

Comparing hr practices and policies in greece and the uk



Human Resource Management (HRM) can be defined as “ the function within an organisation that focuses on recruitment of, management of and, providing direction for people who work in the organization” (Heathfield, 2010). Although there is a constant development, the purpose of HRM remains the same: “ to help organisations achieve their objectives, which are essentially seen in terms of performance” (Kamoche, 2001).

Through years, because of the increasing development in all areas and the globalisation, economies are becoming more integrated. Multinational companies (MNCs) had to increase their global activity by inventing new management policies and practices. That led to the internationalization of HRM. Firms had to implement global strategies in their subsidiaries, to promote the maximization of economic goals. But in order to do that, they had to respect certain laws (written and unwritten) of the host country. First, MNCs had to consider the factor of culture. Wanted to define culture, Biscoe et al. (2009) said that “ is the characteristic way of behaving and believing that a group of people have developed over time and share”. The respect of differentiation of each country should be above all when a subsidiary wants to be established abroad and hire local people, otherwise there would be lack of trust and alienation. Although, firms have their own company culture, they should adjust the parents’ company human resource (HR) practices to the local environment up to a point. MNCs should tailor their products in order to introduce them to the local market, but their practices, even in the slightest, will mirror those of the country of origin. Second, firms had to design new human resource strategies, some of them associated with training and rewarding. Training, including language training and cross-

cultural awareness, develops sensitivity to foreign cultures (Kamoche, 2001; Edwards and Rees, 2006) and reward reflects the individuals' contribution to the organisation (Goss, 1995). Thus, when an MNC decides to choose a country for her expansion, should be responsive to the local environment, achieve economies of scale and respond rapidly to evolving markets.

In this essay, we will try to compare the HR practices and policies an MNC follows in subsidiaries in Greece and in United Kingdom. In extension, we will provide details of HR practices and policies of the local firms in these countries.

HUMAN RESOURCE MANAGEMENT IN GREECE

Greece is a country of great history, that's why it has one of the strongest cultures. It became member of the Economic and Monetary Union in 2001 and since then the economy has gone through an important downward transition, because with current data, Greece was not ready to adopt the common currency. Although the economic and governmental problems Greece face, there has been a great expansion of foreign firms. In addition, a large percentage of the economy contains small entrepreneurial and family owned companies (Brewster et al., et al, 2004).

Although there are not many studies concerning HRM in Greek enterprises and foreign subsidiaries, Papalexandris (1987) compared the HR practices both Greek firms and foreign subsidiaries use, to find that subsidiaries have more sophisticated practices and guidelines directed from their parent companies unlike Greek firms. Using the findings from the research of Myloni

et al (2004), we will try to explain the differences that occur between the practices used by foreign subsidiaries and Greek firms.

Nowadays, Greek firms are trying to adopt HR practices and policies of the MNCs who already operate in the country. The HR practices that used in the study of Myloni et al. (2004) were performance orientation, future orientation, family/in-group collectivism and power distance (Table 1). The results were as any Greek would expect. The strong family bonds, the mistrust to people who don't belong to their social network and the patriarchal model of the Greek society are strongly reflected and have made employers secure loyalty in their businesses. Therefore, " when a foreign firm from a distant culture decides to enter Greece, it will, if employs an expatriate managing director, face significant problems in terms of adaptation due to

dissimilarities between foreign managing directors and subordinates" (Kessapidou and Varsakelis, 2003). Greek prefer to support their own people than someone outside the circle of trust and they are quite competitive and hostile to strangers " who want to change their norms and their way of thinking".

Table 1 GLOBE project: mean scores of Greece and the MNCs' country of origin included in this study

Performance Future Family/in-Group Power

Country Orientation Orientation Collectivism Distance

Australia 4. 36 4. 09 4. 17 4. 74

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Belgium** n/a n/a n/a n/a

Canada 4. 49 4. 44 4. 26 4. 82

Denmark 4. 22 4. 44 3. 53 3. 89

Finland 3. 81 4. 24 4. 07 4. 89

France 4. 11 3. 48 4. 37 5. 28

Germany * 4. 25 4. 27 4. 02 5. 25

Italy 3. 58 3. 25 4. 94 5. 43

Japan** n/a n/a 4. 63 n/a

Netherlands 4. 32 4. 61 3. 70 4. 11

Switzerland 4. 94 4. 73 3. 97 4. 90

UK 4. 08 4. 28 4. 08 5. 15

USA 4. 49 4. 15 4. 25 4. 88

Greece 3. 20 3. 40 5. 27 5. 40

Notes: * Former West Germany; ** Published Globe data not available for these countries (Myloni et al., 2004)

