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Strategic Recruitment, Selection and Integration of International Labour force. Case Study : Company-X , Finland

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Strategic Recruitment, Selection and Integration of International
Labour force.
Case Study: Company X, Finland

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The strategic recruitment, selection and integration of international labour force:
a case study of Company X

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The purpose of this project is to study the Estonian labour market and examine the possibilities of recruitment of labour for the Finnish job market. This thesis also examines the economic, educational and cultural aspects of Finland and Estonia. The theoretical section evaluates the different steps considered in the recruitment and selection processes.

This thesis was commissioned by Company-X a human resource organisation operating in Finland. The company provides human resource services and software to other companies in the Helsinki Metropolitan area and other parts of Finland. Company-X serves both public and private organisations and small and medium size enterprises providing services such as recruitment and selection, training and management and human resource management software.

The research used qualitative and action research methods. Information provided by Company-X and gathered from previous research work are analysed qualitatively. The information collected from online source also played an indispensable part in the realisation of this research work. The meeting sessions with Company-X and the work rendered as an employee of the company are aspects of action research used in the project.

The findings of the research established that there are opportunities for labour to be recruited from Estonia, and that these are facilitated by common cultural and linguistic heritage of the two countries. The educational systems of both countries also encourage recruitment, and integration.

This research produced a number of materials that are important for further research. In the future further research could focus on the benefit of using alternative recruitment strategies.

Key words Strategic, recruitment, selection integration, International labour force

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Strategic Recruitment, Selection and Integration of International Labour force.
Case Study: X Oy

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Opinnäytetyön tarkoituksena oli tutkia Viron työmarkkinoita ja mahdollisuuksia rekrytoida sieltä työvoimaa Suomen työmarkkinoille. Case-yrityksen toimiala liittyy työvoiman rekrytointiin. Opinnäytetyössä tarkastellaan Suomen ja Viron taloudellisia, koulutuksellisia ja kulttuurillisia toimintaympäristöjä. Teoreettinen viitekehys käsittelee rekrytointin- ja valintaprosessin eri vaiheita.

Opinnäytetyön toimeksiantajana toimi X oy. X oy on suomalainen henkilöstövuokrauksen ja rekrytointin asiantuntijayritys. Yritys tarjoaa henkilöstöhallinnan palveluita ja ohjelmistoja yrityksille pääkaupunkiseudulla sekä muualla Suomessa. X oy asiakkaita ovat julkiset ja yksityiset organisaatiot sekä pk-yritykset. Yritys tarjoaa laajan valikoiman henkilöstöhallinnan palveluita rekrytointiin, koulutukseen, johtamiseen ja henkilöstöhallinnan ohjelmistoihin liittyen.

Tutkimus suoritettiin kvalitatiivisia ja toiminnallisia tutkimusmenetelmiä hyödyntäen. Kvalitatiivinen osa toteutettiin analysoimalla sekä X oy antamaa tietoa että aiemmista tutkimuksista kerättyä tietoa. Osa analysoitavasta aineistosta kerättiin Internetistä. Toiminnallinen osa tutkimuksesta toteutettiin Company-Xkanssa käydyissä tapaamisissa ja työskentelemällä yrityksessä.

Tutkimustulokset osoittavat, että Suomeen voitaisiin rekrytoida työvoimaa Virosta toimimaan eri aloilla. Tutkimuksen perusteella voidaan myös todeta että Suomella ja Virolla on yhteisiä kulttuurillisia ja kielellisiä erityispiirteitä, toisaalta maiden välillä voidaan myös havaita työ- ja elinkeinopoliittisia jännitteitä. Molempien maiden koulutusjärjestelmät ovat myös rohkaisevia tekijöitä rekrytointiin ja työvoiman integraatioon.

Opinnäytetyön tuloksena on syntynyt paljon toteuttamiskelpoista materiaalia. Työn tulos luo mielenkiintoisen mahdollisuuden syventää aihetta tutkimalla vaihtoehtoisia rekrytointistrategioita pitkällä aikavälillä.

Avainsanat: strateginen, rekrytointi, integraatio, kansainvälinen työvoima

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1 Introduction

1.1 Background of the study

According to Statistics Finland, people born after the Second World War will begin to retire by 2010, and which means that labour in the European Union (EU) would reduce substantially (Statistics Finland, 2002). The impact of the aging population would be felt in Europe than other parts of the world. Finland is one of the European countries already started facing shortages in labour supply. The demographic change in Finland is moving faster than other European countries. According to recent reports, 270 000-320 000 people would be needed by the Finnish labour market by 2010. According to McKinsey (2010), immigrant labour should be recruited to close the gaps when retirement rate increases. Human Resource organisations based in Finland want to research strategies that could be implemented in order to face these challenges. The international approach considered by Company-X, the case company, is to examine the labour markets of other European countries.

This subject area of the research is important considering the continuous increase in demand for skilled labour in Finland. The research was introduced by Company-X as part of a strategy aimed at increasing the supply of labour to its customers (Kaipio 2011). In the first meeting with Company-X, the company introduced the author to the human resource problem in the organisation and the strategic plans of the company to solve this problem. The main objective of this thesis is to research in labour markets within the European Union and establish the possibilities of recruitment and selection in those markets. The study has been challenging, exposing the author to real world human resource problems and a chance to share ideas and interact with experts in the field. Considering the size of the human resource management, there was a need for delimitation of the studies.

1.2 Scope of the study

The area of study covered by this thesis is Human Resource Management (HRM) with a focus on recruitment, selection and management of the diversity of labour force including a closer look at equal opportunities offered to labour. The empirical section of the thesis would concentrate on the Estonian labour market. This is because the expected result of the study is to determine the availability of labour in Estonia. The parameters to be examined that would help to determine the quality of labour would be education and the structures that permit the development of labour. Other areas that would be considered are employability rate in Estonia and a comparison between the Estonian and Finnish economies as well as the cultural differences between Finland and Estonia. The educational systems of both countries are also important and hence would not be left out in the study.

With respect to the strategy of the case company Company-X, the organisation has envisaged the recruitment of employees from different sectors. The areas where recruitment of labour from Estonia is plan are Housekeeping, and other catering sectors, Information Technology, and Nursing sectors (Kaipio 2011). These areas of specialisation of Company-X have influenced the choice of the research context.

1.3 Choice of the research context

The Human Resource industry is an interesting field in the area of business because it has much challenges and knowledge of Human resource management can be applied to fields other than business. Company-X is one of the largest Human Resource organisations operating in Finland and provides a proper background for the study. Moreover, the business concept of Company-X is challenging in the sense that the market is quite open, and it is possible for competitors to enter the market and still command the same strength as the market leader (Kaipio 2011). Accepting the opportunity to study the Human Resource potentials of the Estonian labour market was without reservation. It was interesting to realise that strategies could be developed by a Human Resource organisation to solve the problem of labour supply. More importantly was the chance to conduct a labour market research for a growing Human Resource (HR) organisation.

1.4 The purpose and research problem

This thesis has as subject in hand to analyse international labour markets within Europe. Estonia has been chosen as the target labour market for the process. The analysis would focus on examining the quality of labour using parameters such as education work and structures

that enable training and development of labour, and the culture of the labour market. The quality of labour is just one aspect that would be analysed by this research. The other areas of concern of this project are to analyse the availability of the labour force in Estonia. Another objective of the project is to look for the prospect of a continuous our supply from the Estonian labour market.

The research problem is identified to develop a strategy for the assessment, recruitment, selection and integration of international human resource.

The Research question is: "whether Estonia is a suitable labour market for the recruitment of labour destined for the Finnish job market?" This question could be answered beginning with a structure which is a description of the steps taken in the research process.

1.5 Structure of the study

The thesis is structured into six different sections in order to permit a comprehensive understanding of the logical flow of the process. The research work begins with the introductory section which presents and describes the subject idea, the background information, the purpose of the research and the research problem.

The second section deals with the theoretical background which has as objective to support the empirical section with information on the actual market situation to obtain an advanced solution to the matter in question.

The thesis further develops into the next section which is the research approach. This section explains in details the method use to conduct research in order to justify its reliability to its readers.

The empirical part deals with the case company Company-X. This is the fourth section which provides information about the company and the industrial analysis of the current state of activities in Company-X with regards to the theoretical section. It shows the framework created as a primary purpose of the study before concluding with an analysis of the strength and weaknesses of Company-X, and its opportunities and threads on the other.

The last but one section explains the theoretical linkage between the empirical section of the research and the theoretical background to give a clear comprehension of the purpose of the theoretical background analysis and its relevance to the research work.

The last section is a conclusive summary that has as objectives a presentation of the findings of the research. The results are interpreted in a general sense and in a managerial sense before the final managerial recommendations are then presented for the future development of the main stake holder Company-X.

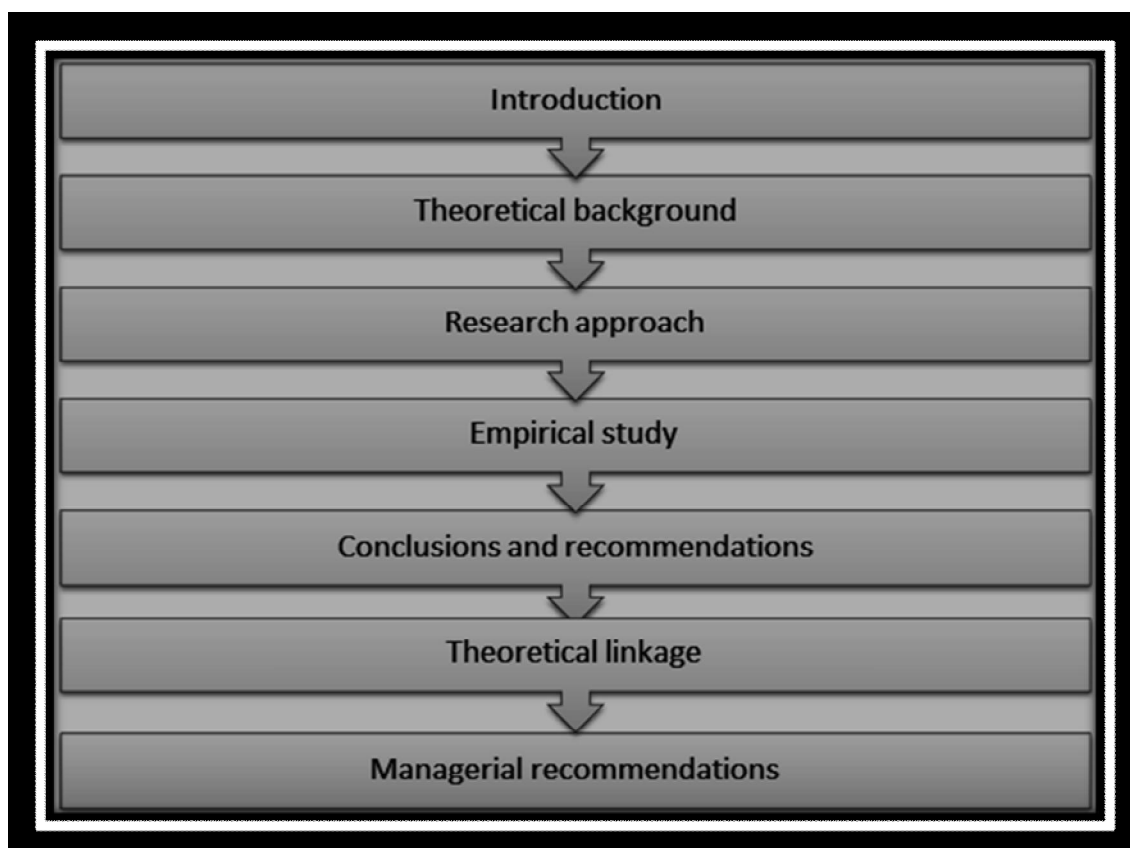


Figure 1: Structure of study

2 Theoretical background

2.1 Introduction

Human resource management is a relatively new approach to the management of personnel. This new approach focuses on people (employees) as an important resource of the organisations. The basis of this recent kind of people management is communication (McKenna & Beech, 1995, 1) increase commitment of the employees and encourages employees to identify themselves with the organisation. Unlike the situation where employees were considered as a factor of production within the organisation, the concerned of human resource management extends to a strategic plan to acquire, manage as well as to motivate labour (McKenna & Beech 1995, 1). A common characteristic of organisations is not only to gain competitive strength. Companies want to maintain a competitive advantage for

as long as possible. With the growing importance of human resource management, companies are developing strategic plans through which innovative human resource management strategies could create a competitive advantage on the market (Schuler & MacMillan 1984, 242).

2.1.1 Definition of human resource management

Human resource management can be defined as those activities within the administration of an organisation that has to do with planning, recruitment, selection, orientation, training, appraisal, remuneration and motivation. In other words, human resource management can be considered the manner in which people are developed via their jobs (businessdictionary, 2011). Another definition of human resource management extends to the fact that it is that factor of production that is much limited in supply. The definition further explains that human resource management depends on knowledge, skills and the motivation of people. Its mobility is small when compared to the other factors of production. Everything being equal in situations of good conditions, human resource learns and grows with age and experience. This is something that cannot happen with the other factors of production (businessdictionary, 2011). Books have also tried to define this new idea in the management of employees. Prominent amongst these definitions is the one that looks at human resource management as that part of management that concerns people and their relation to the organisation. This usually involves personnel management, training and industrial relations. (Bennett 1992, 93).

The above definitions and those available but other books often do not include the components of human resource management. The knowledge of the composition of human resource management is primordial to the understanding of human resource management in general.

2.1.2 Components of human resource management

The components of human resource management have already been mentioned in the definitions above. For the purpose of clarity, an idea of the components of human resource management would enhance the understanding of the process of recruitment and selection which is the main focus of this project. Human resource management is a process with different stages. The process of Human resource management commences from job analysis, determination and planning of the need of labour and conducting a recruitment process (Mckenna & Beech 1995, 1). Once recruited, labour has to be orientated and trained (Lepak & Gowan, 2010, 5). Labour after training gains self-confidence and expects to earn wages at the end of a given work period which is usually a month depending on the contract of labour. This calls for another level of management which is wages and salaries. Compensation is a process

on its own. Once work has been done, there is that need for compensation. Compensation is one of the forms of motivation that can encourage employees to work hard. It is understood today that salaries or wages are just part of the compensation package. Other forms of incentives do exist. These other forms of compensations call them benefits or incentives do come depending on the performance of labour and some time with the experience of labour. In order to provide a representative benefit to labour, performance appraisal is carried out which help to defined how much benefit or incentive an employee is entitle to receive. It is hard to talk about human resource management without communication. This communication is either in the form of interview, counselling and discipline. The feedbacks obtain as a result of communication could then be used to train and develop resource managers.

The new idea that human resource is upholding is the fact that the employee is seen as a part of the organisation through commitment (Lepak & Gowan, 2010, 5). Labour is no longer seen as a factor of production but the owner of the business. Human resource management offers equal opportunities and affirmative action since employees are encouraged to commit in the organisation activities; they tend to realised policies aimed at protecting employee interest such as employee health safety and management of grievances and labour relations. Human resource management irrespective of the organisation is centred on these areas. When these areas are effectively managed within an organisation, it is possible to say the organisation would gain competitive strength in the market. (Dessler 2003, 1).

As organisation might be in need of labour, make plans on how to obtain that labour, but at that point still it is not yet human resource management. Human resource management begins with recruitment and selection.

2.1.3 Recruitment and selection

Recruitment and Selection are the activities that are at the origin of human resource management. In other words, recruitment and selection are the main activities of human resource management. (BPP 2001, 121). Recruitment is the process of looking for suitable candidates willing to offer services to an organisation. Organisations usually invite a good number of aspiring employees judged as qualified from which the best candidates are then selected to fulfil the job requirements. Selection has to do with the collection of details concerning the background of the candidate to evaluate and choose suitable candidate to be employed for the job. (Dowling & Welch 2004, 83). Recruitment and selection can only be meaningful if applicants are given equal opportunity.

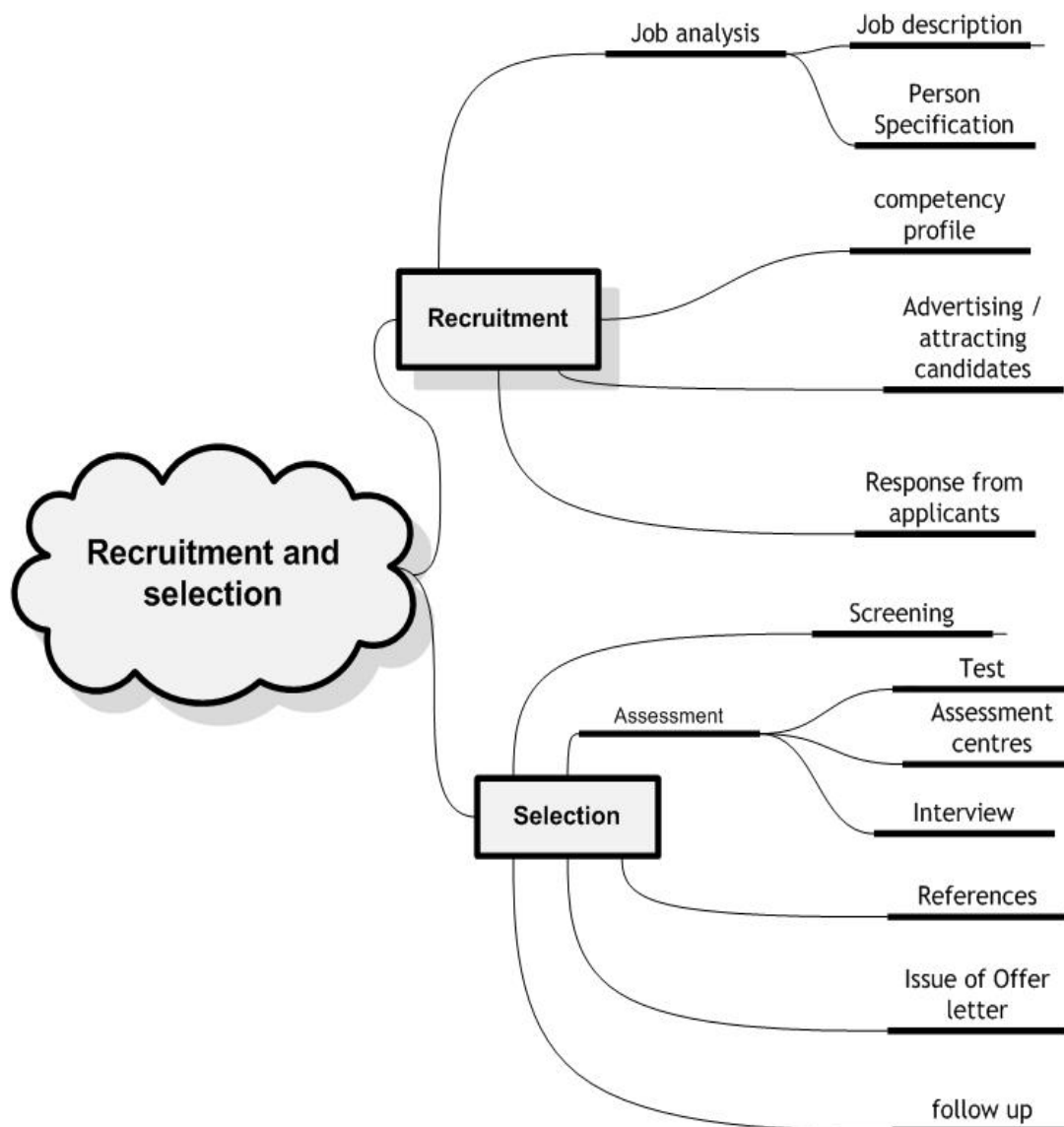


Figure 2: Mindmap of Recruitment and Selection processes

2.2 Equal opportunity

Discrimination and equal opportunity are important subjects for managers in real life. It is always necessary to take equal opportunity laws into account when conducting a recruitment process. Inequalities related to access to the job, training, promotion and benefits, pay or incentives are issues human resource managers would like to take into consideration when analysing their options. Legislation has tried to solve some problems resulting from discrimination on the basis of sex, race or disability. Other aspects of discrimination such as age depend on the good will and model practices of the human resource managers. (BPP 2001, 162). There are many reasons why equal opportunity is important to human resource managers.

