



Strategic Human Resource Management and Resilience in Public Organizations

Investing in Human Capital and Behaviorist Approaches

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ABSTRACT

This research will examine the significance of Strategic Human Resource Management formations in the modern Public Administrations reformation era, through a comprehensive literature review and a critical synthesis of works by numerous scholars on the field of Strategic Human Resource Management. Furthermore, the literature review will demonstrate the importance of investing in Human Capital in order to achieve Public Organizations' Resilience-building. Specifically, it will focus on comprehending the behavior of employees and detecting the latters' connection to the organizational strategies. The Behavioral Perspective will provide the model upon which the relationships between Public Organizations, civil servants and management policies are correlated. Importantly, a Public Organization should, by definition, tolerate disturbances, through people who are able to respond directly and effectively to changes; this is what this research will refer to as the Resilient Organization that should be identified in many Public Organizations. Moreover, Human Resource Management practices obtain a crucial role in cultivating that organizational environment, which facilitates responsiveness and recovery from radical changes. Although many barriers exist in the contemporary dynamic environment, such as bureaucratic procedures and rigid structures on public servants' recruitment policies, the emotional capital that is created by a mutual psychological contract between public administrations and public servants, can contribute to surpassing those obstacles, adding a more anthropocentric approach to strategic human resource management study.

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LIST OF ABBREVIATIONS AND ACRONYMS

EFQM	: European Foundation for Quality Management
HC	: Human Capital
HR	: Human Resources
HRM	: Human Resource Management
IC	: Intellectual Capital
IO	: Intelligent Organization
KM	: Knowledge Management
KPI	: Key Performance Indicators
LO	: Learning Organization
NGO	: Non-Governmental Organization
OC	: Organizational Capital
OECD	: Organization for Economic Co-operation and Development
PO	: Public Organization
PS	: Public Service
PsyCap	: Psychological Capital
SHRM	: Strategic Human Resource Management
TQM	: Total Quality Management

CHAPTER I · INTRODUCTION

1.1 Introduction to the transition from Human Resource Management to the Strategic Human Resource Management Systems

This work discusses a relatively new area which has emerged from the combination of Management and Psychology in relation to Human Resource Development. In order for the reader to be thoroughly introduced to the main aspects of the hypothesis examined, there will be a brief analysis of the origins of Human Resource Management and the Strategic Human Resources Management. The issue focused on Human Resource Management (hereafter as HRM) dates back to the science-based management movement (Skiadas, 2018a), with F. Taylor as its founder¹ (Walonick, 1993; Xirotyri-Koufidou, 2010). Taylor addressed the basic productivity problems of the industries of his time, and suggested that the main purpose of the administration offices should be to ensure the employees' well-being and happiness. As a result, the best possible solution would be a continuous mutual cooperation and a blend of science and work (Boon, Eckardt, Lepak & Boselie, 2017; Xirotyri-Koufidou, 2010).

Later, Seebohm Rowntree² was the first to show interest towards his employees' welfare, while leading his father's chocolate industry from 1923 to 1936 (Mayo, 1933). He introduced innovative programs such as medical departments and employment psychologists, aiming to support his workers' prosperity. Rowntree is considered to be one of the founders of the Institute of Personnel Development in Britain. In addition, in 1926 the National Research Council of America launched a series of research programs in collaboration with Western Electric³, known as *the Hawthorne Research* (Mayo, 1933). The purpose of those research programs was to further analyze the causal relationship between the individuals and their working outcomes, with special interest in the changing environmental factors. The project was continued in 1927 by Professor Elton Mayo of the Harvard University and his team. They concluded that employees' performance increased when special attention was given to their individual effort and overall performance. Moreover, the significance of moral factors, such as the sense of belonging and personal esteem was highlighted. This research

¹ Frederick Winslow Taylor started the 'Scientific Management movement' with his associates and they were the first people to study the work process scientifically, during the 20th century.

² Rowntree's was founded in 1862, and it was one of the big three confectionery manufacturers in the United Kingdom. Rowntree developed the Kit Kat, Aero, Fruit Pastilles, Smarties brands, and the Rolo and Quality Street brands when it merged with Mackintosh's in 1969 to form Rowntree Mackintosh Confectionery.

³ Founded in 1869, it was an American electrical engineering and manufacturing company.

belonged to the initial scientific efforts towards a profound understanding of human behavior in the Organizations and the working environments. Its conclusions contributed to the introduction of the School of Human Relations, which focused on the psychological factors that affect working performance. The issue of the correct incentives and motivations facilitated the establishment of the School of Human Behavior (Mayo, 1933) which emphasized on the behaviorist aspects in the Organizations. Afterwards, several trade unions succeeded in gaining the recognition of the right to collectively bargain working conditions. The move started in the United States and expanded to Britain; it belonged to the context of the administration dealing with people and their inner-relationships within a workplace, but also with the strategies of recruiting, training and working conditions. However, gradual globalization offered new opportunities to the Governments and, consequently, to Public Organizations (POs) were forced to adopt more flexible and robust operating systems in order to adapt to the general tendency to changes (Xirotyri-Koufidou, 2010).

Consequently, Human Resource Management studies deal with those practices, reforms and strategies that are to lead to the desirable results and have gradually evolved from an operational to a strategic perspective (Armstrong, Taylor, 2014; Boon, et al, 2017). By referring to the strategic aspect, it is implied that results have to be achieved according to a specific plan; for instance, in the context of organizational effectiveness, the goal is the high performance and successful implementation of changes in the Public Services (PS) (Lengnick-Hall, Beck & Lengnick-Hall, 2011). The strategic nature of HRM is also closely related to the organizational strategy; focusing on organizational performance, the Strategic Human Resource Management (SHRM) contributes to higher organizational value-creation through a series of Human Resource (HR) policies and practices as a system, the so-called HR system (Junita, 2016). Civil servants, an integral part of a Public Service, are assigned to an essential task, to serve people and the State; therefore, they need to be flexible and adaptable. Public Services also need to face competition from the private sector, and it is considered necessary to abolish rigid bureaucratic structures and procedures, in order to comply with the international and national institutional and legal framework (Rammata, 2018a; Rivera León, Simmonds & Roman, 2012). As a result, the work of civil servants is progressively linked to a performance-oriented philosophy, rather than to a simple procedural culture (Xirotyri-Koufidou, 2010).

1.2 Theories of Strategic Human Resource Management

This research is supported by basic theoretical frameworks of strategic management and is designed around the Resource-Based Theory, which assumes that all the internal resources of an Organization, such as the knowledge or experience of its workforce, have the ability to lead to a strategic advantage and an economic value-creation, suitable to sustain competitiveness. Those resources are the internal strength of a Public Service (PS) which contributes to dealing with the environmental perils (Junita, 2016). As a result, human capital calls for a long-term investment on employees' competences development (Fryczynska, 2015) and resource-based theory is directly connected with the notion of resilience mentioned above.

Social exchange theory, which deals with social behavior under a cost-benefit relation analysis, and organizational support theory, that is used to analyze organizational function and goals-setting, are defined as theories of great importance. The reason is that they suggest that the role of the perceived organizational support (POS) on behalf of the employees, along with the latter's perception about HR practices' implementation is correlated with their work outcomes (Suthiphan, 2010).

The importance of the Social-Environment is also highlighted, as they assume that the social structure determines the behavior of the individuals and the human capital of employees can change according to organizational systems and structures (Fryczynska, 2015). The Systems Theory was introduced under the concept of interdependence, according to which the executives are obliged to proceed to decisions by assessing possible impacts on all organizational domains (Skiadas, 2018b; Xirotyri-Koufidou, 2010).

Last but not least, the literature review is based on Scientific Realism and Fallibilistic Realism as ground theories, assuming that Public Organizations have as a main and ultimate purpose their existence and sustainable development on this dynamic and competitive world. However, one can always count on the possibility of the initial assumptions to be refuted and denied, if new aspects arise and become demonstrable (Robson, 2010). Specifically, it is assumed that the POs mainly aim to their survival, but in order to thrive they have to accept their constant interdependence of their environment and attempt to transform their rigid structures into more flexible ones.

1.3 Legal and Ethical Procedures in Public Services

Regarding the legal aspects of Public Organizations, civil servants are employed by the State or a legal entity that acts under administrative and disciplinary capacity and they serve the public interest (Skiadas, 2018a; Makrydemetres, 2010). Consequently, each State lays down specific criteria with regards to public servants' status, indicating the importance of civil service to the function of the State.

Specifically, the status of the Greek civil servants is enshrined in the Article 103 of the Greek Constitution (Hellenic Parliament, 2008), in:

- § 1: «...*their qualifications and designation manner are laid down **by the law**.*»
- § 7 «*The recruitment of civil servants in the public service shall be conducted either by competitive examination or by selection...according to **objective criteria** and is subject to the assessment of an **independent** authority..*» «...with increased guarantees of **transparency and meritocracy**...»

According to the abovementioned, public servants have to be recruited, assessed, retained or dismissed according to clear, unbiased and impartial criteria, publicly known and announced, in order for the governmental effectiveness and regulatory quality to be exercised, leading to a flexible Governance model of Public Administration (Rammata, 2018a). Specifically, according to Professor Skiadas, Public Administration '*analyses the mechanism to implement government policy and prepares civil servants for this work. [...] As a field of practice, it entails the management of policies...*' emphasizing its significance to the effectiveness of Public Sector Management.

Furthermore, Human Resources Management deals with the recognition of the culture of an equal treatment of the human factor which demonstrates not only the legal but also an ethical dimension. Importantly, ethics are related to the way moral judgments and final decisions are made, based on specific legal frameworks that determine the right or wrong nature of an action. Those principles are accepted by employers and employees (Armstrong & Taylor, 2014; Xirotyri-Koufidou, 2010) and concern the equity of rights, legal and equal remuneration and mutual respect. Moreover, non-written ethical guidelines define specific limits of decisions that are not regulated by the law. Therefore, ethical dilemmas may arise in cases that all alternatives are considered inappropriate, since they may oppose to ethical

values. Consequently, such ‘dilemmas’ are reduced when moral values are incorporated into organizational culture deriving from multiple ways and sources such as ceremonies, symbols, slogans and organizational history (Armstrong & Taylor, 2014).

