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**Recruitment Consulting Business in Finland**

*Perspectives of consultants and their clients*

Management and Organization

Master Thesis

International Business

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**ABSTRACT**

The main objective of this study is to find out the salient features of recruitment consulting business in Finland. The study has been presented from the perspective of Finnish recruitment consulting companies and as well from the organizations which use the services of recruitment consulting companies. The study presents the market situation recruitment consulting services and portrays the trends of Finnish recruitment consulting business. This development need of the Finnish recruitment consulting industry is also presented.

The theoretical background starts from the general aspects of human resource management which explains the major functions of human resource management in order to position recruitment among other key HR-processes. Recruitment refers to the process of screening and selecting the pool of candidates for the purpose of employment with an organization. International recruitment refers to the recruitment of candidates from one country to another for the purpose of employment. Recruitment consulting refers to the process of giving advice and search for candidates for the purpose of recruiting the candidates for the organizations. Qualitative study is applied in order to conduct the research. The empirical data consists of ten direct interviews out of which six interviews were from the recruitment consulting companies and four from the organizations which use the services of recruitment consulting companies.

The study identifies the salient features of recruitment consulting business in Finland as small but rapidly growing, quite international in practices, organized and process oriented, high level of trust, competitive and centralised markets. The empirical evidence suggests that Finnish recruitment consulting services has increased demand in the future. Finnish recruitment consulting companies have a bigger role in creating better image for the Finnish organizations and Finland in order to recruit international workforce.

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**Key words:** Human resource Management, recruitment, International recruitment and recruitment consulting,



## **1. INTRODUCTION**

This chapter gives an overview about the background of research which is followed by the research questions. This chapter also explains the structure of this research report.

### **1.1. Background of the research**

Human capital is considered as a big asset for the organizations to be competitive in the globalised business environment. Finding and retaining the human resources are becoming more and more complicated for the companies as there is stiff competition among the organizations in attracting the highly skilled and remarkable talents. When a company become global, need for reliable and efficient human resources is exceptionally important in order to be highly successful in the market where the company set up their business. Baruch (2004: 7) states that, when employers seek staff, they look for people with multiple competencies, high skills and capable of high performance. At the same time they also need a highly flexible workforce. Thus, organizations are looking for potential employees to be competitive in the business.

Human resources have become considerably more valuable, as the need for skilled labor came with newfound technological advancement. Beardwell (2007: 189) states that the importance of ensuring the selection of the right people to join the work force has become increasingly apparent as the emphasis on people as the prime source of competitive advantage has grown. Companies are more focused on recruiting highly talented individuals to their organization,

and in this century organizations don't only look for people from their home country; they recruit talented people wherever they are available, from any corner of the world. Huge amount of money is been spend by the companies to recruit the potential workforce. According to Dany & torchy (1994: 68) recruitment is crucial to an organization as it has important implications for organizational performance. Recruitment generates costs and conditions, for the current and future development of the organization. It is therefore to be understood and analyzed as a strategic act in all its implications.

In recent scenario, finding and retaining the qualified resources are becoming critical and highly competitive for the organizations, both locally and globally. In order to identify the right candidates, organizations use internal and external sources of recruitment. Search firms or recruitment consultants which are used as an external source of recruitment play an imperative role in the recruitment process, where they act as intermediaries between job seekers and employers. Companies use recruitment consultants to save time and money in order to find "the best" human resources. Recruitment consulting business has emerged as an important service business globally.

Gallagher & Leary (2007: 10) states that "recruitment business landscape has changed remarkably over the past decade. The industry has grown rapidly, diversifying its services and making record profits year and year. The war for talent, the growing importance for soft skills, the drive for efficiency and the need for flexibility have all led to increase in outsourcing and advertising to recruiters and great effort to reach candidates through advertising on and offline. Thus, the need for the service is constantly increasing as hiring people

are becoming highly competitive in the recent years. Recruitment industry has undergone radical changes in the past years as the importance of recruitment consultant has been well understood by the organizations in finding the people”.

The present study focuses on analyzing consulting business in the Finnish context. Finland is a Nordic country situated in Northern Europe bordering Sweden, Russia and Norway. According to Forbes (2009) Finland has been ranked thirteenth in the world as the best country to do business. Finland is in need of qualified immigrants to fulfill the labor shortage which is likely to occur in the coming years due to ageing population. Matti Vanhanen, The Prime Minister of Finland, emphasizes that “Finland needs immigrants. It is important that all those who bear responsibility will say openly that we will need work-based immigration in the future”. Further, he feels that immigrants will be needed in all kinds of professions, from the highest researchers and doctors on down (Helsingin Sanomat 2009). Finland, though being outstanding in various international comparisons, as a welfare state, has huge challenges ahead in attracting skilled labor forces from other countries to sustain its competitive economy. Finland is also facing challenges in the age structure where there will be mass retirement of employees in various sectors in the near coming years.

Besides such structural issues concerning population structure, global financial turmoil and labor shortage have great impact on the recruitment consulting industry in Finland. Finland has vacancies across all the industries without qualified people, and at the same time unemployment rate is increasing rapidly. It is going to be a great challenge for the companies in Finland to find the

qualified people, and demand for the services of recruitment consultants may be high in the future. Gallagher & Leary (2007: 11) predict that “over the coming years, the workforce is set to become far more diverse, reflecting trends towards an aging population, great ethnic diversity, increase in immigration and more women taking up positions in paid work. Here, the recruitment industry plays an essential role as intermediary-helping businesses to understand and accept these changes, and encouraging candidates from this “new” talent pool to enter or re-enter the workforce”. Thus, the roles of recruitment consultants are going to be soaring in solving the labor shortage problems in Finland.

The main focus of this study is to find the features of recruitment consulting business from the perspectives of recruitment consulting companies and the organisations which use their services. Summarizing the existing studies and books, it can be seen that there are very few researches about human resource consulting and recruitment consulting. The Finnish recruitment consulting industry should be observed with taking into consideration current financial crisis and likelihood of rise in skills’ shortage and how these consulting companies are going to help their clients in finding the qualified candidates as there seems to be shortage of skills which is likely to be increasing in the forthcoming years.

## **1.2. Objectives of the study**

In the light of this background, the main objective of the research is to increase understanding of the features of recruitment consulting business in Finland. The objectives have been divided in to four sub objectives and each sub objective is presented in two perspectives: the perspective of the recruitment consulting companies and the perspective of the organization which use the services of recruitment consulting companies.

The four sub objectives of the study are:

- 1) To find out the main characteristics of recruitment consulting business in Finland
- 2) To find out the market situation of recruitment consulting business in Finland.
- 3) To find out the trends in Finnish recruitment consulting business
- 4) To find out the development needs of recruitment consulting business in Finland.

## **1.3. Structure of the research**

The research has been structured as follows. This first chapter starts with introduction which is followed by the background of the research which gives an overview of the research. This chapter also includes research questions which explain the goals of the study which is followed by the structure of the research.

Chapter 2 starts by introducing Human resource management and its functions followed by overview of Recruitment and International recruitment. This chapter also gives a summary to sources of recruitment and the process of recruitment done by companies.

Chapter 3 gives an overview of the consulting business. It also gives an insight to recruitment consulting and its features and tells how the recruitment is processed by the recruitment consultants. The chapter also explains why the recruitment consultants are used by organizations to hire people. This chapter also gives background information about the Finnish labor market and the Finnish recruitment consulting industry.

Chapter 4 describes the methodology of the study. This chapter explains the research strategy, research design and the limitations of the study.

Chapter 5 describes the empirical results of the study. It illustrates the features of recruitment consulting in Finland, the market situation of Finnish recruitment consulting business, trends and the development needs of recruitment consulting business in Finland. This empirical result of this study is presented from the perspective of both recruitment consultants and their clients.

Chapter 6 includes conclusions and implications of the research study. This chapter concludes the overall outcome of the study. Suggestions for further research are also mentioned in this chapter.

## **2. RECRUITMENT AND INTERNATIONAL RECRUITMENT**

This chapter gives an overview about human resource management in order to position recruitment as the main area of the study. This chapter explains the functions of human resource management focusing on recruitment and its features in both domestic and international context.

### **2.1. Human resource management**

This chapter gives a short insight to human resource management and its core functions. Human resource plays an important role in any organization, both commercial and non commercial. Human resource management focuses on planning and implementing the human resource practices in organizations. The activities which are carried out to utilize the human resources effectively and efficiently come under the function of human resource management. According to Braton (2007: 3) human resource management (HRM) is a strategic approach to managing employment relations which emphasizes that leveraging people's capabilities is critical to achieving competitive advantage, this being achieved through a distinctive set of integrated employment policies, programs and practices.

Schuler (1995: 5) states that human resource management is about managing people in organizations as effectively as possible for the good of employees, the company and society. Human resources play a significant role in achieving the success of an organization. According to Mathis & Jackson (2007: 1) "human resource management is having management systems to ensure that human

talent is used effectively to accomplish organizational goals". Whereas Bunting (2004) argues that human resources...have taken on pleasantly democratic overtones as the 'people department': and companies are very fond of instituting 'communities' in place of departments, while 'positions', not people are made redundant.

### 2.1.1. Functions of human resource management

Human resource management functions include human resource planning, staffing, training and development, industrial and employee relations, performance management, compensation and benefits, employee health, safety and security and human resource development. Huselid (1997: 157) states that the role of the human resources function is to attract and select qualified job applicants, to develop performance management and compensation systems that align employee behaviors with organizational goals, and to assist in the development and retention of a diverse workforce to meet current and future organizational requirements.

*Human resource planning* is becoming considerably important these days among the organizations. Main objective of human resource planning is to estimate or plan the required labor force and to develop skills and competence of existing employees for the future need of the organization. Mathis & Jackson (2007: 13) state that the focus of human resource planning is to ensure the organization has the right number of people with the right capabilities at the right time and in the right places. Human resource planning can also be seen as estimating the future demand of the employees and their skills. According to Stredwick (2000), there are four main general objectives in developing HR

planning: continuity flow, maintenance, response to change and control.

*Staffing* is the process of filling a vacant position in the organization by hiring a new person or reassigning person who is already employed. It includes recruitment and selection. Synder & Mcdaniel (1997: 320) state that staffing is concerned with recruitment, selection, placement, classification, evaluation and promotion of individuals in an organization. Staffing has its roots in the fact that individuals differ from one another. Mondy & Noe (1987: 160) define recruitment as the process of attracting individuals on a timely basis, in sufficient numbers and with appropriate qualifications, to apply for jobs with an organization. Recruitment involves several processes to select the right candidate for the organization. Banfield & Kay (2008: 61) states that selection the process, culminating in the decision to fill a vacancy from internal or external applicants, used by the organization to choose the most suitable candidate from a pool of applicants. Recruitment and its main aspects will be discussed more in detail in the next chapter.

*Training and development* are carried out in the organizations to improve the performance and efficiency of the employees. Schuler (1995: 503) states that training and development are any attempts to improve current or future performance by increasing employee ability. The term “development” can be seen as developing the career of the employee within the organization by training them to improve their skills and to perform well in their tasks. Banfield & Key (2008: 240) state that training can be understood as planned, structured and often formalized learning experiences that seek to develop specific skills and knowledge needed for effective job performance.

Development is a term which is often used to describe changes in the whole person and what they can do. It reflects the belief that all people have the potential to be more and do more, and that this potential needs to be developed as well as utilized. Training and development are the means by which people learn their jobs through effective orientation programs.

Development is the process of preparing the employees to develop their skills and abilities. Development maximizes the ability and productivity of the employee in order to achieve organizational goal. McLagan & Suhadolnik (1989: 1) state that human resource development is the integrated use of training and development, career development and organizational development to improve individual and organizational effectiveness. As per Nadler & Nadler (1990: 3) development is an organized learning experience in a definite time period to increase the possibility of improving job performance growth. Stewart and McGoldrick (1996: 1) claim that “human resource development encompasses activities and process which are intended to have impact on organizational and individual learning”. Training is more formal, individual skills, emphasizes learning by repetition and has narrow effect.

*Performance management* is the process which is used to measure and evaluate the performance of the employees at work periodically in order to motivate and reward them and as well to improve an employee’s performance for the future course of action. According to Noe, Hollenbeck, Gerhart & Wright (2008: 343), performance management is the means to ensure those employees’ activities and outputs are congruent with the organizations goals. Performance management is done by performance appraisal methods such as 360 degree

appraisal, management by objective (MBO), behavioral observation scale (BOS) etc. Gold (2007 : 274) state that “performance management refers to the set of interconnected practices which are designed to ensure that a person’s overall capabilities and potential are appraised, so that relevant goals can be set for the work and development and through assessment, data on work behavior and performance can be collected and reviewed”.

*Industrial relations* is the term which refers to employment relationship. It refers to interaction between the employers and the employees. Mills (1994: 5) states that industrial relations consists of the “processes by which human beings and organizations interact at the workplace and, more broadly, in society as a whole to establish the terms and conditions of employment”. Cushway (1994: 148) claims that industrial relations can be described as a system comprising (A) Inputs derived from the goals, values and power of the actors within the system, (B) Procedures for converting inputs into outputs, (C) Outputs comprising the financial, social and psychological rewards to employees, (D) A feedback loop through which outputs flow back in to the industrial relations subsystem and also in to the environmental subsystems. In this context human resource department serves as a bridge between the management and the labor unions. According to Ivancevich (2007: 483) labor relations are the continuous relationships between a defined group of employees and management. The relationship includes the negotiation of a written contract concerning pay, hours and other terms and conditions of employment as well as the interpretation and administration of this contract over its period of coverage.

*Compensation and Benefits* are the total package of concrete returns which includes financial rewards and perks offered by the organization to its employees for their work done. According to Bloom & Milkovichs (1992) remuneration can be defined as a bundle of returns offered in exchange for a cluster of employee contributions. The task of the human resource department is to prepare the payroll and ensure necessary benefits to the employees to encourage them to do their job. Decenzo & Robbins (1996: 382) claim that today's workers expect more than just an hourly wage or a salary from their employer; they want additional considerations that will enrich their lives. These considerations in an employment setting are called employee benefits. Employee benefits can be described as a kind of non-monetary compensation such as perquisites, paid vacation, medical reimbursement, educational reimbursement, sick leave, meal vouchers, relocation assistance, transportation, employee stock option schemes etc. Dessler (2008) states that employee compensation refers to all forms of pay going to employees and arising from their employment. It has two main components, direct financial payments (wages, salaries, incentives, commissions and bonuses) and indirect financial payments (financial benefits like employer-paid insurance and vacations.)

*Health, workplace safety and security* have to be taken care by the organizations for its employees in order to create confidence among the employees. Bratton (2007: 479) states that health, safety and security are concerned with the design and maintenance of a work environment that supports the organization's objectives creates a safe and healthy workplace and promotes the well being of employees. It is important for any organization to ensure safe work environment to its employees. Based on recent scenario, companies spend huge sum of money on employees' health by giving free

medical facilities and insurance for their employees. According to Mondy & Noe (1987: 500) safety involves protecting employees from injuries due to work-related accidents, and health refers to the employee's freedom from physical or emotional illness.

There are different categorizations of human resource function and thus also other activities are proposed. For example, other activities such as *Employee Counseling* which helps to establish relationship between a trained counselor and an employee if there is performance of the employee is low due to his or her personal and social problems. As per Masi (1984: 117)" it is an appropriate referral that secures necessary assistance and the provision of short term counseling when a referral is not necessary". Also, human *resource audit*, which is the process of examining policies, procedures, documentation systems and practices with respect to organizations human resource functions, comes under the functions of HRM. *Managing diversity*, refers to the challenge of meeting the needs of a culturally diverse workforce and of sensitizing workers and managers to differences associated with gender, race, age and nationality in an attempt to maximize the potential productivity of all employees (Ellis & Sonnenfield (1994: 82). According to Lake (1997) *Employee communication* provides managers with the information that they need for decision making.

All in all the main functions of human resource management was discussed in the above section and recruitment which is one of the important functions of human resource management is discussed in the next section.

## 2.2. Recruitment

Recruitment facilitates the organization to bring the most valuable human resources through serious processes. The main objective of recruitment is to find the right person for the right job at right time. Miner & Crane (1995: 317) view recruitment encompassing as the array of organizational practices and definitions used to affect certain types of individuals who are willing to apply and to accept an employment in a given vacancy. Recruitment combines selection and placement procedures to bring people into unfilled or opening positions specified by some type of job analysis. Breaugh (1997: 287) claims that recruitment planning should be carefully integrated with an employer's human resource strategy. Among the issues that an employer should address in recruitment planning are (a) Does it wish to fill positions internally or externally?, (b) What are the job specifications for the open positions?, (c) Is affirmative action a consideration, (d) What are its budgetary constraints?

