

ISM UNIVERSITY OF MANAGEMENT AND ECONOMICS
MANAGEMENT AND BUSINESS ADMINISTRATION PROGRAMME
BACHELOR STUDIES

IV year student

Oksana Pčelnikova

2011 05 12 (signature)

**STRATEGIC POSITIONING OF UAB REZIUME WITHIN THE
LITHUANIAN RECRUITMENT MARKET**

BACHELOR THESIS

Supervisor:

Assoc. Prof. Dr. Maik Huettinger

2011 05 12

VILNIUS, 2011

Pčelnikova, O., Strategic positioning of UAB Rezieme within the Lithuanian recruitment market [Manuscript]: Undergraduate final paper. Management and Business Administration. Vilnius, ISM University of Management and Economics, 2011.

SUMMARY

UAB Rezieme is a new company founded at the end of 2010. The company has launched a new recruitment portal in Lithuania. The future plans of the company are to open a specialized IT recruitment agency given the countries recovery from an economic downturn it may well be a good time to venture into a new business opportunity.

The **topic** of this Bachelor thesis is strategic positioning of UAB Rezieme within the Lithuanian recruitment market.

The **objective** of the paper is to propose a competitive positioning strategy for UAB Rezieme based on comprehensive situation analysis and empirical research.

The **targets** required in order to achieve the aforementioned objective are: 1. To accomplish profound situation analysis with aim to reveal external and internal factors influencing UAB Rezieme development. 2. To conduct an empirical research with IT sector experts with a view to identify their opinion and expectations from recruitment services. 3. To suggest strategic guidance and tactics that UAB Rezieme should implement in order to appeal to the IT segment and become a recognized brand name within this market.

This paper is divided in to three main parts: internal and external situation analysis, empirical research and managerial solutions.

In the first part, the main external forces were identified together with factors that affect recruitment companies in Lithuania. The internal analysis of UAB Rezieme brought up important aspects, such as competitive strengths and potential weaknesses of the company that needed to be addressed in order to progress development further.

In the second part, an empirical research was conducted. In order to obtain relevant information the empirical study was performed with the help of structured interviews. The main purpose of this research was to obtain opinions from IT sector experts regarding development, staffing issues and expectations from recruitment services. The results of this research were implemented in the creation of managerial solutions.

The third part highlights managerial solutions which were based on the results of situation analysis and empirical research. The main solution strategy proposed is a focus based strategy in combination with an extended marketing mix. This helped to propose structured solutions for opening a specialized IT recruitment agency with emphasis on differentiation through product, price, place, promotion, people, process, physical evidence and quality.

Key words: Recruitment Industry, Strategic positioning, Recruitment agency, IT - Information Technology

Pčelnikova, O., UAB Reziume strateginis pozicionavimas Lietuvos įdarbinimo rinkoje [Rankraštis]: Bakalauro baigiamasis darbas. Vadyba ir verslo administravimas. Vilnius, ISM Vadybos ir ekonomikos universitetas, 2011.

SANTRAUKA

UAB Reziume – 2010 m. pabaigoje pradėjusi veikti įmonė, kurios veiklos pagrindas - internetinis puslapis - www.reziume.lt. Tinklapyje publikuojama su įdarbinimu Lietuvoje susijusią informaciją. Ateityje planuojama atidaryti specializuotą IT įdarbinimo agentūrą. Atsižvelgiant į šalies ekonomikos pagerėjimo tendencijas, galima manyti, jog tai palankus laikas plėtoti šią verslo idėją.

Baigiamojo darbo **tema** – UAB Reziume strateginis pozicionavimas Lietuvos įdarbinimo rinkoje.

Darbo **tikslas** – pasiūlyti UAB Reziume konkurencingą pozicionavimo strategiją, pagrįstą išsamia situacijos analize ir empirinio tyrimo rezultatais.

Pagrindiniai darbo **uždaviniai**: 1. Atlikti išsamią situacijos analizę, kurios tikslas atskleisti išorinius ir vidaus veiksnius, turinčius įtakos UAB Reziume plėtrai. 2. Atlikti empirinį tyrimą su IT rinkos ekspertais, siekiant išsiaiškinti jų nuomonę ir lūkesčius dėl įdarbinimo paslaugų. 3. Pasiūlyti strategines gaires ir taktiką, kurias turėtų pasirinkti UAB Reziume, kad patrauktų IT segmento susidomėjimą ir taptų pripažintu įdarbinimo paslaugų teikėju šioje rinkoje.

Šis darbas yra suskirstytas į tris pagrindines dalis: vidaus ir išorės situacijos analizę, empirinį tyrimą ir vadybinius sprendimus.

Pirmoje dalyje nustatyti pagrindiniai išoriniai veiksniai, veikiantys įdarbinimo kompanijas Lietuvoje. UAB Reziume vidaus analizės metu atskleisti svarbūs aspektai tokie kaip konkurenciniai įmonės pranašumai ir galimi trūkumai, kurie turi būti išspręsti, siekiant toliau plėsti veiklą.

Antroje dalyje aprašomas atliktas empirinis tyrimas. Empirinio tyrimo metu naudotas struktūruotas interviu. Pagrindinis tyrimo tikslas buvo sužinoti IT segmento ekspertų nuomonę apie IT rinkos vystymąsi, kaip jie sprendžia personalo paieškos klausimus bei apie pastarųjų lūkesčius dėl įdarbinimo paslaugų. Remiantis empirinio tyrimo rezultatais, suformuluoti vadybiniai sprendimai.

Trečioje dalyje pateikiami vadybiniai sprendimai. Jie sudaryti remiantis situacijos analize bei empirinio tyrimo rezultatais. Pagrindinis pasiūlymas – fokusuota strategija kartu su išplėstu rinkodaros kompleksu. Tai padėjo suformuoti sprendimus dėl specializuotos IT įdarbinimo agentūros atidarymo, skiriant dėmesį diferencijavimui, pasitelkiant produktą, kainą, vietą, rėmimą, žmones, fizinį akivaizdumą ir kokybę.

Raktiniai žodžiai: įdarbinimo rinka, strateginis pozicionavimas, įdarbinimo agentūra, IT – Informacinės Technologijos.

CONTENTS

LIST OF FIGURES.....	5
LIST OF TABLES	6
INTRODUCTION.....	7
1. SITUATION ANALYSIS FOR UAB REZIUME WITHIN THE LITHUANIAN RECRUITMENT MARKET	8
1.1. Internal analysis.....	8
1.1.2. General information about UAB Reziume.....	8
1.1.3. Description of current UAB Reziume strategy	9
1.2. External analysis.....	10
1.2.1. Market analysis	10
1.2.2. Lithuanian Recruitment market size and growth rate	10
1.2.3. Distribution system	12
1.2.4. Key success factors	13
1.2.5. Market profitability analysis according to M.Porter's Five forces	14
1.2.6. Customer analysis	15
1.2.7. Competitor analysis.....	17
1.3. Macro environment analysis	21
1.4. SWOT analysis and problem identification.....	22
2. EMPIRICAL RESEARCH OF IT MARKET TRENDS AND STAFFING SOLUTIONS WITHIN LITHUANAN IT COMPANIES.....	24
2.1. Empirical Research Methodology	24
2.1.1. Objective and tasks of the study.....	24
2.1.2. Study method and data collection method	24
2.1.3. Study samples and sampling procedure	25
2.1.4. Explanation of the study instrument used	25
2.2. The empirical study progress and results	27
2.2.1. Progress of empirical study	27
2.2.2. Results of empirical study	28
2.3. Empirical study conclusions	33
3. MANAGERIAL DECISIONS FOR UAB REZIUME	35
3.1. Expanding business by narrowing focus	35
3.2. Focus strategy as a solution for UAB Reziume	36
3.3. Strategic objectives.....	37
3.4. Strategic actions plan for specialized recruitment agency	37
3.4.1. Product	38
3.4.2. Price.....	41
3.4.3. Place	42
3.4.4. Promotion	42
3.4.5. People	45
3.4.6. Process.....	45
3.4.7. Physical Evidence	45
3.4.8. Quality	45
3.5. Additional strategy – relationship marketing	46
CONCLUSIONS	48
LIST OF REFERENCES	50
APPENDICES.....	51

LIST OF FIGURES

Figure 1. Map of strategic groups	19
---	----

LIST OF TABLES

Table 1. Lithuanian Recruitment market size and growth rates.....	11
Table 2. Distribution system	13
Table 3. Key success factors	13
Table 4. Distribution of influence factors for an area profit structure	15
Table 5. Customer segmentation.....	15
Table 6. Customer motivation.....	16
Table 7. Competitors strategic groups	18
Table 8. Strategic groups characteristics.....	18
Table 9. Analysis of Competitors.....	20
Table 10. Macro environment analysis	21
Table 11. SWOT analysis	22
Table 12. Porter's three generic strategies	36

INTRODUCTION

The recruitment industry is a phenomenon occurrence of socio–economic life. It is closely related and dependent on the development of labor markets, competition amongst companies, legal framework and other major economic factors. The development of an economy and labor market invariably gives rise to the number of recruitment agencies. The recruitment industry, in turn, is an indicator or gauge for economic development of a city, region or country.

In the last decade the recruitment industry in Lithuania has been developing and undergoing major changes, due to economic and legal factors. The number of companies within the recruitment sector is growing; hence creating a competitive industry at a time when the economy itself is recovering from crisis. The post crisis environment can in essence be favorable for new starters, as there is ground for new ideas, new approach and emerging demand for recruitment services.

UAB Rezieme was founded at the end of 2010 and is one such company that has launched a new, dynamic recruitment portal in Lithuania. The desired future position of the company is to provide a new business approach by offering specialized IT recruitment consultancy. In consequence, the strategic positioning of this young company warrants a prudent approach to both, present and foreseeable future development.

Problem identification: What should be strategic positioning of UAB Rezieme with a view of opening specialized IT recruitment agency?

The main objective of this report is to propose a competitive market positioning strategy for UAB Rezieme based on comprehensive situational analysis and empirical research.

Tasks:

- To accomplish profound situation analysis with aim to reveal external and internal factors influencing UAB Rezieme development.
- To conduct an empirical research with IT sector experts with a view to identify their opinions and expectations from recruitment services.
- To suggest strategic guidance and tactics that UAB Rezieme should implement in order to appeal to the IT segment and become a recognized brand name within this market.

Research methods employed in the paper: Analysis of scientific literature, company internal information generalization, qualitative empirical research data collection and interpretation, author market observations.

Practical value of this report: This will help the company to identify problems and opportunities to assist with general development and pave the foundation for future plans. The report will also serve as a valuable reference source to other recruitment companies by providing detailed information about crucial success factors pertinent to this industry.

Logical structure of report: This report is divided into five main parts: Introduction, internal and external situation analysis, empirical research, managerial solutions and conclusions.

1. SITUATION ANALYSIS FOR UAB REZIUOME WITHIN THE LITHUANIAN RECRUITMENT MARKET

1.1. Internal analysis

1.1.2. General information about UAB Rezirome

UAB Rezirome was established at the end of 2010 by another company and it is subsidiary. The main purpose for establishment was to separate business activities and to integrate into the Lithuanian recruitment market. The founder company introduced the initial startup capital of 10000 litas and in essence owns a 100% of UAB Rezirome today. At present the company predominantly operates on an online basis and has 2 full time employees.

UAB Rezirome at the moment is focused on the largest Lithuanian recruitment industry sectors: Sales & Marketing, Retail, IT & Telecommunications, Banking, Finance / Accounting & Insurance, Industrial & Manufacturing, Transportation & Logistics and Construction & Real Estate. The Company has a well-developed pragmatic job search portal offering a wide range of online services such as:

- Extended Employer control panel with a projects management system
- Multilanguage support (Lithuanian, English)
- Usability and design using innovative technologies
- 2-steps CV input management
- Articles/news and polls integration end etc.
- Fast and effective response to customer needs

UAB Rezirome is the new player in the market and its main emphasis is on innovations, service development and adaptation to customer needs. The Company is also planning to take on new permanent staff in the near future and to expand its operations by opening a specialized IT staff selection agency in Vilnius within next 6 month thus enabling both online and offline services. Overall, their main business model is to keep their fixed costs low and achieve cost efficiency by professional allocation of variable costs.

Mission:

- Is to become a recognized brand name within Lithuanian recruitment market.
- Is to outshine their competitors by opening specialized IT recruitment agency.
- Is to create growth strategy that allows us to inspire people with optimism through our actions.

Vision:

- To be perceived as one of best recruitment services provider in Lithuania.
- To translate advanced technologies and IT knowledge into value for our customers.
- To provide support to any person or organization that may benefit from our skills and services.

Values:

- Conform to professional standards of conduct
- Be honest in word and action
- Conduct business fairly and with integrity
- Develop trustworthy business relationships
- Encourage innovations through acquisition of new skills

1.1.3. Description of current UAB Reziume strategy

UAB Reziume is fairly new player on the market and is still in the process of developing effective business strategy. Like any new entrant it is facing some problems. To be entrepreneurial company means to go through string of difficulties, mistakes and new discoveries. In the first few months all emphasis was put on the development of web portal. It is important to have strong technological advantage to be able to compete with major brands.

There are few important targets UAB Reziume is pursuing as a part of emergent strategy:

- To establish brand name associated with trustworthiness, transparent reputation, service delivery and results.
- To acquire skills and experience needed to work within recruitment industry.
- To set up long lasting business relationships through provision of high quality customer services.
- To attract professional and motivated workforce.
- To open specialized IT recruitment agency within next 6 month.

According to extended marketing mix company portfolio at the moment looks as follows:

Product:

- Reziume.LT is online job search portal which provides Internet recruitment and job search facilitation services to individuals and businesses.

Price:

- CV/Job posts are free of charge at the moment in order to attract customers.

Place:

- UAB Reziume operates online and has online job search portal.

