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ANALYSIS OF THE PROCESSES OF HUMAN RESOURCE MANAGEMENT. CASE FASHION UNIT OY

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ABSTRACT

The strategy of the functioning and development of any company or organization is unthinkable without reference to the personnel. Effective operation of the company must be formed by a strong team which is managed by Human Resource Management (HRM) department.

The purpose of the work was to discover the essence of the processes of the HRM. To find out the main functions, such as recruitment and selection, career guidelines and social adaptation of employee, leadership training and career promotion, in order to understand the importance of a good HRM in any company.

A real case was implemented to show how the processes of the HRM are working in real life, how the whole HRM system is organized. Also the case was implemented in order to show how managers are dealing with new employees and what kind of training the company can provide in order to have good results.

Key words
HRM, management, processes, structure, ethics, recommendations
ABBREVIATIONS

HR – Human Resources
HRM – Human Resource Management
HRD – Human Resource Department
FU – Fashion Unit Oy
ISO – International Organization for Standardization
KPI – Key Performance Indicator
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1 INTRODUCTION

There are many definitions of the term "management". At any stage of development, we have to deal with the management of various types - technological, financial, corporate, functional, etc.

During my study in Industrial Management Degree Program at Centria University of Applied Sciences I have heard the word "Management" an infinite number of times. Each time I have learned something new about it. Now after four years of studying I can say that I have a clear picture about management in general. However, there are as many styles of management as many companies exist on the Earth. In the final thesis I wanted to concentrate on the importance of well-formed processes of Human Resource Management.

Management in this final thesis is represented as the science and art of winning, the ability to achieve goals, using labor, motives and intelligence of people. The impact on people in order to turn unorganized elements into an effective and productive force is the meaning of "Human Resource Management".

HRM is an area of knowledge and practical activities designed to ensure the organization or company of qualified personnel capable to perform well in its job functions. HRM is an integral part of the quality management systems of an organization.

One of the most important processes of HRM is the recruitment, selection and training of personnel. Since people who are working in an organization are very different from each other, the HR manager must develop and use the positive qualities of people to create a favorable atmosphere within the organization in order to improve organizational culture. The basic structural unit of HRM in a company is the HR department, which is responsible for hiring and dismissing staff, and also for the training and retraining of personnel. To perform the latter functions there are often created departments of training.
HR departments are neither methodical nor the information or coordinating centers of personnel work. They are structurally separated from the departments of the organization of labor and wages, health and safety department, legal departments and other entities that perform the functions of personnel management.

Personnel selection is the initial goal of any organization or company. This is the first step towards the creation of an enterprise. The repeatability of this action is related to the movement of personnel, which can occur when there is no candidate to the needed position, and due to objective reasons, such as: military service, retirement, promotion, etc. This is the reason why the company has vacancies for the new people. It is important to note that this process should be carried out professionally.

The purpose of this final thesis is to reveal the essence of the processes of HRM. The objectives of the work include:

- finding out the main functions, responsibilities and roles of HR department;
- recruitment and selection of new employees;
- career guidance and social adaptation;
- leadership training, promotion, etc.

In the second chapter the processes of the HR department will be shown and also those processes will be described one by one. In the third chapter the focus is on the structure of the HR department in different companies and on the explanation how people are connected in the department. The fourth part of the thesis contains analysis of the processes of HRM in the model agency "Fashion Unit". The features of the HRM in this company as well as the structure of the department are described. The final chapter discusses the kind of improvements that could be applied in this company in order to make it work better, to achieve goals faster, and to make profit.
2 WHAT IS HUMAN RESOURCE MANAGEMENT

Before considering the issues directly related to the HRM, one needs to consider the basic concept of the management. Management is the organization and coordination of the activities of a business in order to achieve defined objectives. Management is often included as a factor of production along with machines, materials, and money. (Business dictionary 2014.) According to the Peter Drucker (1909-2005), the basic task of management includes both marketing and innovation. The practice of modern management originates from the 16th century study of low-efficiency and failures of certain enterprises, conducted by the English statesman Sir Thomas More (1478-1535). Management consists of the interlocking functions of creating corporate policy and organizing, planning, controlling, and directing an organization's resources in order to achieve the objectives of that policy. (Business dictionary 2014.)

HRM is the process of hiring and developing employees so that they become more valuable to the organization. Human Resource Management includes conducting job analyses, planning personnel needs, recruiting the right people for the job, orienting and training, managing wages and salaries, providing benefits and incentives, evaluating performance, resolving disputes, and communicating with all employees at all levels. Examples of core qualities of HR management are extensive knowledge of the industry, leadership, and effective negotiation skills. HRM is also known as a personnel management. (Business dictionary 2014.)

The main goal of HRM activities is the combination of the available HR, skills and employment potential with the strategy and goals of the company. HR department provides a full cycle of work with personnel from the recruitment process to retirement or dismissal. The main objective of the HRM is not only to search for candidates that meet the requirements and the creation of positive motivation for the job, but to predict the success of the hired employee on the position. (Decenzo, D. & Robbins, S. 2002. Human resource management. 7th Ed. New York: Wiley.)
HR department should perform the following functions:

GRAPH 1. Human Resource Management (created by author according to the HR processes described in the chapter 1)

This graph 1 shows how the working process in the HR department goes. It usually consists of 8 – 9 stages but every company has its own additional steps. Further there is a description of every process shown in graph 1.

2.1 Workforce planning

As it shown in the graph 1, first of all managers of the HR department should make a plan about future needs for qualified personnel. Planning is carried out in three stages. (Joshi, M. 2013. Human Resource Management. Bookboon, 18-21.)

The first step in planning is the evaluation of existing employees. One needs to find out the amount of work performed by one worker and the quality of this work. And what can be done
to change the situation. If it is necessary, managers should make the allocation of duties and powers, they need to optimize the performance of an existing staff. Sometimes HR department can use special systems which record the information regarding the acquisition of new skills of workers in order to assess the quality of their work. In this stage it is also essential to check if all of the existing workers are actually necessary for the company. Sometimes the company can exist without one or two job positions which are held by employees, because those duties can be performed by other employees on other job positions. In this case the company will save much more money which is good for any company. (Senyucel, Z. 2009. Managing the Human Resource in the 21st Century. BookBoon, 14-16.)

The next important step in planning is forecasting. What kinds of specialists will be needed and when? Based on the goals and objectives of the organization or company managers of HR department can determine the future demand for workers. If an organization is going to open another unit (subsidiary), it is necessary to think about a set of potential candidates beforehand. In addition, it is good to take into account the changes in the external environment because the external environment has an impact on the organization. (Joshi, M. 2013. Human Resource Management. Bookboon, 18-21.)

When the requirements are defined, HR managers can develop a plan to meet them. The plan should contain all of the activities necessary for recruitment, hiring, training, promotion to achieve the goals and meeting forecasted needs. And here managers must also take into account such factor as legislation. It specifies the conditions for hiring and dismissing, working conditions (safety), the minimum wage, and so on. (Senyucel, Z. 2009. Managing the Human Resource in the 21st Century. BookBoon, 14-16.)

