A Comparison of hospitality human resources practices in Greece and the United States: An analysis of human resources practices and the potential effects on service quality

John Philippakos

University of Nevada, Las Vegas

Follow this and additional works at: http://digitalscholarship.unlv.edu/thesesdissertations

Part of the Hospitality Administration and Management Commons

Repository Citation
http://digitalscholarship.unlv.edu/thesesdissertations/560

This Professional Paper is brought to you for free and open access by Digital Scholarship@UNLV. It has been accepted for inclusion in UNLV Theses, Dissertations, Professional Papers, and Capstones by an authorized administrator of Digital Scholarship@UNLV. For more information, please contact digitalscholarship@unlv.edu.

A Professional Paper by

John Philippakos

University of Nevada, Las Vegas

June 19, 2010

Part One

Introduction

Proper approaches to managing an organization’s human resources are becoming more and more scientific. Most human resource managers would agree that the selection, training, and management of personnel are vital factors in the productivity of the operation. Although this statement has been proven repeatedly, in many industries, it is in the hospitality industry that we understand the true importance of human resource management.

In a manufacturing plant, an improperly trained or unhappy employee may create a defective item, which is likely to be discovered in the quality assurance process of the operation. Even in the unlikely event that a product is sold in that condition, the customer experience can usually be rectified with a replacement. However, in the hospitality industry, our products are much less tangible, and rarely truly replaceable. Though service recovery may appease an unsatisfied guest, we are not able to recover their time and erase the experience. A guest at a hotel, for example, is paying for the use of a room and amenities that are provided for one evening. Hotel staff is unable to replace the guest’s evening in the event of poor service quality.

In the hospitality industry, it is imperative that human resources are properly managed to preserve the guest experience and to maintain the profitability of an organization. In the past, due to the intangibility of the products offered by the typical hospitality enterprise, scientific approaches were difficult to apply to such operations. In recent years, however, higher education has allowed hospitality operations more scientific approaches to managing their operation and
their human resources. Although the theories derived from such approaches are widely accepted and used in the United States and many other countries, the same is not the case in every country.

**Purpose**

This paper will compare the human resource practices in Greece with those of the United States. Both countries are developed countries with a high economic reliance on the services sector, and hospitality in general. A comparison of human resource practices of two such countries will facilitate an analysis of how effective specific practices are. Service is the primary product sold in hospitality, therefore this paper will seek to analyze some of these human resources practices based on the potential effects these practices can have on service quality.

There are many aspects of human resources management. Some of them differ between the countries, and some are fairly similar. The aspects on which this paper will focus include, but are not limited to, recruitment and selection, motivational techniques, payroll practices, employee satisfaction, corporate culture, and cultural context of interpersonal communication. In addition, the service quality analysis will use commonly accepted theories, such as the service profit chain, to analyze the potential effects these human resources practices may have on service quality.

**Justification**

Hospitality is a major employer and economic contributor in both Greece and the United States. As of 2009, the services sector in Greece accounted for 75.8% of the country’s GDP, and employed 65.1% of the labor force. Making up 15% of the country’s GDP, tourism was the largest industry, and employed the most people (“Greece,” 2010). The United States has more industries than Greece, and therefore has a more diverse economic breakdown. However the services sector still accounted for 76.9% of the country’s GDP in 2009 (“United States,” 2010).
Although the hospitality industry is as large a part of Greece’s economy as it is for United States, research regarding the industry is greatly lacking, especially in the field of human resources. Since there are no numbers to compile and compare, human resources is often a forgotten field of research. However, due to its importance in the various sectors of the hospitality industry, it is important to compile as much information as possible in order to properly manage an organization’s human resources.

Another area of concern where research is lacking in the Greek hospitality industry is service quality. Collecting data from customers regarding their service experience is an important, but timely process. However, by examining the potential effects of human resource practices on service quality, it allows professionals to get a head start on improving service quality.

