Exploring the Greek National Business System: Towards a Modernization Agenda

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Abstract
Since most academic studies concerning the application of promising management strategies like Total Quality Management (TQM) have been conducted in Anglo-Saxon countries, there is a need to remove the blinkers and explore these management initiatives in the context of other than Anglo-Saxon National Business Systems (NBS). As such, this paper explores the Greek NBS in terms of management practices, organizational culture and public administration. Moreover, the need for modernization is analyzed with focus on TQM as the major issue on this agenda. As this paper supports there is a need to put promising management practices into the context of the Greek national business system and to study not only the market situation, the industrial relations history and the HR practices used, but also how these practices are understood and used by managers and employees that work in different employment sectors. The findings of this study may have a broader impact as Greece attempts to redefine itself as a hub for South-East Europe.

Key Words
Greek National Business System; Promising Management Strategies; Modernization; TQM.

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Introduction

The majority of academic studies concerning the application of promising management strategies like Total Quality Management (TQM) have been conducted in Anglo-Saxon countries such as the United States, Canada, Australia, New Zealand and the United Kingdom. This reflects the emergence and rapid development of such practices in these countries, which represent what have been loosely termed Anglo-Saxon business systems (Sally, 1996; Dufey et al, 1997; Pauly and Reich, 1997); however, less has been written about the operation of non-Anglo-Saxon business systems, which are keen to adopt Anglo-Saxon management practices. Thus, the present paper addresses the Greek National Business System (NBS) based on three major arguments that make it an interesting case for investigation. The first, business systems are undergoing a modernization process, one aspect of which is the adoption of new management practices like TQM. Second, there are no studies concerning a managerial identification of the specific business system. The third reason is related to the great differences between the operation of public and private service industry in the Greek NBS. The main aim of this paper is to analyse these gaps in the literature within the context of the historical development of the modernization agenda specifically within Greece.

NBSs have their peculiarities and their distinctive features and there are various ways to classify them according to their key characteristics. For example, one such classification by Whitley (1999) distinguished across three dimensions: a) ownership co-ordination, b) non-ownership co-ordination, and c) industrial relations and management styles. It is not the purpose of this paper, though, to place the Greek NBS in any particular framework. Instead it supports the view that the Greek system is most likely a hybrid of several NBSs. What this study seeks to offer is an analytical account of the Greek system explaining the context in which new management practices work.

The present paper is structured into four sections. The first section briefly outlines the political and economical conditions under which modern Greek business systems have developed. In the second section the system is analyzed in terms of three specific aspects: the development of people management; the organizational culture of the business system; and the operation of Greek public administration. The third section explores the modernization movement that ‘hit’ the managerial agenda of both private and public organizations with, in particular, the application of promising management practices like TQM that is placed at the core of this agenda. Finally, the paper draws useful conclusions associated with the managerial behaviour of the business system and its potential flexibility towards the adoption and development of modern management models.
The Development of the Business System

During the last two centuries Greece has evolved from a poor, quasi-mercantile, business system to a middle-income quasi-industrial one with the main feature of the system being its low effectiveness and efficiency compared with more mature industrial societies. According to Minoglou (1993), two structural continuities were responsible for the systems’ formation. The first was the small size of the country and consequently the small size of the market that has led to economic growth, but not the development of the business system supporting it. Also, managerial practices have not been used properly as the basic criteria for designing and developing the system. The second structural continuity was the lack of co-ordination between industrial and fiscal policy.

There are several reasons explaining these two structural continuities. According to Mouzelis (1978), the most important reason is the fact that constitutional parliamentarism has functioned differently and less satisfactorily in Greece than in other western countries. While in several western countries democratic regimes followed the industrial revolution, Greece was among those countries in which a parliamentary political system was introduced before passing through the industrialization process. This encouraged the development of a centralized system with a powerful state and relatively large public sector. The lack of industries, and consequently the lack of investments, led to unemployment. Thus, the public sector was seen as the biggest, and sometimes the only, employer. This situation lead to what has been later termed clientelism between politicians and citizens whereby politicians, in return for votes, offered them job positions in the public domain controlled by them.

