

# How to align Greek Civil Service with European Union public sector management policies

## A demanding role for HR managers in the contemporary public administration context

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### Abstract

**Purpose** – In Europe, the alignment of national public administration policies and practices to EU directions is regarded as a key factor in the process of integration. Administrative convergence within European public administration systems places new demands on human resource managers in every member state. Seeks to show that Greek public administration is aiming to investigate the organizational competencies needed for the successful alignment of the Greek civil service with EU directions.

**Design/methodology/approach** – The approach is survey research conducted within Greek public administration. The STAIR (strategy, targets, assignment, implementation, results) model has been used as the appropriate performance management framework.

**Findings** – Suggests that the HRM role in the contemporary public sector environment is to develop a strategic performance management framework for changing performance at organizational level and make human resources active drivers of this process. The results reveal that convergence with EU policies draws heavily on how human resource executives can manage the following three soft organizational capabilities: competence, commitment and continuity – the STAIR model's 3“Cs”.

**Originality/value** – Contributes to the literature on directions for public sector management in Greece.

**Keywords** Greece, European directives, Performance management, Performance measures, Public administration, Human resource management

**Paper type** Research paper

### Introduction

Global competition and market liberalization, the information technology revolution and the emergence of knowledge society have created an unpredictable and complex working environment for government organizations and their employees. At the level of European Union (EU) these recent trends have set the agenda for public administration reforms. Public institutions are experiencing competitive pressure to modernize and to make government function more efficiently (Osborne and Gaebler, 1992; Frederickson, 1996; Durst and Newell, 1999).

In the year 2000, European countries have discussed and formulated specific public sector management policies, which must be followed by every member state. The subordination or the alignment of national public administration policies and practices to EU directions is regarded as a key factor in the process of EU integration experiment (Brewster and Larsen 1992; Brewster and Harris 1999).



More specifically, the European Council of Lisbon 23-24/3/2000 and Feira 19-20/6/2000 set out a common public sector modernization framework to be adopted by every country aiming at administrative convergence. According to the EU, national reform programs should focus their attention on how to change government performance and build a result-oriented and cost-conscious public administration which provides high-quality services and satisfies citizens' needs (EFQM, 1999).

However, restructuring of government services and improving public sector performance rests on the organization ability to design and implement strategic plans, as well as on the introduction of a performance measurement system, which effectively tracks the planning and delivery of these strategies (Nichols, 1997).

More specifically, the development of a performance management and measurement framework which tracks strategy design and strategy execution is needed for enhancing performance and succeeding organizational change and transformation in the public sector (Nichols, 1997; Durst and Newell, 1999; Kaplan and Norton, 2000). In addition, public sector change and modernization requires the willing consent of the human resources called to implement such modernization and reform programs (Metcalf and Richard 1987; Legge, 1995; Hofstede, 2002).

Managing human resources (HR) has become critical to the success of all organizations and the key source of competitive advantage, regardless of their size or the sector in which they operate. The latest thinking and new ideas about managing human resources stress the importance of making human resource management (HRM) a strategic function in every organization (Dessler, 2000; Schuler and Jackson, 2000). Viewing human resources as a partner in developing and implementing an organization's strategy can lead to organizational effectiveness, survival and thriving (Schuler and Jackson, 2000).

With respect to the present study, it is argued that the role of human resource manager has evolved from a merely inward-looking personnel manager to a globally thinking strategic leader. More specifically, within the EU context HR managers' main responsibility is to assist their organizations to align with the EU public management policies. In other words, convergence between member states' human resource management systems and modernization practices implies that HR managers' role is to develop a strategic performance management framework for changing performance at organizational level and make human resources active drivers of this process. Practically speaking, in regard to Greek public administration – which is the case for our research – we argue that the identification and cultivation of specific organizational competences will lead to the successful alignment of Greek civil service with the EU convergence policies.

### **Public sector management agenda in the postmodern era**

The last decade has been characterized by an intense analysis of what government pursue and what are the practices it uses to realize its efforts. Public administration, in particular, has been vilified for being inflexible in performing its role as a regulator of private interests, as a builder of common good and as a social benefactor (Zajac, 1997; Box, 1999; DeLeon and Denhardt, 2000). However, protecting core public sector values of collective citizen deliberation and the public interest are equally important as feeding the demands of a market-oriented, customer-pleasing and self-globalizing public administration. Critics of the anti-government movement argue that if

government were to function as a business, it would logically be forced to neglect many of the special purposes it was created to serve. For example, addressing chronic poverty or balancing legitimate commercial interests with consumer safety. This presents public administrators with a set of challenges quite different and more difficult than the satisfaction of customer desires (Wamsley, 1990; Mintzberg, 1996; Carnevale, 1995).

To fulfill this difficult and complex role, public managers turn to specific approaches practiced in the private sector, such as total quality management (TQM), business process reengineering (BPR), strategic management, benchmarking etc. (Rosenhoover and Kuhn, 1996; Holloway *et al.*, 1999). This type of imitation has been described as “mimetic isomorphism” in the “new institutionalist” literature (Powell and Di Maggio, 1991). Mimetic isomorphism occurs where, under conditions of uncertainty, an organization copies or imitates whatever is in fashion with other high status organizations or authorities, which operate within the country or abroad (Pollitt, 2001).

However, relatively little is known about the implementation of the abovementioned management techniques in public agencies and even less about their success. The amount of research devoted to e.g. strategic management, TQM, BPR, etc. in the public sector continues to lag significantly behind comparable studies of the private sector and is characterized by definitional inconsistencies, which demonstrate that the maturity and acceptance of these practices is far greater in the private sector

The complexity of defining “organizational performance” in the context of public administration is widely recognized as one of the distinguishing features of public sector management (Boyne, 1996). Managers face multiple interest groups that place different obligations on the many dimensions of public service performance (Carter *et al.*, 1992, Boyne, 1996).

Public managers continue to try hard to enhance performance through the implementation of various modernization and change programs. The thrust of these changes or re-invention efforts varies with the organization, as does the vocabulary that describes it. Terms such as re-invention, re-organization, re-engineering, organizational change/success/excellence, are often used interchangeably to refer to projects that aim at improving the quality, efficiency, and effectiveness of public services (Osborne and Gaebler, 1992; Drucker, 1989; Frederickson, 1996; Durst and Newell, 1999).

