

# **Open University of Cyprus**

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## **Postgraduate (Master's) Dissertation**



### **Leadership and Management**

**An Overview on Leadership and Management and updated view of approaches and practices in implementing tools in a modern environment**

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## Summary

The present master thesis studies two major terms of leadership and management and their recent approaches and practices in implementing tools in a modern environment. The presentation of these major concepts, that in the modern business environment gains highly importance and the study of the existing literature helps to understand the value of the proper use of leadership and management, the effect on the modern business and how it can affect the profitability and the sustainability of the company. In order to understand that, a study on the dairy industry will be presented and especially companies such as FAGE, Charalambidis – Christis, Ellinika Galaktokomeia - Hellenic Dairies S. A and THESGALA cooperative. Those industries have international, national and local presence. Also, the present master thesis will attempt to study the recent COVID19 implications referring the leadership and management on this companies. Through this research, conclusions will be attempted to be drawn for the leadership and management on the dairy industry and the companies presented.

## Περίληψη

Η παρούσα μεταπτυχιακή εργασία μελετά δύο βασικούς όρους ηγεσίας και διαχείρισης και τις πρόσφατες προσεγγίσεις και πρακτικές τους στην εφαρμογή εργαλείων σε ένα σύγχρονο περιβάλλον. Η παρουσίαση αυτών των σημαντικών εννοιών, που στο σύγχρονο επιχειρηματικό περιβάλλον αποκτά μεγάλη σημασία και η μελέτη της υπάρχουσας βιβλιογραφίας βοηθά στην κατανόηση της αξίας της σωστής χρήσης της ηγεσίας και της διαχείρισης, την επίδραση στη σύγχρονη επιχείρηση και πώς μπορεί να επηρεάσει την κερδοφορία και τη βιωσιμότητα της εταιρείας. Για να γίνει κατανοητό αυτό, θα παρουσιαστεί μια μελέτη για τη γαλακτοκομική βιομηχανία και ιδιαίτερα εταιρείες όπως η ΦΑΓΕ, ο Χαραλαμπίδης - Κρίστης, τα Ελληνικά Γαλακτοκομεία - οι Ελληνικές Γαλακτοκομικές Σ. Α και ο συνεταιρισμός THESGALA Αυτές οι βιομηχανίες έχουν διεθνή, εθνική και τοπική παρουσία. Επίσης, η παρούσα μεταπτυχιακή εργασία επιχειρεί να μελετήσει τις πρόσφατες επιπτώσεις του COVID19 που αναφέρονται στην ηγεσία και τη διαχείριση σε αυτές τις εταιρείες. Μέσω αυτής της έρευνας, θα γίνει η προσπάθεια να εξαχθούν συμπεράσματα για την ηγεσία και τη διαχείριση της γαλακτοκομικής βιομηχανίας και των εταιρειών που παρουσιάζονται.

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# Chapter 1

## Introduction

In recent years, the concepts of management and leadership are gaining ground as factors in improving the competitiveness of companies. In addition, there are many who claim that management and leadership development can enhance performance for economic and social benefit (Burgoyne, et al., 2004). Moreover, in modern times, one of the most significant challenges all kind of organizations and companies are facing is not only to improve their competitiveness, but to maintain it for a long time period. A lot of consideration has been given into the management and leadership principles and tools implemented within a company and how they can be leading factors in acquiring that much needed competitiveness while at the same time maintaining it.

However, the terms of management and leadership are not new among the academics nor the business world. But what has changed through time that made those terms gain more importance in our times? Working conditions a few decades back was completely different from those of today and the needs that have now been created, due to technological advance and implications, are related to the continuous and rapid changes of modern life. Time and space in our times are considered in a different way than in the past. For instance, production time in our times is not the same as it was fifty years ago, or even ten years ago. Information needed much more time fifty years ago to reach from the headquarters of a company straight in the market, than in the present; which is characterized as the information period. So, in parallel with the developments, new needs were developed, needs for progress, for change, for evolution. The revolution in the business world / sector has allowed the creation of a new science related to the way a business is run so that it can achieve the goals it has set and lead it to success and the acquisition of power and status. This science, as modern as it may seem, is essentially classical and has its roots in the time when there were bosses and workers, in contrast to today when there is talk of an employer-employee relationship.

Moreover, it is also considered of crucial importance for a business to operate properly and effectively, to invest in the presence of a leader in its organizational plan. In other words, companies of nowadays should be ruled by leaders and not bosses. The role of the leader and leadership in general as a term is considered of high importance and can make the difference in the modern business environment. Leader is the one that will take decision in important issues, is the one that will inspire his team to share and participate in his vision, which actually is the company's vision.

In addition to the conventional struggle of organizations and how they can implement leadership into management in order they gain their competitive edge and sustain it in a long term, the recent circumstances with the emergence of the Covid-19 pandemic, presents the most recent challenge every organization cope to tackle. The pandemic has put most companies on the wrong foot in every aspect of their daily routine in their struggle to be as competitive as they can be in the market and has put many of them in search of finding a way to survive. Because of the pandemic consumers and businesses are led to significant change on how they behave and how they do business (Donthu & Gustafsson, 2020).

## **1.1 Aim of the Study**

Various management and leadership models have been studied and implemented in the past decades but the question still hovers over the ownership of most companies. How do we improve the outcome of our efforts? How do we transmute the company's and its employees' efforts into the best possible result in terms of productivity and therefore earnings? It has been natural that an argument of how management and leadership can coexist, how they can be implemented together and how did these factors evolved throughout the past up to the modern business era. Ending this debate would provide a clear insight of how management and leadership connect and how they could be put into effect for a business in order to gain the competitive edge desired.

Consequently, this manuscript aims to provide with an insight over the aforementioned debate, specifically providing an overview and an updated view of what approaches and practices are enforced regarding management and leadership in a modern business environment. More specifically the dissertation will focus on the case study of real

organizations from the milk industry in an attempt to extract and present the necessary information of how they are managed and how they are led. Moreover, a take on the effect of the pandemic of the Covid-19 virus regarding the operation of the same companies will be attempted aiming to unveil if any changes in the managerial and leadership model was forced due to the virus emergence.

## **1.2 Necessity and Importance of Study**

In this dissertation the case study of four organizations from the milk industry will be presented providing insight on their management and leadership tools implementation within each company. In addition, the dissertation will attempt to provide information whether a change was forced due to the Covid-19 pandemic.

The description of the managerial and leadership situation of the chosen companies will be based on facts and events and the method of study was chosen because it is considered the most fitting when dealing with present-day events in a real-life situation as are the organizations we will focus on (Yin, 1984).

The necessity of the case study on these four organizations originates from the need to examine the management and leadership model of these companies that today are seen as successful and growing, but a few decades back they started as family businesses, whereas one of them has only a decade of existence. Moreover, the Covid-19 virus has made necessary the evaluation of the reaction of organizations under its influence in the world. Consequently, the present case study will follow the reaction of the examined businesses under the Covid-19 circumstances.

### **1.2.1 Organizations in the Milk Industry studied**

It is therefore of paramount importance to clarify the role of management and leadership, how these two roles have been developing through years of business evolution and how they are perceived in modern business environment. Moreover, it is necessary to determine the correlation between management and leadership, how they connect to each other and how they can coexist for the benefit of a company or organization. Moreover, these concepts will be studied having in mind how they are affected by the pandemic of Covid-19.