2.2.1 Importance of equal opportunities

Ethics nowadays pays more attention to value and respect of the profession. Organisations bother much about decency and fairness in the management of their employees. Recruitment and selection is considered as a process through which organisations try to match the individual to the needs of the job the given job (Bach, 2005, 116). Organisations also understand that good human resource practices would enhance the attraction of good applicants and also serve as a competitive advantage on the market (Lepak & Gowan, 2010, 5). Human resource managers also think that attracting the best employees is not enough, but more importantly, the reputation of the organisation is maintained when it can retain its labour force. The employment tribunal has guiding that the organisation would like to maintain by operating according to the recommendations of the code of conduct. Businesses today have come to understand that the confidence of consumer loyalty can be gained through a decent treatment of organisational employees. (BPP 2001, 163). Although human resource managers try to retain the right labour, until recently there still existed a degree of inequality in reward for labour. The quest of equality has to continue and could only be strengthened by the law.

2.2.2 Equality of remuneration

Legislation has stipulated regulations to guard against unequal treatment of employees. Prospective employees in a selection process would like to be given equal chances with regards to other applicants. The selection process is the beginning of a contract between the employee and the employer and trust, and an idea about the organisation is often gained during this time (Lepak & Gowan, 2010, 208). The Equal Pay Act was established to prevent sexual discrimination between male and female employees of organisations. According to the Act, women have the right to demand equal pay for a job that has been rated as equivalent under the job evaluation scheme. Women also could demand equal salary for work that is the same or broadly similar within the same organisation. (BPP 2001, 163). Besides the equality of remuneration, there are also equal opportunities regulations which prohibit different forms of discriminations within the organisation.

2.2.3 Equal opportunity

The Finnish Non-Discrimination Act prohibits any form of discrimination which may be either direct or indirect discrimination in terms of age, ethnic origin or national origin, nationality, language, religion or belief, opinion, state of health or disability, sexual orientation or other personal characteristics (Ministry of employment and economy 2012). According to the Sex Discrimination Act of 1986, it is unlawful in the United Kingdom to discriminate against

employees on the basis of sex and marital status. The Race Relations Act still of 1996 still of the United Kingdom forbid any form of discrimination be it colour, race, nationality, ethnic and national origin. The Disability Discrimination Act of 1995 protected disabled employees or individuals against all forms of employment discrimination. With the proliferation of religious beliefs and the recent shift in the understanding of sexual orientation, saw the enactment of another law in 2003. This is the Employment Equality Regulations 2003. These regulations check all forms of discriminations on the basis of religious beliefs and sexual orientation. (BPP 2001, 164). Success of human resource manager of organisations depends on how effectively these managers work with people from different backgrounds. Diversity of the labour force can be in terms of ethnic group origin, racial origin, sex, sexual orientation, disability and culture.

2.3 Diversity

Diversity refers to the different characteristics that make people different from one another. The origin of these diversities could be different but can be grouped under two different headings. (Gomez, Balkin & Cardy 2004, 120). Successful management of diversity would support employees to take a maximum advantage of their potentials and contribute to the organisational goal. Diversity in some sense involves the distribution of power within the organisation to in a way such that the activities and the behaviour of employees would reflect the structure and the culture of the organisation (Wilson 2005, 253). The successful management of diversity begins with a close examination of the characteristics of diversity. There are two types of characteristics of diversity which are the natural and artificial characteristics.

2.3.1 Natural characteristics

These are natural attributes to human which can hardly be altered. These characteristics are biologically determined. Examples of such attributes are race, age and other physical features. Some of these characteristics are derived from the family and society into which the individual was born. These characteristics affect the manner in which the individual relates to others and directly influences the identity of the individual in the environment of the organisation where the individual is living or working (Gomez et al. 2004, 120).

2.3.2 Artificial characteristics

These are features that can be modified by human through their activities. In other words, these attributes can be dropped, adopted or modified during the conscious life of the people. Alteration can come as a result of a deliberate action resulting from a choice of action.

Examples of these characteristics are work background could be ignored for a new career, income could be raised or reduced, marital status, military experience, political beliefs, geographical location and education (Gomez et al. 2004, 120).

2.3.3 Diversity in a business perspective

It can be difficult to combine social justice and business. Diversity in other words means social justice. However, the business meaning of diversity could be supported by the fact that an organisation with employees from different backgrounds would always provide different solutions to the same problem within the organisation. These differences in solutions are as a result of their diversity. The ideas developed through their different ways of reasoning could go a long way to raise the productivity of labour in particular and the performance of the organisation in general. One common phenomenon today is to find employees expressing the willingness to work with organisations with employees from different socio-cultural backgrounds (Wilson 2005, 257). This has encouraged organisation to be interested in a diverse labour force. More importantly, organisations with a diverse work force do not need to apply much effort to retain its employees since they are willing to stay and work in a diverse environment. On the commercial side of business and diversity, a diverse work force would produce output that is a reflection to the differences in the way the market is perceived. This would result in an increase in sales since the taste and fashion of a larger portion of the market would be represented in the output. Another important benefit of having a diverse work force is that the amount of discrimination of any form would be reduced to a minimum. (Mathis & Jackson 2008, 151). The benefits of a diverse work force would not be achieved if management ignores diversity in its management processes. Diversity can boost the competitive ability of an organisation if it is properly managed.

2.3.4 Managing diversity

Diversity can be a competitive advantage of an organisation if effectively managed. Modern business may encounter difficulties on the market if the environment of the business is short of management consideration. Customers pay much attention to the attitude of companies towards their employees and would tend to recent companies with poor social response situations (Wilson 2005, 261). On the other hand if diversity is not managed, it may lead to the misunderstanding that would result to poor performance of the organisation. Diversity may result to discrimination from the employees controlling the resources of the organisation. Therefore in order to succeed in a global business world of today, organisations have to take advantage of the differences in the socio-cultural origin of their employees and turn it as a source of competitive advantage. Equal opportunity and non-discriminatory regulations may

not represent enough efforts in the management of diversity. Strategies need to be design to ensure a following of the management process (Mathis & Jackson 2008, 151).

Different strategies have been used to manage diversity in organisations. A proactive approach of managing diversity considers individual differences between employees. These differences have to be tolerated by both employees and the human resource managers for the successful management of employee diversity. A diverse work force means differences in ethnic origin. Management would have to understand that communication is important especially when communication is in terms of motivation. Employee would ignore their ethnic difference once there is someone to talk with and find a solution to an unethical behaviour of a co-worker. The Human Resource (HR) department has to understand that the employees have differences with their family structures and their responsibilities. This can have an influence on the management decision. Management have to consider the family size of employees and understand that the responsibility of the employees can influence their attitude at work. It is increasingly difficult to manage employee diversity when employees are aged because as their ages increase adjustments requirements that the management has to consider would also increase. Some cultures admire particular careers. The Human Resource manager would have to consider the career aspirations of employees when managing differences of the socio-cultural background of the work force. Managing the diversity of an international work force is challenging. Particular aspects such as literacy, numerical difference in qualifications are determinants of decisions taken by management. The teams irrespective of how small they are would always pose challenges to the HR department. A systematic approach in managing diversity of Human Resource would determine the productivity of the organisation. (BPP 2001, 169).

2.3.5 A systematic approach to the management of diversity

Managing diversity means taking steps to reduce the problems caused by a diverse workforce and to increase the benefits of a diverse workforce in an organisation. Managing diversity in practice requires both compulsory and voluntary actions. Equality laws take care of the compulsory approach of managing diversity. Despite the requirement of the equality laws, a voluntary action is always needed for a successful diversity management. The following are steps taken voluntarily by organisations in their diversity management programs (Dessler 2003,50).

The first step is to analyse the business environment. The diversity of the organisation needs to reflect the population in the labour market. Another important analysis would be to compare the customer base with the diversity of the workforce of the organisation. When

these comparisons are made, the next stage would be to define the diversity while taking into consideration the business benefits of diversity.

Efficient management of diversity calls for a definition of the diversity and its business benefits. The workforce needs to be represented, employees and their communities are more attentive to respect for mankind. Creativity can only be encouraged if employees have the opportunity to contribute to their communities or organisation. The organisation needs to exhibit an image of good employer that can attract and retain labour. The legal, moral and social benefits of diversity are defined with an understanding of the market segment of the company and are aimed at creating a representative workforce. Whether diversity and its benefits are defined, managed or analysed, the success of diversity management would be assured more by incorporating it into the plan of the organisation.

The next step of management of diversity is to include the diversity into the value and mission of the organisation. Organisations always manage to respect their values and mission. When diversity is included into the values and mission of the organisation, it is possible that the organisation would respect diversity and management of diversity would emphasise the benefit of the organisation and the employees. Including diversity in the mission and value of the organisation is not enough as far as management of diversity is concerned. Another important step in the management of the diversity of human resource is to put it in the main human resource processed and system.

Diversity management has to be reflected in the recruitment and selection process in that applicants have to be offered equal opportunities and accepted without looking at their cultural background. Once recruited, training and development is on an equal basis. The employees irrespective of their place of origin would be provided a chance for career development thereby enhancing the success of management. With equal recognition and reward, the advantages of diversity in an organisation would go a long way to form the competitive strength of the organisation. Diversity like any management strategy in an organisation needs the commitment of the leaders of the organisation.

The management and all other leaders such as supervisors need to be committed to the management of diversity for a long term. When the commitment of leaders is achieved, the next thing expected is the commitment of resources to support the diversity management process. The leadership of the organisation would have to make sure that diversity management policies are felt and seen at every angle of the organisation. The leaders have to create awareness of sub managers. Training, coaching, and development exercises should be designed with the use of diverse languages. This would create a new corporate culture and diversity would have an indispensable role in the organisational activities. Even when

leadership and top management are committed, success is still not assured without the involvement of staff at lower levels of the organisation.

This is an important stage in diversity management because it is at this stage that the message of diversity is passed on to the labour force. This is done through many different programs some of which are to educate the work force through awareness training. The message has to be written down and communicated from one person to another through the creation of a handbook that every member of the organisation can afford a copy. The administration of the organisation needs to have a division that is responsible for diversity issues. A diversity party is created to work simultaneously with a council to settle matters of diversity. Even when staff at all levels is involved, there is still no guarantee that the process is would go smoothly. The creation of monitoring scheme would help to monitor the progress and to determine how successful diversity is being managed in the organisation. The diversity of human resource can be effectively managed if initiatives are successfully communicated to the workforce.

When the diversity strategy has been transferred to the lower levels of management, another important job of the human resource department would be to communicate the objectives all the time to the workforce of the organisation. It is again not just communication, but the management has to be clear in the manner in which initiatives are being communicated. Within the organisations, continuous updates would put the diversity policies in every discussion that is going on between the labour forces of the organisation. Essentially, communication can take the form of briefings, electronically through intranet pages, in training sessions organised within the organisation. In the external level, communication would make the organisation attractive to the general public during recruitment exercises. The organisation would be regarded as a corporately responsible organisation and a responsible employer. Besides communicating the policies of diversity, management have to match the resource available for managing diversity with the size of the organisation.

Diversity management can be beneficial when the resource available and the size of the organisation are considered in the management decisions. This means that the resources of the organisation have to reflect the size of the organisation as well as the size of the change required for the management of diversity. In the case where resources are not enough, the services of a consultant might be demanded. In some situation, the best practice representative may be recruited to provide advice, support and training.

The final stage of diversity management is the evaluation stage. At every given level of the management process, the progress has to be assessed at regular intervals. There are many instruments that are used to evaluate diversity. Some examples are diversity score cards and

employee climate surveys. These are mostly used to assess diversity within the organisation. Externally, diversity may be assessed using focus groups, customer and supplier surveys. Diversity management is shown below in a summarised table. (BPP 2001, 170). The entire process of diversity management cannot really start without the availability of a diverse labour force. This diverse labour force could be guaranteed only through recruitment and Selection.

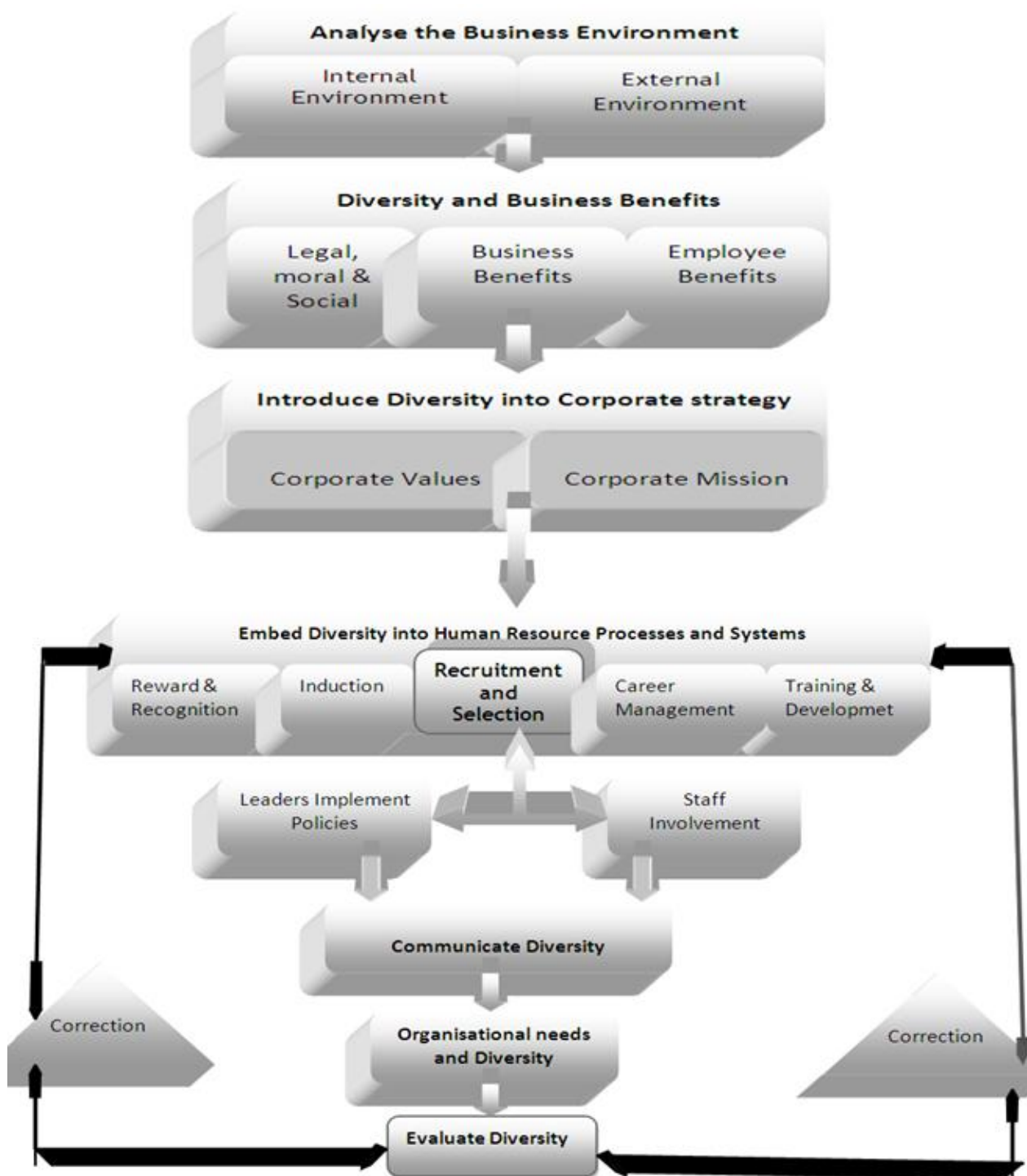


Figure 3: Diversity management process chart

2.4 Systematic approach to recruitment and selection

Recruitment and selection is a process that organisations go through when in need of labour. One of the main aims of recruitment and selection is to look for labour either to replace labour or to occupy a newly created vacant position (Dowling & Welch 2004, 83). There are other aims and objectives of recruitment and selection.