According to Barber (1998: 5) recruitment includes those practices and activities carried on by the organization with the primary purpose of identifying and attracting potential employees. Recruitment planning helps to identify the need of the human resources of the organization for the present and as well for the future. Recruitment helps to improve and build a strong brand image as a favored employer or as a best place to work. Recruitment helps the organization to achieve their goals by recruiting the right people for the right job at the right time. Recruitment helps to replace candidates who are unwilling to adapt to the company's changes and don't perform as expected.

Recruitment generally arises in a situation when there is a need for new human resources. When an existing employee leaves his or her job, there is a need to replace him and the organization decides to hire a new person who will fit in to that existing position. In some cases the organization decides to leverage the responsibilities of an existing job. When there is too much workload carried for a single person and the employees cannot handle their tasks by themselves, the organization decides to recruit a new person in order to share responsibilities and tasks. The organizations also recruit new individuals in order to train them for the positions which are likely to arise in the future. When the company starts up a new plant or a new operation or a new branch, the need for qualified human resource arises. In that case the company decides to hire new staff for their new venture. Accordingly, Banfield & Kay (2008: 68) have categorized recruitment occurs in the following way: (A) Replacement recruitment, (B) Recruiting for a new position / job, (C) Recruitment for a new build, (D) Recruitment needs that reflect long-term distortions in the supply and demand for labor (E) Recruitment that is used as an instrument of social engineering.

Dany & Torchy (1994: 85) state that line managers are very much involved in recruitment and selection. Line manager's responsibilities have increased over the last three years. Line management and the HR department are responsible for recruitment and selection issues, the HR department being supportive of line managers. The human resource department may have specialists such as recruiters, psychologist, interviewers and post recruitment officers who handle the whole recruitment process as the recruitment is frequent activity in the large organizations. Whereas in small organizations recruitment is not a frequent activity; the recruitment is done by a general manager such as CEO or line

manager. Beardwell (2007) states that recruitment and selection have been seen as two key activities of the HR function. However, organizations are increasingly choosing to involve other parties such as line managers or specialist agencies, or to outsource the activity altogether.

### 2.2.1. Sources of recruitment

The sources of recruitment can be divided into internal and external. Job posting and bidding, promotion and transfers, current employee referrals, database and unsolicited applicants, re-recruiting former employees, company's intranet come under *internal recruitment* while recruitment through schools, colleges and universities, through various medias, through trade and professional associations and websites, job portals, through employment agencies and executive search, headhunters and recruitment consultants come under *external recruitment*. Gatewood (1997: 287) states that "internal recruiting sources refer to methods that transmit information to current employees". The most common internal source of recruitment is job posting, in which position information is directly provided to employees through information boards, intranet, personnel magazines, etc. External recruiting sources refer to methods directed to general public and individuals who are not current employees. The most common external sources are videos used in WWW, job fairs, presentations and advertisements in newspapers, magazines and professional periodicals, announcements on radio, television, employee referrals, internships and educational site visits.

The following table shows the internal and external sources of recruitment.

<i>Internal Recruitment</i>	<i>External Recruitment</i>
Database & unsolicited applicants	Campus recruitment & Internships
Job posting & bidding	Professional Associations & websites
Promotions & transfers	Employment agencies & Executive search
Employee referrals	Job fairs & Special events
Company website	Public media
Online recruitment	Job Portals

Table 1. Internal and external sources of recruitment

### ***Internal recruitment***

In internal recruitment organization fills a particular job or vacancy within the organization itself. The main advantage of internal recruitment is that the company is well aware of its employee's talent, strengths and weaknesses. Therefore, it is easier for the company to promote or transfer a suitable employee within the organization itself. Internal recruitment saves advertisement cost and time to find the candidate externally. The employees promoted or transferred within the organization are already well aware of the organizational culture and other aspects of the organization. Internal recruitment increases motivation among the existing employees as they are

aware that if they perform well they may be promoted within the organization with a pay hike.

Companies try to fill up their vacancies internally by promoting and transferring their existing employees from one level to another or from one branch to another. Companies also fill their vacancies internally by job posting and job bidding. According to Schuler (1995: 227) job posting prominently displays current job openings by extending an open invitation to all employees of the organization. Mondy & Noe (1987: 168) state that job bidding is a technique that permits all individuals within the organization who believe that they possess the required qualifications to apply for a posted job.

Employee reference is an important source of internal recruitment. Harris (1997: 101) states that “employee referrals are an excellent source of job applicants; employee referral means using personal contacts to locate job opportunities”. This is a great opportunity for the employees to bring their friends or relatives with good skills to their organization. The employees may be rewarded for their referrals when the candidate referred is an extraordinary”.

Almost all companies have separate column for career in their websites which encourages job seekers to send their CVs to the companies and all those CVs become a candidate database to the companies. If an organization is quite well-known it attracts attention of many people who are searching for job and it encourages many applicants to apply for open positions. The company receives a huge number of resumes, which is a potential asset for the organization and can be used in their future search of employees as needs arise.

### *External recruitment*

The process of recruiting candidates outside the organization through external methods is known as external recruitment. A large number of talented and skilled candidates are available outside the organization, and this is the main advantage of the external recruitment. A new employee brings new ideas, networks and perspectives to the organizations which will also increase the competition among the existing employees in performing efficiently.

Companies advertise their openings through various advertising channels like newspapers and magazines. The newspaper attracts a large number of applicants as it reaches a large number of people at the same time. According to Decenzo & Robbins (1996: 165) advertisement is the material communicating to the general public that a position in a company is open. By advertising the companies try to establish their strong corporate image among the job aspirants. It is a way to communicate their employment need to the job seekers. Companies advertise their vacancies also in professional journals which are targeted for a particular target group. Companies also find applicants through the job centers and employment agencies.

Companies recruit young talents externally also by campus recruitment by visiting schools, universities and colleges. Harris (1997: 103) states that "campus recruitment is a method of recruiting by visiting and participating in college campuses and their placement centers". Advantages include that the placement center helps locate applicants and provides their resumes to organizations, applicants can be prescreened, applicants will not have to be enticed away from

a current job, and applicants may have lower salary expectations than the more experienced candidates. The companies conduct campus recruitment and participate in career fairs to recruit talented students. According to Baron & Kreps (1999: 340) recruiting students who attended similar educational institutions, majored in the same subject, served in the military or have the same off-work hobbies may produce some of the benefits of homogeneity, while still permitting a labor pool that is heterogeneous on racial, ethnic, gender and other lines. Mainly companies target with this method of recruitment is to find students with motivation, self-initiative, energy, creativity, communication skills, flexibility and required knowledge to fill in entry-level jobs.

Companies also recruit students through various internships as they need some personnel to work on specific projects or vacation replacements. The students, who are recruited for internships can be recruited later on as full time employees. In this case they often cost less for the companies than the experienced employees at the market. Moreover, by this way the companies may develop a lasting relationship with talented young people and also the risk involved in selecting a wrong person is smaller as the company knows him/her already.

Special events, for example, job fairs, are one of the channels of external recruitment. They provide a channel for recruiting large number of job seekers at the same time by a single employer or group of employers. Companies participate in special recruitment events in order to find talented employees who work for various organizations and who are looking for a change. These recruitment events mainly take place at the week-ends, so that both currently

working and unemployed people can attend them.

Employment agencies are one of the external sources of recruitment. Employment agencies can be divided into public employment agencies and private ones. Public employment agencies are run by the government to serve the unemployed citizens and employers. Byars & Rue (2006: 115) state that “state employment agencies generally have an up-to-date list of unemployed persons”. State employment agencies provide free service for individuals seeking employment and for business organizations seeking employees. In order to receive unemployment benefits it is usually mandatory to be listed in state employment agencies.

Private employment agencies are those which charge money either from the candidates for finding jobs, or from the employers for finding people for the organizations. Noe, Hollenbeck, Gerhart & Wright (2008: 210) state that “public employment agencies serve primarily the blue collar labor market; private employment agencies perform much the same service for the white-collar labor market”. Unlike public agencies, however, private employment agencies charge the organizations for the referrals. Another difference between private and public employment agencies is that one does not have to be unemployed to use a private employment agency. An employed can use a public agency (info board and web-announcements for example) to find a new job, but usually not register as a job seeker.

If the companies have difficulties in finding candidates for some specific jobs, they use special kind of external sources such as executive search, headhunters or recruitment consultants to identify and locate potential candidates. According to Beardwell (2007: 216), “recruitment agencies can be used to fill temporary and permanent positions”. Their involvement in the recruitment and selection process can vary from supplying “temps” to address short-term needs, to undertaking recruitment administration and initial stages of selection, i.e. short-listing. The role of these consultants will be discussed later on in a separate chapter.

### *E-Recruitment*

E-Recruitment serves as both internal and external recruitment. As E-recruitment has become an important source for the organizations to recruit candidates it is discussed as a separate section. E-recruitment is a cost-effective and quicker way to reach people when compared with other tools, although bigger investment is needed in the beginning. E-recruitment is used by the organization as an internal source of recruitment as well as an external source of recruitment. Companies use E-recruitment for advertising their vacancies through their corporate websites and through job portals. Nowadays, many companies use job portals or job search engines such as Monster and Career Builder to identify suitable candidates. These sites attract a vast array of applicants, who submit standardized résumés that can be electronically searched using key terms. These portals can be considered as an online database consisting of numerous CVs which have been submitted by candidates.

Another way for organizations to use the web is to use their own web site. Noe, Hollenbeck, Gerhart & Wright (2008: 209) state that “one of the easiest ways to get in to “e-recruiting” is to simply use the organizations own web page to solicit applications”. In this situation organizations can highly tune their recruitment message and focus in on specific people.

On the other hand, Byars & Rue (2006: 116) state that “using the Internet for recruiting may lead to having some unsuitable job candidates and some poor quality job applications”. However, speed and time saved in recruitment seem to offset these potential problems. E-recruitment reduces the cost of recruitment and as well speeds up the process of recruitment. E-recruitment helps also to reach wide pool of applicants who are looking for jobs globally. It also helps to handle high volume of applications in a regular way

### 2.2.2. Steps in the recruitment process

According to authors such as Bohlander and Snell (2010), Arthur (2006), Barber (1998) and Banfield and Key (2008) recruitment involves several steps.

The first step in recruitment is analyzing the organizational need for recruiting people. To perform that, human resource department identifies vacancies available and emerging in various departments. It also analyzes whether the vacancy can be filled internally, through job transfer and promotion. When line manager in cooperation with HR department decides to recruit a new person, they move to the second stage. The second stage of the process is to prepare the job description and to identify job requirements. In this stage line management

and HR department determine main duties and responsibilities of a person to be recruited and whom the new recruit will report to. After this they decide which skills are required to perform the job. These include educational qualification, previous experience, personality, etc.

The next step involves selection of the sources of recruitment and choosing between external and internal sources. For instance, organization may decide that the position can be filled with the current employee referral, or to recruit using advertisement. In some cases, if the position is very critical, the company may conclude to use the external sources of recruitment such as executives search consultants or professional organizations, etc. Once the sources of recruitment are determined, applications or resumes are collected from the candidates who are interested for the job opening. After receiving the applications or CVs from the candidates the company analyses received applications and choose those ones which fulfill their requirements. The applications, which are not selected, are often saved in its database in order to use them for future needs.

Next, the company informs the candidates about the selection process. The selection process may involve the use of psychometric tests, interviews, group discussions, graphology etc. When the selection process is completed, the company decides to shortlist the candidate who has performed well in the selection process. The shortlisted candidates are informed after the final decision is taken by the organization. The next step is inspecting the candidate's background and references. At this stage the companies verify if the candidate has any crime history, and may check interpersonal behavior skills with peers

in the previous organization. The HR department issues the offer letter and appoints the candidate finally and sends him or her for induction.

After this discussion the focus will be turned on towards international recruitment its advantages.

### **2.3. International recruitment**

The world is becoming more and more competitive due to the fact that human forces migrating from one corner of the world to another predominantly for employment purposes. Daniels & Radebaugh (2004: 651) state that “people often try to emigrate from countries with high unemployment and low wages to countries with labor shortages and high wages”. He also states that “there is pressure for labor to move from high-unemployment and low wage areas to places of perceived opportunities”. When the companies are international, the need for diversified people across the globe becomes important for various purposes. Bohlander and Snell (2010: 198) state that “companies are looking abroad to develop better products around the clock via global workforce and attract the best talent wherever it may be.” The systems and practices from one corner of the organization have to be transferred to another part of the organization which is situated in third country. Hence, the companies need international workforce in order to do all these things.

Furthermore, international recruitment is increasing these days as in many countries the labors are in shortage. It has become a vast responsibility for the

governments to attract talented professionals to their country, and if there is lack of skilled professionals in a country it loses its attractions among the organizations and the organizations tend to move to other countries where there is skilled professionals are in abundance. Barham & Oates (1991: 1239) state that “the motive to recruit internationally however goes beyond concern about labor shortages and rising employment costs. International recruitment is also driven by companies’ desire to create a more international ethos in their organization”. He also states that “leading firms now acknowledge that they can no longer rely solely on their home labor markets”. If they are to remain competitive, the companies must tap in to new sources of labor to find the best people at most competitive price.

During the international recruitment process the companies consider various factors which influence an employee to work in a host country. The companies often consider the candidate who can speak the language of the country where he is going to work, who has necessary technical capabilities and is thus well aware of all the necessary latest technologies. Cultural suitability also plays a major role in international recruitment. Czinkota, Ronkainen & Moffett (2002: 477) state that “the recruiter in international operations will need to keep in mind both cross cultural and cross national differences in productivity and expectations when selecting employees”. Once they are hired, the firm’s best interest lies in maintaining a stable and experienced workforce.

Legal requirements play a significant role in the recruitment. The candidate has to have valid work permit to work in another country which the organization sponsors to the right candidates. Employee’s flexibility and the family a

condition is also are taken into consideration during the international recruitment process. Family issues are the most common reason for failure in International assignments.

Sources of international recruitment includes both Internal sources (job posting and bidding, promotion and transfers, current employee referrals, employee and applicants database, re-recruiting former employees) *and external sources* (recruitment through schools, colleges and universities, various medias, through trade and professional associations, employment agencies, immigrants, executive search, headhunters and recruitment), as well as *E-recruitment* ( job portals, professional websites, employer websites, online recruitment)

### 2.3.1. Advantages of international recruitment

International recruitment has many advantages. It helps organizations to create a multicultural environment. International recruitment is becoming very common in lots of countries due to the demographic challenges faced by them. The aging population and decline in birth rate has made many countries to attract international workforce for their countries in order to improve their economic competitiveness globally. International recruitment is very important for the global organization in order to be competitive in the market. International recruitment increases the competitiveness of the employees in the organization. International recruitment helps to reduce the labor cost. International recruitment develops the multicultural environment in the organization and helps to utilize potentiality and knowhow of employees. It also creates a diversified workforce in the organization which can help to build up the image of the organization as an equal opportunity employer.

A person who moves to a foreign country for employment have to work hard to prove themselves in order to retain the job. In this case employee from another country may have fewer options to change job from one company to another one when compared with domestic employees. When recruiting a candidate from another country there is also an advantage of the candidate's network. The foreign employee may have potential contacts at his native country which can be used for organization's business purposes. International recruitment brings the employees with new ideas, different experiences, and diversity of skills and education which is required to implement the change in the organization due to their international exposure.

### 2.3.2. Distinction between Recruitment and International recruitment

The characteristics of domestic recruitment and international recruitment both basically deal with recruiting an individual for the organization. International recruitment is becoming considerably important among the multinational organizations. Dowling & Welch (2003: 83) state that "the major differences between domestic and international staffing are the firms predisposition towards who should hold key positions in head quarters and subsidiaries (ethnocentric, polycentric, region centric and geocentric) the constraints imposed by host governments and the firm's ability to attract right candidates".

The main difference between the recruitment and international recruitment is mentioned in the following table.

<i>Domestic Recruitment</i>	<i>International Recruitment</i>
<p>Domestic recruitment deals mainly with one country nationals and its recruitment issues and policies are based on that and it has uniformity in all the issues.</p> <p>Recruitment costs are lower when compared with international recruitment.</p> <p>Domestic recruitment has uniformity in labor policies, recruitment procedures and systems.</p> <p>In recruitment it is easier to attract the candidates from their home country as the candidates may be well aware about the go company</p> <p>Domestic recruitment does not have many legal, economic, physical and cultural barriers to overcome.</p> <p>In domestic recruitment the people from the same culture and region are recruited so the way of working will be the same and it creates a mono cultural workforce</p> <p>In domestic recruitment the compensation is paid according to the domestic standards which can be less significant when compared with the international recruitment.</p> <p>Domestic recruitment can be finalized in less time period as the process is not lengthy</p>	<p>International recruitment deals with various nationalities where the recruitment issues and policies are different in nature.</p> <p>International recruitment involves more cost as the process is complex in nature.</p> <p>International recruitment the policies, procedures and systems are different as they deal with different countries.</p> <p>International recruitment it is harder to attract the candidates as the candidates from other countries may be less aware of the company.</p> <p>International recruitment has legal, economic, physical and cultural barriers to overcome.</p> <p>International recruitment creates multicultural workforce where the companies get new ideas and approaches due to employee's international experience.</p> <p>International recruitment the compensation has to be paid according to the international standards which can be higher than the domestic standards.</p> <p>International recruitment consumes more time as the process is extended as it has administrative constraints such as work permit etc.</p>

Table 2. Distinction between recruitment and international recruitment

### 2.3.3. Approaches of international recruitment

When the companies go global the need of successful human resource who can adopt the policies of the organization becomes very important for them. So the organizations follow four kinds of approach in international recruitment: ethnocentric approach, polycentric approach, geocentric approach and regiocentric approach.