These concepts will be presented in the present master thesis and in order to understand and study further the implication on real life examples. In doing so and in order to be more precise; this study will focus on the examination of several cases of the milk industry. The organizations which will be studied are presented in the following paragraphs and consist of both local and international companies and of different magnitude in terms of remuneration cycle and expansion in different markets.

## **1.2.2 FAGE**

FAGE is an international dairy company which was founded in 1926 in Greece as a family business with a small dairy shop. In the 1970s the company introduced itself in the UK and Italy whereas in the 1990s the company expanded its market share to America. As of 2015 the organization is headquartered in Luxemburg while today it remains a family-owned company. The main products the company produces include milk, yogurt and ice cream.

It is evident that the company has grown in magnitude from the small shop that it started with to the International company that it is today and, in that process, both the management and leadership models had to be re-evaluated and restructured in order to accommodate the needs of the emerging company after each change (Fage, 2021), (Papapostolou, 2012).

## **1.2.3 Charalambides-Christis**

Charalambides – Christis is at present the largest and one of the oldest dairy organizations in Cyprus. The company came to life in 1945 with a single cow and selling small quantities to neighbours. Four years later the company was transformed into a dairy factory whereas in 1957 the company is adopting the pasteurizations process and at the same time it expanded its facilities to accommodate its magnified needs. The company, still family owned, made its way up to 2007 when a significant proportion of its shares were bought from a Shakolas Group company. Now, 90% of the shares are owned by the Constantinos N. Shakolas Group and the family of Alexis and Elena Charalambides (CharalambidesChristis, 2021).

As seen by the history of the company it also started as a small family business but has now been transformed into the largest dairy industry in Cyprus with the capability of exporting

products to 24 countries worldwide. Therefore, it is of great interest how this company started and how it evolved over the years regarding its management and leadership.

### **1.2.4 Ellinika Galaktokomeia AE (Hellenic Dairies SA)**

Hellenic Dairies S.A. is at the moment a Greek market leader, producing premium and high-quality dairy products. The Group owns five production plants within Greece and the Balkans (Bulgaria and Romania), whereas, it enjoys the ownership of three commercial subsidiaries in Germany, Italy and the UK. At the same time, the company has engaged operations in 42 countries exporting to them goods that represent almost 40% of the Groups turnover. Although the Group mainly operates with dairy products more merchandise belongs to its portfolio, such as Fresh Juices.

However, the Group itself originates from the merger of three dairy companies from the Greek market, Olympus, Rodopi which merged in 2015, while TYRAS entered the merger a year later, in 2016.

Olympus was founded in 1965 in Larissa, Rodopi in 1963 in Xanthi and TYRAS in 1985 in Trikala. In their initial stages, Olympus and Rodopi produced mainly dairy products while TYRAS specialized in cheese.

In 2000, TYRAS acquired Olympus and other subsidiaries from Bulgaria and Romania as well as the production facilities in the aforementioned countries. In 2008 TYRAS acquired Rodopi and after a few years the company established subsidiaries in the USA, Italy, the United Kingdom and Germany, simultaneously embarking the export of its products. The Group started taking its current form in 2015 when Rodopi together with Olympus merged creating the group Hellenic Dairies SA., as stated above ( (HELLENICDAIRIES, 2021), (Olympos, 2021), (Galaktokomio-Rodopi, 2021), (Tyras, 2021), (FORTUNE-Greece, 2021).

Hellenic Dairies is a merged Group with similarities with Charalambides-Christis company in that they both started as small companies a few decades back and after time they grew into merged groups poised in a leading role in Greece and Cyprus respectfully while their operations include significant exports of their goods in other countries. Studying these two

dairy Groups will provide important insight regarding the management and leadership roles of leading organizations in their local market which also operate outside their country of origin.

### **1.2.5 Thesgala**

Finally, the case of THESGALA cooperative, a local cooperative from Greece, that gained global attention due to innovative procedures regarding management and market orientation. Thesgala, was founded in 2011 when visionary Greek milk producers came together with the purpose to distribute the produced milk of its member; implementing among other innovative tools, a well-structured and organized supply chain network while reducing the production costs for its members (Thesgala, 2021).

Examining the case of Thesgala Cooperative is an excellent opportunity to find out information on how a small, local company is structured and how they practice the tools of management and leadership.

## **1.3 Study Structure**

In the next chapter (Chapter 2) a brief literature review will be presented providing information of the tools and procedures modern companies implement for management and leadership, while information will be given specifically in the milk industry and during the COVID-19 outbreak on the implementation of similar practices. In Chapter 3 the focus will be on the theoretical background and the definitions of leadership and management. Furthermore, Chapter 4 will present the methodology of the present research, the method used for this research, its advantages and disadvantages, whereas the sources of the collected data will be mentioned. In Chapter 5, the case study of the milk industry will be presented and more specifically the focus will be on the four chosen companies in an attempt to unveil their management and leadership characteristics and model providing useful insight upon the implementation and coexistence of management tools and leadership techniques. On Chapter 6 and Chapter 7 conclusion of the case study, the limitations of the present study and any future research recommendations will be discussed respectively.

# Chapter 2

## Literature Review

Several researchers have been trying to find the optimal relationship between leadership and management in order to find the best way to help businesses understand how to incorporate and update these tools into their organizations. These tools however are inherently so different between them that as of yet no clear answer has come to that search. Some of these researches will be discussed in the next in comparison with what this dissertation aims to study.

### **2.1 Leadership and Management in modern organizations**

Diana El Rabih, in her study (Rabih, 2018) mentions that there is a difference between management and leadership, and she attempts to showcase the main differences between them through a case study. Rabih, concludes that effective leadership is able to inspire a new direction or vision in a group of people or employees and that the leader is the one that is setting the pace being the one to carry the group forward. Consequently, she says that leadership is all about setting people in the path of the new vision, which means to communicate the new vision and providing them with enough purpose to buy-in the vision. Conversely to what Rabih has mentioned on leadership, she believes management is the tool to control or direct employees and/or resources in an organization in relation to the principles or values set by the ownership. In other words, management means that employees simply follow the company's regulations and rules. Finally, Rabih, elaborates on the importance of combining leadership skills with management skills as a measure to improve productivity and success.

Almost 4 decades after the original study of Mintzberg (Mintzberg, 1973), regarding the work nature of the leader in an organization, Tengblad (Tengblad, 2006) revealed that only few changes had been made in the way the business world perceived the role of the leader and its implementation within an organization. These facts have been in accordance with what

Gentry et al. (Gentry, et al., 2008) described in his own research, stating that all those skills; those being, information communication, innovative ideas, initiative, decision making, and objective fruition, that a leader should possess were indeed significant at the same level. However, some skills look to be more important in modern businesses than they were fifteen or twenty years ago. One of these is the relationship management, which, leaders and managers are forced to take into consideration. This is because of changes of the business environment of many companies, due to the immense use of communication technology and the geographically scattered teams. Basically, what these authors tell us is that despite of the increasing technological advancement in the world and the change of the way some companies function, little change has occurred up to today to the demands originating from a company towards the manager and leader.

