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**Consulting Report – Bigmond S.A.**

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## **Dedications**

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## Abstract

Bigmond is a Peruvian company dedicated to the headhunting services and human resources consulting. In the last months, the company has been facing a decrease on its commercial activities due to the fierce competition and, more recently, due to the COVID-19 pandemic. This situation has aware Bigmond of the necessity of reinvent an offer a service that target individuals rather than companies, this is why an outplacement service was thought as a suitable solution. Bigond also looks at the service as a way to keep its reputations as a anti-discriminatory company and expects that this new service could be offered to low and middle management job positions. Bigmond wants to achieve its objective by launching the service in the short-term but need a clear path of how to do it. The present thesis is intended to give Bigmond a detailed study with the best practices of how to implement the service. The thesis starts with an analysis of the Porter's five forces and an overview of the external and internal factors affecting the company. Then, a literature review is presented in order to give a clear understanding of what is outplacement and its implications. Next, a benchmark of international and national companies that are currently offering the service and a survey were developed as the qualitative and quantitative analysis respectively. As result, a new business unit with a fully digital service through a platform was defined as the best alternative to implement. The project was estimated to last 76 working days and to have an initial cost of S/. 181,000.00. Finally, as outcomes, the projections showed that the company can achieve positive results in the first year after launching the service and to get positive reputational and brand awareness outcomes.

## Resumen Ejecutivo

Bigmond es una empresa peruana dedicada a los servicios de headhunting y consultoría de recursos humanos. En los últimos meses, la empresa se ha enfrentado a una disminución de sus actividades comerciales debido a la feroz competencia y, más recientemente, a la pandemia de COVID-19. Esta situación ha hecho consciente a Bigmond de la necesidad de reinventar una oferta de servicio dirigida a particulares más que a empresas, por eso se pensó en un servicio de recolocación como una solución adecuada. Bigmond también considera el servicio como una forma de mantener su reputación como empresa antidiscriminatoria y espera que este nuevo servicio pueda ofrecerse a puestos de trabajo de baja y media dirección. Bigmond quiere lograr su objetivo lanzando el servicio a corto plazo, pero necesita un camino claro de cómo hacerlo. La presente tesis tiene como objetivo darle a Bigmond un estudio detallado con las mejores prácticas de cómo implementar el servicio. La tesis comienza con un análisis de las cinco fuerzas de Porter y una descripción general de los factores externos e internos que afectan a la empresa. Luego, se presenta una revisión de la literatura con el fin de dar una comprensión clara de qué es la recolocación y sus implicaciones. A continuación, se desarrolló un benchmark de empresas internacionales y nacionales que actualmente ofrecen el servicio y una encuesta como análisis cualitativo y cuantitativo respectivamente. Como resultado, se definió como la mejor alternativa a implementar una nueva unidad de negocio con un servicio totalmente digital a través de una plataforma. Se estimó que el proyecto tendría una duración de 76 días hábiles y un costo inicial de S/. 181.000,00. Finalmente, como resultados, las proyecciones mostraron que la empresa puede lograr resultados positivos en el primer año después del lanzamiento del servicio y obtener resultados positivos de reputación y reconocimiento de marca.

## Table of Contents

<b>List of Tables.....</b>	<b>ix</b>
<b>List of Figures .....</b>	<b>x</b>
<b>Chapter I: General Situation of the Organization .....</b>	<b>1</b>
1.1. Presentation of the Organization .....	1
1.2. Industry Analysis - Porter’s Five Forces .....	2
1.2.1. Supplier power – LOW.....	3
1.2.2. Buyer power – HIGH.....	3
1.2.3. Competitive rivalry – HIGH .....	4
1.2.4. Threat of substitutes – MEDIUM .....	4
1.2.5. Threat of new entrants – MEDIUM.....	5
1.3. External Analysis (PESTEL) – Opportunities and Threats.....	6
1.3.1. Political .....	6
1.3.2. Economic .....	9
1.3.3. Social.....	12
1.3.4. Technological.....	13
1.3.5. Environmental.....	14
1.3.6. Legal .....	15
1.3.7. Opportunities and threats .....	15
1.4. Internal Analysis (AMOFHIT) – Strengths and Weaknesses .....	17
1.4.1. Administration .....	17
1.4.2. Marketing and sales .....	18
1.4.3. Operations and logistics .....	21
1.4.4. Finance and accounting.....	21
1.4.5. Human resources.....	23
1.4.6. Information systems and communications.....	24
1.4.7. Technology and innovation development.....	24
1.4.1. Strengths and weaknesses .....	25
1.5. Conclusions .....	26
<b>Chapter II: Key Problem.....</b>	<b>27</b>
2.1. Identified Problem.....	27
2.2. Substance.....	29
2.3. Location.....	30

2.4. Ownership .....	30
2.5. Magnitude.....	30
2.6. Time Perspective .....	30
<b>Chapter III: Literature Review .....</b>	<b>32</b>
3.1. Literature Mapping.....	32
3.2. Literature Review .....	34
3.2.1. Mega tendencies of the industry .....	34
3.2.2. Headhunting services .....	36
3.2.3. Employee lifecycle.....	38
3.2.4. Concept of job disengagement.....	39
3.2.5. Outplacement .....	40
3.2.6. Product and market diversification .....	53
3.2.7. Intrapreneurship .....	54
3.3. Conclusions .....	56
<b>Chapter IV: Qualitative/Quantitative Analysis.....</b>	<b>57</b>
4.1. Qualitative Analysis .....	57
4.1.1. Qualitative analysis of Peruvian competitors.....	63
4.2. Quantitative Analysis .....	67
4.2.1. Context of the labor market .....	67
4.2.2. The survey.....	69
4.2.1. Comparative analysis .....	75
4.3. Conclusions .....	79
<b>Chapter V: Root-Cause Analysis of the Problem.....</b>	<b>80</b>
5.1. Identified Causes .....	80
5.2. Description of Causes.....	81
5.2.1. Financial position.....	81
5.2.2. Human resources.....	82
5.2.3. Planning .....	83
5.2.4. Technology and innovation.....	84
5.2.5. Timing.....	84
5.3. Conclusions .....	84
<b>Chapter VI: Assessed Solution Alternatives.....</b>	<b>86</b>
6.1. Alternatives to Solve the Problem.....	86
6.1.1. Triple bottom line business unit.....	86

6.1.2. App & strategic alliances .....	88
6.1.3. New business unit and digital platform .....	89
6.1.4. Social network-based solution .....	90
6.2. Assessment of Alternatives .....	91
6.3. Conclusions .....	92
<b>CHAPTER VII: Proposed Solution.....</b>	<b>93</b>
7.1. Business strategy .....	93
7.1.1. Team .....	93
7.1.2. Processes and technology .....	94
7.1.3. Marketing strategy .....	96
7.1.4. Pricing strategy .....	97
7.2. Conclusions .....	99
<b>Chapter VIII: Implementation Plan &amp; Key Success Factors.....</b>	<b>100</b>
8.1. Activities .....	100
8.1.1. Organization.....	100
8.1.1. Acquisitions .....	101
8.1.1. Complementary activities .....	103
8.2. Implementation Gantt Chart.....	103
8.3. Budget for Implementation .....	105
8.4. Key Success Factors.....	106
8.4.1. Enablers.....	106
8.4.1. Risks.....	108
8.5. Conclusions .....	109
<b>Chapter IX: Expected Outcomes .....</b>	<b>110</b>
9.1. Financial perspective.....	110
9.1.1. Estimated demand.....	110
9.1.2. Financial results .....	111
9.2. Reputational Perspective .....	115
9.2.1. Engagemet and communication .....	115
9.2.1. Brand reputation and brand loyalty.....	116
9.3. Conclusions .....	116
<b>Chapter X: Conclusions and Recommendations.....</b>	<b>117</b>
10.1. Conclusions.....	117
10.2. Recommendations.....	119

**References ..... 121**  
**Appendices ..... 136**  
**Appendix A: Survey ..... 136**  
**Appendix B: Online platforms for outplacement..... 140**



## List of Tables

Table 1. <i>Top Silver Producers Countries</i> .....	9
Table 2. <i>Opportunities and Threats for Bigmond</i> .....	17
Table 3. <i>Bigmond's Social Media Interaction</i> . ....	20
Table 4. <i>Strengths and Weaknesses of Bigmond</i> .....	26
Table 5. <i>Emotions Felt of Dismissed Employees</i> . ....	42
Table 6. <i>Influential Factor in Intrapreneurship</i> .....	56
Table 7. <i>Benchmarking outplacement processes of best practice</i> .....	58
Table 8. <i>Benchmarking outplacement processes of best practices</i> . ....	60
Table 9. <i>Main Characteristics of the Competitions</i> .....	64
Table 10. <i>Social Media Activity of competition</i> . ....	66
Table 11. <i>Survey Results: Profile and Current Situation – Peru</i> . ....	71
Table 12. <i>Knowledge and intentions about outplacement service</i> . ....	72
Table 13. <i>Identified causes</i> . ....	80
Table 14. <i>Budget for implementation</i> .....	106
Table 15. <i>Distribution of the PEA according to the educational level</i> .....	111
Table 16. <i>Estimated Demand for Bigmond</i> .....	111
Table 17. <i>Financing Details</i> .....	112
Table 18. <i>Income Statement of the new business unit</i> .....	113
Table 19. <i>Cash Flows of the new business unit</i> .....	114

## List of Figures

<i>Figure 1.</i> Index of inequality income distribution in Perú.....	8
<i>Figure 2.</i> GDP Growth Rate, Inflation rate and GDP per capita - Peru.....	10
<i>Figure 3.</i> Organizational Chart of Bigmond. ....	23
<i>Figure 4.</i> Literature Mapping.....	33
<i>Figure 5.</i> Megatrends and the strength of their impact. ....	35
<i>Figure 6.</i> Employee Lifecycle model.....	39
<i>Figure 7.</i> Phases of the Outplacement services PwC.....	44
<i>Figure 8.</i> Job position distribution of respondents.....	71
<i>Figure 9.</i> Reasons for not hiring the outplacement service.....	72
<i>Figure 10.</i> Time horizon of hiring intention for the outplacement service.....	73
<i>Figure 11.</i> Most important elements to consider in the outplacement services.....	73
<i>Figure 12.</i> Payment method.....	74
<i>Figure 13.</i> Willingness to hire the outplacement service today.....	75
<i>Figure 14.</i> Information channels.....	75
<i>Figure 15.</i> Bigmond’s Root Cause Diagram.....	81
<i>Figure 16.</i> Proposed phases of the outplacement service.....	94
<i>Figure 17.</i> Cost-Effectiveness of Three Different Communication Tools at Different Buyer Readiness Stages.....	97
<i>Figure 18.</i> Gantt chart.....	104
<i>Figure B1.</i> Digital Platform of Outplacement First – My Programme.....	140
<i>Figure B2.</i> Digital Platform of Outplacement First – My Learning.....	140
<i>Figure B3.</i> Digital Platform of DNA Outplacement.....	141

## **Chapter I: General Situation of the Organization**

### **1.1. Presentation of the Organization**

Bigmond is a Peruvian firm dedicated to top executive search, job relocation, and human resources consultancy services. The company has its headquarters in the district of Santiago de Surco, Lima, and has a presence in 8 countries on different continents. Since it was established, the company has gone through a great performance, which allowed it to offer its services to several companies. Their main clients in Perú are companies like Ripley, SONY, Alicorp, Barrick Gold, SiderPeru, Schlumberger, Kimberly-Clark, AENOR, SGS, Antamina, and many others.

Bigmond's purpose can be defined as "a firm of executive and business management consultancy, providing services of high quality at competitive business practices that promote equality, social responsibility, and environmental protection" (Bigmond, 2020, para. 1). This means Bigmond is committed to equality in all aspects, that is why it rejects any requirements for companies that have any kind restrictions involving gender, age, physical appearance, sexual orientation, university of origin, among others (Bigmond, 2020a). In the more than 250 selection processes involved, Bigmond has achieved a score of 88% of client satisfaction. This high percentage of client satisfaction is a crucial part of the company's mission, which can be referred to as "Provide differentiated head hunting and high-quality consulting services, through competitive, innovative solutions and certified consultants, achieving the maximum satisfaction of our clients" (Bigmond - Executive Search, n.d.). Therefore, its strategy is mainly based on consolidating its core business, which is the executive search and diversifying its portfolio with new products and services with the capacity of satisfying new demand caused by the COVID 19 pandemic.

The differentiation that Bigmond gives to its clients is perceived in the service it offers. Besides doing research about the clients' needs and the challenges of the job position

they want to fulfill, and finding the most suitable professionals for them, Bigmond applies a methodology to follow up the performance of the professional and its adaptability to the new position (Bigmond Top Executive Search, 2017). Thus, Bigmond maximizes the probability of success of the new employee once inside the organization.

Bigmond bases its competencies in social responsibility with the objective to benefit the society and promote good practices among their interest groups, excellence, aiming to go above client's expectations, and e-skills developing and applying digital capabilities in order to transfer value to the clients and stakeholders. The company also has certifications and recognitions such as ISO 9001, Good Employers Certification, Carbon Neutral Certification, and compliance systems against money laundering and corruption.

Thus, Bigmond describes its desired future position as "To be a leader in the recruitment of top executives and promote equal employment opportunities." However, when considering these aspects and addressing the company's strategy and purpose, a newly revised vision is proposed "By 2025 we will be the leader in the recruitment of top executives in Peru and will promote equal employment opportunities to fight against discrimination by using digital unbiased recruitment and selection processes."

## **1.2. Industry Analysis - Porter's Five Forces**

An analysis of Porter's five forces is a critical step in ensuring profitability when developing any strategic changes within an industry (Porter, 2008). The analysis consists of conducting thorough research into five specific industry forces: supplier power, buyer power, competitive rivalry, the threat of substitutes, and the threat of new entrants. The five competitive forces that drive profitability within the industry are crucial in making the most appropriate recommendations later in this report. Regarding Bigmond, the five forces are particularly important as the company plans on expanding outside of their current offerings.

### **1.2.1. Supplier power – LOW.**

According to Porter (2008), influential suppliers capture more value for themselves by charging a high price, limiting the quality of services, or shifting their costs to the industry participants. In that sense, the bargaining power of suppliers is low. Since Bigmond is a human resource services company, it does not require many physical assets or inputs to operate its business. Its greatest resources are its consulting staff.

In Peru, the market of consultants or Human Resources (HR) professionals it's wide. Since the number of suppliers of this input is high (consultants, human resources experts, head hunter, freelancer consultants) Bigmond can quote between different options, at the moment it has more or less demand, and is not tied to a single supplier.

### **1.2.2. Buyer power – HIGH**

According to Porter (2008), influential customers can capture more value by forcing prices down, demanding better quality or more features (which drives up costs) and generally facing different participants in an industry. With this in mind, the bargaining power of buyers is from moderate to high.

Since the income source depends on the number of different customers that Bigmond serves, one more customer represents an increase in sales, but the loss of one or a few important customers could even generate negative margins for the company. As Bigmond is a B2B model, it is relevant to have customers or companies that carry out selection processes recurrently as part of their strategy, since not all companies usually do so. Some even have a staff rotation KPI, so they avoid rotations with special interest. On the other hand, the associated costs of finding new clients are high, as they are measured in terms of time and money. Hence, the satisfaction of each client is important for the sustainability of the company. In addition, customers have a wide variety of options to choose from before deciding on Bigmond. In the Peruvian market, there are other recognized companies

specialized in human resources selection such as Manpower, BDO, Adecco, Mandomedio, etc. and the services offered in this industry are mostly standardized or with very little differentiation between them. In that sense, buyers face reduced cost variations when changing their vendor. On the other hand, the power of buyers is high, because they can also threaten to pull out and produce the same service themselves, with their own selection area to handle the projects that Bigmond would take on.

### **1.2.3. Competitive rivalry – HIGH**

There are many competitors in the Peruvian job placement industry, and therefore, rivalry among existing competitors is high. Noteworthy competitors in the Peruvian market, include Lee Hecht Harrison [LHH DBM], Head Hunters Peru, and Signium. LHH DBM offers services in four main areas: outplacement, leadership development, change management and employee engagement. LHH DBM uses artificial intelligence and sophisticated technologies to speed up its processes, which serves as its competitive advantage in the job placement industry (LHH, 2020). Similarly, Head Hunters Peru is also a top head-hunting firm in Peru. Head Hunters Peru focuses on the cultural fit of candidates for further their advantage among other industry competitors (Head Hunters Peru, 2020). Finally, Signium is an American-based recruitment firm that has managed to capture a significant market share in Peru. Signium offers services in executive search, leadership advisory, corporate operations, market intelligence, and board advisory. Signium (2020) is a very well-established firm with 30 offices worldwide.

### **1.2.4. Threat of substitutes – MEDIUM**

The medium score for the threat of substitution in the job placement industry is progressing in a downwards trend, meaning substitutes are becoming a more imminent threat. In recent decades, the continual development of innovative technologies has helped to increase substitute products in the job placement industry. Mainly, the development of social

media platforms creates an alternative method for companies to procure top talent (Dienst, 2017). Given the increase in technologies, the once passive job placement industry is becoming extremely proactive in that the engagement through social media has increased the speed, efficiency and cost-efficiency in which the industry must operate. (Dienst, 2017)

While social media proves to be an acceptable substitute for the job placement industry, social media lacks the sophistication of job placement firms. Social media lacks the benefits of amalgamation and the “robust selection and assessments of individuals.” (Dienst, 2017) Given that social media cannot offer the entire process in which the job placement industry does, social media should not be considered as a high threat. Therefore, this analysis classifies the threat of substitutes as a moderately vital factor to consider.

#### **1.2.5. Threat of new entrants – MEDIUM**

In Peru, the threat of new entrants in the job placement industry also takes a medium score. As one of the fastest-growing economies in South America, Peru is well prepared to handle the globalization of markets, and the development of new technology and communication mechanisms (Spillan & Rahman, 2020). Since Bigmond is a service firm, there are few barriers to entry, which leads to a more significant threat of new entrants. In comparison to the goods-producing industry, service firms like Bigmond require much less capital to start.

It is also important to note that since 2004 the government of Peru, with the help of the International Finance Corporation (IFC), has made acquiring business licenses in Peru increasingly easier (Independent Evaluation group [IEG], 2012). The simplification in “time required, monetary costs, and number of procedures” (IEG, 2012, p.36) in the licensing processes allows for new entrants to enter the market more efficiently. The low entry barriers in Peru, as well as the high growth potential, are very much correlated to the increase in job placement firms attempting to capture market share in Peru.

### **1.3. External Analysis (PESTEL) – Opportunities and Threats**

In order to analyse the macro environment of Bigmond and understand the political, economic, social, technological, ecological and legal factors affecting the company, the PESTEL analysis is a tool that helps to identify them and to define the magnitude of their impact (Johnson, Whittington, Regnér, Scholes & Angwin, 2017). These factors include both market and nonmarket elements that companies need to consider in order to formulate and implement strategies. Johnson et al. (2017), affirmed that the market environment involves the relation with economic stakeholders such as suppliers, clients and competitors while the nonmarket environment includes social, political, legal, and ecological factors. This analysis will allow to identify relevant threats and opportunities in the market environment of Bigmond that should be addressed with strategies.

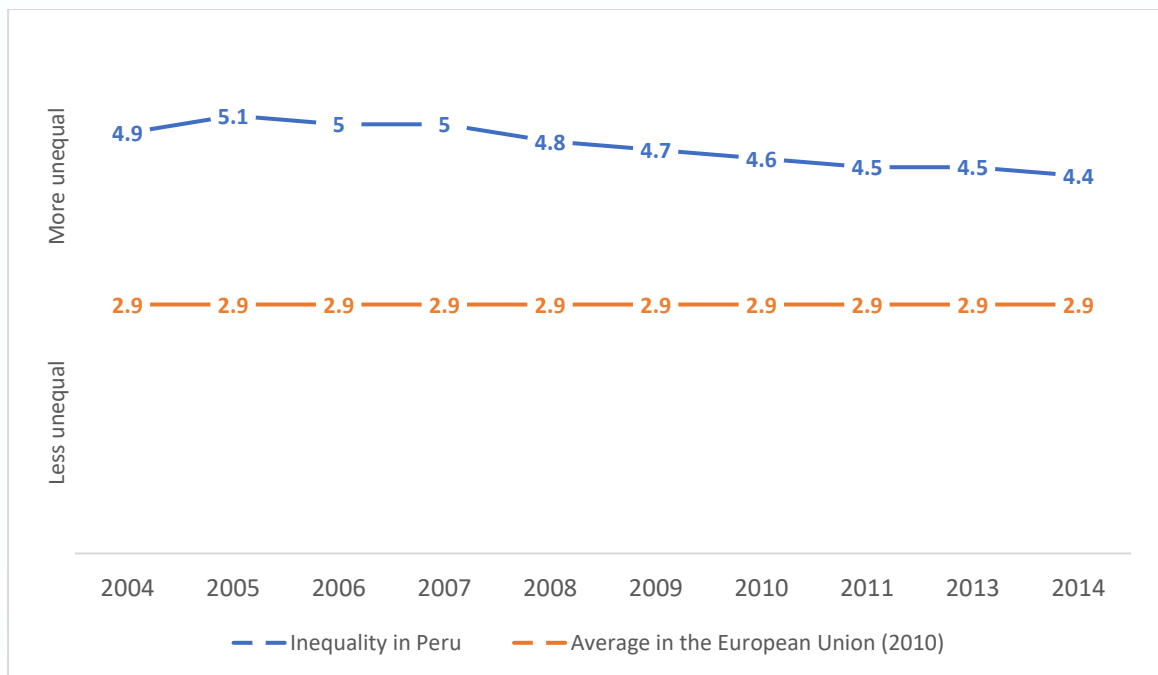
#### **1.3.1. Political**

The political element of PESTEL analysis highlights the role of the state and other political factors in the macro-environment of the company (Johnson et al. 2017). In general, Peru has enormous potential (Spillan & Rahman 2020). This has been enhanced by Peru's free trade policy, which led to agreements with many countries, such as the United States, Canada, China, Mexico, Chile, Japan, the European Union, and many others. Nevertheless, corruption and political instability inhibit Peru's development. In 2019, Peru obtained a score of 35 in the corruption perception index, where zero is classified as highly corrupt and 100 no corruption (Statista, 2020a). This instability in the political climate was clearly shown in the last election when the former president Pedro Pablo Kuczynski of the center-right Peruvians for Change party faced two impeachment votes in three months and resigned in 2018 over corruption allegations (Spillan & Rahman, 2020). Therefore, cases of corruption in politics impose political risk when doing business in Peru and prevent the country from achieving its potential economic development. Furthermore, it impacts the trust in political institutions.

Specifically, according to the study Americas Barometer led by the Latin American Public Opinion Project, Peruvians exhibit very low levels of political trust (35%) in relation to other Latin American countries, such as Mexico, with 50,7% (Carrión, 2009).

Currently, President Martin Vizcarra has introduced several policies for improving governance and combating corruption (Spillan & Rahman, 2020). Furthermore, investments were made in infrastructure and social services in order to improve the lives of Peruvians. It is known that poor infrastructure has hindered the spread of growth to Peru's non-coastal areas. The introduction of such policies is definitely positive; nonetheless, Peru still faces challenges. For example, despite a sharp drop in poverty levels, vast differences in income and access to basic services remain.

Inequality and unequal employment opportunities were also not successfully tackled during former presidencies, namely from Alejandro Toledo (2001 to 2006), Alan García (2006 to 2011), and Ollanta Humala (2011 to 2016) (Ødegaard, 2018). Despite efforts to promote entrepreneurship and trade and frameworks for distributing wealth from the country's natural resources. Thus, there is a longstanding economic and socio-cultural inequality among the Peruvian society. Inequality is a persisting problem in Peru and inhibits many people from finding a way out of poverty due to precarious forms of work. This critical situation is portrayed in Figure 1 where it is shown that in Peru, inequality in income distribution is considerably above the averages in developed countries, such as the European Union (Nava, 2015).



*Figure 1.* Index of inequality income distribution in Perú. Data from “Inequality in Peru: Reality and Risks”, by A. Nava, 2015. ([https://peru.oxfam.org/sites/peru.oxfam.org/files/file\\_attachments/Inequality%20in%20Peru.%20Reality%20and%20Risks.pdf](https://peru.oxfam.org/sites/peru.oxfam.org/files/file_attachments/Inequality%20in%20Peru.%20Reality%20and%20Risks.pdf))

Another aspect that is important to take into consideration is the Doing Business Rank of Peru. Currently, Peru ranks 76 at the Doing Business Rank in which the most critical points have shown to be starting a business and paying taxes (World Bank Group, 2020). This means that procedures are still complicated, and there is a high amount of time, cost, and taxes involved in starting a limited liability company in Peru.

Concluding, politics significantly influences the HR industry through different actors, such as trade unions, government institutions, and local authorities (Budhwara & Sparrow, 2002). This political analysis means that Bigmond has excellent potential for generating value for the Peruvian society, as the political system has not contributed to promoting equal employment opportunities or reducing inequalities. Furthermore, a high Doing Business Rank means that it is more difficult for potential competitors to enter the market Bigmond is inserted in. However, the unstable political climate and corruption might pose a risk for the company.

### 1.3.2. Economic

“The macro-environment of companies is also influenced by economic factors, such as currency exchange rates, interest rates, and fluctuating economic growth rates “(Johnson et al. 2017, p. 38). Therefore, any organization must understand how its markets are affected by the economic environment. In this context, Peru is considered the 50th largest economy in the world, with a GDP of approximately US\$ 222 billion in 2018, as shown in Figure 2 (Trading Economics, 2020a). The GDP is expected to rise moderately in the next two years and reach US\$ 232.00 billion. Nonetheless, Peru is still considered a small, dependent, and vulnerable economy despite its phenomenal economic growth from 2005 and 2012 (Nava, 2015)

“The reason for this growth was due to stable exchange rates, low inflation rates, and high international prices for Peru’s metals and mineral exports” (Spillan & Rahman 2020, p. 94). Despite Peru’s strong macroeconomic performance, Peru’s economy is dependent primarily on imported foodstuffs and its natural resources, mainly mineral resources found in the mountainous and coastal areas. Not surprisingly, in 2017 and 2018, Peru was one of the largest producers of silver and copper in the world, as Table 1 depicts.

