The following years the market share of the shortages will increase until year 2024 having obtained 0,06% of the overall market share and leaving a revenue of 1.699.138EUR revenue for AR Recruit. The sales forecast is based on a minimum viable in order to secure that the business plan is achievable. In the 4th year of the sales forecast an additional HR specialist in Argentina will be hired in order to help to increase the pool of candidates, to present the Danish companies. The total addressable market taking into account the 20.000 candidates is for all the years 5.119.621 EUR.

Sales Forecast	2020	2021	2022	2023	2024
Shortage of Market 10 years People	20000	19980	19940	19880	19801
Market share of shortage per year	0,10%	0,20%	0,30%	0,40%	0,50%
Numer of Recruitments AR Rrecruit	20	40	60	80	99
20% of average saleries	€ 17.162	€ 17.162	€ 17.162	€ 17.162	€ 17.162
VAT	25%	25%	25%	25%	25%
Amount of VAT	€ 85.812	€ 171.452	€ 256.664	€ 341.192	€ 424.784
Total Sales with VAT	€ 429.060	€ 857.262	€ 1.283.321	€ 1.705.961	€ 2.123.922
Total Sales EX VAT	€ 343.248	€ 685.810	€ 1.026.657	€ 1.364.769	€ 1.699.138
Total adressed market 5 year forecast	€ 5.119.621				
Market Turnover	€ 2.764.241.120				
Market Share of total turnover	0,01%	0,02%	0,04%	0,05%	0,06%

Table 11 Showing the Sales forecast of AR Recruit. Source Author

Income statement and financial analyses

The income statement is showcasing the revenue of the company and the cost of producing the service. AR Recruit is not operating from a physical office and will be an entirely digital remote workplace, conducting meetings and operations privately and in public settings with candidates or clients. Because of this structure of the company the cost of goods sold are limited to only a Blue Hoast and WordPress annual subscription fee to have, in the beginning a basic webpage that can be modified internally by the employees if needed. The overall cost of the sold product therefore reaches a low point leaving an attractive Gross profit with favorable growth. The marketing, advertisement and promotion will consist of a fixed 5% of the Gross profit, which is a reasonable number for a startup company and is in the last year reaching 84.934,29EUR. Overall the company will have a positive and steady growth over the 5 predicted years receiving net profits in year 2024 of 1.193.406,24 EUR that could lead to expansion to other targets of labor shortages in Denmark and beyond.

Income Statement	2020	2021	2022	2023	2024
Revenue	€ 343.248	€ 685.810	€ 1.026.657	€ 1.364.769	€ 1.699.138
Cost of goods sold (Blue Hoast and Wordpress)	€ 452,28	€ 452,28	€ 452,28	€ 452,28	€ 452,28
GROSS Profit	€ 342.795,72	€ 685.357,72	€ 1.026.204,72	€ 1.364.316,72	€ 1.698.685,72
Expenses					
Marketing, Advertisment & Promotion 5%	€ 17.140	€ 34.268	€ 51.310	€ 68.216	€ 84.934
Administration and salary cost with promotion of 3% per year new employee in year 4		3%	3%	3%	3%
	€ 53.922	€ 55.540	€ 57.206	€ 79.514	€ 83.616
Total expenses	€ 71.062	€ 89.808	€ 108.516	€ 147.730	€ 168.550
EBT	€ 272.186	€ 596.002	€ 918.141	€ 1.217.039	€ 1.530.588
Taxes 22%	€ 59.881	€ 131.120	€ 201.991	€ 267.749	€ 336.729
Net Earnings	€ 211.853	€ 464.429	€ 715.697	€ 948.838	€ 1.193.406

