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CHALLENGES OF HUMAN RESOURCE
MANAGEMENT IN REGARDS TO ORGANI-
ZATIONAL EFFECTIVENESS

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Sen muodollisten järjestöjen tehokkuuden arvioinnin merkitys tunnustettiin 1900-luvun alussa. Näin ollen, Weberin ja Taylorin kaltaiset organisaatio teoristit korostivat huomattavasti organisaation tehokkuuden määrittäjiä.

On tärkeä tietää, että nämä varhaiset teoreetikot olivat kiinnostuneita ensisijaisesti käsitteellisten puitteiden tai määräysten laatimisesta, jotka, jos niitä pidetään tiivistä tai tiukasti, johtaisivat maksimaalisen organisaation tehokkuuden.

Empiiristen menetelmien sarjatuotanto yhteiskuntatieteissä ja havainto virallisten järjestöjen yleisemmästä hallitsemisesta, kehittyi monenlaisia lähestymistapoja organisaation tehokkuuden tutkimukseen.

Epäsuorasti voidaan sanoa, että yksi niistä organisatorista tehokkuutta käsittelevän kirjallisuuden tunnus ominaisuuksista on teoreettinen moniarvoisuus. Toisen maailmansodan päätyttyä, organisaation suorituskyvyn suhteellisen erillisten mallien kasvu oli tapahtunut vaikuttavalla korkealla tasolla.

Onnistunut organisaatio näkee työntekijöidensä toiminnan kulmakivenä ja tekee kaikkensa pitääkseen työntekijät motivoituneina, koska ilman ihmisiä organisaatiossa, menestys on vai sana. Tämän tutkimuksen tavoitteena oli tutkia henkilöstöhallinnon haasteita organisaation tehokkuuden saavuttamisessa.

Organisaation tehokkuuden avain on inhimillinen pääoma, koska ne edustavat yritystä kaikilla liiketoimintaa-alueen osa alueilla kun, johto on vastuussa organisaation tuottavuudesta ja menestyksekkäästä työvoimasta.

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ABSTRACT

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The significance of assessing the efficiency of formal organizations was acknowledged in the early twentieth century. Thus, organizational theorists like Weber and Taylor laid noticeable emphasis on determinate of organizational effectiveness. It is important to know that these early theorists, however, were interested primarily with initiating conceptual frameworks or a set of prescriptive rules which, if held closely or followed strictly, would result in maximum organizational effectiveness. The serial progress of empirical methods in the social sciences together with an observation of the increasingly common domination of formal organizations, developed into a proliferation of approaches to the study of organizational efficiency. Indirectly, one may say that one of the defining characteristics of the extant literature dealing with organizational effectiveness is theoretical pluralism.

Since the end of the Second World War, the growth of relatively distinct models of organizational performance had occurred at an impressive high rate. A successful organization sees its employees as the cornerstone of its operations and it will do everything possible to keep the employees motivated because without the people in the organization, success is just a word.

The objective of this research was to explore the challenges of human resource management in achieving organizational effectiveness. The key to organizational effectiveness are the human capital because they are the representation of the company in every aspect of day to day running of the business while the management is responsible for making the organization productive and prospering the workforce.

Keywords	Learning, stimulation, teaching methods
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APPENDIX 1, Questionnaires

Are there challenges faced by human resources management?

What are the roles of human resources management towards organizational effectiveness?

What are the factors that hinder the success of human resources department when aiming to achieve organizational effectiveness?

Ways to overcome the challenges of human resources management towards organizational effectiveness

Do management and labor union works together in constructive and strategic manner?

Are employees truly a social indicator in management?

What motivates you to add to organizational effectiveness?

1 INTRODUCTION

This thesis will cut across different industries, both medium and large industries or enterprises will be considered. The focus will be on the service industry in Finland. The thesis is divided into six chapters, i.e. the introduction, theoretical frame work, research methodology, empirical part, discussion and the conclusion of study. The first chapter will contain the background of study, research problem, and objectives of study, research questions, and importance of the study, limitations of study and finally the structure of the study.

It would be ideal to say there is effective management in Finland and the country is improving at it on a daily basis, but there is more need for interpersonal relationships within one organization and between organizations.

It is essential to note that relationship in an organization usually emphasizes two aspects; namely intra- and inter relationships. When intra- and inter relationships are well managed or considered in an organization, the organization is viewed to have good organizational efficiency in attaining its goals and the set objectives.

1.1 Background of Study

Human resources management rose as a definite concept in the mid 1980s as a natural development of personnel management. Many writers have said that human resources are the most essential importance factor in development. Human Resources Management possesses the capacity to increase, maneuver, and manage other element (Gregg Brown, 2018), (R Brown, 2004). The challenges of human resource management towards organizational effectiveness come from very diverse industries or group of businesses. The rapidly transforming business landscape means that there are currently human resource management challenges which will continue in some form for years to come.

Due to the fluctuating economy as well as local and global advancements, there are many challenges or changes occurring rapidly that affect human resource management towards organizational effectiveness in a wide range of issues. Based on the research conducted by PricewaterhouseCoopers (2001), several challenges for human resource management were revealed.

The challenges of the researched company include change management leader-ship development, human resources effectiveness measurement, organizational effectiveness, compensation, staffing,

recruitment and availability of skilled local labor, succession planning, learning and development: retention, of start as well as benefits costs: health and welfare.

Today, it would be difficult to imagine any organization achieving and sustaining effectiveness without efficient human resource management programs and activities (Schuler, 2000).

Sometimes the size of the company determines the challenges faces by the human resources management of the company. The topic is broad and many researchers as well as firms tackle it from different perspectives. The purpose of this research is to find out those challenges and provides possible solutions to reducing them in order to improve organizational effectiveness.

The challenges can vary between regions and across the countries depending on the size of the economy. Human resource management comes with great responsibility, and the effective management of people issues is a responsibility that lies at the heart of any successful organization.

The important of human resource management in organization effectiveness in Finland cannot be overlooked as it helps the organizations to managing human resource capital to the maximum as well as having maximum productivity of the seeker impractical project.

However, the restrictions of the recession in the years are not yet over, lots of organizations are recognizing that they will need to take rational steps to retain their existing work-force. Steps like engaging in programs, investing in areas that will optimize expenses or through increased emphasis on training such as integrated technology system that can improve the employee attraction.

1.2 Research problem

In spite of the outrageous contribution of human resource management towards organizational effectiveness in working life, such as developing good relations, conflict management, building of culture and values in the organization there have been several challenges organizations are facing regarding the management of the human resource capital in achieving organization effectiveness.

There are various constrains that hinder the success of managing human resource capital from the organizational setting in Finland. These problem includes building teams in an organization, building an organizational culture, people engagement and development, human resources effectiveness

measurement, organizational effectiveness, compensation, staffing: recruitment and availability of skilled local labor, succession planning, learning and development.

1.3 Objectives of the study

For at least the last ten years, practically every book, article, and speech on the future of human resources management responsibility in organizations has stressed upon the need for transformation. It is imminently unanimous that human resource can and should add more value to corporations. The primary responsibility for providing input, advice, direction, and execution with respect to organization effectiveness cannot be ignored. It is therefore essential to undertake this research in order to:

- To determine whether human resources management truly face challenges
- To find out the roles of human resources management
- To find out what makes organizations effectiveness
- To find out the factors that hinder the success of human resource when exercising it duties
- To find the various challenges affecting the human resource capital
- To give suggestions on how to overcome the challenges
- To make recommendations based on the findings of the research

It is essential to know that in spite of the various objectives written above, the **main objective** of the study is to find out **what makes an organization effective**.