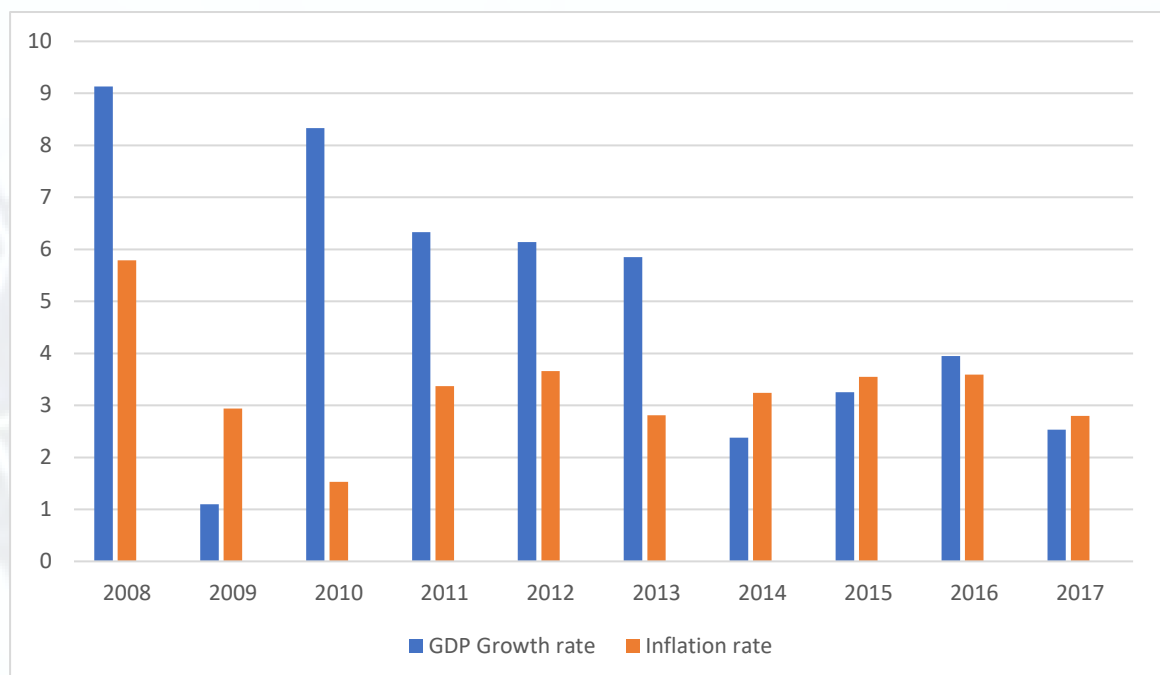
Table 1.

#### *Top Silver Producers Countries*

	2017 (tons)	%	2018 (tons)	%
United States	1,030	4	900	3
Argentina	1,020	4	1,100	4
Australia	1,200	4	1,200	4
Bolivia	1,240	5	1,200	4
Chile	1,260	5	1,300	5
China	3,500	13	3,600	13
Mexico	6,110	23	6,100	23
Peru	4,300	16	4,300	16
Poland	1,290	5	1,300	5
Russia	1,120	4	1,200	4
Other countries	4,770	18	4,800	18
World total	26,840	100	2,700	100

*Note.* Data from Spillan, J. E. & Rahman, M. N. (2020). *Doing Business in Chile and Peru: Challenges and Opportunities*. Palgrave Macmillan, Cham.

In general, Peru has shown a strong economy with a progressing future, as Figure 2 illustrates. Some of the strengths of the Peruvian economy are: (a) sustained economic growth, (b) trade balance surplus due to exports, (c) independent central bank which carries out appropriate macroeconomic policies, (d) developed domestic market with increasing domestic demand, (e) low public debt and (f) it is a member of the Pacific Alliance, which grants access to the Chilean, Colombian and Mexican markets (Spillan & Rahman, 2020).



*Figure 2.* GDP Growth Rate, Inflation rate and GDP per capita - Peru. Data from “Doing Business in Chile and Peru: Challenges and Opportunities”, by J. Spillan & M. Rahman, 2020.

Despite a rapid expansion in the economy of Peru, inequality persists (Spillan & Rahman, 2020). According to the World Bank and the International Monetary Fund (IMF) publication written by Iradian (2005), not only economic growth but also the process of achieving growth is essential. This means it is crucial to deal with the extreme concentration of wealth and opportunities through equal possibilities to access assets, such as human capital (Iradian, 2005; Perry et al., 2006). Of course, some improvements have been made in this area through increased public investment in infrastructure, public services, and social

programs, but it was not sufficient to close gaps. As Figure 1 illustrates that inequality is persistent problem in Peru (Nava, 2015). The motives behind this inequality among Peruvians lies in origin, status, or gender. For instance, women are 35% less likely to have equal economic participation and opportunities than men, and on average, women's income tends to be 33 percent lower in 2020 (Statista, 2020b). Another important economic indicator is the unemployment rate. This has fluctuated between 5.6% and 9% over the past decade (Trading Economics, 2020b). Despite a strong rise (from approximately 6% to more than 13%) this year, the unemployment rate is expected to reach 9.1% in 2022. The geographical scope also is a significant factor when it comes to inequality; specifically, Peruvians in the Andean area and jungle are twice as likely to be poor than those living on the coast (Nava, 2015). Depending on the geographical region, the differences in quality of life, access to services, and opportunities become outrageous. Education is an example since in Lima, the level of schooling in adults (11 years) is double that of Huancavelica (5.5 years).

Therefore, despite its potential, Peru showed clear weaknesses in its economy: (1) high vulnerability, (2) high dependence on exports in the primary sector, (3) lack of infrastructure, (3) a large informal sector, approximately 70% of employment in 2017, (4) regional disparities, (5) unequal distribution of wealth and opportunities. (Spillan & Rahman, 2020).

The industry that Bigmond is inserted in, human resource practices, is primarily influenced by the economic environment. For example, when the Peruvian economy is relatively unstable, then inflation tends to increase. Consequently, during somewhat unstable economic periods, companies are forced to adapt their strategies when hiring workers. Specifically, contractual or temporary contracts become a common practice, and the payment is effectuated as soon as the job is delivered in order to reduce economic risk. In contrast, when the economy is in a stable period, and inflation is low, then large established companies

tend to hire permanent workers. As such, companies will try to negotiate lower wages when it comes to long-term employment. (Sully de Luqu & Arbaiza, 2005).

Another factor that significantly impacts the HR industry is Peru's dependence on primary exports, such as mining and energy. In this context, when the demand for those products is high, then the Peruvian industries of the primary sector benefit considerably. However, when the demand for these products is weak, these businesses are far less profitable. Consequently, employment rises and falls accordingly. (Sully de Luqu & Arbaiza, 2005).

Concluding, the country's growing economy is crucial for the further development of Bigmond, and the presence of inequalities can be an excellent opportunity for Bigmond to generate significant value for the Peruvian society. However, the company must be resilient, develop and adapt strategies depending on the economic environment.

### **1.3.3. Social**

Socioeconomical levels, employments trends and lifestyles of the population where Bigmond operates also are external factors that impact the operations of Bigmond. The company has its headquarters in Santiago de Surco – Lima, however, it has presence in eight countries where the main language is Spanish.

Peru had a population of almost 33 million people in 2019 and a forecast of reaching 34 million by 2025, with 79.1 % of Peru's population being urban. The life expectancy is approximately 77 years, and the fertility rate has remained relatively stable at 2,37 in the last years. (Worldometer, 2020).

With a population of almost 11 million people, almost one-third of Peru's population, Lima concentrates most of the population and the economy of Peru. Traditionally, the unemployment rate in Peru has consistently been between 3% - 5%, however, due to the COVID-19 Global Pandemic, it has increased to 13% in 2020 (Peru Unemployment Rate,

2020). This might create an increasing market for Bigmond since there will be more people that will look for a job position, however, it will be difficult for both parts to accomplish that goal if the economic position of the country does not get better.

Many businesses in Peru are informal, and consequently, employees are not adequately protected. Once employees are laid off, it is significantly difficult to find a new job, which increases the demand for outplacement and coaching services. Therefore, Bigmond can take advantage of this situation. Furthermore, since Lima is the biggest, most populated city and has a prone business infrastructure, most companies and professionals are located there. This means that there are many job opportunities in Lima.

Additionally, as the main product of Bigmond is the executive search (headhunting), the educational sector is consequently crucial for it. Since Lima concentrates almost a fourth of the country's population, it is also the educational hub of the country, and it concentrates most of the territory's talent. Nevertheless, in 2017, only 16% of the population aged 25 and older have reached higher university education, and 14% have reached non-university higher education. Concerning the secondary educational level, this represented 38% of the population aged 25 and older in Peru in 2017 (Statista, 2018). In comparison, in 2019, 81 % of the 25–54-year-olds in the European Union had completed at least an upper secondary level of education (Eurostat, 2020).

#### **1.3.4. Technological**

The Technology aspect of the PESTEL analysis incorporates the innovation and development of new advancements within the industry and the ways companies address and adapt to these new technologies.

Crucial aspects to taken into consideration when providing digital services are the rate of digital competitiveness, internet, and mobile phone usage. In this respect, according to the Institute for Management and Development (IMD), Peru ranks 62 in the Digital World

Competitiveness in 2017, which is significantly lower than other Latin American countries, such as Chile (40th) and Mexico (49th) (Institute for Management Development, 2017). Peru also ranked notably low in the categories of Future Readiness (58th) and Knowledge (62nd) in 2017. In the subfactor Knowledge, the top weaknesses are digital/technological skills and employee training. Furthermore, in the subfactor Future Readiness, Peru ranked particularly low at knowledge transfer and cybersecurity (Institute for Management Development, 2017). Therefore, Peru's low position ranking can be an opportunity for Bigmond to provide services to improve digital/technological skills and employee training in order to meet new employers' demands in times of increasing globalization and digitalization (Gesing & Weber 2017).

Concerning internet usage, Peru also has low usage compared to other Latin American countries. In total, 45% of Peruvians use the internet, with the majority (63%) of them being in Lima. There are wide regional disparities; in urban areas, 54% of the population use the internet, whereas just 14% in rural areas. Furthermore, most internet users are young people (6 to 25 years) and those with a medium-to-high education level. And it is mainly used over the mobile phone. (BBVA Research, 2017).

This also has an impact on the service offering and marketing strategies of Bigmond. Specifically, as most people use the internet over mobile phones, the digital services provided by Bigmond must be user friendly by adapting the speed, quality, and layout to the mobile phone format.

### **1.3.5. Environmental**

Nowadays, the importance of environmental care is an issue that has become more relevant in recent years, since it is important to preserve the environment, its resources and the planet for future generations. That is the reason why, businesses are making efforts to maintain socially responsible practices, and adjusting their policies and procedures to align with these goals. Bigmond, despite being a small company, is very much aligned to be a

socially responsible company that contributes to the objectives of preserving the environment. For example, the company has been recognized as a Carbon Neutral Company, being the “only HR company in South America that remedies its impacts on the environment, through the measurement of carbon footprint and the purchase of bonds” (Corresponsables, 2019, para 3). This recognition sets a precedent in the human resources consulting market in this country, and gives the company an important competitive advantage over its competitors. by establishing its commitment to positive environmental practices.

As previously mentioned, Peru’s economy is dependent on primary exports, and these types of industries bring about some human resource challenges within it. The reason for that is because uncontrollable and unpredictable environmental conditions can threaten the operations of those industries. One example of this is the “El Niño” weather phenomenon, which has devastated many business infrastructures. Consequently, investments are consistently at risk due to the external variables’ dependence (Sully de Luqu & Arbaiza, 2005). In this respect, “the role of human resources in these firms tends to be less strategic and more pragmatic, given the hazards of the economic and physical environment” (Sully de Luqu & Arbaiza, 2005, p. 2241).

#### **1.3.6. Legal**

Regarding the legal analysis, it is important to mention currently, there is no framework that regulates this activity (HR consulting), which is the core business of the company in Peru. However, due to the activity of the company, and the access to personal information of many people, such as salary, personal data, results of occupational medical tests, psychological tests, among others. It is necessary that Bigmond has prevention systems, to comply with the data protection regulations that were issued in the Law No. 29733 (2011) and its subsequent amendments.

Likewise, it is important that the company has a prevention system implemented throughout the organization to comply with Law No. 30424 (2016), which refers to the

compliance that the company must have to avoid being linked to cases of corruption. This law is continuously changing as more and more cases of political corruption are being exposed in the country.

### **1.3.7. Opportunities and threats**

After conducting the external analysis, the main factors affecting Bigmond's business environment can be categorized as opportunities and threat. These two elements can be founded in Table 2. It can be noticed that the impact of COVID-19 has been the most important factor for both elements.

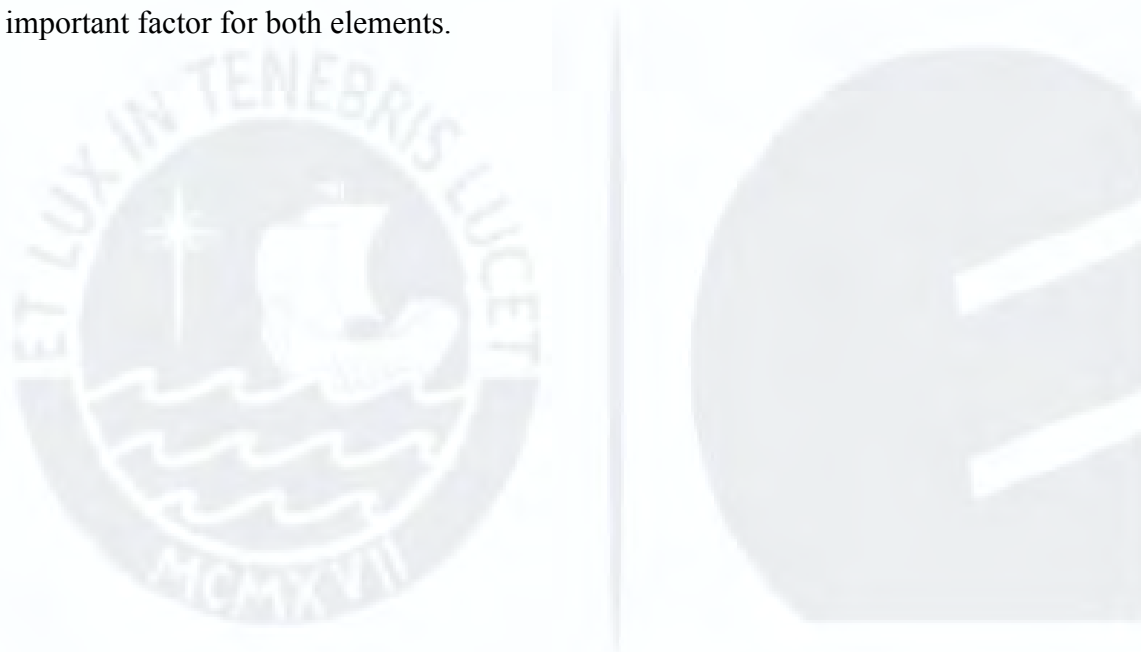


Table 2.

*Opportunities and Threats for Bigmond*

Opportunities	Threats
<ul style="list-style-type: none"> <li>• Increasing market due to the impact of COVID-19.</li> <li>• Lack of knowledge and services offering outplacement and onboarding coaching.</li> <li>• Opportunity to innovate. The HR Consulting sector has not experienced yet a drastic digitalization in Peru.</li> <li>• Increasing importance for "onlinization" to reach new markets.</li> <li>• High concern about corporate social responsibility.</li> </ul>	<ul style="list-style-type: none"> <li>• Hardly hit by Covid-19. The GDP is expected to fall 12% in 2020.</li> <li>• Domination of the market by 5 multinational firms.</li> <li>• Unfair competition due to informal businesses.</li> <li>• Corruption creates instability on the political environment of the country.</li> <li>• Sole practitioners in the HR consulting market contribute to high rivalry in the industry.</li> <li>• Employment rises and falls according to the global demand of Peru's primary exports, which creates an unstable environment</li> <li>• Environmental disasters can affect the employability of certain sectors, which creates a vulnerable environment.</li> </ul>

#### **1.4. Internal Analysis (AMOFHIT) – Strengths and Weaknesses**

According to D' Alessio (2013) the internal analysis aims to find strategies to reinforce the strengths, those aspects that can be imitate by others, and diminish or turn the weaknesses of the company into strengths. The AMOFHIT tool is helpful to comprehend the functionality of every internal elements that drives an organization and to establish how each one contributes to the value proposition (D' Alessio, 2013). In this section the AMOFHIT analysis for Bigmond will be developed.

##### **1.4.1. Administration**

Bigmond has its founder, Fernando Gonzales, as the CEO and Dante Conetta as the Managing Partner. Fernando is in charge of taking decisions regarding new projects, marketing strategies, part of the operations and is who is mostly in interactions with publicity

in media; while Dante manages the finance of the company and is the responsible for Mill, a business unit of Bigmond. The skills and experience of the managing partners let Bigmond to have clients that are align to its values and objective which are based on the equality of opportunities.

Flor Baca is the legal and projects head while Andrea Navas is the operations manager. Additionally, the hole staff creates synergy that is represented by its multiple certifications and recognitions such as the *Mejores Lugares para el Talenteo LGBTIQ+*, member of the ranking of *Par de Equidad de Género 2019, Empresa Socialmente Responsable* and the UN Global Compact due to its good practices in human and labors rights, environment protection and anticorruption systems (Bigmond, 2020b).

The well-managed operations of Bigmond let the company to achieve ISO 9001 certification, which ensures that the company's processes and actions are committed to quality and aim to increase customer satisfaction. However, it is important to remark that there is a high dependence on Fernando and Dante's role in the company, and this might be a issue for the autonomy of their business units.

#### **1.4.2. Marketing and sales**

The marketing strategy of the Bigmond group is based on a robust multichannel strategy. In general, 5% of the total expenses correspond to marketing-related expenses in order to achieve its target market (F. Baca, personal communication, July 22, 2020). The target market can be divided into two distinct groups or segments: (1) top executives, such as HR managers and General Managers, (2) the rest of the executives in middle management, and other positions. Regardless of its target market, Bigmond strongly focuses on its value propositions of social inclusion, fight against discrimination, and equal employment opportunities. In this context, Bigmond chooses its clients, specifically just the ones who align with its value propositions. This process includes a three-minute talk with the clients.

Furthermore, it also focuses on building a client-company relationship, by, for example, offering onboarding training, which ensures the cultural fit and the landing of the employee in the new company. This additional service can be considered as one of the main sources of competitive advantage (F. Gonzales, personal communication, June 23, 2020).

To reach these potential clients, Bigmond uses a strategy that is mainly composed of (1) social networks through social media pages like Facebook, Twitter, Instagram, and, more importantly, LinkedIn. (2) There is a direct channel of contacts in which the main executives of Bigmond, Dante Conetta, and Fernando Gonzales, can arrange meetings and interact with top executives and key decision-takers in the companies. Those meetings possibilities conversations with, for example, HR managers and directors, where Bigmond can present its services. A key strength of this communication channel is the close consumer contact, which ultimately leads to higher trust and building of long-term relationships. (3) The last strategy is email marketing, through which Bigmond uses emailing campaigns with the goal of promoting its services. (F. Gonzales, personal communication, June 23, 2020).

Another important marketing strategy used by the company is the concept of inbound marketing which Patrutiu-Baltes (2016) reference as strategy of relating with potential customers through resources, such as blogs, social media campaigns, mailing campaigns, viral videos, etc. Consequently, marketers hope to entertain and inform viewers and, therefore, attract visitors, convert leads, and close customers. Regarding this, Fernando Gonzales uses a Facebook page called “Executive Insider” to interview executives, for example, HR managers who implemented a digital tool to interact with the employees and also present its success stories (F. Gonzales, personal communication, June 23, 2020). This Facebook page has achieved great success as it has about seventy thousand views. This indirectly links the viewers to Bigmond as they search about Fernando Gonzales. Thus, it

helps not only to increase the company's visibility, but it also helps to create a relationship with the interviewee since they turn into potential clients.

This means social media plays a vital role in the marketing strategy of Bigmond, and Table 3 portrays specific data about its social media activity. It clearly shows that the LinkedIn platform is more relevant than Facebook as it has three times more followers and more interactions (likes and comments). Despite Bigmond's effective activity, there are still no substantial interactions, which is seen due to the meager average number of shares and comments per post in the last month.

Table 3.  
*Bigmond's Social Media Interaction.*

Social Media	Number of followers	Number of likes on the page	Number of posts (July 2020)	Average number of likes per post (July 2020)	Average number of comments (July 2020)	Average number of people sharing posts (July 2020)	Most used type of post (in July 2020)
Facebook	4,849	4,731	39	2.7	0	0.4	Photo accompanied by text
LinkedIn	14,627	-	51	16	3,5	-	Photo accompanied by text

*Note.* Data from Bigmond. (n.d.). *Home.* Facebook. Retrieved from <https://www.facebook.com/BigmondExecutiveSearch/>; Bigmond. (n.d.). *Home.* LinkedIn. Retrieved from <https://www.linkedin.com/company/bigmond-executive-search/>

In this context, not only the positioning of Bigmond but also that of its managing partners are of the utmost importance (F. Gonzales, personal communication, June 23, 2020). Another crucial part of positioning is pricing (Johnson et al., 2017). Hence, Bigmond's pricing strategy can be divided into three different segments: (a) the executive segment, (b) the middle management in which the company finds itself in the same amount as other companies in the market and, (c) the operational or entry-level, where Bigmond is positioned in the price range of US\$1000 and US\$4000. This is considered a significant aggressive strategy "of one salary," which is not common in the market. Nonetheless, this strategy

allows Bigmond to disrupt consumer inertia and attract new clients. (D. Conetta, personal communication, June 23, 2020).

Concluding, the marketing and communication strategies of Bigmond present several strengths as it uses a multichannel strategy to reach its target market. This is complemented by having close consumer contacts, by building long-term relationships and offering additional services to guarantee the fit between the professionals and the companies. Additionally, it reaches potential new clients through the Facebook page. However, there are some weaknesses concerning the marketing and communication strategies. Precisely, the marketing activity is depended mainly on the CEO and managing partners. This might hamper to reach an even broader network of clients and increase brand awareness.

#### **1.4.3. Operations and logistics**

According to D' Alessio (2013), one of the key elements for survival, development and competitiveness of a company is the management of the operations. For that reason, it is important to analyze this criterion in Bigmond.

The business core of Bigmond is the search top and middle positions, and they carry out this process through five phases (Figure 5). The first phase is about the position to be fulfilled, its important that they have a complete knowledge of the customer's requirement, all the characteristics and functions of the position, such as to whom they will report, the area and department of the position, the short and long term objectives, the organizational culture, the functions to be fulfilled, and what technical requirements and skills the job requires, among others (F. Gonzales, personal communication, June 23, 2020). The second phase is to define the searching strategy, depends on the position could be headhunting, make a call to the public, or look for a referral program, and other additional channels. The third phase consists about the review of the candidates' profiles, holds interviews to validate the competencies and skills regarding the job position. Bigmond filters the list based on the

criteria previously given to them, and ends the phase presenting a shortlist of 5 or 6 candidates to the client so that they can choose the candidate who meets their expectations. Finally, Bigmond applies its Onboarding Program in which they guide the candidate, by a specialized coach, in the introduction to the company during the first 6 or 9 months, so that he can adapt to the new company, in topics of functions, activities, and new culture. (F. Gonzales, personal communication, June 23, 2020). Bigmond's Onboarding Program is their main differentiation from the competitors. The well-designed process of Bigmond's operation and its interest for developing socially responsible services can be validated due to its certifications such as the ISO 9001:2015, social responsibility awards and the compliance systems applied to the personal data, anti-fraud and money laundry (Bigmond, 2020).

Regarding the logistics of the company, they are recognized as a carbon-neutral company, which is an important distinction, being a small company in the Peruvian market. This demonstrates the company's efforts to have processes with high standards that are internationally recognized.

#### **1.4.4. Finance and accounting**

The COVID-19 pandemic has affected Bigmond's financial performance in a negatively way. By June, the income was reduced in 75%, and even worst, it is expected a continuous decrease for the next months (D. Conetta, personal communication, June 23, 2020). Bigmond tried to mitigate this impact by applying some several strategies such as reducing in 40% the overheads, reconfiguring the company's structure and establishing competitive prices to keep up with the competition.

Regarding costs, approximately 10% of the total expenses correspond to the cost of external consultants, and other operating expenses represent 15% of the total expenses (F. Baca, personal communication, July 22, 2020). Further quantitative data was not provided by the company when requested.

Concluding, the weak current financial position might hamper Bigmond to invest in new technologies and develop its offering to be competitive also on an international scale. This is of particular importance as Bigmond plans to introduce a new service offering, which involves considerable financial investment.

#### 1.4.5. Human resources

As mentioned before, Bigmond seeks for labor rights and equality, the is supported by its commitment to the UN Global Compact and its core values, mainly to the employment opportunities. This aspect is also related with diversity in which Bigmond emphasise that there is no gender distinction when searching a job position and there is zero-tolerance regarding discrimination at workplace. While Bigmond is a relatively small firm, as shown in Figure 3 with eight employees and four freelance consultants, 2 from Bigmond and 2 from Mill (in total, 33% of the workforce are outside consultants) (F. Baca, personal communication, July 22, 2020).



*Figure 3.* Organizational Chart of Bigmond.

Bigmond is currently in a restructuring phase and in an email correspondence with Flor Baca, she mentioned that the Operations Manager of the firm, Alejandra Balarin, would

provide more details on the topic in due course. Currently, Fernando Gonzales, the Founder and CEO, controls the projects, marketing, certifications, and various aspects that occur within the operations on a creative level of the company. Dante Conetta controls all the financial and business aspects of the company.

Concluding, Bigmond has a relatively small but very committed team. While this might promote an engaging atmosphere, it might be challenging to overcome personnel limitations when introducing a new product offering into the market with a possible international scale. Especially when it comes to introducing a fully digitalized service, and no digital operations manager is present in the organizational structure. Additionally, a small team results in a higher dependence on the CEO and lower chances of benefiting from his creativity.

#### **1.4.6. Information systems and communications**

Bigmond has its webpage and its social media as the main communications channels to interact with customers. They can be contacted by a member of the company's staff by giving information of their telephone number and email through the webpage. Additionally, chat boxes in social media such as Facebook are used to provide more detail about the services and to derive the request to the company's staff. However, many interactions are directly received by Fernando Gonzales, in which customers rely to ask or acquire one of the services (F. Gonzáles, personal communication, June 23, 2020). The website and social media are digital tools to engage and communicate with the market. However, the company doesn't have real-time information or communication systems because these means greater investments.