**Constraints**

There are many reasons why human resources practices can differ from one country to another. Doing the research and deciphering which practices are the most effective is the easy part. It is more difficult, and sometimes not possible, to put these practices in place. Differing labor laws between countries pose a major obstacle in the hospitality industry’s ability to globally implementing these practices. While in the United States, for example, a hotel is free to hire on call staff and pay them for the hours they worked. In Greece, hourly pay is not an option.

There are also cultural differences between the two countries which might explain some of the differences in human resources practices. Cultural differences may dictate how a company streamlines their human resource practices. In addition, cultural differences may skew the results of a service quality analysis. While Americans have certain standards to describe good customer service, those standards may differ in Greece. While speedy service is important in the United
States for example, Greeks have a much more leisurely outlook. To Greeks on the other hand, personalized service is much more important.

**Part Two**

**Literature Review**

**Definitions**

There are two areas of human resource management addressed in this paper which must be defined before they can be properly analyzed. These areas are employee/job satisfaction, and motivation. It is important to identify the best predictors of job satisfaction, and address their presence. In addition, since actual levels of motivation are difficult to measure, it is important to identify common motivators, and check for their presence as a means of analyzing an organization’s potential for motivating their employees. Looking for the presence of these satisfaction predictors and motivators will help in determining the potential for employee satisfaction.

Glisson and Durick (1988) identified the best predictors of employee satisfaction and organizational commitment. Anonymous questionnaire packets were distributed to 319 human service workers in 22 organizations. The questionnaires addressed the employee’s tasks, leadership quality, and job satisfaction. The results of the survey showed that the primary predictor of employee satisfaction is role ambiguity. The more defined an employee’s duties and tasks are, the more likely they are to be satisfied with their job. Also good predictors of satisfaction are the skill level of an employee’s leaders, the age of an organization (older is better), and the skill variety of an individual’s job (more monotonous and repetitive work, tends to produce less satisfied employees).
The theories of motivation which are most commonly subscribed to in today’s workplace tend to identify motivators in relation to an individual’s needs. One of the most famous theories, Maslow’s hierarchy of needs, says that certain needs are a priority over others. As we fulfill our physiological and safety needs, our motivators change because our needs are now different (Judge & Robbins, 2008).

Another need based theory is McClelland’s Theory of needs. In McClelland’s theory, 3 categories of needs are mentioned. They are achievement (the need to succeed), power (the need to influence others), and affiliation (social needs). A main difference between McClelland’s model and Maslow’s model, is that in McClelland’s model all three needs are always present, regardless of one’s position in life. Frederick Herzberg’s motivation-hygiene theory addresses many of McClelland’s points and does a good job of tying motivation and job satisfaction together. In short, Herzberg’s theory states that different factors cause an individual to be satisfied at work, than those which cause an individual to be dissatisfied (Judge & Robbins, 2008).

United States

Hospitality education programs first appeared in the United States in 1931. In the years since, these programs have undergone many changes. Today, these programs are very similar to other (mainstream) post-secondary education programs. Hospitality programs today are appearing in accredited colleges and universities, and put a very high emphasis on scientific research. Due to the changes, faculty in hospitality education programs in the United States is also changing. A high number of hospitality educators in the United States have doctoral degrees, and specialize in a particular aspect of hospitality. The high quality of hospitality education in the United States is attracting a large number of international students who are
unable to attain the necessary skills from hospitality training programs in their country. The hospitality education programs in the United States are rivaled by Australia and the United Kingdom (Barrows & Bosselman, 1999).

The increased emphasis of hospitality education in the United States is coupled with a growing emphasis on quality in recruitment and selection in the hospitality industry. An increased emphasis on referrals and minority hiring are ways in which hospitality organizations in the United States are decreasing turnover and increasing employee satisfaction. Selecting the proper candidate is also taking a more scientific approach. Many hospitality companies are using structured interviews, “realistic job previews,” and aptitude tests to aid in hiring the best candidates for the job (Bonn & Forbinger, 1992).