In addition, HR managers need to clearly define the future duties of the employee. Otherwise there is a risk to hire an employee whose personal and professional qualities are not as good as needed or not good at all. Managers need to know in detail what functions an employee will have to perform, what kind of education he or she has to have and what skills he or she needs. The psychological characteristics of a potential employee are also important. To answer all these questions and to find out the details of the vacancy position the managers of HR
department can make an analysis and ask an existing employee on this position about his or her duties, what he or she has to do the most and what kinds of skills the work requires. In addition, they can ask how the employee feels about the job. After analyzing the information given by the employee, HR department creates a job description, which sets out the main duties that must be performed and skills that a potential employee needs to have, as well as the rights of the employee. (Senyucel, Z. 2009. Managing the Human Resource in the 21st Century. BookBoon, 14-16.)

2.2 Recruitment

Recruitment is a creation of specific provision for the planned job positions from both external and internal sources (shown on the graph 2). External sources are recruitment agencies and employment centers which the managers of HR department can contact in order to get potential employees. In addition, they can publish advertisements in the media about their needs for specialists. Often people who are already working in the company recommend their own relatives and friends for the needed job position. This method is not only cheaper but also enables workers to participate in solving the problems of the company. Internal sources are the people who are already working in a certain position but they also have a great ability to work and are willing to show it. Promotion motivates the employee significantly to work well and at the same time the organization does not have to train new specialists. The risk of the internal personnel policy is that there are no new people in the organization with fresh views and ideas, and it can lead to stagnation. To make a clear picture about external and internal recruitment let us apply it to the simple graph 2 which explains the basic separation. It will help us understand the system of recruitment. (Garner, E. 2013. Recruitment and Selection: Hiring the people you want. Bookboon, 11-23.)
The main problem of the recruitment on a vacant job position is the disparity between the expectations of the candidate and actual work that a new employee has to do. Managers should familiarize the potential employee as close as possible with his/her future work, and describe its positive and negative aspects. As a result of such clear instructions the company will decrease the turnover of employees. It means that the company will not change new employees very often, so it will save money and also will increase employees’ job satisfaction. (Garner, E. 2013. Recruitment and Selection: Hiring the people you want. Bookboon, 11-23.)

2.3 Selection

In the selection stage the HRM selects the best candidates who suit to the work position in the organization from people who were found in the recruitment stage. The methods of selection include: interviews, testing, and probation. In addition, there are special centers of evaluation of candidates.
A job interview is a conversation which occurs between a potential employer and a job applicant. During the job interview, the employer hopes to determine whether or not the applicant is suitable for the job, while the applicant tries to learn more about the position while also impressing the employer. As a general rule, a job interview is an important part of the process of applying for a job, and it may range in formality from a casual conversation to a series of serious discussions with an assortment of people working within the company. (Wisegeek 2014.)

Employment testing is written, oral or on-the-job testing to determine whether a job applicant is suitable for a position. Employers using employment testing believe certain test scores indicate the level of job performance an individual would provide as an employee. (Business dictionary 2014.)

Probation is a situation or period of time in which a person who is starting a new job is tested to see if that person is able to do the job properly. (Merriam-Webster 2014.) This period can be from 2 weeks up to half a year, it depends on the company and job position. In addition, the company can decide whether or not to pay to the candidate. In some countries, for instance in Russia the trial period for a candidate can be unpaid or if it is too long period (3-6 months) then the candidate will get salary but less than a permanent worker. In Finland the trial period is not longer than 4 months.

Assessment centers are created to model the specific situations for the potential employee. In such centers candidates are tested by using games. HRM offer a specific situation that can happen during work in this company in order to identify candidates' abilities to decision-making and so on. An assessment center is an expensive method of selection so it is usually used only in big organizations. (Merlevede, P. 2014. Talent Management: A Focus on Excellence: Managing Human Resources in a Knowledge Economy, Bookboon, 35-36.)

The most common method for companies is the interview. Nevertheless the interview holds a significant risk of an incorrect assessment of the candidate. The HR managers who are assessing the candidate may understate or overstate the candidates' abilities to work. They also
may evaluate the potential employee at first sight or compare the candidates’ qualifies with their own. To minimize the risk of incorrect assessment HR managers should prepare for a job interview. It is necessary to examine in detail the duties of a prospective employee, make a list of questions, and the same for all the candidates for every job position. Such interviews are called structured and bring more accurate results. (Garner, E. 2013. Recruitment and Selection: Hiring the people you want. Bookboon, 11-23.)

2.3.1 Typical mistakes of selection

The mistakes in the selection process are often accompanied by serious financial losses for the organization. If a new employee during the adaptation and training periods proves unsuitability, it is necessary for the company to spend additional funds for the replacement of this employee, even though the company has already invested money in the coaching of the unsuitable employee. Thus, the HR managers have to consider ways to reduce the risk of improper placement of the worker and the typical mistakes of selection. Let us have a look at some typical mistakes of selection at 3 levels (initial, average and top-level) for different job positions from ordinary employees to top managers. (http://www.pro-personal.ru 2013.)

2.3.2 The initial level: ordinary workers

To complete the entry-level jobs (cashiers, security guards, merchandisers and others.) it is advisable to use a method of mass selection, but in the quest to find the "ideal" candidate HR managers are often overly focused on the qualities of candidates. It is necessary to understand that ordinary employees are characterized by high turnover, so in relation to this category of staff the basic task of HR managers is the rapid completion of the selection process for these job positions. Careful approach to this process significantly increases the selection, which is unacceptable, since the time spent to close the mass positions cost more than the replacement of one or a few fired employees. (http://www.pro-personal.ru 2013.)
According to the information given above there it is sensible to choose three or four basic personal competences and evaluate candidates during the interview. Of course, these competences have to match with vacancies in order to reduce the risk of making the wrong choice. If the applicant has the required competences, then it is necessary to make a decision immediately after the interview with him or her. This approach is especially important for the growing companies which need to fill the available initial-level positions quickly. (http://www.pro-personal.ru 2013.)

2.3.3 Average level: specialists and line managers

In the selection of qualified specialists and middle management (marketing, IT-specialists, sales managers, and others.), who should have good professional knowledge in a particular area, a common mistake for the HR managers is insufficient study of the profile of a particular candidate. Basically, the HR managers admit one of two blunders: pay insufficient attention to the motivation or inattentively check compliance of a candidate. (http://www.pro-personal.ru 2013.)

2.3.4 Top level: senior managers

Common mistakes in the selection of senior managers are disparity between the values of the candidate with the corporate culture of the company and poor drafting of units of personal qualities and motivation of the candidate that was already mentioned before. (http://www.pro-personal.ru 2013.)

Typically, the top-level positions are held by people with well-formed system of values. Effective managers are successful precisely because of the so-called "inner core" loyalty to their value preferences. Thus, this is exactly the aspect to which it is extremely necessary to pay attention during the selection process of candidates to the highest positions. (http://www.pro-personal.ru 2013.)
To conclude this topic I want to present several ways of improving the poor selection of the personnel in the company:

- develop a single standard for the selection of candidates for open positions - identify the key characteristics of applicants suitable for work in the particular company (including its real and not declared corporate culture);
- bring the standard of the selection of candidates in order to increase the responsibility of HR managers according to decisions regarding with admission of employees;
- develop and implement a unified decision-making mechanism for each candidate;
- establish an optimal time period for making a decision for each candidate (decision-making process should not be too tight, but not hasty);
- provide the presence in the organization of competent HR specialist;
- advance planning of needs of the company in the various employees.

(http://www.pro-personal.ru 2013.)