#### **1.4.7. Technology and innovation development**

As core capabilities of the company, developing "E-Skills" or electronic skills and innovation are intrinsic for Bigmond as a way of transferring knowledge to its clients and to

contribute to sustainability (Bigmond, 2020a). Online platforms have also been an important tool to offer services in an easier and faster way. Bigmond Digital is an online sales platform that can quote services such as Executive Search and Psicolaboral Evaluation by just entering data about the job position and the wage (Bigmond, 2020a). Through this tool, Bigmond gives its potential clients a friendly platform where they can get information about prices and main characteristics of the service while streamlining, therefore reducing costs, its operations. Consequently, Bigmond aims that any future service should consider a digital technology as a core part of its process to adapt to the global change due to COVID-19 (F. Gonzáles, personal communication, June 24, 2020). However, as mentioned before, financial constraints and limitations can stop Bigmond from adopting other useful online technologies as search engines or artificial intelligence, and might be seen as a weakness in comparison with international firms in the sector.

#### **1.4.1. Strengths and weaknesses**

After conducting the internal analysis, insights about the company's strengths and weaknesses are described in Table 4.

Table 4.

*Strengths and Weaknesses of Bigmond*

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Use of digital channels to interact and to provide quotes automatically. Open to digitalization.</li> <li>• Skilled and experienced management.</li> <li>• Strong multichannel marketing.</li> <li>• Multiple Certifications: ISO 9001, ESR, ABE, Carbon Neutral Company and Compliance.</li> <li>• Strong core values. Commitment for CSR and environmental issues. Only HR firm in Peru with certain acknowledgements.</li> <li>• Flexibility regarding operations to meet market needs as well as well-established and systematic processes.</li> </ul>	<ul style="list-style-type: none"> <li>• Weaker financial status due to COVID-19.</li> <li>• Small team and becomes more difficult to scale in the HR Consulting industry.</li> <li>• High dependence on the CEO.</li> <li>• The majority of expert coaches are outsourced.</li> <li>• Unable to handle large scale or multiple strategies due to size of firm.</li> </ul>

### 1.5. Conclusions

The external analysis has shown the multiples opportunities for Bigmond's development utilizing digital tools; however, the presence of similar options creates a fierce competition in the market. Despite the current pandemic, Perú is going through an increasing concern regarding digital channels for business development and this might be the chance for Bigmond to opt for this resource. The multiple certifications, values and efficient processes of the company offers an added value that can be perceived in the satisfaction of their customers, however the high dependency on its managing partners could be a barrier for further development and autonomy of its business units. Overall, the external and internal analysis of Bigmond demonstrate the competitive environment where the company operates and what are its main differentiators from the competitors.

## Chapter II: Key Problem

### 2.1. Identified Problem

In recent years, Bigmond has gone through a period of steady growth, and since its beginnings, they have been able to develop a significant portfolio of clients in various industries. The company is recognized in the market for its good practices and differentiated processes applied in each of the services provided, even from the beginning of the working relationship. Its main resource is its people, qualified staff willing to adapt their skills to offer the best solutions to customer needs. Its corporate Diversity and Inclusion Policy guides the entire process of the service provided.

The prestige gained, the differentiation in its services, the close relationships with its clients, the contact networks, and the various certifications it has obtained over time, are the key success factors, which have allowed it to operate in a highly competitive market composed of both national and international consulting firms.

In addition to this environment of constant rivalry, there was the COVID-19 pandemic at the beginning of the second quarter of 2020, which paralyzed the national economy with great repercussions on companies. As a result, Bigmond's sales were reduced, from 75% in February to March 2020, and the following months continued the same trend. Due to this context, some of the actions taken were to reduce overhead by 40%, redefine the organizational structure, and seek to develop new markets or products with which they were not competing before (F. Gonzáles, Personal communication, June 23, 2020; F. Baca, personal communication, July 22, 2020).

Definitely, the pandemic could not only affect the business sector, but also the Peruvian labor market. According to the *Instituto Nacional de Estadística e Informática* (2020), between February and April, the number of people employed in the formal sector in Lima (the city that concentrates the country's business and financial centers) had fallen by

25% compared to the same period in 2019. These multiple layoffs show how critical the situation is for employers, but they also make visible the unemployment situation experienced by more than 1.2 million people in Lima because of COVID-19 (F. Gonzáles, Personal communication, June 23, 2020; F. Baca, personal communication, July 22, 2020). Taking into consideration the situation of both markets (business and labor), and the imminent return to operations of many economic sectors in the country, a window of opportunity is opening for Bigmond.

The continuous search for differentiation from competitors has led the company to seek a solution to diversify the services offered and to play a more prominent role in the sector. In the meetings held with Fernando Gonzáles, Dante Conetta and Flor Baca, it was discussed how to face the problem by taking advantage of the opportunity generated by the current situation, so it was established that:

- The outplacement service, which is currently offered by other companies in the market, is directed only to top management, leaving a wide market of medium ranges unattended.
- Outplacement is a practice that helps both companies and employees who have been affected by restructuring or cutbacks, a situation that is common in the Peruvian labor market due to the pandemic.
- Bigmond firmly believes that everyone deserves to have the same job opportunities, without discriminatory bias.

Based on these ideas, Bigmond believes that it is possible to complement its services, with a different and integrated outplacement, which considers within its market professionals at all levels of a company, high and medium ranks. Offering not only a service to find a position according to their profile, but also to promote the development and improvement of their competencies, such as digital skills, negotiation skills, CV structure and design, among

others. In addition, they want to consider within this new service the emotional and motivational factor, since as it is a service offered to people without a stable job or without a job, these factors can greatly influence the customer's attitude and the development of the whole process. All this with the aim of differentiating itself from the competition, diversifying its services, extending its market reach, substantially expanding its customer base, achieving greater recognition as a company that supports equal opportunities, and achieving better financial results.

The problem is that the company has the idea, but does not have a previous market study, and has not structured which components or processes would be included in this new service. The company wants to reactivate its sales, but does not know if it should do it through the launch of a new service, or with the creation of a new business unit specialized in outplacement for the masses.

## **2.2. Substance**

Bigmond requires the proposal of a new service or business unit related to outplacement. With the objective to: take advantage of this window of opportunity proposed by the current situation, continue in the constant search to differentiate themselves from the competition, expand their reach in the market, achieve better financial results, and work with the mission of providing equal opportunities for all in the labor market. Bigmond needs to offer a differentiated and innovative outplacement service, which will allow it to improve its position in the industry, generate greater brand recognition and substantially expand its customer base. Currently, outplacement services are highly concentrated on senior executives, and Bigmond wants to democratize this service and reach the masses. In this context, Bigmond hopes to achieve total sales of at least S/. 30,000 per month in the first year with this new outplacement service. This would represent a percentage of 12% of the total sales (F. Baca, personal communication, July 22, 2020).

### **2.3. Location**

The location of the problem is the entire organization. Offering a new value proposition to the client as the outplacement service requires the participation of all the members of the company. The objective of increasing sales, and taking advantage of the opportunity presented by the current situation, is a goal and joint work. In addition, the new service may need staff dedicated exclusively to serving customers. To do this, the general manager must decide the scope of the market and whether he or she will need more staff for the new service.

### **2.4. Ownership**

The outplacement service will be under the umbrella of Bigmond, which means that the current core values and competences of the company will also be adopted by the new division. Therefore, Bigmond will be the owner with Fernando Gonzales as the head of it.

### **2.5. Magnitude**

The problem is particularly important for Bigmond because it is focused on another type of client: the professionals. Since it implies potential future gains, not only financial but reputational, it could be the starter path to a new differentiation in the sector. In addition, the development of the new service involves risks, money and time investments, which will increase as far as the company decides its scope. The specific magnitude was not measured yet by the company; nonetheless, Bigmond expects a market share for the outplacement service of 5% to 10% by 2025 (F. Baca, personal communication, July 22, 2020).

### **2.6. Time Perspective**

Bigmond wants to start offering the outplacement service within this year, with an expectation of gradual sales increase within the next five years. More specifically 12%, 15%, 18%, 20%, and 20% for 2021, 2022, 2023, 2024 and 2025, respectively. As only a few companies have it as part of their businesses. The present report will help the company to

start its implementation and provide some guidelines with the best practices applied globally, but will depend on Bigmond if it will be part of their short, middle or long-term objectives (F. Gonzáles, Personal communication, June 23, 2020; F. Baca, personal communication, July 22, 2020).



## Chapter III: Literature Review

### 3.1. Literature Mapping

The literature framework will focus on the following topics: (a) Mega Tendencies of the industry, (b) Headhunting Services, (c) Employee lifecycle, (d) Job Dissociation, (e) Outplacement, (f) Product and Market Diversification, and (g) Intrapreneurship. First, the mega tendencies will introduce the most global and influencing current topics that are affecting companies' strategies and development in different markets. It will be important to understand them since some social, economic and technological aspects might impact future decisions in Bigmond. Secondly, the review of literature in headhunting services will provide key concepts of the headhunting services, the main elements regarding their processes and the trends in the sector in which Bigmond operates. Thirdly, the model of the employee lifecycle will be presented to understand the phases of every worker during their time inside an organization that might be useful for the implementation of the project. Fourth, the theory of the job disengagement process will be discussed because it is the previous event for the company or the employee to request the outplacement service, and it is important to understand the impact that the job disengagement has on the individual, in order to develop a service that fits the client's needs. Fifth, the definition, as well as the process of outplacement services will be described, followed by some examples of how it is being applied in organizations and what digital tools are being used. Sixth, literature regarding product and market diversification will review information for developing plans to expand companies' portfolio and some strategies that can be applied for their success. Finally, literature about intrapreneurship will describe aspects to take into account when developing projects inside an organization. Figure 4 shows a visual map of the literature review.

<b><u>Mega Tendencies of the Industry</u></b>					
<b>Meaning</b>					
Gesing & Weber, 2017. Trends in the HR sector. Gesing & Weber, 2017: World Population Review, 2020; Trading Economics, 2020.					
<b><u>Headhunting Services</u></b>	<b><u>Employee Lifecycle</u></b>	<b><u>Job Disengagement</u></b>	<b><u>Outplacement</u></b>	<b><u>Product and Market Diversification</u></b>	<b><u>Intrapreneurship</u></b>
<p><b>Description.</b> Finlay &amp; Coverdill, 2007; Finlay &amp; Coverdill, 2000.</p> <p><b>Core processes.</b> Meriläinen, Tienari and Valtonen, 2017. Khurama, 2002; Jenn, 2005.</p> <p><b>Technological impact.</b> Windley, 2020; Snced, 2020.</p>	<p><b>Description.</b> Smither, 2003; Acosta, 2008.</p> <p><b>Phases</b> Burke, n.d.</p>	<p><b>Definition.</b> Chiavenato, 1990; Zamora, 2012.</p> <p><b>Types.</b> Zamora, 2012.</p> <p><b>Consequences.</b> Dobronich, 2012.</p>	<p><b>Definition.</b> Grad-Szczuka et al., 2018; Meyer &amp; Shadle, 1994; Tani et al., 2016.</p> <p><b>Core processes.</b> Grad-Szczuka et al., 2018; Boening, 2015.</p> <p><b>Components.</b> Challenger, 2005; Fero et al., 2019.</p> <p><b>Phases.</b> Aquilanti &amp; Leroux, 1999; Gesing &amp; Weber, 2017; Mercer, 2013.</p>	<p><b>Definition.</b> Ansoff, 1957; Sun &amp; Govind, 2017; Su &amp; Tsang, 2015.</p> <p><b>Characteristics.</b> Su &amp; Tsang, 2015.</p>	<p><b>Definition.</b> Antoncic &amp; Hisrich, 2003; Parker, 2011; Antoncic &amp; Hisrich, 2011; Vesper, 1990; Antoncic &amp; Hisrich, 2001.</p> <p><b>Benefits.</b> Antoncic, 2007; Antoncic &amp; Hisrich, 2003; Bierwerth, Schwens, Isidor &amp; Kabst, 2015; Carrier, 1996.</p> <p><b>Key Factors</b> Felicio, Rodrigues and Caldeirinha, 2012; Adeoti, Olawale, Oludele &amp; Mulikat, 2017; Vizitiu, Agapie, Paiusan, Hadad &amp; Nastase, 2018.</p> <p><b>Common Barriers.</b> Reuther, Borodzicz and Schumann, 2018.</p>

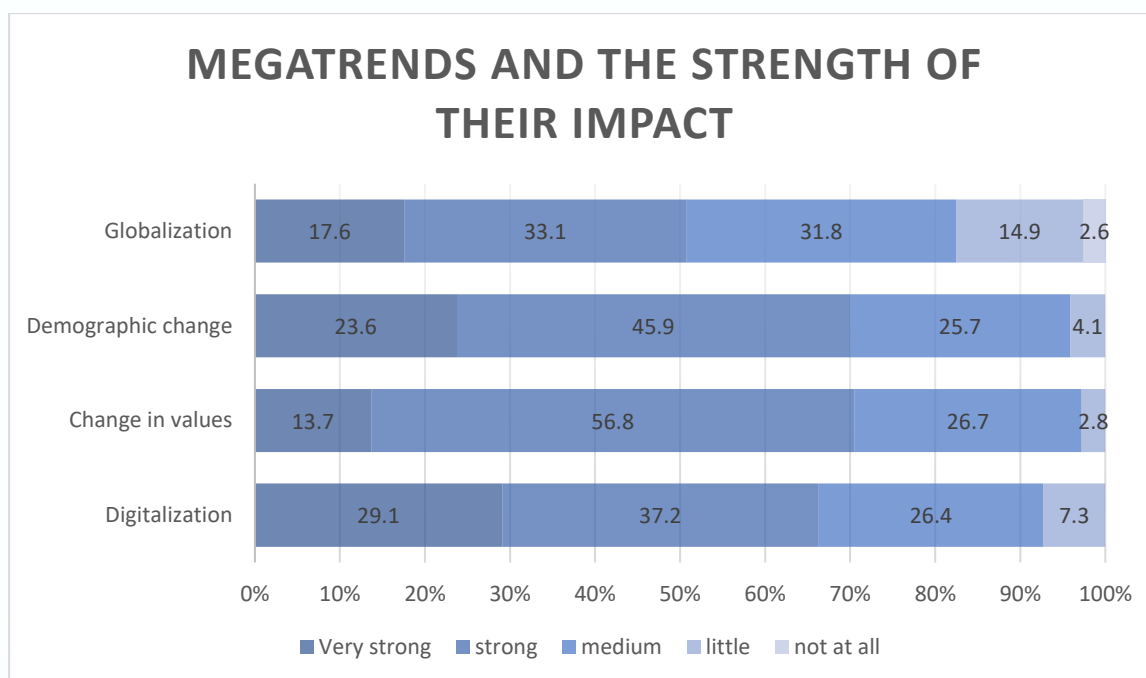
Figure 4. Literature Mapping.

## **3.2. Literature Review**

### **3.2.1. Mega tendencies of the industry**

“Mega Tendencies” are known as the conditions of the work of the future that are shaped by long-term and profound changes in society, economy, and technology. This means that the world of work is constantly in change, and it is of the utmost importance for companies to anticipate and understand these change drivers and their impact. This is essential because such factors change business processes, the supply of workers, the value of work, skills requirements for employees, and the demands of employers. Therefore, it has a profound impact on the strategy of companies (Gesing & Weber, 2017).

In order to remain competitive also in the long-term, companies must deal with new challenges and initiate measures. Regarding this, The German Society for Personnel Management (2015) identified the most important work-related changes as part of its "Megatrends" study. Figure 5 shows the most significant effects for companies from the perspective of interviewed HR managers in the order of their strength.



*Figure 5.* Megatrends and the strength of their impact. Data from Gesing, S., & Weber, U. (2017). Megatrends: Herausforderungen für Unternehmen. In *Konzept und Berufsbild des Feelgood-Managements*. Springer Gabler, Wiesbaden

The four megatrends presented can transform the fundamental structures of work and present companies with new challenges that must be responded to sustainably. The management of these changes focuses on Human Resources Management (HRM). Main areas of change include strategic personnel planning, employer branding, diversity management, learning and development, and change management.

The first trend refers to digitization or “Industry 4.0”. It not only encompasses the increased use of modern information and communication technologies but, more importantly, the revolution of industries and business models that fundamentally changes the division of labor between people and machines. The new forms of work organization influence the quality of work and place new skills requirements for employees. For example, the new demands on employees include networking, openness, participation, agility, willingness to innovate, interdisciplinary understanding, adaptability, technological know-how, self-motivation, flexibility, and social intelligence (Gesing & Weber 2017).

The change in values is defined by the changes in social- and socio-cultural norms and attitudes. This has a direct impact on the importance of work and the demands on work design. For instance, there is an increasing trend to focus on post-materialistic values, such as self-actualization, freedom, happiness, and individuality. In other words, employees do not value exclusively material remuneration; there is now a desire for recognition, participation, and appreciation. Employees want to work independently and flexibly, feel comfortable in the workplace, and receive personal feedback and reputation for their performance (Gesing & Weber 2017).

Concerning demographic change, Peru is experiencing declining growth rates (from 1,73% in 2018 to 1,42% in 2020) and is expected to reach negative growth rates by 2070 (UN, 2020). Currently, Peru's population is 32.97 million people, with 2549.20 thousand employed persons in 2020 (Trading Economics, 2020b). Furthermore, due to the pandemic situation, the unemployment rate more than doubled from 6,3% to 13,1% within one year, this is expected to decrease to 11 % by September (Trading Economics, 2020b).

When it comes to globalization in the HR industry, it refers to the global supply of workers, the growing international cooperation, and the multicultural workforce in the company. In this context, the challenge for companies is to respect and satisfy the needs and interests of different generations and cultures in order to promote productivity and motivation. Consequently, “a heterogeneous workforce can strengthen an open and diverse corporate culture and lead to more creativity and innovative strength” (Gesing & Weber 2017, p. 1-7).

### **3.2.2. Headhunting services**

Described also as executive recruiters and executive search consultants, headhunters are organizations that work as facilitators in finding a job candidate for a company and are paid even if the person is not hired (Finlay & Coverdill, 2007). Their clients are other organizations, not the candidates (Finlay & Coverdill, 2007). Headhunters have outstanding

capabilities in matching the clients' needs and the ideal and suitable candidate (Finlay & Coverdill, 2000). Meriläinen, Tienari and Valtonen (2017) described the core process of headhunters as the following:

The search task is first defined and the contract is agreed on. Headhunters then compile a 'long list' of potential candidates for the position at hand, drawing from their own files and tips from colleagues and other relevant actors. They contact a number of potential candidates by phone, evaluate the appropriateness of the candidates and their willingness to serve in the position and meet many of them in person. Headhunters come up with a 'short list' of candidates, interview them and arrange opportunities for the client to meet with top candidates. Finally, they assist the client in making an informed decision. Hence, like any consultancy work, executive search is social interaction. (p. 5)

Additionally, Khurana (2002) explained that there are three main elements regarding the intermediation between firms and candidates: (a) coordinating tasks of key searching firm's executives for an efficient definition of profiles, (b) mediating the relation between the candidate and the searching firm in order to avoid risks if the deal fail, and (c) legitimating the search process by commenting the professionalism applied and that the interest of candidates had been considered. Moreover, Jenn (2005) affirmed that headhunters don't add value in an administrative or recruiting sense, but by sharing its knowledge about the market, making suggestions over individuals that are demonstratively able to achieve results, and providing legitimate information about individuals trying to move from the current employer.

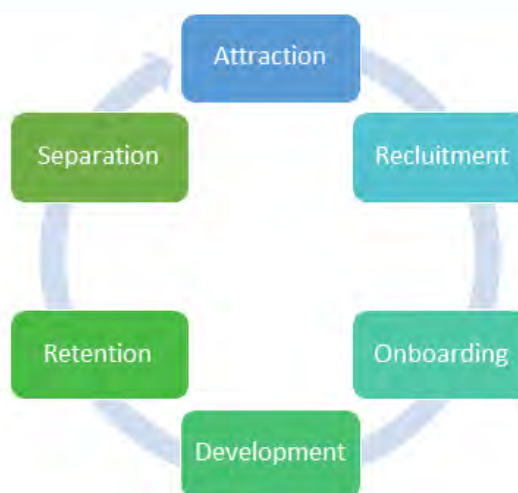
Windley (2020) remarks that, despite the increasing impact of technological trends and social networks like LinkedIn in the recruitment process, the need for search consultants has not disappeared since they are useful during fast growth periods or specific job positions. In addition, using artificial intelligence might reduce time in repetitive tasks or chatbox to

automate follow-ups with candidates, organizing and classifying several resumes from a larger number of candidates, analyzing and matching job candidates according to their seeking information, and collect data to understand the current situation of markets like salaries and talent flow (Synced, 2020). However; it cannot replace the process of building relationships between the recruiter and the candidate (Windley, 2020).

### **3.2.3. Employee lifecycle**

Smither (2003) designed a framework derived from the product life-cycle model to describe the development phases experimented by an employee during the time working at a company. Similarly, Acosta (2008) uses the term working career lifecycle to refer to the lapse of time from the moment in which the individual tries to find a job opportunity that satisfies its interests and let use its capabilities, to the moment of definitive retirement of any activity related to the job.

Burke (n.d.) established six phases to this life cycle model: (a) attraction, where the employer brand is the most important element to create interest among potential employees, (b) recruitment, in which the organization tries to find the best talent for an existing role becoming vacant or a new job position, (c) onboarding, considered as the process of learning the attitudes, knowledge, skills and behaviors needed to perform according or better to the requirements of the organization, (d) development, that consist in providing help and to encouraging the acquisition of new skills that will open the path for a future career, (e) retention, where the main objective is to ensure that the employee is happy and being challenged in its current position, and (f) separation, which is the moment when the employee leave the organization whether for retirement, a new job, personal decision or by dismissal.



*Figure 6.* Employee Lifecycle model. Data from” Six Stages to Success with the Employee Lifecycle”, by M. Burke, n.d., 6Q. Retrieved from <https://inside.6q.io/six-stages-to-success-with-the-employee-lifecycle/>

### 3.2.4. Concept of job disengagement

Chiavenato (1990) defines job disengagement as the fluctuation of a hired staff between an organization and its environment. Furthermore, according to Zamora (2012), job separation is the breaking of the employment relationship, contract or agreement that exists between two parties, in this case the organization and the worker.

On the other hand, Zamora (2012) establishes that there are different types of termination:

- Natural termination: occurs at the time of reaching the age of retirement.
- Forced disengagement: the actual dismissal; the disregard of services of the worker by the organization.
- Voluntary severance: more strictly related to resignation by the worker's own decision.

As a result of a process of disengagement, there are consequences for the worker, since work constitutes a vital social and economic link. Its loss, especially when it is sudden, brings with it negative emotional consequences such as insecurity, uncertainty, guilt, inner emptiness and often shame, for the person who experiences it, in addition to economic problems, family difficulties, loss of prestige and self-esteem (Dobronich, 2012).

Currently, with the progress of companies, especially in the field of human development, a new business approach has begun to be promoted in which the institution no longer shows itself with its workers only as an entity that generates employment, but rather as a place where the person can feel at ease and as far as possible help him/her to solve or satisfy his/her needs without creating any crisis (Dobronich, 2012). This from the point of departure in which a person is linked to the company until when he/she is unlinked, so that any situation or circumstance that the company presents to him/her is not seen as a critical, stress-generating event.

### **3.2.5. Outplacement**

Outplacement can be broadly defined as “a voluntary personnel service for employees affected by downsizing, which is usually financed by the employer. It includes the temporary advisory and training support for professional reorientation” (Graf-Szczuka, Bube, Düchting & Lohner, 2018, p. 269). Another similar definition for outplacement is "a consulting and career counseling process that assists both employers and terminated employees in facing transition -organizational change for employers; a new job, career, or lifestyle for employees” (Meyer & Shadle, 1994, p. 41). There are two purposes of such service, firstly, to ease and accelerate the individual’s transition towards new employment and secondly, to minimize the negative impact of major layoffs on an organization’s reputation (Tani, Oksanen-Ylikoski, & Ylikoski, 2016).

According to Graf-Szczuka et al. (2018) and Boenig (2015), the various outplacement service steps include the following sub-steps: (1) Sharpen clients’ profile by determining the location and professional objectives as well as preparing a written market presence with perfect documents. (2) Placement of the employee in the context of online job search platforms as well as personal consultations as the basis for direct contact. (3) Support for a convincing job interview by developing self-presentation, preparation for interviews as well

as communication training. (4) Support for networking by creating and optimizing the social media profile. (5) Support in decision-making and onboarding through help with exploration of job offers, preparation for negotiations, and support with job contract review (Boenig, 2015; Graf-Szczuka et al., 2018). In this context, Graf-Szczuka et al. (2018) conducted a qualitative study in order to find out the importance of various features of the outplacement process by the clients. The study showed that the client attributed greater importance to the response of individual needs and building a trust relationship.

In literature, it is possible to find a differentiation from the broad definition and process of outplacement, namely “high-quality outplacement.” It includes not only the advisory and training but also proactive mental health and counseling support, tailored coaching in job-finding skills, and technical/ administrative services (Challenger, 2005, p. 86). Consequently, such programs significantly lower the duration of unemployment and maximize the utilization of an individual’s experience and skills in the subsequent job (Challenger, 2005). In order to achieve that, the program should escort the employee from pre-termination planning, to follow-up counseling and support throughout the job-search process (Challenger, 2005). Other essential components include, for example, encouragement, resume development, emotional support due to job loss, interviewing practice and advice, job search help (Challenger, 2005).

The importance of emotional support was further studied by Fero et al. (2019), who aimed to study the perceived usefulness of outplacement programs and the emotions felt by different generations of dismissed employees (Fero et al., 2019, p. 5). In order to analyze this, the scholars conducted a questionnaire with 692 employees of industrial enterprises (Fero et al., 2019). The results shown in Table 5 show that 127 out of 692 felt annoyed as a dismissed or released employee. Furthermore, roughly 17% would rate their emotions as very annoying as a dismissed/released employee. This shows that while work can be seen as an economic

necessity and a significant element in defining safety and belonging, the loss of employment may cause feelings of stress, annoyance, anxiousness, helplessness and hopelessness (Fero et al. 2019, p. 16). Therefore, outplacement programs should support the clients through different forms, specifically active job search assistance, expert human resource consultancy, counseling, or consulting with psychologists to help clients cope with difficult times (Fero et al., 2019). By providing support in those areas, the negative effects of a stressful situation, such as the loss of employment, will be decreased.

Table 5.

