

**Review  
of the  
Hellenic Observatory of Corporate Governance  
(HOCG)**

**Issue 3, December 2008**

ISSN 1759-0108

**Editorial**

This issue presents findings resulting from a research project conducted by the editor and his associates. More specifically, the team embarked on considering the vastly un-researched but heavily discussed issues of the Roles, Attributes, Functions and Effectiveness of Boards of Directors in Greek State Owned Enterprises (SOEs) or “DEKOs”. The research team collected data in reference to 70 DEKOs covering a time span of six years (2002-2007). Data collection and analysis took more than 6 months to complete. Thousands of “Official Governmental Gazette” (FEKs) issues, as well as companies’ annual reports, were downloaded, coded and analyzed for this project. Descriptive statistics was employed to portray some interesting findings in Part 1 of this issue.

It is evident that in most market-based societies, private ownership is the dominant type. State ownership (under government control) still remains strong alternative that most probably will re-gain its appeal due to the recent dramatic market failures around the world. From a theoretical point of view, there are two competing views that seek to explain performance differences between privately owned or stated owned organizations. *Agency Theory* suggests that performance differences among organizations are the product of management incentives, remuneration and monitoring that the owners exert on the managers while *Industrial Economists* attribute performance differences on the competitive forces and market structure.

Although, the current issue does not deal with performance related issues, it should be noted that “performance” and the wider concept of “organizational effectiveness” is a topic that still causes disagreement among scholars and practitioners both at a conceptual and at a measurement level. In one of the forthcoming issues (Issue 5), we will revisit the governance of SOEs incorporating performance indicators. We strongly believe that in the years to come, an intensive debate will emerge regarding the differences, similarities as well as grounds of learning and the diffusion of best practices between Corporate and Public approaches to governance.

Part 2 contains summaries of three research projects regarding “Boards in Greece”. These projects are based upon primary data that have been recently published in academic journals and presented in international conferences by the editor and his team. The first one examines the association between board and organizational performance in Greek public hospitals. The second one explores the relationship between Corporate Governance practices and mission statements in the Greek Health Sector while the last one assesses the association between the

attributes of the top management teams and corporate performance.

*Dr Dimitrios N. Koufopoulos*

## **Part 1: Boards in DEKO: Preliminary Findings from the First Annual Research**

In this third issue, research findings published for the *first time* are presented and discussed. Focusing on Greek State Owned Enterprises (SOE), important themes regarding Boards of Directors and Corporate Governance are unfolded.

### **1. Introduction**

State-owned enterprises (SOEs) are companies that operate under government's control and play a vital role to the welfare of many economies (Schmitz et al., 1996, Lioukas et al., 1993). From a historical view, State Owned Enterprises (SOE) played a catalytic role in the development of the European socio-economic model that followed World War II, under the premises of ensuring "public interest, social equality, cohesion, and solidarity" (OECD, 2005).

However, there are some weaknesses regarding the management and performance of SOEs in comparison with private companies. The core of these weaknesses is the fact that a group of people decides on who manages the organization, as well as, on the amount of government financing the firm is going to receive. This causes a "conflict of interest" for the management team which must balance between "what must be done" for the firm and "adhere to the wishes" of the government's representation (Monsen and Walters, 1983).

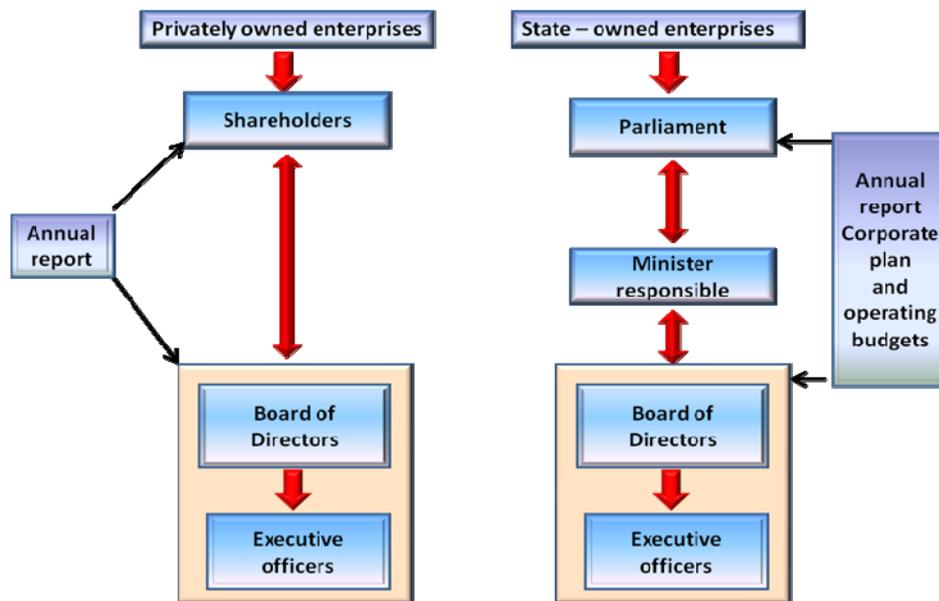
**Diagram 1** illustrates the differences between the management structure of private companies and the management structure of SOEs. As it can be seen, executive officers and directors are responsible for the management of the private company. On the other hand, the minister is responsible for SOEs' management as all decisions go through the parliament.