1.4 Research Questions

The study which aims to evaluate the challenges of human resources management is motivated by the following questions: The main research question is to know the roles of human resources management affecting organizational effectiveness. In addition, some other questions will be discussed.

- ⌘ Are there challenges faced by human resources management?
- ⌘ What are the roles of human resources management in organizational effectiveness?
- ⌘ What are the factors that hinder the success of human resources department when aiming to achieve organizational effectiveness?
- ⌘ What are the ways to overcome the challenges of human resources management affecting organizational effectiveness

- ⌘ Do management and labor union work together in a constructive and strategic manner?
- ⌘ Are employees truly a social indicator in management?
- ⌘ What motivates you to add more to organizational effectiveness?

1.5 Importance of the study

The significance of this study is to examine the challenges of human resources management towards organizational effectiveness in Vaasa, Finland, to learn how the challenges have impacted both the organization and its effectiveness. Basically every day, human resources departments have lots of responsibility with an organization but this study will explain the challenges and how the system can get most out of every employee. Research had it that in today's work environment, it is essential to have sound and definite knowledge that an organization is as good as its workers. Many researchers and scholars have said that an organization most essential asset is its people.

Every organization is a dependent on its employees, therefore the need to make a study of this topic is essential and it will also serve as a source of literature to industries and various companies involved in the daily operations of making their organizations effective.

Looking into this research, it is important to know that human resources management is the centre that deals with almost every aspect of a company's labor force. This consists of employment, training, motivation, benefits, performance, evaluation, communication, engagement, administration, payment, retirement and dismissal or discharge of every personnel.

Furthermore, the study serves as a learning platform for entrepreneurs, stakeholders, agencies, companies, individuals and students to realize effectiveness at the work place. The finding will likewise provide some tactics and strategy for improving the effectiveness in an organization through the help of human resources management. The study will add to the body of knowledge which various researchers have had on challenges of human resources management towards organizational effectiveness in different ways.

1.6 Limitations of the study

The research came with the following limitations

- Access to literature: The existing literatures and journals could not really emphasize organizational effectiveness but mainly concentrated on human resources management
- Unwillingness of respondents to give in-depth information: Unwillingness of the respondents to giving in depth answers about the company could not be undermined because the topic is sensitive.
- Data collection was not a representation of the country as a whole: It is essential to know that the sample size was based on one company and three employees, so we cannot generalize the outcome because Finland is a country of population of around 5.6 million people
- Inadequate time granted for the interview by the respondents: The time being granted for interview was limited and the interview could not be prolonged because of the company meetings.
- Method: The method mainly used was an in-depth interview, as the study has an exploratory nature but the respondent did not completely feel comfortable describing the topic to a stranger.
- Challenges of human resources management is a broad topic based on people`s perspective and the study will focus more on the most crucial element: It is important to know that people have a lot to discuss regarding human resources management and organizational effectiveness but the willingness to express their views was limited because of the main focus of the thesis.

1.7 Structure of the study

The study which intends to evaluate the challenges of human resources management towards organizational effectiveness is structured into five different sections starting with the introduction. Also, covered in this chapter is the general background of study, research problem, objectives of the study, the research questions, importance of study, and also the limitations of the research. The second section reviews both the theoretical and empirical part of the materials and work related to the research. It explains the definition of human resources management and organizational effectiveness, human resources management theories and motives of achieving organizational effectiveness in Vaasa, Finland. Section three explains the research methodology in details used in the study. It includes the various data sources, the research framework and methods used in collecting the research data likewise the validity and reliability of the research. In section four, the data collection is introduced with analysis, discussions of the findings and the presentation of data gathered from the

survey respondents. Lastly, section five presents the discussions, findings, summary, conclusions, and recommendations of the research.

2 LITERATURE REVIEW

In this thesis, the main constraints that affect human resource management towards organizational effectiveness will be examined, as well as providing advice on the possible ways by which the various organizations can improve the success like overcoming the various challenges of organization effectiveness in Finland. First it will discuss some of the definitions of the key concept of human resources management, then process theories, that is, the different kinds of model chosen to give in-depth understanding of the process, (Traditional Human Resource Management Model, Soft and Hard Models of Human Resource Management, The Matching Model of Human Resource Management, The Harvard Model of Human Resource Management, The Guest Model, The Contextual Model, The Warwick Model) and the empirical evidence based academic sources found are explained as well as motives of human resources management towards organizational effectiveness in Finland.

2.1 The Idea behind Human Resource Management

The introduction of the concept of Human Resources Management came to light in the 1980's. This trend was ushered in after an intense term in which the application of scientific methods was used to solving the problem of obtaining maximum efficiency in industrial work. Human Resource Management was used to break the trend or belief that man is a man and not a robot. It is important to know that for several decades organizations have increased interest in organizational effectiveness irrespective of the field of business. This interest makes every firm active when dealing with Human Resource Management in having maximum organizational effectiveness. Human resource management has sought to become an essential element of organizational effectiveness through the adoption of various new disciplines.

Thus, we can ask, what is human resources management? What do they take into consideration and how are they integrated? What is the importance of human resource management? What are the main theories and how do they work? What are the links between the human resources management and organizational effectiveness? In order to answer to all these questions, a precise definition of human resources management will be provided as well as a look into different approaches built by theorists, and in conclusion, the limits between the models and their application will be ironed out depending on the specific environment. Human resources management is essential to all and it must be developed with a relevant purpose to achieve organizational effectiveness.

Understanding that human capital is the main source of competitive advantage is the work of Human resources management. Taking into consideration that a human being is not a robot, gives it gratification, training, education, encouragement, motivation, reward and recommendation; human resources aim to optimize human capital, get organization efficiency and take care of relationship between the management of the company and this type of capital, this relationship is having several possible meanings in most cases. In order to get organizational effectiveness, companies have to develop human resource systems to achieving both horizontal and vertical integrations. Horizontal integration is one of the focal points to consider when a company wants effectiveness and to reach the planned company`s goals. However, horizontal integration is considered not to be the most important factor leading to achieving the company`s goals. Vertical integration focuses more on the relationship between human resources, the strategy and tactics to reach the organizational goals.

Human resource management is the area of administrative focus dealing with an organization`s employees. In most cases, human resource management is the term used to describe formal systems devised for the management of people within an organization. Essentially, the purpose of human resource management is to maximize the productivity of an organization by optimizing the effectiveness of its employees. As Edward L. Gubman observed in the *Journal of Business Strategy*, “The basic mission of human resources will always be to acquire, develop, and retain talent; align the workforce with the business; and be an excellent contributor to the business. Those three challenges will never change. ” This proclamation is unlikely to change in any fundamental way, despite the ever-increasing pace of change in the business world.

Edward E. Lawler III (2014) emphasizes that what makes organizations effectiveness is how they organize staff and manage their human capital. Modern organizations are dependent on complex systems and the knowledge of their employees. He also mentioned that if human resource can identify key talent areas and man-aging critical talent, it has opened the door to being a major strategic player, with respect to organizational effectiveness.

Organizational effectiveness is hard to measure as there is no unified definition of the organizational effectiveness. Each company has to design its own measures and has to define the desired target values. The organizational effectiveness is essential for the triumph of the recent organization.

Human resource management decisions are likely to have an important and unique influence on organizational performance. In spite of all the differences in scholars` opinion, there are few points

that are included in all the various definitions and they include number of employees, the size of the company, also the sector of the organization in question. The importance of managing human resource capital in achieving organization effectiveness has enticed most organizations to invest human resource management and this will have a great positive effect on the company and entire economy.