*Emotions Felt of Dismissed Employees.*

How Would You Rate our Emotions Felt as a Dismissed/Released Employee on a Scale of 1-7?	Total of all generations
1-very annoying	111 (17.3%)
2-annoying	127 (19.8 %)
3-little annoying	107 (16.7%)
4-none	113 (17.6%)
5-little relief	81 (12.6%)
6-relief	63 (9.8%)
7-big relief	40 (6.2%)

Note. Data from Fero et al. (2019)

Therefore, according to Aquilanti & Leroux (1999) model of Outplacement Counselling, it should involve five phases: (1) loss, grieving, transition; (2) personal development; (3) job search; (4) ongoing counseling and support; (5) follow-up. Nonetheless, the process must be tailored for each client.

However, not all scholars refer to the importance of online outplacement services; many just mention the support consultants have to prove their clients with improving social media and job platform profiles despite the generally known trend towards digitalization (Gesing & Weber, 2017). In this respect, the American human resources consulting firm, Mercer, presented in its Outplacement survey report that the majority of the employees (among 294 HR professionals) are frustrated with the outplacement services because they are

seen as outdated (Mercer, 2013). Therefore, there is a demand for new types of outplacement services that encompass online and social technology (Mercer, 2013). Furthermore, electronic job matches, virtual career centers, and social network integration were found to be the most critical parts of outplacement solutions for employees (Mercer, 2013).

Therefore, examples of the best practices and electronic tools, which takes into consideration all these aspects will be presented in the next subsection of this literature review.

***Examples of outplacement in North America.*** PwC (PricewaterhouseCoopers) is among the leading professional services networks in the world, and in 2019 it provided services to 85% of the Global Fortune 500 companies (PwC, 2017;2020). Therefore, it is essential to analyze the services one of the “Big Four” accounting firms and the second-largest professional services firm network in the world provide in order to understand what makes it so successful.

In this context, PwC also provides Outplacement services, which is referred to as “Building the bridge to your next career” (PwC, 2016, p. 2) It is important to note that this service involves much more than assisting people in their career transition; it offers support to all stakeholders affected by downsizing, restructuring, or cease of activities. Specifically, it seeks to provide support from the management team who needs to deliver this news while fostering open and clear communication within the organization to the employees who have to leave the company. This service can be customized to each participant’s needs and according to employee types, levels, and skills. (PwC, 2016).

The outplacement presents four main modules, which includes services ranging from professional advice, such as professional training and job search assistance, to emotional support and development of skills. In addition to these modules, there is a five-step Outplacement service carried out by PwC, as shown in Figure 7. The different phases have

distinct aims, such as understanding the needs in order to plan the outplacement program accurately, building relationships, job search and transition support. (PwC, 2020).



*Figure 7.* Phases of the Outplacement services PwC. Data from “Outplacement”, by PwC, 2020. Retrieved from [https://www.pwc.com/hu/hu/szolgalattasok/people\\_and\\_organisation/Outplacement\\_intro\\_2020.04.06.pdf](https://www.pwc.com/hu/hu/szolgalattasok/people_and_organisation/Outplacement_intro_2020.04.06.pdf)

William M. Mercer Ltd. is a Canadian firm which was founded in 1949 to provide consulting actuarial and benefits services. In 1959 the company was acquired by Marsh & McLennan Companies to become a global leader in health, retirement, investment, and talent. Today, Mercer has more than 25 000 employees and is based in 44 countries and operating in 130 countries (Mercer, 2020).

Mercer’s outplacement service is different from the typical “brick and mortar” providers in that they are “redefining outplacement design, delivery, and results and provide a service that meets the needs of all levels of employees.” (Mercer, 2020).

Mercer capitalizes on both online and social technologies to give clients a new and modernized form of outplacement service. According to Mercer (2020), their key features of their redefined outplacement service includes: (a) 24/7 access to the online platform, (b) designed for adult learners, (c) social network integration, (d) subscription-based model (Mercer, 2020).

Mercer also has a strong passion for improving diversity and inclusion in all levels of their company. In 2020, Mercer published an 80-page global diversity and inclusion report titled “when women thrive”, which offers an evidence-based approach to improving diversity and inclusion. The report includes surveys from 1150 companies from 54 countries, representing seven million employees worldwide (Mercer, 2020).

Korn Ferry is a global consulting firm that was founded in 1969, and it is headquartered in Los Angeles, California. It works with 98% of the FORTUNE 100 companies, and it commits to act ethically by fostering a diverse and inclusive workforce and respecting the environment (Korn Ferry, 2020a).

The outplacement and career transition service provided by Korn Ferry is designed to executives and other employees who need support for job search and skill development. The support is given through a state-of-the-art technology platform, search professionals, and career coaches. This is complemented by a rigorous strengths assessment which benchmarks the employee against several other people in order to provide a tailored and effective career coaching. Consequently, employees can improve their value in the market as well as improve their resumes and interview techniques. Furthermore, Korn Ferry provides access to an extensive library of on-demand learning for skills and professional development of the employees. Once the best opportunity that matches the skills and strengths of the employee is found, Korn Ferry assists the employee through compensation negotiations. (Korn Ferry, 2020b).

***Examples of outplacement in Europe.*** In 2016, Nokia announced that it would cut 1,000 jobs due to the need to reduce costs after a merger with the Alcatel-Lucent (Tani et al., 2016). Meanwhile, also in 2016, Microsoft announced that it would terminate its smartphone business in Finland, resulting in 1,350 layoffs. The majority of the laid-off workers from both companies worked in Espoo, a city in the South of Finland. Both companies announced financial support plans and outplacement programs to support terminated employees. In this case, outplacement was a way to implement social responsibility, and it offered help in distress related to the termination of employment and in the pursuit of new opportunities. This was a follow up of the outplacement Bridge program that Nokia had implemented in 2011. This outplacement program included four steps: (a) Find another job at Nokia. (b) Find

another job outside Nokia. (c) Start a new business. (d) Learn something new. (e) Build a new path with financial support from Nokia. These different steps were aimed at providing educational and entrepreneurial opportunities for the employees with the support of Nokia. (Sucher & Gupta, 2018). However, in 2016, in the outplacement process, not only did Nokia and Microsoft play a role but also representatives from the city of Espoo, the Finnish government and Ministries, universities, and RDI agencies, such as the Finnish funding agency for innovation. These actors aimed to conjointly ensure rapid reemployment of the dismissed employees, either directly or through education. In this context, entrepreneurship was also seen as a significant employment opportunity. To achieve this end, Laurea University of Applied Sciences partnered with the City of Espoo and the vocational education provider Omnia to create a new joint program (Laurea MBA) targeted at recently terminated employees in the ICT sector. This program includes digital competences to entrepreneurship. Therefore, it supports reemployment through possible career changes and the opportunity to update one's skills. (Tani et al. 2016). Nokia went a step further and opened Bridge (named after the outplacement Bridge program) centers in the 13 countries where the layoffs would take place (Sucher & Gupta, 2018). This is an excellent example of how fields outside the traditional scope of education and research can help organizations build new competencies and react to developments in the environment (Tani et al., 2016). Overall, 85% of the Finnish Bridge participants said they were satisfied with the program, while 67% of global employees said they were (Sucher & Gupta, 2018).

Randstad RiseSmart is the Belgian market leader in outplacement, and it provides the outplacement service with a 360° approach in over 150 locations. This involves a mix of face-to-face and virtual career coaching sessions, diverse workshops, access to digital career platforms, fully-equipped workspaces, and specialists on contract negotiations, interviews, and skills assessment. The outplacement program usually involves three steps, and from early

on, a career coach is assigned to the client. Furthermore, there are workshops the clients can participate to practice skills, and this is followed by searching for a new job with the support of a coach. This can be complemented by additional services, such as sessions with experts, self-analysis tools, interview simulations, and brainstorming sessions. The differential of this outplacement provider is that the client can “work” Randstad RiseSmart’s office, where they have fully equipped workspaces, a library, and network events. (Randstad RiseSmart, 2020).

***Examples of outplacement in Latin America.*** RECOLOCATE is a Peruvian firm specialized in outplacement and professional development programs; it is considered a leader in the implementation of methodological and technological innovation in the Peruvian market. (RECOLOCATE, 2019).

There are four different steps involved in the outplacement service: diagnosis, training, execution, and accompaniment. Additionally, there are three possible differentiations (Silver, Gold, and Platinum) according to the amount of time spent in each of the steps and additional sub-services. The prices also vary according to the programs, the Platinum is the most expensive (S/. 7,670.0), and the Silver is the cheapest, at S/. 3,068.00. (RECOLOCATE, 2019).

The different steps of the outplacement service provided by RECOLOCATE are (a) Firstly, the professional diagnosis, pre-employment interview, competency, potential assessment, and self-knowledge session. This is differentiated in the Platinum program through a Bezinger report (thinking styles). (b) Secondly, the training of 14, 16, or 22 hours involves CV preparation, career transition fundamentals, interview competencies, effective communication, projective exams, networking, LinkedIn profile capacitation. Complements to this include emotional intelligence, employability capabilities, change management, and value proposition. (c) The personalized networking training through different tools, such as Club de Networking Laboral and Bolsa de Empleo, can range from 3 to 9 months. (d) Lastly,

the accompaniment step refers to work sessions, from 6 up to 18 sessions depending on the chosen program. It has the objective to ensure the development of the program, to keep the coachee (the client attended by the coach in the coaching sessions) active, and boost applications. (RECOLOCATE, 2019).

This service can be further complemented by the development or closing gaps of employability capabilities, such as self-knowledge, personal brand, networking, and visibility. Different tools, sessions, and workshops through four different phases are applied in order to improve the clients' capabilities and increase the chances of success. (RECOLOCATE, 2019).

DNA Outplacement is part of the DNA Group, which is a multinational company specialized in Human Capital and Business Management. Specifically, the DNA Outplacement provides key tools for the executive transition and job reinsertion process (LinkedIn, 2020).

The outplacement service provided by this company is based on three pillars, Pragmatism, Effectiveness, and Market Vision and it has a certain degree of flexibility. Specifically, it can be adapted to individuals or companies, in individual or semi-group formats. The outplacement service involves different steps of introspection and self-knowledge, the definition of objectives, learning process, and techniques and implementation phase. Each of the steps is supported by personalized guidance, expert accompaniment and advice and it grants access to DNA Outplacement online platform (GENES platform). Additionally, it allows the client to develop career strategies according to the knowledge, skills and competencies, identify the best opportunities in the market and how to access them. (DNA Outplacement, 2020).

LHH DBM is present in Peru since 1993, and it provides services of outplacement, leadership development, change management, and employee engagement. The outplacement service can be differentiated between Active Placement, an online tool that will be explained

in the subsequent section, and the International Center for Executive Options, a career transition for senior executives (LHH DBM, 2020a). The latter acts as “a guide for senior professionals, helping them define the path that will allow them to successfully develop the management of his career” (LHH DBM, 2020a). Both services involve two steps: planning and implementation. Nonetheless, they can be further adapted according to the employment level, specifically for top executives, executives, coordinators, analysts, technicians, and operators (LHH DBM, 2019). Also, there is program adaptation according to the aim of the outplacement, either finding new dependent work, founding its own business, or active retirement. The planning phase designs exit models providing support for both those who remain in the company and for those dismissed. The implementation phase supports the clients through employability techniques, personal brand management, training, and emotional support (LHH DBM, 2020b). LHH DBM also provides a workspace for the clients since they believe that finding a new job option is "a job" itself that requires space, time, and logistical support to be effective. Also, it is important to have a supportive community and good energy to overcome stressful times when unemployed (LHH DBM, 2019).

Career Partners International was founded in 1987 in North Carolina, and it is present in Peru since 2011, represented by MDS Group. This global firm is specialized in the development of outplacement, executive coaching, and talent management programs. One additional service of particular interest is the so-called “women career partners,” which is focused on providing tools aimed at increasing productivity and generating visibility for female talent. In general, these services support about 80% of the Fortune 500 companies. (Career Partners International, 2020).

The two types of outplacement services are aimed at organizations and executives looking for a career change path or that have been dismissed from companies without an outplacement policy. In order to do that, the program provides its clients with the necessary

tools to identify their strengths, competencies, and, subsequently, opportunities in the market. This will help them prepare a work plan, which will lead them to participate in a higher number of selection processes, using their own network of contacts, thus obtaining a new job in the shortest possible time. This is complemented by personalized weekly consulting sessions, with certified consultants, in which the clients work on their particular and specific needs. Additionally, there is emotional accompaniment, positioning strategies in the labor market, management of CV and LinkedIn profile, personal brand, and networking development. (Career Partners International, personal communication, 22 July, 2020).

The duration of the process depends on the number of contact meetings the candidate generates, but on average, the relocation time is 2.7 months. The costs vary according to the chosen program (professional, executive, or senior placement) and its duration (2, 4, or 6 months). The prices range from S./ 3,600 to S./ 9,500. (Career Partners International, personal communication, 22 July, 2020).

#### ***Electronic tools for outplacement.***

*Online tools.* In 2017, Mercer conducted an outplacement survey report outlining critical information which supports the need to digitalize the outplacement industry. According to the Mercer (2017) survey, the four most desired features are not in fact traditional outplacement features, rather digital tools. The top four most sought outplacement features are: (a) electronic job matches; (b) virtual career center; (c) social network integration; (d) mobile support. Additionally, the Mercer (2018) survey, identified that clients were “less concerned with providing physical space and more concerned about controlling costs.” (Mercer, 2018, p.1) Owens (2008) also accentuates the need for online outplacement services stating that there is an increased demand for better options in outplacement delivery methods, specifically with regards to technological improvements. Moreover, experts state that clients prefer services with which they can access at any time.

Innovative services and tools are becoming increasingly important in light of new work requirements of flexibility, sociability, and personalization. Therefore, Randstad RiseSmart believes that “outplacement alongside technology is the most effective solution to cope with modern ways of looking for a job.” (Randstad RiseSmart, 2019). In this context, several digital tools were implemented, such as Spotlight, in which the outplacement client can consult webinars, tools, and tip sheets and have access to e-learning platforms with personalized articles, videos, and other relevant resources according to the career path requirements (Randstad RiseSmart, 2020). The e-learning platform includes categories of languages, soft skills, java & net, computer technology, orientation, assessment, safety, and career (Randstad RiseSmart, n.d). Furthermore, each client has access to its own intuitive control panel, where it allows users access to all available job opportunities based on user preferences and allows them to make appointments with consultants regardless of its location. (Randstad RiseSmart, 2019).

*Virtual career center.* Virtual career centers are becoming very popular among global outplacement firms. Outplacement First UK offers an example of a unique online platform which intends to assist clients on their job search. The virtual center offers videos, training guides, tools and resources which are available at all times online. The virtual career center offers over 150 video tutorials which include training guides and aptitude tests (Outplacement First, 2020). In today’s digital world, providing instant access to such information should be an essential component to any outplacement service.

It is commonly known that the best way to find a job online is through metasearch engines, a search tool that sends user requests to several other search engines and/or databases and aggregates the results into a single list. One example of such an engine is “Indeed.” It is the number one job site worldwide as it aggregates job listings from thousands of employment-related websites (Indeed, 2020a). Employers can search and view resumes, and

through a self-serve Post-a-job tool, employers can get their job in front of job seekers and find better candidates. On the other hand, future employees can search jobs using the job search API (application programming interface) that filters by location, industries, salary ranges to provide the most relevant jobs for the specific user (Indeed, 2020b).

This process counts on the Applicant Tracking Systems, which can “optimize the hiring process, improve the job seeker experience, and help employers make the right hires faster.” Some of the most important ATS partners of Indeed are: ApplicantPro, Workable, Wizehire, ApplicantStack, Breezy, Talenteca, CareerPlug, SmartRecruiters, and many others. It is important to mention that such a system can help to comply with equal employment opportunities (e.g., EEOC) (Indeed, 2020c).

A good example of such ATS is SmartRecruiters, which has its headquarters in San Francisco, and its main customers include LinkedIn, McDonald's, and Visa. The main product of this web-based hiring platform is called SmartRecruit. It includes optimized hiring processes with data analytics and reporting, a compliant recruiting process that meets regulatory requirements, including equal employment opportunities, in over 100 countries, and it grants access to all job boards through one interface (such as Monster, Indeed, Craigslist, Glassdoor). This primary product can be complemented with additional offerings, namely, through a talent nurturing and engagement, AI-powered talent matching, and programmatic job advertising software (SmartRecruiters, n.d.).

Another example of a digital platform is the GENES platform provided by the DNA Group. It offers different services, such as access to all the vacancies, advice on how to improve interview performance, contacts to headhunters and recruiters, optimization of CV, and virtual outplacement sessions. This service can be acquired through monthly licenses, in which the GENES website automatically provides the optimal duration of acquisition depending on the employment position (e.g., manager, general manager, coordinator, analyst),

and it gives the specific price. One example is for the employment position of manager, in which the service should be acquired for five months for a price of S/. 125 per month. Another option is to choose the duration of the service, which can vary from one month for S/. 196 per month up to 8 months for S/. 90 per month. (GENES, n.d.).

Additionally, as part of LHH DBM's outplacement service, there is the so-called Active Placement. It uses technology that makes the CVs of executives globally available, guaranteeing a quick transition into new jobs, online and on mobile devices 24/7. This process uses artificial intelligence "Digital Talent Exchange" to analyze the preferences and profiles of the clients, assisting them in a personalized way to find the best job fit. Therefore, the Career Resource Network facilitates career transition and self-management (LHH DBM, n.d.). Additionally, "ELLA," a virtual career assistant, provides assistance to find the best offers. Also, there is digital personal marketing for social networks. According to data validated by KPMG in 2018, 94% of the users were satisfied with it and would recommend this service, and 96% believe that it has improved their previous employment position (LHH DBM, 2018).

### **3.2.6. Product and market diversification**

Ansoff (1957) explains that diversification is the riskiest growth strategy as it involves both new products and market, while other growth alternatives such as market penetration, market development and product development require less change in the product-market structure (p.113). Market penetration is the objective of increasing sales while maintaining the same product-market strategy. Market development is the objective of attempting to adapt the company's current product line to increase sales in the different markets. Product development is the objective of modifying a product to be more attractive in an existing market (pg. 114).

Defined by Ansoff (1957), diversification characterizes a position in which both the mission and products are new to the company. In that, diversification signifies a shift into an entirely different product and market area to which it is used to competing. Further, diversification is classified as a “horizontal expansion of a firm’s market presence” (Sun and Govind, 2017, p. 1311), which can more easily access new markets from capitalizing on previously established channels. In contrast, some studies suggest that diversification may “dilute firm focus” (p. 1131) and impede the competitive advantages. Further, conflicts of interest may arise between primary stakeholders as a direct result of diversification (Su and Tsang, 2015).

Sun and Govind (2017) suggest Market diversification to be a critical step in a firm’s ability to expand into multiple differentiated markets. Su and Tsang (2015) characterize product diversification as a firm in which operates in more than one industry or product market. Further, the writers characterize product diversification into two sub categories, related and unrelated diversification. Related diversification refers to products that are characterized under the same industry, whereas unrelated diversification refers to products that are offered in different industry groups (Su and Tsang, 2015). Comparing related and unrelated diversification, related diversification more commonly capitalizes economies of scope and economies of integration, taking advantage of the shared inputs. Typically, related diversification generates more benefit than unrelated diversification, however it requires higher communication and coordination costs.

### **3.2.7. Intrapreneurship**

Broadly studied because of the impacts in organizations, intrapreneurship, or corporate entrepreneurship, is defined as an entrepreneurial activity inside an existing company and, regardless of its size, means whether the creation of new business ventures, the development of new products, services, technologies, frameworks, strategies or competitive postures

(Antoncic & Hisrich, 2003). It also implies the exploitation of new opportunities and seeks to create economic value (Parker, 2011). Studies also suggest that intrapreneurship can be seen as a process in which people within an organization perform proactively for achieving an opportunity (Antoncic & Antoncic, 2011), as leaving from the standard to reach an opportunity (Vesper, 1990), or as an arising behaviour or intention for doing business in another way (Antoncic & Hisrich, 2001). Despite the similarities between entrepreneurship and intrapreneurship, the first is more focused on starting its own independent business. Among the benefits due to intrapreneurship initiatives, researchers remark its influence in the overall performance (Antoncic, 2007), proactiveness and innovativeness within the organization (Antoncic & Hisrich, 2003; Bierwerth, Schwens, Isidor & Kabst, 2015). Moreover, Carrier (1996) claimed that the development of intrapreneurship can be adopted as a competitive advantage for smaller companies since its simplicity regarding organizational and hierarchical structure works as motivational factors.

The impact of intrapreneurship measured by Soriano, Felicio, Rodrigues and Caldeirinha (2012), showed positive results in the performance and growth of firms regarding sales but highlighted the importance of motivation, personal commitment and decision-making autonomy for the development of these projects. Furthermore, with the purpose of examine critical success factors, Adeoti, Olawale, Oludele and Mulikat (2017) established that strategic leadership and support, empowered, autonomous employees, rewards, time, and resource availability, and supportive organizational structure have influence in achieving intrapreneurial objectives. Vizitiu, Agapie, Paiusan, Hadad and Nastase (2018) compliment the previous research by adding other factors such as reinforcement and work discretion, dynamic environment and decreased formalization, delegation, time availability, strategic awareness, management support, stress, vertical communication, horizontal communication,

and knowledge sharing. The researchers analyzed the answers of 175 participants and categorized them in the ten factors cited previously.

On the other hand, Reuther, Borodzicz and Schumann (2018) discussed the possible barriers for intrapreneurial activities and found several at an individual, organizational and market level, however these can also be incubator factors depending on the industry or the company in study. Table 6 summarizes these factors.

Table 6.

*Influential Factor in Intrapreneurship*

Level	Influence Factors
Individual	attitude of employees skills and creativity knowledge
Organizational	values and goals of the organization working environment agility and rule breaking tolerance managerial processes/management support communication processes intangible assets
Market	market situation

*Note.* Data from Reuther, Borodzicz and Schumann (2018)

### 3.3. Conclusions

In conclusion, the literature review has provided insights about the sector in which Bigmond compete and useful definitions regarding the solution of the problem identified in the previous chapter. The mega tendencies have given the path to understand new trends in HR sector, while the headhunting concept was ideal to clarify Bigmond's and other similar companies' main processes. The employee life cycle, as well as the job disengagement were important to analyze what individuals face before, during and at the end of the relation with its employer. As the most important topic, the outplacement concept and some examples had been deeply analyzed in order to create awareness about its benefits and impact on individuals. Finally, theory about product and market diversification, and intrapreneurship had given guidelines and best practices for the development of the project.

## Chapter IV: Qualitative/Quantitative Analysis

### 4.1. Qualitative Analysis

In this chapter, findings of the literature review, specifically the examples of the outplacement and the online tools, will be carefully analyzed. By merging the nine best practices from Europe, North America, and Latin America into two different tables. The first one benchmarks the different outplacement steps each company uses, and the second benchmarks, which outplacement characteristics are used by each company.

This will be complemented by combining the internal capabilities of Bigmond observed in the AMOFHIT analysis and the different interviews conducted with Fernando Gonzales and Flor Baca with the most critical characteristics and processes of the outplacement service. Such a methodology will be of the utmost importance in order to develop alternative solutions for the outplacement service and its implementation.

The analysis of Table 7 shows that the outplacement process varies widely depending on the company and the focus of the outplacement service. These differences are shown in the different number of steps and the order. For example, while Korn Ferry supports the client from early on in the job search, PwC offers job search guidance only in the fourth step, and OTM LHH offers already in the second step (Korn Ferry, 2020b; OTM Karriereberatung GmbH, n.d.; PwC, 2020). Some similarities usually involve the first step, which aims at understanding the client and the company that is going to work with, with regards to the strengths and goals. Additionally, like Bigmond, PwC and RECOLOCATE offer kinds of onboarding services, called “transition management” or “accompaniment” (F. Gonzales, personal communication, June 23, 2020; PwC, 2020; RECOLOCATE, 2019).

Table 7.

*Benchmarking outplacement processes of best practice*

Outplacement providers	Outplacement steps				
	1	2	3	4	5
PwC	Data collection & Preparation	Building relationship	Development needs	Action plan & job search	Completion and transition
Mercer	No information available online				
Korn Ferry	Professional development and job search guidance	Assessments and benchmarking	Coaching and tailored career guidance		
Nokia	Find another job at Nokia	Find another job outside Nokia	Start a new business	Learn something new	Build a new path with financial support from Nokia
Randstad RiseSmart	No information available online				
OTM LHH	Analysis of strengths and goals, visions, and wishes	Implementation and job search	Transition management and job preparation support		
RECOLOCATE	Diagnosis	Training	Execution	Accompaniment	
DNA Outplacement	Introspection and self-knowledge	Definition of objectives	Learning processes	Implementation	
LHH DBM (example Dependent work)	Opportunity Analysis and Repair	Professional profile, communication strategies, CV, job opportunities identification	Implementation of the chosen option and evaluation of progress	Networking	Transition Management
Career Partners International	Skills assessment, interviews simulations, labor references	Networking, personal brand development, job search	Interviews feedback, methodology application, skills dev.	Advancement meetings, development of personalized strategies	

Despite these similarities, each company has a differential on the characteristics of the outplacement, as shown in Table 7. For example, the outplacement carried out by Nokia is the only one that has a strong focus on offering the employees an opportunity for education and entrepreneurship, despite also offering the traditional outplacement service (e.g., CV structuring and networking events) (Sucher & Gupta, 2018). This is an excellent example of promoting equal employment opportunities, which aligns with Bigmond's value purpose (F. Gonzales, personal communication, June 23, 2020). In this respect, Nokia gives financial support for those who did not have access to higher education; even a structured MBA program was created to attend the necessities of terminated employees in the ICT sector (Sucher & Gupta, 2018). Also, Randstad RiseSmart provides educational possibilities through an e-learning platform (Randstad RiseSmart, 2019). This online service of Randstad RiseSmart also aligns with the idea of Fernando Gonzales. He expressed in one of the interviews the wish to provide opportunities for learning a new language, for example, through partnerships with Open English (F. Baca & F. Gonzales, personal communication, June 24, 2020). However, the service provided by Randstad RiseSmart goes even further than the idea of Fernando Gonzales as it includes other fully personalized categories, such as webinars, personalized videos and articles, self-assessment, and teaching of soft skills and computer technology (Randstad RiseSmart, 2019).

Table 8.