The detrimental difference between SOEs and private organizations is the emphasis that private firms (listed or not) place on profit maximization. On the other hand, the main purpose of state owned companies is to provide services to the public, even if they operate at a loss (Bozec et al., 2004). The above circumstances may lead to underperformance of SOEs and to financial difficulties.

A new trend to reform SOEs into private corporations has appeared over the last two decades. Many EU countries have "privatized" their SOEs that operated in sectors like telecommunications, water, railways and electricity (i.e. OECD, 2003). Staikouras (2004, pp. 314) claims that "within the last two decades, the policy of privatization has been gaining considerable ground, constituting nowadays one of the most popular and drastic policy options to reform SOEs". Clifton et al. (2006, pp. 752) assessed the reasons that led EU countries to privatize their government owned corporations which are: the increasing competitive environment, the new technological changes and other external forces that make change

inevitable.

A good example of a country being forced to slowly change its policy on SOEs is Greece, which according to the OECD economic Survey (2005) has the highest public debt among all OECD countries.



**Diagram 1: Private Companies and State Owned Enterprises**

Source: Bozec et.al, 2004

Spanou (2008), states that until 1970 the vision of privatizing Greek SOEs was unappealing. However, due to weak corporate governance which resulted in underperformance of Greek public companies, a new “liberal and progressive” public management has been applied leading to the markets’ “liberalization and privatization”. During the late 1990s, a large number of Greek SOEs have been decentralized from government’s control (Staikouras, 2004) and have adopted the EU’s corporate governance practices (OECD, 2005).

La Porta et al. (1998) separated countries into four “legal corporate governance families”; the English civil law countries (e.g. Australia, Canada, India, UK), the French civil law countries (e.g. French, Greece, Portugal, Italy), the German civil law countries (e.g. Japan, Germany, Austria,) and the Scandinavian civil law countries (e.g. Denmark, Sweden). Greece constitutes a legal statute of French origin (La Porta et al., 1998), within which SOEs play a significant role in the welfare of its economy (Ministry of Economics Greece, 2008). Until 1995, Greek SOEs were completely controlled by the government which had also to select and appoint the board of directors, as well as the top management for these corporations. However, many SOEs faced serious problems such as low profits, losses and low product and service quality.

The year 1996 was crucial and pivotal for the operation of Greek SOEs. During this year a new law named “Operation and Management of State Owned Enterprises” 2414/1996 was voted. This law transformed Greek SOEs to public limited liability companies. With the introduction of this law, boards of directors have the managerial and financial responsibility, as well as the duty

to monitor the management of the organization. The objective of the law was to increase the efficiency, and profitability of Greek public corporations. However, even after the introduction of this law, SOEs continued facing financial and administrative difficulties (OECD, 1999). In 2005 the Greek government attempted to change the managerial system of SOEs with the introduction of the law 3429/2005. The main objective of this law was to improve the operations of SOEs, by introducing the EU's corporate governance standards.

More specifically, Greek SOEs are mainly governed by company laws 2190/1920 and 3016/2002. Boards of directors should not consist of more than 9 members and have the duty to assess the strategic plan of the organization. However, SOEs seem to continue facing financial difficulties. The budget of the year 2007 indicates that Greek SOEs face financial problems, while in the year 2005 they had a loss of "1.014 million Euros", and in 2006 the loss was increased to "1.158 million Euros". Yet, even more legal advances have been made by law No. 3429/2005 and the Greek Capital Market Commission's "Corporate Code of Conduct", in an attempt to promote improvements in SOEs' Corporate Governance (Ministry of Economy and Finance, 2008).

## 2. Methodology

### 2.1 Sample

The current study focuses on the Greek State Owned Enterprises (SOEs). **Table 1** presents all SOEs from 2002-2007, while **Diagram 2** illustrates the number of SOEs in each year according to the National Budgets. Data were collected from the Issues B, NPDD, YODD and Chapter SA – Ltd of the Governmental Gazette, published in the National Printing House ([www.et.gr](http://www.et.gr)), while the Athens Stock Exchange website was also visited when a SOE was listed in the ATHEX.

Data collection took place during the last quarter of 2008. The analysis is based on SOE's included in the annual budgets of the Ministry of Economy and Finance for the years 2002-2007. However, Governmental Gazette (Issue B) did not provide full information for all 70 DEKOs. Thus, the study presents findings based on 39 DEKOs for which full data were obtained.

### 2.2 Variables analyzed

The study examines ten variables:

- the number of board members served through the years 2002-2007,
- the number of female directors,
- the average board size
- the average tenure of directors in the board,
- the number of chairpersons served through the years 2002-2007,
- the number of female chairpersons,
- the number of CEOs served through the years 2002-2007,
- the number of female CEOs,
- Chairpersons' Tenure and
- CEOs' Tenure.



