



Department of International and European Studies
School of Social Sciences, Humanities and Art MA in
International Public Administration

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

Supervisor: Dr. Maria Rammata

Committee: Dr. Maria Rammata, Prof. Dimitrios Skiadas

Student: Christina Panagiotidou

Student ID: ipa19019

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Table of Contents

- Introduction
- Human Resources Management
- Motivation
- The global financial crisis and the effects of financial crisis on Human Resources – Greek case study
- Conclusion

Introduction

- Human Resource Management is considered to be an integral part of any organization
- The role of employee motivation to the achievement of organizational goals
- Constant changing circumstances and turbulent times affect a company's way of functioning and its workforce overall
- Specific reforms that need to be made when encountering a crisis to maintain employees' motivation
- Tools to improve workforce's engagement

Human Resource Management (HRM)

- Formerly known as Personnel Management
- Human Resources 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
- HRM 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

"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 them with 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)

Brief historical development of HRM

Employees were considered the easily replaceable part of an organization in the 20th century turning into a key player in the economy of the 21st century

Early history of personnel management –
up to 1914

- Industrial revolution – milestone to the evolution of HRM.
- Increasing number of people working in factories. During the first half of the 19th century, there was great exploitation of workers, including excessive hours of work, child mistreatment and oppression by the employers – need for withdrawal of anti-trade union legislation.
- Poor people as lazy profligates, management field belonged to upper middle class
- Formation of the Welfare Workers' Association, forerunner to the Institute of Personnel and Development. It fought for the rights of women and children.

First World War

- It accelerated change in the development of personnel management. Increase in the number of welfare officers.
- Munitions of War Act 1915 create a legal basis for the supply of labor to war factories. Increase of rate of women employment.
- Joint consultation was introduced after 1918, for instance Whitney Joint Consultative Committee in the civil service, that favored dialogue with trade unions, leading to the formation of new industrial relations.

Early personnel management

- 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.
- 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

Second World War

- Expansion of personnel management during war.
- Instruments of labor regulation: 1. protected establishments engaged in war work, 2. registration of all employment, 3. essential work orders. Ministry of Labor and National Service gained great power.
- Due to 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 a central role in the organization of production, part of the rule-governed environment.
- Transformation of the image of the personnel officer to a bureaucrat.

Industrial relations and personnel management (1945-1968)

- Industrial relations: formal, institutional arrangements and negotiation processes between the workforce and the representatives of an organization. Increase not only in number but also in power while there was a breakdown of national-level bargaining through employers' federations. Policies were more easily accepted
- By the mid 1960s all kinds of organizations employed full-time employees and took care of their specialization and training.

Fiscal and personnel policies (1968-1979) and onwards

- Early 1960s: focus on new employment legislation. 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.
- Control of wage policies, state legislation on prices and incomes, increase in the number of multinational industries.
- Introduction of formal laws led to the development of personnel techniques, training methods originating from the social sciences in the late 1960s that assisted in explaining 'motivation' and organizational behavior at work.
- 1970s: advent of computers; they improved manpower planning.

- Beginning of 1990s: recession. Delaying, restructuring and outsourcing some of the HR functions.
- Introduction of performance tools: Total Quality Management (TQM), Business Process Redesign (BPR)
- Even though techniques to manage diversity and provide equal opportunities were activated, the existence of social, demographic and global business pressure caused instability in HR environment.

Strategic Human Resource Management

Definition

- SHRM refers to the implementation of HRM policies so that the organization's strategy and effectiveness will be accomplished through the strategic management approach. It is oriented towards recruiting and growing high-quality personnel.
- It 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.

Key Objectives

1. Achieve integration: the horizontal integration of HR strategies and the vertical alignment of HR strategies with business strategies.
2. 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 programs.
3. Contribute to the formulation of business strategies by finding ways to capitalize on the advantages provided by the strengths of its workforce.

HR System

- It consists of the interrelated HR activities and practices which jointly lead to the achievement of HRM goals. Vehicle to implement a firm's strategy. HR system as the key HR asset.
- It entails: **HR strategies**, the direction towards the operation need, **HR policies**, clear guidelines as to the implementation of specific HR aspects, **HR practices**, HRM activities involved in the management/development of personnel.