*Benchmarking outplacement processes of best practices.*

Characteristics	Outplacement providers									
	PwC	Mercer	Korn Ferry	Nokia	Randstad RiseSmart	OTM   LHH	RECOLOCATE	DNA Outplacement	LHH DBM	Career Partners International
Access to workspaces					X				X	
Career coaching	X	X	X	X	X			X	X	X
CV structuring	X		X	X			X		X	X
Digital service	X	X	X		X	X		X	X	X
Digital skills	X				X					
Educational possibilities				X	X					
Emotional support	X						X		X	X
Face-to-face service	X	X			X		X	X	X	X
Job interview preparation	X		X		X			X	X	
Job search support	X	X	X		X	X	X	X	X	X
Negotiation skills					X	X				
Networking		X		X	X		X	X	X	X
Onboarding service	X						X			
Personal brand development	X						X		X	X
Personalized service offering	X	X	X		X	X	X	X	X	X
Psychological tests	X					X				
Skills assessment	X		X		X	X	X	X		X
Upgrade of social media profiles	X				X		X		X	X
Workshops					X				X	X

As it is possible to see in Table 8, all North American companies provide digital outplacement services, while in Peru, DNA Outplacement provides digital services through the GENES platform and LHH | DBM has the platform Active Placement (GENES, n.d.; LHH | DBM, n.d.). This means that companies are following the trend of digitalization, just like Bigmond is also aiming to (F. Baca & F. Gonzales, personal communication, June 24, 2020; Gesing & Weber 2017). Bigmond already presents satisfactory technological and innovational capabilities as it has already in place Bigmond Digital, an online sales platform (Bigmond, 2020a). Furthermore, Fernando Gonzales said in one of the interviews that his vision is to offer a complete digital outplacement service, from the early stages until the post-service (F. Baca & F. Gonzales, personal communication, June 24, 2020). Bigmond could genuinely profit from a fully automated and digital service as it has a small team, and the majority of expert coaches are outsourced. Also, a fully digitalized service can be easily scalable in an international context, in which Bigmond can profit as it has clients in other continents. However, the main outplacement providers in Peru are already offering digital services. This means Bigmond will face fierce competition from companies that already have some experience in providing such services and will force Bigmond to offer a differentiated online outplacement service. Additionally, the current financial constraints might hamper Bigmond to adopt leading online technologies and artificial intelligence, which are necessary to compete in this market. Mainly because Fernando Gonzales aims to provide this service also outside of Peru and will face competition from even more prominent and well-established companies (F. Gonzales, personal communication, June 23 & 24, 2020).

Another outplacement characteristic that stands out is the access to workspaces, in which just two companies provide it. According to them, this can be a way of offering emotional support, as finding a job is actually already a job, and through a supportive community, the clients can easily overcome stressful times (LHH DBM, 2019). However,

33% of the employees that have the outplacement service paid by their employers do not show up to these workspaces because they do not have the time, do not want to go because they are suffering after the dismissal, the access to such spaces might not be easy to everyone and clients might not want to meet even more people in the same difficult situation (F. Baca & F. Gonzales, personal communication, June 24, 2020). Therefore, this outplacement characteristic might not be relevant to Bigmond, as it aims to provide services also outside of Peru, and workspaces would generate additional costs in times of financial constraints.

Another aspect to take into consideration is the digital skills. As Fernando Gonzales aims to provide a fully digitalized service, it has to be an uncomplicated and functional platform that allows all types of clients to access it without any struggle. Also, as the literature review has shown, there is a trend of digitalization, and the employers have new expectations on employees, such as willingness to innovate, technological know-how, and flexibility (Gesing & Weber, 2017). Therefore, digital skills can be increasingly important in the outplacement process in order to meet employers' expectations.

The outplacement characteristics of career coaching, CV structuring, job interview preparation, job search support, personal brand development, social media profile upgrade, and skills assessment are common to several best practices in the market. In this regard, Bigmond already provides some of these services, and it should meet the other underlying determinants to compete in the market. Also, Bigmond must offer a service that can be adapted to the employment level, skills, and duration as the best practices' examples do. The significant differential of Bigmond will be that these services are focused on the employee instead of the employer. Additionally, very few companies include the onboarding service in the outplacement service, which can be a further differential of Bigmond.

#### 4.1.1. Qualitative analysis of Peruvian competitors

The primary focus of Bigmond when introducing this new market offering is the Peruvian market. Therefore, the qualitative analysis of the Peruvian competitors deserves a closer look. As Table 9 shows, the four main competitors of Bigmond have an international presence and offer differentiated outplacement service. This means that in order to be able to compete in this market, Bigmond should provide a degree of differentiation as well. For example, according to the employment level of the client and the duration of the service. This, however, also shows that in contrast to what is widely believed, the outplacement service is not highly concentrated on the senior executive, as two out of four competitors offer this service also to lower employment levels, such as analysts. This poses the questions of whether Bigmond's purpose of democratization of the outplacement service would be seen as differentiation or not.

Additionally, it can be seen that the price ranges vary according to the differentiation of the service; they start at around S/. 3,000, and the highest prices range between S/. 7,600 to S/. 9,500. This can be regarded as somewhat expensive when the minimum salary in Peru is S/. 930.00, and the average salary is S/.1584.00 in 2020 (Trading Economics, 2020). In this regard, Bigmond could democratize its service concerning the price, by making it affordable to the broad masses and consequently promoting equal employment opportunities.

The use of digital platforms and Artificial Intelligence (AI) is not widespread among all competitors in the Peruvian market. Solely, DNA Outplacement and LHH DBM have well developed digital platforms and make use of AI. As described in the literature review, the GENES platform offers access to all job vacancies, advice on how to improve interview performance, access to headhunters and recruiters, optimization of CV, and virtual outplacement sessions. Similarly, Active Placement makes the CVs of executives globally available, guarantees a quick transition into new jobs, and develops digital personal marketing

for social networks. In this case, AI is used as a virtual career assistant “ELLA” and “Digital Talent Exchange,” a personalized way to find the best job fit. While this means for Bigmond higher competition from established companies that already use developed digital platforms, Bigmond can still differentiate and transform it as a source of competitive advantage as its use is not widespread. Additionally, the use of digital platforms and AI would be advantageous since no substantial hiring would be necessary. This is particularly important as Bigmond has a small team.

Table 9.

*Main Characteristics of the Competitions*

Dimension	RECOLOCATE	DNA Outplacement	LHH DBM	Career Partners International
Target market	Top executives, executives, coordinators, analysts, technicians, and operators	Top executives, executives, coordinators, analysts, technicians, and operators	Top Executive, Executive, Professional, analysts	Executives
Price range	From S/. 3,068.00 to S/. 7,670.00. Promotional price: S/. 1,250.00.	<i>No available information online</i>	<i>No available information online</i>	From S./ 3,600 to S./ 9,500
Differentiation of outplacement service	Silver, Gold, and Platinum	Yes, according to the employment level and aim of the outplacement	Yes, according to the employment level	Professional, executive, and senior placement
International Presence	Yes	Yes	Yes	Yes
Average time to re-employment	2.7 months	<i>No available information online</i>	<i>No available information online</i>	2.7 months
Use of digital platforms	JobFinder	GENES platform	Active Placement	No
Use of AI	No	Yes	Yes (Digital Talent Exchange, ELLA)	No

*Note.* Data from personal communications.

Another essential factor to take into consideration is the social media activity of the Peruvian competitors, as the internal analysis has demonstrated, social media marketing is vital for Bigmond. Table 10 shows that there are vast differences in the number of followers

and likes on the Facebook page of each company. Nevertheless, Bigmond has shown the second-highest number of followers and likes, just behind LHH DBM. Specifically, it has shown approximately four times more likes and followers than Bigmond, even if Bigmond is the company that posted the most in July 2020. This means that the efforts of actively posting are not necessarily translated into more interactions. Consequently, Bigmond needs to develop its current strategy to increase its interactions on each post and therefore achieve more brand awareness and reach.

Concerning LinkedIn, the pages of DNA Group and LHH were used for this analysis since they do not have specific pages for the units in Peru. This can somewhat decrease the validity of this analysis since these international groups generally have a much stronger presence when compared to local Peruvian firms like RECOLOCATE. Nevertheless, again Bigmond showed roughly three times more followers on LinkedIn than RECOLOCATE and Career Partners International Peru. Also, it presented the highest average number of comments on posts in July 2020, despite the number of posts not being substantially higher than LHH and much lower than the DNA Group.

Table 10.

*Social Media Activity of competition.*

	RECOLOCATE	DNA Outplacement	LHH DBM Peru	Career Partners International Peru
<b>Facebook</b>				
Number of followers	432	732	20,213	3,307
Number of likes on the page	412	714	19,791	3,261
Number of posts (July 2020)	1	33	27	3
Average number of likes per post (July 2020)	4	0.7	20	3.3
Average number of comments (July 2020)	0	0	0.5	0
Average number of people sharing posts (July 2020)	0	0	7	1.3
Most used type of post (in July 2020)	Photo accompanied by text	Photo accompanied by text	Link accompanied by text	Link accompanied by text
	RECOLOCATE	DNA Group	LHH	Career Partners International Peru
<b>LinkedIn</b>				
Number of followers	5,157	75,250	196,820	5,619
Number of posts of last month (July 2020)	3	100	48	16
Average number of likes per post (in July 2020)	6	10	43	11
Average number of comments per post (in July 2020)	0.3	0.1	1	0
Most used type of post	Photo accompanied by text	Photo accompanied by text	Link accompanied by text	Photo accompanied by text

Concluding, despite that DNA Outplacement and LHH DBM presented the highest social media activity, Bigmond is not so far behind. As the internal analysis also showed, Bigmond has a strong and effective marketing activity, which is, for example, shown due to its high number of followers on LinkedIn and Facebook. Nonetheless, the interaction with its followers needs to be improved. Additionally, when introducing a new product into the market, increased marketing activities, including social media, should be considered.

## **4.2. Quantitative Analysis**

The quantitative analysis presented in this chapter will show the current situation of the Peruvian market with respect to the employment situation and the change it has undergone due to the COVID 19 pandemic. The variation of the data concerning the second quarter of the year 2020 (April, May, June) will be presented and will be related to the outplacement market, which is the main objective of this research. Also, the results of the survey applied between July 13 and July 17 to a pool of 163 people, 102 answers were from Peruvians, and 61 people from abroad, composed by the following countries: Austria, Germany, Brazil and Canada. This tool, which Groves et al. (2004) defined as “systematic methodology for gathering information from a sample of entities to construct quantitative descriptors of the attributes of a larger population” (p. 2), will provide insights about current situation about the employment of the surveyed, their knowledge and their expectations regarding an Outplacement service.

### **4.2.1. Context of the labor market**

This section will show the variation that the Peruvian labor market has suffered due to the COVID 19 pandemic since this situation represents an opportunity for the launch of an outplacement service. For the purposes of this research, the information presented below will be focused on the economically active working population, which is the population with

employment; and it will also be focused on the economically active unemployed population, which is the group of people who are actively looking for a job.

According to the INEI (2020a), in Peru, in the second quarter of February-March-April 2020, the employed population was reduced by 25% compared to the previous year; in other words, more than 1'216,000 people were unemployed in just three months, a figure that reflects the impact of the COVID-19 pandemic, since it brought most economic activities to a standstill.

The economically active population is divided into three age groups: 18.6% belong to the first group between 14 and 24 years old, 51.1% are between 25 and 44 years old, and 30.3% belong to the third group of 45 years old and over. For the purposes of the research, the information analysed will mainly be from the second group aged 25 to 44, as this range includes people from Bigmond's target market for outplacement services, who are formal sector employees in mid-range positions.

In the quarter under analysis, according to the INEI (2020a) employment contracted mainly in the 25-44 age group, with 26.4% (over 676,000 people); and in the 45+ age group, it fell by 20.6% (301,300 people). This indicates that about 676 thousand people would be the number of the market until the moment that can be reached with the outplacement service.

Likewise, it is important to add that the employed population decreased in several industries, in Construction it was reduced to 30.5% of the personnel (109 thousand people), Manufacturing 27.3% (171 thousand people), Services 25.1% (709 thousand people) and in Commerce 20.9% (206 thousand people) (INEI, 2020a).

Another important aspect to mention, as a variant that caused the COVID19 pandemic, is that the average monthly income from the work of the economically active population decreased by 4.2%, compared to the previous year. In addition, the main affected group is the economically active population with higher education, which is part of the customer profile

that Bigmond wants to target with this new service. The average monthly income of this specific group with higher education was reduced by 13.0% and by 0.9% in those with technical education.

Based on these market variables, it is convenient to analyze the data collected through a survey directed to the economically active population, either employed or unemployed, to know their opinion about an outplacement service in this pandemic situation.

#### **4.2.2. The survey**

The survey was composed of 19 questions including yes/no questions, single and multiple choice, check marks, and open questions. Due to the COVID-19 situation, it was developed and delivered through digital channels in Spanish and English versions. It was composed of three main parts: (a) profile, (b) current situation and, (c) knowledge and expectations. Appendix A shows the questions of the survey.

***Profile of the sample.*** This part was aimed to know the gender, age, and educational level of the people. Since Bigmond offers an unbiased and democratized service (F. Gonzales, personal communication, June 23 & 24, 2020), it is important for the company to follow this path in any other new product. By asking about these three aspects Bigmond would better categorize their market objective of the outplacement service. It is important to remark that the age ranges were based on the same ranges that INEI uses to analyze the labor statistics of the Peruvian population in its different studies.

***Current situation.*** In order to understand how big is the potential market for Bigmond, the current situation of the surveyed will give insights about their employment situation, current job position and their willingness to move or look for another job. In addition, since Bigmond expects that this service could also be offered to international customers (F. Gonzales, personal communication, June 23 & 24, 2020) measuring the location of surveyed people could be useful information for future expansion plans.

**Knowledge and expectations.** There are very few companies offering outplacement services in Perú, that is why the survey offers a definition of the service and asks for the intention of hiring it. In addition, the respondents were provided with a list of additional services that the service could offer with the purpose of suggesting their inclusion. In this sense, this part looks for ways to make the service more attractive to potential customers.

**Results.** The Peruvian results will be shown in terms of tables and figures since the Peruvian market is the most important for this research. However, in the analysis section of the survey, a comparison will be made with the results of the survey of foreigners, so that it can be used as part of the recommendations for future actions of international expansion of this service. Overall results showed that there is almost a parity in the gender of participants, and most people are between 25 to 44 years old with concluded university studies. Since the survey was delivered through social networks like LinkedIn and privately, there are almost no people with an educational level lower than non-superior, and was answered mainly by people from Perú (100 people) and Other countries (61 people from: Canada, Austria, Germany, and Brazil).

**Peruvian results.** Table 11 shows the result for the profile and the current situation of the Peruvian respondents. Around 53% of respondents were men while 47% were women. Furthermore, the majority (93%) of the respondents are aged between 25 and 44 years old. The educational level among the respondents is mostly university education and higher. In addition, only around 15% of respondents are currently unemployed while 47% of the employed are considering changing their jobs.

Table 11.

*Survey Results: Profile and Current Situation – Peru.*

Gender	Percentage
Feminine	47%
Masculine	53%
Age	
18 - 24 years old	4%
25 - 44 years old	93%
45+ years old	3%
Educational Level	
Complete non-university superior	12%
Incomplete university superior	6%
Complete university superior	65%
Incomplete postgraduate	9%
Completed post graduate	9%
Current Employment Situation	
Unemployed	15%
Employed	85%
Willingness to change job if unemployed	
No	53%
Yes	47%

It can be noticed that most respondents belong to middle management positions such as assistants (21%), analyst/specialist (41%), supervisors/coordinators (13%), and head of departments (12%), while just a few numbers are managers (1%) or low rank management as technicians, operators and trainees. Figure 8 presents every job position of the respondents.

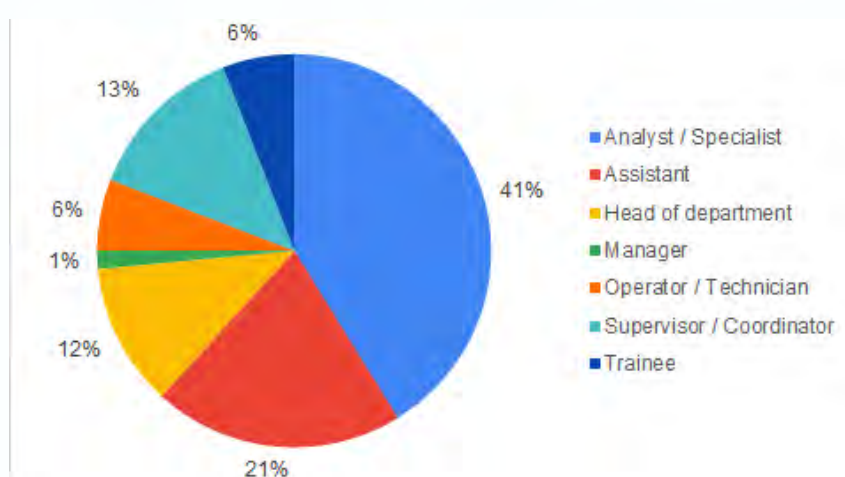


Figure 8. Job position distribution of respondents.

When asking for the knowledge or the familiarity with the concept of outplacement, only 37% of respondents claimed to be aware of it. For those who did not know, a definition was provided since the survey was aimed to gather information about their intention to hire the service. Thus, only 1% of the respondents wouldn't have any kind of interest for the service, however 49% of respondents still will be more comfortable looking for a job by themselves rather than hiring an outplacement service. Table 12 shows the results in detail.

Table 12.

*Knowledge and intentions about outplacement service.*

Are you familiarized with the outplacement concept?	Percentage
No	63%
Yes	37%
Do you consider you will need the service?	
Definitely not.	1%
Maybe.	28%
Probably not.	10%
Yes, definitely.	21%
Yes, probably.	40%
If you were unemployed, would you hire the service?	
I would hire the service.	51%
I would search on my own.	49%

The next question in the questionnaire helps to identify the causes. Among the reasons for why respondents would not hire an outplacement service it can be identified two as the most outstanding: (a) the implication of an additional costs with 67% and, (b) the mistrust in the results of the process with 30% of occurrence.

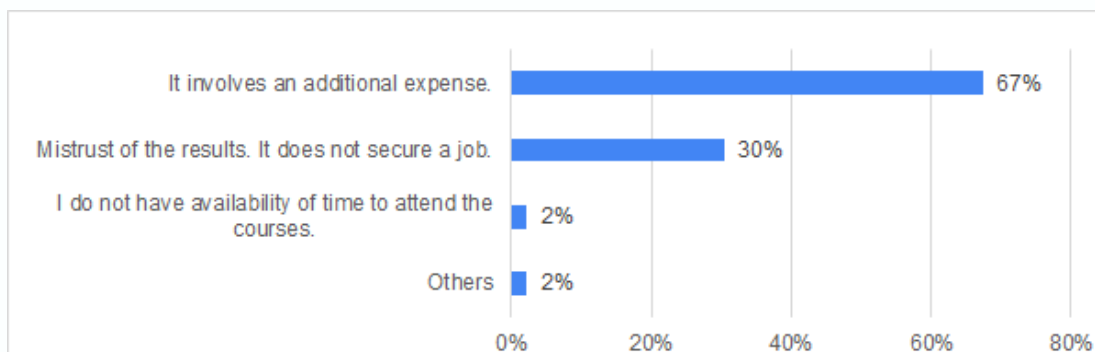


Figure 9. Reasons for not hiring the outplacement service.

The survey also asked about the time horizon of the hiring intention for the outplacement service, results presented in Figure 10 show that as time without a job goes, the intention of the respondents increase. Thus, 27% of the respondents would hire the service after 3 or 4 months without finding a job, and 43% after 5 or more months.

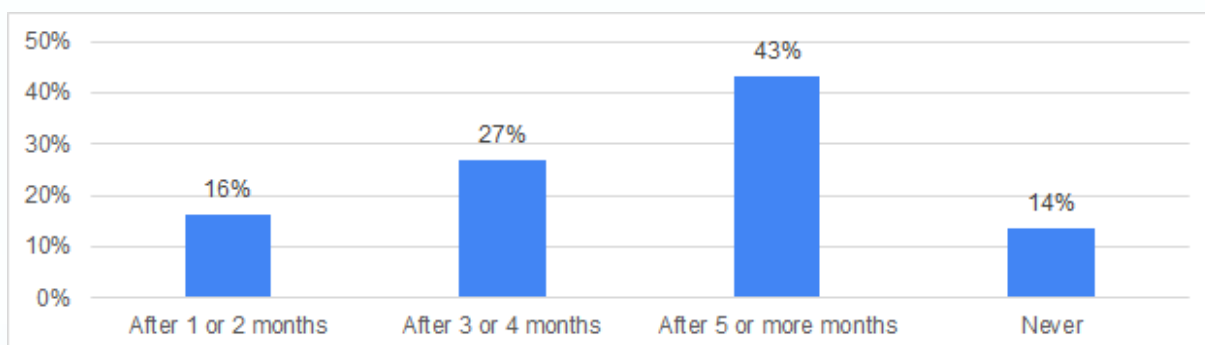


Figure 10. Time horizon of hiring intention for the outplacement service.

Since the outplacement process also implies the development of the client in different aspects regarding professional and personal skills, the survey asked for the most valuable elements that a service must consider. Here, the respondents could pick as many choices as they wanted. Figure 11 shows the results of the answers. Peruvian respondents believe that job pool and assistance is the most important element (74%), followed by networking opportunities (61%), and development of digital tools (56%) and soft skills (47%). Figure 12 shows the results of the answers.

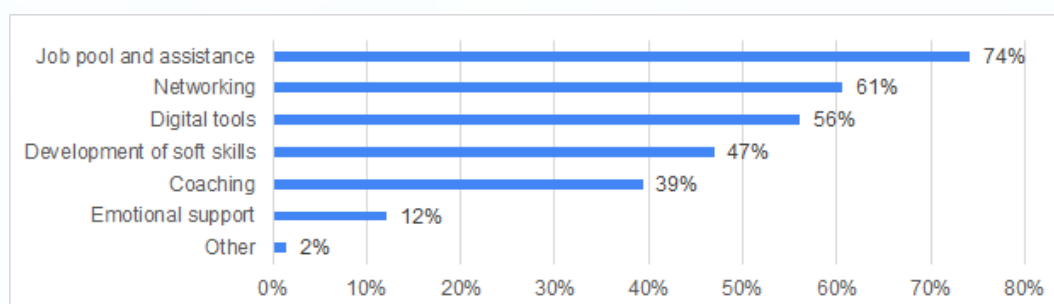
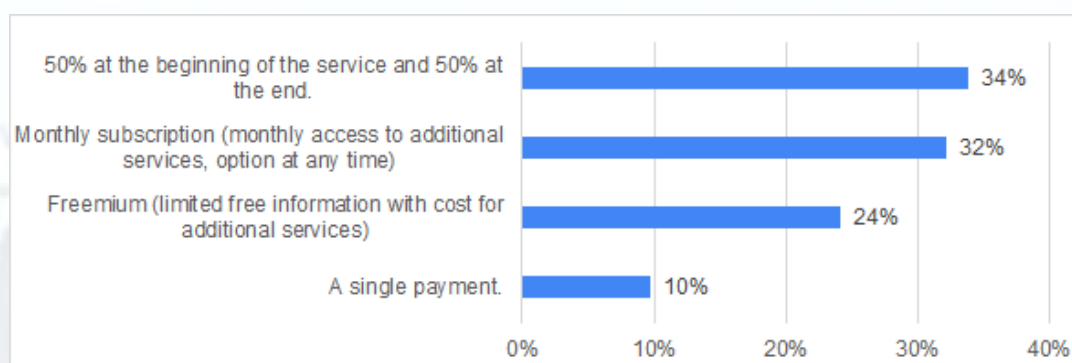


Figure 11. Most important elements to consider in the outplacement services.

The price of the service seemed to be the most sensible question for the respondents since 87% chose the cheapest option, while only 11% and 2% chose the ranges between

US\$400-US\$550 and US\$550-US\$600 respectively. Higher ranges were not even considered in their answers.

When asking about the payment methods to acquire the service, 34% of respondents preferred to pay 50% at the beginning of the service and 50% at the end, 32% consider that a monthly subscription will be more suitable for them, 24% believe that a freemium would be the best option, and 10% considered that a single payment is better. Figure 12 shows the results.



*Figure 12.* Payment method.

It was expected that due to the pandemic situation, there will be more people who would prefer having the service through online platforms. The results of the survey confirm this, 69% of respondents prefer to access the outplacement service digitally, while 31% prefer to take it face-to-face.

The survey asks again for the willingness of the respondents to hire the service today if all the choices considered in previous questions would be available in the service. Figure 13 demonstrates that 51% of the respondents will be willing to acquire the service today.

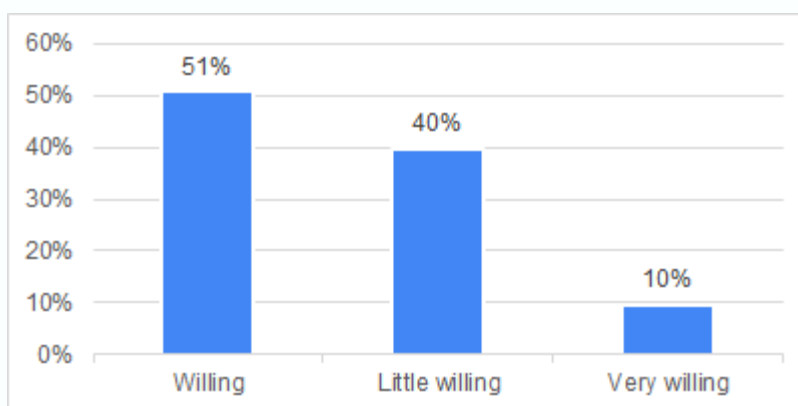


Figure 13. Willingness to hire the outplacement service today.

Regarding the preferable channels to receive information and advertisement about the outplacement service and the processes involved in it, respondents consider social networks (31%) and email (28%) as the favorites, followed by LinkedIn (14%), websites (9%), phone calls (9%) and videos on YouTube (8%). Figure 16 represents the results.

