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1 Introduction

This chapter provides the reader with an introduction to the topic where a deeper understanding will be received about the chosen field. Furthermore, this section contains the problem discussion, which illustrates the current issues regarding the topic. Finally, the purpose, delimitations and the outline of the thesis are presented.

1.1 Background

During the last two decades there has been a trend and an expansion in the economy in which temporary work agencies have been growing tremendously and gained wide attention (Druker & Stanworth, 2001; OECD 2002; Coe, John & Ward, 2007; Puligano & Arrowsmith, 2013). Traditional full-time employment has been challenged by temporary employment (Wiley, 1995). A temporary work agency (TWA) can be described as a supplier of workers towards a third-party client who is in need of temporary staff for a short period of time (Davidov, 2004). One of the drivers for the large increase of temporary work agencies comes from the client side, since companies often include the usage of temporary help in their short and long-term strategies as well as in their ad hoc strategies (Burgess & Connell, 2006). The decision of using temporary help can be seen as a strategic choice from the client side because it enhances the flexibility and efficiency, reduces costs and improve the overall performance level (McIvor, 2008). Rumelt, Schendel and Teece (1991, p. 22) note, “that both theoretical and empirical research into the sources of advantage has begun to point to organizational capabilities rather than product market positions or tactics as the enduring source of advantage”. By using a temporary work agency firms have the opportunity to strengthen capabilities such as skills, experience and knowledge that they may lack internally.

Peck and Theodore (1998) claim that some temporary work agencies focus more on the parts of the labour market requiring low skills and low payment whilst other agencies are more oriented towards highly skilled workers. This illustrates that the employment industry consists of diverse agency structures. One agency structure that has emerged during the years is when agencies offer the possibility of managing some parts of the human resource function on site, resulting in a more long-term relationship with the end client (CIPD, 2008). In practice this means that the client company outsource some parts of the HR-department to an employment agency.

Outsourcing HR is a strategical decision that during the years has increased substantially (Cooke, Shen & McBride, 2005; Lepak & Snell, 1998). It is defined as giving a third party responsibility to handle selected parts of the HR function (Sparrow, Hird, Heasketh & Cooper, 2010). The “make or buy decision”, which is central to outsourcing, is often complex and difficult (Woodall, Scott-Jackson, Newham & Gurney, 2009; Ellram, Tate & Billington, 2008). The decision whether to outsource to an external vendor or to internalize, can have a great impact on a firms long-term strategies (Holcomb & Hitt, 2007). Outsourcing enables organisations to reduce costs and increase efficiency, which further allows them to concentrate on more core areas in the organization. Outsourcing is therefore, progressively decided to be pursued in order to attain increased performance improvements internally (McIvor, 2008). Furthermore, activities that have traditionally been performed internally such as payroll, recruitment and administration are now being outsourced at a larger scale (McIvor, 2009).

This has resulted in an increasing trend to hire different employment agencies that can support the organisations with required services (Kock, Wallo, Nilsson & Höglund, 2012).

There are three diverse agency structures that a worker or consultant can encounter in the employment industry. The first agency structure has been encompassing in the industry through the years, however, the second and third are the new and evolving concepts that represent the current transformation of the employment industry.

First, the usage of *TWAs* is seen as a tool to intensify the flexibility in the labour market (Baumann, Mechtel & Stähler, 2011). *TWAs* are claimed to reduce cost in areas such as recruitment, selection and basic training, which is believed to enhance the flexibility (Stanworth & Druker, 2006). This kind of employment has during the years increased among the highly qualified workforce (Ruiner, Wilkens & Kupper, 2013; Guest, 2004; Peck & Theodore, 2001).

Due to increased competition and dynamic markets, firms are in constant search for skilled workers to finish their projects. Therefore, the need for skilled contingent workers or consultants has increased. This is because contingent workers are more flexible, highly knowledgeable, reduces costs and do not require employer obligations such as “health, life or disability insurance, fringe benefits and unemployment compensations” (Vaiman, 2010, p.26). The agency market has through the years encountered reconstructions. This has led to agencies acting and taking on larger obligations such as being responsible for the human resources functions on site, often with a increased focus on the highly skilled labour force (Peck & Theodore, 2002; Stanworth & Druker, 2006). This has been the foundation of the increased usage of consultant brokerage firms (Benner, 2003).

Therefore a second and expanding agency structure is a consultant brokerage firm that supplies highly skilled contingent workers (Benner, 2003). A consultant brokerage firm is a recruitment agency that can offer the client a full solution when looking for contingent workers. Here, the consultant brokerage firm has the possibility to either act as a regular recruitment agency (Benner, 2003) or to take on the role as managing the client’s entire HR activities on site, which is known as a “managed service provider (MSP)”, “master vendor”, or a “vendor on premises (VOP)” (Hoque, Kirpatrick, De Ruyter & Lonsdale, 2008). The terminology of this phenomenon can differ among authors. In this thesis we are going to focus on using only one term, “master vendor”.

Lastly, a *third expanding* agency structure that has emerged is when a consultant brokerage firm offers the client company a master vendor arrangement. A master vendor arrangement is when client companies employ one staffing firm to answer for their supply of contingent workers on site. This consultant brokerage firm takes on the role as the master vendor, which includes being responsible for the process of supplying contingent workers by subcontracting with alternative staffing firms (Horne, Williamson & Herman, 2014). Accepting a master vendor arrangement results in outsourcing some parts of the human resource function such as payroll, recruitment and administration to the consultant brokerage firm (McIvor, 2009; Benner 2003). It is in fact argued that master vendor arrangements are growing at a faster pace than the regular temporary work agencies due to a higher demand for specialized competence on site (Bemmaningsföretagen Almega, 2012).

1.2 Problem discussion

The temporary work industry is expanding and agencies are facing high competition, which is shown in their pressured cost structures and tight profit margins. Reconstructions have generated more possibilities, however, also created tensions among the actors present in the industry (Peck & Theodore, 2001). Employment agencies offering this emerging solution of implementing a master vendor arrangement have illustrated that it can ease the work load for an end client by taking over activities such as administration, payroll and recruitment (Benner, 2003). This has caused an increase in implementing this solution in the employment industry, resulting in several firms hiring different consultant brokerage firms that can support the organisation (Kock et al, 2012).

This behaviour causes tensions in the staffing industry. The client companies are pressuring the agencies for lower costs in return for long-term relationships (Peck & Theodore, 2001). The possibility of creating a long-term relationship with a client company is preferred since the chosen agency receives a larger share in the market and can select which contingent skilled workers they believe are suitable for the client company. Here, other agencies in the market are left to approach the end client through the chosen agency, which creates more restrictions within the market. Using contingent workers is a strategic decision since it enhances the market responsiveness and increases the flexibility in the organization (Eurofound, 2007). Furthermore, Kalleberg (2009) stress that the decision to use contingent skilled workers is a way to reduce employer budgets and meet short-term goals.

According to Theodore & Peck (2002), agencies that offer this kind of arrangement might experience a decrease in competition since the actors available in the market offering this solution is limited. However, since this is a growing solution to offer, the competition will eventually increase among the actors. Furthermore, the possibility of offering this service has increased in the industry and agencies strive on becoming the only staffing supplier to the end client. This behaviour intensifies the level of competitiveness in the market since the chosen supplier gain control over the client company's stream of contingent skilled workers. A result from this is that the master vendor can benefit from the economies of scale function due to their position as the only actor and create a competitive tendering on other employment agencies in the industry. This raises an interesting thought of how the employment industry will move further and continue to develop if this agency structure is a rising trend. Therefore, increasing our knowledge into this specific agency structure can generate a deeper understanding on how this on-going trend can be encountered.

When a master vendor arrangement is implemented, difficulties and misunderstandings can arise between the two parties. One misunderstanding that could occur is when the end client may experience difficulties expressing the required needs for a specific position. The problem can also be rooted in the low level of competence held by the master vendor, which results in the inability of understanding the required needs from the end client and therefore fails to fulfil them (Galanki & Papalexandris, 2005). Often, agencies only follow the client company's instructions and skill requirements when finding a good fit. This results in ignoring to consolidate with the company who the chosen worker should be and if this person's characteristic is a good match for the company (Davis- Blake & Broschak, 2000). This inefficient behaviour increases the devoted time and cost invested in the process and also affects the quality level of the result. Hence, if companies accept a master vendor arrangement it is argued that there are possibilities for several benefits.

Such as reduction in transactions costs, improved quality, and better monitoring (Hoque, Kirkpatrick, Lonsdale, De Ruyter, 2011).

On the other side, there may also be less beneficial outcomes with an arrangement like this. It could be argued that an arrangement with these characteristics can lead to a delivery of a rather standardised solution which fails to meet the intangible aspects desired from the client company (Kosnik, Wong-Ming & Hoover, 2006). Since companies often times treasure the personality of a candidate, a master vendor can have a hard time delivering a suitable fit since they are not familiar enough with the intangible characteristics valuable to the company. Thus, the question that emerges is if this arrangement could be more suitable for a low skilled market in which the intangible aspects required is held to a minimum level. On the other hand, a master vendor arrangement is argued to be enhancing a stronger relationship between the selected agency and the end client, which would bridge a possible gap in the matching process. Due to the diverse arguments stated above, this agency structure is not explored truly in order to understand how a master vendor arrangement has an influence on the end client. This creates insecurity in the industry due to the complexity of not knowing if this kind of arrangement is truly beneficial.

The expanding category of contingent skilled workers has lead to an increased research about the industry in general. Most of the conducted research has been focusing on the contract flexibility of the highly skilled workers (Ruiner et al, 2013). Also, attention has been given to the consequences of using agency workers in highly skilled positions (Hoque & Kirkpatrick, 2008). Furthermore, several authors have researched about this phenomenon on a country-to-country basis due to the different legislations apparent in the countries (Ward, 2003; Coe, Johns & Ward, 2008).

Less attention has been given to the issues regarding the client-company perspective (Håkansson & Isidorsson, 2012). Especially regarding the consequences of implementing a master vendor arrangement. The few studies that exist have focused upon the dilemmas, attitudes and outcomes regarding the contingent workers (Koene & Riemsdij, 2005). Hence, researchers have expressed that there is an overall lack in the recognition of the rapid changes and reconstructions in the employment industry from the agencies operating in the field (Barley & Kunda, 2006). This has resulted in an absence of literature covering impacts regarding the decision of implementing a master vendor arrangement.

To our knowledge there is no research that specifically explores the highly competitive staffing industry in which a consultant brokerage firm offers a master vendor arrangement in the Swedish market. Which leads to the inquiry of how this strategic decision of implementing a master vendor arrangement influences the client company. One needs to understand that the complex employment regulations that exist in this industry vary from country to country. Therefore this phenomenon can solely be understood on a country-by-country basis (Peck & Theodore, 2002).

1.3 Purpose

Temporary work agencies have been around for several decades and have actively been discussed through research. Although in this thesis we choose to consider and explore an outgrowth from the traditional agencies, which is the current trend of offering a master vendor arrangement to the client company. Since there is a gap in the academic literature

regarding this topic, our research purpose is thus exploring the strategic decision to implement a master vendor arrangement offered by a consultant brokerage firm and the impact of such a decision on the company.

To this end, the thesis aims to identify key factors related to the decision and consequences of the decision. A key factor in this context is a factor that has been identified as important to reach the established strategic business goal. On the other side, a consequence has been recognized as an outcome from the implementation of a master vendor arrangement.

1.4 Delimitations

When researching in the chosen field, it becomes apparent that the scope of this research needs to be constricted in order to ensure value. Hence, several delimitations have been outlined that have impacted the fallout of the research. Since this study investigates the influences of a master vendor arrangement on the end client in the Swedish market, we will not consider other countries, which results in excluding the American market in which this type of arrangement is widespread. This delimitation is put in place due to time constraints as well as the risk of a too broad research scope. This thesis will only consider the perspective of the responsible managers for the master vendor arrangements at the end client company and will exclude the contingent workers point of view. This decision is taken since the managers are the ones closest to the researched area and can provide this thesis with valuable insights regarding the influences.

1.5 Structure of the thesis

This section is created to provide the reader with an overview of the existing chapters in this thesis. Firstly, we will present our theoretical framework, which consists of the leading theories in the academic literature on outsourcing. This will serve as the foundation for understanding the studied research field, which has guided us in our empirical research. Secondly, our methodology chapter is presented in which we describe our research approach, data analysis as well as how we approached our selected sample. The following chapter will present the data collected from our twelve respondents. Lastly, the data collected will be analysed after which our conclusions will follow along with the discussion, implications, limitations and suggestions for future research.

2 Theoretical framework

This theoretical framework will start with an illustrative model explaining the agency structure of a master vendor arrangement. Following with the leading theories in the academic literature on outsourcing; transaction-cost economics (TCE) and resources based view (RBV). The theory of social exchange will also be presented, as the connection to the theory of transaction-cost economics is strong. The reader will also receive an insight in what the opportunities as well as the risks are with outsourcing.

2.1 Master vendor arrangement model

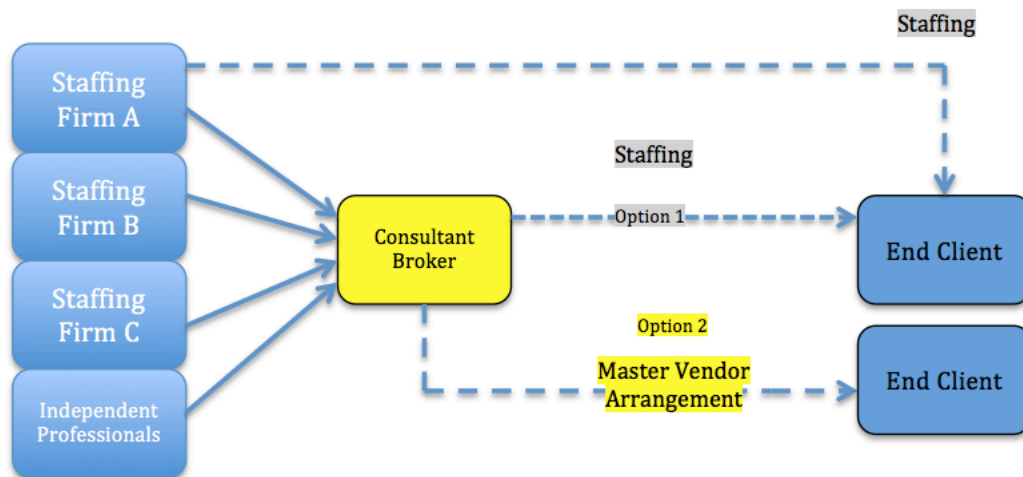


Figure 1: Master vendor arrangement model

Developed by Emina Busatlija & Mia-Berentje Land, 2016

This illustrative model displays the different paths an end client can consider (See figure 1). A consultant brokerage firm have the option to either act as a regular employment agency or to provide the end client with the solution of a master vendor arrangement. Either way, the consultant broker supply the end client with contingent workers, however, if option two is selected the consultant broker will take on the role as the single point of contact, handling all communication and administration with other suppliers in the industry for the end client. Whilst in option one, the end client needs to administrate all the diverse offerings from the suppliers by themselves. Option one generates more number of suppliers to handle for the end client, whilst in a master vendor arrangement, the end client only need to have one single point of contact which is the chosen master vendor. One important difference between these two options is that a master vendor arrangement requires a greater obligation to the end client where not only the recruitment process is covered but also several administration parts related to the human resources. In practice this approach results in outsourcing elements to the master vendor. To further clarify this illustrative model it is of importance to understand that the regular employment agencies have own employed workers in their organisation; on the other hand, the consultant brokerage firm do not have any own workers but rather supply from other agencies.