However, only few perceptions exist about the effects of reinvention efforts (Kettl and DiIulio, 1995; Kamensky, 1996; Durst and Newell, 1999). As Nichols (1997, p. 405) pointed out “. . . seven out of every ten organizations hoping to reinvent themselves fail in the attempt . . . merely setting off on the road to reengineering does not guarantee reaching the destination”. Organizational change and transformation in the public sector will not be sustainable and changes are likely to be transitory if modernization is not linked to performance measurement (Nichols, 1997; Durst and Newell, 1999). What is needed is a goal-driven performance management and measurement system – a hierarchy of performance goals and measures, which tracks the strategy design and implementation and can contribute to mission effectiveness, targets accomplishment and overall organizational performance (Kaplan and Norton, 1992; 2000; Nichols, 1997).

An increasing number of scholars and practitioners have expressed disquiet with traditional quantitative performance measures that tend to focus on conventional financial indicators (Kaplan and Norton, 1992; Fitzgerald and Moon, 1996; Wright,

1998; Buckmaster, 2000). As an alternative, a number of performance measurement frameworks have been proposed intended to avoid the pitfalls identified.

The widely-known balanced scorecard model originated by Kaplan and Norton (1992) supplemented traditional financial measures with three additional measures on customer satisfaction, internal processes, innovation and improvement activities. More recently, Kaplan and Norton (2001) have asserted that BSc can be used as an organization framework for successful strategy implementation. Especially in non-profit organizations, the start of any measurement system has to be a clear strategy statement (Kaplan and Norton, 2001).

The main issue, therefore, in the current public management agenda is the development of a performance management and measurement system that captures the distinctiveness of public sector's dual role: as entrepreneur and guardian of public interest. Striking the balance between the core public administration values of justice, transparency, openness, accessibility, non-discrimination and the changing public management requirements of citizen focus and results orientation, effectiveness, efficiency, quality in service delivery is indeed the challenge for public administrators today (Zeppou and Sotirakou, 2003b).

#### *The European Union public management policies: the convergence-divergence debate*

The issue of homogeneity and/or heterogeneity in management practice across national borders underlies the convergence-divergence debate. It is currently recognized that a critical challenge for public and private organizations in the twenty-first century is the need to operate across national borders. Understanding the complexities of global operation, working internationally and trying to manage competing demands of global integration and local differentiation are not management issues restricted to multinational companies (MNCs), but are main concerns for public and private sector organizations as well (Sparrow *et al.*, 2003).

There has been considerable debate among scholars and policy makers whether management systems and practices within nations are converging. The convergence thesis has received support from the universalist paradigm, dominant in the USA. The American management theory argues that there are universal management practices that can be effectively applied everywhere – there is one best way of doing things, a universally applicable management model – and therefore convergence must be toward this “best practice” US market model (Kidger, 1991; Tregaskis and Brewster, 2003).

In direct contrast, the divergence thesis argues that management systems are influenced by national institutional contexts and national cultures (DiMaggio and Powell, 1983; Oliver, 1991; Hofstede, 2002). The empirical data have shown that differences in national cultures call for differences in management practices. Countries are distinctly different from each other and their cultural differences are reflected in legislation and other institutional factors such as labour market conditions, union influence, HRM practices in hiring, compensation etc., worker skill level and variety, stakeholders views, public opinion and norms etc. (Myloni *et al.*, 2003).

Within the area of public management the convergence-divergence debate is also an issue under discussion. There is a considerable academic literature supporting the idea that there is an international convergence towards a new style of public management, the new public management (NPM)/Reinventing government/ entrepreneurial government (Osborne and Gaebler, 1992).

On the other hand there is an ongoing production of scholarly evidence that shows national diversity (Kickert *et al.*, 1997; Pollitt and Bouckaert, 2000). Elaborating on this debate, Pollitt (2001) argues that there is a need for better understanding of the concept of convergence in public management. According to Pollitt (2001) convergence can take place at different stages, e.g. there can be convergence in debate, convergence in reform decisions, convergence in action or convergence in results. The preliminary evidence, he continues, points towards convergence of debates or talks and in fewer cases convergence of decisions, while convergence of concrete actions and convergence of results is hard to document, yet (Pollitt, 2001).

In public sector context at European level a different perspective of the convergence argument is developed, based on the convergence of institutional arrangements. The demand for European integration creates pressures on all member states to follow common policies and procedures imposed by the EU Commission – a converging pattern called as “coercive isomorphism” (Powell and Di Maggio, 1991).

Administrative convergence of public organizations within Europe implies changes in countries’ legislation, economy, market forces, organizations’ management and behavior practices towards common and isomorphic public policies.

However, although EU constitutes a unified context in which public organizations operate, at the same time, it recognizes differences at the national, regional and/or organizational level due to cultural and institutional factors. Thus, in the European Union a contextual paradigm has been formulated – contrary to the universalistic paradigm of US management. According to the European paradigm, several contextual factors such as economic, technological, political, social and cultural contribute to a distinctive form of management practice in Europe (Brewster, 2002; Tregaskis and Brewster, 2003; Nikandrou and Apospori, 2003).

To conclude, the convergence-divergence argument can take various forms and meanings depending on the context examined (private/public sector), on the level of analysis focused (international/national-state-country/regional or European/non-European/American states), on the cultural and institutional factors embedded in national beliefs and philosophy, on the type of organization (MNCs/local firms or government organizations/local authorities organizations) and on the management areas examined (HRM practices or public management policies).

The above brief review of the relevant literature showed that instead of assuming that the management systems as a whole converge or diverge, it is better to consider whether some parts (or even a single function) of the overall system might be converging in some countries/regions/institutions or organizations, while other parts might be diverging (Sparrow *et al.*, 2003).

#### *The EU as a channel of spreading public management practices in member states*

Apart from momentary convergence, EU has promoted administrative integration in public organizations among European countries. Towards this target common policies and modernization procedures have been determined, which must be followed by all member states. However, as mentioned above, within these converging patterns of public management guidelines, cultural and institutional factors in each country are recognized and influence the implementation of EU such directions.

More specifically, the European Council of Lisbon 23-24/3/2000 and Feira 19-20/6/2000 formulated public sector policy, which emphasized that public sector modernization in all member states is a prerequisite for economic growth and social development (Ministry of Public Administration, 2001). According to EU's public management agenda reform and modernization require that public organizations at every member state should: streamline, decentralize and deregulate their operations; satisfy citizen needs and balance expectations of all stakeholders; focus on results and outcomes; improve service quality; fund outputs rather than inputs; review and simplify processes and procedures; empower employees; develop a leadership style which creates clarity and unity of purpose; create a culture of trust, openness, transparency, non-discrimination – a culture of constant evaluation, learning and innovation.

National governments in Europe, in their effort to cope with these new demands in public sector management, have recognized the importance of developing comprehensive performance management systems for managing the above-described dual sets of actions (OECD, 1997). Governments have adopted the idea that performance management systems can make a significant contribution to the performance of their role (Norman, 2002) – as entrepreneur and as guardian of public interest (Zeppou and Sotirakou, 2004).