Core objectives

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

Theories of HRM

- **Contingency theory:** HRM functions must align with the organization or external environment aspects to achieve organizational goals.
- **Resource-based theory:** value is added through strategic policies of the organization's human resources
- **AMO theory:** Ability, Motivation and Opportunity are the three work-system characteristics that form employee characteristics and lead to organizational goals.
- **Motivation theory:** analyzes the factors that affect human behavior and focuses on the HR approaches that need to be used for the personnel to achieve high performance
- **Organization behavior theory:** how employees act either individually or in groups and also how organizations operate (structure, strategy and culture)
- **Human capital theory:** the way personnel contributes to organizational capability via their skills

HRM characteristics

- 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

Models of HRM

- The matching model
- Harvard model
- Contextual model
- 5-P model
- European model
- Hard and soft models

HRM activities

- Job analysis
- Human resource planning
- Recruitment
- Selection
- Performance appraisal
- Human resource development activities
- Career planning
- Employee motivation
- Compensation
- Benefits
- Industrial/Employee relations
- Health and Safety programs
- Management of diversity

Motivation

- Strategic importance of employee motivation to achieve strategic business goals
- Variants that influence employees' motivation: job design, system of rewards, management cycle, corporate culture and organization structure.
- Multifaceted notion. The term derives from the Latin word 'movere' which means 'to move'
- Motivation is the strength, the direction of behavior and the factors that influence people to behave in certain ways. Core components of motivation: direction, effort and persistence.

Job performance = ability x motivation

- Well-motivated people try harder to be productive and reach high-performance.

Types of motivation →



Theories on motivation

- **Instrumentality theory – Taylor (1911):** People will be motivated to work if rewards and punishments are directly linked to their performance/ Financial incentives. Often used as the implied rationale for the performance-related pay although this is seldom an effective motivator.
- **Content theories:** 1. Maslow's hierarchy of needs: A hierarchy of needs exists: physiological, safety, social, esteem, fulfilment. Needs at a higher level only emerge when a lower need is satisfied. A satisfied need is no longer a motivator. 2. ERG theory – Alderfer (1972): a non-hierarchical theory identifying three basic needs: existence, relatedness and growth. 3. Achievement motivation – McClelland (1961): identified three needs for managers: achievement, affiliation and power with achievement being the most important motivator. 4. Two-factor model – Herzberg (1957, 1966): two groups of factors affect job satisfaction: 1) intrinsic (the work itself) 2) extrinsic or hygiene factors such as pay and working conditions.
- **Expectancy theory** – Vroom (1964): effort/motivation depends on the likelihood that worthwhile rewards will follow effort.
- **Goal theory** – Latham & Locke (1979): motivation will increase if people have demanding but agreed goals and receive feedback. It influences performance management and L&D techniques.
- **Equity theory** – Adams (1965): people are better motivated if treated equitably in comparison with other employees. Need to have equitable reward and employment practices.

Undoubtedly, money is the most important extrinsic reward but does not motivate everybody in the same way. It is considered a highly tangible means of recognition rather than just a financial reward.

Learning & Development

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.

Coaching

- It refers to counselling, guiding or instructing the employee regarding the short-term job-related skills or long-term career hazards
- Opportunities for coaching arise everyday as it is part of the normal process of management
- Internal coaching: conducted within the organization by manager acting as a coach
- External coaching: the coach is outside the firm – expert in HR.