**Diagram 2: Number of Greek SOEs (2002 – 2007)**  
(Source: National Budgets)

*Total Number of Board Members served* is calculated by the absolute number of all directors served the Boards through the years, while the *Total Number of Female board Members served*, is ascertained by examining the names and surnames of these. The board size of DEKOs, for the years 2002-2007, was measured by capturing the size of every board at the end of each year, while the *Average Board size* of each DEKO was measured by calculating the average of its board size over the years.

*The average tenure of directors* for each DEKO was measured by calculating the fraction of period that the company exists as a DEKO (in months) over the total board members that have served the board, multiplied with the average board size of the corresponding DEKO.

Additionally, the *number of Chairpersons, Female Chairpersons, CEOs and Female CEOs* who served in board was calculated by counting the absolute number of Chairpersons and CEO's throughout this period, while their gender was identified based on their names. Finally, *Chairpersons Tenure* and *CEOs Tenure* presented in terms of months that they have served in the respective position.

### 3. Findings

#### 3.1 Directors serving the boards and gender issues

The total number of directors that served the DEKOs' boards during the years 2002-2007 is 602. Each DEKO had on (un-weighted) average 15.4 members for the period examined. However, the standard deviation is high (7.8). In 5 companies (**see Table 2**) the turnover of directors was high; more than 25 have been offering their services to the board through the years (2002-2007).

DEKOs (2002-2007)				
Ανώνυμη Εταιρεία Διώρυγας Κορίνθου (ΑΕΔΙΚ)	Ελληνικά Ταχυδρομεία (ΕΛΤΑ)	Επαγγελματική Κατάρτιση (ΕΠΑΚΑΤ) *	Μεταλλουργική Βιομηχανία Ηπείρου (ΜΕΒΗ)	Οργανισμός Λιμένος Ηρακλείου (ΟΛΗ) *
Ανώνυμη Εταιρεία Μονάδων Υγείας (ΑΕΜΥ) *	Ελληνικές Αλυκές (ΕΛ.ΑΛ.) *	Ερευνητικό Κέντρο Βιολογικών Υλικών (ΕΚΕΒΥΛ)	Ολυμπιακή Αεροπλοία (ΟΑ)	Οργανισμός Λιμένος Θεσσαλονίκης (ΟΛΘ) *
ΑΣΠΡΟΦΟΣ	Ελληνική Αεροπορική Βιομηχανία (ΕΑΒ)	Εταιρεία Θερμικών Λεωφορείων (ΕΘΕΛ) *	Ολυμπιακή Αεροπορία (ΟΑ)	Οργανισμός Λιμένος Κέρκυρας (ΟΛΚΕ) *
Αττικό Μέτρο Εταιρεία Λειτουργίας (ΑΜΕΛ)	Ελληνική Βιομηχανία Νοσοκομειακού Υλικού (ΕΛΒΙΟΝΥ) *	Εταιρεία Τουριστικής Ανάπτυξης (ΕΤΑ) *	Οργανισμός Διαχείρισης Δημοσίου Υλικού (ΟΔΔΥ) *	Οργανισμός Λιμένος Λαυρίου (ΟΛΛ) *
ΓΑΙΑΟΣΕ (Θυγατρική Εταιρεία του ΟΣΕ) *	Ελληνική Ραδιοφωνία Τηλεόραση (ΕΡΤ) *	Εταιρεία Υδρεύσεως Αποχετεύσεως Θεσσαλονίκης (ΕΥΑΘ) *	Οργανισμός Διεξαγωγής Ιπποδρομιών Ελλάδος(ΟΔΙΕ) *	Οργανισμός Λιμένος Πάτρας (ΟΛΠΑ) *
Δημόσια Επιχείρηση Ανέγερσης Νοσηλευτικών Μονάδων (ΔΕΠΑΝΟΜ) *	Ελληνικό Κέντρο Αργιλλομάζης (ΕΛΚΕΑΡ) *	Εταιρεία Υδρεύσεως Αποχετεύσεως Πρωτεύουσας (ΕΥΔΑΠ)	Οργανισμός Εκδόσεων Διδακτικών Βιβλίων (ΟΕΔΒ)	Οργανισμός Λιμένος Πειραιώς (ΟΛΠ)
Δημόσια Επιχείρηση Ηλεκτρισμού (ΔΕΗ) *	Ελληνικό Κέντρο Αργυροχρυσοχοίας (ΕΛΚΑ) *	Ηλεκτρικοί Σιδηρόδρομοι Αθηνών-Πειραιώς (ΗΣΑΠ) *	Οργανισμός Εξωτερικού Εμπορίου (ΟΠΕΕ)	Οργανισμός Λιμένος Ραφήνας (ΟΛΡ) *
Δημόσια Επιχείρηση Πολεοδομίας & Στέγασης (ΔΕΠΟΣ)	Ελληνικό Κέντρο Δέρματος (ΕΛΚΕΔΕ)	Ηλεκτροκίνητα Λεωφορεία Περιοχής Αθηνών-Πειραιώς (ΗΛΠΑΠ) *	Οργανισμός Κεντρικής Αγοράς Αθηνών (ΟΚΑΑ) *	Οργανισμός Προγνωστικών Αγώνων Ποδοσφαίρου (ΟΠΑΠ) *
Διεθνής Έκθεση Θεσσαλονίκης (ΔΕΘ)	Ελληνικό Κέντρο Κινηματογράφου (ΕΚΚ) *	Θυγατρική του ΟΣΕ (ΤΡΑΙΝΟΣΕ)	Οργανισμός Λιμένος Καβάλας (ΟΛΚ) *	Οργανισμός Σιδηροδρόμων Ελλάδος (ΟΣΕ)
ΔΙΑΧΟΝ ΑΒΕΕ	Ελληνικός Οργανισμός Καπνού (ΕΟΚ)	Ινστιτούτο Γεωλογικών & Μεταλλευτικών Ερευνών (ΙΓΜΕ) *	Οργανισμός Λιμένος Αλεξανδρούπολης (ΟΛΑ) *	Οργανισμός Σχολικών Κτιρίων (ΟΣΚ) *
Εθνικός Διαχειριστής Σιδηροδρομικής Υποδομής (ΕΔΥΣΙ) *	Ελληνικός Οργανισμός Μικρ. Επιχειρήσεων & Χειροτεχνίας (ΕΟΜΜΕΧ) *	Ινστιτούτο Φαρμακευτικής Έρευνας και Τεχνολογίας (ΙΦΕΤ) *	Οργανισμός Αστικών Συγκοινωνιών Αθηνών (ΟΑΣΑ) *	Οργανισμός Βάμβακος
Εθνικός Οργανισμός Φαρμάκων (ΕΟΦ)	Ελληνικός Οργανισμός Τουρισμού (ΕΟΤ)	Κεντρική Αγορά Θεσσαλονίκης (ΚΑΘ).	Οργανισμός Λιμένος Βόλου (ΟΛΒ)	Olympic Catering (OC)
Ελληνικά Αμυντικά Συστήματα (ΕΑΣ)	Ελληνικός Οργανισμός Τυποποίησης (ΕΛΟΤ)	Κέντρο Ελληνικής Γούνας (ΚΕΕΓ) *	Οργανισμός Λιμένος Ελευσίνας (ΟΛΕ) *	Προαστιακός
Ελληνικά Πετρέλαια	Εμπορευματικά Κέντρα (ΕΜΠΚΕΝΤΡ) *	Κτηματική Εταιρεία του Δημοσίου (ΚΕΔ)	Οργανισμός Λιμένος Ηγουμενίτσας (ΟΛΗΓ) *	Ταμείο Εθνικής Οδοποιίας (ΤΕΟ)