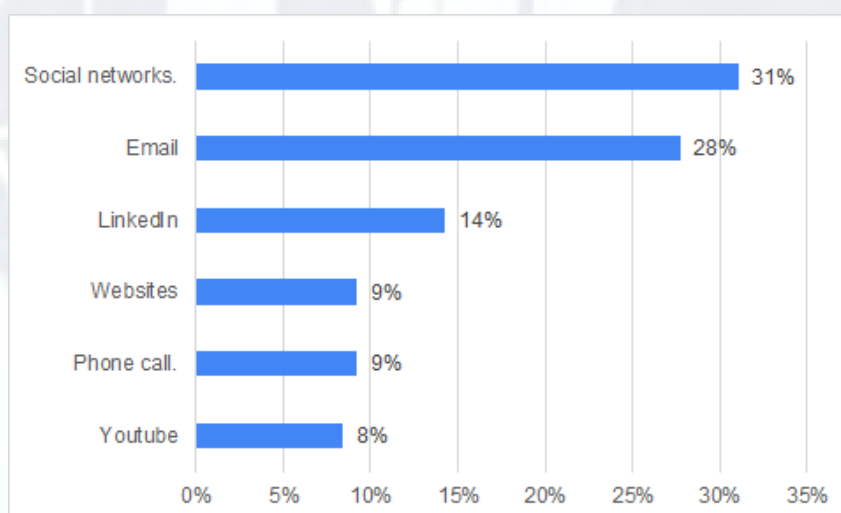


Figure 14. Information channels.

The same survey was responded by people from other countries such as Canada, Brazil and Germany. The results are not shown in this report but a comparative analysis between both is provided next.

#### 4.2.1. Comparative analysis

Since Bigmond seeks to reach the masses in the market (F. Gonzales, personal communication, June 23 & 24, 2020), the survey was aimed to be responded by middle

management positions, that is why assistants, analysts, and supervisors account for 75% of the answers from Peruvians respondents, and 70% for the foreign respondents. In this way, it is possible to validate the quality of the information obtained in relation to the objectives of the company with the service.

The foreign market knows more about this service 68%, while there is still work to be done in the Peruvian market, as only 37% of those surveyed were familiar with the concept. This shows that at this time, it would be a good opportunity to enter the market to generate brand awareness and market share as one of the first companies to offer this service for middle management positions. These numbers present to support the position of Bigmond to look for a service that can broaden its market and reach new customers. Moreover, more than half of the Peruvian respondents did not know what outplacement is or what processes it involves, it might be because of its newness in the Peruvian market and due to the little amount of companies currently offering it. Nowadays, this service is more focused on executive and top management positions (LHH DBM, 2018; F. Gonzáles, personal communication, June 23, 2020). However, after being aware of the possible outcomes of the service, the respondents seemed to consider it a service that they need or will need. However, a great proportion still believes that they can get a new job using their own skills.

Regarding the need for the service, only 61% of the Peruvian respondents answered that they would definitely and probably need the service, which shows that there is a current market demand for this service. In addition, 28% are in doubt, since they respond with a "maybe", this percentage would be a potential market to capture for Bigmond. On the other hand, 39% of the foreign respondents indicated that they would definitely and probably need the service, 29% answered a "maybe".

49% of Peruvian respondents indicated that if they were unemployed, they would seek jobs on an independent basis. While the percentage of this response is higher for foreigners,

68% of them indicate that they would seek jobs on their own. This will be important later on as at the end of the survey this question is asked again and a conversion ratio can be observed in the response. Peruvians and foreigners agree that the main reason for not hiring the outplacement service and looking for a job on their own is that this service requires an additional expense of 67% and 69% respectively. The implication of additional expense is the most remarkable issue in their likeability for hiring the service. Among the reasons that can be derived from the analysis, it can be argued that an unemployed person could be struggling with budgets for day-to-day activities, paying bets, or investing in an independent business. Most respondents are in an age that is characterized by economic independence and, in times of financial crisis, the personal debt increases with education (Gropp, Scholz & White, 1997). However, others might see this as an investment, and that is what Bigmond should aim for promotion of the service. Likewise, the second most important reason for Peruvians was because there is a lack of confidence in the results since the service does not ensure a job (30%). On the side of foreigners, the second major reason for not hiring the outplacement service is that they are confident that they can find self-employment and because in their countries they can have the same service for free.

An important difference that could be observed when comparing the responses of Peruvians against foreigners was that 43% of Peruvians were willing to wait 5 months before contracting the service, and 27% would wait up to 3 or 4 months to make the decision. The fact that the majority of Peruvians plan to wait periods of 5, 4 or 3 months before contracting the service is related to the data in the latest report of Economy and Development (RED) 2016, carried out by the *Banco de Desarrollo de América Latina* (CAF), which indicates that young Peruvians take 12 months to obtain a decent job. In that case, as there is a high average time while looking for a job, people tend to try to find work on their own the first few months, and if they do not get it until halfway through the average (6 months) they would only

consider acquiring the service. In that sense, Bigmond's value proposition with outplacement could be to accelerate this process of job re-investment, trying to make the outplacement process less than 6 months. On the other hand, 35% of foreigners would only wait one month of unemployment before opting for the service, and 31% would wait 3 to 4 months. This can be explained by the fact that in countries like Germany, people take 5.2 months to find a new job, so in case of unemployment, they would take the outplacement service more quickly to reduce the relocation time (Merkur.de, 2018).

For Peruvians, the five key elements that the outplacement service must contain are job pool and assistance as the most important element with 74% of preference, followed by networking opportunities (61%), and development of digital tools (56%) and soft skills (47%), and coaching sessions (39%). In that sense, Peruvians seemed to be more focused on getting support for finding a job since for them is preferable to have job pool and assistance rather than coaching sessions, which is the most preferable for foreigners.

About the price of the service, both groups agree on the price range: between US\$300-US\$400, which is the lowest in the survey. The preferred payment method for Peruvians is the option to pay 50% at the beginning and 50% at the end of the service with 34% of preference, which can be related to their mistrust of the results of the program. But also, the monthly subscription could be another option since 32% of the Peruvians voted for it.

Results about the way to receive the service most respondents chose digitally which was expected due to the current pandemic situation. This can be a benefit for Bigmond since it can reduce its operational costs. After the respondents could decide for each option that they would require for the service, there was a conversion rate regarding the availability of Peruvians to acquire this service, 51% indicated that they would be willing to acquire it, and 10% would be very willing to opt for the outplacement service that meets the characteristics mentioned above.

Finally, regarding the preferable channels to receive information and advertisement about the outplacement service and the processes involved in it, Peruvians and foreign respondents consider social networks and email as their favorites, followed by LinkedIn, websites. This represents an opportunity for Bigmond to develop its online presence, to reach more of its target audience.

### **4.3. Conclusions**

The qualitative analysis has shown that international and domestic companies are offering personal development of individuals as part of their outplacement service. The use of digital platforms not only allowed them to increase the number of additional services offered but also simplified its application. Similarly, the results of the quantitative analysis have given insights about the expectation of potential clients regarding their willingness to hire the service, the most valuable elements that the service should have, the price that would fit the most according to their beliefs, the payment methods that the company providing the service should offer and the best channels to receive information. All these variables will be inputs for the solution alternatives of the next chapters.

## Chapter V: Root-Cause Analysis of the Problem

### 5.1. Identified Causes

The present chapter intends to outline the root causes contributing to the critical problem described in the second chapter of this consulting report. Further, chapter five will include an Ishikawa fishbone analysis, which is useful because it helps identify causes contributing to the problem and categorize the issues into root causes. Using the diagram, twelve main issues are sorted and organized, highlighting five root causes of Bigmond's want to diversify their services offered. Table 13 lists the twelve problems outlined, and Figure 17 lists and categorizes the twelve reasons under their respective root cause.

Table 13.

*Identified causes.*

List of identified causes
Impacts of COVID-19
Constrained by clients
Limited revenue streams
Lack of time
Need for first-mover advantage
Untapped talent
Dependence on CEO
Operational Synergies
Not enough R&D
Development team too small
Lack of technology
Lack of user interface

This chapter is critical for the consulting process as it will assist in outlining how to proceed with possible solutions and implementation strategies. The more effectively the problems or symptoms and root causes are identified, the better the solutions will address the problem's heart. According to the organization of the Ishikawa fishbone diagram, the five root causes present are: (a) financial position, (b) human resources, (c) planning, (d) timing, (e) technology and innovation.

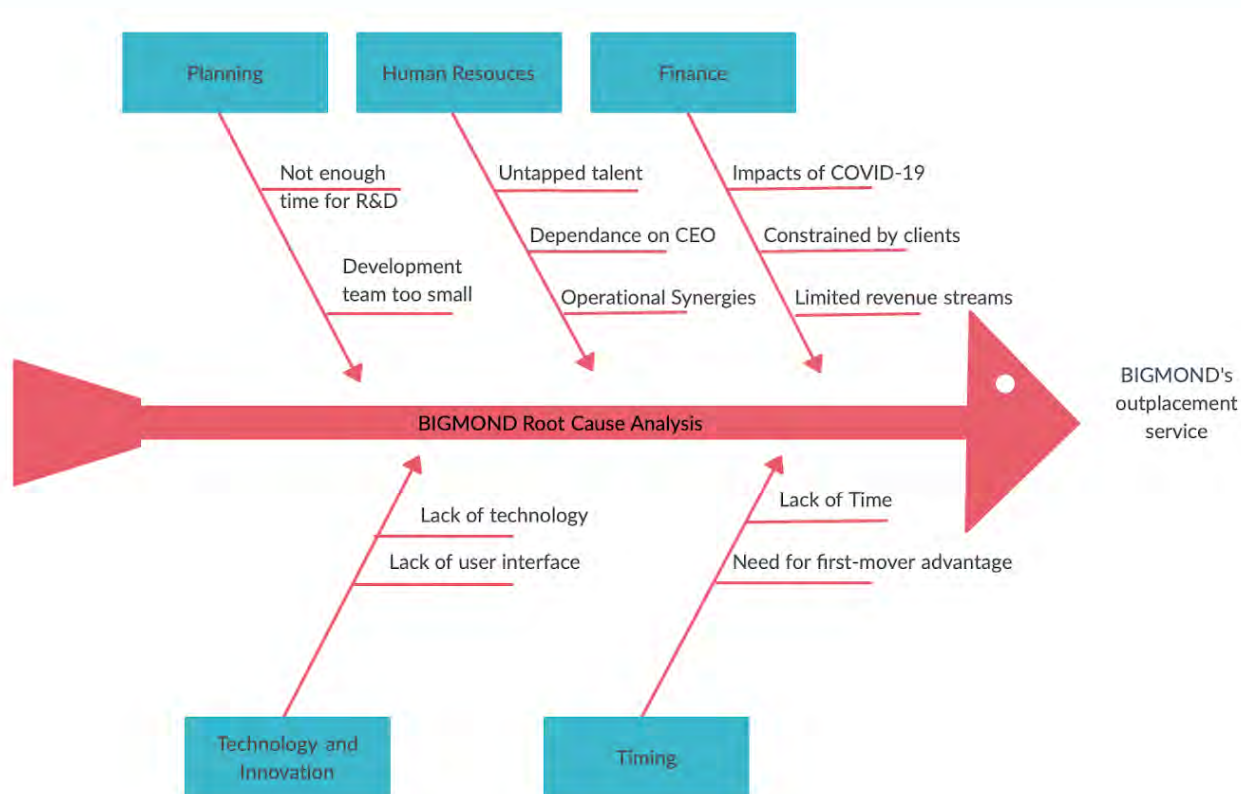


Figure 15. Bigmond's Root Cause Diagram.

## 5.2. Description of Causes

### 5.2.1. Financial position

The financial position of a company is an important underlying factor to analyze as it often dictates whether diversification is mandatory for survival or not. According to Baptista et al. (2019), small young firms tend to use diversification strategies to battle "intense competition and demand fluctuations in the original market" (p.120). In this position, the diversification strategy of Bigmond could be as a direct result of their recent financial fluctuations. According to a survey conducted by Gatzer et al. (2014), CEO's ranked their top two reason to diversify as: (1) reducing the volatility of earnings, and (2) reducing the risk of financial distress.

**Sub-cause 1: Impacts of COVID-19.** The current state of the global COVID-19 pandemic is truly unprecedented as it has caused tremendous uncertainty both within individual domestic markets, as well as in global markets. The uncertainty has turned into

financial strain causing damage to almost every market internationally. As stated in chapter two, Bigmond's sales have been reduced by 75% as a direct result of COVID-19.

***Sub-cause 2: Constrained by clients.*** In Bigmond's current business operations, its capacity to function is limited to the large company clients it maintains relationships with. The nature of the relationship gives power to the businesses searching for employers, rather than the employers who are searching for work. Being constrained to the large companies, limits the financial opportunity for Bigmond to receive income from other sources, and is a reason for the company to want to "massify" its business model.

***Sub-cause 3: Limited revenue stream.*** Since Bigmond primarily works as a head-hunting service, its revenue streams are limited to the performance in this one area. Using the example of Bigmond's 75% reduction in sales due to COVID-19, is a clear indicator that if its primary operation is slowed, its entire revenue stream is affected. The information into the root-cause of the financial position is critical as it will assist in finding the proper recommendations to offer Bigmond moving forward to best address the issue.

### **5.2.2. Human resources**

Human resources are defined as the aggregate pool of human talent under the direct control of the firm (Wright, et al., 2006). In order for Human resources to be considered a competitive advantage it must have "productivity advantages relative to its competitors." (Wright, et al., 2006, p.314)

***Sub-cause 1: Untapped Talent.*** While the Bigmond team may be small in size, the resource pool is extensive. Further, both top managers, Fernando and Dante, are highly motivated and eager to grow their business. Untapped talent is meant to refer to the organization's ability to use the talent already among their organizational pool and direct it towards another business idea or venture. Essentially, untapped talent among Bigmond's

talent pool means the company should diversify their offerings, they have potential to capitalize on untapped talent, leading to a better economy of scope.

***Sub cause 2: Dependence of CEO.*** Dependence on the CEO can be troublesome as it involves relying on a single person for various independent areas on the company. Reliance on a single person can hinder growth if not properly addressed. According to Wright et al. (2006), there is a greater sustained competitive advantage in a larger group of the organization, rather than just at the CEO or top management.

***Sub-cause 3: Operational synergies.*** As apparent from the literature review, organizational synergies within diversification strategies can prove to be extremely useful in achieving economies of scale and utilizing excess productive capacity. A lack thereof, can also pose a risk to the company for its inability to capitalize on the possibility of operational synergies between potential business units.

### **5.2.3. Planning**

***Sub-cause 1: Not enough time for R&D.*** Since Bigmond has such a small management team, they could face adverse effects as it pertains to research and development of their firm. According to Djellal et al. (2003), R&D is frequently overlooked or completely unrecognized among service firms. This idea is troublesome as R&D is critical to both firm growth and firm competitiveness. Focus on innovation can increase Bigmond's ability to grow and make stronger economic returns.

***Sub-cause 2: Development team too small.*** Since Bigmond is interested in moving outside of headhunting services and diversifying their offering to include an outplacement, the company must stress the need for business development. Flor Baca, head of projects at Bigmond, does not on her own, have the capability to execute all developments for the company. In order to be successful moving forward, the solutions should address the size of the development team at Bigmond.

#### **5.2.4. Technology and innovation**

***Sub-cause 1: Lack of Technology.*** Currently, Bimmond lacks the technology to operate on the massive scale like some of its competitors. Expensive artificial intelligence programs used by competitors in the outplacement industry allow for them to operate on a massive scale. According to Robinson (2018), Artificial Intelligence for algorithm-based hiring is recognized as a relative advantage among HR hiring firms. The solution proposed should consider this cause when addressing the main problem.

***Sub-cause 2: Lack of user interface.*** Bigmond lacks the user interface beyond merely a website. To gain competitiveness in the job placement industry, it is essential that Bigmond look to offer a more digitalized service. In order to move forward, a solution must address the lack of technological innovation surrounding the user interface required to operate at a massified quantity.

#### **5.2.5. Timing**

***Sub-cause 1: Lack of time.*** The current competitive climate in the job placement industry is ever evolving, and since Bigmond has such a small managerial team, it is incredibly difficult to keep up to date with all the innovations surrounding the sector globally. A lack of time could also be a result of a lack of personnel and

***Sub-cause 2: Need for first-mover advantage.*** Since Bimmond's idea of massified outplacement is rather new to the industry, it is critical that the company work quickly to address the opportunity in order to capitalize on the first-mover advantage. The first over advantage can be a source of competitive advantage over those who enter into the market afterwards.

### **5.3. Conclusions**

In conclusion, using the Ishikawa fishbone diagram, this chapter outlines that there are five root causes shaping Bigmond's reason to start an outplacement service: (1) financial

position, (2) human resources, (3) planning, (4) timing, (5) technology and innovation. In order to make the best recommendation, the root causes listed must be carefully analyzed and considered. Should the root causes of the problem not be addressed in the solution, there is a greater chance the proposed recommendation will not succeed, as the root of the problem was not addressed.



## **Chapter VI: Assessed Solution Alternatives**

### **6.1. Alternatives to Solve the Problem**

While the previous qualitative and quantitative analyses identified the most important characteristics of the outplacement services according to the best practices and the market expectations regarding outplacement service, the following part will present and assess different alternatives for Bigmond's outplacement service. Nevertheless, when determining the best and most suitable outplacement service for Bigmond, it is essential to consider the company's existing capabilities, resources, and the alignment to its values. This means the outplacement service should contribute to promote equal employment opportunities, fight against discrimination and inequalities, and contribute to high-quality service, excellence, and high management standards.

#### **6.1.1. Triple bottom line business unit**

The first alternative concerns the business form for the new business unit of Bigmond Group. It is based on a separate Business Unit with a "Triple Bottom Line", a framework that incorporates People, Planet, and Profit (also known as 3Ps, or TBL). This would significantly differentiate its corporate socially responsible purpose from other outplacement providers operating in the Peruvian market. As the qualitative analysis showed, not many companies focus their services on social aspects, except for Mercer, who offers an evidence-based approach to improving diversity and inclusion (Mercer, 2020). According to literature, corporate social responsibility (CSR) can be described as a "sentiment" that is growing every year in Peru, and especially environmental protection is highly valued as a CSR activity in Peru (Marquina & Morales, 2012; McShane, 2015).

The most important reason for engaging in CSR activities other than differentiation is that it can generate favorable stakeholder attitudes and increased purchase intent, and seek employment and investment in the company. Additionally, according to literature, in the long

run, it can help to build a stronger corporate image, strengthen stakeholder–company relationships and enhance stakeholders’ advocacy behaviors, such as word-of-mouth and employee commitment (Mohr & Webb, 2005; Du, Bhattacharya & Sen, 2010; Marquina & Morales, 2012; Tsourvakas & Yfantidou, 2018). However, in order to achieve that, companies need to communicate their CSR more efficiently. Therefore, in this alternative, increased marketing activities would play a key role (Du, Bhattacharya & Sen, 2010).

In this sense, by offering a fully digitalized service, Bigmond would still be considered as a Carbon Neutral Company, guaranteeing the first “P” of the 3Ps. More importantly, when providing its clients with opportunities for skills development or educational possibilities, Bigmond should incorporate the idea of sustainable and green management practices. In other words, it should provide the opportunity to its clients to develop new capabilities that are in line with organizations’ trend of implementing procedures to efficiently manage elements of organizational sustainability (Mustapha, Manan & Alwi, 2017). These new capabilities are crucial since there is a “growing global concern on climate change and widespread awareness towards environmental sustainability and cleaner production” (Mustapha, Manan & Alwi, 2017, p. 159) This would not only differentiate Bigmond’s service from other competitors but also offer clients the opportunity to have an updated skill set.

When it comes to the social part of the TBL, Bigmond should introduce a virtual career center, similar to SmartRecruit and Active Placement, but which uses totally unbiased algorithms concerning age, disability, religion, national origin, sexual orientation, and gender identity. Additionally, it can occasionally provide (every trimester) free vocational and training workshops for the socially disadvantaged and educational lectures with topics that promote inclusion and diversity, such as women in leadership roles. By combining these

social efforts, Bigmond would be able to fight against discrimination and promote equal employment opportunities.

Lastly, profits would be guaranteed by offering paid digital outplacement services, which includes, for example, career coaching, CV structuring, improvement of digital and negotiation skills, job interview preparation, onboarding service and update social media profiles.

### **6.1.2. App & strategic alliances**

The second alternative solution comprises a computer application, or “App” that unites all the current and new services of Bigmond, and many of the aspects saw in the best practices presented in the literature review and qualitative analysis. This can be translated into a simple to use App consisting of a Menu with all services one can have access to, depending on the needs of the user and the services purchased. It would be a platform which unites everything one can look for, while employed, to keep updated and continuously develop skills or to the one that lost the job and is looking for new opportunities and support.

Specifically, there is an e-learning platform in which the user can choose language courses, have access to web seminars, improve digital and negotiation skills through tutorials and exercises, learn how to structure the CV, and learn how to prepare for job interviews through virtual simulations. Secondly, in the Menu, there is a virtual career center, where a digital platform, like SmartRecruit and Active Placement, which electronically matches and unites employers and job seekers according to their specifications and characteristics. Thirdly, in the news’ section, users can have access to news about recent trends on the market and other relevant articles. Lastly, there is a social network platform that unites all the users of this App in order to provide them with the possibilities of online networking.

This means the users can have access to the services regardless of their location, through smartphones, tablets, and laptops. Moreover, there is the possibility of

personalization, according to the users' decision to buy or subscribe to specific services offered in the App.

When diversifying, Bigmond must decide between different forms, which can introduce its new market offerings into new markets. In this case, when offering that many services in an App, Bigmond should form strategic alliances, "an agreement between two or more partners to share knowledge or resources" (Vyas, Shelburn & Rogers, 1995, p. 47). This brings substantial benefits to the companies involved, such as reducing/sharing the risk, decreasing entry barriers by having access to distribution channels, achieving synergies through increased efficiency, shared expertise, reduced cost, and increased market share (Vyas et al., 1995). This would be of particular advantage for Bigmond due to its small team, not significant experience with digital and online services, and current financial status.

Strategic Alliances should be firstly formed regarding the e-learning platform and the move towards offering fully digitalized services. One example is Atypax, a Peruvian ecosystem of startups, which unites education with software and innovation (Atypax, 2020). Moreover, when providing language courses, Bigmond could form strategic alliances with, for example, SpeedLearningLanguages, Fluenz, or Duolingo.

### **6.1.3. New business unit and digital platform**

After gathering and comparing the best practices from foreign and domestic companies, and running a survey focused on getting the market insights about outplacement, a third solution for Bigmond is to establish a new business unit and develop a digital platform that can support four main processes: assessment, training, development, and support. Each process will be focused on understanding and enhancing clients' capabilities while being advised by a coach.

The adoption of the digital tool will reduce Bigmond's investment since there is no need for a large team to supervise it, however, a well-established process and a leader must be

needed. Key elements such as the team, the process, the technology, the marketing strategy and the pricing strategy involved in the business unit must be settled in order to align to Bigmond's distinctive values of equality, excellence and social responsibility.

It would be important to establish a penetrating marketing strategy since, as seen in previous analysis, the outplacement concept is not well known yet in the Peruvian market. A strong advertising campaign will be necessary for Bigmond to publicize its new service and position itself among the most recognized companies in the sector.

#### **6.1.4. Social network-based solution**

The last alternative solution presented focuses on capitalizing on the benefits of social networks concerning the job placement industry. This alternative solution is based on creating a social network explicitly targeting Lima and the Peruvian market. Boyd and Ellison (2008) define a social network site as a platform which permits participants to: "(1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system." (p.211). Al-Amin et al. (2019) surveyed job seekers in which the results showed that 94% of the respondents found social media as helpful in their search. This information is useful in determining that job seekers find tremendous value in online social networking. In addition to assisting in the job-seeking market, social networks may also help job seekers to build up confidence as they connect with other job seekers through the networking service.

Further, in "High Tech and High Touch" (2017), authors Coverdill and Finlay express that LinkedIn is possibly the "most significant labor-market innovation" (p.164) in the current time, meaning that social networking may be the most critical aspect in the respective industry. Since such innovation, job placement services have stressed the importance of using social networks as a means of acquiring new employment opportunities (Gribble and Miller,

2009). Yet. Offering a social network could also prove to be much less costly as it eliminates the need for the amalgamated resources needed for an outplacement service or can be offered in addition to such outplacement services.

Following Bigmond's core values of promoting diversity and inclusion in today's workforce, Bigmond can continue to uphold this same standard when implementing a social networking service. By including aspects to promote diversity and inclusion, Bigmond can offer features such as voluntary self-identity questionnaires to connect people from similar backgrounds. In connecting people from similar backgrounds, Bigmond can help to promote the network of people who typically come from minority groups in today's workforce.

## **6.2. Assessment of Alternatives**

The four alternatives exposed before have in common the utilization of digital resources, however there are some aspects to take into consideration such as the risk implied, the expected impact and the investment that may result that some alternatives wouldn't be feasible. The first alternative proposes a new business unit supported by a digital solution but also focused on CSR. As exposed before, CSR generates a 'sentiment' for social and environmental concern however this might not be a decisive aspect for potential customers to hire the service. At a first phase, this solution might need more resources investment than the others and could impact Bigmond's expected profits. The second alternative involves a global digital platform for all the company's services and deploying strategic alliances with other companies in order to reduce risk and collaborate on the development of the customer. However, the complexity and time involved for this solution might reduce Bigmond's strategy for catch a great portion of the expected market since, as seen in Chapter 4, there is an increasing number of companies offering similar outplacement services. The third alternative seems to be a mix between the first and the second, however it is thought to be developed faster than the others. Focus on the five described key aspects would let Bigmond

to establish the new business unit with complete well-structured processes and to reduce risk of success, however the company must ensure the development of a strong digital platform capable to support all the elements founded based on the survey. Finally, the fourth alternative base the solution in using social media as the main channels for offering and develop the outplacement service. Even though at Bigmond social media important resource for the company's promotion, it might be not aligned to the idea of offering a complete service based on the market needs. In other words, there will not be a main differentiator from what other companies offer, therefore, it will imply a major risk for the profitability of the service.

### **6.3. Conclusions**

While the four options give alternatives using digital solutions, some of them are particularly more complex than other, might not have the same impact, and will need more investment. Despite the cost for implementing a powerful digital platform, the team decided the third option as the most feasible solution for the development of the outplacement service of Bigmond due to its focusing on digitization of the process and stretching service and brand awareness among potential clients. The next chapter will give more details about it.

## **CHAPTER VII: Proposed Solution**

### **7.1. Business strategy**

Based on the analysis done in the previous chapters, the team proposes the establishment of a new business unit for the outplacement service to Bigmond. As revised, there is a high intention of potential customers for hiring the service, however, there is still a little knowledge about HR companies and about outplacement processes. Nonetheless, this represents a great opportunity for the company to accomplish financial objectives and increasing its brand awareness.

Currently, Bigmond offers services of executive search focused in top management, and human resources consulting, but these are services that many other companies offer (which is a very competitive area in the industry). Differentiation in this business activity is hard to achieve, however, Bigmond have developed strategies to take advantage of its onboarding program and establish it as its competitive advantage supported also by its core anti-discrimination and excellence values. The team believes that Bigmond can extend its portfolio of services to reach a broader market with an outplacement service while maintaining its differentiation elements. Key aspects to achieve this are presented next.