2.4.1 Aims and objectives of recruitment and selection

The objective of the human resource department of organisations is to recruit an efficient labour force that would meet organisational objectives. Recruitment is a systematic process through which the organisation can attract suitable candidates for the selection process. Suitable candidates are those with the right skills, qualities and abilities that are essential to meet the job requirements of the organisation. An objective of recruitment and selection is also to develop procedures that would help the HR department to choose the right candidates for the job (Cowling & James 1994, 29). Diversity oriented organisations want to make sure that the recruitment and selection process is not only consistently applied, but it is clear and valid such that fair and equitable treatment is offered to all the aspiring employees. The human resource department of organisations ensures that all the applicants invited for interview deserves the chance offered to them. It also ensures that resources used to recruit candidates that would be able to provide the required output. The performance of organisation depends on the expertise of the workforce. Since the selection, criteria follow the requirements of the job position, the process of recruitment and selection is aimed at making sure that the right competencies are identified to ensure a satisfactory performance. (The highland council, 1999).

2.5 Strategic approach to recruitment

The human resource plans of organisations determine the resources that the organisation needs to be able to attain the objectives of the organisation. The plan also states the resources that are available for the organisation. The available resources in this case are both internal and external resource. In some situations, the skill needed by the organisation might be obtained through the process of recruitment (Bratton & Gold 2003, 223). The management of some organisations may plan to reduce the number of staff, redeploy employees or even train and develop the human resource. Other organisations might consider promotion and retention using incentives to reduce mobility of labour. In those organisations that decide to engage in a recruitment process, a job analysis is conducted. A job analysis is a document that contains a job description and person specification. Organisations compete to attract the best categorise of labour force. During periods of high unemployment, the problem in

organisations is not to attract desirable applicants but to select them. In order to select the best candidates, the job needs to be analysed to determine the duties required by the position as well as the characteristics of the candidates to be hired. This objective is obtained through a process known as the job analysis.

2.6 Job analysis

Job analysis is used to determine the information that is needed to prepare a job description which is then used for advertisement of the vacancy. Job analysis leads to two important documents. These documents are job description and person specification.

2.6.1 Job description

A job description contains a statement that describes the responsibilities of the job. A job description also contains the working condition and safety hazards. (Dessler 2003, 62). A job description is a more concise indication of the duties and requirements of the job. It can sometimes be regarded as a summary in the sense that it gives a general picture of the position while making emphasis on the important functions of the job. It is a tool used to sell the job to applicants (Bach 2005, 119). Applicants would always apply for a job if the position or the demands of the job is clear. Something made possible by the job description. It is also an opportunity to limit the number of unqualified applicants that would want to apply for the position. A good job description should contain a list of job functions. That is what the qualified or hired applicant would be expected to be doing when they are offered the position. It also contains the requirements of the job. These are the educational qualifications, certificates, licenses and experience necessary to perform the job. Other vital information that the job description should provide are the working hours, travel requirements, reporting relations and location of the position. (Marder-Clark 2008, 3)

2.6.2 Person specification

The job specification is a statement similar to the job description, but it stresses on the personal qualities, traits, skills and background required for the job. In other words, it is to rewrite the job description with regards to the person needed to perform the job. (Dessler 2003, 62). The purpose of a person specification is to identify the role and the suitable candidate to perform that role. It is a chance for the candidate to judge as well as match their skills with the role that they are applying for. To the organisation, specifications help the HR manager or organisational manager to decide if a role is supportive to the organisation or is just a waste of resources. The role could be reviewed or redesigned as a result of

specification. The person specification is done with the use of some particular key aspects amongst which is the competences. (Gareth 2004, 4).

2.6.3 Competence

Competences in this case are all those human attributes that help the employee to perform the duty. These attributes may be work-related personal attributes, knowledge, experience, skills and values that prospective applicants rely on to execute their functions. When determining the competences of labour, the focus is based on those human behavioural aspects that determine the effective performance of labour (Bach 2005, 120). This is because the selection process is carried out to choose the right candidates that would be able to do the job efficiently. Therefore, all the competences either major or basic should be taken into consideration. It is difficult to determine the efficiency of labour through background checks. Worst still, in some situations it is difficult to carry out a background check since companies might not be willing to give out personal information of the employee. Even so, when the checks are possible, it is not a guarantee that the performance of labour would be repeated. This is because success might have come as a result of the working environment, organisational culture, or control of the superiors. Qualified and unemployed persons tend to be attracted to job adverts with a systematic description of people specification. (Bach 2004, 7).

2.7 Advertising and attracting candidates

The process of recruitment usually begins when a vacancy has been identified. Vacancy can either be identified by the department that needs additional labour or by the requirements of the human resource plan. When the requisition has been made known to the human resource department, the next step is to prepare a job advert. The job advertisement is meant to attract the attention and interest of the best candidates (Dessler 2003, 101). It also gives a positive impression about the organisation and the job in particular. Another important thing in the job advertisement is that it specifies the kind of persons as well as the skills needed to perform the job (Lepak & Gowan 2010, 155). The job advertisement finally contains the contacts of the office in charge of the recruitment process.

An effective recruitment and selection process starts with attracting the right candidates for the position. Therefore, the human resource department pays attention to the number of applicants as well as the quality of the candidates applying for the job. The job advertisement should give an opportunity to a good number of candidates. This means that the medium of advertisement should be carefully chosen. A proper medium of advertisement gives two advantages to the organisation (Dessler 2003, 101). These advantages are a

reduction in the cost of recruitment and selection. The target labour force would be attracted to apply for the job. Even when the right medium of advertisement is used, if the job position is not well explained, it would still be hard to attract the right labour force to apply for the job. Therefore, the values of the job position need to be carefully selected the position sold to the targeted audience (Bach 2005, 124) A job selection process could sometimes result to a negative image of the organisation. This occurs when wrong applicants apply for the job or when information about the organisation or job is poorly analysed. Candidates tend to detest the organisations for refusing to recruit them. In order to avoid such situations, good information about the job organisation should be given out to the candidates. This information would not usually help them when deciding to apply for the job but would be of importance to them during the interview. The manner in which the information is given would not only help the applicant to understand, but it can be self-eliminating thereby solving the problem of have disgruntled candidates who would all end up with a bad image for the organisation. A recommended method is the job information questionnaires (Gareth 2004, 8). This is a method through which the applicant is expecting to respond to a range of questionnaires. A score is provided after responding to the questionnaires. The score determines whether a candidate would continue or advise to leave. The candidate may decide to leave when the scores obtained are insufficient. This method would reduce the cost of having to deal with many unqualified applicants. With a carefully chosen medium of advertisement, proper sale of the job position, the next step is to wait for responses from the candidates.

2.7.1 Response from applicants

The success of job sells could be measured only through the number of responses from the job applicants. The responses are based on application forms or Curriculum Vitae (CVs). Application forms prove to be a cost effective way to deal with selection. In order to achieve its purpose, care should be taken in designing the application forms (Cowling & James 1994, 39). Through applications, a standardised assessment can be realised, but the application form should be structured in the manner in which all important information can be obtained through the application form. The applications form method present two advantages. It is a mechanism for screening and also reference source for addresses or references. (Gareth 2004, 9). For these advantages to be realised, the application form has to focus on key competences that can be easily accessed through the form. Other threads such as motives, values and personality characteristics cannot be obtained from the form. (Gareth 2004, 9). They can be identified better through testing and interviewing. The form is used for the screening process and should concentrate on actual skills and experiences peculiar to the role of the vacancy.

The monitoring forms have to be separate from the application form. If the organisation would want to prove to the applicants that certain discriminatory aspects such as race, sex, and legal and disabilities situation do not affect the selection process, then the monitoring forms should be a separate attachment of the application form.

The human resource plans of organisations determine the resources that the organisation needs to be able to meet the objectives of the organisation (Dessler 2003, 90). The plan also states the resources that are available in the organisation. The available resources in this case can both internal and external resource. In some situations, the skill needed by the organisation might be obtained through the process of recruitment. The management of some organisations may plan to reduce the number of staff, redeploy employees or even train and develop the human resource. Other organisations might consider promotion and retention using incentives to reduce mobility of labour. In those organisations that decide to engage in a recruitment process, a job analysis is conducted through which the job description and person specification are determined. When the application period is over, the process of recruitment comes to an end. The next step of the process is to select the candidate. This phase is no longer called recruitment. The process of selecting the suitable applicants to be interviewed is called selection. After selecting the desired candidates, they are then informed or notified. (BPP 2001, 125).

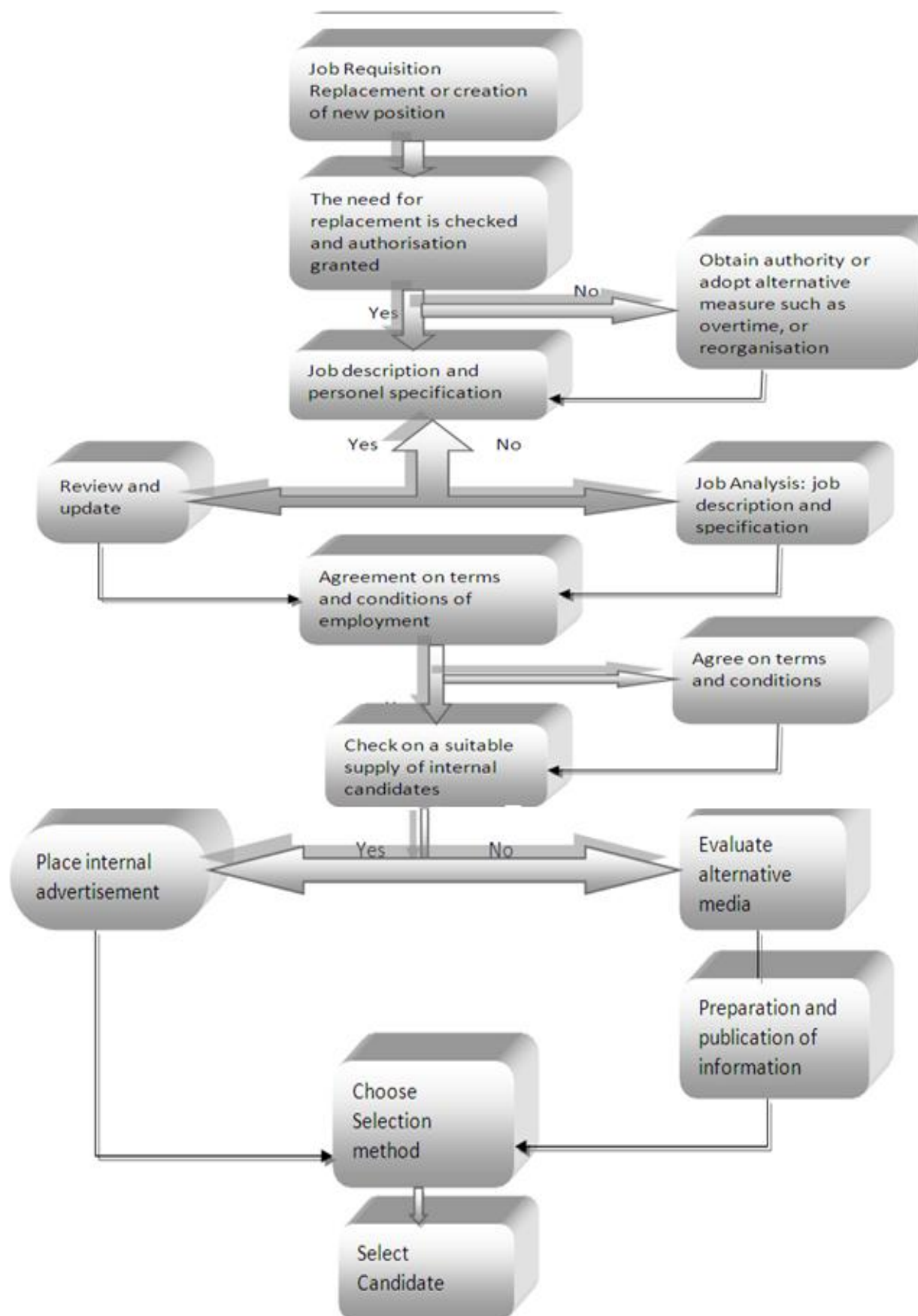


Figure 4: Recruitment process chart

2.8 Strategic approach to selection

2.8.1 Selection process

Selection is a process aimed at deciding the category of applicant to be offered a job in an organisation. Organisations try to recruit labour in a way that the labour would be able to take a particular responsibility that would support the organisational objectives (Gomez et al. 2004, 171). In other words, the process of selection is carried out in order to match the employee to the job or task the successful applicant would be performing in the organisation. Labour even when motivated may hardly prove to be efficient when unprofessionally exploited. In order to increase the performance of the organisation, employees should be matched to the work that they are capable of doing. The modern business world demands more than just matching people to work. Besides matching people to their work, other factors that also help to determine the efficiency of labour. Examples of these factors include the physical, economic and social environment in which labour is expected to work (Dowling & Welch 2004, 99). Therefore, for an effective selection process it is essential to consider precise person screening, assessment through interviews, test, exercises or the use of assessment centres. Reference checks are also conducted after which an offer is presented to successful candidates. The process then continues with followups and the signing of an employment contract. , A strategic selection process, use a host of methods and techniques to determine the suitable candidates (Gareth 2004, 3).

2.8.2 Screening

Studies have shown that the screening process has always been subjective. In order to have an objective screen process, the selectors should have a clear idea about the competencies to concentrate on when screening application forms. Selectors do not only need to have the knowledge, but would select suitable candidates if the sample of good or poor evidence is provided to them (Gareth 2004, 9). Other forms of screening can also help the process of selection. CVs can be used to screen the candidates, but a problem here is that CVs by nature are already showing differences, and it is time consuming to look through a pile of CVs. In general, the process of screening changes all with respect to the organisation. Different organisations use different methods to employ suitable candidates for the vacancy. There are organisations that use interview, others use psychometric tests while some concentrate on simulation or role plays and some will use an assessments centre that involves a good number of techniques (Lepak & Gowan 2010, 190).

2.8.3 Interview

A screening interview can be used to know which applicants may be suited for the job. An example is in when a member of the HR department calls the applicants on the phone to conduct a short interview. (Lepak & Gowan 2010, 192). A good selection practice is to request detailed information about employees from the employees using questionnaires. Answers are provided that could then be used to find the correlation in the answers. This could be used as the basis for screening the applicants. Whether it is a phone interview or a face to face interview, two types of interviews are common. There are structured and the unstructured interviews.

The unstructured interview is carried out in the form a discussion where by the interviewer ask a range of random questions and allows the interviewee to answer in the form of a discussion. This form of the interview is far less effective than the structured interview.

The structured interview comprises of a list of carefully designed questions aiming at discovering the competencies of the applicant with respect to the position. The answers to the questions are then scored against a consistent scoring range. There is another form of the interview which is known as situational interview. In this type of interview, an example of a real life situation is presented to the candidate who is then expected to answer by explaining how to deal with such a situation. Besides the interview, testing is another way of selection (Gomez et al 2004, 178).

2.8.4 Testing

The essence of testing is to measure the ability and personality of the employee. This measurement is done using different forms of testing such as vocabulary, numeracy, spatial awareness, typing speed and accuracy. The above mentioned forms of the test are often used to in the selection for clerical positions. Generally the ability test is more efficient in determining the potentials of candidates than the personality test. It is important to note that be it personality or ability tests, the type of test used should be able to respond to the needs of the job. (Gareth 2004, 12). That is, it would be optimal to know the aspect to be tested before the testing method is chosen. For example, testing the Finnish vocabulary of a truck driver may discriminate against those who do not speak Finnish but, the Finnish language has no relationship with the ability to drive a truck.

Personality test measures personal characteristics, values and attributes that determine the individuals' behaviour or attributes. The personality test has faced a good number of questioning as to whether it responds to the need of the Human Resource department or just

a procedure. The degree with which the test can predict performance of labour is still to be fully accepted by some schools of thoughts (Gomez et al 2004, 174). There have been a series of view to support this claim, and the situation has remained unsolved. Never the less, some organisations have taken steps to improve the situation. In the United Kingdom for instance, the psychological society has imposed stipulations stating that personality test should be used only by a psychologist or a trained British Psychological Society (Bps) level B. (Gomez 2004, 12). This is because interpretation and feedback of the test results requires expertise.

The ability test measures the ability of the candidates. That is, it measures the degree of aptitude that is needed to do the job efficiently. The results of this test determine the capability of the employee with respect to the job. A higher ability test score would mean that the person can respond to needs of that job efficiently whereas a lower ability test score would mean that the individual would not efficiently respond to the demand of the job. Usually ability test have exam-typed exercises but these exercises should be carefully prepared to meet the needs of the job.

2.8.5 Exercises and achievement tests

Exercises are often work situation exercises used to provide an opportunity to selected candidates to prove their capabilities to do the job. This test usually measures what has been learned at school. In other words, is it called the achievement tests (Dessler 2003, 140). This opportunity is usually provided through simulation exercises. It is only after performing the simulation exercises that a judgement of performance is deduced. Work simulation exercises should be realistic in nature such that it would be easier for the HR department to observe and evaluate the performance of employees. The exercise should encourage true behaviour or attitudes from candidates. It should not be too expensive to manage by the organisation. In other words, it should be cost effective. The main reason behind the development of realistic simulation exercises is that the exercise should be able to measure those aspects that are related to job performance. This is because, with a successful pass of the simulation test, the next step would be to conduct checks in order to make an offer to the selected candidates. (Gareth 2004, 13).

2.8.6 Checks and offers

There is a risk in offering a job to an employee that would be a potential problem to the organisation. The intention of the organisation is to make sure that her employees have the required knowledge and qualification for the job (Dessler 2003, 144). The image of the organisation is threatened once their employees are reputed for criminal behaviours. There is the need to conduct some checks before the job offer is finally made to the selected

candidates. These checks usually commence with documentation through background checks, right down to reference checks. (Gareth 2004, 15).