Myloni et al. (2004) comparing the HR strategy and planning, the selection and recruitment and the performance appraisal of Greek firms and foreign subsidiaries, conclude to certain deviations. First of all, Greeks never have a

written plan on how to run their companies. Most of the times, there is a verbal plan and they

“ go with the flow”. The continuous changes in the economy and in the governmental plans have contributed to this mentality. A long- term plan for staffing requirements and for the administration of the company is typical only for the affiliates. Although the findings from Mylonis’ et al. (2004) research showed that HR planning procedures are not a characteristic of Greek firms, it is believed that Greece is trying to integrate her practices in a more structured system. Second comes the way Greek firms decide to select and recruit their staff. It is well known that in Greece there is an internal recruitment, although the findings do not support that. Firms have adopted the foreign way of recruitment through interviews, references and CVs, as the foreign subsidiaries, with the exception that Greek managers pay great attention to the acquaintances of the applicants. Third, but not last, comes the favouritism that influences the performance appraisal and that is typical only for Greek firms. Nevertheless, foreign subsidiaries adjust their policies of performance appraisal to Greek standards, in order to “ be more in line with the Greek cultural environment”.

The conclusion from this analysis of the research of Myloni et al. (2004) is that HR practices in Greece are closely related to the culture. Nevertheless today family owned firms have to adopt more professionalized management systems and that is going to be achieved due to the increased global competition and the growth and development of the national economies (Brewster et al., 2004). Managers in Greece, who usually are the owners of the company, should open their doors to professionals, eliminate xenophobia

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and not fear of losing their power inside the company. They should realize that in order their company to be successful in the global market, they must adopt and develop other practices and policies in conjunction with the priorities and the goals of the group, without though losing their identity. They should have the will to innovate, to improve and to engage in new activities, if they want to be competitive.

HUMAN RESOURCE MANAGEMENT IN UNITED KINGDOM

United Kingdom (UK) is consisted by four countries: England, Wales, Northern Ireland and Scotland. According to the list by the International Monetary Fund (2009) is the sixth largest economy by nominal GDP (Gross Domestic Product) and during the 19th and 20th century was one of the leading economies. After the consequences in the economy of two World Wars, UK had lost the leading role in the global affairs, but still has a primary role to economy, culture and political influence. UK joined European Community in 1973 and since 1980 barriers fell and new avenues for the freedom of the companies opened. Foreign subsidiaries who wanted to invest in UK were attracted, i. e. manufacturing companies, and until 1995 the percentage of foreign direct investment was very high. The government grants, the Greenfield sites, the English language and the political stability were some of the reasons foreign firms, particularly from German, Japan and United States (US) at first, wanted to invest in UK (Guest and Hoque, 1996).

The main HR priority in the industries in UK was industrial peace and that led to the expansion of HR practices in order to form a more structure management. HRM was a very important function for UK, that's why the <https://assignbuster.com/comparing-hr-practices-and-policies-in-greece-and-the-uk/>

development of professionalism was so fast. UK has already formed an organization (CIPD: Chartered Institute of Personnel and Development) for the best practice of HRM and its members are committed to a Code of Professional Conduct (Brewster et al., 2004).

The economic development has made national boundaries increasingly meaningless (Ferner, Quintanilla and Varul, 2001). Foreign owned establishments pay great attention to the integration in the culture of UK. They have clearer HR policies and more extensive HR practices than UK firms and that helps to shape the organizational culture. According to Guest and Hoque (1996) foreign subsidiaries are more successful because they have a range of communication and they use certain practices to gain the involvement and commitment of the workforce. MNCs subsidiaries adopt similar HRM practices to the countries to which they operate. But, within the same subsidiary there would be practices closer to the parent company and other closer to the host country.

UK firms use a wider range of HR practices which are designed for flexibility. In terms of recruitment and selection the main ways don't differ from those of the foreign subsidiaries. Interviews, CVs, application forms and references are the most common, but there are also other techniques such as psychometric tests and assessment centers. Their selection seems to be based on objective criteria, such as education and experience, but all applicants are interviewed and this is the final stage.