On the other hand, Lynda Gratton (Gratton, 2011) states that classic responsibilities of a middle manager or leader in a business will be totally vanished. She claims that the role of the leader will be taken on by technology, which will be able to keep track of employee performances, client personal information, provide sophisticated information on a business matter. Despite her claims, Gratton, believes that, an individual with both leadership and management skills should be able to monitor both the new technology and evaluate the reports provided by it, and oversee the training and guidance granted to employees.

## **2.2 Leadership and Management in the milk industry**

Christina Rolfe (Rolfe, 2017) in her research regarding leadership in the New Zealand milk industry, states that leadership can be linked with management and a variety of organizational results. An effective leader she suggests, is able to pull an organization away from difficult situations (or minimize the negative effects of such a circumstance) by designing the future of the company effectively and efficiently providing the employee force in such a way as to provide them the feeling of safety and moreover the feeling of job satisfaction. In this way the organization will continue growing while employees will be kept satisfied.

Moreover, in another study, Patrick Makau Mutisya, (Mutisya, 2013) states that leadership is all about safely guiding an organization through periods of change. Leaders should be able to address the effects that cause change in such a manner so as to keep the company safe in the

present and then mobilize it towards the future. And they should do this by simultaneously being able to preserve the culture of the company as much as they can while they keep employees satisfied and motivated. Succeeding in this difficult task, is critical they communicate their vision for the organization to all employees in order to feel both safe and included towards the future. In the same study the author states that milk processors in Kenya, had effectively set up the organization and management of the industry in the country. To do so, leadership tools were effectively implemented and helped towards the success of the industry by increasing performance and motivation, by providing sufficient training, setting a rewards system and maintaining a positive culture.

Additionally, Hagevoort et al (Hagevoort, et al., 2013) expressed that to sustain a productive workforce in the milk industry, dairy farmers should opt in a sustainable and responsible managing model in regard animal welfare, social, environmental and economic perspectives. Each of these aspects should be part of the planning of the organizations they keep. Therefore, management practices should be implemented in order to achieve the model the author believes should take place. The author also underlines that these management practices should be implemented with the appropriate guidance of a leader. The leader should be able to improve work related culture and meet the pursued productivity, efficiency and profitability.

Companies in the milk industry are not different to other organizations in different industries. The well-being of these companies is subject to the implementation of appropriate business models complemented with suitable leadership tools in order to ensure the sustenance of motivation and effectiveness of the employees, while them being kept satisfied while the organization is registering profit.

## **2.3 Leadership and Management during the Covid-19 pandemic.**

The pandemic has brought the upside down in almost every aspect in our life. And it succeeded to do so in just over a year. Organizations and businesses could not be the exception to this. In contrast, as the pandemic progressed throughout the globe it was more and more evident that more and more companies were suffering losses. These losses were

not only translated in monetary terms but the pandemic brought on most companies' doorstep an array of problems that needed solving. These problems were associated with organization, dealing with the unexpected and were associated with the sustainability model they followed. It goes without question that these problems shook up these organizations. Therefore, it is quite interesting to evaluate what was their take on the circumstances created by the coronavirus, how they were affected and most importantly what management and leadership tools they implemented to secure a safe passage to the future.

Verma et Gustafsson (Verma & Gustafsson, 2020), suggests that COVID-19 will be responsible for many long- and short-term policy changes. During the outbreak of the virus, which was by any means uncontrollable, most governments elected to save people's lives before attempting to stabilize the economy. This decision was translated in sudden or phased lockdowns in the majority of countries. In consequence, businesses were immensely damaged by this decision, not only in one industry but in different ones. As businesses were damaged, they were challenged to keep operating due to financial difficulties, therefore it became of paramount importance to them to conduct suitable assessment and feasibility analyses of their business models.

However, again according to Gustafsson, the pandemic presented the affected companies the opportunity to rapidly alter their way of operations or conduct with their respective markets, in newer and more resilient ways. Also, during this period companies are somewhat forced to assess circumstances faster to ensure a competitive advantage and has made them be responsive to both controllable and uncontrollable factors rather than being them the ones to dictate the pace. This has forced organizations to change their operating and business models to be more customer-centric. Moreover, several companies took the opportunity of forced changes and made the effort to acquire competitive edge by making faster choices as to where to invest and position their resources in order to innovate and present new products and services in their attempt to adapt to the new situation.

The author of this review showcases the challenges companies of different industries are facing in relation to COVID-19 and suggests that they are forced to change their way of management to be more agile, efficient and effective in order to preserve the well-being of the organization itself and in consequence of the employees.

In a different study, D'Auria and De Smet (D'Auria & De Smet, 2020) recognized that the pandemic has caused an unexpected sequence of events that did not have any precedent. The sheer unpredictability of the virus outbreak made it challenging for businesses to respond in a way already known to them. They proclaim that the first thing a leader should do in these circumstances would be the recognition of the crisis itself that their company is facing. These would let them focus on the issue they are facing, which is how to respond in this problem. Unfortunately for them, as there is no precedent of the situation of the last year, they are surely unfamiliar with a ready and effective solution. Meaning they will have to mostly improvise solutions in order to keep their organization safe and healthy for the next day. The authors agree that the leaders of organizations need to possess the right behavior and mindset that will keep them from pressing the panic button on the organization but instead help them move the company ahead. The authors go one step further and suggest what the managers and leaders of an organization should do in situations of crisis; organizing a network of teams with a ready script for each one of them on how to respond in different crisis situations in order to keep organization activities going on while being flexible in promoting problem solving. To maintain the functionality of these teams' leaders should put the effort in to ensure the collaboration between the members of each team, and communicate to them the necessity of these teams. Moreover, as it is suggested in the article, the consequences of the pandemic could possibly last for several more years to come, therefore leaders should be ready to implement practices that could be flexible and ready to deal with the unexpected. In doing so their companies should be able to overcome difficulties due to established company culture and values that were promoted.

Another article regarding COVID-19s effect on businesses, indicated that the crisis caused by the virus, has disrupted the daily operations of many industries, markets and has impacted the way a variety of organizations operate. With disruption of operations forced by sudden or phased lockdowns, several companies had to adapt and begin operating in different ways. Subsequently as the authors suggest, these companies were forced to rapidly transform their operations to accommodate virtual work environment in order to keep them going. The authors conclude that regardless the severity of a crisis on the disruption of operations of organizations, in the end, if suitable leadership exists it will be able to set necessary safeguards. Namely these are appropriate behavior of the workforce and the sustenance of employees' performance while leading them safely into the future (Bartsch, et al., 2021).

The unexpected emergence of the COVID-19 virus which was spread so quickly across the world affected not only our daily lives through the lockdowns and other safety measures imposed by governments, but caused unimaginable damage and operation disruption on the majority of businesses. From the studies presented above we can see that all these companies were forced to change their operational plans and management models as quickly as possible and invent new ways to deal with the circumstances of the pandemic. All authors agree that despite having to change things rapidly to survive these organizations need to do so with the implementation of leadership tools. It is necessary to go through the necessary changes while communicating the new scope and vision for the organization whereas, maintaining the appropriate business culture and working environment. In simpler words, in order to survive in periods of crisis everyone needs to be onboard with the plan.

The studies presented in this chapter state similar findings, that an effective implementation of leadership tools in a coexisting manner among management skills can lead a business to positive productivity and success.

