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Measuring nothing: The case of the Greek National Health System

Apostolos A. Ballas and Haridimos Tsoukas

ABSTRACT

Several critical studies in accounting have approached the introduction of accounting systems in the public sector in terms of enforcing and sustaining competition-based resource allocation mechanisms. In this study, we reverse the question and ask: why has accounting *not* been used in certain public bureaucracies as much as it might? We investigate the extent to which accounting systems have been used in the management of the Greek National Health System (ESY) and find that accounting has played a marginal role in its development. Attempting to explain this puzzling feature we first note and then contrast the main underlying features of accounting systems with those of the Greek political system in general, and ESY in particular. Briefly, our explanation is that the historically high politicization that has characterized the Greek political system has tended to overshadow the economic-cum-managerial dimension of running public bureaucracies, favouring overtly political evaluation criteria of organizational and individual performance. In such an institutional environment, accounting has low symbolic significance and its use does not contribute to enhancing organizational legitimacy – hence its marginal role.

KEYWORDS

accounting systems ■ Greece ■ institution ■ National Health System ■ political system

A persistent theme in the relatively recent English-speaking literature on the introduction of accounting systems into the public sector, in several developed countries, has been the exploration of the cultural and organizational implications that accompany such reforms (Broadbent & Guthrie, 1992; Kurunmäki, 1999). More often than not, several analysts have been, to various degrees, critical of such reforms on the grounds that they tend to be part of a neo-liberal project, which is politically unacceptable and intellectually suspect. To judge public institutions in terms of predominantly efficiency criteria, the argument goes, is to take an impoverished view of their purposes and to de-socialize their functioning (Broadbent & Guthrie, 1992; Ezzamel & Willmott, 1993). According to this view, accounting systems are considered part and parcel of the so-called New Public Management (NPM) – an instrument for the introduction of market discipline within public bureaucracies, at the expense of professional autonomy (Ferlie et al., 1996; Hood, 1995; Lane, 2000; McLaughlin et al., 2002).

However, rather than assume that the introduction of accounting systems into the public sector is necessarily linked with a neo-liberal agenda, it is preferable to treat such a link as an empirically contingent matter. There are cases in which a neo-liberal agenda has indeed been in place (as, for example, in several Anglo-Saxon countries), but there are also cases, such as the one we report here, in which accounting has served a more modernizing function than a narrowly neo-liberal one (see also Marcon & Panozzo, 1998). What is important to note is that the consequences of the introduction of accounting in the public sector depend, to a large extent, on the particular socio-political context in which accounting is made to operate. As Hopwood (1984: 185) has aptly remarked: ‘Rather than being either a unitary or automatic phenomenon, accounting comes to function in a variety of very different ways in very different settings. And it is those ways and settings which influence the effects that it comes to have.’

For example, whereas in several Northern European countries and in North America accounting has indeed been an important instrument for shifting the focus from the medical to the financial aspects of health care, in certain Southern European countries accounting has been used to push back and circumscribe the party political-based management of health care, in favour of more rationalized forms of management. As Marcon and Panozzo remark, with reference to the changing role of accounting in the Italian public health sector:

Accounting, together with all those mechanisms that have been conventionally depicted as ‘bureaucratic regulation’ and ‘managerial surveillance’, may appear to play quite differently once seen as

intervening in fiefdoms of party officers rather than monetarizing life and death. Once the rhetoric of ‘democratic’ control has been unveiled as the mechanism through which a declining elite exerted a confining hold on public accountability, then the nature of a reform promoting ‘transparency’ and economic visibility is likely to be endowed with different meanings.

(Marcon & Panozzo, 1998: 205)

The point concerning the importance of the institutional context within which accounting is used may seem obvious enough, but it is not. If it had been heeded, it would have led to a stronger emphasis on comparative analyses of the use of accounting in different cultural and institutional settings. It would also have led to a wider research agenda and included an even more fundamental question: why is accounting *not* used in certain public bureaucracies as much as it might? Whereas research on the introduction of accounting systems in the public sector is typically concerned with explaining presence (i.e. why these accounting systems were chosen, and what effects has their implementation generated?), research on the scarcity of accounting systems in certain parts of the public sector is concerned with explaining absence (i.e. why there are no robust accounting systems here?). Both questions are interesting but the first has attracted more attention than the second (see Choudhury, 1988).

In making this point we echo similar views expressed in different management fields, such as accounting and strategic management. In accounting, Choudhury (1988) has lamented the excessive preoccupation of researchers with accounting presence. Such a focus, he argues, is limited for it leaves unexamined the conditions that lead to the non-adoption of accounting in certain contexts. Consequently, opportunities to explore deeper the very nature of accounting are missed. As Choudhury remarks

like the Holmesian dog that did not bark, the absence of accounting may tell researchers a lot about the nature of accounting and its existence. [...] By investigating examples of accounting absence and explaining accounting’s non-pervasiveness, it might be possible to create a dialectic between the existing and non-existing accounting worlds and thereby achieve a deeper understanding of the nature of accounting.

(Choudhury, 1988: 550)

In a similar vein, whereas most researchers in strategic management take strategy as an already given object of study and then seek to explain its particular form, Inkpen and Choudhury (1995) have urged researchers not

to lose sight of cases where there has been no identifiable strategy, and then attempt to explain why this has been so. In other words, we learn as much by attempting to answer questions of the type 'why is it not?' as we do by investigating questions of the type 'why is it?'.

In this article we focus on the absence of accounting and the associated lack of systematic measurement in a public bureaucracy: we explore and explain the lack of well-developed accounting systems in the Greek National Health System (ESY). Investigating the remarkable growth of ESY since its inception in 1983, and the associated substantial increase in public spending that its operation entailed, one is surprised to find that management control systems in general, and accounting systems in particular, have been marginal issues in the relevant debate and practice. The question we ask is: Why has accounting been left to atrophy in ESY?

This question can be answered at several levels – at a macro-, a meso- and a micro-level – with explanations becoming more process-oriented as one moves from the highest to the lowest level of analysis. At a *macro*-level, one can explore the form and functioning of accounting systems in ESY over time, and seek to relate them to the main institutional features of the country's socio-political context. From an institutionalist perspective in particular, the history of the introduction of accounting systems in a public bureaucracy is thought to reflect – to be isomorphic with – the historically distinguishing characteristics of the political system within which the public bureaucracy operates. A macro explanation would tend to focus primarily on explaining outcomes, rather than highlighting the mechanisms by which outcomes were achieved (see Whitley, 1992). At a meso-level, one can explore the strategies major actors in the health field followed, with what effects. The atrophy of accounting would thus be traced to political battles between rival groups within ESY, or between major ESY actors and the government (or parts of the government), or both. Such an explanation would seek to document the strategies particular groups followed, and how they used them, with what effects. Finally, at a micro-level, one could seek to explore how organizational reality in hospitals is structured; the extent to which and how accounting as a discourse, and a set of practices, fits into and shapes that reality; how individuals account for their practices to one another, and especially to those formally in charge; how the economic dimension of running a hospital is incorporated into the organizational decision-making and discourse, as well as into the task-related action and discourse of medical doctors and administrators.