2.4 Determination of wages and benefits

Wage is the employee's remuneration for the work performed. Salaries have a major impact on the performance of duties that workers have to do. The salary is an important factor for a candidate when he or she is applying for a job. It affects the satisfaction with their work, staff turnover in the organization, absenteeism and productivity. The payment for the work of employees should be competitive and contain various bonuses for achievements of workers. The amount of money should be determined not only by the work performed by the worker but also should encourage the employee to improve the quality of work that he or she is doing. Salary to management personnel has a more complex structure; it consists of sharing various schemes of profit, payments in shares and so on. (ATG Educational 2008. Human Resources Management. London office, 9-18.)

Additional benefits include sick pay, vacations, insurance, kindergartens, loans to employees at small percentages, and other services. In other words those benefits can be called a social package. The social package is developed by the Department of HRM and agreed with the top
management of the company. There are several approaches to the formation of a social package. The first approach is when the number and nature of benefits depend on the merits of the employee: as more experienced the employee is as many different benefits he or she gets. Thus, top managers can get more benefits from the company than, for instance, a new employee. All employees of the company are divided into categories for which a certain set of benefits is fixed. The second approach is when benefits that are included in the social package are ranked, so they are divided into primary and secondary ones. (Decenzo, D. & Robbins, S. 2002. Human resource management. 7th Ed. New York: Wiley.)

However, the primary benefits are provided to all employees (health insurance, life insurance and pension payments). The secondary benefits can be used only by certain categories of workers such as managers, top managers or employees who have worked for the company for several years. The third approach is when social package is formed on the principle of employee needs. There is a fixed number of benefits that a particular employee can take. Thus, he or she can decide what is the most important to him or her this year. (Decenzo, D. & Robbins, S. 2002. Human resource management. 7th Ed. New York: Wiley.)

2.5 Professional orientation and adaptation

A worker who comes into the organization has already gained some work experience, beliefs and vision of the work of the organization. At the beginning of his/her career in the company the employee is gradually adapting to the new environment. Thus, the HR managers have to inform the employee of the accepted norms of behavior in the company, both formal and non-formal. During communication and cooperation with the new work team, worker can see the work of colleagues, informal communication between them and influences to each other. Thus, the new employee gradually adopts the system of norms of the company, starts to understand what the organization expects from him or her and what his or her role in the company is. During the period of adaptation of the employees in the new environment, the main duty of the HR managers is to help workers to adapt to a new place, to train or coach the
new employees, and also to explain how to work effectively. (Bishop, P. 2014. Working with Humans. Bookboon, 15-17.)

There are several factors influencing the adaptation of new employees (Vesnin 2002.):
- environment of the organization;
- culture of the organization;
- adaptation programs;
- attitude of staff;
- attitude of managers;
- professional and personal qualities of the new employee;
- complexity of work.

To clarify these factors let us take some examples. For instance if the environment inside the organization is friendly and the relationship between the employees are good then it will not be a problem for the new employee to adapt to new environment. From the other hand if the organization has a tense environment then it is quite hard for the employee to adapt to it, and the same goes with culture of the organization. In any company the adaptation programs are important to apply, because they help new employees significantly to get familiar with the company. If the program is good enough, then the period of adaptation of a new worker will be shorter. The attitude of the staff and managers is also very important for the new employee. Professional and personal qualities of the new employee have an influence on the adaptation in the new working environment as well. If the worker performs his or her duties without any problems, then there is a possibility that the new collective will accept him or her faster. But at the same time it can lead to negative results because the staff of the company can perceive new worker as a threat for themselves, which will affect the attitude of these staff to this person. Thus, there is a conclusion that as fast the new employee will pass the adaptation period as better it will be for the company, because then the employee will work more effectively and productively. The main task of HRM in this case is to help the worker to pass this period as fast as possible. (Bishop, P. 2014. Working with Humans. Bookboon, 15-17.)
2.6 Training/Coaching

Training is organized activity aimed at imparting information and/or instructions to improve the recipient's performance or to help him or her attain a required level of knowledge or skill. (Business dictionary, 2014) Thus, before starting the work in the company a new employee has to participate in special training to get the skills needed to work more effectively and to improve productivity in order to achieve the organization's objectives. The value of training is widely recognized. Training is needed not only for the new workers in the organization, but also for employees who are being promoted. Similarly, it is important to be trained during one’s work in the organization. After some time of working employees have to improve their skills, become more efficient and to keep up with the times. When the staff of the company is qualified then the productivity of the performance of this company is higher. (Merlevede, P. 2014. Talent Management: A Focus on Excellence: Managing Human Resources in a Knowledge Economy, Bookboon, 41-47.)

If the company wants the training to bring good results, employees should be motivated. They have to understand what they have been taught, and how it will affect their future work. The organization, in turn, should create favorable conditions for the trainees (bonuses support). Training should consist of not only theory but also practice, which is very helpful for the employee at a particular position in the organization. (Joshi, M. 2013. Human Resource Management. Bookboon, 34-40.)

2.7 Evaluation of work

When the employee has already begun to work, has adapted to the team and working environment and has received the proper training, it is necessary from time to time to assess the effectiveness of his or her work. The best way to do the assessment is to do it individually with each employee through an interview. At first the HR managers need to notify the employee what the organization is expecting from him or her. Then they need to determine how the employee is behaving, and how he or she is following the standards set in the
organization. HR managers have to determine as specific as possible the work done by the employee in the organization. (Merlevede, P. 2014. Talent Management: A Focus on Excellence: Managing Human Resources in a Knowledge Economy, Bookboon, 37-39.)

Assessment of work is important for the following objectives:

Administrative functions. Assessment helps to identify employees who have the potential to perform more complex and significant responsibilities, which is usually associated with promotion. If, however, the evaluation shows that the employee is unable to perform his or her duties, or perform those duties but not in a needed level, it is necessary together with the employee to discuss the reasons for his/her poor performance, and to identify with him/her a way out of this situation. If this situation has not changed by time then HR managers should transfer the employee to a position where his or her skills will benefit, i.e. downgrade the employee's position. If all of these methods above do not work, and the employee is still working inefficiently, then such employee should be fired. (Portolese Dias, L. 2011. Human Resource Management. Flat World Knowledge.)

Informative functions. Employees during the process of evaluating will get to know not only the results of their work, but also their strengths and weaknesses, and areas in which they need to improve their skills. However, the information about the results must be presented to the employees not as a criticism, because it can have a bad influence on the employees’ work in the future. (Portolese Dias, L. 2011. Human Resource Management. Flat World Knowledge.)

Motivational functions. The evaluation process identifies workers who are particularly well qualified to deal with their duties. Even if those employees cannot be promoted into a more attractive position for some reason (such positions are occupied and so on), they still deserve a bonus or some benefits. These benefits give the employee self-confidence, and encourage the worker to work even better, so in other words strongly motivate positive behavior. (Portolese Dias, L. 2011. Human Resource Management. Flat World Knowledge.)
One thing that the HR managers have to remember is that the results of the assessment have to be told to the employee not as a criticism but as information, that the employee can discuss this information with the manager without taking a defensive position. Then this information will always have a positive impact on the work of the employee. (Portolese Dias, L. 2011. Human Resource Management. Flat World Knowledge.)

