THE INHERENT LIMITS OF ORGANIZATIONAL STRUCTURE

AND THE UNFULFILLED ROLE OF HIERARCHY:

LESSONS FROM A NEAR-WAR

Michael G. Jacobides
Assistant Professor of Strategic and International Management
London Business School
and Sumantra Ghoshal Fellow, Advanced Institute for Management Research
Regent’s Park, Sussex Place, London NW1 4SA, UK
Tel + 44 20 7706 6725; email mjacobides@london.edu
Web-page: http://faculty.london.edu/mjacobides

Visiting Scholar, Harvard Business School
Gallatin Hall C1-3, Soldier’s Road, Boston MA 02138, USA
Tel + 1 617 496 6969; email mjacobides@hbs.edu

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ABSTRACT

This paper examines how the Greek government and its military apparatus nearly went to war with Turkey in 1996 over the uninhabited islets of Imia, to the detriment of the Greek decision-makers involved. This escalation was driven by fragmented, piecemeal reactions. These resulted from the organizational structure, which shaped identities, defined repertoires of action, sustained routines, filtered and interpreted information. The division of labour inevitably imposed local responses that were cognitively economizing but not well calibrated. More important, the escalation was driven by the lack of hierarchical intervention; the paper highlights the role of hierarchy, which can control and rein in routinized responses; help re-frame problems; and redress the inherent limits due to the division of labor. In our case-study, hierarchy failed to fulfill its role, and as such information relevant to framing the issue was neglected; responses were local and disaggregated; each partial reaction worsened the problem; and this led to the escalation of this crisis. Thus, the paper articulates a new raison d’être for hierarchy, and considers the conditions that facilitate hierarchy to play its intended role. Moving beyond the specifics of the case, the paper extends Cyert and March’s work by explicitly considering the role of organizational structure for search behavior, providing a dynamic conception of organizational design; and by proposing a re-conceptualization of hierarchy’s value-added. Implications for theory and practice are also discussed.

Keywords: organizational decision-making, organizational structure, routines, frames, divisionalization, hierarchy
On the night of January 31, 1996, Greece and Turkey were on the brink of war. Athens’ air defense was on full alert, for the first time since the Cyprus invasion of 1974, threatened by an air raid by Turkish fighters. Despite the efforts of Richard Holbrooke, Bill Clinton’s Undersecretary of State, to diffuse the crisis, Greece and Turkey seemed headed for full-scale military confrontation. Not until 5.30 am, literally at the 11th hour, was a compromise achieved. The conflict was over a group of small, uninhabited islets, together no more than the size of a football pitch. Although war was averted, the crisis tarnished the reputations of the main parties involved. The Greek Chairman of the Joint Chiefs of Staff resigned; the Prime Ministers’ approval ratings plummeted from 80% to 36%; governmental apparatus for handling crises were derided; and the population felt that the long-term interests of the country had been damaged. So why did this situation occur? What went wrong? What was behind the collective behavior that produced this disastrous near war?

This was no classic case of escalation of commitment (Staw and Ross 1987). None of the organizational participants had great conviction or public commitment about how to handle the crisis; and there was no reason why escalation would be pursued. The “usual suspects” appear to be of limited help. So, what can this crisis teach us? The objective in this paper is to use the crisis to understand how and why escalation occurred, focusing in particular on how administrative partitioning and hierarchy created or failed to avert this crisis, as seen from the Greek vantage point.

To do so, I advance an interpretative lens, which draws on political science, social psychology and organization theory, and has three objectives: First, to systematize the benefits and shortcomings of dividing labor within organizations, or within sets of organizations. Second, to develop a theory of the dynamic properties of this division of labor, focusing on how organizational structures create frames, filters and routines that constitute an organizational response. Third, to identify the role of hierarchy as it interacts with organizational structure to potentially alleviate these issues.

The evidence, seen through this interpretative lens suggests that the division of labor between different units led to an inappropriate framing and conceptualization of the problem, that was further reinforced by partial administrative responses (on the Greek side). This analysis supports Allison’s (1971) seminal framework on factors that drive collective action and escalation of international relations. However, unlike in Allison’s case, this is not a story with a particularly happy ending. While hierarchy and organizational structure played their role and narrowly averted nuclear holocaust in the midst of the cold war in the Cuban missile crisis, they did not perform well in our setting. I take this important difference to focus at the role of the division of labour and of the way hierarchy can intervene to redress the inherent challenges, and how its absence can exacerbate them.

The argument I present has three steps: First, I consider why divisionalization leads to a set of local, occasionally inappropriate frames, drawing on political science, social psychology, and organization
studies. I argue that the division of labour within an organization gives rise to a stable set of different, distinct roles, which determine the elements of the environment that get attended to, and as such mediate the interaction of an organization and its environment. Thus, I argue that organizational structure, rather than organizations, is an attention-focusing device (cf. Ocasio, 1997). Second, I argue that hierarchy helps assess and moderate the inescapably partial responses of the different constituent parts of an organization. Not only does hierarchy provide the right to exercise “exception management”, and, when appropriate, block a routine response; but also it provides the right to form judgments that transcends the views of the constituent parts of an organization about what the problem is about. I thus argue that the dual role of authority and hierarchy is to re-frame the problem, and either intervene in existing routines or design new (potentially routinizable) interventions. Third, I argue that hierarchy does not automatically intervene, appropriately re-framing problems; it requires a requisite infrastructure which can help it play its important role.

In the case of the conflict between Greece and Turkey, I argue that the main failure of the Greek administrative apparatus was that it did not incorporate the safety valves that would have allowed the Prime Minister’s office to diagnose and respond to the problem appropriately: the hierarchy did not counter organizational inertia by re-framing the problem and managing routine reactions. The reason was that the administration was only three days old when the crisis erupted, and there was no structure or blueprint to help a reasoned decision-making process. One partial response followed another, and the administration unwittingly locked itself in an unenviable position. This yields a “natural experiment”, where we can assess the role of hierarchy through its absence.

This approach complements Cyert and March’s (1963) seminal analysis by arguing that organizational structure and the division of labour affects the nature of problemistic search, and determines issues get attended to. More important, it suggests that hierarchical structures play an important role, which is to re-frame and intervene, helping redress the inherent limits that accompany the division of labour. To do so, I first consider how research in political science (especially pertaining to crises and escalation), social psychology (pertaining to roles and selective perception) and organizational science sheds light to the challenges of divisionalization, before moving to theory development on the nature and role of hierarchy. I then turn to the data, showing how the Aegean drama unfolded, and rule out the simpler explanations for the crisis. Finally, I consider how the proposed lens helps us understand this disastrous near war, and conclude with implications of this approach for theory and practice.

**Building Blocks: Division of Labour, Structuring Attention, and the Role of Hierarchy**

**Governmental Politics: How Structures and Charters affect Perceptions, Agendas, Actions**
At least since Neustadt’s (1960) book, considerable attention has been paid by students of political science on the role of different structures within the government. Halperin (1974) documents how the different government agencies each focus on their own distinct mission, and how the definition of their “organizational essence” shapes their action. At the individual level, he notes that “a person’s stand derives from his personal experiences, his career pattern and his position in the bureaucracy” (1974: 84) and, since promotions happen on the basis of divisional allegiances, such narrowness is amplified. At the collective level, he documents how in their effort to solidify their position in the administration, different agencies act so as to restrict information available to decision-makers, drive agendas and shape options.

This research amplifies previous work on sociology by Durkheim and especially Weber (1947), who study how organizations partition work into different, largely independent but occasionally overlapping segments, and how this divisionalization is associated with an emphasis on procedural logic. Students of international relations (e.g. Halperin, 1974; Neustadt and May, 1986) document how these divisions and the associated organizational pathologies shape policy agendas, on the civilian and military front alike. In a seminal book on these dynamics, Allison (1971) showed that the Cuban missile crisis was the result not only of the interaction between two different countries, but also the result of organizational structures, routines and inertial forces in the US and USSR government and military. He also suggested that the crisis was partly due to the effort of intra-governmental units to increase their sphere of influence; and of individuals to advance their own views. Linking structure with cognition, he argued that “where you sit affects what you see”.

The focus on politicking and on the soft underbelly of the policy-making beast, also exposed by numerous memoirists, has focused attention on the dysfunctional politicking within an administration as opposed to the simpler issues of framing and selective perception. Additionally, most of the research, which is US-centric (thanks to keen interest and ample data alike), takes the division of labor between different parts of the government for granted. Relatively little work focuses explicitly at how different structures may change the nature of organizational response.1

But if divisionalization has such drawbacks, why does it emerge in the first place? The answer goes back to the fundamental issues of the division of labour, including the fact that it allows boundedly rational actors to focus their attention to a narrower patch of a complicated reality. Division of labour

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1 In an important exception to the general trend, George (1972) considers the changes in the National Security Council (NSC) undertaken by Nixon, and prescribes a different structure. He suggests that delegating the debate to the lower administrative echelons in the NSC, and as such creating some consensus early on, diminishes the quality of the information, eliminates useful debate, and leads to inferior decisions. George has a similar starting point to the one I take: He considers the challenges of hierarchy (in this case, the President), who needs to work with constituent parts which are specialized (and for good reason), and limited in their vantage point. He looks at how hierarchy, and the structure through which hierarchy is manifested (the structure of the NSC) can redress these inherent limitations of divisionalization can yield the appropriate information, to the benefit of the country as a whole.
not only enhances the ability to learn, specialize, and accumulate knowledge (themes that hark back to Smith, and later to Marx, Durkheim and Weber), but also allows for a greater amount of local experimentation (Simon, 1962; Baldwin and Clark, 2000). For all the problems of coordination and compartmentalization (Thompson, 1967; Lawrence and Lorsch, 1967), divisionalization enables issues or facets of reality to be tackled separately. It also enables the creation of stable frames and roles that yield understandable rules of action and interaction (Goffman, 1986). This goes back to important psychological and pre-cognitive regularities of human decision-making, to which we now turn.

Roles, Tasks, and Structuring Attention in Social Psychology and Cognitive Science

Both the need to specialize and its implications for perception have been established in social psychology (see Morgan and Schwalbe, 1990). For instance, Morgan and Spanish (1987) provided different scripts to experimental subjects, with some designated as “students” and some designated as “professors”; it emerged that “students” were able to recall more actions by “students” than those which “professors” could recall; and furthermore found that when the scripts asked to take the other persons’ vantage point, the original differences were reversed. Similarly, Pichert and Anderson (1977) created a text about things or aspects of a house, with some information more relevant to a burglar (e.g. a coin collection), and some to a home-buyer (e.g. damaged ceiling). The provision of scripts for experiment participants, ascribing them roles of burglars or home-buyers, led them to focus their attention and memory more on the elements of interest to each category, even while the instructions asked to recall all the aspects of the house. Also, as Cohen (1980) shows, roles (of self and others) affect more than just recall accuracy; they drive perception and pattern recognition.

In social psychology (House and Mortimer, 1990) and organizational behavior (Albert and Whetten, 1985), a rich literature on roles and identity exists. Social psychologists have focused on the more insidious aspects of roles on either psychological variables such as self-esteem, motivation, and how these further reinforce roles (Gecas, 1989); as well as how these impact sociological variables such as stratification (House and Mortimer, 1990). This paper’s objective is more modest: It simply draws on an important regularity – namely, that the role and position of an individual within an organization affects which part of the environment they attend to. This implies that the division of labour in an administrative apparatus provides a stable set of roles, which narrow down the information perceived.

