

# Greek Management: Diagnosis and Prognosis <sup>1</sup> <sup>2</sup>

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This paper presents and discusses the basic characteristics of management in Greece, and it comments on the main change forces facing Greek managers. The first section presents some basic characteristics of the management context in Greece. The second “**diagnosis**” section presents the main findings of three recent empirical studies which have been conducted in Greece by the authors and their associates. This diagnosis is attempted at a general level, by discussing the management culture typologies of Greek companies, and at a level of specific

managerial practices, by presenting their leadership and strategic decision-making styles. In order to identify the unique characteristics of Greek management, we contrast the management cultures and decision-making styles of Greek-owned companies with those of the subsidiaries of multinationals operating in the same national context. We also compare the results of the three studies with those of previous studies referring to Greece.

The third section “**prognosis**”, based on facts as well as on the personal experiences of the authors, argues that Greek

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<sup>2</sup> Paper published in **International Studies Of Management and Organization**, Special Issue on European Management (Autumn 1996), 26,3,13-22. (with D. Bourantas). Please note that format of this paper, as well as other minor details may be different from the final published paper.

management is in a state of transition, leading towards modernization-professionalism mainly influenced by the U.S. and U.K. models, with which it tends to converge. This prognosis section drafts a model of environmental and other influence on Greek management, and it argues that this change supports the “culture-free” or “convergence” hypothesis. Finally, the fourth section discusses the implications for research on Greek management and offers guidelines for future research.

## **The Management Context in Greece**

### *General Context*

Greece’s population slightly exceeds 10 million, and it has been a full member of the European Union (EU) since 1981. The country has a stable democratic political system and a free market economy with only limited government regulation. In terms of economic development Greece is the least developed country within the EU.

Since the second world war, the country has experienced a rapid shift from a mainly agricultural economy to an industrial and service-based economy. It is characterized by the coexistence of traditional and modern sectors of activity and by rather small and medium sized family-owned businesses. Recent ICAP (1994) figures reveal that only 12% of the manufacturing companies have more than 100 employees. There exists a very large public sector, which is often uncompetitive and its huge deficit is a major problem to the whole Greek economy.

Statistical figures support a steady increase in inward foreign direct investment over the last 30 years. Keen to attract foreign funds, Greek governments have offered investment incentives by way of capital grants, tax allowances, increased depreciation rates, and interest rate subsidies. Just prior to the 1992 European drive toward a “single market”, a large number of European and some U.S. companies have invested in several Greek industries, mainly by acquiring major players. Examples include the acquisition

of Metaxa (a Greek brandy and ouzo producer) by Grand Metropolitan, of AGET Hercules (a cement producer) by Calzestruzzi, Pavlidis (a chocolate-producer) by Jacobs Suchard, Misko (a pasta-producer) by Barilla.

### *Cultural Context*

Previous research concerning the management of Greek organizations suggests that management as an art and science is underdeveloped relative to other national EU partners (EEDF, 1986). From the few empirical studies referring to the Greek culture of management, it is not easy to classify Greece as belonging to any one of the clusters of countries suggested (Cummings and Schmidt, 1972; Hofstede, 1980). Earlier research, however, does provide some evidence which could be of interest to the present paper.

Hofstede (1980) found that of the 53 countries included in his sample, Greece is characterized by the highest “uncertainty avoidance” index, as well as by a masculine culture. He suggested on the basis of these two characteristics that the need for security and status as a result of wealth is especially important to Greeks. Mead (1955) and Triandis et al. (1968) hold that the need for self-esteem is very strong in the Greeks, and that it stems from the prominent cultural value known as “*philotimo*” (e.g., cooperative and self-sacrificing behavior).

The majority of these empirical studies were carried out in Greece three to four decades ago, in a period when the level of industrialization, the growth rate, and the level of disposable incomes were all very low. There was a high level of unemployment and a significant amount of immigration to industrialized countries. The level of education among employees, managers and entrepreneurs was low. The civil war, which had started just after the second world war, had only recently finished, and the political situation was unstable and lacking the basic elements of democracy.

Today, the situation is markedly different. Greece is a member of the EU, and education and the level of development have both improved significantly. Furthermore, there is a significant level of political stability and democracy. A study conducted by Bourantas et al. (1987) addressed the question of whether there have been significant changes in the needs of Greeks. Indeed, the empirical data suggest an evolution (Table 1). The physiological and security needs (Maslow, 1970) of the Greeks are relatively well satisfied, while new higher-order needs now appear to be important. The “ego needs” of self-esteem and status through wealth, which largely coincide with the national character of the Greek people, remain important as would be logically expected.

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**Insert Table 1 about here**

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As regards the leadership styles by which people would like to be managed, Hofstede’s (1976) research showed that, in Greece, the consultative style is greatly preferred over other styles (i.e., 70 % of respondents preferred the consultative style, 18 % the participative, 12 % the persuasive, and 0 % the autocratic). Compared with the other 37 countries in the Hofstede sample, Greece gave the highest preference percentage to the consultative style (average for the 37 countries, 49 %), while the participative style accounted for a percentage a good deal lower than the average (28 %). Triandis et al. (1968) suggested that two central attributes of the Greek national character are extreme competitiveness and an unusual response to people in authority. Within the “in-group”,<sup>1</sup> there is a warm acceptance of people with authority, and behavior is cooperative and given to self-sacrifice (the value of “philotimo”). By contrast, there is a cold rejection of out-group authorities, and behavior towards out-group people is suspicious, hostile and extremely

competitive. Thus, Greek “anti-authoritarianism” is a by-product of the distinction between in-group and out-group. These studies are rather old, therefore the next section discusses the results of three very recent studies on Greek management.