2.8.7 Reference and other checks

According to Luis, David and Roberts, 2004 checks take many forms ranging from documents which are concerned with checks on qualification and licences. There are also statutory checks that are concerned with checks on the work eligibility. The health situation of the employee is also of concern to the organisation and calls for checks. The specialist checks do not end at the level of health; it also involves credit or criminal records. Then there are the checks on the references provided by the candidates in their CVs. Reference is globally accepted in modern management of human resource recruitment and selection activities even though when asking respondents usually feel as if the position is an uneasy one and again there is always a degree of cynicism when receiving the references (Dessler 2003, 146). References if collected in a general manner without specific points might be difficult to give the actual picture of the selected employee. Therefore, it is recommended to formulate the request around specific questions. This would keep a constant flow of the responses and would help the giver to provide the actual information needed. With all other conditions being equal, a positive check would result to a job offer.

2.8.8 Offers

This is a formal notification, letter or document given by the employer to the prospective employee. (humanresourcesiq, 2012). The letter provides information to the employee concerning the employment conditions or terms, salary, commencement date and job position. A job offer can be unconditional, in which case the employee would move straight to signing the contract without preliminary conditions. In some other sense, the offer can be conditional meaning that the offer may be based on preconditions. These preconditions could be the reception of satisfactory references, or good achievements of academic qualification. Other offers may be post conditional an example being a situation whereby the selected candidates have to undergo a probation period. If the probation is judged as unsatisfactory, the employee would be asked to leave, and if graded as satisfactory, the individual is provided an employment contract. (Gareth 2004, 15).

2.8.9 Employment contract

The employment contract is an engagement established between the employer and employees in which the employee agrees to perform work on behalf of the employer in return for remuneration. Then employer supervises the work done by the employee (Äimälä, Åstrom,

Rautiainen, Nyssölä & WSOY, 2005, 13). Whether the offer is conditional or unconditional, the employment contract should be clear and explicit. The law in Finland stipulates that the main terms and conditions of employment should be provided within the employment contract. A typical employment contract should have the following minimum stipulations, date to start working, duration for a fixed term contract and grounds for the fixed term, trial period, in a case where the agreement has been made on a trial basis, location or conditions of mobility in the case of no fixed work place, employee's principle duties, collective agreement applicable to the work, grounds for the determination of pay and the period of the pay, regular working hours, manner of determining annual holiday, the period of notice and grounds for determining that period. Where the work is performed abroad and out of the EU for a minimum of one month, the duration of the work, currency in which labour would be remunerated, other fringe benefits applicable abroad and terms of repatriation of the employee should all be stipulated in the employment contract (Expat Finland 2010) Offering different employment contract terms to different employees based on race, gender, disability is unlawful discrimination. Whatever the nature of industry or area of operation of the organisation may be, the content of an employment contract in Finland is influenced by other legal acts. The content of the employment contract should take into consideration, the needs of the employer and the employee realised in form a negotiated mutual agreement. The minimum terms of the contract have to be within the context and stipulations of the Employment contract Act. This act carefully sets a definition of the matters that should be agreed on. Other stipulations that should not be ignored by the employment contract are the Working Hours Act and the Annual Holidays Act. When agreement is reached, and contract signed, work has to start and follow up is employed to make sure that the employee is not having any difficulties in performing the tasks involved (Expat Finland 2010).

2.8.10 Follow -up

Once the process of recruitment and selection is over, another stage is the management of employees. This needs a proper mastery of the background knowledge of the employee. The information on the employees collected during the process of recruitment and selection is often kept in a file and retained in case of discrimination claims or other complaints. Another important use of the employee information is for managing the employee. This information is used to plan the induction process to support the integration of labour. For example, the new person may sometime need more or less supervision than the previous employee. Studies have been proven that a well-structured selection process makes it easier to identify the weaknesses of employee. In a competency-based selection, there is an advantage that it is easier to traces developments and also to manage on-going performance as well as attach remuneration to the work done. (Gareth 2004, 17). Although selection processes are designed to employ the right applicants with required skills, organisations also pay attention to

employees that can easily integrate in the organisational culture. (Aswathappa & Sahna 2008, 136).

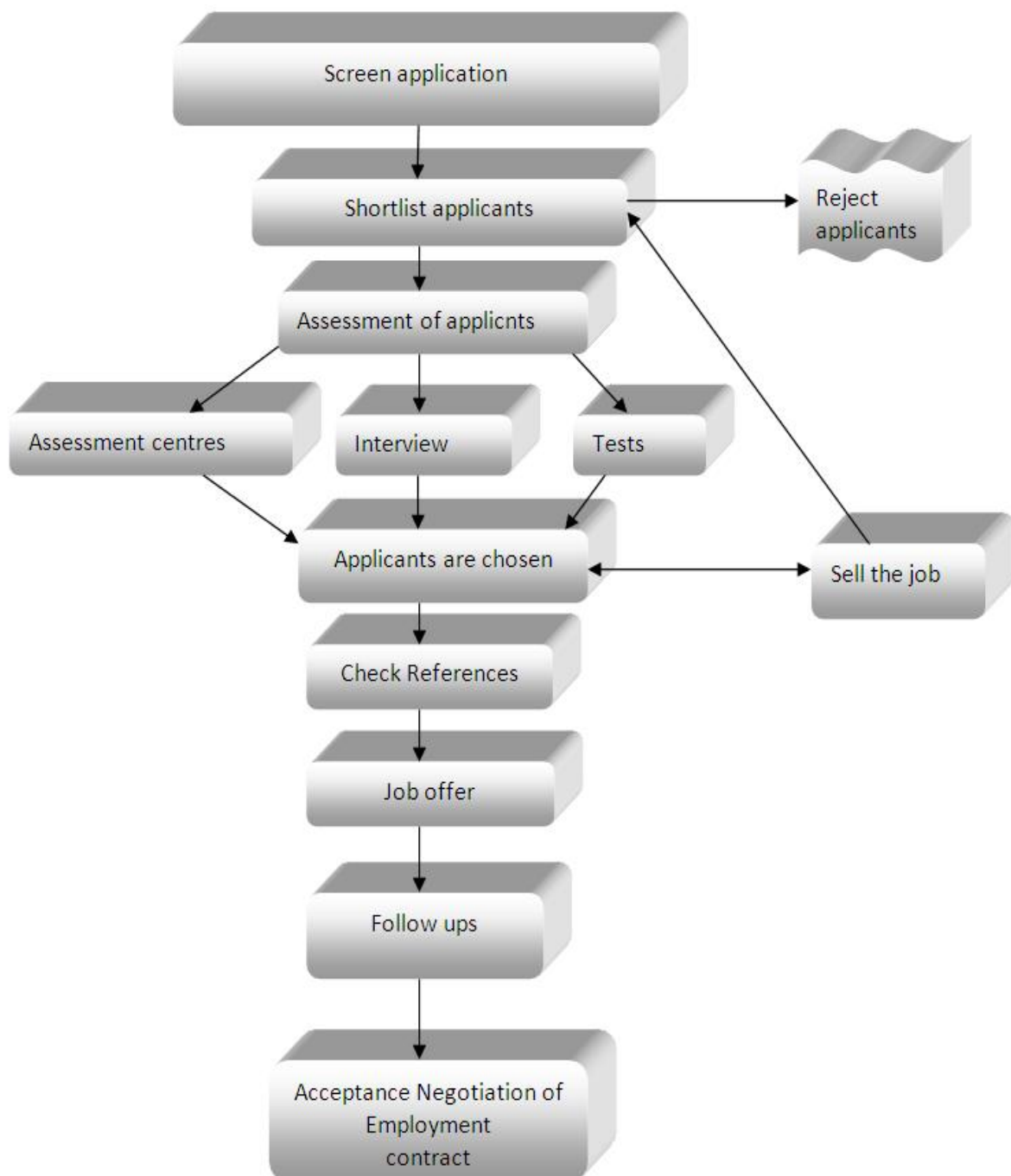


Figure 5: Selection Process Chart

2.9 Conclusion of recruitment and selection

Recruitment and selection in general is processes that demand financial resources as much like any other sector of production. It is important that management manages the process in a way that would be cost effective. In order to achieve this form of management, the process

of recruitment and selection should be reviewed. Organisations usually match cost and measures with the result at each stage of the process. An example of such a situation is at the advertisement stage where the response rate is matched with the form of publicity or medium used. This form of comparison usually monitors the proportion of respondents on the different stages right up to the final selection. This is to compare the cost and find out the best advertising medium. Other companies measure the correlation of interview, test and exercise success to the application form and CVs information. This information is then analysed to identify future targets. There are comparisons that permit the organisation to differentiate the cost at each stage of the process. The techniques are then clearly identified, and the cheapest technique is in turn compared with its cost and its results. This evaluation is carried out even when labour is internally recruited. The final evaluation permits a comparison between the methods of selection, the cost and the performance or output of labour. In some situations, different techniques might produce different levels of good results. In such a situation, the HR department can either depend on both techniques or decide to choose one of them.

3 Research Approach

Research methods are generally divided into quantitative, qualitative and participatory or action. Each and every one of the methods differs in the approaches, tools and techniques depending on the research question or type of result that the research intends to obtain at the end of the process (lindaswebs 2011). When the research analysis has to do with amounts, and numerical analysis then the choice of research method is normally the quantitative research method qualitative research has to do with deductions from other research work and the current situation. Action research is a participatory form of research and the report are constructed on the activities of the researcher. The main differences in the research methods could be better understood through analysis methods to see which of them is more efficient than the other and in what situation.

3.1 Different methods of research analysis

As mentioned above, this thesis makes a difference between three different methods of research. These methods are action or participatory research method, qualitative and quantitative research methods.

3.2 Quantitative research

This is a process by which numerical data are collected and analysed and used to explain phenomena (Franses & Paap 2001, 10). It is hard to talk of quantitative analyses without

reference to mathematics or statistics since the analysis is possible only through the use of mathematics and statistics (Muijs 2004, 1). The main focus of quantitative research is to measure how much is happening to how many people using large scale surveys analysed through statistical techniques. Questionnaires are usually constructed for a random sample.

3.3 Qualitative research

A qualitative research approach is one in which knowledge claim is made based on constructive prospective or participatory perspectives (Creswell 2003, 18). Qualitative research is based on human aspects such as sociology, anthropology, geography and history. Qualitative analysis is not aimed at a precise measurement like in quantitative analyses, but it is focused on an understanding of the complex realities and processes with questions and hypotheses appearing as the investigation are in progress. (Lindaswebs, 2011). Action research is another form of qualitative research, but for the purpose of understanding, action research is treated under a separate heading.

3.4 Action research

Action research is appropriate when specific knowledge for a specific problem, or a new approach is to be established for an existing system. Action research is carried out by practitioners focusing on an identified need for change or improvement (cited in Bell 2006 by Cohen and Manion). The aim is to make recommendations for good practice or devise a strategy that would resolve a problem or enhance the performance of the institution and individuals through change. This change could be change of the rules, procedures or strategies with which the organization and its employees operate (Denscombe 2007, 122). In this research, the manager of Company-X and the author of the thesis were involved in the establishment of a picture of the research that would lead to recommendations for good practices and to define the availability as well as the category of labour force to be employed from Estonia.

According to Denscombe 2007,122 in action research, the researcher collects data which provides evidence to support claims for action. This is the starting phase, and when the investigation is finished the findings would have been considered by all the participants. The participants continue to revise, evaluate and improve practices used in the research process. Research involves a feedback session in which initial findings generate possible changes, which are then implemented and evaluated for further investigation (Descombe 2007, 124). In this research, feedback loop was referred to as collaborative feedback, and it was conducted based on initial recommendation that were derived from information analyses by the author

of the thesis, meeting sessions with the management of Company-X and material exchange and communication with Eures Estonia.

The main objective of the action research is to uncover new facts and to bring about a practical solution to defined problems. (Stringer 2004 in Carson 2007). The goal in this research is to establish recommendations to consider in order to make a decision as to whether labour should be employed from Estonia.

Action research is a method that combines knowledge and action emphasising the role of the stakeholders permitting them to take part in decision making and address practical problems to improve a certain situation (street 2002 in Robinson, A and Street, A.,2004). The purpose of action research is to change the circumstance, and not just to describe situations. (Winter & Munn-Gidding 2001,37). Action research contributes to the role of participants by highlighting the importance of having a group of committed people working on a research relevant to their objectives in order to make a change. According to the proposition made by Walsh, Grant and Coleman (2008), action research is "a cooperative process of inquiry". Ownership focuses on interest, reflection, negotiation and renegotiation of aims, membership, and methods are owned by the group. This study was identified by the stakeholder (Company-X). Company-X in collaboration with other participants in conducted data collection and analysis in the form of collaborative feedback. Initial recommendations for good decision were arrived at through meeting sessions and correspondence with other participants for data collection and analysis and final recommendations.

According to Carson (2007), to achieve change that action research is aimed at, a chain of six steps is formulated and structured in the form of a cycle. The first step in this research was concern with the identification of the research needs and goal. The second phase was characterised by participants involved to draw a project plan and outline research objectives. The third phase concentrated on re-examination of the project with respect to the areas covered. Feedback collection and further discussion on the continuity of the research, the fourth phase that is the sharing of the results with stakeholders and other participants and then again matching objectives with the results already achieved. The fifth and last but one phase is concerned with final data collection, further data search and finally analysed the data. The sixth phase would focus on continues improvement finally reviewing of priorities to shape the strategies.

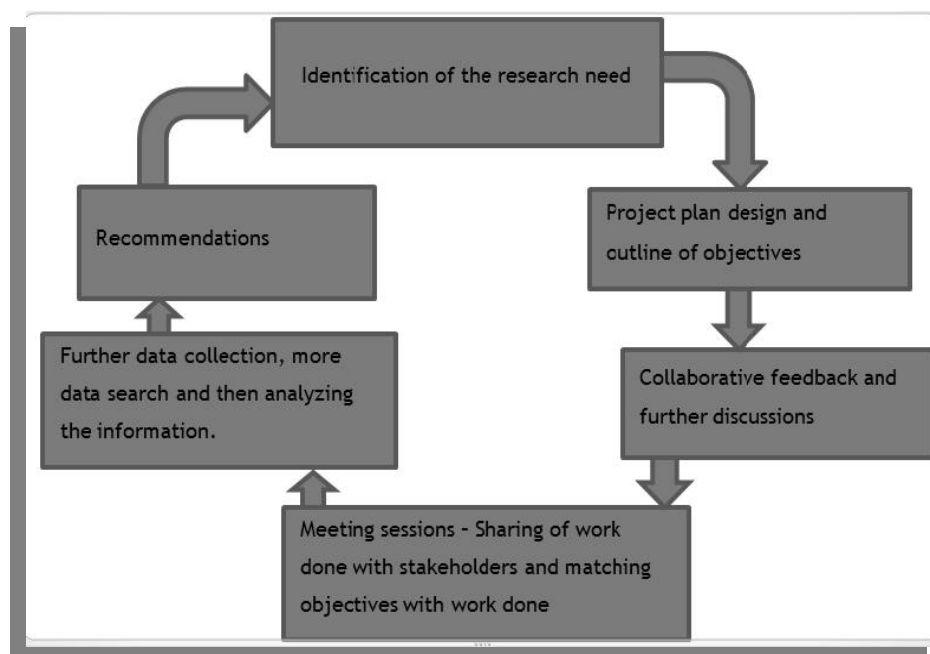


Figure 6: Action research process

3.5 Research method

The study constitutes a part of an action research which is aimed at recruiting skilled labour from Estonia to Finland. Action research focuses on changing a present real situation. It is participatory in nature and further proceeds cyclically through different phases (sagepub 2011) In a corporation with Company-X (Kaipio,2011) and the author of this thesis an employee of Company-X, the action research projects seeks to meet the growing challenges of the Finnish labour market by 2015. The action research relied to a greater extent on meeting sessions (Kaipio,2011) with the manager of Company-X and on accumulated experience on the various areas of duties within the organisation.

Qualitative research and a design cycle of action research was use for the overall research. The aim of a qualitative research is to find out the meaning and understanding rather than verify the truth or predict outcomes. The goal is to research with people rather than on people. According to Leininger 1985, qualitative research methods help in gaining deeper knowledge of human realities and focus on identifying, documenting the values, meanings, world views and believes of life events, situations or other phenomenon. He described it as "often the initial way to discover phenomenon and to document unknown features of some aspects of people, events or the life setting of people under study".

The project has as objective the research on the possibilities of recruiting labour from Estonia. The sectors from which the labour could be recruited for the Finnish labour market.

Qualitative research method was used to gain detailed descriptive, information. Action is aimed at answering the research question and also to establish recommendation for good practices, action research designed was applied through participation, documentary review, meeting sessions, electronic information literature review and other research documents.

3.6 Validity and reliability

3.6.1 Validity

The essence of validity is to establish the trustworthiness of the claim that is established in a research and which is to some extent a matter of legitimacy and methodology. (McNiff & Whitehead 2011, 161). In other words, validity is how much an account accurately exhibit the social phenomena to which it is referred (Silverman 2001, 175). The validity of the data analysed in this research could be attested by the fact the data was provided by main stakeholder (Kaipio 2012) in this action research. The unemployment information of Estonia has been provided by the Estonian unemployment Insurance Fund (Cocker 2011). This was done through Eures Estonia in connection with its relations with Company-X. Validity is a condition for the trustworthiness of a research, being valid is not enough for the work to be trusted. For a research work to be completely trusted, it should be valid and reliable.

3.6.2 Reliability

According to Hamersley in Silverman 2001,175 reliability is the degree of consistency obtained by assigning the same instances to different occasion or to the same categories by different observers. With regards to this research, the author could claim reliability from the various sources of data (Cocker 2011) and the world development reports that was used to analyse the level of development of Finland and Estonia. The Estonian government economic policies have also been analysed in the project (Estonia.eu, 2012).

4 Empirical study

This section of the study analyses the current situation of the case company with emphasis on its strength, opportunities, weaknesses and the general threats that the organisation is obliged to face on the market. Company-X like many other companies has a history of existence. The section analyses the market for labour and takes into account, the educational system the economy and the cultures of Finland and Estonia.