The present study will attempt to give information regarding the management and leadership tools used by four specific companies of the milk industry and if these tools are coexisting in the organizations culture. What differentiates this study from the aforementioned or existing research is the study of these companies in comparison to each other. For this reason, they were chosen, one of them to be international, two of them to have mainly local presence in their respective countries of origin with substantial operation in exporting products and one that is a local cooperative company with just a decade of operations.

Moreover, the Covid-19 pandemic presents an opportunity to review if and how these companies changed the way they are led and/or managed. Considering that the pandemic is a pretty recent event, we did not expect to find many scientific articles on this subject and indeed there were very few of them, which none was referring on the chosen companies.

# Chapter 3

## Leadership and Management - new approaches on a modern business environment

### 3.1. Theoretical Background

#### 3.1.1 Historical take on Management

When we talk about management, we most often use the term to mean that the ownership of a company grants someone else, usually an employee or a department with employees the daily responsibility of managing the company. In this context, management was not particularly a term before the industrial revolution. With the industrial revolution change came, technological advancements begun emerging and started being used and with this change, the change in the way a business was seen occurred. By the early 1900s the term management was synonymous with standardized procedures, quality control and fundamental logistics.

Moreover, Peter Drucker (Drucker, 1954), expert on management at the time, published his book "Concept of the Corporation" in his try to decode what exactly the management of a complex business really was. His book stated that value in a business cannot just be created by the production of goods by the employees or by simply fulfill their duties. Instead, what Duker saw that created value in a company was the use of information from the employees. Information that provided a company with the means to effectively increase productivity and therefore earnings gave that company the upper hand in respect with other companies that did not possess that information or they could not use it. After Dukers' theory, other theories saw the light of which representative of which is McGregor's Theory Y. Theory Y, was responsible of changing the role of managers, from the point that they were the ones to exercise control and authority to the ones that should really engage with the employees in a more collective way and be there as coaches for them.

In the modern business period, researchers and companies are attempting to reevaluate their organizations and their pursued aim. It has been long wanted to change the employer status in a sense of granting more value to new employees and treat them equally. It is felt that the organizations are only looking how to increase their earnings in expense of the employees and clients. This is a challenge for modern management in order to add to the equation in a meaningful way the needs and wants of their employees and clients.

### **3.1.2 Management Overview and definition**

It is a fact that the integration and organization of people in groups in order to lead to the production of products and services to meet their needs, created the need for the implementation and operation of management. The achievement of the intended objectives presupposes the use of the factors of production, the coordination of the groups, their action in a certain time, their organization and finally the control that the expected result of the success of their operation will occur if the best utilized factors of production and resources would be used. With the term resources; physical, human, economical and informational are intended (Χυτήρης, 2006).

The importance and role of Management must be sought at all levels of economic life; in international trade, in the economy of each country, in the operation of economic organizations, and in the individual standard of living. Management on its own is a primary institution in our society today, while, there are very few differences between the Management of different types of organizations, such as, a business, a trade union, a government agency and an international organization.

However, at this point, it is important to mention some of the definitions for the term of management, and it should be mentioned what Serrat O. (Serrat, 2018) claims that these theories are important because management is the means to an end; management alters an organization and at the same time it changes the way individuals work. One of the most characteristic definition, which agrees with the aforementioned, is the one given by the American Management Association (amanet.org, 1969), stating, that '*Management is the activity with which a project is achieved through other people*'. Moreover, Massie (Massie, 1979) on his research suggested that management is the collection of procedures and controls

that make sure the cohesion of the business structure and strive is maintained towards the fulfillment of the objectives. Additionally, Peter Drucker (Drucker, 1954) on his definition on management claimed that management is just like an organ with many purposes; that both manages the company, the managers the workers and the work itself. Furthermore, Aquinas P.G. (Aquinas, 2007) in his own definition states that management is a necessary aspect of the economic life of people, which is a coordinated group activity. At the same time, the presence of a central directing body is seen as a must. The productive resources (Aquinas, 2007) continues on his research, should be granted to the management due to its organizing, administrative skills, and its enterprising initiative. Thus, management provides leadership to an organization and in fact without capable managers and effective managerial leadership, any given resources of production will just remain as such and would never transform into the desired goods. Consequently, Aquinas is connecting on his definitions, management with leadership stating that effective leadership is essential for the transmutation of resources to products. Moreover, Aquinas P.G. (Aquinas, 2007) on his research underlines the important role of managers claiming that in the competitive economy and the always changing environment, the better the skillset and knowledge and his/her performance of managers, affect both the sustainability and the success of any business. And he continues, claiming that the management of an organization is so important in the modern business world that the well-being of people and the future of the country or city the business is established are inherently influenced by it.

It is useful to think of management and leadership, and indeed entrepreneurship, together as aspects of organizing to achieve productive outcomes, while recognizing that these terms helpfully label different aspects of this process. In real life business of any kind, the actions required for their development are made by individuals who are specialized in applying the knowledge and principles protected by management in a competent manner in each case. Another fundamental review of organizations is under way today and their intended purpose. Many organizations are looking to create complete and meaningful experiences. But they also try to implement on that process managers. According to Carpenter M., Bauer T., and Erdogan B. (Carpenter, et al., 2010), managers need to be involved in every activity of organizations, such as budgeting, designing, selling, creating, financing, accounting, and artistic presentation. The larger a business is, even more managers are needed to oversee the daily supervision of the work. All the employees of a business can be affected by management principles,

processes policies and practices. McGrath R. (McGrath, 2014) states that before the industrial revolution, little was known on management and that basically there was not an effort for coordination, planning, controlling, rewarding, and resource allocation. But as McGrath says the idea of Adam Smith, that dividing workload could effectively increase productivity.

From the aforementioned definitions, it is quite clear that management is a tool with which people are motivated to work in an integrated and coordinated way in order the objectives of the business owner are met with efficient use of resources. Consequently, using the physical, human and financial resources and the effective allocation of them for business activities in a manner where the defined goals are reached is specified as management (Aquinas, 2007). In general, Management is a term that is established from the moment individuals form social groups. Teamwork and collaboration in both small and large groups, such as family, organizations or businesses, have made Management a top priority (Πελαντάκη, 2007). Management, is a universal process in all organized social and economic activities and it is not restricted in an office, in a shop or a factory.

Moreover, (Aquinas, 2007) continues on his research that in the case of merging the various authorities, someone could define management as a process of assigning resources (human and economic) of an organization by commonplace functions of management such as planning, organizing, directing and controlling with the purpose of accomplishing the set objectives (production of goods and services) for the benefit of the ownership and its customers. During this process, labor completed with and through employees of the organization within a business environment that is constantly changing.

Other academics have realized that a new era of business thinking and practice is now possible. Technological development, internet, communication velocity, new business models etc., is the reason. According to McGrath R. (McGrath, 2014), business thinking is now in a new period, which can put on display who is the management when the labor is done via networks and not through the lines of command, when the work itself is emotional and when managers accept responsibility for establishing a community system for employees. Therefore, in the case that managers today are required to have empathy (more than execution and knowledge), then the question to be answered is, what does it take for a leader to behave as the “backbone” of an enterprise and how should managers be trained in the future. Also, Keulen S., and Kroeze R. (Keulen & Kroeze, 2014) (claimed that lately great notice

is given to the development of management in industries conversely to what is happening to the public sector, public administration, banks etc. But who are the managers after all? According to Carpenter M., Bauer T. and Erdogan B. (Carpenter, et al., 2010), managers are regarded based on their organization position, which tells us a few things on their role and the nature of their responsibilities.