2.2 Theories for Organizational Effectiveness

Over the past decades, research on organizational effectiveness and human resource management has produced different theories of both organizational effectiveness and human resource management from diverse perspectives. Human resource management and organizational effectiveness researches concentrate on the analyze of the process of achieving excellent performance in the business life and this consists of the methods, motives and behavior theories of building more effective organizations. The foundation and the background of these theories are performance theories which explain the steady process of organizational effectiveness. Among the theories being considered in this thesis are the Traditional Human Resource Management Model (S. Gutierrez-Broncano et al), Soft and Hard Models of Human Resource Management (Catherine TRUSS, 1999) The Matching Model of Human Resource Management (Fombrun et al 1984), The Harvard Model of Human Resource Management (Beer et al, 1984), The Guest Model (David Guest, 1997), The Warwick Model (Hendry and Pettigrew of University of Warwick, early 1990s)

2.3 Traditional Human Resource Management Model

This model of human resource management is considered to be practiced by most company managers because they rarely explicitly state the models used when making decisions and managing their companies. It is ideal to say that managers are limited creating decisions on the basis of the previously incorporated model (Carolina Machado and J. Paulo Davim 2018, p. 159) the value assigned to the personnel and the concept of the organization makes the model independent. This said traditional model is made in a unique way to serve as guidelines to the managers in order to protect their motives and values. It is important to note that this model represents the image of the managers and not the image the company wanted to portray in reality.

2.4 Soft and Hard Model of HRM

Human resource management has often been explained as a concept with two forms, which are the soft and hard model. The soft model emphasizes individuals, places commitment and self direction, trust, ethical behavior as the strategic importance applied to the employees while the hard model is said to lay it emphasizes on performance management and an instrumental approach to the management of individuals (Catherine Truss, 1999). In this thesis, the disagreement and tensions between and within both soft and hard models will be addressed and the theoretical background will be reviewed even though some scholars have concluded that if the rhetoric of human resource management is 'soft', the reality is definitely mostly 'hard' with the interests of the company and manager having superior influence compared to that of the employee.

Although this model breaks the rule of diverse theories of management because management models are known and believed to be set of relationships created in order to understand and achieve reality in management. The traditional model affects human framework, productivity, personal development and likewise financial development.

Storey (1989, (8) compared and contrasted the soft and hard modes of human resource management. Storey concluded his writing by saying 'The hard lay importance on the quantitative, calculative and business-strategic aspects of managing human resources in as 'rational' a way as for any other economic factor. By contrast, the soft model traces its roots to the human-relations school; it emphasizes communication, motivation and leadership.'

However, it was identified by Keenoy (1997: 838) that 'soft and hard model of HRM are complementary rather than mutually exclusive practices'. Some research done in the United Kingdom by Truss et al. (1997) revealed that the distinction between soft and hard human resource management models was not precise as some commentators have implied.

It is important to note that the hard model is task focused and there are low or less commitment to the employees because they are seen basically as resource of business, for example, machinery and building. There are ideological differences in the soft and hard model because the soft is employee-friendly management based on emotion while the hard model of management makes plans, sets up structures and it is performance oriented.

Strategic human resource management supports the soft model because it is the alignment of strategic business goals of the company with human resources in order to boost innovation and improve motivation, satisfaction, productivity, and overall work performance

2.4.1 SOFT Human Resource Management

The soft human resource management model is employee-oriented and high commitment and it believes that people are the most essential resource in the organization and a source of competitive advantage.

The principal points of focus are the needs of employees, employee orientation and training, development, commitment, participation, motivation, workforce flexibility, quality and integration.

The key features of soft model of human resource management are:

- Long term workforce plan
- Strong and efficient communication
- Performance related rewards
- Delegation of authority
- Employees development needs and appraisal system
- Democratic style of leadership

Advantages of Soft Model of HRM	Disadvantages of Soft Model of HRM
Efficient use of skills	Prolong decision making
Useful when workers are experienced	Costly Model
Brings innovation and creativity	Unhealthy competition

Table 1 Advantages and disadvantages of soft model

2.4.2 HARD Human Resource Management

This model is task oriented and there is low commitment towards employees, the model believes that the people are a resource of the business like machinery and buildings.

The principal focus is on performance management, strategy in achieving organizational goals, cost control, hiring, moving and firing likewise it support the traditional model of human resource management.

The key features of hard model of human resource management are:

- Short-term workforce planning
- Little or no communication from the senior manager to the workers
- Minimal delegation of authority
- Judgmental focus on workers
- Autocratic style of leadership
- Superiority of the organization over staff

Advantages of Hard HRM	Disadvantages of Hard HRM
Useful in crisis	Faulty employee relation
Important when management have expertise	Impact on motivation
Faster decision making	Aggressive style

Table 2 Advantages and disadvantages of hard model

2.5 The Matching Model

Fombrun et al (1984) proposed the ‘matching model’, which pin pointed that the human resource system and the company structure should align with the company strategy. This point was made in their statement: ‘The analytical management duty is to align the formal structure and human resource systems so that they drive the strategic objectives of the company’ (ibid: 37). This supports organizational effectiveness and aims at strategic human resource management.

Being the first model (dates back to 1984), it lays importance to four functions and their inter-relatedness. The four functions were said to be selection, appraisal, development and rewards. It is essential to note that these aforementioned four elements of human resource management are believed to have great effect on organizational effectiveness.

However, many writers believed that the matching model is incomplete due to its concentration on four functions of human resource management and pay no attention to its environment and other essential factors that might or have effects on human resource functions.

2.6 The Harvard Model HRM

Beer et al (1984) produced what has become known as the 'Harvard framework'. The Harvard framework claims superiority or better version than that of the Matching Model because it comprises six critical factors of human resource management. It started with the proposition that: 'Human resource management involves all management decisions and actions that affect the nature of the relationship between the organization and employees'.

The components included in the model are: interests, situational factors, HRM policy choices, HR outcomes, long-term consequences, stakeholders and a feedback loop through. The outputs flow directly into the organization and the stakeholders and it neglects the people or pays minimal attention to them.

THE HARVARD FRAMEWORK FOR HRM

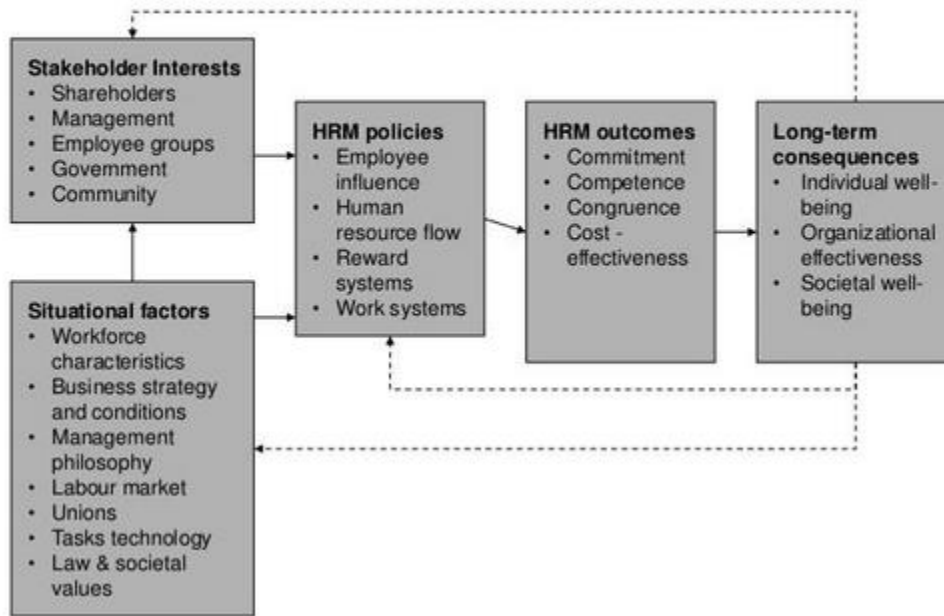


Figure 1 The Harvard framework concept



Figure 2 The process of the Harvard framework of HRM

Beer et al. believed that: ‘In the business world of today, there are lots of tensions that are demanding a wider, more comprehensive and more strategic perspective with regard to the company’s human resources’ (ibid: 4). It likewise lays strong emphases on the importance to adopt ‘a longer-term perspective in managing people and consideration of people as a potential asset rather than merely a variable cost’ (ibid: 6). This model reduces cost and goals is believed to be obtained.