2.8 Management training/Career management

One of the duties of HR department in any company is management training of employees. Generally training means learning skills that the employee can use in the future. Management training is carried out to promote the employee to a management position. In management training as well as in other trainings a very important role is played by the analysis and planning. Before starting leadership training the HRM need to analyze the abilities and opportunities of exciting managers, and what skills a person should have to get a particular management position in the organization. In addition, it is necessary to create a proper job description for each management position. Then managers of HR department can select candidates from the staff of the company who can participate the management training. The management training include lectures, discussions in small groups, analysis of specific business situations, reading business literature, business games, simulation, and so on. (Joshi, M. 2013. Human Resource Management. Bookboon, 34-40.)

In many companies HR department is developing a career management program. These programs contribute to the disclosure of the employees' skills, abilities and talents, and also help to use the potential of workers more efficiently. Career management programs are also important for the workers themselves. Those programs lead to a greater commitment to the organization, because the employee has an opportunity to grow, to develop, and to get higher positions in the company. So the employee gets everything that he or she needs in one company. (Merlevede, P. 2014. Talent Management: A Focus on Excellence: Managing Human Resources in a Knowledge Economy, Bookboon, 49-50.)
Personnel reserve management is also known as a talent pool management. Personnel reserve/Talent pool is a group of trained employees that have met the requirements that applied to a particular job position. This group of workers has already passed such stages as selection, training, assessment and so on. As the most of the processes of HRM, the work with the talent pool is complex. To make it easier to understand the matter is illustrated in the graph 3.

GRAPH 3. Interrelation of HRM and areas of work with the talent pool (Internet project "Corporate management" 2014.)

As it shown in the graph 3 the talent pool and the HRM are inextricably connected. When the information about new vacancies in the company comes to the HR department, the HRM starts to work with a talent pool. It means that at first the HR managers seek for suitable people in the talent pool that they have created. At the same time, they create the talent pool after the research which shows what kind of a specialist can be needed in the company, so that there will be a choice of people on the position. Then there is a higher probability to choose the right person. Thus, it is possible to see the correlation between the talent pool and HRM. (Merlevede, P. 2014. Talent Management: A Focus on Excellence: Managing Human Resources in a Knowledge Economy, Bookboon, 49-50.)
There are two different types of talent pools in the companies: talent pool of development and talent pool of functioning. Talent pool of development is a group of professionals who are training themselves to work within the new areas (development of new activities, production of new products). These professionals have a choice of professional or managerial career. Talent pool of functioning refers to a group of employees who are focused on managerial career only and they have to ensure the effective operation of the company in the future, i.e. replace the existing managers in the case of their promotion or dismissal. (Merlevede, P. 2014. Talent Management: A Focus on Excellence: Managing Human Resources in a Knowledge Economy, Bookboon, 49-50.)

There are several principles according to which the HRM form the talent pools. The first one is the principle of relevance. Principle of relevance means that the need of the new employee for vacant position is real. The second principal is the principle of responsiveness. The HR managers have to locate the employee in a right talent pool according to their skills. The third principal is the principle of perspectives. This principal means that the HR managers have to focus on professional development of employee, his/her education level, age, work experience and prior career development. (Joshi, M. 2013. Human Resource Management. Bookboon, 34-40.)

The sources of talent pool to managerial positions may be:
- senior staff members of the company or subsidiary;
- main or leading experts;
- specialists with appropriate education and a positive professional reputation;
- young professionals who have successfully completed management training.

The most powerful factors and criteria which HRM have to take into account in the formation of the managerial talent pool are:
- work motivation;
- professionalism and competence;
- personal qualities and potential.
Not every worker can get into the talent pool, because some people are just meant to be on one position. They are specialists in their areas, so there is no sense to put them to the talent pool. Some people do not have any motivation to be in some higher position due to responsibilities, personal attitudes and other things. In this case, if the HR manager will put them to the talent pool it will be just a waste of time and money. It also will lead the company to some problems if the promoted employee on the new position will not manage to perform the job well. (ATG Educational 2008. Human Resources Management. London office, 66-67.)

During the formation of the talent pool list the managers of HR department deal with such problems as:
- assessment of candidates;
- comparison of combined qualities of the candidate and the requirements that are necessary for the redundant positions;
- comparison of candidates for the one job position.

The main problem for the HR managers is to be objective and base the choice of the people on their qualifications, not on personal relations. A friendly person with a positive attitude may be extremely bad in the performance of his/her work duties and HR managers have to remember it.

When all groups are ready and candidates are set in the right talent pools, the HR department can start the trainings. For the professional training the following methods can be used: individual training under the guidance of superiors; internship positions in the home company or other organization; courses at the university or private courses depending on the planned job positions. (Bazarov 2008.)

2.9 Standardization and documentation

It is always a great advantage for any organization to follow the standards. What is a standard? A standard is a document that provides requirements, specifications, guidelines or
characteristics that can be used consistently to ensure that materials, products, processes and services are fit for their purpose. (International Organization for Standardization 2014.)

The standard can be applied in the selection and placement of personnel and in the planning and regulation of labor. In addition, it can be used to meet the challenges of the development of HRM systems and to create a system of certification of personnel and to assess the level of qualification of employees. (MediaTransformer 2014.)

The most popular standards known all over the world are the international standards developed by International Organization for Standardization (ISO). There is a wide range of benefits for the companies which follow the ISO standards, such as:

- creation of an effective HRM system based on objective indicators;
- provision of necessary skills of workers;
- objective evaluation of the qualification level of the employees;
- formation of corporate training and professional development of employees;
- reduction of the cost for personnel selection and adaptation;
- reduction of staff turnover due to higher levels of personal motivation;
- an opportunity for the employees to assess their skills and build a strategy for personal development within the company, and so on. (MediaTransformer 2014.)

There is an ISO standard concerning HRM - ISO/TC 260. It also includes such standards, as:

- ISO/NP 30409 - Human resource management - Workforce planning
- ISO/CD 30405 - Human resource management - Guidelines on recruitment
- ISO/AWI TS 30407 - Human resource management - Cost-per-Hire
- ISO/CD 30408 - Human governance - Human dimension as a fundamental part of the overall corporate strategy – Guidelines
- ISO/NP TR 30406 - Management by sustainable employability of staff
In addition, there are Investors in People (IiP) Standards which are highly recommended to follow if the company wants to have a good image. IiP certificate is considered as one of the most prestigious in the world, its presence increases the attractiveness of any company, both for investors and employees. The international standard IiP is also an objective way to confirm that the work with the staff is really a priority in the company which is adding value to the company as well. Thus, the task of HR department of any company is to follow those standards above in order to perform duties as competently as possible. (Investors in People 2015.)

One of the important issues of the HR department is documentation. Current legislation requires registration of a large number of documents which capture different aspects of the employment relationship between the employee and the employer. Almost all of them can be requested by the government or any other legal organization. Development and execution of such documents is necessary for the HR department of any enterprise. (The National Recruitment Center 2006.)

There is a large variety of job descriptions, labor agreements and contracts, application forms, orders, reports, and other HR documents which the HR managers need to do. The amount of documents can also vary from country to country. The entire package of HR department documents should be divided into two major parts: the mandatory personnel documents and optional personnel documents. There is a table 1 of the most popular mandatory and optional documents with descriptions. (Tenzor Consulting Group 2014.)

TABLE 1. Documentation of the HRD (Tenzor Consulting Group 2014.)