4.1 The Estonian labour market

Estonia is one of the countries occupied by communist Russia in the days of Josef Stalin. The country gained its independence in 1918 and officially became a NATO member state on the 29th of March 2004. Although Finland, a close neighbour of Estonia had been a member of the European Union since 1995 and then the Euro since its inception in 1999 (Estonia.gov, 2012), Estonia only became a member of the European Union in May 2004. (Estonia.gov, 2012). The country started using the euro on the 1st of January 2011. According to the last official census conducted in the year 2000, the population of Estonia is 1,340 million inhabitants (estonia 2012). The main spoken language of Estonia is Estonian; a language derived from the Finno-Ugric language family hence its close relation to the Finnish language. The other languages spoken are Finnish, English, Russian and German. The proximity of Estonia to Finland qualifies the country as a target market for the search of human resource for Finnish companies. This raises the need for a comparison of the economies of both countries.

4.1.1 Economic features of Estonia and Finland

4.1.2 The economy of Estonia

The Estonian economy has been growing steadily since the year 2000. The gross domestic product (GDP) of Estonia was 10.0% in the year 2000 although the GDP dropped to 6.3% in 2004, the GDP rised again to 10.1% in 2006. The country has an annual growth rate of 8% since 2000 (Estonia.eu,2012). The economy of Estonia like that of other countries around the globe was negatively affected towards the end of 2007 resulting to a GDP of 6.3% in 2007. The global crisis continued in 2008 and 2009 and the GDP also fell by 3.6% and 14.1% respectively as shown in table 2 (economywatch). Despite the crisis, the government maintained a low budget deficit while unemployment stayed at 13.8% in 2009. Export grew towards the end of 2009 resulting to a positive GDP of 2.3% in 2010, but unemployment rather rise to 16.9% in 2010 as shown in figure 2 below. The average monthly wage also increase from 784€ to 792€ in response to the increase in the GDP of 2010 as shown in figure 2 below (estonia 2012).

Description (Key indicators)	2008	2009	2010	2011	2012	2013	2014	2015
Population as of 1. January, 2011 (Million)	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34
GDP at current prices (billion EUR)	16.3	13.8	14.3	16.0	17.0	18.1	19.2	20.5
Real Growth of GDP %	-3.6	-14.3	2.3	4.9	4.0	3.3	3.5	3.5
GDP-per capita (PPP) (EUR)	15,114	13,169	13,784	14,421	15,185	15,966	16,815	17,748
GDP (PPP) Country Valuation(billion EUR)	20.21	17.55	17.27	19.08	20.08	21.06	22.15	23.35
Unemployment %	5.5	13.8	16.9	14.2	13.0	9.1	7.9	7.1
Average monthly wage €	825	784	792	831	873	919	967	1018

Table 1: Economic statistics of Estonia

The location of Estonia has helped to improve its economic growth. The country has a strategic location in the Baltic Sea area surrounded by countries with booming economies. Finland is situated at the south of Estonia across the Baltic Sea from Sweden these countries are members of the European Union. Russia is located at the East and has a large market especially the northwest area of Russia. Its links with Russia and the former Soviet Union aids communication given the fact that the transport network is reliable with modern transport and communication links connecting the Soviet Union to the Nordic countries. (traveldocs, 2011). The electronics and telecommunication sectors also supported the economic growth of Estonia. Nicknamed as E-stonia, the country is largely wired with bars and cafes across the country fully equipped with wireless connections (Estonia.eu,2012). The standard of living in Estonia is lower than the standards of living in Finland. In order to ensure a rational integration of the Estonian labour force into the Finnish job market, attention should be given to the Finnish economy.

4.1.3 The economy of Finland

The economy of Finland is a service oriented and free-market economy which compares its per capita output that of the United Kingdom, Germany, France and Sweden (global finance, 2011). The service sector occupies a larger portion of the Finnish economy and covers about 65.7% of the economy. This is followed by the manufacturing and refining about 31.6%, and the primary sector which was previously considered the main sector of the economy occupies 2.9% of the economy (economywatch, 2011). The economy of Finland had made enormous progress since the recession of the 1990s. This growth of the Finnish economy had continued until 2008 when the GDP fell from 0.922% to -8.205% in 2009 (figure 3) The government of Finland in an attempt to stabilise the economy used measures such as the provision of a

stimulus package of about 6 billion euros. The stimulus package resulted in a positive outcome as the GDP of the economy rise to 3.122% in 2010 as exhibited in figure 3. Forecast shows that the growth of the Finnish economy in 2011 was close to that of 2010 and that the GDP would possibly shrink to 2.476 billion euros in 2012 (figure 3 below) and between the years 2013 to 2015. Although, the forecast shows that there are good years ahead due to the fact that the baby boom generation would retire by 2015, unemployment still stays at 7.8percent in 2012 with very little improvement by 2015 that is 7.55% (economywatch 2011).

Description (key indicators)	2008	2009	2010	2011	2012	2013	2014	2015
Population (millions)	5.326	5.351	5.377	5.403	5.43	5.456	5.482	5.508
GDP at current prices (billion EUR)	166.908	153.214	157.998	162.945	166.979	170.653	174.407	178.105
Real Growth of GDP %	0.922	-8.205	3.122	3.131	2.476	2.2	2.2	2.12
GDP (PPP) country valuation (billion EUR)	142.64	132.12	137.53	143.40	149.00	154.23	159.95	166.06
GDP-per Capita (PPP) (EUR)	36,205	26,894	25,710	26,682	27,586	28,413	29,319	30,307
Unemployment %	2.531	8.252	8.383	7.972	7.844	7.7	7.6	7.55

Table 2: Economic Statistics of Finland

4.1.4 The economies of Estonia and Finland compared

Amongst the common things shared by Finland and Estonia are the historical background, a common linguistic origin and similar religious traditions (kirj.ee 2012). Geographically, the gap that exists between the economic statistics of Finland and Estonia shows that there is a degree of differences between the two countries. The importation of Human resource services from Estonia may not be effective if the economy of both countries is not taken into consideration. This comparison would focus on those aspects of the economy that would affect the international mobility of labour. The GDP is an important key indicator of the economic performance of a country.

4.1.5 The gross domestic product (GDP)

At current prices, the GDP of Finland is much bigger than the GDP of Estonia. Estonia is a small country with a population of 1.34 million inhabitants when compared to Finland which is also small in terms of the population size as compared to other countries but bigger than

Estonian economy(global finance,2011). Since the population of Finland is larger than that of Estonia, there is no doubt that the GDP of Finland should be more than that of Estonia. That notwithstanding, a smaller country in terms of the population could still have a much larger GDP compared to other bigger countries. Finland had enjoyed a period of economic growth since 2000 until towards the end of 2008 when the global crisis started affecting countries around the world. Table 2 above illustrates the growth rate of the Estonian economy. The real GDP growth rate of Estonia in 2008 was -3.6 % while that of Finland was 0.922% for the same year as show in tables 2 and 3 above (global finance, 2011). This shows that the economy of Finland is more successful than that of Estonia. Even when the global crisis reached Finland and Estonia, the impact felt by both countries was reflected differently in their real GDP. The impact was severe in the Estonian economy than in the Finnish economy. The GDP of Estonia which was already negative fell further from -3.6 to -14.3.% as seen in table 2 above while that of Finland fell from -0.922% to -8.205%. This proves the fact that the fundamentals of the Finnish economy are stronger than that of the Estonian economy. Although the GDP is used for comparison the economic performance of different countries, it can hardly give a close comparison because there are many other items of the GDP such as the informal sectors that are estimated and these estimations may not show the exact result.

4.1.6 GDP per capita (Purchasing power parity- PPP)

Another key indicator of the performance of an economy and the standards of living is the GDP per capita which in other words is known as the purchasing power parity (PPP). It is the measure of long-term equilibrium exchange rates based on relative prices levels of two countries (living-smartly, 2012). The concept of the PPP is based on the idea that, in a market where there are no transaction costs and official barriers to trade, similar goods would have the same price in different markets if the prices are expressed in terms of a single currency (living-smartly,2012). As seen in table 02 and 03 above, standards of living are higher in Finland than in Estonia due to the fact that the PPP of Estonia is lower than that of Finland. In 2008, the PPP country valuation of Finland was 142.64 billion euros while that of Estonia in the same year was 20.21 billion Euros. Another confirmation for the difference in the standards of living in both countries is the current ranking of the countries using the GDP per capita. On the global ranking, Finland appeared at the 31st position while Estonia appeared at the 57th position. This thus clearly exhibits the differences in the economic level of the two countries (global finance, 2011). Given the disparity in economic performance and the standards of living of Finland and Estonia, it may be right to say that any form of business may be possible between the two countries. It may also be important to understand that although Finland and Estonia share a common origin in terms of their languages, there are still some differences in the cultural values of both countries.

4.2 Education of Finland compared to the education of Estonia

Finland and Estonia as explained above are culturally similar due to their origins and for the fact that they are both Baltic countries and have both been under the Russian Communist Empire. The manners in which these countries (Finland and Estonia) have been organised in terms of education seem to exhibit many similarities between both countries. However, it is important to understand that labour would be recruited from Estonia. This is a process that involves integration. Therefore, for labour to be easily integrated, the educational system or qualification of both countries should be examined such that a balanced integration program would be designed in a way that there is no difference between the recruited labour and the Finnish job market.

4.2.1 The Finnish educational system

In Finland, Primary school education is compulsory and free for all children irrespective of nationality (Harala 2006,5). This stage of education begins at the age of six years to 15 years old children. This is usually after the pre-school which start with children from 0 to 6 years old. As shown in figure 7 below, after primary education, children then have the chance to choose between two academic paths (Swallow 2001, 104). These are the vocational or trade school that is about 40-45% of the educational opportunities in Finland and the academic-oriented upper secondary school which is about 55 - 60% of the educational opportunities in Finland.

4.2.2 Vocational or trade school graduates

Graduates from trade school could decide either to join the workforce directly. This is because graduates from this section of education are taught vocational skills that permit the graduates to integrate the labour market (Harala 2006, 7). Graduates from trade schools are more skillful than graduates from upper secondary schools.

4.2.3 Upper secondary school graduates

Graduates from this path of education should continue to the tertiary level of education because this section of education does not teach vocational skills. The graduates after the successful completion of studies are entitled to the academic matriculation diploma (Abitur) which is a prestigious diploma in the Finnish society (Harala 2006,7).

Irrespective of the path chose, graduates would have access to higher education. At the level of higher education, graduates would have to maintain the various route of education. This

means that the higher education of Finland is divided into two different qualifications which are namely the Universities and the Universities of Applied Sciences (Minedu 2012).

4.2.4 University of applied sciences (ammattikorkeakoulu)

Graduates from this level of education would be awarded diplomas which are not equal to those received by graduates from the University. In order to make it equivalent to the Diplomas awarded by Universities, according to the recent development following the Bologna process, the graduates could take additional course to qualify for further postgraduate studies such as Master Degree. Students at this level are practically trained and equipped with professional skills. The student integrates the labour market directly. Universities have a relatively general knowledge and are hardly employed directly (Minedu 2012). The Bachelor degree awarded by the Universities of Applied Sciences may cover the duration of 3.5 - 4.5 years. Successful students from the polytechnic are required to have a work experience in related field that qualifies them for polytechnic master degree. This has been made possible by the Bologna process which is different from the situation in the past where students had to take additional courses to be able to qualify for masters (studyinfinland 2012). Some Universities or master programs accept students directly after they complete their Bachelor degree programs. The difference between the master degree and the bachelor degree is that a master degree from the University is the equivalent that of the UAS in a similar field. It is important to understand that the master degree from the University of Applied Science does not qualify a student to the Licentiate or Doctor, but the master degree obtained from the University directly qualifies graduates to Licentiate and Doctorate degrees. The University is the path through which a Licentiate or Doctorate degree could be achieved (pisa2006.helsinki).

4.2.5 The Universities (higher education)

A successful graduation from the Upper Secondary School qualifies the student to the University (pisa2006.helsinki2006). Students graduating from the University obtain a Bachelor degree which gives the graduates the right to move to further studies such as the master degree. This is different from the graduates of the University of Applied Sciences who are required to take a few courses before qualifying for further studies (studyinfinland,2012). University studies place emphasis in research and provide theoretical education. The study duration takes 3 - 4 years depending on the program. Graduates from this level of education can also qualify for polytechnic master degree but are required to take additional work oriented studies (Minedu, 2012).

The final level of studies in Finland is the Licentiate and Doctor, offered only by universities. The figure 7 below is a summary of the Finnish educational system.

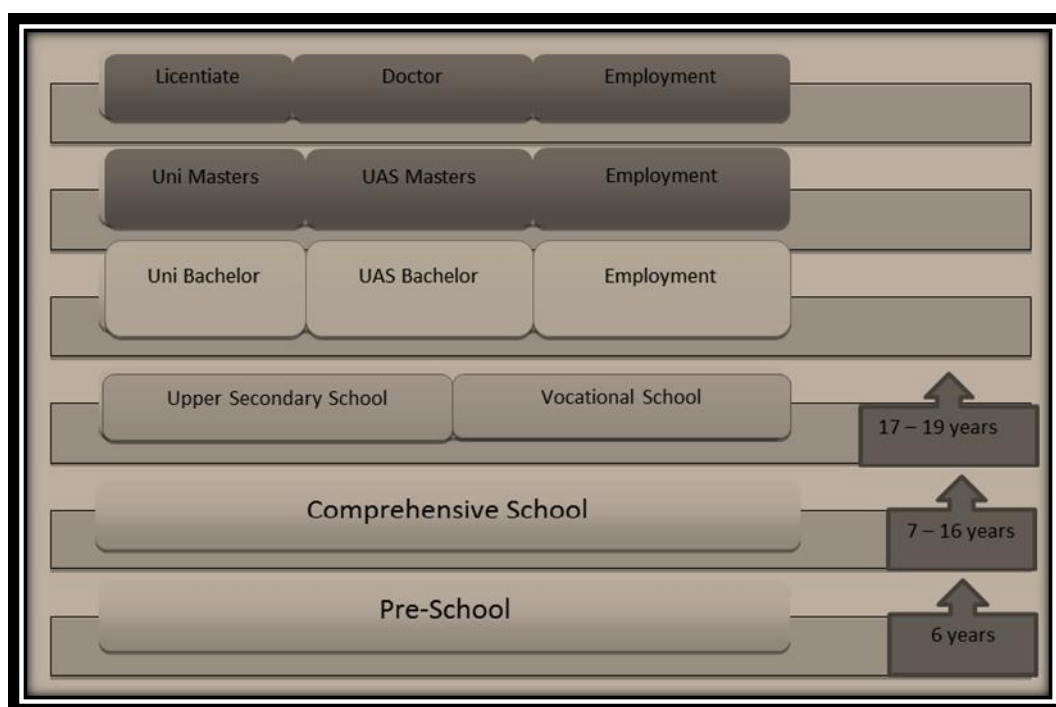


Figure 7: Finnish educational system

4.3 The Estonian educational system

Education from pre-school to the ninth grade was made compulsory for all children in Estonia in 1993 (mapsofworld 2012). General education in Estonia takes a period of 9 years. This is after pre-school education involving children with the ages of 0 to 6 years like in Finland. In Estonia, general education is mandatory as stipulated by the law passed in 1993. This involves children from 7 to 16 years of age. Successful graduates from this level of education obtain the Basic School Leaving Certificate. This certificate permits students to enter the next level of education which could either be a Secondary General School or a Vocational Education. (euroeducation 2012).

4.3.1 Vocational education

The vocational education is divided in two parts that are the secondary, vocational education and the post-secondary vocational education. These two forms of vocational educations can further be described as follows:

The Secondary Vocational Education based on basic school education. Successful graduates from this section of vocational education are awarded the Certificate on Acquiring Secondary

Vocational Education based on Basic Education (Tunnistus põhihariduse basil kutsekeskhariduse omandamise kohta).

The Secondary Vocational Education Program on the basis of Secondary School Education. Successful graduates from this section of vocational Education would receive certificates known as Certificate on Acquiring Secondary Vocational Education Based on Secondary Education (Tunnistus keskhariduse basil kutsekeskhariduse omandamise kohta)(euroeducation 2012). Figure 8 below shows illustrates Vocational institutions operating simultaneously with Secondary and post-Secondary education. This level of studies is similar to that in Finland, where graduates from vocational establishments are required to take additional exams to qualify for further studies in the University. Vocational study in Finland and Estonia is centered on the acquisition of professional skills and practical experience to enable graduates to be eligible for direct employment.

4.3.2 Secondary general school

Students who graduate from the Secondary General Education receive the Secondary School Leaving Certificate (Gümnaasiumi lõputunnistus). This certificate permits them to continue in to higher education. The university is the main institution of higher education in Estonia.

4.3.3 University (higher education).

This level of education is divided into the undergraduate and the graduate level of education. The undergraduate students graduate with a bachelor degree while the second cycle or graduate level students graduate with a master's degree. In both Finland and Estonia, there exists another level of education called the integrated cycle. This integrated cycle is a long cycle that contains both the Bachelor and Masters Level of education. Graduate from this level of education is awarded a master's degree. The Master's degree gives graduates the right to a further or higher level of education known as the Doctor (euroeducation 2012).

4.3.4 Doctor studies

The knowledge acquired at this level of studies permit the students or graduates to either conduct research independently or develop professional creativity. The Master's degree is not the only diploma that gives the right to the Doctorate degree level of studies other qualifications that are equivalent to the Masters level of education also render the holder eligible for Doctorate studies.