### **Diagnosis of Greek management**

#### *The management culture of Greek organizations*

The management culture in Greek organizations has been researched by the first author and his colleagues (Bourantas et al. 1990). The conceptual framework for this research was provided by Harrison (1972) and Handy (1980). This framework conceives of a manager as possessing some characteristics of one of four gods of Greek mythology. These gods are chosen as representing the four main pillars of wisdom. The name of each of the four gods is used to describe the cult or philosophy of management and an organizational culture. The following four types of organizational culture were measured:

*The Club Culture (Zeus):* Zeus, the king of gods who is feared and respected by all other gods is the patron god of the club culture. He represents the power-centered patriarchal tradition with irrational but often benevolent power, impulsiveness and charisma. Historically, the Club Culture is found in smaller entrepreneurial organizations. Organizations which use this culture are most likely to be divided either along functional or product lines, and experience a centralized management style.

*The Role Culture (Apollo):* The role culture places at the center of its conceptual framework the role rather than personalities. Apollo, the god of order and rules, is the patron god. The culture assumes that humans are rational and that everything can and should be analyzed in a logical fashion. The culture’s symbol is the Greek temple which draws its strength and its beauty from its pillars. The pillars represent functions and divisions in a role organization. The role, or the set of duties,

is fixed. Individuals in the role culture are parts of the machine, doing their jobs, more or less in a freely interchangeable fashion.

*The Task Culture (Athena-the goddess of wisdom):* The task culture recognizes only expertise as the basis of power and influence. Management is concerned with the successful solution of problems. To achieve this it draws resources from various parts of the organization in order to focus them on a particular knot or problem. The youth, energy and creativity associated with Athena fit the task culture very well.

*The Existential Culture (Dionysus):* It assumes that the world is not part of some higher purpose and that everybody is in charge of his or her own destiny. This philosophy has tremendous implications for management. In all other cultures, the individual is subordinated to the organization, but in a Dionysian culture, the individual is there to help the organization to reach its goals and the organization is there to help the individual achieve his or her purposes. This is the culture preferred by professionals. They can preserve their own identity and freedom, feeling owned by no one, but nevertheless they can be part of the organization.

Bourantas et al.'s (1990) research was conducted among Greek managers representing all hierarchical levels. Using multi-item scales, the respondents were asked to describe their organization as it is and as they would prefer it to be. It is important to emphasize that managers and organizations do not have a single type of culture. Each has a mixture of cultures in which elements of all four types exist. However, in such mixtures there can be said to be one predominant culture type, which defines the basic orientation of the culture of the person or organization concerned.

The main findings of this research are presented in Table 2. First, there are significant differences between the *perceptions* of managers working in the private sector and those working in the

public sector. The biggest differences are found in the types of Zeus (club culture) and Athena (task culture): while 41 % of the Greek managers working in the public corporations perceived Zeus as the dominant organizational culture type, the corresponding percentage for the managers in private enterprises was 29,3 %. This situation is reversed when the Athena (task culture) types are considered. Over one fourth of the managers (29.3 %) in the private sector perceived Athena as the dominant culture in their organizations, whereas the corresponding figure for managers in the public organizations was only 17.9 %. These differences are statistically significant (chi square = 17.26 and  $p=0.001$ ).

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**Insert Table 2 about here**

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Second, there are significant differences between the perceptions of Greek managers working for Greek-owned enterprises and those working in multinational companies in Greece. The biggest differences are found between the types Zeus (power) and Apollo (role).

There is a remarkable congruence regarding *preferred* culture types. As Table 2 shows, there are no differences for managers working for the private and the public sectors, and neither is there a difference for those working for Greek and multinationally-owned enterprises in Greece. In the overall sample of respondents, the overwhelming majority (68.4 %) of Greek managers prefer Athena, a problem-oriented network, as the dominant culture type for their organization. Apollo (role type) is a distant second (16.3 %), and Zeus (power) is the least preferred type of organizational culture (3.5 %).

In summary, this recent research strongly supports the view that while the organizational culture was perceived by the largest percentages of respondents to exhibit predominantly either the

characteristics of power (Zeus) or of role (Apollo), they themselves chose the task (Athena) as their preferred dominant culture. It thus seems evident that there is a rather substantial chasm as over three-fourths of Greek managers usually see the dominant organization culture as different from the one they say they prefer. These differences are statistically significant (chi-square 168.8,  $p=0.01$ ). Previous research has supported this view. For example, Cummings and Schmidt (1972) found that Greek managers while advocating participative forms of management, simultaneously show little belief in the other individual's capacity for leadership and initiative. Indeed, the "fear of responsibility" (in Greek, euthynophobia), is a commonly used argument by Greek bosses to justify the lack of delegation of decision-making prerogatives to the lower management.