According to Deresky (2008: 344), “global staffing approach has several important advantages; first, this policy provides a greater pool of qualified and willing applicants from which to choose, which, in time, results in further development of a global executive cadre. Second, where the third country nationals are used to manage subsidiaries, they usually bring more cultural flexibility and adaptability to a situation, as well as bilingual or multilingual skills, than parent country nationals, especially if they are from a similar cultural background as the host country coworkers and are accustomed to moving around. Third, it can be more cost effective to transfer and pay managers from some countries than from others because their pay scale and benefits package are lower”.

In *ethnocentric approach*, when the organizations start their operation in the host country, they recruit all key positions with citizens of their parent country, i.e. country where the company has its headquarters. If the key positions are filled with the parent country nationals it is easier for the organizations to maintain coordination and control over the host country subsidiary. According to this approach, the manager who belongs to parent country gains

international experience which can also be used by the organization in other countries if they tend to start their operations. Beardwell & Claydon (2007: 198) state that “ethnocentric approach is a typical strategy employed in the early days of the new subsidiary, where power, decision-making and control are maintained at parent headquarters.

In *polycentric approach*, when the organizations start their subsidiaries in another country, they recruit host country nationals. By this approach the organization eliminates cultural and language barriers which arise in the host country by recruiting their home country nationalities. The host country nationals are familiar with the local culture, languages, local contacts and way of doing things which is a huge advantage for the organization to operate their subsidiary successful. Moreover, the legal constraints are also minimized.

Regarding *geocentric approach*, the organization recruits the best people in all the positions without taking their nationality into consideration. By this approach the organization has a chance to develop a well trained international workforce where the best talents from different country and culture are recruited. This approach helps the organization to have pool of candidates with multilingual skills, flexibility, adaptability which are very essential for the organizations aspiring to compete globally. Dowling, Schuler & Welch (1994: 54) state that “there are two main advantages in geocentric approach: it enables a multinational firm to develop an international executive team, and it overcomes the federation drawback of the polycentric approach”.

According to *regiocentric approach*, the organization recruits the employees who belong to particular region which they operate. By this approach the organization develops a regional workforce who has more or less similarities in culture and languages. It helps to increase the interaction between the headquarters and the subsidiaries. Dersky (2008:344) states that “regiocentric approach can produce a specific mix of parent country nationals (PCNs), host country nationals (HCNs) and third country nationals (TCNs), according to the needs of the company or the product strategy”. He also quotes that “the factors that influence this staffing policy are the strategy and organizational structure of the firm, as well as the factors related to the particular subsidiary”.

Thus, all in all various aspects of human resource management are closely related to each other and should be strategically managed. Though human resource management has various activities, in this present study the main focus was on recruitment. The following chapter explains recruitment consulting and its features in detail.

### 3. RECRUITMENT CONSULTING BUSINESS

Consulting is a business which provides advice to the organizations to help them in solving problems occurred in various areas of their business and which is done by consultants or consulting firms who are expertise in the respective fields. According to Cope (2000: XII), "consulting is fundamentally about change, about helping another person, team or organization make the transformation from one state to another." This might be a physical, cognitive, emotional, structural, technological or organizational change. Furthermore, consulting is a trade based operation, where the ability to sell products and service is core competency. Grieves (2003: 123) state that "turbulent environment has forced external management consultant to offer their service as a product." This in turn increases the dependency of managers on an external consultant. The ability to construct and sell expert packages to organizations invariably creates a state of dependency with management consultants showing the way through the guide book.

Garratt (1991: 2) points out several points why the consultants or consulting companies are commonly used. First, some organizations may not have the necessary expertise amongst their existing staff to solve a specific problem, Second, the expertise may be there, but the appropriate people may not be able to fit the assignment into their timetables. Third, even if the right people could take on the task, they themselves might recognize that sometimes an outsider can see problems in a new light and bring a fresh perspective to them. Fourth, company politics may be such that a disinterested outsider's opinion might be more acceptable than that of a staff member. Fifth, a third party, such as an organizations bank may insist on an impartial view of a particular issue. Sixth,

an outsider can always be blamed if things go wrong, and thus keep intact the social bonds which exist in the organizations.

### **3.1. Human Resource consulting**

Human resource consulting is the consulting service which deals with human resource issues of organizations. Human resource consulting has been emerged from management consulting and has been developed as a separate industry providing solutions for the organizations for the human resource needs and issues. Poulfelt, Greiner & Bhambri (2005: 20) state that “the more traditional definition that consulting involves the independent study of a client issue, and often times with assistance in implementation, but not with taking over the managerial function. This definition applies to human resource consulting as well which is derived from general consulting”.

Human resource consulting firms operates in areas such as talent acquisition & management, remuneration, performance appraisal, recruitment, health care and benefits. Furthermore human resource consulting firms play a major role in mergers and acquisitions in evaluating the human resources. Human resource consulting is also done in other areas such as communication, retirement and outsourcing. The human resource consulting firms often take part also in conducting various employee surveys which help the organization to find out solutions how to enhance performance of their human resources. The main focus of this thesis is on recruitment consulting and its aspects which are explained separately in the upcoming section.

Lawler & Mohrman (2005: 133) state that “corporations have a long history of using consulting firms in the areas of training, compensation administration, benefits and labor law”. HR consulting firms range from small boutique to major consulting companies. Deeper and more profound trend concerns the use of consultants are increasingly used for improving a company’s human capital management, which is increasingly seen by senior management as a source of competitive advantage. They realize that the creation of successful business strategies depends heavily on the quality of human input, usually derived from many parties with diverse knowledge and information about a complex and uncertain world.

### **3.2. Recruitment consulting**

Recruitment consulting emerged as a separate service from human resource consulting which it spin off from management consulting. It is the consulting business where the recruitment consultants help their client organizations in finding the right human resources for their specific vacancies. Gunz & Peiperl (2007: 334) state that “the organizations involved in helping match individuals to employers constitute a vast human capital industry”. Overall, one can think of an “employment services industry” that puts workers and employers together and includes temporary help, professional employer organization (which take on the legal obligations of an employer but not their day-to-day management), and employment placement agencies of various kinds. Thus, recruitment consulting can be divided into permanent staffing services and temporary staffing services.

Recruitment consulting companies working with their client should understand the client's requirements and provide all the needed resources to fulfill its vacancy. On the other hand, the recruitment consultants work for the candidates to find a suitable job for them. Nieto (2006: 120) state that "it may be appropriate and more cost-and time-effective to brief a specialist recruitment consultancy to search and select candidates for the final short list". There are general recruitment consultancies and ones that specialize in specific areas, such as law, sales and marketing, finance, HR, computing, engineering.

Recruitment consulting industry may have four types of agencies: employment agencies matching the candidates for the open jobs; recruitment websites and job search engines helping the companies to advertise their jobs in websites where the candidates look for specific jobs; headhunters, the third party recruiters who are involved in executive and professional search for their client companies; staffing services where the organizations provide employees for the organizations for their temporary staffing needs.

According to Cuming (1989: 89), "the headhunting method is simplicity itself: usually phoning every potential candidate in the particular field to enquire whether he / she would be interested in a challenging job. This may cause annoyance to some recipients of such calls, but in practice most top executives are only too happy to hear about job opportunities which may improve their careers."

*Recruitment services* involve identifying the qualified candidate for the client for specific positions on term basis or permanent basis. *Staffing service* is the process where the clients hire the professionals from the staffing companies on temporary basis or on contract basis. In the staffing services the candidates work on behalf of the staffing companies with their client companies and the remuneration. These days maintaining human resource is becoming higher and higher since organizations have to spend huge sum of money for the employee welfare and other activities. In this case the organizations use the external resources on contract basis in order to minimize cost on employees and pay fee only for particular period. In other words, it can be said that the companies use this external resources when there is a need arise at their organization.

The services of recruitment consultants include all sorts of recruitment activity from the gathering the requirement to closing the offer to the candidate. The first step of recruitment consulting is to maintain an effective database by collecting resumes from the candidates of various disciplines. Maintaining effective database and networking is one of the main strength of the recruitment consultants. Next step, collecting requirements from the clients is the marketing activity by which consultant builds a relationship with the client company to gather the requirements. Once the requirement is gathered from the client, the recruiters start working on their requirements. According to Carrell, Elbert & Hatfield (1995: 276), "the relationship between an employer and an agency may result from one of several situations: First, a written agreement between the two parties, which specifies the fee and the basis of its obligation-usually when the agency produces an applicant who is hired Second, an oral agreement such as an HR official asking a recruiter over lunch to "send me some résumés" Third, an implied agreement, which may occur if two

parties continue to operate as they had when a written agreement existed: for example, a recruiter learns of an opening in a firm with which she has conducted business in the past. The recruiter sends several resumes with a cover letter explaining why they were sent and one of the applicants is hired fourth, an applicant's resume includes information about an agency relationship."

It has been understood that the recruitment consultants find the resources through their existing database which consists of numerous resumes being collected for years, through informal and formal networking, advertisement in the media like job portals and newspapers, and other sources. Once the consultants find the right people, they contact them, discuss possible opportunities and do various assessments in order to find whether this or that candidates are suitable for their client's requirement. Once the assessment is done, the recruitment consultants select the outstanding candidates and send them for client's interview.

### 3.2.1. Reasons for using recruitment consultants

As there are little academic researches available on recruitment consulting, the reason for using the recruitment consulting companies is collected through arguments from various websites and independent information from recruitment consultants.

Recruitment consultants may do better job of screening the candidates who applied for the job and thus they are able to present the candidates who are best

and who have better scope to be hired with qualities required by the clients. By this way these consultants save the time of the client. Recruitment consultants usually have an in-house database which contains huge number of resumes collected from the candidates when they apply for jobs or through other alternatives such as headhunting and networking. This specific database in various domains is one of the main strengths of the consultants and one of the reasons why the organizations use the recruitment consultants. Jones (1989: 4) state that “a search consultant can also be employed to look at the existing team, to see if the best person for the job can be found on the inside, comparable with those available outside. To a greater or lesser extent, headhunters can try to persuade a potential candidate to move, or at least describe the position on offer in a more informed manner, thereby making it seem more attractive than any newspaper advertisement could”.

The consultants are also better aware of the job market situation and they have knowledge about the trends in the job market. This knowledge is something that organizations may lack as they do not have recruitment activity frequently. Therefore, lots of the companies choose to use the consultants and their knowledge and advice to find the potential candidate for their vacancies.

The main objective of many organizations is to reduce the cost on advertisement on medias. Nowadays advertising spaces are highly expensive. Thus, in order to reduce the cost of advertising space for jobs, the companies use the services of recruitment consultants. Furthermore, the companies use recruitment consultants as a tool to advertise their jobs as well their brand. The consultants spend more time to explain about the client company and about the

opportunities to the candidates. It can even be said that consultants sell the company to the potential candidates. Douglas, Klein & Hunt (1985: 218) states that “the two most prominent strength when using a consulting firm are (1) the search firms, given that searching for executive is their business, can do a more effective job search than the organization can do by itself, and (2) as may be seen from the proceeding description, the whole process is lengthy, an organization to do a job of similar competency, would have to employ several specialists on its staff. That could prove expensive. “

Furthermore, time is very important for the organizations as they are liable to finish their task in prescribed time. When the organizations need a particular resource on a rare skill set or an experienced professional immediately (when they do not have sufficient time to advertise or to use other alternatives to identify the candidate), they hire recruitment consultants or staffing companies to find the resource on temporary basis or permanently. In this situation the companies save time and they get what they want quickly.

For example, in small and medium size companies there may not be adequate people in human resource department, and thus it are very hard for them to do the recruitment process. In such cases the companies can outsource the recruitment process to the recruitment consultant. The recruitment consultants do all the screening process like assessment (example: interview, psychometric tests, group discussion and other skills verification), while the final interview or selecting the right candidate is done by the company. In recent scenario even large organizations are also using the recruitment consultants to conduct assessment and other things when there is a kind of bulk recruitment. Ryan

(2008), state that “the greatest service a third party search partner provides to the organization, besides the strength of his or her candidate database and relationships, is the intermediary role a search pro performs during offer negotiation. I pride myself on good listening and negotiating skills, but if I'm inside the company, I won't have the same credibility with a candidate that his ally, the outside recruiter, has.”

In order to grab the qualified candidates from their competitor the companies go to the consultants as they are not supposed to head hunt the candidates due to legal constrains. In these cases, when the companies want a particular candidate from their competitor, they use the recruitment consultant as a mediator who actually negotiates with the candidate regarding the opportunity available with their competitor. When there is shortage of candidates in certain areas or specific skill sets, the organizations use the consultants to identify the right candidates.

The companies also use the consultants in order to reduce risk and time in the sense that the consultants may know the candidate's background better and it is easy for the organizations to select the candidates recommended by the consultants. When the organization conducts recruitment by itself it is a hard task for it to find the suitable candidate again in case if he has quitted the job in a short period. On the contrary, in the same situation consultants replace another candidate quite quickly as per their agreement.

By using the service of recruitment consultants the organizations get what they want in the sense that they get the right resource they are looking for.

Accordingly, they save the cost and time in finding the right candidate. Moreover, consultants negotiate with the candidates regarding salaries, relocation and other issues, and that is also beneficial for the companies. The recruitment consultants are also used by the companies to find out people who can work for short-term assignments. Those candidates will be under the payroll of the consultants, and that can be rightly said as staffing services.

According to Arthur (2006: 38) “employment agencies and search firms are popular with employers primarily for two reasons. First, these recruitment sources have access to a large labor pool and can readily scout the market for qualified applicants who include seeking out people who are seemingly content with their current jobs; second they can often fill a position more quickly than a company could on its own. Moreover, the recruitment consultants use various techniques such as cold calling and head-hunting which cannot be or supposed to be used by the organization to find the candidates.”

### 3.2.2. Steps in recruitment consulting

Recruitment which is done by the recruitment consultant is a process-oriented which involves various steps. Each step has its own time limit, and the recruitment process comes to its end only when the candidates accept the job offer from the client. As there is little research available on recruitment consulting, information about recruitment process which is done by recruitment consultants is gathered from sources such as websites and recruitment consultants. The steps in recruitment consulting are described as follows.

The process starts from (1) collecting the requirements from the client who includes the job description and information what kind of profile it is looking for, client information, information about the salary and perks, hierarchy details, etc. (2) Searching for the potential candidates through their existing database, references and networking, putting announcements in the job portals and various media's and through headhunting. (3) The next step in the process is contacting the candidates confidentially and determining the interest of the candidates; collecting the resumes from the candidates who are interested for the opening. (4) Screening the candidates through interviews and various assessment methods. In some cases the initial screening is done by the client, however, typically it is done by the consultants.

Next step is to present the candidates to the client after screening. The candidates who are qualified from the consultant's interview and assessments are presented to the client. Recruitment consultants arrange client candidate interviews in order to make the client and candidate get to know each other. This is the important step in the process as the client decides the eligible candidate. Recruitment consultants also negotiate with the candidates on behalf of the client in terms of employment contracts, salary negotiation and relocation etc. In some cases it happens vice versa also. Recruitment consultants analyze the candidate's personal background, education verification, character reference check, credit history, identity and address verification, criminal history etc. The consultants also check the candidates' background from their previous company: candidates' interpersonal skills and ability to handle tasks etc. Follow-up and collecting the feedback from the candidate and client. Replacement of new candidate within certain time period in case if the previous

candidate quit the job in a specific time period. However, this is an exception.

### **3.3. Finnish labor market overview**

Finland has been taken into account for many international comparisons for its high performance in various sectors. According to Heritage foundation (2009) which is a research and educational institute, Finland ranks 17th in the world in economic freedom and it is 74.8% free economy according to their 2008 surveys. As per doingbusiness.org, Finland ranks 16th in the world for ease of doing business 129th for employing workers according to their surveys. According to world economic forums GCI (Global Competitiveness Index) survey 2009-10, Finland ranks sixth in the world in terms of global competitiveness ahead of Germany, Japan, Canada, Netherlands, Hongkong, Taiwan and United kingdom, According to Legatum Institute (2009) Finland has been ranked number one as the world's most prosperous country.

The key economic sector of Finland is manufacturing wood, metal, engineering, telecom and electronic industries. Finland's 60% of export is contributed by electronic and metal industries and 20% of the export revenue is covered by forest products. As per U.S. Department of state export of goods and services contributes 32% of Finland's GDP. Finland's GDP is \$ 245.3 billion, and GDP growth rate is 4.4%. According to Statistics Finland (2010) Finnish GDP at the market prices for the year 2008 is 184, 2 billion euro's.