This is the reason why at the literature review, different types of managers are presented. For instance, Carpenter M., Bauer T. and Erdogan B. (Carpenter, et al., 2010), mention that top managers have the responsibility for driving an organization to the future in the best possible manner by developing its strategy and being there to supervise the implementation and success of its vision and mission. However, a different set of managers includes functional, team, and general managers. *Functional managers* are given the responsibility of a department within the company and to make sure that department is efficient and effective. *Supervisory* or *team managers* are granted the responsibility for the coordination of a subgroup of a particular function or a team composed of members from different parts of the organization. Carpenter M., Bauer T. and Erdogan B., (Carpenter, et al., 2010) also mention in their research that a general manager is a person with the responsibility to manage a clearly identifiable revenue-producing unit, such as a store, business unit, or product line. General managers are expected to decide across different functions and set a rewards system that is relevant to the performance of the entire unit as mentioned above. General managers are given instructions and guidelines from their top executives and they should be able to first understand the executives' overall plan for the company and afterwards to set specific goals for each respective department which empowers the objective of the plan. General managers must be able to communicate their goals clearly to their support staff, whereas the supervisory managers oversee that goals set are being met. In addition, McGrath R. (McGrath, 2014) claims that another foundational retake of the meaning of organizations and their purpose of existence is under way. Many decades back, in the execution period, where organization's purpose was to create scale and in the expertise period to provide advanced services, in today's period, there are those that are looking to organizations seeking complete and meaningful experiences. Consequently, McGrath, argues that management has entered the period of *empathy*.

Before presenting the definition of leadership, we should present the main characteristics of management. Aquinas P. G. (Aquinas, 2007) summed up the characteristics of management into the following; Management is a process, that aims to maximize the profit of the organization, by achieving pre-determined objectives. During this process the management involves the operation of the workforce in groups, enforcing its authority to organize all activities of the groups. Moreover, management can draw ideas and concepts from other industries and disciplines and incorporate them to suit the goals of the organization, whereas it implies that it has the skill and experience to make employees follow the guidelines. In addition, management does not need to come from the ownership, but it needs to come from good leadership.

Management covers all of the functional areas of every organizational structure, in private or public sector. That is why, it is of great importance to underline the functional areas of management within an organization. In real life organizations, the following functional areas are covered by management; Financial management, human resource management, marketing management, production management, material management, purchasing management, maintenance management, office management. We can assume the interconnection within a firm organization structure of management, just by reading those function areas.

Additionally, we should mention one of the most fundamental levels on management, the functions of management. Many academics claim that by understanding the functions of management will help managers focus their efforts on activities that gain results (Bill, 2019). Those functions presented at this point, are namely the Planning, Organizing, Staffing, Leading, Controlling, and Coordination and are summarized below:

**Planning:** is the process of choosing the appropriate objectives and activities for the organization to achieve and afterwards the setting of specific strategies to use, what actions to take, and deciding what resources are needed to reach the goals. **Organizing,** is the process that care for the establishment of relationships between employees and gives them the necessary motivation to work as a group to reach the set goals. **Leading,** represents the clear setting of a vision, motivating people and inspiring employees by communicating it effectively in order to persuade individuals to buy-in the vision. **Staffing,** means the recruiting and

selection of individuals as employees to fill positions and roles within the company (within teams and departments). **Controlling**, is the evaluation of where the company stands in regard with the goals that were set at the beginning. It involves improving the performance of the organization and the undertaking of actions and set a number of processes in motion to help the organization establish standards, decisions can be measured, compared and made.

It is critical to underline that the existence of a combination of all functions is highlighted, so that through the administrative function they are able to fulfill the goals and the mission of the company. Moreover, according to Μεθυμάκη Ευ. (Μεθυμάκη, 2018), highlights that the sequence of these functions is typical, however it should not be presupposed that they would be executed in the order stated above, however, when a business is at the stage of setting its foundations, it is possible to respectfully follow this sequence. Nevertheless, during the process, the manager can change the order of the functions, or stick more in one of those functions mentioned above, depending on the needs of the organization and on what will arise. In the end, each function affects the rest of them, more or less, having as a result, to create causes of incompetence.

The desired goal of the organization could be defined as a situation which it seeks to achieve or a result to be achieved. According to Πελαντάκη Α. (Πελαντάκη, 2007) an organizations' objectives, can be distinguished into two main categories, institutional and operational. In extent, we should mention, that there are three types of organizational goals; the Strategic, the Tactical, and the Operational. In addition to these, the same source, suggests that organizational goals are strategically set objectives that outline expected results and guide employees' efforts and their main purpose is to provide direction to employees of the organization' (iEduNote, 2021). In the existing literature, as institutional are considered those objectives that the organization formally states in regulations by which its existence and operation are legalized. Essentially, these are general and non-specific goals or aspirations that compose the mission of the organization within its environment or society. These objectives communicate the fundamental duty of the business towards society, which justifies the right of creation. Also, as operational goals are thought those that communicate, more often to the employees than outside the business, the specific productivity goals which the organization itself seeks to achieve. Those goals refer to the market, the production, the people of the organization, innovation, in the profits of the organization, the income,

development of the organization etc. Goals are critical to organizational effectiveness as they serve as an objective for the employees and they work to achieve it.

### **3.1.3 Management theories**

In this paragraph the most characteristic management theories will be briefly discussed, highlighting the researcher that first presented it and the type of management it belongs to.

#### *Frederick Winslow Taylor (Scientific Management)*

After spending his early years advancing his career, in 1901 he was responsible, as a consulting engineer, for making Bethlehem Iron Company the “world’s most modern factory”. He was able to achieve that due to installation of standardized procedures, such as production planning, differential piece rates, and functional supervision of the production. He even set specific time periods in which each step in a work process should be done and insisted in maintaining that timetable. In 1906 he published his article “On the Art of Cutting Metals” and in 1911 he published the “The principles of Scientific Management” in which he was able to establish the foundations of management and give the necessary spark for others to follow with their own theories. He also believed in the principle of exception, in which, he stated that lower-level managers should be given the authority to handle routine matters and higher-level managers should only be the recipients of reports of performance or behavior which were unacceptable (Kanigel, 1996) (Nelson, 1980).

#### *Max Weber (Bureaucratic Management)*

He considered the Bureaucratic Management model to be efficient, rational and honest which was, in his opinion, opposite of what was before the instalment of this model. He suggested that a well-established business was operating under six principles. He believed that these organizations had fixed and official jurisdictional areas, that were ordered by rules, laws and regulations. In addition, hierarchy and the chain in command were sufficiently established so that higher offices would supervise the lower ones. Another principle, is that Management should be based on official documents, and that the personnel in higher offices should have thorough and expert training. Moreover, it is required that the full-time work to be official and that the Management would follow certain and set rules. Weber’s bureaucratic model analyzed authority into three basic types (Birzer, et al., 2012):

- I) Legal or rational authority, which is based on the law, regulations, rules, etc.
- II) Charismatic authority, which is based on the qualities of the individual, acting as a leader that gathers employees willingly towards the purpose of the organization. The leader strives to both benefit the organization and meeting the needs and wants of the employees.
- III) Traditional authority, which is based on family relationships. Authority and position are an inherited belonging given to those who were born or selected to it, under the tradition of the organization.