It was suggested that the establishment of a result-oriented, cost-conscious public administration, which serves public interest and satisfies citizens' needs by offering high quality services, requires the construction of performance management frameworks to be followed by every organization. Comprehensive systems for managing results as an alternative to procedure-based bureaucracy must be used by public sector organizations in every European country, in order to change the way public organizations are run and helping them to adapt successfully to EU requirements (Ammons, 1996; Greimer, 1996; Poister and Streib, 1999).

As a result many performance management and measurement models have been developed. For example, the widely known European Foundation for Quality Management (EFQM) Excellence Model (EFQM, 1999) – a performance management and measurement model designed to help private sector organizations to achieve and sustain outstanding performance for all their stakeholders (such as customers, employees, shareholders and the community) – has been proposed by EU as an appropriate management framework to be followed by public organizations as well.

A review of the literature reveals that many initiatives to reform performance measurement systems have failed or poor results have been achieved (Bourne and Neely, 1998). Especially in the public sector, empirical evidence on the use and usefulness of performance measures is still quite limited.

In summary, the design of a management and measurement performance system for public administration remains a crucial theme in the public sector management agenda and a challenge to be achieved in the postmodern administrative era – at European and international level. A management and measurement performance system, however, which captures the distinctiveness of public sector to perform as entrepreneur and guardian of public interest, and at the same time, identifies the convergent and divergent areas in HRM practices within the specific organizational context.

### **The case of Greek public sector**

#### *The structure of Greek public administration*

Greek civil service is a large and complex system, which consists of various types and different size public organizations that provide all kinds of state services (e.g. health, education, social services, economic, developmental and cultural services etc.). Central government and most of the public organizations are based in Athens (the capital of Greece) and it is only the last years – through the formulation of “Kapodistrias” Act in 1998 – that central government began to decentralize many of its responsibilities to local authorities. The size of personnel is 500.000 civil servants on a permanent basis employment (Mouzelis, 1978; Makrydimitris, 1992).

The model of governance that prevails in the so huge and diverse system of Greek public administration is that of bureaucracy. The majority of studies on the administrative phenomenon in Greek civil service state that Greek public administration is a bureaucratic, highly centralized, inflexible and inefficient system that needs urgent and radical changes if it is to survive in the current competitive European environment (Wilson, 1966; Argyriadis, 1971; Mouzelis, 1978; Makrydimitris, 1991).

Public organizations are structured as pyramids; policies and decisions are formulated at the top, responsibilities and tasks are also decided at the upper level of the pyramid and assigned to the lower levels through a hierarchical chain of command. Power rests at the top of the hierarchy. Public administrators in this hierarchical system have a given responsibility for a defined group of tasks that must be fulfilled through certain sets of fixed procedures and strict rules. Rising in the ranks gives power and status to personnel and constitutes the main incentive for promotion efforts (Wilson, 1966; Argyriadis, 1971; Mouzelis, 1978; Makrydimitris, 1991).

Moreover empirical evidence shows that civil servants are not well paid compared to the staff employed by Greek private sector and also their wages are far beyond the average wage level of civil servants working in other European countries (Civil Service Union, 1996). However, public personnel devotes their lives to the organization in exchange for secure lifetime employment, stable or rising salary and a chance to gain a higher management position in the hierarchical ladder.

#### *Recent trends in Greek public administration*

It is widely acknowledged and consensus has already been achieved between Greek politicians – from all political parties, businessmen and academics that public administration must transform itself from a centralized inward looking, bureaucracy to a strategically thinking, open, transparent and flexible organization that satisfies the demands of all stakeholders (Argyriadis, 1998; Makrydimitris, 1999; 2003; Civil Service Union, 1996).

Especially as a member of the EU Greek public administration must confront with the European directives on public service delivery and adapt its legal and administrative procedures according to European guidelines and standards.

Greece, in its effort to converge with the European common and isomorphic public management policies and practices, already implemented by the other member states has published the Modernizing Government Act in 2001. The key commitment of the Modernizing Government Act was to force a shift in the focus of public administration away from traditional concerns, such as staffing and activity levels towards a citizen

and results orientation. The Act requires every public organization to set goals, to measure performance and report on accomplishments (“Politia Reform Act” – Ministry of Public Administration, 2001).

Greek public administration has found itself having to cope with new responsibilities, having to devise new strategies for managing public programs effectively and having to build the capacity for doing so. We argue, therefore, that the challenge of administrative reform that the Greek public sector is confronted with requires:

- a holistic framework of managing and measuring performance – a framework which comprehends the dual responsibilities of contemporary public administration (responsiveness to market conditions along with assurance of citizens’ rights and well being); and
- competence in managing this performance framework.

In particular, we suggest that having a management framework can be a sufficient but not the necessary condition for changing public sector performance. Making human resources willing actors in the process of change, which in practical terms means making human resources competent users of the performance management model, constitutes an absolute necessity for achieving results or high performance (Frigo, 2002, Kaplan and Norton, 2000). And this is one of the most fundamental tasks of the HR managers in the postmodern era.

In today’s competitive environment, human resource managers are under constant pressure to improve the performance of their organizations and their employees:

The people doing the work are the major operating cost for nearly all organizations. And on the other side of the equation people are increasingly the key source of competitive advantage or effective operation. The questions about how people are managed therefore are the substance of HRM and key to organizational success (Brewster, 2002, p. 11).

We suggest, therefore, that within the contemporary administrative reality making HRM and the HR function strategic in the process of convergence with EU public management policies is the new role of Greek HR practitioners.

Consequently, the aim of the present study is to investigate the organizational competences needed for the successful alignment of Greek public administration with the EU directions. The cultivation of these organizational capabilities will then constitute the real essence of the current strategic HR manager’s role.

More specifically, within the context of the present study, the STAIR (strategy, targets, alignment, implementation, results) (Zeppou and Sotirakou, 2003a) model has been used as the appropriate performance management and measurement framework for identifying the organizational competencies that can lead to public sector performance.

#### *The STAIR model as a framework for managing government performance in the process of convergence*

In recent years, as governments face the demands for a result-oriented and citizens-focused public administration, they have drawn on traditional wisdom such as “what gets measured gets managed” and “you get what you inspect not what you expect” (Simons, 1995; Nichols, 1997; Norman, 2002).



As it is already discussed in the previous section, although conceptual frameworks for performance measurement and management system design have been constructed, few are the contributions on how to translate a continuous development process, which can lead to performance improvement (Neely, 2002; Rentens *et al.*, 2002). Therefore, there is still a need to develop and apply a step-by-step approach for deploying and implementing a comprehensive, integrated performance measurement and management system.