2.2 Theories explaining the decision to outsource

As the purpose of this thesis is to explore the strategic decision to implement a master vendor arrangement and the impacts of such a decision on the company it is essential to first understand the underlying incentives for outsourcing.

2.2.1 Transaction cost economics (TCE) and Social exchange theory

The transaction cost economics theory answers the question whether an economic activity should be outsourced or kept internally. The decision is dependent on the asset specificity required to complete the activity, which can be the amount of “expert” knowledge figuring in the transaction. Also, the level of interaction and the frequency attached to it between the end client and the consultant broker. Lastly, the extent of uncertainty and the probability of opportunistic behaviour from the consultant broker is also a part of the decision (Williamson, 1985).

According to Williamson (1975), organizations need to choose between different governance structures. The first one, which is concentrated on price, competition and establishment of contracts, is based in the market. Here, end clients place their trust on external suppliers, consultant brokers. This governance structure leverages low transactions cost contracts. In this type of governance, there is thus a great chance of incurred opportunistic behaviour from the consultant broker. Actions that can occur related to opportunistic behaviour from the consultant broker can be; presenting new prices during a contract renewal, minimizing cost by delivering bad quality and costs related to constant monitoring of their behaviour (Williamson, 1975). The second governance structure is hierarchical governance (Williamson, 1975). In this structure the employees are in focus instead of external suppliers.

Companies will decide which governance structure to proceed with depending on which structure that will generate the lowest transaction costs. More costs that are included in the transaction are unit price, anticipated costs connected to relationship between the consultant broker and the firm as well as the costs regarding the monitoring of results and quality (Williamson, 1975). From the viewpoint of this theory, deciding to outsource will generate cost savings by gaining from economies of scale and competitive tendering. It will also generate a decrease in the internal transactions (Dasborough & Sue-Chan, 2002). The opportunity to benefit from economies of scale derives from the consultant brokers large amount of clients (Gainey & Klaas, 2003; Shih & Chiang, 2011; Lever, 1997). This results in the possibility to propose an excessive diversity and higher quality at a lower cost than usual. Another benefit from outsourcing to a consultant broker is the access to their extensive network where knowledge intensive skills are highly accessible (Gainey & Klaas, 2003; Shih & Chiang, 2011; Lever, 1997).

An outsourcing arrangement will through time transform to a social exchange process, where both parties create strong and trustworthy relationships (Gainey & Klaas, 2003). Trust is an important indicator in a relationship since it has a great impact on the motivational drivers for the master vendor to assemble the clients needs and by contrast, the end clients will to apply and take care of the master vendors competence in the required area (Bradach & Eccles, 1989). When trust is recognized as a biased factor, in which the other parties will not exploit one needs, then this corresponds to a behaviour that contributes to trust and prevent the parties from acting opportunistically (Nootebom

et al, 1997). Williamson (1993) argue that trust is only favourable if the other parties succeed to ignore ones self-interest. Trust is an indicator that will help prevent opportunistic behaviour, which will result in less time spent by the clients on each activity. As both parties recognize a fair play, a reduction in resources needed to finish a required activity will appear (Gainey & Klaas, 2003). Parasuraman, Berry & Zeithaml, (1991), argue that this results in a satisfying behaviour since the end client can spend less resources monitoring the master vendors tasks.

These two theories can provide guidance for firms when considering outsourcing. Since these theories include factors to consider such as opportunistic behaviour, economies of scale and trust in the relationship between the end client and the master vendor, they are important to reflect on in the process. If considered there is a higher possibility of a more favourable result.

2.2.2 Resource Based View (RBV) and Core & Non-Core Activities

The resource-based view is an additional theory that has an impact on the outsourcing decision and should be acknowledged in the decision making process (Barney, 1991). This theory envisions the firm as a collection of resources and assets that, if used in a correct way, can lead to a competitive advantage (Peteraf, 1993). McIvor (2009, p. 47) argue that, one concern “of the RBV is how an organization’s capabilities develop and affect its competitive position and performance”. In order for firms to sustain the competitive position that they have, the decision to outsource is impacted by a firm’s capacity to acquire those capabilities that they lack internally in order to preserve the position and knowledge in contrast with their competitors (McIvor, 2009). Lacking capabilities and assets internally can instead be reached through a consultant broker. If organizations lack capabilities to perform a specific activity internally, one should consider outsourcing to a consultant broker (McIvor, 2009). High-level performances in a firm explain why certain activities should be performed internally and not by an external vendor, in this case a master vendor.

Furthermore, the outsourcing decision depends highly on the firm’s ability to develop resources and capabilities to stay competitive in the business environment in order to outperform its competitors (McIvor, 2009). Understanding which activities that are considered core to a firm and which activities that are non-core is of great value for the outsourcing decision. Therefore it is essential to distinguish between core and non-core activities in an organisation (Cooke et al, 2005). Finn (1999, p. 66) highlights that it is possible to divide HR management in different elements; these are “top level strategy and HR policies (core), line management responsibilities (core), specialist activities such as recruitment, outplacement (non-core) and routine, day-to-day personnel administration (non-core)”. The reason for outsourcing a non-core activity such as administration or payroll is because these parts of the HR function do not generate profit or is not part of the firm’s prioritized goal (Stroh & Treenhboff, 2003).

Stroh and Treenhuboff (2003) stress that organizations should determine the difference between core and non-core activities, and only outsource those that are non-core and keep the core in-house. It is further argued that those activities that are defined as core can be seen as a part of an organisations competitive advantage and should therefore be performed in-house. Many organizations decide what to outsource depending on “what

will save most on overhead costs” instead of focusing on how the decision to outsource will impact “the long-term capabilities of the organization” (McIvor, 2008, p. 24). Many proponents have stressed during the years, the great importance of not outsourcing a firms core activities (Arnold, 2000; Gilley et al, 2000; Quinn & Hilmer, 1994), and carefully handle the relationship between the parties (Williamson, 1985). Tompkins, Simonson, Upchurch and Tompkins (2005) illustrate the core and non-core activities in a matrix in order to receive a brighter overview of what should be outsourced and what should be kept internal (See table 1). The matrix also demonstrates the primary and secondary focus. The primary core factors are those that separate your firm from the competitors, on the other side, the primary non-core factors are those that have an impact on the relationships with the customer. Secondary core factors are those that add value to your company but are not so visible to the customer. This box in the matrix can be linked to the administration obligations that the master vendor takes on. It is often obligations that are not visible to the outside market, but can rather be improved and handled internally. The secondary non-core factors are those that do not have an impact on the total revenues of the business.

	Primary Focus	Secondary Focus
Core Process	Things that differentiate your organization in the marketplace. The reasons customers come to you.	Things that need to be done well but are not visible to the customer.
Non-Core Process	Things that, if not done well, can have a negative impact on your customer relationship.	Things that need to be done but do not have any significant impact on the success of the business.

Table 1: Core competency matrix

Developed by Tompkins, Simonson, Upchurch and Tompkins, 2005

2.2.3 Relationship between TCE and RBV

There is a growing literature arguing that TCE and RBV are complementing each other. This is based upon the fact that these two theories alone are not strong enough to encourage an outsourcing decision (McIvor, 2009; Ellram et al, 2008; Holcomb & Hitt, 2007). For example, when an organization believes to have the resources to acquire a capability that is difficult to duplicate by the competitors and the possibility for opportunistic behaviour is high, then this activity should be kept internally (McIvor, 2009). The specific assets in the TCE theory, which in this context is the unique knowledge, and the distinctive capabilities in the RBV theory, have one factor in common, they are hard to imitate by the competitors (Peteraf, 1993). TCE is primarily concentrating on the governance skills whilst the RBV theory is concentrating on the production skills. Furthermore, both of these theories are essential to the outsourcing decision because the TCE theory focus on why firms exist, and the RBV theory focus upon the performance level of the firms (McIvor, 2009).

The transaction cost economics theory as well as the resource based view theory mentioned above have guided us to our research purpose by clarifying and making us understand the underlying factors for the strategic decision to implement a master vendor arrangement. Our purpose is based on these theories since it enables us to explore the reasons behind the decision more closely.

2.3 Opportunities with outsourcing

2.3.1 Improvements in the matching process

The matching process in the staffing industry is the main source for an ideal outcome and is therefore a practice that needs to be handled carefully (Smith & Neuwirth, 2009). Since the communication between the end client and the employment agency sometimes is at a low level, a mismatch between the chosen contingent workers attributes and the required needs from the client company can be in dissonance. When solely basing the matching process on a required job title for a chosen profile, many specific requirements can be neglected and lead to a non-desired outcome for both parties (Davis-Blake et al, 2000). It is vital for the end client to be specific in their desired profile in order for the matching process to be efficient. The matching process is especially crucial when dealing with contingent skilled workers since there is a risk of an increase in associated costs, and a decreasing commitment level in case of a mismatch (Hoque et al., 2008). Another point highlighted by Kunda, Barley & Evans (2002) is the importance of agencies being able to place the contingent workers in positions that satisfy their personal and development urge. Here, the important factor is to collect as much information as possible in order to be able to produce a good match. It is argued by Forde (2001), that agencies often feel obliged to increase profits and therefore act quickly in the placement of candidates. Furthermore, this behaviour reduces the likelihood of finding the perfect fit since the agency disregards the client company needs.

The staffing industry can be referred to a sales industry, in which a good sale is shown in a good placement of a candidate (Smith et al, 2009). Furthermore, a perfect match is when a candidate pursues the contract requirements perfectly which results in a successful performance. This performance can only be reached if the agency has enough detailed information about both parties' needs and requirements, which can be established through long-term relationships and efficient communication (Bidwell & Fernandez-Mateo, 2010). In such placements, a more valuable match will be found. Another essential perspective that is crucial in the matching process is the relationship created between the master vendor and the seller, in this case the contingent skilled workers. If a more valuable relationship is created between the two parties, a better match will most likely occur. The combination of a strong and detailed knowledge about the worker together with an established relationship, a more credible translation will be transferred to the client company about the workers skills and quality (Bidwell et al, 2010).

The table below (See table 2) is created in order for the reader to establish a more comprehensive overview of the factors improving the matching process.

Factors improving the matching process	Davis-Blake & Broschak (2000)	Kunda, Barley & Evans (2002)	Forde (2001)	Bidwell & Fernandez-Mateo (2010)
High level of communication	X			
High level of gathered information		X		
Good level of speed of finding a candidate and placing him/her			X	
Strong relationship between broker & seller				X

Table 2: Factors improving the matching process

Developed by Emina Busatlija & Mia-Berentje Land, 2016

2.3.2 Reduction in cost

According to McIvor (2009), organisations that choose to outsource selected parts of their organisation can experience a reduction in cost, and therefore see it as a main motivational factor. Furthermore, outsourcing to a master vendor enables firms to instead hire specialists to required times and areas, which leads to a reduction in costs. Outsourcing creates a greater value for the client company due to the ability to gain competencies that they lack internally, all at lower prices. Using specialized personnel results in cost reduction because they have their own methods and techniques that save cost and time (Lever, 1997). Reduction in costs is linked very much to the efficiencies generated from economies of scale, since an external vendor has the ability to put competitive tendering on actors in the market (Goldfarb & Naasz, 1995). This in addition with the value from the knowledge held by the master vendor, brings reduction in costs to the end client.

2.3.3 Access to competence

Due to changes in the broader environments, such as globalization and society's path towards a more digitalized world, organizations are in need of greater competencies. Therefore, outsourcing can be seen as an alternative to reach a greater amount of skilled personnel when management acknowledges that they lack specialized competencies internally. By using a master vendor, the organization receives access to a broader range of individuals with specialized competence and can rely on the master vendors knowledge to recruit the right person needed (Adler, 2003). A consultant broker handling the recruitment process gives managers in the organization the possibility to focus on core activities. However, they need to be present at the end of the recruitment process in order to select the most qualified candidate (Weatherly, 2005). By having the knowledge and experience required to gather different but suitable clients, the master vendor is able to handle this more efficiently than the organization would in-house (Adler, 2003).

2.4 Risks with outsourcing

2.4.1 Managing the change

The decision to outsource can have a large impact on the organization as well as on the employees (McIvor, 2005). Companies often ignore several consequences that can appear from the outsourcing decision and instead only focus on their drive to minimize costs (McIvor, 2005). Deciding to outsource deals to a large extent with change management and the ability to manage the resistance that could occur when the change is starting to be pursued. One important element that needs to be considered is the individual in the firm (McIvor, Wall, Humphreys & McKittrick 2009). The employees have strong emotions and can feel neglected when a firm is outsourcing. This situation needs to be addressed since the employees can act upon these feelings, which will generate negative emotions in the organizations climate. It is further stated that firms during an outsourcing implementation choose to ignore the employee's attitudes and engagements, which are two factors that a successful outsourcing implementation depend on. The attitudes from the employees in the organisation are crucial to understand when undertaking a successful implementation of change management. By stimulating key employees, the organisations are able to keep individuals with crucial expertise in the company (McIvor, Wall, Humphreys & McKittrick 2009).

2.4.2 Loss of control

When outsourcing an activity that previously has been performed internally, the company can experience a loss of control and encounter increased risks (McIvor, 2009). Losing control over the outsourced activity can result in becoming dependent on the master vendor and their competence (Roberts, 2001). This could lead to a slower development internally on activities that are being outsourced. Furthermore, outsourcing can lead to a loss of internal skills that could have been of value for the company in the long run. When a master vendor takes over parts of the human resource function the client company transfer that entire activity to the external vendor, resulting in giving away the responsibility to another party. The client company relies on the vendor resulting in that; the internal knowledge and expertise in HR-department areas are weakened (Adler, 2003). Lastly, a higher risk can be experienced in areas such as cost and quality when depending on an outsourcing organisation to a large extent (McIvor, 2009).

2.4.3 Limited learning

When proceeding with the decision to outsource, the organisation can be in a position in which they are narrowed to a limited learning experience. Furthermore, a lower level of innovation can also be experienced (Kern, Willcocks & Lacity, 2002). Outsourcing can lead to a loss in internal organizational learning, and especially a loss in skills needed for advancing and updating core competencies (Lei & Hitt, 1995). Cohen & Levinthal (1990) argue that the learning and development of internal skills and competence is dependent on firm-specific characteristics and embedded knowledge, which is inserted internally and cannot be obtained or integrated into the firm. If organizations choose to outsource their core skills, it generates a lower level of detecting and exploiting future changes in for example technologies (Lei et al, 1995).

