



DISSERTATION TITLE

Modern tools to increase employees' motivation and productivity in the era of financial crisis; case study of Greek public sector.

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Abstract

This thesis aims to develop the role of motivation of the employees to the prosperity and growth of any organization even in the midst of a severe crisis, as for example mainly the global financial crisis that struck the majority of countries worldwide but also the COVID-19 pandemic. The present study highlights the importance of Human Resource Management (HRM) as a vital component of a firm during a crisis and stresses the gravity of the human factor. Through a range of different HR policies, organizations strive to guarantee their workforce's motivation in order to achieve any business goals. Throughout the literature review, the thesis tries to provide insight into the difficulties that Greek Public Administration had, and still today has to overcome and the reforms it had made in regards of its Human Resource Management.

Key words: motivation, Greek Public Administration, productivity, financial crisis, personnel, Human Resource Management



Introduction

The human factor is of paramount importance for the growth of any organization regardless of internal or external factors, i.e., social, economic, political. Human Resource Management (HRM) is an integral part of any organization which contributes to a great extent to the prosperity of the organization. Undoubtedly, employee motivation plays a crucial role towards the development of the industry, and this is the reason why firms need to guarantee that their employees are satisfied by implementing various HR policies.

Nonetheless and due to the constant changing circumstances, which include the financial crisis and the pandemic of COVID-19, governments and organizations had to change their strategies and adjust to the new reality but at the same time guarantee that the personnel shall remain committed and engaged.

Greece has been in the middle of the ongoing financial crisis since November 2009. The escape plan from this severe situation included specific reforms that the Greek Administration had to implement and harsh austerity measures to impose. Throughout this thesis, we have encountered the way Greece tried to correspond to this unprecedented situation and the relevant results based on literature review, data and surveys already conducted.

The thesis is divided into three parts, the first deals with the theoretical framework of Human Resources Management, the second covers the wide concept of motivation theoretically and the third and last part provides the readers a more profound insight into the global recession, its causes, its effects worldwide and more particularly not only how it affected the Greek financial status and its Human Resources but also how Greece and its public sector affronted this severe crisis.



Chapter 1. Human Resource Management

1.1 Defining Human Resource Management (HRM)

With the constant changing trends of industry in the wide competitive open market environment, human resource management plays a significant role for the efficient growth of any organization.

The predecessor of the term Human Resource Management was Personnel Management which dates back many decades ago (DeNisi, Wilson, & Biteman, 2014). Human Resource Management (HRM) or Human Resources (HR) is an inevitable component of an organization that aims, with an application of a series of activities, to manage people, actions, and policies towards the prosperity of the organization (Papalexandri & Bourantas, 2002). The existence of HRM is correlated with the function and growth of any organization, defined as a formal constitution of people that work together to achieve the organization's goals (Dessler, 2013). As Stone points out, Human Resource Management focuses on managing people within the employer-employee relationship. It involves not only the productive use of individuals in meeting the organization's strategic business goals but also the satisfaction of individual employee needs (Stone, 2005).

The practice of human resource management (HRM) deals with all the aspects of how people are employed and managed in various working environments (Armstrong M. , Armstrong's Handbook of Human Resource Management, 2006). Throughout the years, there have been multiple efforts to provide a definition of the wide field of HRM and below you may find some of them. Armstrong defines human resource management as 'a strategic, integrated, and coherent approach to the employment, development and well-being of the people working in organizations' (Armstrong M. , Armstrong's Handbook of Human Resource Management, 2006). Human resource management entails all management decisions and actions that influence the nature of the relationship between the organization and its employees – its human resources (Beer



M. S., 1984) . Guest defines HRM as a set of policies that aim to maximize organizational integration, employee commitment, flexibility, and quality of work (Guest D. E., Human resource management and industrial relations, 1987). HRM was described by Storey (1989) as ‘a set of interrelated policies with an ideological and philosophical underpinning’ (Storey J. , 1989).

"You must treat your employees with respect and dignity because in the most automated factory in the world, you need the power of human mind. That is what brings in innovation. If you want high quality minds to work for you, then you must protect the respect and dignity. " – Mr N.R. Narayana Murthy, Chairman Emeritus, Infosys Ltd.

“Our progress as a nation can be no swifter than our progress in education. The human mind is our fundamental resource.” - John F. Kennedy (35th President of the United States). (Why do we call it as Human Resource Management?, n.d.)

1.2 Human Resource Management as a system - Historical development of HRM

One can analyze the historical trends of the HR function from different viewpoints: the evolution of HRM (human resources management) as a professional and scientific discipline, as an aid to management, as a political and economic conflict between management and employees, and as a growing movement of employee involvement influenced by developments in industrial, organizational, and social psychology. The historical analysis that follows will highlight the growing importance of employees from being just one of the easily replaceable parts in organizations in the 20th-century industrial economy to becoming a key player in the economy of the 21st century (Kavanagh, Thite, & Johnson, 2008).

FIGURE 1 THE HISTORICAL EVOLUTION OF HRM

<i>Role of HRM</i>	
<i>Early 20th Century</i>	<i>21st Century</i>
Caretaker	Strategic partner
Employee focus Records	Cost-effectiveness Employee development

Source (Kavanagh, Thite, & Johnson, 2008).

1.2.1 The early history of personnel management¹, up to 1914

The era of the industrial revolution was a milestone to the evolution of HRM. The breakout of the industrial revolution was the outcome of the application of the principle of division together with the harnessing of steam and other power sources. The increasing number of working people in factories and their gathering in towns led to the helter-skelter existence that we know as modern industrial life. During the first half of the 19th century, there is a lot of criticism due to the constant and greedy exploitation of workers by their colleagues which provoked intense movements for democracy and turbulence in the need of the withdrawal of anti-trade union legislation. Workers found support through the Chartists, the Ten-Hour Movement and the Anti-Corn Law League as well as in sporadic riots. The exploitation of workers involved excessive hours of work, child mistreatment and oppression by employers as the works of Dickens and the later social investigations of Mayhew, Booth and Rowntree provided. In 1834 Poor Law was introduced as there was no understanding of structural unemployment or the effects of a downturn in the trade cycle. Poor people at that period were seen as lazy profligates who have ended up so by excessive abuse. The field of management belonged merely to the upper middle class. Little had changed for working people in the 19th century. Nonetheless, there was a lot of pressure not only for the reform and protection of the working class from trade unions and members of the labor movement but also for the

¹ According to French, personnel management refers to ‘the recruitment, selection, development, utilization of, and accommodation to human resources by organizations (French, 1978).



extension of the franchise. By 1913 the number of welfare secretaries, positions held by women, had increased which led to the formation of the Welfare Workers' Association, this being the forerunner to the Institute of Personnel Management, what we know today as the Institute of Personnel and Development. The contribution of Welfare Workers' Association in particular was of crucial importance as they fought for the rights and protection of women and children (Tyson & York, 2000).

1.2.2 First World War

The First World War accelerated change in the development of personnel management. At that period of time, there was a noteworthy increase in the number of welfare officers, but at that point men were also recruited to oversee boys' welfare. The Munitions of War Act 1915 created a legal basis for the supply of labor to war factories and made welfare services mandatory in these premises.

During the war, the rate of the employment of women has increased whose involvement necessitated agreement with trade unions on 'dilution', i.e., accepting unskilled women into craftsmen's work, the abandonment of formal apprenticeship schemes, and changed manning levels.

Different forms of joint consultation were introduced after 1918, with the example of Whitley Joint Consultative Committee in the civil service which stills exists. It was then that the state was obliged to welcome a dialogue with the trade unions which led to the formation of new industrial relations (Tyson & York, 2000).

1.2.3 Growth of employment management

Personnel management had started slowly hence steadily to flourish. Labor managers played an important role in the engineering sector. They had more responsibilities involving administrative tasks as well as dealing with employees' inquiries as for instance absences, bonuses and so on. Moreover, employers' federations had industrial relations responsibilities and there were officials who helped resolve any disputes since there were various procedures to be followed (Tyson & York, 2000).



1.2.4 Early personnel management

During the 1920s employment managers were very common and the first autonomous personnel departments with industrial relations came into light. Personnel management departments in large organizations, such as ICI, Courtaulds, Pilkingtons, London Transport and Marks & Spencer, aimed to remedy the issue of control. Different standards and policies within the organizations together with mergers and expansions led to the establishment of these departments. So as to have a common managerial philosophy, employers invested in the training of employees by having a central training basis.

Despite the efforts to change, personnel management in most of the organizations was remaining a low-level affair until after 1945. With the creation of the Staff Management Association in 1934 many personnel problems were solved even though the effects of large-scale unemployment were evident and the fear of uncertainty and the threat of unemployment were some of the factors that constrained advances in the existing techniques. However, from 1937 onwards, rearmament and the prospect of war together with social pressures originated from the Depression, led to a change towards security and better quality of life. This was a period of improvements: suburban housing, national movement for holidays with pay, employee benefits were improved by big corporations as a way to ensure a stable work environment (Tyson & York, 2000).

1.2.5 The Second World War

During the war, personnel management was significantly expanded. The reason why was that, in that period of war there was a bigger need of personnel offices which was a common characteristic with the First World War as well. The instruments of labor regulation were three: 1. protected establishments engaged in war work, 2. registration of all employment and 3. essential work orders thus giving the Ministry of Labor and National Service considerable power. The evacuation of large numbers of civilians, the extension of shift working and the problems of training large numbers of women and young people gave welfare and personnel departments the same central place in the



organization of production. Welfare became again part of the rule-governed environment. Hence, personnel and welfare officers at wartime were seen of the management processes which transformed the image of the personnel officer to a bureaucrat (Tyson & York, 2000).

1.2.6 Industrial relations and personnel management (1945-1968)

Industrial relations during that era described the formal, institutional arrangements, negotiation processes between the workforce and the representatives of the organizations. Trade unions existed at that point even though they were hostile and reluctant towards the early welfare workers this leading the welfare workers to get involved to non-unionized firms instead. Although there were personnel departments in various organizations, the problem of gaining credibility was evident.

In the aftermath of the Second World War industrial relations noticed a significant increase not only in number but also in power of shop stewards while there was a breakdown of national-level bargaining through employers' federations. Despite periodic crises of confidence HR field faced, by the mid-1960s, all kinds of organizations: local authorities, medical units, manufacturing and service firms, employed full-time personnel and the first pursued the specialization and training within the field. In 1968 a Royal Commission under Lord Donovan was set up; it was critical of both companies and unions; personnel managers were criticized for lacking negotiation skills and failing to plan industrial relations strategies. All in all, with the establishment of industrial relations, policies were more easily accepted which makes it a great contribution to personnel management (Tyson & York, 2000).

1.2.7 Fiscal and personnel policies (1968-1979)

Following the Second World War there was a period of low unemployment where the stability of sterling in the UK and the rate of price inflation really dominated. During the early 1960s the state focused on issuing new employment legislation. As Tyson & York state 'the Contracts of Employment Act 1963, Industrial Training Act 1964 and



Redundancy Payment Act 1965 were the forerunners of comprehensive legislation on job security, equal opportunity and the position of trade unions'. Moreover, the existence of special commissions ensured that the state legislation on prices and incomes would be respected. The control of wage policies was merely a task of personnel managers and other senior staff which facilitated the creation and use of job evaluation systems and increasing scales. Furthermore, the number of multinational industries was starting to grow. It is important to mention that various state agencies were being established at that period, which favored the spread of personnel departments into small organizations as well.

The outbreak of formal laws concurred with the development of personnel techniques, training courses, communication techniques and theories originating from the social sciences in the late 1960s assisted to explain motivation to work and organizational behavior.

The advent of computer models in the 1970s improved manpower planning since it was possible to predict any future job requirements simply by changing the variables in labor supply and demand (Tyson & York, 2000).

1.2.8 1979 onwards

Organizations sought to establish new techniques aiming at the improvement of quality and productivity through new investments and more flexible working practices, as for example flexibility of time, task, and contract. At the beginning of the 1990s a recession occurred. The main aspects were the 'delaying', restructuring and outsourcing of some of the HR functions previously conducted within the organization. These organizational changes influenced a lot the field of HRM, with outplacement as the sole solution to facilitate the change, this causing the end of the 'jobs for life' concept even in the public sector. There were manifold advantages of this change; performance tools, such as total quality management (TQM) and business process redesign (BPR), were created outside the HR function, hence increased the focus on personnel management issues. Last but not least, the demographic changes were the most significant influences on HRM.

Techniques to manage diversity and provide equal opportunities were activated but even so the existence of social, demographic and global business pressure had caused instability in the environment in which HRM was conducted (Tyson & York, 2000).

1.3 Strategic Human Resource Management

Since the 1990s textbooks and analysts have introduced another aspect of HRM, Strategic Human Resource Management (SHRM). While HRM focuses on policies and practices regarding the recruiting, learning and development, performance management, reward, and employee relations, SHRM includes strategy, integration, and competitive advantage to the HRM. All in all, SHRM refers to the implementation of HRM policies and practices so that the organization's strategy and effectiveness will be accomplished through the strategic management approach (Hendry & Pettigrew, 1986). Boxall (1996) described SHRM as the interface between traditional HRM and strategic management. In other words, it describes how the development of the organization, and the pursuit of its goals can be supported by its various HR policies and strategies. Having a competent and motivated workforce is fundamental to competitive advantage and therefore SHRM is oriented towards recruiting and developing high-quality personnel (Boxall P. , 1996).

Human Resource Management has evolved a lot as the years have passed by; starting with just an administrative function, it ended up being involved in strategic decision-making processes. (Strategic Human Resource Management, n.d.)

1.3.1 Definition

According to Armstrong & Taylor (2014) strategic HRM is defined as an approach that sets how the organizational goals will be achieved through its human capital by the use of HR strategies and integrated HR tools and policies (Armstrong & Taylor, 2014).

Even though there are a lot of different interpretations of SHRM, it is possible to identify a number of key characteristics among organizations who have embraced SHRM. As Reilly proposes (Reilly P. , 2012) the *characteristics* are the following:

- There is an organizationally shared philosophy underpinning people management (sometimes described as a ‘big idea’, for example ‘alleviating world poverty’ for a third world agency or ‘serving the customer’ for a retail organization);
- There is a focus on business-critical issues and outcomes;
- People and their skills, knowledge and experience are seen as competitive resource;
- There is a planned approach to resources (not just numbers but also skills and potential);
- Consideration is given to long-term and not just short-term value in the organization;
- The full range of people management activities are brought together in an integrated manner;
- The approach anticipates and supports change through scanning the internal and external environment;
- There is an awareness of the importance of social and intellectual capital in the organization and an emphasis on activities such as knowledge sharing, networking and relationship building.