Another feature of the history of the Greek political system is, its characterization as bipolar: reformist vs. conservatism (Diamantouros, 2000). One group (reformists) always supports the concept of modernization and reform of the system in order to follow international developments in social, political and economic aspects. The second group (conservatists) always resists any structural shift of the system. An example that illustrates this situation can be drawn from recent debates on management strategies. There are many voices arguing in favor of the adoption of modern management practices. It is true that the top-management of many large enterprises, as well as the political leadership of many State Departments, emphasize the introduction of new management initiatives. On the other hand, it seems that there are professional groups that strongly resist these shifts, because they threaten traditional sources of power and other interests (Diamantouros, 2000). The long existence of these two different political cultures intersects transversely the Greek society and its institutions - political, economical and cultural - causing continuing controversies, conflicts and inertia.

At the beginning of 1990s it seemed that a reformist culture tended to dominate the system. Full membership in the European Union (EU) encouraged the adoption of neo-liberal
policies (like privatisation) introduced by both major Greek political parties and demand management was replaced by a policy of monetary stability and labour market flexibility. Furthermore, state intervention became weaker and new management methods were adopted with the aim of supporting the role of management initiatives in the restructuring of businesses and public services (Minoglou, 1995).

The present study does not view the system as a fixed and monolithic entity, according to conservative culture. In contrast, it is seen as a system that is undergoing a modernization process according to the reformist agenda. In this respect, three structural aspects of the current NBS require exploration: the development of human resource management practices, the organizational culture, and the operation of the Greek public administration.

**Human Resource Management Practices**

Management as an art and as a science is a relatively new issue in the Greek business system whose companies still tend to be centrally controlled and dominated by powerful individuals (Papadakis, 2006). Before the 1980s, due primarily to political instability and economical recession, business management was not the top priority. The unstable political situation during the post WWII era, which lasted till mid 1970s, is an important reason explaining the limited development of management practices. Also, the priority after WWII was the restructuring of the State. Another reason is related to the lack of management schools within universities as well as the belief that economic sciences were of questionable standard, which further serves to illustrate the gap of management as both a science and practice during this period. In general, it can be emphatically posited that HR has been severely overlooked within Greek industry (Vouzas, 2004) but management has started to play an increasingly important role during the last two decades. Its increasing importance can be related to the process of modernization that pressed private, as well as public, organizations to adopt new management methods – for example, substantive changing management practices in the banking industry have been identified (Glaveli and Kufidu, 2005). The first issue that indicates the character of the management system in Greece is the overall limited development of human resource practices.

In contrast with the previous practice, termed Personnel Management (PM) by Torrington and Hall (1998), Human Resource Management (HRM) is a relatively new concept for management science and gives a more general view to the management of people. In Greece, PM or/and HRM appears to have undergone limited development and it seems that there is no real debate about their distinction. Personnel managers – or according to the new approach HR-managers – do not appear to be important figures for Greek firms. A main reason is that the majority of Greek enterprises are family owned, and the ‘art’ of managing
people is not on their organizational agenda, because of its high cost to the owners (Kanellopoulos, 1991). Thus, it is, or at least it was, common practice for operations managers or other specialists to undertake such responsibilities.

The limited importance of HR managers seems to be the main conclusion in a series of empirical studies conducted in the 1970s and 1980s (EEDE, 1972; Hassid, 1977; Gergoulis, 1978; Hassid, 1980; and EEDE, 1986). According to these studies HR practices seem to be of limited importance in Greek organizations. Hassid (1980) argues that this was a major reason of the low effectiveness of Greek firms. Other research evidence (Ball, 1992) show that compared to their counterparts in the more developed European economies, HRM in Greece is a rare breed only appearing over the last 15 years. There are several reasons for its late development. At first sight the size of the population (almost 11 million people) would seem a likely factor, but in other European countries with similar or smaller populations, this has not been a constraint (Ball, 1992). For example the evolution of HRM in Portugal was rather different [1].