Promotion:

- UAB Reziume is putting main emphasis on advertising online through social networks.
- Also through such powerful source as Google AdSense.

People:

- Managing Director (angered in day to day business running, promotion and etc.)
- IT programmer and analyst.
- There are also B2B relations with accountants.
- UAB Reziume is planning expansion and hire more staff in the nearest future.

Process:

- UAB Rezieme constantly improves usability and design of web portal using innovative technologies
- Company works with customer feedback in order to implement appropriate solutions, give quick response and improve service delivery.

Physical Evidence:

- Rezieme.LT it is web portal that gathers data such as job ads, CV listings and etc.
- UAB Rezieme operates an online job search website www.rezieme.lt.
- Web portal has links to Facebook and Twitter.

Productivity and Quality:

- Constant improvement of web portal usability and design will provide customers with access to better quality services.
- Timely response to feedbacks is also sign of good quality service and company will be further working to improve customer satisfaction.

1.2. External analysis

1.2.1. Market analysis

Market Identification: Lithuanian recruitment market

UAB Rezieme is company, which specializes in online recruitment and staff selection and is primarily focused on Lithuanian customers and therefore this report will geographically analyze the Lithuanian market.

1.2.2. Lithuanian Recruitment market size and growth rate

The first Lithuanian private recruitment companies started to emerge in 1993 next to official Lithuanian labor exchange. However, over the years not only has the market grown but has undergone major changes.

According to the data available on Lithuanian Department of Statistics webpage annual Lithuanian sales revenues for recruitment activities in 2005 were 64.09 million litas and continued to grow in 2006, 2007 and 2008. However, in 2009 the industry faced a decline which was caused by various factors such as economic crisis, low wages, changes in the taxation system, high unemployment rates and high rates of emigration, especially among young professionals. Overall, the supply of work force was growing and the demand was decreasing. As a result of these factors the recruitment market experienced a decline of 2.4%.

But as a country recovering from crisis - 2010 year results indicate a recovery as sales revenues have grown by 7.9% clearly showing that the demand for recruitment activities is rising again. The market for staff with narrow specialization started to pick up first, but 2011 appears to be more optimistic as there is a growth in the demand for specialists in various fields. There are a number of reasons for the improvement in the market growth today and one of them is the reorganization of the recruitment business. In order to survive many recruitment companies started

to provide staff leasing services. This practice is not new for the international recruitment market, but in Lithuania it can be seen as a new recruitment business trend. The recession and its effects have led some employers to undertake 'fundamental' changes in their recruitment policies. Today, employment trends indicate that many employers plan to make changes to the working patterns of their employees by cutting shifts and introducing more flexible working hours hence fuelling the need for staff leasing services.

The demand for permanent staff is starting to pick up as well given that many companies have undergone constant staff rotation in the recent past and are now seeking to employ permanent employees in order to achieve a level of stability to help expand business and to form professional team of employees.

Table 1. Lithuanian Recruitment market size and growth rates

Years	2006	2007	2008	2009	2010
Market Size in Millions Lt	78.79	137.18	246.19	240.22	259.33
Growth, %	↑ 23	↑ 74	↑ 80	↓ -2.4	↑ 7.9

Source: Lithuanian Department of Statistics

Recruitment service providers, operating in Lithuania can be divided into submarkets according to the location of the service they offer:

1. Companies providing online recruitment services.
2. Companies providing offline recruitment services.

There are some companies that specialize in both areas: online and offline. Online recruitment submarket in Lithuania is much bigger than offline. And it will be probably growing even more in the future, as it attracts biggest amount of applicants, hence is very attractive for employers. But it is necessarily to mention, that if Lithuanian economy will manage to attract foreign investors and will become preferred place for foreign subsidiaries offline recruitment services such as staff selection, leasing and etc. will become more popular. In countries like UK, France, Germany offline staff recruitment services are very popular and dominate the market. So it can be assumed that in the future if Lithuanian economy will grow and prosper there will be changes in recruitment market prevailing tendencies.

Factors affecting sales volumes:

1. State of the economy.
2. Government laws and regulations.
3. The number and size of competing companies within the industry.
4. Employees demand and supply.
5. Demand and supply for vacancies.
6. Quality of services.

7. Company reputation and ability to build long lasting partnerships with clients.
8. Competitive advantages such as new technologies and services.
9. Ability to build large applicants databases.
10. Ability to adapt to economic and technological changes.

Cost structure

Lithuanian recruitment market cost structure could be divided into two parts and it is most common for any typical industry company: fixed costs and variable costs. It can be assumed that fixed costs are about 20% and the remaining 80% contribute to the variable costs.

Fixed costs tend to be time-related, and the most common to the recruitment industry are:

- Office rent
- Worker salaries
- Accountants fee

Variable costs tend to be volume-related, and the most relevant to recruitment industry are:

- Advertising
- Office Suppliers
- Telephone and internet expenses
- IT (such as webpage support and etc.)
- Travel expenses
- Staff training
- Software Licensing (Such as Microsoft office and etc.)
- Market research costs

All these costs also depend on company geographical placement, as all the costs fixed and variable would be higher in the Capital compared to some other regions. It is also important to mention that recruitment companies that operate entirely on online basis, such as web portals have a distinct cost advantage within the industry, as they can cut down on fixed and also some variable costs.

Experience curve presence

According to Jain (1999) it is common knowledge that ‘beginners are slow and clumsy’ and that with companies generally improve to the point where they reach their own permanent level of skill. ‘Anyone with business experience knows that the initial period of a new venture or expansion into a new area is frequently not immediately profitable’ (p.299).

It is worth noting that some of recruitment market leaders who have been around for many years run more cost effectively in comparison to new entrants by having the advantage of good reputation, experience and large customer databases.

1.2.3. Distribution system

Distribution system comprises of interdependent organizations involved in the process of making a product or service available for use or consumption by the consumer or business user.

Product or service passes through these organizations between the point of production and initial consumption. Therefore those organizations can be described as distribution channels (Kotler, Armstrong, Saunders, Wong, 1999, p. 895).

It is vital for any company to pay particular attention to distribution channels as they can influence effectiveness of promotion, customer satisfaction, attractiveness of the company and help company to gain competitive advantage.

Table 2. Distribution system

Distribution Channel	Channel description	Existing Sales within the channel	Ongoing Trends
Internet resources	Job Search Portals where vacancies, Curriculum Vitae, motivation letters and etc. are posted. eg. CV.lt, CVonline.lt, CVmarket.lt, CVbankas.lt and others.	≈70%	Becoming more and more popular due to development of new technologies, convenience, speed and smaller cost.
Printed media	Placement of vacancies, job search ads in print media such as: Newspapers and Magazines. eg. Alio Reklama, Lietuvos Rytas, Respublika and etc.	≈20%	Is still in use, also the usage of this channel has been declining in the last few years due to the use of advanced technologies and internet.
Direct communication	Job fairs, Carrier days, direct sales and headhunting. Carrier days often organized at universities, colleges and other educational institutions. eg. ISM carrier days. Head hunting and direct sale includes direct contact with desired customer or candidate – via phone, meeting and etc.	≈10%	Not so widely used, although carrier days at universities are becoming very popular together with a growing demand for headhunting services due to the shortfall in highly skilled professionals with narrow specialization, such as Finance, IT, engineering etc.

As it was mentioned already in report Lithuanian recruitment market is dominated by online service providers, hence internet can be seen as most popular distribution channel with over 70 % sales done using it. Introduction of new technologies and growth in Internet users will make this distribution channel even more attractive in the nearest future.

Also it is important to mention, that growing economy will be good ground for direct services. As many companies urge for better customer service, need for particular attention and professional approach.

1.2.4. Key success factors

‘A key success factor is a performance area of critical importance in achieving consistently high productivity’ (www.practicallessons.com).

Table 3. Key success factors

Current Success Factors	Future Success factors
<ul style="list-style-type: none"> Reputation and long lasting partnerships with clients 	<ul style="list-style-type: none"> Brand name Ability to provide “just in time hiring services”

<ul style="list-style-type: none"> • Recruitment market knowledge and experience • Large CV databases • IT tools • Ability to supply specific knowledge professionals • Active advertising – on internet, social networks, media etc. 	<ul style="list-style-type: none"> • Flexibility – provision for staff leasing services • Advanced technologies – such as ERP systems. • Staff training geared towards improving customer satisfaction • Competitive pricing • Innovation, diversity and multicultural mindset
--	---

Recruitment industry in Lithuania has changed significantly since the first pioneering agencies on the market. It has grown significantly and was bringing large profits before crisis struck. Nowadays the recruitment market has become very competitive and there is a constant competitive battle to attract customers and/or suitably talented candidates. The only way to stay competent in the market place today is by reorganizing and embracing innovative, improved technologies and transforming internal strengths into new business opportunities.

1.2.5. Market profitability analysis according to M.Porter's Five forces

Porter originally has designed his five forces model as a way of assessing the attractiveness (profit potential) of different industries; therefore it can help in identifying the sources of competition in an industry or sector (as indicate Johnson and Kevan, 2005, p. 78).

Threat of new entrants is medium. There is easy access to distribution channels and no restrictive laws stopping new comers from entering the industry. But there are some difficulties the new entrants may face namely, capital requirements for start-ups, IT, advertising, office space etc. Lack of experience or knowledge in recruitment can also prevent new companies from entering. It is very difficult to differentiate between providers in this particular industry as most companies offer similar services and hence brand names and experience play a major part in influencing or attracting new business.

Threat of substitutes is low. Most small to medium sized companies that use recruitment services usually don't have an internal HR department due to the financial expenditure required in setting up and maintaining an in house recruitment service. Additionally such companies are likely not to have experience in staff selection techniques or the time to carry out extensive employee searches. Companies that do have HR departments usually find it too expensive and time consuming to go through the recruitment process and hence the threat from substitutes would be considered as low.

Power of suppliers is medium. Recruitment business is closely related to IT technologies – need for webpage, technical support, maintenance of the site etc. There is a constant need to work closely with IT companies and due to the lack of skilled IT professionals their bargaining power is inevitably strong. Having said that some large recruitment companies tend to employ in-house IT professionals in order to keep costs down and maintain a higher degree of control. There are also usually no costs involved when switching supplier.

Bargaining power of buyers is high. The number of recruitment companies is growing constantly, which naturally gives customers the ability to choose and switch between companies without incurring any costs. It is also worth noting that post-economic crisis buyers have become very price sensitive and therefore actively seek lower prices.

Competitive rivalry is high. There are many companies within the recruitment industry that are offering similar services hence reflecting a high level of competitiveness on price and product differentiation, however, it must be noted that the recruitment industry is still growing and in consequence can accommodate growth in this sector. Additionally another important factor is that within this particular industry fixed costs aren't very high and this in turn makes it attractive for new starter businesses.

Table 4. Distribution of influence factors for an area profit structure

5 forces	Distribution of influence factors for an area profit structure		
	Low influence, because:	Medium influence, because:	High influence, because:
New entrants	Capital requirements Customers' loyalty to Brand name	Lack of experience Medium service differentiation	Easy access to distribution channels No legal barriers
Rivals	Low barriers to exit	Growing industry Low fixed costs	Large number of companies within recruitment industry
Substitutes	Difficult , time consuming and expensive to substitute		
Buyers		Medium service differentiation	Many competitors Customer switching costs are low High sensitivity to price
Suppliers	Low costs of switching IT support company		Lack of skilled IT professionals

After conducting market profitability analysis it became clear that main threats within Lithuanian recruitment market come from buyers and competitive rivalry, also the industry is quite dependent on suppliers such as IT support and etc.

1.2.6. Customer analysis

Customer segmentation can be done according to the area of activity or profession the customer is coming from. There are a few major business sectors that dominate the Lithuanian market; due to certain economical, demographical, technological, geographical and political factors.

Table 5. Customer segmentation

Segment	Size, %	Comments
Sales & Marketing	35%	Largest segment, strong emphasis on skills and marketing, very competitive, high staff rotation.
Retail	20%	Second largest segment with big players like Ltd "Maxima LT", Ltd "Palink", Ltd "Rimi Lietuva" and others.

IT & Telecommunications	15%	Growing, as IT technologies are developing and there is a large potential for this sector.
Banking, Finance, Accounting & Insurance	10%	Insurance sector is likely to grow in the future.
Industrial & Manufacturing	9%	Declined after crisis but experiencing stability at present.
Transportation & Logistics	6%	Growing, as labor costs are low and good geographical positioning will enable competitive pricing.
Construction & Real Estate	3%	Declined significantly during economic down turn, but there are signs of positive dynamics.
Other	2%	Other sectors such as social care, agriculture, art and etc.

Table 6. Customer motivation

Segment	Motivation
Sales & Marketing	Looking for skilled, experienced and “creative” candidates, as this area is very competitive.
Retail	Ability to fill vacancies quickly. Discounts when placing many job adverts in bulk.
IT & Telecommunications	Access to skilled professionals; given the shortfall in the market. Need for temporary staff.
Banking, Finance, Accounting & Insurance	Convenience, as selection is done by recruitment company. Quality service.
Industrial & Manufacturing	Need for certain type of specialists.
Transportation & Logistics	High staff rotation. Need for just in time services.
Construction & Real Estate	Emerging demand for skilled and “aggressive” sales people.
Other	Access to various CV databases, skilled professionals.

There are few major factors that motivate customers to seek professional recruitment services assistance: growing shortages of highly skilled and professional employees, access to large CV databases and high staff rotation.

1.2.7. Competitor analysis

Identification of competitors

According to Kotler (1999) in order to plan an effective market strategy it is crucial to find out more about your competitors. The company must constantly compare its own services, pricing, distribution channels, sales promotion programs etc. to closest competitors. This will help to identify potential advantages and disadvantages and prepare effective defense strategies accordingly.