Following these recommendations we have devised the STAIR model (Figure 1), which aims at offering a comprehensive tool for analysing government's performance (Zeppou and Sotirakou, 2003a).

Based on the results of the pilot implementation of STAIR model in a Greek public administration department, we argue that STAIR is a step-by-step approach that bridges the gap between performance and strategic management and can lead to organizational success (Zeppou and Sotirakou, 2003a).

According to the model's rationale, the principal steps for changing organizational performance or designing a strategic thinking and acting organization are:

- (1) *(S)trategy*: design strategy, clarify strategy, communicate strategy and gain consensus.
- (2) *(T)argets*: translate strategy into specific objectives and clear concrete targets; operationalise targets; convert targets to performance indicators.
- (3) *(A)ssignment*: assign projects /targets to lower levels through a bottom-up process; develop specific action plans.
- (4) *(I)mplementation*: implement action plans through the alignment of all internal operational subsystems to the agreed strategy.

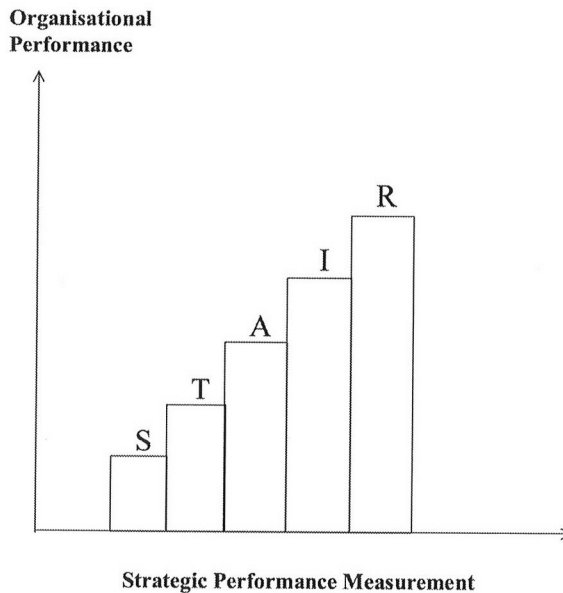


Figure 1.  
STAIR

- (5) *Results*: track performance against the established strategic and operational goals, as described in the relevant action plans; review and take action based on results.

The conceptualization of organizational performance in the public sector and the problems of performance measuring have produced a lot of writing on the subject (Jackson, 1995). STAIR considers organizational performance as a multidimensional variable, which incorporates goal accomplishment, service quality and standards, speed in service delivery, employee productivity, organizational learning and innovation. All the above dimensions have been extracted as critical factors in defining performance (Schon, 1983; Hoggett, 1991; Jackson, 1995).

In addition, STAIR views performance as a reflection of the strategy and suggests that the development of a performance measurement system enables an organization to create consistency of vision and action. In other words, the measurement system isn't static, it should change and adapt as the organizational goals and targets change (Zeppou and Sotirakou, 2003a).

In particular, the STAIR framework consists of three distinct but complementary stages: strategic planning (STA), strategic implementation (I), strategic results evaluation (R) (Figure 2), which represent the three critical phases of an organization's production cycle.

Additionally, we argue that the STAIR model is characterized by two core elements: an operational and a cultural. The operational aspect of the model contains a set of activities that the organization must execute successfully in order to enhance its performance. While the cultural aspect includes the set of values that the organization must cultivate in order to achieve sustainable performance and continuous improvement.

In short, it is this dual core that differentiates STAIR model from other familiar frameworks such as EFQM, Balanced Scorecard etc. These conventional performance

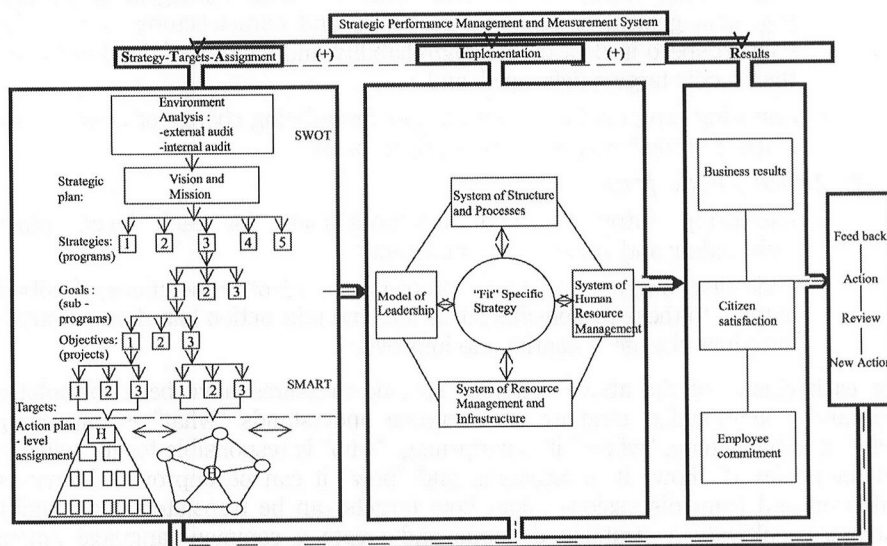


Figure 2. STAIR deployment

management and measurement models place relatively little importance on dimensions like citizen participation, transparency, meritocracy, trust, learning and innovation, even though both of the aforementioned schemes have recently attempted to incorporate some of these elements (Bovaird and Loffler, 2002).

*Operational core of the STAIR model.* The operational core of STAIR comprises a cluster of activities. These activities, for each of STAIR's phases, are as follows.

(1) *Activities in (STA) phase:*

- scanning of the environment (SWOT analysis, trend analysis, benchmarking, etc.);
- acknowledging needs of stakeholders;
- formulating strategic plans (based on external and internal environment audit);
- converting strategic to key goals/objectives and SMART targets;
- building consensus and understanding of the common goals among employees;
- assigning projects to lower levels through a bottom-up process; and
- developing action plans.

(2) *Activities in (I) phase:*

- implementing specific action plans through aligning the various sub-systems: structure and process management system (e.g. identifying the critical internal process steps, measuring their performance and improving them; clarifying work roles and work flow etc.); leadership system (e.g. team building, participation, open communication, trust; inspiring and motivating; innovating and initiating change); human resource management system (e.g. job involvement/responsibility/power/identification/accountability; job satisfaction); infrastructure and other resource management systems (e.g. management of economic resources and infrastructure; technological support/speed in data processing/reliability and validity of data) to fit with the specific targets developed; and
- assessing progress in implementation; formulating change or improvement plans if needed; acting according these plans.