Another important reason is the fragmented nature of the Greek business system. Except for isolated cases, economies of scale have not been applied in Greece which is characterised by small enterprises (Ball, 1992). Another reason is associated with the size and structure of organizations: as the majority of businesses are small and family oriented, HRM is exercised by the owners, and sometimes by other members of their families. Finally, Ball (1992) argues that in Greece, HR managers were estimated to number no more than 300 and even large companies still have their personnel practices dictated by the all-powerful, patriarchal owner.

It is true, however, that full membership of Greece in the EU seems to have initiated a change in the way some large Greek firms view HR practices (Papalexandris, 1992). Especially in the period after the mid-1980s many Greek enterprises tried to apply HR practices similarly to the multinationals operating in Greece with many firms developing HR departments. According to Kanellopoulos (1990), in almost every company which has a personnel department, its significance is at least equal to other departments such as production, finance, and marketing.

Beyond these developments, the whole concept of the HR manager in the Greek NBS seems to lack sophistication. This is due to a gap of education and training on HR issues as well as to managers’ actual roles and responsibilities. As Papalexandris (1992) notes, despite the fact that the educational level of personnel managers can be considered satisfactory, it refers to general sciences and not to specific management practices including HRM. Many Greek managers, who are heads of personnel departments, have received limited, if any, training in HR related issues (Papalexandris, 1992). The majority of them are economics graduates, who studied in Greece during the 1960s and 1970s, when subjects like HR were
not included in curricula. Even though the majority of HR managers were higher educated, many others had no university education having joined their firms at low hierarchical levels and achieving their position following long years of work (Papalexandris, 1992).

The current decade shows considerable efforts in improving personnel practices in Greece (Papalexandris, 1992; Ball, 1992). Many university business departments have adopted variety of courses dealing with HRM and there has also been a substantial import of young graduates holding a Masters’ Degree in HRM mostly from programmes in the UK or US. Finally, personnel departments seem to have attained a rather higher level of importance than in previous years. According to a more recent study (Papalexandris and Nikandrou, 2000), training programmes offered by Greek enterprises are almost similar to programmes found in western European countries. Personnel training in Greece “…can no longer be treated as a method to cure skills deficiencies, but rather as a continuous, life-long learning progress with considerable impact to the growth of the firms” (Papalexndris and Nikandrou, 2000, p. 391). Moreover, relatively large corporations have started introducing flexible HR policies (Kufidu and Mihail, 1999). For instance, there is evidence of performance-based schemes, such as merit pay, profit sharing and bonuses, mostly for managers, and to lesser extent to other professionals.

Related to the late development of HR practices is the cultural gap, which is the second issue that indicates the character of the current business system in Greece.

**Organizational Culture**

Research on organizational culture, conducted by the Greek Management Association (EEDE), points out that management skills are extremely underdeveloped in relation to their EU counterparts (EEDE, 1986). According to this research, most private enterprises in Greece are family owned and thus, top management consists of members of the same family. Moreover, top administration in public enterprises was found to be appointed mainly by the government, which wants to satisfy its internal and external ‘clients’, and consists of political ‘friends’ and party members. Also, it is important to note that for many years it was common for Greek governments to appoint ex-military generals to top executive positions of public enterprises, based on the belief that their experience as military commanders gave them the appropriate know-how related to the administration of huge bureaucratic organizations. On the other hand, the appointment of professional managers was very rare and was not an issue on the agenda until recently.

In addition, the intervention of government in the operations of public enterprises is very common. Bourantas *et al.* (1990) note that most of what is considered in several western countries as managerial prerogatives is continuously debated in parliamentary discussions, the outcome of which is often new legislation. In a situation like this the creation of an
organizational culture, mainly by professional managers, which will contribute to the managerial improvement of the system, is of secondary importance. Therefore, there is a general feeling of the existence of a gap in managerial culture in most Greek public and private organizations.

