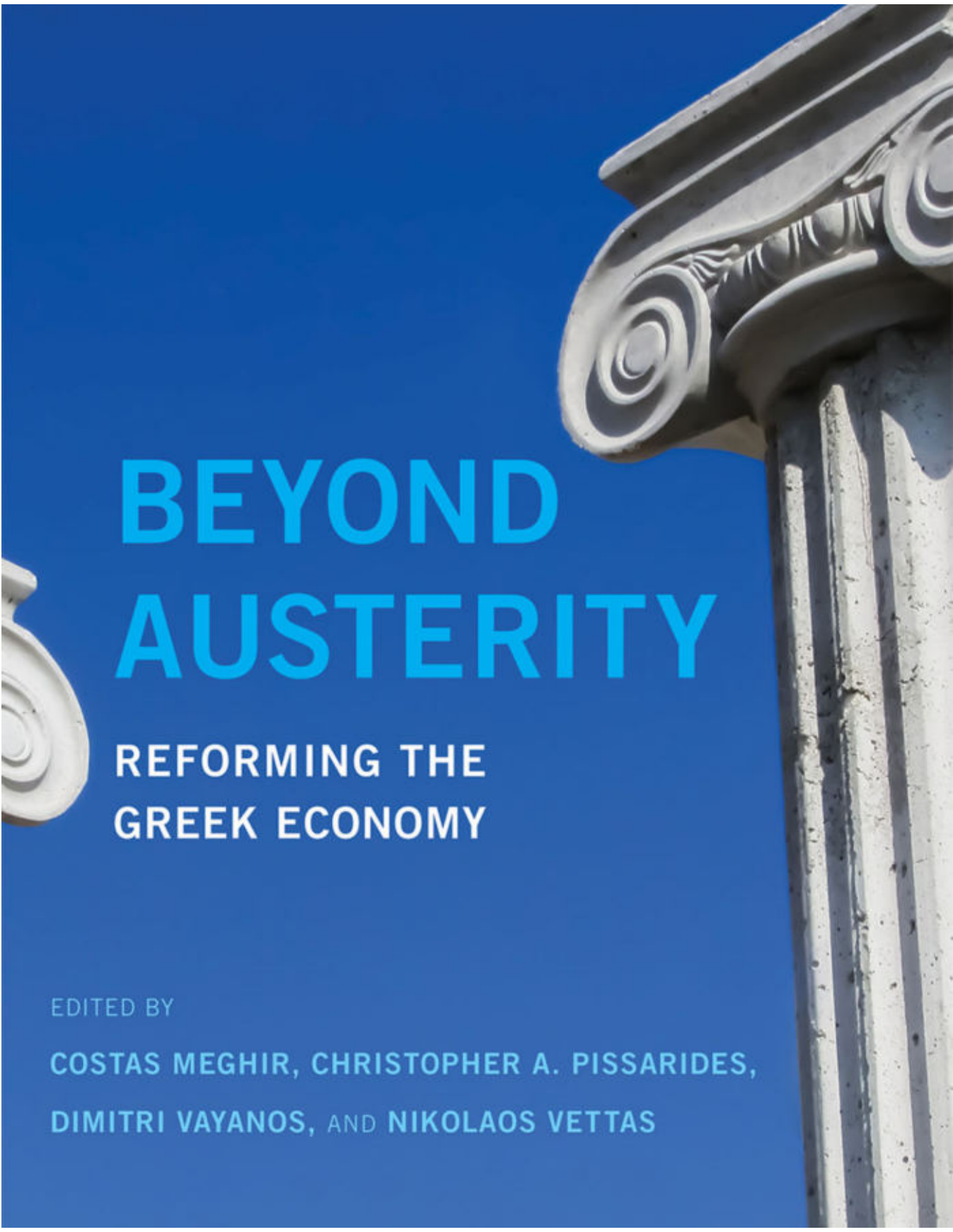




BEYOND AUSTERITY

REFORMING THE
GREEK ECONOMY

EDITED BY

COSTAS MEGHIR, CHRISTOPHER A. PISSARIDES,
DIMITRI VAYANOS, AND NIKOLAOS VETTAS

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15 The Dysfunctional Structure of Greek Public Administration and the Challenges in Reforming It

Panagiotis Karkatsoulis and Efi Stefopoulou

15.1 Introduction

This chapter highlights some of the key problems with the Greek public administration and some of the challenges in reforming it. Section 15.2.1 provides a historical account of the size of the public sector. Section 15.2.2 argues that the public administration suffers from complicated and rigid structures that are not conducive to efficient decision making and policy implementation. Section 15.2.3 provides a case study of administrative complexity. Section 15.3 summarizes some recent attempts at reform. Section 15.4 concludes.

The data used in this chapter were collected and analyzed by the authors as part of a functional review of the Greek central public administration. Some of the collected material has been published by the OECD (2011a).

The preceding chapter in this volume analyzes broader aspects of the public administration, including metrics of performance and the link with the private economy. The present chapter focuses more squarely on issues of administrative structure.