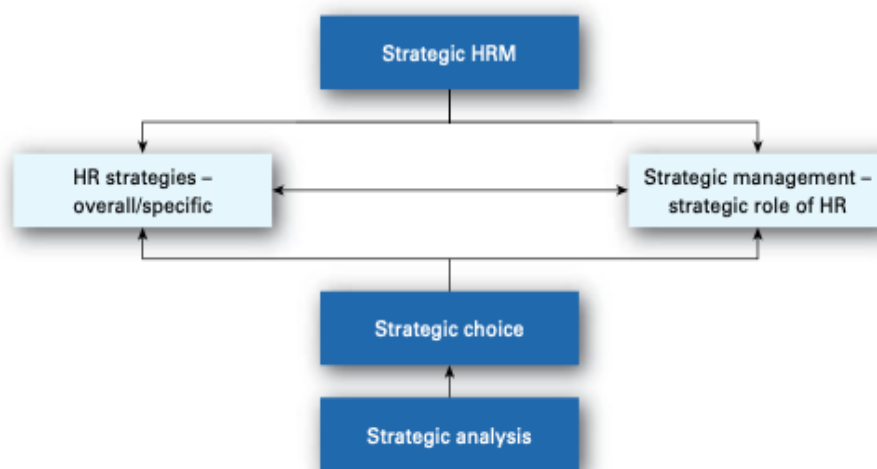
Overall, SHRM should be considered as a mindset with certain concepts rather than merely a set of techniques since it offers the basis for the creation of strategic plans leading to the development of HR strategies. It involves the exercise of strategic choice, and it sets specific strategic priorities based on the overall organizational goals. SHRM is not only about HR strategies but also the strategic management activities of HR professionals (Armstrong & Taylor, 2014).

1.3.2 Objectives of Strategic Human Resource Management

Strategic HRM (SHRM) aims at generating organizational capability by ensuring that the organization has the committed, skilled, and well-motivated manpower it requires in order to achieve sustained competitive advantage (Armstrong & Taylor, 2014). In 2009 Alvesson stressed that strategic HRM talks about ‘how the employment relationships for all employees can be managed in such a way as to contribute optimally to the organization’s goal achievement’ (Alvesson, 2009).

The key objectives of SHRM can be summarized as follows. Firstly, SHRM’s goal is to achieve integration: the horizontal integration of HR strategies and the vertical alignment of HR strategies with business strategies. Secondly, according to Armstrong & Taylor (2014), it aims to ‘provide a sense of direction in an often turbulent environment so that the business needs of the organization and the individual and the collective needs of its employees can be met by the development and implementation of coherent and practical HR policies and programmes’. Last but not least, SHRM’s goal is to contribute to the formulation of business strategies by finding ways to capitalize on the advantages provided by the strengths of its workforce (Armstrong & Taylor, 2014).

FIGURE 2 STRATEGIC HRM MODEL





Source: Armstrong's Handbook of Human Resource Management Practice, Armstrong & Taylor (2014)

1.4 HR Strategies and Systems

A strategy is defined as a way of doing something, a game plan for action. Most of the times it includes the formulation of a goal on the one hand and the set of actions for accomplishment of that goal on the other. The concept of strategy originates from military literature². However, the stage for the vast existence of strategic focus in business and management books was set by Alfred Chandler's work, *Strategy and Structure*, and the development of management by objectives, the so-called MBO. Management by objectives has become popular since the mid-1950s when it was firstly used as a term by Peter Drucker in his book *The Practice of Management* (Drucker, 1955).

Given that all organizations are different, it goes without saying, that HR strategies often differ. There are both internal and external factors that influence an HR strategy. Even though there is no such thing such as a standard strategy, Armstrong & Taylor tried to present some general characteristics of HR strategies.

1.4.1 The HR system

The HR system consists of the interrelated HR activities and practices which jointly lead to the achievement of HRM goals (Armstrong & Taylor, 2014). According to Becker and Huselid 'the HRM system is first and foremost a vehicle to implement the firm's strategy' (Becker & Huselid, 1998) and a few years later in 2006 they acknowledged HR system as the key HR asset (Becker & Huselid, 2006). According to Armstrong & Taylor, an HRM system consists of HR philosophies that represent the values and guiding principles adopted in managing people. Taking into consideration

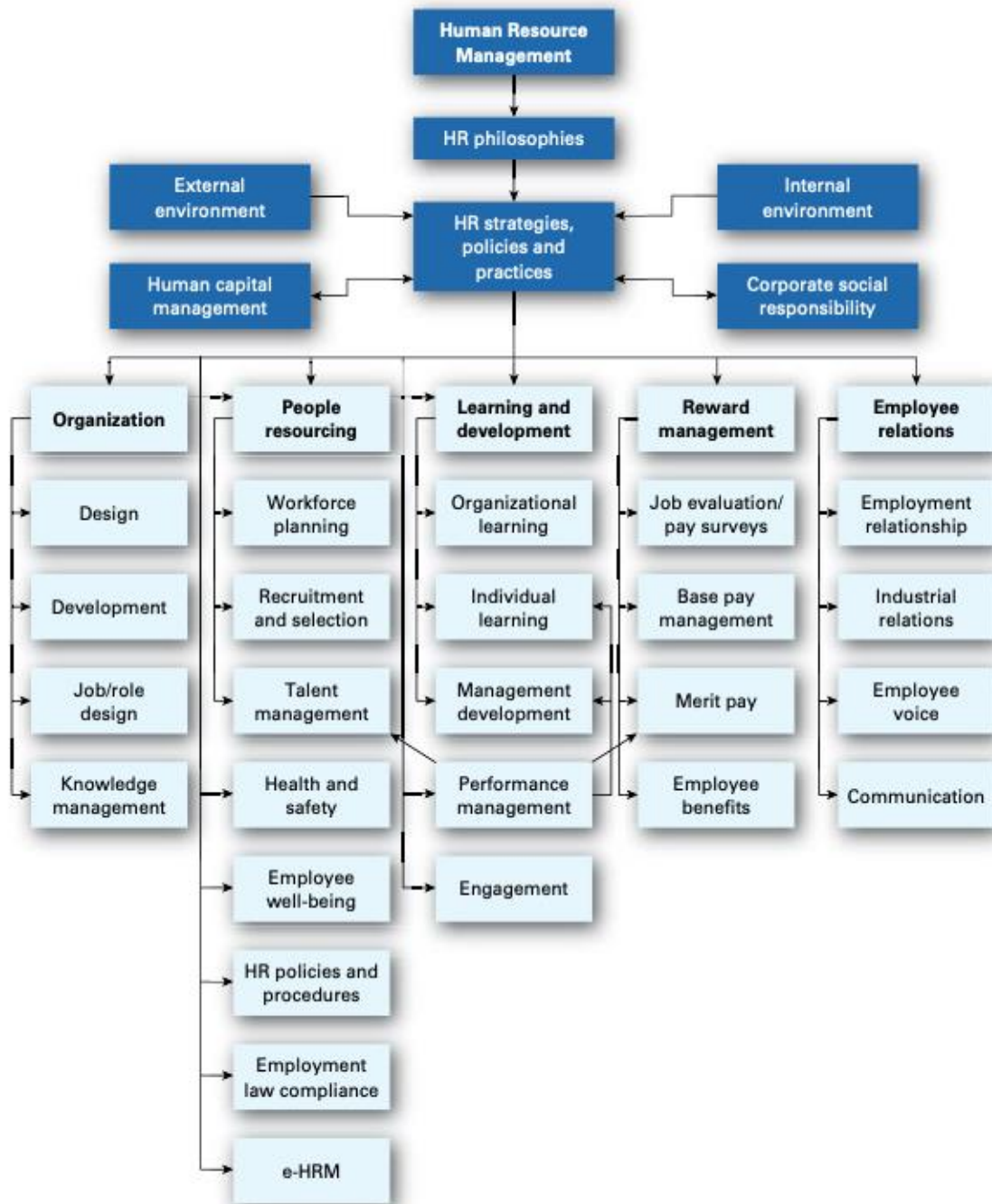
² Particularly that developed by the Chinese strategist Sun Tzu. See Lionel Giles, ed. And trans.. *Sun Tzu on the Art of War* (London: Luzae, 1910)



the different internal and external environments in which the organization operates, an HR system entails:

- *HR strategies*: they define the direction towards which HRM intends to operate
- *HR policies*: they provide clear guidelines regarding the implementation of specific aspects of HR
- *HR practices*: they refer to HRM activities involved in the management and development of people and relationships (Armstrong & Taylor, 2014).

FIGURE 3 THE HRM SYSTEM



Source Armstrong's Handbook of Human Resource Management Practice (Armstrong & Taylor, 2014)

1.5 Objectives of HRM

The main purpose of human resource management is to ensure that the organization is able to achieve success through its most important asset – its people. Its primary goal is to increase organizational effectiveness and capability, i.e., the capacity to achieve an organization's goal by making the best use of its resources (Armstrong M. , Armstrong's Handbook of Human Resource Management, 2006).

According to Armstrong & Taylor, the core objectives of HRM are to:

- form and implement human resource strategies, integrated with the business strategy, to support the organization in achieving the organization's goals;
- contribute to the development of a high-performance culture;
- ensure that the personnel of the organization consists of skilled and engaged manpower;
- ensure that the relationship between management and employees is positive and that is built on the grounds of mutual trust (Armstrong & Taylor, 2014).

Earlier commentators as for example Ulrich and Lake (1990) pointed out that: 'HRM systems can be the source of organizational capabilities to allow firms to learn and capitalize on new opportunities.' But this is not the only objective. HRM has an ethical dimension as well which involves the respect of the rights and needs of the personnel through the exercise of social responsibility (Ulrich & Lake, 1990).

According to Dyer and Holder, management's HR goals can be gathered into four dimensions which are listed below (Dyer & Holder, 1998):

- Contribution (what kind of employee behavior is expected?)
- Composition (what headcount, staffing ration and skill mix?)
- Competence (what is the desired level of skillset?)
- Commitment (what is the level of employee engagement?)

Moreover, David Guest proposed the following HRM policy goals (Guest D. E., Human resource management and industrial relations, 1987):

- *Strategic integration* which denotes the ability of the organization to integrate HRM issues into its strategic plans, ensure that the various aspects of HRM cohere, and provide for line managers to incorporate an HRM perspective into their decision making.
- *High commitment*: behavioural commitment to pursue specific goals, and attitudinal commitment reflected in a strong identification with the firm.
- *High quality* refers to all aspects of managerial behaviour that focuses on the quality of services provided, including the management of personnel and specifically investment in high quality employees.
- *Flexibility*. Guest stresses the importance of functional flexibility and the existence of an easily adaptable organization structure with the capacity to manage innovation.

In addition, according to Caldwell the policy goals of HRM included ‘managing people as assets that are fundamental to the competitive advantage of the organization, aligning HRM policies with business policies and corporate strategy, and developing a close fit of HR policies, procedures and systems with one another’ (Caldwell, 2004).

Boxall (2007) proposed that ‘the mission of HRM is to support the viability of the firm through stabilizing a cost-effective and socially legitimate system of labour management’ (Boxall P. , 2007).

1.6 Theories of HRM

HRM is supported by a number of theories as listed below.

According to Guest (Guest D. E., Human resource management and industrial relations, 1987), the theories of HRM can be categorized as:

1. *Strategic Theories*. In the UK it is believed that good fit, between HR practice and the internal and external context, will be aligned with high performance, while in the USA it is believed that organizations whose business strategy and HRM policy coincide will reach high performance.
2. *Descriptive Theories*. They describe HR policies (Beer, Spector, Lawrence, Quinn Mills, & Walton, 1984) or enhance a systems approach referring to the relationships between different levels (Kochan, Katz, & McKersie, 1986).
3. *Normative Theories*. They establish a norm or a specific pattern in the name of best practice.

Boselie *et al* have given another dimension to the categorization of HRM theories (Boselie, Dietz, & Boon, 2005).

1. *Contingency theory*. This theory suggested that in order firms to be effective, HRM functions must align with the organization or external environment aspects to achieve organizational goals. According to Harney (2016) contingency theory within HRM is based on external and internal fit. External fit means HR practices must fit with the organizational strategy and environment conditions. Internal fit refers to HR practices that need to work together to achieve the desired outcome (Harney, 2016).
2. *The resource-based view*. According to this theory, HRM adds value through the strategic policies of the organization's unique, hard to imitate and replace human resources (Barney, 1991, 1995).
3. *AMO theory*. According to AMO theory the components of Ability, Motivation, and Opportunity are the three-independent work-system elements that form employee characteristics and eventually lead to organizational success. Through these components, organizational interests are best served due to the fact that AMO theory paves the way for line managers to use effective approaches that result in employee motivation using HR policies and practices (Bos-Nehles, Riemsdijk, & Looise, 2013).



Except for the above-mentioned theories of HRM, there are still other theories that were mentioned by commentators over the years.

Motivation theory analyses the factors that affect human behavior in general and therefore influence the approaches that need to be used in HRM to ensure that the personnel will be committed to achieve eventually high performance (Armstrong & Taylor, 2014).

Organizational behavior theory refers to the way personnel acts either individually or in groups and how organizations operate in terms of their structure, strategy, and culture. Organizational behavior influences organization design and the overall development of the organization (Armstrong & Taylor, 2014).

Human capital theory deals with the way personnel contributes to enhance organizational capability via their skills and abilities (Armstrong & Taylor, 2014).

1.7 Characteristics of HRM

The characteristics of HRM are manifold but the only certain thing is that all of them have a common goal, i.e. the development of the organization. These characteristics are summarized below:

- Diverse in the sense that there are many models and different HR strategies within organizations.
- Strategic and commitment-oriented
- It adopts a unitary rather than pluralist viewpoint
- It is established on the belief that people should be treated as assets
- Management-driven activity
- It focuses on business values although there is a growing body of opinion
- It deals with employee-centered outcomes (Guest D. E., 2002)

Taking everything into consideration, we can come to the conclusion that HRM functions as a system and as Schuler (1992) highlighted 'HRM links, integrates and



coheres' (Schuler, Strategic human resource management: linking people with the strategic needs of the business, 1992).

1.8 Models of HRM

According to Armstrong and Taylor (2014) the most widely known models that define HRM and its way of operating are mentioned below (Armstrong & Taylor, 2014).

1.8.1 The matching model

The matching model, which was proposed by Fombrun *et al* (1984), pointed out that HR systems should be aligned with organization strategy. As they highlighted 'the critical management task is to align the formal structure and human resource systems so that they drive the strategic objectives of the organization' (Tichy, Devanna, & Fombrun, 1984).