Table 1: Greek State Owned enterprises 2002-2007

\*DEKOs used in the analysis

Furthermore, 12 DEKOs had no female directors at all, while 13 DEKOs had boards with only one female director. There were only 59 women (out of the 602 directors; that is less than 10%) with an average 1.5 for each DEKO.

Although the criteria and the method of appointing members to the board are different between the listed companies and DEKOs, the findings are similar. The presence of women in the boards of the listed companies was 11.5% (2006) and 10.8% (2007), according to the annual study of the HOCC (2007; 2008).

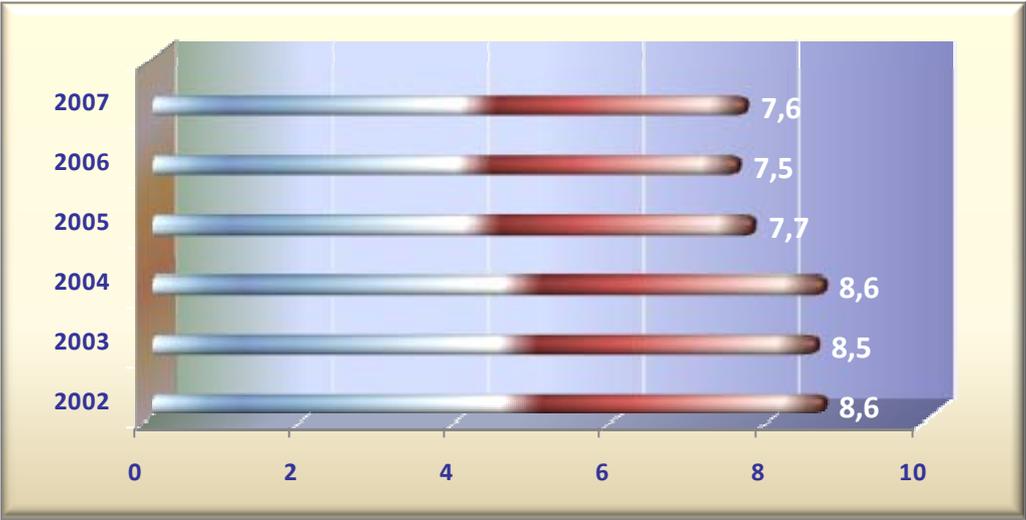
	TOTAL MEMBERS SERVED IN BOARDS	FEMALE MEMBERS SERVED IN BOARDS
MEAN	15,44	1,51
MODE	7	1
STD. DEV	7,76	1,57
MIN	6	0
MAX	32	6
SUM	602	59

**Table 2: Total Members and Women Served in Boards (n=39)**

**3.2 Board Size and Average Tenure of its Members**

The average board size of the 39 DEKOs for the years 2002-2007 is 7.8, which again agrees with the average board size of the Greek listed companies; 7.8 for 2006 and 7.9 for 2007 (HOCC 2007; 2008).

