Future Trends in Human Resource Management at Service Oriented Companies

Itella

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Abstract

This study has most important implications for all service sector businesses and particularly for Itella, involved in this research. Findings of this study reveal that the importance of "Human Resource Management in Service oriented companies" will continue to grow in order to embrace the business needs and changing nature of environment such as the trend of technological advancements, globalization and outsourcing.

Main purpose of this study was to explore the future trends of Human Resource Management in service oriented companies in order to provide an overview about the future of Human Resource Management particularly in service industry. This study is designed to serve as a guideline for the services oriented firms for their future development by using Human Resource Management strategies.

Qualitative research method, particularly, semi-structured interview method was employed in this study in order to deal with the problem of this study. The study consists of the service oriented company "Itella". Data was collected by four respondents which were from Management of Itella Group.

The findings of the study helped to explain some of the concept of Human Resource Management in service oriented firm; trends which compel Human Resource Management to change in future; future of Human Resource Management function in which it will be more like a strategic business partner.

Keywords/tags (subjects) Human Resource Management

Miscellaneous

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1 Introduction

Human Resource Management is a concept that evolves from personal management to today's Human Resource Management function which also incorporates the required technology in its working. Therefore this study is focused upon the "Future trends in the human Resource of service oriented companies". Service is defined as a function of knowledge and competence to create value between it supplier and recipient as well as service system is a combination of technologies and people that work out with each other and regulate the system's varying value of knowledge Spohrer (2007, 71-77).

The Itella Corporation developing their human resource department is the resource channel and target for this research. This study of the Itella Group explores the practical views of their management on the future of Human Resource Management in service oriented companies. This study helps to enhance the understanding of human resource management in, as well as, it also increases the knowledge in relation to the general overview of the concept i.e. Human Resource Management in service oriented companies.

The nature of this study is qualitative and the semi-structured interview method was used in order to gain the required information from the interviewees (respondents) of this research. The main concern of this research is to present the results, which are based on the information collected from the practical field i.e. from Itella Corporation. The aim was to conduct this study was to clarify the concept of Human Resource Management in service oriented companies and also identify future trends. The reason behind choosing this industry is the nature of its competitiveness in today's economy, where 68.5% of the country's economy is primarily based on services.

The topic of "Human Resource Management" is documented widely in the literature (Bratton & Gold, 1999), (Armstrong, 2006), (Rouse, 2011).The Human Resource Management function is considered as an important function in the success history of organizations, Neither can the need of Human Resource Management function with its proactive nature be denied by today's organizations. The basic reasons behind the evolution of Human Resource Management is globalization, increasing competition and

continuous change in technology, workplace and markets. As the Human Resource function is evolving continuously and today's economy is based on services, the main focus of the thesis was to find out:

What are the future trends in Human Resource Management of service oriented companies?

1.1 Objectives of the Study

The objectives of the study includes following:

- To clarify the concept of Human Resource Management in service oriented companies.
- To Identify major trends which are reshaping Human Resource Management function in service oriented Companies
- To investigate how the future of Human Resource function in service oriented Companies look like in next 5 years
- To identify the competencies required by Human Resource professionals to cope with the change in Human Resource Management function

1.2 Significance of study

This study is significant because it create knowledge about the concept of Human Resource Management in service oriented firms. This study also gives insight towards the future trends of Human Resource Management in service industry. The results of this research study reveal guideline for the services sector to balance and review its curriculum to meet the future Human Resource Management competences. Moreover, this study will guide management of service oriented firms that what kind of planning they have to adopt in order to deal with the near future, particularly how they can manage their Human Resource to keep a competitive edge in the changing world.

2 Service Oriented Companies & Human Resource Management

2.1 Introduction of Services Oriented Companies

Research on service oriented companies has been extended largely because of the attention given to service industry in the past few years. Recent trends in Human Resource Management function of service oriented companies is towards redeploying people, reconfiguration of organizations, sharing of information and investment in new technologies, order to effectively create the value of knowledge in the service relationships (Arsanjani, 2004). That is known as service oriented thinking. In short, service systems are the arrangement of the systems that create value and include people, share information, technology and organizations as well as language, measures, models, laws, and so on Demirkan (2008, 1-21). The following section includes a brief history of service oriented companies as well as type of these companies.

2.1.1 Brief History of Service Sector

There has been long history of service sector, which is of scholastic and industrial interest that continues till now. Services are born with mankind and world's oldest profession. Delaunay & Gadrey (1992, 3-10) presented history of services in their article in which they begin by describing history of services by connecting the concept of services with the views of Adam Smith. Smith basically give an idea which distinct between unproductive and productive labor. Unproductive labor was connected with the idea of service, as these are the servants of rich people in the state. Then according to Delaunay and Gadrey (1992, 3-10), Heinrich Storch was one of those authors who valued the authenticity of the fact that value is created with service activities. Then it was argued that at the time of First World War the concern with services was weaken and the difference between goods and services was not considered as significant. According to Delaunay and Gadrey (1992, 3-10) next era (1930-1970) was the main period in which services gain importance along with the growth of national income statistics. During the era of 1930-70, the efficiency and productivity created due to service sector was realized first time as well as the emergent significance of the service

activities in the economy were also noticed. According to Spohrer & Maglio (2008, 238-246), now the world is shifting from goods based economy to the economy where service sector is considered as a value creating opportunity. As it was reported that 75% of the United States gross domestic product (GDP) (Pal & Zimmerle, 2005) and 80% of employment in private sector of US is due to service sector Karmkar (2004, 100-107). Moreover, it was presented by (Spohrer, 2005) that market-based services explain 50% of the total while excluding the services provided by public sector (e.g., education, government and health care) and those companies in the service sector which give services of consultancy, information, experience, or other intellectual services, now account for more than 70 % in OECD countries. The world is changing rapidly, which demands more compliance with the rules and regulations (i.e. there is an increased regulation both externally and internally) Luftman, Lewis, Oldach (1993, 198-221). Moreover, globalization makes it a requirement for today's organizations to be service oriented and become flexible to deal with challenges created due to issues of globalization and compliance Luftman, Lewis, Oldach (1993, 198-221). The changing of economy from past to present is summarized by Demirkan (2008, 1-21), which is as follows:

Table 1. Transition from past to present with service orientation taken from Demirkan, H., Kauffman, R. J., Vayghan, J. A., Fill, H.-G., Karagiannis, D., & Maglio, P. P. (2008). Service-oriented technology and management: Perspectives on research and practice f