Each company identifies its competitors according to the industry it is engaged in, in other words according to the same business area and to the same products or services. The Lithuanian recruitment market is not large if compared to countries like UK, Germany, France and competitors could be divided in to two major groups: job search portals and traditional recruitment agencies. There are also some niche recruiters that provide only certain services, but they only take up a very small part of the market.

Job search portals include:

- Actual CV hosting portals - *Cvonline.lt, CV.lt, Cybankas.lt, CVmarket.lt, Reziume.lt, ldb.lt*
- Job listings websites - *alio.lt, Dirbu.lt, Dirba.lt, Darbo-skelbimai.lt*
- Job listings collectors - *siulodarba.lt, 123darbas.lt*

Traditional recruitment agencies usually combine a range of services, such as:

- Search and selection of employees
- Head-hunting services
- Temporary staffing (short term and long term)
- Staff leasing
- Assessment of employees and candidates
- Career transition planning
- Recruitment in Lithuania and abroad
- Cost optimization of personnel management and etc.

The largest players are Simplika, Delta management solutions, Grafton Recruitment Lithuania, CVO Group, UAB Personalo Sprendimai and some others.

Specialized niche recruiters:

- Strategic Staffing Solutions International – international agency that specializes in IT recruitment.
- UAB "Norwegian Service Team Baltija" – strong emphasis on nursing care and support services to private individuals.
- UAB "Skanlika" – specializes only in technical staff recruitment abroad.
- MEDICINOS VERSLO AKADEMIJA, UAB – international agency providing employment services for Medical, Healthcare, Pharmaceutical and Social care services.

- UAB Ismira – Provides staffing services to the world's largest cruise ship companies; such as selection and training of professional cruise ship staff.

Competitors' strategic groups

Table 7. Competitors' strategic groups

Strategic group	Major Competitors	Share
Job search portals	CV.lt, CVbankas.lt, CVonline.lt, CVmarket.lt	70%
Recruitment agencies	Simplika, Grafton Recruitment, UAB Personalo sprendimai, CVO Group	20%
Specialized niche recruiters	Strategic Staffing Solutions, UAB "Norwegian Service Team Baltija", UAB "Skanlika", MEDICINOS VERSLO AKADEMIJA, UAB Ismira	10%

Job search portals take the biggest market share for mainly the following reasons:

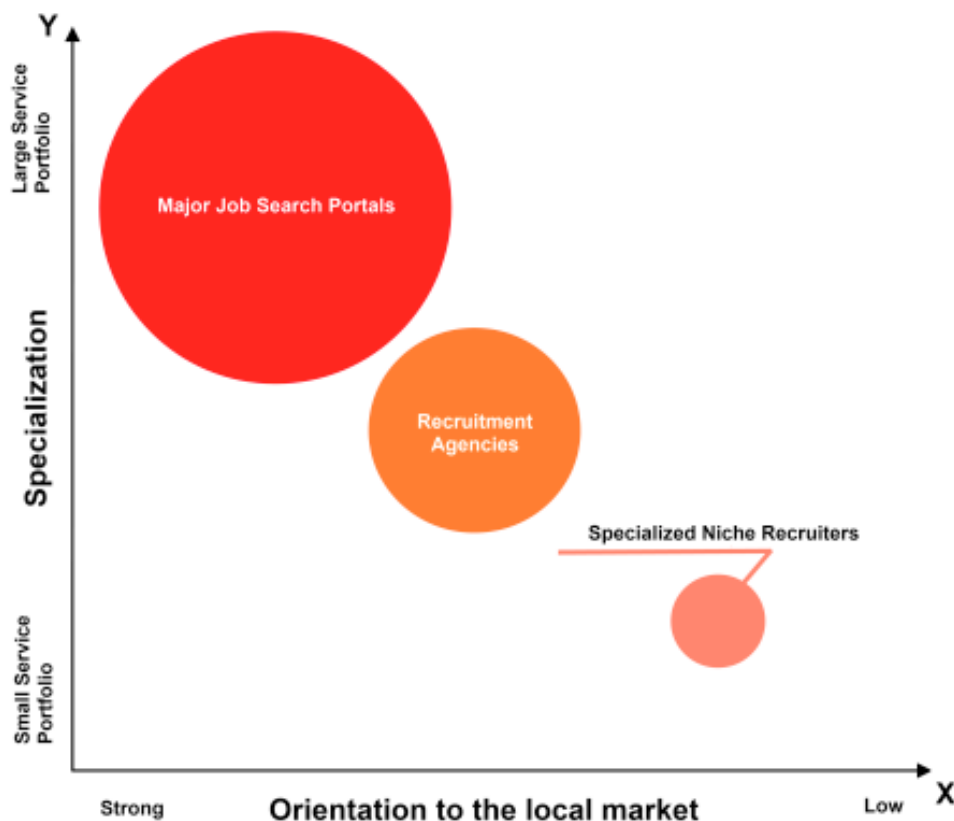
- Lithuania is small economy and the market is dominated by small to medium sized companies hence making search portals a popular choice.
- Price and time enhance the usage of job search portals in comparison to other alternatives, which are invariably time consuming and less cost effective.
- Recruitment market is considerably new and while developing further this tendency will change.

Table 8. Strategic groups characteristics

Strategic group of major competitors	Characteristics/ Strategies	Strengths	Weaknesses
Job search portals	<ul style="list-style-type: none"> - Use of advanced technologies - Emphasis on advertising and promotion - Linked to social networks - Constantly improve usability 	<ul style="list-style-type: none"> - Large databases of CVs and Job ads - Easily accessible - High brand awareness - Large service portfolio 	<ul style="list-style-type: none"> - Target candidate search difficulties in terms of time - No direct services - Require substantial investments
Recruitment agencies	<ul style="list-style-type: none"> - Diversified portfolio of services - Setting business relationships with large companies - Focused on quality candidates 	<ul style="list-style-type: none"> - Quality professional service with direct communication - Ability to control recruitment and selection process - Established contracts and trust with clients and candidates 	<ul style="list-style-type: none"> - Expensive - Time consuming - Requires certain level of responsibility and guaranties
Specialized niche recruiters	<ul style="list-style-type: none"> - Service portfolio oriented to certain business sector - Focus on setting long term business relationships with clients 	<ul style="list-style-type: none"> - Established contacts within certain business area - Experience working in that particular area - Quality service 	<ul style="list-style-type: none"> - Low brand awareness - Narrow portfolio of services

Strategic groups' characteristics analysis uncovers important factors that influence business development within these groups. The main success drivers for online recruiters are large databases, easy access and large service portfolios, but they require substantial investments and lack in direct communication with customers. Regular recruitment agencies usually offer wide range of services, have B2B relationships, can control recruitment and selection process, but their services are often considered expensive, time consuming and responsibility bounding. Specialized niche recruiters are very rare in Lithuania, they tend to offer services oriented to certain business sector and establish long term business relationships putting main emphasis on quality, but lack in brand awareness, experience and service differentiation.

Figure 1. Map of strategic groups



In conclusion it is important to mention, that the main reason why job search portals are so popular in Lithuania are: easily accessible CV and job ads databases, large service portfolios and high brand awareness. Also it is important to mention that well established recruitment agency can be much more profitable than just online portal, as large companies prefer direct services.

Analysis of competitor strengths and weaknesses

Direct UAB Rezieme competitors at the moment are major job portals, hence for Competitor analysis four leading companies were taken in to account. As main business tool for these companies is web portal - competitor analysis was done based on functional and technological competencies. This analysis is also useful for future plans of the company, as they planning to maintain job search portal by improving it and tailoring to customers' needs.

Table 9. Analysis of Competitors

Competitor	Characteristics/ strategies	Strengths	Weaknesses
CV.lt	<ul style="list-style-type: none"> - One of the first online job portals in Lithuania - Large portfolio of services - Established business relations 	<ul style="list-style-type: none"> - Established brand name - Large database - Good design usability - Job market news/articles - Learning Courses section - Fast CV input - Europass standard CV - Interesting Services – “Volunteering section” 	<ul style="list-style-type: none"> - No online payment system - Complex control panel for employers - No PDF export for CV - No Forums - No Multilanguage function
CVonline.lt	<ul style="list-style-type: none"> - One of the first online job portals in Lithuania - Well advertised - Differentiation of services - Emphasis on quality improvement - Established business relations 	<ul style="list-style-type: none"> - Established brand name - Large database - Multilanguage support (Lithuanian, English, Russian) - “Eye-Candy” design - Good information layout - Forums - Collaboration with social networks - Different CV format - Creditinfo to CV integration - Detailed statistics on history for CV 	<ul style="list-style-type: none"> - No online payment system - Old articles - No Europass CV standard - No PDF export for CV - Limited control panel for employers
CVbankas.lt	<ul style="list-style-type: none"> - Competitive pricing strategy - Constant strategy changes and innovations 	<ul style="list-style-type: none"> - Large database - Fast job ads and CV input - Fast apply-for-job possibility (using mobile phones payment) - Multilanguage support (Lithuanian, English) - Online payment integration with Lithuanian banks 	<ul style="list-style-type: none"> - Lack of service differentiation - No forums - Very limited control panel for employers - No Europass CV standard - No section for courses/articles and news - No PDF export for CV
CVmarket.lt	<ul style="list-style-type: none"> - One of the first online job portals in Lithuania - Emphasis on maintaining relationship with exiting business customers 	<ul style="list-style-type: none"> - Established brand name - Multilanguage support (Lithuanian, English) - Good data layout and easy navigation - Fast CV input - Europass CV standard 	<ul style="list-style-type: none"> - Falling brand name awareness - Old-fashioned design - Very basic control panel for employers - No forums - No section for courses/articles and news
Reziume.LT	<ul style="list-style-type: none"> - New on the market - Competitive pricing strategy - Market share through innovations and excellent customer service 	<ul style="list-style-type: none"> - Multilanguage support (Lithuanian, English) - Usability and design using innovative technologies without page flickering - Search based on predefined tags cloud (more target ads) - Extended Employer control panel - Forums for registered users - PDF CV export support 	<ul style="list-style-type: none"> - Low brand awareness - No established business contacts - No Europass CV standard - No possibility to import created doc/pdf CV - No Fast ads for jobs

Potential future competitors

Future plans of the company emerge the need for analysis of potential competitors. As a company is planning to open specialized IT recruitment agency it need to take in to account other agencies that might specialize in this particular area.

Strategic Staffing Solutions International – is an international company that takes its roots from US. It has reputation of recruitment agency that specializes in IT recruitment. It works with large international companies in Lithuania such as Barclay, Western Union and etc. It is most probably that these contracts were landed due to international background, therefore “newcomers” have chosen this company for their staffing solutions. Also it is important to mention that there is lack of information about the company, the website of the company available only in English and for smaller users it is quite difficult to communicate with. There is large uncertainty about company services and pricing system.

CVO Technology Recruitment – department of international recruitment and selection CVO Group. It is former CV Online. This department specializes in technological, engineering and IT recruitment. It has good reputation in Lithuania and has been around for many years, therefore has substantial experience, many contacts and large databases. Also it is important to mention that company isn’t specializing only in professional IT.

1.3. Macro environment analysis

‘Companies and their suppliers, marketing intermediaries, customers, competitors, and publics all operate in a macroenvironment of forces and trends that shape opportunities and pose threats. These forces represent “noncontrollables,” which the company must monitor and respond to’ (Kotler, 2001, p. 138).

Table 10. Macro environment analysis

Area	Major tendencies	Influence	Time frame
Technological	<ul style="list-style-type: none"> - Lithuanian Information Society development strategy - Increased influence of mobile phones technologies - Web portals Content Management Systems’ development - Web sites’ optimization for search engines (Google, Yahoo and etc.) - Development of online Voice’n’Video technologies 	<ul style="list-style-type: none"> - Increase of online customers - Major part of recruitment process will be shifted online - Time efficiency optimization - Increased web portals’ traffic - Increased customer satisfaction – long term business relations - Increased usage of Voice’n’Video interviewing and learning podcasts 	Continuous
Legal	<ul style="list-style-type: none"> - Income Tax Law changes - Value Added Tax Law Changes - Labor Code amendments - Recruitment via temporary employment agencies Act - International Labor Organization (ILO) Convention for private employment agencies - Equal opportunities and discrimination Acts 	<ul style="list-style-type: none"> - Enchantment of organization’s operating costs - New approach needed to income structure - More legislations to comply with make recruitment industry less attractive - Greater responsibility 	2002 - 2012
Economic	<ul style="list-style-type: none"> - Economic slowdown and recession - High unemployment rates - High interest rates - Low income levels - Low domestic demand - Large uncertainty in country’s financial situation - Tax increase - Slow improvement of economic 	<ul style="list-style-type: none"> - Negative influence on companies’ profitability - Recruitment industry has become very price competitive - Need for new approach to business - Recruitment industry reorientation 	2007- 2012

	situation		
Cultural	<ul style="list-style-type: none"> - Constantly changing customer needs - Change in social values – “westernizing” society 	<ul style="list-style-type: none"> - Company must keep track of changing customer needs in order to operate successfully - Company must constantly introduce new services and changes in order to adapt to changing customer needs - Emphasis on fitting people with organizations 	≈2005 – 2020 These changes are constant
Demographic	<ul style="list-style-type: none"> - Declining birth rate - Aging population - Declining house holds - Growing emigration rates 	<ul style="list-style-type: none"> - Decline in number of potential candidates - The “war” for professionalism and talent - Service diversification 	Continuous, but since 2003 became more active

In conclusion it can be noticed that Lithuanian Recruitment market mainly influenced by technological, economic and legal environment. Organizations in this industry are very sensitive to technological development and constant changes, therefore must constantly adapt to these changes and keep up with emerging market demands. Economic downturn environment directly affects all business organizations; hence UAB Rezieme is not an exception. Also the country is slowly recovering, company must adapt to the situation and use it to its advantage. The legal environment due to its instability and new amendments to the legislative system causes additional difficulties while dealing with customers, developing business relations, paying taxes and etc. Cultural and demographic influence must also not be underestimated, as it can be very influential in the long run.