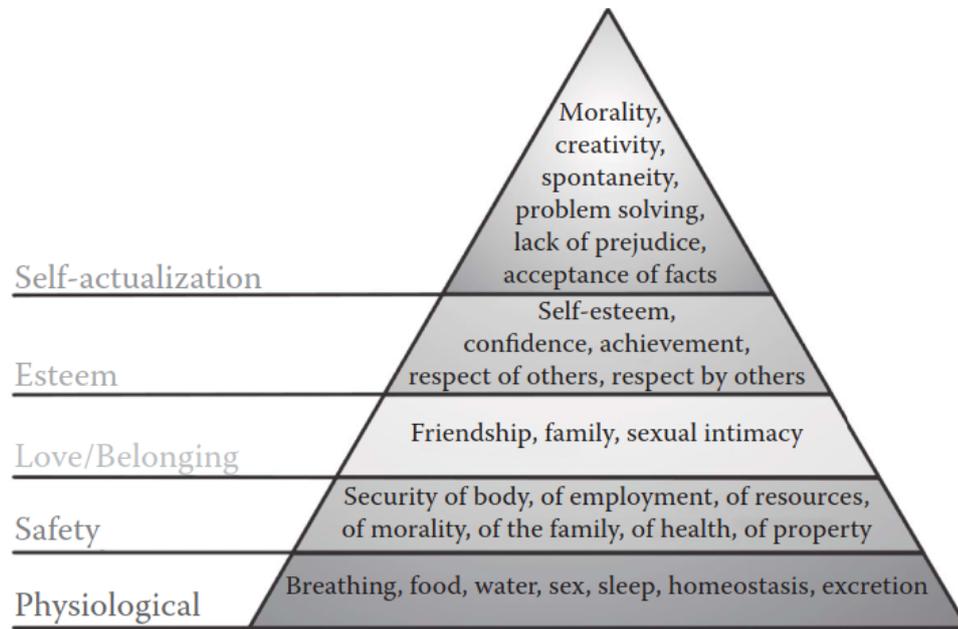
#### *Chester Barnard (Administrative Management)*

Barnard after a successful career in the communication industry decided in the early 1920s, to write several articles on how he perceived the functions of the organization and the effectiveness of the executive process. Barnard recognized that communication is essential for management in order to maintain the granted authority in every organization. His ideas are synopsised in the following; it is of high importance that communication and its channels of contact are well-known and defined within the organization, whereas the lines of communication should be as direct and short as the situation dictates. Additionally, individuals with leadership skills are needed in order to communicate the dictates of the authority to every member of the business. This could possibly lead to an objective authority. Moreover, employees responsible for communications processes should be at least adequate for the role. Finally, every line of communication should be authenticated and not to be interrupted (Birzer, et al., 2012).

#### *Abraham Maslow (The Humanistic Management Approach)*

Maslow developed the need hierarchy, as shown in figure 3.1, which categorizes the needs of every individual. At the base of the figure, are located the Physiological needs of people, such as the need to eat, reproduce and sleep. On the next level of needs we find the Safety category, which involves the security of family, health and security of employment. On the next level we find the need of Belonging, which people after being able to provide the basic needs and secure they will be sustained, seek out. This category involves friendship and the need to create a family. On the next level, we can find the need of Esteem. In this category every individual feels the need for his achievements to be regarded both by him and others and he/she actively seek the respect from others. In other words, people seek to be respected

in their society and as much as possible to be highly regarded by fellow individuals or employers, while this boosts their confidence. At the top of the pyramid of needs, we can see the desire of individuals for Self-actualization. This is the need that urges people for self-development, drive for creativity and the seeking of job satisfaction (Maslow, 1987).



**Figure 3.1: Maslow's Hierarchy of Needs (Maslow, 1987)**

*Kurt Lewin (Behavioral Systems)*

Lewin was the one responsible for the field theory, which suggests that human behavior is the operation of both the individual and the environment. Behavior is related to an individual's personal characteristics and as such Lewin believed that individuals presented different behavior due to different motivation. Therefore, if motives were goal-oriented towards maximizing production the respective behavior would be seen. Lewin developed the force field technique used by management in order to analyze the circumstances. Lewin suggested that there are driving and restraining forces in any situation analyzed capable of influencing any change proposed. A few of the driving forces mentioned, are improving productivity, incentive earnings, competition and examples of the restraining forces could be hostility towards the change and bad equipment maintenance (Birzer, et al., 2012).

*Douglas McGregor (The Human Resources perspective)*

McGregor was the one that formulated the theoretical models of Theory X and Theory Y. Theory X assumptions are as follows; the average individual would avoid working if they could,

and because of that, the majority has to be pressured, controlled and supervised, and even be threatened with disciplinary actions to make them work towards the objectives of the organization. In addition to that, the average employee, wants to be directed, does not want to take on responsibility and lacks of ambition, but they demand security above all else. Theory Y assumptions on the other hand are as follows; it is agreed that there is natural expenditure of physical and mental effort at work. People are more likely to direct themselves in the service of objectives to which they can commit, without coerced to do so by threats of punishment, whereas to make people commit to the objectives can be done through the rewards associated with each objective. Conversely to Theory X assumptions, every employee can be trained and learn and under the proper circumstances they can seek out responsibility. Moreover, the conditions of modern business life, does not allow the full exploitation and potential of the intellectual of people.

From the aforementioned assumptions, managers could consider that their employees are lazy and unmotivated, and therefore, they need to be threatened and see compelling them to work harder as the only choice. On the other hand, other managers would see this an opportunity to motivate them with means of rewards in order to achieve more work effort and to try involve some of them into decision making (Birzer, et al., 2012).

#### *Rensis Likert (The Human Resources perspective)*

Likert examined different types of organizations and leadership styles and the results suggested that for an organization to achieve the best possible profitability and high productivity, optimum use of employees was necessary. In his book, titled “New Patterns of Management” published in 1961, Likert, distinguished four management systems:

- 1) Exploitive-authoritative,
- 2) Benevolent-authoritative,
- 3) Consultative, and
- 4) Participative groups

The exploitive-authoritative system can exist in businesses that the decisions are imposed on the employees, motivation is not rewards based but threat based, responsibility is gathered on high level management and communication and teamwork are next to nothing. The benevolent-authoritative system is found in organizations where leadership is characterized by a condescending form, in which the employees follow the orders blindly. On the other

hand, motivation is given by a rewards system, but responsibility is gathered on the managers shoulders whereas lower-level employees do not feel at all responsible. Moreover, communication and teamwork are once again non-existent. The consultative system, refer to organizations at which, leadership entrusts largely but not fully their employees and motivation is based on a rewards system and involvement in the organization decision making. In this system, personnel usually feel responsibility in meeting the objectives set by the leadership, whereas, good communication and teamwork can be seen. Finally, the participative groups system, can be found in organizations that the leaders have complete confidence and faith in their employees' actions, motivation is set by economic rewards based on the fulfillment of objectives and the personnel feel responsibility for the organizations success through any level, whereas communication and teamwork is of high levels (Birzer, et al., 2012).