<table>
<thead>
<tr>
<th>Name of the document</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mandatory personnel documents</strong></td>
<td></td>
</tr>
<tr>
<td>Contract of employment</td>
<td>The contract of employment shall be in written form and signed by the employee and the employer. The employment contract must fix the working conditions and remuneration.</td>
</tr>
<tr>
<td>Optional personnel documents</td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td></td>
</tr>
<tr>
<td>Job description</td>
<td></td>
</tr>
</tbody>
</table>

**TABLE 1. (continues)**

<table>
<thead>
<tr>
<th>Manning table</th>
<th>Manning table contains a list of departments, job positions, information on the number of staff units, salaries, allowances and monthly payroll, which are approved by order of the employer or his authorized representative.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor regulations (labor law)</td>
<td>Internal labor regulations is a normative act of the organization, which is regulating the procedure of hiring and dismissal of employees, basic rights, duties and responsibilities of the parties of the contract of employment, working hours, and other issues.</td>
</tr>
<tr>
<td>Wage regulation</td>
<td>The main internal document regulating the system of payment of employees. The contents of the document is strictly personal and different for every job position</td>
</tr>
<tr>
<td>Job description</td>
<td>Job description is a document which is regulating the activities of each job position and also regulating the requirements of employees involved to this job position. Job description approved by the head of the organization. The job description allows the employer to terminate the employment contract due to the mismatch of employee with job position, to provide the basis for the assessment of HR, to avoid duplication in duties between employees with similar jobs and so on.</td>
</tr>
</tbody>
</table>
TABLE 1. (continues)

<table>
<thead>
<tr>
<th>Personal file of employee</th>
<th>Personal file of employee usually consists of autobiography, copies of documents of education, a copy of the contract of employment, characteristics or letters of recommendation, and others.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal card of employee</td>
<td>The card which allows the employee to enter to his or her workplace. This is not obligatory but those cards are getting more and more popular nowadays.</td>
</tr>
</tbody>
</table>

To conclude, the work of the HR department is very complex and dynamic. To perform all the processes on a good level it is necessary to have extremely qualified HR department staff. Every company starts from the HR department. The success of the organization is directly connected with the work of HRM. If the HR department in the company is working efficiently the results will be significant, and the company will work productively and gain benefits. In my subjective opinion the HR department is one of the most important departments in any kind of a company in any country. While establishing a new company at first the management should concentrate on hiring professional staff to the HR department, it might take more investment but in the future will give the company higher profit. There are different companies: small and big, public and private, and so on, but the process of the HRM is basically the same in each organization and it is directed to the solving of the same problems. In addition, if the company wants to be in a good level on the market and be successful, it is necessary to follow the HRM standards, for example ISO or IiP standards. It will add value to the company that will lead to better positions, better staff, more customers and profit.
3 STRUCTURE AND SOCIAL RESPONSIBILITIES OF HRM

The department of HRM is an important unit in every company. To make the company work well and to increase the productivity it is necessary to have professional staff. So as I have described before the successes of the organization in the market is directly depend of HRM department. We have already seen the whole process of work of HRM and now we have to find out the structure of HR department and its social responsibilities.

3.1 Structure of HR department

This part of the final thesis shows the organizational structure of HR department, the list of required positions (divisions) and structural separation: who is responsible for record keeping, recruitment, selection, health and safety and so on. HR department has a broad mandate. It has to perform not only management functions but also coordinating and unifying. (Kalchevskaya 2013.)

Nowadays every company is experiencing a need for a HR department as the unit responsible for the decision of all personnel issues. HR department is organized according to the order and regulations designed the by head of the company. To maximize the efficiency of this unit it is necessary to place it in a high position of the job hierarchy. It means that in the structure of the company HR department will be after general manager or director.

In the first phase of the creation of the HR department and determination of its structure it is necessary to consider the number of employees in this department, which depends on the size of the company, financial conditions, the scope of its activities, etc. The HR department in small companies can consist of one person who can combine the duties of HR department with his main activities in the company. In this case record keeping instructs to the secretary and some functions of HRM are performed by the general manager. (Kalchevskaya 2013.)
For the companies with an average size such a simplified structure of the HR department is unacceptable. There are around 50-100 people per employee of the HR department, so for the company of 250 people it is enough to have the department of 3 employees. The division will include:

- head of department who is responsible for overall control;
- manager who is responsible for the selection of new personnel and the organization of training activities;
- employee whose duty will be to deal with personnel documentation.

A more extensive structure of the HR department is possible to see in the big companies because these business structures are working with staff in several ways. The HR department in such companies includes the division of labor and wages, and the department of social development. The allocation of responsibilities between the staff of the HR department can be done by the head of HR department. The functions assigned to each division tend to be reflected in their names (e.g. division of wages). (http://www.pro-personal.ru 2013.)

There are two types of divisions in the HR department of the big company: centralized and decentralized. Centralized divisions deal with payroll, developing the systems of personal information and control. Decentralized division deals directly with the employees of the company (solving problem). At the head of the both centralized and decentralized department there are the leaders who are subordinate to the head of the HR department. In a decentralized division there are assistants who have psychological education and who work in a direct contact with the employees of the organization. The work of assistants includes surveys, interviews with employees, and advising on various issues. The information accumulated in the process of communication with the staff is then discussed with the employees of departments in order to solve the problems. The assistant becomes the link between the workers and employees of centralized divisions of HR department which helps to respond to the problems in time and solve them more quickly. Such a structure is only possible in a big organization. In small companies there is no decentralized division and this work is performed by employees of centralized divisions. (Kalchevskaya 2013.)
Graph 4 shows the approximate structure of the HR department in a big company. The divisions are responsible for the particular processes of the HR department which are shown in the graph 1. For example, the HR Executive Staff Development is responsible for the workforce planning, trainings/coaching, and also management trainings and career management. The administration of the HR department is responsible for wages and benefits for the employees. The recruitment managers are responsible for the recruitment of the staff, selection and assessment. The employee relations manager is responsible for the adaptation of the new employees. As mentioned before, big companies have a decentralized division and on the graph 4 this division is presented by the Personnel Assistant. They are responsible for the surveys for the employees in order to find out if the staff has some problems at work. Employees can also just talk with the personnel assistant about difficulties at work. After that the assistant will share this information with managers of HR department in order to solve the problem. (http://www.pro-personal.ru 2013.)
Some companies used to delegate the recruitment process to the special organization which is dealing only with recruitment. It is a very good solution for those companies that want to save money, because to use service of recruitment organization is cheaper than to train one’s own personnel to that position, especially if the company does not need new employees continuously and the recruitment process is happening once per year. (Alan Price and HRM Guide contributors 2007.)

There are other managers and departments in the company that have also rights to work with the staff. To work more effectively it is necessary to find a balance between the powers of the HR department and the line managers. Thus, the decisions of usage of the human resources to ensure the success of the company may be taken by the line managers. The HR managers are responsible for advising the line managers on the problems with employees to improve the efficiency of decision-making and learning methods of HRM. (Kalchevskaya 2013.)

Nowadays a new concept of HRM which is meant to organize relations between the HR department, line managers and employees is gaining more popularity. In the new structure of HR departments there are no staff assistants, which increase the influence of line managers on the employees. With this concept the flow of documentation reduces and the number of organized seminars, workshops and trainings to improve the communication between employees increases. Thus, there is a transformation of HR department to the service for the line managers. (Alan Price and HRM Guide contributors 2007.)