2.4.4 Cost increase

When taking the decision to outsource, some firms may experience that cost do not decrease and thus might instead increase (McIvor, 2005; Davidson, 2004). Barthelemy (2001) states that the cost of managing the outsourcing as well as the inability to plan for future costs related to the outsourcing decision is known as the hidden costs of outsourcing. Furthermore, there is a reoccurring pattern of companies failing to take into consideration the management resources as well as the time that needs to be devoted in order to make the outsourcing efficient (McIvor, Wall, Humphreys & McKittrick 2009).

The presented factors above as well as factors mentioned under the heading opportunities with outsourcing has guided us in developing both of our research questions: What factors contribute to the strategic decision of implementing a master vendor arrangement, as well as what factors contribute to the strategic decision of not implementing a master vendor arrangement. This has also guided us to the second part of our research purpose, which is to understand the consequences of an implementation of a master vendor arrangement.

2.5 Research questions

To further continue with our research process these questions have been established.

Research question 1: What factors contributed to the strategic decision of implementing a master vendor arrangement?

Research question 2: What factors contributed to the decision of not implementing a master vendor arrangement?

3 Methodology and Method

In this section we will discuss our chosen research philosophy, research purpose and research approach combined with our reasoning behind the choices. We will also elaborate on our sampling method and data collections as well as our ethical standpoints.

3.1 Research Philosophy

In this thesis we aim at extending the understanding of how a strategic decision to implement a master vendor arrangement influence a company in the Swedish market. We will also further extend our understanding by recognizing, which factors that contributed to the decision of implementing as well as not implementing a master vendor arrangement. This thesis undertakes an interpretive research philosophy by understanding the world as constructed and interpreted by people and therefore is altering from the world of nature (Williamson, 2002). The interpretivistic perspective allows us during our empirical research “to enter the social world of our research subjects and understand their world from their point of view” (Saunders, Lewis & Thornhill, 2009, p. 116) which is our goal to truly understand the research topic. Saunders et al (2009) argue that this philosophy is suitable to use when exploring topics related to human actors behaviour and decision-making. This is suitable considering our purpose with this research.

We are encouraged by an interpretivism epistemology, meaning that we strive to understand the diversity among individuals rather than objects (Saunders et al, 2009). Interpretivists recognize themselves as dealing with several realities, which are established both on an individual and a social level (Williamson, 2002). The terminology “social actors” is significant in an interpretivism view and the world is seen as a stage on which humans interact (Saunders et al, 2009). Thereby in our research we are interested in interpreting the various insights and perceptions of the client companies on how a master vendor arrangement have influenced their company.

3.2 Research Purpose

Our purpose with this research labels as an exploratory study since we strive to understand, gather observations and insights about the nature of the problem or topic (Saunders, Lewis and Thornhill, 2012). An exploratory research structure can be compared to the actions of a traveller or an explorer (Adams & Schvaneveldt, 1991). According to Yin (2003), an exploratory study is useful when the phenomenon investigated has no well-defined set of conclusions. This research strives to explore how the strategic decision of using a master vendor arrangement influences the end client, by identifying key factors and consequences. Our goal is to outline the influential factors that result from an implementation of a master vendor arrangement through interviews held with individuals responsible for this kind of arrangement. Due to our choice of research purpose, we will receive valuable insights to a yet rather unexplored phenomenon, which will further address the gap in the literature by complementing with new findings and new knowledge.

3.3 Research Approach

The inductive research strategy is known as theory building whilst deductive is considered theory testing (Saunders et al., 2012). Bryman and Bell (2007) describes the inductive approach as an approach that gives an understanding on the complex nature by using an

iterative approach, which means altering between data and theory. This provides the researcher with a deep understanding that results in theory building. According to Saunders et al. (2012), an inductive approach delivers value to the research in the way that it creates an understanding of the complex and social world that the individual is surrounded by. The research is pursued forward from its prior stages with a foundation built on the interpretations of the authors. Since the phenomena that we are investigating is very specific, there is a limited amount of theories and structural frameworks, which results in theory development.

For the purpose of this thesis, we acknowledge that an inductive approach is more suitable since it allows us to have interpretations and to structure the research upon it. A deductive approach is not suitable considering the low level of previous research in this specific area, which entailed difficulties in establishing a hypothesis. With an inductive approach, we can gain a deeper understanding of the complex nature of the influential factors from a master vendor arrangement and contribute to the current theories regarding this topic. Since we aim at exploring and creating an understanding about a specific problem rather than striving for generalizable answers this chosen approach is more suitable for this thesis.

3.4 Selection of firms

The companies chosen for this research were based on a chain sampling. We chose to include companies that currently have this solution implemented as well as companies that have chosen not to implement this solution. To receive a contrasting perspective, our research is also considering consultant brokerage firms offering master vendor arrangements. Chain sampling is a suitable technique to find information-rich informants to interview (Patton, 2002). By using this technique we were able to gain information about appropriate and useful companies to interview that right now or previously have used a master vendor arrangement as well as companies that have chosen not to implement this solution. This method involves asking those that have been interviewed to identify further alternatives that could be of interest for our sample (Saunders et al, 2009). However, this technique can entail actors being biased and only recommending alternatives that are of similar character. Since establishing a first contact with these chosen respondents was hard without a recommendation, we are aware of the biased factor that could arise. Although, this chosen sampling method is disposed to biased behaviour which is not in our control, and as the chosen respondents may have been selected in a convenient way, we still believe that this sampling method to be the most suitable option for this inquiry. This is primarily because of the sensitivity of the topic itself, which makes it complex to get in contact with companies.

Due to our chosen sampling method we compiled a list of 23 suitable clients. However, out of these, five end clients accepted a participation in our study, as well as four clients that have chosen to not implement this solution. Among these nine companies, a general interest for our research was expressed as well as a general desire to take part of the results of our completed study. Additionally, due to our chain sampling, recommendations were gained resulting in contact with Sweden's three largest consultant brokers offering this service.

For our criteria's regarding our sampling, we chose to focus upon large firms in the public and private sector in the Swedish market. We choose to only focus on large firms since they have a considerable amount of contingent skilled workers present in their company.

The companies that were chosen are operating in diverse industries since we strive to explore the experienced influences indifferent from which industry the company is currently working in. As stated by Patton (2002), using a sampling that is divergent make the similar findings among them stronger. The findings collected for this study has facilitated us to report unique patterns occurring among the sample, which has lead us to key themes.

3.5 Selection of respondents

The aim for this thesis was to interview people responsible for the master vendor arrangement, since they would be those with most knowledge in this field. According to McIvor (2005), the person responsible for managing the master vendor arrangement is often the person that has been managing the process internally before the outsourcing and has the most valuable information to share. The selection of respondents was also based on a chain sampling (Saunders et al, 2009). At the end of our interview every responsible manager recommended other individuals that would be of interest for the purpose of the thesis. Managers responsible for the purchasing department for contingent skilled workers of companies not having this solution were also interviewed. This was chosen since we wanted to identify possible implications that an implementation of this kind could create. By gaining valuable insights from both sides of the phenomena a deeper understanding was reached.

Additionally, one regional director, one founder and one purchasing manager from the consultant brokerage firms were interviewed. Including this perspective helped us to better understand the phenomena from their position, which contributed to the ability to validate their answers with those actually using the master vendor arrangement. When including consultant brokerage firms in our research we were able to bring additional value to our research.

At first we approached all the chosen respondents by phone to recognize if there was a general interest to participate in our research. If an interest was shown, a longer phone call followed in which we explained more thoroughly the purpose of the research. Lastly, emails were exchanged to decide upon the details regarding the date and time for a face-to-face interview. Following is a table (See table 3) in which our responding companies are outlined, their size, their industry size, the position of the respondent, date of interview, implementation year and interview duration as well. The table consists of three sections in which the first section consists of end clients with an implemented master vendor arrangement. The second section consists of end clients who have declined a master vendor arrangement. The third section consists of master vendors offering a master vendor arrangement.



SECTION I End clients with an implemented master vendor arrangement						
Company	Size	Industry	Position of the respondent	Date of interview	Year of implementation	Interview duration
EC1	Large	Food Packaging	Responsible manager for master vendor arrangements	6/4-2016	2014	50 min
EC2	Large	Home Electronics	Global coordinator for master vendor arrangements	27/4-2016	2014	56 min
EC3	Large	Medicine	Responsible manager for master vendor arrangements	19/4-2016	2013	45 min
EC4	Large	Administration	Responsible manager for master vendor arrangements	26/4-2016	2014	30 min
EC5	Large	Bank	Responsible manager for master vendor arrangements	3/5-2016	2014	32 min
SECTION II End clients who have declined a master vendor arrangement						
EC6	Large	Bank	Purchasing manager	17/3-2016	N/A	41 min
EC7	Large	Gardening Equipment	Purchasing manager	5/4-2016	N/A	1 h 10 min
EC8	Large	Sewing equipment	Global manager	5/4-2016	N/A	33 min
EC9	Large	Home Furniture	Global purchasing manager	6/5-2016	N/A	49 min
SECTION III Master vendor who offer a master vendor arrangement						
MV1	Large	Consultancy Broker	Region manager for master vendor arrangement	29/2-2016	N/A	1 h
MV2	Large	Consultancy Broker	Founder and CEO	18/3-2016	N/A	45 min
MV3	Large	Consultancy Broker	Purchasing manager	24/2-2016	N/A	1 h

Table 3: Respondents

3.6 Data Collection

Considering the design of this research, the main objective for the collection of our data was to explore how a master vendor arrangement influence companies in the Swedish market, and to create an understanding of what factors that made those companies choose to implement this solution in the first place. To further strengthen our data we chose to also investigate companies that have decided to choose a different path and decline an implementation of a master vendor arrangement. Additionally, to validate the answers from the companies we chose to include consultant brokerage firms offering this implementation as well. The main approach for our data collection is semi-structured interviews and therefore we identify this study as an interview study.

3.6.1 Semi-Structured interviews

According to Morse and Field (1995, p. 76), semi-structured interviews are used “when the researcher knows most of the questions to ask but cannot predict the answers”. We chose this method because it enables the respondent to speak freely and share own experiences and stories in a described manner, which generated in a more causal conversation.

This possibility, to take part of the respondent's stories strengthens the qualitative research by receiving deeper insights (Morse & Field, 1995). This encouraged the conversation to develop into different directions, however, our interview guidelines (See appendix) helped us gain control and follow the outlined structure of the interview. Since we are adopting an interpretivist epistemology, where understanding the position of our respondents is crucial, an semi-structured interview will allow our participants to elaborate and explain their answers making us grasp their viewpoint (Saunders et al, 2009). At the same time, the semi-structured interviews helped us to explore themes and questions on crucial topics for our research.

Our interview guide consisted of two parts. The first part was structured to warm up the respondents by asking informative questions about them and their role in their company. The second part of the interview guide was addressed more towards their strategic decision of implementing or not implementing this kind of solution. The second part also consisted of elaborative questions regarding the implementation and the outcome. Our pilot study enabled us to evaluate our questions and develop them further in order to attain all relevant information through the interviews.

To ensure that all information needed was detained, all interviews have been recorded. An acceptance was first assured before initiating a recording video from the interviewees. All interviews have been transcribed in order to understand the interviewee's perspective better. After transcribing the interviews, we took a further contact with some of the interviewees in order for them to elaborate more on some statements in order for us to get a deeper understanding.

Our preferred method for the data collection was face-to-face interviews. In all the meetings with companies involved with this kind of solution, as well as with companies choosing not to accept this solution a face-to-face interview was reached. However, Skype interviews became the working method for our consultant brokerage firms offering a master vendor arrangement. Despite this choice of method, we could still collect highly qualified information. Being two researchers present at all scheduled interviews enabled us to minimize interviewer bias and improve our own interview approach. However, in some interviews, we recognized a biased behaviour from the end client, since a usage of such an arrangement may give an appearance of having a very well functioning master vendor. On the other side, the end clients that had chosen to not implement such an arrangement were more sceptical towards the phenomena and pointed out and elaborated more deeply on the development areas with such arrangement rather than just the benefits.

3.6.2 Additional sources for data

Corporate documents were used in our research, which helped us to receive further insights about the companies. These corporate documents included, their internal facts regarding their master vendor implementation. Also, internal PowerPoint presentations were received to understand how such an arrangement could be presented for the management team. The type of data gathered with these characteristics were not applied to a large extent to the analysis of this research but were merely used to aid us in building the foundation of knowledge in this topic and bring further insights in the received interpretations.

3.6.3 Pilot study

To ensure the quality and relevance of the questions and themes discussed during the interviews, a pilot study was conducted (Saunders & Lewis, 2012). A pilot study assists the researchers in clarifying their data collection concerning both the content of the data as well as the procedure itself (Yin, 1994). The author further states that a pilot study is “assisting an investigator to develop relevant lines of questions - possibly even providing some conceptual clarification for the research design as well” (p.74).

Four interviews were conducted in our pilot study. Each of these four interviewees was connected to the master vendor arrangement, either as an end client or as a master vendor. These interviews are not part of our empirical findings but were merely used in a way for us to develop and improve our interview questions.

By conducting a pilot study, we were able to both modify the questions that were not resulting in informative answers for the interviewee, as well as rephrase the questions that were not understood correctly. We were also able to sharpen our questions and our wordings to be able collect richer answers from our respondents later. An initial finding from our pilot study was that overall, the questions were relevant to the subject and the interviewees could elaborate and deliver informative answers. Although, after conducting our pilot study, we could conclude that some questions were too similar, which resulted in comparable answers to several questions.

Furthermore, a few questions led to confusion for the interviewee, which resulted to vague responses since they struggled with understanding the question. After the pilot study was conducted, the questions were discussed with the interviewees. Hence, some questions were then arranged differently in order to minimize the confusion as well as make the interview dialogue more flowing. Furthermore, some questions were then divided into several parts in order to reach a more detailed response from the interviewee.

3.7 Analysis of empirical findings

Since our research has an inductive approach, we have chosen an equivalent data analysis technique that is appropriate to use for analysing qualitative data. We have chosen to apply Saunders et al. (2009) analysis technique for qualitative data. According to the authors there are several courses of actions one could take when analysing qualitative data. Three of these are summarizing of meanings, categorization of meanings as well as structuring of meanings using narrative. In this study we have chosen to use summarization as well as categorization in order to conduct a rewarding analysis.

In the beginning of the analysis we transcribed all of our interviews from the audio recordings, and summarized them together with the corporate documents. According to Saunders et al. (2009), a summarized data collection will make it easier to detect emerging themes. By doing so we were able to discover key points and themes that had emerged and further create an understanding regarding the relationships between them.

The next step consisted of categorizing the summarized data. According to Saunders et al. (2009), there are two activities connected to the categorisation step; developing the categories as well as connecting the categories to the data collected.