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2 Simon (1962) has provided a thorough discussion of organizational design as a “science of the artificial”, and has identified the adaptive benefits of decomposability of a system is smaller, even artificially decomposed parts. He famously juxtaposed two watchmakers, Tempus and Hora, the two watch-makers. Tempus would produce an integral watch of 10,000 pieces, whereas Hora 100 sub-units of 100 pieces each. So if ever a disturbance occurred, Tempus would have to start all over again, whereas Hora would only lose one sub-unit; alternatively, if one sub-unit was faulty, a repair would be much easier. Interactions between sub-units aside, this provides substantial adaptive advantages.

3 The analysis of roles is outside the purview of this paper; it is clear, e.g., that individuals face multiple different, often conflicting roles, and that roles shape one’s experience and perceptive filters (Goffman, 1986). My focus here is narrower; it centers on how the creation of roles by organizations affects individual and thence collective action.
Such narrow, intra-organizationally shared frames are reinforced by the reward and promotion criteria, which tend to be “local”. This satisfies decision-makers’ need to simplify reality, and allows organizational units to adopt simple “procedural” norms, which are easy to comprehend and follow (Simon, 1947; March, 1992). It also means that the nature of the divisionalization affects what are the “partial vistas” an organization can “see”.

**Organizational Pathologies: Divisionalization and Routinized Behaviour**

The challenges that arise because of the existence of multiple units in an organization have attracted comparatively less attention in Organization Theory, perhaps due to the difficulty of obtaining relevant data. Still, we know that similar dynamics are at play: Dougherty (1992), for instance, has documented the existence of different “thought-worlds” within an organization, where each department has a different vantage point on the same issue. Research on “boundary objects” (e.g., Carlile, 2002; Betchky, 2003) has also looked at the intersection between different “worlds” or divisions within and between organizations. In a similar vein, Henderson and Clark (1990) focus on product development and inquire why organizations “miss out” on important developments in their environment. They argue that divisionalization has short-run benefits (not least, because it economizes in cognitive effort) yet unwittingly leads to a loss of perspective. As they suggest (1990:15-6), “as a product evolves, information filters and communication channels… emerge in an organization to help it cope with complexity. They are efficient precisely because they do not have to be actively created each time a need for them arises…[Yet] the channels, filters and strategies may become implicit in the organization”, and as such inhibit some types of information to reach the organization and restrict the innovations pursued. This quote also highlights the role of routines, to which we turn next.

The role of routines as constraints and principal drivers of organizations’ actions has been highlighted by Nelson and Winter (1982), who have expanded Simon’s (1947) and Cyert and March’s (1963) concept of “Standard Operating Procedures”. Routines, which are “patterned sequences of learned behavior involving multiple actors who are linked by relations of communication and/or authority” (Cohen and Bacdayan 1994: 554) have “an executable capability for repeated performance in some context that has been learned by an organization” (Cohen et al. 1996: 683). Organizational units can perform particular tasks on the basis of the stimuli they receive; so that collective actions are often outside the control of individual managers or those who partake in routines, since there are substantial inertial forces that canalize the activities and reactions of organizational participants.

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4 This problem becomes exacerbated by the natural propensity of organizations to “over-measure” particular items to provide stronger incentives for achieving divisional objectives and the natural propensity of actors to try to “play the system” (or just comply with it!) by behavior that meets the assessed criteria, but does not necessarily answer the underlying value-adding processes (Jacobides and Croson 2001). This leads to goal displacement, i.e. the tendency of sub-units to reify their partial goals often to the detriment of the organization as a whole, an important organizational pathology noted by Merton (1957) and Selznik (1957), but not studied in depth.
As Allison’s analysis demonstrated, much of the action in the Cuban missile crisis was delimited by the pre-existing set of capabilities and stimulus-response patterns inherent in the US and USSR governmental and military apparatus. The discussion of routines, though, unavoidably brings us back to the issue of structure: How does organizational structure, in terms of the division of labour and division of tasks between different organizational entities or sub-entities, affect routines? And how does it impact cognition and decision-making in organizations?

**Organizational Structure, Routines, Decisions and Action**

Organizational structure, as we saw, affects individual cognition to the extent that it provides the frames and templates through which individuals comprehend, examine, and cognitively react to their world. Thus the way each organization is structured shapes an ecology of different, distinct frames which exist at the level of the organizational sub-unit.\(^5\)

Organizational structure also affects organizational action through two distinct channels: First, through the provision of the templates upon which SOP’s and routines rest, i.e. the contours for collective, organized action, and the conditions that determine these inert patterns of collective behaviour. Second, through the determination of which individuals participate in particular decision-making processes, and as such to what extent individual views about the environment are translated into collective views that help shape the organizations’ course of action. While the former is intuitive and requires little explanation, the latter calls for a closer examination.

It is often the case that relevant information and the appropriate framing of a problem exists in the minds of individual organizational participants (Vaughan, 1996; Snook, 1997). The challenge is that such key members of an organization do not partake in the decision-making process, or are not involved in setting the course or helping trigger appropriate or rein in inappropriate routine organizational actions.\(^6\) So the question of who participates in both the sense-making and decision making process in the organization plays an important role; and as George (1972) notes, even the way

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\(^5\) Tolman (1948) argued that individuals use frames, which are *shared representations and information filters*, that assist “adaptive mapping” of their environment (Acha 2004; Kaplan 2004). Starbuck and Milliken (1988) observed that such frames and perceptual filters, necessary as they are, also lead to problems. As Dutton (1993) argues, they put an organization onto “automatic” diagnosis mode, creating cognitive shortcuts that help economize on conscious effort (Gavetti and Levinthal, 2001), but also creating blinders. While organizational scholars have studied frames, the focus has been at the level of the entire firm. I propose that over and above the frames of the whole organization, each organizational division has frames that define which parts of the environment will receive attention.

\(^6\) Previous studies have identified additional organizational pathologies that facilitate organizational failure. Vaughan (1996), for instance, in her review of the Challenger tragedy suggests that over time, there is a “normalization of deviance” from stated objectives and norms, which leads to increasingly problematic decisions. Snook (1997) in his examination of the “friendly fire” accident when US fighters shot down two US Black Hawk helicopters, documents the gradual dismantling of a well-functioning system as a result of “practical drift”, where local units become increasingly de-coupled from each other, which led to the appropriate information not to be used, and interactions between organizational units not to be managed. These issues, as we observe later in the paper, do not play an important role in our setting; we will, however, return to them in the discussion.
in which information is aggregated and presented, and who undertakes different roles, has an impact on what information is aired and what decisions can be taken.

This issue is also discussed, albeit in a different context, by Cohen et al (1972) in their “Garbage Can” model of organizational choice, where they argue that the composition of the committees that resolve problems affects an organization’s ability to arrive to, and the nature of decisions. Cohen et al’s (1972) focus was to consider how “organized anarchies”, i.e. organizations with ambiguous goals can come to decisions, in a highly stylized rendition. Yet their model clearly implies that different ways of structuring the organization (through contrasting “open access” to “specialization” and “hierarchical structure” with regards to how decision makers link to problems and choices) affects the ability of the organization to navigate in its environment and effectively tackle its challenges.

In the Garbage Can model, hierarchy is seen to play a role; yet it is described in a stylized manner, in the context of a simulation, and it consists of mapping “important choices” to “important decision makers” and “important problems” in a correspondence matrix. This is not surprising, as their paper focuses on different issues, and only tangentially tackles the role of hierarchy. Yet what is surprising, is that the role and nature of hierarchy have not been extensively discussed elsewhere. The following section, which contains this paper’s core theoretical contribution, explicitly considers the role of hierarchy and the way in which it can help redress the inherent limitations of the division of labour.

**The Role of Hierarchy: Redressing the Inherent Limits of the Division of Labour**

Organizations, as we saw, consist of many specialized sub-entities that attend to particular parts of their environment; but hierarchy, i.e. the entities or individuals (managers or politicians, or groups of managers or politicians) to whom the sub-entities report help redress these limits. They do so through three channels, of which the third is the most interesting to us, and least studied.

First, hierarchy allows to manage the interdependencies between the different sub-units that are not easily resolvable through direct interaction (cf. Thompson, 1967); it also allows to resolve issues by fiat, thus becoming an arbiter of intra-organizational dispute, balancing incentives at the sub-organizational level with the interests of the organization as a whole (Williamson, 1985). Relatedly, hierarchy has the power both to change the direction of an administration or an organization through substantive decisions on “what should be done”, or through asset allocation (Bower, 1976).

Second, hierarchy’s ability to take the role of the “organizational architect”, and devise new ways of breaking up the tasks, and new types of units provides the opportunity for a new set of “frames” to emerge. A new “decomposition”, a new structure leads to a new set of inputs to come through to the
organization, and for new views to be formed (see Simon, 1962; Jacobides, 2006).7 This is the “cybernetic control” function of hierarchy.

Third, there is another important role for hierarchy, and that is to provide real-time control of the organization’s routine mode of operation, at the level of both actions and cognition. Hierarchy, in principle, provides the ability of stepping in (a) to “block” routines that are not functional, and override the proposed or emerging course of action of a part of the organization; (b) to devise new ways in which organizations respond, working with the (oftentimes limited) repertoire of capabilities circumscribed by routines, to devise an appropriate organizational response; and, crucially, (c) to incorporate information which may not be evident to any of the organizational sub-units, but which is crucial to the function of the organization as a whole, and, as a consequence to “re-frame” what a problem is about. It is the latter function that enables hierarchy to exercise the former effectively.

The question, of course, arises: is it the case that those in hierarchical positions are more intelligent than others, so that they can overcome the boundedness that is so pervasive in other parts of the organization? The answer is - not necessarily so (and, many a cynic might add, not even generally so.) Rather, the structure of the organization is such that those in hierarchical positions are not encumbered with the more direct tasks of “running a division”. Instead, they reserve their cognitive capacities to focus on the appropriateness of routinized interventions, and to focus on the elements of the environment which are expected to be “missed out” given the existing division of labour and the organizational structure (and thus the biased, fragmentary perception that goes with it.)

To give a stylized example, the CEO of an organization does not need to know the functional details within organizational sub-divisions; neither does she need to understand the details of each individual choice made by the CFO and the Chief Marketing Officer. Precisely because she is not as involved in the particular issues pertaining to the organizations’ constituent parts, she focus on coordinating both units; and check whether the approach advocated by the CFO or the Marketing Officer is more appropriate for the organization as a whole. It may be that routines generated in the CFO’s office, or the Marketing Division need revision, or perhaps need to be overridden, as they might not be appropriate, when seen in context. Or, it may be that there is information about an evolution in the environment which cannot be appropriately “seen” or framed and comprehended by any of these two specialized units, but which transcends them: For instance, issues with “accounts payable” and with

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7 Of course, this abstract discussion of “hierarchy” should not distract us from the fact that it is individuals (whether senior managers or political leaders or public servants) who manage interdependencies, redesign organizations, and set directions. However, doing full justice to the ways in which hierarchy manifests itself in organizations, political or business ones alike, would be outside the scope of this paper. Suffice it to say that there are often limits imposed on those in “hierarchical positions” as for the exact leeway they have to engage in such activities; e.g., politicians can only undertake changes within the limits prescribed by the constitution and existing laws, and managers can only undertake changes within their mandate, provided either by even more senior managers, or by the company’s owners. In addition, one needs to consider what is the leeway of hierarchy in fact, as opposed to its mandate in principle.
“repeat customers” may both be due to failings on the Customer Relationship Management area, and
the CEO might need to direct the attention there, or even change the organizational structure and the
division of activities and responsibilities to create a new CRM unit.