(3) *Activities in (R) phase:*

- measuring outputs: targets accomplishment for each level; citizen satisfaction; and employee commitment;
- reviewing outputs: diagnose problems – identify solutions; feedback outputs to those responsible for action; and take action based on outputs – introduce change – continue to improve.

For each cluster of the above activities specific measures have been formulated. Measures operationalize strategy, so everyone understands “what” is happening, “why” it is happening, “where” it is happening, “who” is responsible for it, “when” it will be achieved, “how” it is measured and “how” it can be improved. Moreover, reflection and team discussions about how targets can be translated into tangible outcomes, cultivate a strategic dialogue and create a common language among

employees which can reinforce organizational success (Sedecon Consulting, 2001; Neely, 2002).

All in all STAIR model suggests that organizational performance depends on how well a government organization can: manage its context (STA-variable); manage its inputs and processes (*I*-variable); and manage its outputs and feedback (*R*-variable) – namely, how competent the organisation is in climbing the steps of the STAIR.

Thus, using the STAIR as a performance management framework, the first proposition of the present study is:

*P1.* competence in managing (STA) variable, in managing (*I*) variable and in managing (*R*) variable can enhance public organizations' performance.

*Cultural core of the STAIR model.* It has already been stressed that the main difference of STAIR model comparing to other conventional measurement frameworks is that it does not think only in terms of ends and means, inputs and outputs but recognizes the importance certain values can play in changing organizational performance.

According to STAIR's rationale, the successful delivery of the chain of activities included in the operational core of the model implies an organizational culture that reinforces a collection of values quite different from those imposed by the bureaucratic governance system of public administration. The notion from "compliance to commitment" underpins the cultural core of the STAIR model and penetrates every single aspect of its whole process. The value chain can be analyzed as follows:

- citizen focus;
- result orientation;
- systemic and strategic thinking, acting and measuring;
- openness, trust, meritocracy;
- transformational leadership;
- employee empowerment;
- flexibility, innovation; and
- continuous self-assessment and self-development.

These cultural values and beliefs shape the behavior of people in an organization and exert a strong influence on the functioning of its whole system (Deal and Kennedy, 1982; Gregory, 1983; Schein, 1984; Metcalfe and Richard, 1987; Legge, 1995; Hofstede, 1991; 2002).

However, reviews on the results of the various modernization efforts have shown that the prevailing bureaucratic culture in an organization, the implicit and taken-for-granted assumptions, impose hidden constraints on performance. Namely, for the majority of organizations pursuing modernization or reform initiatives, the obstacles to change were specifically cultural (Metcalfe and Richard, 1987; Dunleavy and Hood, 1994; Flynn, 1993; Frederickson, 1996; Fox and Miller, 1995; Denhardt and Denhardt 2000). Political pressure may override some of these obstacles but other more systematic interventions, designed to reduce resistance to change and mobilize support, are needed.

Therefore, in regard to the current study, we argue that the everyday use of the STAIR model can prove a valuable tool in overcoming such cultural difficulties. In particular, the enactment of the new roles and responsibilities, dictated by public sector mission and generated by the operational core of STAIR, will influence the way staff think, feel and behave within the public organization.

Thus, the second proposition of the present study is:

- P2. competence in managing STAIR's underlying cultural values will enhance performance.

### Research methodology

For the purposes of the present study, a survey was conducted within the context of Greek public sector, using the STAIR framework. In particular, a questionnaire was constructed which operationalized:

- (1) *The dependent variable of the model* – organizational performance.
- (2) *The independent variables of the model:*
  - competence in managing the operational core, namely the activity variables per STA-IR phases (as before); and
  - competence in managing the cultural core, namely the value variables underpinning the STAIR model (as before).

The questionnaire was administered to newly-appointed civil servants (one to three years of service) – from various government departments, who participate in the introductory training program, an orientation of the “Politia Reform Act – 2001”, delivered by the Greek Civil Service College. The aim of the training is to familiarize the participants, who are actively involved in the implementation of the “Politia” reform program, with its principles as well as to help them to move the “Politia” strategy forward.

It can also be argued, that these newly-appointed but less experienced managers can be a more objective group of assessors of the organizational competences and performance, than a group of middle and top-level managers, that have already many years in public service. The reason for that may be that they are not yet influenced by the values of the prevailing organizational culture and their way of thinking is more critical against the functioning of the whole system.

A draft of the questionnaire was pilot tested on a sample of 65 candidate participants in the “Politia” training program. In the light of their answers, some minor changes were made to the questionnaire items. The modified version of the questionnaire was then used in the main survey. The survey was conducted between February and June 2002. The number of participants in the 18 programs offered by the College was 365 civil servants. All of them were asked to contribute to the research by filling in the relevant questionnaire.

We received 348 fully answered questionnaires (response rate 95 per cent). The respondents were asked to rate the degree of ability or influence or importance – depending on the content of the variable – according to their perception (choosing between five response categories). The characteristics of the respondents are presented in Table I.

**Results**

The statistical analysis performed on the data collected was based on three main techniques: factor analysis, correlation analysis and multiple regression. This section presents the details of these statistical techniques and their outcomes.

- P1. Competence in managing (STA) variable, in managing (I) variable and in managing (R) variable can enhance organizational performance.

*Dependent variable: organizational performance*

Organizational performance (OP) was measured by asking respondents to rate their organization's level of performance on a six-item scale including the following performance criteria: goal accomplishment, service quality, time efficiency, employee productivity, organizational learning and innovation. The reliability of the scale was Alpha: 0.87. Factor analysis was used in order to search for and define the fundamental constructs or dimensions assumed to underlie the original OP variables (Table II).

The analysis extracted one factor, which was labeled "organizational performance" and was responsible for 61 per cent of the total variance in the data. The high values of the factor loading corroborate the validity of the scale. Moreover, it was found that the level of public organizations' performance is low (mean score 2.57).

*Independent variables: competence in managing operational core/STA-I-R activity variables*

(a). *Competence in managing (STA) variable.* This variable was measured by asking the survey participants to indicate how capable (Honadle, 1981; Berman and Wang, 2000) the organization is of performing the set of the 14 activities, included in the (STA)

Organization (%)	Job description (%)	Education (%)
Ministry (33.4)	Management of projects (48.0)	PhD (2.3)
Agency (8.9)	Administrative support (22.0)	MA (14.4)
Local authority (19.3)	Medical and medicine related (2.5)	BA (21.0)
Hospital (38.5)	Nursing (18.5)	Diploma (36.5)
	Technical management of infrastructure (9.0)	Secondary education (25.6)
Total = 100	Total = 100	Total = 100

**Table I.**  
Sample characteristics

Organizational performance	Component 1
Service quality	0.865
Time efficiency in service delivery	0.813
Innovation	0.787
Organizational learning	0.769
Employee productivity	0.723
Goals accomplishment	0.706
% of variance = 60.703	Cumulative % = 60.703
	Mean score OP = 2.57

**Table II.**  
Component matrix (OP) variable



phase of the model (as before). The reliability coefficient of the scale was Alpha: 0.88. Factor analysis was performed and two factors were identified (Table III).