Transition from Past to Present with the Service Orientation	
From	**To**
Focus on goods	Focus on services
Cost reduction through manufacturing efficiency	Revenue expansion through services
Standardization	Customization
Mass marketing	One-on-one marketing
Transactions	Relationships
Function oriented	Coordination oriented
Limited ability to store and process data	Improved ability to store and process data
Limited information sharing capabilities	Improved information sharing capabilities
Application silos	Integrated solutions
Tightly coupled applications	Loosely coupled solutions
Contracts	Service-level agreements

2.1.2 Types of Service Oriented Companies

Service oriented companies are the part of an economy's service industry that offer services (intangible) rather than offering products of tangible nature and includes wholesale and retail trade, communications, banking, , professional services such as medicine, hospitality, computer software development, engineering, nonprofit economic activity, government services and consumer services, which include the administration of justice and defense (Encyclopedia, 2013). On the other hand, the business services industry includes those companies that provide business related services (such as advertising & marketing, consulting, logistics and shipping, legal services, staffing, human Resource, leasing, outsourcing, security, and facility management) to other companies (University, 2013). According to Demirkan (2008, 1-21), service science is a combination of many disciplines such as computer science, marketing, human re-sources management, cognitive science, operations research, economics, and organizational behavior etc. Moreover, service science also focus on interaction of a different part of a system i.e. technology, people and business (Demirkan 2008, 1-21).

2.1.3 Introduction of Itella

Itella's roots go back to 1638 as a "national postal company" in Finland, which then expanded its business into new areas like e-invoicing, communications, and logistic through investments in Research & Development. According to (Itella, 2012), the Itella Corporation is an international service corporation which provides its services in more than 12 countries in Russia and Europe but all of its shares are owned by Finland. The key customers of the Itella group include trade industries, media and service industries. The Itella Corporation offers services under its two brands (for corporate customers and for Finnish consumers) and its business operations are divided into three functions, which include:

- Itella Information
- Itella Mail Communication &
- Itella Logistics

Structure of Itella Corporation is given below:
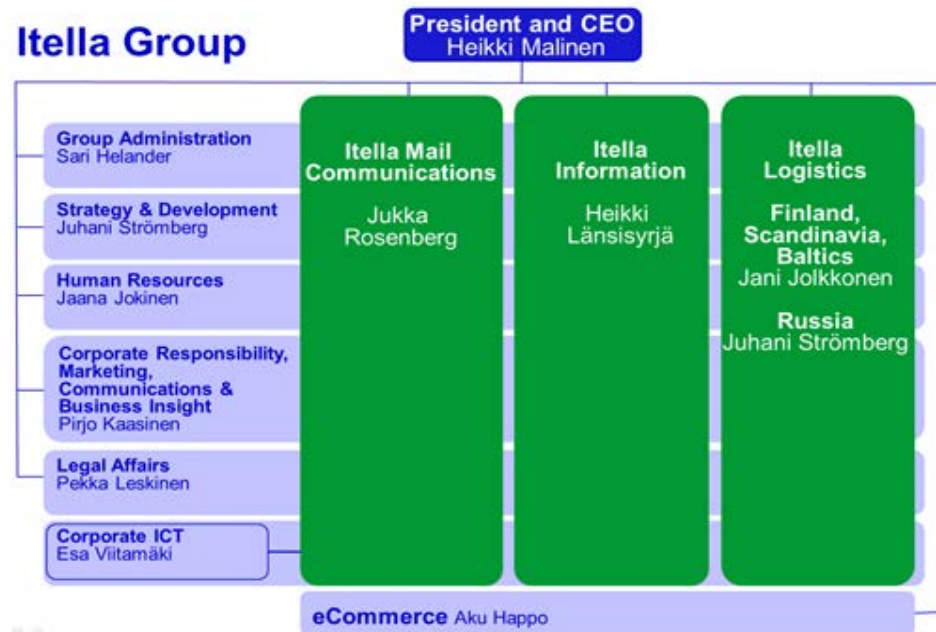
Figure 1. Structure of Itella Corporation taken from http: Itella.fi

2.2 Human Resource Management in Service Oriented Companies

2.2.1 Definition(s) of Human Resource Management

A dictionary defines Human Resource Management as

"A process of hiring & developing employees so that they become more valuable to the organization is known as Human Resource Management". Human Resource Management includes job analyses, human resource planning, recruiting, orientation, training and development, management of wages and salaries, evaluating performance, providing benefits and incentives, communicating and resolving disputes (BusinessDictionary, 2013).

According to Rouse (2011, 30), Human Resource Management which is also known as human Resource (HR), is mainly responsible for generating, implementing and/or administration of policies leading to the employee behavior and the also behavior of company towards its employees. The main functions of Human resource Management include recruitment & retention, motivation, exit interviews, assignment selection, training, performance reviews, labor law compliance, professional development and change management (2011, 30).

On the other hand, (Armstrong, 2006) defines Human Resource Management as:

"A strategic and coherent approach to the management of an organization's most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives".

According to Bratton & Gold (1999) Human Resource Management is defined as:

"That part of the management process that specializes in the management of people in work organizations. Human Resource Management emphasizes that employees are critical to achieving sustainable competitive advantage, that human Resource practices need to be integrated with the corporate strategy, and that human resource specialists help organizational controllers to meet both efficiency and equity objectives."

Suli (2013, 14) defines two processes of Human Resource Management, which are important for the growth and success of an organization, which include (a) a process of managing the people in an organization; (b) a process of managing interpersonal relationships of employees. Suli (2013, 14) also defines the core component of Human Resource Management which includes staffing, retention, remuneration packages and perks and performance management etc. According to Jha (2009) people, management, integration & consistency, influence and applicability as the core components of Human Resource Management. As far business approach Human Resource Management "is a model of personnel management that focuses on the individual rather than taking a collective approach. Responsibility for Human Resource Management is often devolved to line management. It is characterized by an emphasis on strategic integration, employee commitment, workforce flexibility, and quality of goods and services" (Practice, 2009). According to Armstrong (2006), Human Resource Management

operates through the human resource system, which is a combination of Human Resource philosophies, strategies, policies, processes, Human Resource practices and Human Resource programs. Human Resource Wheel was given by "American Society for Training & development" (ASTD) in 1982 in which different functions of Human Resource Management are highlighted, as given below:

- **Human Resource Management**
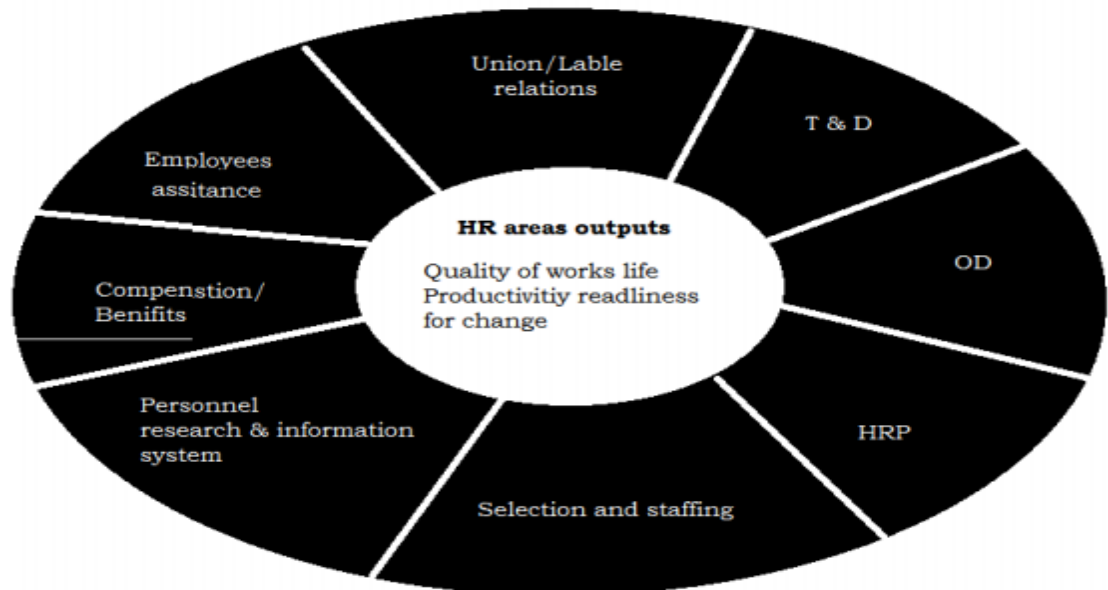
Figure 2. Functions of Human Resource Management taken from Jon M. Werner, Randy L. De Simone (2008). Human Resource Development. Cengage Learning.

Note: T & D = Training and Development, OD = Organizational Development, HRP = Human Resource Planning

2.2.2 Brief History of Human Resource

Human Resource Management also known as HR (human resource), is advance name of "personnel management", which has its roots in late and early 1900's (i.e. the era of scientific management movement of Frederick Taylor). Panzyp (2007) trace the advent of HR to the era when capital intensive industry replaced labour intensive industry. The era of this transition was 1914-1939, when most of the organzations were changing their way of working and consequently needed to manage the complex working of people, which led to the creation of a new job at that time, known as "Labor Manager" (Practice, 2009). Then, the tasks of "Labor Managers" grew during 1945–1979 (after

the Second World War), and create a need for a department named as "Personnel Management" having the main focus on employee management and legislation (Practice, 2009). According to Batchelor (2011) the creation of Personnel Departments in organizations is due to the realization of some business facts. At first, when an organization realized the value of talented people, this led to the role of a hiring officer. Second, due to the rising unionization of workforce, there was a need for someone who could communicate with them, which created the need for a businesses toward the role staffing officer. Finally, due to a change in global legislation, employee record keeping become an important task for organizations as well as the awareness about the deduction of tax from employees' pay made business develop "Personnel Departments". This department in business organizations has been working for about 30 years and performs many functions such as hiring, staffing, firing, performance appraisals, payroll, industrial relations and employee records etc. (Batchelor, 2011). The term Human Resource Management name resulted from many name changes in its history due to a change in the economic and social condition of this world i.e. industrial welfare, which then known as recruitment and selection, then industrial relations, then also owned many other function in its domain such as legislation, flexibility and diversity and information technology etc. (Kaizenlog, 2006). The actual "Human Resource Revolution" began in the 60's when human resource become even more important due to the function of leadership development when the global economy shifted from goods to service economy (History, 2013). According to History (2013), the following diagram shows a brief history of human resource:

Figure 3. Brief History of Human Resource and Human Resource Management. Retrieved from Creative Human Resource Management: http://www.creativeHuman Resource Management.com/hr-management-history.html#.Uh0GwMVHUS4

According to (Thite & Kavanagh, 2010) the evolution of Human Resource Management from 20th to 21st century is from caretaker to strategic partner, employee focus to cost effectiveness and from record keeping to employee development. According to (Nankervis, Compton, Baird, & Coffey, 2011) Human Resource Management has been passed through the four stages: i.e. first stage was "welfare and administration" which is from 1900–1940s; second stage was "welfare, administration, staffing and training – personnel management and industrial relations" from 1940s to mid-1970s; Third stage was "human resource management and strategic human resource management (Human Resource Management)" from mid-1970s to late 1990s; and last stage was "Human Resource Management into the future" from 2000 to onwards. Whereas, (Thite & Kavanagh, 2010) also give brief overview about the evolution of human resource, which is given in the following table:

Table 2. Evolution of human resource taken from, Thite, M., & Kavanagh, M. J. (2010). Evolution of Human Resource Management and HRIS- The Role of Information Technology. Boston: Prentice Hall

Decade	Business Realities	HR Name Changes	Issues
Pre-1900	Small Business & Guilds	Did not yet even exist	Owners owned the HR issues
1900	Industrial Revolution	Labor Relations	People as interchangeable parts
1920	Civil Service & WWI	Industrial Relations	Workers' rights and more formalized processes
1940	Scientific Management & WWII	Personnel Administration	Efficiency experts and more highly evolved HR processes
1960	Civil Rights & Compliance	Personnel	Legal compliance and reporting; "policy police"
1980	Human Relations, the Knowledge/ Service Economy, and Mergers & Acquisitions	Human Resources People	Relevance in a fast-changing world; motivation and "human relations" theories abound
2000	Modern Organizations	Organization Effectiveness? Human Capital? Organizational Capability?	No new official names, but lots of "morphing" as the transactional parts get outsourced and the as the transactional parts get outsourced and the transformational parts get defined
2010	Global Economy and E-Enabled Technologies	TBD	Still Evolving, Focus on Talent; Capability; Culture; Consulting—Challenged to Be an Effective Internal Consulting Organization