We used our collected data as the basis when developing our categories, this helped us gain structure that aided us when analysing our collected data further. The key themes that

emerged during our analysis regarding the consequences of implementing a master vendor arrangement were: change management, supplier, cost, administration, control and recruitment process.

To proceed with our analysis and continue the analysis from the general findings mentioned above (Saunders et al, 2009) we used a template analysis to analyze our data collection. According to King (2012) a template is defined as a summary of the emerging categories that illustrates the themes from the data collection. Further, Saunders et al. (2009) states that a template analysis blends both an inductive and a deductive approach when analyzing collected qualitative data. This is due to the fact that codes can be established before the data collection and then further on modified as the data collected and analysis proceeds. Throughout our study we have pended between the theoretical framework and the data collected. Our theoretical framework, purpose and research questions are influencing the structure of our interview guide. Furthermore, our empirical findings as well as our analysis will follow the same structure and follow a coherent set of codes. The themes found in our analysis are based upon the codes that emerged before our data collection, which are then modified in the process of the analysis.

3.8 Research Quality and Ethics

When conducting a research it is of value for the researchers to reflect upon ones ethical standpoints. When performing a qualitative study, it is essential to be able to assess the trustworthiness of the data. According to Given and Saumure (2008), there are four aspects that researchers should consider, those are: credibility, transferability, dependability and conformability.

3.8.1 Credibility

Credibility is considering the consistency that is held through the research. According to Cope (2014), the credibility of a research is considered enhanced by sharing the empirical findings with the participants. In this research, we have strived to make coherent choices throughout the process. This study can secure credibility since both of the researchers of this thesis has been present at the interviews and in the transcriptions. In addition to this, the respondents reviewed the transcribed interviews in order to ensure truthfully quotations and interpretations. We have held an objective viewpoint throughout the whole research and our goal is to illustrate our data collected as truthfully as possible.

3.8.2 Transferability

Transferability is achieved when the findings from the study have a “meaning to the individuals not involved in the study and readers can associate the results with their own experience” (Cope, 2014). Since a qualitative research rarely have the possibility to investigate a large amount of cases, it is crucial for researchers to include a sample that reflects the population as truthfully as possible. By considering a large range of companies figuring in different industries and investigating their viewpoints towards a master vendor arrangement, our analysis can be applicable to other cases connected to master vendor arrangements in the Swedish consultancy industry.

3.8.3 Dependability

Dependability concerns the capacity in which the researcher can adapt to the dynamic context in which qualitative studies are performed. According to Cope (2014), dependability refers to the perseverance of the findings in a homogenous context. In order to ensure dependability in our research we have considered altering factors in our process of conducting this research. In our research we experienced a situation requiring consideration from our side when collecting data. Since we felt that the number of our sample was too small we increased the number of companies interviewed in order to collect a more comprehensive amount of data.

Furthermore, when conducting our research we recognized that we could gain additional value by including the perspective of master vendors. We choose to include master vendors in our study for two reasons; gaining valuable information regarding master vendor arrangements, as well as gaining data regarding the assumed consequences from a master vendor arrangement for the end client. We were aware of the biased position this may put us in. The information gathered from master vendors regarding master vendor arrangements can be perceived as biased. However, by receiving corporate documents and other information from the master vendor helped us establish an authentic description in which several actors contributed.

3.8.4 Conformability

Conformability concerns the ability to confirm the findings from the collected data. According to Cope (2014), conformability can be achieved through clearly outlining how conclusions were formed and further provide citations from the collected data. In our research we assured conformability through considering different biased behaviours that could affect our study. The findings from our data about the influences from a master vendor arrangement are carefully thought through in order to build a secure foundation of data, which is not influenced by personal assumptions.

3.8.5 Ethics

When conducting our research we have been guided by ethical principles. Saunders et al. (2009, p. 183) points out “that ethics refers to the appropriateness of your behaviour in relation to the rights of those who become the subject of your work, or are affected by it”. All our interviewees were selected based on their approval, and were anonymous throughout the study and neither respondent’s names nor company names were disclosed. Due to the complexity and sensitivity of the topic, the respondents were given pseudonyms in order to ensure their anonymity and grant the respondents the possibility to freely express their thoughts. We let our respondents proofread our transcripts before analysing the data. This was done since we wanted to make sure that we had interpreted the responses correctly and that all our quotations were stated truthfully. This was important for our research and enabled us to have a transparent process.

Furthermore, we felt a large gratitude towards the respondents for taking part in our research and wanted to give them compensation in some sort. By sharing our findings and our results with the respondents, we felt that all parties could gain from our research.

4 Empirical Findings

This chapter will be structured according to the following order: first a short description of the chosen companies will be outlined. Secondly, the data collected from our interviews together with relevant information from the received corporate documents will be presented according to our constructs from our interview guide. The constructs from our interview guide have its origin from our literature study as well as our research questions.

Our findings will be presented in three sections. First, companies that currently have a master vendor solution implemented are presented under these constructs: Strategic decision of using a master vendor and the influence from using a master vendor arrangement. Secondly, companies that have chosen to not implement this solution are outlined under this construct: the strategic decision of not implementing a master vendor arrangement. Lastly, consultant brokerage firms offering this solution are presented under this construct: inside view from a master vendor.

4.1 Section I

This section will present those companies that have chosen to implement a master vendor arrangement (See figure 2).

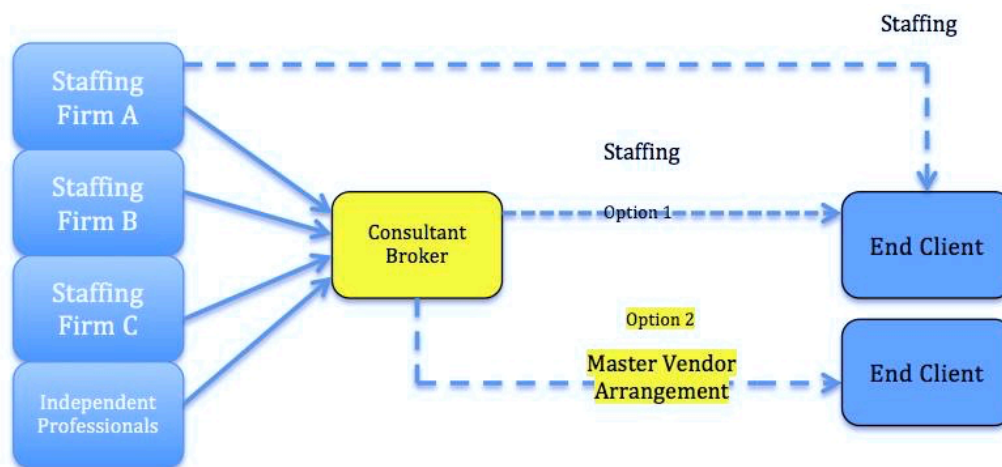


Figure 2: Outline section I

Developed by Emina Busatlija & Mia-Berentje Land, 2016

4.1.1 EC1

The first interview was conducted with the responsible manager for the master vendor arrangement at company EC1. The interview was conducted on the 6th of April 2016. EC1 was founded in 1951 with the mission to increase and improve the solution for processing and packaging food. Today they are the global leading company in this area. They are active on a global scale with a presence in 170 countries. The master vendor arrangement has been implemented since 2014 and has been active for two years.

4.1.1.1 Strategic decision of implementing a master vendor

When the strategic decision of accepting a master vendor solution was taken, EC1 felt that the goal that they had been imagined was becoming real. *“I only had one goal [regarding this phenomena], I wanted to minimize our supply tail with 800 suppliers”.*

EC1 recognized that this was a strategical choice that would benefit the company in the long run. On the question, what triggered this strategical choice the Responsible manager of EC1 answered, *“I realized that we needed to save money. This made me contact the suppliers we had on our short-list, to try to make them lower their prices. If they did not lower their prices, we would send them to the broker. I could argue for this due to the analyses and facts I had done earlier. We were paying to much money”.*

The responsible manager of EC1 explains that it is hard to gain a broad overview of the market by hiring consultants the traditional way. *“A master vendor with their large networks gives us an holistic view of the market”.*

Before implementing this solution, EC1 knew that the power they had over their other suppliers would increase. This power would generate in the possibility to pressure prices. *“We could call them and say that they needed to lower their prices, otherwise we would end the contract, this would not be possible without a broker”.*

4.1.1.2 Influences of a master vendor arrangement

EC1 have had their master vendor solution implemented for 2 years, which has resulted in dramatic improvements. *“We have full control now, which results in us taking faster decisions. We have moved from having consultants walking around without assigned assignments, to having more structure”.*

EC1 explains that a master vendor arrangement has brought them several benefits. One that has made a great difference is their management of external suppliers. *“Due to our implementation, we have removed all the external suppliers trying to create contact, and establish a contract with us”.*

The responsible manager stress that it is important to continuously inform the individuals affected by such a decision. If this is not addressed consistently it can impact the company.

“The consultant brokers are living on streamlining the processes and sometime the rest of the company do not keep up with the change”.

“When we send out our request a worker can be standing on our doorstep the next day. Sometimes it was to fast to handle”.

“Its a huge change for the company in general. The reaction on the implementation was almost just negative. Its about change management to a large extent”.

EC1 further explains in a descriptive manner how the rest of the organisation really received the change. He clearly states that an organisation must be aware of the change

management that is required when this kind of transformation is initiated. *"I was spat on, they called me during the night and just screamed"*.

4.1.2 EC2

The second interview was conducted with EC2. The person interviewed is the global coordinator responsible for the master vendor arrangement. The interview was conducted on the 27th of April 2016. EC2 is one of Sweden's biggest suppliers of technique products with a large and diversified product base. The company was founded in 1919 with a mission to supply homes with technique products. EC2 have had their master vendor arrangement implemented for one year. However, the implementation processes started already in 2014.

4.1.2.1 Strategic decision of implementing a master vendor arrangement

EC2 chose to implement a master vendor arrangement since they recognized that they lacked the bigger picture of the consultancy landscape currently present in the market. *"It is really a strategical decision. In the beginning it was more of a purchasing strategy in order to track how much we spent and to get an overview over the market, but after the pilot test, it has grown more towards a strategical decision"*.

The global coordinator further explains which factors that influenced their decision, *"In the beginning we felt that the main factors we wanted to track was cost control as well as quality since these two aspects are crucial for us"*.

When EC2 made contact with the broker it became clear that a beneficial factor was that the arrangement was going to be supplier funded. *"Since we are using this technique [supplier funded] we do not have to pay extra for this arrangement."* A supplier-funded model means that the company let the suppliers pay for the master vendor solution and a 2,5% margin is withdrawn from the payment to the supplying company.

EC2 acknowledged that much could be done with an arrangement like this. *"Our expectation was that we wanted to receive an overview of the prices in the market. I also expected to be able to measure quality and to see which suppliers that supply us with efficient consultants"*.

4.1.2.2 Influences of a master vendor arrangement

EC2 explains that their internal structure changed when implementing this solution. They went from having a decentralized process to a more centralized. However, going through this implementation made the company realize that it requires a great change management.

When asked about the actual influences after the implementation of their master vendor arrangement, the global coordinator states that *"We did 3% better when using a master vendor compared to before, on pure price measures. Then you need to remember that we did this fully free of charge. We did this without paying anything which means that that's a saving as well"*.

As mentioned earlier, EC2 focus lies very much on keeping the assets locked in the company. They therefore provide the external labour with options in order to secure the competence they possess. *"We have chosen to offer them employment instead. In this whole process we*

are decreasing our total cost with a few hundred SEK each hour just because we hire them. We have become strategically smarter with how we handle the consultants”.

EC2 is a large organisation that put value in receiving fast results from an implementation. After the implementation they experienced that some results they were waiting for arrived later than expected. *“One unexpected benefit with this solution was that the managers felt the courage to off board a consultant for a few weeks when we don’t needed her. This was not possible before.*

Although EC2 feels like there are mostly positive outcomes from this arrangement, the arrangement was met with great resistance when first implemented. The suppliers currently active in the company refused to be a part of a supplier funded model and felt excluded in the process. EC2 encountered the situation with arranging meetings where opinions could be exchanged. *”I know that many master vendor arrangement shuts down the discussion completely but we have chosen not to do it since we see that communication and transparency is important”.*

EC2 argues that this solution is the future for handling consultants. *“It is more the question if you are going to build up your own master vendor internally or have it externally. You have to do it this way in order to get a holistic view”.*

EC2 discuss that this kind of solution is the future in this industry; however, many have voiced a concern against this. *“A master vendor is often connected to negative behaviour, and I think that is the case since it is rather new in Sweden. While if you look at the American market where this has been happening for 15 years, the master vendor is very worked through and well developed. It is apparent that a master vendor is beneficial for both the end client and the other suppliers in the market”.*

EC2 have realized that highly knowledgably consultants are entering the company and improving their position in the market. This has made them elaborate on how this rare competence should be kept internally. *”At the moment we are also moving in the direction of creating a way to secure the competence that enters our company”.*

4.1.3 EC3

The third interview was conducted with company EC3. The person interviewed is the responsible manager for the master vendor arrangements. The interview was conducted on the 19th April 2016. EC3 was founded in 1931 and has over the years been the leading actor in several areas in medicine. EC3 is the global market leader in 70% of their products. EC3 have had their master vendor arrangement implemented since 2013.

4.1.3.1 Strategic decision of implementing a master vendor arrangement

EC3 recognized that the process of hiring a consultant was a long process and started to search for new ways of shortening that process. *“It could take several weeks to find the competence and we felt that the process was not as flexible as we would want it to be. It was a very time consuming process that we wanted to optimize. This resulted in taking the step to implement a master vendor”.*

EC3 made a strategic choice to enter in this kind of arrangement due to several benefits that was made clear for them. *“Why we wanted to move in this strategical direction was since we wanted to pressure the prices, but also to receive a higher quality”.*

As a large organization demanding higher competence, it was important for them to get access to wider range individuals in the market. *“To reach a higher level in performance is hard when you only have a limited amount of suppliers that can offer a certain amount of competence. Instead of just having 7 suppliers we wanted to gain access to 700 which is possible with a master vendor arrangement”*.

The important outcome for EC3 was to decrease the number of suppliers in order to first, receive a broad overview of the market that could result in more pressured prices, and second, minimize the administration parts connected to it. *“It was clear that we wanted to pressure prices and decrease our number of suppliers. However, to simplify our administration was also of great importance”*.

4.1.3.2 Influences of a master vendor arrangement

EC3 has after 3 years of using a master vendor arrangement experienced several outcomes. Some that has been of great value and other that was expected to improve but did not really fulfil the pre-expectations. *“We did not realize how little communication or relation we would get with our suppliers. Now everything goes through the master vendor. That is the negative side of it”*.

An additional expectation that was not completely fulfilled was the quality of the consultants entering the firm. *“We saw that the cost went down and that we saved very much money. However, if you look at the quality aspect, we can see that is it not a higher turnover of consultants now then it was before which means that the quality should be almost equivalent to what we had before”*.

EC3 continues discussing that the master vendor lacked required competence in their specific field to be able to find a suitable candidate. However, over time as deeper relationship was established between the parties the matching process improved.