It is interesting to note the decrease of the average board size through the years that can be justified by the instruction of the new law about DEKOs (3429/2005), which clearly states that the number of board members in DEKOs should not exceed 9. This resulted to a decrease in the average board size by 1 member, as in 2002 was 8.6, while in 2007 was 7.6 (Diagram 3).



**Diagram 3: Average Board Size**

The average tenure of directors serving a DEKOs board is 22.8 months with a standard deviation of 6.2. In 11 out of 39 DEKOs (28.2%) the directors served the board for less than 18 months, while there are 11 DEKOs in which the members serve the board for more than 18 months, but they quit or get replaced in less than 2 years.

However, there are 8 (20.5%) companies, in which their directors stayed in the board for

more than two and a half years. Based on our findings the minimum time that all board members have served is one year (**Diagram 4**).

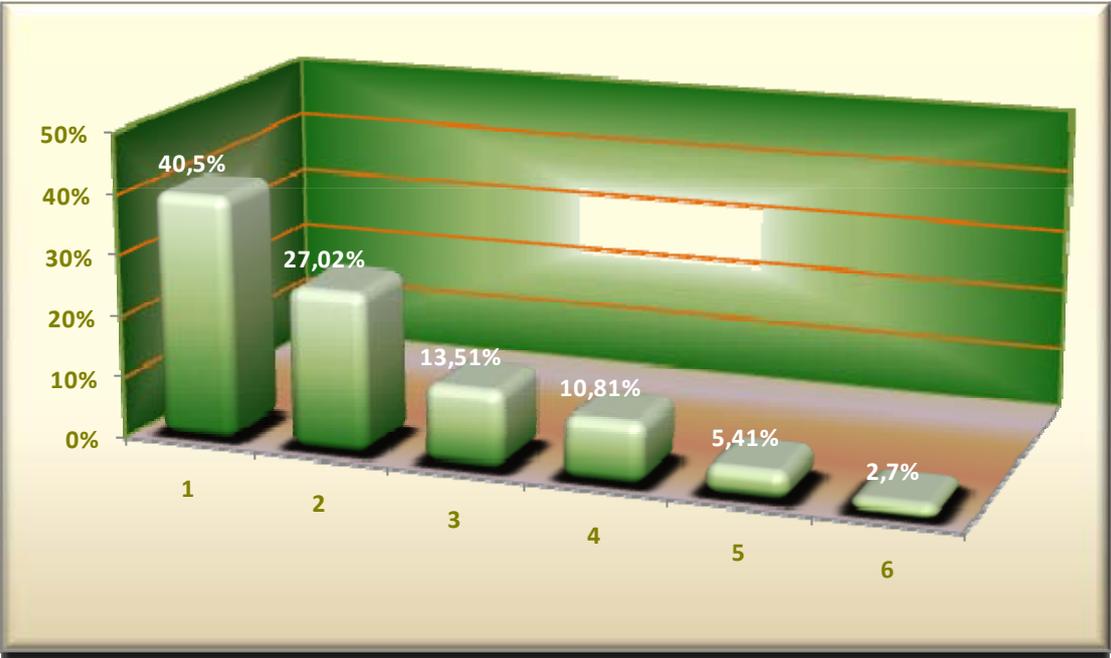


**Diagram 4: Average Tenure of Board Members (in months)**

**3.3 Number of Chairpersons, the Absence of Women and the Average Tenure of Chairpersons**

The total number of Chairpersons that have served in the SOEs boards is 82, with an average of 2.2 for each company. There are 15 companies (40.5%) that had the same individual as a Chairperson through the years 2002-2007 and 10 DEKOs that have changed the Chairperson only once.

On the other hand, 7 companies (10.8%) have changed their chairperson at least four times (**Diagram 5**).