#### *Leadership Styles*

In a second empirical research, Bourantas (1988) contrasted Greek managers' perceived and preferred leadership styles. In order to measure them, managers were presented with a description of four such styles: the autocratic, the persuasive, the consultative and the participative. This description corresponded to an exact translation of Hofstede's own description (1976), and included a shortened version of Tannenbaum and Schmidt's (1973) leadership continuum. The managers were asked to indicate which of the four styles best fitted the style adopted by their own superior (perceived style). They were then asked to specify which of these styles they would have preferred their superior to adopt (preferred style).

According to the data in Table 3, 24.5 % of the respondents perceived the leadership style of their superiors as autocratic, 22 % as persuasive, 40.2 % as consultative, and 13.3 % as participative. By comparing these percentages with those

obtained by Hofstede (1976), we can see that the differences observed mainly concern the first two styles (autocratic 12 %, and persuasive 25 %). This comparison was naturally made with considerable reservations, since Hofstede's sample included people employed by one multinational organization only.

A cross-tabulation of perceived styles with certain organizational characteristics showed that there is no significant relationship between the organization's ownership status (public, semi-public, private,  $X^2=3.7$ ,  $p=.29$ ) and the perceived styles. However, there is a significant relationship between the perceived styles and the respondent's hierarchical level: amongst individuals at a higher hierarchical level, as opposed to those of lower rank, a higher percentage of respondents perceived their superior's style as consultative and participative ( $X^2=11.042$ ,  $p=0.001$ ).

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#### **Insert Table 3 about here**

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As indicated in Table 3, the majority of the respondents (62.6 %) preferred to be managed by their superiors in a consultative style, while one-quarter (24.6 %) expressed themselves in favor of the participative style. The autocratic and persuasive styles accounted for a mere 1.8% and 11.1 % respectively. The differences between these results and those obtained earlier by Hofstede (1976) are insignificant. The preferred styles were cross-tabulated with the respondents' individual characteristics. According to the rate and the level of significance obtained for  $X^2$ , no significant relationships were observed between the respondents' preferred styles and their age, sex, seniority and level of education. A relatively significant relationship was observed, however, between the preferred styles and the respondents' hierarchical level ( $X^2=11.00$ ,  $p=0.075$ ) and their degree of involvement in union affairs ( $X^2=11.08$ ,  $p=0.075$ ).

Generally speaking, we can deduce from

Table 3 that in approximately two-thirds of the cases examined (65.5 %), the perceived style differed from the preferred. In only one-third of the cases (34.5 %) was there a fit between the style which the respondents would have preferred their superiors to use and the style which they actually perceived them as using.

Similar gaps were found in empirical studies conducted in various national settings. (Hofstede, 1976) so that one could plausibly argue that this is not necessarily a typical characteristic of Greek management alone, and Bourantas' (1988) study does not reveal a markedly different leadership style of Greek organizations. Nevertheless, these findings are in line with the findings of Bourantas et al. (1990) study focusing on corporate culture, since it follows logically that in organizations dominated by the culture types of club (power) and role, more autocratic leadership styles are favored against more participative styles. Thus, both studies, support a rather consistent picture of Greek management.

#### *Strategic Decision-making Styles*

A third study reported here (Papadakis, 1993), contrasted the strategic decision-making styles of Greek companies with those of multinational companies operating in Greece. Strategic decision-making has emerged as one of the most active areas of current management research. However, despite the substantial body of literature produced, it is still widely recognized that our knowledge of strategic decision-making processes is limited (e.g., Blair and Boal 1991; Rajagopalan et al. 1993; Schneider and deMeyer, 1991).

In a multi-method, in-depth field study Papadakis (1993; 1995) conducted a thorough investigation of a number of Strategic Decisions (SDs). The final sample was drawn from three different industrial sectors in Greece: foods, chemicals and textiles. Thirty eight companies participated and approximately two SDs were studied in each company,

thus resulting in a sample of 70 SDs. Forty-six of the SDs were studied in Greek-owned companies and the rest in subsidiaries of foreign multinationals operating in Greece. The data were drawn from a number of sources including: (1) initial interview with the CEO, (2) semi-structured interviews with key participants in the process, (3) completion of two different questionnaires, and (4) supplementary data from archival sources as described in Papadakis (1993; 1995).

The study analyzed the characteristics of the process through which organizations arrived at a strategic decision. Using prior research and empirical evidence, it attempted to identify and measure significant generic dimensions of the process (Papadakis, 1995). The dimensions extracted refer to comprehensiveness/rationality, financial reporting, rule formalization, use of coordination devices, hierarchical decentralization, lateral communication, politicization, problem-solving dissension and gestation and process duration time (see Table 4).

The rationality/comprehensiveness dimension measured the extent to which the decision makers tried to be exhaustive in making the decision. The financial reporting construct measured the extent to which written financial reports were used. Rule formalization measured the extent to which the company followed pre-specified procedures and formalities in the making of strategic decisions. The variable coordination devices measured the extent to which task forces and liaison committees were used.

*Hierarchical decentralization* measured the extent of vertical decentralization of decision-making, while lateral communication measures the extent of balanced participation of various departments in the decision. Politicization was a composite variable measuring the extent of coalition formation, negotiation,

internal resistance and process interruptions experienced during the making of the decision.

The variable problem solving dissension measured the degree of disagreement among participants during the early stages of the decision process. Finally, the timing-duration variable measures the time-length of the process from the initial awareness of an emerging decision to the end of the process.