3.2 Ethics and social responsibilities of HRM

Ethics is the basic concept and fundamental principle of decent human conduct. It includes study of universal values such as the essential equality of all men and women, human or natural rights, obedience to the law of land, concern for health and safety and, increasingly, also for the natural environment. (Business dictionary 2014.)
Ethics includes a set of principles to evaluate the behavior of a person or group of people as right or wrong. With regard to management there are principles of moral behavior of the manager in relation to the employees, partners, customers, competitors, authorities. Principles of moral behavior explain what the management of the company can and have to do, and what should not do even if it does not break the law. (Cruz-Cruz, J. & Frey, W. 2009. Using the Ethics Bowl to Integrate Ethics into the Business and Professional Curriculum. Rice University: Houston, Texas, 46-48.)

In contrast to the normative behavior of HRM regulated by the written laws and regulations, ethics cannot be fixed by law and that is why it is not binding. At the same time the implementation of these standards heavily influences the success of HRM and its violation can cause irreparable damage to the organization. Unethical HRM include the following very common phenomena:

- choice as the organization's objectives clearly immoral guidelines in the hope that the process of achieving them will be ethical ("means justify the goal");
- unethical methods to achieve very noble objectives ("the end justifies the means").

Immoral act and at the same time contrary to the law include cheating, corruption, theft, property damage, malpractice, forgery, careless attitude to the work, and conscious violation of safety rules. (Langlois, L. 2011. The Anatomy of Ethical Leadership. AU Press.)

In the most cases the ethical behavior of the HRM is not regulated by law. There are some examples of violations of moral norms which are not entailing criminal prosecution but nevertheless unacceptable to HRM:

- recruitment on the basis of dating;
- disregard for the health and feelings of staff;
- humiliation of subordinates;
- acceptance of the gifts from subordinates, associates and interested people;
- disclosure of official and commercial secrets;
- violation of an oral agreement;
- immoral behavior in everyday life;
- rejection of the commitments, etc.

As mentioned already in the second chapter in the management training/career management part the HR manager has to be objective while recruiting, selecting, and setting people to the talent pool, it is possible to see that this is also an ethical issue. Thus, the HR manager has always to base the decision on professionalism of the employee, not his/her personal features. Basically, to be ethical at work is to be professional and do not connect your private and working lives. (Averchenko 2007.)

One of the important tasks of the HRM is to instill ethical behavior to the employees. For this the HRM should plan and systematically carry out the work on the study of ethics of the management, moral education of the staff and monitoring of compliance of ethical standards. Along with the need of the respect of ethical standards, the important moral problem of the HRM is the problem of its social responsibility. (Cruz-Cruz, J. & Frey, W. 2009. Using the Ethics Bowl to Integrate Ethics into the Business and Professional Curriculum. Rice University: Houston, Texas, 46-48.)

The social responsibility of the HR manager (management) means performance of specific obligations of the company to the society. In addition, it means the need to participate voluntarily in the solutions of social problems in the country in which the manager operates. These are the main distinctive qualities of social responsibilities of the HRM (Shipilova 2004.):

1. Complexity. Social responsibility has no strict normative regulation as legal responsibility, and its implementation is poorly developed. It largely depends on the manager and quite often they are badly prepared for it. Thus, the HR managers are not ready to spend their time for something that they consider not important and necessary. However, it is a mistake because if the management will spend more time for it, it will finally lead to a better understanding from the customer side and this will affect the profitability. (Shipilova 2004.)
2. Unclear consequences. Many important acts of manifestation of social responsibility do not have sufficient legal basis (e.g. philanthropy, charity) and therefore their economic consequences are not clear to the managers. This brings fear to the HR managers and as a consequence they reject the implementation of social programs. (Shipilova 2004.)

3. Loss of competitiveness. When the management of the company spends extra money on social programs, it is forced to include additional costs to the price of goods or services, thus providing benefits to its competitors. However, at the same time many customers prefer to buy more expensive products if they know that there are some benefits included. Thus, social programs are actually something that will make the company more competitive and such company will have a great advantage over other companies. (Shipilova 2004.)

4. Retreat from the main goal of management. Pursuing free social programs, the organization is forced to deviate from its main market objectives - profit maximization. This may lead to the purchase of low quality raw materials in order to save money, but it will affect the final product and in a bad way. This is the biggest mistake. The provision of the social programs takes extra investments from the company, but it does not mean that the quality of the product has to be lower. It will require more investments at the beginning but later on will lead to higher profit. (Shipilova 2004.)

5. Mental pressure. The implementation of social programs is initiated and accompanied by moral pressure of society. It breaks the most important principle of the market - the market freedom. In some cases the organization loses its ability to make economic decisions by its own. (Shipilova 2004.)

6. Additional resources maneuver. Social programs provide an opportunity for the company to use that part of its resources that is currently not profitable for business purposes. However, those companies which take the risk and provide social programs are more successful afterwards. Thus, it is beneficial for the companies to provide social programs. (Shipilova 2004.)
7. The possibility to obtain state benefits. Social activities of the organization face the response of the state in the form of various benefits and other forms of support (an advantage in public contracts, liberation from some duties, rents and so on). (Shipilova 2004.)

8. Favorable business and investment climate. Social activity of the organization raises its authority in the eyes of society and business community, which is a good strategic plan for creation of favorable conditions for innovations and business. In addition, it is a great opportunity to have loyal customers. (Shipilova 2004.)

9. Choice of programs. The social activities of management is voluntary, which means that it provides a free choice of social support and does not require any report. Thus, the company can choose the most suitable social program which will help the company to develop and reach leader position over competitors. (Shipilova 2004.)

3.3 Assessment of the performance of the HRD

The evaluation of the effectiveness of the HRD in recent years has become urgent. More and more employers want to see the return on their investment in staff. Moreover, the evaluation is useful also for the HRD itself: HR managers finally do not have to justify the importance of their positions within the company and to prove that personnel costs - it is not money thrown away, but the investments that are returned with proper profits. (Profigrup 2014.)

To implement this assessment it is possible to use the known KPI system (key performance indicator). After determining of the basic functional service of HRD it is necessary to allocate an actual KPI for each process. The table 2 on the page 32 shows the basic functions of the HRD and its performance indicators. (Profigrup 2014.)
TABLE 2. KPI assessment system (Profigrup 2014.)

<table>
<thead>
<tr>
<th>HR-function</th>
<th>Performance indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment, selection and adaptation</td>
<td>- the number of filled vacancies</td>
</tr>
<tr>
<td></td>
<td>- closing speed of vacancies</td>
</tr>
<tr>
<td></td>
<td>- the cost of recruitment and selection</td>
</tr>
<tr>
<td></td>
<td>- downtime of vacancies</td>
</tr>
<tr>
<td></td>
<td>- % of employees who have passed probation</td>
</tr>
<tr>
<td>Training, development and evaluation</td>
<td>- implementation of the budget for training</td>
</tr>
<tr>
<td></td>
<td>- % of good test results of new employees</td>
</tr>
<tr>
<td></td>
<td>- change in production performance (financial)</td>
</tr>
<tr>
<td></td>
<td>- turnover among employees with high assessment scores</td>
</tr>
<tr>
<td></td>
<td>- the number of employees included to the talent pool</td>
</tr>
<tr>
<td></td>
<td>- number of employees with individual career development plans</td>
</tr>
<tr>
<td>Corporate culture, the image of the employer</td>
<td>- % of turnover within the company</td>
</tr>
<tr>
<td></td>
<td>- % of turnover within each division</td>
</tr>
<tr>
<td></td>
<td>- employee satisfaction index</td>
</tr>
</tbody>
</table>

If the company frequently assesses the performance of the HRD according to the KPI assessment system, it will help to have a clear picture about the employees’ turnover within the organization. There are some other systems for the assessment of the HR departments in the company as well. Those organizations which are applying systems of assessment of the HR department have advantages over competitors. (Profigrup 2014.)