#### **7.1.1. Team**

The proposed solution implies the establishment of a new business unit, and this also involves specialized and skilled staff in fields such as psychology and personal development.

Currently, Bigmond operates with 8 staff members and 4 freelancers which might result in not enough to cope with the number of potential clients. The team proposes to hire a person to be the head of the unit and two freelancer consultants to work as coaches for the clients. It would be needed that the Managing Partners of Bigmond supervise this new business unit but also to give autonomy for development. According to Fernando Gonzáles, due to his well-established networking, many potential customers sent their request directly to him (F. Gonzáles,

personal communication, June 23, 2020), and this is what this new business unit must avoid. The head of the business unit must be capable also of monitoring appropriately the digital platform and clarify any doubts of the clients about the outplacement process or the digital platform.

### 7.1.2. Processes and technology

The proposed service to Bigmond is focused on individuals and not in companies, this is why the company should focus on understanding and analyze the profile and professional background of the customer through interviews and resume revision. A shared element between all alternatives is the development of a digital platform. This tool could be useful to analyze the interaction with the client and to reduce the number of consultants and HR professionals needed, hence, reducing the costs. The team proposes the phases shown in Figure 18 for the outplacement program.

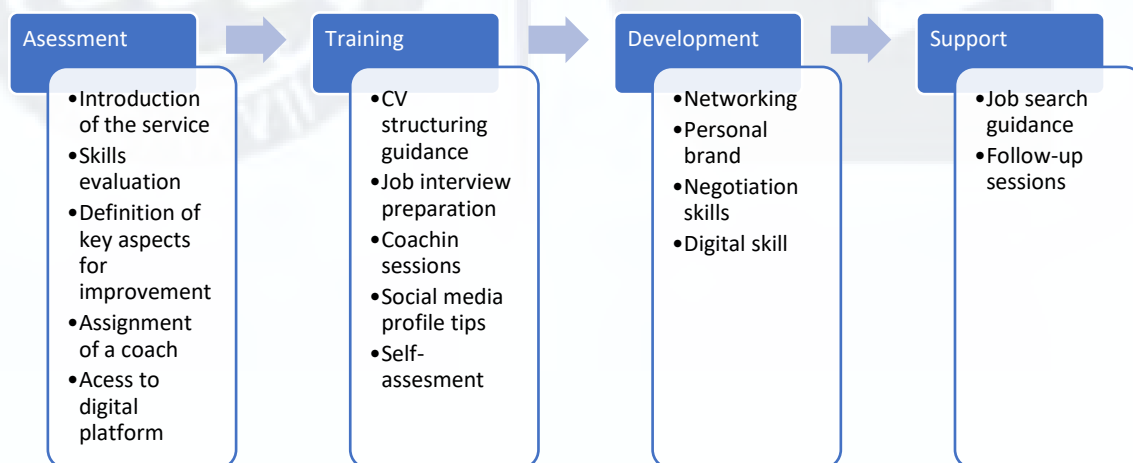


Figure 16. Proposed phases of the outplacement service.

**Assessment.** The first phase is focused on providing information and knowing the client, the expectation and the key aspects for improvement. In this step, Bigmond must deliver the information about the following phases and what aspects are involved in each one.

Furthermore, after signing the contract, a psychological and CV evaluation will be needed in order to gather the correct information and address the main weaknesses of the client. The client will be assigned a coach for the next phases and will be given access to the digital platform.

**Training.** A self-assessment will be performed in order to clearly define main strengths, weaknesses, capabilities and motivational factors of the client. These variables will be inputs for the training of the client in basic aspects such as structuration of the CV and social media profile, job interview preparation, and communication skills. Furthermore, coaching sessions for guidance, emotional support and motivation will be held.

**Development.** Until this phase, the client will be able to recognize its core competencies. Thus, the third step is focused on developing the client's capabilities and personal brand. These will give the client strategies to become more appealing for interviewers and recruiters. The main aspect of this phase is the networking benefits, which will allow the client to expand its contacts and have more probabilities of job offers. In addition, providing digital and negotiation training will enhance the client's skills when communicating and dealing with the HR staff of companies.

**Support.** The fourth and final phase is based on supporting the client through job search guidance. It involves clarifying goals and objectives for the professional career, defining the ideal industry or companies where more time and energy should be spent, establishing action plans for the first months after being hired, and identifying the main barriers of personal and professional development. Follow-up sessions will be scheduled in order to keep track of the clients and to increase the success probability of the program.

The team suggests that only coaching sessions should be held in Zoom sessions with a maximum five clients. In addition, the client will manage the time for watching the videos of the training and development sessions since there is not a defined period for each phase.

It is important that Bigmond invest on a digital platform with a friendly interface that allows the client to access and utilize it both, independently and with the support of the coach. Thus, Bigmond can also lower its cost if necessary, providing a self-service interaction (without a coach) or a self-service plus coach interaction. Based on the previous qualitative and quantitative analysis the team suggest that the platform should also provide: (a) profile page, where the client can fill personal information and upload the CV, (b) a tracking tool for the client, so he or she can see the progress in the program, (c) interactive buttons that let the client surf easily through the different options, (d) access to recorded videos for the training sessions watchable at any time required for the client, (e) show results of the assessments, (f) work as a tool to record and track job interviews and, (g) work as a networking platform. Finally, the process is intended to last 3 months. Appendix B shows some digital platforms used by international companies.

### **7.1.3. Marketing strategy**

Since there is a lack of knowledge about outplacement and about human resources companies in general, Bigmond should focus first on educating the market with the concept. The team believes that the communication strategy of Bigmond has been optimal so far, there is evidence in its social media platforms, such as LinkedIn or Facebook, that the company worries about having interaction with its followers, but advertising could also be suitable for promoting the new service. Google Ads is a powerful tool for this, creating brand awareness and catching the attention of more customers.

When establishing the marketing strategy, it is essential to take into consideration the stages of buyer readiness. In this case, the quantitative analysis has shown that potential consumers are not substantially aware of outplacement services in the Peruvian market. Consequently, the marketing strategy should be focused on increasing awareness and comprehension, the two first stages of buyer readiness, about the service Bigmond will

provide (Kotler et al., 2019). The most appropriate communication tools are, therefore, advertising and publicity, in which the degree of pervasiveness, expressiveness, and control is high.

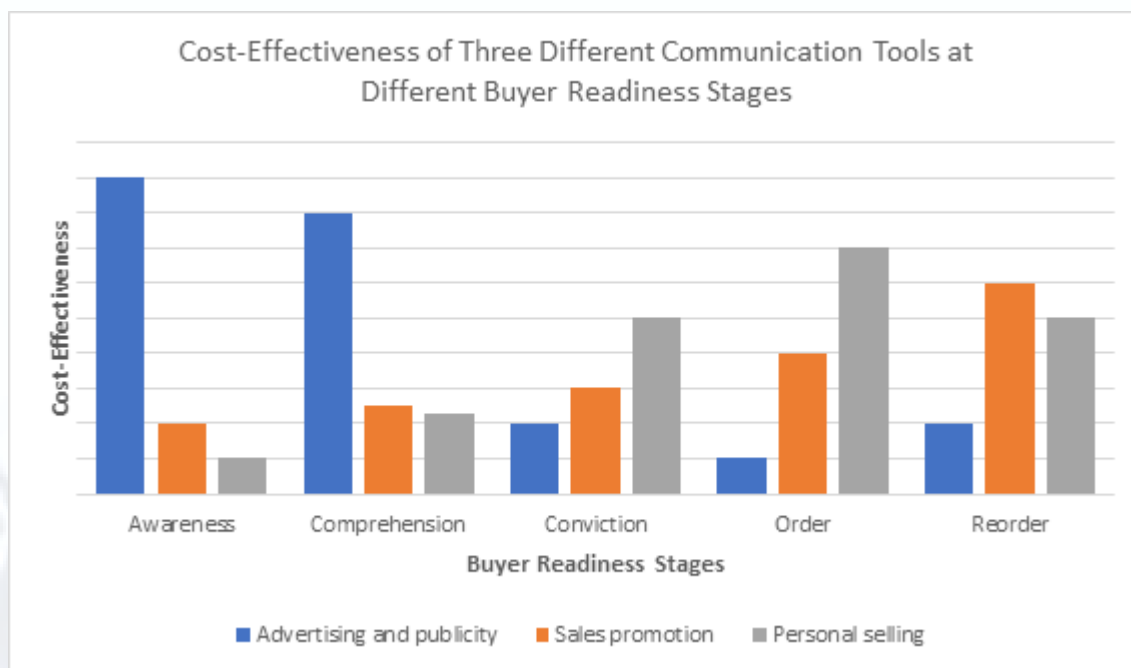


Figure 17. Cost-Effectiveness of Three Different Communication Tools at Different Buyer Readiness Stages. Data from Kotler, P., Keller, K. L., Goodman, M., Brady, M. & Hansen, T. (2019). *Marketing Management*. Boston, MA: Pearson.

#### 7.1.4. Pricing strategy

In order to generate continuous revenue streams, the team proposes a pricing strategy of monthly subscriptions. Even though this option was the second most chosen option in the survey, the team believes that this revenue model will be suitable for the service since the client could get engaged with the platform even after finding a job due to its several functions.

The main advantages of a monthly subscription model are the following: Recurring income, since it can project a fixed billing amount for each month; Increase the customer lifetime value, which is the value a company gets from each customer, throughout their life, this is the time they would pay the monthly fees for the service; Upselling opportunities, which are techniques to offer improvements in the service, and sell extra products that are

related to the customer's subscription (Krämer & Kalka, 2017). Also, the subscription model has benefits for customers, the most important is it makes the service more accessible to a wider audience (Krämer & Kalka, 2017), this is highly relevant because the main objective for this project of the company is to massify the outplacement service, and provide greater employment opportunities for all sectors. The subscription model of the service would make it more competitive in the market since currently the outplacement service has a high price, since the market is the top executives. For that reason, this model is considered to be the ideal pricing strategy for this new business unit.

Here, the head of the unit's expertise and the marketing team of Bigmond also play an essential role. Further, content-oriented and connection-oriented businesses both commonly use subscription-based revenue models to increase revenue (Wirtz, Schilke, & Ulrich, 2010). Bigmond's business outplacement business unit should focus on providing quality content and building connections by creating networking infrastructure. Bigmond's business unit should follow a subscription-based revenue model concerning both content-oriented and connection-oriented models. Convivence, essentiality, and added value perceptions are critical characteristics in increasing a customer's willingness to pay for a subscription-based service (Wang, Zhang, Ye & Nguyen, 2005). In this regard, Bigmond's proposed outplacement business unit contains all three characteristics essential to increase the customer's willingness to pay for a subscription-based business model. The proposed outplacement service contains: a high degree of convenience in that it amalgamates essential tools and information that consumers find useful; a high degree of essentiality such that consumers are out of employment; a high degree of added value perception since the service offers rare expert advice.

## 7.2. Conclusions

In conclusion, the proposed solution for Bigmond's outplacement service strategy is based on developing a new business unit supported by a digital platform. The key aspects of achieve this is to expand the staff hiring a head of the business unit and freelancers couches, outsource the programming and design of a simple-use and dynamic platform, and establish a powerful marketing strategy to increase the market knowledge about the outplacement process and to create brand awareness.



## Chapter VIII: Implementation Plan & Key Success Factors

The present chapter will discuss the main activities to take into account to implement the proposed solution. A Gantt diagram and an estimated cost will also be provided in order to give the company a reference of the time and the budget that will be needed. Finally, key success factors will be established to monitor the success of the implementation.

### 8.1. Activities

The activities to follow for the implementation of the proposed solution are separated into three groups: organization, acquisitions, and complementary activities. The organization involves activities that are prior to any expense or investment, the acquisitions are activities related to the purchase and hire of resources that are going to be used in the implementation of the resources, and the complementary activities are those that will support the success of the implementation and the business unit in general. Thus, Bigmond would be able to apply an organized and step-by-step process, allocating in each one the necessary resources for its success.

#### 8.1.1. Organization

*Development of a strategic plan.* It will be important to set the mission, vision and main objectives for the new business unit. Thus, Bigmond will be able to align the following steps to these elements. This activity should be led by the CEO of the company since he will be the person that will monitor the overall performance of the business unit, and who will allocate more resources for improving its performance if necessary. In addition, a new organizational chart should be designed to have a clear idea of the tasks that each member of the new team will be in charge of.

*Internal communication.* This activity focuses on communicating to the members of the company about the new project that will be developed. The team believes that this activity could also be a source for new ideas regarding the process, marketing strategy, functionality

of the digital platform, or any other aspect to be considered. Sending email might not be the best way to deliver the message but the team recommends having video conference meetings for a better discussion. The analysis provided in previous chapters could work as a point of reference for initial debates.

***Budget adjustments.*** Despite the suggestion of the team regarding the budget for the implementation of the proposed solution, this activity means that Bigmond should review the amounts provided and make any change that are considered to be over the financial capabilities or are underestimated and, therefore, need to be increased. This activity will be the reference point for the acquisitions and complementary activities.

### **8.1.1. Acquisitions**

***Hiring the team leader.*** As commented in the previous chapter, the leader of the new business unit is key to the solution. This activity aims to hire a professional with the permitting profile to manage business unit's operations regarding processes, budget, marketing activities and further development. This person should have broad experience in outplacement or human resource processes using digital platforms. The team believes that the Executive Search unit could be a great booster for this activity since the company has already managed several hiring processes for clients. In addition, the team believes that putting this activity as the first step will enhance the solution since the professional can add valuable information about the market, steps or processes to add or eliminate from the service and the digital platform, marketing or pricing strategy, or any other aspect of the proposed solution.

***Acquiring the digital platform.*** In this activity, the design, development, testing and corrections of the digital platform should be done. Since the service is aimed to be fully digital, the development of the platform that will be used in the service is another critical topic. Bigmond should look for companies with expertise in developing web pages, digital applications and MOOC platforms. To do this, Bigmond must consider that the platform

must: (a) allow the registration of clients' information, (b) support the upload of recording videos, (c) allow the upload and download of documents, (d) live video sessions, (e) modulation (requirement to complete tasks before going to the next phase), (f) progress control in percentage and, (g) work as a job search engine. It is implicit that these features could be customized by the criteria of Bigmond and the team leader in charge of the business unit, however, it is important to emphasize that the company in charge of the development of the platform must be completely aware of the specific necessity of Bigmond. This might be the most difficult activity to implement and could take around six weeks.

***Development and record of the workshops and information.*** This activity involves the search for experienced people in the fields that Bigmond will offer as training and development courses. It should be designed a contract that allows Bigmond to have the property of the videos and the information provided. In addition, Bigmond should investigate additional information to be uploaded such as publications of trending human resources topics, frameworks about skills development, emotional intelligence articles, and any other that could be in the clients' interests.

***Hiring the rest of the team.*** As explained in the previous chapter, there will be needed people involved in guiding and giving coaching sessions to clients, that is why Bigmond should also think about hiring coaches or sign a contract with freelance consultants. Moreover, it will be also necessary to hire a communications trainee who could be in charge of producing the content of the ads or information that will be published about Bigmond and its new business unit.

***Acquiring equipment.*** Bigmond should give their new team members powerful laptops to allow an easy management and usage of the platform. It can be complemented with a cellphone and an ergonomic chair because their job will be entirely in front of the computer. Freelancers should have their own equipment.

### 8.1.1. Complementary activities

**Advertisement/Publicity.** This activity comprises the design and publication of promotional ads. As explained in the previous chapter, outplacement services are still not very known in the Peruvian market, that is why Bigmond should invest in the promotion of the new service for marketing and educational purposes. It will be important to inform the people what the process is about and how beneficial it is for their professional careers. Here, Bigmond can take advantage of its previous processes in other business units such as Executive Search and Mill. The designing of banners, posts and promotional videos should be done with the adequate anticipation for publishing them at the same time as the launching of the service. The main channel, as explained in previous chapters, will be social media.

**Training.** This activity consists of developing the capabilities and knowledge about the functionality of the digital platform among the outplacement team. With this, they will have the skills to help clients when facing a difficulty or having any problem while using the digital platform. This activity can be also an input for any change or improvement in the design of the platform.

## 8.2. Implementation Gantt Chart

The project's implementation is estimated to last 76 working days, where the acquisition of the digital platform is the longest activity since it is the essence of the project. The implementation starts with the development of the strategic plan and the internal communication about the new business unit, followed by the review, modification or approval of the budget. It will be followed by the acquisitions of key resources such as the digital platform and the devices needed for the team, and the search and hire of the team in charge of the new business unit. This part of the implementation will be finished when the records and

additional information is uploaded and the digital platform is 100% operative. Finally, the new staff should be trained in the use of the tools and features of the digital platform, and the promotional ads about the new business unit and the service should be developed. The starting of the commercial activities is estimated to be on November 19th. Figure 18 shows the chart of the implementation.

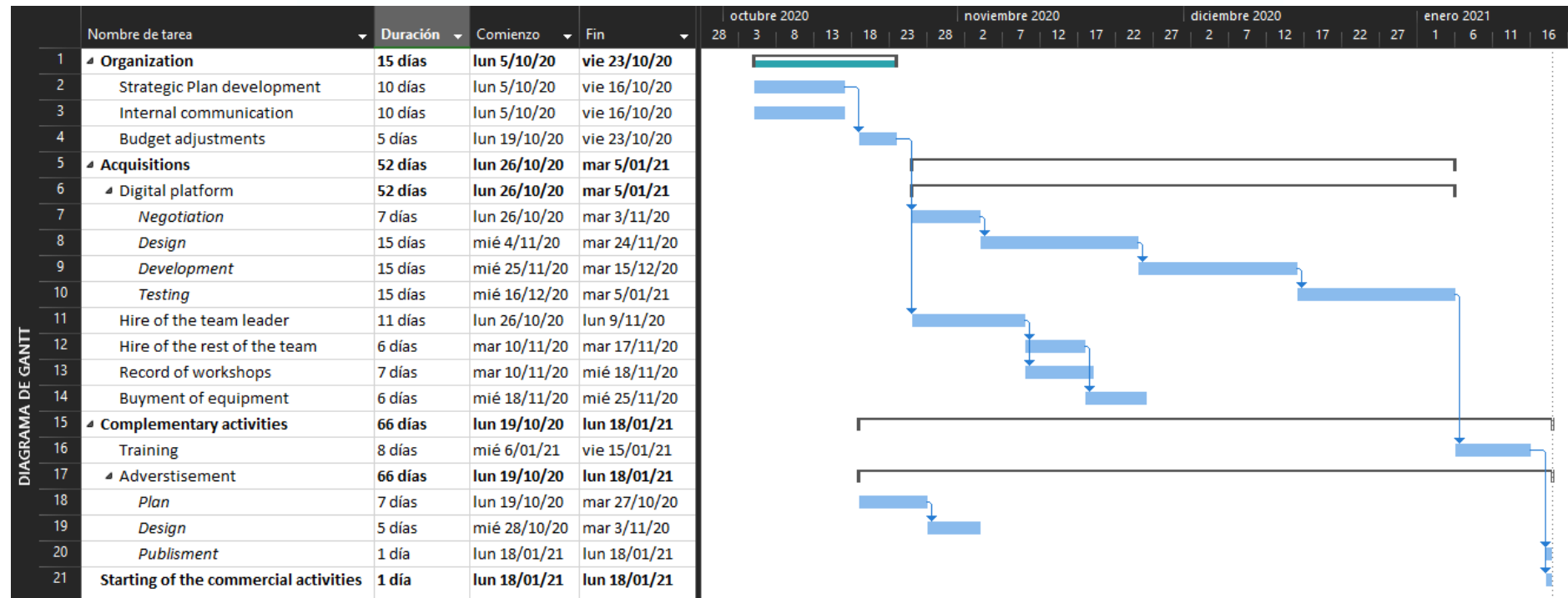


Figure 18. Gantt chart.

### 8.3. Budget for Implementation

The main categories to take into account for the implementation are the staff, digital tools, equipment and advertisement. Since the proposed solution for Bigmond emphasizes the development of a new business unit that implies new staff and digital tools, the largest investments are concentrated in the hiring of the team and in the development of the digital platform. Regarding the staff, the leader can be considered as Human Resources Business Partner (HRBP) which, according to Michael Page (2020), its average wage is between S/. 4,000.00 and S/. 7,000.00, in this report, the team considers that the leader of the team should get the maximum wage and the freelancers the minimum in this range. In addition, the trainee of the team will get a wage of S/. 1,200.00. The team considers that an annual increase of 10% on the salaries will ensure the retention of the workers. Digital tools involve the development of the digital platform, and the production of the videos that will be offered as courses. The estimated cost for both elements is S/. 160,000.00, however, depending on the features that Bigmond may add or eliminate. This amount will apply only for the initial investment, as well as the elements for the Equipment category, which sums S/. 13,200.00. The advertisement category is intended to comprise the marketing strategy, look & feel, design of the logo, social media management and Google Ads promotion. It is important to remark that the staff and advertisement categories are monthly expenses, while digital tools and equipment are unique.

The total amount estimated is S/. 181,000.00, however, it may change depending on the negotiation that Bigmond should lead with the suppliers of each category. Table 14 shows in detail the suggested budget. Furthermore, since the team in charge of this report could not get any information about the financial performance and results of the company, it cannot be determined if this amount should be done with own or external resources, however the team suggest to implement the solution with loans to avoid any impact in the cash flow of the

company. Finally, only those amounts which are unique will be considered as the initial investment.

Table 14.

*Budget for implementation*

Category	Element	Quantity	Unitary Cost	Total Cost	Periodicity
Staff	Leader	1	S/ 7,000.00	S/ 7,000.00	Monthly
	Trainee	1	S/ 1,200.00	S/ 1,200.00	Monthly
	Freelancer	3	S/ 4,000.00	S/ 12,000.00	Monthly
Digital tool	Digital platform	1	S/ 140,000.00	S/ 140,000.00	Unique
	Videos	1	S/ 20,000.00	S/ 20,000.00	Unique
Equipment	Laptop	2	S/ 5,000.00	S/ 10,000.00	Unique
	Cellphone	2	S/ 1,000.00	S/ 2,000.00	Unique
	Chair	2	S/ 600.00	S/ 1,200.00	Unique
Advertisement	Marketing				Unique
	Strategy	1	S/ 4,500.00	S/ 4,500.00	
	Look & Feel	1	S/ 2,500.00	S/ 2,500.00	Monthly
	Logo	1	S/ 800.00	S/ 800.00	Monthly
	Social Media				Monthly
	Management	1	S/ 1,000.00	S/ 1,000.00	
	Google Ads	1	S/ 550.00	S/ 550.00	Monthly

#### 8.4. Key Success Factors

Key success factors (KSF) are those factors that are especially valued by customers or those factors that provide an advantage in terms of costs in relation to competitors. This means it depends on the skills and resources of the business to generate customers' value at relatively low costs. Consequently, it can be a source of competitive advantage or disadvantage (Johnson et al., 2017). In this context, there are enablers that can facilitate the achievement of the KSFs, which will be in detail analyzed in the next subsection. This involves, for example, resources, tools, and actions (O'Connor et al., 2014).

##### 8.4.1. Enablers

*Amalgamation of resources.* The process of combining resources between the different departments within the Bigmond Group, would greatly diminish costs and allow synergies between the different departments. This is particularly important since Bigmond has

a small team and weak financial statues due to Covid-19, which were identified as the main causes of the problem. For example, Bigmond could make use of its strong multichannel marketing strategy already used in other units to promote its new outplacement service within a new business unit. Taking advantage of its already established marketing strategy can be particularly important as potential customers have shown little knowledge of HR companies and outplacement services in the Peruvian market. Additionally, its dedicated and committed team would be crucial to maintain its anti-discrimination and excellence values also in this new business unit. Lastly, since Bigmond is already using digital systems in its other services, it can facilitate the implementation of a new digital service and reduce costs. This means amalgamation is not only important regarding resources but also organizational culture and values.

***CSR Implementations.*** Bigmond already has a good reputation for CSR through several certifications, such as ISO 9001, ESR, ABE, Carbon Neutral Company, and Compliance. Therefore, the company should as well maintain its reputation for CSR in the new business unit. This can be, for example, achieved through increased marketing activities based on its already used multichannel strategy.

***Technology Advancements.*** Despite Bigmond's use of a digital platform, it still lacks the technology to offer an outplacement service on a large scale like some of its competitors. As the qualitative analysis showed, offering digital services is a key success factor, and it is present among the best practices around the world. Therefore, in order to ensure technology advancements in the context of a more digitalized service, Bigmond needs to establish a budget for technology advancements as a fixed percentage.

***Established control mechanisms.*** In order to ensure control mechanisms, a proper compliance system should be applied. This can proactively address the risks, which will be thoroughly analyzed in the next subchapter, while meeting various regulatory requirements.

The latter can be of particular importance since Bigmond has access to information considered as sensitive by Peruvian legislation and need to comply with data protection regulations. A well-designed and implemented compliance system will consequently diminish the time and money spend on compliance, which is important when taking into account Bigmond's weaknesses presented in the internal analysis.

***Training and Capacity Building.*** Currently, the team of Bigmond is small, which makes it challenging to keep up to date with innovations in the HR industry globally and to cope with the higher number of clients after the introduction of a new service offering. Thus, Bigmond should expand its team, as mentioned in the proposed solution, in order to increase its capacity. For that, it needs to select its head of unit and freelancers carefully and provide high-quality training to guarantee the providence of a digital service with excellence. This would ensure a better individual and collective capacity that is also in line with Bigmond's core values.

#### **8.4.1. Risks**

***Service prices might not be affordable for the target audience.*** As the quantitative analysis showed, the price of the service seemed to be the most sensible question for the respondents since the majority preferred the cheapest price option (between US\$300 and US\$400). This means Bigmond has to provide an outplacement service with competitive prices for its potential customers, by, for example, creating scalable price packages.

***Lack of support from stakeholders.*** When introducing a new service offering, Bigmond faces the risk if all stakeholders are capable of participating in the proposed solution mentioned in the previous chapter. Specifically, if the team will be able to meet higher demand and cope with a digital service, if the supplier of the digital platform will meet all the requirements and specifications of Bigmond, if the client will be able to pay for this service and if it would get the support from external investors, in case it needs external financing.