4.1.4 EC4

The fourth interview was conducted with EC4. The person interviewed is the responsible manager for the master vendor arrangement. The interview was conducted on the 26th of April 2016. EC4 is a public authority in the Swedish market with a focus upon administrative tasks. The company implemented their master vendor arrangement in 2014.

4.1.4.1 Strategic decision of implementing a master vendor arrangement

According to the responsible manager from EC4, implementing a master vendor arrangement was considered a strategic decision since it corresponded with the direction that the company wanted to move towards. *“I would consider this a strategical decision since we felt that it was mirroring the path that we wanted to go. We saw benefits with it but were not really sure how it would work out so we drafted a contract on 1 year to begin with and then a possibility for an extension for 3 years”*.

When discussing this solution with EC4 it became clear that other companies in the industry currently having a master vendor had influenced them. This triggered their decision in implementing the solution. *“Other companies in the industry seemed satisfied with the*

solution so we became influenced. I compared it very much to a travel agency, by becoming familiar with us, sharing their contacts and being proactive for us”.

As explained, EC4 relied on the experiences of other companies in the industry. However, they still knew what they wanted to achieve with this solution. *“We wanted to pressure down the prices, and receive a better overview over the whole consultancy flow in our organisation, we wanted control”.*

Furthermore, since EC4 is a large public organization, quality on all levels is important for them. This is therefore one of the reasons why they moved into this direction. *“We wanted higher quality”.*

4.1.4.2 Influences of a master vendor arrangement

Since EC4 based their judgements and pre-expectations to a large extent from other firm’s experiences of a master vendor arrangement, it was of interest to find out how the actual outcome was experienced by EC4. *“It has almost just been positive for us. We have a very good relationship with our master vendor and they are very easy to deal with”.*

Furthermore, implementing a master vendor means placing larger obligations on the vendor that would otherwise been done internally. *“A master vendor solution is of great value since they take control over all the administration parts connected to it. Now we only receive one invoice instead of having to deal with a large amount”.*

Since this implementation implied a great change management in EC4 it influenced a lot of people in their organization, both positively and negatively. *“What has been negative is that many individuals in our organisation felt that they needed to talk directly to the suppliers. However, we have decided that it is okay for them to do so but only when it comes to hiring and selection otherwise, everything goes through our master vendor”.*

EC4 believes that good results are important. After evaluating the outcome from the implementation they knew that they had chosen the right path. *“Concretely our prices have dropped 5-6% after implementing a master vendor arrangement and we are very happy with that”.*

Since EC4 is a public organisation the media wanted to make them look bad. *“We got yelled at in the media when implementing this. People were saying that we would never find good competence with this solution. But the thing is that with a master vendor you reach so many more suppliers then before. What is important for us is that our master vendors do not have any own consultant that they are using. They need to be neutral”.*

4.1.5 EC5

The fifth interview was conducted with EC5. EC5 is a company currently working in the bank sector and is one of the largest banks in the Swedish market. The person interviewed at EC5 is the responsible manager for master vendor arrangements. The interview was conducted on the 3rd of May 2016. EC5 have had their master vendor implemented since 2014.

4.1.5.1 Strategic decision of implementing a master vendor arrangement

The decision to implement a master vendor arrangement was driven by the fact that EC5 wanted to lower their costs as well as gain a more holistic view over the market.

The company felt that they wanted to make their supplier lines shorter and decrease the amount of sub-contractors. Before implementing a master vendor arrangement, EC5 used a regular broker.

“Since we started to focus more on specialist knowledge we drifted towards a broker solution. The broker could offer consultants that originally came from heavy IT-companies, but had transferred to smaller specialist companies or become independent professionals. Those consultants are accessible through a broker solution”.

EC5 had a goal to reach a more centralized structure, which was possible with an implementation of a master vendor. The implementation would generate more structures and clearer management of consultants. When the decision was taken to implement a master vendor arrangement, EC5 decided that five people internally would be transferred to the outsourced department. This was done in order for the company to remain their control to some extent over the outsourcing.

“Our goal was to not lose our own control over the processes”.

Since EC5 have hired consultants the traditional way for several years, it has resulted in strong relationships between them and their suppliers. This has led to a high demand rate for preferred consultants from the managers. These consultants have been present in the company for a longer period of time and are preferred since they possess the company specific skill, and have an already established relationship with the company. Before implementing the master vendor solution it was important for EC5 that the master vendor was aware of this situation.

“We have a very high demand rate of preferred consultants that we want to use, which has led to difficulties when negotiating the terms with the master vendor”.

4.1.5.2 Influences of a master vendor arrangement

The experience of the master vendor arrangement for EC5 is according to the responsible manager, mostly good. In order to measure the successfulness of the arrangement, EC5 has decided to measure this on two scales. First, they measure the satisfactions level of the managers and other individuals in direct contact with the consultants delivered from the master vendor arrangement. Secondly, EC5 measures the hourly price rate per consultant.

“We have been witnessing a very good development from the satisfaction index. Before the implementation we had a number of 60 and now when we have a master vendor arrangement in place we are on a satisfaction index of 80. That is very good for us”.

Further, EC5 have experienced a decreasing trend when it comes to the hourly price rate per consultant. According to the responsible manager, EC5 are able to offer employment to the consultants that have been in the company for a long time.

“Our managers are satisfied and now we have the ability to not only use consultants as consultants but actually offer them employment instead. Instead of having them as consultants for several years we are working with decreasing the assignment length and if it is a long assignment then we offer them employment instead since they are vital for our company”.

The managers in EC5 are overall satisfied with the change; however, in the beginning of the processes some resistance was shown. Since EC5 chose to move five employees to the outsourced department in order to remain some control, the transition to a more streamlined process was slower then expected.

EC5 argued that this solution is the future for the industry and is positive to the further development of it.

“I think the future will absolutely contain more of master vendor arrangements. It is a balance between keeping the control internally and at the same time outsources some of it. Since the industry is growing, a new way of dealing with consultants has appeared, which is through the “cloud”. I know from my own experience that USA have had master vendor arrangements for many years and that the result is purely positive”.

4.2 Section II

In this section companies that have chosen not to implement a master vendor arrangement are presented (See figure below).

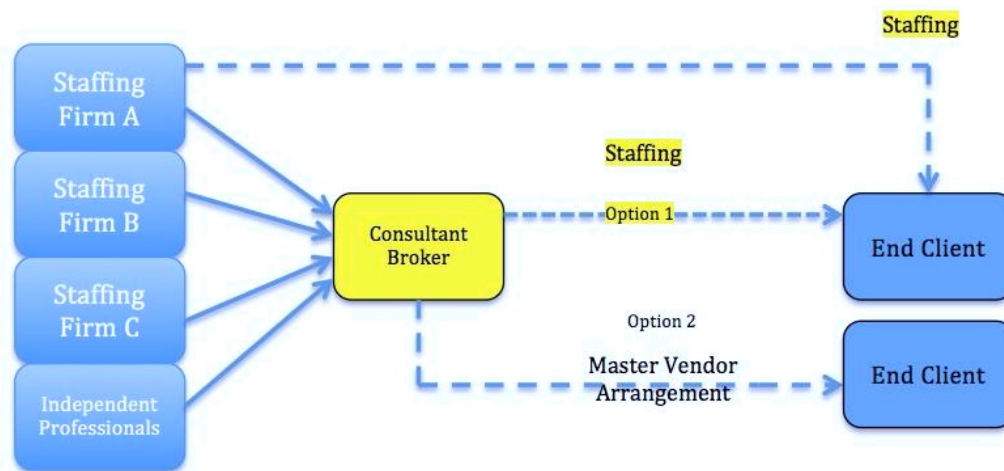


Figure 3: Outline section II

Developed by Emina Busatlija & Mia-Berentje Land, 2016

4.2.1 EC6

EC6 was founded in 1871 and is one of the largest banks in the Swedish market. The company was founded in Sweden and have since then expanded to other countries over Europe. EC6 has today over 460 branches and have a high usage of consultants. EC6 has chosen not to implement a master vendor arrangement after evaluating such solution. The interview was conducted on the 17th of March 2016 with the purchasing manager.

4.2.1.1 Strategic decision of not implementing a master vendor arrangement

EC6 has chosen to not implement a master vendor arrangement. The company concludes that such an arrangement would not bring any value for them. Their focus lies instead on finding competence internally or use consultants the traditional way. *“I can speak for EC6 and other banks that have chosen not to implement this kind of arrangement, it is simply since we think this function [parts of HR department] as one of our core functions”.*

By choosing not to implement a master vendor arrangement, the company follows their strategical plan of not outsourcing. *“It has been decided that, strategically for EC6, we will not use this kind of arrangement. Not any form of outsourcing on the purchasing side”.*

Since EC6 has decided not to implement a master vendor solution, they are expressing confusion towards other firms in the industry that have chosen this solution. *“Banks in todays digital era are all about IT. IT is our central strategic operation, and seen as our core function. Why other firms in our industry have a different viewpoint on this is questionable”.*

EC6 is a company that lays a great focus on value and culture. It is expressed from their side that a broker would not take this into consideration when recruiting candidates. *“Since we are a value driven company, it is of great importance for us to receive the right candidate with the right personality that would match our standpoints”.*

4.2.2 EC7

EC7 is a company that have decided to not accept a master vendor arrangement. They are using a broker as a supplier of contingent skilled labour, however, only as a broker and not as a master vendor. The company was founded in Sweden and is a large manufacturer of outdoor products. EC7 choose the first option in our illustrative model (See figure 3). The interview was conducted on the 5th of April 2016 with the purchasing manager.

4.2.2.1 Strategic decision of not implementing a master vendor arrangement

When EC7 established their first contact with the broker, it became clear that they offered two options. Either having the broker as a “regular” broker or accepting a master vendor arrangement. EC7 decided to turn down the master vendor arrangement and instead accept them as a broker in order to minimize the amount of suppliers they used when dealing with contingent labour. *“We needed to be more cost efficient and be more process efficient and we used an consultant broker to handle this large stack of suppliers and sub suppliers”.*

EC7 argues that a master vendor arrangement was not suitable in their firm right since implementing such an arrangement would imply an extensive change management. *“Implementing this kind of solution would in the long-run result in a dependency-situation. We would no longer have our “own” people to depend on, and we would lose our core, which is a high risk”.*

EC7 discuss that when firms implement a master vendor solution and one supplier takes over large parts of the purchasing of contingent labour, it can result in some difficulties. *“Having this kind of solution will result in a impersonal relationship between the end client and the contingent worker”.* This results in buying positions and not individuals”. Furthermore, having a strong relationship between all the actors involved is an important factor for EC7. A

master vendor solution could imply losing this relationship, resulting in decreasing level of interest from the workers side.

Even though EC7 have a “regular” broker, it provides them with almost the same benefits. They still have several suppliers to deal with which can be seen as a drawback, on the other side, the broker still delivers pressured prices. This outcome is one of the most favourable. *“We wanted to have a standardization of roles and market prices. Also we wanted to be able to benchmark the landscape and receive a transparency in our contracts”.*

As a large organization active on a global scale EC7 have a demand for high-level competence that is accessible at any time. A consultant broker gives EC7 the possibility to reach several suppliers on the market; it gives them a broader overview over the landscape. *“We have a very heavy consultancy flow in EC7 consisting of many different suppliers that comes in different sizes”.*

EC7 is a large organization demanding right competence. Possessing the required knowledge in finding suitable individuals for the position demanded is of great importance for them. *“Having a master vendor solution means relying on the vendor to find the right individual, now we have the option through four suppliers to choose the one that is suitable. We do not need to rely so much on the vendor”.*

EC7 believes in an organic development internally, a master vendor solution is therefore not the perfect solution at the moment. *“A master vendor arrangement requires more then we are in a position right now of offering. We don’t have the capacity of implementing this successfully at the moment.”*

4.2.3 EC8

EC8 is a company that have decided not to accept a master vendor arrangement. They are using a broker as a supplier of contingent skilled labour, however, only as a broker and not as a master vendor. EC8 is a Swedish company that is specialised in sewing equipment. EC8 choose the first option in our illustrative model (See figure 3). The interview was conducted on the 5th of May 2016 with the global manager.

4.2.3.1 Strategic decision of not implementing a master vendor arrangement

Since EC8 decided to not fully implement the master vendor solution they talked freely on why they decided to instead use them as a regular broker. *“We tried to find a simple solution in order to consolidate the supplier base and that’s why we choose the other solution instead”.*

Implementing this kind of solution implies a great change management. *“We are not ready for such a solution, we want to develop organically”.*

Since EC8 is a company dependent on a high level of competence, it is important for them that everything goes as simple as possible as well as right as possible. *“A master vendor, is sometimes seen as someone who only shuffles CV’s without having the right competence. We feel that they would not understand what we are expecting, which would lead to not finding the right individual for our demand”.*

Both of the options that the consultant broker is offering have similar benefits expect one where the vendor takes on larger obligations for the client company. However, one benefit that both of these options have is the level of transparency between the actors. *"We expected transparency, and we got it. The other [consultancy firms] never gives you the open book policy. They are all listed companies and they say, "Hey, we can not show how much we are earning on other consultants".*

Not having the fully solution implemented can have drawbacks. *"Having this solution means creating a long-term relationship, and a stronger communication generating a greater understanding between the actors. Building up a stronger relationship removes commonly occurring problems".*

Since EC8 has a goal of developing internally, this solution would mean a large "bing bangs" for their company. *"We are very much confident and happy with our choice of only having them as a regular broker, they provide us with an overview of the market and we can keep our core inside".*

4.2.4 EC9

EC9 have chosen not to implement a master vendor arrangement and is instead using a "regular" broker solution. EC9 is one of the biggest suppliers of home furniture in the Swedish market. Their head quarters are based in the Swedish market. The person interviewed from EC9 is the responsible manager for the purchasing of consultants. The interview was conducted on the 6th of May 2016 with the purchasing manager.

4.2.4.1 Strategic decision of not implementing a master vendor arrangement

EC9 has decided to not implement a master vendor arrangement and is currently using a regular broker solution instead. With this solution, EC9 works with a broker as well as a list of preferred suppliers. This solution enables them to work with several suppliers instead of only one, which a master vendor arrangement would generate. The company often uses the broker when they want to use suppliers that are not on their preferred list.

"An master vendor solution have for quite some time been common in countries such as the U.S. and UK, however, in recent years there has been an increase of this kind in the Swedish market "

"We use broker services to help manage the consultancy supplier base, but have not yet taken the further step of implementing a master vendor solution. A solution of this kind is not in our current plans, however, it is of interest to implement it in the future".

The decision of continuing with their broker service instead of implementing a master vendor arrangement is explained further by the responsible manager:

"It is more or less like a master vendor solution however, we are managing it internally resulting in some employees working full-time with this. This responsibility means handling requests from the line managers and sending out requests that are needed to be filled".

The company considers themselves as taking a middle way when handling consultants and has kept the control over the consultants internally. The company have chosen to let internal employees handle this function right now.