15.2 The Problems

15.2.1 Key Facts and Figures

The public sector grew significantly from the 1980s onward. Most of the growth took place in the “wider public sector,” which includes all entities that are supervised by the state but operate under private law, rather than in the “narrow public sector,” which includes the ministries, local governments, and all other entities that operate under public law. Governments have used entities in the wider public sector as hiring hubs for their partisan clientele. This is because hiring in public entities that operate under private law is subject to fewer constraints and scrutiny relative to hiring in

public entities that operate under public law. Moreover employment contracts under private law allowed governments more flexibility to offer advantageous terms to those they wanted to hire. As a result many people entered the wider public sector under differentiated employment statuses in the early 1980s. Figure 15.1 illustrates the rapid growth of the public sector in the early 1980s. The figure confirms that most of the growth took place in the wider public sector. Figure 15.1 differs from figure 14.9 in the previous chapter in that it is constructed using data from the Ministry of Interior rather than ELSTAT. That data exclude some fixed-term employees as well as most employees in firms that are state-controlled but not state-owned.

The fact that most of the civil servants were hired during the 1980s has led to a disproportionate age distribution. The population of civil servants is aging, and there are today specific ministries where the aging problem is endangering the ministry's sustainability. Figure 15.2 shows that the share of civil servants aged 51 to 65 is around 50 percent in a number of ministries.

Figure 15.3 describes the educational level of civil servants. University graduates make up only 38 percent of the employees in the central administration, while those having completed only secondary education make up 34 percent.

Civil servants are guaranteed permanent employment by the Greek Constitution (article 103). The main legislation governing civil servants is Law 3528/2007 (the Code of Public Civil Administrative Employees and Employees of Public Administration's