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**Insert Table 4 about here**

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Of particular importance to this paper is the question of whether corporate “control type” differentiates among the styles of strategic decision-making. The **type of control**, is a variable which has attracted much attention lately, especially in the literature on markets for corporate control and privatization and several studies have provided evidence on the important implications of corporate control in strategic decision-making (e.g., Lioukas et al. 1993; Mintzberg, 1973). If we accept that Greek-owned enterprises to some extent are expected to portray a Greek style of management and Greek culture in decision-making, while the subsidiaries of multinationals represent an implanted (probably more sophisticated) decision-making style, then it would be interesting to test whether important differences obtain.

The results presented in Table 4, indicate that Greek-owned companies tend to follow less rational processes. This is an interesting finding since it complies with the popular view. Maybe multinationals have qualified staff and engage in more analysis, taking all the necessary time and effort to collect all necessary information and explore alternatives, in order to justify their final choices both inside and outside the organization (Papadakis, 1993).

Another important finding is the negative association between Greek ownership and financial reporting and the use of formalized rules during the making

of decisions. It implies that Greek-owned firms rely less on formal financial reporting activities and less formalization when making strategic decisions than multinationals. Furthermore, our data support the view that Greek-owned companies experience less lateral communication as well as more problem-solving dissension during the initial stages of the decision-making process.

In summary, the results of this study seem to reveal a surprisingly different pattern of associations as far as pure Greek enterprises and subsidiaries of multinationals are concerned. They provide clear evidence of a significant gap. Greek management is associated with less comprehensive/rational processes, less rule formalization and less use of internal coordination devices, less hierarchical decentralization and more problem-solving dissension.

The findings of Table 4 are consistent with the findings of the first research studying management culture in Greek organizations (Bourantas et al. 1990). For example, in Greek enterprises there is less rationality in the making of strategic decisions, something which is one of the characteristics of the club culture prevailing among Greek enterprises. Equally interesting is the finding that multinational companies in Greece follow a more formalized decision-making style since formalization is among the basic characteristics of the role culture (Apollo) dominant in multinational companies (Bourantas et al. 1990).

*Diagnostic Summary on Greek Management*

Drawing on the above as well as other relevant research evidence, we argue that the salient characteristics of Greek management (as we see it in the eighties and early nineties) are:

(i). The concentration of power and control in the hands of top management. This is directly or indirectly supported by

the results of all three studies. Bourantas et al. (1990) reported that the majority of Greek managers perceived their companies to be centralized/power (Zeus) and bureaucratic/role (Apollo) dominated. This reflects the autocratic nature of Greek industrialists and is in line with much of the previous research (e.g., Cummings and Schmidt, 1972; EEDE, 1986; Koufopoulos and Morgan, 1994). Other recent research has documented that in the majority of Greek companies, top management usually consists of the owners and their relatives (Bourantas, 1991; Makridakis et al. 1996; Nikolaidis, 1992; EEDE, 1986).

(ii). The lack of modern systems to support strategic decisions. This is mainly supported by the third study (Papadakis, 1993) which showed that the strategic decision-making styles of Greek companies in comparison to the same processes in the subsidiaries of multinationals operating in Greece, were less comprehensive/rational, less formalized, used less lateral communication and experienced more problem-solving dissension. If we accept the view that multinational companies are better able to adapt to the national context (probably due to professional management and the existence of more elaborate management systems), then this implies that Greek management has some ground to cover in an attempt to adapt to its environment. This offers some support to the wider criticism that there is a lack of professionalism in the ranks of top management, and is consistent with findings of previous research. For example Bourantas and Mantes (1988) provided evidence that only 11 % of Greek companies systematically used qualitative forecasting methods (e.g., scenarios, Delphi methods, etc.), and only one in three companies performed analysis of its strengths, weaknesses, opportunities and threats. Other researchers have documented a lack of widespread diffusion of modern management methods and systems such as formal structures, planning and control

systems, human and resource management systems, incentives systems and management information systems (e.g., Kanelopoulos, 1991; Papalexandris, 1988).

A question worth discussing is whether management in Greece possesses some unique characteristics which distinguish it from other European management styles (e.g. the institutionalized participation of employees in Germany or Sweden and the informal network relationships among small and medium-sized enterprises in Italy).

It is our view that we cannot single out one important dimension distinguishing Greek management from the management style of other European countries. *We would rather characterize Greek management as a western-type management style which has not yet reached the level of modernization and adoption of scientific and analytic methods and techniques.* The three studies discussed here as well as other relevant research have demonstrated that there is a difference in the degree of modernization and professionalism of: management functions, management systems, and professional knowledge and skills. Thus the differentiation of Greek management against the management of other European countries is a matter of degree of development and does not constitute a different model.

The fact that the Greek model of management is not differentiated from the western model can be mainly attributed to the fact that Greece has been fully liberated from foreign occupation at about the beginning of this century. Having "missed" the renaissance and the industrial revolution Greeks adopted the developments in western Europe with considerable delay. The majority of the entrepreneurial class of the beginning of the century mainly consisted of the Greeks of the Diaspora who have lived and prospered in other European countries.