As mentioned before in this chapter 3, every company starts from the HR department. A company is like an alive organism and the HR department is the heart of it. Creating a good
structure of HRD is the first thing that needs to be done when establishing a company. It is necessary to consider the size of the organization, the number of workers and so on, in order to make a perfect HRD. If the HRD performs well, the company will not have any problems with employees and the favorable business environment will make the work of the company more productive.

Social responsibility and ethics are something that is not obligatory for the managers to carry out and it requires much energy from them if they want to perform some social activities. However, if the managers take a risk to carry out those activities and take all the advantages from it, they can be sure that the company will face success. The more one cares about one’s customers and workers, the more positive feedback one have, for example more customers and more profit, employees are more motivated to work good and so on. It is hard to start the social programs but it will lead to good results.
4 ANALYSIS OF THE HRM PROCESSES IN THE FASHION UNIT OY

In the practical part of this final thesis I want to show how the HRM is working in the real life. I had a great opportunity to interview the HR manager of the Fashion Unit Company. After that I have decided to arrange a special meeting with the assistant of the HR manager Katri Juppi in order to ask questions concerning practical part of my final thesis. Consequently, I had a chance to ask about the HRM processes in this model agency. The topics and questions which have been discussed are shown in the APPENDIX 1.

4.1 Characteristic of the Fashion Unit Oy

Fashion Unit Oy is a model agency which was established in 2009 by two women in Jyväskylä, Finland. By time the situation changed and only one woman took responsibility of the agency, and she is still an owner just by herself.

Fashion Unit has a unique style of performance; it offers unforgettable experiences and surprising moments for both companies and individuals. It provides high quality fashion shows and events all around Finland, which are carried out with great passion and professionalism. It offers the opportunity for extensive marketing events to its partners. There are other services which can be carried out by Fashion Unit, such as professional make up for models, hosts for any different kinds of events, a photographer for shootings and video recordings and so on. The business is growing and developing.

The events by FU are arranged by needs and hopes of the customer. They can include for example lectures of style and welfare, styling shows, live music or walking exercises with high-heels. The events are carried out in co-operation for instance with malls, department stores, boutiques, retail shops and car stores. In addition to that Fashion Unit brings its own content to different fair events.
The company is constantly innovating, creating unprecedented services, events, and styles of performing. The staff increases its knowledge and skills continuously in order to be in the high position in the market.

The vision of the Fashion Unit is to reach international market and first steps have been already taken. The company is already providing some shootings abroad and several fashion shows are also held in foreign countries. To reach the international level the Fashion Unit Oy is also hiring international models, because for the international market it is necessary to have a wide range of different faces. (http://www.fashionunit.fi/en/)

4.2 Structure of the HR department

The company is not big by itself. It includes the owner, HR manager, project manager and assistants and coaches. Consequently, it is possible to understand that there are not enough people to have a separate HR department, but nevertheless there are people who take care about HR, because the whole business is based on HR.

There is an example of the structure of the HR department on the page 26 (graph 4) and it is basically the same in every company. The difference in the Fashion Unit is that the people in the company combine their responsibilities due to the size of the company. Thus, the owner is the top manager of the HR department; she makes the most important decisions concerning the staff, new employees and so on. HR manager takes care of most of the processes in the HR department, such as: staff development, recruitment, employee relations and administration issues. Generally the manager takes care of everything connected with HR but it does not mean that the duties are performed bad or in a poor level. The company is developing, so, in my opinion, no more people are needed to this position, at least not at the moment.
The graph below shows the links between the basic structure of the HR department from the page 26 and the HR department in the Fashion Unit.

GRAPH 5. Structure of the HR department in FU. (modified http://www.fashionunit.fi/en/)

The graph above shows that it does not matter how big the company is. The important duties of the HRM can be performed by even one person. The thing is that this person has to perform his or her duties well. The way how the processes of the HRM are performed in the FU Oy is explained more thoroughly in the following chapter.

4.3 HRM processes at the FU

As mentioned, the Human Resource Management processes are basically the same in every company (see page 4, graph 1). They consist of 8 or 9 stages. The concept is nearly the same for the company FU as well. As mentioned, FU is a model agency and all the processes of HRM I are connected with models who come to the company.
At first let us see the graph about HRM functions in the FU Oy. It looks quite similar to the graph 1 on the page 4.

Graph 6 shows the HRM processes in the company FU. It looks a little different than the processes on the graph 1 (page 4). Each stage is explained in more detail to clarify the process.

1. The first stage is Workforce Planning. On this stage the HR manager of the FU has to find out customer needs and according to them plan the workforce. There are different customers and each of them needs models for different purposes. Thus, FU has to have different kinds of models. The task of the HR manager of FU at this stage is to analyze the workforce (models) and to find out if there are enough different types, such as: models with different height (tall, medium height, short), with different age (children, teenagers, adults), different hair color, different sex, different size, and so on. At the moment in the talent pool of FU there are nearly 300 different models. However, customers’ needs are changing all the time and that is why the HR manager of the FU is continuously seeking for new faces. This leads us to the second stage – recruitment. (http://www.fashionunit.fi/en/)
2. The company Fashion Unit uses only external sources for recruitment of new models. Usually companies use internal and external sources (see page 7, graph 2), but FU is a model agency and a big talent pool is something that is very important for such a business. Thus, that is why the company uses only external sources to find totally new faces. The HR manager seeks for new faces with the help of advertisement, and during fashion shows from people who come to visit it. The manager chooses the most suitable candidates from the people who are applying to the company by themselves. See the graph 7 to understand from where the manager finds new models.

GRAPH 7. Recruitment sources. (modified GRAPH 2, page 7)

I also applied by myself via email to be a model in this company. After that the HR manager contacted me and invited to an interview. It happens with everybody who, in the opinion of manager, is suitable to be in crew of this company. This stage is followed by the selection process.

3. Different selection methods were discussed on page 7. FU uses only one and the most common method for every company – the job interview. Usually the interviews of the potential models take place in some cafe or similar place in order to make the candidates feel comfortable. The employer asks several questions about modeling experiences and skills, future place, strength and weaknesses of candidate, and so on. In addition, the task of the manager is to explain the potential model that she or he has to be active and self-confident in
order to be chosen by the customer. Thus, one’s success in this business depends on oneself only.

From my experience of this interview I can say that the most important thing is also to show one’s interest and ask questions, for example if there is a possibility of growth and development and so on. Such questions will show one’s interest of the job to the HR manager which will increase your chances to be chosen. After the candidates have been interviewed, the HR manager will select the most suitable ones for the company and then the training stage takes place.

4. Training is the most important stage for the new models in FU. The policy of the company is to provide only professionals to the customers. That is why all new models have to participate in coaching which is provided by FU.

The training takes around 15 hours, which are separated to 2-3 hours per week, so the length of the training period is about 1.5 months. There are such lectures as: introduction lecture, style and body language, knowing your own body and colors that suit you, lectures about fashion, face and beauty, catwalk training, posing training, and so on. At the end of the course all models take an exam and in the case of success they will get a special certificate about successful completion of the training. After that if the models have any kinds of doubts or problems, they have a chance to participate in the training again or to take some separate lessons if they need or feel not very confident in this particular area (such as posing or catwalk). (http://www.fashionunit.fi/en/)

At the moment the company has coaching in five different towns: in Jyväskylä (the home town of the company), in Lahti, Helsinki, Tampere and Kuopio. In my opinion there are courses in the towns with the biggest population so the probability to have more variety of good models is higher.