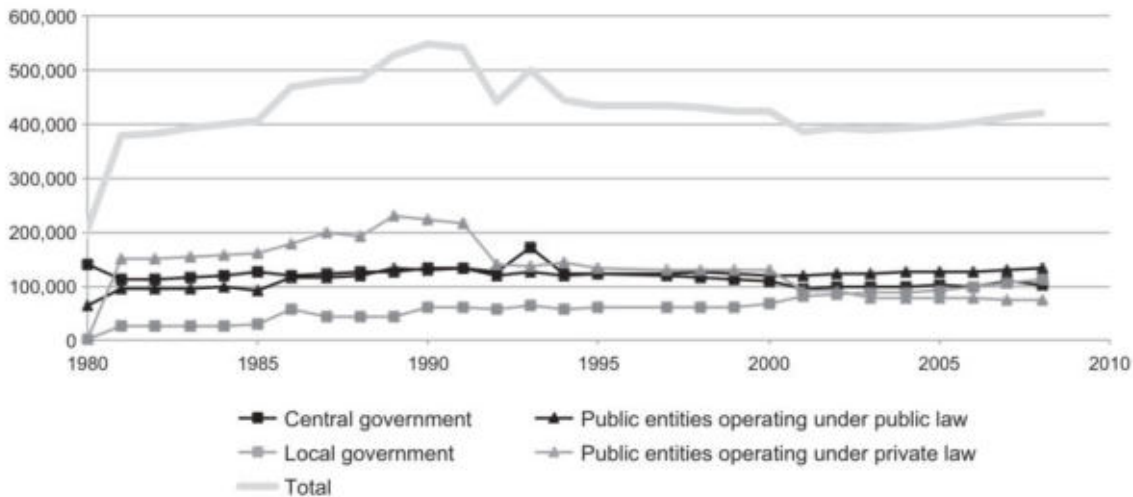


Figure 15.1

Number of civil servants, 1980 to 2008

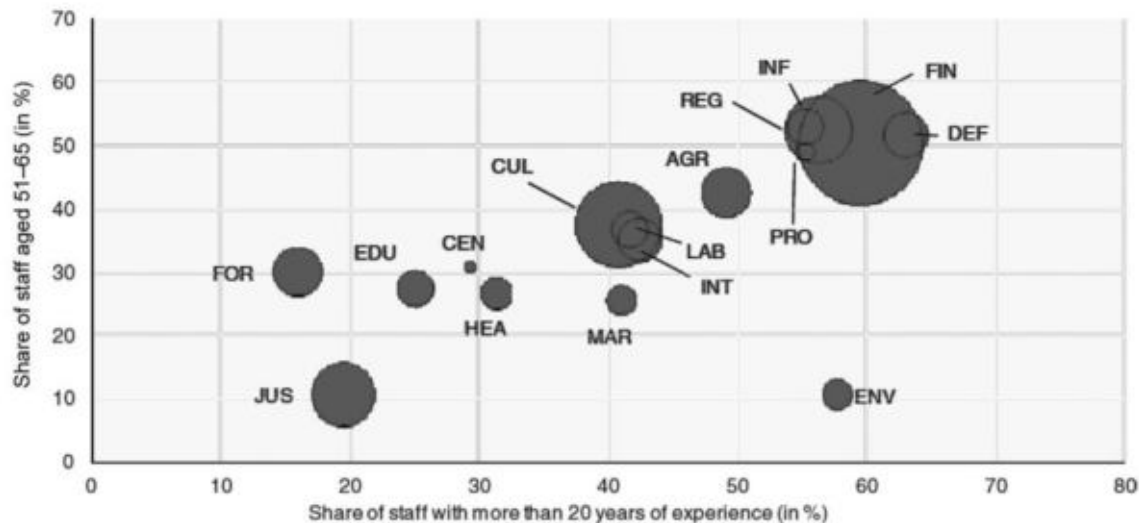


Figure 15.2

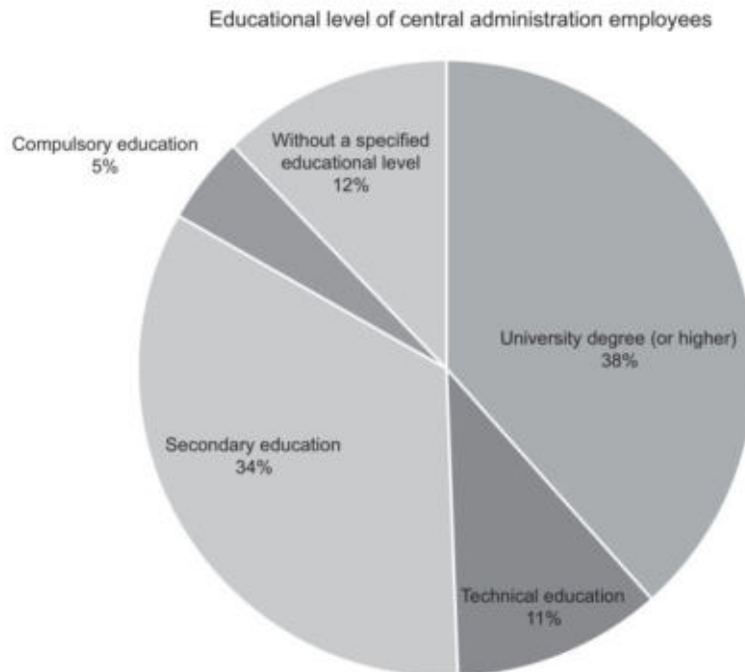
Age and experience trends in ministries. A bubble's size is proportional to the number of ministry's staff (central and decentralized services).

Legal Bodies), which includes provisions on their rights, privileges, and obligations. Open-term contract employees are governed by Law 3839/2010 and casual staff may be contracted under the procedures dictated by the Supreme Council for the Selection of Personnel, which is an independent agency that oversees personnel selection.

The recruitment system used in the Greek public service is exceptionally career-based. Entry into the public service is through a competitive examination. No posts are open to direct external recruitment and all applicants have to first enter the public service. Performance assessment is mandatory for almost all employees and takes the form of written feedback from a superior every year. A small range of performance criteria are used, including activities undertaken, values, disciplines and inputs, and interpersonal skills. Performance assessment typically is taken into account for career advancement. However, in practice, implementation of performance assessment is of little importance. Remuneration is not open to negotiation, as base salary and bonuses are based on the recommendations of an independent examining committee.

15.2.2 Administrative Structures

A key problem with the Greek public administration is its rigid structure, which involves thousands of detailed "competences" as sets of regulated tasks. Civil servants

**Figure 15.3**

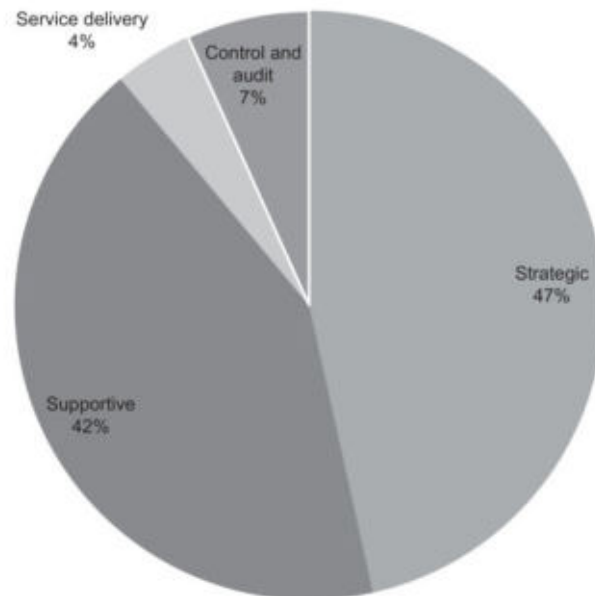
Educational level of the central administration's employees

can only perform tasks that lie within their competences. Although the initial rationale for a strict regulation of tasks was to safeguard the legality of civil servants' actions, the regulation has led to a bureaucratic inertia that stifles innovation.

To quantify the problem, we measured the competences within each ministry. We clustered competences into two major groups: those that are of a strategic nature (i.e., strategic planning, policy coordination, policy monitoring) and those that are supportive to the first ones (i.e., administrative management, IT support, etc.). We also considered two smaller groups: service delivery and control & audit. The total number of competences that we mapped was 23142.

Since ministries are the strategic hubs of the government in their respective policy areas, one would expect that most of the competences within them would be strategic rather than supportive. Yet the data show that ministries are not so strategic: only 47 percent of the mapped competences were strategic, while 42 percent had a supportive character, 4 percent were relating to service delivery (which is normally carried out at local level), and 7 percent were relating to control and audit (figure 15.4). Even many

Competences allocated to the central administration in Greece

**Figure 15.4**

Competences allocated to the central administration in Greece

of the competences that were classified as strategic were not so strategic but rather appeared to have been invented to justify the existence of the supportive competences.