#### *Peter Drucker (Systems Approach)*

Drucker introduced the phrase, management by objectives (MBO) in 1954. As originally his theory was proposed managers are results oriented. The MBO theory suggests that the first step of the process the determination of change of organizational objectives. The second step, is to communicate these objectives to the employees. Drucker used the term SMART (Specific, Measurable, Acceptable, Realistic, Time-bound). Step three, is getting the employees engage and participate by setting individual objectives, therefore maximizing motivation and effort. The next step, four, is all about monitoring the employees' progress and step 5 is the evaluation step at which employees are evaluated for their outcome, their effort and the step at which rewards are provided in respect with productiveness and achievements (Birzer, et al., 2012).

### **3.1.4 Leadership**

In this part of the chapter, we will identify several leadership approaches and discuss definitions of leadership and the characteristics of a leader.

But let us begin with finding out what leadership is. Leadership is a phenomenon that is known from ancient times, so it is a term that most people are familiar with. Nonetheless, the scientific study of leadership in the discipline of business administration started just recently,

in the early 30s (House & Aditya, 1997). Since then, many researchers have studied the subject. For instance, in 1974, Stogdill wrote a book with the title, Handbook of Leadership, gaining much reputation and an enormous number of citations in similar research. On the other hand, some academics claim that there are many things to be studied on the topic of leadership and that we have many more to learn (Yukl, 1999), (Osborn, et al., 2002). Δαλακούρα Α. (Δαλακούρα, 2006) suggested that, leadership as a phenomenon has many aspects, from which the most important are the emphasis on the leader as a person, the emphasis on the interaction relationship between the leader and the employees, the attention on the leadership of groups, the attention on the organizational leadership, and the emphasis on the differences in relation with the culture and the nationality of leaders.

Furthermore, according to Κατσίμπρα Α. (Κατσίμπρα, 2013) and many other academics, the meaning of a business leader, has not changed after so much time, even if the business environment within an organization has utterly changed. Moreover, researchers such as Gentry W. A., Harris L. S., Baker B. and Leslie J.B. (Gentry, et al., 2008), state more or less the same outcome and that the role of the leader in the new organizational forms remain of high importance.

Carpenter M., Bauer T. and Erdogan B. (Carpenter, et al., 2010) claim that while management is getting people to fulfill the objectives set, the leadership should be defined as the total influence that is used in order to motivate and inspire the same people to take action or follow directives. Consequently, great leaders put effort in building the human capital for an organization and motivates them to work as a group, whereas they understand the when, where and how to use more formal sources of authority and power, such as position or ownership in order to maintain the smooth operational status and employee culture within the business. It is evident more and more that modern business world requires the marriage of good management and good leadership. While these views about the importance of leadership are not new (see “Views on Managers Versus Leaders”), competition among employers and countries to attract the suitable individuals to fill the roles of managers-leaders in their organizations, has increased labor mobility, and has intensified competition, which in its turn added pressure on businesses to invest in present and future leadership skills.

Likewise, Κατσιμπρα Α. (Κατσιμπρα, 2013) claims that leaders seem to pay more attention on relationship management, than they used to do few years ago. The changes in the new business environment that leaders have to deal with is also quite important. Therefore, researchers have been investigating on ways to identify the characteristics of leaders as persons. The main aim of those first research trials was to identify the characteristics, general or not, that could differentiate leaders from other individuals (House & Aditya, 1997). Those researchers tried to study, the personal characteristics of leaders such as age, the psychological characteristics, and the motives of the leaders such as intelligence, need or achievements, need for strength. According to McClelland, Atkinson, Clark and Lowell (McClelland, et al., 1953)), and their achievement motivation theory, leaders are prone to reach perfection in their duties, through the efforts of other people. This is why, Δαλακούρα Α., (Δαλακούρα, 2006) states that leaders gain motivation through setting their own targets, they take personal responsibility for reaching or not an objective, they insist on tackling the challenge of achieving a goal, they take risks that are weighted and well justified to achieve a goal, and they collect and use information for feedback.

Moreover, House, Spangler and Woycke (House, et al., 1991), proved through their research that motivation to reach achievements is intertwined positively with the effectiveness of the leaders of the organizations. Besides, House and Aditya (House & Aditya, 1997), claimed that managers that are self-motivated in reaching their objectives tend to be personally invested with the project.

In consequence of the research and their findings, McClelland et al (McClelland, et al., 1953), claimed that a leader has a blend of motives, that in general are capable to predict his ability to be effective and efficient. This theory is known as Leader Motive Profile, and its main characteristics are the highly inclination for power motivation, the high interest for moralistic exercise of power and the motivation for power to be higher than that for being a member of the group and thus creating, maintaining and restoring interpersonal relationships with other employees. Furthermore, in his attempt to define the characteristics of a good leader, Stogdill (Stogdill, 1974) came up with several general categories that showcase these characteristics. His research was focused in characteristics that would be fitting within a number of different organizations in a range of different industries. These categories as mentioned are, the natural characteristics of the leading individual, other characteristics related to intelligence and

personality, characteristics that are related to social skills and the individuals' social background, and other features related to the demands of the role in the organization. Additionally, the results of the research made by Richie and Moses (Richie & Moses, 1983), showed that there is direct relation between personality traits individuals in managerial roles and the success level in their work. This comes in agreement with the categories Stogdill suggested, where finding an inherent relationship between personality traits of a management officer and the actual outcome of his work means that they must be interconnected.

Moreover, according to Ιορδάνογλου Δ., Τσακαρέστου Μπ., Τσενέ Λ., Λέανδρος Ν. And Ιωαννίδης Κ. (Ιορδάνογλου, et al., 2016), Stogdill, in his research defined a number of attributes that appear in several leaders in various situations. These features are, boldness, self-confidence, readiness, responsibility, influencing other individuals, and willingness to accept unwanted consequences. It is evident that the aforementioned leader features are those that define the ability of the leader to take initiative, inspire, motivate and communicate with his/her subordinates and at the same time to accept the responsibility of the decisions made.

In modern business environment, according to many academics the five-factor personality model is a fit. The model suggests that the leader needs to be able to communicate his ideas and means of operation to the rest of the employees, needs to be dutiful and tackle the challenges of the role, needs to have understanding of the processes and activities to be followed, need to be receptive to experience form other employees, and need to be uneasy in a manner to steer the activities and the employees always towards the achievement of the goals (Μεθυμάκη, 2018).

Additionally, Μεθυμάκη Ευ. (Μεθυμάκη, 2018) suggests that 'the weakness of theories of the individual characteristics for leaders directed researchers to examine whether the behavior of a leader is related to the effectiveness of his leadership actions. According to these theories, the behavior of a leader is taught and at the same time depends on the leadership style that he follows.