1.8.2 Harvard model

The Harvard framework was introduced by Beer *et al* (1984) (Beer M. S., 1984); they proposed that HRM had two features: 1. line managers have more responsibility for ensuring the alignment of strategy and HR policies and 2. that HR has the task of establishing policies that control the development of HR activities (Beer M. S., 1984).

1.8.3 Contextual model

For this model, environmental factors, i.e. the influence of social, institutional and political forces, play an important role. The contextual approach is broader by integrating the HR system in the environment in which it is developed (Armstrong & Taylor, 2014).

1.8.4 The 5-P model of HRM

The 5-P model by Schuler presents the operation of HRM under the headings of (Schuler, 1992):

1. HR philosophy: description of the way any organization's human resources should be regarded, treated, and managed, given the role they play in their overall success.
2. HR policies: guidelines for the handling of people-related business issues and the development of HR practices aligned with strategic needs and goals.
3. HR programmes: designed by HR policies. They involve HR efforts to manage any organizational change that derives from strategic business needs.
4. HR practices: activities carried out while implementing HR policies and programmes. They entail learning, development and resourcing, performance management, employee relations.
5. HR processes: formal procedures for the implementation of HR strategic policies.

1.8.5 European model

Brewster (1993) presented a European model of HRM which entailed (Brewster, 1993):

- Environment: refers to the established legal framework
- Objectives: refers to organizational goals; people are considered as assets
- Focus: cost/benefits analysis
- Relationship with employees: unions and non-unions
- Relationship with line managers: specialist/line connection
- Role of HR specialist/specialist managers

According to Mabey *et al* (1998) the characteristic of a European model are the following (Mabey, Salaman, & Storey, 1998):

- Emphasis on social responsibility
- Dialogue between social partners
- Multicultural organizations
- Continuous training and learning
- Participation in decision-making process

1.8.6 The hard and soft models of HRM

Storey (1989) provided the distinction between the essence of ‘hard’ and ‘soft’ types of HRM (Storey J. , 1989). He clarified that ‘the hard one emphasizes the quantitative, calculative and business-strategic aspects of managing human resources in as “rational” a way as for any other economic factor. By contrast, the soft version traces its roots to the human-relations school; it emphasizes communication, motivation and leadership.’

On the other hand, Keenoy (1997) stressed that ‘hard and soft HRM are complementary rather than mutually exclusive practices’ (Keenoy, 1997). Research and commentators have shown that there is no clear distinction between ‘hard’ and ‘soft’ HRM. In all organizations, there has been a mixture of both hard and soft approaches. Its organization uses its own strategy which is influenced by various factors, such as external and internal environment of the organization, its goals, its philosophy and structure (Truss, Gratton , Hope-Hailey, McGovern, & Stiles, 1997).

1.9 HRM activities

The core of HRM is represented by specific interrelated activities which must be undertaken to satisfy the aims of an organization. HRM involves the acquisition, development, appraisal, reward, maintenance, and departure of its human resources. Certain key HRM activities with a brief analysis are presented below.

- *Job analysis* describes a job’s specific tasks and responsibilities and stresses the abilities and qualifications that are needed to perform it successfully. Job analyses consist of job descriptions (describe the job position) and job specifications (describe the type of employee needed for the job and their skillset). Job analysis is of great importance since it provides the basis for HR planning and other HR activities (Stone, 2005).
- *Human resource planning* or *employment planning* refers to the steps an organization follows to ensure that it has the right number of skilled people in the right positions at the right time by comparing the current supply of personnel

with the organization's planned demand for human resources. This process results in decisions to add, reduce, or reallocate personnel internally. To sum up, as Ivancevich stated in 1995, HR planning is used to achieve:

- more effective and efficient use of the organization's human resources
 - more satisfied and committed employees
 - more effective equal opportunity planning (Ivancevich, 1995).
-
- *Recruitment*, as mentioned by Stone (2005), refers to 'the process of seeking and attracting a pool of applicants from which qualified candidates for job vacancies within an organization can be selected'. A job vacancy can be filled either internally or from outside the organization and the methods used to recruit personnel vary (Stone, 2005).
 - *Selection* refers to the process of choosing from the available candidates the most suitable for the job vacancy. There is a range of steps in the selection process such as reviewing the application forms, psychological testing, employment interviewing, reference checking and completing a medical examination (Stone, 2005).
 - *Performance appraisal* refers to the feedback of employers towards employees about their job performance and the establishment of a plan for the improvement of their performance. The information gathered from the appraisal process is also used for linking rewards to performance and tracing training and development needs (Stone, 2005).
 - *Human resource development activities* aim at the acquisition of skills and knowledge required to perform efficiently, improve their performance, prepare themselves in general to achieve their career goals (Stone, 2005). These activities are also a powerful way to show that the organization is interested in the well-being of its employees (Joyce, 2003).

- *Career planning and development activities* benefit both personnel and the organization. In the first case they help employees identify career goals, detect career opportunities, and pursue personal improvement and in the second case the organization through these activities ensures that qualified employees are available when needed (Stone, 2005).
- *Employee motivation* is a fundamental aspect to the success of the organization. As Byars & Rue (2000) highlight ‘highly motivated employees tend to be more productive and have lower rates of absenteeism, turnover and lateness’ (Byars & Rue, 2000).
- *Compensation* refers to the salary, bonus, incentive payments and allowances which employees get. In fact, cash rewards are considered an important factor in motivating employees and developing business strategies (Stone, 2005).
- *Benefits* can be indirect or non-cash compensation and include life insurance, medical insurance, annual leave, sick leave, maternity leave and so on. In the magazine ‘Fortune’ in 2003 Levering and Moskowitz stressed that ‘by improving the quality of work life, benefits reinforce the attractiveness of an organization as a place to work and emphasize that it cares about its employees’ (Levering & Moskowitz, 2003).
- *Industrial relations/employee relations* refer mainly to employee attitudes and the relationship between an organization and its personnel. Relationships should be characterized by open communication, fair and equitable HR policies so as to have good cooperation, trust and undoubtedly high performance. Otherwise, there will be conflict, mistrust, low commitment and poor performance (Albrecht & Travaglione, 2003). Industrial relations or employee relations also

deal with employer associations, trade unions, industrial law, terms and conditions of work, dispute settlement and many more (Deery D, Plowman, & Walsh, 2002).

- *Health and safety programs.* Through such programs it is possible to guarantee not only the physical but also the mental well-being of workforce by providing a safe work environment free from physical dangers and unhealthy conditions (Stone, 2005).
- *Management of diversity.* Nowadays it is a common phenomenon to see organizations with multicultural personnel and mostly HR managers require to manage this diversity, integrate successfully multicultural population into the workforce and maximize the contribution of all employees. It is believed that multicultural HR policies benefit a lot the overall performance of an organization by lessening time spent to explain instructions, reducing mistakes caused by misunderstandings and workplace tensions (Tung, 1995).

Conclusion

The first chapter of this thesis focuses more on providing a historical timeline as to the evolution of the Human Resources sector and the different stages it went through, elaborating more elements from the existing circumstances of the period up to 1914 until the end of 20th century. Through a profound theoretical analysis, we delved into the definition of Human Resource Management and apart from the historical viewpoint of the HR function, we had the chance to also see HM function from a different angle, i.e. as a professional and scientific discipline, as a vital aid to management, as a reason for the creation of political and economic conflict between management and employees but also as a movement focusing on employee engagement. Moreover, this chapter provides an overview of the term, definition, objectives and characteristics of Strategic



Human Resource Management, which played a crucial role to what HR is today. Last but not least, the first chapter analyzes the theories, characteristics and objectives of HRM as well as the various HR models that have been created over the years and the range of activities included in the wide sector of HRM.

Chapter 2. Motivation

2.1 The importance of motivation

Increasing cost pressures, downsizing and the appearance of contingent workers, work force diversity has shifted management attention to the strategic importance of employee motivation. As Stone (2005) stresses, ‘strategic business objectives seeking competitive advantage through higher productivity and improved customer service can be achieved only if employees are strongly motivated to perform’. Some of the variants that influence employees’ motivation are job design, the system of rewards, management style, corporate culture, and organization structure (Stone, 2005).

2.2 Definition

Employee motivation is one of the most challenging aspects of HRM. The term motivation, as Steers, Mowday, and Shapiro highlighted, derives from the Latin word *movere* which means ‘to move’ (Steers, Mowday, & Shapiro, 2004). But this definition alone is not sufficient as motivation is a multifaceted notion. We shall try to provide with a variety of representative definitions that present the various aspects that are contained in the process by which human behavior is activated:

‘...the contemporary (immediate) influences on the direction, vigor, and persistence of action’ (Atkinson, 1964).

‘...how behavior gets started, is energized, is sustained, is directed, is stopped, and what kind of subjective reaction is present in the organism while all this is going on’ (Jones, 1955).

Motivation is the product of many interacting factors, such as the culture of the organization, the leadership style, the organization’s structure, HR policies but also employee’s personality, skills, and knowledge (Stone, 2005).

Motivation is the strength, the direction of behavior and the factors that influence people to behave in certain ways. People are highly motivated when they expect that a course



of actions will lead to the achievement of a goal and a valued reward – one that satisfies their needs and desires. In general, motivation has to do with the goals individuals set, the ways in which they chase those goals and last but not least the ways in which others try to change their behavior (Armstrong & Taylor, 2014).

According to Arnold *et al* (1991) there are three core components of motivation which are (Arnold, Robertson, & Cooper, 1991):

1. Direction
2. Effort
3. Persistence

Victor Vroom's former mentor, N. R. F. Maier (Maier, 1955) a half century ago pointed out the importance of motivation in the workplace in the following equation:

$$\text{Job performance} = \text{ability} \times \text{motivation}$$

This equation clearly explains the reason why the factor of motivation is considered to be a cornerstone in the fields of Human Resource Management (HRM), Industrial and Organization Psychology (I/O) and last but not least Organization Behavior (OB). Motivation is a basic feature of the training process given the fact that an organization devotes time, money, and any other necessary resources for the training of a newcomer. Hence, the goal of performance appraisal is to focus not only on the requisite skills an individual requires to be productive and perform accordingly but mainly to guide the person towards continuous improvement (Latham & Mann, 2006).

Well-motivated people try harder to be productive and reach high-performance. They may be self-motivated which is the best form of motivation. Being self-motivated means, they are going in the right direction to achieve their goals. Self-motivation is not enough and additional motivation by the work itself, the quality of leadership and various forms of rewards and recognition is required to urge personnel to make the best out of them (Armstrong & Taylor, 2014).

2.3 Types of motivation

Motivation has various types, including intrinsic, extrinsic, positive and negative motivation.

Intrinsic motivation is not created by external incentives. It is evident when individuals feel their work is interesting, challenging, provides them freedom to act autonomously, opportunities to grow and develop their abilities in general (Armstrong & Taylor, 2014). According to Deci and Ryan (1985) intrinsic motivation is based on the needs of an individual to be competent and self-determining (Deci & Ryan, 1985). Katz added in 1964 that ‘the job itself must provide sufficient variety, sufficient complexity, sufficient challenge and sufficient skill to engage the abilities of the worker’ (Katz, 1964). By this saying it is implied that intrinsic motivation can be enhanced by job design. Hackman and Oldman (1974) highlighted the importance of the main job characteristics or motivators, which are skill variety, task significance, autonomy, task identity and feedback (Hackman & Oldham, 1974).

According to Armstrong (2009) *extrinsic motivation* exists when are done to or for people to motivate them. These actions involve rewards – incentives, increased pay, promotion – and punishments – disciplinary action, withholding pay, or just criticism. Intrinsic motivators in contrast with extrinsic motivators are likely to last longer and have a deeper effect (Armstrong M., 2009).

Positive motivation offers employees rewards for successfully performing a task. They are rewarded with monetary benefits, promotion, bonus and so on and so forth. On the other hand, *negative motivation* uses fear and threat regarding the reduction of monetary or non-monetary benefits, merits and so on, as a means to meet the organization’s ends (2022).

FIGURE 4 TYPES OF MOTIVATION



Source <https://www.mbaskool.com/business-concepts/human-resources-hr-terms/7312-motivation.html>
accessed 24th April

2.4 Theories on motivation

The first attempts to understand human motivation date from the time of the Greek philosophers and focus mainly on the concept of hedonism as the main driving force in behavior. In the 18th and 19th century the principle of hedonism reemerged and developed in the works of philosophers such as Locke, Bentham, Mill and Helvetius. The principle of hedonism presents that individuals tend to seek pleasure and avoid pain. Hedonism makes people consider the behavioral alternatives available and act to maximize positive results (Steers & Porter, 1991).

At the end of the 19th century, motivation theory started to move from the field of philosophy to the science of psychology (Steers & Porter, 1991).

Another effort to explain human behavior led to the theory of instincts. Charles Darwin's theory of evolution stressed that certain intelligent actions are inherited, such as the sucking reflex of newborns, but he also talked about behaviors that were adopted by individuals based on the circumstances, which were called instincts. According to Darwin, instincts were inherited and were necessary for survival. The theory of instincts was used as a basis to create their theories for many psychologists such as William

James, William McDougall, and Sigmund Freud. Instincts had different interpretations for each psychologist. According to James, an instinct was natural, unlearned behavior and he highlighted that the main difference between humans and mammals was that the first had much more instincts (Steers & Porter, 1991). McDougall believed that instincts are inherited and goal-seeking tendencies which explained everyone's perception of things. In 1908 McDougall made a list of instincts: flight, repulsion, curiosity, cognacity, self-abasement, self-assertion, parenting, reproduction, hunger, gregariousness, acquisitiveness, and constructiveness (McDougall, 1908).

Motivation theory has evolved a lot throughout the years. In the first part of the 20th century, it started with the contribution of the exponents of the scientific management and in the middle years, the behavioral scientists began to develop the 'needs' theory of motivation. The core theories on motivation were developed in the 1960s and 1970s even though the first theory of reinforcement was formed in 1911 by Taylor (Armstrong & Taylor, 2014).

2.4.1 Instrumentality theory

According to instrumentality theory, rewards and punishments are the best tools for the shape of behavior. It states that people will be motivated in the workplace as long as rewards and punishments are connected directly to their performance. Instrumentality theory originates from the scientific methods of Taylor (1911) who stated: 'It is impossible, through any long period of time, to get workmen to work much harder than the average men around them unless they are assured a large and a permanent increase in pay' (Taylor, 1911). From the above-mentioned statement, it is evident that motivation is provided through financial incentives. Except for the monetary rewards, Frederick Taylor in the scientific management school dealt with the division of labor, task specialization and time measurement (Stone, 2005).