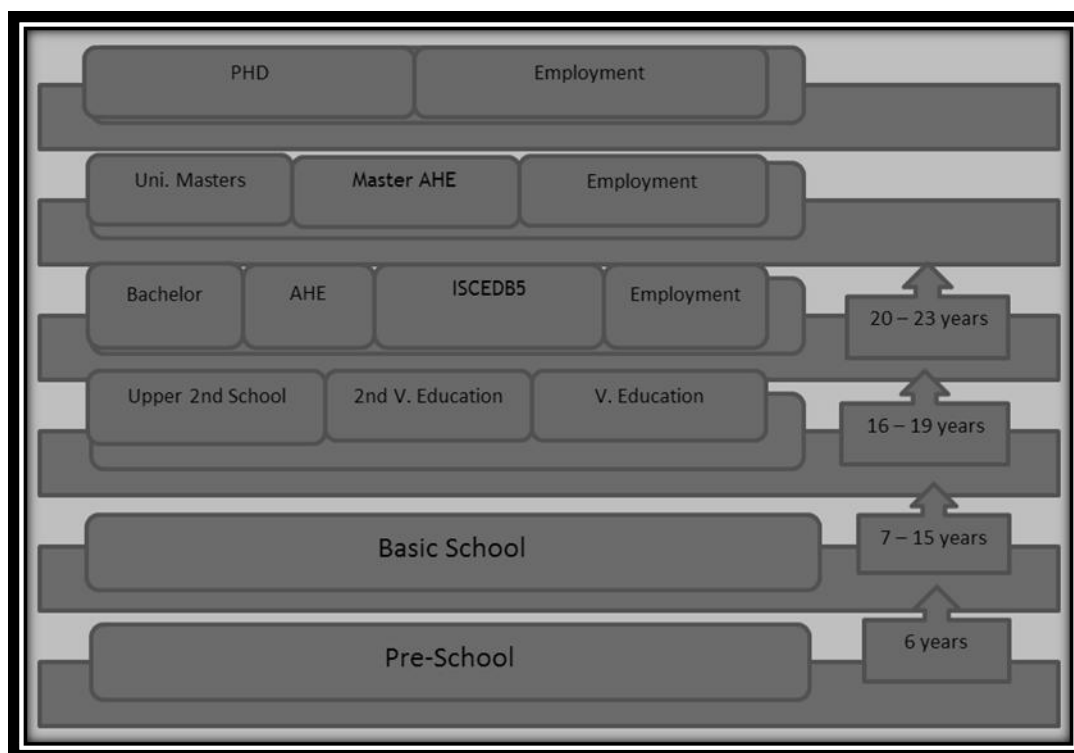


Figure 8: Estonian educational system

4.4 Conclusion of educational systems

The Finnish educational system is an egalitarian Nordic system while the Estonian system is a Binary system. This of course is the main difference between the educational systems of the countries. With the egalitarian, Nordic System practiced in Finland, studies after primary school are divided into trade school and academic oriented Secondary school (Comparison of education systems Anue Valk 2009,2012). This form of organisation permits a direct integration of labour in to the job market. This is because graduates from trade or vocational school acquire professional skills that are needed by the job market. The Estonian educational system is a binary system which is made up of the university (ulikool) and applied higher educational institutions, unlike the Finnish egalitarian system. (Rakenduskörgkool). Another important difference is the fact that the school year in Estonia begins in September and ends in June whereas, in Finland, the academic year begins in August and ends in July. The table below shows the major difference in terms of hours and weeks invested in Education in Estonia and Finland.

	Length of academic year in hours	ECTS credit points	Length of academic year in weeks
Finland	1600	27	34
Estonia	1560	26	39

Table 3: Finnish and Estonian Educational systems compared

4.5 The cultures of Finland and Estonia

The success of modern international business lies to a greater extent in the understanding of the cultural values of the markets of the business partners. Estonians like Finns have some cultural values that should be respected to ensure a successful business deal with both parties. Estonians and Finns originated from the Ural Forest, and there is no doubt that their cultures should have common items. The Estonian language belongs to the Fenno-Ugric group of languages which makes it closely related to the Finnish language (Nurmi & Uksvärav 1995,7). Grammatically, both the Finnish and the Estonian language have no articles, sex and future tenses. This is considered as modesty, egalitarianism and none assertiveness which are common virtues of the Ural Forest. A common aspect of both the Finnish and the Estonian cultures is that during communication, Estonians and Finns regard interruption as impolite. This is a cultural philosophy that is different from the cultures of many other countries (uku 2011). A closer examination of the cultural etiquette of both countries would enhance any form of business transaction that may take place between the two countries. Therefore, for labour to be recruited from Estonia, the culture of Estonia needs to be understood and given more attention.

4.6 The culture of Estonia

There are some human behavioural patterns that are unique to Estonia. These patterns could be used to identify individuals from the country. The behavioural patterns or characteristics could be classified under headings such as Estonian culture and society, etiquette and customs and business etiquette and protocol (everyculture,2012).

4.7 Estonian culture and society

The culture of Estonia would be difficult to explain if separated from the society of Estonia. The aspects of the Estonian culture and society are classified under religion, the family, hierarchy and power distance, cultural tradition and manners (culturecrossing, 2012).

4.7.1 Religion

The very first aspect of the Estonian culture and society is the religion of the people. The largest church in Estonia is the Evangelical Lutheran church. This operates simultaneously with other small religious denominations like the Russian Orthodox, Estonian Orthodox, Baptist, Methodist, Seventh - day Adventist, Roman Catholic, Pentecostal, word of life and Jewish (everyculture, 2012). Religion played an important role during the Russian occupation. Estonians used religion as a form of silent protest against the Russian occupation. The family is one of the main units of the Estonian society.

4.7.2 The family

The beginning of every society is usually the family something that has not been different with Estonians. Estonians pay much attention to family ties and tend to live together even under the same roof until full financial independence is assured before family members could be allowed to move to new homes. Like many African societies, Estonians would care for their old parents than leave them in care homes (kwintessential, 2011). Care for the old members shows love and respect for them. Another characteristic of the Estonian culture is the respect for the elderly people.

4.7.3 Hierarchy and power distance

Inequality is accepted in the Estonian society, and the statuses are ascription-oriented which is based on factors such as age and position and experience. The elderly are given more respect and honours in the Estonian society. This because the elderly people generally considered to be wiser than the young people hence are treated with many royalties in meetings (culturecrossing, 2012). This comes with responsibility since the elders are the people who own the right to make the final decision. Attention is given to the manner in which people are addressed in the Estonian society since seniority is considered to be important, titles tend to be important when addressing people and this should be followed by the surname until when permitted, the first name should never be used. During the Soviet period, the cultural tradition of Estonia was far less visible than in post-Soviet Estonia.

4.7.4 Cultural tradition and manners

Oral tradition is said to have played an important role in preserving traditions in Estonia under the Soviet administration. This was possible because of the cultural identity of Estonia. Estonia has a strong cultural identity that has been exhibited in singing. Singing is an important part of the Estonian tradition and Estonians are said to have sung their way to freedom during the "Singing Revolution" of 1989-91 (kwintessential 2011). Like Finns, Estonians are generally quiet and reserved and people resent drawing attention. Rational behavior with limited emotions is respected especially in the choice of words during communication. Although attention is given to these cultural characteristics, when people are acquainted with one another, these characteristics are not given much attention. Another important aspect of the Estonian culture is the etiquette and customs in Estonia.

4.7.5 Etiquette and customs in Estonia

The etiquette and customs embody aspects such as meeting and greeting, gift giving, dining, and table manners.

4.7.6 Meeting and greeting

As mentioned above, Estonians pay much attention to seniority. This aspect is respected when greeting during meetings. The younger person should greet the elderly person and men would always initiate greeting with women (kwintessential 2011). Titles are important and should be followed by surnames. Gift giving is also part of the Estonian cultural etiquette.

4.7.7 Gift giving etiquette

Like in other European countries, gifts are usually exchanged on occasions such as birthdays and Christmas. The significance is held at a high esteem than the monetary value of the gift. Gifts need not be expensive; a decent gift could be a box of chocolate or flowers. It is important to note that flowers should be given in odd numbers (culturecrossing, 2012). One thing that makes the gift giving etiquette different from other European societies is that the gifts are usually opened when received unlike the case where it might be opened in a later time or day. Table manners are usually considered with care in Estonia especially when there is a visitor in the family.

4.7.8 Table manners etiquette

Table manners tend to be relatively formal in Estonia. Besides the continental table manner in which the fork is held in the left hand, the knife is held in the right hand, one should be invited to the table without which it is polite to remain standing until when requested to take

a sit. It would be good table manners to compliment the hostess. In Estonia, it is considered bad table manners if anyone rest his shoulders on the table (kwintessential 2011). Usually the hostess has to tell when to start eating by beginning first, or some other people have to say "good appetite" before eating begins. The dining etiquette is as important as the table manners.

4.7.9 Dining etiquette

In Estonia and Finland, it is considered rude to be late in any occasion. One important aspect of the dining etiquette of the Estonian culture is punctuality. It would be considered as good manners and respect for others if one call and inform the others if running out of time. On arrival, it is always advisable to find out if shoes could be worn in the house. The dressing should be conservative and dining time is kept for dining, and any business topics would be considered bad manners (kwintessential 2011). A proper understanding of the Estonian customs would go a long way to enhance the business and protocol etiquette of any business organisation entering the Estonian market.

4.7.10 Business Protocol Etiquette

The business etiquette protocol can be divided to four sub heading which are the meetings and greeting, business card, communication style and business meeting etiquette.

4.7.11 Meeting and greeting

As already seen above, Estonians are formal during meeting. Estonians would shake hands with everybody present at the meeting, and this should be done while standing. Handshake is also important for it can be translated as not serious if it is not firm and confident. Eye contact is important and should be maintained during greeting, and it is advisable for women to extend their hands first (culturecrossing, 2012). During greetings, Estonians address each other using their professional titles and seldom use people's first name until when permitted by the individual. The business cards also translate some aspects of the Estonian business culture.

4.7.12 Business card etiquette

In Estonia, business cards should be presented in a manner such that it should be readable to the recipient, and the recipient is expected to treat the card with respect. Estonians tend to be impressed if the other side of the card is translated to Estonian language. The presentation of the card should be done in a simple manner (culturecrossing, 2012). The

success of international business today depends on communication. People from different countries speak different languages and possess different cultures and are expected to do business together. Even when international business partners understand each other, there could still be some degree of misunderstanding when an inappropriate communication style is used.

4.7.13 Communication style

Estonians are polite, courteous and show no emotions when speaking. A business negotiation could be stopped if the other party is judged as being unable to respect the negotiations because Estonians keep their words. Estonians are pragmatic and reserved especially at the start of a business negotiation (Kwintessential 2011). The norm in Estonia is to maintain a soft voice the same way as robust hand gestures have to be reduced. Quick responses are not a virtue especially on topics that do not keep the other party in a comfortable position. People usually take time to organise their thoughts before responding to others. Communication in Estonia is direct during a business meeting, but Estonians would always protect the feelings of all present in the meeting. The communication style in Estonia could generally be described as passive or silent and pay little attention to compliments and might judge a compliment with much suspicion if given without a good reason (Culturecrossing 2012). The people of Estonia would always stay within the context of a conversation and would wait for a chance before speaking, and like Finns, Estonians do not appreciate being interrupted when talking. The communication style is just one of the aspects of the Estonian business protocol. Another important part of the business protocol is the business meeting etiquette.

4.7.14 Business meeting etiquette

As mentioned above, Estonia is a high power distance society. This is the reason why in a business meeting, the welcome speech is delivered by the eldest person in the meeting and a short response should come from the eldest person in the opposite team. Meeting could continue during lunch or dinner, but all what is discussed is not considered as very important since the conversations over lunch or dinner tend to be informal and more social than business (Kwintessential 2011). The discussions over dinner or lunch give a chance for Estonian businessmen to know more about the future business partnership more than just doing business. The social moments are important especially for the fact that the Estonian business culture is one that prefers to do business with friends. Therefore, becoming more of a friend than a business partner is good for a business relationship. The juxtaposition of business and social situation should not undermine the formal standard of business in Estonia. Generally, the languages spoken by the older business people in Estonia are Estonian and Russian which means that an interpreter is always needed for a successful business

negotiation in Estonia. This usually slow decision making since, it is a power distance culture. The final decision is taken at the top echelon of the company which necessitates many meetings to reach a decision.

4.8 The Finnish culture

The characteristics of the Finnish culture include language, arts and science, thoughts, spirituality, social activities and interactions. The above mentioned characteristics have been clearly exhibited by the Finnish culture (Elovainio & Tarkka 2002,9). A comprehensive analysis of the Finnish culture places aspects of the culture under three different headings which are Finnish culture and society, etiquette and customs in Finland and Finnish business etiquette and protocol.

4.8.1 Finnish culture and society

Finland and Iceland are two main Nordic countries that are often regarded as Scandinavian countries because their Nordic identity is reflected in their non-Germanic language origin. Finland has many social values that are common to other Scandinavian countries, but there are some other differences that qualify it more as a Nordic country than a Scandinavian country (Elovainio & Tarkka 2002,9). Egalitarianism is also an important aspect of the Finnish culture.

4.8.2 Egalitarianism

Finns believe in equality of all people especially in political, social and economic life, and this is reflected in the Finnish language (Swallow 2001, 55). The Finnish language makes no differentiation between male and female words. Finns would not accept praises that easily (Kwintessential 2012). Finnish people are modest and tend to hesitate to accept compliments. Modesty and humbleness are regarded as a virtue in the Finnish society. The egalitarian belief of the Finns has also influenced the behaviour of the people.

4.8.3 Finnish behaviour

Finns like Estonians speak in moderate tones and would always avoid situations that may call for attention. One basic rule of communication in the Finnish society is that conversation has to move in turns, which means that it is advisable to listen to a speaker and only reply when the other party has finished talking (Swallow 2001,54). Interruption of a speaker is considered rude. Serial conversation is only one of the features of the Finnish culture and societal

etiquette. Other things such as the sauna have a special role to play in the domestic life of Finns.

4.8.4 The sauna

Sauna is said to have existed in other cultures, but in Finland, it is part of the national culture. The sauna use to be the birth place in Finland because it was the cleanest place that could be appropriate for birth purposes. It is possible to find people in Finland who were born in the sauna. The sauna no doubt is important to domestic life of Finns (Swallow 2001,90). It is not uncommon to be invited to sauna by the Finnish business counterparts, and when this happens, business discussions could continue but in informal terms. Finland has a population of about 5.3 million inhabitants, but there are about two million saunas available in Finland. Besides the Finnish culture and society, there is also the Finnish etiquette and customs (Finland 2012).

4.9 Etiquette and customs of Finland

The etiquettes and customs of Finland can be subdivided into different cultural traits which are: meeting, gift giving, dining etiquettes and table manners.

4.9.1 Meeting etiquette

Greeting in Finland like in many other western cultures, warrants a handshake and more importantly a direct eye contact followed by a smile while at the same time repeating first and surnames. The only distinction with other western cultures is the fact that when greeting couple, wife should be greeted first then followed by the husband. The more invitations received from friends in Finland imply that aspect of giving gifts can hardly be escaped.

4.9.2 Gift giving etiquette

The response to a Finnish invitation would often necessitate the giving of gifts. If invited to a Finnish family home, the type of gifts to bring are usually flowers, quality chocolates or wine. The host would be happy to receive the gifts. It would be important to understand that flowers that are gifts should be in an odd number while white or yellow colours are used for funeral and should not be given as gifts for other occasions. The gift is just a part of the visits there are other cultural etiquettes to respect such as the dining etiquette.

4.9.3 Dining etiquette

Time factor is an important aspect of the daily life of Finns. Finnish people are a good time manager. Finns are always punctual in both business and social occasions. In Finland, it is generally understood that the shoes used out of the house are different from those used indoors which means that on arrival to a Finnish home, the guests is expected to remove the outdoor shoes (Swallow 2001, 88). It is possible to carry some food to a Finnish home, but advisable to contact the hostess in advance to know if it is possible to add some dish to what is being prepared. It is also good manners to offer help to the host either with the preparation or to tidy the environment after the meal has been served. In such family home visits, business discussions are avoided while another good habit would be to thank the host for the hospitality before telling the host good-bye. Finns belief that there is always a proper way to act in every circumstance even on the dining table there is a right way to behave.

4.9.4 Table manners

The table manners in Finland like in Estonia is continental when eating the fork should be held in the left hand while the knife should be in the right hand. One is not expected to start eating until invited by the host. The hands should always be on the table while the wrist rest on the edge of the table. Finns seldom eat with hands only shrimps and bread are eaten by hand. All other types of food are eaten with utensils even fruits fall under the category of food eaten with utensils (kwintessential 2012). Helping each other while eating is an aspect of the Finnish table habits and during such occasions, for instance when passing salt or paper shakers, It is Finnish culture to place it on the table within the reach of the other person. It is not part of Finnish culture to give things directly to one another while eating. In the Finnish culture, one should eat everything on the plate. Another important part of the Finnish culture is the business etiquette and protocol.

4.10 Finnish Business etiquette and protocol

The Finnish business etiquette and protocol is composed of four different aspects of the Finnish business culture. These are relationship and communication, business meeting, dress etiquette and business card etiquette.

4.10.1 Relationship and communication etiquette

Finland is a country where people need a limited amount of time to trust each other. The transaction is important and, it is easy to build a business relationship because business normally comes before personal relationships. Finns are always formal in their business relationships and focus on the business and takes a turn in talking (Swallow 2001, 144). In other words, according to Finnish business etiquette and protocol it is considered rude to

interrupt when a person is talking. A successful business relationship or transaction in Finland do not need personal contact that is contacts in the form of meeting or acquaintances because Finns find it comfortable, easy and cheap to use the e-mail.

Time management is an important aspect of the Finnish business protocol. Finland is a country where the diary has an important role to play especially in time management. Time is managed in a way that much is accomplished within a day. In Finland, relationships take times to develop in other words Finns are interested in long-term relationships. This could be achieved, either in the saunas, restaurants or other socialising environments. This is because as already mentioned above Finns talk little and try to focus on business which explains the reason why it is not advisable to refuse an invitation to the sauna offered by a Finn (Deborah 2001, 145).

The Finnish culture is a culture in which what people say is accepted at face value, and there is hardly any difference between a verbal and a written contract (kwintessential 2012). In other words, verbal commitments are considered as agreements. Honesty is a social norm in Finland. Direct communication is common and professional differences are not considered as personal attacks and to speak plainly and openly is a virtue. Generally, in Finland, the relationship and communication etiquette is as important as the business meeting etiquette.

4.10.2 Business meeting etiquette

In Finland, business meetings are usually planned in advance. This is because the Finnish culture does not pay much attention to face-to-face contacts for a business agreement to be reached. A formal appointment is necessary before a meeting can be held. These appointments could be done by e-mails, telephone, or fax. In Finland, certain periods are not good for business meetings. A good practice would be to send the agenda, and the biography of the team that would be present at the meeting in advance (kwintessential 2012). Finns are usually travelling between the months of June and August. Finns are on summer vacation during this period. It would be illogical to arrange for a meeting during these periods.