For the purpose of this article, we have chosen to focus mainly on the macro-level of analysis, although in the next phase of our research we plan to move to the other two levels of analysis also. To answer the question, at

a macro-level, why has accounting been left to atrophy in ESY, we do the following (and have structured the article accordingly). First, we document the lack of well-developed accounting systems in ESY. Second, we examine the generic features of accounting and their relationship with formal organizations and the political domain. Third, we discuss the main institutional features of the Greek socio-political context. As we argue later, the historically distinctive features of the Greek political system, mainly its bureaucratic clientelistic-cum-populist character, grounded in a particularistic-cum-personalistic culture, account, at a macro-level, for the lack of robust accounting systems in the history of ESY. The rational calculation that is the underlying principle of accounting systems, and the associated values of abstraction, detached objectivity and standardization, are precisely the features the Greek political system has historically underdeveloped. In more general terms, we argue that highly politicized political systems tend to privilege the 'political' over the 'technical' and, as a result, the use of accounting in public life tends to be underdeveloped.

Our empirical material was drawn from four sources. First, from interviews, conducted in the first half of 2003, with seven senior ESY managers, five of whom were hospital managers and two who were chairpersons of regional health authorities (PESYPs). Each interview lasted at least one hour and notes were taken. The interviewees answered questions about the functioning of accounting and management control systems in the healthcare organizations they managed. Second, from legal documents, such as laws, preambles to laws and presidential decrees, and official reports, such as parliamentary minutes, from the period 1983–2002. Third, from relevant newspaper reports. And fourth, from secondary empirical literature reporting on aspects of the functioning of ESY.

The development of the Greek National Health System (ESY)

Before World War I there was no public provision of health services in Greece (except military hospitals), although in the major urban areas there were a few charitable hospitals. Various attempts to provide public health care to the population were made, but it was not until 1983 that ESY was established with Law (L.) 1397/83. It was a major part of the agenda of the Greek socialist party (PASOK), which first came into power in 1981. L.1397/83 proved to be a highly controversial piece of legislation largely because of its explicitly ideological character (Eudokimidis, 1983). It articulated the socialists' commitment to state-provided comprehensive health care, a long-held dream of the centre-left

and the left in Greece. The preamble to the ESY law declared that health is a 'social good' and proclaimed that the care of the nation's health is the exclusive responsibility of the state and should not be subject to profit making. Consequently, the establishment, growth and specialization of private hospitals and clinics and private practice by ESY doctors were banned. Furthermore, henceforth all citizens should enjoy equal rights to high-quality health care.

From these founding principles, the legislator concluded that the state's responsibility would be discharged through a 'unified', 'egalitarian' and 'democratic' system offering a full range of services from preventative care to rehabilitation. Through ESY, the government was also trying to improve medical care in rural areas, where it was generally agreed that it had been of low quality.

Reflecting to a large extent the egalitarian ideology of the doctors' trade unions, ESY emphasized 'parity' among doctors, with patients being assigned to doctors chosen by the ESY bureaucracy. As the Chairman of the Panhellenic Medical Association and the Chairman of the Athens Medical Association (who subsequently became Deputy Minister for Health) jointly stated at the time:

The system aims for the collective scientific development of doctors, in order that 'star doctors' and patients' preferences for specific doctors disappear . . . Doctors from another hospital, if there is a need, can be called in by the physician in charge of the patient, not the patient, who in any case will be free to discuss his problem with his hospital doctor. Medical consultation is the prerogative of the physicians in charge, not of the patient.

(*Vema*, 5 June 1982)

The government moved swiftly to implement L.1397/83. Over the 5-year implementation period (1983–7) there was a substantial increase in public expenditure on health services: spending on human resources grew by about 60 percent and capital investments increased by about 210 percent (Kyriopoulos & Tsalikis, 1993).

Initially, ESY proved highly popular. This was consistent with a number of achievements by the new system. More specifically:

- 1 Public health spending increased substantially to a level similar to that in other European countries. According to Ministry of Health data (*Nea*, 27 January 1999), as a percentage of Gross Domestic product (GDP), health expenditure in Greece is equal to those of Luxembourg or the United Kingdom (6.8 percent), having the highest rate of growth in Europe (6.9 percent).

- 2 There was a marked improvement in facilities and staffing (Theodorou et al., 1995). Furthermore, Greece has one of the highest doctor-patients ratios (1 doctor per 201 citizens) among developed countries.
- 3 There has been some improvement towards decentralization of health facilities. This, more than anything else, contributed significantly to the popularity of ESY, since, in the not so distant past, there were parts of the country where access to hospital facilities was almost impossible.

Gradually, however, it became increasingly difficult for ESY to meet patients' expectations, and problems began to pile up. By the late 1990s, the level of public dissatisfaction with the health services was the highest in the European Union (EU) (Close, 2002). In 2003, two-thirds of respondents to a survey claimed that they were dissatisfied with ESY hospital services (*Kathimerini*, 2 November 2003). Early in 1999, the then Health Minister apologized to the public for the poor condition of the health services. Corruption has increased significantly. A poll in 1995 found that, although 85 percent of the public considered doctors to be highly trained, only 50 percent believed that they 'fulfilled their social and humanitarian mission' (Close, 2002: 214). A investigation committee, headed by Brian Abel Smith, a British health expert, reported in 1994 that the scale of under-the-counter bribes to doctors, nurses and medical suppliers, was extraordinarily high by Organization for Economic Co-operation and Development (OECD) standards (Abel-Smith et al., 1994). In a 1995 poll, 46 percent of those interviewed said that they had used personal acquaintance with a doctor, or other contacts, to jump the queue for attention in hospital (Close, 2002). The creation of ESY has been paralleled by the growth of a large black market within the health sector: from 13 percent of the total health expenditure in 1982, the black market in health reached 23 percent in 1988 and has been increasing ever since (Kyriopoulos & Tsalikis, 1993). The Abel-Smith committee also concluded that ESY suffers from a lack of planning and structure (i.e. management), non-rational financing mechanisms, and extremely weak provision of primary health care.

Furthermore, from the very beginning, ESY's operation was marked by industrial unrest. Most of these conflicts were about doctors' remuneration. Following the establishment of ESY, doctors, as well as other hospital staff, became civil servants and, therefore, in accordance with the Greek Constitution, their remuneration should be lower than that of justices. This cap created conflicts that led to strikes, because doctors felt that they were doing a particularly important job for which they should be paid more. To avoid constitutional restrictions, successive governments resorted to creative

accounting. For example, in the late 1980s, the PASOK government agreed to pay doctors fictitious overtime (i.e. overtime not actually done) in order to circumvent the constitutional constraint. This 'arrangement' is still in place despite repeated attempts to reform doctors' remuneration.