Table 12 Showing the Income statement of AR Recruit. Source Author

Conclusion

There is a strong indication that a company like AR recruit has place in the Danish market. The indication comes from the political, economic, technological, legal, and cultural factors in comparison between Denmark and Argentina. The external analysis has found similarities in ideology, culture and historic values that are an essential part of the ability for Argentinian labor to integrate into the Danish culture. The fact that the shortage of IT professionals in Denmark will be 20.000 people the next ten years and the combination that 24% of Argentinians are selecting educations within the area. The external factors showcase a strong market opportunity. The motivations of international recruitment are double sided, 47% of Danish companies does not have the ability to allocate the skills needed within the Danish workforce, and the Argentinians are experiencing a country that has economic crises and wishes to pursue better futures in growing developed economics. AR Recruit positions itself on the market with a mix of differentiated focus and cost focus, being differentiated by sourcing talent within IT from an untapped pool of skilled professionals in Argentina and being cost focused by using the contingency model in the Danish market. The mix of the two generic strategies will provide AR Recruit a competitive advantage in a market where the competition normally is based on aggregated growth. The target of clients for AR Recruit will be companies that possesses English as organization language and the recruitment task will be on an ad hoc basis in regard to the demand from the particular client. AR Recruit is a small new startup company and will use the top-down budgeting for its economic activities. AR Recruit does not have high startup cost due to the selection of a remote business model that doesn't demand high amounts of liabilities. The economic factors of AR Recruit are strong due to general high price in the market and the objective of the minimum viable in regard to recruitment volume. The cost of operations is low and there is forecasted a favorable growth annually living up to the SMART goals making the business plan, specific, measurable, archivable and timely.

International recruitment is an inevitable part of the future in Denmark and beyond, and AR Recruit has found a solution to a problem pairing the best international candidates to the right market, in order for companies to secure their growth potential by having the best fit to ensure retention rate and prosperity within Danish IT organizations.

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Appendices

Interviews: Annex 1

Conclusion of interviews, how the industry is perceiving international recruitment

Based on 5 interviews conducted with the clients and potential competing recruitment agencies in Denmark, it has been possible to assess that the Danish market is not aware of the ranking of Argentina internationally when it comes to IT and Tech skills, many companies are referring to the "Indian fear" the fact that the integration of Asian workers has proven difficult in the culture due to the fact that the Danish business culture demands more freedom with responsibility and very little micromanagement and instruction, because of these factors there has been a difficulty of integration into the job market of Asians, furthermore there is the ability to integrate into the society in the private life and establish social circles which is also a strong area of successful retention, in that sense the cultural difference, values, norms, religion and political or social belief has been an obstacle. International recruitment of labor has had a high expense to the companies. The companies recognize the labor shortages and the majority of companies was very interested in the documentation that AR Recruit could demonstrate and actually was interested in contact after the establishment of AR Recruit. The companies are open in general to international recruitment but the biggest pain is the retention rate and the previous high paid recruitment cost (Jobindex says) that the skills of the labor lives up to the standard *"Many Asians are very great at conducting fantastic CV's and applications but when it comes to the actual skills they don't match, and they do not understand the direct culture and are waiting for instructions, which sadly results in failure to thrive, and low retention rate"*. (Jens Peter Sørensen People company 2019) *"The focus on Asian IT professionals might come from the existing export positions within Danish products in Asian nations, and instead of recruiting from one place and exporting from another the overall focus has been in one region in the world, where maybe the Danish recruitment companies has been too narrow"*. *"An attractive model to deaferentiation in the market would be the contingency model since most companies wants to have as little economic risk in the recruitment process as possible"* (Jens Peter Sørensen People Company 2019)

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(Lars Pelch Hartmanns 2019) *“In recent years the recruitment industry has seen a change from a strong outsourcing focus of IT to insourcing, because of communicative noise resulting in defective or inadequate products, having the IT activities inhouse creates more agility and fewer errors”*(Jens Frederik Wang, Jobindex 2019) The players in the market did not know about the rating of the IT specialist in Argentina in general, and was positively surprised. A challenge found by the interviews was also the fact that when the IT solutions produced demands Danish of language the organization is more skeptical to English speaking workers,

Our company is skeptical in regards to international recruitment, there are a lot of stories that are fluctuating around about foreign IT specialist that they do not live up to the required demands of the companies, our reference is other companies that has recruited labor from Asian countries that haven't been successful at retaining them making it an expensive affair for the companies (Jannie Skeldrup Dimiter 2019)

Due to the challenges in the market about finding labor, it is inevitable that more Danish IT companies will have to change their organizational to English, since the demand IT specialist cannot be found in Denmark. (Lars Holmer SCR 2019)

Sources:

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<https://www.linkedin.com/in/peoplecompany/>
- Lars Plech, Sales & Business Development Manager at Hartmanns.
<https://www.linkedin.com/in/lars-pelch-9a4a961/>
- Jannie Skeldrup Office Manager at Ditmer.
<https://www.linkedin.com/in/jannieskeldrup/>
- Lars Holmer researcher IT Specialists at SCR. <https://www.linkedin.com/in/larsholmer/>

Conclusion how are the target candidates perceiving a recruitment to Denmark?