Time management is one of the first steps to success when doing business in Finland. It is normal to arrive exactly on time or slightly early. Punctuality is regarded as a sign of respect and efficiency in Finland (Swallow 2001, 145). It is advisable to call and inform others present in the meeting when lateness above five minutes is unavoidable. Finns usually spend very little amount of time to talk with each other before the start of the business meeting. Finns as mention earlier focus on business hence meetings would always start and end on time. Presentations in meetings are always detailed enough since Finns are not good at asking questions and would expect to listen to all what is needed to be known. Loud sounding claims

would not attract the interest of Finnish people, and in another sense, a degree of humour would be fully accepted in the presentation. Finns would normally exchange business cards after their first contact with prospective business colleagues.

4.10.3 The business card etiquette

According to Finnish business etiquette and protocol, there is a direct relationship between the business card and the owner of the card. This explains the reason why the business card is treated with respect since the respect accorded to the card symbolises the respect given to the owner (kwintessential 2012). The card should be designed such that it is readable to anyone who receives it. Although there is no formal manner in which the card should be presented to a colleague, the card should be presented in a manner such that would be readable to the person receiving it. Finns like stylish dresses as explained by their dress etiquette.

4.10.4 The dress etiquette

The business dress is stylish and conservative. The popular colour for business suits in Finland is dark blue and conservative suits. Women can wear trousers, skirts or dresses it should be conservative. Generally, the attire could be stylish but conservative for both men and women (kwintessential 2012).

4.11 Conclusion of the cultures of Finland and Estonia

A study of the cultures of Finland and Estonia is essential in this project. Modern international business should consider the culture of both parties in a business relationship. The analysis of the cultures depicts the fact that Finland and Estonia have a number of similarities in their cultures. A basic knowledge of the differences between the cultures of Estonia and Finland would enhance the entry in to the Estonian labour market.

The process of recruitment extends to the level where new employees are trained and integrated in to Finland´s labour market. With knowledge of the Estonian Culture, the process of integration could be less difficult. The Finnish culture should be understood so that the difference between the cultures could be identified and the position of the Estonian labour would be understood. Haven studied the culture of Estonia, the labour market could be exploited for a clear knowledge of the employment possibilities available in the country.

4.12 The labour market and employment possibilities for Company-X

4.13 Registered unemployment according to the fields of study

The table (table 4) below shows the registered unemployment in the various fields of studies in Estonia between the periods of December 31.12.2010 through 31.3.2011 to 30.6.2011. According to the statistics, on June 30th 2011 unemployment is higher in sectors such as energetics and electrical power distribution totally 1487, Finance and Accounting 1454, Architecture and construction 2750, pedagogy 1125, economics and business administration 1307, mechanical engineering, mechanics and electronics 2477, Agriculture, forestry and fishery 1960, sales and trade 1549, catering, accommodation and tourism 2372, manufacturing and processing 4429, logistics and transportation 1181.

When the unemployment statistics of the various sectors is compared for the three periods which are 31.12.2010 to 31.3.2011 and 30.6.2011, it is possible to notice that there is a continuous decrease in the numbers showing that the employment situation is improving over time.

Registered Unemployment According to the fields of Study in Estonia			
Fields of study	31.12.2010	31.3.2011	30.6.2011
Journalism and public relations	85	93	98
Architecture and construction	3567	3672	2,750
Energetics, electrical power distribution	1931	1912	1,487
Finance, and accounting	1721	1639	1,454
Arts	952	951	889
Beauty service	337	382	346
Information technology, computer science	882	887	763
Management and administration	633	642	571
Pedagogy	1179	1139	1,125
Protective services workers, lifesaving service	100	98	84
Child care	7	5	2
Aviation	34	43	29
Natural and exact sciences	469	447	399
Economics and business administration	1531	1511	1,307
Mechanical engineering, mechanics, electronics	3375	3344	2,477
Mathematics and statistics	66	61	59
Medicine	724	727	641
Navigation, shipping	290	370	295
Sales, trade	1862	1805	1,549
Agriculture, forestry, fishery	2590	2580	1,960
Social and behavioral sciences	402	369	377
Catering, accommodation, tourism	2756	2874	2,372
Manufacturing, processing	5524	5432	4,429
Logistics and transportation	1562	1565	1,181
Law	493	501	441
Other services	1959	1970	1,646
not specified	30229	30812	23,616
TOTAL	65,260	65,831	52,347

Table 4: Registered unemployment in Estonia according to field of study

4.14 The case company Company-X

This section of the study analyses the current situation of the case company with emphasis on its strength, opportunities, weaknesses and the general threats that the organisation is obliged to face on the market. Company-X like many other companies has a history of existence.

4.14.1 Brief history

Historically, Company-X has gone through many changes as the organisation tries to develop solutions that would satisfy the need of its customers. This has been exhibited by the name of the organisation. Company-X was created in 1997, and at that time, it was known as W or Q Restaurant Services. The main line of business on its creation was the provision of employee services to restaurants. This is still officially one of the main products of the organisation. The name of the company later changed to Z Henkilöstö oy (Z Personnel) when it merged with the P group in 2009. The name of the organisation was later changed in December 2009 to Company-X, a name that shows exactly the line of business of the organisation (Company-X 2012).

4.14.2 Business overview

Company-X is a human resource company that provides solutions to human resource management problems to other companies in Finland (Kaipio 2011). The organisation is focusing on a balanced solution and Human Resource Management (HRM) Systems. Its activities are centered on innovative customer tailored solutions to HRM problems. The products of Company-X are design with respect to the demand of the customer and depend on the nature of the strategic partnership that Company-X is building with the customer. The organisations' turnover for the year 2010 was about 22 million Euros. The total number of staff is 50 and their operations are possible through the creation of regional offices in cities like Helsinki, Tampere, Mikkeli, Kotka, Oulu and Jyväskylä

4.14.3 Structure

Figure 09 below illustrates the organisational structure of Company-X which is has fairly flat business structure.

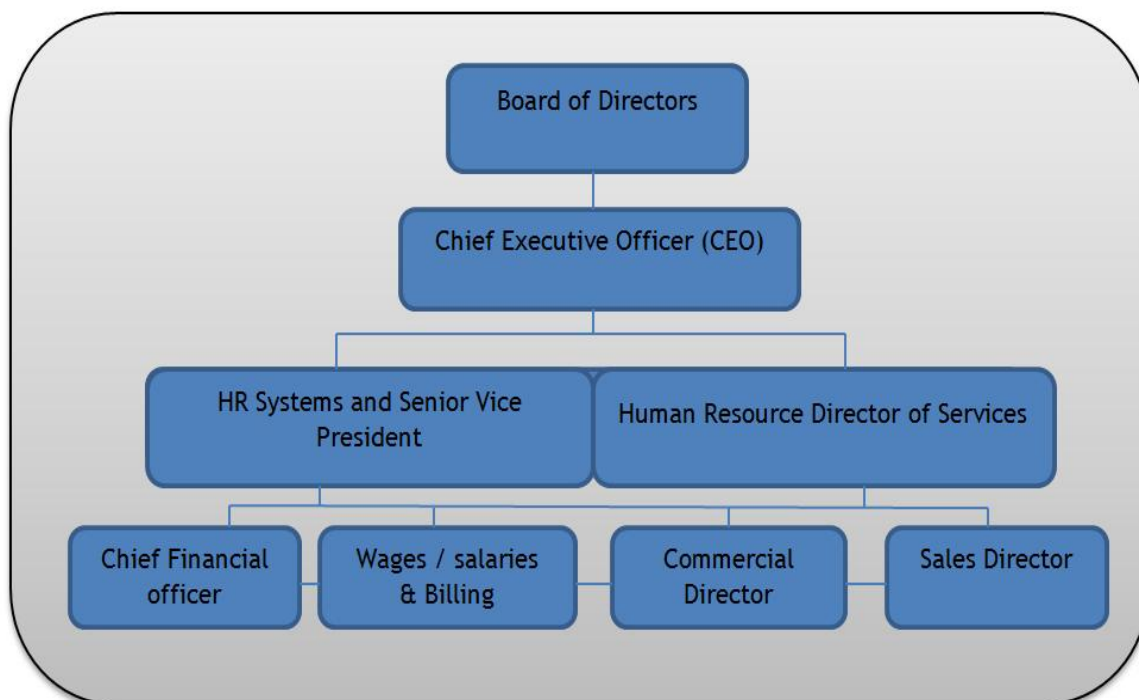


Figure 9: The organisational structure of Company-X

4.14.4 Vision

The vision of Company-X is to emerge as the leading Human resource company in Finland by 2015 (Kaipio, 2011). Another vital part of the vision of Company-X is to become the best employer by 2015. The organisation intends to achieve this part of vision by building an employer brand image through the provision of incentives such as good salaries, holidays, bonuses and many other motivating incentives to employees.

4.14.5 Strategy

The organisation plans to achieve its vision through an aggressive approach adopted by the management of Company-X. This aggressive method consists of exploring new labour markets within the European Union but out of Finland where a new set of resource personnel with efficient potentials could be recruited for the Finnish labour market (Company-X 2011). Another method is to increase the number of Labour services offered to its customers. Company-X also wants to create an impact in the Finnish labour market by adopting a liberal attitude towards immigrant labour in particular and immigrants in general.

4.15 Products of Company-X

Company-X is specialised in the production of Human Resource services, but the business of the organisation has been recently expanded to the production of Human Resource Management Software. The organisation provides services such as consultancy services, recruitment services, staffing services, outsourcing services, and personality and aptitude assessment services. These services focus on different areas of human resource depending on the ability of the company to provide such a service. A consultancy service is one of the main services of Company-X.

4.15.1 Consulting

Company-X provides consultancy services in many areas of human resource management. The consultancy service of Company-X is provided in change management and the reduction of workforce. Other sections operations include processes and development of collaborative practices, co-trustee and relaying of workforce. (Company-X 2012). Consultancy is only one of the services offered by Company-X. There are other services such as recruitment services.

4.15.2 Recruitment services

The recruitment service of Company-X employs individuals to work for other organisations which are customers. This saves time and money for the customer that would have deployed resources to handle the recruitment process. Specific industries are the major market of this product (Kaipio, 2011). Typical examples are the industrial sector, trade and office sectors. Company-X started as a small company that provides kitchen assistance to restaurants and hotels. This sector of business is still important to Company-X and is commonly described in the organisation as HoReCa.

4.15.3 HoReCa services

Company-X is one of the major organisations in Finland specialised in the provision of human resource services to other organisations in blocks of hours called "shifts". Company-X started with the provision of labour services mainly to restaurants and hotels around the Helsinki region (Company-X, 2011). This type of service known in Company-X as HoReCa Services and is mainly offered to restaurants, hotels, and has now been extended to shops and warehouses, telecommunication trade and other service sectors. In this form of operation, Company-X is the main employer of the assigned labour and is responsible for all administrative duties such as salaries and coaching while the customer obtains only the services requested.

4.15.4 Staffing

This service is mainly provided to an organisation when its employees are either going for a longer term sick leave or maternity leave. This service also focuses on areas like seasonal jobs, projects and other forms of jobs that temporarily need to employ more workers. A contract is offered to the assigned personnel, and these contracts are usually short term contracts that range from one to six months (Company-X, 2011). Sometimes the contracts could be extended with a request of the customer. Staffing also comprises of services offered to client organisations whereby the labour signs a contract with Company-X, but work is done for the customer. The employee is paid by Company-X, but the job could be terminated by the customer.

4.15.5 Personnel assessment and aptitude test

This is a recent addition to the services of Company-X. The assessment is conducted in a manner that employees would not only be recruited for the right jobs but would use their expertise to develop various areas of the client organisation (Company-X, 2011). These various areas that have realised a success with assessed personnel management is, sales and customer relationship management. Outsourcing is one of the services offered by Company-X.

4.15.6 Outsourcing

This service is provided to organisations that want to have efficient human resource management. These organisations do not want to deal with the daily human resource problems of hiring, training, integrating and firing. Those organisations would always give their Human Resource departments to other companies that are specialised in the management of human resource to control it. This service focuses on employees support, counseling, employment certificates and contracts.

4.15.7 HRM software and IT systems

This is the only tangible product offered by Company-X to its customers. This software covers a number of areas in human resource management problems (Company-X, 2011). The software focuses problems such as personnel management, recruitment, resourcing and performance management and staff development.

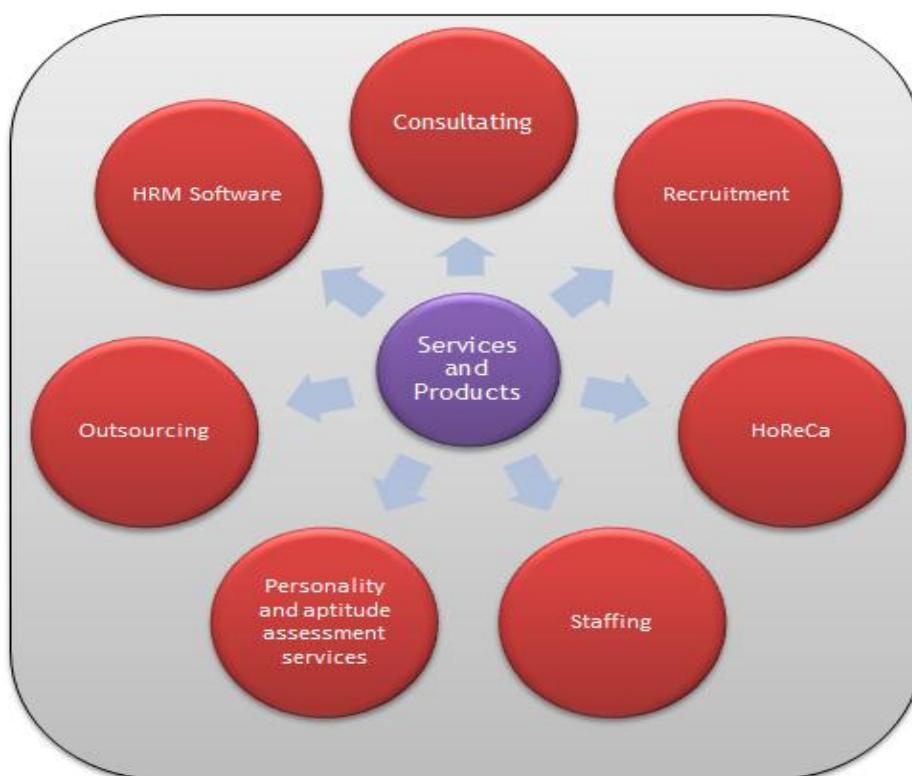


Figure 10: Products and Services offered by Company-X

4.16 Customers

The customers of Company-X are mainly other organisations operating in Finland. The organisations range from service providers to producers of tangible goods. The following are the recent customers of Company-X: MTV3, Alma Media corporation, Castren and Snellman, Sulake Corporation, Veho Group Oy AB, Brothers Central Ltd, Alto University, ISS facility services Ltd, Kesko Corporation, L & T Corporation, McDonalds, Olvi, Empower Oy, Finnair, Finpro, Foster Wheeler Ltd, Hemtes Ltd, PricewaterhouseCoopers, Pöyry Plc and Sokotel.

4.17 SWOT Analysis of Company-X

4.17.1 Strengths

Company-X aim is to provide fast and efficient services to both its clients and the labour it is employing. The organisation has also embarked on a strategy that provides satisfaction to the customers of Company-X and to Company-X itself. This approach has been described by management as a win-win satisfaction (Company-X 2012). Company-X attaches more importance to the collaboration between the employers (customer of Company-X) and its service provided agents (employees). According to Company-X, the real employer for the

service agent is the customers. This permits a smooth collaboration between the three parties emphasising the efficiency in the delivery of services provided by Company-X.

Company-X is a research oriented organisation that continues to develop new ways for a profitably manage human resources. The investment in the provision of Human Resource Management software, continuous development of Human Resource Management practices and investment in new recruitment channels are all areas of research that Company-X is currently involved in, this gives the organisation the capacity to be research oriented an innovative (Company-X 2012).

The Headquarters of Company-X is located in Helsinki, but operations of the organisation are organised in many other cities of Finland. The office in Helsinki has an ideal location that permits customers and labour to reach it with ease. Company-X has local offices in cities such as Kotka, Mikkeli, Tampere, the Lapland Metropolitan area.

The services offered by Company-X ranges from consulting and recruitment services, HoReCa staffing, Personality and aptitude assessment test, outsourcing services, Human Resource Management software products. Strength of the organisation lies in the fact that HoReCa workers are assigned in familiar task and areas of work. The HeRoCa department of Company-X employs students more than other workers. Students are always flexible and motivated to move from one organisation to another. Although the employment is not fixed, it is easier for students to enter and leave the labour market. The incorporation of workers recommended by the customer into Company-X permits Company-X to provide the satisfaction required by the customer.

4.17.2 Weaknesses

There is no formal communication network constructed between the employees of the HeRoCa department Company-X. The employees do not have enough information about their progress in the organisation. In others words, employees do not know when the organisation regards them with full trust and confidence.

It is hard for the employees of the HeRoCa department to make a work program because the employees do not know when the restaurant business of Company-X is at its pick. Employees have difficulties to give more time to work with Company-X than when employees are confident and can tell how much progress is achieved in Company-X.

Company-X does have not the full update of employment and qualification records of its employees. In many cases, jobs might be available, and the required human resource for the

opportunity is available with Company-X, but since Company-X has limited information on the professional progress of its workers, the organization would not take advantage of the opportunity.

Selective remuneration increases are one of the weaknesses of Company-X. Employees that perform the same task are remunerated differently, and these employees do not know how their remuneration could be improved. In some cases, new employees tend better paid than those that have been in the organisation for some time and performing the same task.

4.17.3 Opportunity

There are speculations that the demand for labour would increase by 2015. This is because the baby boomers would go on retirement by 2015. This would further expand the market for labour services. The European Union legislation permits the movement of professional between international boundaries. This would provide the opportunity for Company-X to recruit skilled labour from other countries within the European Union (Europa.2011) Estonia is a close neighbor of Finland, has a weak economy with low standards of living. This makes employment in Finland a lucrative opportunity for labour from Estonia. The government legislation that pushes for integration would increase labour supply, and this may mean an increase the Human Resource of Company-X.