1.4. SWOT analysis and problem identification

Table 11. SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> - Adequate financial resources (from the founder company) - Own technologies: mordent and highly functional web portal, CRM system - Experience in IT field (relevant education and work experience) - Being new on the market allows to tailor services to customers' needs and demand 	<ul style="list-style-type: none"> - Lack of clear strategic direction (very “young” company and still working on future strategy) - Lack of experience in recruitment field (company's employees come from IT and Marketing back ground) - No real-life entrepreneurial experience - No strong team built yet - Yet-to-be established business contacts - Yet-to-be established brand name
Opportunities	Threats
<ul style="list-style-type: none"> - Economy is coming out of recession, there are opportunities for new businesses and innovative approach - Emergence of new technologies (Voice'n'Video, mobile phone technologies and etc.) - Collaboration with competitors 	<ul style="list-style-type: none"> - Aggressive competition, as there are few well established brand names on the market - Taxation increase - Rising emigration – shortage of skills

	<ul style="list-style-type: none"> - Decrease in demand for recruitment services - Unfavorable legislative changes
--	--

SWOT analysis is one of the vital steps in business planning. Once the company has performed a SWOT analysis of the internal and external environments, it can proceed further and develop specific goals. The goal formulation process will provide company with the guidance on how to prosper further (Kotler, 2001, p. 47).

Following SWOT analysis of UAB Rezieme it can be assumed that the main problem of the company is lack of experience in the field and non-existence of clearly defined business strategy. Hence majority of weaknesses are associated with strategy, employees and brand name. But it is important to emphasize that company has strong financial support, experience in IT field and can use current economic situation for developing positioning strategy in accordance with company's future plans.

2. EMPIRICAL RESEARCH OF IT MARKET TRENDS AND STAFFING SOLUTIONS WITHIN LITHUANIAN IT COMPANIES

2.1. Empirical Research Methodology

2.1.1. Objective and tasks of the study

The current market situation requires its participants to choose an effective market strategy and to do their homework in order to position the company where it could benefit and prosper for a long period of time. Given that recruitment companies are in a very sensitive industry which is quick in reflecting market highs and lows the strategic positioning of such companies should be done in a number of stages.

In the first part of this paper the internal and external analysis uncovered core weaknesses and strengths of UAB Rezieme. It was also apparent that this company was new to the Lithuanian Recruitment market and planned to expand by opening a specialized recruitment agency that would focus on IT companies. As a result, the **objective** of this research is to conduct an empirical research with IT sector experts with a view to identify their opinion and expectations from recruitment services. The results of this research will be implemented in the creation of managerial solutions. In order to achieve this, the following **tasks** were set up:

- To distinguish personal motivations of respondents for choosing a career within the IT sector.
- To understand the current situation within the Lithuanian IT market.
- To distinguish the main problems that Lithuanian IT companies deal with today.
- To predetermine the Lithuanian IT market trends in the future.
- To clarify how IT companies deal with their staffing solutions.
- To analyse their interactions and opinions of their dealings with employment agencies.
- To identify what influences their decision in choosing a particular recruitment agency.
- To identify their expectations in respect of prices and level of service from employment agencies.
- To predetermine any future expectations from recruitment agencies.

The results of these tasks will lead to better understanding of the interaction between IT companies and recruitment agencies and in consequence provide us with effective managerial solutions.

2.1.2. Study method and data collection method

There are two methods of research: qualitative and quantitative. The choice of a particular research depends on the type of project and the information that the researcher wants to attain or receive. Qualitative research deals predominantly with understanding how people feel, explains the reasons and certain perceptions and therefore can be used in such findings like the determination of the customer choices, the reasons for those choices and the areas of positive and negative consensus. In consequence samples tend to be smaller compared with quantitative projects that include much larger samples.

In accordance with Denzin and Lincoln (2005, pg. 10) ‘the word *qualitative* implies an emphasis on the qualities of entities and processes and meanings that are not experimentally examined or measured (if measured at all) in terms of quantity, amount, intensity or frequency. Qualitative researchers stress the socially constructed nature of *reality*, the intimate relationship between the researcher and what is studied, and the situational constraints that shape inquiry. Such researchers emphasize the value-laded nature of inquiry. They seek answers to questions that stress *how* social experience is created and given meaning.’

According to Jones (as indicates Punch, 1998, 175 pg.) in order to understand other persons construction of reality it is right to ask that person and ask in such way, that the person would answer in its usual manner and terms ‘and in a depth which addresses the rich context that is the substance of their meanings.’

Therefore for the purpose of this particular study the chosen instrument of research is qualitative – structured/standardized interview.

The structured/standardized interview has formally structured schedule of interview questions. In order to get response to each question, interviewers need to ask every subject. In this case all the interviews will take approximately same time and will be comparable, which is good for further analysis (Babbie, 1995, as indicates Berg, 2001, pg. 69).

Interviews were conducted directly with respondents during the meetings and all questions and answers were recorded. Records of the interviews were only used to structure the data and hence the anonymity of the respondents was preserved.

2.1.3. Study samples and sampling procedure

This study sample – key personnel representatives from large Lithuanian IT companies who are decision makers regarding staffing solutions. The size of this sample was selected in accordance with “theoretical saturation”.

The question that bothers most interviewers is – how many interviews is enough? When should interviewee stop collecting data? In most cases data collection process should continue until ‘until theoretical saturation takes place.’ This means until researcher notices that information started to repeat and new data wouldn’t bring any new information in the answers of interviewees (Strauss & Corbin, 1998, pg. 292).

During the selection process of respondents the most important goal was to choose experts in a particular area. In this case the respondents were professionals holding leading positions in IT companies, familiar with IT market situation and trends, individuals who make important decisions in the day to day running of their companies, direct experience in staffing solutions and knowledge of how new personnel are selected and employed within their respective companies.

2.1.4. Explanation of the study instrument used

For this particular study the chosen instrument - interview. This instrument is one of most popular data collection tools in qualitative research. It is very good way of accessing people’s

perceptions, meanings, definitions of situations and constructions of reality. It is also one of the most popular ways that is used to understand others (Punch, 2000, pg. 174).

During research the structured/standardized interview approach was applied and respondents were asked pre-established set of questions. According to Patton (2002, pg. 346) there are few major reasons for using standardized interviews:

- The exact instrument used in the evaluation is available for inspection by those who will use the findings of the study.
- The interview is highly focused so that interviewee time is used efficiently.
- The responses gathered through this analysis are easy to compare.

As mentioned earlier, the main purpose of this study is to identify Lithuanian IT market representatives' opinions and expectations from recruitment services. In order to achieve the above purpose the interviews were conducted with representatives from large Lithuanian IT companies.

The questionnaire is divided in to three parts and each part comprises of different types of questions. Each section or part of questions is focused on receipt of certain type of information. Additionally, it is easier to structure and compare answers when questions are grouped and assigned to a particular theme.

The first group of questions is assigned to attain information about respondent's personal motivation for choosing a career within the Lithuanian IT sector, to attain their opinions about the current situation in this market and foreseeable future trends that may dominate this market.

- What was your main reason for choosing a career within this industry?
- Could you briefly describe the current situation within the Lithuanian IT industry?
- In your opinion, what are the main problems today faced by companies within this industry?
- Is there a shortfall of IT specialists in this industry and if so, please specify or detail the shortfall?
- What in your view are the likely future trends that will develop within the IT market?

The second group of questions is aimed at finding out how companies are dealing with staffing issues, their interaction with employment agencies, their level of satisfaction and expectations from these services.

- How is your company dealing with staff recruitment issues?
- Has your company ever used the services of an employment agency for their staffing solutions? If not, what would motivate your company to use external employment service providers? / If so, what led your company to seek help in this area?
- Could you name the main reasons or factors that influenced (would influence) you to choose a particular employment agency?
- What in your opinion are the main benefits or advantages of using services offered by employment agencies?
- What in your opinion are the negative aspects or disadvantages of using employment agency services?
- Were the chosen candidates up to your expectations and if not, please provide reasons?

- What are your thoughts or views about the costs attached to using employment agency services in Lithuania? Do you think the recruitment costs match or justify the quality of the services being offered by such agencies? Why?
- If given the choice, would you opt for lower employment agency costs **or** prefer to be with a reputable established recruitment company? Please provide the reasons for your choice?
- Would you consider an alternative (new) recruitment agency, if you knew they were offering different or varied types of services?
- How would you describe your expectations of services provided by a high quality employment agency?
- What is important to you whilst dealing with an employment agency representative?

The third group of questions is assigned to gather information about future expectations from employment service providers together with any motivational factors.

- In your opinion what should employment agencies offer IT industry companies in the future?
- What would motivate or influence your company to use the services of an employment agency?

2.2. The empirical study progress and results

2.2.1. Progress of empirical study

The empirical study process was organized in a number of steps and therefore it took a substantial amount of time with some parts utilizing more time than others. From outset, it was very important to define a representative research sample, as this is vital for research development, findings, further value and usefulness when designing managerial decisions. Hence, all the research went through the following steps:

- Search for appropriate respondents
- Contacting respondents and arranging personal meetings
- Execution and recording of interview during the meetings
- Transcribing each interview
- Analyzing interviews and filling in the response matrix
- Interpreting and systemizing response information
- Drawing conclusions

One of the most problematic issues faced during this research was arranging the meetings with the targeted IT professionals due to their busy schedules. As a result, some of the appointments were cancelled due to prospective respondent's busy schedules or in some cases their reluctance to find time to participate in research activities. However, it must be emphasized, that all rearrangements or cancellations were accompanied by written or telephone explanations.

All respondents were explained about the purpose and procedure of the interview. All interviews were recorded on to a Dictaphone and subsequently the information was carefully transcribed on to paper.

After first interviews it became clear that some of the questions were irrelevant and repetitive and this of course led to their removal and as a result an amended questionnaire was used. Another recurring problem was the tendency of interviewee's to overelaborate their answers and by doing so they inadvertently answered two or three of the ensuing questions. In such cases the interviewee was left to speak without interruption as long as he or she was providing relevant information for the research.

Another problem was that some of the interviewee's became emotive and at times aggressive due to their past negative experiences with the topic of concern. On the other hand, some respondents were passive and/or gave short answers and this inevitably led to more questions or probing in order to attain the required information.

It is important to emphasize that in general all interviews were pleasant, informative and interesting in terms of experience. At times, the interviewer received positive comments about their interview preparation, explanation and structure. Needless to say, it was especially motivating and encouraging to receive these comments from people with great experience and knowledge.

Most of the interviews were arranged in the offices of the companies, but some interview had to be arranged in restaurants or coffee shops during lunch breaks or after work. The majority of interviews were arranged with Vilnius based companies, given that most large Lithuanian IT head offices are based in the Capital however on one occasion the interviewer had to travel to Kaunas.

After conducting several interviews it was noticed that the information was becoming repetitive however it was deemed necessary to conduct as many interviews as possible to ensure that no new information was circumvented or left out, therefore last control interview was performed.

As the interviews were performed with Lithuanian respondents, some of the interviews had to be done in Lithuanian and then carefully translated to English. Also it is important to emphasise that most interviewees were speaking fluently in English.

The whole process of empirical study was extremely informative and yet not easy due to the structure and data collated. Nevertheless, because of the specificity of the topic and information that was targeted, the qualitative technique in this situation was most appropriate.

2.2.2. Results of empirical study

The empirical study of this paper is divided in to three parts according to the information that was targeted. It starts with information about personal experience for choosing a carrier within the IT sector, Lithuanian IT market situation and future trends, then switches to the gathering of information about staffing solutions together with interaction with recruitment agencies and finally moves on to information about future expectations from recruitment services. The information was analysed according to the relevant topics with emphasis to the important questions under these topics. The majority of information received was repetitive and this made the process of results formation easier to analyse and structure.

The research findings of these interviews will be further used in this paper whilst developing managerial designs for UAB Rezieme.

Lithuanian IT Market

Personal motivation. This question was directed at establishing the main reasons why people chose a career in IT and their personal feelings about working in this industry. The information received is relevant to the paper as it shows an overall view or opinion of the interviewees representing different companies within Lithuania.

“[...] in other words I was lucky. I have very well paid job and no headache.” (R. 1)

“Haven’t purposely planned it, but I’m very happy with where I’m working now. [...]” (R. 3)

“[...] IT sector has great potential. Now I’m 100% sure – I’m where I should be.” (R. 4)

“IT sector is very profitable and popular therefore I have chosen this field.” (R. 7)

All the respondents gave more or less similar answers to this topic, which clearly indicates that the Lithuanian IT sector is a popular choice whilst choosing a career. This of course is encouraging and certainly a good sign for our company. Additionally, it is important to state that the interviewee’s were professionals from the IT industry with experience spanning from 5 to 15 years. Historically, there may be a small minority who may not have deliberately planned to be in this industry however the popularity and prestige of this sector cannot be ignored today.

Current situation within Lithuanian IT market and future trends. Due to the fact that UAB Rezieme is planning to expand by opening a recruitment agency catering solely to the needs of IT companies and hence it was important to analyse the current situation and the foreseeable future trends. Again, the information received was repetitive but clearly indicated that there is a clear situation within this market with predictable directions.

The questions about the current situation, major problems and future trends uncovered prevailing tendencies in respondents’ answers. When asked about the current situation within the Lithuanian IT market most respondents agreed that it had been affected by the economic downturn but less than other industries and at present the market appears to be experiencing recovery and growth in view of numerous recent new projects and upcoming opportunities.