Furthermore, the underdevelopment of



management in the private sector, can be mainly attributed to the family status and the small size of most of the firms (Georgas, 1993). The small size of the majority of Greek companies does not allow them to attract, hire and reward high-quality professional managers (Papadakis, 1993). Second, in many cases the owners-managers are neither aware nor willing to use modern management techniques (Georgas, 1993). Third, the traditional structure and functioning of the Greek State, its continuous and unpredictable intervention, especially prior to EU membership, did not encourage management modernization. Some of these small enterprises mainly survived due to the high level of protectionism which was evident until the eighties. Fourth, up to mid-eighties, management education was rather underdeveloped. As Bourantas (1983) argued, the graduates of Greek Technical Universities received very little, if any, formal management training, while the Economic and Business universities focused more on law, macro-economic and accounting courses rather than on management and marketing.

The underdevelopment of management in the public sector is to a large extent due to the powerful presence of the political forces. Modern Greece is a rather new democracy which carries painful memories from both World Wars, the civil war of 1944-1949 and the military dictatorship of 1967-1973. All these have strengthened the power of politicians over technocrat managers at least in the many state controlled enterprises. Even today the top management of all major public enterprises is appointed by government and the key criteria for appointment are their loyalty and contribution to the political party, rather than their managerial competence.

### **Prognosis of Greek management**

The main results of the three empirical studies as well as the previous discussion gave us a rather static and grim picture of

Greek management. But nothing stands still and it seems that Greek society is in the middle of major changes. Therefore, it is of interest to attempt to prognose the likely changes in Greek management and to discuss the main change forces. These forces are to some extent related to macro-environmental dimensions, thus hampering any attempt to quantify their impact on the evolution of Greek management. In addition, we are not aware of the existence of an empirical study on this subject. Thus, we will attempt a prognosis based on both facts and personal experience as academic teachers and researchers and as trainers and management consultants in a large number of Greek companies. This prognostic exercise will also offer some ideas and direction for future research on Greek management.

Two well-known management theories will be used to qualitatively approach and explain the likely evolution of Greek management: the environmental determinism and the comparative management schools of thought. The former posits that organizational structures, management systems and practices are determined by the complexity, hostility and dynamism of the external environment in which the company operates. This view has received enough theoretical and empirical support (Aldrich 1979; Bourgeois 1984; Hofer 1975) and it seems to apply to the modern Greek context. Recent empirical evidence from Greek companies provides some initial support for this argument (e.g., Koufopoulos and Morgan, 1994). This is one of our main arguments, namely that external "environmental" forces drive Greek management towards rapid convergence with the "Western type-professional management".

In comparative-management studies, several factors determining management in various national contexts have been identified. Farmer and Richman (1965), two pioneers in comparative management, categorized these factors into socio-

cultural, sociological, political-legal and economic.

Integrating the basic tenets of these two theories, we argue that these forces fall into the following categories: environmental dynamism and complexity, socio-cultural, educational-learning, political-legal and economic. As is depicted in Figure 1 all these forces, either at a national or a European-international level, influence the evolution of Greek management. In the following paragraphs we will support our argument by briefly analyzing each of these forces and the manner in which they are expected to influence Greek management.

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**Insert Figure 1 about here**

*Environmental dynamism and complexity*

Undoubtedly, one of the main events in the recent history of Greece is its EU membership. The country has moved from a rather small, isolated country in the Southern Mediterranean, to a full-fledged member of the EU. European unification and the creation of the internal market, together with the entry of many European multinationals into the Greek market have increased the rate of environmental dynamism and complexity. Hence, the managerial styles which were successful under conditions of isolation and protectionism now contrast with the managerial styles of its new partners and competitors. Since the competition is unlikely to appreciate Greek management styles, the Greeks must learn the European management styles first by imitation and then by adaptation.

Furthermore, many Greek companies are expanding by investing in foreign countries -particularly, some of the former socialist countries (e.g., Bulgaria, Romania). Access to Bulgarian and Romanian markets has already resulted in the formation of over 300 joint ventures between Greek companies and Bulgarian and Romanian ones.

*Socio-cultural forces*

EU membership has helped in increasing the degree of internationalization of the Greek society. The ethnocentric and inward-looking political ideologies which prevailed for decades (especially during the 1960s and 1970s), now seem to have largely lost their appeal. The values of entrepreneurship, professional success, market competition, and efficient-environmental friendly use of resources have quickly gained ground among Greeks. The basic needs of Greeks (Maslow, 1970) are relatively satisfied, and the pursuit of higher-order needs now appear to be important (Bourantas et al., 1987). The average Greek consumer is not very different from the average European consumer (Kouremenos and Avlonitis, 1995).

All of these socio-cultural elements will influence Greek management. The satisfaction of the basic needs, and the concern towards more efficient use of resources will exert a profound pressure for modern, effective management methods. Furthermore, the lessening of the significance of the “extended family” and the “in-group” (Georgas, 1993) will facilitate the transition to professional management.

*Educational-learning forces (as a particular aspect of the socio-cultural context)*

Over the past decade, learning forces have exerted a profound influence on Greek management and its “modernization/professionalism”. *First*, learning implies education. During the last ten to fifteen years, dramatic changes have occurred in the way management is taught in Greek academic institutions. For example, autonomous departments of Business Administration, Marketing, etc. have been formed in all major economic universities and post-graduate and doctoral programs in business administration are now offered. Significant changes in the

curricula of their departments have been introduced, with the aim of replicating the respective curricula of U.K. and U.S. business schools.