Moreover, there have been significant problems in the financial management of hospitals. ESY hospitals lack clear decision-making guidelines about where money should be spent or how to select suppliers. This is true both in the case of investments in new facilities and, even more so, in the case of consumables. For example, it was decided relatively recently to build two new hospitals, one in Corfu and one in Katerini (a relatively small town in northern Greece). In both cases, a major issue was how the construction consortia were selected (*Kathimerini*, 19 March 1999), but in the case of the Katerini hospital, no one questioned the rationality of the decision to build a new hospital, given that one already exists and, within a 100 km radius, there are two hospitals standing idle because of lack of operating funding.

In the case of medical equipment, the situation is also problematic. According to our interviewees and newspaper reports (see *Nea*, 26 January 1999), there is no formal procedure, or even a budgeting system, for buying equipment on the basis of need. Rather, it all depends on idiosyncratic decisions by the hospital chairman. In addition, towards the end of the fiscal year, there is a rush to buy equipment in order to spend as much as possible of what the government has given to each health sector organization.

The governance structure of ESY

The growing dissatisfaction with ESY has led successive governments to take action in the form of legislating changes to the system. Most of the changes focused on the governance structure of hospitals, i.e. their legal status, the supervisory mechanisms and hospital management.

L.1397/83 required that all hospitals funded by the state should convert to public law entities. This was not a neutral requirement because it determined the hospitals' accounting system, employee contracts and relationships with suppliers, etc. This legal requirement remained in effect until 2001, when L.2889/01 abolished hospitals as legal entities, they now operate as divisions within their region's PESYP. Thus, today, ESY consists of 128 city hospitals and a number of associated rural area health centres organized into 17 PESYPs. Until 2001, the supervision, funding and coordination of all ESY hospitals rested with the Ministry of Health. L.2889/01 changed this, and decision-making was delegated to the PESYP Boards, where government representatives are in a minority.

The stated reason for this reform was that coordination of health service provision should be regionalized. This was consistent with the original vision for ESY, namely that all regions should enjoy equal access to health services, and with other actions taken at the time to empower local government. As the then Health Minister said during the relevant parliamentary debate of L.2889/01: ‘the Minister is no longer the super-chairman of all the hospitals in the country’ (Parliamentary Minutes, 25 January 2001: 4168) and, therefore, he would no longer have to deal with issues regarding hospital management, but focus on problems affecting health service provision throughout the country. The change, however, was not well received by doctors’ unions, which lost the statutory majority in hospital boards that they had enjoyed until then. However, outright reaction was limited.

Hospital management has been an issue in ESY since the latter’s establishment. L.1397/83 provided for hospital boards of directors, with broad decision-making powers, the majority of whose members were union appointed or recommended. The chairman of the board was always a political appointee and, usually, a doctor. The law also provided for the position of a ‘coordinator’ of hospital services, which was never enacted. Thus, board members, and in particular the chairman, who had a full-time position, were effectively managing the hospitals.

With L.2519/97 there was an attempt to change the management structure of hospitals. Initial proposals, dating from mid-1996, concerning the appointment of managers with strong decision-making authority, met with strong resistance from doctors’ trade unions. The latter, traditionally controlled by PASOK, used their influence to scupper these reforms. Interestingly, at the same time, hospital administrators and support staff went on strike to support these reforms (*Vema*, 15 December 1996). Indeed, the appointment of professional managers in hospitals became the subject of a major conflict within PASOK: the Health Minister and his supporters versus pro-PASOK trade unionists. The doctors won the argument despite the support given to the reforms by the Prime Minister and party chairman.

The watered-down proposed reforms became law (L.2519/97) in the summer of 1997. The Health Minister tried to sell the law on pragmatic grounds. The law provided for the appointment of managers with circumscribed decision-making authority, who would, in effect, continue to do the board chairman’s bidding, with a little more autonomy (*Vema*, 15 December 1996), but no authority to enforce their decisions on medical staff. When the law began to be implemented, among the first appointees were some too closely affiliated to PASOK, thus bringing the reform into disrepute. It was seen by many as yet another example of political patronage, an all too common practice in Greece (Sotiropoulos, 2001).

Nevertheless, even this limited reform caused uproar in the Central Committee of PASOK. As reported in the press (*Vema*, 2 March 1997), trade union representatives of hospital administrative staff argued that the management of hospitals with budgets in the region of hundreds of billions, 'cannot be left in the hands of board chairmen, who are not specialists and who most of the time are appointed on the basis of their political affiliations.' By contrast, doctors' trade unions argued that management must be controlled by the government, which must maintain its majority in hospital boards; and that managers should have no formal authority over doctors, but only over nursing and administrative staff. Finally, faced with doctors' reactions, the government introduced new legislation, in early 1997, cancelling the implementation of this reform (*Vema*, 3 March 1999).

A few years later, with L.2889/01, the government attempted a major shake up of hospital management. This law provides that every hospital will be managed by its governor and the management committee (MC), which is composed of the governor, the hospital services directors and the chairman of the scientific committee. The MC reports to the relevant PESYP on all issues regarding the hospital's operations, and submits the annual hospital budget. The governor, a full-time position, is appointed by the Health Minister on the basis of expert advice, and has overall responsibility for the management of the hospital. Under the governor, hospitals are organized into services and departments, each structured hierarchically.

Accounting reform in ESY

Management control, in general, and accounting systems, in particular, have had a meagre presence in ESY hospitals. Even before ESY was 10 years old, a leftist MP was exasperated that it is '... inconceivable that notions of cost, price, quality are absent' (Parliamentary Minutes, 21 May 1992: 6554). Greek state-owned organizations use a cash accounting system (single-entry accounting), similar to that used in most other western countries. There are operating and investment budgets. Both define spending limits (appropriations) for specific purposes (line items). Spending by the relevant administrative entity is controlled ex ante for its legality by a branch of the judiciary, the State Audit Council. This cash budget serves as a planning device for the state. At the end of every year, the government submits to parliament a 'balance sheet' that states how much money was spent in every line item. This cash budget system is also used by all state organizations as a guide to their spending.