“Hm ... as far as I’m concerned IT market in Lithuania is growing, market demand is growing, companies are recovering after global economic downturn.” (R. 1)

“[...] it is growing with many new projects arising and new opportunities.” (R. 2)

“Well in my opinion and from what I hear and read in the coming 10 years IT sector will be most demanded and growing, because everything is becoming more automated and hi-tech.” (R. 4)

“It will be definitely changing as nothing else is developing in Lithuania, I think IT will take leading positions in overall market.” (R. 3)

These answers are very important for the future plans of UAB Rezieme, given that any growth in this market will lead to more customers and greater demand for staffing solutions. It is also important to emphasise that these prevailing tendencies were professional opinions from within

the industry. Their positive attitudes and at times enthusiasm can help form the foundation of any future development and integration with recruitment services.

Another important aspect from this part of the study was information about the main problems faced by companies in this industry today. The feedback received more or less voiced the same concern which was a lack of skilled and experienced professionals particularly in areas such as ERP systems, Java, Oracle, CRM, SharePoint.

“The problem is such, that there are many young inexperienced IT workers, but lack of skilled professionals.” (R. 2)

“There is lack of professional resources for good price.” (R. 7)

“I would say in areas like ours there is lack of ERP system professional” (R. 6)

“SharePoint, Java and many others.” (R. 2)

All these answers provide a good indication about staffing problems and the probable areas that need to be addressed in order to find solutions to these problems.

About staffing solutions in IT companies and their interaction with recruitment agencies

Staffing solutions. When asked about the ways in which these companies deal with staff shortages, most of the responses were similar. Predominantly, most companies firstly use their own contacts when looking for suitable candidates and when unsuccessful they normally tend to use recruitment service providers. Importantly, all the companies that were researched have used the services of a recruitment agency.

“We try to do it first our self’s, but we also work with staff selection agencies.” (R. 2)

“[...] We struggled to find a person for new project, it was an emergency, we couldn’t make our customer wait.” (R. 3)

“[...] usually do it ourselves, sometimes use external help. [...] Because couldn’t find ourselves.” (R. 5)

It would appear that IT companies use recruitment agencies as a secondary source and we will later in this research endeavour to reveal the potential reasons for this infrequent use of recruitment services.

Factors influencing the choice of particular recruitment agency. During the interview process we generally gathered the following main reasons that influence the choice of a particular recruitment agency:

- Recommendations
- Reputation
- Knowledge of IT field
- Successful records
- Selection techniques
- Variety of services

“Reputation, recommendations, experience, application of known techniques.” (R. 1)

“I have my contacts and already know what companies are more specialized in what we are looking for. Also we look at what selection techniques they use.” (R. 4)

“Notoriety, bright selection of services, good reviews from other companies.” (R. 8)

Opinions about Lithuanian recruitment agencies. When asked about plus side of using recruitment agency for staffing solutions most answers contained the following aspects:

- Less headache
- Time saving
- Way out of difficult situation
- No need to read large quantities of CV

“Less headache and no need to read 100’s CV if it’s done professionally.” (R. 1)

“Time saving and help in difficult situation, if of course they find someone.” (R. 3)

“Advantage of using professional staff selection services, that will save time, hassle of going through thousands CV and less headache.” (R. 6)

It is important to emphasise that negative opinions dominated over positive and most interviewees see more minuses than pluses in how recruitment agencies work and what services they offer. The minuses would be:

- Provide false and misleading information
- Offer already known candidates
- Don’t keep to the deadlines
- Provide unsuitable and inexperienced candidates
- Don’t fulfil expectations and promises
- Incompetent in IT field
- Can’t offer real headhunting services
- Not attentive to customer requirements

“They send candidates already known to us. Lack in knowledge of IT, just generally look for people. No headhunting as such.” (R. 2)

“Provide false and misleading information, only to make good impression.” (R. 1)

“Not always pay enough attention to customer company requirements and needs.” (R. 8)

It is clear from these answers, that there are gaps in the Lithuanian recruitment industry that could be addressed by focusing on the negative aspects of the research responses.

Recruitment costs and facts that influence decision-making. Also some of the respondents mentioned that recruitment services aren’t cheap; however most of them stated that they would not mind the cost factor if the service was to their expectations. On the other hand, some respondents are of the opinion that recruitment services costs were reasonable.

“[...] Because good results should cost more, but they can’t deliver good results, hence keep prices quite low.” (R. 7)

“It is not cheap and not expensive. Service is still row, so hence the costs are very unstable.” (R. 8)

“It isn't expensive anyway. There is nothing what is worth asking money for.” (R. 5)

Most of the interviewees were of the opinion that cost was not necessarily a deciding factor in their choice of a recruitment service provider however they were open to trying out a new agency if a wider range of services and/or a new approach was on offer.

“ Yes, especially if it would offer something different and useful.” (R. 2)

“Yes. But I would need reassurance, that service is good and can deliver needed amount of candidates.” (R. 8)

The important conclusions from this part of the study are that costs aren't the sole determining factor and that the level of service appears to be of vital importance to a company's choice in selecting a recruitment agency. No doubt this feedback was a revelation to us and in consequence the areas of service have to be carefully considered whilst strategically positioning the company.

Expectations for quality recruitment services. When talking about interviewees' expectations from recruitment service providers the popular answers contained the following information:

- Listen to the customer needs
- Knowledge in IT and professionalism
- Ability to provide in detail information to potential candidates
- Recruitment services assigned to IT customers
- Delivery of promises

“First of all recruitment services should be assigned to business sectors: IT, medicine [...]” (R. 7)

“[...] should be able to explain selected candidate what will be his work, exact tasks and etc. For that they should have someone very familiar with IT. [...]” (R. 6)

“If talking about IT selection, important to have understanding about IT specifics, or even appropriate education, to be able to do selection, sort CV's and etc.” (R. 4)

“Focus on particular business field and develop adapted staff selection methodic.” (R. 7)

This information clearly paves the direction that an agency should embrace in order to meet customer expectations. Regrettably, most recruitment agencies in Lithuania cover a wide range of professions and therefore generally lack in specific knowledge in a particular profession or field.

About future expectations

When asked about future expectations the answers were similar to those about expectations for the services. Most interviewees expressed a desire for specialized IT staff selection agencies, availability of alternative selections, search channels and professionalism. The findings highlight the importance of the responses more so when the responses are repetitive; clearly indicating a gap in this industry which need to be addressed accordingly.

“Don't know. Maybe they should know more about IT. We work with ERP systems and there is hardly any agency in Lithuania. That could select and test specialists for us.” (R. 5)

“IT knowledge base! Ability to provide short specialists consultations for specific questions.” (R. 8)

2.3. Empirical study conclusions

In conclusion, empirical research provided extensive information about prevailing tendencies within the Lithuanian IT market, how companies within this market resolve their staffing issues, what they emphasize when working with recruitment agencies and what they expect from the recruitment services now and in the nearest future. The objective and tasks that were raised in the beginning of this research were fully met with analysed data.

Despite the economic crisis IT companies in Lithuania have managed to recover quickly by finding new opportunities and most of them are prospering at the moment. This industry is likely to grow even faster in the future, as there are foreign companies coming to the market, everything is becoming more automated and fields like web technologies, business solution systems are invariably growing. In consequence, this industry is undoubtedly a niche sector for any new business or for any individual wishing to commence a career in this field. The growth in this market will inevitably create a demand in the need for qualified and/or experienced personnel which in turn necessitates the existence of external recruitment services.

The main problem faced by most IT companies in Lithuania is generally the lack of experienced professionals, though some areas appear to be suffering more than others in this regard. This shortfall has created a problem in a market that is undergoing recovery and has led to the delay in numerous new projects. An added problem to the situation is that most companies fail to attract new workers mainly due to communication problems with potential candidates and/or external recruiters, as not all the companies have professional HR specialists, suitable selection techniques, appropriate understanding about the recruitment costs and future costs for good employee.

Most IT companies only use external recruitment services as an emergency and in most cases are generally unhappy with the quality of service received. This may well be the main reason for not opting to use external service providers customarily. There is also a prevailing opinion that most recruitment agencies offer a generalised service covering many professions and are therefore unable to offer proper selection and testing techniques which are a pre-requisite to jobs within this sector.

The general consensus regarding recruitment costs was that it is not the most important factor that is considered when choosing a recruitment agency. Some respondents emphasised the fact that recruitment agency costs were understandably low due to poor delivery of services and if they could fulfil their expectations by offering something advanced and improved than the price or cost wouldn't matter. Overall, the predominant emphasis was on service and this clearly indicates that this segment of the market appears to be open to new agencies provided they meet customer expectations through appropriate testing, selection and communication procedures.

There is clearly a need for specialized recruitment agencies that could focus on the IT segment. The IT sector requires a knowledgeable approach and understanding given the existence of many complicated fields. It is also important for service providers to build databases with different IT specialists and companies in order to achieve successful matching of skills. At present, the recruitment service provider market is predominantly versatile and not segmented.

3. MANAGERIAL DECISIONS FOR UAB REZIUME

3.1. Expanding business by narrowing focus

Companies from different backgrounds tend to make wrong assumption that narrow business focus directly associates with small company; that if company is focused in one area, it somehow limits its grows potential and expansion opportunities. It maybe sounds logical in some cases, but it generally isn't true. 'Starbucks is narrow— coffee—but it certainly isn't small. Intel is narrow— mostly microchips—but ranks as a Fortune 500 company. In professional services, some of the largest firms are some of the most focused' (Williams, 2010).

There are many examples of successful businesses across the globe that work in a very focus manner and specialize in particular areas. By doing so these companies are able to serve certain groups of customers in the manner that meets customer expectations best.

'The fact is that the road to profitability is paved with strong value propositions in which a company makes a specific promise to a specific customer' (Williams, 2010).

It is known fact that Lithuania is small country, so the economy is quite small as well. Most of the companies, no matter what business fields they are in are trying to serve broad range of customers – to offer products or services that should be suitable for different customers. It is believed that in such small economy it is possible to provide something to everyone and be more profitable by serving larger amount of customers. This probably works in many cases, but for some businesses it doesn't work well because it most probably requires more investment, provides difficulties while planning current and future development and distinguishing needs of every customer group.

There are many examples of very profitable niche companies that often return higher margins than mass market, because they meet very specific set of needs. A narrow target doesn't mean narrow profit or limitation to business growth. 'Instead of being afraid of focus, you should be afraid of mediocrity' (Williams, 2010).

Recruitment business in Lithuania is still in the stage of development and has large potential in terms of growth and new business opportunities. As it is at the moment this industry could be divided in to three sectors: companies that work only as online portals, recruitment agencies and very small amount of niche recruiters that try to provide services for specific customer needs. But in reality recruitment industry in Lithuania isn't segmented properly, as it is in other countries like UK, Holland and etc. Small economy isn't to blame for that, because in some other small countries, these businesses are segmented and focus on providing very specific services in terms of staff selection techniques, databases, professional consultations and etc.

UAB Reziume is new player on recruitment marked, is started its activities by launching recruitment web portal, but initial plans were to open specialized recruitment agency, that would work closely with Lithuanian IT companies. The founders of the company have broad international experience and very strong IT background and therefore believe that can work to the best potential when specializing in the area that they are very familiar with.

After conducting empirical research with representatives from large Lithuanian IT companies, main issues were uncovered that can be vital when designing managerial decisions.

3.2. Focus strategy as a solution for UAB Rezieme

According to Porter (1998) in coping with the five competitive forces, there are three potentially successful generic strategic approaches to outperforming other firms in the same industry:

1. Overall cost leadership
2. Differentiation
3. Focus

Table 12. Porter's three generic strategies

		STRATEGIC ADVANTAGE	
		Uniqueness Perceived by the Customer	Low Cost Position
STRATEGIC TARGET	Industry wide	DIFFERENTIATION	OVERALL COST LEADERSHIP
	Particular Segment Only	<u>FOCUS</u>	

Source: Michael E. Porter (1998, p.39)

Focus strategy is very suitable for UAB Rezieme, as it is aimed at working with particular target and focusing at the particular target group. Within that focus company can either achieve differentiation by meeting particular customer needs better, or lower its costs compared to competitors, who are not specialized. Focus strategy can also combine differentiation and cost advantage.

The target segment of our company is Lithuanian IT market. It could be broken down further into two groups:

1. Small IT companies up to 10 workers
2. Middle to large IT companies 10 and more workers

Each of these sub-segments requires individual approach, as requirements in recruitment services and the type of the services differs.

Small IT companies usually are run by family members, or close friends. They tend to start business with their own competences. But it is important to emphasise that also small companies very often search for specific area specialists, as they want to build qualitative team. These companies usually use online web portals for new staff member search and are left out by recruitment companies as small and not able to bring large profits to Recruitment Company. But recently the number of such small companies has been growing and IT market becoming more popular as a place for successful carrier. Therefore particular attention could be paid to them in terms of services that would be interesting and affordable, and also profitable to recruitment agency.

In recent years IT industry in Lithuania has been growing and there are many convincing size companies in this sector. From the research it became clear, that this particular segment has grown to the size, when it requires special approach and techniques.

During the research many respondents have pointed out, that price is not the main influencer when making decision whether to use or not use recruitment services and what agency to go for. There for managerial decisions will be concentrated on differentiation, on what UAB Reziune has to offer to IT segment that would be different and would bring better set of benefits and greater level of satisfaction.

3.3. Strategic objectives

Organizational objectives are the final results an organization seeks to achieve in order to fulfill its future plans. It is very important to define these goals in a concise and structured manner as a starting point in order to implement an effective business strategy.

With reference to expectations and observations expressed by IT market representatives the strategic goals for business expansion in to this segment can be formulated as follows:

- To solve company location issues in the next 3 month before agency opening.
- To hire additional staff members within 6 month.
- To design a service package that is pragmatic, specialized and representative in the next 3 month.
- To establish a clear guidance for successful communication with IT companies. To check communication effectiveness after one year from opening by conducting customer survey.
- To build professional IT candidate database of more than 500 in the first year from opening.
- From the very beginning of agency opening to implement a feedback collection and action system to help improve customer and service expectations.
- To return initial investment within first year from opening.