According to transparency international Finland is one of the least corrupted countries in the world. The world's largest passenger ship owned by royal Caribbean was built in Finland by Aker yards. Finland is known for its high tech manufacturing in the world, for example, mobile phones. Finland becomes the first country in the world to broadcast all television signals digitally. Finland is one of the founding members of economic and monetary union (EMU). As it's mentioned above Finland is a highly industrialized country. Nevertheless, its population remains to be low and it is still competitive among the developed nations.

Finland is considered to be a country which possesses one of the highest skilled workforces in the world. Räsänen & Heinonen (2005: 12) state that "in Finland recruitment of labor is based on relatively short time demand factors". The educational system provides highly qualified labor force, but the graduates have often difficulties in integration in to the labor market. Work and university level studies are carried out simultaneously, as real full time studies are more usual in the first years of studies. This causes also that in Finland the graduation age at universities is high in international standards. Basically, "life-long" employment is possible where many officials have long careers with the same employer. This is also more usual in large companies than small, but no real life-long employment patterns exist do in Finland. The whole labor market is dynamic as employment contract begin and terminate, people apply for jobs and use leave schemes for temporary withdrawal from the labor market, jobs are destroyed and new ones found.

Trade unions have a strong influence over labor policies, and they have been lobbied traditionally for anti-immigration policies. However, in the recent years Finland has been marketed by its government as a destination for high skilled workers in order to improve the economic competitiveness. According to Fagernäs CEO of confederation of Finnish industries (Helsinki times: 2007) “the Finnish labour market is in various international competitiveness comparisons considered to be one of the most rigid in the world. Finland will be sort of about 3, 00,000 employees in 25 years, as some 20% of the current labour force will have retired. He calls for the Finnish government to finally act on increasing work-related immigration, which was agreed upon already in the previous government agenda. He warns that time is running out as there are increasing numbers of EU countries competing over foreign labour”. The government might face a sizeable task in trying to solve the problems of high unemployment rate, an increasing number of vacancies and a shortage of qualified labour. According to organization for economic cooperation and development (OECD) Finland’s job market is the least flexible when compared with other Nordic countries such as Sweden, Denmark and Norway. Furthermore OECD In its Economic survey of Finland (2008) also states that Finland is increasingly facing skill shortages and the time to fill job vacancies is lengthening, particularly in buoyant regions of the country. This is coupled with high unemployment rates in other regions, pointing to a low level of inter-regional labour mobility. Besides greater labour market flexibility would allow the economy to respond better to the pressures stemming from globalisation.

According to organization for economic cooperation and development (OECD2008) statistics in Finland the total labor force out of total population is

26, 70,000 in which male labor force is 13, 89,000 and the female labor force are 12,81,0000. If we take it in percentage the total labor force in the total population is 50.7% in which the percentage of male is 53.9% and females 47.7%. The total labor force percentage in between age group from 15 to 64 years is 76.1% in which male comprises of 78.3% and female percentage comprises of 73.8%. According to labor force survey of statistics Finland (2008) the percentage of employed persons between the age group of 15 to 64 is 69.9% in 2007 which is higher than 68.9% at 2006. The unemployment rate is 6.9% in 2007 which is lower than 2006 at which the rate was 7.7%. Ranstad (2008) which is a multinational recruitment consulting company claims that despite the economic downturn impacting upon the employment markets of many European nations, recruitment is increasing in Finland. The following graph explains the total labor force percentage of Finland from age group 15 to 64 years.

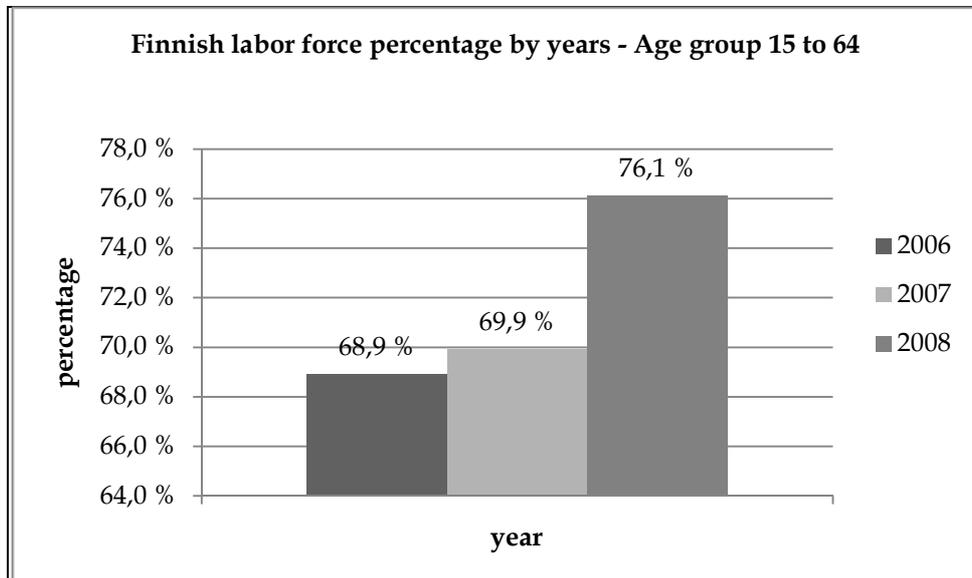


Figure 1. Finnish labor force percentage by years (source OECD 2008)

According to organization for economic cooperation and development (OECD2008) statistics in Finland about 4.4% of the population works in agriculture and forestry, construction 6%, commerce 22%, finance insurance and business services accounts for 12%,Transport and communication accounts for 8%, public services accounts for 30.2% and other industries accounts for 17.5%.

The following graph explains the distribution of Finnish labor force by industries.

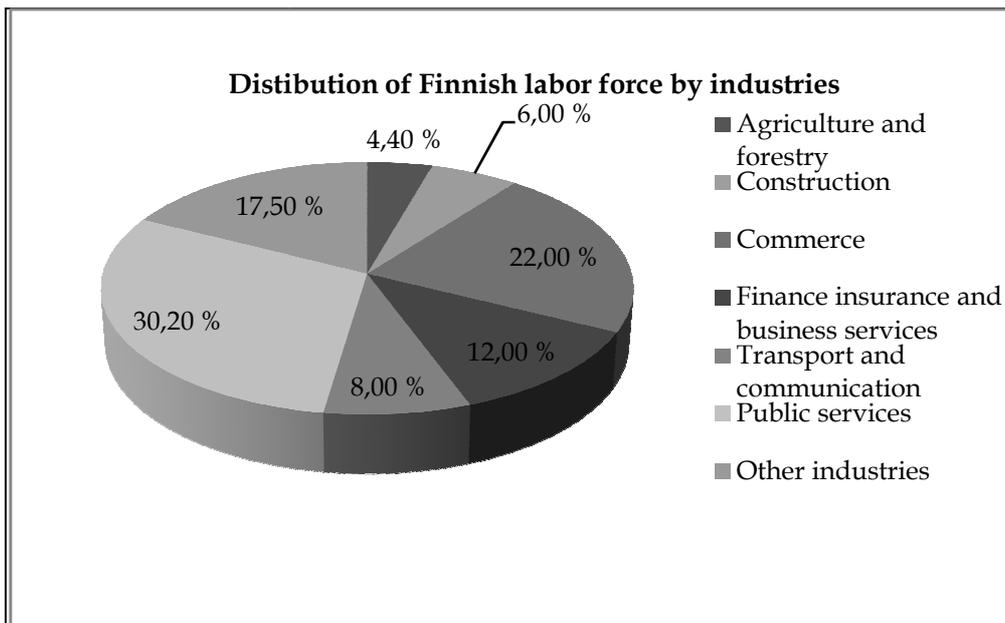


Figure 2. Distribution of Finnish labour force by industries (Source OECD 2008)

Current economic crisis and the shortage of labour have extensively affected the labour market in Finland. The situation seems to be that there are lot of unemployed people at the same time there are numerous jobs seems to be unfilled without qualified people. Eskola (2008) states that “clear signs of mismatch between the supply and demand for labour are already visible. This

situation is complicated because we have a lot of unemployed job seekers and an excess of vacancies at the same time. The critical years in the labour market will occur between 2010 and 2014. Then we will see what Finland's competitiveness really is. During this period, we will have to learn with the fact that baby boomers will retire en masse and the smaller age classes will refuse to work in low paid professions".

Due to the aging population and shortage of skills Finland has opened its labour markets. The immigration of foreign citizens to Finland for employment has been increasing for the past few years. According to Katainen (2009) "despite the current economic slowdown and increase in redundancies, there will still be a demand for more foreign workers in the future. The Finnish population is ageing and there will be a lot of open jobs in the future in many different kinds of activities and occupations. Likewise, demand for the qualified workforce is high and will be increasing in the near future". Whereas, Barlow, Brown, Cheyney, and Koskinen (2009) claims that the dysfunctional job market is the main infrastructural defect that keeps skilled immigrants away from Finland. It certainly does nothing to pull them in.

### 3.3.1. Overview of recruitment consulting business in Finland

Very little literature, research and other type of information was found on recruitment consulting in Finland. Finnish recruitment companies serve mostly for the Finnish companies and the international companies which are present in Finland. However they also work for the Finnish companies which are present in other countries. It can be seen that the Finnish recruitment consulting market

is rapidly growing by observing the presence of world's top tier brands present in the market.

Finnish Recruitment consulting business / companies may be divided in to four types. First, *General Recruitment consulting companies* which works on all kind of recruitment needs for the clients. This kind of companies works on all kind of recruitment requirement right from the low level opening to higher level opening. A second, executive search company which involves in recruiting individuals to fill the executive positions in the organization is known as executive search. In recent years the Finnish executive search firms are also specialised in recruiting specialist across various domains due to the strong demand.

Third, *Specialised recruitment companies* which work for only a particular industry for all level. For example there are some companies which are specialised only for recruiting candidates for IT, health care, construction industries etc. These kinds of companies are newly emerged ones, though there are not so many of them exist in the Finnish market at the moment. More and more these kinds of specialised agencies will emerge in the future when there is a demand for particular industrial workforce. All the above mentioned three types of consulting companies place the candidates for both permanent basis and for permanent positions. Fourth, *Staffing services companies* which is specialised in staffing or renting the employees to the organizations which are in need of workforce on term basis. The candidates work under the payroll of the staffing companies and the staffing companies charge the fee from the companies whom they place the candidates on temporary basis. However, there are

companies which have the combined activities of all these functions which are mostly large.

The services of Finnish recruitment companies differ from large size companies to medium and small companies. The overall services offered by the consulting companies in Finland are traditional recruitment consulting and search service are the main services of recruitment consulting companies where the recruitment consulting companies help their client to find out the suitable candidates through various methods such as headhunting, networking etc. Assessment and selection where the recruitment consulting companies assesses the candidate's knowledge, skills aptitude, and attitude in order to find whether the candidate is suitable for the particular job. The recruitment consulting company's act as an assessment centres.

Temporary staffing is one of the services offered by the recruitment consultants in Finland. This is a short term staffing services provided by the recruitment consultants. In this the candidates work for certain period of time with the consultant client company. Outsourcing services where an employer subcontract part of its recruitment services to the recruitment consulting company. Imported labour where the consulting companies in Finland recruit candidates from other countries for their client companies. This service is becoming a very popular among the recruitment consulting companies in Finland. Training services where the employees and job seekers update their knowledge and skills through various methods in order to be competent in the job market. Relocation services where by the consulting companies help the expatriate and their family from other countries to relocate themselves and

assisting them to find out accommodation and providing them necessary information to adopt in the respective countries. The nature of the service varies according to the size of the company. Larger companies provide all the services together right from sourcing the candidates to assessment. The small and medium size consulting companies limit their services within core recruitment consulting.

### **3.4. Conclusion of the literature review**

Chapter 2 explains human resource management and its functions. Recruitment is positioned as the important function of human resource management and it was discussed as a separate chapter. Recruitment is one of the very important functions of human resource management which helps the organizations to find the right people at right time. Recruitment can be divided into internal recruitment and external recruitment. Moreover, in the recent days electronic recruitment has become an important channel of recruitment. Steps involved in recruitment process were also discussed in this chapter.

This chapter also gives a short argumentation about international recruitment which has become important among the organizations due to the necessity to create a multicultural environment and to find best talents. Sources of international recruitment include both external and internal recruitment. Distinction between domestic and international recruitment was also discussed. Approaches of international recruitment include ethnocentric, polycentric, geocentric and regiocentric approaches.

Chapter 3 describes consulting business followed by explanation of human resource consulting. Recruitment consulting which emerged as a separate industry from human resource consulting is significantly explained. Recruitment consulting helps the organizations in finding potential employees according to their requirements. In these days, services of recruitment consulting companies have become an imperative recruitment solution. The major reasons behind the usage of recruitment consultants are expertise of consulting companies, consulting companies' networking abilities and in-house consultants' database.

This chapter also gives an overview about Finnish labor market and Finnish recruitment consulting business. Finnish labor market has been affected by present economic crisis, labor shortages, high rate of unemployment and ageing population. Finnish recruitment consulting business may be divided into four types such as general recruitment consulting companies, staffing companies, executive search companies and specialized recruitment consulting companies. The trends and development of Finnish recruitment consulting business were unable to identify due to lack of information. The following chapter explains the methodology of this study.

## **4. METHODOLOGY**

This chapter describes the methodology of the empirical part of the research. This research is categorized as a business research as the main objective is to find the features of recruitment consulting business in Finland. Cooper & Schindler (2008: 4) refers “business research is a process of planning, acquiring, analyzing and disseminating relevant data, information, and insights to decision makers in ways that mobilize the organization to take appropriate actions that, in turn, maximizes performance”. This chapter is divided into qualitative research approach, data collection, research design, validity and reliability and limitations.

### **4.1. Qualitative research approach**

Qualitative method is selected with multiple case study approach in this research. As for Cooper & Schindler (2008: 160) qualitative research includes an “array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency of certain more or less naturally occurring phenomena in the social world”. Qualitative method is more flexible and more concentrated in the results when compared with quantitative. Ghauri, Gronhaug & Kristianlund (1995: 83) states that “the main difference between qualitative and quantitative research is not ‘quality’ but procedure. In qualitative research, findings are not arrived at by statistical methods or other procedures of quantification. The difference between quantitative and qualitative method is not just a question of quantification, but also reflection of different perspectives on knowledge and research objectives”. Qualitative approaches focus on single phenomenon and moreover, it brings

personal value to the study. Creswell (2003: 18) state that “a qualitative approach is one in which the inquirer often makes knowledge claims based primarily on constructivist perspectives (i.e., causes and effect thinking, reduction to specific variables and hypotheses and questions, use of measurement and observation, and the test of theories), employs strategies of inquiry such as experiments and surveys, and collects data on predetermined instruments that yield statistical data.”

The data collected through qualitative method gives broader perspective from the respondents as they give their original thoughts by written words or by speech. Bogdan & Taylor (1975: 4-5) state that qualitative methodologies refer to research procedures which produce descriptive data: peoples own written or spoken words and observable behaviour. Qualitative methods allow us to know people personally and to see them as they are developing their own definitions of the world. We experience what they experience in their daily struggles with their society. We learn about groups and experiences about which we know nothing. Finally, qualitative methods enable us to explore concepts whose essence is lost in other research approaches.

As there is little research about the Finnish recruitment consulting business qualitative research approach is elected in order to find out broader perspective of the research. Moreover, as the qualitative research takes place in the natural setting it helps for active participation of the researcher and participant which will help to get rich data which is required for the research. Peterwoods (2006: 3) state that qualitative research is concerned with life as it is lived, things as they happen, situations as they are constructed in the day-to-day, moment-to-

moment course of events. Qualitative research is process oriented and it prominence on understanding. According to Miles (1979: 117) qualitative data are attractive for many reasons. They are rich, full earthly, holistic, and real; their face validity seems unimpeachable, they preserve chronological flow where that is important, and suffer minimally from retrospective distortion; and they, in principle, offer a far more precise way to assess causality in organizational affairs than arcane efforts like cross-lagged correlations.

Under the multiple case study approach the questions are answered by the Finnish recruitment consulting companies and by the companies which use the recruitment consultants as external source of recruitment for their organizational recruitment requirements. According to Stake (1995) "case studies, in which the researcher explores in depth a program, an event, an activity, a process, or one or more individuals. The case(s) are bounded by time and activity, and researcher collect detailed information using a variety of data collection procedures over a sustained period of time". The first criteria for choosing companies for multiple case study approach are based on two main perspectives. First one is the perspectives of recruitment consulting companies in the Finnish consulting market and their views. The second perspective is the perspectives of the organizations which use the services of recruitment consulting companies. However the main focus is to find out the answers for the main themes of the study which implies the views on the themes from both the sides.