Casual empiricism supports this view: much of a manager’s time consists of considering whether a
situation is handled appropriately from the organizational units to whom action is delegated,
coordinating and integrating insights from different units, all of which report to the same source of
hierarchy, and considering whether the existing frames to examine the world are functional or not. An
important operational implication is that hierarchy is based on “exception management” (see Simon,
1945), both at the level of actions and at the level of cognition. This is a key function of hierarchy—a
function which can be fulfilled in principle, though not always in practice.

The same principle applies to non-business organizations, including but not limited to government. To
wit, the Prime Minister or the President does not need to know the finer details of the defensive layout
of his country, or the rules of interaction in terms of international law. Yet he should be in a position
to assess whether a proposed reaction from the Navy will be appropriate for the country as a whole,
and whether the partial response from an organizational sub-unit may create a problem, so much so
that the “expected” stimulus-response patterns may need to be reined in through exception
management; and the capability of those in hierarchical position is to know how to be able to
implement their novel view (Allison and Zelikow, 1999: 230-242). An actor with a hierarchical
mandate should also move beyond the frames inherent in his organization, gathering, e.g., information
about broader issues pertaining to the relationship between his country and a potential rival, which
would not normally emerge from the different organizational or administrative sub-units.

To facilitate this key function of hierarchy, organizations often create dedicated structures. For
instance, there often is a support staff for those responsible for the hierarchical “re-composition” and
the critical evaluation of organizational response. Whether these are internal or external consultants, or
permanent staffers, their focus is to provide additional insights that would not naturally come up
through the existing administrative or organizational apparatus, but which could have substantial
implications for the organization as a whole. Also, there are also often structured modes of
deliberation (committees with a given composition) which act as safety-valves, to ensure that those in
positions of hierarchy are exposed to the manifold aspects of a problem; this ensures that the use of
the power to re-frame does not rest exclusively on the individual, ad hominem traits, but rather brings
in the relevant information because of a blueprint which has to be followed by those holding authority
(or so one would hope.)

8 George’s (1972) analysis of the potential structures for the US National Security Council, e.g., can be seen in this
light: George considers how the different potential structures of the NSC (one where debate happens first within
representatives of the various governmental agencies and staffers, and where a consensus view is presented to the
The New Interpretive Lens: Recap, Contribution to theory, and Empirical Application

To recap, building on political science, social psychology and organization theory, I argue that organizations, in order to reap the benefits from the division of labour, and in order to facilitate organizational participants to cope with cognitive complexity, create a set of different, partial, occasionally overlapping roles. Organizational structure, through creating a stable set of distinct units with different missions and objectives, unwittingly brings about a set of information filters that mediate the relationship between an organization and its environment, not only because it gives rise to a limited set of routines, but also because it imposes cognitive filters. This affects both search, and learning at both the individual and the collective level.

Hierarchy helps redress the inherent limits of such partial frames. In particular, it potentially facilitates the “re-composition” and reframing of the problem and incorporates sources of information and knowledge that either transcend, or move beyond the purview of the sub-organizational units. It also is entitled to rein in the routine responses of the organization, and define new responses where appropriate, working within the limits imposed by routines. Organizations also often have an infrastructure to support the exercise of hierarchy, e.g. by providing templates, staff, or rules that allow for a more robust means of critically revisiting organizational search and response.

To translate this into our empirical setting, the Greek Government consists of some key sets of actors. The Prime Minister, who is the party exercising authority, has a number of distinct administrative sub-units that report to him: The Ministry of Defense; the Ministry of Foreign Affairs; the National Intelligence Service (indirectly reporting through the Ministry of Defense); the Ministry of Maritime Affairs; etc. Within the Ministry of Defense, there exist the Joint Chiefs of Staff unit; and then the Army, the Navy, and the Air Force; etc. Each division has a specific role, and the same issues of “breaking up tasks” and of the use of hierarchy to re-aggregate them can be found in many different levels of analysis. In Greece, there was no specific mechanism that supported decision-making for the top leadership, like the US’s National Security Council; instead, a council of Ministers, as provided for in Greek legislation, called KYSEA, has the authority to vote and decide on issues of national security and Armed conflict. And in practice, a smaller, ad hoc group of key ministers was the one taking the critical decisions. (As we shall see, the lack of a structured mechanism to support the Prime Minister did influence the evolution of the crisis.)

On the basis of this information, and given that there was a host of effective politicians involved in handling the crisis (albeit in an ultimately disastrous way) a number of questions can be asked. First, President, vs. one where there is greater deliberation and disagreement where the President is called to opine after hearing the different perspectives) affects the quality of the decisions taken. This, I submit, represents different potential structures to support the President in his ability to reframe and perform exception management. The
did the organizational structure and divisionalization play a role in the unwitting escalation of this crisis? Second, were there options for the hierarchy to intervene and reframe the problem, and if so, why were they missed? And third, if this was indeed the case, why did this happen? How come hierarchy failed to play its role? All these are questions that we will ask as we critically revisit the crisis. Yet, before we do so, we first need to consider our story (and methods) in some greater detail.

**Our Empirical Context: The Near-War Between Greece and Turkey**

**The Crisis**

On January 31, 1996 Greece and Turkey narrowly avoided all-out war in their most dangerous bilateral crisis since the 1974 invasion of Cyprus. A dispute with Turkey over sovereignty of the barren and uninhabited islets of Imia and Akrogialia (also known as East (Big) and West (small) Imia accordingly) led the Greek government to escalate a crisis and risk a state of war – an outcome that Greece did not want. After all-night negotiations led by the US President, both countries retreated from the disputed area. However, later on February 1 questions over crucial decisions made by the Greek government began to mount. Barely three days after a new government had been greeted with great hope and expectations, the political scene had changed dramatically. The new premier, Prof. Simitis, and his senior cabinet members came under fierce attack from both wings of the opposition and his own party about how the crisis had been handled. The Chairman of the Joint Chiefs of Staff was dismissed, and an atmosphere of bitterness pervaded. Decisions made by the ad hoc Security Council on the days preceding January 31 were challenged. These decisions appeared to benefit no-one, and least of all those involved in the decision making.

How did this situation arise? Why did experienced politicians, members of one of the most technocratic Greek governments in recent years, later credited with Greece’s entry in the Eurozone and successful Olympic Games make such misguided decisions? What led to the escalation of a situation where a diplomatic solution would most likely have produced an endorsement of the Greek stance by the international community? How did routinized patterns of action affect the escalation? What was the role of organizational structure and hierarchy in producing such outcomes? And what lessons can we draw from this near disaster?

**Data and Methods**

*Methods.* This paper has an explicit underlying theoretical pre-conception that guides its grounded empirical investigation (Starbuck 1981). The theoretical framework, however, emerged and was refined as a result of the available evidence. Before proposing a new approach, I first consulted existing research on other crisis accounts, including Allison (1971) / Allison and Zelikow’s (1999) increasing, and often uncritical use of consultants, in companies and administrations alike, to help re-frame and re-evaluate courses of action can also be understood in this light.
analysis of the Cuban Missile Crisis; Neustadt and May’s (1986) historical accounts; Kramer’s (1998) discussion of VietNam and of the Bay of Pigs fiasco; Vaughan’s (1996) Challenger account; Snook’s (1997) friendly fire incident; and Weick’s (1993) Mann Gulch analysis, looking at differences and similarities in both settings and theory. Since no single approach offered a completely satisfactory account, I engaged in iteration between data and theory (Yin, 1994), using colleagues, other academics and journalists as commentators and devil’s advocates.

**Timeline.** This paper has been written over a period of 10 years. The first write-up occurred two months after the crisis, since I had followed its escalation in real time, and collected much material then. I then revised the paper on two occasions, as more data became available, in 1998, and then again in 2005. A further thorough re-write occurred in early 2006, incorporating a substantial amount of new material, published as a result of the 10 year anniversary of the crisis and the publication of the memoirs of Admiral Lymberis and PM Simitis. I thus took advantage of interest surrounding the 10 year anniversary, engaging in further interviews of participants in and observers of the crisis. I also compared notes compiled around the time of the crisis, with those taken 10 years later.

**Primary, Publicly Accessible Data.** Given the minimal cohesion of the decision-making group when the crisis occurred (the government had been in office for three days), and given the need for individual actors to be accountable for their actions and not to appear incompetent or self-interst seeking, most decision-makers gave unusually detailed accounts of what happened from the very first days of the crisis, thus reducing the danger of imputing intentions or assuming hidden agendas.

Whereas there was no formal protocol kept or notes from the meetings, reports from participants with widely varying agendas were remarkably convergent.

Specifically, I used a large number of interviews, participant reports, news coverage and commentary provided during and right after the crisis, as well as the minutes of the discussion that followed the crisis in the Greek Parliament. I also kept following the issue, and gathered material on Imia, as it would become available; a very substantial amount of material was gathered in 2005 and early 2006, including the memoirs of Lymberis (2005) and Simitis (2005). Books by key journalists (e.g. Kourkoulas, 1997; Pretenderis, 1996) and content analyses of press accounts (Gialouridis 1997; 2000) were also consulted, as were web-based news bulletins, as reported in references. I also analyzed special editions of newspapers and magazines, televised debates, two documentaries (*Mega TV*, Papahelas, 2004; *Antenna TV*, Tsimas, 2006), which included interviews with crisis participants on both the Greek and Turkish side, that were treated as source material.

**Secondary Reports.** I also consulted secondary material from academic sources, from an International Relations and Security perspective (e.g., Dipla et al. 1996; Dokos 1997; Dokos and Tsakonas, 2005, Platias, 1997; Mavridis and Fakiolas, 1999; Moutsoglou, 2000) as well as from the vantage point of
International Law (Athanasopoulos et al, 2001; Papadopoulos, 1999). During the papers’ final re-write, I also consulted an unpublished Report from the University of Macedonia (Vourvachaks and Moutafis, 1996) which had separately developed an hour-by-hour account of the crisis, which was consistent with my own.

**Information on Organizational Structures.** In addition to the information pertaining to the crisis itself, I also consulted a wide range of documents that describe the organizational structure of the Greek Military and Govermental apparatus. These documents, briefly described in the references include Presidential Decrees and Laws which define functions and units in the Government at large, the Ministries of Foreign Affairs and Defense the national Defense and Security Council, as well as publications on the organizational structure of the Administration pertaining to foreign policy (Dokos and Tsakonas, 2005; Gikas, 2002; Ioakeimidis, 2003; Stoforopoulos and Makrydimitris, 1997).