From 5 interviews of Argentinian potential IT candidates comes a clear picture, the motivation for moving to Denmark as an IT specialist is driven by the tumult economic situation Argentina has historically been in and is currently facing, the specialist wishes to live in a economic stable country. The motivational factors for Argentinians to move to Denmark is listed as followed

- 1. Salary**
- 2. Stability**
- 3. New experiences**

The majority of the interviewed knew of Denmark as a stabile country but had not assed a career opportunity I Denmark, which they did not know was possible, they had been looking to various other nations such as USA, other places in Latin America, Germany, United Kingdom. They did not know that there was option to work and live in Denmark, which quickly gathered huge interest from the 5 IT specialists. This small sample of interviews shows together with other collected data about brain drain in Argentina that there a potential for recruitment.

I am from Buenos Aires and I am currently working in the IT Industry in Denmark, it has been very easy to come here, I feel that I had no challenges of integration. Of course, there is a cultural difference, but it was easy to understand the society and the work culture since it is not so different from my own. (Jaun Manuel Incauragarat)

“The life is getting more complicated here in Buenos Aires, me and many fellow students are considering to leave the country when we are finished with our studies, I don’t know to where yet but Denmark sounds as an amazing opportunity, I been there on holiday once, I really liked it. The issue for us is the political instability, we never know what the next day brings, one month we can buy 5 apples and the next 3, I want to have a more secure future elsewhere” (Paz Curi Dasso)

I currently have a job here in Cordoba, but I could always be tempted with a new offer, as long as my wife and my two children are allowed to come with me, it could be a fantastic adventure living in Denmark, seeing a new country, and experience stability instead of fearing next month’s

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inflation and if I will have the opportunity to give my children what they wish for, for Christmas.
(Gabriel Agustin Alcaraz)

I would personally remain in Argentina, I know a lot of people that has moved to other countries in Latin America or Europe, for me I have my family here and it would not be an option, but I understand people are moving to gain higher salaries and security of income. (Manuel Di Franco)

As I am working with and know other human resource and recruitment specialist in Buenos Aires, we all experience an increase of Argentinians within IT that is asking for opportunities in regards of pairing their job position with a job in other countries, some want to leave for the experience, but most are interested in leaving the country due to the inflation and the instability in the country. (Rafael Encabo)

Sources:

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- Paz Curi Dasso, Studying Master in IT at Universidad de Buenos Aires +5491162622500
- Gabriel Agustin Alcaraz, Programmer/ Developer Binamp Cordoba, Argentina +5491136259819
- Manuel Di Franco, Data analyst. Buenos Aires +5491164639026
- Rafael Encabo, HR Specialist Buenos Aires Argentina. <https://www.linkedin.com/in/rafael-encabo-70773226/>

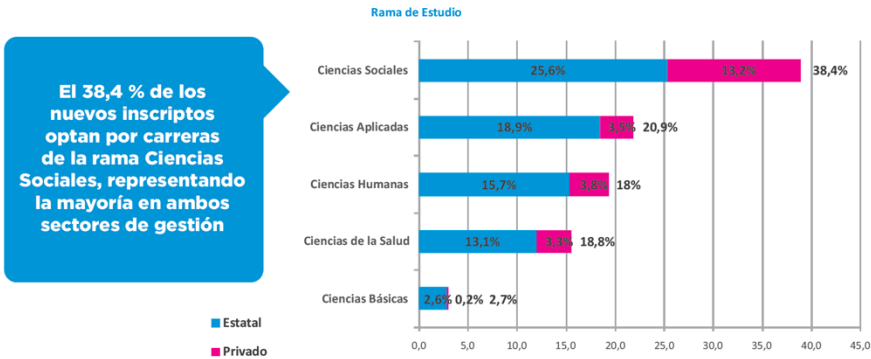
Data of Education in Argentina

Distribution of Education: Annex 2

SÍNTESIS DE INFORMACIÓN ESTADÍSTICAS UNIVERSITARIAS **2017 - 2018**

Distribución porcentual de los nuevos inscriptos de pregrado y grado según rama de estudios y régimen.