Attempting to confirm the existence of such gap, Bourantas and his colleagues (1990) used a framework provided by Harrison (1972) and Handy (1980). This framework consists of four different management styles with each style representing a god of ancient Greek mythology. The first type – Zeus – represents the patriarchal tradition, which is irrational but often fraught with benevolent power, impulsiveness and charisma. The Apollo culture assumes that all people are rational and that everything can, and should, be analyzed in logical terms. This culture can be related with what Morgan (1986) calls the ‘Machine Metaphor’ in which individuals are part of a machine, with fixed roles and low flexibility. The Athena type emphasizes only expertise as the basis of successful solution to problems and as a source of power. Finally, the Dionysus culture represents a situation where everybody is in charge of their own destiny. This type is preferred by highly professionalized individuals characterized by a higher internal locus of control (Rotter, 1966; Blua, 1987).

Bourantas et al. (1990) found that there are important differences between the perceptions of managers working in the private sector and those working in the public domain. Also, they identified significant differences between the perceptions of Greek managers working for entirely Greek-owned firms and those in multinational enterprises located in Greece. According to them, there no significant differences were identified between managers working in the two sectors of employment as well as between those working in Greek and foreign-owned businesses. Moreover, Bourantas et al. (1990) point out that as age increases and educational level decreases, the percentage of those perceiving Zeus and Apollo as the dominant culture types decreases, while the Athena type increases. Their evidence suggests that “…there is a substantial chasm, a significant perceived culture gap” (p.271) (i.e., a lack of congruence between perceived and preferred dominant organizational culture). Thus, “Greek managers usually see the dominant organization culture as different from the culture they say they prefer” (Bourantas et al., 1990, p.271).

Similar studies have shown that the managerial culture in Greece is based on paternalism and can be characterized by high levels of formalization and low levels of decentralization (Joiner, 2000). Cummings and Schmidt (1972) argue that although Greek managers advocate participative styles of management, they show little trust in other individuals’ capacity for leadership and innovation. It is interesting to note that in the Greek vocabulary there is the word ‘Euthynophobia’ (i.e., fear of responsibility) that tracks Greek top managers lack of willingness to delegate power and decision-making and be responsible for the decisions of others that take such responsibility. Additionally, a study contacted by
Triandis and Vassiliou (1972) showed that Greek managers give greater weight to the recommendations of friends and relatives than do Americans or the Europeans, when selecting employees. This is yet more evidence of the power distance that top managers prefer in Greece. In addition, Veiga et al. (1987) have concluded that despite the fact that there is a collective culture which has a high regard for group well-being, Greek managers have a lower willingness ‘to give up control’ than their counterparts in the US.

Other cross-cultural studies argue similar things about Greek managerial culture. Hofstede (1984; 1986; and 1991) found that the power-distance score for Greek managers was about half of a standard deviation above his 40-country mean. Also, the individualism vs. collectivism index for the Greeks was three-fifths of a standard deviation above the same mean, indicating a tendency for collectivistic groups and family orientation of businesses. Finally, he indicated some features of such a culture including that the organization: defends employee interests, develops practices based on loyalty, promotes a sense of duty and group participation and finally, supports relationships over tasks.

In sum, Greek organizational culture is based more on emotion than on rationality and reflects a more autocratic style of managing people and organizations. Many Greek businesses have been successfully created and developed by individuals with strong, leading personalities. Most of them are males who are intimately concerned with every aspect of the business, rarely delegate authority and commonly decide on the treatment of staff on a piecemeal and subjective basis. Kottis (1996) conducted a survey among the largest firms in Greece concerning the participation of women in management. The presence of women in the higher echelons of the managerial ladder was minimal or non-existent. Female participation at the middle and lower levels of management was also relatively small. Moreover, a large percentage of senior managers were found to hold negative preconceptions about women or subscribed to old-fashioned gender stereotypes. As Triandis et al. (1968) argues this behaviour may well be a result of the fact that Greeks tend to be extremely competitive, hostile and suspicious. Moreover, this cultural gap is also associated with the problematic operation of the Greek public administration