CHAPTER II · METHODOLOGY

2.1 Methodology and Objectives of the Study

This research aims to explore, describe and explain the way in which Strategic Human Resource Management can lead to the Public Organizations’ resilience by investing in Human Capital and Behaviorist Approaches. Specifically, the principal argument is based on the importance of investing in human abilities, skills and relations through behavioral patterns, such as a potential management system which motivates employees to behave appropriately. The project is supported by an extended literature review and an attempt for syntheses of different research fields, leading to an interdisciplinary approach to the topic, which includes multiple formations of three main levels: a. the individual level of analysis of public servants and senior civil servants, b. the organizational level of the public organizations, and c. an hybrid level that perceives the organization and its people as one level of analysis. Specifically, it is assumed that the desirable response-ability of the Public Organization (PO) and its public servants can determine the successful operation and function of the Public Service.

This study is based on a theoretical review and an interpretive research of relevant scientific claims and assessments of the field, which are founded on the observation of the multiple perspectives of the hypotheses and questions. The writer worked according to the scientific and work ethic for the originality of the findings of the research⁴. Last but not least, the review resulted in a natural formation of assumptions that were continuously transformed during the process of reviewing historical and contemporary works, as well as during a profound theoretical understanding, which was an outcome of activities in which the writer participated in order to develop a rational and valid analysis.

⁴ For instance, by taking part in relevant workshops and training seminars in order to form more experiential arguments and ideas related to some aspects of the topic of the research.

2.2 Research Hypotheses

This thesis falls under the Human Resource Development field which processes human expertise through organizational development plans (McLean, 2007) alongside with the more technical approach of human capital investments. The purpose is the detection of effective ways for a strategic management outcome in Public Sector. Below the main hypotheses of the dissertation are stated as such:

1. The first hypothesis is that ‘Strategic Human Resource Management and Resilience consist of crucial contemporary and essential reforms’.
2. The second hypothesis supports that: ‘investment in Human Capital and Behavioral approaches can further facilitate this end, forming a sustainable core system’.
3. According to the main ideas of the literature review, the third hypothesis is formed in the context of the assumption that ‘Strategic Human Resource Management and Resilience are needed in the Public Sector of every European Country. Resilience can be defined as the ability of the workforce to easily recover from possible crises and stressful occasions. It is further assumed that specific policies can elicit specific employee behaviors that can lead to the Public Service’s survival, sustainable development and meeting its objectives’. This sustainability is measured according to tangible and intangible returns, such as financial or emotional returns (for instance, trustworthiness).
4. It is finally suggested that ‘investment in Human Capital can determine the overall Public Service’s change-ability and working path in the modern dynamic and competitive environment’.

2.3 Research Questions

During the process of designing the research questions scheme, the writer attempted to understand the field in a profound way, by brainstorming different ideas and by mapping the research paths. As a result, the fundamental pillars of this process are the recognition of the change in the societies and the public sector, the challenges each public service and its people have to deal with, as well as the enablers of the success and recovery. Therefore, the following research questions are raised:

- i. Based on the Greek Paradigm, how Strategic Human Resources Management is gradually implemented in Public Organizations?
- ii. Which policies can support resilience-building in Public Organizations?
- iii. What does investing in Human Capital and Behaviorist Approaches mean for Public Services?
- iv. Which are some common barriers to the implementation of strategic approaches and which ways could facilitate on surpassing those difficulties?

Based on the aforementioned questions, the study intends to undertake a comprehensive review of the literature on this field, based on scientific criteria. However, one question that naturally arises is whether rigid structures of public administrations could actually implement what theory suggests, since the tighter the system becomes the less flexible it is towards a radical change. It is a commonplace that theory creates the fundamental structure, in which strategic actions could be applied and flourish, but, voted policies could virtually determine their activation. In the following chapters important theories, notions and ideas on the field will be further analyzed, combined and compared, in order for this research to lead to a useful critical evaluation of the hypotheses stated above.

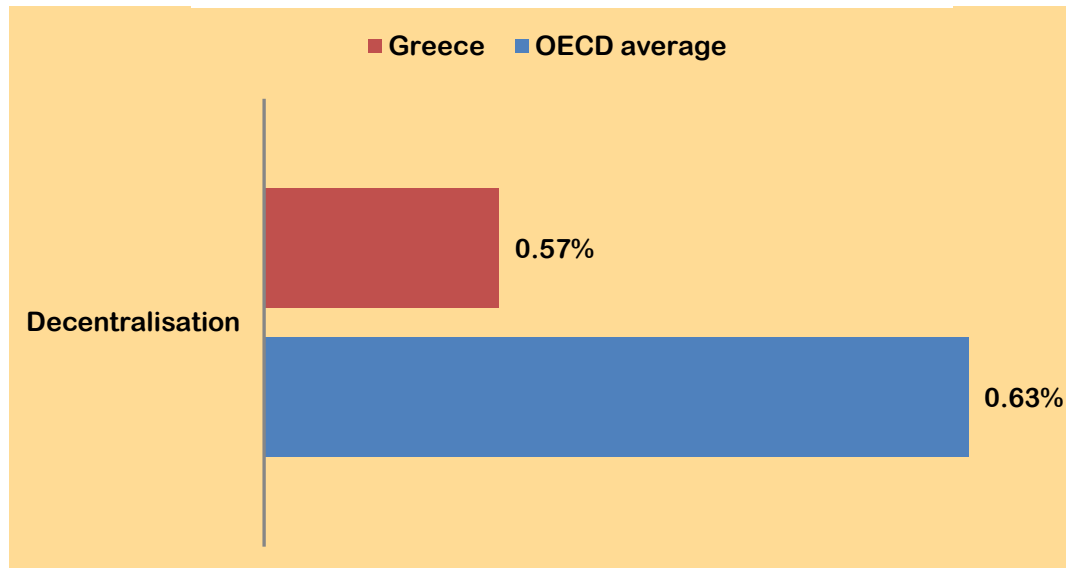
CHAPTER III · STRATEGIC FORMATIONS AND RESILIENCE VARIABLES

3.1 Introducing Strategic Formations of Human Resource Management in Public Organizations - Examples from the Greek Public Administration

This chapter aims to emphasize on the strategic formations that gradually arise in most Public Administrations, including the Greek public sector, in accordance to the OECD Public Administration Principle of Public Administrations Reform (Skiadas, 2018a). More specifically, public bodies intend to achieve greater efficiency and flexibility of their working patterns; those patterns vary from working groups and flexible hours to high-trust working relationships and high-performance-driven employees (Fryczynska, 2015). In this way, a conceptual notion of ‘fit’ (Jordan, 2002; Walonick, 1933) between the HR departments and the overall Organizational goals is introduced and can be achieved, since the Organization can easily be adapted to the current environmental circumstances. In order to assess those initial efforts towards strategic alignments, the following charts will depict how the Greek

Public Sector is currently attempting to accomplish its reform agenda concerning HRM practices, promotion systems, policies implementation and recruitment system focus.

Table i.i. HRM Practices delegated to Line Ministries



Source: Data retrieved from OECD HRM Country Profiles, 2012

The above pattern illustrates that Greek HRM policies are far less decentralized from the Ministry of Administrative Reconstruction to line ministries than in other OECD Countries, for instance Netherlands or Canada or United Kingdom (Ministry of Administrative Reconstruction, 2019; OECD, 2004; OECD, 2012) and this is one of the most crucial contemporary challenges that modern administrations face (Rammata, 2018a). Specifically, the degree to which Human Resources are managed by a central body depicts a traditional scheme that is not flexible and adaptable enough in order to implement the new innovative HRM standards. It is a commonplace that devolution of responsibilities within departments is considered to be a key contemporary reform which empowers public administration leaders and managers to improve employees' performance, along with that of the overall public service (Deok-Seob, 2001).

Figure 1.1, The Promotion System

Source: Data retrieved from Law 4369/2016, Gov.33/A/27-2-2016

Furthermore, the promotion system of top and middle management is of great importance to the strategic design of the public service. In Greek Public Services seniority plays an important role, alongside with the relevant qualifications of the public servant (for instance a PhD or related training). Performance appraisals and the actual effectiveness of the employee also have started to hold a central role upon selection (Law 4369/2016, Gov.33/A/27-2-2016). The aims of SHRM are to ensure that the PO consists of skilled and engaged employees that will serve the public interest in their utmost potential.

Table i.ii, SHRM policies implementation

Parameters	Greece
HRM Accountability framework	Yes
HRM Assessment of Ministries/Departments	No
Forward planning use	Ad hoc basis
Wide range of aspects	Medium
Use of SHRM practices	Little/no use

Source: Data retrieved from OECD HRM Country Profiles, 201; Makrydemetres, 2010

The overall procedure of the strategic policies implementation surrounds the challenging procedure of translating the hypothetical projections and plans into actions. For this purpose, a modernized Human Resource Management framework is needed regarding recruitment and selection (van der Voet, 2013). In Greece such efforts are not fully implemented, despite the relevant declarations and exertions (OECD, 2012). Nevertheless,

some efforts are detected such as the framework that provides for the Public HRM accountability and assessment, for instance through the Independent Authorities and the General Inspector of Public Administration Inspector (Makrydemetres, 2010). However, the overall use of strategic practices remains at an early stage and does not concern long-term design and multiple aspects of the scope of public administration. However, according to Dr. Rammata, noteworthy reform efforts already exist, such as the introduction of the quality factor in Public Administration in order to implement the Common Assessment Framework, regarding the accountability and assessment variables (Rammata, 2018)

Figure 1.2, The Greek Recruitment System Focus



*Source: Data retrieved from OECD HRM Country Profiles, 2012 and Law
4369/2016, Gov.33/A/27-2-2016*

Recruitment consists of one of the most crucial system feature of public administrations, as it concerns the attraction and retention of the suitable people, who possess high-quality skills and a personal attitude that fits with the organizational culture. Moreover, public servants should meet the predefined skills; namely, to possess the knowledge, professionalism and identity so as to create an ethical attachment with the Service and its interests. It is proven that the Greek administration even though based on traditional ‘command and control’ management patterns, starts to become an hybrid structure by combining features of the traditional system with the modern characteristics of flexibility and transparency, qualifications significance and meritocracy (Rammata, 2018a; EC, 2015; OECD, 2012; 2004; 2019).