Amrita (2010) give concluding remarks on the history of Human Resource Management i.e. till the 1960's the role of Human Resource Management was only to keep a record of employees and were not considered to play an important role in management of an organization, whereas due to recent researches in organizational behavior and Human relations the Human Resource Management considered to be important along with its role of strategic management. Vosburgh (2011) give a diagrammatic view of continuous evolution of Human Resource, which is given below:
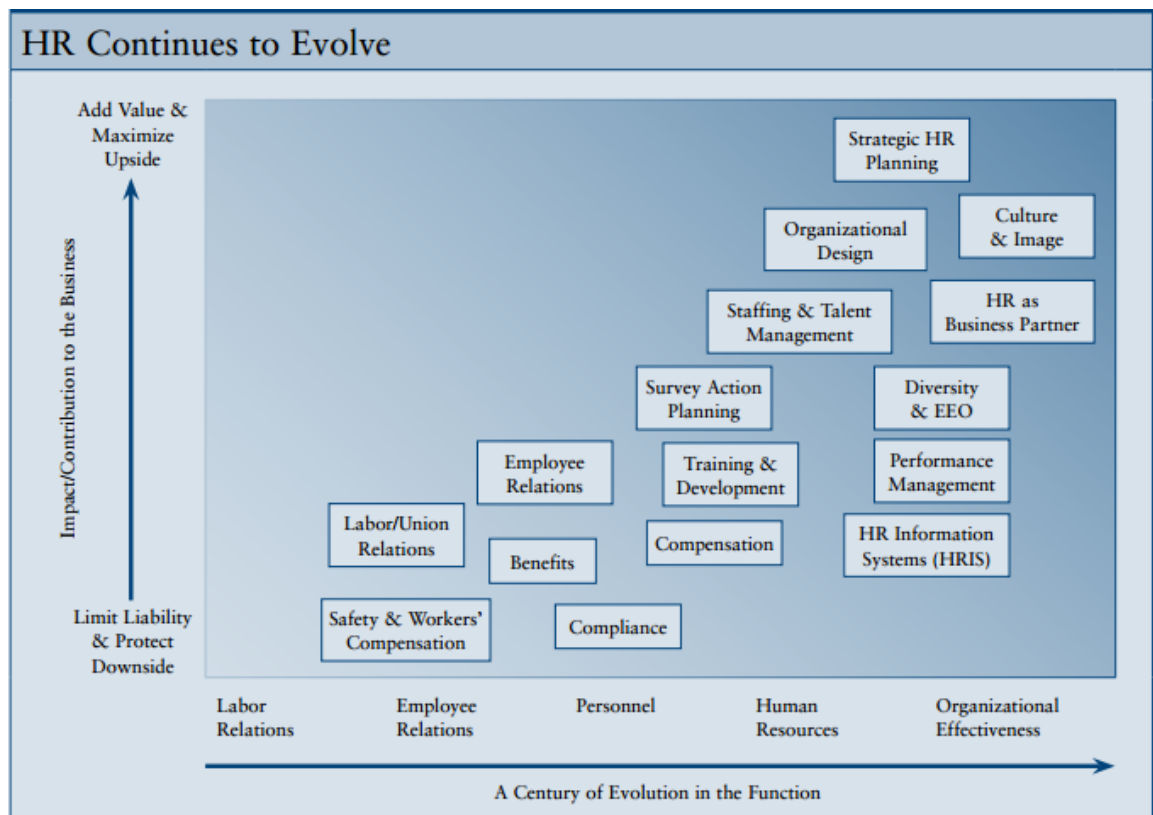
Figure 4. Continuous evolution of Human Resource Management function taken from Vosburgh, R. M. (2011). The Evolution of HR: Developing HR as an Internal Consulting Organization. Human Resource Planning, 11-23.

2.2.3 Scope of Human Resource Management

Shodhganga (2010) states that scope of Human Resource Management is of immense interest and include all essential activities in the work life of an employee, from the time he/she enters in an organization till his/ her exit. Jha and Shodhganga (2010) summarize the scope of Human Resource Management in terms of seven categories i.e. introduction to Human Resource Management, employee hiring, employee & executive remuneration, employee motivation, employee maintenance, industrial relations and prospects of Human Resource Management which are based on activities performed in Human Resource Management such as Human Resource Planning, job analysis, recruitment & selection, employee and executive remuneration, job design, training & development, orientation & placement, performance appraisals, job evaluation, welfare, communication, motivation, industrial relations, safety and health etc. Aswathappa

(2005) give the same scope of Human resource Management through following diagram:

Figure 5. Scope of Human Resource Management taken from Aswathappa, K. (2005). Human resource and personnel management: text and cases (4th Ed.). New Delhi: Tata McGraw-Hill Education.

Moreover, Human Resource Management is a primary functional area which manages many important services provided by an organization such as marketing management, financial management etc. and therefore all managers of an organization have to manage the Human Resource Management of their relevant departments in order to achieve effectual results with and through the people (Shodhganga, 2010). The Indian Institute of Personnel Management put in a nutshell the scope of Human Resource Management in three aspects i.e. personnel aspect (concerned with planning, recruitment, selection, promotion, transfer, training & development, retrenchment & lay off, incentives, remuneration, and productivity, etc.); welfare aspect (deal with provision of facilities and working conditions etc.) and industrial relations aspect (deal with the legal part such as dealing of union-management relations, collective bargaining, grievance redress & disciplinary procedures, settlement of disputes and joint consultation etc.) (HRM, 2012). Whereas According to Shma (2013) Human Resource Management is scope is categorized as:

- Recruitment, selection and placement

- Manpower planning

- Performance appraisal

- Training and development

- Audit of procedures, policies and practices of an organization

- Social and welfare security

- Motivating the employees

Scope of Human Resource Management in service is industry is even wider because service is provided by every skilled individual who is considered as an asset in modern Human Resource Management, as well as, with the rise in technology, Human Resource Management evolution takes place and now automatic tracking system is taking place in many organizations (Passley, 2010). For example, motivation is an important characteristic of morale and morale play a vital role in the achievement of the school's goals (a service oriented firm) (Zaria, Salawu, & Ajadi, 2000). Moreover Human Resource Management practices play in important role in the implementation of the technology (i.e. IT is an important sector of service industry) because employees needs support for the proper utilization of newly introduced software and Human Resource Management practices provide such support to targeted employees (Bondarouk & Rue, 2008).