Mentoring

- Use of 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 boost the employees for even higher performance and development
- Offers on-the-job training by experienced professionals

Performance management

- An interlocking set of policies and practices which have as their focus the enhanced achievement of organizational objectives through a concentration on individual performance

Performance appraisal

- 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
- It can be done through: 1. supervisor evaluation 2. peer evaluation 3. self-evaluation 4. multisource evaluation/360 degree appraisals

Reward management and employee engagement

- Deals 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
- Financial incentives are an important motivator but only in the short run. Non-financial rewards focus on the needs of people for recognition, autonomy, responsibility, achievement, and personal growth

Types of non-financial rewards

- 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

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

- 2007-2008 financial recession, downturn in US and European real estate markets, bursting of the US housing bubble and subprime mortgage loans
- Around 800.000 people lost their jobs in the US between late 2008 and early 2009
- Failing banks and fragile public finances in Europe created an unprecedented crisis.
- Greece already into a severe debt crisis now is obliged to implement strict fiscal, monetary, and structural reforms to receive loans from the European Commission (EC), the International Monetary Fund (IMF – known as Troika), the European Central Bank (ECB) and the European Stability Mechanism (ESM)
- Austerity measures included spending cuts, salary and pension reductions and tax increases for the Greek citizens.
- 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.

Differences between public and private sector

- ❑ Public sector: job security, acceptable wages, satisfaction of basic human needs
- ❑ Private sector: more extrinsically satisfied and motivated than civil servants, more active, have a sense of competence and have bigger aspirations for growth than in the public sector. Difference in salary, employment status, fringe benefits, wage progression

	<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

Recent Human Resources Developments in OECD Countries

- HRM key area affected by the reforms that happened in the 1980s and 1990s.
- 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 → a variety of new schemes or the substitution of existing systems was introduced which aimed at the enhancement of productivity of the civil service and its transformation to becoming more customer-oriented.
- 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.
- Public sector as a model of a good employer.
- The advent of the 21st century has brought a set of new challenges. Top priority: Recruiting and maintaining high quality employees to the public sector. 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. Emphasis on knowledge sharing and management

Each country has a different design of civil service and approached in relation to recruitment and promotion. There are two categories:

- **Career-based systems:** recruitment based on academic criteria, civil service entry examination could take place which makes the process fair, easier to enter at a young age, focus on career development with limited possibilities of promotion. More open to competition than before and dispatch HRM practices to lower hierarchical levels. Training is not favored.
- **Position-based systems:** selection based on the criteria of the position (fit for the job). Age does not play any role. Open access is highly promoted. They promote the existence of their HRM bodies and have a more centralized system of management. Training is favored.

The civil service of Greece focuses more on academic credentials, competitive examination, development, and education of its personnel.

Greek reforms (1)

- Establishment of the Supreme Council for Civil Personnel Selection, the so-called ASEP in 1994 aiming at ensuring that the recruitment process will be impartial and transparent, minimizing clientelism.
- National Centre of Public Administration and Local Government (EKDDA) in 1983. 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 first is responsible for the preparation of high-level civil servants who are incorporated into the body upon graduation and the second support the process of continuous, life-long training to ensure high quality of services.
- Decentralization of HRM policies from central HRM bodies to line departments → processes have been simplified and HRM approaches have been developed.
- Women participate more in civil service than before.
- Harmonization between public and private employees.
- Rationalization of compensation - reduction of payroll cost of civil servants – cuts on bonuses and extra benefits – creation of Payment Authority (Law 3848/2010)
- Creation of an appraisal and promotion system to ensure that remuneration would reflect duties and productivity. Introduced in January 2012 leading to the end of automatic seniority-based wages. As of 2012 salary would depend on ranks and performance (Article 19 of Law 4024/2011). New pay scale system introduced in 2015.

Greek reforms (2)

- Application of the Quality Management System aiming 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.
- Total Quality Management was introduced in 2004 (Law 3230/2004), it focused more on the overall quality than the result.
- Introduction of the Laws 4940/2022 and 5003/2022 aiming at the enhancement of the services provided and the contribution of the different entities towards the improvement and reinforcement of the human resources sector by the use of self-assessment → Evaluation through three stages – monetary incentives
- The advent of teleworking and e-HRM (e-recruitment & e-learning) facilitated the everyday life of personnel and enabled them to keep a work-personal life balance

Conclusion

- The crisis affected not only fields such as recruitment, salary, learning and development but also job security, motivation, and workforce morale.
- 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
- Motivation is the most important aspect.
- Workforce as the most fundamental asset of any organization.



Thank you for your attention!