**Interviews and other Primary Data Collection.** I conducted a small number of interviews with senior officials, such as the then Director of the Coast Guard, Admiral Peloponnisios; a former Secretary General for Foreign Affairs (i.e. the chief Greek Diplomat); journalists involved in covering the crisis, and academics focusing on the Greek-Turkish relations (Foreign Affairs Minister Pangalos also commented on an early version). As the participants spoke under the strong proviso of not being on the record, I did not include any interview data; rather, on the basis of any clues or suggestions on what transpired, I tried to identify corroborating sources in the public domain.

**Non-Greek sources.** The literature search also included Turkish sources, official (Turkish Ministry of Foreign Affairs) and reports in the Turkish press, as well as segments of Turkish TV material on the Aegean crisis, dating both from the period of the crisis itself, and of the 10 year anniversary of the crisis. Interviews with individuals based in Istanbul complemented the Turkish archival research. In addition, I consulted reports from the US, including documents sent by President Clinton to relevant sub-committees in the US; and a report written by an author in the US College of Air War (Hickcock, 1998). In these sources, be they Turkish, US, or Greek, there seems to be considerable consensus about the nature and evolution of the crisis (even though each country’s sources differ as for the reading of the events, and as for who was in the role of the aggressor).

**Concluding Proviso.** This analysis is unavoidably partial as the problem is examined from the perspective of Greek officials in order to examine the impact of their decision making failures. Hence this analysis is not intended to be an impartial study of an IR problem, but rather an illustration of decision-making pathologies within an institutional environment, taking the Greek perspective and the failure on that side; this choice (and bias) also affected the data analysis process.

Before moving on to describe the framework and the crisis itself, some background is needed.
Background Information on a Near-War

Greece and Turkey have a long history of troubled relations. Since the Byzantine empire was swallowed up by the Ottoman empire in the 15th century, Greeks have sought autonomy, which they first gained in 1821. In 1921-22, Greece unsuccessfully launched an offensive to dispose permanently of the “Turkish threat”. Since 1922, relations between Greece and Turkey have shown little improvement. Pogroms against ethnic Greeks in Turkey in the ‘50s and ‘60s, and confiscation of Greek property in Turkey, are still vivid memories for the Greeks. The Turkish invasion of Cyprus in 1974, following a coup against the Cypriot government inspired by the Greek junta in power, and the resulting occupation of the part of the island, has been a constant source of friction. Also, violations of Greek airspace by Turkish military aircraft, and questioning Greek sovereign rights have reinforced the feeling that Greece is constantly under attack from the Turks. At the same time, the Turks have blamed the Greeks for obstructing Turkey’s relationships with Europe, and argue that the Greeks support the Kurd separatists, undermining Turkish sovereignty. They also feel that the Greek islands in the Aegean form a stranglehold around it (especially given that Greece threatens to claim the right to expand its territorial waters from 6 miles to 12), depriving Turkey of unhindered access to the Mediterranean, let alone access to the oil that is believed to be beneath the seabed. Although many disputes between Greece and Turkey have a local character, they always concern broader issues. Thus, Imia was important for Greece because it implicitly reopened debate over established treaties, and allowed the Turks to demand a renegotiation of what the Greeks saw as incontestable issues. In particular, it would de facto affect the sovereignty of 350 islets and rocks.9

At the end of 1995, Greece was in political transition and the gravely ill premier, Papandreou, was replaced on January 15, 1996, after considerable political friction. Costas Simitis won the resulting election by a narrow margin, with Defense Minister Arsenis the third runner-up. The new premier faced the challenge of keeping his party and his government under control, a difficult task considering the twenty-two years of party dominance by the flamboyant and charismatic Andreas Papandreou.10

Until the Imia crisis Simitis’s low-key, technocratic style had earned him great respect. At the same time, the political situation in Turkey was also not very stable. Following a marked rise by the Islamist party, the Prime Minister Tansu Ciller was not re-elected. During January 1996 she was a caretaker

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9 Several analysts have wondered that two countries could go to war over an islet “smaller than a football field” (The Irish Times, February 1, 1996), “smaller than the place de la Concorde” (Le Monde, January 31, 1996) and “smaller than the White House” (Richard Holbrooke). Yet the significance of the crisis for the stakeholders in both nations was much greater. In legal terms, the issue was not just the sovereignty of the islet, but the precedent set for other islets.

10 Prior to a tumultuous career in politics, which included three terms as prime minister despite substantial health problems and financial as well as domestic scandals, Prof. Papandreou, noted economist, was a pioneer in research on the theory of the firm. He was cited by Cyert and March (1963) for his important work on firms as political coalitions.
PM, and several analysts suggest that she tried to use the Imia crisis to boost her popularity by pandering to the nationalistic feelings\(^{11}\). The army also plays an important role in Turkish politics, where there seems to be substantial continuity in international policy-making.

A Crisis Unfolds

December 25, 1995: The Turkish merchant ship *Figen Akat* ran aground on the islet Imia (known to the Turks as “Kardak”). Imia lies 3.65 nautical miles (nm) off the Turkish coast, 2 nm away from the small Greek islet of Kalolimnos, and 5.5 nm from the relatively big Greek island of Kalymnos. Its captain initially rejects the Greek coastguard’s help, claiming he was in Turkish territorial waters.

December 28, 1995: The Greek tug *Matsas Star* helps refloat the *Figen Akat* which escorted it to the Turkish port of Gulluk. Admiral Peloponnisios, Commander of the Coastguard, informed the relevant Greek authorities of the incident, which, however was given no further publicity.

December 29, 1995: The Turkish Ministry of Foreign Affairs addressed a Verbal Note to the Greek Embassy in Ankara, asserting that Imia was part of Turkish territory. Although this was the first time that Turkey had openly laid claim to what was considered Greek territory, it did not receive prominence at diplomatic level.

January 10, 1996: The Greek Embassy in Ankara responds to Turkey’s Note of December 29 with a detailed Verbal Note to the Turkish Ministry of Foreign Affairs, rejecting Turkish claims to the islets. It argued that in 1932 Imia belonged to Italy which, in 1947, ceded them to Greece with the rest of the Dodecanese islands. Hence it was argued there was no legal ambiguity over Imia’s sovereignty.

January 20, 1996. The General Military Command, having been notified by the Greek Foreign Office about mounting concerns, sends a message requesting heightened attention in the area around Imia.

January 24, 1996: The Greek TV Channel Antenna airs a story on the diplomatic exchange on Imia, with a sensationalist tone. The issue is picked up, the following day, in the Turkish daily press.

January 25, 1996 ~13:30: the mayor of Kalymnos, apparently on his own initiative, plants the Greek flag on Imia with a few citizens and a local priest. This further fuels the media frenzy.

January 27, 1996 ~14:30: a group of Turkish men, ostensibly journalists from the Turkish daily *Hurriet*, flies to Imia, removing the Greek flag and replaces it with the Turkish one. The picture of the Turkish flag on the island would be the main story in the following day’s newspaper edition.

January 28, 1996. At 8:00, the Navy, which had sent two Greek vessels in the area, confirms the

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\(^{11}\) Despite efforts on Ciller’s part (such as proposing to her rival Yılmaz to alternate as premiers), Yılmaz was elected as premier in February 1996. His tenure was very short, and was succeeded by Erbakan, the Islamist leader, elected with Ciller’s support. In recognition of her shift in political stance, Ciller was appointed Minister of Foreign Affairs, a post she held for a few months. Yılmaz (with indirect support from the military, and poaching some of Ciller’s deputies), managed to overthrow Erbakan and form a secular government until 1998.
existence of the Turkish flag. The Chairman of JCS informs Defense Minister Arsenis, and recommends sending a boat with men to restore the Greek flag (the PM is reportedly notified later in the day). At 8:45, the instruction is given, and at 10:30 Greek armed forces replaces the Turkish flag with a Greek one, an event that attracted enormous attention in both the Greek and Turkish press. The Turkish Foreign Office does not initially condone the Hurriet action, but the Turkish military sends a limited amount of firepower, matching Greece’s. Seven Greek Navy Seals are sent to guard Imia.

January 29, 1996: Premier Simitis, while having decided in the Cabinet Meeting the de-escalation of the crisis, issues a statement with a sharp-tongued conclusion, reaffirming the position of his government. Ankara addresses a second Verbal Note to Greece, repeating its initial claim and requesting negotiations concerning the status of all the islands, islets and rocks, which, according to Turkey, were not “well determined”. Athens replied that Imia was Greek, that the signed treaties left no legal ambiguities, and hence that there was nothing to discuss. That afternoon, Ciller radically hardened the tone saying she would not tolerate the Greek flag, demanding it and Greek Navy Seals depart from Imia; she convenes a joint meeting of cabinet and military leadership.

January 30, 1996 ~0:30: Ciller meets with Turkish President Demirel; according to him, she proposed a military attack, and he suggested taking over the smaller, unguarded islet to avert an all-out war.

~ 3:00: The Navy detects Turkish warships in the disputed area and alerted the PM and the key ministers; orders are then given to push back any approaching Turkish vessel or aircraft.

~ 4.30: Foreign Affairs Minister Pangalos convened with the Secretary General and the Head of the Greek-Turkish Directorate in the Ministry of Foreign Affairs. At about the same time, Defense Minister Arsenis was in his ministry’s Operations Room meeting with top Military Officials. Orders were issued to shoot anyone approaching Imia, and the Armed Forces are set in high alert.

~ 11:00: The Greek fleet sails towards Imia. The press provides wide coverage; the Turkish press responds by heightening the tone. Greek Foreign Minister Theodore Pangalos asserted that under no circumstances would Greece remove its flag from the islet. At the diplomatic level, the escalation continues, and, after 16.00, the US called (by both parties) as a de facto mediating force.

~ 20:30: Defense Minister Arsenis, in a conference call with US Undersecretary Christopher Perry argues that the Turks had provoked the confrontation but offered to recall Greek ships and have commandos leave Imia if the Turks would recall their ships; he insisted, though, the Greek flag should remain on the islet. By that time, the entire Greek army had been mobilized, and adult males residing on nearby islands began receiving draft notices; both Greece and Turkey had amassed huge firepower in the region, and the Greek air force had repelled 14 Turkish violations of Greek air space.
~ 22:00: Perry, and US CJCS General John Shalikashvili, tell Arsenis that both the US and Turkey sought a de-escalation, but that Turkey would withdraw its forces only if the Greek flag was removed.

~ 23:00: US President Bill Clinton telephones Prime Minister Simitis to inform him that Turkish Prime Minister Ciller threatened to attack after midnight if the situation was not diffused. At roughly the same time, US Secretary of State Warren Christopher telephoned Greek Foreign Minister Pangalos initiating a night-long series of calls between Pangalos and the State Department’s Richard Holbrooke.

January 31, 1996 ~ 0:30. Simitis convenes Greece’s ad hoc national security council (small version of KYSEA, including the Foreign Affairs Minister, Defense Minister, National Economy Minister, Prime Minister, Chairman of JCS and PM’s advisers).

~ 1:30: ten Turkish commandos in speedboats land on the islet Akrogialia, opposite Imia, which is also contested by Turkey. Greece had no commandos there but its warships were within 400 meters. Holbrooke reported this event to the Greek Foreign Minister, although KYSEA did not receive confirmation from the Defense Ministry until nearly 4 a.m. Joint Chief of Staff Admiral Lymberis dispatches a reconnaissance helicopter to fly over Akrogialia. It was later learned that the helicopter had crashed and its three crewmen had been killed. Under pressure from Holbrooke, the Greek government considered the possibility of removing the flag. Holbrooke set 3:30 a.m. as the deadline.