3.1.1. Restructuring Public Sector's Skillset

The research provides evidence for redefining public sector skillset and for the need to focus on planning, implementation-design and monitoring employee performance in accordance with the existing strategy (Rammata, 2018a; Armstrong & Taylor, 2014; EC, 2015). Ideally, the existence of training-needs analysis and future skills would assist the PS to identify where potential resources might be best allocated (EC, 2015), so as to carefully respond to the learning requirements and training design. Incentives and rewards are essential so as to encourage innovators and innovative initiatives to flourish (Rammata, 2018b). Recognition and award schemes (Armstrong & Taylor, 2014; EC, 2015) are characterized as powerful mechanisms for maintaining an innovative culture through recognition, dissemination of knowledge and openness to the change (Rivera León, et al, 2012).

Since the outbreak of the debt crisis, Greece has embarked upon a range of reforms which have consequently affected public sector employment management (OECD, 2012). Those changes concern:

- Efforts to review Laws regarding the qualified public servants and to provide for trust and meritocracy;
- The devolution of authority and a general restructuring of the Ministry of Interiors;
- Decentralization and E-governance;
- The Operational Program with regards to *Administrative Reform 2007-13* (OECD, 2012), which reinforced the capacity of HRM directorates in ministries;
- Additionally, new systems of job profiling were incorporated to the recruitment and selection process, as well as training, career planning and mobility of the workforce (Rivera León, et al, 2012).

However, strategies that promote a more systemic approach and identify the problems to be solved, are able to assess the results and positively exploit knowledge in order to increase public servants' performance. Being a fundamental part of the organizational strategy, recruitment is considered to be a key element for generating ideas alongside retention, training and development of civil servants, (Rivera León, et al, 2012; OECD,

2018). Whilst moving towards strategic formations variables, Greece provides for an example of efforts aiming to embrace more innovative schemes:

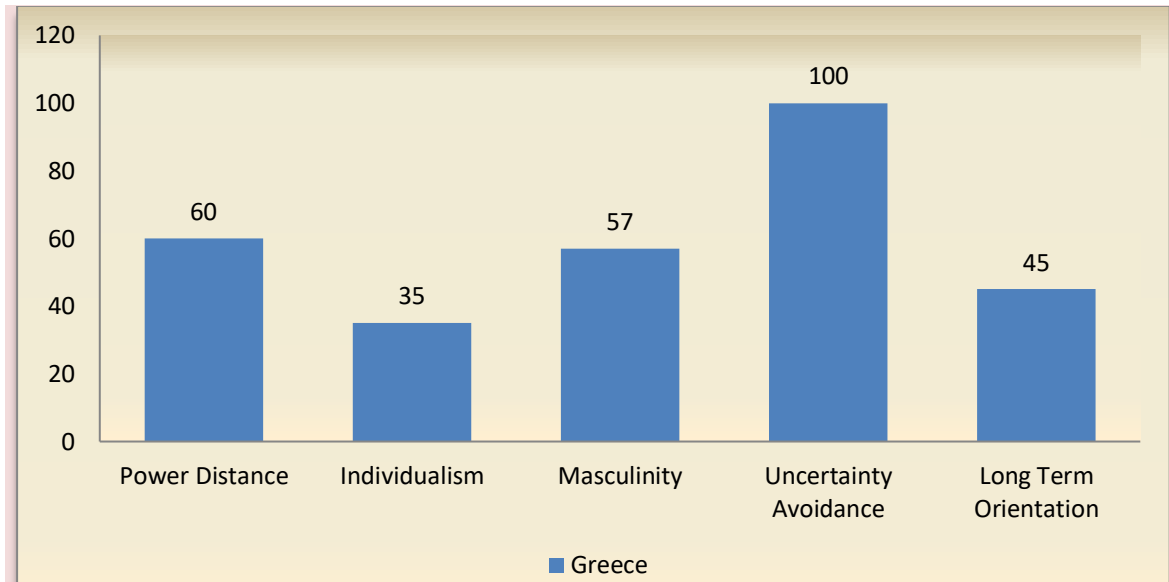
- The *Diavgia* initiative: introduced in Greece in 2010, it applies to the whole public sector, both in central and regional government (Makrydemetres & Pravita, 2011). The legislation promoted that all public decisions should be published on the internet; therefore, no decision is valid without a publication reference number. All decisions are published in the initiative's web site. In 2009 the Government, considering the lack of transparency in public decisions as one of the enabling conditions for corruption, introduced initiatives in order to establish transparency, accountability and public consultation (Ministry of Administrative Reconstruction, 2019). The Diavgia Initiative, established with the law 3861/2010, is one of the innovations for fighting corruption and waste of public money. However, this law introduces one more layer of processing before a decision is valid, something that embeds a risk to cause further delays in civil service function (Rivera León, et al., 2012).
- The *e-prescription* initiative: it changed the way the medical prescriptions for medicines and diagnostic tests were issued, distributed and checked. Specifically, the online platform operates from January 2011 and all doctors affiliated with the National Health System issue their prescriptions electronically by using the e-prescription platform. The prescriptions are filed and can be retrieved and carried out by the pharmacy, clinic, and diagnostic laboratory. In addition, the information on the transaction is directed to the social security funds for the compensation of the payment. This system replaced the existing paper-based system of prescriptions issued by the doctors affiliated with the National Health System, reduced fraud and provided reliable statistical data for the design of public health policy (Rivera León, et al, 2012).

3.1.2 Culture and Public Management

In general, an appropriate management technique in one organizational culture is not necessarily suitable for another culture. Management is a symbolic and conceptual activity and public administration leaders can proceed to it effectively through behavior schemes, suitable to the overall perception of the Public Service (Hofstede, 1984; Armstrong, 2014). More specifically, behaviors create inner values and reflect the overall culture. Professor

Geert Hofstede described culture as: “*the collective programming of the mind which distinguishes the members of one group or society from those of another*” (Hofstede, 1984, page 82).

Table i.iii, Hofstede Cultural Dimensions in Greece



Source: Data retrieved from Hofstede insights website, <https://www.hofstede-insights.com/models/national-culture/>, 13.12.2018

Based on Hofstede’s value dimensions scheme (Hofstede, 1984; Hofstede Insights, 2019), five main features are detected that can facilitate in further explaining and understanding the way each culture functions, acts and reacts. Specifically, Hofstede’s value dimensions illustrate that:

- *Individualism* stands for a preference for a loosely-knit social framework in a society where individuals are supposed to take care only of themselves and their families. However, the Greek public administration acts in a tight social framework, where individuals expect their groups to look after them in exchange of loyalty and internal bonds. The individualist scheme depicts a relationship between the employer and the employee that is based on mutual advantage whereas the more limited scheme is mostly based on obligations towards the others.
- *Power Distance* deals with the acceptance of the inequality in the distribution of power in the working realm. However, Greece presents remarkably high rates of power distance, which means that subordinates usually expect for the superiors’ mandate due to a feeling of respect. On the other hand, strategic management by

objectives would be based on a joint goal setting between superior and subordinate, assuming a relative independence of the latter, so that both can act as genuine negotiation partners. Management by Objectives can influence the individual along with the organizational success.

- *Uncertainty Avoidance* deals with the degree to which people feel uncomfortable with uncertainty and ambiguity. It is impressive that Greece has reached a 100 percent degree of uncertainty avoidance, and it is clear that strategic planning will be more difficult to be implemented, due to the fact that strategic objectives need more tolerance to the change. In general, culture in the Greek paradigm is crucial, since it affects development potentials. Greek public administration traditionally acted according to the Law and the rules with a career-based system that did not accentuate reforms and dynamic changes. Recruitment was based on typical requirements and not in talents and performance skills.
- *Masculinity* is a trait that concerns the preference for achievement, competition and material success, instead of the feminine values of relationships, modesty, and quality of life. An important issue with regards to this value is that masculinity stands for performance and objectives' achievement.
- *Long-Term Orientation* is a feature that concerns the adequate preparation and the pro-activeness, crucial traits for future policy-design capacity.

According to the aforementioned points, Hofstede's research layout can serve as a useful manual for the future planning, though it has been a matter of critical evaluations and objections, as far as discriminative and limited notions are concerned. However, this dissertation draws upon various literature works and accepts Hofstede's Value Dimensions as a tool that can be utilized for the desirable result of reviewing multiple theoretical frameworks.

Consequently, in this section we attempted to answer to the Research Question i, regarding how Strategic Human Resources Management is gradually implemented in Public Organizations, by giving an emphasis on the strategic formations that gradually arise in most Public Administrations. Those concern the working patterns and their HRM practices, the promotion systems, the skillset development and the recruitment system, as well as the variable of culture. Some related practices will be further mentioned and analyzed in order to

provide an answer on the different ways and implementations of a strategic design in a traditional public administration structure.

3.2 Policies That Support Sustainable Resilience in Public Services

This section illustrates that some policies can lead to an adaptation of public administration to the contemporary dynamic environment (OECD, 2019) and as a result to assist the Public Organization to recover from a possible crisis, and become resilient. Specifically, innovation policies might include uncertainty, risk and revised ideas providing people with comfort towards ambiguity (Huy, 1999). For further understanding the role of resilience, it is promoted that when a public servant is emotionally able to respond effectively to changes, he/she is resilient to the change. However, resilience is not always a target itself but, depending on the time and situation, the latter is more or less desirable and useful, according to the expected results and utility (Mamouni Limnios, et al, 2014; Klucharev, 2018).