**Public Administration in Greece**

Although, the above management trends referred to public organizations as well, it is critical to understand the nature of Public Administration (PA) in Greece separately. PA is strongly dominated by the political system. As Makridimitris (2001) points out “the Greek political system manifests the signs of the ‘strong state’, chiefly through the reinforcement of the executive power as a whole and particularly of the most representative and politically answerable part of it” (p.21). In order to understand better the Greek PA as it is formed today, it is useful to briefly examine its historical context.
The history of the Greek PA began in earnest during the War of Independence (1821-1829), but largely from 1833 when the new State had to be created *ab initio* (Glogg, 1992; Spiliotopoulos and Makridimitris, 2001). Between 1828 and 1831 the whole system had a markedly centralised character, with minimal decentralisation in favour of the regional administrative bodies and very few decision-making competences for local government organizations (Glogg, 1992). The period 1833-1844 saw the first bureaucratic organisation of the ministries and the engagement of the first civil servants (Spiliotopoulos and Makridimitris, 2001). During the period 1844-1864, unfavourable conditions were created at both the central and regional levels. After the formation of political parties, *clientelism* between local party members and voters grew (Makridimitris, 1995). This resulted in public service staffing spoiling the system (Makridimitris, 1996). In 1911 the Constitution introduced the tenure of civil servants (Spiliotopoulos and Makridimitris, 2001). This ended a series of great shifts of the personnel of every public organisation when the government was changed [2] and created a series of other problems associated with the expanded number of civil servants and the effective management of the system (Makridimitris, 1995 and 1996). During the twenty-four-year period of political irregularity (1916-1940), political criteria continued to prevail in the recruitment and placing of civil servants. After WWII, extensive efforts were made to reconstruct the PA (Makridimitris and Michalopoulos, 2000) with most of the changes having been proposed by Greek or foreign experts [3]. The years after 1974 till 1990 were characterized by retrogression in the matter of the staffing of the PA. At the same time, the use of the party-political criterion for the selection of the senior managers was extended.

Each of the above circumstances under which PA was formed influenced the development and growth of several bureaucratic pathologies that still characterize the Greek PA. These pathologies can be classified into three main levels: organizational/structural, personnel and operational.

The first level refers to static structural forms of organization of the PA. Overall, there is a lack of management sophistication in Greek public services (KEPE, 1991). This sophistication gap means that public organizations are dominated by bureaucratic forms of work and they have a limited ability to adopt new organizational forms. There are several images of this pathology. According to Makridimitris (1995, 1996), structural weaknesses can be identified in the decision-making system. This system is highly centralized and lacking the ability to delegate decision-making power to lower hierarchical levels or to regional public bodies. The centralized system is associated with a lack of operational autonomy of many public organizations (Makridimitris and Michalopoulos, 2000). Another structural pathology is the ‘gigantism’ of the public sector (Makridimitris, 1996). The public domain in Greece numbers a wide range of public bodies including Social Security Agencies, Hospitals, Public
Enterprises, Public Banks, Independent Administrative Authorities, Local Government Organizations and Regional Government Organizations. If in this list we add the Government Departments, we can understand the enormous size and power of the Greek public sector.

The second level is associated with the huge number of employees of the PA. Civil servants in Greece number approximately 700,000 individuals who work in various public bodies and this number is unequally distributed in public organizations (Makridimitris, 1995). A second problem is the inappropriateness of the majority of civil servants. A large number of employees have been appointed through the system of clientelism (Makridimitris, 1995; Makridimitris and Michalopoulos, 2000; Makridimitris, 2001). This means that the selection of many civil servants is based more on the willingness of politicians to offer jobs in exchange for political support. Furthermore, there is a lack of HR practices in public services suggesting that the recruitment and selection system is inappropriate and/or outdated for the needs of a modern organization (Makridimitris, 1996).