Single-entry accounting, whereby revenues are recorded when received in cash and expenditures (or expenses) are recorded when cash is disbursed,

is a less sophisticated form of accounting than accrual accounting, whereby revenues are recorded when earned (products delivered, services rendered) and expenditures (or expenses) are recorded as soon as they result in liabilities for benefits received. Accrual accounting requires double-entry accounting, in which both sides of the transaction are recorded. The single-entry accounting used by ESY hospitals leads to the following problems:

- 1 It is impossible to relate the use of resources to results achieved, and this makes performance measurement very difficult.
- 2 Debtors and creditors are not recorded in the single-entry accounting system. This is particularly important because ESY hospitals have huge outstanding debts to suppliers, and claims from pension funds for the treatment of their members (on 31 December 1998, hospital debts to suppliers were estimated to be about 9 percent of annual public spending on health, *Kathimerini*, 14 February 1999; claims to insurance funds were about 20 percent of the annual compensation given by the latter to hospitals). This clearly makes hospital financial management very difficult. Indeed, it also negates the purpose of the current cash-budgeting system which provides that no contracts should be entered into unless there is a line appropriation (cash) to cover the expenditure. Furthermore, one is surprised to find that the minister of health has to force hospital boards to inform him, three months after the fiscal year end, as to how much their hospitals *actually* owed suppliers, while, at the same time, having reservations about the accuracy of such figures (*Vema*, 14 March 1999).
- 3 Single-entry bookkeeping records do not allow ex post audits for the use or even the status of equipment purchased by hospital funds.
- 4 A particular accounting-related problem is the case of consumables and medicines, which led a past minister of health to make claims about a 'grand buffet', meaning that hospital funds fall prey to special interest groups and corrupt practices (*Vema*, 14 March 1999). For example, the lack of inventory control means that no one knows what should be ordered. One of our interviewees, chairman of the board of a PESYP, said that the rate of consumption of medicines cannot be explained by the number of patients being treated in the hospitals of his jurisdiction, implying that the system was being abused. Furthermore, because hospitals cannot coordinate their orders, they lose on volume discounts.

These well-known defects generated several discussions about changing the hospitals' accounting system. The first legislative arrangement for hospital budgets was in 1992, as part of L.2071/92, which specified

which hospital expenditures would be covered by the state budget and which by local authorities. It also provided for zero-base budgets and their publication, along with progress reports, in newspapers. It was suggested by the government that this would ensure financial transparency. The reform was never implemented.

However, the first real attempt at accounting reform in the public sector at large came in 1996 with the appointment of an academic economist as Deputy Minister of Finance. The reduction of budget deficits was one of the criteria the Greek economy had to meet in order for the country to be eligible to join the Economic and Monetary Union (EMU). To achieve this goal, the rationalization of state subsidies to various state organizations was thought to be of crucial importance.

The need for reform of the accounting system used in the public sector was mentioned for the first time in the preamble to the 1997 state budget. It was claimed that this reform would reduce public spending, increase efficiency and effectiveness throughout the public sector, allow the government to assess how efficiently resources were being allocated in each public sector organization, and enhance the quality of submitted accounting data to aid decision making. Thus, from then on, loans or subsidies to public sector organizations would be dependent on the latter's assets and how these were used. The new accounting system, which would be gradually implemented from 1997 onwards, was named Integrated Accounting Surveillance System (IASS).

The framework for this reform was assigned by the then Deputy Finance Minister to a team of experts, comprising both academics and professionals. They had to work to a tight deadline to prepare IASS, because there was intense pressure from the EU regarding the rationalization of state subsidies and loans. Planning the accounting reform was carried out solely by the members of the consulting team of experts. They proposed a framework without taking into consideration either the computer infrastructure in the public sector, or the accounting skills of civil servants. As the framework was developed more or less in isolation from organizational realities in the public sector, it incorporated a lot of features regarding traditional accounting reports from business organizations.

By the end of 1997, the consulting team published the Accounting Blueprint for Hospitals (Venieris, 1997), while at the same time similar blueprints were prepared for universities, municipalities, research institutes and social security organizations. The Accounting Blueprint provided broad guidelines for the implementation of accrual accounting, examples of journal entries and templates for the format and content of the published financial statements, i.e. the balance sheet, income statement and cash flow statement. The accounting plans contained in the blueprints allowed the simultaneous

recording of accounting entries to both the accrual accounting system and the cash accounting system, as the accrual accounting system could not replace the existing cash-based, state budgeting system.

The Accounting Blueprint paid scant attention to management control and performance measurement issues. Although it included rules for computing the cost of public services, cost objects (outputs) were not explicitly identified which made implementation impossible. Furthermore, there was no intention of relating the cost of outputs to the reimbursement received by the hospital for services rendered to patients (Venieris et al., 2003).

At about the same time, and independent of the publication of the Accounting Blueprints, L.2519/97 was voted through, which specifically provided for the introduction of double-entry bookkeeping in hospitals, without, however, any reference to work already under way. The law provided for 'global budgets' for hospitals that would place a general limit on the amount of money that could be spent, leaving each hospital to allocate resources according to its needs. The aim of these budgets, as defined by the Health Minister at the time, was to improve the use and allocation of resources and to measure performance (Parliamentary Minutes, 7 July 1997). They were the Greek version of diagnostic-related groups (DRG), but one which would have been very difficult to implement in the context of the Accounting Blueprint.

In the preamble to the 1998 budget, it was suggested that, during 1997, there had been significant progress towards the introduction and implementation of IASS. Among other actions mentioned, was a pilot implementation of accrual accounting in two hospitals to test the appropriateness of the new accounting plan. In the same document, it was envisaged that, during 1998, all the necessary preparatory actions, including the training of accounting staff and the acquisition of relevant software and hardware, would be completed in order for IASS to be fully implemented by all public sector organizations by 1 January 1999. This never happened.

Furthermore, towards the end of 1997, the National Accounting Council (ESYL), by law the most important accountancy regulatory body, rejected the Accounting Blueprints, because accepting them would, de facto, result in its losing its monopoly in the promulgation of accounting plans and its authority over all accounting-related issues in the country. ESYL assigned to the Chamber of Economists the preparation of an official Accounting Plan for Public Sector Organizations. The Accounting Plan was ready by the end of 1998 and published as Presidential Decree (PD) 205/98, but its applicability to hospitals was questionable for some time, as the Health Minister had not signed it. This issue was not settled until mid-1999.

The Accounting Plan for Public Sector Organizations was mostly based

on the existing private sector accounting plan and emphasized the mapping of the accounts under both accrual and cash accounting. However, the issue of the measurement of the cost of public sector services was once again not addressed. Indeed, it was explicitly mentioned in PD 205/98 that each public organization would structure its cost accounting system according to its own needs. Despite these shortcomings, the deadline for hospitals to implement the new accounting system was set for 1 January 2000.