Factor 1 named as “strategic thinking” accounts for 34.01 per cent of the total variance and factor 2 named “strategic measuring” accounts for 18.80 per cent of the remaining variance. The results of correlation analysis between the two factors and organizational performance reveal that “organizational performance” is strongly influenced by “strategic thinking” ( $r = 0.65$ ;  $p < 0.01$ ) and positively but not so highly influenced by “strategic measuring” ( $r = 0.24$ ;  $p < 0.01$ ). Although both factors can be seen as important correlates of organizational performance, the ability of public organizations in strategic thinking and measuring is low (mean: 2.60 and 2.75 respectively).

(b). *Competence in managing (I) variable.* This variable was measured by asking respondents to point out the effectiveness the organization has in implementing a set of 19 activities corresponding to the (I) phase of the STAIR model (as before). The reliability coefficient of the scale was Alpha = 0.93. The factor solution (Table IV) indicated that 61.27 per cent of the total variance was represented by the information given in the factor matrix.

The first factor accounts for 35.80 per cent of the total variance, the second factor accounts for 15.94 per cent of the remaining variance and the third factor accounts for 9.52 per cent of the variance remaining after the two previous factors had been extracted. Interpreting the factor matrix we name the factors as follows: “transformational leadership”, “e-process management” and “staff initiation”. Moreover, all of them have positive correlation with OP ranging from  $r = 0.58$  and  $p < 0.01$ ;  $r = 0.46$  and  $p < 0.01$  and  $r = 0.19$  and  $p < 0.01$  accordingly. Finally, public organizations were found to have medium to low competence in managing the above three factors (mean = 2.30; 2.32; 3.07 respectively).

	Component 1	Component 2
<i>Strategic thinking:</i>		
Effectiveness in action plan design	0.845	
Effectiveness in bus. plan design	0.838	
Effectiveness in strategy's communication	0.778	
Effective assignment of strategy	0.711	
Citizens requirements	0.630	
Agreeable targets	0.621	
Employees' needs	0.612	
External environment trends	0.556	
Staff participation in objective setting	0.391	
<i>Strategic measuring:</i>		
Realistic targets		0.704
Measurable targets		0.651
Specific targets		0.635
Time bound targets		0.583
Internal environment conditions		0.453
	% of variance	Cumulative %
Rotated component	34.015	34.015
matrix (STA) variable	18.802	52.817

**Table III.**

Rotated component matrix (STA) variable

	Component 1	Component 2	Component 3
<i>Transformational leadership:</i>			
Leadership effectiveness to rule by example and gain trust	0.829		
Leadership effectiveness to inspire and motivate staff	0.825		
Leadership effectiveness to communicate and listen staff views	0.817		
Leadership effectiveness to recognize and reward hard effort	0.815		
Leadership effectiveness to cultivate staff job autonomy and initiation	0.789		
Leadership effectiveness to manage projects implementation	0.739		
Strategic implementation effectiveness	0.696		
Leadership effectiveness to innovate and implement new ideas	0.680		
Staff involvement-initiation	0.621		
Objective job evaluation	0.607		
Flexibility in law interpretation	0.559		
Data openness – transparency	0.501		
<i>e-process management:</i>			
IT systems development		0.809	
Effective e-management		0.779	
Input efficiency		0.582	
Information flow effectiveness		0.547	
Ability in BPR		0.428	
<i>Staff initiation:</i>			
Employee initiation			0.806
Employee accountability			0.745
	% of variance		Cumulative %
	35.803		35.803
	15.943		51.746
	9.522		61.268

**Table IV.**  
Rotated component matrix (*I*) variable

(c). *Competence in managing (R) variable.* Respondents were asked to rate the ability of their organization to evaluate results, citizen and staff views as well as their capability to feed back outcomes and introduce change. As we have already discussed, these activities constitute the (R) phase of the STAIR model (as before). The reliability coefficient of the scale was Alpha = 0.92. One factor was derived by the application of factor analysis on the seven-item scale, which explains the 67.40 per cent of data variance (Table V).

We label this factor as “stakeholders’ views”, since measuring and incorporating citizen and staff suggestions emerged as the more important underlying dimension of the factor. Strong and positive correlation was found also between “stakeholders’ views” and OP ( $r = 0.66$ ;  $p < 0.01$ ). However, the mean score of this variable was low: 2.5 indicating that public organizations are not used to measuring stakeholders’ views.



**Table V.**  
Component matrix (R)  
variable

Stakeholders' views	Component 1
Ability to incorporate staff suggestions	0.848
Ability to incorporate citizens views	0.839
Ability to measure projects results-strategic evaluation	0.830
Ability to analyze and solve problems	0.825
Ability to conduct staff survey	0.821
Ability to carry out citizen survey	0.813
Ability to measure, manage, feedback results and introduce change	0.770
% of variance	Cumulative %
67.405	67.405

*How competence in managing (STA + I + R) variables influences OP*

In order to test this relationship the statistical technique of regression analysis was employed.

From all the six factors entered in the regression model, only one “Strategic measuring” was found not to be a predictor of OP. While the rest of variables play a significant role and account for 60 per cent of the variance in OP variable. The relative importance that each independent variable is as follows: “e-process management” ( $t$ -value = 6.718); “transformational leadership” ( $t = 4.695$ ); “stakeholders views” ( $t = 4.145$ ); “strategic thinking” ( $t = 3.240$ ); “staff initiation” ( $t = 2.720$ ).

*A formula for predicting OP*

Based on the research outcomes from the operational core of the STAIR model, organizational performance can be predicted by using the following formula:

$$OP = -0.007 + 0.20X1 + 0.04X2 + 0.25X3 + 0.31X4 + 0.11X5 + 0.21X6$$

where  $X1$  = “strategic thinking”,  $X2$  = “strategic measuring”,  $X3$  = “transformational leadership”,  $X4$  = “e-process management”,  $X5$  = “staff initiation”,  $X6$  = “stakeholders views”.

*P2.* Competence in managing STAIR’s underlying cultural values will enhance OP.

*Dependent variable:* OP (as before).