2.2.4 Human Resource Strategies in Practice

According to Johnson and Scholes (1993), strategy is defined as "The scope and direction of an organization for a longer time period, in which a firm create balance between its Resource and changing environment particularly with its customers, clients and markets to meet expectations of all stakeholders". Tiwari & Saxena (2012, 29-44) define Human Resource Management practices as: "organizational activities directed at managing the pool of human Resource and ensuring that the Resource are employed towards the fulfillment of organizational goals". The key to a successful Human Resource strategy is the fit between Human Resource Management and strategic thrust of organization (Miller 1989, 23-39). Cooke and Armstrong (1990, 30-33) believe that Human Resource Management strategies exist to make sure that values, culture,

structure of organization as well as the commitment, motivation and quality of people contribute to the achievement of an organization's objectives. Pfeiffer (1994) initially identified sixteen Human Resource Management practices which was later categorized in seven Human Resource Management practices, including employment security, hiring, compensation dependent on performance of organization, self-managed teams/team working, extensive training, sharing of information and reduction in status difference. Tracey (1994), again, outlines some responsibilities and activities of a Human Resource department which include task assignment, recruitment and selection, induction, orientation, succession planning, compensation and employee benefits both in monetary & non-monetary terms. Human Resource Management practices particularly in the service sector are outlined by Redman & Mathews (1998, 57-77) which includes careful recruitment & selection (e.g. zero defects recruitment or total quality recruitment etc.), extensive remuneration systems (e.g. for multi-skilled staff bonuses are available), flexible job design and team working (e.g. designing empowered jobs and also support a sense of cohesiveness), learning and training, employee involvement, and performance appraisals. According to Amor (2001), Human Resource Management strategies are defined diagrammatically as shown below:

Figure 6. Human Resource Management Strategies taken from Amor, M. B. (2001, August). A Framework for Human Resource Management. Retrieved from International Civil Service Commission: http://icsc.un.org/Resource/hrpd/Human Resource Management/ICSC_Human Resource

In 2006, Armstrong outlined some specific Human Resource strategies such as continuous improvement, talent management, resourcing, knowledge management, learning and developing, rewards, employee relations etc. whereas, Saxena and Tiwari (2009, 29-44) developed a "Framework of Human Resource Management practices" which include employer & employee relations, training & development, recognition through rewards, career development, culture building, and compensation & benefits by observing the Human Resource Management practices implemented by the leading IT companies of India such as Infosys, TATA and Wipro.

2.2.5 Responsibilities of Human Resource Management in Strategy Making

The responsibilities of Human Resource Management are broadly categorized as representing three levels i.e. career, organizational and individual level. At the individual level, Human Resource Management help employees individually in grooming and in giving their best input to the organization; at the organizational level Human Resource Management focuses on the development of a successful system whereas at career development stage, Human Resource Management helps individuals to find out the most suitable career paths for them in an organization (Armstrong, 2006). Human Resource Management is especially responsible for strategy making in an organization while making or clarifying the mission and goals of the organization, for doing an environmental analysis, strategic formulation, strategy implementation and strategy evaluation (Johnson, 2012, 231-254). According to Domingo (2003), an effective Human Resource strategy is equally important for an organization just as its marketing strategy because Human Resource is particularly responsible for the corporate strategy, for the needs of their internal customers to compete in the future globally. Moreover, in today's dynamic environment, Human Resource managers are also responsible for research to gain an insight into future and also for strategic advice (Domingo, 2003). At some other times, The Human Resource function is also responsible for providing consultative services such as employee engagement, performance management and leadership development. Human Resource Management also contributes to implementing a key initiative of strategy (PIHRA, 2008, 1-6). PIHRA (2008, 1-6) also identify that succession planning and workforce planning

(functions of Human Resource) are important for the successful implementation of an organization's strategic plans. Similarly, a strategic plan is not considered successful without successful recruitment, management, deployment, and development of human capital, which are all basic responsibilities of Human Resource Management.

3 Human Resource Management at Itella

According to the CEO of Itella "Heikki Malinen" in annual report (2012):

> *"Our employees possess a strong desire and ambition to serve customers well. We are doing our best to fulfill our customer promise."*

The HR Leadership Team at Itella is responsible for the proper implementation of the policies whereas, local and business level Human Resource are accountable for making sure that policy is going to be followed by their divisions (Itella, 2013). Moreover, Human Resource department at Itella in 2013 introduced "Itella Titling Policy" which provides framework for using titles of jobs within all Itella functions, businesses and countries, as well as, this policy also focus on open communication. According to the Human Resource reporting terms (2012), the "workforce of Itella" works under verbal, written or implicit employment contract which is according to national law or current practice and include full time as well as part time employees in their workforce. Workforce in Itella Corporation is diverse in terms of their cultural background, age, gender; origins, education, beliefs, and area of expertise or work experience etc. moreover through development in recruitment, induction and supervisory work, "Tolerance and Multiculturalism" are advanced.

According to Human Resource reporting terms (2013), basic task of Human Resource reporting is to provide information required for managing employees by their supervisors or managers. Information provided falls in two categories: first, operative reporting (it includes personnel management, daily supervisor work, and daily or weekly information is updated in databases etc.); second analytic reporting (it includes analyzing and reporting of human capital, Information is updated monthly, and Human Resource metrics etc.). Moreover the process of recruitment and selection at Itella

includes the following steps:

- Approval of recruitment request by recruiting manager's superior
- Searching the candidate
- Support materials for creating the position advertisement
- Screening the applications
- Conducting the interviews
- Assessment of background, residence and work permits
- Before final selection the recruiting manager should validate the information
- Final selection and communication

Some of the practices of Human Resource department outlined by Itella (2013) are described below:

- At the time of hiring an employee, collective agreement is signed between employee and employer.
- In Itella Corporation, the responsibility to start and complete recruitment process lies with recruiting manager.
- Maximum duration of initial trial period is four months in newly established employment relationship.
- Accommodation and hotel cost and travel expenses are paid to employees for work -related international and domestic trips.
- Annual holidays and working time of employees at Itella are determined according to the collective agreements and local labor legislation e.g. "Annual Holidays Act".
- Systematic and planned job induction is arranged for new employees as well as for those who transferred from one job to another.
- On the job training is given to employees as well as other training methods are used such as language training, IT training, coaching, management & supervisory training and online training etc.
- Performance of employees is monitored by employee's supervisors who also give feedback after discussions.
- Competence development opportunity is also provided to Itella's employees after target & development discussions.