"There are three options when handling consultants:

- *Either you make a contract with each consultant individually, which is not possible to administrate practically.*
- *Second, you can outsource to a master vendor. This results in having one supplier managing the entire procurement.*
- *Lastly, you can choose the middle way, like us”*

According to the responsible manager, a decision of implementing a master vendor arrangement would have meant introducing many new processes in the company and at the same time introducing an external party as well.

In order to get the whole company on-board with the decision of implementing new processes with the broker, the change management would have been overwhelming with an external party.

“By taking the decision of not introducing a master vendor, it was easier to get the organisation on-board. It would have been to much change for us to handle at the same time”.

According to the responsible manager, a master vendor arrangement is seen as the most optimal solution when handling large volumes of consultants. However, the company is a very complex organisation and the amount of change management needed in order to implement such an arrangement felt overwhelming.

“I think it is important for us to gain more structure internally before we can bring in an external partner”.

Although, the responsible managers see advantages with using a master vendor arrangement, such a lower costs, easier administration, better commercial terms as well as increased transparency. Further, the responsible manager corporate documents state that there are some areas in which a master vendor arrangement is not appropriate.

“Master vendor solutions are appropriate for most consultants that are paid by the hour. However, note that here are 2 areas where they are less suitable:

- *Management consultants would never go through a broker since they are often highly branded by their employer.*
- *Master vendors have not the possibility to handle more large and complex projects”*

For the future, the responsible manager states that there is a possibility that the company will start working with a master vendor arrangement solution although not until the organization is more mature and feels more familiar with its current processes.

“I would not rule out the possibility of working with an master vendor solution in the future but currently we feel that it is to much change management that needs in order for it to be successful”.

4.3 Section III

In this section the findings from the three major consultancy brokers offering master vendor arrangements in the Swedish market are outlined (See figure 4).

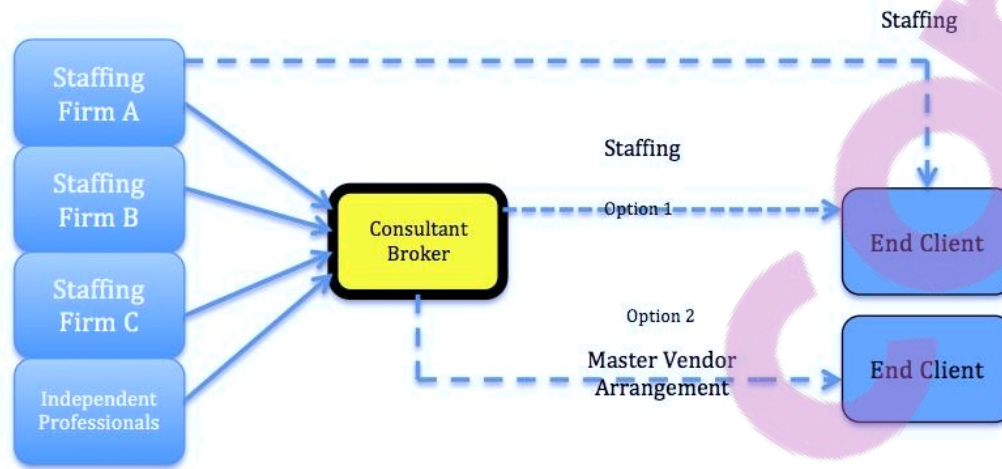


Figure 4: Outline section III

Developed by Emina Busatlija & Mia-Berentje Land, 2016

4.3.1 Inside view from a master vendor

A master vendor often have an extensive network that the customer can take advantage of which can help them benchmark the market, and create standardize roles. By using a master vendor arrangement, the end clients receive access to software that is developed by the master vendor. This provides the end client the possibility to get tailored reports over savings and rates for specific services, and they can send back requests for specific demands.

Moreover, the consultant brokers argue for their benefits by explaining that this implementation results in they taking on the role as a single point of contact for both the end client and other suppliers wanting to reach the end client. This solution brings an administrative advantage for the end clients, on the other side; it puts high pressure on both parties acting in a transparent way.

The business model is often built upon that the master vendor charges a percentage margin on the hourly price of the consultant. Often the transactions are hidden which means that the end client, relies heavily on establishing a relationship built on trust so that the master vendor only takes out the agreed percentage margin. The negative side of this is that in reality the client company has no direct insight in how much the master vendor actually charges.

“Rogue master vendors can use this in order to increase the percentage margin but in a serious business agreement, all prices and margins should be transparent. For example a consultant costs 1000 SEK/h + broker margin 8% = hourly price charged to end client 1080 SEK/h” (Consultancy Broker 1, Personal communication 201600229).

A risk pointed out from the master vendors, is the possibility of rouge master vendor who is not performing a good job. Examples are given of master vendors that could start altering the contract with the suppliers or could fail on monitoring the suppliers in a sufficient way. It comes with a great responsibility when entering a master vendor arrangement, since both parties share the risk. Although, implementing a master vendor arrangement with a rouge master vendor will most likely lead to huge consequences for the end client. *“The end clients negotiate one contract with a master vendor that takes on the full responsibility and the risks towards the often several hundred suppliers”* (Consultancy Broker 1, Personal communication 201600229).

The consultant brokers interviewed states that it is crucial that a master vendor chosen for a master vendor arrangement do not have any own consultants.

“When a consultancy broker have their own consultants, then the objectivity disappears”. (Consultancy Broker 2, Personal communication 20160318)

According to the master vendors, implementing a master vendor arrangement is the future when it comes to purchasing consultants. In the American market, using this kind of arrangement has been a success. Although, the master vendors points out that since there are different labour laws on the European market, the master vendor arrangement solution can need adjustments in some markets.

Further, the master vendors have observed an increasing trend of a new kind of consulting companies that just specialize in providing guidance to end clients to choose the right master vendor.

“I think this is proof of that the market is screaming for solutions at this point but that it is still a lack of knowledge in what kind of solutions the end clients would benefit from the most. Questions such as; do we need software, do we need a strategic partner or do we need aid in our purchasing function? are arising” (Consultancy Broker 1, Personal communication 201600229).

The only reason for not implementing a master vendor solution is that it can be hard to justify this if the company already have an internal purchasing function that is efficient. Further, a master vendor arrangement is according to the master vendors most beneficial if the end client has an extensive amount of consultants in their company. The general opinion among the three master vendors interviewed is that around 100 consultants or more is a suitable number in order to consider a master vendor arrangement.

Additionally, the master vendor recognizes that the internal communication in the firm can be lost when giving third party larger obligations.

“It is easy for a company to feel relived when we take on larger obligations; however, their internal communication can easily be forgotten (Consultancy broker 3, Personal communication 201600229)

4.4 Empirical Summary

Section I	
Key themes	Strategic decision of using a master vendor:
Number of suppliers	<p>“ [...] wanted to minimize our supply tail with 800 suppliers” (EC1)</p> <p>“ [...] measure quality and [...] which suppliers that supply us with efficient consultants” (EC2)</p> <p>“ [...] from a few strategical suppliers to a whole open market” (EC3)</p> <p>“ [...] pressure prices and decrease our numbers of suppliers” (EC3)</p> <p>“ We wanted control” (Responsible manager for master vendor arrangement EC4)</p>
Cost implications	<p>“ [...] was more a purchasing strategy [...] track how much we spent” (EC2)</p> <p>“ [...] cost control as well as quality” (EC2)</p> <p>“ We wanted [...] overview of the prices on the market” (EC2)</p> <p>“ [...] pressure the prices but also to receive a higher quality” (EC3)</p>
Access to information	<p>“ [...] holistic view of the market” (Global manager EC1)</p> <p>“ [...] we wanted control” (EC4)</p> <p>“ We wanted less misunderstanding and not lose control over the process “(EC5)</p>
Core competence	<p>“ [...] compared it much with a travel agency [...] being familiar with us, sharing their contacts and being proactive” (EC4)</p>
	Influences from a master vendor arrangement:
Change management	<p>“ [...] a huge change for the company in general. The reaction on the implementation was almost just negative. Its about change management to a large extent” (Global manager EC1)</p> <p>“The consultant brokers are living on streamlining the processes and sometime the rest of the company do not keep up with the change” (Personal communication, 2016-04-06).</p>
Price	<p>[...] we did 3% better when using a master vendor [...] on price measures” (EC2)</p> <p>“ [...] we did this free of charge [...] that is a saving as well.” (EC2)</p> <p>“ [...] decreasing our total cost with a few hundred SEK each hour “ (EC2)</p> <p>“We saw that cost went down [...] saved very much money” (EC3)</p> <p>“The hourly prices has dropped [...] around 5-6% cheaper” (EC4)</p>
Supplier	<p>“ [...] we have removed all the external suppliers trying to create contact” (Global manager EC1)</p> <p>“ [...] did not realize how little communication or relation we would get with our suppliers” (Responsible manager for master vendor arrangement and all professional services EC3)</p>
Administration	<p>[...] after implementing the master vendor arrangement [...] working towards reducing the number of consultants” (EC)</p> <p>“ [...] very good relationship with master vendor [...] very easy to deal with” (EC4)</p> <p>“ [...] we only receive one invoice instead of having to deal with a large amount” (EC4)</p>
Recruitment process	<p>“ [...] not a higher turnover of consultants now then it was before [...] the quality must be equivalent to what we had before” (EC3)</p> <p>“What is important for us is that the master vendor don't have any own consultants that they are using” (EC4)</p>
Control	<p>“ [...] are getting smarter with how we handle the consultant strategically” (EC2)</p> <p>“ [...] unexpected benefit [...] managers felt the courage of off boarding a consultant for a few weeks when we do not need them” (EC2)</p> <p>“We have full control now” (EC1)</p> <p>“ [...]increase in our customer satisfaction, from 60 to 80 since we implemented”(EC5)</p>

Table 4: Summary section I

Section II	
Key themes	Strategic decision of not implementing a master vendor:
Change management	<p>“ [...]would result in impersonal relationships between the end client and the contingent worker” (Responsible manager for master vendor arrangement EC7)</p> <p>“Its more about buying positions then individuals” (Responsible manager for master vendor arrangement EC7)</p> <p>“ [...] tried to find a simple solution in order to consolidate the supplier base [...] thats why we choose the other solution instead” (Manager responsible for the professional services EC8)</p> <p>“[...] not ready for such a solution [...] want to develop organically” (Manager responsible for the professional services EC8)</p> <p>“ By [...] not introducing a master vendor arrangement, it was easier to get the organisation on-board” (Responsible manager for purchasing consultants EC9)</p>
High dependency	<p>“Implementing this kind of solution would in the long-run result in a dependency situation. [...] no longer have our own people to depend on [...] would loose our core” (Responsible manager for master vendor arrangement EC7)</p>
Value driven	<p>“[...] are a value-driven company, [...] great importance for us to find the right candidate with the right personality that would match our standpoints” (Purchasing manager EC6)</p>
Core competence	<p>“ [...] they would not understand what we are expecting [...] lead to not finding the right competency” (Manager responsible for the professional services EC8)</p> <p>“[...] more or less a master vendor solution but we are managing it internally [...] employees working full time with this” (Responsible manager for purchasing consultants EC9)</p> <p>“[...] its simply since we think that this function is one of our core functions” (Purchasing manager EC6)</p> <p>“[...] see this as our core function” (Purchasing manager EC6)</p>

Table 5: Summary section II

Section III	
Key themes	Predicted outcomes of a master vendor arrangement:
Price reduction	<p>”[...] reducing the price is one of the main benefits when choosing a master vendor arrangement”</p> <p>”Price reduction is something attractive that we are offering [...]” (Consultancy broker 3)</p>
Access to software	<p>”Since we are also offering a corresponding software to our clients, we are streamlining their process, everything to make it easier for the client” (Consultancy broker 3)</p>
Competence	<p>”Among other things we can also supply our clients with our competence in the market [...]” (Consultancy broker 1)</p>
Single point of contact	<p>”The end clients negotiate one contract with a master vendor that takes responsibility and the risks towards the often several hundred suppliers” (Consultancy broker 1)</p> <p>”[...] we are able to act as a single point of contact for the end clients” (Consultancy broker 2)</p>
Network	<p>“We can share our large network and provide the customers benefits from that [...]”(Consultancy broker 3)</p>

Table 6: Summary section III

5 Analysis

This chapter presents the analysis of the empirical findings combined with the theoretical literature. The analysis section is divided into three parts. First, the empirical findings from the interviewed respondents are analysed. Then the end client's answers are contrasted against the master vendors. Lastly, the main consequences are illustrated and outlined in a developed model.

5.1 Strategic decision of using a master vendor arrangement

Generally, among the research respondents there was a varying sample of strategic factors leading to an implementation of a master vendor solution. When analysing the collected data, it became clear that some factors were repetitive and experienced in a similar way. One commonly occurring key factor among the research respondents for their strategic decision was their aim to achieve a general *reduction in cost*. *"I realized that we needed to save money"* (EC1). This is consistent with prior investigation on why firms choose to outsource (Williamson, 1975; McIvor, 2009).

Additionally, gaining a broader and a more holistic view over the market was found as a motivating factor within companies EC1, EC2, EC3 and in EC5. There was a desire to gain an overview over the consultancy landscape and an increased information access about the market. EC1 and EC2 referred to this as a way to take advantage of the master vendors large network, while EC3 recognized that this was a way to access high competence. This goes in line with what Adler (2003) argues, access to a wider range of individuals with high competence is believed to be easier achieved through a consultant broker. Furthermore, the processes the end clients had in place before the implementation of a master vendor arrangement was regarded as non-efficient, since they failed to provide them with a holistic view over the consultancy landscape. In absence of such a view, the end clients experienced challenges when detecting the most cost efficient competence available on the market. This resulted in adding on margins to several sub-suppliers instead of only one to receive the competence asked for. *"We were paying too much money"* (EC1).

Moreover, both company EC4 and EC5 stated that in regards to their processes, they were both decentralized and wished to establish a more centralized structure. These companies strived for a standardization of roles due to the overwhelming amount of information received from the suppliers. This made it almost impossible for them to achieve standardization in their roles. *"[...] we wanted more control"* (EC4).

Most of the respondents pointed out that the administrative tasks were overwhelming. However, their desire to gain access to an even larger base of suppliers in order to receive a broader range of competence to select from would generate even more administrative tasks. The decision to implement a master vendor arrangement was seen as a solution to this problem. The respondent from company EC4 felt that this was worth implementing due to their size. *"[...] we wanted to have a better overview over the whole consultancy flow [...]"* (EC4).

All research respondents agreed that implementing a master vendor solution was seen as a way of minimizing their *supplier tail*. This argument is a strong indicator illustrating that the implementation of this solution could result in more optimizing processes. The respondent's answers were:

“I wanted to minimize our supply tail with 800 suppliers” (EC1).

“The important outcome [...] was to decrease the number of suppliers [...] to minimize the administration (EC3)”. In addition to this EC2 stated that they wanted more control over their cost and EC5 stated the following “We wanted less misunderstandings [...] “.