## 4.2. Research design

Research design gives the outline of the research project how the data has been collected and how the analysis of collected data has been done. Cooper and Schindler (2008: 140) defines research design is the plan and structure of investigation so conceived as to obtain answers to research questions. The plan is the overall scheme or program of the research. It includes an outline of what the investigator will do from writing hypotheses and their operational implications to the final analysis of data. Research design expresses both the structure of the research problem-the framework, organization, or configuration of the relationships among variable of a study-and the plan of investigation used to obtain empirical evidence on those relationships.

### 4.2.1. Data collection

Data collection is the process of preparing and collecting data to obtain the information in order to keep the information on record and to make decisions on key issues. In order to provide information on specific topics data is collected. Data collection is divided in primary data and secondary data. The primary data was collected by surveying method. The surveying instrument used in this study is semi-structured interview method with the respondents to obtain the data. Leary (2004: 152) defines survey is the information gathered by asking a range of individuals the same questions related to their characteristics, attributes, how they live, or other opinion. In its broadest sense survey means 'to look at or examine', and also it means 'an observation or an overview'. In order to conduct survey, interview guide was designed which consists of open

ended questions. This open ended question gives more chance for the respondents to give a broad view about the recruitment consulting business.

The data is collected by semi-structured interview method among the Finnish recruitment consulting companies and the organizations which use the services of Finnish recruitment consulting companies. Leary (2004: 164) state that unstructured interview attempts to draw out information, attitudes, opinions, and beliefs around particular themes, ideas, and issues without the aid of predetermined questions. To do this, interviewers use a more conversational style and attempt to prompt, probe and develop questions on the spot as is appropriate to the ongoing conversation.

The choice of the case companies has been divided in to two segments. The first segment comprise of six Finnish recruitment consulting companies in Helsinki, Espoo and Vantaa region which is the capital region of Finland. The six Finnish consulting companies are basically small and medium sized companies which are specialised in executive search, staffing services, student recruitment and IT recruitment. The second segment consists of 4 organizations which use the services of recruitment consulting companies as the external source or recruitment for their organizational recruitment requirements. These four organizations are basically large and small multinational organizations which include Finnish multinational and subsidiary of international organization present in Finland. These four organizations are basically from various industries and from different segment of business. All these companies are present in Helsinki, Vantaa and Vaasa regions. The lists of companies were acquired from the various websites and journals. In total ten companies have

been interviewed to find out the answers for the themes which has been mentioned in the research questions. The following table mentions the details of the interviewed case companies.

<i>Recruitment consulting companies</i>		<i>Organizations which use the services of recruitment consulting companies</i>	
<i>A</i>	Medium size executive search firm	<i>G</i>	Large multinational manufacturing company
<i>B</i>	Medium size executive search firm	<i>H</i>	Large beverages company
<i>C</i>	Medium size IT recruitment firm	<i>I</i>	Multinational engineering and consulting company
<i>D</i>	Medium sized student recruitment and staffing firm	<i>J</i>	European medium size logistics company
<i>E</i>	Small IT recruitment firm		
<i>F</i>	Recruitment and staffing specialised in construction		

Table 3. Choice of case companies

#### 4.2.2. Data analysis

Data analysis can be said as the process of gathering, modelling and transforming the data in to meaningful information to support the solving of research goals. Bogdan & Taylor (1975: 79) state that data analysis refers to a

process which entails an effort to formally identify themes and to construct hypothesis (ideas) as they are suggested by data and an attempt to demonstrate support for those themes and hypotheses. Cooper & Schindler (2008: 414) state that “data preparation includes editing, coding, and data entry and is the activity that ensures the accuracy of the data and their conversion from raw form to reduced and classified forms that are more appropriate for analysis. Preparing a descriptive statistical summary is another preliminary step leading to an understanding of the collected data. It is during this step that data entry may be revealed and corrected”. In the present study common themes appear from the data.

#### 4.2.3. Validity and reliability

Common tests of social sciences such as validity and reliability can be used to evaluate the quality of this research. Hammersleg (1990: 57) state validity as follows “By validity, I mean truth: interpreted as the extent to which an account accurately represents the social phenomena to which it refers”. Whereas, Neuman (2006: 188) state that “validity suggests truthfulness. It refers to how well an idea fits with actual reality. In simple terms, validity addresses the question of how well the social reality being measured through research matches with the constructs researcher use to understand it”.

Before starting the main interviews, pilot study was conducted in order to have a clear picture about the interview and its feedback. The evidence of the case study came from sources such as interviews and webpage’s. During the

interviews the questions were repeated and explained by the interviewer to the interviewees in order to make them understand the aim of the study. In addition the interviews were recorded and the information's gathered from the interviewees were recorded. In some cases interviewer requested the interviewees to repeat the answers in order to keep the answers in track. The basic aim of this study is to make a qualitative study approach so therefore this study cannot be generalised as static information. The comparison between the empirical evidence and relevant theory was made.

Reliability of this study refers that the results of this study can be proved by repeating them with the same results. According to Hammersley (1992a: 67) "Reliability refers to the degree of consistency with which instances are assigned to the same category by different observers or by the same observer on different occasions". Whereas, Neuman (2006:188) claims that "reliability means dependability or consistency. It suggests that the same thing is repeated or recurs under the identical or very similar conditions. The opposite of reliability is a measurement process that yields erratic, unstable, or inconsistent results". The data gathered from this study are based on knowledge and experiences of the interviewees who belong to the Finnish recruitment consulting companies and the organizations which use the services of the recruitment consulting companies. All the data were gathered by direct interview which can also prove the reliability of this study. The direct interviews also helped to reduce the research errors. In order to avoid practical difficulties interview guides were sent to the interviewees well in advance, so that the interviewees could be prepared to answer all the questions with rich and valid information.

### 4.3. Limitations

The scope of this study covers answers to the research questions. In order to understand the features of Finnish recruitment consulting business the small and medium sized Finnish recruitment consulting companies and the organizations which use the services of recruitment consulting companies are taken in to account. The research interviews were conducted in Helsinki, Espoo, Vantaa and Vaasa. The comparison between different divisions of recruitment consulting business and different regions of Finland would give extensive exploration of the recruitment consulting business.

This study does not explain the success factors, methods and the revenues of the Finnish recruitment consulting industry as the area of recruitment consulting is complex and vast which could be focused to make another thesis. However the main issues such as demand and supply, past and present trends and future challenges are described in this study. As only the medium and small recruitment consulting companies of the capital region is taken for the studies it would be appropriate to include the large recruitment consulting firm from various regions of Finland in order to find a broader view of Finnish recruitment consulting business. As this research was conducted with small sample size the broader view about the Finnish recruitment consulting industry was unable to identify. Moreover, due to the use of qualitative method, statistical information's such as market share and total number of recruitment consulting companies present in the business were unable to present in this research.

Methodology of this research has been presented in this chapter which explains the research method, data collection, data analysis, and limitations of the study. The next chapter discusses about the main findings of this thesis.

## 5. FINDINGS AND DISCUSSIONS

This chapter outline the typical features of recruitment consulting in Finland. Based on the empirical data gathered in the study of Finnish recruitment consulting business and links them to the general framework drawn from the literature. First, through the theoretical framework drawn from the literature review typical characteristics of recruitment consulting were defined. In this section, the interview data will be analyzed following this categorization to be able to better assess the relevance of the framework in the specific recruitment consulting environment. Analysis of Finnish recruitment consulting business is presented from two perspectives one is from the perspective of recruitment consulting companies and the other perspective is from the companies which use the services of recruitment consulting companies for their organizational recruitment. The analysis has been divided in to four themes, and each theme has subthemes which analyse specific issues.

The first goal of the study is to identify the salient features of Finnish recruitment consulting business; the second goal is to identify the market situation of recruitment consulting business in Finland. The third goal is to identify trends of Finnish recruitment consulting business and the fourth goal is to identify the development needs of recruitment consulting business in Finland.

The interviewees all recognized and acknowledged the concept of recruitment and recruitment consulting and have clearly given some thoughts about it even before the interview. Since the topic of research is broad, interview guide was

sent to interviewees when setting up the interview schedule. Likewise, all the interviewees brought up the importance of the issue already during the initial warm-up discussions before the actual interview.

### **5.1. Analysis on characteristics of the recruitment consulting business in Finland**

This section report's findings on characteristics of the recruitment consulting business in Finland. The interview data will be analyzed in order to assess the significance of the literature in the specific recruitment consulting environment. This goal is presented from the perspectives of Finnish recruitment consulting companies. The perspective of the organizations which use the services of recruitment consulting was unable to present as there was not enough data's available from organizations.

The interviewees were asked to determine the salient features of Finnish recruitment consulting. The main features of Finnish recruitment consulting business is small but rapidly growing, quite international in practices, organized and process oriented, highly trusted, competitive and centralised markets. According to interviewees many consultants are not very much aware what is going on in the industry in a sense that they are not conscious of the market share and total number of companies present in the business. One of the interviewee said:

*“Finnish recruitment consulting market is much closed and nobody knows what is going on the industry”*

The main characteristic which was identified by the interviewees about Finnish recruitment consulting business is that it is *small but rapidly growing*. The Finnish recruitment consulting business is relatively small when compared with other Nordic and major European countries but it is growing very rapidly. All the interviewees had the same opinion that Finnish recruitment consulting business is growing rapidly. For example, one of the interviewees explained as follows:

*“Recruitment consulting business in Finland is fairly small when compared with central Europe and Sweden but it is growing rapidly”*

It was identified from the interviewees that still there are many companies in Finland which recruit themselves through their own sources of recruitment but in the future they will be in need of the services of recruitment consultants when there is demand for the potential candidates. One of the interviewees stated that:

*“In Finland we are still behind major European countries in recruitment consulting. Quite many Finnish companies recruit themselves than using the agents I think the percentage in Finland is quite low when compared with for example Ireland. We are still in development stage, but I would say business is growing”*

As the recruitment consulting business is growing rapidly the way of working style has also seen lot of changes when compared with the past. One of the interviewees said:

*“At present the Finnish recruitment consulting business is growing rapidly and the way of working has also changed when compared with the past”.*

The second thing which appeared from the interviewees is that Finnish recruitment consulting business is *quite international in practices*. The interviewees described that The Finnish recruitment consulting practices are quite international and they are very formal and organised when compared with other Nordic countries. The recruitment consulting companies follow very professional practices which can be compared with any other bigger countries which are developed in recruitment consulting business. One of the interviewees illustrated about the Finnish recruitment consulting practices as follows:

*“It’s quite international; the main difference would be fairly strict regulations by the law about personnel information. This may be difference of Finnish market with some other market”.*

Finnish recruitment consulting companies work for international positions due to the global presence of Finnish companies around the world. Finnish companies work with the Finnish recruitment consultants in finding the right people with required skills through the recruitment consultant from their home country to the host country. As per the interviewees, the need for multiple language skills from the candidate, who work for the international position is relaxed when compared with the past. One of the interviewee explained:

*“Consulting business has become more international. Finnish clients are working globally because of the consultants. The desire of language has been diminished”.*

Due to the international presence of Finnish companies Finnish recruitment consultants work for many international assignments hence they follow the

unified international consulting practices which have made their standards soaring. One of the interviewee explained:

*“Finnish recruitment practices are of very high standard and can be compared with any countries and we are doing well”*

The next thing which appeared from the interview is that Finnish recruitment consulting business is *organised and process oriented*. The interviewees described that Finnish recruitment consulting business is considered to be well-organised and process-oriented which came as an answer from all the interviewees. Due to the influence of private employment agencies association HPL (Henkilöstö palveluyritysten Liitto in Finnish) which represent the recruitment companies and staffing companies the industry is well regulated to function in a standard way with good practices in the market. The interviewees also pointed out that the recruitment consulting business differ from other Nordic countries in a way Finnish recruitment consulting business is more organised than other Nordic countries. One of the interviewees explained:

*“Finnish market tense to differ from other Nordic countries it is more process oriented probably Sweden, Denmark and Norway disagree but it’s more organized in Finland than other Nordic countries. At the same time its bit boring when everything is organized and rigid but it is sort of easy as long as you understand the mechanics of the business it is easy to work as you know how things work there as people are on time and systematic”.*

One of the interviewees compared Finnish recruitment consulting business with German recruitment consulting business which is very formal and organized.

The interviewee explained Finnish recruitment industry as follows:

*“The Finnish businesses are quite organized and it can be compared with Germans where they work very systematically. Germans are too much formal. In Finland the industries are more unionized and there are more than 80 collective agreements and the consultants should be aware of it when they are in business or else it may be a difficult task for the consultants. There is collective agreement for the recruitment consulting industry as well. In general, its same, but specific rules are different”.*

The fourth characteristic which appeared from the interview is that Finnish recruitment consulting business has *High level of trust*. The interviewees described that Finnish recruitment business and companies have a very high level of trust as they maintain very professional standards. The recruitment consulting companies in Finland follow the contracts very strictly, and they act according to them once it is made. The personnel information details of the candidates are preserved very strictly and consultants maintain very high confidentiality. One of the interviewees pointed out that:

*“If you sign a contract you can actually trust that the other person will honour the contract. It is one of the specific things in Finland when compared with the rest of the world, and at least in Nordic countries you must be critical. In Finnish recruitment business if a person tells something you can actually trust that”.*

The fifth characteristic which appeared from the interview is that Finnish recruitment consulting business is very *Competitive*. The interviewees described that there are large numbers of recruitment companies present in Finland though the total number of the companies present in the market is unknown and more and more new companies are entering the market. The recruitment consulting industry in Finland includes large Finnish companies which have their branches in other countries and international companies, medium size companies and small companies to independent consultants. This has made the consulting industry competitive and also lot of new players entering the market

as the demand is increasing rapidly. The large and medium size companies have a strong client base due to their strong presence in the market. While, the smaller companies face a strong competition from the large and medium but still they remain competitive due to low price service which most of the companies are attracted. One of the interviewees explained the competition as follows:

*“In the recent years there are lot of new players emerged in the field and the competition is growing as well and there are number of bigger players and big number of smaller players”*

The final characteristic which appeared from the interview is that *centralised markets*. The interviewees explained that the most active market for the Finnish recruitment consulting business is Helsinki, Espoo and Vantaa region. The demand for the services of recruitment consultants is high in capital region as majority of the Finnish and international companies are present in this region and as well capital region is being the head quarters to many Finnish corporations.

The next active market for the Finnish recruitment business is Tampere which is the second biggest city next to Helsinki. Tampere is also attractive as it is nearer to the Helsinki region and it has lot of recruitment consulting companies next to the Helsinki. So the demand for the recruitment consulting services remains higher next to the capital region in the Finnish recruitment consulting business. Oulu which is known as the silicon valley of Finland is the third active market for recruitment consulting business in Finland. Oulu is also the major centre of competence in the field of IT, telecom, wood refining, steel industry and

wellness technology. So the demand for the recruitment consulting services remains third highest in the Finnish recruitment consulting business.

Turku is the fourth biggest active market for recruitment consulting business in Finland. Turku which has the branch office of all the Finnish companies and moreover it has the considerable number of biotechnology and IT firms present in the region. Turku remains fourth highest in demand for recruitment consulting services in the Finnish recruitment consulting business. The other cities such as Jyvaskyla, Lahti, Vaasa, Pori, Rauma are also some of the markets for recruitment consulting business which are not as active as compared with the above mentioned four cities. But the interviewees were hopeful that the demand for the recruitment consulting services will increase in future in other areas as well as more and more new companies are being started all over Finland.

From the perspectives of organizations which use the services of recruitment consulting companies was unable to identify in specific or in general about the characteristics of Finnish recruitment consulting business.

The below mentioned table concludes the characteristics of recruitment consulting business in Finland.

<i>Characteristics of Finnish recruitment consulting business</i>
Small but rapidly growing
Quite International in practises
Organised and process oriented
Highly trusted
Competitive
Centralised markets

Table 4. Characteristics of Finnish recruitment consulting business

## **5.2. Analysis of market situation of recruitment consulting business in Finland.**

This section defines the market situation of recruitment consulting business in Finland. The interview data will be analyzed in order to assess the significance of the literature in the specific recruitment consulting environment. This section is presented from the perspective of recruitment consulting companies and the organisations which use its services.