Management training programs are becoming more and more common in the hospitality industry. Many hospitality companies understand the importance of promoting from within on employee satisfaction, motivation, and retention, and are instituting programs to develop employees into quality managers. In addition, these programs ensure that managers are equipped with the leadership skills and knowledge necessary to manage their teams properly (Costen, Johanson, & Poisson, 2010). A major advantage of many of these training programs is their use of job rotation as a training tool. This cross training method of career development not only provides trainees with a higher understanding of the operation, but it also raises levels of job satisfaction, and provides cost effective ways for a company to manage its human resources (Lanier, Jackson, & Lanier, 2010).

With the educational opportunities, training, and recruitment initiatives, the management profiles of United States hospitality companies are impressive. Tas (1988) sent out questionnaires to 229 senior hotel managers affiliated with 400+ room hotels. Of the 75
managers who returned the survey, “Just over half were under 40 years of age, three-quarters held college degrees, and two-thirds of the college graduates had majored in hotel or restaurant administration. Fifty four of the respondents had been hotel administrators for more than ten years” (Tas, 1988, p. 42).

According to the 1997 Hospitality Employee Compensation Survey released by the American Hotel & Motel Association, employee benefits are a growing part of a hospitality employee’s compensation package. In addition to the standard medical & dental insurance, hospitality employees are provided with disability, life insurance, 401k, and vacation time are standard benefits. (Frabotta, 2000).

Human resource practices are dictated in large part by the employment laws and culture of the country in question. The United States has laws that protect employees not only during employment, but also in the selection process. Title VII of the Civil Rights Act of 1964 protects employees as well as job candidates from discrimination on the grounds of sex, race, religion, national origin, and color. Other laws as well as other amendments to the Civil Rights Act offer protection from discrimination based on age and disability. In addition, some states have harsher discrimination laws, including additional protected classes such as sexual orientation (Halbert & Ingulli, 2009).

Workers compensation laws in the United States have forced companies to protect themselves by ensuring a safe working environment for their employees. The Family Medical Leave Act requires mandates that an employer grant a leave of up to 12 weeks per year, in the event of a medically approved illness either to the employee or a direct family member, or because of the birth of a child (Halbert & Ingulli, 2009). The federal government also requires that overtime be paid to hourly employees who work in excess of 40 hours per week, at a rate of
150% of the employee’s regular hourly rate. Terminated workers are also protected by unemployment laws which require companies to fund unemployment insurance which is paid to employees who become terminated due to no fault of their own (U.S. Department of Labor, n.d.).

The cultural context of interpersonal communication refers to how much of a message is communicated verbally, and how much is contextual. The United States being as diverse as it is relies more on verbal communication than hidden messages, making it a low context culture. In a high context culture, a large part of a message is left unsaid, allowing the shared background of the individuals to relay information in the form of a pause, or a glance, or other contextual messages (High Context Culture, 2010).

**Greece**

Although Greece does have a formal hospitality education system, the quality of the education provided is lacking. In 1997-1998, a survey was taken of 83 individuals who had completed formal hospitality education in the last 3 years, and were either currently employed in the industry, or had been employed in the industry since their graduation. The results of the survey showed that the program had helped them develop operational knowledge. However, the students claimed that the program had not given them any insight into business administration, including “marketing, human resources, organizational theory, and law.” In addition, their education did nothing to develop their interpersonal and leadership skills, or provide Total Quality Management training (Christou, 1999).

Alexandros Paraskevas conducted a study in 2000, in which he send out questionnaires to 240 hospitality companies, and 120 non-hospitality companies, inquiring about recruitment methods they use, as well as asking them to rank certain selection techniques. The results below are from the hospitality sector only. A surprising finding is that while behavioral interviews
ranked higher than situational interviews (and have a higher proven success rate), 85.7% still used situational interviews, and only 57.1% used behavioral interviews. 14.3% of respondents still use unstructured interviews. 42.9% of respondents claim that they check references, however a majority said they don’t put too much weight on reference checking, since a favorable reference is usually part of separation agreements. Aptitude tests rank 6th in selection techniques, but they are used by only 28.6% of respondents. The number one ranking selection technique is aptitude center, but is not used by any respondents.