The above situation is also reflected in the third pathology which refers to the operational level. Several researchers (KEPE, 1991; Makridimitris, 1995, 1996; Makridimitris and Michalopoulos, 2000, Michalopoulos, 2001, 2002; Michalopoulos and Psychogios, 2003) note the lack of fundamental management functions like planning, evaluation, and coordination. It is hard to find operations management techniques in the majority of public bodies (Michalopoulos, 2001). Communication processes among different public organizations as well as between departments and individuals within the same public service are problematic (Makridimitris, 1996) with the limited use of information technology in public services creating many of the breakdowns.

These three pathologies resulted in a number of dysfunctional management issues like the lack of variety and meaningfulness of jobs; the lack of job autonomy; the absence of feedback and results; the overloaded public services; the confusion and conflict between roles, policies and procedures; the missing link between efforts, results and rewards; the organizational culture, which gives little recognition for achievement and few opportunities to employees to influence their own levels of efficiency; the poor quality of leadership at all hierarchical levels; and the lack of reward for goal-oriented behaviour.

Nevertheless, the Greek PA is in a transient period of continuous reform. The 1990s witnessed some significant efforts of changing the organization and operation of the PA (Makridimitris, 2002) and there is currently a need for highly professionalized senior staff and decentralization to become a primary component of the public policy agenda. Finally, great emphasis has been placed on the improvement of relations between State and Citizens, with a significant cutting down of bureaucratic processes. In addition, many modern management practices were introduced emerging from the fact that the whole Greek NBS needs to be reformed.
The Modernization of the Business System

The last years of the 1990s modernization became a major issue on the Greek NBS’s agenda. Perhaps, the most important reason for the need of the modernization process is Greece’s full-membership in the EU (Makridimitris, 1996; Kritsanonis, 1999 and Makridimitris and Michalopoulos, 2000). The Single European Market increased the competition for products and markets for every member-state (Mandaraka and Kormentza, 2000).

In general, the impact of the modernization movement in Greece can be summarized in the phrase: ‘less public expenditures, more efficient and effective organizations, better economic indicators, and effective public and private organizations’. According to Makridimitris, (1996) there are several implications of this process such as privatisation of public enterprises; mergers between Greek firms operating in the private sector; professionalization; links between the production and research in academic institutions; new patterns of employment and a changing workforce; and introduction of new management practices. The need for modernization is even greater in the public sector. The slogan for organizational change in the public domain is to become smaller and more effective as well as flexible. This mandates an emphasis on professionalism, a decrease in bureaucratic formalities and the encouragement of innovation and entrepreneurship (Makridimitris, 1996). These aspects of modernization seek not only to make the system work more effectively but also to achieve the analogous quality outcome. Therefore, the most significant issue on the modernization agenda is the emphasis on quality management in general and TQM in particular (Vouzas and Gotzamani, 2005).

The great impact that quality programmes have had around the world, and especially in Anglo-Saxon countries, are bound to affect the Greek NBS. Thus, quality initiatives hit the public and the private organizational agenda more than any other management initiative. One could argue that TQM in the Greek NBS has become fashionable the last 10 years. It is characteristic that the Department of Internal Affairs, Public Administration & Decentralization (DIAPAD) nominated the year 1998 as “the quality year” for both public and private sectors (DIAPAD, 17/03/1998).

The need for quality oriented outcomes first appeared in the late 1950s when a rapid industrialization process occurred. “The presence of American and European companies that started operating in post-war Greece increased consumers’ awareness of the superiority of quality of imported products. The same happened in services with the coming of foreign banks and insurance companies” (Dervitsiotis, 1999, p.2). A substantial turning point however, was the fact that Greece became a member of the European Economic Community in 1981. As Dervitsiotis (1999) supports, this resulted in the removal of trade barriers and intensified competition for Greek producers, creating strong pressures for performance improvement in both manufacturing and service industries. Thus, many organizations have to
“reveal their plans to meet new legislative environment” (Mandaraka and Kormentza, 2000, p.7). Beyond these developments however, there was only little evidence towards quality improvement efforts among Greek organizations. As Dervisiotis (1999) argues “we can identify only ‘islands of quality’ in Greek firms” (p.2).