As Armstrong & Taylor (2014) stress, instrumentality theory relies merely on a system of external controls and does not involve any human needs. In addition, it seems to

underestimate the harm that can be caused to the formal control system by the informal relationship between workers (Armstrong & Taylor, 2014).

2.4.2 Reinforcement theory

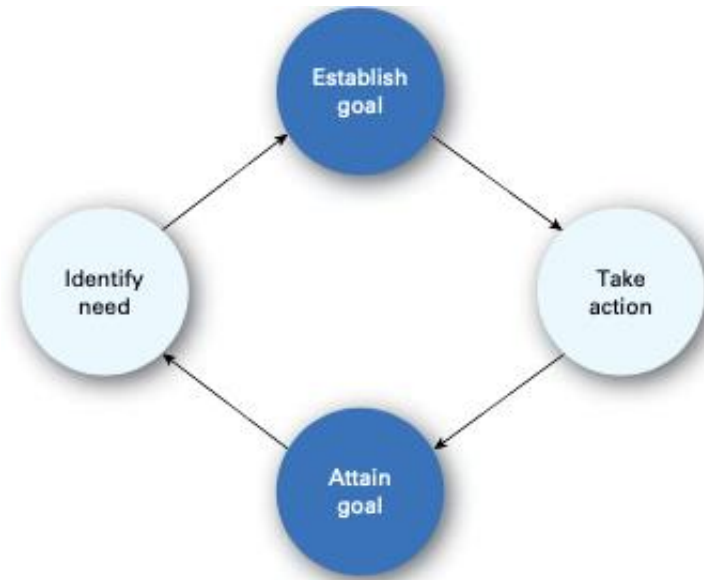
Reinforcement theory which was developed by Hull (1951) proposed that the achievement of goals and rewards act as positive incentives thus they reinforce successful behavior, which re-appears the next time a similar need emerges (Armstrong M. , 2009). The more frequent the reinforcement, the more likely it is to apply a sort of behavior pattern which at some point might become a more or less unconscious reaction. Accordingly, failures have negative reinforcement which make the individual search for alternative means to reach the existing goal. This procedure is called ‘the law of effect’ (Armstrong M. , 2009).

2.4.3 Content theory

The objective of the content or needs theories formed by Maslow, Alderfer, McClelland, Herzberg, and Deci and Ryan was to identify the exact factors linked with motivation by focusing on the needs of each individual. It is based on the belief that an unsatisfied need creates tension, anxiety, and a sense of disequilibrium. To remedy this situation, firstly a goal is identified that will satisfy the need and a behavior pathway is chosen that will help achieve the goal and consequently that will satisfy the existing need. Behavior is highly motivated by unsatisfied needs.

Content theory simply presents the components of motivation, but it shall not provide how motivation actually affects performance which is necessary to be able to formulate HR policies and practices (Armstrong & Taylor, 2014). In the next figure, a content theory model is presented.

FIGURE 5 THE PROCESS OF MOTIVATION BASED ON CONTENT THEORY



Source Armstrong & Taylor (2014) p. 172

2.4.3.1 Maslow's hierarchy of needs

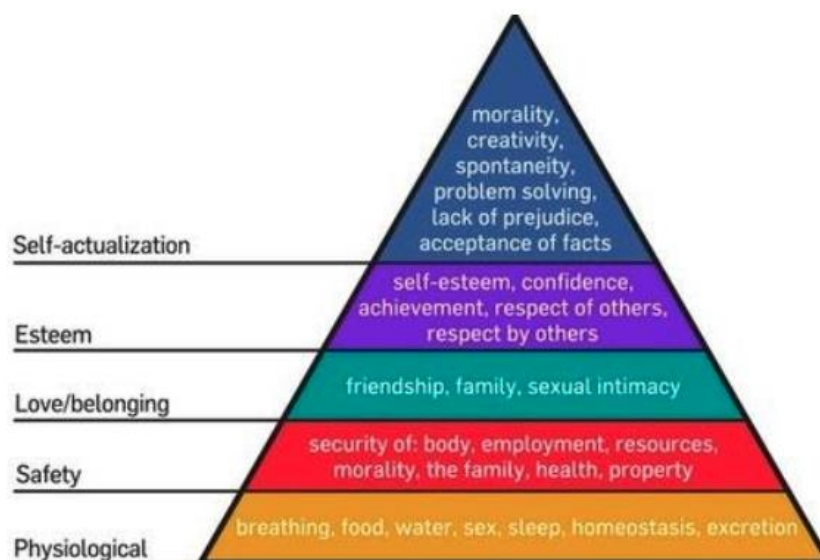
Maslow's (1943) theory of human motivation proposed that there are five core need categories that apply to people, starting from the physiological needs to a hierarchy of safety, social and esteem needs and the need for self-fulfillment/self-actualization, which is the most important need of all. The concept was that when a lower need is satisfied, the ladder is moving upwards, and the next highest need is to be fulfilled. Nonetheless, there is a need that cannot be satisfied, and this is the need for self-actualization. Based on Maslow's motivation theory, only an unsatisfied need can motivate an individual and the needs are the ones that determine the repertoire of behaviors that a person develops to satisfy that need (Latham G. P., 2007). As people climb the ladder of needs, psychological development takes place, but this does not necessarily mean that the lower needs will stop existing. Individuals continually turn back to previously satisfied needs and so on (Armstrong & Taylor, 2014).

Maslow (1943) in his paper about human motivation stressed out that (Maslow, 1943):

This theory starts with the human being rather than any lower and presumably ‘simpler’ animal. Too many of the findings that have been made in animals have been proven true for animals but not for the human being. There is no reason whatsoever why we start with animals in order to study motivation. (pg.392)

Even though Maslow’s hierarchy of needs, which was written during the Great Depression, has been very popular throughout the years, it has faced a lot of criticism as it has not been verified by empirical research. Maslow’s theory of human motivation was based on conclusions he drew from his observations of individuals who came to him for help in their personal issues (Latham G. P., 2007). More specifically, it has been merely criticized for its apparent rigidity in the sense that different entities have different priorities and needs, and that the assumption that everyone has the same needs cannot exist. Even Maslow himself had second thoughts regarding the strictly ordered hierarchy, but in the end the core assumption of this theory is that the higher-order needs are more significant (Armstrong & Taylor, 2014).

FIGURE 6 MASLOW’S HIERARCHY OF NEEDS



Source: <https://www.whatishumanresource.com/maslows-need-hierarchy> accessed 22th April

According to the figure above, Maslow proposed five categories of needs which will be analyzed briefly below.

1. *Physiological needs* are the first to be satisfied. Until their satisfaction no other needs are likely to be fulfilled. Maslow stated that ‘For our chronically and extremely hungry man, utopia can be defined very simply as a place where there is plenty of food’ (p.374) and when the need is satisfied ‘At once other (and ‘higher’) needs emerge and these, rather than physiological hungers, dominate the organism’ (p.375) (Maslow, 1943). According to Maslow, the lower order need becomes stronger as deprivation increases. This belief was possibly influenced by the laboratory findings of Hull and Spence with animals (Latham G. P., 2007).
2. *Safety needs*. Maslow (1943) expresses the need for safety as ‘the common preference for a job with tenure and protection, the desire for a savings account, and for insurance of various kinds (medical, dental, unemployment, disability, old age)’ (p.379) (Maslow, 1943).
3. *Love needs*. Following the satisfaction of the two lower to the hierarchy needs, the needs for love and belongingness appear (Latham G. P., 2007).
4. *Esteem needs*. The majority of people have a desire for a high evaluation of themselves, based on their high-performance and effective work. Their achievement makes others respect them and enhances their self-confidence. Without the recognition from others, feelings of inferiority, weakness and of helplessness emerge (Latham G. P., 2007).
5. *Self-actualization needs*. Self-actualization depends on an individual’s prior satisfaction of the other four needs (Latham G. P., 2007). As Maslow (1943) stresses ‘it refers to the desire for self-fulfillment, namely, to the tendency for him to become actualized in what he is potentially’ (p.382) (Maslow, 1943).

2.4.3.2 ERG theory (Alderfer)

In 1972 Alderfer proposed a simpler theory which was based on three categories of needs. The first category was existence needs; hunger and thirst are the basis of this category, but they also include payments, benefits and working conditions. The second category was relatedness needs. This type of needs helps to acknowledge that people are not self-contained units but have to interact with their human environment in terms of acceptance, understanding, confirmation and influence by others. Lastly, Alderfer introduced the category of growth needs. Growth needs promote people to find opportunities to evolve as much as they can which makes this category the most important of all (Armstrong & Taylor, 2014) .

2.4.3.3 McClelland's theory

McClelland in 1961 classified needs in three categories. To produce this categorization, he used studies of managers.

1. The need for achievement: the need for competitive success against a personal standard.
2. The need for affiliation: the need for friendly and compassionate relationships.
3. The need for power: the need to control and influence people (Armstrong & Taylor, 2014).

2.4.3.4 Herzberg's two-factor model

The two-factor model of motivation developed by Herzberg (1957, 1966) was based on a research regarding the origins of job satisfaction and dissatisfaction of accountants and engineers who were asked what made them feel good or bad about their jobs. According to this survey, there were two main factors that affected satisfaction and dissatisfaction.

- Motivating factors or ‘satisfiers’ relate to the job content and entail the need for achievement, the interest of the work, responsibility, and opportunities for development. These needs are the intrinsic motivators
- Hygiene factors relate to the job context and include pay, working conditions, interpersonal relationships. ‘Hygiene’ is used in the medical use of the term, meaning preventative and environmental. Hygiene factors alone neither satisfy nor motivate and they are used to prevent job dissatisfaction (Armstrong & Taylor, 2014). Herzberg suggested that hygiene factors do not motivate but their absence might lead to job dissatisfaction (Stone, 2005).

2.4.4 Self-determination theory

Deci and Ryan’s self-determination theory proposed that individuals are motivated by the need to pursue three basic goals: competence, autonomy, and relatedness (Deci & Ryan, 2000).

2.4.5 The human relations movement

The human relations movement, in contrast with Frederick Taylor’s scientific management theory, is a more humanistic approach and states that employees seek more than financial rewards from their jobs. Money is considered as an effective motivator when used to facilitate and not oppose the satisfaction of employee needs. The shift in management thinking resulted from a series of studies conducted from the early 1920s through to the mid-1930s at the Hawthorne Works of Western Electric (Stone, 2005). Together with the sociologist Elton Mayo, the Harvard University team conducted a survey about how productivity was affected by rest pauses, financial incentives, friendly supervision, and informal group norms (Roethlisberger & Dixon, 1939).

2.4.6 Theory X and Theory Y

Douglas McGregor proposed that the policies are the ones that influence managerial decisions. He stated that managers form their opinions on employee motivation by considering one of the two propositions that follow, the Theory X and the Theory Y.

Managers influenced by Theory x are directive, narrow and control-oriented in the way they behave to their employees. The assumption underlying theory X is that without active management intervention, people are more passive, reluctant, and dependent to organizational needs. On the other hand, managers guided by Theory Y encourage employees to be involved in the decision-making processes, and grant job autonomy and variety of tasks. It is undeniable that highly productive employees with more initiatives and commitment to the strategic goals of an organization are those whose higher needs are satisfied (Stone, 2005). McGregor defined Theory Y as ‘a process primarily of creating opportunities, releasing potential, removing obstacles, encouraging growth and providing guidance’ (McGregor, 1970).

Theory X emphasizes management control whereas Theory Y puts emphasis on employee self-control. Even though managers tend to be appealed more by Theory Y, it is considered more of a program than a scientific theory and does not provide clear results to whether employees are more motivated or not (Rose, 1985). Nonetheless, McGregor’s approach has had great significance as it encouraged managers to:

1. delegate authority,
2. enlarge and enrich jobs,
3. provide more autonomy to employees and increase their responsibilities,
4. promote the free flow of communication within departments and organizations,
5. use participative management-by-objectives performance appraisal, and
6. encourage employee empowerment and self-management (Szilagyi & Wallace, 1990).



2.4.7 Process Theories on Motivation

2.4.7.1 Expectancy Theory

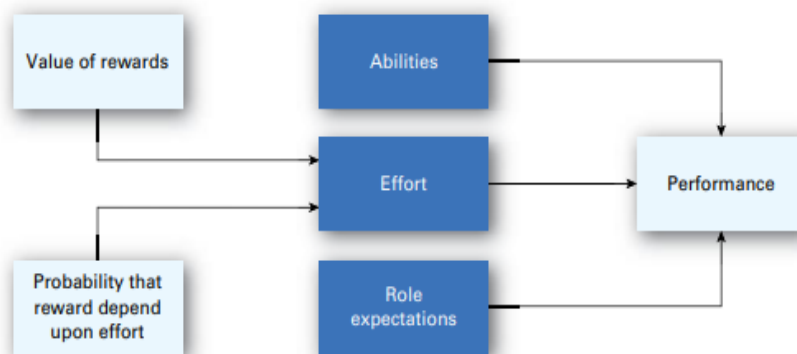
Expectancy theory relates mostly to choice behavior and it is based on the assumption that employees will do what they can, when they want to (Stone, 2005). It states that motivation will be high when employees know what they must do in order to get a reward, expect that they will manage to get the reward and finally expect that the reward will be worthwhile. Vroom (1964) was the first to formulate the valency-instrumentality-expectancy theory, aka VIE theory; valency stands for value, instrumentality refers to the belief that if we do one thing it will lead us to another, and expectancy is defined as the probability that a specific action will lead to a result (Vroom, 1964). Even though expectations sometimes are influenced by past experiences, individuals are usually presented with new situations and circumstances, as for example a change in the work environment, payment system and so on. In these situations, motivation might be reduced. In reality, it seems that motivation is only likely when there is a clear connection between performance and outcome, and in this case the outcome is considered as a means of satisfying needs (Armstrong & Taylor, 2014).

Vroom claimed that the connection between motivation (M), expectancy (E), instrumentality (I) and valence (V) can be expressed as follows: $M = E \times I \times V$. According to Stone (2005) this equation means that ‘the motivational impact of a particular employee decision is dramatically reduced whenever expectancy, instrumentality or valence approach zero’. Accordingly, so as to have a positive motivational impact, the employee needs to feel favorably as far as expectancy, instrumentality and valence linked with the regard are concerned (Stone, 2005).