Another key activity of HRM is training and development. The effective utilization of human resources offers one of the strongest bases for <https://assignbuster.com/comparing-hr-practices-and-policies-in-greece-and-the-uk/>

competitive advantage and this contributes to the achievement of the company's goals. Both UK firms and foreign subsidiaries, spend a lot of money in the training of their personnel, in a yearly basis, through seminars, conferences and travels and expect from them to be well informed about the new practices of the market and the policies of the company. The effectiveness of the training UK organisations provide is monitored in order determine what changes should be made, so that employees would be more productive and competitive (Brewster et al., et al., 2004).

Also, according to Brewster et al. (2004), the management of remuneration is a necessary condition of successful management. In UK firms and subsidiaries rewards reflect the contribution of the individual inside the organisation and the “reward systems” have integrated in the culture of the companies. Thierry (1992, cited by Goss, 1995) explained that payment can reflect how much the work of an employee is appreciated, how his behaviour is valued and how the organisation appreciates the performance and the achievements. Although UK is famous for the non-discrimination between sexes, Brewster et al., (2004) highlights that in terms of incomes that do not exist. Men are paid more than women at all ages and lower employees are paid less than managers. Naturally, there are factors that influence the range of payments such as the size of the company or the skill specialization, but one of the most important, as Lucas et al., (2006) say, is culture. Organisations wanted to

be established use their rewards and benefits policies, which constitute their organisational culture. But, it is important for foreign affiliates to understand

the natural cultural in order to practice the international reward management.

According to what we have analysed, HRM in UK is more developed in all areas. Because of the homogeneity that exist, there aren't many differences between foreign subsidiaries and UK firms. MNCs have increasingly managed to disengage themselves from national constraints (Ferner, Quintanilla and Varul, 2001) and that led some subsidiaries to have the same characteristics as the UK firms. Subsidiaries in UK have understood that a successful practice in the home country is not always successful in the host country, that's why in UK there is a similarity in the majority of HR practices and policies between foreign affiliates and UK owned firms.

CONCLUSION

The purpose of this essay was to examine the differences between Greece and UK, in terms of Human Resource practices and policies and the development Human Resource Management.

There have been significant differences in the use of HR practices by foreign subsidiaries who operate in Greece and local firms. MNCs affiliates are more demanding and knowledgeable of their HRM needs and require more sophisticated HRM services, whereas Greek firms are affected by the political and economical environment and that leave them behind. According to Papalexandris (1992) " HRM in Greece is in state of rapid development, as well as fundamental change". The large multinationals have started to follow the organisational culture of European companies and adopt their practices in order to be competitive, but a large amount of family owned companies is

still developing. The use of the personal contacts or friends recommendations in order to recruit, the favouritism and the xenophobia must change, if these companies want to develop. Subsidiaries in Greece tend to adjust their practices to the culture, but only in areas that do not affect their competitiveness, although with these practices, they often create hostiles.

On the other hand, UK doesn't seem to have many differences in the HR practices and policies between the subsidiaries and the UK firms. Although, we haven't analysed how family owned companies in UK work, there is no doubt that we would find similarities to the Greek small firms (i. e. Aleef stores seem to recruit only people of the same nationality). But, the main difference is that in UK family owned companies do not constitute the main economy as in Greece. Also, UK has developed a progressive way of thinking, leaving behind some traditions and customs which would reduce the competitiveness in the global market. UK firms spend a lot of money in the continuous training and education of their personnel in order to stand in the global market deservedly. In Greece, on the other hand, not only there is a preference of recruit staff from the social network and mistrust to people who have studied more, but also owners of small firms and their staff don't care to extend their

knowledge and follow the development of their profession.

In conclusion, we can see that Greece and UK differ in their HR practices and policies both within local companies and foreign subsidiaries. It is difficult to forecast how these practices, mostly in Greece, are going to change and

what should be done in order to develop a more competitive and strong economy. Globalisation requires managers to have the capacity to learn every day and to transmit their knowledge to develop their company. HRM is not a formula to be applied in every country and in every culture. HR problems are unique and should be treated that way. Each country has to find the most appropriate way to confront these problems without losing her identity. The transfer of HR practices and policies should be done with extra caution from one country to another, considering the socio-political, cultural institutional and economical factors (Kamoche, 2001). After all, this is a field that needs further research and these differences are what make each of these countries unique in their use of HR practices.