In the preamble to the 1999 budget there was very limited discussion of accounting reform and no mention was made of steps towards its implementation, which indicates that accounting reform was no longer a major economic policy issue. The fact that PD 205/98 was a generic document led to implementation problems for many hospitals. Thus, the deadline passed and most hospitals had not implemented it. For this reason, it was decided to abandon it in favour of a health sector-specific plan. Interestingly, in 1999 an MP, who was a former chairman of the Chamber of Economists, tabled a parliamentary question regarding the non-implementation of double-entry bookkeeping by hospitals. The Ministry of Health replied that it would soon publish the relevant PD with the appropriate accounting plan. Actually, this was not published until 5 May 2003 as PD 146/03 for the Sectoral Accounting Plan of Public Health Service Entities.

Following the 2000 election, accounting reform in the public sector stalled. However, the new Health Minister made implementation of the accounting reforms and the introduction of accrual accounting in ESY a priority. L.2889/01 provided for various accounting innovations, including reform of the budgeting and reporting processes, the implementation of double-entry bookkeeping, and the appointment of specialized staff. As the relevant Parliamentary Minutes (2 October 2001) show, MPs were generally positive towards these reforms.

To enact the law, the Health Minister nominated a task group, formally charged with implementing the accounting plan in hospitals. Their first task was to describe the current situation in Greek hospital accounting systems. The task group would then make suggestions for developing both the accounting and information systems. Because controlling operating costs was one of the main issues that initiated the public sector accounting reform back in 1996, they also proposed a detailed costing plan, the first such attempt in the entire public sector. The task group did make its recommendations, but, later in 2002, the Health Minister resigned, his overall health reforms having met with fierce resistance. In a subsequent interview (*Vema*, 10 August 2003), the former Health Minister referred to the political isolation he was in while pushing through his reforms. A new Health Minister was appointed, but accounting reform has not featured high in his list of priorities.

From this description it follows that attempts to reform the governance structure and accounting system of ESY were, to a large extent, incoherent, uncoordinated and unsystematic. Whereas, in theory, governments would espouse accounting and management reform (the rhetoric of reform is an integral part of the discourse of most governments nowadays), in reality they did not enact their legislation, or reversed it at the earliest opportunity (Papoulias & Tsoukas, 1994). The fact of the matter is that 20 plus years since the inception of ESY, its accounting systems are meager and attempts to introduce more robust ones have failed, or to be more precise, never been followed through. We attempt to explain why, by looking first at the distinctive features of accounting as a way of thinking, and second, at the institutional environment within which accounting reforms were attempted.

Accounting and governmentality

In several studies of accounting reform in the public sector, the term accounting is used rather generically with little differentiation from other management control mechanisms. In line with Christensen and Demski (2003), we view accounting as an answer to the question regarding an entity's financial history. Roslender (1992), from a sociological perspective, distinguishes between bookkeeping, which is merely concerned with recording transactions, and accounting, which is concerned with the communication of the financial state of an entity. This emphasis on the financial state distinguishes accounting from other calculative practices, such as statistics. We focus here on accrual accounting, in particular double-entry bookkeeping, not only because it is a more sophisticated system than cash accounting, but also because it is the accounting system that reformers sought to introduce in ESY. In contrast to single-entry bookkeeping, which is universally used in the Greek public sector, double-entry bookkeeping ensures 'that there is an effective system of internal control operative within an organization' (Roslender, 1992: 114), and simplifies *ex post* audits.

Accounting has historically been crucial to the rational management of economic transactions. Schumpeter (1950) and Sombart (1953) argued for the significance of accounting, particularly double-entry bookkeeping, in fostering a rational (i.e. calculative) attitude towards economic activity. Along with bureaucracy, capitalism and technological development, accounting has been a central element in the making of modern societies. Accounting, however, is more than a set of techniques: it constitutes an interpretive frame; it is a language having a particular vocabulary (i.e. set of categories) and syntax, which gives rise to a calculative perspective of viewing economic

transactions (Carruthers & Espeland, 1991). This is especially true of accrual accounting, which is a forward-looking accounting system, as opposed to a simple record of payments and receipts, which is the basis of cash accounting.

As a reality-constituting device, accounting establishes a regime of visibility – it brings into public view certain things that were previously unknown, unthought of or ignored. By forging a ‘domain of the factual’ (Hopwood, 1984), it creates a ‘fictive space’ (Rose, 1991) – a world of ‘facts’ that constitutes an account of past choices, and influences the setting of priorities for the future. Indeed, through accounting systems, past and future are brought into the present and, by so doing, they are thought to come under human control. Just as by turning quality into quantity, statistics enables the taming of chance, thus making the world more controllable (Hacking, 1975), so accounting, by providing a set of categories in terms of which social phenomena may be understood and debated, helps construct an economic discourse that seeks to bring crucial dimensions of organizational reality under control.

Accounting for organizational reality, however, may take several forms – it is necessarily selective. What assumptions are made as to what is precise and knowable, and what preferences prevail as to what is worth knowing, and for what purpose, are inevitably shaped by dominant value sets, sectional interests and political priorities. By defining what is visible, one also defines what is debatable and preferable. Creating ‘facts’ influences what is seen as problematic, desirable and significant (Hopwood, 1984; Rose, 1999). Changes in accounting systems, therefore, inevitably entail changes in the wider fabric of organizational life. As Hopwood (1984: 177) remarks, ‘what is accounted for can thereby shape the pattern of power and influence both within the organization and without.’

Rendering a social system visible (Cooper, 1989; Rose, 1999) is an important step towards making it governable. Creating ‘governable spaces’ (Rose, 1999: 31) implies cutting experience in particular ways, inventing a language through which certain things (but not others) become technically discussable, epistemologically knowable and morally decidable, and making use of social technologies – assemblages of types of knowledge, mechanical devices and techniques – through which certain desired events are obtained and the behaviour of others is influenced. Foucault’s (1979) insight concerning the rise of the mentality of government (‘governmentality’) in Europe, from the 18th century onwards, is closely related to the use of accounting as a technology of government. To govern a domain means to represent it in such a way as to be able to discern the systematic manner in which its components are linked over time in order to influence it purposefully.

To put it differently, in order for a social system (a country, firm or health system) to be thought of as governable it needs to be conceptualized in such a way as to be made *amenable* to government. For this to happen, the phenomena to which government is to be applied must be re-presented in an abstract manner so that action at a distance becomes possible; the social world must be turned into *information*, namely sets of abstract, objectified, decontextualized representations (Tsoukas, 1997). Information thus conceived

must be of a particular form – stable, mobile, combinable and comparable. This form enables the pertinent features of the domain – types of goods, investments, ages of persons, health, criminality, etc – to literally be re-presented in the place where decisions are made about them (the manager's office, the war room, the case conference and so forth) . . . Information in this sense is not the outcome of a neutral recording function. It is itself a way of acting upon the real, a way of devising techniques for inscribing it (birth rates, accounts, tax returns, case notes) in such a way as to make the domain in question susceptible to evaluation, calculation and intervention.