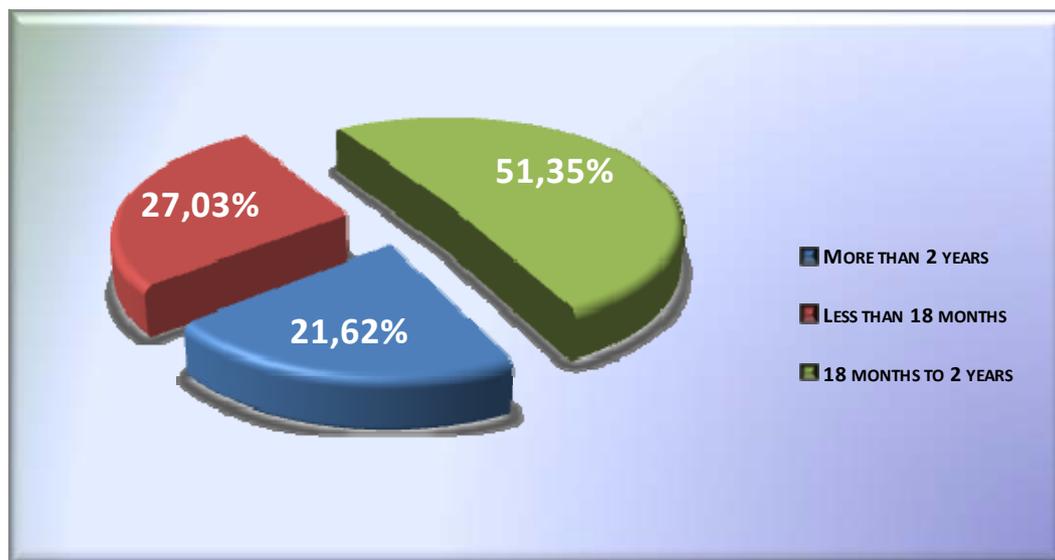


**Diagram 5: Total Number of Chairpersons through 2002-2007 (n=37)**

Nevertheless, there is a limitation in this finding. According to the annual budgets, 7 out of 39 companies became DEKOs in 2006 and they might have resulted to a decrease of the number of Chairpersons that have served each company.

Interestingly, no woman has served as a Chairperson in any of the 39 DEKOs through the years.

The Chairpersons' average tenure was 22.9 months with a standard deviation of 9.1 months. More specifically, 10 (27.03%) DEKOs had Chairpersons that served for less than 18 months, while 19 (51.35%) had Chairpersons that stayed from 18 to 24 months. Nevertheless, there are 8 (21.62%) cases where the Chairperson has been leading the board for 3 to 4 years (**Diagram 6**).



**Diagram 6: Average Tenure of Chairpersons (n=37)**

### **3.4 Number of CEOs, Women's Presence and the Average Tenure of CEO's**

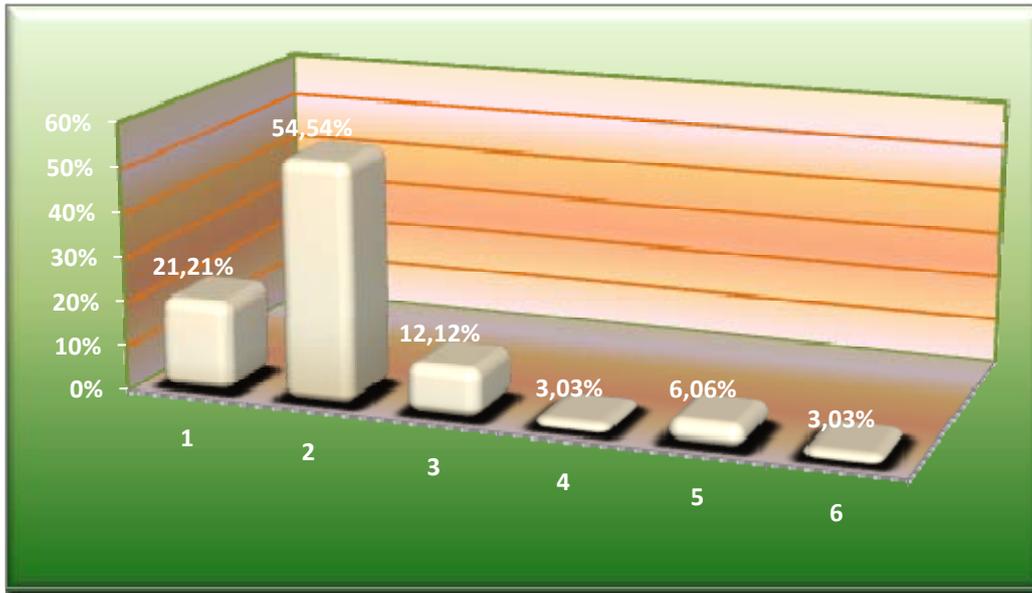
The total number of CEOs served for the period examined is 75, while the average for each company is 2.3 and the standard deviation 1.2.

It is worth noticing that there are 3 (9%) DEKOs that changed their CEOs five or six times in the six years period (2002-2007). Also, 7 (21.21%) out of 33 DEKOs trusted the same person as a CEO and Chairperson through all the years examined (**Diagram 7**).

Furthermore, only 2 of them were women (2.7%), which is very close to the 3% that was found for the listed companies in the Athens Stock Exchange for the year 2007 (HOCG, 2008).

The average tenure of CEOs serving a company is slightly less than 2 years (22.4 months), with a standard deviation of 11.9.

Out of 7 DEKOs (21.21%) where the CEO has served the company for less than 18 months there were 5 (15.2%) in which the CEOs served the company for less than a year.



**Diagram 7: Total Number of CEOs (n=33)**

Additionally, there are 4 DEKOS (12.1%) in which the CEOs served the board for at least 3 years. However, in the majority of the firms (67%), the CEO stayed in his position from 18 to 24 months (**Diagram 8**).