~ 4:00: The KYSEA debated two possibilities. One involved bombing the occupied islet to kill the Turkish commandos, and the other involved sending special forces troops from the island of Kos to disarm and arrest the commandos. The second option received serious consideration after the JCS confirmed the Turkish landing. However, given that it required more than 2 hours to be organized, pursuing this option would have clearly led to a serious military confrontation, certainly in the Aegean, but also in Cyprus, where Turkish military equipment had been sent a few days earlier, and in Thrace (the land borders between Greece and Turkey) where forces were prepared for an attack. At 5.15, war appeared to be imminent, despite the mediation of the US.

~ 5:30: Eventually, a solution with the mediation of Holbrooke's is reached. Greece and Turkey opted for a compromise. The Greek government agreed to take down the flag, but later Simitis, Arsenis and Pangalos insisted that they retain the right to raise it again at any time, a claim that Turkey rejected. Both sides agreed that the situation would return to the status quo ante - interpreted by Greek officials as a positive outcome to the crisis, on the grounds that “nothing was ceded”, and as a victory by the Turks since Greeks had left taking their flag with them- which is what Turkey had demanded all along.
~ 8:30: The Greek commandos left Imia, taking the flag with them. Warships and troops from both countries distanced themselves from the region.

The Crisis is Over: Decision Makers in Desolation

In Greece, a feeling of defeat prevailed. The fleet returned with casualties; and they were beaten at Akrogialia. Sovereignty of an island to which Turkey had laid no territorial claims in the past was now clearly disputed, and the fleet had been ordered to retreat before it could react to a Turkish offensive. Those involved in the crisis were accused of being unable to make the right decisions. The ramifications for the stakeholders in this process were tremendous. Feelings towards the new premier changed dramatically. His unprecedented 80% popularity rating two days before the crisis, dropped to 36%. Just when many observers thought (or hoped) that Simitis could eliminate the old-style party politicking and control the governing PASOK party, he faced fierce opposition from within his government and party. Guarded optimism turned to skepticism, and the forces within PASOK became hard to control. Simitis and his cabinet (especially Foreign Minister Pangalos and Minister of Defense Arsenis) were accused of treason, although their intentions were not really questioned.

The Greek Press was practically unanimous in its condemnation of the crisis resolution. “Defeat and Humiliation”, deplored the daily *Apogevmatini*. “And now? What Do We Do if Turkey Strikes Again?” wondered the pro-government *Eleftherotypia*, whereas *Kathimerini* bitterly commented on “Small [leaders] in Vital Times: No-one Felt the Obligation to Resign After the National Defeat they Led Us Into”. The international press was not much kinder: “Greek Leader Already in Hot Water”, reported the *New York Times*, while *The Irish Times* commented, “Greek PM [barely] Survives Vote After ‘Backdown’”. The opposition was even more vehement: “The government proved its impotence and the danger of its policies. In such situations, prime ministers and ministers ...[should] commit hari-kiri”, said the leader of the conservative opposition Miltiadis Evert, while the head of the Political Spring party, Antonis Samaras commented “we have adopted a foreign policy which centers on getting smacked on the head”. Things did seem to have gone awry.

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12 At this point the Chairman of JCS Admiral Lymberis, tendered his resignation, due to the fact that the islet of Akrogialia was left unguarded, despite its obvious symbolic importance. The resignation was not accepted on the spot, but Lymberis was sacked by the PM eight days later.
The escalation and handling of the crisis represented failure for the actors involved. So what had gone wrong? What could account for the mistakes made by these otherwise able politicians and experienced decision-makers? The decision not to guard the island of Akrogialia (Easter Imia) might have been an operational mistake, which complicated negotiations. However, the major strategic mistake was that the Greek side escalated the crisis and, to quote Simitis, Greek decision makers mindlessly “took the Turkish bait.” The next section provides an organizational account of this faulty decision process.

**Explaining the Crisis: Existing and New Lenses**

**Decision-Makers Reflecting, Regretting, Rationalizing: The Puzzle**

“With such a tremendous accumulation of firepower in the area, a clash would have led to open war - not a battle, but an open war between Greece and Turkey,” Defense Minister Arsenis said, adding “The choice was between war with a huge cost in human life or a peaceful solution that safeguards all our interests. We will let the Greek people make the judgment.” “I’m stingy when it comes to spilling the blood of Greece’s youth”, said Foreign Minister Pangalos. “I’m not saying we shouldn’t give our blood for our country, but it has to be done carefully and only if every other possible solution has been eliminated.” Both were probably right. Two months later, when the initial shock was over, the polls showed a wide approval of the “no-war” policy. But if the objective was to avoid war by all means, why was the response escalated in a way that would lead Greece to the brink of war? Greek officials had received information about impending Turkish aggression, and knew that a war would not be as catastrophic for the Turkish side - or at least for their key decision-makers. If, as Susana Agnelli, Italian Foreign Minister, stated “the primary goal of the crisis [was] the strengthening of Tansu Ciller and her party which was defeated in the recent elections”, why was such an escalation mindlessly pursued from the Greek side, to the detriment of all involved?

Greek policy makers stripped themselves of other options that escalated the crisis and led to the militarization and the possibility of war. War was averted at the last moment by external intervention - or a humiliating retreat, thus opening a Pandora’s box forcing Greece to renegotiate its sovereignty in the Aegean. How can this be accounted for? In the following sections, we consider of different “interpretive lenses”, each of which sheds some light on the factors underpinning this crisis. In doing so, we investigate the factors that led to the failure of the decision-making process.

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13 The situation prompted the de facto adjudicating powers (the US and the EU) to find a pragmatic solution that avoided war, rather than an unbiased resolution of an international dispute. Greece’s escalation of events did not help its international standing- and it also did not allow it to capitalize on the Turkish nationalist rhetoric. Ciller, for instance, stated that “in our history, lives can be sacrificed, but not land”. This stance could have supported Greece’s national interests if it had not been for the “equal-distance policy” prompted by the near war. The minutes of the EU’s formal reaction (from the Council of Ministers and the European Parliament) attests to Greece’s political capital, which was wasted – or not even tapped – as a result of the crisis handling process. See European Parliament vote of 15/2/1996 (342 for, 21 against, 11 abstentions); and declaration of EU Council of Ministers of Foreign Affairs on 15/7/1996 (SN 3543/96).
so it becomes clear that interpretations of existing theory are incomplete, leaving open questions that focus on organizational structure and design, and on the (lack of) hierarchical intervention.

Organizational Escalation of Commitment: A Cause or an Effect?

It might be simple to conclude that the crisis was just another instance of a non-rational escalation of action, a phenomenon well-understood in the literature (Ross and Staw 1986; Staw and Ross 1987, Bazerman et al 1984; Bazerman 1990). That literature examines why individuals continue to stick to a wrong course of action, even when faced with evidence that its outcome may be ultimately detrimental. The simplest application of the escalation literature is to consider each country as a unitary actor (Allison, 1971). We could argue that “Athens” believed that “Ankara” should not be allowed to get away with provocation. In non-rational escalation, placing an ever “higher bid” (i.e. being more adamant and tough) is uncritically seen as the only way out. Some evidence might be marshaled to support such a view. On January 28, Foreign Minister Pangalos told a TV reporter: “I am worried about [the Turkish offensive in] Imia... we must insist on our rights. I am sure that recent events have shown that those who advocate talks with Turkey on all issues are wrong.” Escalation was mounting. On January 29, 1996, Premier Simitis officially stated: “To any aggressive nationalism Greece’s response will be strong, direct, and effective. Greece has the means and will not hesitate to use them. Greece will accept absolutely no dispute regarding its sovereign rights.” Obviously, the implied recourse to the use of arms was used to signal Greece’s commitment, rather than being a credible and calculated possibility. Yet Turkey soon took advantage of the Greek aggression, and escalated demands by essentially claiming rights on all the frontier islets, and by amassing its fleet. Greece considered it had “no choice.” Indeed, retreating then could have damaged both Greece’s bargaining position, and the image of the newly formed Greek government. But, there were ways to save face and de-escalate the crisis. Greece could have focused on Turkish aggression and sought legal involvement of a third party (and then president of the EU), Italy. Greece, however, dug itself in even deeper but choosing either an unwanted war, or a distasteful and unpopular retreat.

That said, the escalation seemed to result from some important underlying processes: What and who, in particular, were driving it? What were the factors underpinning the dynamics? As Staw and Ross note, “[an] issue plaguing escalation research is the reliance on laboratory thinking” (1987: 42). In this case, the decision resulted from interactions between players from different organizational sub-groups. More important, our case fails to support a necessary ingredient of escalation, the unambiguous upfront cost (Staw and Ross 1987: 40), which explains why several decision-makers insist on a mistaken course of action. The Greek premier never quite invested in the military option,

14 In addition to a “unitary non-rational actor”, we could also apply game theory, to rationalize the war on the basis of a “critical realist” unitary-actor approach (see Evaghorou, 2004). However, such an approach would seem hard to
and his ex post facto public thanks to Richard Holbrooke and Bill Clinton for helping to avert a war serves as a potent counter-argument to suggestions that he was trying to enhance his image and toughness all along. Retreating from military confrontation to diplomatic negotiations incurred no direct cost, and the militarization of the crisis happened without much planning. Furthermore, as a matter of methodology, we should resist the temptation to impute feelings, behaviors and intentions to a body of decision-makers who did not act and could not behave as an entity. We thus need to move to the organizational level to look for an explanation.

**Groupthink, Legitimized Deviance, and Practical Drift**

A possibility we need to consider is whether the escalation was the result of “Groupthink” (Janis, 1971), i.e. that nobody wanted to utter the unpleasant truth to a socially cohesive group, in order not to break the norms and be disruptive. Yet this also appeared not to be the case; there was no evidence of individuals holding off, and not bringing up information, neither was there a norm of cohesion (cf. Kramer, 1998). The next question is whether there was, like in the case of the Challenger disaster, a process that legitimized “deviance”, in that it allowed for the disregard of crucial information, or increasingly tolerated behaviors that were ultimately disastrous (Vaughan 1996). This, too, does not appear to be plausible in our setting: The decisions made did not, as in the Challenger case, disregard or discount important data, because the organization was able to “look the other way” with regards to some of its obligations.

Yet could this still be the result of a gradual set of processes where things gradually “drift apart” within an organization? In his fascinating account of the accidental shooting of two Black Hawk helicopters in Iraq from friendly fire, Snook (1997) shows how over time, SOP’s become “adapted” to the local context, and how routines develop that circumvent the checks and balances put in place by organizational designers. Yet there does not seem to be any “practical drift”; there were no SOP’s that were disregarded, or any cases whereby the process of “adapting locally” led to the war; the issue was that escalation emerged through acts of omission and commission from the Government.

If group dynamics or practical drift was not important, could it be that the escalation of commitment was due to the quest of power from different parts of the governmental apparatus? Or was jockeying for position between key decision-makers at fault?