(Miller & Rose, 1990: 7)

In other words, in terms of governmentality, information in general and accounting information in particular, render the 'local' known to (re-presented by) the 'centre', thus enabling the latter to establish control over, and convey its preferences to, the former (Hopwood, 1984; Rose, 1999). This is especially important for liberal governmentalities, because a liberal political rationality is committed to both respecting the autonomy of certain 'private zones' and to influencing the latter in line with certain conceptions of individual and collective well-being (Foucault, 1979; Hacking, 1983; Rose, 1999). Government-at-a-distance is thus a crucial feature of liberal mentalities of government, which, in the information society, helps explain the increasing reliance of modern governments on information (i.e. abstract re-presentations).

As Porter (1995: 88) points out, 'the history of information is a history of trust and distrust.' Pre- and early modern societies placed trust in individuals, in the context of face-to-face relationships, effectively basing economic decisions on personal, context-specific knowledge. The growth of state and professional regulation, the increase in the scope and size of corporate activity, and the emergence of national and international markets, have led to 'a shift in the locus of trust away from individuals, presumed to be bound by customs and moral obligations, in favour of impersonal institutions and vigilant oversight' (Porter, 1995: 88). As socio-economic

activities became more complex, differentiated and dispersed, so the need for coordination across large time–space distances increased (Giddens, 1991) and, consequently, the need for numerical information in general and accounting information, in particular also increased.

Accounting information being in a written form, typically appears to have a ‘fixed’ meaning of the phenomenon being represented. Compared with oral forms, the meaning of (written) accounting information appears independent of the audience, it is static – the arrangement of items in a table gives each one of them a distinct and clear place. Qualitative features of organizational life are transformed into quantitative information, thereby abstracting, standardizing and de-contextualizing (hence simplifying) the phenomenon at hand. Transactions are classified conceptually under abstract categories such as ‘equity’, ‘expenses’, etc., rather than presented narratively, with all the contextual complexity the latter entails. As Carruthers and Espeland (1991: 58) point out, ‘abstraction and the reduction of quality to quantity are particularly significant in accounting. Formerly non-comparable objects are made commensurable: apples and oranges find a common denominator in monetary price. Commensurability makes it feasible to compare and evaluate alternatives. Trade-offs can be made, satisfying a precondition of rational choice’. From the perspective of governmentality, quantifying a phenomenon is important for, as Porter (1992) has shown, it standardizes not only the phenomena at hand (by dissociating them from experience-based personal judgements), but also the subject of measurement; an act of exchange is rendered independent of the personalities of those involved.

If the above is accepted, it is clear that accounting is closely related to formal organization. Both contribute towards the creation of a governable space – a type of organized context in which a particular regime of intelligibility is established, whose main features are the centrality of abstract information for making decisions at a distance, the dominance of technical expertise over political debate, and the elevation of instrumental reason as the paradigm of rationality (Hopwood, 1984: 180–1).

The Greek socio-political context

The preceding analysis on accounting and governmentability will help us shed light on the question of why accounting has been so downgraded within ESY. Being a public bureaucracy, one that is extremely important to the population at large, ESY is necessarily implicated in national political debates, and the key choices made about its governance structure and management reflect the cultural and institutional environment in which it

operates and the manner the latter has developed. To understand, therefore, the atrophy of accounting in ESY we need to look at the Greek political system and its underlying values.

Accounting presupposes, as well as enforces, a rationally calculative attitude towards socio-economic phenomena. This, in turn, is closely linked with impersonal criteria of evaluation, a positive regard of abstract-cum-standardized types of information, and trust in impersonal institutions. A rationalized social system is a system in which there is demand for, among other things, abstract accounting information. To see why information is so intimately bound up with liberal governmentality, consider the following exasperated remark by a former Greek Minister of Health (*Vema*, 7 February 1999):

Today the Minister of Health does not have an X-ray of the system. He cannot check on it. Not only because he is lacking in the control mechanism, but also because he does not have the requisite computerised information showing what is the food or drug costs per patient for every hospital, in order to see the differences and undertake corrective action. . . . Think about it. I have asked for information on hospital debts to their suppliers and the debts of social security organisations to hospitals outstanding on December, 31st 1998. With great effort, within the next ten days, I will be able to have such information, for which, however, I keep my reservations whether it is precise or not, since there is no double-entry bookkeeping.

Currently, the Greek Ministry of Health cannot be a 'centre of calculation' (Latour, 1987) for it is lacking the 'mobile traces' on which to perform calculations, thus being unable to re-present and, consequently, govern the system the Ministry is in charge of. From the 'centre's' perspective, ESY is in-visible and, thus, un-accountable and un-governable (no plausible rational account of its functioning may be given; no responsibility may be rationally assigned; no corrective action may be rationally taken). If that is so, the question, then, is why successive governments have been unsuccessful in creating 'centres of calculation'.

All national health systems are, by virtue of offering a vital public service to the population, necessarily implicated in national politics. The very history of the British NHS is a good illustration of this. Bearing the stamp of the interventionist post-War Labour government, it was reformed in the early 1980s along neo-liberal lines. To put it more generally, the political ideology of the political party in power inevitably leaves its traces on the structure and functioning of a national health system. The same is true of ESY. Conceived and implemented by PASOK it has long been stamped with the mark of its maker.

As mentioned earlier, since its conception, ESY has been characterized by a strong 'egalitarian' and 'democratic' spirit. The then government's philosophy was against patients choosing their doctors, something which, as mentioned earlier, contributed enormously to the growth of a black market of bribes for doctors and nurses. With many doctors being (illegally) handed the well-known *fakellaki* (little envelope stuffed with cash) by patients (Kyriopoulos & Tsalikis, 1993), they developed an interest in maintaining these clientelistic practices. Also, this meant that doctors needed to influence the entry of patients to hospitals, thus bypassing the queue, since such a preferential treatment to their patients would result in additional (illicit) payments for them.

The situation grew worse over time and became a vicious circle. As mentioned earlier, the government consented to doctors being paid for fictitious overtime, as a way of boosting their income; hospital suppliers have habitually inflated their prices as a way of coping with the significant delays in getting paid; social security organizations regularly forgo paying hospitals, thus contributing to hospital deficits. Gradually, a lack of transparency, knock-on effects and corruption gave rise to an informal set of practices that added a new meaning to Rose's (1991: 676) term 'fictive space'. Whereas accounting involves the creation of 'facts' as a way of constructing a stable and visible organizational reality, the growth of informal practices in ESY created a fictional system with its own rules, formally accountable to no one. The fictional and the formally factual have been so closely enmeshed that it is no longer easy to tell which is which.