Beer and his colleagues were the first to conclude that human resource management belongs to the line managers (this are people that directly manages other employees and operations who directly involves in the production and delivery of product, goods and services while under supervision). Line managers are usually the lowest level of management in the organization hierarchy. In their meetings, they suggested that human resource had two characteristics features : a) Ensuring the alignment of competitive strategy and human resource policies are the added responsibility of the line managers; b) Setting policies that govern how human activities and developed and take them into effect in a manner that makes them more strengthen.

2.7 The Contextual Model of HRM

This model, unlike other models, lays it emphases on the essential of the environmental factors by considering variables such as the influence of social, institutional and political factors that have been underestimated in other models. The latter, acknowledge the context as a fortuity variable.

It is essential to note that the contextual model is wider, integrating the human resource management system in the environment in which it is developed. According to Martin-Alcazar et al. (2005, 635; 8) ‘Context both conditions and is conditioned by the human resource management strategy.’

The formulation and the implementation of human resource strategies involves a wider set of stakeholders which Sculler and Jackson refers to (2000, 229) as a multiple stakeholder framework’. Irrespective of whether the stakeholders are external or internal, they have influence likewise they are influenced by the strategic decisions.’

2.8 The Guest Model

In 1997, there was a model which claims to be the superior of all models and it was developed by David Guest. The guest model claims that the human resource manager has a definite strategy to start with, which requires specific practices and when executed, will result in outcomes. These results include behavioral, performance related and financial rewards.

It is important to know that the Guest Model laid it emphasizes on the logical sequence of six components: HR strategy, HR practices, HR outcomes, behavioral outcomes, performance results and financial consequences. Taking all things into consideration, financial results rely on workers' performance, which in turn is the result of action oriented employee behaviors. Behavioral outcomes, again, are the result of employee commitment, quality and flexibility, which, in turn are impacted by HR practices. It is essential for human resource practices to correspond with human resource strategy which will in no time align with the company strategies.

It is ideal to say that David Guest has a great point when he said that is model is superior to the previous model of human resource management because it clearly indentifies the field of human resource management and portrays the inputs and outcomes.

However, we cannot neglect that the dynamics of people management is complex and it will really be difficult for any model (including the Guest model) to gain control of them extensively.

2.9 The Warwick Model

Hendry and Pettigrew of the University of Warwick are the researchers that developed this model and, hence, named it the Warwick model (early 1990's). Just like some other models, the Warwick model proposition concentrates on five important components:

- Outer context (macro environmental forces)
- Inner context (micro environmental forces)
- Business strategy content
- HRM content
- HRM context.

The Warwick model, like the David Guest model, takes recognition of the business strategy and human resources practices, the external and internal context (unlike the Guest model) in which these activities take place, and the process by which the changes comes into reality, which includes the communication between changes in both context and content. It is ideal to say that the strength of the Warwick model can be found in it identification and classification of the importance of environmental consequences on human resource management. It pin pointed the relationship between the external and environmental factors and explored how human resources management adapts to changes in the context. For this reason, achieving performance and growth in an organization requires low alignment between the external and internal contexts.

STRENGTHS	WEAKNESSES
Outlined the connection between the inner and outer context	Internal HR practices links with business outputs and hinders performance
Adapts to changes in context	Change is never free
Originate business strategy	Originate strategy can cause confusion
Organizational learning	
Alignment of internal and external contexts for performance	

Figure 3 Strengths and weaknesses of Warwick model

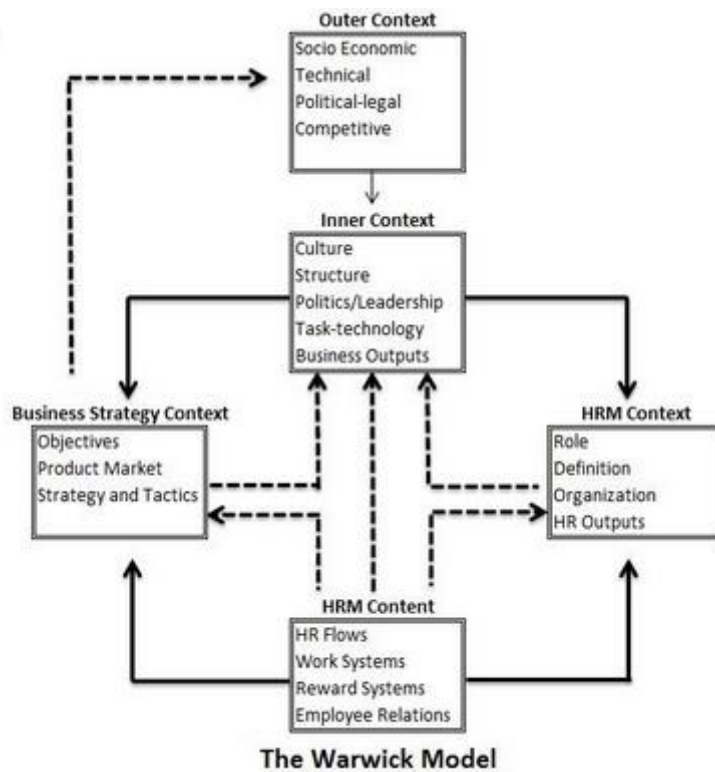


Figure 4 The framework of Warwick model

2.10 IMPORTANCE OF HUMAN RESOURCES MANAGEMENT TOWARDS ORGANIZATIONAL EFFECTIVENESS

One of the biggest mistakes a company can make is underestimating the importance of human resources management because it can possibly mean the end of the business. Most company leaders believe that their most essential asset is its employees, because it is the element that focuses on the company's labor force. The main aim of every organization should be to enrich its worker experience, which the other way round brings improvement not only to the employees but also to the company's productivity.

It is essential to understand that the everyday routing of human resources management towards organizational effectiveness is different from the management of human resources. It reaches out to every level of management, right from the top to the supervision level, in the process of doing it, all the managers will be filled with information in order to make the very best use of the workers and to keep the motivation level at maximum.

In order to keep good organizational effectiveness, it is essential for the human resources department to give adequate training to employees. It will keep work safe and effective. Talking about a new employee in an organization, there are lots of questions that spurge their minds such as:

- How do I know if I am doing a good job?
- Why are other sums deducted from my salary apart from taxes?
- What are my medical benefits?
- Does my work really matters on the overall set goals of the organization?
- Is my working insurance also valid for my family?

In case the aforementioned questions or other similar questions are unattended to, the energy level at work will reduce. Some of the employees might quit the job when the motivation level reduces below average and it could be a disaster to the organization's profit because the expenses of hiring and training new workers are much higher than retaining the current employees. Based on different studies, it is understood that when there is low motivation level among the workers of a company, it will have adverse effect on the customer experience. Therefore, can be said having an effective human resource management team that works to minimize this rate is essential.