The strict regulation of tasks and the large number of competences are a consequence of a tradition of legalism and formalism, burdened with clientelistic pressures. Having an administrative system established on legalism and formalism leads to a negative self-reference, with more competences continuously asked by public agencies to deliver their mandate.

The thousands of competences in existence have not increased efficiency. Rather, they have led to a situation where informed decisions have become hard to make and implement. Indeed being "responsible" for something means that one can handle some issue but cannot decide or act. The implementation of the decision is being pushed forward to the higher level, which instead is supposed to be responsible for taking and not implementing the decision. Therefore there is a constant enforcement deficit.

Special reference should be made to the control & audit competences (7 percent of the total number of competences). Many of them have been accumulated over the past decades by governments as part of a symbolic policy to fight against corruption. In the

last twenty years, every minister of public administration has added his own amendments to the patchwork of regulations that define the control & audit function within the ministries. From a normative point of view, Greece with over 1,500 controlling competences and dozens of controlling bodies should have been the champion of the fight against corruption. This is not the case, however: international rankings on corruption (e.g., by Transparency International) place Greece close to the bottom of the EU28 countries.

Additional evidence for the limited success of the public administration in producing efficient decisions comes from a questionnaire, which was circulated in the framework of the functional review to the General Directors of a large number of public agencies (their combined strategic competences exceeding 50 percent of the total). The findings are presented in figure 15.5. The figure shows that only 4 percent of the outcomes produced by the public administration were operational decisions, while 75 percent were studies, notes, and memos.

Public agencies have a never-ending appetite for more competences, and this is evident by the normative means by which competences have been assigned to them. For new competences to be assigned to an agency, a presidential decree should be issued. The issuance of presidential decrees ensures an *ex ante* control by the Court of the State, and this procedure generally involves some intense scrutiny. Nevertheless, only 64 percent of the existing competences were assigned to the ministries by presidential decrees. The remaining competences were assigned by laws and even ministerial decisions. Thus ministers have found ways to assign to themselves some competences with no prior control. Figure 15.6 shows the precise breakdown.

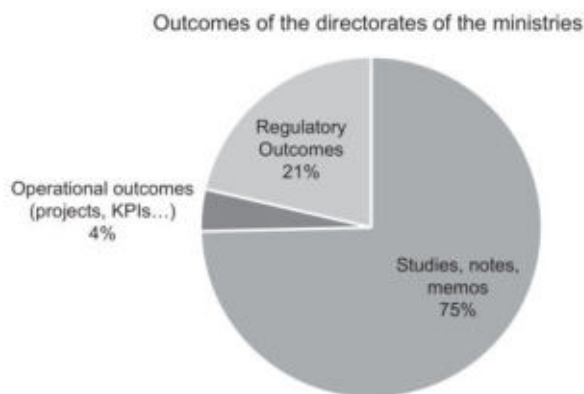


Figure 15.5

Production of Directorates within the ministries, 2009 to 2010

Normative means by which competences are assigned

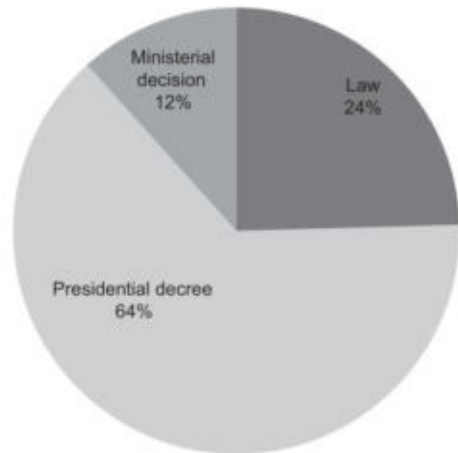


Figure 15.6

Normative means by which competences are assigned

The thousands of competences require just as many intricate structures so they can be performed. The 15 Greek ministries are organized in 149 General Directorates, 886 Directorates, and 3,720 Departments.¹ Personnel staffing all those structures is divided into 1,445 different “branches.” Under these circumstances the administration’s capacity to organize its tasks and run specific projects is weak. We further illustrate administrative growth and complexity with the case study of the Ministry of Labor in section 15.2.3.

We next turn to the span of control at different levels of the central administration. The span of control varies considerably with administrative level. There are on average five General Secretariats per Ministry, two General Directorates per General Secretariat, six Directorates per General Directorate, and four Departments per Directorate.

One would expect that the span of control gets narrower at higher hierarchical levels because the tasks assigned to higher levels are usually more burdensome compared to those at lower levels. But as the span of control at the lowest level (Departments per Directorate) is just four, there is little room to follow such a rule. The narrow span of control is a result of the over-fragmentation of structures especially at the top levels, which does not depict the real needs of the public organizations but rather reflects the construction of highly esteemed positions for politically friendly affiliates. This argument is made obvious if one looks at the personnel staffing all those structures: 21 percent of the departments of the central administration have no employees, 14 percent

of the departments of the central administration have one employee, and 55 percent of the departments of the central administration have up to 3 employees. Figure 15.7 generalizes these observations by plotting the fraction of departments as a function of their number of employees.