ESY was supposed to have been a 'democratic' system. In the rest of the public sector, this PASOK ideal has meant a flattening of (as well as suspicion towards) hierarchy, the considerable shortening of pay differentials, the atrophy of performance appraisal, the institutionalization of trade union participation in the management of public sector organizations, and the placing of political appointees to top management positions in the public sector (Makrydimitris, 1994; Papoulias & Lioukas, 1995; Sotiropoulos, 2001; Spanou, 2000). In the case of ESY this took the form of doctors' trade unions exercising considerable influence on the running of hospitals.

As their pattern of industrial action shows, doctors' unions have been systematically concerned with the advancement of their members' interests and did hardly anything to help increase the transparency, efficiency and effectiveness of the system. Being the most influential group in the ESY (something that is the case in most health systems), the doctors defined ESY problems in their own, exclusively 'medical', terms, appropriating the foundational discourse of ESY. For example, in a relatively recent strike they undertook against the government for cutting down on fictitious overtime

(January/February 1999), doctors' unions reacted with contempt against measures of hospital rationalization and the appointment of managers, on the grounds that doctors possess knowledge about hospitals that is superior to that of managers.

The concept 'hospital management' has systematically entered the vocabulary of politicians only in the late 1990s and early 2000s. Examining the parliamentary minutes, one notices that when politicians talk about ESY they typically talk in general terms about resources, governance structure of the health system or industrial relations. They hardly ever talk, however, about efficiency and effectiveness – how well, in other words, resources are used, and the extent to which particular governance structures and patterns of industrial relations contribute to the effective delivery of health care. Moreover, even when efficiency and effectiveness are taken into account, thus resulting in attempts to introduce accrual accounting and appoint hospital managers, such attempts have been, as we saw earlier, incoherent, unsystematic and uncoordinated. Managerial rationality has been treated as an alien transplant within the body of ESY, in its 20 plus years of operation, which sooner or later is rejected.

The discourse of economic rationality, a discourse that has gradually emerged within state-owned firms (e.g. utilities, airlines), largely as a result of the country's efforts to reduce its public deficit in order to become eligible for entering the EMU (Tsoukas & Papoulias, 2004), did not have much purchase within ESY. As the announcements of doctors' unions and of the majority of the political parties show, the foundational discourse of 'egalitarianism' and 'democracy', the defining features of ESY since its inception, still holds sway. Thus, those resisting managerial reforms, as doctors' powerful trade unions traditionally have, could do so by successfully appealing to the foundational ESY discourse and appropriating its language, especially when lobbying socialist ministers.

Even when managers or governors were appointed to run hospitals, or chairpersons to run the PESYPs, they tended to be political appointees – mostly members or sympathizers of the ruling party. Moreover, among those currently serving as hospital chairmen, only a small minority has managerial experience and an even smaller number has had experience outside the Greek public sector. This is not an aberration. Most heads of public organizations were, and with a few exceptions continue to be, similarly appointed in a clientelistic fashion. Top management positions in public organizations in Greece have traditionally been reserved for government supporters or sympathizers (Sotiropoulos, 2001). At the time of writing, two of our interviewees (one the chairman of a PESYP and one the manager of one of the biggest hospitals in the country) had been forced to resign by the Minister of Health

without any reasons being publicly offered (*Kathimerini*, 12 November 2003).

Management of ESY is a reflection of the broader political culture of the country. Bureaucracy in Greece has never had the idealized Weberian features one finds in Northern Europe (Kallinikos, 2004). Instead, the functioning of Greek bureaucracy has been invested with meanings drawn from more enduring (pre-modern) sources, such as kinship and locality (Herzfeld, 1992; Pollis, 1987; Tsoucalas, 1991). Even in the private sector (but less so in multinationals operating in the country, see Makrydakis et al., 1998), the most important criterion for personnel recruitment has traditionally been kinship and locality – who you are related to and/or which village, town or region you come from (Papalexandris, 1992; Tsvicou, 1996).

Institutionally, this means that the traditions of patronage and favour peddling, firmly entrenched during Ottoman rule, have been carried forward in the form of clientelistic practices, based in large measure on kinship and locality (Close, 2002; Tsvicou, 1996). We see this in the largely clientelistic relationship between doctors and patients, and in the governance structure and staffing of healthcare units. For Mouzelis (1986), clientelism and populism are forms of bringing lower class strata into national politics, and have been features of peripheral and semi-peripheral countries (e.g. Balkans, Latin America). In Greece, the transition from oligarchic to mass politics, in the course of the 20th century, has been accompanied by a change from the traditional form of patronage (which characterized oligarchic politics) to bureaucratic forms of patronage – the more direct involvement of clients with party and state bureaucracies (Mouzelis, 1986: 76–7).

In traditional clientelism, kinship-cum-locality is the basis for the exchange of favours. A formal organization reproduces those traditional networks within it and, as we know from similar phenomena in overseas Chinese businesses (Whitley, 1992), they are an effective form of generating trust and self-control. With bureaucratic clientelism, the political party apparatus becomes an additional source of generating trust and control. In both cases we do not encounter impersonal, universally accepted rules mediating between the individual and the institution, but personalistic relationships derived from kinship, locality and/or party political allegiance. Thus, although Greece is in many ways a complex modern society, the functioning of its institutions still shows signs of an enduring pre-modern influence, deriving from a distrust of the standardized, the impersonal and the abstract (Kallinikos, 2004; Makrydimitris, 1995; Spanou, 2000; Sykiotis, 2004).

If the preceding analysis is accepted, it follows that the current opacity that characterizes ESY's economic functioning suits several interested parties. It has suited successive governments because, had there been proper

accounting and management systems in place, it would have been much more difficult than at present for a government to justify political appointments on hospital boards and, in the case of PASOK at least, the ceding of so much power to the unions. The visibility accounting provides would also have forced the government to make some very tough choices in health policy, something which PASOK, a historically populist party (Spourdalakis, 1988), has been deeply adverse to. It has suited the doctors for obvious reasons: their power ensures that they can have their way in most cases, virtually unopposed. It has suited other vested interests such as pharmaceutical companies and medical technology providers, for without systematic planning and monitoring of expenditures by ESY (as is currently the case), they can exert considerable influence on it. The lack of visibility surrounding key aspects of ESY's functioning enables the perpetuation of powerful entrenched interests exerting their influence, without being held formally accountable.