**Bureaucratic Politics, Political Constraints, the Press, and Escalation**

In his book on the Cuban missile crisis, Allison (1971) documents how we were nearly thrust into a nuclear war, and suggests that to understand such confrontations we need to apply increasingly deeper levels of analysis. He suggests that we shift from the “rational [unitary] actor” (actions undertaken by justify, at least as for the Greek side; the critical issue here is that if Greece had not escalated the confrontation, it is almost certain that it would have been better off, a unanimous view of almost all those who looked into the crisis.
"states" or "governments", that have aggregate "desires" and "plans" and can be assumed to act rationally); to the "organizational process", which considers bureaucratic structures (acknowledging that each "state" or "government" consists of a series of organizational and bureaucratic units, and that SOPs and rules that affect the outcome, overriding the objectives of individuals involved); to the "bureaucratic (governmental) politics" model, which acknowledges that individuals have political objectives and that they will steer the departments that they control in ways that maximize their influence over the entire government or organization.

First, let us consider the "bureaucratic politics" model, which suggests that policy can be explained through the analysis of the struggle of different departments in an administration for control of the agenda. In this case, we did not have a clear-cut juxtaposition of hawks (usually associated with the military) and "doves" (usually originating in the Foreign Office). The policy emerged without much debate, through the partial reactions of the different entities, each of which was responding to its own stimuli; there was no conscious effort of one department to "win the debate" and emerge victorious, and neither in the press accounts, nor in the memoirs of any of the participants is there evidence of such inter-governmental struggle. A notable element might be the stance of Foreign Affairs Secretary Pangalos, who, while keen to avoid war, adopted a fairly aggressive tone and did not try to veto the escalation of the crisis; in that sense, he was not a stereotypical Foreign Affairs Minister.

To appreciate the reasons for this, we should consider the role of individuals, their background and agendas (see Halperin, 1974: 84; Neustadt and May, 1986). First, recall that the government had been sworn in only three days before the crisis became public, and there was a general desire to make a "good impression" in terms of the handling of the crisis. Second, note that Theodore Pangalos, grandson of General Theodore Pangalos, a noted military and politician of the 1920’s, had not previously served in the Foreign Office, and had a reputation for being hard-spoken; he was also unlikely to have created strong working relations with the career diplomats who were following the crisis; in other words, or be sufficiently "in the skin" of his role. And third, Defense Minister Arsenis had been recently defeated by Premier Simitis for the Premiership, and as such the PM would be hesitant to appear to override his defeated rival, by blocking military action. Yet these political issues have to do with the exercise of hierarchy, which we will return to shortly, as opposed to the "bureaucratic politics" as described by Allison. So, was there any politicking that affected the crisis?

The Greek daily press (around the time of the crisis) and a number of publications and specialized reports (after the crisis) scrutinized every action of the office-holders where political interests might have overtaken national security imperatives. The opposition added their criticism about the way the government handled the crisis, and tried to prove, both in the Parliamentary debate and through the discussions in the press, that there were hidden agendas behind some key mistakes. However, despite the rhetoric, there do not appear to have been any blatantly self-interested decisions that proved
detrimental to the nation (*To Vima*, February 4: A2-14; February 11: A4-A12; *Kathimerini*, February 1-4, 1996; *Odyssey*, January-February 1996; Pretenderis, 1996; Tsiplakos, 2006; Madras, 2005: 355-414; Dokos and Tsakonas, 2005: 257-274). Yet what was undoubtedly an important element in the crisis, was the lack of coordination and leadership, to which we will return, and the role of the press (Giallouridis, 2000; Madras, 2005).

This crisis was essentially created, and undoubtedly magnified by the press. The news on the existence of a dispute was aired by Greek Antenna TV; this was then taken up by Turkish newspapers; the Greek flag was substituted by a Turkish one by reporters of the Turkish daily Hurriet. So the events that led to the militarization were all driven by the press. More important, politicians, especially in the Greek side, were responding to the press, in a fairly myopic fashion.

Defense Minister Arsenis, who had earned respect as Minister of Defense in the previous two years under Papandreou, and had started employing military diplomacy in the Balkans, felt the need to show that the Greek armed forces could protect Greek rights – an expected reaction for a Defense Minister, well in tune with his role. Pangalos had found an opportunity to prove his mettle; indeed, he was the last to join the dramatic meeting the night of the 31st of January as he was in a live show in Mega TV channel, talking about the crisis. More consequentially, Premier Simitis’s strongly worded statement, on the morning of January 29th, despite his decision that de-escalation was needed, was what allowed for the hardening of the Turkish position. Apparently, the PM wanted to be seen as strong, even while he had decided to pursue de-escalation. As a close collaborator of Premier Simitis told a Vima reporter (February 4: A7) the Premier and his entourage were increasingly aware of the media perception that he was “being too mild” in handling the crisis.

These responses to the press were highly “localized”; politicians adopted a “knee-jerk” reaction to the press, and this was not part of a conscious effort to create a public image – although the PM had asked his Ministers to “avoid inflammatory statements” (Simitis, 2005; Lymberis, 2005). The hardening was likely to be the result of the Prime Minister having neither fully considered framing the crisis, nor its repercussions. On February 2nd, he publicly expressed gratitude to the US President for his mediation, that many saw as a public display of humility and subservience, which was considered a very “un-Greek” and was ridiculed by the press (*Odyssey* 1996; Giallouridis, 2000; Madras, 2005), and disparaged by other participants (Lymberis, 2005). If displaying toughness was indeed the objective, Simitis would have avoided such an unnecessary ex post facto public display of humility. This fragmentary response, and the lack of obvious jockeying for political supremacy bring us back full circle to where we began: The role of divisionalization and the lack of hierarchical intervention.

**How Organizational Structure and Hierarchy Contributed to the Near-War**

**Sequential Responses: How Fragmentary Reactions Shaped the Setting**
To consider how the crisis escalated, it is instructive to look at who took decisions at different points in time. Up until January 24th, the crisis was an affair that had not received much attention; it was the mediatization that ensued that heightened its profile. The first inflammatory action was hoisting the Greek flag; but this was not done by the Greek government, but rather by the nationalist mayor of Kalymnos, M Diakomanolis, who, when asked if he had taken any permission, replied “I did not ask for neither needed one, since Imia is part of my municipality”. More important, on January 27th, it was a group of Turkish reporters, on board a private helicopter, who produced the sensationalist hoisting of the Turkish flag. At that time, the Turkish undersecretary had distanced himself from the action; as the Editor-in-Chief of the newspaper mentioned, he received a very stern call from Undersecretary Batu, who, in the same issue of Hurriet where the picture of the flag was put up, disapproved of Hurriet’s action stating that “we cannot have a ‘war of flags’…Turkey believes that a diplomatic solution must be found by peaceful means”. At that point, the crisis was not militarized; and the Greek side could have asked for a clarification from the Italians, who were both the adjudicating power (since they had been ceded that area from Turkey in 1923, before ceding it back to Greece in 1947) and, more important, held the Presidency of the European Union. And, as it was evident after the crisis, Italy had a clear view on the matter, which would have allowed Greece to fend off Turkish claims, and also create a precedent to its advantage, arguing Greece had been aggressed.

What transpired, however, was very different: After the presence of the Turkish flag on Imia was verified, members of the Greek destroyer Panagopoulos took the Turkish flag down. As Panagopoulos did not have a spare flag, the Commander of Naval Forces located ship Antoniou, which did, and notified Admiral Lymberis of his intentions to raise the Greek flag. Lymberis agreed15, and then informed Defense Minister Arsenis. In a stroke, the crisis was militarized. Later in the afternoon, Arsenis, somewhat reluctantly, also agrees to sending the Navy Seals on Imia.

Another detail worth noting is that from the 28th of January, the Coast Guard was ordered to cede its place to the Navy. Yet while there is little doubt that the Navy was better equipped to mount a surveillance operation and ensure the area was protected, there was a key difference between the two: The coastguard is a “police force”, which means that even a skirmish and exchange of fire is not considered an act of national aggression. Yet even one bullet being shot from one Navy onto another is considered a casus belli, sufficient justification for war. So belittling the role of the Coast Guard, well before it exhausted its operational capabilities, for all its operational advantages (that arguably weighed in Lymberis’s mind), was another thoughtless act moving up the path of militarization.

On the diplomatic front, an unwitting escalation also took place. Just after the replacement of the

15 In his memoirs, Admiral Lymberis argues that he then sought to find the Commander of Antoniou, to ask him to find a civilian to hoist the flag; but he argues that “because of time shortage and a communication failure, I did not manage to get in touch with him [and as such, Greek Sailors from Antoniou hoisted the Greek flag].” (2004: 559)
Turkish flag with the Greek one, Undersecretary Baku stated late on January 28th that “the Turkish government…would tolerate the Greek flag but it could not see how [this] would contribute [to the resolution of this issue or Greek-Turkish relations at large]”; while Turkey continued its claims, and while firepower was amassing on its side, it had not hardened its position. The change in tone started with the Greek side. On January 29th, Greek politicians, including the PM, were confronted with the media frenzy about the incident. Accordingly, the tone of the statements hardened as a direct response to the need to satisfy the media, despite the fact that de-escalation had been decided substantively. As Kourkoulas reports, “the question that Ankara [even in the most moderate circles] was trying to answer was why the Greek government was escalating its actions and statements” (1997: 40). Yet this hardening tone, and the increased media attention in Turkey was what ostensibly pushed Ciller to dramatically change her position, demand that the Greek flag (and Navy Seals) be removed, and expand her claims on what Greeks considered their territory. The crisis had been irrevocably escalated; and from then onwards, preparations for war started on both sides.16

The crisis, then, emerged from a series of partial, path-dependent responses, each making things increasingly more difficult and less manageable for the Greek side. But, why so? And, how come the Greek side lost the opportunity to capitalize on the Italian position, and its EU membership, by having the Mayor of Kalymnos or some other locals hoist a European Flag, or both a Greek and European flag, thereby forcing Turkey to renounce on its claims, implicitly activating the Article 227 of the EU’s Treaty of Rome on borders? To answer this, I argue that we need both elements of the proposed interpretive lens: First, an understanding of the boundedness, and of the “local” character of the frames of the key decision-makers; and second, an understanding of the conspicuous lack of hierarchical intervention, itself due to a good many reasons.

Division of Labour, Compartmentalization, and Local Frames

The first factor driving the crisis was the application of stimuli-response patterns relating to the Greek-Turkish problems (Nelson and Winter 1982; Winter 1988), and the existence of local frames and filters, that gave sense to the information from different parts of the organization. This can be seen in the three key steps of this escalation: First, in the unwitting militarization of the crisis through having a Greek warship personnel hoist down the Turkish flag and replace it with the Greek one (and the subsequent guarding of the flag with Navy Seals) on January 27th; second, in the verbal hardening of the stance from Simitis, despite the decision to de-escalate, on January 29th; and in third, the mass exodus of the fleet under press coverage, which led to a true war ambiance on January 30th.