2.11 FUNCTIONS OF HUMAN RESOURCE MANAGEMENT TOWARDS ORGANIZATIONAL EFFECTIVENESS

It is ideal that every company that wants to manage its organization most valuable asset (employees) must have an efficiently run human resource department which can provide the company with an excellent framework and the competence to meet business needs.

What are there when it comes to recruiting, human resources department is charge with the responsible to develop compelling solutions to meet the workforce trend and demands. They broadcast the job, screen the applicants, conduct interviews, to source candidates, and organize employment efforts with the leader responsible for making the final decision of candidates. Apart from the recruitment and selection process, the human resource department also looks into compensation and benefits to find ways to attract to the most qualified applicants.

Workplace safety is an essential factor which should not be taken for granted. Under the Occupational Safety and Health Act of 1970 in Finland, employees have the right to safe working environment from their employers. It is essential for the human resource department to support workplace

safety training and likewise maintain federally mandated logs for workplace injury and fatality reporting. It is also essential to take note of the benefits regarding the organization employees compensation related issues.

The human resource manager is charge with the responsibility for maintaining the employer-employee relationship through measuring work satisfaction, employee engagement and resolving workplace issues. It also ensures that the workers have conducive and milieu environment for working, free from discrimination and harassment. It is also essential to develop management response to union organizing campaigns, negotiation, agreement, collective bargaining and giving detailed explanation of labor union contract matter.

When it comes to compensation and benefits, it is ideal to have an excellent compensation framework and evaluating competitive pay processes. Human resource department must develop good compensation plans, align performance systems with compensation structure and negotiate group health care benefits. It is also the responsibility of the human resource department to put an eye on the medical reports of each employee in adherence to confidentiality.

A critical human resource function is to train and develop employees. This includes orientation, training and professional development. Professional development training is basically for workers that are eager for promotion or employees who is curious to achieving individual goals such as finishing university degree or doctorate degree. Human resource managers must have frequent check or assessments to know when it is ideal for training. They check the workers performance records to know where the worker strength lies and tuition support programs are within the control of human resource department.

One essential element of business operations is complying with the labor and employment laws. When the labor and employment laws is not followed in accordance, it might result in workplace complaints based on inappropriate employment practices, unsafe working environment and all dissatisfaction with the working conditions that can affect productivity, likewise the profitability. Human resource department is obliged to know the federal and state employment laws such as Civic Rights Act, the Labor Standard and many other working rules and regulations.

As it was discussed in the section above, it is essential for any organization that wants to have effectiveness to possess good human resource management system. The world is changing very fast, as

are the people. Based on research and different studies, it is known that there are some common challenges faced by human resource management when aiming to get organization effectiveness. These include change management and leadership development.

Change management can be viewed as the ways or techniques used to embrace new processes or system within an organization. Any companies have fast and new technology which can create opportunities for firms to perform well, faster, and cost efficiency. It is important to know that adapting to new technologies can create challenges within the organization. Teaching every company employee how to use a new machine might be time consuming. (It is also important that the employees have self studies) sometimes, some employees find it difficult to adapt to change.

Leadership development reaches out more than what can be taken for granted because it increases the strength or capacity of personnel to act in leadership post within the firm or company. It is important to know that leadership positions are the backbone of any final decision making or execution of an organization`s strategy through growing the competencies of others, building cooperation and winning mentality as well as strong team focus. Sometimes leadership positions intend to be formal, with the corresponding part to take effective actions, decisions and responsibility, likewise when it is formal, positions are taken with less effective authority. An example of this can be a member of a team which affects the engagement of the team, reason and direction; and personnel who will pay adequate attention and negotiate by the means of influence.

Many schools of thought have come to the conclusion that leadership development is an essential element of building business success. A case study is a research study made by the Center for Creative Leadership, which shows that 65 percent of organizations with effective leadership training or seminars arrived at excellent results as compared to 6 percent of firms without a program CCL (2016 : 10). When leadership development is done right, it improves everything in the organization like teams, society and the challenges of the customers.

Similarly, organizations that engage with leadership development programs embraced to the changing of market conditions easily and fast while the only few firms with effective programs were able to accomplish the feat.

3 RESEARCH METHODOLOGY

Research methodology is the specific ways used to choose, reveal, process and analyze information or result about a project or topic. This section will enable the reader to critically value or consider the overall validity and reliability. Also this section the research methodology will be examined and discussed. The various research methodologies available will be examined in detail together with the ones that were used for the work of this project. It is essential to note that this section will shed light on the source of data, reliability and the validity of the research as well as the sample size.

3.1 Definition of Research

Research in basic definition means a search for knowledge and understanding. It is also said to be a scientific and systematic search for information on a specific study or case. Lots of social scientists have explained research in various ways.

In the business dictionary, research is a planned, diligent and systematic inquiry or investigation into a topic or case in order to discover or revise findings, applications and theories. It also focuses on improving the available knowledge. Research is said to be divided into two parts: - Applied and Basic research. Applied research make use of the basic research knowledge acquired for improving of new techniques to help solve problems while basic research is mainly to bring into a more desire or excellent scientific knowledge (The Business Dictionary, 2010).

According to Naresh M (2008), research is a diligent, systematic and objective recognition, collection of data, analyzing and revising of information for improving decision making related to the identification and solution of problem and opportunities in business. Naresh went further to break research down into two phrases thus explaining why research is done and the motive behind doing the research.

3.2 Method Used

Qualitative research methodology will be used to acquire information in this study. Qualitative research method can be explained as a form of planned, organized and well manned ways of inquiring information into a subject matter (Shank 2002). According to Chetty Stangl (2010), qualitative research method is a practical way of getting sufficient knowledge and information on what is happening in the firm's system. Obviously, qualitative research is necessary in this work because it is

more effective when it comes to questions which may have "why, what, and how" which most respondents will not give a response to when using only quantitative method (Yin, 1989; 1994). In the qualitative research, an interview is granted to the top officials in the companies likewise the managers or human resource representatives of various organizations to obtain recondite knowledge; understanding and personal opinions about the giving subject and get more in-depth results.

Qualitative research methods are crucial in this thesis because a close to reality representation of the thoughts and opinion of the respondents could be draw. The motive here is what strategy the company should use or implement in order to have maximum productivity, and achieving the outcomes the organizations in-tends to produce.

At the final point, the result findings will be analyzed and interpreted, thereby making a discussion on the outcome of the results and draw a conclusion and recommendations based on the research and findings from the research.

3.3 Sample size

To get a valuable and reliable perspective of this research, a case company is used. According to Borch and Authur (1995) a case study research method is effective in a complex and broader topic, especially when many circumstances are studied in their real life conditions. It is ideal to say that this method will help the thesis work because it will focus on the topic in question. The case company used in this research is Famkro`s Industrial Company, which deals mainly in the semi-finished type of industry like painting, renovating, polishing, blushing, washing etcetera in Vaasa, Finland. The research makes use of this company because it will deliver a profound analysis of the subject matter (Salmi, 2001). The sample size of the research consisted of 3 respondents, including the managing director and who also act as the marketing manager of the company, and two other employees in the firm. The major reason for considering these three interviewees was to have a balance of scale of data analysis and the comparison to attain an excellent result.

3.4 Data gathering

Data collection methods consist of two main categories, that is, the primary data and the secondary data. Primary data is explained to be the information gathered or observed directly from firsthand experience, which is the used to solve problem under research (Lamb, Hair and McDaniel 2010). This is done without any intermediary and it is beneficial because it answers to the research ques-

tion specifically. It is ideal to say that primary are more consistent and reliable because if it came from the original source and are observed for the purpose of the research (Saunders 2000). However, the instrument used to collecting the primary data for this research was through live interviews and questionnaires.