Notably, resilience has to be accurately spelled out, since some negative practices like self-assertive behaviors and norms do not need to be resilient and last over time. The literature shows that sustainable resilience is the Public Services' ability to pertain resilient characteristics over time (Lengnick-Hall, et al, 2011; Schuler, Jackson, 1987); for instance the compatibility of values among executives and their employees creates a rare capital between them, increasing the levels of disturbance the system can tolerate and persist in an adaptive way (Lawrence, Lorsch, 1967), along with the desirability of organizational resilience (Junta, 2016). The PO should be approached as an open system that interacts with its socio-ecological environment, later referred to as internal and external barriers (Mamouni Limnios, et al, 2014; Fryczynska, 2015); those barriers have to be dealt with in order to create tolerance and durability. Employees' attitudes, behaviors, and working outcomes are directly connected with the management of the change and the continuous bond-creation (Jackson, 2016; van der Voet, 2013)

3.2.1 Creating Value and Competitive Advantage

Several studies suggest that in order to achieve the desirable adaptation, Organizations must devote to constant improvement and renewal and gain a competitive advantage (Schuler & Jackson, 1987; Lawrence & Lorsch, 1967), namely resources that cannot be easily copied

(Fryczynska, 2015). A sustainable competitive advantage is created when organizations implement strategies that exploit all their strengths, respond to the opportunities of the environment, face external threats and avoid internal weaknesses (Suthiphan, 2010). However, unexpected external factors such as a demographic change or an financial crisis might influence the strategy that has to be followed (Deok-Seob, 2001; OECD, 2019). As a result, competitive advantage encompasses the common knowledge created from the shared experiences (Suthiphan, 2010; Xirotyri-Koufidou, 2010). According to this point, human resources being the rare value that cannot be imitated and substituted because of their situational personality, play a significant role on the smooth adaptation and value creation, according to the circumstances.

The literature review confirms that a strategic human resource system can obtain, disseminate and facilitate the knowledge⁵ embodied in the organization's human capital (Boon, et al, 2017; EC, 2017; Fryczynska, 2015), which becomes the common shared value (Armstrong & Taylor, 2014; Junita, 2016). The values that usually dominate within an organization represent its character which contributes to the creation of unique internal procedures, experiences and processes. Therefore employees are more dedicated to their organizations as it they belong to its' history-building (van der Voet, 2013; Jackson, 2016). The development of a competitive system of common ideals and practices might contain explicit methods, for instance the way work is carried out, or the tacit methods of needed behaviors or the personal thoughts, priorities and feelings (Rammata, 2018b; Armstrong&Taylor, 2014).

Consequently, the importance of the external environment that pushes for more flexibility and change is highlighted, as well as the need for satisfaction of the employees' sense of trust and dedication (Xirotyri-Koufidou, 2010; Rammata, 2017). Many studies focus on the innovative strategies of quality-enhancement in order to create an advantageous human capital and internal culture bonds (Armstrong & Taylor, 2014; Schuler & Jackson, 1987; EC, 2017). Those strategies can take the form of an official organizational strategy-design or informally through spontaneous reactions of the workforce. It is advisable to suggest a combination of the two strategies. More specifically, basic innovative features, such as jobs that require close interaction and coordination among groups of individuals, alongside with performance appraisals that reflect longer-term achievements and jobs that allow employees

⁵ More information regarding organizational knowledge are provided in pg.28.

to develop skills and broader career paths would be even more effective. Those practices facilitate cooperation and relational bonding, high level of employee participation in decision-making and guarantees of employment security. Furthermore, this strategy plan could lead to innovative and quality-driven results, by ensuring reliable behaviors on behalf of the public servants who would be connected more easily with the goals of the organization; in this way they would be prone to adaptability in case of new job assignments or change (Schuler & Jackson, 1987).

3.2.2 Reward-Management and the Value of Recognition

To further understand the importance of behavioral approaches to strategic human resource management and resilience-building, the analysis will expand on rewards and recognition as strategies that can create satisfaction to the employees. For instance, if employees know that their efforts will be rewarded, they are motivated to achieve greater performance. Rewards can be intrinsic such as feedback and acknowledgement; or extrinsic such as raises, bonuses, gifts, and promotions (Lunenberg, 2011; KPI, 2019). Consequently, the reward-strategies depict the beliefs of each Organization about the way its personnel should be rewarded for their efforts and contribution on the final outcome. These plans can maintain the workforce engaged. For this purpose, the guiding principles of reward-strategies have to be aligned with the whole organizational style, human, intellectual and financial capital of the public service (Boon, et al, 2017; Armstrong & Taylor, 2014). For instance, rewards need to reflect the analogous contribution of each employee or workforce group, recognizing their participation and skills. Rewards have to be equal, fair and allowing for flexibility over time, so as to reflect adjustability of the Public Organizations rather than weakness to adapt to the specificities of each Service (Rammata, 2018b; Armstrong & Taylor, 2014).

Clearly, all parts of a reward strategy add value to an organization, since they reinforce positive emotions and thus positive behaviors. In addition, rewards reinforce the feeling of recognition an employee receives, is an inseparable part of this procedure and leads to efficiency (EC, 2017). Though recognition is thought to be an extrinsic reward, it intrinsically supports and motivates employees to achieve better results and develop closer bonds with the organization (Huy, 1999). Research proves that reward-management facilitates the perception of recognition on behalf of the employee (Armstrong & Taylor,

2014; Mamouni Limnios, et al, 2014). Recognition practices create a committed workforce, according to the behavioral pattern through which it manages (Jordan, et al, 2002). Recognition of achievements of the employee can further lead to tighter identification with the organizational history on behalf of the former (Junita, 2016; Jackson, 2016).

Section 3.2 yields an answer to the Research Question ii, concerning policies that can support resilience-building in Public entities, by demonstrating that gaining the competitive advantage among others is really important for an organization. This argument was further supported by referring to the establishment of a common value-frame and organizational history. Rewards and the feeling of recognition were also mentioned as central strategies that can lead to employee satisfaction, effectiveness and efficiency.

CHAPTER IV • INVESTING IN HUMAN CAPITAL AND BEHAVIORIST APPROACHES

4.1 The Behaviorist Approaches in Human Resource Management

The behavioral perspective of Human Resources Management attempts to introduce different ways of management of employees, implementing targeted behavioral techniques which can lead to the desirable performance and outcome, such as strategic management, performance-related payment, procedural justice, and more (Avey, et al, 2011; Suthiphan, 2010; OECD, 2004). As a result, the Behaviorist approaches are directly linked to the observable behavior (Skiadas, 2018a), which concerns personality traits and behavioral tendencies as shaped from their respective environment, such as extrinsic influences of working relationships, working environment, respect on the individual and/or economic crises (Schuler & Jackson, 1987). Particularly, respect throughout the organization can be incorporated into the organizational culture. Consequently, the employee behavior will be a reflection of each situational interpretation of the PO's formal statements and policies (Jackson, 2016).

The appropriate design of Human Resource System is important for the emergence of strategic behavior of the civil servants and the organizational effectiveness; an important variable to be taken into account is that organizational performance improves when employees behave as needed (OECD, 2018). Consequently, performance concerns the final outcomes and results (Rammata, 2018b). Moreover, studies show that different Organizations

need different employee behaviors according to their stated goals (Suthiphan, 2010; Deloitte, 2017; EC, 2017); and Role Behavior serves for those purposes. Specifically, Role Behavior can be summarized as *«the repetitive set of actions of individuals associated with repetitive actions of other individuals in order to achieve desired results. Role behavior is an important dimension of human capital, especially in the behavioral perspective of strategic human resource management.»* (Junita, 2016, page 54). Taking the above into consideration, it can be assumed that when a Public Service acts in an innovative way, it is the employees that act in this way; the latter is driven from relevant Role Behaviors and a motivational management scheme (Huy, 1999).

4.1.1 Understanding Employee Behavior through the psychological contract

Another promising factor of Human Resource Management in the public sector relates to the employee behavior incentives and their causal relations (Avey, Reichard, Luthans & Mhatre, 2011). Strategic behavioral approach requires the willingness of public services to understand their employees' behavioral patterns in order to invest efficiently and manage them effectively. For this purpose, the subjectivity of each employee is significant as it includes all their personal beliefs towards their working obligations and expectations. The result of such a causal relationship is usually defined as the Psychological Contract of the employees and consists of the driving forces that urge them to undertake commitments towards the Public Service (Junita, 2016; Chatzinikola, 2004; Avey, et al, 2011). This 'contract' is a procedure of the acceptance of rules and/or changes in the form of a mutual exchange (Armstrong, Taylor, 2014), which creates expectations and obligations on behalf of the employees (Xirotyri-Koufidou, 2010). Literature highlights that employees reciprocate favorable treatment with greater commitment and performance (Avey, et al, 2011; Junita, 2016; Jackson, 2016; Chatzinikola, 2004). The existence of such contracts, along with written or oral agreements of the same nature, facilitate each individual to be better organized, dedicated and adaptable to the change by feeling the sense of belonging and trust. This form of contentment can be derived from a respective payment satisfaction, the environment between colleagues, the overall philosophy of public sector and more (Jordan, Ashkanasy & Hartel Charmine, 2002; Jackson, 2016).

Consequently, some common employee attitude outcomes include high work performance, job involvement and satisfaction feelings or withdrawal behaviors, cynicism and denial. Indicative of the reward-based strategies⁶ are continuous commitment (Suthiphan, 2010), cooperation and communication between the HR and employees departments (Xirotyri-Koufidou, 2010). Employee behaviors reflect situational factors that influence psychological resources of hope, efficacy, optimism, namely the employees' psychological capital (Avey, et al, 2011; Jackson, 2016). The latter is open to development and performance-management in order to be reinforced. According to Avey, «*The Psychological Capital (PsyCap) is an individual's positive psychological state with the characteristics of efficacy to succeed at challenging occasions, with optimism for the future. PsyCap is about redirecting paths to goals in order to succeed; and when beset by problems sustaining and bouncing back and even beyond to attain success.*» (Avey, et al, 2011, page 132). Consequently, PsyCap is directly related to the desirable employee attitude of resilience and commitment, as a result of internal working strategies that strengthen the causal relationships between the Organization and the employee, being either a financial factor or an intrinsic incentive (Avey, et al, 2011).