**Diagram 8: Average Tenure of CEOs (n=33)**

#### 4. Summary

Poor corporate governance practices and financial losses of the Greek SOEs in the previous decades, had led to a need for some drastic action. The year 1996 was a milestone for the history of Greek SOEs as a new law named "Operation and Management of State Owned Enterprises" 2414/1996 was voted and transformed Greek SOEs to public limited liability companies. Since then, boards of directors of the DEKO companies have the managerial and financial responsibility, as well as the accountability to monitor the management of the organization. In addition, in 2005 the Greek government attempted to change the managerial system of SOEs with the introduction of the law 3429/2005. The main objective of this law was to improve the operations of SOEs, by introducing the EU's corporate governance standards. However, academic studies and business reports have shown that

Greek SOEs continue to face administrative and financial problems, while Greece has the highest public debt among all OECD countries.

This study's main aim was to shed some light in the status quo of the Greek SOEs' board characteristics, during the period 2002-2007. The results show that during these years there was a significant movement of board members, who on average held their board positions for less than 2 years, quiet similar to the average tenure of both Chairpersons and CEOs. On the other hand, the presence of women was poor in all positions through the whole period. The average board size of Greek DEKOs hasn't changed dramatically through the years, although a slight decrease has been documented, attributable to the law requirements.

The study describes the current state of board characteristics and governance issues of the Greek State Owned Enterprises that admittedly have a significant role to the welfare of the Greek economy.

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## Part 2: Boards in Greece

The following paragraphs summarize the main findings from three articles that explore issues regarding “Boards in Greece”, based on primary data.

### **Board and Organizational Performance in Healthcare Nonprofit Public Organizations: The Greek Perspective<sup>(1)</sup>**

The organizational performance (OP) in healthcare non-profit organizations (NPOs) is an important factor that can affect the quality of healthcare provision. Several studies argue that performance in healthcare NPOs is dependent on the efficiency of the board of directors. Nevertheless, the above relationship is still under research and much work remains to be done in order to further investigate this association. Due to the fact that Greek public hospitals face both administrative and financial problems, make the choice of Greece an interesting candidate for additional research. This study aims at examining the relationship between board and organizational performance in healthcare NPOs in Greece. More specifically, it attempts to identify how board attributes influence board and organizational performance by assessing how the six dimensions of board effectiveness proposed by Chait et al. (1993) are related to organizational performance.

In order to achieve the above purpose, a total of 120 Greek public hospitals were invited to participate in this study. The data were collected from the CEOs of Greek hospitals by postal questionnaires. At first the questionnaire was written in English and then translated into Greek. It was piloted via a sample of 10 respondents and then appropriate modifications were made. Both Greek and English versions were dispatched to the respondents. A total of 36 responses were received, from which 34 were usable (28% response rate). In order to increase the validity of our measurements, we adopted existing variables from previously published studies, using Likert scales ranging from one to five.

The average of Greek hospitals' board size is 7 members. A high proportion of respondents (79%) indicate that their boards include at least one female member. Interestingly, Greek healthcare boards seem to meet on average 3 times per month. CEOs from the Greek public hospitals, consider that their boards are exhibiting a medium performance, since all six dimensions of board effectiveness have means at the point 3 of the scale. Findings regarding financial performance of Greek hospitals are not positive, as the majority of respondents indicate that their organizations have low scores in the financial aspects. On the other hand, non-financial organizational performance is relatively high, as the mean scores in all items of this dimension are over point four of the scale.

Additionally, correlation analysis shows that short boards and boards with lower proportion of female members, perform better. Frequent meetings seem to positively affect board performance. Furthermore, boards in hospitals that have higher financial performance are more interpersonal, analytical and educational. On the other hand, hospitals emphasizing on the educational, strategic and contextual aspects of board effectiveness exhibit higher non-financial performance. Evidently, the educational aspect is the common factor that equally affects financial and non-financial organizational performance.

From the above findings, we can see that boards in Greek public hospitals that want to increase their financial performance, should foster cohesiveness among board members (interpersonal dimension) and enhance their capacity to analyze complex problems and to

make adequate decisions (analytical dimension). On the other hand, boards that are interested to improve their non-financial performance, should concentrate on strategic planning and preparing the organization's future (strategic dimension), and also to understand the culture, norms and values of their organizations (contextual dimension). Finally, Greek healthcare boards should always try to build knowledge and development (educational dimension), since this dimension contributes to both non-financial and financial organizational performance.

### **Corporate Governance and the Mission Statement in the Greek Health Sector<sup>(2)</sup>**

The impact that mission statement has on firm's performance is an area of ongoing research for academics and managers that seems to be of crucial interest worldwide. Mission statements are considered to be the beginning of every action or decision within the organisation. On the other hand, recent corporate governance studies are questioning whether Boards of Directors have an impact on the performance of the organization. Other studies have focused on corporate governance and boards' 'components', such as board structure and composition, size, role of CEO, internal/external board members and board independence. The contribution of the Board of Directors (BOD) is crucial in the creation and implementation of mission statements. It is therefore important to examine the function of the BoDs in Healthcare Organizations, the existence of a mission statement, and its value in influencing positively organization's performance.