The phenomenon of understaffed departments is not a new one in the Greek public administration. A field study carried out in 1994 (Karkatsoulis 1998) in 1,085 Departments in 18 different ministries showed that 113 Departments had one employee, 135 Departments had two employees, 47 Departments had no head and no employees at all, 69 Departments had one head but no employee, and 124 Departments had employees but no heads. The structural inflation in the number of administrative departments causes a number of problems. Coordination across Departments becomes more difficult. Moreover the understaffed departments are either obsolete but still there, so they burden the state budget or they fail to respond to the tasks assigned to them.

A key question is why structural inflation exists and rationalization efforts fail. A driver of the oversupply of administrative structures has been political rent-seeking, namely to provide more highly ranked positions for partisan affiliates. Additionally governments have been reluctant, throughout the decades, to evaluate administrative structures based on the resources they consume and the outputs they produce. This

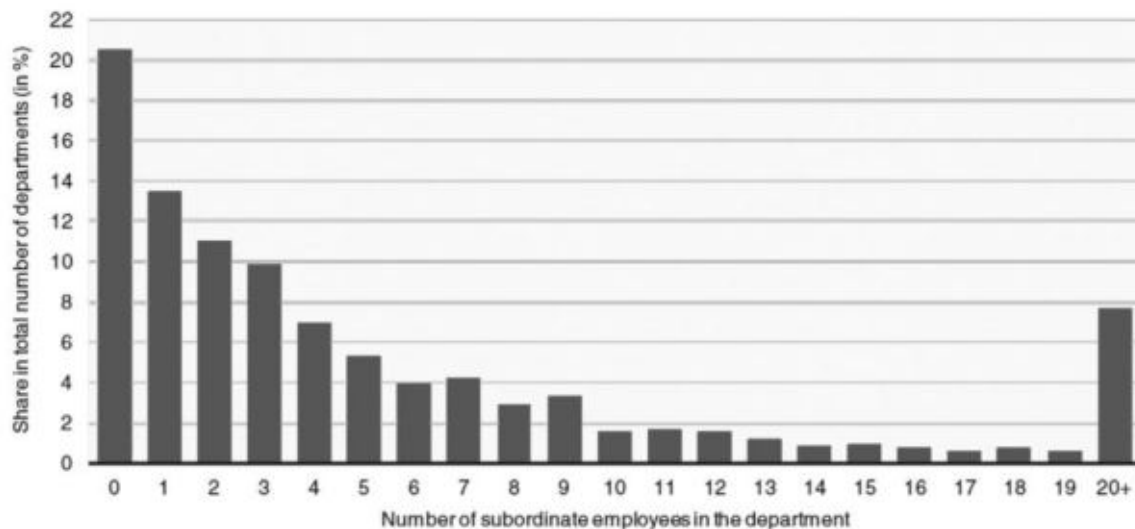


Figure 15.7

Number of employees in a department as measured in 2011

Source: OECD (2011a)

has created no incentive to merge or abolish nonproductive structures. A lack of assessment tools to evaluate the output of each structure has also prevented the emergence of competition between structures. The dispersion of the organizational structures into many buildings has been an additional driver of structural inflation, since it has increased the need for supportive structures.

The administrative structures charged with the coordination of public policies have similar attributes: too many structures have been created, the lines of command and communication are not clear, and overlapping competences result in the problematic situation shown in Figure 15.8. Structural inflation is not confined within ministerial departments. Many agencies and public entities were created and mostly used to accommodate partisan affiliates. These entities operate under private law or public law.

There is no single registry of all public sector entities, and the Greek government (including the General Accounting Office) is not in a position to figure the total amount of public money that all these entities cost. That is the reason why the expenses of some of them are written in the state budget, while for some others money is given to the supervisory ministry, which then allocates the resources to the public entity.

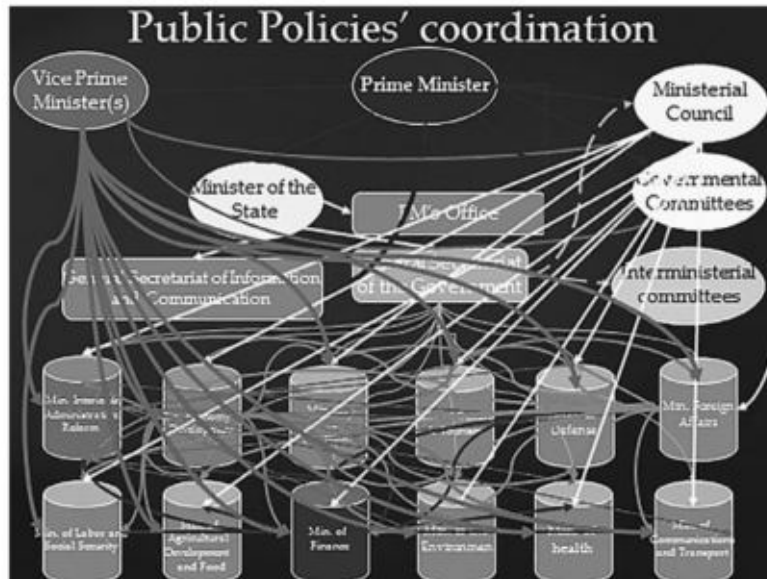


Figure 15.8
Coordination mechanism for public policies in Greece

Dispersion, lack of interconnection, and silos are traits found not only in competences and structures but also extended to infrastructure. The functional review registered the following: 263 leased, 271 owned, and 70 consigned central government's buildings, the majority of which violated the main principles of town planning, safety, and working area quality standards. Obviously information technology and communications cannot offer much help within such a building infrastructure. They can, however, be used as an excuse to increase the demand of ICT equipment to ensure a quick profit to technology resellers: 54,927 terminals, 2,983 servers—but only 332 integrated information systems/databases and only 25 percent of civil servants with an official governmental email account (13,343)—are the evidence of such a claim (Table 15.1). While there are plenty of buildings and digital infrastructures, a deficit in spatial rationality and e-governance is quite evident.