4.17.4 Threats

The labour Unions in Finland continue to oppose this form of business practice. The unions base their argument on the fact that labour is exploited. The competition in this form of business is intense many other organisations enter the market with other competitive Human Resource management approaches.

Even with the strategy, to sort labour from other countries in Europe, the culture may hinder or slow down the relocation of skilled labour. The cultures of both Finland and Estonia are different from one way or the other. The difference found in the cultures of both countries could hinder the smooth integration of labour in Finland or may as well discourage Estonians from living in Finland for a longer period.

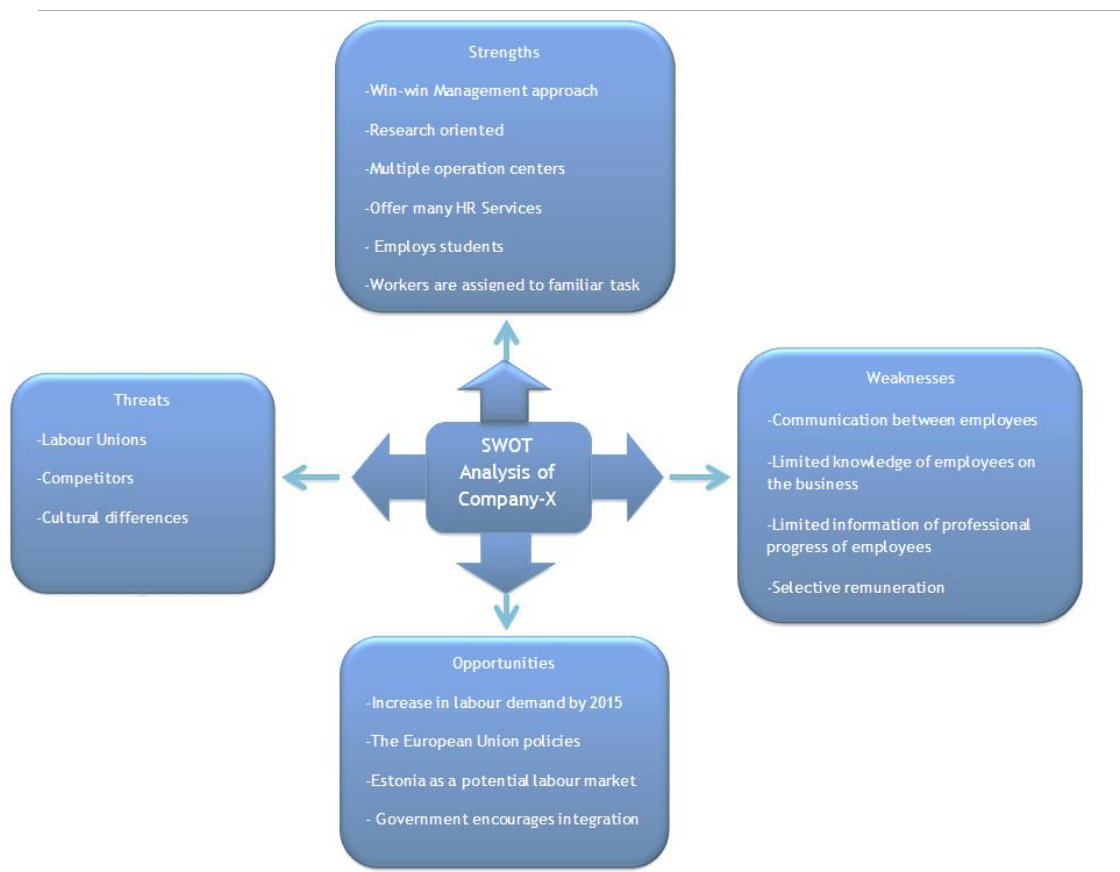


Figure 11: Summary of SWOT analysis of Company-X

4.18 Social Responsibility of Company-X

The strategic success of Company-X has been achieved through the empowerment of its diverse workforce. The management and recruitment expertise of Company-X enables the organisation to use immigrant labour in the various sectors of service provision where Company-X is involved (Company-X 2012).

4.18.1 The February cultural event

Through the February cultural event, Company-X promotes multicultural activities and creates a better home for immigrants by creating an environment as well as a forum for Finnish organizations that are employers to realize the need to employ immigrants (Company-X 2012).

4.18.2 The multi-network project 2008-2010

The aim of this project is to breach the gap between employers and employees. This objective is achieved through a network meeting and also recruitment events through which employers could discover not only the employees but also their skills (Company-X 2012).

4.18.3 Soccer championship Helsinki

Company-X in 2010 organised a special summer championship. The aim of the event was to promote acceptance, relationship building and ultimately to realise a balanced life (Company-X 2012).

4.18.4 Company-X in my path Project

This is an innovative project which has been developed to enhance employment and integration of young and energetic people. This project also has as purpose the integration of skilled immigrant labour in to the Finnish labour market. The organisation also participates in other projects to encourage businesses to introduce global corporate culture in their management (Company-X 2012).

5 Conclusions and recommendations

The conclusion looks at the entire study under the heading of overview before finally making some remarks with respect to the findings that would be essential to the stake holders. A recapitulation of the objective of the project would permit an understanding of the conclusion.

5.1 Overview of the study

The study is focused on the critical evaluation of the availability of human resource in Estonia in preparation for a possible recruitment of labour from Estonia to work in Finland. The research also aimed to identify the advantages and disadvantages of employing labour from Estonian. The main source of data for the study was a secondary source of data. The analysis was possible with the use of data provided by Company-X and Eures (tootukassa 2011) of Estonian and an online search.

5.2 Conclusion

Based on the result of the analysis, Estonia is a potential labour market for Company-X in sectors such as energetics and electrical power distribution, Finance and Accounting, Architecture and construction, pedagogy, economics and business administration, mechanical

engineering, mechanics and electronics, agriculture, Forestry and Fishery, sales and trade, Catering, accommodation and tourism, manufacturing and processing and finally logistics and transportation.

Company-X could recruit labour from Estonia from the catering, accommodation and tourism sectors, and the electrical engineering sector. These are areas where Company-X had initially planned to recruit labour. Company-X would find it difficult to recruit labour from sectors such as nursing and IT- as earlier planned. This is because the unemployment rate in those sectors are either very low or are insignificant such that it is not mentioned on the table of unemployment registration. (Table 4). If Company-X would want to recruit Nurses and IT-workers from Estonia, the cost of labour which in this case is the salary and other bonuses would be high. This would leave the company weak against its competitors that might recruit the same category of labour from other markets at a lower cost.

The findings of the research have also shown that there are many economic, political and cultural reasons why Estonian labour could be easily integrated in to the Finnish labour market. The geographical proximity of the countries is an advantage. Labour can easily move between the two countries, and it is possible to work in Finland and spend weekends in Estonia. Besides the geographical proximity, another advantage is the cultural similarities that exist between Estonian and Finnish culture. The Estonian and Finnish cultures have much in common both countries have been under the Russian occupation. This occupation cultivated a nationalist spirit that is share by both countries. Other aspects of the culture are time consciousness, table manners, business etiquette and language. Given the cultural similarities, integration would be possible within a limited period of time.

Economically, as shown in table 3 above, the standards of living in Finland are higher than in Estonia. This means that labour from Estonia would earn a higher wage in Finland when compared to the wage rate in Estonia. This would encourage labour to move from Estonia to Finland. Regional integration through the European Union is another advantage. Estonia has introduced the euro a currency that has been in Finland since its creation. This would enhance business traction and encourage the movement of labour between the two countries. Eures the European program that encourages the movement of professionals across national borders is also a booster for the movement of labour from Estonia to Finland (eures 2011).

5.3 Recommendation

Company-X could advantageously exploit other sectors of the labour market. The sectors which could be exploited are mechanics and electronics, agriculture, sales and trade, logistics and transportation, Finance and accounting economics and business, pedagogy,

manufacturing and processing, sales and trade and Forestry and Fishery sectors. These are sectors with a high rate of unemployment in Estonia.

The educational system in Estonia is similar to the Finnish educational system. The main difference between the academic systems is the fact that the Estonian system is a binary system while the Finnish system is an egalitarian system. The difference in the system is minimal and cannot alter or delay the integration of labour of one country into another.

6 Theoretical linkage

Company-X is a human resource organisation that supplies labour services to other organisations in Finland. Operating in a competitive business world, the customers of Company-X use HR as a source of competitive strength. This means that Company-X is required to provide quality and well updated labour services that would provide a competitive advantage to their operations. In order to be sure of a constant and continuous supply of efficient human resource services to its customers, Company-X is researching on new labour markets which are different from the Finnish labour market from where Company-X would recruit labour for the organisations that are customers to Company-X. Company-X is not only looking for labour but a qualified labour that would be able to provide efficient labour services.

To provide that quality labour services, Company-X wants to recruit and select labour which is qualified that can deliver efficient services to the organisations that need the labour services of Company-X. In order to achieve that efficiency, a well-defined recruitment and selection strategy has to be adapted that will lead to the recruitment of the quality of labour skills desired by the customers of Company-X. This is where the recruitment and selection knowledge is needed. . The theoretical background knowledge of this research work is, employed in order to provide the strategic recruitment and selection methodologies and knowledge.

Another important knowledge that is brought forward by the theoretical background is the management of equality and diversity. The work of this project is to research on possible labour skill availability in Estonia, and if Company-X would be moving to Estonia to recruit labour, it is the international labour force, and at this point, Company-X would need to know how a diverse work force can be managed. This knowledge is provided by the diversity management section of the theoretical background. One another part, once it is the international labour force, then it, means, that it involves labour from different cultural background. This implies that the recruitment and selection opportunity should be equally available to each and every member of the labour force. Whatever recruitment and selection

strategy designed by Company-X should pay attention to equality, so that equal opportunity is provided to the labour force to attract a good number of applicants.

The strategic recruitment and selection of the international labour force is designed from a combination of knowledge from this three important areas namely recruitment, selection and diversity and equality as shown by the (Figure 12).

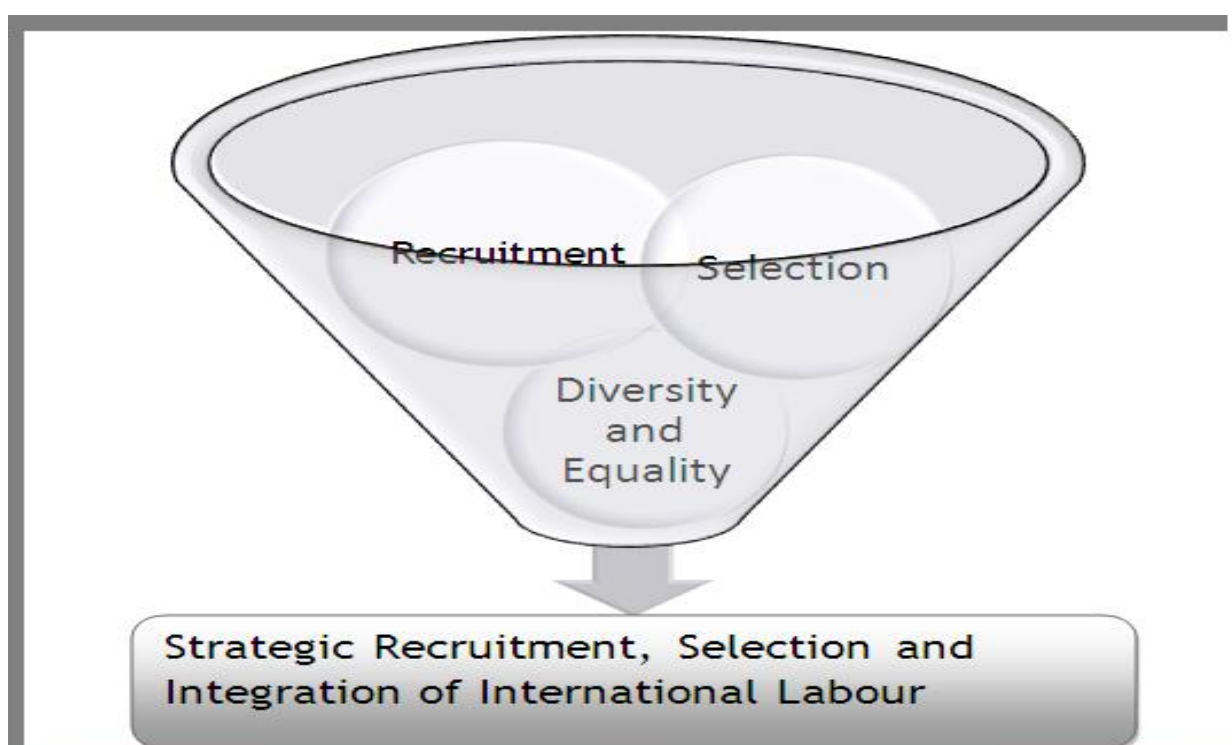


Figure 12: Theoretical linkage

7 Managerial recommendations

The managerial recommendations articulate around corporate decisions that would permit the organisation to safeguard its going concern. This has been divided into three different sections namely, the Estonian government policies and legislation, trends of unemployment statistics, long-term strategy and sustainability and short-term strategy and sustainability.

7.1 Short-term strategy and sustainability

The factors that favour the recruitment of labour in Estonia if exploited would permit Company-X to provide the labour required by the Finnish labour market. Considering the principle of "going concerned" which means that the organisation should be managed in a way that its activities should be continued in the foreseeable future, strategic recruitment of labour from Estonia should be a short-term strategy. The economy of Estonia is fast growing

as shown in table 2 above. The GDP of Estonia in the year 2012 is forecasted to be 17.0 billion Euros and would be 19.2 billion Euros by 2014 and 20.5 billion Euros in 2015. If the standard of living would improve like the GDP, it means that businesses may grow and that the Estonian Economy may need its own labour more than the Finnish Economy. Given the high standards of living in Finland and the expensive nature of goods and services, the labour market in Estonia would always compete favourably with the Finnish labour market for its own labour.

7.2 The Estonian government policies and legislation

The government of Estonia has an attractive tax system. The government in an attempt to attract investment in Estonia offers a tax exemption of reinvested profits. This gives a planning opportunity to investors, net worth individuals and corporations operating on the stock exchange in countries which have signed tax treaties with Estonia (tax-news, 2012). This tax free policy might attract more investments in Estonia and this investment might intend create more jobs meaning that the demand for labour in Estonia would increase. An increase in the demand for labour in Estonia would increase the competition for labour between Estonian companies and Company-X. This would adversely affect the business of Company-X and would mean a loss of a reasonable proportion of the market to companies that use local immigrant labour.

7.3 Trends of the unemployment statistics

The trend of unemployment in the various sectors is also an indicator to consider. The various sectors of the labour market where unemployment rate is high show that the number of unemployed per sector drops with an increase in the year. In 2010, the total number of unemployed in the Catering sector was 2756, and in the first quarter of 2011, it fell to 2372. It is obvious that the economy of Estonia is growing, and with continuous growth, more investors may be attracted to the country. In a situation where investors generate employment, more jobs would be available, and it would be cheaper to work in Estonia than go abroad. Company-X could for a short term strategy employ labour from Estonia, but for the purpose of sustainability and the going concern, a long term strategy would be necessary.

7.4 Long term strategy and sustainability (cost management versus profitability)

The importance of a long term strategy would be undermined if avoided in the recruitment decision of Company-X. A long term employment strategy would ensure that Company-X continues to supply Finnish companies with the labour required for their activities. There is about 300,000 foreign born nationals resident in Finland. This number account for about 5 %

of the population of the country (migrationinformation, 2011). This poll of immigrant labour could be exploited with the use of training and integration programs. This could be cost effective, the immigrant labour has already proven an interest to live in Finland by immigrating to Finland.

The statistics in the tables 5 and 6 are estimates derived from daily expenses in Finland and Estonia. The statistics are used to illustrate the fact a cost effective approach could be to employ immigrant labour in Finland and invest in the integration process rather than recruitment from Estonia. The description would be separated into two different strategies which are recruitment and integration from Estonia and Recruitment and Integration in Finland.

Cost Items	€(euros)
Recruitment and selection expenses	
Salary	1200
Travel expenses	130
Hotel / Accommodation	600
Feeding expenses	400
Advertisement	250
Total	2580
Integration expenses	€
Job training	300
Language training expenses	300
Total Integration expenses	600
Total cost of Labour	3180

Table 5: Recruitment and selection from Estonia

7.5 Recruitment and Integration from Estonia

Table 5 above shows that recruitment from Estonia may result to an increase in cost, hence a fall in organisational profit. As shown in the table, recruitment in Estonia would lead to the employment of an agent charge with the recruitment duties resulting to an increase in the cost of labour which is the salary (€1200), and other unavoidable costs such as advertisement

(€250), travel expenses (€ 130 to and fro), hotel or accommodation cost (€600) and feeding expenses (€400) as seen table 5 above. The recruited labour would have to be integrated, and that would result in other costs, that is language and job training costs of €800 each for €400 as shown in table 5 above. The total recruitment cost would be €3180. If this strategy is forgone for recruitment in Finland, the cost of recruitment would be less than when the Estonian strategy is chosen.

7.6 Recruitment and integration in Finland

With a close look at table 6, it is possible to realise that recruitment in Finland would save travel, accommodation or hotel expenses, feeding expenses and the salary. This is because if immigrant labour would be recruited from Finland then a current employee of Company-X could support the responsibilities of recruitment. Cost would be saved that is the additional labour cost (Salary) €1200 in table 6, but in a situation where a separate recruitment agent is employed, the cost of labour would not be save, but travelling cost (€130), accommodation expense (€600) and feeding expense(€400) would be saved. As shown in table 6 above, the total recruitment cost is €2250.

Cost Items	€
Recruitment and selection expenses	
Salary	1200
Travel expenses	0
Hotel / Accommodation	0
Feeding expenses	0
Advertisement	250
Total	1450
Integration expenses	€
Job training	400
Language training expenses	400
Total Integration expenses	800
Total cost of Labour	2250

Table 6: Recruitment and selection in Finland

When both strategies are compared, it is possible to realise that recruitment in Finland result to a cost saving of €930. Therefore, it would be profitable to employ immigrant labour in Finland and invest in different methods of integration. This means that some of the cost save by recruiting in Finland could be passed over to advanced integration methods.

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