4.1.2 Personification and Working Perception

This part of the chapter examines the issue of how understanding employees' behavior could lead to organizational recovery and/or higher engagement and performance after possible threats or changes. Research shows that perceived organizational support and the way of perceiving the organizational and procedural justice⁷ play a crucial role (Armstrong & Taylor 2014; Suthiphan, 2010; Lunenberg, 2011). Those conceptual notions are directly related to the procedural fairness perception; that is to say, the more increased the perception of the fairness of all procedures and processes is, the more likely the employees are to trust the Organization and react in a positive way to the unexpected changes. Perceived organizational support is developed through a process of "personification" on behalf of the employee.

More specifically, employees personalize the organization by their 'reward-punishment' experience, related to what they have received as a behavioral return from their working environment (Suthiphan, 2010; Fryczynska, 2015). Consequently, employees

⁶ See below Chapter IV:4.3.

⁷ For instance individual tax reimbursements or compliance with overtime payments.

connect this experience with the image the Organization holds in their perception. This personalization is based on the employee cognitive procedure that is made during and after the experience of shared practices, involvement in decision-making procedures and the emotional bonding (Fryczynska, 2015; Huy, 1999). This process is directly connected with the produced emotions linked to the organizational responsibility; it is finally assumed that employees' emotional expression because of the feeling of a mutual understanding determine the working outcomes (Jordan, et al, 2002; Avey, et al, 2011).

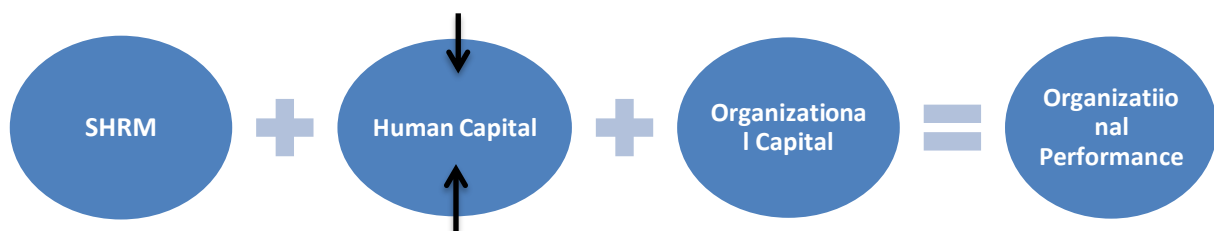
4.2 Building the Human and Organizational Capital of a Public Organization

This section provides a discussion of all aforementioned attributes of the workforce, seen as the valuable Human Capital (HC), which is essential for boosting productivity, economic growth and resilience of the Public Service (Fryczynska, 2015). Investment in HC is an imperative action that can lead to quality-building and survival (Boon, et al, 2017). When the PO's financial capital distribution is designed carefully, Organization-specific and target-specific spending in HC is needed. The more sectorial reviews for efficiencies and inefficiencies exist, the more effective the investments will be (EC, 2017). Essentially, the importance of investing on invisible assets is undeniable. The latter include the intellectual capital within an organization; namely, the employees' knowledge that is strengthened through the relationships they develop internally and externally with a service and the creation of an institutionalized knowledge of an organization (Junita, 2016). This institutionalized knowledge is entitled the Organizational Capital (Armstrong & Taylor, 2014; Fryczynska, 2015; Rammata, 2018b).

Owing to the intellectual Capital (IC), namely the «ability to effectively acquire, control, manage and utilize knowledge» (Junita, 2016, page 52) the overall Public Service's outcome is influenced. According to Junita the main components of intellectual Capital are Human Capital (HC) and Structural Capital (SC). According to Human Capital theory everything that is inherent in individuals can be an investment (Fryczynska, 2015). The basic components of Human Capital are the knowledge embedded in the employees' abilities and skills as well as their behaviors towards the tasks given (Junita, 2016; Schuler, Jackson, 1987; Armstrong, Taylor, 2014). Therefore, behavior is a dimension of human capital. On the other hand, SC includes the Organizational Capital (OC) and the Customer Capital (CC). The

Organizational Capital is the knowledge created and stored in technical processes of the PS, whereas the Customer Capital is the specific knowledge gained from this inter-relationship between employees with customers of the PS (Fryczynska, 2015). In Strategic Human Resource Management, Organizational Capital is a strategic asset. More specifically, in Strategic Human Resource Management, Human and Organizational Capital share the role of enablers of organizational performance, as it is shown in Figure 3.1 (Junita, 2010).

Figure 2.1, Human Capital and Organizational Performance Relation



Information retrieved from Junita, A., 2010, figure designed by the writer

As shown in Figure 2.1, Human Capital represents the overall cultural, learning and experiential environment of the Public Organization, alongside with the competences, the partnerships and the rare traits of the human resources; this capital can be measured in order to track the overall performance and effectiveness. The measurement models vary from the EFQM Excellence Model, which is a strategic management tool for examining ways of working and identifying strengths and weaknesses of the organization (Eurostat, 2019), to Management with Key Performance Indicators (KPIs), namely the critical indicators of progress toward an intended result for each specific public organization (KPI, 2019). It can also be measured with the Balanced Scorecard, which demonstrates the capabilities of administrative policy-makers to implement the strategy and mission, so that to create resilient systems; the latter support this strategy and deliverable results with employees who possess culture, knowledge and behaviors that lead to operational success (Kaplan, Norton, 2007; Xirotiri-Koufidou, 2010).

Eventually, employees' knowledge is strengthened through relationships developed within the Public Service and the external contacts or partners (Rachid & Khouaja, 2018). This process creates the 'institutionalized' knowledge mentioned before, namely the

Organizational Capital, which virtually describes how things are conducted within the PO (Xirotyri-Koufidou, 2010; Lunenberg, 2012). Organizational Capital is the real asset owned by the public organization, unlike human capital which can be lost in case of a release of the public servants. Human Capital is one of the most important elements of the intellectual Capital, having a significant effect on the organizational performance through the organizational capital (Junita, 2016). One more element of the Organizational Capital is the Organizational culture, the internal operational written or spoken code of conduct (Walonick, 1993). Organizational Capital is the shared meaning among employees and is comprised of perceptions, memories, values and attitudes integrated as a system (Fryczynska, 2015).

Thus, building the organizational capabilities might involve direct costs for training, equipment and opportunity costs, such as in time. This spending is a genuine effort that will materialize over a long period (EC, 2017); however, smart-spending is a decisive factor for the respective effectiveness (OECD, 2004). As it has been previously claimed in the literature, Public Organizations have to use country-specific and region-specific criteria so as to assess the required budgetary expenses on human capital investment. For instance, comprehensive reviews on organizational knowledge needs, as well as benchmarking⁸ best-fit solutions from best-performing public administrations, have proved to identify inefficiencies and achieve adequate savings (Walonick, 1993; Rammata, 2018b).

Sections 4.1 and 4.2 yield a response to Research Question iii, concerning the meaning of investing in Human Capital and Behaviorist Approaches for Public Services, mentioning the different ways of managing the employees; those ways include behavioristic techniques in order to produce the desirable outcome, strategic management, performance-related payment, procedural justice and more.

CHAPTER V · DIFFICULTIES IN EFFECTIVE IMPLEMENTATION OF STRATEGIC HUMAN RESOURCE POLICIES

5.1 Common Barriers to the Implementation of Strategic Approaches

⁸ Benchmarking is an evaluation by comparison with exceptional standards on the field of HRM.

The literature review shows that strategic design and planning are linked with adaptation to ensure that Human Resource management is fully integrated with the strategic needs of the PS (Boon, et al, 2017; Lawrence & Lorsch, 1967), and that HR policies cohere across policy areas (Suthiphan, 2010). Strategic ‘enablers’ refer to the knowledge and skills (Rammata, 2018b) of the employees that enable strategic development. Specifically, in order for the PO to implement successfully a strategic policy design suitable to serve the management objectives (Lunenberg, 2012) the Human Capital is the core mechanism that translates planning into actions; therefore, it needs constant progress. Technological capital, financial capital, adequate infrastructure and internal as well as external relationships can play an important role as investments in human capital progress (Armstrong & Taylor, 2014)

However, the bureaucratic character of most Public Services consists of an important barrier to the implementation of the new approaches of human resource management and efficient investment on it (Papavasileiou, 2019; Rammata, 2018a), because it gives a high degree of centralization in public services’ decision-making procedures and much formalization in their written procedures (Serafetinidou, 2003; Walonick, 1993). Consequently, internal barriers are those that arise within the bureaucracy of an organization, especially in cases like the Greek paradigm of rule-based and top-down⁹ bureaucratic structures (Rossidis & Bitsani, 2011; Rammata, 2018a). These can be either internal problems within the agency or department, management or public servants; but also it might be related to hostile or skeptical attitudes, difficulty in coordination, logistical problems, difficulty in maintaining the enthusiasm of the employees, public sector opposition to entrepreneurial action, inadequate time or lack of incentives to innovate (Rivera León, et al., 2012; Rachid, et al, 2018; Walonick, 1993). On the other hand, external barriers pertain to the external environment factors. These can vary from a financial or structural crisis, public doubt on trustfulness and reliability of public administration effectiveness and/or a general public skepticism (Rivera León, et al., 2012). For instance, in Greece the debt crisis and the need to cut public expenses brought the issue of corruption and lack of transparency as the most important issues negatively affecting public spending and reliability (Rammata, 2018a; Rossidis & Bitsani, 2011).

5.2 Useful Toolkits for Surpassing the Operational Difficulties

⁹ In a top-down approach, a policy implementation is carried out according to the statute, executive order, or court decision and not from the service deliverers, namely the civilians.

The literature shows that obstacles like bureaucratic or rigid structures, formalization and centralization can be dealt only if the public service determine and solve each problem separately in accordance to the Organization's interest (Rammata, 2017; Boon, et al, 2017; van der Voet, 2013). This would lead to a durable and collaborative public servants' mindset that would foster the psychological capital needed in order to create resilient attitudes (Mamouni Limnios, et al, 2014; Chatzinikola, 2004). Strategic Management process is a key to this determination of organized targets and actions, avoiding complex paper-based systems (Armstrong, Taylor, 2014). A typical plan would consist by an overall philosophy of consistent training on the basis of learning and development as a primary goal that drives employees' long-term commitments (Lengnick-Hall, et al, 2011). Those commitments are stronger when connected to intrinsic rewards, such as the feeling of satisfaction or belonging (Rossidis & Bitsani, 2011).