A number of foreign business schools and other academic institutions have a respectable presence in Greece (e.g., Henley, Warwick's distance MBA, Deree College). Approximately 500 students earn an MBA or equivalent postgraduate management title every year from foreign business schools (mainly in the U.K. and the United States). Various EU programs (e.g., Erasmus, Training and Mobility of Researchers) encourage the exchange of students and researchers, and the cross-fertilization of ideas concerning management practices. Universities embark on joint research programs with U.S. and European Business Schools are conducted.

*Second*, management training has greatly benefited from EU funding. A large number of management training programs have taken place recently. The Manpower Employment Organization of Greece, estimates the number of EC funded training programs to exceed 1,500 in 1995 alone. Some of the best known international training companies operate in Greece (e.g., Wilson Learning, Learning International, Mercury). The concepts, theories and methods used by trainers are imported since most of them received their formal education outside Greece.

*Third*, the multinational companies contribute to this management transition mainly through the managerial turnover they experience. This contributes to the faster modernization. It is interesting to note that the current management jargon not only in multinationals but also in some Greek companies is in English.

*Fourth*, the consultancy market has expanded rapidly. Most of the major consulting companies are present in the Greek market (e.g., Andersen Consulting, KPMG, Arthur D. Little, Deloitte & Touche, Coopers and Lybrand, Ernst and Young).

Specific EU programs (e.g., Mentor, RETEX) finance Greek companies to modernize/ rationalize their structures, and to create strategic planning systems among others. Most of the medium-sized and larger companies have embarked on strategic planning, total quality, BPR and other "trendy" programs. In a recent survey, Koufopoulos and Morgan (1994) showed that approximately 70 % of Greek manufacturing companies with more than 100 employees are engaged in long range planning efforts (extending over more than one year). Interestingly, the vast majority of the companies engaged in long-range planning had starting formulating plans in the early 1980s. This reinforces our argument of a rapid management evolution.

*Fifth*, the generation which founded several of the Greek businesses in the last 30-40 years is retiring, and a new cohort of managers (the majority of which received their formal graduate or postgraduate education outside of Greece) have taken over.

#### *Economic forces*

Increased competition in the Greek market, the increasing size of most Greek companies, the quest for modernization, and European integration are among the most powerful forces leading Greek management toward modernization. The Greek State, in cooperation with the EU, funds a significant number of major investment projects. Among the requirements for financing these projects is the modernization of management of the applicant companies. Most of the State-owned companies are under restructuring (see next section), and the pressure from all stakeholders for modern management distanced from state control and influence is mounting.

The Athens stock exchange during the last decade has been transformed into a significant force in the Greek economic activity. The number of listed companies has increased dramatically, and there is an

ever growing number of companies seeking low-cost capital through the stock exchange.

#### *Political-legal forces*

Due to its stable democratic regime Greece has attained much political stability. Free market mechanisms are also strong and broadening. Furthermore, successive governments have set among their primary objectives the transformation and modernization of the largely unproductive Greek Public Sector. Traditional monopolistic sectors such as the energy sector, telecommunications, and air-transportation, are currently under increasing deregulation. A number of major State-owned enterprises have been privatized (e.g., AGET-HRACLIS, a major cement company) or are in the process of privatization (e.g., OTE - the Greek Telecommunication's Organization).

The harmonization of the laws concerning competition, product quality etc. to those of the EU has to a large extent been completed. This has happened in parallel to the abolition of State bureaucratic controls. Together, they have redefined the rules of the game in Greek industry.

#### **Discussion-implications for research**

The above analysis reinforces our basic argument that while still underdeveloped, Greek management is in a fast-track to modernization/ professionalism. Yet one has to empirically validate this. A number of fruitful questions for future research arise. To what extent are the management culture/leadership styles and strategic decision-making styles of Greek companies today markedly different to those of the recent past? Has the gap (regarding management practices) between Greek-owned firms and subsidiaries of multinationals operating in Greece been reduced? What is the likely evolution of Greek management?

This paper argued that there exist some

strong change forces trying to bridge this gap. Unfortunately the current research on Greek management fails to address these questions. What is more discouraging is that most of the published studies suffer from a lack of coordination. Thus, they are of limited value in accumulating knowledge, and using it to describe and explain management.

One notable exception is a survey which has just been published (May 1996). This has been conducted by the Greek Professor of INSEAD, Spyros Makridakis and his associates (Makridakis et al. 1996), and contrasts the characteristics of the Greek Managing Directors (MDs) to the characteristics of Western-European and US MDs. In particular, they analyze the way in which MDs anticipate the external corporate environment (both domestic and international), the characteristics of their company and their own role. Among the main conclusions is that today there exist striking similarities between Greek MDs and their European and US counterparts, in the way they perceive their external environment. This convergence of opinions becomes greater if future developments/trends are considered. In particular the degree of similarity in understanding the environment is highly correlated today ( $r=.75$ ) and increases as we try to predict the distant future ( $r=.86$ ).

This provides some initial support to our main argument. Yet much effort is needed. We strongly believe that future research on Greek management would benefit from a set of specific guidelines and a coherent framework, which could help overcome past weaknesses. To address these problems a number of management characteristics should be measured: management culture, management functions, processes, systems and methods as well as personality of managers, their values and skills. The independent variables can be drawn from both our simple five-forces framework (Figure 1) and from the relevant literature on comparative management. Such research

should take into account a number of control variables such as size, ownership, industry, corporate environment, technology, company life-cycle, etc. Here research of a longitudinal nature is highly recommended, together with comparisons to management styles of other countries.