**Limited budget.** The result of the internal analysis has shown that Bigmond is currently undergoing financial strain, causing the risk of the impossibility of hiring more employees for the new business unit, developing a competitive digital outplacement platform, and implementing a fanciful service. In order to avoid further financial strains, Bigmond should focus on providing a rather simple digital outplacement service that does not require too many additional employees. Moreover, the pricing strategy needs to be carefully developed in order to ensure quick returns to cover the costs.

**Competition from established international companies and freelancers.** Bigmond will introduce this new service in a market where there are already established local and international competitors. Therefore, it needs to offer a differentiated service, for example, by complementing the outplacement service with the onboarding service. Also, it needs to complement its team by hiring freelancers or outsourcing. Another important factor to take into consideration is the analysis of the best practices that allowed to identify the determinant and critical success factors for outplacement service providers.

## **8.5. Conclusions**

The activities proposed for the implementation gives Bigmond a guideline about the steps to follow in order to establish successfully the new business unit. However, it will be needed to make any adjustment that the company find necessary. In addition, Bigmond must take into account the KSF proposed in order to create a differentiator factor from the competition. Enablers and risks play an important role in the accomplishment and success of the implementation.

## **Chapter IX: Expected Outcomes**

In this chapter, the solution will be analyzed from a financial and a reputational perspective since the proposed solution was thought not only for economic purposes but also for diversifying into a sector that Bigmond is not currently addressing. The financial analysis will describe the demand that Bigmond should target for the first five years and the reputational will focus on clients' engagement and brand loyalty.

### **9.1. Financial perspective**

#### **9.1.1. Estimated demand**

According to INEI (2020b), the Total Economic Population comprises the Economically Active Population (known in Spanish as PEA) and Non-economically Active Population (known in Spanish as NO PEA). At the same time, the PEA is composed of people who are currently working, known as Economically Active Population Occupied and people who are not working but have the intention, known as Economically Active Population Unoccupied. In order to calculate the initial demand for Bigmond, data of this last group will be used as the main source. The survey applied in Chapter 4 showed that 10% of respondents were very willing to hire the service after all their needs were met. Since the proposed solution is intended to cover all those demands, this percentage will be considered as the point of reference for calculating the total market. Moreover, even though Bigmond wants to massify the service, it will not be possible to cover the demand for those people who did not receive a superior education, that is why the demand should be constrained. There is not specific information available about the number of unemployed professionals looking for a job, the percentage of professionals in the total PEA will be considered. Table 15 describes the distribution of the PEA according to their educational level while Table 16 describes the estimated demand for Bigmond.

Table 15.

*Distribution of the PEA according to the educational level*

Educational Level	PEA	Participation
Elementary	153.1	6%
High school	1152.3	44%
Non-university higher education	496.9	19%
Higher education	823.1	31%
<b>Total</b>	<b>2625.4</b>	<b>100%</b>

*Note.* Data from INEI (2020b). Values expressed in thousands.

Table 16.

*Estimated Demand for Bigmond*

		Source
PEA Unoccupied	427.4	INEI (2020b)
% of PEA Higher education	31%	INEI (2020b)
Very willing to hire the service	10%	Survey
<b>Total Market</b>	<b>13.4</b>	
Market Share Objective	4%	F. Baca, personal communication, July 22, 2020.
<b>Annual Demand for Bigmond</b>	<b>1.34</b>	

*Note.* Numerical values expressed in thousands.

The target demand for Bigmond is aimed to be 4% of the total market which, after doing the corresponding calculation, is up to 1340 clients in the first year. In addition, Bigmond seeks for an increase in the market share of 15%, 18%, 20%, and 20% from 2021 to 2024 (F. Baca, personal communication, July 22, 2020). This percentages will be used as the annual increase of the demand.

### 9.1.2. Financial results

In Chapter 4, the qualitative analysis of Peruvian competition showed that the range of prices of outplacement companies is between S/. 3,500.00 and S/. 9,000.00 for the whole process. On the other hand, in the same Chapter, the qualitative analysis showed that surveyed people were willing to pay between US\$300.00 and US\$400.00, this means that, in Peruvian currency, they would be willing to pay around S/. 1,050.00 and S/. 1,400.00. However, the team believes that LHH DBM aims to an executive market which Bigmond is not focused on competing with this solution. In addition, Recolocate is offering since a month ago a

promotional price of S/. 1,250.00, that is why the price of the service will be set at S/. 1,400.00 for the whole process. Since the solutions has a pricing strategy of a monthly subscription, the price of the service will be S/. 470.00 per month.

Table 18 shows the Income Statement of the new business unit for the first five years. The total sales represent the total amount gained by the monthly subscriptions, while the cost of sales involves the payments to the freelancers, the maintenance of the digital platform and the Zoom membership for the video conference meetings. The administrative expenses consist in the salaries of the team and the development of the publicity and advertisement. Finally, the financial expenses represent the payments of the loan suggested for the startup investment. The details of the financing method are described in Table 17.

The Statement of Cash Flows is presented in Table 19, which shows that the amount spent in the initial investment is recovered in the second year. This implies that the project is profitable and Bigmond would get positive results in the following years.

Table 17.

*Financing Details*

Concept	Value
Initial Investment	S/181,000.00
Annual Rate	25%
Type of Period	Months
# of Period	60
Monthly Rate	1.88%
Monthly Payment	S/ 5,053.01

*Note.* Rate took from Scotiabank.

Table 18.

*Income Statement of the new business unit*

	<b>Income Statement</b>				
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Total Sales	629,780.92	705,354.63	789,997.18	884,796.84	990,972.46
Cost of sales	284,400.00	354,400.00	420,000.00	481,260.00	543,246.00
<b>Gross profits</b>	<b>345,380.92</b>	<b>350,954.63</b>	<b>369,997.18</b>	<b>403,536.84</b>	<b>447,726.46</b>
Administrative Expenses	110,400.00	129,140.00	142,054.00	156,259.40	171,885.34
<b>Operational Profits</b>	<b>234,980.92</b>	<b>221,814.63</b>	<b>227,943.18</b>	<b>247,277.44</b>	<b>275,841.12</b>
Financial Expenses	60,636.07	60,636.07	60,636.07	60,636.07	60,636.07
<b>EBT</b>	<b>174,344.84</b>	<b>161,178.55</b>	<b>167,307.11</b>	<b>186,641.37</b>	<b>215,205.05</b>
Tax	52,303.45	48,353.57	50,192.13	55,992.41	64,561.52
<b>Profit/Loss</b>	<b>122,041.39</b>	<b>112,824.99</b>	<b>117,114.98</b>	<b>130,648.96</b>	<b>150,643.54</b>

Note. Amount expressed in Soles.

Table 19.

*Cash Flows of the new business unit*

	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Incomes</b>		<b>629,780.92</b>	<b>705,354.63</b>	<b>789,997.18</b>	<b>884,796.84</b>	<b>990,972.46</b>
Gross Revenue		629,780.92	705,354.63	789,997.18	884,796.84	990,972.46
<b>Outcomes</b>	<b>- 181,000.00</b>	<b>- 454,665.56</b>	<b>- 533,405.56</b>	<b>- 606,919.56</b>	<b>- 682,384.96</b>	<b>- 759,996.90</b>
Investment	181,000.00					
Freelancers		216,000.00	270,000.00	324,000.00	378,000.00	432,000.00
Digital platform maintenance		60,000.00	66,000.00	72,600.00	79,860.00	87,846.00
Zoom membership		8,400.00	8,400.00	8,400.00	8,400.00	8,400.00
Employee's salaries		98,400.00	108,240.00	119,064.00	130,970.40	144,067.44
Publicity		12,000.00	20,900.00	22,990.00	25,289.00	27,817.90
Loan Repayment		59,865.56	59,865.56	59,865.56	59,865.56	59,865.56
<b>Net Cashflow (Cash In - Cash Out)</b>	<b>- 181,000.00</b>	<b>175,115.36</b>	<b>171,949.07</b>	<b>183,077.62</b>	<b>202,411.89</b>	<b>230,975.57</b>
<b>Cumulative Cashflow</b>	<b>- 181,000.00</b>	<b>- 5,884.64</b>	<b>166,064.43</b>	<b>349,142.05</b>	<b>551,553.93</b>	<b>782,529.50</b>

*Note.* Amounts expressed in Soles.

## **9.2. Reputational Perspective**

### **9.2.1. Engagement and communication**

An expected outcome from implementing the outplacement business unit is the improvement of customer engagement and communication. Unlike the head-hunting unit, which has a focus on the company involved, the outplacement unit structures itself with a concentration on the individual rather than the company itself. In this regard, Bigmond better identifies the audience that matters the most, the individual. In switching the concentration to the individual client, Bigmond will better apply what matters most to their organization, promoting social responsibility in the industry. In the implementation of the new business unit focused on the individual, Bigmond will enhance its ability to share its societal expectations, continuing to be more engaging and communicative with each individual. The improvement in engagement and communication within their new business unit will continue to develop their narrative that expresses Bigmond's societal purpose.

Additionally, in the creation of the outplacement business unit Bigmond will be able to share better information faster by creating the online platform designed to be available at all times, granting the subscribing individual access to the high-quality content. In this, both engagement and communication significantly increase within this specific business unit.

While online, the new business unit gives a greater focus on a more active communication strategy, encouraging meaningful engagement between Bigmond and the individual customer. Further, continuing to engage with individuals through social media will increase active communication and engagement between Bigmond and potential clients. The continued use of social media for purposes other than solely direct marketing is critical in continuing to build external engagement. Bigmond's continued activity on social media will help to expand its engagement within the industry.

### **9.2.1. Brand reputation and brand loyalty**

Brand reputation and loyalty are also expected to increase significantly following the implementation of the new business unit. Since Bigmond is greatly committed to social responsibility, the new business unit will offer a unique opportunity to continue creating a reputation built on culture. Thus, the new business unit fully integrates the competitive advantages of anti-discrimination and excellence through its ability to adapt all training and development tools with these specific regards. The continuous commitment to Bigmond's core values of social responsibility will continue to increase its reputation in the industry.

Next, the relatively low access cost from the implementation of the recurring revenue model from the pricing strategy will also aid in increasing brand loyalty as access price strongly affects the retention rate of consumers (Danaher, 2002). By this, the relatively lower monthly rate of the subscription will increase the retention rate of customers continuing their job search while also encouraging individual customers to recommend the service to others, and return themselves should the individual ever need outplacement services in the future.

### **9.3. Conclusions**

After conducting the analysis of the expected outcomes, it can be noticed that the project has a great potential not only financially but also in regards of the development of the Bigmond brand. Financial results suggested that the project is viable and attractive due to its positive net profits, while reputational aspects enhance the relationships with potential customers for the new business unit as well as the current clients. Both elements are key aspects for the success of the project.

## **Chapter X: Conclusions and Recommendations**

### **10.1. Conclusions**

The increased globalization, organizational restructuring, mergers and acquisitions, and the pandemic situation have brought employment to a critical point, where layoffs have become a key tool for internal control of the company. This leads to awareness and concern for the personnel affected in these processes.

The literature explains that the loss of employment brings with it traumatic consequences, not only to the person affected, but also generates problems within the family and within the former company. Because of this, it is important the contribution that has the outplacement services in guiding the emotional and psychological problems that generates the dismissal.

The outplacement is key in the orientation of the capacities, interests, evaluations that the individual can formulate about him, about his old company and about the market to which he will have to enter again. In this way the person generates a vision of his strengths and weaknesses, and learns about personal marketing. Through outplacement, the individual obtains competitive advantages in relation to others who are also looking for a new job.

The outplacement program adds an additional value to the companies that hire them, but above all to the people who participate in it, since it is a tool that allows them to make a greater effort in terms of skills to achieve a new job, or a new personal goal.

The competitive analysis of the national market has shown that domestic companies are offering personal development of individuals as part of their outplacement service. The use of digital platforms not only allowed them to increase the number of additional services offered but also simplified their application. This context of COVID-19, is a great opportunity to launch this new service, since it has been seen that the Outplacement service is more

demanded by independent professionals, who seek advice on employability, because companies have not considered this issue or program as part of their disengagement.

Bigmond's outplacement service strategy is based on developing a new business unit supported by a digital platform. This with the purpose, that this new service does not generate a conflict with the work done in terms of market segmentation of Bigmond Top Executive Search, because the services are directed to markets with different communication styles, and therefore with different strategies. Also, creating this new business unit for the outplacement service in middle management, contributes to the main objective of Bigmond Group, which is to promote equal employment opportunities for all levels, and all people. In this way, being aligned with the strategic objective of the company which is to be the first head hunter in the region to work with companies without discriminatory bias.

The implementation of the proposed business unit will be crucial for the success of the project. It is thought to follow a step by step and logical process to simplify the tasks but also to include fresh and valid ideas from the actual staff and from the new personal to be hired. Thus, Bigmod will take the best from different sources and be able to differentiate in the market. Even though the first investment might be high, most in the current pandemic situation, the financial analysis shows that a return might be accomplish by the first year, with very profitable results for the next years. However, experienced people and a strong marketing strategy is needed.

Finally, as the internal analysis showed, Bigmond has a strong and effective marketing activity, which is, for example, shown due to its high number of followers on LinkedIn and Facebook. Nonetheless, the interaction with its followers needs to be improved. Additionally, when introducing a new product into the market, increased marketing activities, including social media, should be considered and these are some of the outcomes that are expected beside from the economical ones. The team recognizes the potential that the project has to

improve the economical and reputational situation of Bigmond, and strongly believes that this report will help them to be prepare for its implementation and to achieve success.

## **10.2. Recommendations**

One recommendation for the future is to open up the outplacement service to companies. In this way, Bigmond would have two important client segments, people (middle management); and companies. One of the main benefits of a company hiring outplacement, for its future ex-collaborators, is that it improves the company's reputation, since the former worker could comment on good things about the company even after the dismissal. Likewise, the hiring of the outplacement by the company, transmits a positive image towards its current collaborators, the image that it takes care of them, during and after the work relationship. For the workers who remain in the companies, this situation is important, since knowing that at the end of their working period they will be advised by experts in human resources gives them a sense of tranquillity, even if they are not in that situation.

Due to the new normality brought about by the pandemic situation, and the increase in the use of social networks, since this year there are 13.2 million users connected in Peru, 78% of them between 18 - 70 years old, of which 94% belong to Facebook (IPSOS, 2020), it is important to manage the content and form of communication through social networks very carefully, since they are the main channel of arrival for customers. Therefore, it is recommended that Bigmond have a digital marketing area, which is the company's own, with the services of a designer, who can create the concept and image of Bigmond in social networks, and a communications practitioner. Social networks in the context of a pandemic are essential, to connect with customers and potential customers. Also, to strengthen the brand's presence in social networks, partnerships with universities and local newspapers, such as "Diario Gestión" are recommended so that Bigmond's experts can provide webinars that

can be useful for customers and potential customers. In this way, webinars and content could have greater reach with various platforms.

For the reasons mentioned above, it is also necessary that the company can generate more content in LinkedIn and Facebook (Posts, videos, webinars) to strengthen the presence and remembrance of the Bigmond brand. This type of content should be related to human resources as: Employability and Personal Marketing, Key Strategies to find a job, Best practices to find a job, etc. With the purpose of creating more interaction and a great community, which supports the value of the brand, and its presence in social networks. Bigmond is also recommended to include in its outplacement service personal development training in entrepreneurship, as big companies do in Europe, according to the qualitative analysis shown in the previous chapters. In this way, more value is generated for the client, offering qualifications that are not offered by the competitors in Peru, and it would be a way to ensure that clients can continue to hire the service by subscription even after they have obtained a new job.

In addition, if the company wishes to expand this service to foreign markets in the future, it is recommended to consider the following data obtained from surveys carried out in Brazil, Austria, Germany, and Canada, where the results are also positive for the adoption of the outplacement service. 68% of the respondents consider that the service should be provided digitally, under the Freemium modality (limited free information with cost for additional services), where 85% of the answers indicate that they would be willing to pay between US\$ 300 - US\$ 400 for the service. Likewise, the respondents expressed that they prefer to learn about this service also through social networks, and emails. Finally, the most valued elements of the outplacement service were Coaching, Networking, and Job pool and assistance.

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## Appendices

### Appendix A: Survey

1. Género: Marca solo un óvalo.

Femenino      Masculino      Otro:

2. Edad: Marca solo un óvalo.

18 - 24 años              25 - 44 años              45 a más años

3. Nivel de educación: Marca solo un óvalo.

Secundaria incompleta    Secundaria completa

Superior no universitaria incompleta

Superior no universitaria completa

Superior univesitaria incompleta

Superior universitaria completa

Postgrado incompleto

Postgrado completo

4. ¿En qué país te encuentras actualmente? \*

5. ¿Cuentas con empleo actualmente?: Marca solo un óvalo.

Sí.      No.

5. Si tu respuesta anterior fue afirmativa, ¿estás considerando cambiarte de trabajo: Marca solo un óvalo.

Sí.      No.

6. ¿Cuál es o cuál fue tu última posición laboral?: Marca solo un óvalo.

Operario/Técnico

Asistente

Analista/Especialista

Supervisor/Coordinador

Jefe de área

Gerente

Otro:

7. ¿Estás familiarizado con el concepto de Outplacement?: Marca solo un óvalo.

Sí      No

8. El outplacement es un servicio para empleados afectados por la reducción de personal, que generalmente es financiado por el empleador. Incluye el asesoramiento temporal y el soporte de capacitación para la reorientación profesional. El servicio también se ofrece a personas desempleadas que buscan activamente un puesto de trabajo, ayudándoles a mejorar sus habilidades de presentación y estructura del CV, guiarlos en el proceso de búsqueda, crear una red de contactos, entre otros, para ser recolocados al mercado laboral. Conociendo esto, ¿consideras que el Outplacement es un servicio que necesitas/necesitarías?: Marca solo un óvalo.

Sí, definitivamente.      Sí, probablemente.      Quizás.      Probablemente no.

Definitivamente no.

9. Si estás/estuvieras en situación de desempleo, ¿optarías por el servicio de Outplacement o buscarías trabajo por tu propia cuenta?: Marca solo un óvalo.

Contrataría el servicio.      Buscaría por mi propia cuenta.

10. Si tu respuesta a la pregunta anterior fue que buscarías trabajo/empleo por tu propia cuenta, ¿cuál o cuáles serían los motivos para no contratar el servicio de Outplacement?.

Selecciona todos los que correspondan.

Involucra un gasto adicional.

No cuento con disponibilidad de tiempo para atender los cursos.

Desconfianza de los resultados.

No asegura un puesto de trabajo.

Otro:

11. Si tu respuesta fue que buscarías por tu propia cuenta, ¿después de cuánto tiempo sin resultados estarías dispuesto a contratar el servicio de Outplacement?: Marca solo un óvalo.

Después de 1 o 2 meses      Después de 3 o 4 meses      Después de 5 o más meses

Nunca (Gracias, puedes dar por concluida la encuesta)

12. ¿Qué esperarías de un servicio de Outplacement?: Selecciona todos los que correspondan.

Coaching

Desarrollo de habilidades blandas (comunicación, personalidad, actitudes, confianza, etc.)

Soporte emocional

Herramientas digitales (presentaciones de alto impacto, redacción eficaz de correos, etc.)

Networking

Bolsa de trabajo y asistencia

Otro:

13. Cuánto estarías dispuesto a pagar por el servicio?: Marca solo un óvalo.

Entre 300 - 400 dólares      Entre 400 - 500 dólares      Entre 500 - 600 dólares

Entre 600 - 700 dólares      De 700 a más dólares

14. ¿Qué forma de servicio preferirías?: Marca solo un óvalo.

Freemium (limitada información gratis con costo por servicios adicionales)

Suscripción mensual (acceso mensual a servicios adicionales, opción a cancelar en cualquier momento)

50% al inicio del servicio y 50% al término. Un sólo pago.

Otro:

15. ¿Cómo preferirías que se te diera el servicio?: Marca solo un óvalo.

Digitalmente/Online      Presencial

16. ¿Si el servicio cumpliera con todas las características y elementos escogidos

anteriormente, estarías dispuesto a contratar el servicio hoy mismo?: Marca solo un óvalo.

Muy dispuesto      Dispuesto.      Poco dispuesto.      Para nada dispuesto.

17. Cómo preferirías informarte más acerca del proceso y los beneficios del servicio de Outplacement?: Selecciona todos los que correspondan.

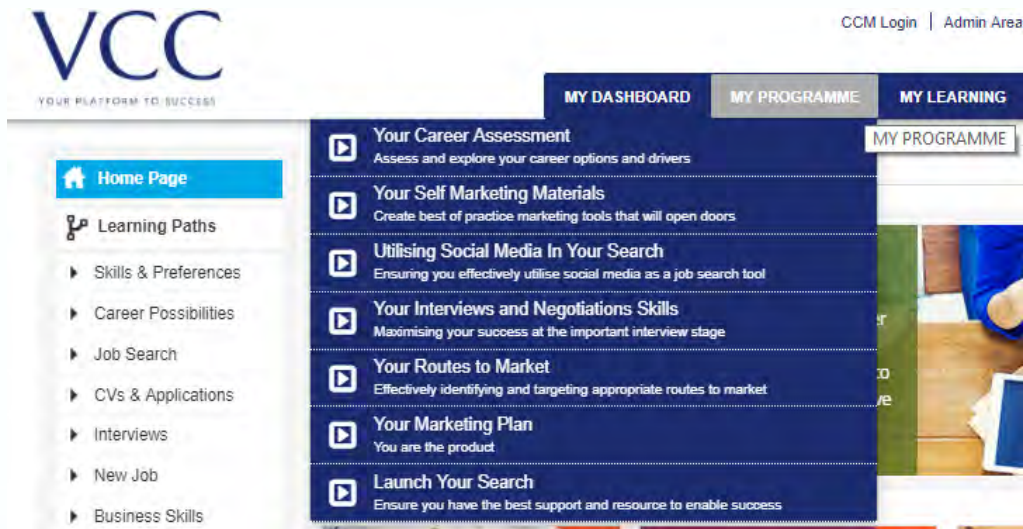
Correo electrónico.      Redes sociales.      Páginas Web.      Youtube.

Llamada telefónica.      LinkedIn      Otro:

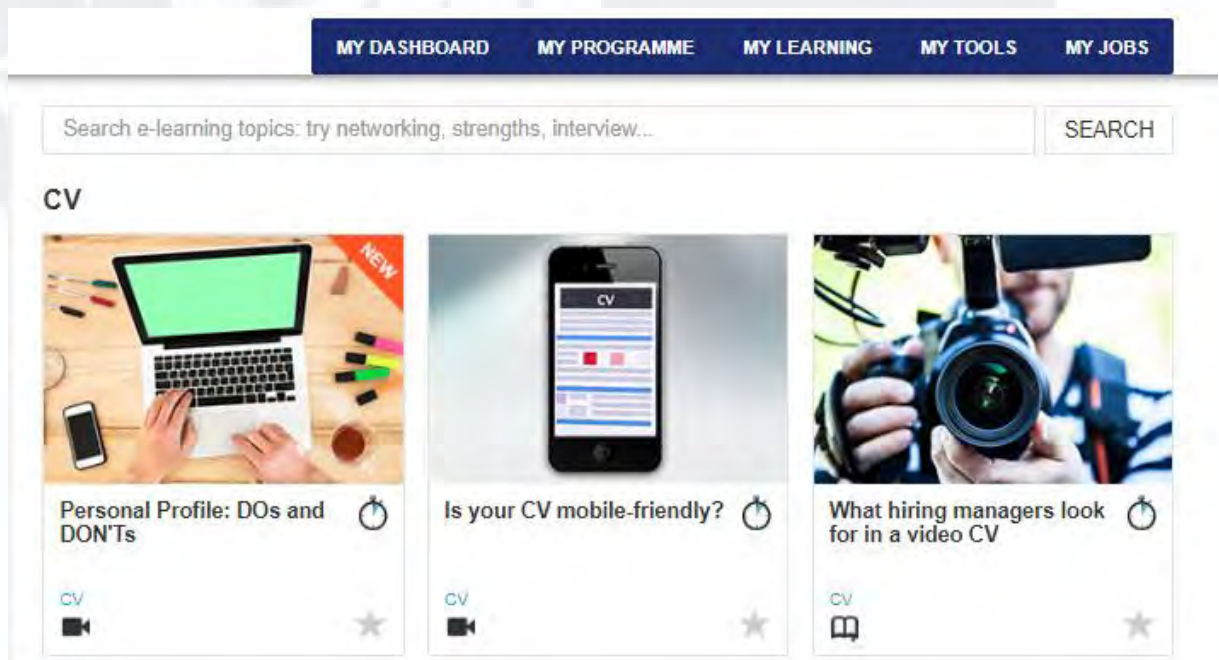
18. Finalmente, ¿conoces alguna empresa que dé el servicio de Outplacement o que sea especialista en Recursos Humanos? Por favor haga una lista. \*



## Appendix B: Online platforms for outplacement



*Figure 19.* Digital Platform of Outplacement First – My Programme.  
Retrieved from “Online Only Outplacement Programme”, by Outplacement First, 2020  
(<http://www.outplacementfirst.co.uk/services/online-only-outplacement-programme/>).



*Figure 20.* Digital Platform of Outplacement First – My Learning.  
Retrieved from “Online Only Outplacement Programme”, by Outplacement First, 2020  
(<http://www.outplacementfirst.co.uk/services/online-only-outplacement-programme/>).

Accede a todas las funcionalidades de GENES comprando un pack premium aquí.

**GENES**  
THE NEXT STEP IN YOUR CAREER

MI Programa Jobs Biblioteca MI Perfil Herramientas Tiempo restante de prueba 071:19:47

**Su progreso:**

JOBS: 0  
DOCUMENTOS: 0  
RESULTADOS CONTACTADOS: 0

**Novedades en Genes**

+5 ENFERMER  
1.123 CONTENIDOS DE LA BIBLIOTECA

**PROGRAMA**

ESTRUCTURA DE UNIDADES EDUCATIVAS QUE SE OFERTAN EN ESTE PROGRAMA DE GUÍA CARRERAS:  
Preparación del CV y Perfil (CV) e interacción dentro del sistema de búsqueda. Estrategia personal y empresarial. Ejecución de su estrategia.

FASE 1 FASE 2 FASE 3

Poliglot - Prueba de Inglés  
Jobs  
Videos de los Programa  
Templates  
HeadHunters  
Reclutadores  
Informes Salariales (SMTM)  
Análisis de Empleabilidad  
Planilla de Agenda Óptima  
Empresas por industria  
Descripciones de Cargos

Figure 21. Digital Platform of DNA Outplacement  
Retrieved from “GENES: The Next Step in Your Career”, DNA Outplacement, 2020  
(<https://www.genesnextstep.com/online/>).