In a highly politicized system such as the Greek system has historically been, the technical analysis and objectivity that accounting induces may be rhetorically accepted but, in reality, they are not powerful sources of political legitimacy. The kinds of objectivity, abstraction and standardization that accounting provides are inimical to the current political system. Bureaucratic clientelism and political populism, the two most pronounced features of the Greek political system (Clogg, 1995; Diamantouros, 1995; Mouzelis, 1986), thrive in conditions of particularistic social relations in which there are no firmly entrenched impersonal, universally binding rules. Such a political culture tends to see institutional behaviours as idiosyncratic, subject to particularistic standards of evaluation. Had accounting been an institutionalized feature of ESY, what were formerly non-comparable objects could now be compared and awkward questions might be asked. Whereas in a bureaucratically clientelistic and populist political system ESY managers owe their allegiance to their political patrons and speak the populist language of 'egalitarianism' and 'democracy', a rationalized system of management would require that ESY managers behaved according to institutionalized, impersonal rules, drawing on a largely economic discourse, albeit one modified to suit a health-professional context. As Porter (1992) aptly remarked, quantification standardizes not only the object, but also the subject of measurement. However, a system based on bureaucratic clientelism is averse to standardization, because it is grounded in the particularistic exchange of favours. For clientelism to be effective it is necessary that the content of socio-economic exchange remains something to be defined 'locally' in the act of exchange itself, rather than following already established universally binding rules.

A political system based on populism constitutes a highly institutionalized environment, which tends to privilege 'political' over 'technical' criteria (Tsoukas, 1994), as opposed to a technical environment, in which organizations are primarily rewarded for their efficiency and effectiveness (Scott, 1991). As a mode of political mobilization, populism rests on the construction of political dichotomies and the concomitant antagonism between the 'people' and the 'establishment', the 'poor' and the 'rich', the 'privileged' and the 'unprivileged', the 'haves' and the 'have-nots', and so on (Diamantouros, 1995; Mouzelis, 1986). As several social scientists have noted, populism has always found a political expression in the Greek political system, especially since the rise of PASOK to power in 1981 (Clogg, 1995; Diamantouros, 1995; Mouzelis, 1986; Spourdalakis, 1988). What Diamantouros (1995) has aptly called an 'underdog culture', has led to a chronic attitude of suspicion towards reforms coming from 'above' (Makrydimitris, 1994, 1995; Tsoucalas, 1993) as well as to a hostility to abstract-cum-standardized forms of decision-making, which are thought to privilege the status quo and its associated established forms of political power.

The dominance of the 'political' (defined in populist or narrow party-political terms) over the 'technical' is seen in many aspects of Greek socio-economic life: from the abrupt change of policy every time a minister is replaced to whether independent managers would be appointed to run hospitals or state-owned privatized firms (Papoulias & Tsoukas, 1998). In a populist political system, the interests of a mythologized entity called 'the people' (defined, in a self-serving way, by those powerful groups talking in the name of 'the people') are readily appealed to, to thwart policies of economic rationalization. Because accounting is the technical embodiment of rational calculation, it breeds suspicion for allegedly ignoring issues of vital 'political' importance. Because accounting is an interpretative frame, it constitutes a form of political power by privileging a particular way of looking at the social world. In a populist political system, however, it is a form of political power that is unwelcome, since it is in conflict with the established logic of the system.

Conclusions

The Greek National Health System is, by common acknowledgement, grossly mismanaged. Being constantly in the public attention, there is widespread agreement today in Greece that ESY is neither effective nor efficient. It consumes precious resources offering poor services that, as repeated surveys have shown, do not satisfy users of the system.

In this article we attempted to explain the absence (or more correctly, the atrophy) of accounting systems in ESY by examining the particular features of accounting in general, and the main characteristics of the Greek socio-political context in particular. Accounting contributes to increasing the visibility of social systems as well as to enhancing abstraction, objectivity and standardization. By creating a numerical reality that is dissociated from particular sectional interests, it creates a 'technical' (as opposed to a 'political') discourse, which takes rational calculation as its central underlying principle.

As an important element of governmentality, accounting is underlain by values and practices that are different from the historically significant features of the Greek socio-political context: a particularistic-cum-personalistic culture, bureaucratic clientelism and political populism. In such a political system, rational calculation as a guiding principle is weak, and there is distrust of abstract-cum-standardizing forms of reasoning and decision-making, especially in health and education. Highly politicized political systems (such as those based on populism) tend to privilege the 'political' over the 'technical' and, as a result, the use of accounting in public life has been viewed as a technocratic strait-jacket, ignoring the real needs of 'the people'.

A highly politicized socio-economic system is a highly institutionalized environment, in which public organizations have, at best, an ambiguous role to play and, at worst, their economic dimension is seriously downplayed (Tsoukas, 1994). In such an environment, organizational legitimacy is not enhanced by making use of the discourse of rational calculation (and the associated technologies of government, such as accounting), but by reproducing the broader institutionalized populist beliefs. Accounting will be systematically used when accounts, plans, budgets and the practices of efficient management become *symbols* of organizational commitment to economic results and efficiency, rather than mere techniques (Hopwood, 1984: 182). To the extent that 'efficiency' has historically had a marginal place in the web of institutionalized beliefs in a society, the symbolic dimension in the use of accounting is minimal, and the use of political criteria of evaluation prevails.

Seen in the context of bureaucratic clientelism and political populism, the atrophy of accounting in ESY can be explained as follows: the logic underlying robust forms of accounting does not square with the underlying logic of the broader socio-economic system. Effective opposition to the introduction of accounting in ESY has not been difficult to mobilize, because the medical profession has historically dominated the running of ESY and managed to appropriate the constitutive symbols of ESY ('egalitarianism'

and 'democracy') to avoid subsuming itself under formal organizational authority. The dominance of doctors' unions over the running of hospitals (enforced both by law and by the close links of the unions with the socialist party), in combination with the lack of an independent managerial elite in Greek hospitals (a natural consequence of bureaucratic clientelism), have rendered opposition to management reform in ESY very effective.

To conclude, accounting is intimately bound up with the institutionalized belief in objectivity as a political ideal. When such a belief is not well entrenched in the surrounding socio-political system, the use of accounting and formal forms of measurement is rendered weak – it cannot mobilize sufficient legitimacy and support. As Porter (1992: 49) aptly notes, 'objectivity is a political ideal, one that privileges universal over local values and that prefers to invest power in rules rather than persons'. We argued here that the Greek socio-political context has historically privileged the local and the familiar over the universal and the abstract. To this, one needs to add the particular, entrenched interests that have developed within ESY over time, primarily the lack of an independent managerial elite and the power of doctors' unions. Accounting in such a context could not be expected to flourish, and the case of ESY has been an illustration of this.

The preceding analysis does not mean, of course, that sophisticated forms of accounting will never be adopted. That would have been an absurd claim to make. Liberal democratic political systems are both underlain by values that change over time *and* are far from monolithic – there are always tensions within them. In this article we have argued that the non-modern tendencies in the Greek political system, combined with political contingencies, have resulted in the underdevelopment of accounting and the associated forms of measurement in ESY. Societies, however, contain webs of beliefs and institutional practices, which may be reconfigured in the appropriate context and at the right time. In so far as the use of robust accounting systems in ESY is concerned, our argument has *not* been an argument for the impossibility of future change, but an argument explaining the shape of the past – the historical atrophy of accounting in ESY.

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