On the other hand, secondary data refers to a data collected by someone else for some specific purposes but being used by the investigator for another purpose (Business dictionary, 2010). Examples of this could be textbooks, journals, articles, magazines, annual reports and miscellaneous sources like the internet. The advantage for the secondary data is that it takes less time and effort compared to primary data (Kuiper and Clippinger 2012), (Zikmund 2000). In the process of this research, both primary data will be used, and it will be derived directly from the interviewees.

Interviews

A semi-structured interview guide was conducted and used for the interviewees from the case company. These interviewees were able to provide perceptions on ‘‘how and why’’ by reflecting from the personal experience, encounter, understanding and expertise. The interview was carried out by the researcher and semi-structured interviews were the main data collection procedure. According to Janina (2009), semi-structured interview technique will allow the respondents to answer the research questions in depth and it will also gives them room to express their views on how they wanted. An open-ended questionnaire was developed and the interviews lasted about 40 to 60 minutes and the interviews provide good understanding into the variable of the model adapted from the literature. The interviewees gave good response of their choices and were not force to choose from concrete options (Smart Surveys Team 2016). The interviews were conducted in December 2018.

3.5 Method of Data Analysis

The data collected for the study is analyzed in a descriptive, more logical and comprehensive manner. As the interviewer I wrote down some vital points and arguments that were revealed from the interviewees in the process of the interview. The data is compared and contrasted to some of the literature and the earlier research studies that have taken place. However, it is essential to note that the research analysis was analyzed based on the response of the interviewees and it is free from subjectivity because a logical pattern was followed, (Webster 2010).

3.6 Validity and Reliability

The accuracy of a research is defined by reliability and the validity. Both factors are very crucial and are usually considered in an empirical research, that is, they are dependent on measuring the quality of the research. It is essential to understand the importance of the respondents' responses. Whether the answered should be included in the study or not, the respondents must respond in the same way to the research questions which are alike. Reliability is the "degree to which measures are free from mistakes and therefore gives accurate results" (Thanasegaran 2009). Hence, a research instrument is considered reliable if it consistently and constantly produces the same rate as objects or individuals.

The questionnaire should be well understood by the interviewee and it should not be an interview by duress. This is to ensure the probability of getting detailed, reliable, and valid results. When this is achieved, the research has completed its purpose (Thanasegaran, 2009). To exceed the possibility of reliability and validity, the interviewee from the management was selected with two other employees who have been involved in the organization for more than ten years since its establishment and have played a vital role in the success of the organization. Based on this, it can be said that the information provided by the respondents is deemed both valid and reliable because the interviewees understand and know the company both internally and externally.

4 EMPIRICAL FINDINGS

4.1 Case company in brief

Famkro Oy is an industrial company that deals in multipurpose activities but focuses mainly in the semi-finished type of industry. The company does renovating, painting, washing, cleaning, brushing etcetera on buildings and other similar projects. The company was established in 1991 in Vaasa, Finland. The company was named MBK – Maalaamo after it was created in 1991, it has fifty (50) employees and two departments which are the building department and the industry department. The building department deals in building (mainly the starting phase to the semi-finished phase) while the industry department focus on the finishing aspect like washing, cleaning, painting, oiling etcetera. In 2007, the building department was sold so that the company will focus on the finishing department since there is increase in the demand for the service, and the name was changed to Famkro Oy; having twenty-three (23) employees and possessing a stronger brand than it was before. Since 2007, Famkro have possessed an excellent growth rate due to its excellent management and passionate work ethics. Famkro is only based in Vaasa, Finland at the moment because it believed that it is very important for a company to have full ground within it locals before expanding to other cities as well as becoming international.

5 FINDINGS

This section of the paper discusses, explain and analyze the findings that were gotten during the process of the interviews. Due to the clarity, every question will be taken into consideration and explained in detail according to the respondents. Also, it is essential to know that the respondents gave their true opinions based on their experience, expertise and understanding of the company. However, it will be worthy to noting that the findings and discussions will not be generalized to all the industrial companies in Finland but will rather specifically apply to the case company in question.

5.1. Are there challenges faced by human resources management?

Yes, there are challenges faced by HRM. One of our major challenges is giving our employees the right incentives. Also, there are some external factors that exist in the outside of the organization that hinder the performance of the company. To mention other factors that HRM faces are industrial and employee relations, work diversity, retention and succession plan, recruitment process and availability of experienced workers and technology. The managing director, mentioned that it essential in a work place to have good relationships between the employees and to make sure that they are assured that there is a future for them in the company. He also noted that according to law in industry, diversity in the organization must be well maintained and there must be a logical arrangement to put this in place. It is essential to know that challenges of human resource management are numerous based on my understanding, experience and expertise. We have faced numerous challenges and to mention a few, the challenges are often driven by competitive factors that exist in an industry that require a response of positive practices to remain competitive.

When considering recruiting, the recruitment of workers for the job is always painstaking while retaining them in this ever-changing world of today is a major challenge.

Employment can pose another problem which makes recruiting top talents a huge task. When there is job advertisement many people submit their application but sometimes the best credentials are not going to be the best recruit.

For example, one hundred applicants applying for ten positions, selecting the best ten from the hundred will definitely be a huge task to the HRM department because more resources and time would be consumed in the process of verifying the credentials.

Furthermore, after the company has screened and the best candidates have been chosen, retaining them for longer period on the job is also a challenge faced by HRM. Money, time and other resources will be spent on the new employee for training and development. Hence, losing them to other companies will have an adverse effect on the organization.

Developing the workforce is a major challenge for human resource management because the ways to do when develop the employees are constantly changing and many people are afraid of the change. Nevertheless, the change is a constant thing that happens to people, so adopting new skills and ideas can be challenging for some employee, this will then have an effect on the HRM.

Since the well being and happiness of the employees will make them perform and work effectively, making sure all the employees are happy, satisfied and fit for their task are challenges faced by HRM, this requires that all employee records must be well kept.

When it comes to cost, the value of money used to produce or deliver a service is a challenge for HRM. Every manager want operate in a costless mode. However, the managers are continually reducing costs of all types, including the daily work hours of the employees, operations and money spent on equipment.

In some instance there are jobs but less people with skills require some companies to pay more for those workers who can use certain skills to get the work done.

The globalization of business practices have focused on integration of global operations and management rather than trade and investment, which has significantly affected the management of human resources.

Racial and ethnic minorities are another challenge faced by HRM because the minorities of the population account for a growing percentage of the overall labor force. Also, in some job types, men constitute the majority while in some jobs the women are more. At the same time, the population is aging, resulting in an older labor force. A significant number of the experienced employees will be retiring soon and this is definitely a challenged to HRM.

Finally, technological advancement has changed the way human resources management is managed and this chance is a major challenge to the company.

5.2. What are the roles of human resources management towards organizational effectiveness?

The roles of HRM towards organizational effectiveness are numerous but in the process of this interview analysis, some core points were mentioned and explained to the researcher.

It is essential to know that HRM holds the central of Famkro Oy and we do have great respect for that, we make employees feel part of the company, that is, without them there is no Famkro Oy. Our employees can make the company reach its apex level as well as going bankrupt. With the help of every employee, Famkro can be effective in its profitability, achieving of its mission, vision and goals as well as having a reputable image in the eyes of the customers and the public.