*Independent variable:* Competence in managing STAIR’s underlying cultural values.

STAIR’s values were measured by a 20-item scale asking respondents to report how committed their organization is to a number of cultural values imported by the STAIR model and how much these values are appreciated by the organization (as before).

The reliability coefficient of the scale was Alpha = 0.95. Factor analysis was conducted and three factors were produced which account for 66.4 per cent of the total variance (Table VI).

First factor “reward values” represents 28.7 per cent of the data variance and reflects the importance that the organization gives to certain incentive criteria. The second factor was named “behavioural values”, since it includes a set of attitudes that the organization should adopt in its internal behavioral system. This factor accounts for 22 per cent of the remaining variability. Finally, “creative and proactive values” is the label we assigned to the third factor, because it contains a set of values that the

Cultural variables	Component 1	Component 2	Component 3
<i>Reward values:</i>			
Staff reward for active participation –initiation	0.813		
Staff reward for continuous self-assessment	0.792		
Staff reward for strategic/systemic/critical thinking	0.780		
Staff reward for flexibility	0.776		
Staff reward for adaptability	0.740		
Staff reward for creativity and innovation	0.713		
Staff reward for continuous self-development	0.649		
<i>Behavioural values:</i>			
Results-oriented, cost-conscious culture		0.796	
Citizen-oriented culture		0.777	
Value-driven (transparency, meritocracy)		0.771	
Strategic thinking-acting-measuring organization		0.676	
Bottom up strategy – participation management		0.556	
Team-based operational structure		0.533	
Acceptance of staff suggestions		0.476	
<i>Creative and proactive values:</i>			
Research investment			0.823
Research orientation – organizational knowledge creation			0.686
Frequency of citizens need analysis			0.547
Climate of continuous organization learning and development – action based on output			0.513
Innovation – transform ideas into projects			0.509
Frequency of process simplification			0.425
	% of variance	Cumulative %	
	28.714	28.714	
	21.387	50.101	
	16.324	66.425	

**Table VI.**  
Rotated component matrix cultural variables

organization must cultivate in order to adapt and respond to external challenges. This factor accounts for the 16.32 per cent of the remaining variance.

In addition, correlation analysis showed that all the three cultural factors were positively correlated with OP, ranging from high “behavioral values” ( $r = 0.596$ ;  $p < 0.001$ ) to moderate “reward values” ( $r = 0.432$ ;  $p < 0.01$ ) and “creative and proactive values” ( $r = 0.406$ ;  $p < 0.01$ ) respectively (Table VII). However, as may be expected, public sector organizations are not yet influenced by these new cultural assumptions and thus exhibited low scores on each factor, namely mean scores = 2.21; 2.43; 2.02 accordingly (Table VII).

#### *How competence in managing cultural STAIR variables influences OP*

In order to test how much influence the above-extracted three cultural dimensions have on public sector organization performance, regression analysis was employed. The results indicate that all the three factor are key antecedents of OP and explained 70 per cent of its variance ( $R = 0.70$ ).

Factors	Mean score	R (correlation coefficient) with organizational performance
<i>Set of activities</i>		
<i>Operational core</i>		
<i>STA-variable:</i>		
Strategic thinking	2.60	0.650*
Strategic measuring	2.75	0.239*
<i>I-variable:</i>		
Transformational leadership	2.30	0.573*
e-process management	2.32	0.461*
Staff initiation	3.07	0.190*
<i>R-variable:</i>		
Stakeholders' views	2.50	0.658*
<i>Set of values</i>		
<i>Cultural core</i>		
<i>Culture variables:</i>		
Behavioural values	2.21	0.596*
Reward values	2.43	0.432*
Creative and proactive values	2.02	0.406*

**Note:** \* $p < 0.01$

**Table VII.**  
STAIR model analysis

The most important was “behavioural values” ( $t$ -value = 18.232) followed by “reward values” ( $t = 12.998$ ) and by the almost equally important “creative and proactive values” ( $t = 12.596$ ).

*A formula for predicting OP*

Based on the research outcomes from the cultural core of the STAIR model organizational performance can be predicted by using the following formula:

$$OP = -0.32 + 0.42X1 + 0.59X2 + 0.41X3$$

where:  $X1$  = “reward values”,  $X2$  = “behavioural values”,  $X3$  = “creative and proactive values”.

**Discussion**

The results reveal that public sector performance is a multidimensional concept represented by a cluster of variables, such as “service quality”, “time efficiency”, “innovation”, “organizational learning”, “employee productivity” and “goal accomplishment” (see Table II).

More specifically, in the current context the most important component of performance was found to be the provision of “quality” e.g. credibility of service and commitment to standards, along with “time efficiency in service delivery” e.g. speed in meeting deadlines and flexibility in handling administrative procedures. This finding may reflect the recent trend in public administration where the term “performance” has been substituted for the term “quality”.

“Organizational learning and innovation” was also a crucial factor in determining the nature of performance, corroborating the results of other studies which argue that improved performance and lasting change depends heavily on organizational

creativity, continuous learning and adaptation (Fiorelli and Feller, 1994; Argyris and Schon, 1996; Kaplan and Norton, 2001).

Some years ago, Peter Drucker (1989) recognized that innovation rests on people and provides the only assured source of long-term success and competitiveness. This argument is verified in this research by the emergence of “employee productivity” as another key concept in defining performance.

According to the respondents’ perceptions “goal accomplishment” appeared to be the least important dimension for the conceptualization of public sector performance. It is not unreasonable to suggest that clarifying, measuring and achieving long-term goals remain a difficult process for Greek public administration.

It has been argued that enhancing public sector outcomes requires a systematic and systemic approach, which recognizes the multidimensionality of performance and the multiplicity of the organizational context (Reed and Savage, 2002). A systemic mechanism for managing and measuring performance is necessary but fortification is required for performance improvement (Nichols, 1997; Durst and Newell, 1999). We have argued that organizational success is greatly affected by the underlying organizational capacities needed to run the system, as well as the underlying cultural values needed to support the system. The data demonstrate that competence in managing the operational and cultural core of the STAIR model is the precondition for changing public sector performance (see (Table VIII) and IX).

With respect to the operational core of the STAIR model, the research reveals that performance depends heavily on the organization’s capacity to “think, act and measure” in terms of strategy design, strategy execution and strategy results evaluation. In particular, “strategic thinking”, “strategic measuring”, “transformational leadership”, “e-process management”, encouraging “employee initiation” and managing “stakeholders views” are the array of competences which were extracted as the most important components of STAIR’s operational core (see Table VII). These competencies are the attributes that modern public organizations must possess for effective realization of their strategic targets, consolidating the evidence of previous studies (Beer, 2001).