- Finally, personnel benefits which are provided to employees include payment for physical exercise costs, support for eating at workplace, protective clothing, special discounts, car, technical equipment and telephone to Itella Group employees in Finland.

4 Research Methodology

This chapter deals with the research methodology adopted for this study and the approaches taken in order to come to reliable and concrete conclusions.

A qualitative research method was used to deal with the research problem. A "qualitative research method" has been defined by several authors as: "A process of exploring, interpreting and uncovering the complex actions and experiences of people and the world around them in a more subjective way, instead of being objective" (Creswell 2003; Hesse-Biber & Leavy 2011). The qualitative research also defined as people experiences, occurrences and circumstances as well as meaning which people establish into texts. Consequently, the basic task of qualitative researchers is to make an effort in order to extract a meaning from the plenteous data available (Hesse-Biber & Leavy, 2011).

According to Kumar (2011), the strength of unstructured or semi-structured interview is in its ability to provide unlimited freedom to its participants in terms of structure and context. Therefore, the semi-structured interview technique was used in this study in order to obtain the data regarding the future trends of Human Resource in service oriented firms. The main reason for choosing this approach is the flexibility in the flow of communication between the interviewees and interviewer during the interview because of the involvement of spontaneous questions and answers. According to Hesse-Biber and Leavy (2011), the reason for the selection of research methods is their capability to address a specific question involving a particular situation. Creswell (2003) also suggests that the selection of the appropriate approach from three approaches of research (i.e. positivism, interpretivism and pragmatism) depends on the nature of the problem under study. As this research is under the interpretivism

paradigm of research due to its exploratory nature, a semi-structured method of interview was considered the most suitable for the problems of this research.

4.1 Research Questions

The main research questions of this study were as follows;

- What is the concept of Human Resource Management in service oriented Companies?
- What are the major trends which are reshaping Human Resource Management function to change?
- What will be the future of Human Resource Management function in service oriented companies in the next 5 years?
- How can Human Resource professionals be best prepared for the future change in the human Resource Management function?

4.2 Data Collection

A semi-structured method of interviewing was used to collect the required information. Some interview questions were prepared by the interviewer whereas some spontaneous questions were also asked on certain responses. The data was collected through face-to-face interviews and by email, No other options were used such as Skype calls or educational trips etc. The interview questions were not provided to the respondents prior to the date of interview. This strategy was adopted to ensure that natural and on the spot answers of the interviewees reflect the reality relating to the subject and to avoid exaggerated answers that could give biased results. Two interviews were recorded on digital voice recorder and two of them were received through email. The interview questions were attached in the appendix (See appendix 2). Four people were contacted for an interview i.e. The participants of the study were four in number with two of them managers and two employees, mainly due to the following reasons:

The Management of an organization is aware of the trends of economy as well as of the challenges the organization is facing and of how to cope up with these problems and challenges. This thing gives them insight into the future trends. Moreover, management is mainly responsible for taking the decisions of strategic nature, planning and

implementing the strategies. Therefore, they can predict more accurately the future trends of Human Resource strategies in the service economy.

4.3   Data Analysis

Data analysis was starting by transforming the recorded interview with exactly same meaning i.e. word by word. The transformed interview was ranged between 3 to 5 pages per respondent, and the total 12 pages were generated through the process of transcription. After transcription of data it was confirmed by contacting the respondents again to avoid any ambiguity in the data. This process is of vital importance during the semi-structured or unstructured interviews because it guarantees the accuracy of data collected by respondents (Kumar, 2011). After the transcription of data, it was subject to reduction in order to simplify the data for analysis. Data reduction was defined as: "the process of selecting, focusing, simplifying, abstracting, and transforming the data into structured form which makes meaning" (Miles & Huberman, 1994). Whereas, according to Lindlof and Taylor (2011) data reduction means, the prioritization of "use value of evidence" according to the emerging scheme of interpretation. As, not all the information received was relevant with the research of this study, so, careful selection for information is required and useful. Also, restructuring of some sentences is required in order to make data easily readable but with clearer understanding by preserving the original meaning of such sentences which can be done through reduction process. After completing the reduction process of data, content analysis was used to analyze the data because many authors consider it, the best method to analyze semi-structured or unstructured interviews with emerging and recurring themes (Miles & Huberman 1994; Kumar, 2011). Content analysis is basically defined as the "way of analyzing data and classifying them into a meaningful text" (Cohen et al. 2007). Whereas, Kumar (2011) define content analysis as "A way to analyze the contents of interview or observational field notes in order to identify the main themes that emerges from responses given by your respondents or the observation notes made by the researcher". After the completion of above mentioned steps, some operational steps were followed for data analyses which were given by Kumar (2011).

- First step: identification of main themes that come out after the summarization of the data. Themes which emerge from data were identified due to the

frequency of a particular topic mentioned by respondents (Macdonald & Tipton, 1993).

- Second step: codes were assigned to the main themes. As defined by Lee & Lings (2008) that coding is "A label, which a researcher can attach to a bit of text, whether it is a single word, a whole paragraph, or even an entire document".

- Third step: then coded text was categorized under the main themes identified.

- Finally: the themes identified and responses received were incorporated into the report.

4.4 Ethical Procedures

This study takes great care of all necessary ethical consideration. Before commencement of this research, agreement was held between researcher and degree program coordinator of "JAMK University of Applied Sciences". An appointment is taken from all the respondents by sending to all of them for their voluntary participation in this study. Moreover, the data collected was not accessible to everyone.

5 Findings

5.1 Analysis of Findings

After analyzing the data, findings of this study were reported according to the themes that were identified prior to the interviews, which were outlined as main research questions of this study.

5.1.1 Concept of Human Resource in service oriented Companies

Initially respondents were asked about the concept of Human Resource Management function in Service sector in order to develop a general understanding of Human Resource Management function. Therefore all the respondents were asked a first and the simplest question that "What is the concept of human resource management in service oriented Companies?" respondents mentioned following points regarding the concept of Human Resource Management such as:

"Human Resource is considered as the chief sources of competitive advantage in service oriented Companies, as well as, level of intellectual capital is the main source through which brand value is measured in many of service oriented firms. Also, the services sector runs on human Resource rather than on machines and equipment, which means Human Resource Management function in service oriented Companies has to ensure that the human Resource are enabled and fulfilled to actualize their potential."