Some of the studies conducted in the late eighties or early nineties (e.g., similar to the ones reported in this article) could be replicated in the late nineties. This would give us a more reliable measure of the extent to which these learning and change forces have actually played any role in transforming the culture, leadership styles and strategic decision-making styles of Greek companies.

As to the methodologies that should be employed, we need studies, which will be based not only on questionnaire surveys but also on such methods as case studies, clinical research, focus groups, etc. Only by means of such methodological approaches can we provide a coherent, integrated picture of Greek management and its future prospects.

## **Conclusion**

There is a gap between the cultures and management practices of Greek-owned enterprises and those of the subsidiaries of multinationals operating in Greece. But we argue that there exist very strong learning and other forces which lead Greek management towards convergence. These convergence forces have been particularly strong over the past ten to fifteen years. Undoubtedly, EU membership has acted as a major catalyst. In addition, the existence of many subsidiaries of multinationals, the strong quest for modernization and expansion to neighboring countries, as well as reengineered university education, have assisted the rapid convergence towards a “Western-type/professional” management. Among the main forces inhibiting this evolution is the “administrative heritage”, the lack of a strong and differentiated Greek management culture, the political intervention and to the weak economy of Greece in comparison to that of other EU countries. Nevertheless, we believe that the change forces are so strong that it is highly unlikely that any negative forces will inhibit the modernization of Greek management.

**NOTES:**

- 1 The in-group is defined as including members of a person's immediate family, his friends, the friends of his friends and others showing concern for him/her.

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**Table 1.****Needs importance and Needs Degree of Satisfaction of Greek Employees**

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<b>Variables</b>	<b>Needs Importance Score <sup>1</sup></b> <b>(min 1 - max 7)</b>	<b>Degree of Satisfaction <sup>2</sup></b> <b>(min 1 - max 7)</b>
<b>1. Initiative Freedom</b>	<b>6,45</b>	<b>5,22</b>
<b>2. Personal Growth</b>	<b>6,37</b>	<b>5,09</b>
<b>3. Self Esteem</b>	<b>6,37</b>	<b>5,63</b>
<b>4. Achievement</b>	<b>6,25</b>	<b>5,10</b>
<b>5. Pay</b>	<b>6,20</b>	<b>5,16</b>
<b>6. Promotion</b>	<b>6,01</b>	<b>4,86</b>
<b>7. Security</b>	<b>6,01</b>	<b>5,89</b>
<b>8. Relationship</b>	<b>5,76</b>	<b>6,04</b>

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Source: Bourantas et al. 1987

<sup>1</sup> Measures the degree of importance of each need (scale ranges from 1=not at all important to 7=extremely important)

<sup>2</sup> Measures the degree of satisfaction of the respective need (scale ranges from 1=not at all satisfied to 7=extremely satisfied)

**Table 2**

**Perceived and preferred dominant culture types in different groups of the sample  
(% of respondents, n=585)**

Culture Types	Perceived Dominant Culture Types				Total	Preferred Dominant Culture Types				Total
	Ownership		Nationality			Ownership		Nationality		
	Public	Private	Greek	Multi-national		Public	Private	Greek	Multi-national	
• <b>Zeus</b>	41.0%	29.3%	39.4%	17.4%	35.9%	1.5%	3.5%	2.6%	1.1%	2.4%
• <b>Apollo</b>	39.5%	37.1%	35.9%	52.2%	38.5%	13.7%	16.3%	15.2%	13.0%	14.9%
• <b>Athena</b>	17.9%	29.3%	22.1%	27.2%	22.9%	68.1%	68.5%	67.7%	71.7%	68.4%
• <b>Dionysus</b>	1.5%	4.3%	2.6%	3.3%	2.7%	16.4%	11.7%	14.4%	14.1%	14.4%

**Source:** Adapted from Bourantas et al. (1990)

**Note:** 138 organizations participated (84 private, 22 public and 32 mixed). The instrument was sent to some 2,250 supervisory and managerial personnel. The analysis performed involved data from 585 (20 % usable questionnaires). For further details on sampling and analytical methods refer to Bourantas et al. (1990).

**Table 3**  
**Perceived and Preferred Leadership Styles of Greek Managers**

Perceived Styles	P r e f e r r e d S t y l e s				Total
	Autocratic	Persuasive	Consultative	Participative	
• Autocratic	4	22	90	27	<b>143</b>
	0.7	3.8	15.4	4.6	<b>24.5 %</b>
• Persuasive	0	16	87	26	<b>129</b>
	0	2.7	14.9	4.4	<b>22.0%</b>
• Consultative	5	23	149	58	<b>235</b>
	0.9	3.9	25.5	9.9	<b>40.2%</b>
• Participative	1	4	40	33	<b>78</b>
	0.2	0.7	6.8	5.6	<b>13.3%</b>
<b>Total</b>	<b>10</b> <b>1.8%</b>	<b>65</b> <b>11.1%</b>	<b>366</b> <b>62.6%</b>	<b>144</b> <b>24.6 %</b>	<b>585</b> <b>(100%)</b>

Source: Adapted from Bourantas (1988)