In more recent years many private organizations were hasty to adopt new managerial techniques, such as quality improvement initiatives in order to be more effective and efficient and to improve their operations. Evidence from research carried out by Vouzas (1997) has shown that in Greek firms quality departments are large, well organized and autonomous, practicing a wide range of quality activities. Moreover, multinationals operating in Greece seem to be more concentrated on the quality management idea. Evidence from research carried out among European and American firms operating in Greece (Kufidu and Vouzas, 1998), has shown that especially European organizations were based on productivity and quality and covered almost all departments. Also, quality improvements efforts had been fully supported from the beginning by the factory trade union, “a situation that motivated acceptance of quality management by all employees” (p. 828).

Another point that needs to be stressed is the increasingly important role of quality management systems, such as ISO 9000. This quality system contributes to companies’ competitiveness, by proposing specific standards “of operational techniques and managerial activities used to fulfill customer expectations and requirements” (Lamprecht, 1992, p.4). The ISO 9000 series are well introduced in Greek private organizations (Tsiotras and Gotzamani, 1996) and their implementation was considered as a first step towards total a quality approach and philosophy (Vouzas, 1997). As Tsiotras and Gotzamani (1996) point out, ISO 9000 has the great advantage of being structured and “has a clear end and a final achievement, which is the certification of the quality assurance systems…” (p.75).

On the other hand, TQM was not an issue on the public sector agenda until recently. During the last five years there were a lot of people from Greek society (politicians, scientists, specialists as well as the public) arguing for better public service delivery. This resulted in quality management programmes and the total quality idea becoming attractive to many central and local government agencies. A report by the National Bank of Greece (NBG) (1998), called ‘Quality for Public Administration’, was one of the first initiatives in this direction. This report proposed the introduction of several managerial practices and concepts that have been previously applied in business administration, such as Management by Objectives (MBO), Job Design and Job Specification, and Monitoring. It, also, tried to introduce a process through which all legislation will be decreased. Finally, it referred to the need of specialists (individuals with technical knowledge on the management field) for public services.
Influenced by the above report, the DIAPAD adopted a policy attempting to improve the services produced for citizens (DIAPAD, 17/03/1998) under a policy called ‘Quality for the Citizen’ whose sole purpose was to improve several aspects of State-Citizen relations (Michalopoulos, 2000 and 2002). More specifically, it was targeted at: a substantial communication between the state and the citizens; a managerial culture, which will be based on the satisfaction of citizens’ requirements; an effective as well as an efficient PA through performance indicators and other managerial techniques; and finally, a climate of partnership, trust and involvement between the state and the society. The DIAPAD designed a strategy in order to achieve these targets. The key-factors of this strategy were: free access of the citizens to public services; establishment of a new system of administrative control; establishment of transparency within the public sector; improvement of the technological infrastructure; establishment of motivation techniques based on performance-related awards; reduction of the number of public organizations as well as creation of new organizational structures based on fewer departments and more project teams.

A second stage of policy action took place two years later. The new Minister of the DIAPAD wanted to continue the effort for the reform of the PA. The new programme called ‘Politia’ attempted to once again implement management initiatives taken from the private sector by analytically presenting the national business plan for the shift of public services. It also introduced three management practices: MBO, Performance Measurements as well as a new evaluation system for civil servants.

In short, promising management practices like TQM have emerged as concepts and methods in the Greek modernization agenda of business systems. Despite the fact that there was a top-down objective of these changes, few have occurred in practice (Michalopoulos, 2002) and as such are still under formation.