3.4. Strategic actions plan for specialized recruitment agency

The proposed strategy for UAB Reziune is to merge a focus strategy with an extended marketing mix strategy. This will be achieved by creating an action plan in order to position itself within a particular segment. An action plan for UAB Reziune will present specific propositions on

how to appeal to IT segment in terms of extended marketing mix – Product, Price, Place, Promotion, People, Process, Physical Evidence and Quality.

‘The job of recruitment is all about marrying sales skills with psychological skills.’ In order to succeed in the job the recruiter has to have good training and skills in order to present things in a good light, the tenacity to keep going when you think something is of value, a genuine interest in people that really helps you understand them and the capacity to build strong, sustainable relationships. ‘Sales and good service could be two key words to describe a great recruiter’ (Brown and Swain, 2009, p. 32).

Therefore all managerial decisions will be conducted with the view to successful sales and valuable service.

3.4.1. Product

UAB Rezieme is a company that provides recruitment services. The company aims to serve the IT segment by offering niche services that would accommodate the needs of this specific sector. In order to achieve this UAB need to offer appropriate services by embracing all available up to date technologies and this in turn will make this company more attractive, proactive and efficient.

Multichannel communication with customers

Nowadays there are many ways to communicate with customers. The frequency and manner of communication is an important factor in achieving success and hence it is vital to keep customers advised with pertinent information such as developments, news, legislation, candidates etc. Professional communication can be assigned to the services; given that it provides customers with additional information. UAB Rezieme should use the following means of communication with customers:

- Postal mail
- Email
- SMS
- Telecommunications
- Company web portal

It would also be beneficial to consider the use of an advanced CRM system in order to simplify and speed up the communication process with customers. In view of the company’s strength and knowledge in IT; it may well be feasible to design this system internally. Quick response time to customer needs is one of vital success factors for future development of recruitment business. Working with customers from IT industry it is especially important, as this industry is in the stage of growth, very dynamic, innovative and constantly changing.

Web presence

Having a company website is certainly an important part of the business. Existing and potential customers can access useful information and use online based services at their convenience.

Powerful search and selection techniques

The recruitment industry is undoubtedly competitive and is predominantly 'result driven'. The company that is able to find the most suitable candidate usually wins the 'battle' and in doing so, it invariably builds a relationship that can secure future cooperation.

It is important to build a large database with IT professionals and maintain constant contact with them to be able to offer potential candidate for a particular job whenever the need arises.

For a specific area like IT there is a need to design selection and testing techniques tailored to suit different groups. Lithuanian IT sector could be broken down into three major groups:

1. Information Systems Development:
 - a. Software Development (Mobile, PC, Mac etc.)
 - b. Web Development (Web shops, Web portals etc.)
 - c. ERP Systems Development and Consulting (Microsoft Dynamics, SAP, Sage, Sugar CRM etc.)
2. Computer hardware:
 - a. PC components
 - b. Hardware Support services
 - c. Data Protection (Token Ciphering Keys, Algorithms Implementation)
3. IT Services:
 - a. Servers Administration
 - b. Data centers
 - c. Network Administration

All the aforementioned groups require different selection and testing techniques which not only test applicant's technical capabilities and knowledge but also some personal features that may be required for particular vacancies.

The selection and testing process will incorporate the following procedures which will depend upon the specificity of the vacancy:

- *CV and motivation letter screening.* The goal is to shortlist the pool of applicants down to 10. Selection must not be made on the basis of race, ethnic origin, disability or sex.
- *Group interviews.* Examples of group interviews may include one or more of the following examples - ability tests, psychometric tests, personal presentations, group work/exercises/tasks (this technique is especially good in distinguishing personality traits, ability to work within a team and/or under pressure and gauging interaction with others).
- *Interviews.* This is conducted on a one-to-one basis. It should be structured with a view to evaluating a potential employee by asking the candidate questions about his or her job history, personality, work style and other factors relevant to the job.
- *Ability Tests.* This is particularly important for IT jobs given that most jobs in this field require substantial knowledge and experience. These tests are usually specifically tailored to the job and at times include generic questions in order to check verbal or numeric comprehension and fluency.

- *Other Tests.* In some cases other forms of tests such as simulation exercises, psychometric tests and bibliographical analysis may be used when required by the client.

Headhunting

It was noted during the research process that IT companies were struggling to find a recruitment company that offers headhunting services. In view of this feedback, UAB Rezieme will be offering these services. Headhunting services are often time consuming and require substantial amount of money.

In order to attract appropriately skilled IT personnel, it is important to circulate in IT communities, to have a potential candidate's database and to be able to convince targeted individuals to join interested employers.

UAB Rezieme will use its own knowledge and interpersonal abilities to help build on all the required skills required for a particular job.

The headhunting process will go through the following stages:

1. *Negotiation with Client Company.* During this stage the costs will be agreed in order to proceed further.
2. *Understanding what the Client Company want.* It is important to be very attentive and write down all the requirements of the client company.
3. *Identification of prospective employees.* This process must be conducted discretely and thoroughly to avoid inappropriate targeting.
4. *Contacting the prospective candidate.* The target candidate has to be approached discretely and professionally. The job specifics should only be discussed if the target is responsive to the intended proposal or offer. Ideally endeavor to arrange a formal meeting to discuss the proposal.
5. *Job offer during a meeting.* If the target candidate is interested proceed further if not, look for a new one and go through the above-mentioned steps once again.
6. *Submission of all the necessarily documents.*

Possession of the guidance and clear structure of the process will show professionalism. It is also useful to have written guidance of the process, as it can be explained to client, so the client knows what to expect.

Staff leasing services

UAB Rezieme will employ and additionally train few members of IT personnel. These professionals will come from IT background that is very demanded at the moment, such as Java, Oracle, SharePoint and etc. These professionals will be employees of UAB Rezieme, but company will lease them on temporary basis to other IT companies. These professionals will be able to cover shortages in most demanded areas, work with temporary contracts, provide trainings and etc.

If IT staff leasing services will become more popular, will employ new personnel as the need arises, because it is not efficient to keep too many people, as the requirement for staff leasing services may vary.

IT training courses

There will be special programs designed for external training in the most popular IT areas. Client Companies will have the option to hire UAB Rezieme personnel in order to conduct training sessions for their staff. The choice of training program, date and duration will be arranged to the customers convenience.

External assessment of IT employees

There are many companies that don't have external resources or time to organize assessment of their employees. UAB Rezieme will offer external assessment testing programs for different IT professionals. These programs will be also divided in to three main parts, according to the specifics of IT. This service will help client companies to evaluate their employees' knowledge, identify need for extra training and etc.

3.4.2. Price

The research findings showed the cost was not always the main consideration and that most companies were prepared to pay more provided they received good quality recruitment service.

The pricing structure will generally depend upon the volume of staffing, time frame, job and education specification, type of professionals and customer expectations from UAB Rezieme.

- The price for one specialist will start from one-month's salary for that person. The rest will depend on experience, requirements, qualifications, demand, area of profession, time frame etc. There will be a signed contract with the client company, highlighting all the requirements, stages of selection and terms of payment. Payment will be made in two parts; the first payment will be made before the process and the second subsequent to the selection of a suitable candidate. In some cases the second payment will be accepted after expiry of the three-month trial period.
- The prices for large projects where more than 10 people are required will also depend upon the time frame and selection & testing techniques required by the client company.
- Headhunting services are known to be expensive. The starting point for these services will be 15000Lt and will again depend on the client company requirements. The payment process will be staggered with mutual agreement.
- Staff leasing services will be priced according to the salary of the leased individual with an additional 25% in respect of UAB Rezieme costs.
- IT training courses will cost anything from 2000Lt a day and will depend on the training program, number of participants etc.
- External assessment of employees' costs will be similar to the costs of training courses and depend on the size of the company and the extent of required assessment.

The aforementioned pricing is preliminary and was based on the research conducted; UAB Rezieme anticipated expenses and official data of other recruitment companies.

3.4.3. Place

As mentioned earlier, UAB Rezieme has its own online job search portal scheduled for an imminent revamp in order to attract a wider range of IT customers. The company will solely concentrate on the IT market with a view to offer a specialized service focused on this market.

In order to start a specialized IT agency, there is preferably a need for an office place in the Capital. Ideally it should be an 'A' class office but due to a shortage in availability and high pricing structure in the Capital, this type of office is hard to get. So the company will look for a 'B' class office near to the center of the city, with good accessibility and parking facilities.

3.4.4. Promotion

It is imperative to have the ability to promote the company appropriately by communicating the right messages to the target customer segment. This will certainly have a bearing on the customer perception and future profitability and success of the business.

UAB Rezieme is a new company that is aiming to expand by focusing on the IT customer segment. It is important for the company to use extensive advertising channels in order to gain a market share, outperform potential competitors and become a brand name. In consequence, the company should consider using the following promotion channels:

- Advertising
- Public relations
- Sales
- Direct mail
- Networking
- Online (Appendix 5)

During discussions with company owner it was decided that initial budget for the first years advertising will be 80000 litas. It is a substantial amount of money, however it is and will be an integral route to embrace in order to achieve any form of success. The budget allocation wasn't counted further as it is preliminary amount and in the time of opening specialized agency company is aiming to conduct proper research for promotional budget, or hire external party to do it.

Advertising

A carefully planned advertising campaign will certainly help stimulate demand and can work at several levels because it:

- Grabs attention and makes an impact
- States that the service exists
- Prompts potential, existing or new customer memory
- Explains service or product features
- Establishes credibility
- Demonstrates appropriateness
- Encourages participation

- Generates demand
- Persuades the user to take action

To start with, the company will use two modes of advertising namely press and radio. This process will help reach a wide audience and hopefully attract professional applicants.

Selected magazines and newspapers will be used for press advertising. The adverts will incorporate information about the company, its activities, main services and future plans. It is important to portray the correct image and information in order to effectively achieve the desired result from advertising. Adverts in the press usually act as information carriers creating customer awareness, interest and desire for services.

Radio advertisements will be chosen as a main tool in attracting professional applicants. In essence, the message will voice information about the company and could also include a phone-in IT quiz challenge where audiences could win prizes. For example free participation in IT conference abroad. Nowadays popular Software Development Conferences are: Java, Agile, Software Testing, PHP, Ruby, .NET, RIA, SOA, Cloud. The winner would receive free participation and travel expenses paid. By doing so company will show it's belonging to IT world and its advanced participation in IT. It is important to create an interest; the rest will be done by the "word of mouth".

Public relations

During our empirical study it was mentioned that it would be desirable for recruitment agencies to maintain contact with universities so that young promising students could be offered to employers whenever required. In order to offer this service UAB Rezieme need to:

- Arrange seminars at universities
- Arrange IT competitions with special projects and tasks
- Participate in career days at universities
- Work closely with student organizations and could consider sponsoring student events
- Build student database (2nd – 4th year students)
- Work with companies and students and arrange internships

This mode of promotion is not very expensive but can be time demanding at times. However, it is believed to be successful as it builds a positive brand name, shows that the company is socially responsible and actively participates in community welfare by aiding younger individuals.

Sales

This is unquestionably an important part of the promotional activity, as it usually involves direct communication with clients. Our research clearly demonstrated that respondents felt that they were either misunderstood or let down by recruitment companies due to poor communication or lack of understanding of their requirements. Hence, communication during the sales process should be concise in order to circumvent any shortfalls in the delivery of the actual service.

Sale tenders will be communicated to customers via phone call or during personal meeting whenever possible. This type of promotion will be directed at medium to large IT companies. Overall, the company must place emphasis on negotiation, service and professionalism during the sales process.

The company will enjoy a profitable relationship with B2B customers. This necessitates the need to create an appropriate agenda highlighting the training of sales consultants to ensure that everyone communicates the same message and company values.

It would also be beneficial to create standardized behavioral patterns that could be associated with UAB Rezieme and this will inevitably add to the company's professional image.

Direct mail

Direct mailing can be a very strong tool for any company if designed properly. Whilst direct mailing it is important for the message to contain a "hook" – something that will grab attention and make a potential client look at it.

It is recommended UAB Rezieme send mail shots to potential customers. The mail must have a catchy subject together with information which should be interesting to all types of IT companies. It should also include contact details of the company with emphasis on the website. It may well be worth offering a discounted rate to customers who log on to the site to register their company details within a certain a time frame of receiving the mail shot. This type of promotion should be directed towards small IT businesses in Lithuania.

All responses through mailing must be logged and monitored in order to evaluate the success of the process.

Networking

Social networking has become a very popular means of promotion nowadays. It is believed that through social networking it is possible to raise brand awareness of the business and create new opportunities. This type of promotion is a cost effective mode of advertising and can produce positive results at times.

UAB Rezieme is advised to use two social networking sites:

- Facebook
- LinkedIn

Facebook is the most popular social networking site in the world and could be used to attract applicants. LinkedIn is another popular site, which is known for its professional background and could be used to target both companies and applicants.

It is important to create profiles that will look credible, contain useful information, have company website address and other contact details. It is important to participate in groups, forums, pod-castings and etc.

Online

For online advertising UAB Rezieme should use its own web page - www.reziume.lt. The company should post different articles with useful information, advice and tips about news, careers, seminars, jobs etc.

The company portal also contains a forum space which can be used for open discussions about issues pertinent to the IT industry.

3.4.5. People

In order to open a specialized recruitment agency UAB Rezieme will have to employ additional staff members. The company is looking to recruit 2-3 professionals with a sales and IT background. They will be provided with additional training if deemed necessary. There is also a need for a HR specialist who will be involved in the design of the selection and testing techniques.

3.4.6. Process

Company activities should be divided into 7 main parts in terms of process:

1. Different means of promotion
2. Search and acquisition of customers
3. Search of professional IT applicants
4. Selection and testing process
5. Sales and organizing of additional services
6. Improvement of usability and design of web portal using innovative technologies
7. Customer feedback collection, response actions and service improvement

This clear guidance for the processes will allow the company to track changes and constantly improve its performance. It will also be useful when dividing responsibilities within the company.