16 Much of the discussion in the Greek press, in the memoirs of the participants, and in academic analyses of the crisis has focused on the reasons for which Akrogiali was left unguarded; why the Greek helicopter fell; and what led to the loss of tactical advantage. Yet the true shortcoming, was the militarization of the crisis itself.
The first incident is easy to interpret. Following the publication of the *Hurriet* picture, the Commander of the Navy thought that it fell upon himself to provide a clear solution: Restore the national symbol, which is an essential element for any military leader. And as far as he was concerned, this was a task for him to tackle: It was about protecting Greek soil from a Turkish incursion. Now the fact that the “Turkish incursion” was made by reporters; the fact that this was not (initially) condoned by the Turkish Foreign Affairs Ministry; the fact that Greece could point to this incident as an example of Turkish aggression, thus helping Greek positions; and the fact that it was in Greece’s national interests to avoid any militarization were all outside his purview. They are not parts of the environment that he is attuned to; and neither was his superior commanding officer, the CICS, Admiral Lymberis, focused on “such details”. The mission of the Armed Forces, after all, is to protect sovereignty, and fend off “attacks” such as these. The Navy was both exercising a familiar routine (“get the aggressors out, reclaim the territory the enemy has temporarily seized”); and the individuals within the military were viewing the parts of the environment they deemed relevant given their position. As Admiral Lymberis put it in his memoirs (2005: 559) “we had, in 1995, a scenario in our crisis handling handbook about an invasion on uninhabited islets; this provided for recapturing the islet, taking off the foreign flag, and hoisting the Greek flag…[also, there was no clear policy to respond to this provocation]…if the politicians wanted a policy, they could have articulated it. What did they expect out of an officer? Not to be outraged and keep his calm on the sight of having his flag taken down and seeing the Turkish one?” Given the division of labour, and the tasks assigned to the military, this framing was not unexpected. Neither was the concomitant routine that was “fired off”.

Second, consider the hardening of the stance by Simitis. By January 29th, the media was in a frenzied state, and nationalism was running rampant on both sides of the Aegean. Simitis was used to his role as a politician and senior Minister, had no direct experience in Foreign Affairs, Defense, or Prime Ministerial duties. While in his memoirs he stresses his position in terms of de-escalating the crisis (Simitis, 2005), on that day his role as a politician took over, satisfying the press and national opinion by showing stern command. Yet at the same time, he was unwittingly framing this issue as a direct confrontation; he was implicitly identifying “what this was about”, using his hierarchical mandate. Foreign Affairs Minister Pangalos also fell prey to a similar unwitting framing of this as a confrontation, despite his desire not to escalate (Lymberis, 2005; Simitis, 2005). While familiar with international issues, Pangalos had not been in a position of power in that ministry, and had not gotten the time to acquire the reflexes of caution that accompany the job; he was taking the role of the

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17 To give a sense of the media frenzy, Turkish channel *Star TV*, having been beaten by rival *Channel D* in the broadcast of Akrogialia islet (*D* broadcast it almost 3 hours before the Greek KYSEA was able to confirm this by itself) it “created” on January 31st, an entirely fictitious incident where Turks were seen taking down a Greek flag and replacing it with a Turkish one (which was a scene created entirely on the Turkish mainland); it also used video of an old military exercise to “dress up” the crisis story. Greek media, while not as gutsy in fabricating events, were
politician, without fully appreciating what this framing would do, and possibly “under-representing” the views from the Foreign Office, while putting weight on political stance (cf. Kramer, 1998).

Third, the fact that the vast majority of the fleet sailed towards Imia on the 30th of January was the concluding part of the drama. Sure enough, one could argue that by that time, there was little choice but to provide adequate firepower to counter-balance a potential Turkish threat. But was the issue to maintain a tactical advantage? Admiral Lymberis makes it clear that gaining tactical supremacy was his guiding principle, and that his interest was to ensure that the Greeks would maintain an advantage after a confrontation. As he notes (2005: 539; 556; 573-5), “as a CJCS I have always argued for the need to have the first strike… that evening, we had tactical superiority in terms of naval forces (position, fire-power, morale, readiness) and in air-strike preparedness… we had the upper hand [both in the Aegean, and in Thrace, in the land frontier with Turkey]”. The evening of the 30th of January, he told the senior officers in the Command Centre “we are very close to confrontation. Prepare for war. I declare a condition of preparedness for surprise attack” (Madras, 2005: 372). Indeed, it is very likely that he left Akrogialia unguarded because he was focusing on ensuring that he gets a tactical advantage. His focus was the looming confrontation. For the same reason he criticized (along with the majority of the Greek press) Premier Simitis for not running the crisis meeting from the Operations Room in the Greek Pentagon. The focus in the Army was simple: Win a tactical confrontation; suffer fewer damages than the opponent; end up being considered the superior army. And while Simitis’s insistence to have the crisis meeting in his Parliamentary office might have been a step in the right direction (in the sense that his focus was not on winning the war), it was not sufficient. Because the real failure was that he had not reined in what was an entirely expected set of responses from his own administrative apparatus.

The Conspicuous Lack of Hierarchy

This crisis, much like the Pig of Bays fiasco (see Kramer, 1998), was characterized by an administration that had not had the time to work properly, and by an inexperienced Prime Minister. As Pretenderis (1996: 153), a respected journalist notes, from beginning to end “there was no unified, consistent view in the various ministries, there was no clarity and confidence in handling the crisis… there was no understanding of the real balance of power, interrelationships and options.” And as Dokos and Tsakonas (2005: 261-2) argue, Simitis “lacked experience, and was busy putting together his government… there was no integrated plan, but rather some fragmentary, partial measures were authorized”. So, even more than in the Pig of Bays instance, this shows what could have been done, but was not. Thankfully, the failures here are clear enough not to require recourse to extensive counter-factual thinking.

certainly keen to increase their viewing rates by dramatizing and inflammatory reporting (Pretenderis, 1996; Giallouridis, 2000).
Like in many a crisis, the requisite information on the potential problems did exist in the administration. It was a known fact that Turkey was in a crisis period, and that escalation would have provided with a welcome opportunity for Ciller to be proven decisive; a very different situation to Simitis’s comfortable pre-crisis position. It was also not too difficult to see that a confrontation over an issue where the Greeks felt confident of their international legal and political standing was to be avoided; this crisis could have been turned to the advantage of Greece.

Also, the dangers of having the Navy hoist the flag, or substituting the Coast Guard with the Navy were evident. While such “local” actions were entirely understandable in isolation, if one took the perspective of the country as a whole, then they should simply not have been allowed to be turned into actions. The government, and the PM were conspicuous by their absence: Both the Defense Minister and the PM should not have allowed for a military unit to hoist the flag. After the crisis, of course, Defense Minister accused the Navy for a folly, for an excessive zeal. Yet Admiral Lymberis’s response on hoisting the flag seems plausible: “when a Defense Secretary disagrees with the Commander of the Navy, he overturns his proposal; else, he [de facto] accepts it, whatever the results this action” (Lymberis, 2005: 559). Fair enough: Hierarchy exists to overturn whatever routine responses have been inappropriately initiated.

Yet the role of hierarchy goes beyond the exception management in terms of overcoming routinized responses and actions; it also refers to the need to initiate a frame that does not naturally emerge from the constituent parts of the organization: The PM should have detected that the Turkish “invasion” was not really an “invasion”, but an opportunity for Greece to use the planted flag incident to either ask for Turkey to rescind; or to seek a solution which would create a positive fait accompli. And, even if conspiracy theorists who argue that this was not clearly a set of “innocent reporters” initiating the event were right, this was no military challenge. And it most certainly was no opportunity to provide media-friendly national fervor. The role of hierarchy is to be able to transcend such (expected) frames, and to be able to consider “what a situation is about”; what are its key dimensions; and how this can affect the country as a whole.

The inability to provide the appropriate framing in this incident might also have been due to the fact that the PM was not intimately familiar with these organizational inertial forces, and as such could not place the different types of recommendations in perspectives. He did not, for instance, understand why the military would surely argue for replacing the flag, and he did not immediately recommend halting such an action. Likewise, he did not appreciate that a key part of the relevant information, which would originate in the Foreign Office, because of the current conditions and the fact Pangalos was new on the job, would not come his way, loud and clear. Moreover, there was no-one who was looking at the overall strategy, and at the potential resolution of the crisis.
The crisis, then, was largely driven by hierarchy’s inability to fulfill its role in terms of stopping routine responses and devising new ones; in terms of understanding the inherent limitations, and partial frames of the situation that would emerge; and in terms of being able to re-frame problems, in ways that transcend (or at least combine) the views expressed by organizational participants. It fell prey to the inherent limits of the existing division of labour.

**Explaining the Void: Why Hierarchy Failed to Play its Role**

Of course, it is always easy to criticize those who make choices under uncertainty, ambiguity, and often duress. But it would be more productive to identify the reasons for which hierarchy failed. In our case, there appear to be two major drivers.

First, the lack of experience of the PM, and of the governmental team meant that they were not comfortable in re-framing and managing such a complicated and multifaceted issue. Their limited understanding of the inherent bias, organizational routines and reflexes (Simitis was broadly reported to be fairly uncomfortable with the Military in general, a point that Lymberis notes in his memoirs) meant that they were not able to control their administration effectively. Both Simitis and Arsenis, for instance, ordered Admiral Lymberis to ensure that we avoid any hostility, since the early days of the crisis. Yet at the same time, as the then Military Commander of the Aegean remarked, Greeks “were doing everything you’d expect if we wanted to escalate!” The problem was that the requisite routines were not blocked. Intentions for action meant precious little; the organization was carried by its own inertia and frames.18

Second, there was no mechanism to help the effective function of hierarchy, no real administrative apparatus or mechanism to address crises. As Dokos and Tsakonas (2005: 261) note, “decisions were taken largely through a two way communication (PM-Defense Minister or PM-Foreign Affairs minister) without a timely effort to coordinate activities”. Surprisingly, the “small KYSEA”, i.e. the body that handled this crisis, was not supported through staff; neither was there any set of organized meetings to cope with the crisis as it developed. The only existing institutional (and physical) infrastructure consisted of the National Centre for Crisis Handling of the Ministry of Defense, which, however, was a purely tactical unit, employed by military personnel in times of national emergencies; it was, in essence, the operational command centre, and for that reason Premier Simitis preferred not to manage the crisis from such a military / tactical command centre. While undoubtedly the Imia issue was discussed in both the broad Cabinet meetings, and in smaller groupings, none of them was

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18 In that regard, a careful re-reading of Allison (1971; see Allison and Zelikow, 1999: 230-242) would suggest that part of the success of Kennedy in dealing with the Cuban Missile crisis was that he fully appreciated these limits. Kennedy had shown a very keen interest in checking the operational details of how his orders would be translated; he showed a remarkable ability to understand the difficulties in implementation. This, and his keen understanding of the frames and distortions in information coming from different parts of the administration seem to constitute the difference between handling the Cuba crisis and the Bay of Pigs fiasco (see Neustadt and May, 1986).
systematic or included a formal assessment of the options or scenarios that could develop (cf. Dokos and Tsakonas, 2005, esp 262-5, and Mavridis and Fakiolas, 1999.)

The lack of any set structure arguably led to the inertial, fragmented responses, and in particular led to the lack of careful management of the media, which was an important component in the crisis. This points to the crucial role of administrative structures, such as the US’s National Security Council, where different participants are ascribed particular roles and who provide the relevant information --as well as an opportunity to approach the issue as a whole, rather than in the fragmentary, partial views that emerge naturally through organizational inertia.