### 5.2.1. Perspectives of recruitment consulting companies

To find out the market situation of recruitment consulting business in Finland the interviewees were asked to define their demand and supply of their business. The interviewees explained that the demand and supply of the recruitment consulting business is quite imbalanced as there is a strong demand in one end at the same time there is not enough supply of certain industry professionals due to the shortage of skills on the other end. The demand is quite good usually and as well the supply in exception to certain industries such as construction, healthcare, IT etc. One of the interviewees explained the demand as follows:

*“After the year 2000 the demand has increased quite well and as well the supply but the whole industry was also growing very rapidly. First the supply was not enough for the demand but at the same we have been creating the demand whole time by selling , marketing, word of mouth and the whole industry and economic life has waken up the idea of using the services of recruitment consultants and the competition has become more. The demand was pretty good until august last year but suddenly everything started going down and definitely there was more supply than demand we have to create our demand by put on the selling mode”*

In terms of demand Finnish recruitment consulting business has huge potential when compared with previous years and it seems to be increasing every year. The number of companies in the recruitment consulting business has also increased in the recent years. But the demand is still seems to lesser when compared with other Nordic countries. The medium sized companies who are in business for several years seem to have good demand constantly, as they have a good reputation with their clients. One of the interviewees explained that:

*“In general if you just look before few years there were only few companies but now there are lot of new companies. But we are bit behind other Nordic countries in terms of demand but still we have good demand and supply currently”.*

As per the interviewees the importance of the services of recruitment consulting business is rapidly growing. In the future the demand for the business will be soaring as there is a stiff competition among the organizations to attract the talented candidates as there is a shortage of professionals in Finland in certain industries as well in the future the demand will spread across various industries due to the ageing population in Finland. In this kind of situation the organizations will be in need of recruitment consulting services that are expertise in search of people and as well the recruitment consulting companies has a huge advantage of selling the organizations to the candidates. Though there are various channels such as media advertising and campus recruitment exist, the importance of recruitment consulting companies is becoming high as they have a better network to find talented people from various industries by convincing them personally, which is something unique when compared with other channels or sources of recruitment.

Present *economic crisis* has affected the recruitment consulting industry dramatically. Many of larger recruitment consulting companies which have been approached by the client companies in need of their services before the recession were forced to market themselves in getting the requirement from the organizations and as well the sales of the recruitment companies have slumped and the workforces are forced to lay-off. But the interviewees hope that when the recession is over there is going to be a huge demand for the services of recruitment consultants. One of the interviewee explained that:

*“Demand is smaller than the supply. Nobody is recruiting at the moment. At the moment supply is larger than the demand”.*

The interviewees also stated that economic crisis has also created a healthy competition among the recruitment consulting companies. Due to the economic crisis smaller companies have been forced to reduce their prices to survive in the business and many small companies have gone bankrupt. A lot of small companies have started to advertise themselves by sending junk emails about their services for very less price. One of the interviewees pointed out the impact of crisis as follows:

*“The impact of the crisis was very dramatic, the bigger recruitment companies were struggling a lot, and the turnover went down very dramatically. I would say that probably 90% of the staffing company has to put their staffs out due to recession. 10 to 30% of the business has dropped”*

Due to the present economic turmoil the client companies has stopped the new recruitment due to this reason the recruitment consulting business has been diminished. The smaller recruitment companies have a hard time that has

forced them to go bankrupt. One of the interviewed consultants explained the issue as follows:

*“Business is diminished, not so much recruitment going on at the moment, companies are reluctant to make decision, they don’t make decision so they don’t make recruitment. They want to postpone the recruitment. But at the moment it’s getting better you cannot postpone the decisions so long if you don’t recruit, nobody does that job. Impact will be the companies which are not healthy will be diminished from the market. Already there has been some companies went bankrupt it may be still some more. It’s good in a way that the healthier one survives and the unhealthy one go. The stronger one will survive and the unhealthier one goes it’s going to be more activity after the recession”.*

It is also learnt from the consultants that organizations are reluctant to make decision regarding the recruitment of new candidates and the companies are not in a mood to recruit the new people. One of the interviewees stated that

*“Due to the economic crisis there is less demand at the moment, there are no new positions from the client’s only replacement”*

When there is a crisis the companies always try to minimize their expenses and the first step is they try to reduce the cost of external partners this is true in the fact of Finnish recruitment consulting business as well. One of the interviewee explained:

*“The clients think how they can manage without consultants when there is financial crisis in the company and when they lose money consultants are the first one kicked out there is no new business”*

At the present situation the client companies are trying to minimize their cost by recruiting the candidate’s temporarily on term basis instead of making a long term contract or appointing the candidates for permanent positions. One of the interviewee explained the present situation as follows:

*“So rapid changes are going on right now. It was situation less than a year ago companies were recruiting people by making permanent contracts, but now they are looking for people only on project basis”.*

Due to present economic turmoil recruitment consulting industry is in a critical situation, as most of the companies have stopped recruiting people. Due to this fact the recruitment companies are running out of clients. Finding the potential clients is the need of the hour. One of the interviewee explained:

*“The present challenge is to find the customers. There are lots of people who are looking for a change and for new positions but not many new positions available. That is the big challenge at the moment”.*

All the interviewees predicted that when the economic crisis is over the companies will start to recruit new people and there will be huge demand for the services of recruitment consultants. The interviewees were hopeful that the demand for the recruitment consulting services will increase gradually once the crisis is over.

#### 5.2.2. Perspectives of the organizations which use the services of recruitment consulting companies

To find out the market situation of Finnish recruitment consulting business the interviewees were asked to point out the usage and importance of recruitment consulting services. The interviewees explained that they have been using the services of the recruitment consulting companies for a quite long time from five to ten years. Furthermore, they added that when they use the services of recruitment companies they get a third or outsider view while recruiting the

candidates. Moreover by using the services of recruitment consultants they get an expert view. For example one of the interviewees explained:

*“We use recruitment consultants for the suitability analysis to know whether a person suits to a position which we are trying to fill it. Naturally, we than also get the third opinion. We have our self have a member in human resource department for the recruitment process, than we have hiring department in some cases, so it’s good to get third opinion quite objective opinion about the situation. That is one reason and then naturally within two or three years we have so much recruitment activities and we need a hand, we need help “*

When the companies want to hire a candidate from their competitor or from other companies who are suitable for their positions the companies are unable to approach them in direct due to legal and ethical reasons. In this kind of situations recruitment consulting companies are the one stop solution for the organizations. When the organizations are in need of finding the experts or specialist who is rare to find and if the organizations fail to find them through their official sources they approach the help of the recruitment consulting companies which have large number of candidates and their information in their database which helps them to network to find the candidates.

Time is also one of the factors behind the organizations in using the services of recruitment consultants. When an organization want to recruit a candidate immediately it takes quite long time to do it in a traditional way by advertising the vacancies in the media and collecting the resumes, screening the right candidates, evaluating them for next level and assessing their abilities and the whole process takes a while in order to issue the final job offer for the candidate. But in this kind of situation the organizations use the services of recruitment consulting companies as it is easier and less time consuming for the

organizations to recruit the candidates with the help of recruitment consultants during those difficult situations.

The organizations also use the services of recruitment consultants for assessing the candidate's suitability for the position. The suitability analysis evaluates the candidates whether he or she is the right person for the prescribed job by doing various assessments such as psychometric tests, group discussion, analytical test etc. Mainly the organizations outsource the assessment process to the recruitment consultants if they don't have experts or psychologist to assess the candidate's suitability for the position which is vacant with them. The other reasons behind using the services of recruitment consulting are due to lack of resources. The companies have few people working in the human resource or recruitment department and they are unable to search or to find the candidates due to time constraints or lack of adequate facilities.

*"We don't have resources, no skills or willingness to do something that we are not the best at like doing things in searching people time consuming. I couldn't actually do it even if wanted to because I am not the professionals in finding people but the recruitment consultants are, of course we have a database in our website where people can apply for open vacancies but it is not effective"*

The recruitment consultants are also being used due to their knowledge, expertise and network with different levels of people. The recruitment consultants have a different view when they search for a candidate and they are expertise in networking with people and matching them for different opportunities whereas the organizations are limited to their expertise of networking and search of people. One of the interviewees explained:

*“Because we think that the recruitment of top managers requires more knowledge, knowhow and we believe they are more experienced in that area we want to make sure we make good selection and we also believe that they have better network in their field”*

The interviewees were asked to explain the importance and role of recruitment consulting companies in helping them to find the right candidate or to recruit them. The interviewees stated that the role of recruitment consulting companies and the recruitment consultant is very big and they play an expert role in finding the candidates. One of the interviewee explained:

*“When we use an external consultant we assume they are expert they can what they are doing and they need to be nearly always available any time to provide service in a short time”*

When the organizations are in need of certain professionals or specialists for fixed term or on permanent basis the recruitment consulting companies help them to find the right candidates as the organization have very less options other than using the help of recruitment consulting companies. The consultants are also important in order to help the organizations to headhunt the candidates from the organizations competitors or from the same business line as the organizations are not supposed to do headhunting due to the legal barriers.

When the organizations use the services of the recruitment consulting companies, they also sell the company's image to the candidates by which the organisations get publicity as well. The recruitment consulting companies say the positive aspects of the organizations by which the candidates know more information about the organizations and their opportunity and facilities. This creates goodwill for the organizations when using the recruitment consulting

companies which cannot be achieved through other sources of communication such as advertisement in a newspaper or a website. One of the interviewees explained:

*“The services of recruitment consulting companies makes the recruiting in a company more professional level than it otherwise would be, because I am limited to my personal network and knowledge and so our managers are, so when you use a recruitment consultant it is more of a general level its make it more like the consultant are not related to the history of this community but any other people here are so they look at from the historical perspective of this company which might in some cases really are limited quite often people want to recruit who are similar to them but this is something which is changing when you use the recruitment consultants in a different way”*

The recruitment consulting companies also play a kind of middle man role in between the candidate and the hiring organization. They serve as a bridge whereby they connect both the parties to know each other. The recruitment consulting companies takes care of all the issues in the recruitment process, where the clients make a final decision whom to hire. One of the interviewees explained:

*“The recruitment consultants play a expert and middle man role because we believe that they are experienced in finding good top managers or at least more experienced than we and also as a middle man. They take care of everything we only participate in the selection of the candidate and interview”*

The present situation with the organizations is that, they have been forced to reduce the services of recruitment consulting companies due to the *Impact of present financial crisis*. Majority of interviewees were claiming that crisis has affected them in using the services of recruitment consulting companies. At the same time interviewees have different opinions some of them responded that due to the crisis overall recruitment activities at their organizations has been reduced so the usage of the services recruitment consulting companies also

been reduced while some of the interviewees responded that the present financial crisis does not affect them in using the services of recruitment consulting companies. It totally depends upon the nature of the organization. Mostly the service industries have been affected by the financial crisis in using the services of recruitment consulting companies but in case of manufacturing industry the effect seems to be less in using the services of recruitment consulting companies. It has been understood from the interviewees that there are no new vacancies in the organization due to the crisis and most of the recruitment done are basically replacement recruitment. One of the interviewed recruitment manager explained as follows:

*“Yes it has affected because this year we haven’t been publishing hardly any vacancies and we haven’t been using recruitment consultants this year at all. But it has affected a lot, normally we want to use recruitment ad, as advertising that we are live and we are recruiting people like a nomination ad, but we have been quite this year about this”*

*Future use of services of recruitment consulting companies* - The interviewees were asked whether they would be using the services of recruitment consulting companies in the future and all the interviewees responded positively on this question. Shortage of skilled professionals in certain industries and ageing population in Finland will compel the organizations to use the services of recruitment consulting companies to recruit people from abroad.

*“Yes, we will use the recruitment consultants and once we find a relationship that works well I am willing to make a close relationship with someone who can really do the job because this would be pressure for me to find a consultant who is reliable and really can find the people that would help me a lot “*

It has been identified from the client companies that recruitment consulting services are very important for their organizations. All the interviewees explained that lack of resources and time has strained them to use the consulting services. The situation is that when the economic crisis is over the organizations may be using the services of recruitment consulting companies more. The below mentioned table concludes the market situation of recruitment consulting business in Finland.

<i>Perspectives of recruitment consulting companies</i>	<i>Perspectives of organizations which use recruitment consulting companies</i>
<p>Demand for the recruitment consulting services is quite good in general. The demand is growing rapidly as there is a need for the organizations to attract the candidates through consultants due to expertise of recruitment companies and shortage of labours.</p> <p>Supply is also seems to be good as well though there are some exception in industries such as IT and construction remain.</p> <p>Present economic crisis has affected the industry dramatically. Due to this the demand for recruitment consulting services remains low at the moment.</p>	<p>The consulting services are used by organisations believe they get a third opinion or and expert view in recruiting the candidates. Expertise, time and network are the reasons in using the services of recruitment consulting companies.</p> <p>The services of recruitment are important due to their expertise and network in search of people and as well they sell the organization to the candidates which create publicity among the candidates.</p> <p>Present economic crisis has forced the organizations to reduce the services of recruitment consulting companies.</p>

Table 5. Market situation of recruitment consulting business in Finland

### **5.3. Trends of recruitment consulting business in Finland**

This section reports the trends of recruitment consulting business in Finland. The interview data will be analyzed in order to assess the significance of the literature in the specific recruitment consulting environment. This section portrays the past and present trends that have taken place in the Finnish recruitment consulting business when compared with the previous years and how these trends have changed the consulting business at present. The challenges of the Finnish recruitment consulting business and the role of the recruitment consulting companies in overcoming these challenges are also discussed. The trend of recruitment consulting business in Finland is presented from the perspective of recruitment consulting companies and the organizations which use the services of Finnish recruitment consulting.

#### **5.3.1. Perspectives of recruitment consulting companies**

The interviewees were asked to explain the past and present trends of Finnish recruitment consulting business. The interviewees explained that in the past the organizations were recruiting the candidates by their own sources of recruitment. Later in the early 90s usage of recruitment consulting services has begun to gain its importance among Finnish organizations as there was a solid competition to attract the candidates. One of the interviewed consultants explained the past trend as follows:

*“Past trend was staffing like temporary must. But now it started to way of working. Consultants and staffing companies are here to provide long term solutions. Companies who want to be successful have to use consultants as an added value”.*

In the past, companies in Finland were recruiting by themselves using their own sources but later due to the competition among the companies for attracting the best talents, they realised that they need reliable partners to grab the candidates as it became complicated to do that on their own. Hence, these days recruitment consultants are the one stop solution for the companies. One of the interviewed consultants commended the trend as follows:

*“The past trend was that companies were recruiting by themselves when they look for the consultants help they come very top positions and for the past five years there was a demand for the IT professionals and the future will be the need and the willingness to buy the service will increase”*

At Present the influence of advancement in information technology, mobile and internet has changed the recruitment consulting business entirely. In the past there was not enough communication facilities to reach the people. But at present it is much easier and more advanced to contact people by various means for employment and networking. Furthermore, the candidates who are looking for a job or aspire to change the job have a better understanding about the role of recruitment companies and their services. At present candidates are well aware of the recruitment consulting companies as one of the means of recruitment. One of the interviewed recruitment consultant explained the present trend as follows:

*“Role of technology in the search business is vital at present. High quality computers, software’s, data banks and candidates have changed. Candidates are aware of recruitment consultants are the means of recruiting”.*

The role of job portals and data banks is incredible to the recruitment consulting business. At present it is much easier for the recruitment consultants to network with people by using the social and professional networking websites. Job portals play a major role in advertising jobs as well finding the candidates through its database.

When the interviewees were asked about the future *challenges* they said finding the right people for the right job will be the biggest challenge in the future. If they are not able to find it in Finland they should try to attract people from abroad which are highly competitive as other Nordic countries are also in skills shortage. One of the interviewee explained:

*“The future challenge will be finding the people and attracting them to move to Finland if we have a shortage of talent. Finding the right people will be the big challenge. If we don't find them from Finland than learn them to come to Finland that's one of the challenges”.*

Due to the economic turmoil many people have lost their jobs and also students who have graduated recently are facing a hard time in getting the job. The unemployment has increased due to the present economic situation. In the coming years there is going to be mass retirement of people across various industries and the situation will be like there will be lot of unemployed people and at the same time mass retirement of people whose positions will be vacant. So the recruitment companies will have a greater demand in both the sides for example lot of people who are unemployed will register with the recruitment

companies and the clients will be in need of talented people to fill the positions which are left vacant by the retired people. One of the interviewee explained:

*“Currently we are in a situation there are lot of unemployed people. In few years there are huge numbers of finish people go to retire and there will be not enough people to fill the jobs which they leave vacant. In future the recruitment business will be more focused on search part of the job more like head hunting type of role. In the future business will be more and more active and aggressive in getting the candidates. Role will be like consultant will make Finland more international place to fill the job and there will be lot of demand for consulting services.”*

One of the interviewees pointed out that in the future when there is shortage of skills, more activities from the company’s side will be outsourced to other countries. When there is shortage of talents the companies will decide to outsource the jobs to the countries where the talents are abundance. However the management and decision making will still remain in Finland.