15.2.3 A Case Study: The Ministry of Labor

The Ministry of Labor has been changing its organization once or multiple times a year, and more structural units were added in most of these instances. Between 1990 and 2009, 21 distinct changes took place, establishing new units (e.g., Directorates, General Directorates, or Special Units) and abolishing others.

The two snapshots in figures 15.9 and 15.10 show the structure of the Ministry in 1989 and then again in 2009. The 2009 structure is much larger and more complicated than the 1989 one.

15.3 Reform Efforts

Over the past two decades, there have been efforts to reform the public administration. Some efforts have focused on making regulations (applying to the rest of the economy) simpler and more efficient. Part of those efforts was an attempt to codify legislation. This attempt has not borne enough fruit, as the Central Codification Committee consisted of only few members employed on a part-time basis. As a result fewer than 15 codifications were carried out in five years, and they were mostly static, failing to encompass into the new text any update or amendment that might have been enacted after the codification ended. Although the digital technology is in place and e-rulemaking is no more considered a novelty, the Greek public administration failed to use it to keep the statute book tidied up. The official codification project “Raptarchis” (Ραπτάρχης) remains unfinished. Raptarchis is being managed by the Ministry of Administrative Reform and has taken the form of an electronic database of regulation. However, the database is not up to date, which leads professionals to address their

Table 15.1
ICT infrastructure mapped in the functional review

Ministry	Number of servers	Number of terminals	Number of laptops/ notebooks	Databases that are not a vertical integrated solution	Vertical ICT solutions	Staff with a governmental email account	Percentage of supportive competences over the total of the ministries' competences	Number of staff	Percentage of staff with a governmental email account	Percentage of staff with a terminal	Databases/ total number of vertical ICT solutions
Ministry of Administrative Reform	206	1,811	46	33	11	1,852	56	2,111	88	88	75
Ministry of Finance	1,137	16,890	2,512	2	15	1,225	34	20,931	6	93	12
Ministry of Foreign affairs	357	3,211	51	0	11	55	40	1,285	2	110	0
Ministry of Defense	316	4,314	481	35	26	1,388	37	8,206	58	202	57
Ministry of Development	218	1,303	76	9	8	1,562	32	1,824	85	75	53
Ministry of Environment	65	1,070	23	19	0	1,070	37	990	92	94	100
Ministry of Education	161	1,820	19	30	14	1,314	37	1,568	8	116	68
Ministry of Transport	18	430	55	5	0	380	37	3,122	7	8	100
Ministry of Labor	67	1,565	22	29	1	686	30	1,629	44	103	97

Table 15.1 (continued)

Ministry	Number of servers	Number of terminals	Number of laptops/ notebooks	Databases that are not a vertical integrated ICT solution	Vertical ICT solutions	Staff with a governmental email account	Percentage of supportive competences over the total of the ministries' competences	Number of staff	Percentage of staff with a governmental email account	Percentage of staff with a terminal	Databases/ total number of vertical ICT solutions
Ministry of Health	32	543	15	3	0	613	47	1,760	38	35	100
Ministry of Agriculture	80	1,857	49	34	6	1,088	37	2,014	49	85	85
Ministry of Justice	113	1,000	10	5	28	279	40	159	92	105	15
Ministry of Public Order	133	12,477	340	2	2	668	44	428	100	100	50
Ministry of Culture and Tourism	163	2,650	30	7	1	1,200	37	8,979	16	35	88
Ministry of Maritime Affairs	12	125	16	5	1	119	31	1,413	15	18	83
General Secretariat of the PM and General Secretariat of the Government	6	40	1	0	0	40	34	94	33	33	0
Total	3,084	51,106	3,746	218	124	13,539	42	56,513	51	81	61