Año 2017



Fuente: Departamento de Información Universitaria - DNPelU - SPU

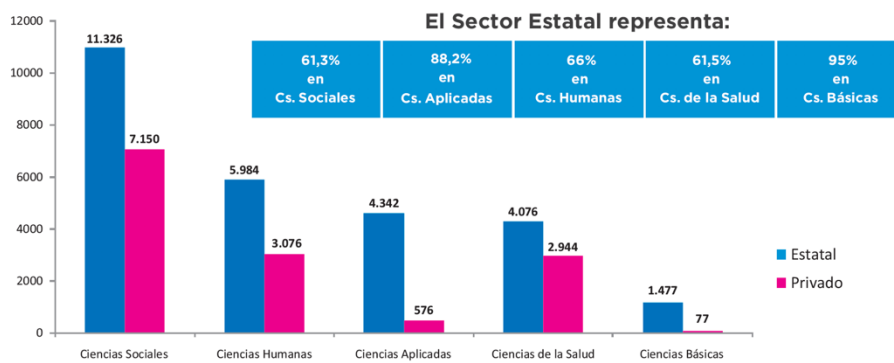
25

New inscriptions: Annex 3

SÍNTESIS DE INFORMACIÓN ESTADÍSTICAS UNIVERSITARIAS **2017 - 2018**

Nuevos Inscriptos de posgrado, según rama de estudio y sector de gestión.

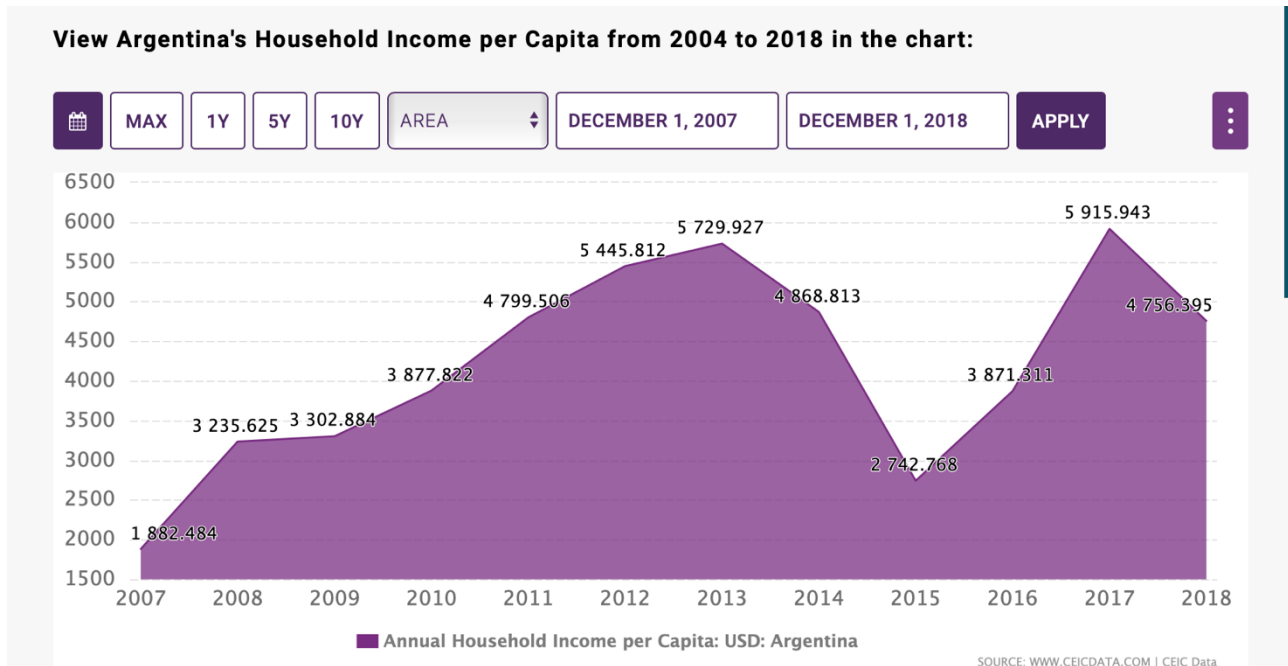
Año 2017



Fuente: Departamento de Información Universitaria - DNPelU - SPU

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Household income decrease table Argentina: Annex 4



Job offerings in whole of Argentina: Annex 5

Top Locations

LOCATION	Offers	Market Share
Buenos Aires >	7,685	36.9%
Córdoba >	1,010	4.8%
Rosario >	589	2.8%
San Nicolás de los ... >	361	1.7%
Vicente López >	323	1.5%
Neuquén >	275	1.3%
Martínez >	220	1.1%
Munro >	202	1.0%
Total Unique Offers	20,847	

Danish recruitment Industry

Percentage of companies measured to employees: Annex 6

Rekrutteringsvirksomheder målt på antal ansatte