An interesting viewpoint that was discovered among the respondents was that they found themselves in a dependency situation before the implementation. This position emerged since they were hiring consultants at a high price without the possibility to benchmark the market to find the best price and competence. This exposed the companies to a business risk, since they became dependent on their suppliers required prices, which made them pay the price that was necessary in order to receive the valuable competence. This situation can result in companies trying to use short-term solutions on long-term problems, which can result in a loss in control over the process. This behaviour goes in line with the resource based view that envisions the firm as a collection of resources and assets that can lead to a competitive advantage if used efficiently (Peteraf, 1993). If a found capability is crucial for a firm's future success the firm will do anything to ensure that this capability stays internally.

An additional finding that emerged from company EC3 was that before considering the implementation of a master vendor solution, they had experienced a loss of flexibility in the process from finding a consultant to having them positioned at the company. The respondent for EC3 stated that the process itself was very time-consuming and not flexible. By considering a master vendor arrangement, the company felt that this process would be more time efficient.

Furthermore, a general expression among the respondents was that the management of consultants and the recruitment process was not considered as a core process. When connecting this to the core competency matrix (Tompkins, Simonson, Upchurch and Tompkins, 2005), the respondent's expressions can be placed in the primary non-core process box. This implies that, if the process is not handled sufficiently, it can have a negative impact on the customer relationship. Most of the end clients experienced that an outside party could contribute with additional and valuable competence in the process.

An interesting finding received from EC2 was that their strategic decision of implementing this solution was partly due to their desire to *“secure the competence”* that entered their company. This goes in line with what (Adler, 2003) argue, that taking advantage of a consultant broker can result in a greater access to competence in the market. This can also be further connected to Peteraf (1993) and McIvor (2009) and their arguments regarding the resource-based view. Companies that choose to secure the entered competence have recognized that this valuable asset will lead to a better position in the market, generating a competitive advantage over the other actors in the business market.

The findings regarding the strategic decision of implementing a master vendor arrangement can be further related to the transaction cost economics theory stated in chapter two. According to this theory, the outsourcing decision if governed by markets, depends on price and competition (Williamson, 1975). A consultant broker can give an overview of the market and minimize the firms supply tail due to their use of the economies of scale function (Williamson, 1975). Furthermore, they can also create a reduction in price, resulting in decreasing internal transaction costs (Williamson, 1975).

An illustrative model is shown to outline the factors influencing the strategic decision to outsource.

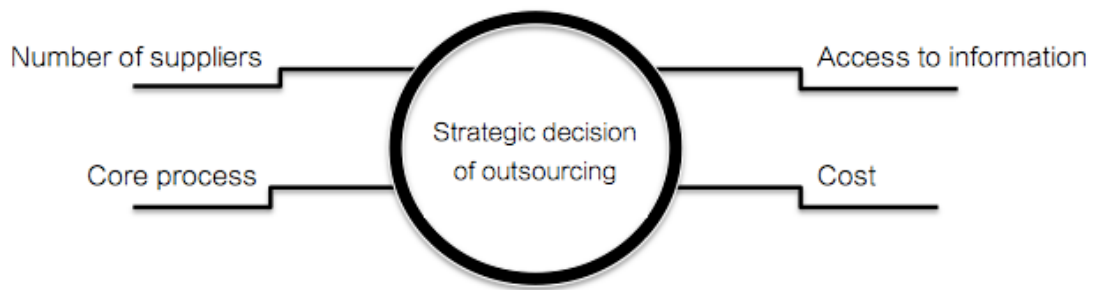


Figure 5: Factors influencing the strategic decision of implementing a master vendor arrangement

Developed by Emina Busatlija & Mia-Berentje Land, 2016

5.2 Strategic decision of not implementing a master vendor arrangement

Consistent with previous investigation on risks with outsourcing (McIvor, 2005), all respondents agreed that the reason for not implementing this solution was due to the amount of *change management* it would generate. Among our respondents it was expressed that a great change would affect the company culture. *“As a value driven company, a master vendor would not take this into consideration [...] in the recruitment process”* (EC6).

The respondent for EC6 acknowledged that this kind of implementation would result in a *“high dependency situation”*, where the master vendor is the only person to depend on to find competence. This goes in line with Roberts (2001) argument, that firms lose control over the outsourced activity resulting in a dependency situation. By positioning themselves in this situation can lead the company to a more vulnerable position, where competence can only be found externally. This would generate in a decreased usage of internal competence. As Adler (2003) argues, the decision to outsource can result in weakened internal knowledge, which can be a weak point in the long run.

In line with what Cooke et al (2005) and Stroh and Treenhuboff (2003) calls core and non-core activities, the companies EC6 and EC7 believes that implementing a master vendor solution results in outsourcing functions that are core. *“Outsourcing would mean losing one of our core functions, which is of high risk”* (EC7). Furthermore, as McIvor (2008) argue, firm’s decision to outsource is often coloured by their eager to decrease costs, instead of focusing on how this will impact the company in the long term. This was voiced in EC6 that consider a company’s values to a great extent are. *“This is our core function, which should not be outsourced”* (EC6). Generally all respondents confirmed that implementing a master vendor solution would result in loss of internal competence since this is considered a core process.

However, this can be questioned by the resource-based view (Barney, 1991). Not being able to perform a specific activity internally should lead to the decision to outsource (McIvor, 2009). Moreover, EC9 pointed out the inability from the master vendor to handle and supply consultants for more extensive projects. “[...] *they do not have the ability to handle large and complex projects*” (EC9).

Additionally as pointed out by company EC6, the value and culture held by the companies can be impacted negatively when using a master vendor arrangement, since they do not take this into consideration. “ [...] *it is of great importance for us to receive the right candidate with the right personality [...]*” (EC6). Also, EC8 implied a negative behaviour from the master vendor. The respondent means that sometimes they do not have the right competence in line to find the right match. “ [...] *they would not understand what we are expecting [...] lead to not finding the right competency*” (EC8). This goes in line with what Davis-Blake et al, (2000) outlines. They mean that due to a lack in communication between the parties a dissonance can emerge which results in a non-desired match.

Adding on to this, the respondent in EC7 affirmed that an implementation of this kind would result “*in impersonal relationships between the company and the contingent worker*”. It was found that the respondent in EC7 valued strong relationships, since this was seen as the main indicator in order to keep the consultant satisfied.

The level of the maturity in the company can explain why firms choose to not implement a mater vendor arrangement. Implementing this kind of solution implies a large change in the organisation, which not all companies are in the right position to do. Also, several companies are instead focusing on establishing this kind of arrangement internally, and placing their own employees on this task. As the respondent in company EC7 states, “*it's more about buying positions then individuals*”. This was found to be a strong indicator since the master vendor sometimes disregards the personal match. Consistent with previous investigation, this goes in line with what Davis-Blake et al, (2000) states. An unrewarding outcome would arise if only matched by job title and profile.

An illustrative model is shown to outline the factors influencing the decision not to outsource.



Figure 6: Factors influencing the strategic decision of not implementing a master vendor arrangement
Developed by Emina Busatlija & Mia-Berentje Land, 2016

5.3 The influences on end clients from a master vendor arrangement

After outlining the key factors for the decision of implementing a master vendor arrangement alternatively of not implementing a master vendor arrangement, the following section will illustrate the main influences on the end client when implementing a master vendor arrangement. We draw the conclusion that the most suitable way for us to analyse our collected data was to develop a framework that consists of the main consequences an end client experience when implementing a master vendor arrangement. The main objective with this section is to in detail explore the main consequences identified and compile the findings in the proposed framework in section 5.5.

5.3.1 Cost

When looking at the real outcomes and influences from the implementation all the respondents affirmed that the price had decreased. This price reduction was due to the master vendor's ability to pressure prices on the market and create competitive tendering. This generated more standardized roles, resulting in clearer price structures. This goes in line with what (Goldfarb & Naasz, 1995) argues is the reason for reduction in costs.

“The hourly prices has dropped [...] around 5-6% cheaper” (EC4).

“[...] we did 3% better when using a master vendor [...] on price measures” (EC2).

“[...] decreasing our total cost with a few hundred SEK each hour” (EC2)

“We saw that cost went down [...] saved very much money” (EC3).

Additionally, end clients experienced a decrease in the cost of managing the consultancy flow since the *supplier-funded model* was used as the preferred method of paying the master vendors. Since the supplier-funded model is based upon a margin covered by the sub-suppliers, the end client is free of charge. *“[...] we did this free of charge [...] that's a saving as well” (EC2).*

Since the master vendor have the possibility to create a competitive tendering in the market the sub-suppliers that already have established a position in the firm are negatively impacted. This is because they need to pass through this competitive tendering without losing too much money. This behaviour can lead to a mass reduction in the already established pool of consultants in the firm. A result from this is that it impacts both the long-term established relationships between the sub suppliers and the end clients as well as the already established company specific competence. The competitive tendering can also result in a loss of internal competence that has been present in the company for many years and have developed company-specific skills.

5.3.2 Administration

In terms of the administration, generally all respondents experienced a great transformation in their administration processes after the implementation. *“[...] we only receive one invoice instead of having to deal with a large amount” (EC4).* This was due to increased efficiency and decrease in their supply tail, resulting in only receiving one invoice and contract instead of

several. Additionally, when handling only one invoice, the company could instead focus on other activities instead of the administration process.

5.3.3 Suppliers

Another interesting finding that emerged during our interviews with respondents from EC1 and EC3 was that their relationship with their sub-suppliers was largely transformed after the implementation. The previously rather strong relationships were not possible to maintain after the implementation. By implementing this solution, the sub-suppliers felt excluded which influenced the end clients negatively; however, the implementation were still decided to be pursued. “[...] *we have removed all the external suppliers trying to create contact*” (EC1). “[...] *did not realize how little communication or relation we would get with our suppliers*” (EC3). The benefit of implementing this solution, which all respondents could confirm, was that their large supply tail decreased. The only one they needed to focus on was their master vendor.

Additionally, EC2 and EC5 stated that their master vendor arrangement contributed to a broader and closer view of the consultancy landscape due to the master vendor’s large choice of suppliers. This provided them with the possibility to reach an extensive range competence available in the market. Receiving this opportunity provides the companies with the ability to secure the competence that is entering the company. If this competence is providing them with a competitive advantage, an employment will be offered to secure the competence from not leaving the company. This goes in line with the resource-based view, that argues that if a company lack a specific competence internally, outsourcing should be considered (McIvor, 2009).

5.3.4 Recruitment process

Our findings showed that the recruitment processes was drastically shortened after the implementation. The process of finding the right individual for the position had become more efficient. On the other side, EC1 experienced that this increasingly fast process could result in overwhelming information, that they had a hard time managing. “*When we send out a request, a worker could be standing on our doorstep the next day, sometimes it was too fast to handle*” (EC1).

In the beginning of the arrangement, EC1 experienced that the master vendor lacked the competence required to make a suitable match among the available consultants. However, after creating a stronger relationship with the master vendor, the knowledge of what was required became clear. This goes in line with Bradach and Eccles (1989) argument about social exchange. The authors state that trust is an important indicator in the relationship, since it has an impact on the behaviour of the master vendor.

The respondent from EC3 did not experience any change in the received quality with their master vendor. This can be a consequence from their low level of relationship. “[...] *not a higher turnover of consultants now then it was before [...] the quality must be equivalent to what we had before*” (EC3).

An interesting finding that emerged from the interview with EC1, was that they had experienced difficulties with management consultants not wanting to go through a consultant broker. This has generated a flow of low level of knowledgeable consultants in

the management area. The reason for this resistance was according to EC1, that the management consultants are strongly branded by their companies and therefore not willing to apply as a consultant coming from another provider than their main provider.

5.3.5 Change management

The research respondents in company EC1 and EC4 were the only respondents that gave real life examples that occurred during the implementation. How companies deal with this is all about change management. It is important to be transparent about the change and deliver facts that people can relate to.

“People in the food line spat on me” (EC1).

“We got negatively portrayed in the media” (EC4)

These reactions go in line with what McIvor et al. (2009) state regarding the choice of firms to neglect and not include the individuals in the implementation process. This can lead to a negative organisational climate if these individuals voice their concerns. Further this can be connected to Barthelemy (2001) hidden costs of outsourcing. When companies fail to consider the individuals in the organisation, this can become a hidden cost in the long run.

The other respondents shared similar experiences, however not to the same extent. The amount of change management necessary in order to implement a master vendor arrangement was considered to be extensive. Generally, all respondents pointed out that the most resistance was coming from the sub-suppliers that had the most consultants currently present at the end client company. As argued by the respondents, the end clients often have to pay the highest price when an additional external party adds on to the supply chain. Although, according to several respondents implementing a master vendor arrangement should not only be considered as negative from the sub-suppliers perspective. When client companies implement this solution a more open competition takes place, since all sub-suppliers have the possibility to answer to requests independent of their size.

“We have explained to our sub-suppliers and been very clear with that when we are sending out requests, every consultancy company can answer on it. This means both large companies as well as one-person companies. Everybody can answer now” (EC4)

Several respondents agreed that the implementation of a master vendor arrangement was more demanding and required a great change management, which was not expected in the early stages of the process. McIvor (2005) explains that often companies have such a drive to minimize costs that they establish a tunnel vision resulting excluding other possible consequences.

5.3.6 Control

A general finding among our respondents was that the implementation of this solution did generate a greater control over their processes as well as their consultancy flow. This is discovered to be contrasting to the literature that argue that outsourcing an activity that have been preformed internally can generate in a loss of control and increase in risk (McIvor, 2009).

“We have full control now” (EC1)

“We have received a better control over our consultancy landscape as well as our costs” (EC2)

5.4 Predicted outcome VS. Real outcome

This illustrative model presents the factors that a consultant broker assures will be fulfilled from an implementation of a master vendor arrangement. The experienced outcome from the companies that have implemented this solution is presented in the table to the right. These two contrasting responses are shown to receive a broader understanding of the real outcome. In general, the predicted outcome from the consultant brokerage firms matched the actual outcome experienced by the end client with two exceptions.

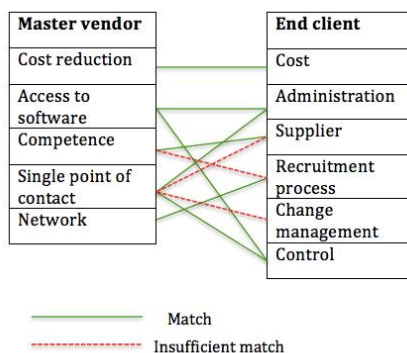


Figure 7: Predicted outcome vs. Real outcome

Developed by Emina Busatlija & Mia-Berentje Land, 2016

Based on the responses from the end clients, it was perceived that the master vendor did not have the required knowledge needed to make efficient matches in the *recruitment process*. However, after stronger relationships were established and some time had passed, the master vendor seemed to have developed a deeper understanding of the client’s needs and the problem dissolved.