Following Vroom’s theory, there was a theory developed by Porter and Lawler (1968) which proposed that there are two factors that influence the effort people put in their work: first, the value of the rewards that satisfy their needs for security, social esteem, autonomy and self-actualization and second the probability that rewards depend on

effort, in other words their expectations about the relationship between effort and reward (Porter & Lawler, 1968). Consequently, the greater the value of rewards and the higher the probability receiving these rewards depends on effort, the bigger the effort that will be put. Nonetheless, a little effort is not enough as Porter and Lawler stressed. The effort needs to be effective in order to have the desirable outcome and performance. They proposed that there are two variables except for the effort that affect task achievement: 1. Ability which refers to all individual characteristics such as intelligence, skills, knowledge and 2. Role perceptions which has to do with what the individual desired to do or required to do (Armstrong & Taylor, 2014).

FIGURE 7 MOTIVATION MODEL BY PORTER AND LAWLER (1968) AS RETRIEVED FROM ARMSTRONG & TAYLOR (2014, P. 175)



Even though, expectancy theory has become the most influential motivation theory, since it deals with performance and reward management, there have been cases of reservations in the past about it. House *et al* (1974) pointed out that there is no efficient evidence regarding the validity of this theory and they mentioned that there were a number of variables that could affect expectations which made it more difficult to predict the employees' behavior (House, Shapiro, & Wahba, 1974). The variables that they proposed are:

- Leadership behavior. The leader would clarify expectations, guide, support and reward employees.
- Individual characteristics. It has to do with the employees' perception of their individual skills to perform the required task.

- Nature of the task. It depends on the completion or not of each plan of getting reinforcement or reward.
- Organization's practices which refers to the existence and function of an organization's reward and control systems.

Regardless of the reservations and objections expressed throughout the years, the expectancy theory is considered to be a useful tool to assess the effectiveness of motivating devices such as performance-related pay (Armstrong & Taylor, 2014).

2.4.7.2 Goal Theory

As Stone (2005) stressed at most of the times when an employee does not perform as a manager expects, it is because the employee is not sure about what is actually expected (Stone, 2005). The goal theory, which was developed by Latham and Locke (1979) stated that motivation and performance are higher when goals are clearly defined to employees and when there is relevant feedback on their performance. In fact, feedback is vital in maintaining motivation, particularly towards the achievement of even higher goals (Latham & Locke, 1979).

In summary, goal setting theory is a strong employee motivator of goals are specific, demanding but attainable, acceptable to employees and lastly if managers provide feedback on progress (Wilk & Redmon, 1998).

2.4.7.3 Equity theory

Equity theory, developed by Adams (1965), deals with the perceptions people have regarding how they are treated compared with other employees. In other words, if an employee sees a discrepancy between the outcomes they receive and their input, that employee will be motivated to do more or less work (Stone, 2005). Adams stressed that employees assess the fairness of their rewards (outcomes) in relation to their personal effort and skills (inputs) and they do that by comparing their own personal traits against others'. If the input/output ratio is lower than expected, they will feel that there is

reward inequity (Armstrong & Taylor, 2014). So as to restore the inequity, employees may:

- Change inputs – more or less effort to the job
- Change outcomes – employees can push for monetary or other benefits without increase input increase
- Psychologically rationalize inputs/outputs – employees change their own perception of their actual inputs/outputs
- Leave – move to another department or even quit
- Psychologically distort the inputs/outputs of others – employees might believe that others work harder and thus they are getting rewards
- Change the comparison – in the sense that another co-worker might not be appropriate for comparison as used to be.

Perceptions of equity are usually evident in organizations when employees with the same job positions receive different scales of pay (Stone, 2005).

2.4.8 Social learning theory

Bandura (1977) used aspects of both reinforcement and expectancy theories to develop his social learning theory (Bandura, 1977). It sees the basic behavioral concept of reinforcement as a determinant of future behavior but also stresses the importance of psychological factors, especially expectations about the actual value of goals and the individual's ability to reach them (Armstrong & Taylor, 2014). Robertson and Cooper (1983) have highlighted that 'there are many similarities between social learning theory and expectancy theory in their joint emphasis on expectancies, individual goals and values and the influence of both person and situational factors' (Robertson & Cooper, 1983).

2.4.9 Cognitive evaluation theory

Deci and Ryan (1985) via their cognitive evaluation theory proposed that the use of extrinsic rewards might harm the intrinsic motivation that comes from inherent job interest (Deci & Ryan, 1985).

TABLE 1 SUMMARY OF MOTIVATION THEORIES; SOURCE (ARMSTRONG & TAYLOR, 2014) P. 178-179

Category	Theory	Summary of theory	Implications
Instrumentality	Taylorism Taylor (1911)	If we do one thing it leads to another. People will be motivated to work if rewards and punishments are directly related to their performance.	Basis of crude attempts to motivate people by incentives. Often used as the implied rationale for performance-related pay although this is seldom an effective motivator.
Content or needs	Hierarchy of needs Maslow (1954)	A hierarchy of needs exists: physiological, safety, social, esteem, self-fulfilment. Needs at a higher level only emerge when a lower need is satisfied.	Focuses attention on the various needs that motivate people and the notion that a satisfied need is no longer a motivator. The concept of a hierarchy has no practical significance.
	ERG Alderfer (1972)	A non-hierarchical theory identifying three basic needs: existence, relatedness and growth.	A simpler and more convincing categorization of needs.
	Achievement motivation McClelland (1961)	Identified three needs for managers: achievement, affiliation and power. Of these, achievement is the most important.	Emphasized the importance to managers of achievement as a motivating factor.
	Two-factor model Herzberg (1957, 1966)	Two groups of factors affect job satisfaction: 1) those intrinsic to the work itself; 2) those extrinsic to the job such as pay and working conditions. The factors that affect positive feelings (the motivating factors) are quite different from those that affect negative feelings (the hygiene factors).	The research methodology has been strongly criticized (it does not support the existence of two factors) and the underpinning assumption that everyone has the same needs is invalid. But it has influenced approaches to job design (job enrichment) and it supports the proposition that reward systems should provide for both financial and non-financial rewards.
	Self-determination Deci and Ryan (2000)	Individuals are motivated to achieve three fundamental goals: striving for competence, autonomy, and relatedness.	Provides an alternative and simpler classification of needs.

Category	Theory	Summary of theory	Implications
Process	Reinforcement Thorndike (1911) Skinner (1953)	As experience is gained in satisfying needs, people perceive that certain actions help to achieve goals while others are unsuccessful. The successful actions are repeated when a similar need arises.	Provide feedback that positively reinforces effective behaviour.
	Expectancy Vroom (1964) Porter and Lawler (1968)	Effort (motivation) depends on the likelihood that rewards will follow effort and that the reward is worthwhile.	The key theory informing approaches to rewards, ie that they must be a link between effort and reward (line of sight), the reward should be achievable and it should be worthwhile.
	Goal Latham and Locke (1979)	Motivation will improve if people have demanding but agreed goals and receive feedback	Influences performance management and learning and development practices.
	Equity Adams (1966)	People are better motivated if treated equitably, ie treated fairly in comparison with another group of people (a reference group) or a relevant other person.	Need to have equitable reward and employment practices.
	Social learning Bandura (1977)	Recognizes the significance of reinforcement as a determinant of future behaviour but also emphasizes the importance of expectancies about the value of goals and the individual's ability to reach them.	The emphasis is on expectancies, individual goals and values and the influence of both person and situational factors as well as reinforcement.
	Cognitive evaluation Deci and Ryan (1985)	The use of extrinsic rewards may destroy the intrinsic motivation that flows from inherent job interest.	Emphasizes the importance of non-financial rewards. The conclusions reached from Deci and Ryan's research have been questioned.

2.4.10 Motivation and money

Money as pay or any other sort of remuneration is the most important extrinsic reward for employees. Herzberg *et al* (1957) expressed their doubts as the provision of money does not ensure lasting satisfaction (Herzberg, Mausner, & Snyderman, 1957). Employees with fixed salaries may feel secure but they feel even better and more valuable when they get an increase. But, still, this feeling is temporary. It is important to stress that each person has different needs so some people might be more motivated by money than others. Undoubtedly, we cannot assume that money motivates everybody in the same way and to the same extent so a performance-related pay scheme cannot guarantee that will increase employees' motivation and productivity but we can be sure that money is a powerful force which directly or indirectly leads to the satisfaction of many additional needs. Money is not only considered a financial reward but more importantly a highly tangible means of recognition (Armstrong M. , 2009).

Stone (2005) stated that only if certain conditions are met, employees will be motivated (Stone, 2005). He gathered the situations that follow:

- Employees must attach a high positive valence to pay
- They must believe that high performance leads to high pay
- They must believe that the quality of their work is reflected to how hard they try
- They must see the positive outcomes linked to good performance as being greater than the negative ones (for example moving to a higher tax bracket)
- They must see good performance as the most desirable of all possible behaviors.

2.5 Learning and Development

Organizations need to have on board people with high levels of knowledge, skills, and abilities. To pursue this target, business-led steps are taken meaning that their basis lies upon the strategic imperatives of the business but also an organization needs to take

into account the personal needs of the employees for development and growth (Armstrong & Taylor, 2014).

Learning and development refer to the process of ensuring that an organization has the needed competent, skilled, and committed personnel. It facilitates the process of acquisition by individuals or teams of knowledge through learning events, workshops, and programs offered by the organization, it also provides sufficient guidance and coaching by managers and lastly self-directed learning activities (Armstrong & Taylor, 2014). Moreover, the use of life-long training by many organizations provides their personnel with the necessary tools to adapt, evolve and to achieve understandings and common grounds regarding working methodology as the number of the employees increases (Rammata, 2018).

Harrison (2009) defined learning and development as follows: ‘The primary purpose of learning and development as an organizational process is to aid collective progress through the collaborative, expert and ethical stimulation and facilitation of learning and knowledge that support business goals, develop individual potential, and respect and build on diversity’ (Harrison, 2009).

FIGURE 8 TRAINING AND DEVELOPMENT PROCESS



Source: <https://www.mbaskool.com/business-concepts/human-resources-hr-terms/8685-training-and-development.html> Accessed 26th April 2022



2.5.1 Importance of Training/Learning and Development

Companies should invest in the continuous training and development programs of their employees to keep improving. The harsh and competitive environment of our times as well as the changing business environment make it even more demanding for an organization to keep their employees well-trained and encourage the acquisition of new skills. But are these the only reasons why training and development are so important?

The importance of training and development can be summed in the list below:

1. It enables the optimum use of the available resources.
2. It boosts the development of skills like time management, team management, leadership and so on.
3. It increases employees' performance, productivity, and motivation and it refreshes their goals, ambitions and contribution levels.
4. It promotes the team spirit.
5. The organization culture is improved via this process.
6. It improves the quality of the services provided.
7. It increases profitability and bottom line via the acquisition of new assets.
8. The existence of well-trained and highly skilled employees enhances the brand image. (mba SKOOL, 2022)

2.6 Performance management – Performance appraisal

Nowadays due to high competition among organizations, emphasis is put on both individual and organizational performance improvements for the survival and prosperity of each organization (Stone, 2005).

Storey and Sisson (1993) define *performance management* as 'an interlocking set of policies and practices which have as their focus the enhanced achievement of organizational objectives through a concentration on individual performance' (Storey & Sisson, 1993). Performance management aims to improve organizational, functional,

unit and individual employee performances by focusing merely on strategic planning and development.

Performance management can be a means of rewards to people through feedback and general guidance by managers on career paths and future opportunities. These rewards are non-financial, encourage job engagement, last longer and have a more powerful impact than monetary rewards. In addition, it concerns with issues of pay increases or bonuses related to performance (Armstrong & Taylor, 2014).

Performance appraisal involves measuring how well an individual is doing their work against a set of criteria providing feedback and creating a development plan. Organizational objectives are met through the effort of employees in the sense that if employee performance is improved, accordingly the organization's performance will be improved (Stone, 2005).

The evaluation of employee performance is usually made by the immediate supervisor but can also be done by anyone who is familiar with the performance objectives, has observed sufficiently the employee's performance or has the knowledge to distinguish between effective or ineffective job behaviors (Stone, 2005).

Supervisor evaluation

Most of the times performance appraisal is the responsibility of the immediate supervisor. This is happening because the supervisor is the person that best knows the job, the performance standards but also the actual performance of each employee. It is considered a powerful monitor device for supervisors but this approach includes also the subjectivity of the supervisor, his/her incompetence, corruption of data to justify pay raise and so on (Robbins, 2001).

Peer evaluation

Organizations that use total quality management (TQM) mechanism are increasingly using peer evaluation as peer ratings are often more accurate than supervisor's because peers usually know better each other's performance. Moreover, via this method

employees are subject to peer pressure, which is a powerful motivator for high performance, employees' commitment and productivity is increased, the process is more objective, reliable, and solid (Stone, 2005). However, effective peer appraisals need a high level of trust among the peers, a non-competitive reward system and frequent opportunities for growth.

Self-evaluation

Self-evaluation is usually used in organizations that want to promote a less authoritarian culture and encourage employee participation and development. Research has shown that self-evaluation leads to more satisfying performance review discussions, less defensiveness among employees and to improved job performance through greater commitment to organizational goals (Stone, 2005).

Multisource evaluations/360-degree appraisals

In this case feedback, with the form of ratings, is given by several people who may include the manager, subordinates, colleagues, and customers. The term '360-degree feedback' is the most common approach and it is more properly described as 180-degree feedback (Armstrong & Taylor, 2014). Feedback may be given directly to individuals or to their supervisors, or both. After the feedback, HR executives provide coaching, reinforcement and counselling regarding organization's mission, values, and strategic business objectives (Stone, 2005).

2.7 Reward management and employee engagement

According to Armstrong and Murlis (2007) 'reward management is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization' (Armstrong & Murlis, 2007).

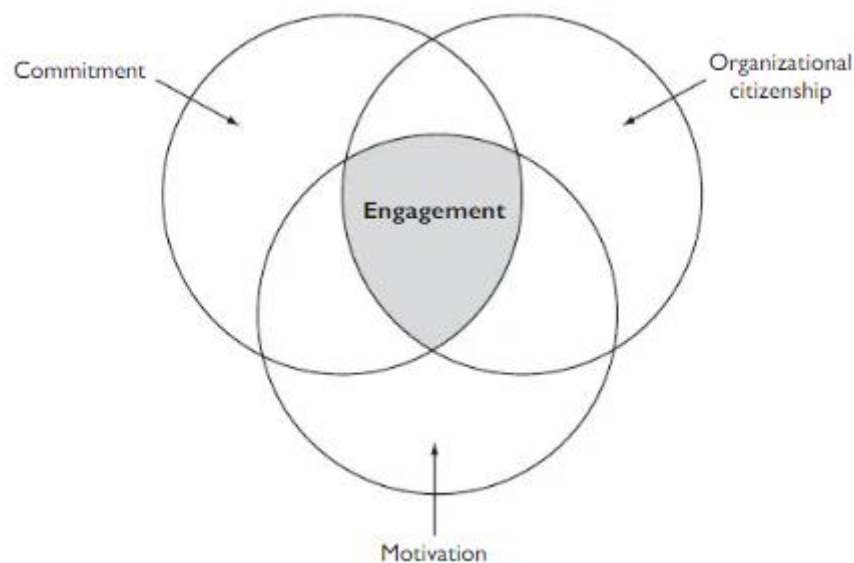
Employee engagement

According to Reilly and Brown (2008) the common used terms motivation, commitment and job satisfaction are being replaced in the business world by the term ‘engagement’ because it seems to have more descriptive force than the first (Reilly & Brown, 2008).