Importantly, during the strategy design, some steps have to be followed, based on the vision of the PO, to ensure that there will be efforts for the necessary changes to be applied smoothly (Al-Marzougi, 2013). Firstly, strategy-planning has to set out the clear expectations for all potential candidates and existed workforce (OSCE, 2018). Secondly, internal or external recruitment has to be carefully decided according to the objectives; for instance, in some occasions internal sources may not be sufficient enough for the open vacancy (Rammata, 2018a), whereas external recruitment may be more suitable, for example due to the specialized experience or knowledge of the employee. Overall, a culture of trust has to be cultivated gradually in order for the policies to be implementable from the public servants (Rammata, 2017). Below there will be a short reference to some significant toolkits that could be applied to the public administrations in order to achieve better results in strategy implementation.

- **Total Quality Management** is a field of Management which focuses on a full commitment for continuous improvement of services and procedures with everyone's involvement in planning and decision-making processes. This field of management is applied in the private sector. During the last few years, the effectiveness of TQM urged the governments of developed countries¹⁰ to implement such practices to the public sector. As a result, the improvement of quality became the main objective to be achieved. The quality of strategic public management

¹⁰ For instance Belgium, France, Germany, Turkey, and the United Kingdom.

depends on the quality of the policies and services provided to the citizens and is an administrative tool for the optimization of each PO procedures (Rossidis & Bitsani, 2011; Papavasileiou, 2019). TQM in public administration operates under a special regime that emphasizes three sub-dimensions: a. the core which is the central body of the public action, b. the external environment, namely the exogenous elements with which the public sector interacts with, and c. the relationships developed due to the transactions between public servants, senior public servants, legal entities and the State. Some main principles are mentioned below (Rossidis & Bitsani, 2011; Armstrong & Taylor, 2014):

1. Target to citizen-satisfaction has to be the primary objective
 2. The notion of the term 'customer' in order to embrace some private sector characteristics
 3. The development of the administrative vision should relate to the demands.
 4. The design based on long-term commitment on behalf of the employees, working on rewarding teamwork, encouraging mood for improvement and innovation
 5. The encouragement of the teamwork will further establish quality circles
 6. The provision of training and training programs will be of the utmost priority
 7. Evaluation, recognition, support and trust between public administration leaders and workforce is an important attribute
 8. The removal of the "labor fear" notion from the public servants
 9. The existence of the appropriate tools and conditions to promote the best possible performance in the working environment
 10. The making of the appropriate changes in order for the Public Service to achieve the predetermined targets.
- **Knowledge Management** concerns the way knowledge becomes an organizational factor of resilience and development (Armstrong & Taylor, 2014). As Organizational Learning primary indicators are defined the following: a. personal mastery, namely the continual improvement of individual visions, b. mental models, which are the structured assumptions that influence the understanding of a particular situation

(Walonick, 1993), c. the shared vision that visualizes the mutually accepted ideas and encourages the commitment and engagement of the employee, and d. team learning in the form of group dialogue, depending on the issues that appear each time (Fryczynska, 2015). Knowledge Management Strategies are based on the codification of knowledge, which is extracted from the workforce and is used as lessons learnt, and the personalization process, in which there are the appropriate conditions for easy employee connections and exchange of tacit knowledge; the latter can only be revealed through sharing practices. Knowledge Management concerns the production of value deriving from knowledge; thus, it can enrich the intellectual capital, facilitate the process efficiency and the faster responses to contemporary needs and provide for innovative and collaborative practices (Fryczynska, 2015; Boon, et al, 2017).

Following the Organization that supports knowledge and development, achieving goals through motivating public servants (Rammata, 2018b) might result in their stronger commitment, leading to the creation of a Learning organization (LO) (Walonick, 1993). The final objective of a Public Organization is a Public Service that carries a unique learning capital (Xirotyri-Koufidou, 2010). Modern public administrations need to accept the culture of ‘learning from the mistakes’ that can reinforce resilience through shared knowledge (Rivera León, et al, 2012; Walonick, 1993; Lunenburg, 2012). The concept of learning can lead an organization to successfully embrace change and re-identify itself through its personnel (Huy, 1999). Even more, learning is an outcome of all changes enacted while revising a person’s and organization’s ideological system, creating organizational memory and specificity (Armstrong & Taylor, 2014; Suthiphan, 2010). This learning is actively transferred to the organization through its members’ experience and mutual sharing (Huy, 1999), creating a Learning Organization.

It is then suggested that change can be operationalized by the organizational resources, with the objective of realizing its advantages and disadvantages (van der Voet, 2013). As a result, conciliation between the old and the new is created among the employees due to the embracement of changes from daily routines. This leads to an environment in which commitment to the organizational vision is more easily achieved (Jackson, 2016). Research shows that committed veterans of an organization can easily operationalize the new knowledge, connecting the present with the past in an efficient way through their personal experience (Huy, 1999; Jackson, 2016; Lawrence & Lorsch, 1967). Moreover, when a

collective acceptance of change is established, hope and optimism follow functioning as means of motivation for the emotional satisfaction creates the sense of trust, a necessary factor for personnel to be prone to cooperate and meet the objectives (Jackson, 2016; Jordan, et al, 2002). Therefore, learning should be considered to be a cognitive skill of the public servants as it leads to the organizational skillset development and professional capacity. In an environment that entails knowledge, mutual values and common behaviors, an organization can also use the emotional intelligence of its human capital in a creative and profitable way (Jordan, et al, 2002). The “emotional intelligent” individual is able to recognize his/her feelings and accept them, recreate and control them.

Respectively, an “emotional capable” organization can manage and regulate behavior-enactment policies since it obtains the ability to recognize, monitor, discriminate and develop to its members emotions, for instance through the organizational norms and routines (Suthiphan, 2010; Huy, 1999). These routines are organizational behaviors, such as job involvement, organized activities and more, and evoke specific emotional states to the employees. Unlike emotional intelligence, emotional capability is not innate but it can be developed assisting an organization to flourish and manage its needs more strategically. All aforementioned techniques are assessed as anthropocentric tactics of an emotional capable organization that illustrates potentials for a transformation of its personnel’s emotions into a positive organizational attribute (Avey, et al, 2011; Huy, 1999). In conclusion, emotional energy and openness can help a public organization to endorse new attitudes, to build trust and deal fruitfully with major demands.

- **The Process ‘Classification Framework’** is created by thirteen processes that apply in almost every Organization, in order to measure the efficiency of its system (Al-Marzougi, 2013). It consists of specific steps, which can be applied as follows:

1. The process of understanding the customers and civilians by analyzing their behavior, lifestyle, demography in order to create and maintain an efficient scheme.
2. The development of the vision and strategy, compatible with methodological plans that address short and long-term objectives; for this purpose, the possession of profound and wide knowledge on technological and societal trends, as well as in regulatory and legal issues is considered a necessity. The basic values that support this scheme are prioritization of objectives, courage, discipline and flexibility.

3. The strategy-design and service-delivery plan.
4. The planning and monitoring of issues pertaining to the workforce (recruitment, hiring, compensation, benefits and training procedures).
5. Management of informational resources and technology is crucial.
6. Management of financial and physical resources.
7. Management of environmental, health and safety issues.
8. Management of external relationships.
9. Management of a tendency to improvement and change; this consists of a process of ensuring that all necessary changes in the work environment are well-understood and supported by plans. During this procedure the personnel should be able to express their concerns and participate in the decision-making.

Consequently, the aforementioned points illustrate that some specific variables consist of strategic parts of the administrative process and the effective management of the workforce in Public Organizations. More specifically, the clarity of the objectives and the vision of the Organization are assumed that can better serve more efficiently the desirable goal along with the human capital investment effectiveness. Finally, the more knowledge, experiences and skills the human capital is enriched with, the more capable the Organization becomes in order to persist and adapt to the change (Avey, et al, 2011; van der Voet, 2013; Fryczynska, 2015).

Chapter V attempted to offer an answer to Research Question iv, regarding common barriers to the implementation of strategic approaches such as the technological and financial capital provision, the (in)adequate infrastructure or the bureaucratic character of a public entity. Then, potential ways that facilitate on surpassing those difficulties were further analyzed in order to present a limited pool of the possible alternatives.

CHAPTER VI • NEW APPROACHES TO STRATEGIC HUMAN RESOURCE MANAGEMENT

6.1 Introducing the Innovation Laboratories

The literature shows that Human Resources deliverables, namely the expectations of the organization from HRM, have to be clearly defined. The purpose is for the employees to be able to develop and implement operational success, like customer service procedures and other processes, in a way which will profit the attraction and maintenance of satisfied civilians, and lead to financial success (Xirotyri-Koufidou, 2010). Recent studies propose the establishment of Innovation Labs, namely entities dedicated to research, which facilitate the development of innovative models of SHRM (Rivera León, et al, 2012; OECD, 2019). Laboratories of Innovation are usually cross-governmental bodies or independent organizations, whose goal is to generate ideas for the modernization of the government's operations. However, the innovation strategy needs to respond to the people and offer a variety of potential solutions to the specific problems.

The establishment of Innovation Labs in a workplace encourages and supports employee participation, empowerment and accountability (OECD, 2019) and can lead to competitive organizational outcomes (Suthiphan, 2010). Firstly, Innovation Labs consist of a cooperative design between the government, the private sector and the civil society aiming to the coordination of the public services' effectiveness (Rivera León, et al, 2012). Besides, Innovation Labs, in order to simplify complex organization public structures, need some flexibility and less rules and procedures; thus, they will effectively support public administrations (Rivera León, et al, 2012). Therefore, the PO should possess a group of skilled insiders who would have the knowledge of the intricacies of the Organization in order to manage the Laboratory (Xirotyri-Koufidou, 2010). In addition, a group of external scientists, specialized in such processes evaluation and implementation, would be more effective for the experimental practices and procedures of the Lab (Schuler & Jackson, 1987). The key points for the success of this project are considered to be the development of trust among the employees, the scientific teams and the executives; as a result, all the groups will enjoy a continuous, reliable and favorable communication through this gradual interdisciplinary advantageous relationship (Rivera León, et al, 2012; OECD, 2019; Chatzinikola, 2004).