Regarding the amount of *change management* necessary in order to successfully implement a master vendor arrangement, the end client felt that they were not assisted to a large extent. When interviewing the master vendors and contrasting their responses with the actual responses from our end clients, we found a gap between the estimated change management described from the master vendor and the actual change management experienced during the implementation. In order to avoid the extensive change management required when bringing in an external party, one alternative is to create an internal master vendor solution, which results in managing the processes internally. Through our empirical findings, we have acknowledged that this internal solution has become an increased alternative among firms. However, one negative aspect of implementing an internal master vendor solution is that this comes at a higher cost than outsourcing.

Lastly, the master vendors did not acknowledge the *decrease in the relationship with the sub-suppliers* when implementing a master vendor arrangement. For the end clients, this change impacted them negatively and they felt that this was an unexpected consequence.

However, due to the fact that the master vendors did not acknowledge this give us indications that this factor is something that could restrict the end clients from proceeding with the implementation of a master vendor arrangement.

5.5 Proposed framework

The proposed framework (figure 5) consists of the six identified consequences of a master vendor arrangement. These are: change management, administration, price, recruitment process, supplier, and lastly control. All these six main consequences are strongly influenced by each other.

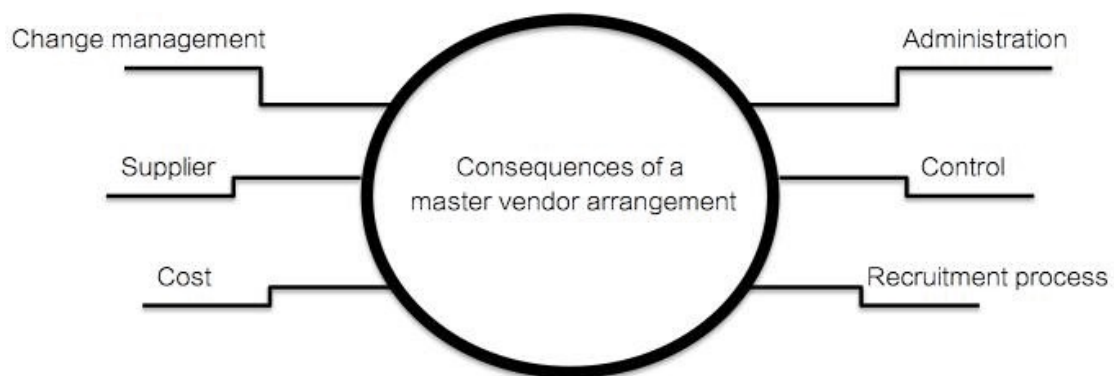


Figure 8: Consequences of a master vendor arrangement

Developed by Emina Busatlija & Mia-Berentje Land, 2016

Cost is found to be one of the largest factors impacted by the implementation of a master vendor arrangement. The answers given by our respondents concluded that reducing costs was the main driver for implementing this solution. It was later on found that the outcome was positively achieved; all firms experienced a decrease in cost. This aspect is coherent with what the master vendor's insured would follow from the implementation.

The most surprising finding from our empirical data was the amount of change that was required for the implementation to be successful. The respondents in our research recognized this when the implementation already had been launched. An extensive change management was necessary in order for the processes to be implemented efficiently. This aspect was not coherent with what the master vendor's insured would follow.

The consequence experienced by several respondents regarding the aspect "suppliers" was both connected to a positive outcome as well as a negative. It was positive to that extent that the implementation of a master vendor arrangement reduced the amount of suppliers in the suppliers tail. On the other side, the relationship with the end clients sub-suppliers were strictly reduced to the low level of contact that was initiated by the master vendor.

The implementation of a master vendor arrangement resulted in a decrease in the administration processes. This solution made the processes more efficient by only having one single point of contact. Which resulted in receiving only one invoice and contract.

The recruitment process was experienced both positive and negative when implementing a master vendor solution. The positive side of this aspect was the given opportunity to take advantage of the master vendors competence in searching for the right candidates. On the other side, the negative aspect was that some end clients observed a lack of competence from the master vendor, which impacted the recruitment negatively in finding the right candidate. Moreover, as the relationship between the parties became stronger and the communication enhanced, the matching outcome improved.

The control aspect was positively experienced. Generally all respondents recognized a larger control over the consultancy landscape as well as the administration connected to it. They gained a better control and overview of the consultancy flow internally as well as externally.

6 Conclusion

With our research we aimed to enrich the limited literature on master vendor arrangements by investigating the strategic decision of implementing a master vendor arrangement and the impact of such a decision on the company. By addressing our two research questions, we have fulfilled our purpose of this study.

With the development of our proposed framework we completed our purpose by outlining and establishing an understanding on the consequences of such an implementation. The identified consequences are the following: price, administration, supplier, recruitment process, change management and control. An interesting finding that we discovered under the “supplier consequence” was that companies with an implementation of a master vendor arrangement see the opportunity to “secure” the competence that is entering the company by offering them an employment. Since competence is a resource that can lead to a competitive advantage, companies compete in order to secure it. In today's society competence could be considered as a product for sale.

Moreover, we were able to outline and identify the four major contributing factors that drove the decision for implementing this solution, as well as the four major factors that generated in a decision to not implement this solution. Additionally, we recognized a divergence when contrasting the answers of the end clients to the master vendors. We identified three aspects that diverged from the answers given by the master vendors. These aspects were: the increased change management, the weakened relationships with the suppliers and the low level of specified competence in the recruitment process.

Overall, the implementation of a master vendor arrangement and the influences it brings to the end client is a complex process for all parties involved. However, by considering our findings and our proposed framework, important insights can be obtained and used in order to understand if entering in such an arrangement would be beneficial.

6.1 Discussion

If we rise above our purpose and see beyond the initial scope with this research, an interesting question emerged through our empirical findings, which we felt would add value to the research field if discussed. Since a master vendor arrangement is an agency structure that has changed the original behaviour in the industry, other employment agencies are perplexed about how to act further and how to position themselves in this dynamic landscape. The question that evolved from this was: How should other employment agencies in the industry deal with this trend?

After our extensive research regarding the influences from implementing a master vendor arrangement, some suggestions on how other employment agencies should approach this trend can be outlined. Our research has brought us to a position in which we are able to advice other employment agencies on how they can approach this new behaviour in the industry.

Our empirical findings have brought us to the attention that impact of such an implementation is affecting the sub-suppliers the most. In order to minimize this impact, we have recognized a second payment model other than the supplier funded that can be

suggested by the master vendor for the end client. This method named as client funded, propose that a certain amount of percentage should be paid monthly. On the other hand, this method is not as beneficial for the master vendor to as a supplier funded model. This is because the master vendor cannot rely on earning on the volume of consultants to the same extent.

Our findings further helped us recognize that many companies have chosen to instead develop this kind of arrangement internally. This approach has increased in the industry since it does not require the same change as a full implementation of a master vendor arrangement would. Meanwhile, considering an internal solution instead of involving an external party comes at a higher cost since the end clients must fund this function themselves.

Our extensive research has helped us to better understand and increase our knowledge in this field. This have generated in recognizing new behaviours and approaches that could become new ways of working in the industry. Our meetings with different actors in the industry have resulted in us acknowledging a new buzzword that has started appearing in different contexts. Due to the increase of digitalization in the economy, the method of dealing with the consultancy flow may shift to a digital platform in the forthcoming years. Actors in the industry have started to talk about this new upcoming approach of using a digital platform as a tool of finding competence in the market.

6.2 Practical and theoretical implications

Our findings contribute to the existing literature on master vendor arrangements by outlining six major consequences from implementing a master vendor arrangement. Through our extensive collection of data we were able to find a connection to some extent to the existing literature, however, also aspects with limited research have been discovered. These findings balance the still limited research in this field by demonstrating which consequences that could appear from implementing a master vendor arrangement.

Our study have also identified factors that contribute to the strategic decision of implementing a master vendor arrangement as well as factors that contribute to the decision of not implementing such a solution.

In our discussion we illustrated how other employment agencies should approach this increasing trend of implementing master vendor arrangements. By rising above our purpose and considering the implications for this discovered observation we sensed a possible research question for future studies.

Practical implications of our model strive to give guidance to the industry by identifying the consequences that can be experienced from an implementation of a master vendor arrangement. These implications intend to clarify the actual outcome of a yet limited research area in the Swedish market. These six identified consequences provide the practitioners in the field with valuable insights.

6.3 Limitations

When performing our research, we were limited in some aspects. The research is not limited to a certain industry although due to the limited time frame as well as the rather small sample size, our findings are not generalizable for all companies implementing a master vendor arrangement in the Swedish market.

This study is limited to companies working in the Swedish market, which makes it geographically limited in its nature. The research did not aim towards studying differences between industries neither differences between companies of different size and age. Our intention with this study was not to compare companies but to research the influences from a master vendor arrangement on an end client company regardless of size or industry. This research is limited to the end client perspective and does not include the relationship between a master vendor and a supplier or the contingent worker itself. In this research we were limited in our selection of firms since we have chosen to only investigate large firms that have a great amount of contingent skilled workers. Since a master vendor arrangement is considered to be suitable for companies with a large consultancy flow, this sample was most applicable for us. We are aware that this chosen company size results in us being biased to this type of company size.

In our selection of firms we decided to include the perspective of consultant brokerage firms offering a master vendor arrangement. This was done since we wanted to explore an additional viewpoint from the actual providers of this solution. Including this perspective in the research could expose us to biased behaviour since it is most likely that the master vendors will only shed light on benefits connected to the solution. However, since we were aware of their position in the market and their biased behaviour we were able to collect data from them that was not coloured by personal opinions but instead presented on how the company itself looked upon a master vendor arrangement. This for us was a valuable contribution to our exploratory study since we could add several perspectives and contrast them to our actual findings from the end clients interviewed.

Another limitation in this research is the fact that we had an uneven amount of respondents from section I in contrast to section II. Since the last interview in section II turned out to not bring any additional value to our research we had to exclude this from our empirical findings. We attempted to identify another end client but due to our time constraints and lack of accessibility, the attempt was unsuccessful. Although, we feel that our end clients interviewed provided us with enough data in order for us to continue with our analysis, an additional end client in section II would have contributed to a balance among our respondents and generated a stronger sample.

The strengths from this research are found in the fact that we collected data from several respondents representing different perspectives, which helped us gain good insights. Due to this, we were able to both outline as well as contrast data collected from a diverse sample. Furthermore, all of our respondents were managers or currently at a higher position, which increased the trustworthiness of the data, collected.

A weakness in our research is the positions of the respondents that were interviewed for our study. By only considering the managers we excluded other individuals present in the companies that could have brought valuable insights and perspectives. Due to our limited amount of time in combination with the desire of collecting data that was not too broad, we

made the decision of focusing on the responsible managers for the master vendor arrangement. By taking this decision, we could collect a more specific collection of data.

6.4 Suggestions for future research

We believe that further research is necessary on the topic. Based on our empirical findings and our research's delimitations, we believe that there are many areas that still need to be explored. Since our sample size in this research consisted of nine companies in total, future studies could be repeating our purpose and use a more extensive sample size.

Furthermore, repeating this study with companies active in not only the Swedish market and perhaps look further into the relation between the suppliers and the master vendor would bring additional value to the study. To look into how a consultant broker affects the other employment agencies and actors in the market would be an interesting aspect for future research. In this research we have chosen not to consider the American market, although for further research we would recommend investigating this market due to the widely spread usage of master vendor arrangements.

As a suggestion for future research, it would also be interesting to investigate how the characteristics of the end client company affect the outcome of a master vendor arrangement. Parameters such as size, industry and governance structure could be interesting to look into for further research. Since this conducted research has considered the internal parameters it would be of interest to instead investigate the external influences. Additionally, the view from the contingent workers and how they experience a master vendor arrangement would also be a suitable topic for further studies.

A further suggestion for future research could be to explore how the on-going digitalization affects the master vendor arrangement structure since there seems to be a drift towards a digital platform in the industry. To conclude, we hope that our research will justify as useful and stand as an inspiration for other researchers interested in this topic.

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Appendix

Appendix 1: Interview guide 1

Interview Questions End Client Section 1

Warm-up questions

Construct: Background

1. Please introduce yourself and tell us about your current employer and your position at the company?
2. Please share your perspective on master vendor arrangements?
How would you describe it?

More specific questions

Construct: Strategic decision

3. When did you implement your master vendor arrangement?
4. Would you describe the decision of implementing a master vendor arrangement as an example of a thought through strategic decision?
5. Which factors is considered when implementing such a strategic decision?
6. How is such a decision implemented practically?
7. Which expectations did you have when implementing your master vendor arrangement?

Construct: Consequences

8. Which positive as well as negative consequences do you see from your implementation of a master vendor arrangement?
9. How are other departments in your company affected by this implementation?
10. Which consequences are there with not implementing such an arrangement?
11. What factors are important to consider when going into an agreement with an external party?
12. How is the relationship between you and the master vendor?
13. Are there any results after using a master vendor arrangement? Have you as the end client benefited from it or has other consequences appeared?

Construct: Future

14. Are “consultant brokers” a negative word? Why do you think that is? Why not?
15. Is this arrangement the future for the consultancy industry?
16. In what kind of businesses or companies is a master vendor arrangement beneficial?

Interview Questions End Client Section II

Warm-up questions

Construct: Background

1. Please introduce yourself and tell us about your current employer and your position at the company?
2. Please share your perspective on master vendor arrangements?
How would you describe it?

More specific questions

Construct: Strategic decision

3. Please elaborate on how you hire consultants to your company today?
4. Why did you choose to not implement a master vendor arrangement?
5. Which factors are considered when choosing to not implement such a solution?
6. If implemented, would you describe the decision of implementing a master vendor arrangement as an example of a thought through strategic decision?

Construct: Consequences

7. Which positive as well as negative consequences do you see from an end client side that choose to implement such an arrangement?
8. How do you think that other departments in the company are affected by such an implementation?
7. Which consequences are there from not implementing such an arrangement?
8. How is your current solution more suitable for your then a master vendor arrangement?
9. What results do you see from an implementation of this kind? Do you believe that it is beneficial in the long run?

Construct: Future

10. Is this arrangement the future for the consultancy industry?
11. Are “consultant brokers” a negative word? Why do you think that is? Why not?
12. In what kind of businesses or companies is a master vendor arrangement beneficial?

Interview Questions Master Vendors Section III

Warm-up questions

1. Please introduce yourself and tell us about your current employer and your position at the company?
2. Please share your perspective on master vendor arrangements?
How would you describe it?

Specific questions

3. Why should companies choose to implement a master vendor arrangement?
4. Please elaborate on how this solution is implemented in a company?
5. What are the positive consequences with an implementation of this kind for the end client?
6. What are the negative consequences with an implementation of this kind for the end client?
7. What results do you see from an implementation of this kind? Do you believe that it is beneficial in the long run?
8. To offer a master vendor arrangement, is that a growing trend?
9. Why do you believe companies decline to an offer of this kind?
10. Is this way of approaching companies the future for the consultancy industry?
11. Are “consultant brokers” a negative word? Why do you think that is? Why not?