This paper attempts to assess the effectiveness of the function of 250 healthcare organizations in Greece according to the association between organizations' mission statements and their boards' characteristics in the Greek health sector. More specifically, the mission statement is examined in relation to the information that BoDs receive prior to their meetings, the participation in the development of several strategy components and the extent to which the mission statement incorporates certain issues, such as a competitive strategy.

This study's main discussion fields are some of the Board of Directors characteristics and the concept of the mission statement. Furthermore, the level of existence and effectiveness of mission statements of Healthcare Organizations in Greece is examined. The Board of Directors of each hospital implements strategy processes in order to fulfil the goals of the organisation by using the mission statement effectively. Thus, the components of mission statements are being observed in relation to the function of the Board of Directors, to examine possible relation with the organisation's outcomes.

In order to achieve our purpose 251 questionnaires were sent to both the public and private health sector in Greece. The questionnaire created in English and then translated into Greek. Both English and Greek versions were dispatched to chairpersons of Greek organizations. The response rate was 10%, with the majority of answers coming from the Public sector, providing significant information about the function of healthcare organisations in Greece.

The results of the research showed that organizations in the Greek health care system have an average board size of 7.42 members, which is quite similar to the average board size of the Greek listed companies which is 7.75, according to a study of the Hellenic Observatory of Corporate Governance (HO CG, 2007). There are 3.5 executive members on average which is less than the 4.1 that has been documented in the Greek listed companies. It is worth mentioning, that the boards in the Health Sector appear to have one more non-executive

member (3.86) than Greek listed companies (2.47). In addition, an interesting finding of this study was that most of the non-executive members were not affiliated.

Moreover, the study has shown that the mission statement sets certain “rules” for the employees and in most cases, values, beliefs, ethics and philosophy are integrated in it. The social nature of hospitals is clear, as there is a focus on the social needs and the needs of their employees and less focus is given to the shareholders’ and the suppliers’ needs. This can be also strengthened by the fact that almost half of the hospitals do not contain a competitive strategy in their mission statements.

### **Top management team and corporate performance: A study of Greek firms <sup>(3)</sup>**

The board of directors (the “Board”) is an important entity in a company, creating a link between shareholders and managers and therefore playing an important role in the governance of a firm (Dehaene et al., 2001). From time to time we observe the failure of large organizations. On occasion, these failures are accompanied by allegations of defalcation and malfeasance on the part of management and, more specifically, ineffective Boards. Consequently, it is tempting to explore what kinds of people should populate the top management team and what should be the appropriate Board composition to enable it to accomplish its tasks.

Building upon these concepts, the aim of this empirical study is to investigate the link between Board attributes and corporate performance from a qualitative analysis of Corporate Governance practices in Greece. It also aims to advance the international corporate governance research agenda by investigating the link between the chairman, board structure, and organizational performance. We define performance by using two types of measures: traditional measures based on accounting figures such as return on assets (ROA), return on sales, total sales growth, and two more general measures such as overall performance/success and firm’s competitive position. The research findings contribute to the corporate governance literature by identifying a specific set of demographic and board characteristics and testing how those are linked with organizational performance. In short, we aim to employ a qualitative methodology to shed new light onto the entire performance nexus across a variety of corporate characteristics (Chairman Demographics – Board composition). Our research also indicates that understanding the variables that influence top management team/firm performance enhances value creation to investors and shareholders.

The top management team plays an important role in the governance of the firm. The board is a team that functions best when directors value team performance over individual performance. Thus, the issue that this paper examines is what kind of people become Chairmen and which Board composition can contribute to the advancement of the firm. The article has attempted to present a primary analysis of Corporate Governance practices and principles in Greece by empirically looking at the demographic characteristics of the Chairman of the Board and Board Structure in 27 Greek corporations listed in the Athens Stock Exchange. At this point it should be mentioned that the organizational context in Greece and the perceptions of Greek Chairpersons need to be considered when examining organizational performance. Re-examining the responses on organizational performance, it was identified that there is a tendency for Chairpersons to be overoptimistic as far their firms outcomes are concerned, a fact indicating inconsistencies between actual and suggested performance.

Eventually, it is essential to note that the inconsistencies in Demographic Characteristics and Board Structure may be closely linked to diversification in the element of organizational performance. The examination of the association between the demographic characteristics of the Chairmen and organizational performance shows that the level of association between each demographic variable and organizational performance shows a discrepancy. Child (1974) and Hart and Mellons (1970), in their research, concluded that firms with younger Chairpersons would be more inclined to experience better organizational performance than those with older Chairpersons. This study identified that a firm is inclined to be in a better position in relation to competitors when the Chairman of the Board is elderly. This can be explained by considering that the older the Chairman of the Board the more experience he/she has of the industry and market in which the company operates and as a result he/she can have better control over competitors.

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Mr Ioannis P. **Gkliatis**, Vassilios **Zoumbos**, Dimitrios G. **Georgakakis**, Niki **Agalioti**, and Mrs Maria **Argyropoulou** have been assisting in the collection, analysis and presentation of the data.