When interviewees were asked about the impact on shortage of skills and role of recruitment consultants in overcoming the challenges they pointed out that role of consultants will be impeccable in finding the qualified and talented people for the organizations in Finland. One of the interviewees explained:

*“You have to be more systematic in following the interesting people. You should have a long term relationship with the candidate’s right from their graduation. The business has to move towards systematic and structured way of work. It will increase the need for the services”.*

The interviewees stated that the biggest challenge at the moment and in the future will be finding the talented people for various positions. This will increase the demand of the recruitment consulting company’s services among the organizations which are looking for potential employees. When the

companies use the services of the recruitment agencies they will get the candidates with a right profile and with right skills. The scarcity of talents in the employment market will also induce the companies to start various young professional programs aimed at developing the future employees with multiple skills for their organization. One of the interviewed consultants brought out the challenges in Finnish recruitment consulting business as follows:

*“The biggest challenge at present and in the future will be war for talent, scarcity of talents in the market. But it will be good for the recruitment business to sell the job for the candidates. Good companies will get good candidates. It will induce to start young professional programs in the companies”.*

The future of the recruitment consulting business in Finland will be more focused on its search part of the business, where they will have a important role in finding the most talented professionals across the world who will be recruited in Finland across the various industries where there is shortages exist.

When the clients give the requirements to the recruitment consultants they look for the candidates with multiple skills. Interviewees pointed out that in the future it will be very hard for them to find a candidate with multiple skills which are expected by the clients precisely. These challenges will get companies to understand the real value of the right person.

When the interviewees were asked about the role recruitment consulting companies in overcoming the future challenges such as shortage of talents, they responded that already there are some recruitment consulting companies who are bringing nurses from Philippines and construction workers from Baltic States, as well IT professionals from India, Russia. Moreover, in the future the

role of the Finnish recruitment consulting companies will be bigger in creating the demand and supply of the business. One of the interviewees explained the role of consulting companies as follows:

*“In the future one of big roles of the recruitment consulting companies will be bringing demand and supply together in finding the people and putting them in the right places. Exactly how it will be done I am not sure but there will be a lot of international connections and people who know how to do something will be brought where everyday would become”*

Recruiting international workforce is gaining importance among the organizations in Finland. When the interviewees were asked about the challenges faced by the recruitment companies in *recruiting immigrants and imported labours* the interviewees quoted language as the main barrier in recruiting them. One of the interviewee explained:

*“Language barrier is the main challenge. Finnish is a difficult language and Finland is not considered as an attractive place. People are not aware of what is going on in Finland they misunderstand about the country and don’t want to come. Its dark and cold it is also one of the main challenge., problems of fitting in to the culture and the society and integrating the foreign workers with the Finnish society is difficult when compared with other Nordic countries such as Sweden and Denmark. It is still a learning process for Finland with the foreign workers”.*

Moreover the challenge is also that not many professionals are found among the immigrants with required qualification and skills who can be recruited for some specific vacancies. In recruiting imported labours the companies face huge challenges. The consultants said that when a company want to recruit a person outside European Union things is very complicated. The main defy is the legal issue regarding the visa. It takes quite few weeks to months to process

the visa for the candidate who has been offered a job in Finland. The interviewees quoted that it is easier to recruit immigrants who are already living in Finland, and who has a valid permit to work when compared with the imported labours. One of the interviewees explained:

*“It’s much easier to recruit immigrants than imported labours, the barriers behind recruiting imported labours are high taxation, terrible winter, cultural suitability etc. Regarding the immigrants education and experience which may not match the Finnish employers expectations and also the language barrier etc. Though there are quite many challenges or barriers the situation is better than before”.*

The interviewees also stated that when recruiting the people from abroad cultural suitability is also one of the challenges. The people coming from abroad are completely unaware about the culture in Finland and also it may be hard for them to adapt to the situation particularly weather conditions. The interviewees pointed out that the companies are not yet open minded towards recruiting foreign employees. Recruiting foreign employees in industries such as IT, Healthcare and construction is becoming very common nowadays. It will become increasing in the forth coming years. In case of importing people from abroad to work for Finnish companies, person who lost his job, most probably may not be provided another job and this is also one of the challenge in bringing foreign employees. Moreover, there are no international schools or day-care for kids of foreign employees outside the biggest cities. This is also one of the challenges in bringing foreign employees.

The interviewees also pointed out that when you bring a people from abroad to Finland for work if there is a situation that when that particular person loses the job there is no other option to provide them another job and this is also one of the challenge in recruiting imported labour.

### 5.3.2. Perspectives of organizations which use recruitment consulting services

In the past the organizations were using their own sources to recruit the candidates. In the recent years the services of recruitment consulting companies is considered as one of the channels of recruiting the candidates. However, it has been identified from the interviewees that organizations face lot of challenges in using the services of recruitment consulting companies. The interviewees explained that finding the right recruitment consultant or company who can understand their requirements and expectations and who can speak on behalf of the organization is the biggest challenge. Many recruitment consultants do not understand expectations from organizations and it is hard for recruitment managers or human resource people in the client organizations to make the recruitment consultants understand what they want.

The relationship between the recruitment consultant and the organization plays an important role in the process of recruitment consulting makes the client's recruitment managers more comfortable in order to achieve their targets. If a particular consultant from a particular recruitment company has good rapport with recruitment manager of some organization and if that person quits his or her job the space between the client and recruitment consulting company becomes wider. The interviewee stated that the relationship between the recruitment consulting company and the organizations solely depended on one person who can understand the organizations needs and requirements. One of the interviewees stated that:

*“Finding the right consultants who can understand or speak for organizations is the biggest challenge. If one consultant who is very closer with us changes the company than it is hard to find someone like the previous one”*

When an organization outsource the headhunting activity to a particular headhunter or to a recruitment company they get too many promises from the consulting companies which at last are not fulfilled. This seems to happen as the recruitment consulting companies do not understand their client's expectations and requirements.

*"In headhunting sometimes the consultants promise too much and at last they cannot keep it up"*

As per the interviewees the recruitment consulting companies or recruitment consultants are not totally able to understand their client's requirements. All the interviewees have same opinion that the recruitment consultants should be more focused on understanding their demand and it is a big challenge for the interviewees to make the recruitment consultant to educate about their recruitment requirements and demands. One of the interviewees commented on this challenge as follows:

*"Well I believe that the trickiest part for the consultant is to get the enough information about our company to get familiar with our business and demand in common what kind of people we need and somehow to understand that they have a clear vision that what our company is looking for and what they are looking for in common"*

The interviewees expect that the recruitment consultants should put more effort in understanding their client's need which will make the process more efficient. The interviewees feel that the recruitment consultants should be more knowledgeable in their business before they start working in search for people. One of the interviewees said:

*“The knowledge and skills of recruitment consultants in our business are not good enough they find generally good candidates who can present well and who are good people by themselves but their skills are not efficient and they keep on repeating that we have a good database and good candidates and I keep on refusing consulting companies that they may be good persons for lot of companies but not for our business”.*

The interviewees were asked whether they are satisfied with the services of recruitment consulting companies. Out of four interviewees two responded that they are satisfied with the services of recruitment consultants and two of the interviewees answered that they are not at all satisfied with the services of recruitment consulting companies.

*“In some cases we are satisfied with the recruitment consulting companies but it totally depends upon the person some disappoints the clients some of them takes care of the customers very well some recruitment consultants not in touch if they cannot find the candidates at the right time”*

One of the interviewees stated that company he represents is not at all satisfied with the services of bigger recruitment consulting companies. She explained that in case of making contract with the big recruitment consulting firms, companies are bounded to use only these firms' services for a particular time period, so that it makes the organizations waiting for that particular recruitment firm to fill their vacancies. Nevertheless, these recruitment companies either take longer time to fill their vacancies, or they are unable to fulfil it. As well, sometimes they don't proceed further if their offerings were not accepted by their clients.

*“Quite often the recruitment consultants are really like enthusiastic in presenting the ways of working and methodology of their company. But what we want to have is the result I don't even care if the company is a big or small or whatever not even that much about the references what I want to have is the result. So far I have*

*been trying to get the result from relying on big companies who have decent reputation but they haven't been able to make results for us. So I am on a different path I am going with smaller companies hunger consultants who just want to show us that they can do it regardless their background"*

When the organizations work with the recruitment consultants and the when the process doesn't end up in positive result the whole process and effort from both the sides becomes meaningless. One of the interviews who were totally dissatisfied with the services of recruitment consulting companies explained as follows:

*"No, I am not at all satisfied with the recruitment consultants. They don't match our expectations. What is important for us is the result, and the result is the recruitment, to find a person who will be profitable for us and quite quickly in a way that we cannot recruit someone and wait for two years that person would be profitable by in a way. The expectation is that the consultant find someone, and the whole process ends up in recruitment, when we have been going on in a situation using lot of energy and listening to their marketing speech and when you end up in finding no one suitable for our job than the whole process becomes just waste of time"*

The interviewees stated that cost is also one of the challenges in using the services of recruitment consultants. Some of the interviewees felt that the services of recruitment consulting companies are priced too high. The interviewees also felt that the price for head-hunting services is high and sometimes though they pay for headhunting they are unable to get the end result. One of the interviewees explained:

*"Cost is a challenge but it's more like that the money spend on with no result. That is the problem, money would not be a hindrance if we could rely on the result we can easily calculate the productivity for the good and talented people and good managers. If we only find right people it would be possible to use more and more recruitment consultants. The headhunting business is absolutely crazy. Their*

*pricing is not based on anything. Head hunters can ask for anything and you can always questions what is this based on because they don't even show the hours or the efforts on the candidates. In some headhunting relationship I had a feeling that I would want to have more control with the head-hunter. I would know more in detail what he has been doing or has not been doing anything because the process soften ended up in finding no one and I had a feeling they haven't even worked hard enough"*

Thought all interviewees accepted the fact that the price of recruitment consulting companies are high one interviewee stated that if prices of the recruitment consulting companies are less, it will influence them to use their services often. Some of the interviewees stated that cost may not be a issue in situation of recruiting someone for top management or some experts because it is very important for organizations to recruit a candidate for these positions without taking any risks or hindrances, so organizations believe that help of recruitment consulting companies are vital in this kind of circumstances. One of the interviewed human resource manager commented as follows:

*"If the recruitment consultants are cheaper we might be using them more. The cost issue is of course valid but when it comes to recruit someone in top management than the cost cant hinder the process because it is a demanding position and we cannot afford to make a kind of force full decision"*

Recruiting international workforce is becoming important among the Finnish organizations as there is shortage of skilled professionals in certain sectors such as health care, construction and IT. The interviewees were asked to evaluate the importance of recruitment consultants in Finland in helping the organizations to find highly skilled professionals from abroad, to attract the expatriates, immigrants and international students for employment. The interviewees responded that recruitment consulting companies have a very important task to

create a good image and reputation for their clients and Finland among the immigrants, expatriates, international students and immigrants.

International recruitment consulting companies which have more branches abroad have more chances to help the organizations in finding professionals from foreign countries for various positions when the organizations are unable to find candidates locally. Though there is a considerable amount of expatriates, international students and immigrants present in Finland it is not sure whether they are aware of the vacancies in various organizations as most of job advertisements are in Finnish. At this kind of situation the recruitment consulting companies have a huge responsibility to reach these people and create goodwill about the organizations they deal with. One of the interviewed recruitment manager stated the importance of consultants in recruiting international workforce as follows:

*“The importance of recruitment consulting will be increasing. I think the recruitment consultants will have good business opportunities. I think they would help the companies in finding the channels to find required people. The first step will be channels and the second step would be like brand construction to companies”*

Trends of Finnish recruitment consulting business is concluded in the below mentioned table.

<i>Perspectives of recruitment consulting companies</i>	<i>Perspectives of organizations which use the services of recruitment consulting companies</i>
<p>Past recruitment was considered as temporary must Present due to advancement of technology it has developed quite well gaining more importance among organizations.</p> <p>Future challenge is war for talent due to ageing population and shortage of skilled professionals in various industries. Legal, language and cultural challenges in recruiting candidates from abroad. Hard to find professionals with right qualification and experience among the immigrants.</p>	<p>In the past the organizations were recruiting by their own sources.</p> <p>Finding the right consultant who can understand their requirement is the biggest challenge. Time factor is one of the challenges. Cost factor is a challenge but not a hindrance. Recruitment consulting companies have a big role in attracting the international workforce for recruitment and as well to create a image for the Finnish organizations and for Finland. Recruitment consultant companies will have more business opportunities in the future.</p>

Table 6. Trends of recruitment consulting business in Finland

#### 5.4. Development needs of recruitment consulting business in Finland

This section defines the development needs of Finnish recruitment consulting business from the perspective of recruitment consulting companies and the organisations which use their services. The interview data will be analyzed in order to assess the significance of the literature in the specific recruitment consulting environment.

##### 5.4.1. Perspectives of recruitment consulting companies

The interviewees were asked about developments which are needed in the recruitment consulting business and the most of the interviewees wish the clients should be more flexible. The client should be willing to pay for the additional services which are done by the companies. One of the interviewed consultants expressed his expectation as follows:

*“Customer’s demand and profiling should be changed, companies are working very short and few they want precise, exactly the right person for their profiles. It is very hard for us to find people who can fill it. Let’s say if the companies have 10 different requirements and if we need to find person who have 9.8 requirements it is getting harder and harder to find a person with all the requirements. So the companies should look in to person and try to find the right team member and with right attitude which will be good for long term”.*

The interviewees said that the companies should respond faster in giving the feedback which will strengthen the process. It has been understood that recruitment companies lack better interaction with their clients though there are some exceptions remain in the business. One of the interviewees explained:

*“More organised processes and interaction between recruitment companies and end customers is required in order to strengthen the process. Client should be faster in giving regular feedback, and there should be better interaction between recruitment companies and clients”.*

The interviewees responded that the consulting companies should be more ethical in their practices. One of the interviewees said:

*“Ethical standards should be followed by all consulting companies. The clients should be very careful in choosing their partner. They should choose the reliable partner who follows ethical standards in the business”.*

The interviewees also agreed up on about protecting the personal information’s of the candidates. The recruitment consulting business involves handling of large amount of personal details of different candidates across various fields which should be maintained with maximum security. The transfer of these data and preserving should be done in a unified way or to be regulated which will prevent mishandling of the data. One of the interviewees explained:

*“Personal information of the candidates should be preserved secretly and transferred, the companies who work in this field should have the right way of storing information, giving information and getting information”.*

The interviewees responded that apart from their search part of candidates they do lot of additional services without any free. They feel that all of their services should be charged from the clients in order to provide them more effective results. One of the interviewees said:

*“We do lot of free work for clients. It’s very hard to make client commit. They mainly focus on price. You should also count for other expenses. We have to be more specific in services; we have to be more specific and demanding for the good service”.*

#### 5.4.2. Perspectives of organizations which use the services of recruitment consulting companies

The interviewees were asked what kind of developments is expected by them from the recruitment consulting companies to make the recruitment process efficient. The interviewees answered that speed of recruitment consulting process have to be fasten by the recruitment consulting companies. When a recruitment consulting company deal with its client, it is usually a recruitment consultant who represents the recruitment consulting company to deal with the organization. Therefore it would be more effective if that concerned recruitment consultant creates a good rapport with his or her client which will create a good relationship and trust among them which will make the recruitment process better. It has been understood from the interviewees that they expect the recruitment consulting companies to give them more importance and to be more committed towards them. The interviewees also felt that the recruitment consulting companies should personalise their services more, so that it creates a better understanding between the consultants and their clients, which will make companies to get what they expect from the recruitment consulting companies. One of the interviewees explained:

*“If they just can even more personalise their services, we will have a feeling that they are really serving faster as a company. So we might have a sensation that they are experts in our area”*

Usually when a recruitment consulting company place a candidate their task is completed in that particular process. But the interviewees felt that the recruitment consulting companies should collect the feedback about the performance of the candidates whom they have placed. This will help

consulting companies to place potential candidates in the future with more efficiency and it will also help to avoid certain issues in placing the candidates at next time. One of the interviewees explained:

*“It will be good if the consultants call and ask the feedback about the performance of the candidate after placing them”.*

The interviewees explained that the recruitment consulting companies should be more interested to provide services with commitment. Out of four three interviewees had the same feeling that the recruitment consulting companies should make a closer relationship with their clients. Though there are some consultants who have created good relationship and understanding with their clients, the overall opinion is that recruitment companies should be more informal rather than maintain relationship in a traditional or a formal way. One of the interviewed recruitment manager explained their expectation as follows:

*“I think recruitment companies should concentrate on some field and they should have the key accounts in a way that I would like to have a close relationship with someone and I would want him or her to be close to me as well. The ideal thing would be longer period cooperation relationship. So they would get to know us more and I would see whether they can be productive for us. Now it is time consuming to change people all the time, and recruitment issues are small, what I want is they would concentrate on us so much, so that they would understand us and after that we would be closer. First they should really show the result and they should really work very well with first contract. If they managed to do well with first recruitment we would be closer and use them a lot. We don't want to change the consultant all the time. If they don't manage to do first contract then the relationship goes down I mean find another one, they should put their effort really for the first one”*

The interviewees also expect that the recruitment consulting companies should focus on creating departments which will be specialised in certain industries or domain. Although there are specialised recruitment companies exist in Finland,

in interviewees opinion they are not very effective in finding their specialist particularly in industries such as construction, engineering and information technology. The below mentioned table concludes the development needs of recruitment consulting business in Finland.