**Table 4**  
**Oneway analysis of variance between Greek-Owned companies and the subsidiaries of**  
**Multinationals**

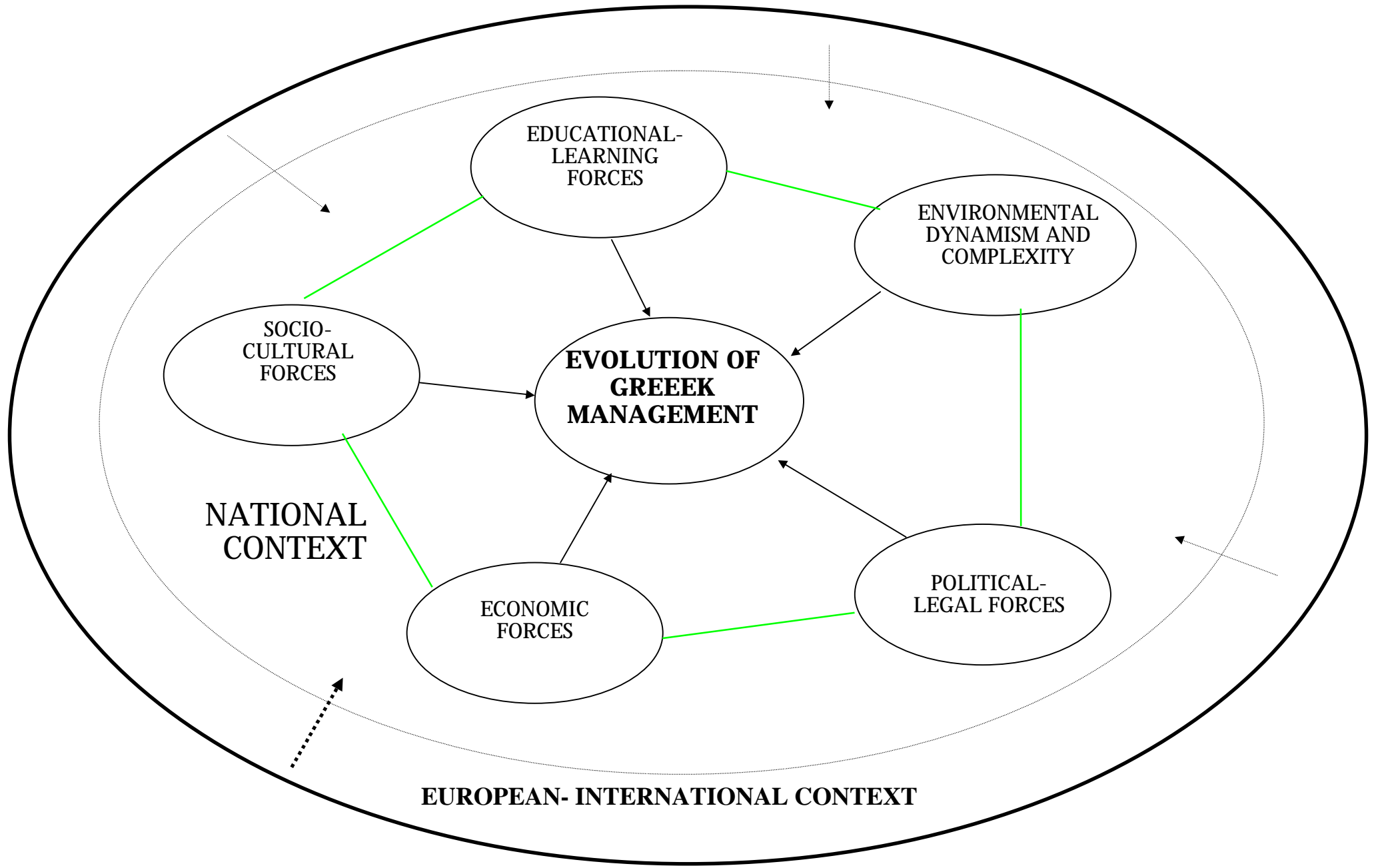
Strategic Decision-making Style:	Control-Ownership Type Differentiates the Process of Making Strategic Decisions			Correlation Coefficients (Greek Owned Companies in comparison to the Subsidiaries of Multinationals )
	F-RATIO	PROBAB. F	SIGNIFICANCE	
• Rationality / Comprehensiveness	8.70	.004	**	<b>-.337 **</b>
• Financial Reporting	5.71	.020	*	<b>-.278 *</b>
• Existence of a Set of Formalized Rules During the Making of the Decision	32.81	.000	***	<b>-.571 ***</b>
• Use of Formal Co-Ordination Devices	1.14	.289		<b>-.128</b>
• Hierarchical Decentralization	.0095	.923		<b>.012</b>
• Lateral Communication (Balanced Participation Between Various Departments)	7.11	.009	**	<b>-.308 **</b>
• Politicization	.002	.966		<b>.052</b>
• Problem-Solving Dissension During The Initial Stages of the Decision-making Process	4.80	.032	*	<b>.257 *</b>
• Gestation and Duration Process Time	.507	.479		<b>.086</b>

\*p < .05

\*\* p < .01

\*\*\* p < .001

N= 70: 46 strategic decisions were studied in-depth in Greek-owned companies and 24 in the subsidiaries of multinationals). For further details on the methodology refer to Papadakis (1993, 1995).



**Figure 1. The Change Forces Driving Greek Management**