The Paraskevas study also gives us some insight on management profiles in the Greek hospitality industry. All the respondents were over age 25, with an average age of 45. A surprising 85.7% of respondents were male, 42.9% had a college degree, and 14.3% has a post-graduate degree. Half of the respondents had been in the business in excess of 20 years. (Paraskevas, 2000).

Most of the benefits that a company in the United States provides for employees are provided in part by the government in Greece. Greek employers pay social security taxes (IKA) on behalf of their employees, which pays for government provided healthcare. A small portion of IKA contributions are paid by employees via payroll deduction. IKA also covers disability and retirement benefits for insured individuals, as well as for childbirth benefit to women equal to 30 times their daily pay, and funeral coverage for insured individuals. Unemployment insurance is not compulsory in Greece (“Social Security Benefits,” 2010).

The Greek government has a vague anti-discrimination law on the books which states that “all workers, irrespective of sex or other distinctions, shall be entitled to equal pay for work of equal value.” In addition, there is a vague anti-discrimination law passed down from the European Union which provides for “non-discrimination on the basis of religion, nationality,
race, sexual orientation, etc.” The overtime law in Greece provides that employers pay employees an additional 25% of their regular pay for the first 5 hours over 40, 50% for any excess hours over that. Once employees reach 120 hours of overtime in the year, any addition hours are to be paid at 75%. However, Greece does not allow for hourly pay rates, but rather pays a daily or monthly salary. The monthly salary remains the same regardless of how many hours the employee worked, as long as it is less than 40 hours per week. 4 week paid leave per year is mandated by the government. Greece also has workers compensation laws in effect. Any employees that are involuntarily terminated must be compensated by an amount commensurate to the time of service, beginning at one month’s pay and ending at 24 months’ pay (Koukiadis, n.d.).

Greece is a high context country. Due to the common background and low diversity of the population, many messages are unspoken, but rather understood (High Context Culture, 2010). In addition, due to a shared religion amongst a large percentage of the population (98% Greek Orthodox), many national holidays are religious holidays. Religion plays a major role in everyday life (“Public Holidays in Greece,” 2010).

**Service Quality**

One of the most studied links of human resource practices to service quality is that of employee satisfaction to customer satisfaction. The service profit chain is a popular theory in the services sector which describes a cyclical link between employee satisfaction, customer satisfaction, and profitability. If a company takes care of their employees and provides them with the necessary resources, it will lead to employee satisfaction and employee loyalty. In turn, productivity will increase, and the superior service will get passed on to the customer. Customer satisfaction will of course lead to repeat purchases which will drive up profitability. The
increased profitability will allow the company to invest more into their human capital, thus rekindling the cycle (Pritchard & Silvestro, 2005).

In 2008, Christina Chi and Dogan Gursoy conducted a study to test the link between employee satisfaction, customer satisfaction, and profitability. The study involved 50 hotels each in 5 separate locations. The selected hotels were provided with a packet of surveys. 10 surveys were for employees, 20 for customers, and one for the manager. The surveys were distributed randomly, and returned by each individual directly. The survey results showed that all three factors were correlated, suggesting a strong link between employee satisfaction, customer satisfaction, and financial performance.

Total Quality Management (TQM) involves analyzing and fine tuning every aspect of doing business in order to achieve the end result, which in this case is exceptional service quality. One element of TQM which is often successful but rarely utilized is creating a flowchart of the service process. The flowchart would take into account every interaction, and every step required in order to complete a customer exchange. Just like the flowchart, other aspects of TQM seek to break down every detail until a cause is discovered (Sipe & Testa, 2006).

Mok and Armstrong (1998) measured how cultural differences affected service expectations. The study measured the expectations of guests from Australia, Japan, Taiwan, United Kingdom, and the United States. According to the results of the survey, the only expectation that hotel guests had in common regardless of their country of origin, was “When guests have a problem, shows interest in solving it.” The United States ranked second to the United Kingdom in terms of overall expectations (they tend to have higher expectations of service quality). These results show that culture plays a major role in the perception of service quality.
Part Three

Introduction

The United States and Greece are both developed countries with a heavy economic reliance on the hospitality industry. It is important for the successful operation of hotels and restaurants in both countries, to successfully manage the human resources of these hospitality enterprises. For the success of those properties which seek to compete on service, it is of equal importance that these human resource practices foster positive customer service practices.