6.2 Managing and Leveraging the “*Neuro-Human Capital*” of an Organization

This section will focus on a blend of Management Studies with modern approaches connecting Neuroscience to Economics. Specifically, studies on the neurobiological aspects of decision-making have led to the rise of the multi-disciplinary field of Neuro-Economics (Reuter Lorenz, Baynes, Mangun, & Phelps, 2010; Klucharev, 2018); the latter deals with the mechanisms of decision-making by integrating evolutionary, neurobiological and social approaches and with the aim to build a unified theory on the way the mind affects decisions. In this part of the essay, Neuro-Economics will serve as an idea of an innovative enabler for Strategic Human Resource Management system, in order for the latter to shape and/or predict its employees’ desirable behaviors towards the policy implementation. For the moment, Neuro-Economics is confined to simplified cases and has not extended to those of complex decision-making. Although a young and promising field, it has never before been related to or perceived in the context of Human Resource and Human Capital Management (Smith, Huettel, 2010).

First and foremost, this experimental idea of leveraging the workforce by stimulating its neuronal system is established to the following: a. people do not make choices in a random way b. their choices are often affected by those of others and they are perceived as goal-directed activities. The basic stages of this decision-making are the identification of the “problem” that needs to be solved, a collection of relevant information that will offer alternative solutions (Reuter-Lorenz, et al, 2010).

Afterwards, the evaluation process follows, which will enable the final selection of the decision-behavior-actual performance. According to these assumptions the valuation process is considered to be critical for the action selected. Consequently, the main systems that supervise humans’ behavior are activated; that is to say the endocrine system, responsible for slow changes of the behavior, and the nervous system, responsible for faster changes (Klucharev, 2018; Reuter-Lorenz, et al, 2010). As far as the plasma levels of oxytocin in the individual are concerned, it is a critical hormone that enables decision-making in social context, related to contacts among partners, internal relationships, trust and trustworthiness during the procedure of decision-making. As a result, oxytocin can stimulate trust (Reuter-Lorenz, et al, 2010; Smith, Huettel, 2010), and trust is a crucial factor on the

interrelationships between managers and employees (Armstrong, Taylor, 2014. Rammata,2017). In order for this connection to be valid, there will be no elaboration on brain anatomy, but only a general reference to the idea of explanation of management techniques under biological assumptions.

Decisions in Neuro-Economics are thought to be products of the activity of neuronal populations (Klucharev, 2018) and, in this perspective, decisions are programmed. The process of valuation of the specific situation-problem-to-be-resolved is based on values and culture (Smith & Huettel, 2010). If values can be decoded, decisions can be predicted. But, real values are a completely subjective reaction to rewards or punishments. According to normative theory¹¹ the individuals follow the “rule of maximization”, namely the alternative of the highest utility. Utility in this framework is a factor that measures the desirability of an action (Reuter-Lorenz, et al, 2010; Lunenberg, 2011). Therefore, when the mind proceeds to decisions, special attention is given to the expected values and probabilities of an also expected outcome. During this anticipation, timing is critical for manipulating the evaluation system, evoking positive emotions through the saved organizational memory (Klucharev, 2018; Rachid & Khouaja, 2018). In conclusion, it is noteworthy that there are similarities between a. strategic management techniques of inclusiveness and learning (OSCE, 2018) and b. the neuro-economic assumptions of the fast-given positive stimuli during decision-making (Klucharev, 2018), which effectively motivate employees (Smith & Huettel, 2010).

6.2.1 A Critical Overview

According to the literature review (Reuter-Lorenz, et al, 2010; Rachid, et al, 2018), employees’ attitudes and behaviors can be predicted. Organizational strategies have to be aligned with the Strategic Human Resource Development practices in order to achieve the desired goals and objectives. It is also proved that an enhanced behavioral prediction might be achieved if more emphasis is given to non-rational and emotional determinants of behavior (Suthiphan, 2010). However, neuro-economists assume that emotions are rational factors that determine and predict the decisions and behaviors of the individuals (Klucharev, 2018; Smith & Huettel, 2010), as far as emotions consist of a logical expression of the perceived relational and intellectual capital. As a result, a critical question is raised as to whether behavioral approaches can practically be applied to all public services, taking into

¹¹ Normative models typically start with an analytical formulation that has to be solved and then follows with an answer that is supposed to be the optimal solution, and virtually ‘what should be done’.

account the different needs of each one of them as well as the needed experiential framework (Armstrong & Taylor, 2014; Boon, et al, 2017). However, a question like that could be further analyzed in a separate research paper.

CHAPTER VII - CONCLUSION

7.1 Concluding Remarks

In conclusion, the literature review addressed the issue of Strategic Human Resource Management (SHRM) and its significance to Public Organizations as a decisive tool for managing employees. SHRM can be strengthened through the investment in public servants' assets, experience and knowledge, namely in human capital. Specifically, the significance of human capital investment concerns the public sector's alignment with current changes and can lead to an easier recovery from multiple crises: administrative, financial and/or organizational. This recovery can be perceived as the resilience-building capacity of each public entity. The main assumptions and arguments of the research are collected below in order to form a final and comprehensive conclusion.

Firstly, this study discusses the transition from Human Resource Management, which deals with practices determining the way to lead the workforce of an Organization to the Strategic Management System (SHRM). SHRM is a modern field of study, developed from the combination of management with psychology that focuses on the employees' well-being; the latter is a result of a strategic policy-planning that can clearly link the objective of a Public Service to its employees' experience. In this point, Resource-Based Theory provides for a reliable theoretical support by assuming that all internal resources of an Organization, such as knowledge and experience of public servants can lead to a strategic advantage, which can be the economic value-creation that can sustain profits and survival.

Secondly, an emphasis was given to the strategic formations that arise in most Public Administrations in HRM practices, promotion systems, policy implementation systems and recruitment strategies in order to describe how SHRM is gradually implemented in Public Organizations. Specifically, the devolution of responsibilities within departments is a key contemporary reform that empowers public administrations to improve the overall public service's performance and redefine public servants skills and acquisitions. For instance, there is a focus on planning, organizing and monitoring employees' performance as well as their

openness to innovations and experimentation of new techniques. However, management as a symbolic activity, in order to be exercised efficiently, needs behavior schemes that fit to the overall perception of the Public Service. More specifically, some policies can lead to a resilient and flexible Organization through a common-values creation; namely to lead to an Organization able to recover easily from changes because there are strong organizational values and culture, shared between the employees and their working environment.

Accordingly, of equal importance are the reward-policies; the latter need to reflect the analogous contribution of each employee to the final results in order for stronger bonds and employee long-term commitment to be created through recognition. Those practices depict the behavioral perspective of strategic management, which introduces targeted behavioral patterns to lead a Service such as performance-related values, procedural justice and more. The appropriate design of Human Resource System is decisive for the emergence of strategic behavior of the civil servants, alongside the whole organizational effectiveness. This strategic behavior emergence illustrates the ‘psychological contract’ of an employee, namely the incentives that can urge engagement and commitment. Importantly, literature has shown that employees personalize their organization based on what they have received as a behavioral return from their working environment (either a reward or a punishment).

It is commonplace that each Public Organization is unique and has specific financial and human capital that determines its overall identity and image (Boon, et al, 2017; Suthiphan, 2010). According to this, adequate learning and development schemes that can be related to each public service specificities, have to be incorporated to the organizational culture. Moreover, employees’ behavior is easily influenced by temporary factors such as environmental changes; as a result, they are easily motivated or manipulated. Investment in human capital is an important factor that offers more skills and confidence to the employees facilitating in this way the overall well-being of the Organization.

However, the bureaucratic character of most Public Services might in some cases prevent modern approaches and efficient investment on human capital (Papavasileiou, 2019; Rammata, 2018a), through the centralization scheme in decision-making procedures and the high degree of formalization of the procedures (Serafetinidou, 2003; Walonick, 1993). For example, Greek Public Administration (Rossidis & Bitsani, 2011) creates many challenges whilst moving toward changes, as it still recruits people according to very limited procedures of public announcements, which ask for specific, typical eligibility criteria, with most of them

not open to interview or assessment centers. In conclusion, this research suggests that Public Organizations should adopt a more open philosophy and replace current rigid administrative structures. A strategy-planning that sets out the clear expectations for all potential candidates and existed workforce needs to exist in all public entities (OSCE, 2018), alongside new recruitment policies that are carefully exercised according to the objectives of each public service. Finally, the development of a culture of involvement of the employees and a sense of trust would provide that the policies would be more easily accepted, implemented and sustained (Rammata, 2017).

7.2 Limitations of the Research

The research addressed the need for a further expansion of the research on the field of relationships between management and behavioral patterns, suggesting the ‘operationalization’ of change and organizational capabilities in a parallel shape, so far not discussed in the scientific literature. Specifically, it was recommended that change has to be perceived as an expected consequence to the contemporary globalized environment of the public administrations’ reform action plans. Furthermore, the mechanisms relating Human Resource practices to both organizational performance and employee-related outcomes, have not yet been systematically studied, thus revealing numerous gaps on the field. To fill this deficiency, this literature review identifies the linkages between Strategic Human Resources Management objectives-setting with the organizational outcomes, emphasizing on the understanding of the employees’ motives and behavior, towards attachment, recognition and rewards. Despite the existence of noteworthy studies, the issue of transforming bureaucratic organizational structures to a more flexible organization through different change-approaches remains under research, with empirical and literature research providing for a limited scope of this issue. Lastly, there is an extensive part of literature which focuses on measurable data such as time, financial resources, communication methods, numbers and percentages of people needed for accomplishing the change, but not enough reliable data on soft factors such as culture, motivation, leadership (Al-Marzougi, 2013). However, the latter consist of significant elements that can determine the success of many change-policy operations.