In response to the question given above, first respondent (M1) adds some insight and said;

"The services sector employs different methods and procedures rather than orienting their strategies towards the resource based view (RBV) of Human Resource Management."

In response to answer from first respondent, he was asked to clarify what he meant by resource based view? So he replied;

"RBV is a view which state that a firm can gain competitive advantage based on its available Resource."

Moreover, it is important to mention the comments of second respondent (M2) about the Human Resource Management function, which is as follows:

"The effectiveness of the services oriented companies rests heavily on the knowledge, skill, and drive of their human Resource. And Human Resource Management strategies are closely linked to the competitive differentiation of services provided by the companies in service industry."

Then after asking about the general concept of Human Resource Management function, interviewees were asked to indicate some practices which are prevalent in service oriented firms?

According to the second respondent (M2);

"Enriched job designs in which jobs are autonomous as well as includes task interdependence and task variety; performance appraisal which includes input from employees and clients; and Training Need Assessment (TNA) and compensation

(determined based on results of performance appraisal) are some of the practices which are prevailing in service oriented firms."

In response to this answer, He was asked to clarify what he meant by the term "enriched job designs"? His answer was;

"Enriched job designs include job enrichment and job enlargement. Job enrichment is basically a variation of job enlargement and is characterize by vertical addition of the level of responsibilities to increase job satisfaction of an employee. And Job enlargement is the horizontal expansion in the work responsibilities of an employee."

Whereas, it was also highlighted by first respondent (M1) that;
"Extensive training is provided to new employees in service firms by highlighting the importance of their performance on their current jobs. Moreover they were also given the opportunities to develop themselves in the area of services provided by the firm".

5.1.2   Major Trends Which Reshape the Human Resource Management Function

The changed way of working of the Human Resource Management function is due to the forces which shape this new world of work (as will be discussed below). According to the interviews, today's economic environment creates a need to have a fresh look at the job, individual, organization and department. Generally, the Human Resource Management function has to fight for their existence in the future. Almost all of the respondents identified the following major trends reshaping Human Resource Management. These trends are:
"Globalization, Technology and Outsourcing are major trends which are reshaping the function of Human Resource Management."

Moreover;

"These trends create some challenges for Human Resource Management function. To deal with these challenges, Human Resource Management role should evolve in future. Some of the details which he gives are as follows:

- *Globalization spread the work in the whole world, i.e. within 24-hour lifecycle work starts from Asia and finishes in the west coast.*
- *Due to technological intervention way of working change i.e. from online policy making, to flow of services online as well as availability of solutions to every problem on internet etc.*
- *Outsourcing Human Resource's basic functions such as administrative and transactional will even change the basic definition of internal Human Resource function."*

The first and second respondents also outline some other trends which compel Human Resource to change in service oriented companies. These include the following:

- A new wave of growth
- Continued market volatility
- Changing employee expectations
- Focus on the capacity of an organization for competitiveness
- A required of a change in the organizational model due to changes in external environment
- Dealing with hiring, retaining and measuring the competency of intellectual capital (the most important element in service oriented organizations)
- Knowledge management trends in organizations
- Uniform management of the workforce in service oriented companies across the whole globe
- Aging workforce
- Increased diversity
- Blurring of organizational lines
- Virtual workplace

Some of the technological innovations which will surely impact the Human Resource Management function in the near future include the following:

- Outsourcing of technology and services
- Voice recognition
- e-learning

- virtually shared service centers
- web portals for sharing of informations and services
- Mobile web
- E-signature etc

5.1.3 Future of the Human Resource Management function in service oriented companies in the next 5 years

According to the findings of this research, within the next five years, the human Resource Management function has to be a strategic business partner, and should also change the image of the human Resource Management function. Because there are some people who think that the scope of the Human Resource Management function will be no longer in this world, but that's not true. With the change in the economy (shift from the manufacturing business to service oriented firms) the changing role of Human Resource Management function is in demand as well.

According to some respondents of this study, the trend will shift back towards being a specialist of the Human Resource Management field, i.e.

The first respondent said: *Human Resource generalists will disappear in the future."*
The second respondent also agreed on his concept and said; "*In future specialized roles will be in demand. I think it is mainly because of the changing rules and regulations of employment mainly due to more complex employment landscape"*

Moreover, it also become clear that Human Resource Management function will become more like the marketing function of an organization. As told by the respondents,

 "*Recruiting function of Human Resource Management is going to become more like marketing function. Now-a-days employers identify a small segment to target for a particular job. This segment can be comprised of either job holders or job seekers, as done by a marketing function of any firm."*

Other probably changes in the Human Resource Management function within the next five years or decade, as identified by the interviewees, include the following:

- Human Resource will identify the need to shift organizations' priorities for which it will reorganize and deliberately plan to manage top talent and prioritize the risks in order to ensure the success of an organization in this dynamic state of the world.
- The new core competence requirement of the in-house Human Resource function will include strategic thinking.
- Human Resource will increasingly operate to enhance its value for the firm.
- Managing a workforce at distant places will be a new norm of the future function of Human Resource Management

5.1.4   Required competencies of Human Resource professionals

For Human Resource professional it is necessary to change according to the required changes in the Human Resource Management function. The third respondent (E1) replied to the question, "How will Human Resource professionals be best prepared for the change in Human Resource function?

"First, they should keep learning because those who stop to learn, obsolete in this era of continuous change; second, risk-taking and networking is another good strategy for being on the right way; finally, Human Resource professionals should develop their own personal brand in order to communicate your importance to others in the near future."

With the changing demands of the Human Resource professions, there is a requirement of new competencies which enable Human Resource function to be effective in driving service oriented companies and in creating sustainable competitive advantages for them. The respondents mentioned some specific roles which Human Resource professionals should adopt including:

- Strategic partner of business
- Change agent

- Employee champion etc.

By summarizing the findings of the interview, the following competencies were identified for Human Resource professionals, according to all respondents:

- Knowledge of the business

- Knowledge of Human Resource delivery

- Create personal trustworthiness and credibility.

- Capability to understand the strategic direction of an organization.

- Skills related to change leadership and management

- Be open to exploring new talent pools

- Should demonstrate the value added financial benefits that can be through becoming profit center.

- Increase business focus

- Be problem or conflict solver

- Increase the visibility, and learn from marketing and sales people and function in order to kill bureaucratic image.