This comparison of hospitality human resource practices in both countries highlights both successes and failures of hospitality venues in both countries. In addition, potential impacts of these practices on service quality are analyzed based on commonly accepted, scientifically tested theories which link human resource practices to service quality. The employment cycle is analyzed beginning on pre-employment education, and continuing through to termination of employment. While many aspects of these practices have an effect on customer service, this paper will focus on the two most commonly tested: employee satisfaction, and knowledge and training, specifically in the area of Total Quality Management (TQM).

Education and Training

There appear to be tremendous differences between the two countries in the area of pre-employment education. While the United States seems to have an ample selection of college and graduate level hospitality management programs, Greece seems to provide mostly certificate programs, which take on more of a vocational nature. Those Greeks which have the means to study abroad tend to do so in the United States, United Kingdom, or Australia. A formal education in these countries provides a distinct advantage over those individuals which have completed a hospitality education in Greece.
Degree level hospitality education in the United States not only provides a basic foundation of skills which are necessary in the day to day operations of a hotel or restaurant, but also the business acumen necessary to successfully manage one. While programs in Greece also do a fairly good job of providing the operational skills, they fail to provide an education of marketing skills, finance and accounting procedures, and other business skills.

Of particular importance to an education in hospitality management, is a working knowledge of TQM. While the degree programs in the United States repeatedly focus on the importance and practical implementation of TQM, the theory is mostly absent from a hospitality education in Greece. Greek hotels and restaurant managers are therefore at a major disadvantage in their ability to implement proven scientific practices at their properties.

On the job training, and leadership development programs seem to be a large part of how hotels and restaurants in the United States do business. These programs allow employees to cross-train in various departments, allowing a higher level of understanding on how the business operates. In addition, by preparing individuals to be promoted from within, employee motivation and satisfaction increases. While there is no evidence of these programs lacking in Greece, there is no evidence to support their existence and effectiveness either.

**Recruitment and Selection**

Proper recruitment and selection techniques are important for all levels of employment. It is important that the right individuals interact with the customers. Of even greater importance (and consequence) is the skill level of the leadership ranks of a company or property. Skilled leaders make it possible for a company to be in touch with a customer and his/her expectations. In addition, the skill level of management is a major factor in employee motivation.
Referrals are acknowledged as an important part of the recruitment process by hospitality managers in both Greece and the United States. While both countries seek out referrals from candidates, only managers in the United States actually make them an important part of employee recruitment. Greek managers seem to ignore these referrals, citing them as largely negotiated in termination proceedings.

Interview methods are another aspect of the recruitment process in which hospitality managers in the two countries seemingly agree. However, unlike with reference checking, there seems to be less of a discrepancy in how these managers conduct interviews. Both sets of managers agree that structured interviews provide the best insight into the qualifications of a candidate. Particularly important are behavioral interviews. While the majority of managers in both countries use these interview methods, these are less common in Greece. Slightly more than half of hospitality managers in Greece seem to use behavioral interviews, and a small minority still use the admittedly less effective unstructured interviews.

In order to analyze the impact of the training and selection practices in both countries, it would be effective to look at profiles of hospitality managers in both countries. While the average age of hospitality hiring managers in Greece is 45, a large part of upper level managers in the United States are under 40, demonstrating a quicker climb up the corporate ladder in the United States. College graduates in the United States outnumber those in Greece by a ratio greater than 3 to 2. Greek hospitality managers have spent more than 20 years in the business, as opposed to the 10 years American managers have put in, though this may be due in part to their more advanced age.
Benefits and Laws

While Greek law provides for the availability of benefits to workers, the United States has no such laws in effect at the current time. Most American hospitality companies do however provide these benefits in part to their employees. Most employees in the United States are provided with medical and dental insurance. However under the Greek law, social security (IKA) provides healthcare for employees, but does not provide dental care. IKA also provides disability, life insurance, and retirement benefits, which most United States companies also provide for their employees. While United States employers are required to pay a premium for unemployment insurance, such insurance, while available, is not mandatory in Greece.