The Institute of Employment Studies (Robinson, Perryman, & Hayday, 2004) has provided the following definition of engagement:

Engagement is a positive attitude held by the employee towards the organization and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to nurture, maintain and grow engagement, which requires a two-way relationship between employer and employee.

FIGURE 9 IES MODEL OF EMPLOYEE ENGAGEMENT



Source (Armstrong M. , 2010)

Employee engagement is of paramount importance for managers and employers as according to research indications high levels of engagement result in high levels of performance too. But, which are the factors that affect employees' engagement and which factors enhance their engagement and motivation?

Research conducted by IDS (2007) has shown that the existence of rational aspect and emotional aspect are two key elements for engagement. The rational aspect refers to the employees' understanding of their role in the organization and how it aligns with business objectives. The emotional aspect deals with how personnel feels about the organization, and more particularly whether their work provides them with a sense of self achievement and their relationship with managers. Moreover, engagement is strongly attached with work and job design, the quality of life and the quality of leadership (Armstrong M. , 2010).

Below you may find a table with the antecedents and consequences of engagement based on a research conducted by Balain and Sparrow (Balain & Sparrow, 2009).

TABLE 2 ANTECEDENTS, TYPES AND CONSEQUENCES OF ENGAGEMENT (SOURCE: BALAIN & SPARROW 2009)

Antecedents of engagement	Types of employee engagement	Consequences
<ul style="list-style-type: none"> ● Enriched and challenging jobs (job characteristics). ● Quality of the employee–organization relationship (perceived organizational support). ● Quality of the employee–supervisor relationship (perceived supervisor support). ● Rewards and recognition. ● Fairness in the processes that allocate resources or resolve disputes (procedural justice). ● What is considered just or right in the allocation of goods in a society (distributive justice). 	<ul style="list-style-type: none"> ● Job engagement. ● Organizational engagement. 	<ul style="list-style-type: none"> ● Job satisfaction. ● Organizational commitment. ● Level of intention to quit. ● Organizational citizenship behaviour.

Beyond the shadow of a doubt an important incentive for the existence of motivation and engagement is money, even though financial incentives motivate people only in the short run. What really matters and makes the greatest impact is non-financial rewards. It is crucial that money is reinforced by non-financial rewards, particularly those that generate intrinsic motivation to have a more powerful and longer-lasting effect on people. Non-financial rewards focus on the needs of people for recognition, autonomy, responsibility, achievement, and personal growth. They can be extrinsic, such as praise or recognition, or intrinsic which come from the work itself in the sense of job interest and feelings towards it (Armstrong M. , 2010).

2.7.1 Types of non-financial rewards

According to Armstrong (2010) non-financial rewards can be categorized as follows:

- Individual intrinsic rewards: fulfilling job, opportunities to grow
- Individual extrinsic rewards: non-financial recognition, praise, feedback
- Collective extrinsic rewards: quality of work life, well-being policies, employee benefits, learning and development and talent management programs
- Collective intrinsic rewards: work system design, work environment enhancement (Armstrong M. , 2010)

2.7.1.1 Individual intrinsic rewards

Motivation is highly increased when people feel that what they do is worthwhile. Work can also be fulfilling when it requires people to use abilities that they value to perform it effectively and specific scope is provided for achievement, responsibility, and autonomy. Moreover, it seems that people feel more motivated when they satisfy the need for achievement and being recognized for this. In addition, individuals tend to be motivated when they are given more responsibility for their work in the sense that they are responsible for their own work and in charge of it and the resources needed to perform it effectively. The feeling of being given more responsibility fulfils the need

for achievement and increases self-esteem which is also a form of recognition. We should also mention the aspect of autonomy which not only enhances self-belief but also gives people more opportunities to develop skills. Being autonomous at work means that an employee has the freedom to make decisions and act independently without having to refer to a supervisor or manager (Armstrong M. , 2010). Last but not least, Alderfer (1972) stressed the importance of giving opportunities to people for their personal growth which is considered as a means of reward and thus a motivator. He stated that only when people have the opportunity to become what they can, growth needs can be satisfied. In fact, the majority of learning and development practices takes place daily and the organization can facilitate this process through coaching, mentoring and general support in the implementation of any plans that aim to each employee's personal growth which is part of the performance management process (Alderfer, 1972).

Coaching

Coaching plays an important role in workplace learning. Coaching refers to counselling, guiding or instructing the employee regarding the short-term job-related skills or long-term career hazards (SKOOL, 2022). It is a personal approach towards helping people not only to develop their skillset and improve their performance, but also to achieve organizational goals. It is usually a one-to-one contact and opportunities for coaching arise everyday as it is part of the normal process of management (Armstrong & Taylor, 2014). Great supervisors tend to be great coaches or mentors as well as they are always willing to share their knowledge but most of all they want people to grow. In conclusion, it is important to note that coaching and mentoring are closely related and hence can be used interchangeably. There are two types of coaching, the internal coaching, and the external coaching. The internal coaching is conducted within the organization, where the manager or supervisor acts as a coach and leader. The coach knows the coachee personally and is part of the decision making process of the organization whereas in the case of external coaching the coach is not part of the organization and the decision-making process of the organization but he/she is an expert in HR field (SKOOL, 2022).

FIGURE 10 COACHING CYCLE



Source: Mba Skool, website: <https://www.mbaskool.com/business-concepts/human-resources-hr-terms/15122-coaching.html> accessed April 27th

Mentoring

Mentoring refers to the process of using specially selected and highly trained individuals to provide guidance, advice, and constant support to the employees in order to facilitate their learning and development plan. Mentors motivate and encourage personnel to perform better and boost them for even higher performance and development.

Mentoring is a relatively directive means of increasing one's competences and is in favor of on-the-job learning and formal training by experienced managers to individuals (Armstrong & Taylor, 2014).

2.7.1.2 Individual extrinsic rewards

Non-financial recognition has to do with the need of employees to know how well they performed a task and also how much their work is appreciated by supervisors. It is

considered as one of the most powerful tools of rewarding and motivating people and are closely linked to the esteem needs of Maslow's theory. Managers but also colleagues can boost their employees by providing positive feedback. Other forms of recognition that can function as rewards and enhance employees' motivation and engagement are public 'applause', sabbaticals, treats and many more extra employee benefits. Furthermore, praise is another form of recognition which is provided either privately, for example during the course of work, or publicly, which is even more rewarding for the employee. Last but not least, we need to mention feedback as a form of recognition which can facilitate the develop self-directed performance and learning and boost self-esteem (Armstrong M. , 2010).

2.7.1.3 Collective extrinsic rewards

Collective extrinsic rewards are provided by the organization in the form of policies, procedures, and programs. They entail work-life balance policies including flexible working hours and arrangements and recognize the importance of each person's needs outside the work environment. Moreover, the well-being of employees is of great importance and organizations that want to have motivated and committed personnel focus on that. Employee well-being services, which may include counselling or personal casework, help employees overcome their personal issues. In addition, collective intrinsic rewards include employee benefits which refer to opportunities given by the organization to buy goods on discount. Finally, the learning and development opportunities that are offered by the company function as a great motivator and give employees the chance to invest in the development of their personal skillset (Armstrong M. , 2010).

2.7.1.4 Collective intrinsic rewards

This category involves rewards that are provided mainly by the work environment and include the quality of working life and the company's basic values. When we talk about the quality of working life we have to do with the feelings of satisfaction that originate

from the work itself but also the way employees are being treated within the working environment. As Purcell et al (2003) stressed:

‘What seems to be happening is that successful firms are able to meet peoples’ needs both for a good job and to work ‘in a great place’. They create good work and a conducive working environment. In this way they become an ‘employer of choice’. People will want to work there because their individual needs are met – for a good job with prospects linked to training, appraisal and working with a good boss who listens and gives some autonomy but helps with coaching and guidance’ (Purcell, Kinnie, Hutchinson, Rayton, & Swart, 2003).

Based on research conducted by Purcell and his colleagues, organizations that had ‘the big idea’ were the most successful. ‘The big idea’ means having a clear vision and a set of integrated core values. Such companies focused on sustaining performance and flexibility by simultaneously giving emphasis on establishing clear connections between positive attitudes towards HR strategies, levels of satisfaction, motivation and commitment and the organization’s performance (Armstrong M. , 2010).

General conclusions

It is a fact that keeping an organization/company’s employees motivated is one of the most difficult tasks. Keeping your personnel motivated means that they will be more productive at work, will engage more and will understand and contribute to the achievement of organizational goals whereas a demotivated employee will have the exact opposite behavior at the workplace. There are some basic factors which influence personnel and increase their motivation at work. To begin with, monetary compensation and benefits are considered as two of the most important motivators for an employee. The better the salary, the higher is the motivation level of each individual. Of course, it is crucial to ensure that there will be rewards, recognition and that the employee is being highly appreciated by his/her supervisors so that the individual will be confident enough and full of enthusiasm to be able to perform even better. Moreover, working in an ethical environment with honesty and justice, with

transparency within the different levels of leadership is of great importance. Furthermore, same as the work ethics is the culture at work. Nowadays, the majority of organizations consist of people of different age, color, religion, country, language and so on. Having a good cooperation and good working environment, helps to create a social bond at the workplace. As we have already mentioned, the factor of learning and development plays an important role to the motivation of each individual by developing their skills and thus having more opportunities of growth. Last but not least, having a good quality and balance of work life affects in a positive way an employee (Motivation Meaning, Importance, Types, Factors & Example, 2022).

FIGURE 11 MOTIVATION FACTORS



Source <https://www.mbaskool.com/business-concepts/human-resources-hr-terms/7312-motivation.html> accessed 29th April

Chapter 3. The global financial crisis and the effects of financial crisis on Human Resources – Greek case study

3.1 Definition of crisis and a brief timeline of events

Broadly speaking, a crisis can be defined as an unwelcome event that causes changes with a negative effect on people (Lerbinger, 2012). Even in turbulent times, the human element is an integral part of organizations regardless of social, political, and economic impact. The concept of employee motivation remains a factor of paramount importance regardless of the challenges in any given system.

As of 2007-2008, the financial recession that started with the bursting of the U.S. housing bubble had severe economic repercussions in the global economy and was the worst financial crisis including the Great Depression in the 1930s. Moreover, except for the US housing bubbles and subprime mortgage loans, the world had to face a range of crises, as for example the Iranian banking sectors crisis (Markovits, Boer, & Van Dick, 2013) and increasing Spanish unemployment rates reaching 25% (Díaz-Chao, Ficapal-Cusí, & Torrent-Sellens, 2016) which were only a few of the events that troubled the world.

It all started in February 2007 when there was a huge downturn in U.S. and European real estate markets (Council on Foreign Relations, 2022). Housing prices plunged which resulted in the delay of mortgage payments. The deep integration of global banking, securities and funding market made the crisis expand in a very fast pace to major financial institutions, including banks in Belgium, France, Germany, Ireland, South Korea, Russia and the United States. They were facing existential crises and some of them even collapsed. The global economy has faced the Great Depression in the 1930s as well which was considered as the worst economic catastrophe in modern times. Even though there was a bigger number of banks that collapsed at that period, the current financial crisis was a lot worse as the scale and speed of the expansion of



the crisis were shocking. Data has shown that gross capital flows were reduced by 90 percent between 2007 and 2008 leading to a huge recession in the real economy. International trade and global exports were seriously harmed in the USA. Moreover, between late 2008 and early 2009, 800.000 people lost their jobs on a monthly basis. More than 9 million American houses have been foreclosed. The situation in Europe was more or less the same as in the USA where failing banks and fragile public finances created an unprecedented crisis that almost split the Eurozone (Tooze, 2022).

The world was now facing a tremendous financial crisis which also affected Greece at a point that Greece still faces a severe debt crisis and is obliged to implement strict fiscal, monetary, and structural reforms to receive loans from the European Commission (EC), the International Monetary Fund (IMF), the European Central Bank (ECB) and the European Stability Mechanism (ESM). In an attempt to restore market confidence, control underemployment, and improve economic growth, the Eurozone (EU), the ECB and the IMF, also known as Troika, offered six different Austerity packages between 2010 and 2012 after formulating a crisis management plan. They provided 110 billion euros in loans over three years and in exchange, the Greek government, headed by Prime Minister Papandreou, committed to enforce austerity measures which included spending cuts, salary and pension reductions and tax increases for the citizens. Bailout programs continue to exist until 2018 when Greece receives its final loan from European creditors. At that period, Greece owed to the Eurozone and the International Monetary Fund (IMF) almost 290 billion euros. Public debt has climbed to 160 percent of Gross Domestic Product (GDP). The government had a big burden to overcome. To pay the huge debt that was created the government committed to running a budget surplus through 2060, accepts EU constant financial supervision and imposes more austerity measures after the sign of Memorandum of Austerity measures in May 2010 which triggered several labor issues and led to an increase in unemployment rate. In fact, even today, more than a decade later, statistics show that the unemployment rate remains low and according to IMF the economy has diminished by 25 percent since the beginning of the crisis (Council on Foreign Affairs, 2022). Today, based on data retrieved from IMF, the unemployment rate, as demonstrated in

the figures below, is 12.9 percent whereas its peak back in 2013 has reached 27.5 percent. The GDP growth is 3.5 percent and based on the chart will keep declining in the years to come not only due to the debt crisis but also due to the dramatic effects of the coronavirus pandemic and the Ukrainian war that are both in progress (International Monetary Fund, 2022).