- Should be capable to assume leadership role

- Finally, Human Resource professional should be capable to perform function of people and talent management.

6   Conclusion & Discussion

6.1 Assessment of the Study

According to Powell (2006, 1-17) assessment of the study enhance decision-making and knowledge, which ultimately can lead to practical application. This study is of qualitative nature, which used interview method for data collection. The quality of qualitative research to presents events as they occur naturally as well as utilization of subjective approach represents its strength, but it can sometimes undermine the objective nature of the study (Patton & Westby, 1992, 1-14; Lee & Lings, 2008). Moreover, Patton (2002) noted that there is no absolutely right way of stating what comes out from the analysis of data collected, in-spite of putting a great effort to find

out accurate language to communicate themes, processes and patterns etc. Therefore, several evaluation methods such as, validity and reliability or dependability can be used to ensure the accuracy of the results in the qualitative research (Patton, 2002). Whereas, trustworthiness as another criterion for evaluating the qualitative research findings is suggested by Lincoln and Guba (1985). Moreover, Lincoln and Guba (1985) also name four main components of trustworthiness such as, transferability, credibility, conformability and dependability. Whereas, according to Lee & Lings (2008) to maintain the strength of the qualitative study several procedures can be utilized such as reliability and validity of the research findings can be checked.

One component of the trustworthiness i.e. credibility is defined as, "whether the findings of the study bear any relationship to the data collected originally". Therefore findings of this study were continually compared and matched with the data collected in order to ensure their accuracy. The original strength of qualitative research lies only in the fact that how much findings reflect the data collected originally (Lincoln and Guba, 1985). Therefore, in this study, data is collected from professionals of the field of "Human Resource Management" in order to avoid the discrepancy and to minimize the bias for completion of this study in trustworthy manner. Additionally, it was completed under the supervision of supervisor who gives constructive criticism, which help to maintain an element of trustworthiness of this study.

6.2   Conclusion

The major findings of this study clarify the concept of Human Resource in service oriented companies, the major trends which compel Human Resource to change, future trends in Human Resource, as well as the competencies required by Human Resource professionals to deal with future changes in Human Resource.

The Human Resource Management function is considered a source of competitive advantage by the management of Itella, as it provides the source of distinction between the services provided by the Itella and other companies. Moreover, the effectiveness of the services oriented companies (especially Itella) rests heavily on the knowledge, skills, and drive of their human Resource. These findings are consistent with the findings of Demirkan et.al (2008, 1-21). On the other hand, it was also found out that Itella hold enriched jobs, input in the performance appraisal by employees and clients and training opportunities etc. which is consistent with the findings of Human Resource Management (2012). This study also reveals some major trends which compel Human Resource to change, and these trends include globalization, technology and outsourcing, consistent with the findings of "New Talent Times" (2012). Moreover, "New Talent Times" (2012) also reveal that the future of Human Resource function will be more likely a strategic partner of the business than an administrative type of work, which was also revealed by the findings of this study. With the changing nature of Human Resource strategies, Human Resource professionals also need to develop themselves to create a personal brand, develop a financial capability and Human Resource delivery etc. in order to be up-to-date. These findings are consistent with the survey conducted by "Human Resource Voice Organization" in 2013.

In short, the findings of this study reveal that the importance of "Human Resource Management in Service oriented companies" will continue to grow in order to embrace the business needs and changing nature of the environment such as the trend of technological advancements, globalization and outsourcing. Moreover, the future of Human Resource in service oriented companies is more like a strategic partnership then an administrative one. Additionally, Human Resource will assume the role of an employee champion, change agent and strategic business partner within the next five years or decade. For this reason, Human Resource professionals also develop

themselves accordingly. Finally, the strategic view of Human Resource Management and technological advancements in this global era become major challenges for Human Resource Management in service oriented companies.

6.3 Implication of Practice

The results of this study have most important implications for all service sector businesses and particularly for Itella, involved in this research. First, in the literature of Human Resource Management in the service oriented companies, from which many newly established companies in the service industry can gain an insight into the importance of Human Resource Management. Second, many organizations of the service industry can gain insight about the future trends and then design their strategies according to these trends, which will benefit these organizations. Third, Human Resource professionals in particular can benefit from the results of this study and develop themselves according to future requirements of their profession. Finally, this study has an implication for the Human Resource Management departments in the service organizations themselves, as this study revealed the importance of Human Resource function in the current and future environment.

6.4 Limitations and Future Researches

Firstly, a generalization of results for the whole service organization is difficult because of the limited scope of this study due to the focus on only one organization (the Itella Group), within a large industry. To avoid this limitation, another study should be conducted by taking into consideration some other service organizations from a different sector of services. Moreover, this study was conducted at one point in time, so its effectiveness could be checked by conducting another study in another time period to see if the results are different. Furthermore, the limitation of this study is also based upon the agreement with the participating company that originally collected data for this study not to be published in its raw format and therefore, can only be transcribed for this particular study. This study was conducted by taking the opinions of the experts and professionals in the service industry also concerned with the Human Resource function, these professionals gave some information regarding the future of Human Resource trends in service oriented companies. Therefore the author of this study would like to

propose another study on the same topic but with the involvement of different corporations i.e. including both public and the private sector firms.

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Appendices

Appendix 1: Request letter to participants of this study

Dear Sir/Madam:

I am a fourth year Facility Management student of JAMK University of Applied Sciences and I am doing research thesis on the topic of "Future Trends of Human Resource in Services Oriented Companies".

I would be grateful to you if you can serve as one of my interview resource. Your participation will be highly appreciated and would be of great value.

Thank you.

Yours
Faithfully,

Asadullah Ilyas

Appendix 2: Interview Questions

- What is the concept of Human resource in service oriented Companies?
- What are the major trends which are reshaping Human Resource Management function?
- What will be the future of Human Resource Management function in service oriented companies in next 5 years?
- How Human Resource professionals will be best prepared for the change in Human Resource Management function?
- Apart from the issues discussed above, what else would you like to contribute for this particular study?

Appendix 3: Abbreviations

RBV: Resource Based View

TNA: Training Need Assessment

M1: Management 1

M2: Management 2

E1: Employee 1

E2: Employee 2

OECD: Organization for Economic Cooperation and Development

T & D: Training and Development

OD: Organizational Development

HRP: Human Resource Planning

HR: Human Resource

HRM: Human Resource Management

ASTD: American Society for Training and Development

R & D: Research and Development

GDP: Gross Domestic Product