With regard to the cultural core of the STAIR model, the data show that performance is greatly affected by the organization’s capability in managing STAIR’s

Model	Beta	<i>t</i>	Sig
Constant: -0.007		-0.205	0.838
Strategic thinking	0.201	3.240	0.000
Strategic measuring	0.048	1.133	0.258
Transformational leadership	0.295	4.697	0.000
e-process management	0.313	6.718	0.000
Staff initiation	0.113	2.720	0.000
Stakeholders view	0.218	4.145	0.000
Dependent variable: organizational performance			
	<i>R</i>	<i>R</i> square	Adjusted <i>R</i> square
	0.782	0.611	0.603

**Notes:** Dependent variable: organizational performance; independent variables: (STAIR) – operational variables

**Table VIII.**  
Regression analysis  
operational core

Model	Beta	<i>t</i>	Sig.
Constant: -0.32		-1.008	0.315
<i>Cultural variables:</i>			
Reward values	0.422	12.998	0.000
Behavioral values	0.591	18.232	0.000
Creative and proactive values	0.408	12.596	0.000
<i>R</i>		<i>R square</i>	Adjusted <i>R square</i>
0.837		0.700	0.697

**Table IX.**Regression analysis  
cultural core**Notes:** Dependent variable: organizational performance; independent variables: (STAIR) – cultural variables

“behavioural”, “reward” and “creative” values (Table VII). Namely, government performance is the outcome of an organization’s competence in achieving results, in placing citizens at the center, in satisfying the various stakeholders along with establishing openness, transparency, justice and meritocracy. In addition, each organization must change its appraisal system to accommodate these values and reward employees who act and behave accordingly. Namely, according to the data, a reward system which values employees’ initiative, employees’ strategic thinking, acting and measuring, employees’ flexibility, adaptability, creativity and continuous learning is an additional mechanism in enhancing organizational performance (Table VII).

Additionally, the organization’s ability to elicit commitment towards creative values emerged as a crucial dimension of performance improvement (Table VII). For instance, creating knowledge capital through the implementation of research projects on specific administrative problems, through the analysis of citizens’ and staff needs, through the process re-engineering projects on a continuous basis, establish a proactive rather than reactive public organization. A public organization that prevents rather than just cures problems.

#### *Convergence and distinctiveness within the performance of HR manager role*

The present research outcomes put forward the main and demanding responsibilities of HRM role in the current public administration context. What the results imply is that the lack of the operational core competencies identified through the use of STAIR framework and the weaknesses present in the current public administration system create an urgent need for a systematic and strategic training and development program for human resources at every organizational level. Namely, a strategic HR development program that will bridge the gap between existing and required capacity, is the new challenge for HR managers. As stressed by many authors, the core requirement of strategic human resource management (HRM) is the alignment of personnel policies and practices with the organization’s strategy (Legge, 1995; Tompkins, 2002). Although many examples of alignment have been reported, no classification system has yet been proposed to capture how alignment is accomplished (Tompkins, 2002). STAIR can be used as a valid framework that provides a solution to this problem.

Moreover, the poor levels of performance identified by the data analysis can be attributed to the lack of organizational competence in managing STAIR’s cultural

values. Effective implementation of reforms demands an organization that has adaptive and flexible capacities, which will ensure responsiveness to the new roles and demands (Metcalfe and Richard, 1987; Legge, 1995; Beer, 2001).

Adding to other research findings, the data demonstrate that coping with complexity and uncertainty requires the development of a new cluster of competences such as innovation, creative thinking, knowledge management (Argyris and Schon, 1996; Beer, 2001).

However, managing cultural change involves the willing consent, active involvement of all its members, which in turn requires a further set of capabilities in order to elicit their organizational commitment. Building human capacity to support cultural changes, driven by an organization's strategic initiatives, is a new and very demanding task for HR managers.

Moreover, as the data revealed, complementary and equally important is the HR managers' task of redesigning performance appraisal and reward systems so that human capital is motivated to implement change. Namely, successful management of change depends on organizational competence to create incentives and rewards to overcome resistance and to persuade human resources to support the introduction of modernization efforts.

Lasting reforms are an endless process, thus HR managers must ensure a culture of continuous learning and innovation, which in practice means facilitating the everyday use of STAIR.

Consequently, the new strategic role of the HR managers in the Greek public sector is to develop and maintain a strong network of committed STAIR users, by:

- building "competence" in implementing STAIR;
- eliciting "commitment" in the principles of STAIR; and
- ensuring "continuity" in the application of STAIR.

The effective management of the above 3Cs of the STAIR model can be viewed as the "convergence" dimension in the new HR manager role.

On the other hand, Greek public organizations may operate within the common framework of public administration but each public organization is unique and must follow its own path when building and implementing the STAIR model. Designing specific STAIR models contingent to the institutional context in which HR practitioners are employed constitute the "distinctiveness" dimension in the HR manager role application.

## Conclusions

Public administration faces an increasingly unpredictable future and a rapidly changing environment. Administrative convergence at EU level requires by every member state the design and implementation of specific reform and modernization programs, aiming at changing the way public organizations think and operate. Venturing into new and complex territory is much more difficult than trying harder in familiar ways. The present research revealed a chicken-and-egg problem. Public sector modernization requires changes in its organizational culture and simultaneously changes in the organizational culture are needed to permit and facilitate adaptation to new demands.

Reform is a continuous process in which new competences are gradually developed through tackling new problems. Cultural assumptions, as well, are acquired by learning from everyday experience of what is approved and disapproved, what is valued and rewarded, what is accepted and what is not.

Having a holistic framework to manage and measure change in public sector performance is one thing. Building human capacities and changing attitudes through the active involvement in the design, implementation and measurement of change is quite another. Reinforcing commitment by internalization of the new values and codes of conduct, through the redesign of the reward system is the consolidating factor for public sector re-invention.

#### *Future research*

Attempting to change performance in public administration is difficult, but when carefully planned, executed and monitored can prove highly valuable for public service “customers” – as well as being gratifying to its human assets. STAIR is far from being a panacea for changing organizational performance, but it is certainly a practical tool that can help Greek public administration’s efforts to align with EU public sector management policies.

Widespread use and implementation of the STAIR is needed across the public sector in order to further corroborate the outcomes of the present research. Moreover, the involvement of multiple stakeholders in assessing STAIR’s model application (e.g. public managers from various organizational levels – as internal auditors and citizens, business, media, voluntary sector etc. – as external auditors), through a qualitative approach, would add significantly to the present survey results.

How to achieve and maintain unity between the model’s two core elements (operational/cultural), presents a challenge for public sector human resource managers on a national and European level.

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