Even though both countries have overtime laws on the books, the overtime laws in Greece appear to be much stricter than those of the United States. In addition, while the hospitality industry in the United States employs many hourly employees, Employees in Greece are only paid on salary (mostly monthly, but some daily). Greek law also provides for mandatory paid leave annually (vacation time), and a compensation package for terminated employees. There is no mandatory vacation time in the United States, and compensation for terminated employees is dependent on state law, and the reason for termination.

Both countries have anti-discrimination laws, but those of the United States seem to be stricter, with less room for interpretation. Much of the anti-discrimination law in Greece is passed on from the European Union. Hospitality companies in the United States pay close attention to minority hiring, while there is no evidence of such policies in Greek companies. Referring back to manager profiles, male hospitality managers in Greece outnumber female managers by an alarming ratio, despite the anti-discrimination laws.

Conclusions
Employees of hospitality companies in both countries enjoy distinct benefits and challenges. With the exception on anti-discrimination laws, employment law in Greece tends to favor employees more so than American employment laws. However, hospitality companies in the United States seem to be more proactive in making up the difference. It is unclear whether the laws in Greece are stricter because the companies are not as proactive, if the United States companies are more proactive due to the lack of regulation, or if there is no relation between the presence of such laws and company action.

Hospitality education in the United is more effective than that of Greece. This is reflected in the skill level of management, which is reflected in more effective recruitment, selection, and training practices. The skill level of management is also a large predictor of employee satisfaction. Another predictor of employee satisfaction is skill variety. While the training practices of United States hospitality enterprises show evidence for skill variety, there is little such evidence in Greece. These training programs also seem to be a motivator for employees, filling their needs for achievement and power whenever present. There is strong evidence to support the potential for a higher level of employee motivation and satisfaction in the United States.

The service profit chain is a theory which describes a direct relationship between employee satisfaction and guest satisfaction. This relationship is confirmed by several studies, including that of Chi and Gursoy, which showed a strong correlation between employee satisfaction, customer satisfaction, and employee performance. Based on this theory, the hospitality industry of the United States seems to show a higher potential for quality service than Greece, due to a higher presence of motivators in the U.S.
In addition to the service profit chain, TQM has been scientifically proven to strengthen the level of service perceived by a customer. Due to the lack of education on the subject in Greece, the United States is better equipped to implement such management techniques, also strengthening the potential for quality service in the United States in relation to Greece. It is also interesting to note how interpersonal communication may potentially play a role in service quality. Communication in Greece is high context, which has the potential to alienate those who do not share the same background, weakening Greece’s potential to provide exceptional service.

**Recommendations**

It seems evident that most of Greece’s inadequacies in the area of human resource management begin with the lack of a quality education for hospitality professionals. By strengthening managers’ knowledge of business practices, they will be better equipped to implement scientifically proven approaches to selection and training. A working knowledge of TQM can also better equip hospitality managers to implement more scientific approaches to doing business. While pre-employment education is independent of hospitality companies, donating money and resources to hospitality education programs would be a worthwhile move for large hotel and restaurant companies.

In addition, all hospitality employers in Greece would be well served by tightening recruitment and selections processes and criteria, and strengthening their on-the-job training programs. Formal programs such as leadership development would not only strengthen the skills of a company’s managers, but also serve to increase levels of motivation and employee satisfaction.

Scientific study into the theories which have arisen from this paper would provide more insight on the strengths and weaknesses of hospitality enterprises in both countries. Such
knowledge can lay the groundwork for making farther recommendations to strengthen the efficiency of human resource management in each country. Any changes made to close any gaps that exist between the two countries, serve to strengthen the hospitality industry as a whole.
References