3.4.7. Physical Evidence

The company already has a web portal www.reziume.lt. It will also build its physical presence through promotional activities mentioned above. The company will also design business cards and introduce a dress code and other attributes that could be associated with the company. The company has an official logo that is protected by copyrights. The logo has bright violet color (Appendix 6). Looking ahead, the company will always build associations with a violet color in order to establish an identity in the customers mind.

3.4.8. Quality

UAB Rezieme should put a lot of effort in monitoring customer feedback and ensuring customer satisfaction. The empirical study clearly revealed the customers grievances in this area. In order to secure quality in service, the company will have to take following actions:

- Integrate internal CRM system, which will collect customer feedback and response times together with other relevant information.
- Provide effective repetitive personnel training on customer services.
- Perform personnel assessments regularly – quarterly.
- Constantly improve usability of the webpage.

These actions will help the company to improve its services, keep customers satisfied as much as possible and look into opportunities for further improvement.

3.5. Additional strategy – relationship marketing

Nowadays there are different approaches to business strategy and how it should be built in order to achieve success and prosper. There are many businesses that develop on two main fundamentals – professional knowledge and relationships or in other words company's competencies and customers. There is no doubt that 'relationship management' is a predominant factor for the long term success of any company.

The Relationship Marketing approach that has been emerging in the last decade is grounded on the principle that as long as customers and consumers continue to perceive that they are receiving superior value from a specific source of supply, then they will remain loyal (Peck, Payne, Christopher, Clark, 1999, p. 408).

It is important to establish a close relationship with customers, especially nowadays, when customer needs are constantly changing and growing, hence it is important to track all changes in consumption patterns and emerging demand. In consequence, UAB Rezieme is strongly advised to implement the use of a personalized CRM system which could also be extended to provide customers with a free of charge access as long as they maintain a working relationship with UAB Rezieme.

A company also needs to work closely with its employees today by providing continuous training, motivation and performance appraisals in order to maintain a high level of service through its employees. Many companies are now connecting the terms 'employee satisfaction' and 'customer satisfaction'; and the importance of the 'internal market' is now generally recognized' (Peck, Payne, Christopher, Clark, 1999, p. 408).

UAB Rezieme should provide specialized services conforming to the IT segment. The company will strive to win customer loyalty through adapted services. The whole process of relationship marketing could be divided into the following steps:

1. *Relationship establishment* – through direct communication, promotion etc.
2. *Relationship consolidation* – through successful service, sales and establishment of future collaboration plans.
3. *Development of TRUST* – this is central to any business relationship and can be achieved through delivery of quality and in time services together with a work ethic based on feedback and support.

Constant nurturing and implementation of this strategy will help build long-term relationships with IT companies and will undoubtedly portray UAB Reziune as a company that takes customer relationships management to a different level of professionalism.

CONCLUSIONS

In conclusion, the objective of developing a strategic guidance for UAB to achieve its plans for venturing into the specialized IT recruitment sector and to develop a business strategy was achieved by combining various tools such as situation analysis, empirical research and proposition of managerial solutions.

1. The situation analysis helped to uncover internal company capabilities and plans together with strengths and weaknesses. The external analysis of the Lithuanian recruitment market led to better understanding of the market changes, success factors, customers and competitors. All these factors forged the following conclusions:
 - Recruitment industry in Lithuania is fairly young as it started to form after declaration of independence, as first companies started to emerge in 1993. Therefore it is still shaping up and developing with many new opportunities and trends.
 - Lithuanian recruitment market is mainly affected by macro – environment factors such as economic crisis, legal framework changes and technological development. Also it is important to mention that companies within this particular market have handled the situation of economic downturn very well and managed to reorganize their businesses by introducing new services and recruitment approaches.
 - It can be assumed that Internet is the main distribution channel for recruitment industry at the moment, as online recruitment services dominate market with the figures about 70%. Also this trend will be changing in the future, as there is growing demand for direct recruitment services.
 - There are four largest customer groups: Sales & Marketing, Retail, IT & Telecommunications and Finance. All have different patterns of motivation and requirements for recruitment services.
 - The main strengths of competitors within this industry are: well defined brand name, large databases, established contacts and relevant experience.
 - UAB Reziune is new player on Lithuanian recruitment market and therefore hasn't got relevant experience and well-designed business strategy. But it could use emerging economy as it is planning to open specialized IT recruitment agency, where it could use advantage of being new and implement IT experience.
2. A qualitative research was conducted by employing a structured interview approach with large Lithuanian IT companies' experts. This process provided vital information about the market, development, problems, opportunities, staffing solutions, interaction with recruitment agencies, fulfillment of expectations, future preferences and other important factors.
 - Lithuanian IT companies have quickly recovered from the economic crisis and are currently experiencing growth with many new projects and business opportunities.

- The main problem faced by most IT companies in Lithuania is generally the lack of experienced professionals, though some areas appear to be suffering more than others in this regard. This shortfall has created a problem in a market that is undergoing recovery and has inevitably led to the delay in many new projects.
 - Most IT companies only use external recruitment services as an emergency and in most cases appear to be unhappy with the quality of service received.
 - The main dissatisfaction was targeted towards the delay in service delivery and quality of candidates offered. Some companies voiced a desire for improved and professional level of service during negotiations because they felt that their requests or requirements were often not properly understood.
 - There is a prevailing perception that most recruitment agencies offer a generalised service covering many professions and are therefore unable to offer suitable candidates for jobs that require proper selection and testing techniques.
 - The general consensus regarding recruitment costs was that it is not the most important factor that is considered when choosing a recruitment agency as long as an agency can deliver its promises and fulfil customer expectations.
 - There is clearly a need for specialized recruitment agencies that could focus on the IT segment. This segment requires a knowledgeable approach and understanding given the existence of many complicated fields.
3. In the third part of the paper managerial solutions were suggested with a view to address future plans of the company and to accomplish defined strategic objectives:
- Proposed a focus strategy as this fits in with UAB Rezieme plans appropriately by targeting one segment and emphasizing on service differentiation.
 - Focus strategy in combination with an extended marketing mix will help shape further steps for effective company development in desired direction.
 - It is recommended that the company offer a wide range of services with the main emphasis being on IT specialization. The designed unique set of services will present potential customers with a clear concise structure and a wide choice.
 - The main emphasis should be placed on communication with customers together with maintaining a high level of service standards.
 - The pricing solutions are based on the research conducted, UAB Rezieme anticipated expenses and official data of other recruitment companies in to consideration. Additionally, the company must have a transparent pricing policy.
 - The company is advised to implement extensive promotional activities through advertising, public relations, sales, direct mailing, networking and online activities.
 - The company is advised to pay special attention to staff training, feedback collection and action procedures, improvement of targets and adaptation of services, as these factors will invariably lead to success in this business.
 - Relationship management strategy was proposed as supplemental strategy - would help to develop long lasting and profitable collaboration with future customers.

LIST OF REFERENCES

1. Aaker, D.A. (2001). *Strategic Market Management*. New York: John Wiley & Sons.
2. Berg. B.L. (2001). *Qualitative Research Methods for the Social Sciences*. 4th ed. Needham Heights: A Pearson Education Company.
3. Brown, J.N., Swain, A. (2009). *The Professional Recruiter's Handbook: Delivering excellence in recruitment practice*. Derby: Saxon Graphics Ltd.
4. Denzin, N.K., Lincoln, Y.S. (2005). *Qualitative Research*. 3rd ed. Thousand Oaks: Sage Publications Inc.
5. Jain, S.C. (1999). *Marketing Planning & Strategy*. 6th ed. London: South - Western Pub.
6. Johnson G., Kevan, S. (2005). *Exploring Corporate Strategy*. 7th ed. Harlow: Pearson Education Limited.
7. Kotler, P. (2001). *Marketing Management, Millenium Edition*. New Jersey: Pearson Education Company.
8. Kotler, P., Armstrong, G., Sounders, J., Wong, V. (1999). *Principles of Marketing*. 2nd ed. Europe: Prentice Hall.
9. Patton, M.Q. (2002). *Qualitative Research & Evaluation Methods*. 3rd ed. Thousand Oaks: Sage Publications Inc.
10. Payle, A., Christopher, M., Clark, M., Peck, H. (1999). *Relationship Marketing for Competitive Advantage. Winning and keeping customers*. Oxford: A division of Reed Educational and Professional Publishing Ltd.
11. Porter, M.E. (1998). *Competitive Strategy: Techniques for analyzing Industries and Competitors*. New York: A Division of Simon & Schuster Inc.
12. Practical Lessons. *Key Success Factors*. Retrieved February 12, 2011, on World Wide Web: <http://www.practicallessons.com//keysuccessfactors/ksf.html>
13. Punch, K. (1998). *Introduction to Social Research: Quantitative & Qualitative Approaches*. London: Sage Publications Ltd.
14. Statistics Lithuania. *Statistical yearbook of Lithuania 2010*. Retrieved February 16, 2011, on World Wide Web: http://www.stat.gov.lt/uploads/metrastis/LSM_2010_Lt.pdf
15. Statistics Lithuania. *Verslo statistika*. Retrieved February 16, 2011, on World Wide Web: <http://db1.stat.gov.lt/statbank/SelectTable/Omrade0.asp?SubjectCode=S4&ShowNews=OFF&PLanguage=0>
16. Strauss, A.L., Corbin J.M. (1998). *Basics of Qualitative Research: Thechniques and Procedures for Developing Graunded Theory*. Thousand Oaks: Sage Publications Inc.
17. Williams, T. (2010). *Positioning for Professionals: How professional knowledge firms can differentiate their way to success*. New Jersey: John Wiley & Sons Inc.

APPENDICES

LIST OF APPENDICES

Appendix 1.	Questionnaire	53
Appendix 2.	Personal motivation, IT market in Lithuania and its trends	54
Appendix 3.	Staffing solutions and interaction with employment companies (agencies)	56
Appendix 4.	Staffing solutions interaction with employment companies and future expectations	59
Appendix 5.	Promotional Activity	61
Appendix 6.	Company logo	62

Appendix 1. Questionnaire

About personal motivation, IT market in Lithuania and its trends

1. What was your main reason for choosing a career within this industry?
2. Could you briefly describe the current situation within the Lithuanian IT industry?
3. In your opinion, what are the main problems today faced by companies within this industry?
4. Is there a shortfall of IT specialists in this industry and if so, please specify or detail the shortfall?
5. What in your view are the likely future trends that will develop within the IT market?

About staffing solutions and interaction with employment companies (agencies)

6. How is your company dealing with staff recruitment issues?
7. Has your company ever used the services of an employment agency for their staffing solutions? If not, what would motivate your company to use external employment service providers? / If so, what led your company to seek help in this area?
8. Could you name the main reasons or factors that influenced (would influence) you to choose a particular employment agency?
9. What in your opinion are the main benefits or advantages of using services offered by employment agencies?
10. What in your opinion are the negative aspects or disadvantages of using employment agency services?
11. Were the chosen candidates up to your expectations and if not, please provide reasons?
12. What are your thoughts or views about the costs attached to using employment agency services in Lithuania? Do you think the recruitment costs match or justify the quality of the services being offered by such agencies? Why?
13. If given the choice, would you opt for lower employment agency costs **or** prefer to be with a reputable established recruitment company? Please provide the reasons for your choice?
14. Would you consider an alternative (new) recruitment agency, if you knew they were offering different or varied types of services?
15. How would you describe your expectations of services provided by a high quality employment agency?
16. What is important to you whilst dealing with an employment agency representative?

About future expectations

17. In your opinion what should employment agencies offer IT industry companies in the future?
18. What would motivate or influence your company to use the services of an employment agency?

Appendix 2. Personal motivation, IT market in Lithuania and its trends

Respondents	Questions				
	About personal motivation, IT market in Lithuania and its trends				
	Q1	Q2	Q3	Q4	Q5
R1	Accidentally fell in to this market and continued purposefully further. In other words I was lucky. Because I have very well paid job and no headache.	Hmm... as far as I'm concerned IT market in Lithuania is growing, market demand is growing and companies are recovering after global economic downturn.	There is lack of skilled professionals. Because very good ones have traveled abroad for better living, the rest is not really experienced and skilled enough.	IT consultants, it is possible to train good programmer during one year, but for good consultant more experience is needed. Consultant has to convince customer and there are few like that.	IT market in Lithuania is very narrow and I think in the future the same trends will be developing further. Especially CRM, because nowadays companies want to know everything about customers.
R2	Just happened. I worked within HR, worked for few years in Real Estate, when it became not very profitable I went for IT company with strong potential and planning to stay within IT.	Well as I already mentioned IT market is good place to work in. it is growing with many new projects arising and new opportunities.	The problem is such, that there are many young inexperienced IT workers on offer, but lack of skilled professionals.	SharePoint, Java specialists and many others.	Would say, that Lithuanian IT market will be growing and cooperating more with foreign companies.
R3	Haven't purposely planned it, but I'm very happy with where I'm working now. Can't see myself working with sales people and etc.	IT market is in the process of changing its direction and expanding.	Lack of skilled professionals in some specific IT market niches. And when there is rise in these areas the scarcity of these specialists is especially painful.	Would say in areas like ours there is lack of ERP systems professionals.	It will be definitely changing. As nothing else is developing in Lithuania, I think, IT will take leading positions in overall market.
R4	It happened accidentally. I was looking for a vacancy within HR department, was reading about companies and understood that IT sector has great potential. Now I'm 100% sure I'm where I should be.	Well in my opinion and from what I hear and read in the coming 10 years IT sector will be most demanded and growing, because everything is becoming more automated and hi-tech.	I would say - even if there is the lack of IT specialists, there is increasing interest in IT studies and many young specialists are entering the market, but no one teaches them loyalty, values and etc.	I would say there is shortfall of people with real satisfaction for what they do. Because most professionals are focused on money and there is no loyalty ... companies are also to blame for that.	As I said it will be growing with new players entering the market, also foreign investors.
R5	Just happened. I was looking for opportunities to open my own business and IT happened to attract me more than anything else.	There was slight decline during economic downturn, but is growing again.	Lack of specialists in IT sphere.	Programmers, consultants. Java, CRM...	I see positive dynamics, it will grow.