I went to the first introduction lesson. That was very a nice experience. Moreover courses are in Finnish language, and especially for me the assistant translated the presentation that they
showed to the people, into English language. In addition, all managers in the company speak English which is very good in the case that they are planning to go international.

5. The evaluation stage comes after the exam taken at the end of the training. If the new model fails, there is a chance to participate in the course again. On the other hand, if everything is good, the HR manager of the company will publish the profile of the model on the FU’s webpage where customers can easily find such a model that they are looking for. In case if model does not perform his/her work on a good level then such model will have a poor chance for the job offers. Thus, the model is also responsible for the self-assessment. One needs to consider all one’s abilities in order to improve something if it is necessary. It is also very important to develop one’s skills constantly in order to be on the top.

6. The adaptation of new models in a new working environment is usually going very fast. The staff of the company is very friendly and other models as well. As mentioned above on the page 37, the company has different types of models. It is quite easy to understand for the model which type of work she/he can perform. Thus, if the model has trained muscles, most probably she or he will not be suitable for the catwalk shows, and on the other hand, a tall and skinny model cannot participate in the sport advertisement. In addition, during the training coaches are integrating models together. The trainings are made in such a way that after them models do not feel uncomfortable over other models. Not only they have better communication skills, but they adapt to any environment faster than before. All this makes the model even more professional.

7. The wages and benefits are directly dependent on the model’s activity. The more fashion shows, catalogue shootings, advertisement shootings, etc. the model has, the higher salary she or he will have. There is no stable salary and for the most of the models in Finland it is not their first and only job. It is more likely like a hobby, which is very profitable if you are active. However, if the model wishes modeling to be his or her primary job and to bring stable income, then it is necessary to go international. In this case it is good to start from FU and develop oneself there. Afterwards it is necessary to apply to other model agencies in other
countries, and only if the model is professional enough it will lead to more offers and stable income.

8. As in any other company there is a possibility to grow. Modeling in Finland is not that famous as in other countries. There are no famous models in the world come from Finland, but if one is professional and knows one’s job very well, there is a probability that one will go abroad for some shows and shootings.

In addition, if one will has the interest and the ability, one can be the coach for new models who come to the company, or one can become an assistant of the HR manager or even a HR manager of the FU, of course only if you have high education and skills.

The company FU is developing and growing so they need good and qualified professionals who love fashion in their crew. Thus, from my point of view there are good candidates for the assistant or manager position in the company’s talent pool. Moreover, it will be more profitable for the company to promote someone from the models than to hire a new person and teach him or her.

4.4 Recommendations

Even though the company is doing well, some improvements are always needed to be on the good level in the market. My recommendations to the HRM department of the Fashion Unit Oy are the following:

As it shown on the page 36 in the graph 5, all the processes of HRM are performed by one person. In my opinion if the company wants to develop and as I have mentioned before in this chapter 4 FU wants to go international it is necessary to have more staff in this department. That way the burden of responsibility will be shared between higher number of people and work of the HRM of FU will be even better that now. There will be fewer problems, more time and higher productivity. The recruitment and selection processes will go faster.
In addition, as mentioned on the page 35, the vision on the company is to go on the international market. Due to this fact, then need to concentrate more on hiring international models. That is why my suggestion in this case is to organize courses in English. They do help to translate things from Finnish into English, but still it would be more comfortable for foreigners if the course was fully in English. Moreover, if they had coaching in English, they would have more foreign models who would like to work for FU.

FU is a model agency, so they provide models to the customers. It means that if the model for any reason does not have work, she or he does not have any income. In my opinion this is a significant problem because nobody wants to spend money on training and then get nothing back. I would suggest to the company to make sure that models will have some work at least once per month. As I know last year there were around 200 fashion events organized by FU, and many other projects, so it would be possible to give work to every model in the talent pool of FU.

It would be nice as well if the management of the company promoted those of the models who are the most active and interested in the company’s path and in fashion in general, because many models have managerial education and they could be very helpful for the company.

Overall the Fashion Unit Oy is on the good level in the market right now. HRM processes are performed well. However, if the company wants to have growth, then it is essential to have professionals in the crew and develop the company continuously.
5 CONCLUSION

The conclusion of this final thesis is following: in order to manage staff effectively a company needs to have a coherent system of Human Resource Management, which allows to control all the processes from the moment of workforce planning until the retirement of the employee.

The main objective of the HRM is the productive combination of human resources and goals of the company. HR Managers carry out the whole cycle of work with the personnel, from the study of the labor market and recruitment to retirement or dismissal. The main task of the HR managers is not only to search for candidates who meet the requirements, but to create positive motivation for this job position and to predict how successful the candidate will be on this position.

The recruitment process is one of the most problematic and at the same time one of the most basic processes in the life of any organization. Recruitment is conducted from internal and external sources. In the process of recruitment of new employees an organization satisfies its need for personnel. The sources for attraction HR differ in the degree of efficiency. In practice, the most effective source of attracting new employees are recommendations from friends and relatives, as well as the recommendations of the recruitment agencies.

The selection of new workers is the process of studying the psychological and professional qualities of the candidate in order to determine his or her suitability for the duty on a certain job position. The choice of the most appropriate worker is based on matching his or her qualifications, specialties, personal qualities, abilities of the character and many other things with the job description.

Moreover, it is important to remember about the social adaptation in a team. HR managers need to help workers to adapt to a new place, and to train the required skills, and so on.
HR managers should not forget about ethics either. Ethical standards cannot be legislated, and therefore are not required for the personnel manager. However, the success of management depends largely on the implementation of these standards and violations can cause irreparable damage to the organization.

I have applied my theory base on the analysis of the HRM in the company Fashion Unit Oy. During the analysis I found out features of HRM in this company and after that I have given some recommendations which in my opinion could help the company to be better and reach even higher position in the market.

Thus, the objectives that I established in the beginning of my final thesis were achieved.
REFERENCES


**TOPICS DISCUSSED DURING THE INTERVIEW:**

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<td>Fashion Unit Oy</td>
<td>– What is FU?</td>
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<td>– The performance of the FU</td>
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<td></td>
<td>– What are the mission, vision and objectives of FU?</td>
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<td>– How the HRD look like at FU?</td>
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<td>– The structure of the HRD</td>
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<td>Recruitment process at FU</td>
<td>– What are the sources and tools of recruitment?</td>
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<td>– What is the average length of the recruitment process?</td>
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<td>– How often the FU is seeking for new faces?</td>
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<tr>
<td>Selection</td>
<td>– Which kind of methods of selection FU is using?</td>
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<td></td>
<td>– What features the potential employee (model) has to have to be selected?</td>
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<td></td>
<td>– Are there any difficulties during the selection process at FU?</td>
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| Training/coaching | • What is the main purpose of the training?  
|                  | • The duration the training period  
|                  | • Is it obligatory to pass the course?  
|                  | • Are there any difficulties during the training with the foreigners in the group |
| Working life of the model | • What are the main duties of the model at FU?  
|                  | • Is the enough work for each model of FU’s talent pool?  
|                  | • Salaries and benefits  
|                  | • Work conditions |