In Famkro Oy, we try our best to have our employees as long as possible because when they spend years together, they get to know each other well and the work becomes easier. The success of Famkro Oy depends solely on its managing style, attracting and retaining the employees. Our HRM priority is aptitude management and we give room for individual development, including training, checking, discussing, mentoring, encouraging, motivating, coaching, projects and technical support. Flexibility at work, financial incentives, team work, support of career plans are the approaches that Famkro Oy adopted and put in place for its HRM department.

Performance management: Performance management at Famkro Oy is taken seriously and it is a vital component in the systematic and strategic processes of its HRM. When a new employee is added, the worker will be put to work together with the group so as to know how the person works and if the new employee will fit in to the company system. The information or feedback gotten from the group will determine the progress of the new worker. There is also performance appraisal, the information gotten from this helps in recruiting, training, and development of the existing staff and maintaining high level work force by properly rewarding their performance. Famkro Oy management believes that without a reliable performance appraisal system, their human resources system would result in a failure and would crash down.

Knowledge management: Personal relationship and shared visions are the main focus in the information system; we get to have effective knowledge of our employees and their attitude to work by given them appropriate incentive structure

Famkro try the possible best have the right people in the right place with the right attitude and behavior, employees are exposed in the right ways to work, and should have the right mix of skills.

Human resources play a vital role in the day to day success of an organization. When human resource management performs its duty well, the organization will experience growth and if human resource not performed well, the company will face a fall in revenue. Human resources are known to be the back bone of any organization. Due to this the roles of human resources management aiming at organization effectiveness cannot be overemphasis from handling the recruitment process of a company to making sure that only the best are employed to the organization. Motivating the workers with good working incentives as well as promoting healthy competition among the employees will be put into consideration.

Human resources management also helps in the key decision making of the company such as organizing promotion, examinations and, selecting those that are in need of training and those that will be disciplined. Effective management is a major role of HRM in achieving organizational effectiveness that is, in managing people within the organization.

Also, contributing to the company is a major way the HRM achieve organization effectiveness. When the company wishes to look beyond wages for operational duties, profit sharing schemes, company shares bonuses, paid work leave etc are ideas and roles of human resource management towards organizational effectiveness.

The role of HRM is to make sure that there is good relationship in places of employment and anything that affects those relationships in a positive or a negative way. It is essential for any company that wants organizational effectiveness to ensure the satisfaction of employees with the conditions of their employment. HRM is a change to provide support to company employees and assist them in improving their performance. It also solves any problem that arises amicably. Getting better results and achieving organizational effectiveness is a major role of HRM. It will make sure that there are better results from the company workers. When the HRM has a unique way of executing it plans, a company will have a competitive advantage over it competitors.

5.3. What are the factors that hinder the success of human resources department when aiming to achieve organizational effectiveness?

Poor human factor management and inadequate consideration are the major factors that hinder the success of a company HRM in achieving company effectiveness. At Famkro Oy, the management pays attention to the mood of every employee. Sometimes this might look strange but that is what it is, the mood of one employee in Famkro affects all other workers because they work together as a team. For example, if one employee is pressing a phone and not concentrating on work, others might feel cheated and it will also affect their mood thereby reducing the company productivity.

When a worker does not have clear view of the future, it affects his/her attitude to work. Of course, everyone wants to be sure of what lies ahead so as to be able to make necessary plans.

The employee wants to have the trust of the company and if this is not so, the employee is not certain when it comes to making decision in the time of urgency. It is essential to have a set of rules and guidelines but in some cases, there must be some amendments. For example, if an employee has an urgent family issue to attend but the management refuses to give out holiday at that time; this will affect the mood of the worker as well as productivity.

When discussing the factors that hinder the success of HRM in achieving organizational effectiveness, there are numerous factors to be considered but based on experience a major hindrance is government interference in the affairs of the company.

For example, in the process of recruitment, the law will be taken into consideration with issues like gender, religion, local content, etc and all these criteria can hinder human resource management in achieving its goals. Some people might be qualified but the criteria will exclude them and in the long run, it will have an adverse effect on the company.

Additionally, lack of good communication system between the management and employee can hinder the success of the business.

When the employees are not satisfied with job situation, it will hinder the productivity and the company might lose its customers if the organization cannot meet up with demand.

Change is a constant thing and when the HRM is not prepared for change and it happens, it can cause great damage to the management. Also, it is important to know that no matter how the management prepares for change, it will always be felt.

HRM outsourcing is believed to be the process of sub-contracting human resources activities to a third party usually external. Outsourcing keeps the cost low but it keeps the company unprotected and can cause loss of control over the business. When management does not address the employee expectations well, it will hinder the organizational effectiveness.

Balance in work and life is an essential aspect of a healthy work environment and if not well administered to, it will hinder the success of the organization. When there is balance between work and life, it reduces stress and makes employees better at work. There are various ways of promoting the balance of work and life which include:

- Asking the employees about their situation
- Keeping a close eye (monitoring) on their mood
- Embracing flexibility
- Encouraging efficient work for all
- Educating on health related initiatives

5.4. Ways to overcome the challenges of human resources management in achieving organizational effectiveness

When there is flexibility in the management, the employees listen to the management and the management understands the employees in the time of urgency.

Introduction: It is essential to introduce the new hire to every group so as to know where it best fits. The team must be satisfied with the new recruit as well as the new recruit must be free among the team. Giving the employee enough trust puts a management in the safer position and thereby adding to the organizational effectiveness. When the workers have a clear view of what the future holds for them in the company, the employee will give his/her best knowing there is a long term prospect for him/her in the company.

Change: It is good to prepare for change in the management, that is, when an important member of the team leaves. For example, a team leader moved to another industry or company, the manage-

ment must be very sure of whom to select to be the next team leader. Good handling of change is an excellent way to overcome challenges of human resource management towards organizational effectiveness

Healthy competition: Having a healthy competition can boost the mood and attitude to work of the employees. Every organization must put in place healthy competition to the employees because they are in the front line of the business.

Open communication: When there is open communication flow in the organization, organizational effectiveness will be achieved. The flow of information is a very essential element at the workplace. Management and employees must be able to communicate well in order to achieve organizational effectiveness. In an organization where effective communication is in place, everything is possible. This means that all parties that have reached a foreseeable result and it also gives every worker equal participation in achieving organizational effectiveness.

Involvement: Every company that wants or desire to achieve organizational effectiveness must involve both the management and workers. The management controls the business but the employees are the front line of the business and must work with the management to have good results.

Outsourcing of HRM should be kept minimal in order to have good quality and standards as well as having full control of the business.

Expectations: The management should keep their words to the employees and effective communication will know all the expectations from both sides point of view. Hence, it will set clear goals and promotes respect for the management.

Motivation: One major way to boost organizational effectiveness is through motivation. Presence, noticing, complimenting and improvement not just results, are what every employee needs. Employees become motivated above and beyond what is expected when they are valued in the organization.

Committing to CSR, management supports the community programs e.g. having different waste bins as well as reducing fossil fuel consumption, is also a good way to let the employees know about the initiative.

5.5. Do management and labor union works together in constructive and strategic manner?

Not in all company but Famkro Oy always tries to make sure that it employees are satisfied and give them all the necessary benefits and holiday according to the law. Labor unions are like cartels and their major aim is to benefits the members, sometimes a labor union group may try monopolizing the labor union and this can have an adverse effect on the success of the company in the long run. In a business or an organization, the HRM department is more concerned with running the company efficiently at a low cost rate thereby serving the goals of the enterprise as well as taking the company to the top while the labor union is meant to safeguard the workers interests.

At Famkro Oy, HRM is divided into managerial and operative functions, which means that the managerial department is concerned with the setting of long and short term plan for the company as well as directing, organizing and guiding the employees while the operative department focuses on employing new workers, training and making efficient use of the employees as well as managing the relationship with the labor unions.