Conclusions
This paper has addressed the main features that have shaped the Greek NBS. It has examined its development as well as its three main structural features such as the underdevelopment of the management system, its cultural gap and the problematic operation of the PA. Furthermore, the paper has examined the quality movement in Greece as a significant part of the modernization process that has taken place over the last decade. From this analysis four major conclusions can be drawn regarding the character of the Greek NBS.

The first conclusion is associated with the managerial features of the system. The majority of the studies considering concerning the Greek system indicate that Greek managers and those in authority have tended to adopt an autocratic attitude of managing people. In other words, the whole system appears to be dominated by an authoritative organizational culture. This culture seems to be effective in some occasions, but it does not contribute to the
formation of a more flexible system, which is appropriate to accept changes. For example, Greek senior managers are less willing, than those in Anglo-Saxon countries, to delegate power to their subordinates. Moreover, the system is characterized by the late development of management as an art and science. This also resulted in the limited importance of HRM issues within organizations. Finally, the Greek system seems to promote the notion of specialists/technocrats instead of generalists. In Greece, the former concept is mainly associated with a highly educated person who has technical skills.

The second conclusion refers to the operation of the Greek PA. The Greek public sector is dominated by huge bureaucratic organizations (structures), characterized by a highly centralized decision-making process as well as by a non-competitive philosophy. Modern management practices are largely absent from public organizations and the dominance of clientelism (between politicians and citizens) makes its operation even more ineffective.

Considering the above two conclusions, a third one can be drawn arguing that the Greek system (both public and private) suffers from managerial inelasticity. This fact may be related to the existence of a conservative cultural group. This group includes structural characteristics like protectionism, state intervention, lack of industrial policy, low flexibility and competitiveness; however, as mentioned, there is another cultural group - the reformists that emphasize the transition from inward-looking trade policies to integration in the open market economy of the western world, the privatization policies, the need for market and labour flexibility as well as the need for new management practices. These two antithetical groups synthesize a paradox for the Greek NBS.

Another conclusion is that over the last decade it seems that the second group has dominated the system. The reformist cultural group favours a change or modernization of the system. Globalization has put strong pressure on NBSs to shift their functions and to operate more effectively and this modernization movement has now emerged in the Greek NBS. A specific aspect of this movement is the adoption of promising management practices mainly from the UK and the US. Therefore, quality management initiatives like TQM become an issue on the organizational agenda for both private (Lamprecht, 1992; Tsiotras and Gotzamani, 1996; Vouzas, 1997; Lipovatz, 1998) and public sector (Michalopoulos, 2000 and 2002) organizations.

A major question that emerges from the above analysis is whether the current Greek NBS is appropriate for the successful adoption of modern management strategies (e.g., TQM). There is conflicting evidence, for instance, on how Greek managers understand and effectively apply promising management practices (Psychogios and Wilkinson, Forthcoming 2007). In other words, an aspect of investigation could be the responses of managers on modernization in general and TQM in particular. Thus, there is a need to move the research forward and to carry out a study, which will provide evidence concerning the relationship
between management in the Greek NBS and new management strategies. These strategies are applied in a variety of versions and they are multi-dimensional. Therefore, there is a need to put the promising management initiatives into the context of each national business context studying not only the market situation, the industrial relations history and the HR practices used, but also how these practices are understood and used by managers and employees that work in different sectors of employment.

Endnotes
[1] As reported in the June 1992 issue of Personnel Management magazine, Portugal has around 1,800 HR managers, whereas membership of the Greek Personnel Manager's Association is around 300, and this includes about 50 who are not currently involved in personnel work. The association estimates that there are only 20 to 50 practising personnel managers who are not members (Ball, 1992).
[2] As the system was based on client relations between politicians and voters, one of the major demands of citizens was the opportunity to work in the public domain. As Greece was not an industrial economy, many people tried to find job in the PA.; however, every time another party won an election there was a dramatic changeover of staff, (i.e., appointing its own ‘clients’ – voters as civil servants).
[3] Between 1946 and 1998, ten reports by specialists on the improvement of the public administration, commissioned by the government, were submitted (Makridimitris and Michalopoulos, 2000).

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