Respondents	Questions				
	About personal motivation, IT market in Lithuania and its trends				
	Q1	Q2	Q3	Q4	Q5
R6	Somehow naturally happened, just being lucky here.	It depends on IT sector we are talking about. Because IT depends on other sectors, customers order certain products only when they have money. But generally IT market in Lithuania is recovering.	I would say the problems are very similar to other businesses, as everyone is trying to reorganize after crisis and adjust to some new environments ... many good professionals left for abroad.	Well there is lack of experienced people in very specific areas, because all companies want "super mega" specialist, but usually get someone young after university. Because these profs are usually employed by someone else.	I said is recovering, so is logically that it will grow.
R7	IT sector is very profitable and popular. Therefore I have chosen this field.	It is growing, there is very stiff competition among companies, because large companies with internal IT took over all the resources.	There is lack of professional resources for good price.	Microsoft technologies, Oracle and Java. Because business is starting to recover and develop and there is need for ERP systems, but there is lack of specialists in this area.	I think sectors like ERP and WEB will be growing. WEB - different websites, web shops, web integration with business systems and other technologies connected to the development of business.
R8	Interest in IT technologies, innovations and how they can be applied in business. I think I've made good choice. Have a nice business now.	Recuperation after crisis.	Qualified IT shortage.	Programmers (Java and others). Many other <u>qualified</u> specialists (analysts and others).	As I said there is tendency for recovery, therefore I think we all will have good business ...

Appendix 3. Staffing solutions and interaction with employment companies (agencies)

Respondents	Questions						
	About staffing solutions and interaction with employment companies (agencies)						
	Q6	Q7	Q8	Q9	Q10	Q11	Q12
R1	Mostly through friends and known contacts.	We use employment agencies very limited. In fact we have done it only ones. There was urgent need for new skilled employee.	Reputation, recommendations, experience, application of known techniques.	Less headache and no need to read 100s CV, if it's done professionally.	Provide false and misleading information, only to make good impression.	Not really. The person had not enough experience but at the time we had no other choice.	It is quite expensive for what we have received. And generally it isn't cheap, but agencies can't deliver their promises.
R2	We try to do it first our self's, but we also work with staff selection agencies.	Yes, we did use staff selection agencies such as Grafton recruitment. We couldn't find employees for large projects our self's.	Good reviews and friends recommendations.	Well, definitely more minuses at the moment. If it would function, maybe comfort of not having to spend time and internal recourses.	They send candidates already known to us. Lack in knowledge of IT, just generally look for people. No headhunting as such.	Chosen candidates lacked in experience, we had to extensively train them, therefore experienced delays with new project.	Well costs aren't that high. Starting from one monthly salary of that employee. But chosen candidate was unsuitable, so cost didn't justify quality.
R3	We usually use known contacts.	Yes, but limited. We struggled to find a person for new project, it was an emergency, and we couldn't make our customer wait.	Specialized in particular area, use indirect search and offer good price.	Time saving and help in difficult situation, if of course they find someone.	Plenty of talk, but usually not capable of anything.	Difficult to provide straightforward answer. I would say yes, learned quickly.	Well it is cheap, especially direct selection. I'm talking about full cycle. It starts from 2 month salaries of that employee.

Respondents	Questions						
	About staffing solutions and interaction with employment companies (agencies)						
	Q6	Q7	Q8	Q9	Q10	Q11	Q12
R4	Well usually through myself :)	At the moment we hardly use them. In the past when I struggled with overload and it was employees market not employers we frequently used them to make process faster.	I have my contacts and already know what companies are more specialized in what we are looking for. Also we look at what selection techniques they use.	It is great way out of difficult situation, when you're a... is burning.	You never know what will be end result. Don't like that some agencies use this tactics of promising so many thing, but in reality won't fulfill half of them.	Yes, in the past we were quite happy with selected candidates.	I don't like when prices grow. We used one company in the past and the prices where sky-high, just abnormal, but we didn't have other choice then. And they delivered good results.
R5	Differently , usually do it ourselves , sometime s use external help.	Yes. Because couldn't find ourselves.	We chose the ones that are more active, also used agency that is located in the same building.	As I don't trust recruitment agencies, I can't name any.	They lie a lot about things they can't deliver. Present them as specialized IT recruitment agency, but reality is different. Specialized, but can't select specialist.	No. What reasons? Just couldn't fulfill our expectations and tasks.	Costs are to little. Staff selection services are worth nothing!
R6	Our company at the moment is actively employin g new personnel . They use Strategic Staffing Solutions for that.	I think because this company is internationa l and they have successful records in UK, USA and also in Lithuania. They are also able to bring back Lithuanians that work abroad.		Advantage of using professional staff selection services, that will save time, hassle of going through thousands CV and less headache.	Well because in our case they were searching for many candidates at the same time, very often they couldn't explain properly what position that will be, what tasks attached to it and etc.	Not all, the reason - difficult to find so many suitable people at the same time and test them.	Well it is confidential .

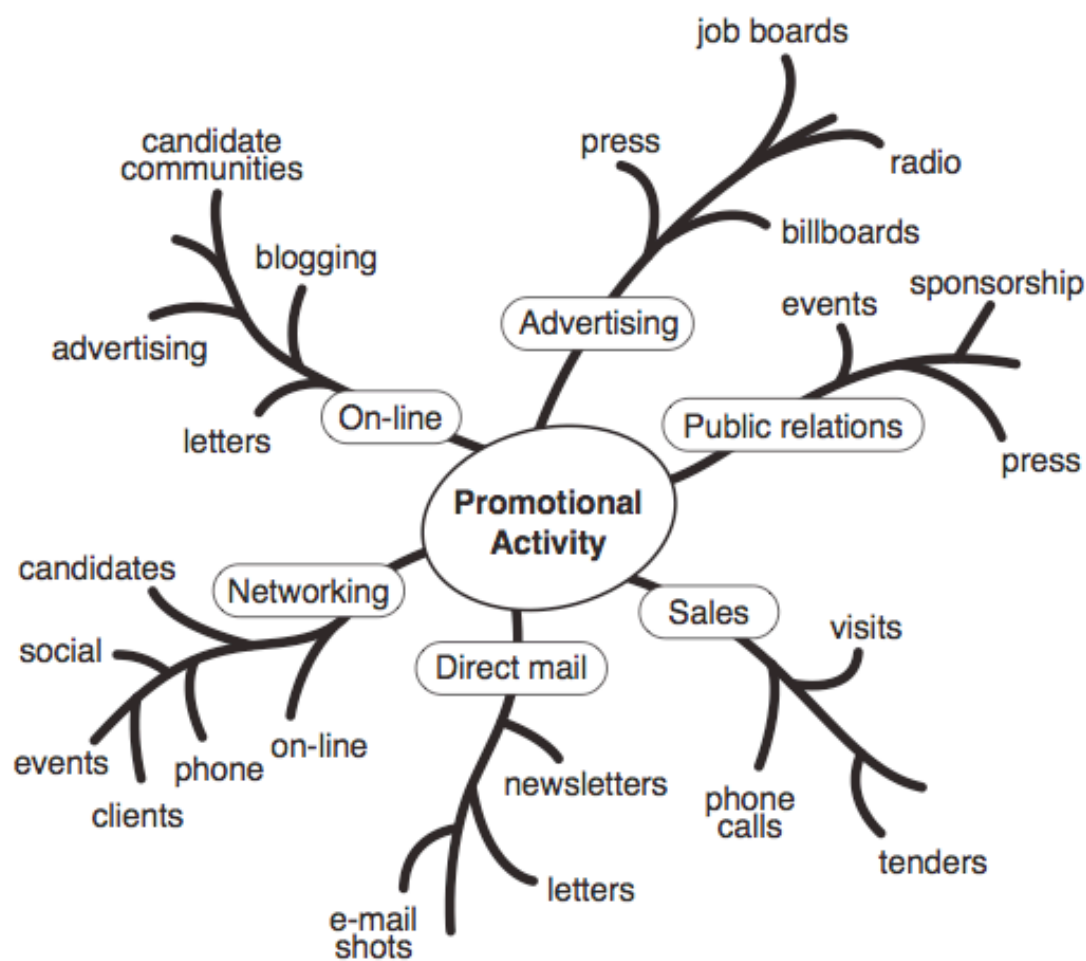
Respondents	Questions						
	About staffing solutions and interaction with employment companies (agencies)						
	Q6	Q7	Q8	Q9	Q10	Q11	Q12
R7	Before crisis we solved all staffing problems with money. Paid certain sums to find specialists or attract them from other companies.	Yes we did use recruitment agency. We wanted to try it out and at the time our HR specialist couldn't find appropriate candidates.	Firstly the knowledge of particular field. If recruitment company is taking over specific project, they should be able to understand fully all the details and specifics. Only CV selection is useless.		Not specialized, most recruitment agencies in Lithuania are multipurpose and can't test candidate for particular knowledge. Therefore can't deliver final result. I think this market is still raw.		In my opinion costs are incorrect. Because good results should cost more, but they can't deliver good results, hence keep prices quite low.
R8	Web portals, recommendations from known contacts.	We did but only ones. It was during rapid expansion of the staff.	Notoriety, bright selection of services, good reviews from other companies.	Helps to avoid useless CV reading and unnecessarily interviews.	Not always pay enough attention to customer company requirements and needs.	Not really, but didn't have other choice. Had to provide training and etc.	It is not cheap and not expensive. Service is still raw, so hence the costs are very unstable.

Appendix 4. Staffing solutions interaction with employment companies and future expectations

Respondents	Questions					
	About staffing solutions and interaction with employment companies (agencies)				About future expectations	
	Q13	Q14	Q15	Q16	Q17	Q18
R1	Difficult to give straight forward answer. We always try to work with known companies ... but price is also important to us...	Yes, why not.	They should understand what customer is looking for and keep to the deadlines.	It shouldn't be some "girl" which doesn't know anything about IT.	Specialized IT staff selection agencies.	Ability to understand better the need of customer and to do candidate testing.
R2	I would opt for smaller price, because at the moment there is nothing that is worth paying.	Yes, especially if it would offer something different and useful.	Should keep to the deadlines, or at least be honest if running late with project.	Hmm... everything, professionalism and ability to convince and deliver.	Distinguish particular areas to work in. For example Search for web architects and etc.	To have professional IT people that could be involved in selection process.
R3	Depends on the time, urgency, situation and etc. Price isn't most important factor.	Yes, we would, why not.	Should understand what the client want and keep to the promises.	Well essentially everything is important to me. Even how the person has spoken to me ... Definitely should have at least basing understanding of particular IT area.	Specialized staff selection agencies, adapted to our specificity.	Don't know, difficult to expect something new, but if there would be something, it would be interesting.
R4	Hardly, because I think the prices aren't high at the moment, starting from monthly salary of that employee and I think that proportion is right. It just that for better specialist you have to pay more money.	Again, would have to check that agency, I have my own criteria and it is difficult to convince me with something new.		Firstly experience of that person, secondly level of education, used methodic, how that person is asking questions, because I always think, that in this way that person will communicate during selection process.	Alternative and more attractive search channels for vacancies that are less demanded, such as testing personal and etc. For some reasons there is negative perception formed about these vacancies and it is difficult to find good worker.	If talking about IT selection, important to have understanding about IT specifics, or even appropriate education, to be able to do selection, sort CV's and etc.

Respondents	Questions					
	About staffing solutions and interaction with employment companies (agencies)				About future expectations	
	Q13	Q14	Q15	Q16	Q17	Q18
R5	It isn't expensive anyway. There is nothing what is worth asking money for.	I would, don't think that is possible in Lithuania.	They shouldn't offer people that where dismissed from previous job.	Everything, not worth going into details.	I would wish recruitment agencies to listen more to the customer and to look deeper into what customer is looking for.	Don't know. Maybe they should know more about IT. We work with ERP systems and there is hardly any agency in Lithuania. That could select and test specialists for us.
R6	Price doesn't matter to us, because we can afford these services.	Can't see us working with someone else at the moment, maybe in the future, who knows.	They should be able to explain to selected candidate what will be his work, exact tasks and etc. For that they should have someone very familiar with IT. Don't like infinitive talk.	To be knowledgeable in the area they selecting candidate for. In our case IT.	Recruitment agencies should do their homework more carefully, pay attention to details, ask customer more questions and be able to convey that information to potential employee. Also there is need for good headhunting agency.	Don't know, would be enough to improve and refine what is already on offer.
R7	I would opt for third option :) company that specializes in the field that I'm looking to employ for.	I would and if there will be one. It will be very popular... in my opinion.	First of all recruitment services should be assigned to business sectors : IT, medicine and etc.	I don't like "marketing moves", if that person can't deliver what he or she is talking about.	Focus on particular business field and develop adapted staff selection methodic.	Recruitment agencies could offer mediation between universities and direct employers.
R8	For me both are important, so I would think what to chose.	Yes. But I would need reassurance , that service is good and can deliver needed amount of candidates.	Minimal amount of unsuitable candidates offered. Fast delivery.	Depends what specialist I'm looking for. But when searching for IT staff it is important to interact with the person that is knowledgeable in IT.	IT knowledge base! Ability to provide short specialists consultations for specific questions.	

Appendix 5. Promotional Activity



Source: Jane Newell Brown & Ann Swain (2009, p. 78)

Appendix 6. Company logo