**Discussion: What this Means for our Understanding of Organizations**

The preceding analysis highlighted the role of excessive divisionalization, and articulated the role of hierarchy, conspicuous through its absence. While this can help revisit successful and unsuccessful crisis handling (see, e.g. Neustadt and May, 1986), it also opens up a set of theoretical issues that are neither limited to crises, nor to administrations: Rather, they applies to any organizational setting where labour is divided, and where sub-units are managed through hierarchical intervention.

**From the Military and Government to Business Firms: Towards a Dynamic View of Design**

Political Scientists and students of international crises have extended considerable effort to understand how different units within an administration (and the military) see the same issue in a different way, and how each tries to impose their own views (Allison, 1971; Halperin, 1974). Also, pioneering work such as Neustadt’s (1960) analysis of Presidential Power has considered how, given the inherent limitations, a President would best exercise his power. Yet in much of this research, the structure of the environment is taken as a given. Organizational Theorists (OT), on the other hand, consider

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19 Only in 1998 was an explicit provision made for organizational infrastructure to support effective crisis handling. Law 2594/1998 instituted a Centre of Analysis and Planning (CAP), and the Mixed Unit for Crisis Handling (MUCH) both of which report directly to the Foreign Office Minister. The latter is supposed to include representatives of the Defense Ministry, the National Intelligence Service, the Ministry for Press and Mass Media, the National Economy Ministry, and the Public Order Ministry. Regrettably, MUCH was never really instituted, whereas CAP is apparently under-functioning. As Dokos and Tsakonas (2005: 215), who participated in this design, argue, this necessary institutional re-design has fallen prey to organizational resistance and politics. Apparently each part of the administration wants to maintain its sovereignty, and no Greek government has had the courage to challenge these routines, to facilitate its very own role! Within the Ministry of Defense, Presidential Decree 157/1998 provides for a Directorate of Strategic Studies, which consists of a Studies Unit and a Strategic Information unit, aimed at collecting and evaluating information that could be useful in the prevention or response to a potential or current crisis; the unit reports directly to the Defense Minister. Finally, and partly as a response coordination challenges for the Greek forces serving in Kossovo, the Minister of Defense and the Foreign Office Minister, with a joint Decree on 10/2/02 instituted a “Mixed Cooperation Committee” to coordinate military and international relations issues. Reportedly, this committee has been mothballed by the new Greek government which took office in 2004; see Dokos and Tsakonas (2005), esp. 195-222, and Gikas (2002). A consultative body, the National Council of Foreign Policy, was also instituted in April 2003; that body includes opposition representatives, and its main objective is to reduce political friction in designing foreign policy; however, this council does not have the mandate to handle crises – see Law 3132/2003. Still, the surprising disinterest to the organizational infrastructure that can facilitate hierarchical decision-making, and the limited effort to redress the inherent limitations divisionalization should be of concern to Greeks, and suggest a chilling lack of learning from mistakes (Neustadt and May, 1986).
organizational design, including the way in which labour is divided, as a variable. However, perhaps due to the dearth of data, they have been relatively silent on how divisionalization affects the search and response of an organization, and how hierarchy can be used. So there seems to be an obvious opportunity for gains from trade. This paper is an effort in this direction, which also points to the similarity of the problems that military and business (or non-for-profit) organizations face.

This has implications for research in OT. It suggests that rather than looking at frames that emerge at the level of the organization as a whole (Daft and Weick, 1984; Dutton, 1993; Dutton and Dukerich, 1991; Occasio, 1997), we may want to consider frames at the level of the sub-unit (e.g., at the level of the Ministry of Defense vs. the Foreign Office; at the level of the Marketing vs. Finance Division). This implies that organizational structure and divisionalization mediates the relationship of an organization with its environment.

In terms of the research on Organization Design, this approach indicates that we need to move beyond the analysis of the interactions between units in an organization (Thompson, 1967), or between different “modules” (Baldwin and Clark, 2000), or different choices in an organization (Levinthal and Siggelkow, 2003). We must take the impact of divisionalization on the search behaviour seriously, and study in greater detail how the division of labour implicit in the organization leads to a “cognitive architecture”; how divisionalization shapes search and how it affects an organization’s ability to adapt and respond (see Cacciatori and Jacobides, 2005, for a similar analysis). In other words, we need to move from static, to dynamic conceptions of design.

A number of concrete prescriptive follow from this approach; for instance, it seems likely that while in stable environments a rigid division of labor might do, in turbulent environments it may be worth paying the cost of complexity. Also, it may be that occasional broad re-organizations might be valuable, inasmuch as switching between structures allows organizational participants to scan and identify heretofore neglected parts of their environment (see Bartunek and Franzak, 1988).20

The Raison d’etre of Hierarchy, Revisited

The central contribution of this paper is to revisit the role of hierarchy, and the way in which it can redress the inherent limitations of the division of labour. The analysis of its role in terms of controlling / reining in routine responses through exception management; in terms of re-framing issues, and as such using exception management at the cognitive level; and in terms of implementing new, more appropriately calibrated responses provides a fresh way to assess its value-added.21

20 It is worth noting that large organizations contain multiple and often competing divisions, each with a slightly different scope and mandate (Galunic and Eisenhardt, 2001; Birkinshaw and Lingbladt, 2005). Thus, firms foster the co-existence, and competition of different ways to “slice and dice” the environment; the organization builds an arsenal of different, sometimes competing “angles of attack”, whose ex ante merits are not known.

21 In this regard, the ability to re-frame has both advantages and disadvantages. The obvious risk in waiting for
The analysis of this value-added aspect of hierarchy, which extends and qualifies the “information gathering” approach advocated by Marschack and Radner (1972) or Radner (1992), or by Computational Organizational Theorists (Carley and Prietula, 1994) and opens up a new line of research. Bypassing the Institutional Economists’ focus on hierarchy as a “dispute resolution” mechanism (Williamson, 1985), I highlight important potential merits of hierarchy, and also consider when these potential benefits do not materialize. This helps fill a gap in the academic literature, where the role of hierarchy has received little attention: After the pioneering work of early administrative theorists (Fayol, 1949; Gulick and Urwick, 1937) and Barnard’s (1938) analysis of management, little work (with few exceptions such as Mintzberg, 1973) has focused on the nature of hierarchy and management’s value added, innumerable “how-to” popular business books notwithstanding.

The discussion of the way in which hierarchy can fulfill its potential benefits also highlights the importance of the means and structures through which it can be effective. This was made painfully evident in the Greek case, where there was no real infrastructure to support effective hierarchical interventions. On the basis that one of hierarchy’s key functions to re-frame and control routines, we need to work more directly on creating the appropriate infrastructure.

An example of this is George’s (1972) remarkable work on the merits of different modes of organizing an advisory body, and on the substantial impacts that different types of debate can have in ensuring those in hierarchical positions have been exposed to all the relevant information, turning the inherent limitations of divisionalization (the boundedness of the advisors) into an advantage. Starting with the inherent limitations of organizations and decision-makers, we need to focus on the creation of an effective infrastructure that can help hierarchy fulfill its role.

In practical terms, this suggests that we could be more explicit in educating those in hierarchical positions, highlighting the multifaceted and subtle nature of their work, lest they be carried over by their own, narrow frames, like Greek ministers who were unwittingly responding on the basis of their role as politicians. It also means that we need to be clear about the important parts of the environment, and about the factors that need to be taken into account: For instance, in the Greek case, the lack of a resident advisor with a deep understanding of the press and communications strategy (not merely tactics) was detrimental, given how important the press was in the evolution of the crisis on both sides of the Aegean. Likewise, the lack of expertise in scenario planning and the absence of comprehensive debates on the issue and its ramifications exacted a high cost.

Hierarchically-induced re-framing to occur is paralysis as a result of inaction. Thus, there is a trade-off between a response that might be too local and whose framing might be inappropriate for the organization as a whole, and a pattern of decision making that is slower involving senior management making ad hoc determinations with regard to the nature of the issue. Yet because of the routinized nature of work (Nelson and Winter 1982), the “default” for an organization is to proceed with a set of local, even if ill-calibrated responses, without any intervention.
Echoing the suggestions of March et al (1991) on learning from rare events, this analysis suggests that organizations can prepare for excessive compartmentalization and for potential hierarchical failures, and as a result they should institute structures that will be able to detect what existing structures will not do for themselves (e.g., noting the fact that the Turkish “invasion” on January 27th was primarily a media invasion). Structured decision-making processes, even though they may appear as straightjackets, have substantial merit, to the extent that they are appropriately implemented, and integrated into the decision-making routines of an organization. As March (1988; 1992) has shown, it is critical to pay attention to the structure of the decision-making process within organizations.

Limitations and the need for more work in the spirit of Cyert and March

While this paper, drawing on several sub-fields, has yielded some potentially interesting or even novel hypotheses and conjectures for debate, it clearly has shortcomings. First, it is driven by theoretical primers, and lacks the extraordinarily detailed information (in terms of meeting minutes, multiple sources of evidence, hearings) available in the Cuban Missile Crisis (Allison, 1971), the Bay of Pigs fiasco (Kramer 1998), the Challenger disaster (Vaughan, 1996) or the Black Hawk incident (Snook, 1997). So despite the thorough field-work, archival research, secondary source corroboration and interviews, elements of this paper cannot but be speculative. Relatedly, some counter-factual arguments are provided; and while these are not critical for the paper’s main thesis, it is inherently problematic to draw on counter-factual logic. More important, as conspiracy theorists are sure to point out, there always does remain the possibility that other factors, unknown to the author (or even the actors) could have been in play.

Second, this paper draws on a governmental and military setting to address issues which are pertinent to business firms, perhaps even more so that administrations. While, as Cyert and March argue (1992: 196-201), theories could and should be made sufficiently general to encompass different types of organizations, the particularities of the setting have to be noted, and limits to generalization accepted.

This being said, I hope that this study is in the spirit of the research initiated by Cyert and March’s (1963) landmark book, which has been influential in shaping this broader stream of research. By bringing up the role of organizational structure and divisionalization, I hope to build on, and possibly even extend Cyert and March’s analysis: Cyert and March identify problemistic search, and describe how issues are tackled sequentially, assuming that the “organization” in its totality performs this search. This paper, on the other hand, drawing on the other Carnegie luminary (Simon, 1962, 1988) shows how organizational structure and decomposition determines the nature of the problems and of search, identifying structure as a key mediating variable. It also revisits the role of hierarchy, stressing its role in terms of exception management, both at the level of action (i.e. in reining in inappropriate
routine reactions or creating novel actions) and at the level of cognitions (i.e. in its role as a mechanism to re-frame and transcend the inherent limitations of divisionalization).

Finally, by pointing out that the appropriate exercise of hierarchy needs an appropriate infrastructure, it bridges Cyert and March’s (1963) work and March’s (1988; 1992) research on decision-making, hopefully opening up the debate on the nature of hierarchy, and also providing a fresh set of tools that can help us build more effective organizations, be they business firms or administrations. In an increasingly subtle world, we need all the understanding we can get in terms of avoiding costly mistakes, and war in particular. In this sense, I hope that the paper will be one of many on the topic.
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