<b>Perspectives of recruitment consulting companies</b>	<b>Perspectives of organizations which use the services of recruitment consulting companies</b>
<p>Storing and transferring the personal data's of the candidates should be regulated.            More ethical standards should be followed in the business.            All their services should be charged from the clients.</p>	<p>Personalising the services more is needed.            Better understanding with commitment towards the client organizations.            More companies specialised in specific industries is needed.</p>

Table 7. Development needs of recruitment consulting business in Finland.

## **6. CONCLUSION AND IMPLICATIONS**

This chapter portrays main empirical findings of the study on recruitment consulting business in Finland. This chapter concludes the analysis which is derived from the study of Finnish recruitment consulting business from the perspectives of Finnish recruitment consulting companies and the organizations which use the services of Finnish recruitment consulting companies. The following table gives an overall conclusion of the findings of this research.

<i>Analysis</i>	<i>Perspective of recruitment consulting companies</i>	<i>Perspective of organizations</i>
Characteristics of recruitment consulting business	<p>Small but rapidly growing</p> <p>Quite international in practices</p> <p>Organized and process oriented</p> <p>High level of trust</p> <p>Competitive</p>	<p>Unable to identify the characteristics from the organizations perspective.</p>
Market situation	<p>In terms of usage there is good demand for the services of recruitment consulting and the supply is good in exception to certain industries.</p> <p>The importance is getting increased due to the consultants' expertise in finding the candidates.</p> <p>Impact of present economic crisis has affected dramatically.</p>	<p>The consulting services are used as the organisations believe they get a third opinion or an expert view in recruiting the candidates.</p> <p>The services of recruitment are important due to consultants' expertise and network in search of people and as well they sell the organization to the candidates which create publicity among the candidates.</p> <p>Present economic crisis has forced the organizations to reduce the services of recruitment consulting companies.</p>
Trends	<p>In the past, recruitment was considered as temporary must.</p> <p>At present, due to advancement in technology, it has developed quite well gaining more importance among organizations.</p> <p>Future challenge is a war for talents due to aging Finnish population and a shortage of skilled professionals in various industries.</p> <p>In case of recruiting candidates from abroad, legal, language and cultural challenges are expectable.</p> <p>Hard to find professionals with the right qualification and experience among the immigrants.</p>	<p>In the past, the organizations were recruiting by their own sources.</p> <p>Finding the right consultant who can understand companies' requirements is the biggest challenge.</p> <p>Time factor is one of the challenges.</p> <p>Cost factor is a challenge but not a hindrance.</p> <p>Recruitment consulting companies have a big role in attracting the international workforce for recruitment and as well to create an image for the Finnish organizations and for Finland.</p>
Development needs	<p>Storing and transferring the personal data of the candidates should be regulated.</p> <p>More ethical standards should be followed in the business.</p> <p>All consultants' services should be charged from the clients.</p>	<p>The services should be more personalized.</p> <p>Better understanding with commitment towards the client organizations.</p> <p>More companies specialised in specific industries is needed.</p>

Table 8. Conclusion of the analysis

## 6.1. Summary

Finland is a highly industrialized country which ranks the best in various international comparisons. On one hand, the economy of Finland is growing; on the other hand, it is in a situation of population decline, mass retirement of employees from various industries. High unemployment rate is accompanied by a great amount of vacancies which are unfilled without skilled professionals. In this kind of situation it is essential to analyze, how the Finnish recruitment consulting companies cater to the need of their clients and how they are prepared to overcome future challenges such as shortage of talents. The aim of this study was to find the characteristics of Finnish recruitment consulting business, to find out market situation of recruitment consulting business in Finland, to find out trends of Finnish recruitment consulting business and to find out development needs in the recruitment consulting business of Finland from the perspective of recruitment consulting companies and the organizations which use the services of recruitment consulting companies.

To provide the theoretical background for this study, general features of human resource management, recruitment and international recruitment were reviewed in the chapter 2. The chapter 3 explains the recruitment consulting business and its features followed by overview of Finnish labour market and Finnish recruitment consulting industry. Qualitative method was applied as a tool to conduct the empirical part as it gives rich data about the Finnish recruitment consulting industry. The empirical part starts with the analysis of characteristics of Finnish recruitment consulting business. The analysis of market situation of recruitment consulting business in Finland describes the demand and the supply of the recruitment consulting services from the

perspective of the recruitment consulting companies and also describes the usage and importance of services from the perspective of organizations which use the services of recruitment consulting companies. The next part describes trends of Finnish recruitment consulting business according to the perspective of recruitment consulting companies; as well, it describes challenges faced by the organizations which use the services of recruitment consulting companies. The final part of the empirical study illustrates developments needs of recruitment consulting business from the perspective of recruitment consulting companies and the organizations which use recruitment consulting services.

## **6.2. Theoretical and empirical contribution**

In order to find out the characteristics of recruitment consulting companies in Finland, the present study stipulates its research on the following questions: determining the salient features of Finnish recruitment consulting business, finding out market situation of Finnish recruitment consulting, finding out trends in the recruitment consulting business and finding out development needs of the recruitment consulting business in Finland.

*The analysis of characteristics of Finnish recruitment consulting business* is the first research objective of this research report. The interviewees were asked to define the main features of recruitment consulting business in Finland. Identified features are: small, but rapidly growing, quite international in practices, organized and process oriented, possessing a high level of trust,

competitive and centralised market from the perspectives of Finnish recruitment consulting companies in general.

The first and main feature of recruitment consulting business in Finland as defined by interviewees, is small but rapidly growing. Finland is a smaller market when compared with other major European and Nordic markets in terms of demand; however, due to the shortage of skills and aging population the Finnish recruitment consulting business is growing. The next identified characteristic of Finnish recruitment consulting business is that it is quite international in practices. The Finnish consulting practices are quite unexceptional and competitive to other countries which are well developed in recruitment consulting business. The next feature as mentioned by interviewees is that it is well organised and process-oriented when compared with other Nordic countries such as Sweden, Denmark and Norway. The next defined feature of Finnish recruitment consulting business is a high level of trust as the Finnish recruitment consulting companies are well-organised by law and the union with good reputation. The next defined characteristic of Finnish recruitment consulting business is competitiveness. The Finnish recruitment consulting business is growing rapidly; more and more new companies are entering the business. The last defined characteristic is centralised market as demand for recruitment consulting services is concentrated more in the major cities, such as Helsinki, Tampere, Oulu and Turku. Overall, the salient features of Finnish recruitment consulting business, which were discussed above, were the outcome of the interviews. The above mentioned characteristics are presented from the perspective of recruitment consulting companies only as it was unable to identify the characteristics from the organizations which use the services of recruitment consulting companies.

*The analysis of market situation of recruitment consulting business in Finland* is the second research objective of this research report. According to *perspective of recruitment consulting companies*, demand for Finnish recruitment consulting business is quite good normally. Demand for the services of recruitment consulting is growing, and the main reason behind the growth is a shortage of skills in certain areas which may spread to all industries in the near future due to the ageing Finnish population. The supply seems to be quite good; though there are some exceptions exist in certain industries, such as health care, construction, IT. Lack of skilled professionals in these industries is affecting supply; hence, a few companies recruit the professionals from abroad. Recruitment consulting companies' services are gaining importance as there is a huge competition to attract the candidates, and the recruitment consulting companies' services are seen as a channel of recruitment when compared with the past. The present financial turmoil has affected Finnish recruitment consulting business dramatically. It has forced large recruitment consulting companies to lay off their staffs, and few small companies have gone bankrupt. Once the crisis is over, demand for the services of recruitment consulting business will be soaring.

According to *organizations which use the services of recruitment consulting companies*, they have been using the services of recruitment consulting companies for several years ranging from five to ten years. The interviewees have been asked why they use the services of recruitment consulting, and they responded that they get a third opinion or an expert view when they use the recruitment consulting companies. The other reasons behind using the services

of recruitment consulting companies are lack of resources in their organization and time constraints, as well as consultants' efficiency, speed and expertise. It has been found from the study that Finnish recruitment consulting companies play an expert role in finding people for the organizations. The services of recruitment consulting companies are very important for the organizations because recruitment consulting companies through their services also sell the companies' image to the candidates by which the organisations get publicity as well. The recruitment consulting companies help them to find people in critical situations as they are experienced in searching for the candidates. The present financial crisis has forced the organizations to reduce usage of recruitment consulting services, but in the future they probably will use the services of the consulting companies more as there is a stiff competition to recruit the candidates.

*The analysis of trends in Finnish recruitment consulting business* is the third finding of the study. From *the perspective of recruitment consulting companies*, recruitment consulting business has gained importance among the Finnish organizations after 90s. In the past, using the services of recruitment consultants was considered as a temporary must, but at present the thought has changed, and it is considered as one of the sources of recruiting the candidates. Information technology and the Internet have changed recruitment business entirely and have taken it to the next level. Job portals and social networking portals play an important role for the recruitment consultants to identify the candidates. Technology has made the communication easier for the recruitment consultants.

When the interviewees were asked to define challenges in recruitment consulting business, they responded that the main challenge at the moment is to find the clients to sell their services. The biggest challenge in the future will be finding skilled people for work due to the aging population and the shortage of talents; if they are not found in Finland, then another challenge will be bringing them from abroad. In the future, more and more jobs will be outsourced to the countries where the skills are in abundance. In case of recruiting the imported labours and immigrants, interviewees explained that it is easier for them to recruit immigrants, expatriates and students, who are already here, when compared with recruiting candidates from abroad due to the legal barriers such as visa. In recruiting the imported labours the major challenge is a visa. When a company wants to recruit anyone outside European Union, it takes quite a long time to process and obtain a visa for the candidates who have been offered job. Language and cultural adaptability are also one of the challenges faced by the recruitment consulting companies in recruiting people from other countries. In recruiting the immigrants the interviewees explained that they are not able to find enough professionals among the immigrants with right qualification and experience for the Finnish job market.

*According to the perspective of the organizations which use the services of recruitment consulting companies, the main challenge faced by the organizations in using the recruitment consulting companies' services is inability to understand their requirements and their expectations. The interviewees also responded that it takes too long time for consultants to find the candidates; and though they promise to do it in prescribed time, at last they end up in not keeping up their promises. The consultants sometimes are not in touch with their clients if they are not able to find the people. In this case the interviewees felt that they lack*

attention of the recruitment consultants when they are not able to keep up their commitment.

The interviewees were asked whether they are satisfied with the services of recruitment consulting companies. Two interviewees and out of four responded that they are satisfied with the services of Finnish recruitment consulting companies, and two interviewees said that they are not at all satisfied with that. When the interviewees were asked whether the recruitment consulting companies match their expectations their opinions were not one-sided as well. Interestingly, all the interviewees described that they will be using the services of recruitment consulting companies in the future when they were asked about the future usage.

In case of recruiting high-skilled professionals from abroad, expatriates, immigrants and international students for employment the interviewees responded that recruitment consulting companies have a very important role in creating a better image for the Finnish organizations in recruiting the immigrants, imported labours, expatriates and international students. The interviewees also pointed out that the international recruitment consulting companies, which have branches abroad, will have more importance in this situation. Moreover, the importance of using the recruitment consulting companies' services will increase in the future. The interviewees also stated that the recruitment consulting companies will have good business opportunities in the future.

*Analysis of development needs of recruitment consulting business in Finland* is the fourth finding of the study. According to the perspective of Finnish recruitment consulting companies, storing and transferring personal data of candidates should be regulated; it should be done in a unified way so that it will prevent the misusing of the data. The next development expected from the Finnish recruitment consulting companies is following ethical standards by all consulting companies; clients should verify whether their partners are doing business ethically or not and then they should associate with them. The consulting companies also insist that they offer lot of free services for the clients which should be charged by the consulting companies in the future as the process involves lot of time and manpower.

*Organizations which use the services of recruitment consulting companies* expect that the recruitment consulting companies should give more importance to them and handle them as a key account. The interviewees also expect from recruitment consultant to speed up the recruitment process when they are committed to provide a candidate in prescribed time. They also expect that the recruitment consultants should even more personalize their services and create better relationship and coordination which will lead to a good long-term client – partner liaison by which both of them benefit mutually.

### **6.3. Managerial implication**

The empirical findings of the study imply that the Finnish recruitment consulting business is gaining more and more importance among the organizations in Finland. The organizations are more captivated towards the services of recruitment consulting companies as there is huge demand for the talented professionals in Finland. The future of recruitment consulting business in Finland seems to be quite promising due to the shortage of skills and aging population in Finland. These factors will make the organizations to use the services of recruitment consulting companies more and more to find the people from abroad if they are not found in Finland and will lead to considering the services of recruitment consulting companies as a big channel of recruitment.

According to perspectives of organizations which use the services of recruitment consulting, the services of consulting companies are considered as important in finding the candidates. Recruitment consulting companies are seen as expert in providing services. The organizations expect from recruitment consultants to be faster in their process and to be more committed towards their clients to treat them as key account. Moreover, personalizing the services of recruitment consulting will make the client-consultant relationship stronger and will create better understanding in the business. According to recruitment consulting companies and their clients demand for the services of recruitment consulting companies is expected to grow in the near future. Thus, due to that the recruitment consultants will probably recruit more professionals from abroad; in this way they have huge responsibility in creating a better image for the Finnish organizations and Finland in general.

#### **6.4. Suggestions for further research**

The characteristics of Finnish recruitment consulting business, its demand, supply and trends derived from this study are suggested for the further research about the recruitment consulting business in Finland. The future situation of the recruitment consulting business will be an interesting aspect to learn, in order to understand the potential of recruitment consulting market. This study has presented views of small- and medium-sized recruitment consulting companies in Finland which is mainly focused in the capital region of Finland. Analyzing the small, medium and large recruitment consulting companies and comparative analysis of various regions of Finland will give a broader and comprehensive outlook of Finnish recruitment consulting business.

This study though has been presented from the views of recruitment consulting companies, as well as from the view of organizations which use the services of recruitment consulting companies, it could be deepened further by analyzing separately the other areas of recruitment consulting services, such as staffing services, executive search, and specialized recruitment agencies to understand each and every division of recruitment consulting industry in Finland.

The recruitment consulting managers are tentative to give out the information about their success and competence of their business. Therefore, different measures of Finnish recruitment consulting business which include efficiency, process and practices of Finnish recruitment consulting industry would be challenging to analyze further in the future. Overall, the different areas of

Finnish recruitment consulting services and markets could be analyzed and studied further as learnt from this study.

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## APPENDIX

### *Interview guide 1 for recruitment consulting companies*

<i>Themes</i>	<i>Questions</i>
<p><b>Characteristics of recruitment consulting business in Finland</b></p>	<p>Could you describe your organization and its profile? What is the position of your company in Finnish recruitment consulting business?            What are the salient features of Finnish recruitment consulting business?            Which cities are the active markets for Finnish recruitment consulting business?            How do the Finnish recruitment consulting practices differ from other international markets?</p>
<p><b>Market situation of recruitment consulting business in Finland.</b></p>	<p>How would you describe the demand and the supply of recruitment consulting business in Finnish market?            How has the present global financial crisis affected Finnish recruitment consulting business and what kind of impact does it have?</p>
<p><b>Trends in Finnish recruitment consulting business</b></p>	<p>Could you describe the past and future trends of Finnish recruitment consulting market?            What kind of impact will the shortage of talents have on recruitment consulting business in Finland? What will be the role of consulting companies to overcome these challenges in the market?            What are the major challenges faced by recruitment consultants in recruiting imported labor and immigrants?            How has the recruitment consulting business altered over time and what are the changes?</p>
<p><b>Developments needs of recruitment consulting business in Finland</b></p>	<p>What are the present and future challenges of recruitment consulting business in the Finnish market and international market?             What kind of improvements is needed in the Finnish recruitment consulting business</p>

*Interview guide 2 for the organizations which use the services of recruitment consulting companies*

<i>Themes</i>	<i>Questions</i>
<p><b>Market situation of recruitment consulting business in Finland.</b></p>	<p>Does your company use recruitment consultants? If yes, how long has your company been using the services of recruitment consultants?</p> <p>Why does your company/or companies use recruitment consultants?</p> <p>Which role do recruitment consultants play in finding the right people for your organization?</p> <p>Could you brief me the significance of the services of recruitment consultants in your organization and in Finland?</p>
<p><b>Trends in Finnish recruitment consulting business</b></p>	<p>Are you satisfied with the services provided by recruitment consulting companies? Do the consulting companies match your expectations?</p> <p>What are the main constraints or challenges faced by organizations in using recruitment consultants?</p> <p>Has the present current financial crisis affected you in terms of using the recruitment consultant?</p> <p>Will your company use recruitment consultants in the future?</p> <p>Could you describe the importance of recruitment consultants in Finland in helping the organizations for their future challenges such as finding the highly skilled professionals from abroad, attracting the expatriates, immigrants and international students for employment?</p>
<p><b>Development needs of recruitment consulting business in Finland</b></p>	<p>Which developments are expected by the organizations from the recruitment consultants and their services?</p>