7.3 Contributions of the Study and Suggestions for Further Research

This research does not refute the assumptions drawn by the existing scholarship. It contributes to the literature by further arguing that Public Sector reforms can virtually lead to

strategic formations of Human Resource Management and transformations to Strategic Human Resource Management, which plays significant role on the overall organizational image, effectiveness and efficiency. The case of the Greek public sector illustrates an example of the gradual development towards this path. In modern public administrations, optimal strategies include resilience-building mechanisms, such as policy-plans, which provide for change management and can facilitate the recovery of a public organization from crises as well as its smooth adaptation to contemporary demands for efficiency and quality. The review demonstrated the importance of Strategic Human Resource Management (SHRM) configurations and emphasized that resilience architectures can bridge public administration management with behavioral patterns.

Future studies could further deal with the association between Strategic Human Resource Management and human behavior patterns. The relevant behaviorist patterns, but also the related training assigned to the employees, have to be aligned with the latter's views on what they need and wish to learn. The second suggestion for further research concerns the connection between Human Resources and Decision Neuroscience that needs to be tested and explored in order to develop reliable and innovative tools for managing employees. Furthermore, based on a quantitative research conducted by Al-Marzougi and concerning several factors that influence employee behavior, it is suggested that future studies should build on the 'uncertainty' factor and more specifically on the feelings of uncertainty that are produced in sight of a sudden change in management or in the organizational function. This feeling can be translated into optimism or pessimism with the respective HRM strategy that an Organization follows. Finally, scholars might take this perception even further, by building in the notion of readiness (Junita, 2016; Al-Marzougi, 2013; Deloitte, 2017) of line and top managers of a Public Service, which is vital for the implementation of effective goals. Importantly, it is assumed by some scientific findings that when a challenging situation emerges, reactions of panic and fear are often a side-effect, based on the perception of 'not being ready for an urgent change situation'¹². Nevertheless, the overall logic of managing people relates to the ability to tackle the unexpected changes; in that case, readiness for some past experience might not serve in the case of a corresponding one in present days.

¹² According to data collected from the statistical insights of Deloitte urgent trends questionnaire, retrieved from www.deloitte.com/hcdashboard

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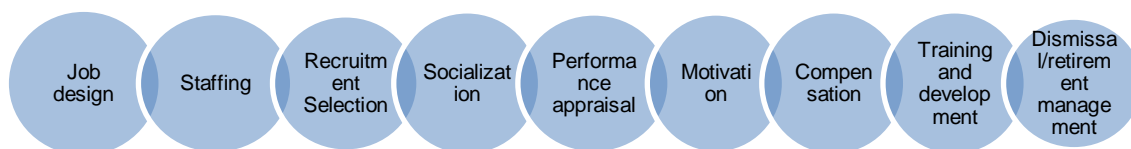
APPENDIX A

Important Definitions Mentioned in the Research

In this review numerous principal definitions were used and are presented below:

- I. **Human Resource Management** refers to the recruitment and selection of the public servants, their training, assessment and remuneration procedures (Xirotyri-Koufidou, 2010). It is a systematic, long-term management of all human assets, which are perceived as a resource (Xirotyri-Koufidou, 2010).
- II. Subsequently, the **Human Resource Management (HRM) System** is defined as all the diverse elements and sets of procedures that intend to manage those abilities which are perceived as assets. The System is supposed to protect, preserve, develop and reward Human Resources (Suthiphan, 2010).

Figure 3.1, The HRM system



Data retrieved from Suthiphan, 2010

According to Figure 3.1, this system consists of the appropriate job design in order to attract the necessary skillful professionals. Then, staffing concerns the gathering of a talent pool and the proceeding to the relevant procedures of recruitment and selection of the talented individuals. Human Resources System is related to a formal and informal ‘socializing’ within the working environment, in order to create a ‘relational’ capital, which then plays an important role in the overall communication and performance of the employees. Moreover, the performance assessment and relevant compensation techniques, as well as the learning and training of public servants relate to the HRM System. Finally, it is unanimously agreed that motivational schemes and behavioral patterns are shaped within the Human Resources policy planning. Last but not least, dismissals and retirements are implemented according to the HR system codes of conduct.

- III. **Human Resource Management practices** are those practices that lead to public servants' commitment and desired behavior; those practices are carefully selected and implemented (Suthiphan, 2010), depending on how the Public Service develops and utilizes its Human Capital (HC).
- IV. The **Human Capital** is the Organization's inimitable knowledge and personal or interpersonal skills that stem from its people (Suthiphan, 2010).
- V. **Public Administration** according to academic approaches is defined as a *'program that prepares individuals to serve as managers in the executive arm of local, state, and federal government and that focuses on the systematic study of executive organization and management'*(Skiadas, 2018a).
- VI. The **Public Administration** includes: a. instruction in the varied roles, development and principles of public administration; b. the management of public policy; c. executive-legislative relations; d. public budgetary processes and financial management; e. administrative law; f. public personnel management; g. professional ethics and research methods.
- VII. A **Public Service** is perceived as the civil service of a State's administration (Collins, 2019).
- VIII. **Strategy** is the specificity of the tactics followed in order to achieve organizational goals, maximizing competitive advantages and minimizing the weaknesses of the organization (Xirotyri-Koufidou, 2010).
- IX. Consequently, **Strategic Human Resource Management** is the systematic development and adoption of specific actions related to the administration of the public servants, in order for the strategic goals of the Public Service to be achieved (Xirotyri-Koufidou, 2010). More specifically, 'SHRM is defined as the integrated set of practices, policies and strategies through which organizations manage their human capital, and influences the organizational strategy' (Suthiphan, 2010, pp.7-8).
- X. **Strategic management process** includes a. the specification of the objective, namely what is to be accomplished; b. the environmental assessment, namely the external conditions, threats, opportunities, internal strengths, competencies and weaknesses. It includes the measurable, time specific and documented objectives setting and the strategy-setting that specifies and plans strategy implementation processes (Rachid & Khouaja,2018).

- XI.** There are multiple factors that can affect the employees' behavior, commitment, performance and results, such as the social and physical environments. **Social environments** include family members, friends, and colleagues, while as physical environment are considered factors such as the size of a room, the temperature and the availability of certain food. Environment and situational factors provide for a more profound understanding of behavior (Suthiphan, 2010).
- XII.** **Resilience** refers to those unique capabilities of the Organization's personnel to endure stressful situations and radical change by being capable to recover easily (Lengnick-Hall, et al 2011; Mamouni Limnios, Mazzarol, Ghadouani, & Schilizzi, 2014). According to Mamouni Limnios, 'Resilience capacity is a unique blend of cognitive, behavioral, and contextual properties that increase a firm's ability to understand its current situation and to develop customized responses that reflect that understanding' (Mamouni Limnios, et al, 2014, pp. 107-108). Resilience also belongs to the primary notions of United Nations sustainability goals agenda for 2030 (United Nations, 2019).

APPENDIX B

‘Expectancy Theory of Motivation: Motivating by Altering Expectations’

Fred C. Lunenburg Sam Houston State University, pp. 1-4

Need theories of motivation (Alderfer, 1972; Herzberg, 1968; Maslow, 1970; McClelland, 1976) attempt to explain what motivates people in the workplace. Expectancy theory is more concerned with the cognitive antecedents that go into motivation and the way they relate to each other. That is, expectancy theory is a cognitive process theory of motivation that is based on the idea that people believe there are relationships between the effort they put forth at work, the performance they achieve from that effort, and the rewards they receive from their effort and performance. In other words, people will be motivated if they believe that strong effort will lead to good performance and good performance will lead to desired rewards. Victor Vroom (1964) was the first to develop an expectancy theory with direct application to work settings, which was later expanded and refined by Porter and Lawler (1968) and others (Pinder, 1987).

Expectancy theory is based on four assumptions (Vroom, 1964). One assumption is that people join organizations with expectations about their needs, motivations, and past experiences. These influence how individuals react to the organization. A second assumption is that an individual's behavior is a result of conscious choice. That is, people are free to choose those behaviors suggested by their own expectancy calculations. A third assumption is that people want different things from the organization (e.g., good salary, job security, advancement, and challenge). A fourth assumption is that people will choose among alternatives so as to optimize outcomes for them personally. The expectancy theory based on these assumptions has three key elements: expectancy, instrumentality, and valence. A person is motivated to the degree that he or she believes that (a) effort will lead to acceptable performance (expectancy), (b) performance will be rewarded (instrumentality), and (c) the value of the rewards is highly positive (valence).

Expectancy theory has some important implications for motivating employees. The model provides guidelines for enhancing employee motivation by altering the individual's effort-to-performance expectancy, performance-to-reward expectancy, and reward valences. Several

practical implications of expectancy theory are described next (Greenberg, 2011; Hellriegel & Slocum, 2011; McShane & Von Glinow, 2011; Nadler & Lawler, 1983).

Effort-to-Performance Expectancy

Leaders should try to increase the belief that employees are capable of performing the job successfully. Ways of doing this include: select people with the required skills and knowledge; provide the required training and clarify job requirements; provide sufficient time and resources; assign progressively more difficult tasks based on training; follow employees' suggestions about ways to change their jobs; intervene and attempt to alleviate problems that may hinder effective performance; provide examples of employees who have mastered the task; and provide coaching to employees who lack self-confidence. In essence, leaders need to make the desired performance attainable. Good leaders not only make it clear to employees what is expected of them but also help them attain that level of performance.

Performance-to-Reward Expectancy

Leaders should try to increase the belief that good performance will result in valued rewards. Ways of doing so include: measure job performance accurately; describe clearly the rewards that will result from successful performance; describe how the employee's rewards were based on past performance; provide examples of other employees whose good performance has resulted in higher rewards. In essence, leaders should link directly the specific performance they desire to the rewards desired by employees. It is important for employees to see clearly the reward process at work. Concrete acts must accompany statements of intent. Compensation mechanisms can be a powerful incentive in linking performance to rewards. Compensation systems that reward people directly based on how well they perform their jobs are known as pay-for-performance plans (Berger, 2009). These may take such forms as "commission plans" used for sales personnel, "piece-rate systems" used for factory workers and field hands, and "incentive stock option (ISO) plans" for executives (Dunn, 2009; Mercer, Carpenter, & Wyman, 2010) and other employees (Baker, 2011). However, rewards linked to performance need not be monetary. Symbolic and verbal forms of recognition for good performance can be very effective as well (Markham, Dow, & McKee, 2002).