There is interest based bargaining between the unions and the management which helps the side to come to a mutual agreement. The managing director makes sure that the company's welfare is well looked after while strengthening the employer-employee relationship, hence, maintaining a good balance between the two parties. However, before any decision is made in the organization, the managing director checks the pros and cons of the decision while making sure that the results will be accepted by both sides (management and labor union).

Company and labor union are inversely related because their motives are on different path but employees are the thing they have in common. Management does not exist without the people an neither does the labor union.

The management and labor union cannot work together in a constructive manner only if there is good communication style between them. The management wants to get maximum productivity with little cost while the labor union wants to safeguard the interest of its members and make sure they get higher wages and benefits.

Managers can meet regularly with the union to build trust and good relationships. It is essential they discuss forthcoming changes and makes the communication effective. Management and labor union can work together in a constructive and strategic ways, it only depend on the communication and understanding of both parties. The main aim of a union is to protect and defend employee rights and these can be achieved only through partnership with the management. In other words, the management and labor union see themselves as business partners. The labor unions are the link between the management and they know what the employees want or need and also what the management wants from the workers. This can be achieved only when the labor union works in accordance with the management.

For example, when the employees' issues strike threats, it is the duty of the labor union that negotiations must be in place with the management. Issues like overtime pay, holiday bonuses, promotion, pay rise, share sharing, and optimum work output and punctuality of employee are some of the things that can be achieved if both the management and the labor union work together for the good of the employees and the company.

5.6. Are employees truly a social indicator in management?

Social indicators are numerical measures that explain the satisfactory conditions of existence of an individual or economy. In this situation, Famkro Oy believes that the employees are a social indicator in management. Employees' productivity does affect the revenue of the company, the same thing as well as the company gaining the trust of the customers. Hence, the employees have an impact as a social indicator on the management.

Employees are an indicator because they decide the success of the organization. Social indicators are used to describe and evaluate the well-being of the population. In the process of management, the employees are the variable to be used when the well-being of the company is to be checked. It is ideal to say that truly the workers are used to evaluate the success of the company in terms of productivity, brand and financial welfare.

Yes, employees are the front line of the business and they are the ones responsible to the customers. The customers interact with the employees, not the management, thee employees can make or break a company if their attitude to work is negative and customers loses interest in the company. Com-

panies are being evaluated by the employees' attitudes and the responsibility skills making them a social indicator to the management.

5.7. What motivates you to add more to organizational effectiveness?

These are some of the things that motivate or encourage employee

- Seeing that I have a future with the company in question
- Ability to create and be innovative towards the organization productivity
- Salary, but it is not the main thing
- Constructive feedback and support from the management
- Feeling that I am part of the company and I have roles to play on daily basis
- Motivational words and incentives
- Good incentives
- Constructive feedback
- Involvement in the company success
- Team working, salary and bonuses
- Health care
- Future assured
- Learning new things
- Feeling part of the success of the organization
- Mentoring and coaching others
- Analyzing complex data
- Doing well on individual task
- Working well in the team or on group task.

6 DISCUSSION

The discussions of the study indicate that there are challenges faced by the human resources management in regards to organizational effectiveness. This is due to the complexity in handling humans and it would be difficult to really say that there is a particular challenge of gaining control of human beings extensively because of the dynamics of humans. Notwithstanding, a problem arises regarding the challenge of human resources management but every organization must put in place certain measures to address the issue because the employee form the frontline of the organization as well as it life line.

The roles of human resources management should not be taken for granted because it makes or breaks the company. Any organization that wants to achieve organizational effectiveness must not neglect it human capital. Having the right people and developing them to get the maximum productivity is something every organization must put in place and make sure that this is being followed up with regular checks from the top management.

Every organization can achieve its goals towards effectiveness if the employees are satisfied, valued and respected by the management. Giving technical and proper training will definitely boost the mood of the workers and they will give their best to the company. The presence of the top management is essential because there will be monitoring what and notice problems arising. It is said that no relationship can survive except through good communication, so effective communication will give the company a competitive advantage over competitors and it will win the heart of its customers.

Prior to the interview done with Famkro Oy, it is essential to know that the approach the company is adopted based on the discussion are Guest and Soft models of human resources management. The company neglects the strict approach and does not assume that the sole reason of employees work is to acquire financial gains.

On the other hand, Famkro encourages commitment to the organization by concentrating on employees concerns. The management of Famkro is more compassionate, trusts the workers more and likewise gathers opinion and take it on board with the mindset that the employees come to work with the aim to add more to productivity and progress.

Famkro seek commitment to company's goals through strategic management of the firm, thereby focusing on the individual needs rather than the combined workforce, which enables the company to develop power and flexibility.

Another key discovery is that salary is not the major thing that creates organizational effectiveness and the employees did not mention that as a major boost. Future, trust and flexibility are vital for the success of every organization in order to achieve organizational effectiveness. Creating an atmosphere of effective communication allows for innovativeness, good flow of energy and creativity. The employees want to have a clear vision of the company goals and what to be put in place to achieving it.

Balance of work and life is essential because it promotes a healthy work place and the employees are inspired. Management that is leading the people must know how to motivate and treat people kindly, give people responsibility and set stretched goals.

From the theoretical point of view, soft model is beneficial rather than the hard model because it gives room for employee development. The ideal model according to employees being in the front-line of the organization is a model that clearly states the field of human resource management and portrays its importance and results. Complimenting and encouraging, presence of the senior management has a great effect on the productivity and the workers. Based on my personal analysis, then organizational effectiveness is possible when the employees have a clear vision of the company, know what to do and when to do it and it makes them feel that they are a part of the company success.

It can be concluded that any company in Finland can reach its maximum level and efficiency if they do things right. Effective relationships and communication are essential elements of the organizational effectiveness, taking everything into consideration, a model that supports the management and the employees is the ideal approach.

6.1 Suggested areas for further research

As suggestions, further research can be done in the following areas:

- (i) To find out the right incentive when it comes to giving incentives.
- (ii) How to make employee feel comfortable about making a request like urgent holiday request.
- (iii) In further research, one should consider a bigger sample size as well as what on how to create effective communication.

6.2 Recommendations

Based on the findings in this research, it is recommended that:

- (i) Trade union should safeguard the interests at its member as well as help the management to maximize their productivity.
- (ii) The research has shown that a major problem between employees and management is effective communication.
- (iii) The guest model is supportive to the employees but it cannot be fully trusted because humans are dynamics in nature.

7 CONCLUSION

Achieving organizational effective is possible when the management knows that the employees are the representation of the company in front of the customers. When the employees are satisfied, the company will reach it maximum level. The mood of one employee in the group will have an adverse effect on the productivity of the organization. Healthy competition in an organization is essential because it boost the morale of the workers.

The outcome of the research is considered to be successful because the main objective (What makes organization effective) of the thesis was achieved and the research question is to know the roles of human resources management in regards to organizational effectiveness which was answered.

The key to organization effectiveness based on this research is the human resources because it is the representation of the company in every aspect of the day to day running of business while the roles of human resources management in regards to organizational effectiveness is making the organization a productive and prospering workforce.

Labor Union works for the interest of its members and they do not have the same interests as the management. Human resource management concentrates on matching the needs of the business with the needs and development of the workers. Every worker has a role to play in the success of a company, and it should be valued.

Based on the employee respondents, it is evident that they are motivated to work and they respect the management when their values are respected. The managing also emphasizes that the management make sure that the employees are satisfied and the team members are happy with the group on daily basis.

Finally, the findings may not be the representation of the whole data of industry in Finland, some further study and other findings can be made.

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