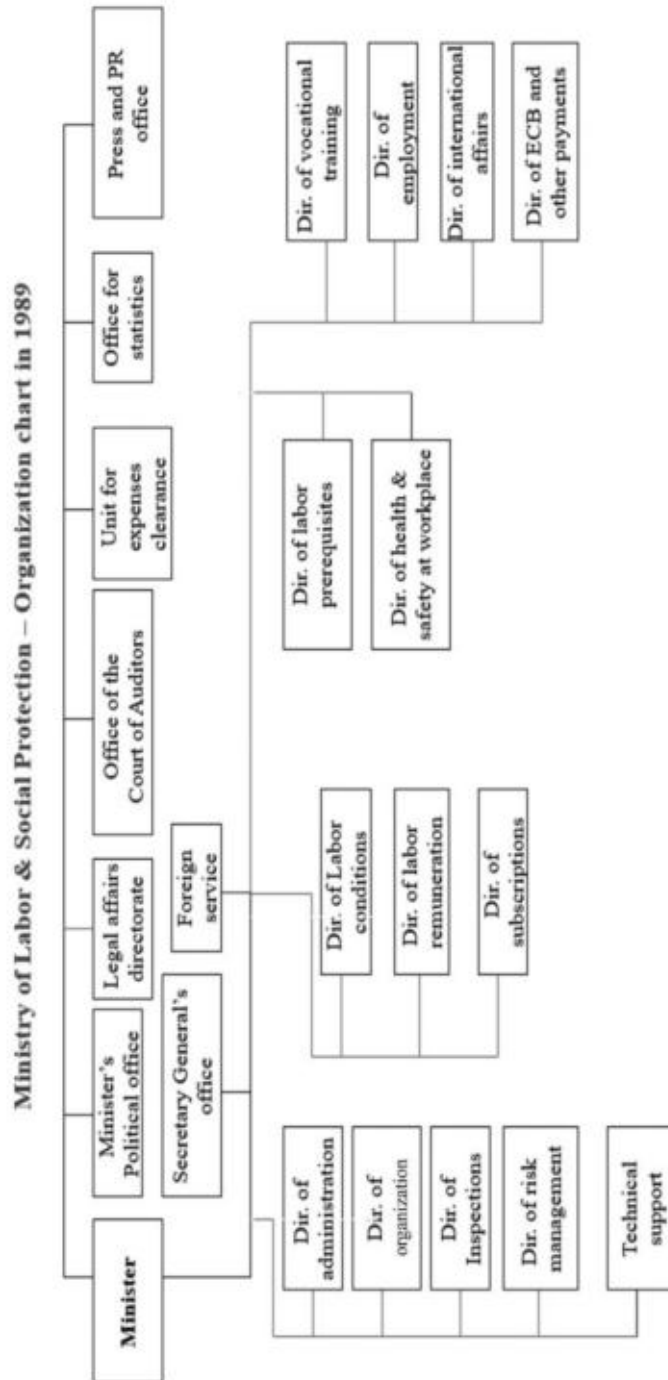


Figure 15.9
Organogram of the Ministry of Labor in 1989

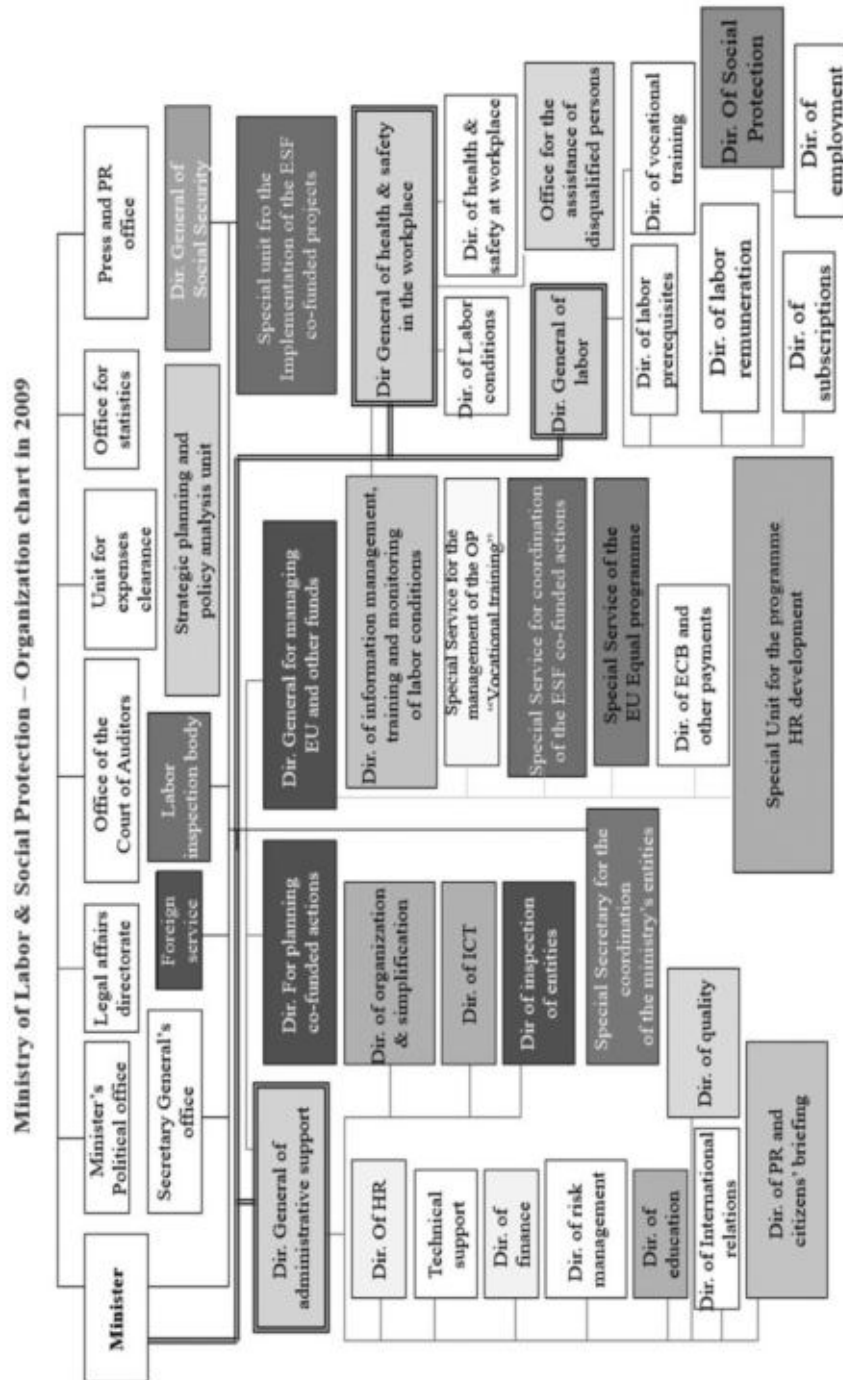


Figure 15.10
Organogram of the Ministry of Labor in 2009

queries on certain regulatory matters to private databases. Moreover several ministerial departments codify the dispersed provisions that affect them using their own legal collections for internal use.

Law 4048/2012 on better regulation was the most important effort to limit the flood of new legislations and regulations. Unfortunately, this law still remains inactive. Although impact assessments are drafted they usually include little evidence and are more of a bureaucratic exercise than a tool to make regulation better. *Ex post* evaluation of enforced laws could also be used as a tool to provide information on the laws' impact.

Law 3853/2010 simplified businesses' licensing procedures but did not establish a single point for licensing. Licensing points include 3,330 notaries, 54 citizens' service centers, and 59 chambers of commerce.

Other reform efforts have focused on improving administrative structures and promoting efficient decision-making. These efforts have often been resisted by politicians, bureaucrats, and public sector trade unions. Law 3032/2004 on goal setting allowed administrative departments and agencies to set goals and evaluate the results of the relevant actors. Nevertheless the implementation of that law was not mandatory. Other reforms complementary to management by objectives (i.e., job profiles, standardization of procedures, performance appraisal) have not been legislated.

An effort to connect budgetary expenditures to policy results has taken place, with the OECD's support, between 2007 and 2010 (Emery et al. 2008). The effort was abandoned just after the outburst of the crisis, as it was opposed by almost all members of the cabinet.

The e-government policy failed to achieve significant results in incorporating ICT (information and communication technology) to the quest for the reduction of bureaucracy. Although sufficient resources were allocated to e-government (through two Community Support frameworks) the Greek public administration is still lagging behind. Technological applications that could decongest the intra-administrative workload are not used to their full potential, and much of civil servants' time is spent copying the paperwork to the ICT systems. Some positive measures such as the online submission and retrieval of certain official documents, and the self-appointed search for documents by the public administration to avoid repeated submission of the same information by citizens, are in place but have not cut bureaucracy significantly. Moreover positive results arising from such initiatives are often neutralized by regulatory inflation.

The EU co-funded projects that were implemented during the past two decades did not follow any strategic plan. This is why the Greek administration is overloaded

with ICT infrastructure that does not interoperate. The fact that systems are non-interoperable is often overcome by creating *ad hoc* interfaces.