FIGURE 12 UNEMPLOYMENT RATE, GREECE, APRIL 2022

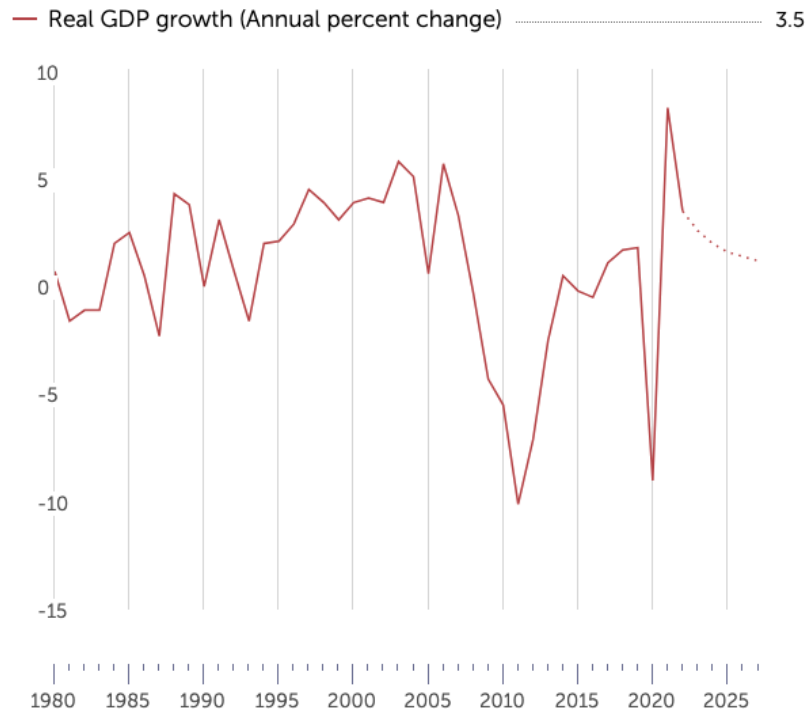
Unemployment rate, Greece, April 2022



Source International Monetary Fund, Country Data

<https://www.imf.org/en/Countries/GRC>, accessed 28th April

FIGURE 13 REAL GDP GROWTH, GREECE, APRIL 2022



Source International Monetary Fund, Country Data

<https://www.imf.org/en/Countries/GRC>, accessed 28th April

Nobody believed that this situation would last that long and would have so many repercussions until today. Undoubtedly, the period of recession is a harsh period for the society and affects every aspect of life. The financial crisis has a negative impact both on the employees but also on the employers as the workplace atmosphere is influenced which makes it even harder for any manager to work on the increase of personnel's motivation.

In this chapter we shall try to investigate which are the best tools that an organization can have in its toolkit to encourage employees' engagement and boost their motivation even during a severe social phenomenon, as a financial crisis.

The financial crisis of 2007-2008 has stressed even more the importance of Human Resource Management in the Greek public sector. Due to the enormous deficits that the



Greek Public Administration had to face, it had significantly limited its available resources which affected the sector of Human Resources as well on both public and private sector (Fragouli & Christoforidis, 2019). In this chapter we shall try to investigate the differences between private and public sector, how HRM is implemented in the public sector that we are interested in and what reforms have been made and need to be made to promote its growth.

3.2 Differences between private and public sector

According to several commentators, Human Resource Management in the public sector has many differences in relation to that of the private sector (Markovits Y. , Davis, Fay, & Van Dick, 2010)

At times of economic growth, the private sector seems to be more attractive than the public. Private sector employees are more extrinsically satisfied and motivated than civil servants (Goulet & Frank, 2002). On the other hand, at times of economic recession, when there are high unemployment rates and low levels of job security, make civil servants more extrinsically satisfied and more committed than private sector employees. According to Bourantas and Papalexandris (1992) what is typical about employees entering the public sector in Greece, is that they look for job security, acceptable wages, and the satisfaction of basic human needs (Bourantas & Papalexandris, 1992). Based on their research, specific differences have been identified. To begin with, private sector employees in Greece tend to be more active, have a sense of competence and have bigger aspirations for growth than in the public sector. There are differences in terms of salary, fringe benefits, employee relationships, status, and human resource management as depicted in Table 3.

TABLE 3 DIFFERENCES BETWEEN PRIVATE AND PUBLIC SECTOR IN GREECE

	<i>Private Sector</i>	<i>Public Sector</i>
Loyalty	To the private sector employer	To the government and the state—The new entrant gives an oath to the Greek Constitution
Employment contract	Individual-, company- or sector-based	Government-, regional government-, local government-based
Employment status	Contracted employment (mainly fixed term)	Life-time and secured employment
Type of employment	Full-time, part-time and flexi-time	Full-time
Hours of work	Typically 40 hours per week, but varies from sector to sector	37.5 hours per week
Policies and procedures	Determined by each private sector organization	Determined by law and applied to all employees
Wages determination	Individual, enterprise or branch collective agreements—Minimum wages are not guaranteed in all private sectors	National collective agreement—Minimum wages are guaranteed everywhere in the public sector
Fringe benefits	Not provided to everyone	Provided to everyone by law and collective agreements
Wage progression	Determined by each private sector organization (according to merits, achievements, company needs)	Determined by seniority and educational background

Retrieved from (Markovits Y. , Davis, Fay, & Van Dick, 2010) p. 182

The causes for having a categorization between public and private sector employees originates from the cultural values, the political, economic, and social conditions of each country. Due to increased levels of high uncertainty avoidance in Greece, collectivism and power distance personnel tends to search for a long-term security and stability offered in the public sector (Markovits, Davis, & Van Dick, 2007).

3.3 Recent Human Resources Developments in OECD Countries

Public management reforms have been initiated during the past decades and were the outcome of the economic recessions that existed in the 1980s and the 1990s all over the world. The key area that was affected by these reforms was Human Resources Management (HRM). The financial hardships required a radical structural change not only of the public but also of the private sector and most of the OECD countries started to reconsider the role of the state and the process of service delivery in public sector which was highly criticized for its lack of efficiency and accountability. The reforms consisted of a variety of new schemes or the substitution of existing systems which aimed at the enhancement of productivity of the civil service and its transformation to becoming more customer-oriented (Shim, Fall 2001).

As gathered by Shim (2001) the following common reform trends can be identified:

- HR management in the public sector became similar to that of the private sector. The major reform was economic efficiency which could be succeeded by reducing the size of the public sector.
- There has been effort to provide to line ministries and/or line managers with greater freedom and flexibility in the management of HR through decentralization and devolution strategies.
- Governments tried to secure accountability in HR management by pointing out the importance of performance and ethics of the civil service.
- Another priority of the governments was to become the model of a good employer.

However, not all countries made the same reform strategies as the pace and scope of HRM differs from country to country, depending on their overall reform agenda, cultural and historical backgrounds, and the degree of economic recessions. New Zealand, Australia, the United Kingdom, Switzerland, and Sweden were some of the countries that followed a variety of reforms and transformed the nature of public service employment and people management. On the other hand, there were other countries



that enforced a limited number of HRM reforms and remained to the traditional status leaving often centralized systems and principles of personnel management unchanged. Their reforms were more ‘project-based’ in the sense that they focused on individual HRM issues. The reforms in many countries of south Europe were focused more on modernization and rationalization of personnel systems than on adopting new methods of management. Greater use of competitive examinations and more centralized entrance processes, designed to enhance more equitable and merit-based staffing systems, were some of the reforms in these countries (Shim, Fall 2001).

The situation today is slightly different as the focus of HRM has changed a lot. The advent of the 21st century has brought a set of new challenges that OECD countries had to face. Recruiting and maintaining high quality employees to the public sector was a top priority for the majority of OECD member countries. Moreover, most countries have stressed the importance of leadership development in the public sector as a means to enhance its integrity and boost the values and ethics of civil service. Last but not least, as part of the reform agenda, emphasis was put also on knowledge sharing and management (Shim, Fall 2001).

It is important to stress that each country has a different design of civil service and different approaches in relation to recruitment and promotion. There are two main categories: career-based systems and position-based systems. In the first case the recruitment of employees, most of the times at the very beginning of their career, is based on academic criteria and/or a civil service entry examination and employees have the ability to keep their job for their entire life. However, promotion lies upon a system of grades which is attached to the individual and not the position and its criteria and this means that it is not easy to enter the civil service at mid-career. Career-based systems as noted by the name focus a lot on career development. In the second case, position-based systems, focus on the selection of the candidate that fulfils the criteria of the position and is fit for the job. It does not mind whether the candidate is a newcomer or has come from promotion or mobility within the civil service body. Open access is highly promoted to position-based systems. Undoubtedly, both systems have advantages and disadvantages and is their responsibility to promote government

collective goals. On the one hand, career-based systems tend to undermine individual performance. On the other hand, even though position-based systems have less strong cross-government values in comparison to career-based systems, they encourage the creation of links across different levels of hierarchy and status (OECD, 2004).

In table that follows we shall see that different emphasis is put by different member countries in the recruitment of the civil servants. Based on the table, the civil service of Greece focuses more on academic credentials, competitive examination, development, and education of its personnel.

TABLE 4 ON WHICH SECTOR DOES EACH COUNTRY FOCUS?

Emphasis on competition for posts and professional experience	Emphasis on competitive examination, education
Australia	Czech Republic
Canada	France
Denmark	Greece
Finland	Hungary
Iceland	Ireland
New Zealand	Japan
Norway	Korea
Sweden	Luxemburg
Switzerland	Spain
United Kingdom	
United States	

Source: (OECD, 2004), p. 5

In the next table the main strong and weak points of the systems discussed are summarized.

	Classic career-based system		Classic position-based system	
	Strengths	Risks	Strengths	Risks
Entry in the civil service	<ul style="list-style-type: none"> ○ Fairness ensured by competitive examination/diplomas. ○ Whole-of-government collective values ensured by similar pre-entry training for different categories of civil servants. 	<ul style="list-style-type: none"> ○ Weak cross-hierarchical levels values. ○ Weak assessment at entry of individual's drive for results. ○ Weak collective values across all staff working for public organisations (with different statuses). 	<ul style="list-style-type: none"> ○ Fairness ensured by open and competitive processes for each position. ○ More collective values across staff with different statuses. 	<ul style="list-style-type: none"> ○ Possible biases at entry, when lack of transparency in recruitment process. ○ Weak common values at entry into the core public service.
Promotion	<ul style="list-style-type: none"> ○ Limited possibilities of unfair management by separation of the grade (acquired with time in the civil service) and the specific post. 	<ul style="list-style-type: none"> ○ Lack of transparency on appointment to different posts (due to weak individual staff assessment). 	<ul style="list-style-type: none"> ○ Fairness ensured by strong individual performance assessment. 	<ul style="list-style-type: none"> ○ When processes are not transparent, possible patronage in promotion (grades and posts being mixed). ○ More difficult cross-departmental appointments.

TABLE 5 STRENGTHS AND WEAKNESSES OF CAREER-BASED AND POSITION-BASED SYSTEMS .

Source: (OECD, 2004), p. 6

Based on data retrieved from the survey conducted by OECD and in comparison to previous years, position-based systems promote the existence of their HRM bodies and have a more centralized system of management whereas career-based systems seem to have become more open to competition than before and dispatch HRM practices to lower hierarchical levels (OECD, 2004).

Emphasis is now given on individual performance and mostly all countries, except Greece, Iceland, Japan, Luxemburg, and Spain, have their own performance appraisal systems. It seems that in position-based systems one of the most important factors for good performance is fiscal whereas in career-based systems the concepts of career and promotion are enforced (OECD, 2004).

Moreover, it is highlighted by the survey that more and more countries consider training and mobility as a fundamental asset in order to enhance and promote knowledge



acquisition. Training is more favored in position-based than in career-based systems. Training policies are designed by the central HRM bodies in most of the OECD countries and then they are put into force by line departments. Most of the OECD countries insist on the creation of a specific training institute for civil servants (OECD, 2004). One of the biggest reforms in Human Resources Management in Greece was the establishment of the *National Centre of Public Administration and Local Government* (EKDDA) in 1983 and it is governed by public law and supervised by the Minister of Interior. It consists of two departments: the *National School for Public Administration* (ESDDA) and the *Institute for In-Service Training* (INEP). The National School of Public Administration (ESDDA) is responsible for the preparation of high-level civil servants who are incorporated into the body upon graduation. The Institute of In-service Training (INEP) supports the process of continuous, life-long training of the civil servants to ensure high quality of services for the citizens for the benefit of growth and social cohesion (National Centre for Public Administration & Local Government, 2022).

Last but not least, OECD data shows that most OECD member states have evolved and have enhanced some degree of decentralization of HRM policies from central HRM bodies to line departments. Thus, mostly in position-based systems, we notice that rules and procedures have been simplified and more flexible HRM approaches have been developed. Even though pay has remained centralized there have been efforts to provide pay flexibilities to line ministry departments (OECD, 2004). The most radical changes in the flexibility and decentralization of HR occurred in New Zealand, Australia and Sweden. Significant devolution also occurred in Denmark, the United Kingdom and the Netherlands but this was not the case for some other countries like Greece, Japan, Portugal and Turkey where it seems that devolution is not an urgent need (OECD, 2004).

The following is a list of the areas where HRM authority has been most devolved as retrieved by the paper published by OECD in 2004 (OECD, 2004).

- *Employment: more flexible working-time arrangements, increased mobility, easier deployment, simplified/flexible recruitment arrangements, open recruitment, flexible terms of employment (contract/casual/part-time), simplified employee termination/laying off. (OECD, 2004)*
- *Classification and grading: more flexible and less complex classification. (OECD, 2004)*
- *Pay: still control, but with various flexible pay arrangements. (OECD, 2004)*
- *Staff numbers: introducing operating costs. (OECD, 2004)*
- *Central HRM bodies: transition from central control to a more strategic/broad concerns. (OECD, 2004)*

Reforms also included that women would participate more in civil service than before (OECD, 2004).

3.4 New Public Management on top of HRM reforms

New Public Management (NPM) has become a standard international model for public administration reform. The term originates from New Zealand due to reforms initiated there in the 1980s as mentioned above. This would change the global scenery towards public administration reforms (Schedler & Proeller, 2002).

NPM's main aim is to change the traditional approach of public management by bridging the gap between private and public sector employees and by highlighting the necessity to shift from process accountability towards results accountability (Bach & Bordogna, 2011). NPM's practices focus on performance, prefer small organizations over large ones, include performance-related pay and outsourcing. Moreover, the advent of NPM encouraged the development of new HRM techniques such as performance measurement, devolution of authority and decentralization leading to a more flexible approach as far as processes of recruitment, selection, training, retention, and development of public sector employees are concerned (Brown, 2004).

3.5 The case of Greek public sector

Before delving into the Greek public sector and investigating the motivation aspect whether it exists or not and how it could be better implemented, it is worth trying to comprehend the meaning of a public sector. Public service has several definitions. As Perry & Hondeghem (2008) said, the public service can firstly refer to people employed by governments to carry out the state's administrative functions. Secondly, public service entails a service which is authorized not only authorized but also funded by the government of a country, Thirdly, it may refer to any service provided to a country's population, to the public. Last but not least, the term of public service can merely refer to the motivation of people who feel a sense of responsibility for contributing to the welfare of the public and most importantly to the common good of the community they live in (Perry & Hondeghem, 2008).