The functional review's suggestions to the Greek government were to deal with the organizational inflation through re-examination of the existing structures. The Greek government reduced them nominally and without evaluating their efficiency and purpose. Two bills that merged 200 legal entities have also been enacted, but the vast majority of the entities supervised or financed by the state was left intact.

As for the scattered infrastructure, the 40-year-old vision to create a governmental park has not been implemented yet.² The lack of a clear-cut policy on public buildings, especially in times of austerity, has resulted to an abandonment of public buildings for financial savings reasons, which consequently has led to the stacking of people and equipment into places that fulfill none of the hygiene and safety in the workplace standards. An example of this ineffective policy is the relocation of the tax offices, which resulted not only in the deterioration of the heavily populated buildings but also in the decrease of the quality of the services provided.

Regarding human resource management the most significant development was the dismissal of 14,000 employees. The majority of the redundant personnel were security guards at schools or cleaners. Layoffs have caused more problems than the ones they were supposed to solve. Moreover the implementation of a modern personnel evaluation system based on job descriptions has been suspended. In the meanwhile early retirement of civil servants has created significant gaps in key services.

To coordinate the administration's activities, in such a fragmented and silo-based environment, the Troika suggested the creation of a central coordination unit. This led to the establishment of the General Secretariat for Coordination (GSC), via Law 4109/2013. Two years after the establishment of the GSC, coordination is still weak. An effort initiated in 2013 to systematically map and electronically follow up the ministries' goals, activities, and results was still in a pilot phase in 2014 and has been abandoned in 2015.

15.4 Conclusion

Our analysis of the problems with the Greek public administration and of the attempts at reforming it leads us to a number of main conclusions. First, an overall strategy of dealing with the problems is still to be formulated. The fragmentation, duplication, formalism, and legalism that are evident in procedures, regulations, and HR management and structures remain to be addressed. Second, the existence of a strategic framework for administrative reform must be accompanied by a series of operational programs and

actions that will ensure its implementation. The main problem of public policies in Greece remains the poor implementation of what has been voted in the parliament or adopted in regulation. Third, much work is required to have an evidence-based policy on administrative reform, free from ideological stereotypes.

Notes

1. The numbers refer to the Greek public administration structures as they had been in 2012. Minor changes have taken place since then.
2. See Kyrtsis (2006).

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