Since the 16th century, when we firstly encountered the creation of 'states', the face of the governments has changed radically. At that period of time, in Europe, despite the growing power and the increase in the number of the states, services have been provided by non-governmental organizations, that volunteered to participate in the state's processes, and private business asking money in return. The growth of government services gave rise to concerns about the people who were recruited to exercise public power. This led to principles and ethical codes of practice designed to manage the recruitment of public servants and to guide their behaviors and motivation. Because of the many changes taking place in government and public administration today, public service motivation has reappeared as a major issue.

Employees' motivation always plays a crucial role not only to the public sector but also to the private sector. Even though, employee motivation is a common characteristic, researches have shown that are many differences between private and public sector, even today, despite the efforts to harmonize these outstanding differences. The most important difference is their reason for existence. The Greek public administration is still characterized by high levels of bureaucracy, something that makes it most of the times dysfunctional. Apart from that, there are also other factors that prevent employees

from being motivated to demonstrate high levels of performance, namely the lack of motivation by the administration, the lack of knowledge, mainly from the supervisors' side as to the motivation techniques that could be implemented, the general Greek public sector's attitude and culture, the lack of connecting performance and reward and last but not least the feeling that employees have as to being treated unfairly when it comes to the rewards' system (Chatzopoulou, Vlachvei, & Monovasilis, 2015).

Nevertheless, it is worth mentioning, that there have been key reforms so that both the Greek public sector becomes more effective and efficient but also be capable of meeting the needs that have arisen in the light of the new era challenges and the new constantly changing and dynamic environment.

3.6 Motivation factors in the Greek public sector

There has always been great interest by various researchers in the factors that motivate public servants in Greece mainly because of the many differences that exist in the ones motivating employees in the private sector. Koronios, Mavromati and Kriemadis, back in 2015, tried to look into the factors that motivate employees in the public sector based mainly on demographic characteristics as for example the age and gender (Koronios, Mavromati, & Kriemadis, 2017) by creating a questionnaire which was answered by 318 public servants being occupied in different organizations in the region of Central Greece. The questions which were of paramount importance were the following:

- ❖ What are the factors that motivate employees in the public sector?
- ❖ Are there any differences in motives taking into account the gender or hierarchy?
- ❖ Are there any differences in motives taking into consideration the age factor given that there are different generations, thus different perspectives?

The different generations mentioned by Koronios, Mavromati & Kriemadis were divided into the following:

- ❖ Baby Boomers: born between 1946 and 1962

- ❖ Generation X: born between 1963 and 1981
- ❖ Generation Y: born between 1982 and 2000 (also known as Millennials and iGeneration)

Based on the results of the survey, the main motivator of public servants is their wage raise and then the chance of getting a promotion or the opportunity of developing their personal capabilities and skills. Not so much attention was given on power, praise or job rotation. Regarding hierarchy, the survey has shown that the employees who have higher positions are less motivated comparing them to the ones in lower positions and factors like job rotation, additional leave, flexible working environment were not of importance. One important finding was that women in particular, were highly motivated by the work environment, opportunities of training and development and also flexible working hours. Last but not least, in terms of the differences that exist in different age groups, it seems that baby boomers are the least motivated by praise, while Generation Y employees consider appraisal and recognition being important to their motivation and engagement whereas Generation X employees focus on job security and training opportunities.

Apart from the above mentioned researches, there have been many others in the past that aimed at comprehending the motivation factors of the public sector employees'. Taking into consideration these researches, we can come to the conclusion that employees in the public sector share, more or less, the same desires in all public administrations. All in all, the most important motivational factors are the salary, job security, working conditions, opportunities to grow. On the other hand, what seems to be different in comparison to the other public servants abroad, is that Greek public servants are more extrinsically motivated than intrinsically, which could be considered as a weakness of the Greek Public Administration.

3.7 Greek public administration's reforms

One of the great reforms was made in the field of recruitment. The Supreme Council for Civil Personnel Selection, the so-called ASEP, was established in 1994 and its



primary role was, and still is, to ensure that the recruitment process will be impartial and transparent, minimizing clientelism. Even though the formation of such a body was a success, its main drawback was that the centralization of the process caused slowness and rigidity (Spanou, 2008). But for the case of Greece, this was the only way to secure transparency as there were efforts by political entities to bypass ASEP and hire temporary employees by not keeping the formalities so as to be incorporated into the permanent public personnel. So, decentralized recruitment policies, which would create a more flexible and adaptive system, would also cause incredibility to the Public Administration (Spanou, 2008).

In the advent of financial crisis, Greece had to proceed to a series of reforms. Public expenditures had to be reduced while services had to be improved so as to boost the economy. This was the greatest challenge for the Greek Public Administration. The main priority of the reform agenda was the reduction of payroll cost of civil servants which according to OECD data was 13.6% of GDP in 2009 while the average of OECD member states was only 11% (Ioannou, 2013). Greece had to obey to the austerity measures and cut down the number of civil servants and make reforms regarding the modernization of the appraisal system. However up until 2010 the exact number of civil servants was not known and in the light of the reforms Greece established its human resource database, which included the statement of civil servants' employment status, so as to be able to enforce the reform program (Fragouli & Christoforidis, 2019).

The reforms in brief involved the rationalization of compensation, the creation of an appraisal and promotion system, and finally the harmonization between public and private employees as mentioned before. Unfortunately, the outcomes were not the desirable. Regarding the rationalization of compensation, the creation of a Single Payment Authority (Law 3845) in 2010, was an effort to facilitate the central control of wages. At that time, there were also numerous wage reductions including cuts on bonuses and extra benefits (Ioannou, 2013). The belief was that there should be a system via which remuneration would reflect duties and productivity. This unified wage scale structure that was introduced in January 2012 would lead to the end of automatic seniority-based wages. As of 2012 salaries would depend on ranks and performance.



Performance-related pay was introduced by Article 19 of Law 4024/2011 and a new ranking system based on the evaluation of skills was suggested by Article 7. Unfortunately, both systems were not put into effect until 2015 when the new pay scale was introduced. Until then, there was still discrepancy regarding the wage of civil servants regardless of their skillset.

Beyond the shadow of a doubt, during the past years, the Greek government has established various regulations towards the holistic reform of public administration. One of the measures taken by the Greek government was the application of the Quality Management System in the Public Sector the aim of which is to establish objectives and continuous improvement towards the citizens' satisfaction. The tools used in the Quality Management System are the following: Management by Objectives, Indicators Measuring Efficiency and Effectiveness, the Common Assessment Framework and the Quality Certification through ISO as shown in the following table.

1 st Tool	2 nd Tool	3 rd Tool	4 th Tool
Management by Objectives	Indicators for measuring quality and efficiency	Common Assessment Framework (CAF)	Quality Certification under ISO measurement

The Total Quality Management was introduced in 2004 by Law 3230/2004 and it focused more on the overall quality rather than the result. The changes that this law has brought in the day-to-day operation of the public administration have to do with the (1) decision-making process which involved both the staff and the management, (2) the dissemination of information from being previously only vertical to now being horizontal as well, and (3) the coordination that aims at the harmonization and continuation of the different end-to-end processes (Tsimboukidou, Dionysopoulou, & Mylonakis, 2013).

Management by objectives

Based on the provisions of Articles 1 & 2 of Law No. 3240/2004, a system for measuring the effectiveness and efficiency in the public administration is established. The main reason why this system is established is to evaluate public administration services and also to promote the value of transparency, the better utilization of available



resources and lastly the overall improvement of the operation of the public administration to make the services more efficient for the citizens. Article 6 of the same law, foresees the creation of a special Directorate of Quality and Efficiency units at all government ministries. The Directorate of Quality and Efficiency is responsible for measuring efficiency and effectiveness, for assessing the results and drafting concrete proposals aimed at improving the service units (Tsimboukidou, Dionysopoulou, & Mylonakis, 2013).

Common Assessment Framework

The CAF is a Total Quality Management (TQM) tool inspired by the Excellence Model of the European Foundation for Quality Management (EFQM) and the model of the German University of Administrative Sciences in Speyer. It is as an easy-to-use and free entry tool to assist public sector organizations across Europe in understanding and using quality management techniques to improve performance. Hence, the CAF provides a self-assessment framework that is conceptually similar to many other major TQM models, EFQM in particular, but is conceived specifically for public sector organizations, taking into account their differences from private sector businesses. The CAF assists organizations in performing a self-assessment with the involvement of all staff, in developing an improvement plan based on the results of the self-assessment, and in implementing the improvement actions (Dearing, Staes, & Prorok, 2006). The CAF is a holistic analysis of organizational performance approaching it from different perspectives simultaneously. The first pilot version was presented in May 2000 and then revised in 2002. Since 2000 to 2005, around 900 European public administration services have been using the CAF to improve their operations. There is also a growing interest from outside Europe - from China, the Middle East and from the Dominican Republic and Brazil. The CAF is offered as an easy-to-use tool to assist public sector organizations across Europe apply total quality management techniques and improve their performance. The CAF provides a framework for self-evaluation that was specifically designed for public sector organizations. Although the CAF is mainly focused on evaluating the performance of administration so as to improve it, the ultimate goal is to make a lasting contribution of good governance. Thus, the evaluation

of performance refers to the ability to respond to citizens' needs and accountability, the ability to communicate on the political level, the ability for stakeholders to participate and to balance their needs, the ability to provide excellent service, the ability to save on costs, the ability to achieve objectives, and the ability to modernize, innovate and change (Tsimboukidou, Dionysopoulou, & Mylonakis, 2013).

The most recent reform of the Greek public administration was the introduction of the Law 4940/2022. The aim of this reform was the enhancement of the services provided and the contribution of different entities involved in the Greek public administration towards the improvement and reinforcement of the human resources sector by the use of *self-assessment* (tax heaven, 2023). There have been a couple of amendments to the former law and the new Law 5003/2022 was the means for the establishment of further enhancements. All public employees are now being evaluated for their performance via three stages. The first evaluation takes place in January and through relevant discussion, new goals are set for the year to come until May when the second evaluation is being held which verifies if the goals set have been achieved or not. The final stage of the evaluation process is held on December when a holistic discussion about the overall performance and goals is done. The employees who have achieved high scores and have reached their goals are being rewarded in financial terms thus we can understand that via the new means of evaluation employees are more motivated to perform better than before (forin.gr, 2023).

3.8 Teleworking

Following the global economic recession and due to the ongoing health and economic shock caused by the COVID-19 pandemic that required the implementation of physical distancing measures, the majority of organizations introduced telework on a great extent. Even though firms were reluctant in the beginning because they were afraid that the productivity of their firm might decline. Nonetheless, in the long run it seems that productivity performance could improve as firms adopt modern and efficient telework practices thus raising worker well-being and efficiency and at the same time decreasing functional costs. The teleworking method is described as the 'new normal' and it is



possible that it has come to stay. Based on a US poll, 61.9% of hiring managers expressed their intention to rely more on teleworking in the future (Ozimek, 2022). On the other hand, there are still various drawbacks that need to be taken into consideration when talking about teleworking. Increased spatial distance might have a negative impact on the performance of employees due to the limited communication with their colleagues and managers. For example, some might not be able to keep a balance between work and personal life leading to hidden overtime. In order to ensure that these behaviors will not exist, public policies and practices should be implemented that will enhance both productivity and the well-being of employees (OECD Policy Responses to Coronavirus (COVID-19), 2020).

A wider use of teleworking can have various advantages on both the organization's performance and efficiency but also on employees' engagement and satisfaction. Firm performance can be increased by raising at the same time employee satisfaction and efficiency through facilitating to maintain work-life balance, to have fewer distractions when working or to avoid absenteeism. However, this is not always the case as telework might easily decrease employee satisfaction and result in solitude, hidden overtimes, when working for example to an inappropriate environment and so on (OECD Policy Responses to Coronavirus (COVID-19), 2020).

3.9 e-HRM

E-HRM is an alternative way to provide HRM services within organizations by means of technology. Its creation favored a lot the fields of e-recruitment and e-learning and facilitates the delivery of HR policies. Everyday work life has become easier as it is possible for line managers to arrange appraisals, plan the training and development activities of personnel, evaluate labor costs etc. But e-HRM has benefited the employees as well. They can use this system to prepare their personal development plan, apply for promotion and/or for new vacancies within the organization. It is important to stress the difference between e-HRM and HRIS (Human Resource Information System). The latter refers to ICT technologies used within HR departments whereas e-HRM refers to the planning and implementation of HR activities with the



assistance of information technology. E-HRM favors the devolution of HR functions to management and employees via intranet or other web-technology systems and this has enabled managers and employees to focus less on operational issues and emphasize on the strategic part of HR (Whatishumanresource.com, 2022).

Conclusion

The outbreak of a crisis regardless of its kind is a great challenge for every country. In the case of Greece, the financial crisis that burst in 2007-2008 affected the quality of citizens' lives and more particular as we investigate in this thesis the field of Human Resource Management. The crisis affected not only fields such as recruitment, salary, learning and development but also job security, motivation, and workforce morale (Burke, Noblet, & Cooper, 2013). In this last sector we had a more profound insight to the challenges the Greek Public Administration had to face and finally how successful was the attitude towards this crisis. The advent of teleworking and e-HRM were some of the reforms that facilitated the everyday life of personnel and enabled them to ensure an equilibrium between work life and private life which boosted their productivity, engagement, and motivation. Even today, in 2022, there are a lot to be improved in terms of human resources in our country, but we cannot deny that there were developments in the last decades in relation to previous years of inactivity. Throughout this lengthy literary journey, we managed to delve into the theoretical aspects of HRM and motivation and have identified that there have been in the past and there are modern nowadays ways not only to maintain but also to increase an employee's motivation using different methods, both more 'traditional' but also modern ones. The contemporary socio-economic conditions and the constantly increasing requirements for higher growth rates, shape the eternal need for improvement of the administrative function of the public sector. The current problem of the Greek public administration, questions the productivity of human resources. As already mentioned, this problem tends to distend excessively in today's "memorandum era", because of the unexpected pay cuts, the stagnation of the grade promotions and the all in all work disappointment



caused by the economic crises. The reality is that public servants cannot increase their motivation if we take into account that the common wages' system, introduced by Law 4024/2011, has been implemented disregarding the experience, seniority of an employee or hardships at the position, if any, the cuts in monetary benefits, namely the allowances public servants got in the light of Christmas and Easter holidays. Apart from that, their desire for personal growth is constrained by the fear of having pay cuts or the threat of them not being promoted. All in all, it is mandatory to have the wider perspective changed so as to have radical changes in the operation of Public Administration in Greece.



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