Moreover, Birzer et al (Birzer, et al., 2012), in their book state the different leadership styles which are, the Authoritarian, the Democratic, the Laissez-Faire, and the Charismatic leader. The Authoritarian style of leader is the one that the individual leads by communicating the operations to be done to the employees without seeking to receive advice from others. The leader of this style, determines all the policies, techniques, procedures and activities because he believes that is the reason he was chosen for. He is the one to set the tone at which the organization operates and others should follow with unwavering loyalty. The Democratic leader believes that his role is to assist the groups and other employees to determine agency policies, to formulate the organizations goals, to supply technical advice or facts based on experience and/or knowledge, he allows a degree of freedom for other employees to make their choices, strives to treat all employees equally and objectively but on the other hand, he urges them to work effectively and efficiently towards the goals. The Laissez-Faire leader, allows and encourages complete freedom to the group of employees to create their own policies, offers advice and resources only when asked and reverts from the decision-making. Furthermore, he/she does not pressure the employees to fulfill the goals set, and does not grant praise nor criticism. The Charismatic leader, monitors the business environment and its changes and is ready to proceed to radical changes in order to achieve organizational goals. At the same time this kind of leader is sensitive to the needs and wants of employees, whereas, he/she is the one to formulate the strategic vision of the business and communicate it to the employees aiming to inspire and motivate them. Finally, this leader is self-confident and believes the potential result of the vision.

At this point, it would be worthy of mention that Κόσταλος Α. and Πασιοπούλου Μ., (Κόσταλος & Πασιοπούλου, 2010) claimed on their research that leadership, as a subject, has been extensively researched and discussed. For every type of business and organizations, leadership is a focal point with which it is determined how individuals' abilities will be utilized at certain activities, how they will be developed and how the individuals will behave. Planning, organization, staffing, and control are necessary functions for business objectives to be effectively implemented, whereas leadership could be described as the process of affecting the attitudes and behavior a group of individuals, small or large, in such a manner that freely, willingly and accordingly collaborate with the single aim to achieve the goals that came from the mission of the business, as efficiently as possible.

In another article, according to Burgoyne J. and Hirsh W. (Burgoyne, et al., 2004), it is certain that management and leadership capability that resides within employees and in the business setting it is accompanied with the collective management and leadership capability which is responsible for influencing efficiency and transcends individual effectiveness. The aforementioned, suggests that individual talent is associated with organizational process through career management and broader human resource management systems with which, efficiency and effectiveness of leadership capability is secured. More or less, all organizations have at their disposal, systems, procedures, cultures, traditions and community-located bodies of practice and understanding that influence efficiency and oversees the coming and going of able individuals.

That is why Burgoyne J., and Hirsh W. (Burgoyne, et al., 2004) on their research suggest that management and leadership development should be defined in such a way that includes actions such as organization change and development, learning organization, and learning society. These actions can enhance leadership skills in the collective as well as the individual sense, in organizations, sectors and whole societies. However, despite the evidence being strong enough to support this point, they are not enough to extract the policies and practices that should be adopted in directing the organization to enhanced collective management and leadership capability.

In their research Κότσαλος Α. and Πασιοπούλου Μ. (Κότσαλος & Πασιοπούλου, 2010) said that while taking into consideration the numerous opinions published in the literature, they believe that the concept of leadership is ultimately different from the concept of management. An individual exercising management and/or leadership does not necessarily distinguish between the two when doing so meaning that an employee that is simultaneously operating as manager and a leader, which in practice is the desired scenario for each organization. However, it is possible to exercise only manager or leadership. The authors end their discussion stating that management and leadership are complementary roles or functions with equal importance for the effectiveness of the executives and services that manage it.

The combination of those two can achieve greater and better results and at the same time can satisfy in a more meaningful and effective way the personnel involved. On the other hand,

many academics have the opinion that the difference between management and leadership is vast. For instance, on the website (euro2day, 2021), it is mentioned on that matter that *'management is the effectiveness in climbing the ladder of success. Leadership determines whether it has supported your ladder to the right wall. This statement showcases why the head of a company must combine both "roles"'*. On the same website, someone can read many interesting points of view regarding the issue leadership and management, such as *'one of the most important habits that every person who wants to succeed should have is that of leadership'*. Specifically, in the business industry where leadership comes first and management follows, with obvious reasons, management is objective-centric whereas leadership is motivation-centric to achieve the goals. As both Peter Drucker and Warren Bennis put it, *"management means doing things right; leadership means doing the right things."*

In the business world, the market is changing so fast that many products and services that successfully met the needs and tastes of consumers a few years ago have now become obsolete. Influential strong leadership must constantly monitor changes in the environment, especially purchasing habits and consumer incentives, and provide the power needed to organize resources in the right direction. Changes such as the relaxation of air transport regulations, the dramatic increase in the cost of medical care and the greater quality and quantity of imported cars have a decisive effect on the environment.

If businesses do not monitor the environment, including their own workgroups, if they do not exercise the creative leadership that will keep them firmly in the right direction, they will fail fatally - no matter how good the management is.

Effective management without effective leadership is, as it was put, *"like better securing the deck chairs to the Titanic"*. No matter how great the successes of management, they cannot compensate for the failure of leadership. But leadership is a difficult task, because we often find ourselves trapped in management-inspired examples. In other words, many business executives and entrepreneurs are trapped in management positions, paying attention to control and efficiency, or even rules, and overlook the need to direct and aim for the business vision. This, however, requires that they clarify what their values are.

For better understanding and evaluating the aforementioned, in how management and leadership are interconnected roles within a business environment and how they are evaluated within a company and implemented, in the present master thesis we will study and analyze individual cases of the milk industry. Especially the cases of several companies will be studied, such as, the case of FAGE, a company with international presence. The case of Charalambidis, as a Cypriot company of the sector with high importance and big market share in the national market. The case of Ellinika Galaktokomeia, one of the biggest Greek milk industries, with international presence, and important presence in the Cypriot market. Finally, the case of THESGALA cooperative, a local cooperative from Greece, that gained global attention due to innovative procedures regarding management and market orientation. Moreover, due to the pandemic of the COVID19, that we are all messing with, the present thesis, will try to investigate on the cases that will be studied, what the companies adapt on that matter, and in what level they were affected.

# Chapter 4

## Methodology

In this chapter the research methods used to address the thesis research question (leadership and management: an overview on leadership and management and updated view of approaches and practices in implementing tools in modern environment) will be explained. Furthermore, advantages and disadvantages of the methods used will be mentioned, while data collection process will be elaborated, providing explanation as to how information will be gathered and used to reach our conclusion.

### 4.1 Methods used for the research

According to Dul and Hak (Dul & Hak, 2008), a case study could be explained as the study of a single case (single case study) or the study of a small number of similar cases (comparative case study) in addition to large quantities of information that have been obtained and analysed in a qualitative manner.

The chosen method for research in the present thesis is the comparative case study between four organizations from the same industry. With this choice, we aimed to find similarities in the approaches and methods used regarding leadership and management tools, in order to distinguish a general practise in this particular industry.

Measurement methods that are usually associated with case studies is the “multiple sources of evidence”. This research mainly deals with the collection of information from scientific articles and books, newspapers, magazines, and company data.

### 4.2 Advantages and disadvantages of the methods used

Any research method, undoubtedly, has both advantages and disadvantages, and there is unlikely to be one best way of approaching any task.

Advantages and disadvantages of several methods that can be used in the case study research have been thoroughly discussed in literature (Barnes, 2001), (psud43.wordpress, 2012)

### **Advantages**

- Case studies allow the collection of highly detailed information that would not normally be easily obtained from other research processes. The data collected is usually much richer and more in-depth than can be found through other experimental processes.
- Strategy as well as actions and plans of organizations may be tracked back overtime and recorded.
- Multiple sources can ensure that data collected are cross examined.
- 

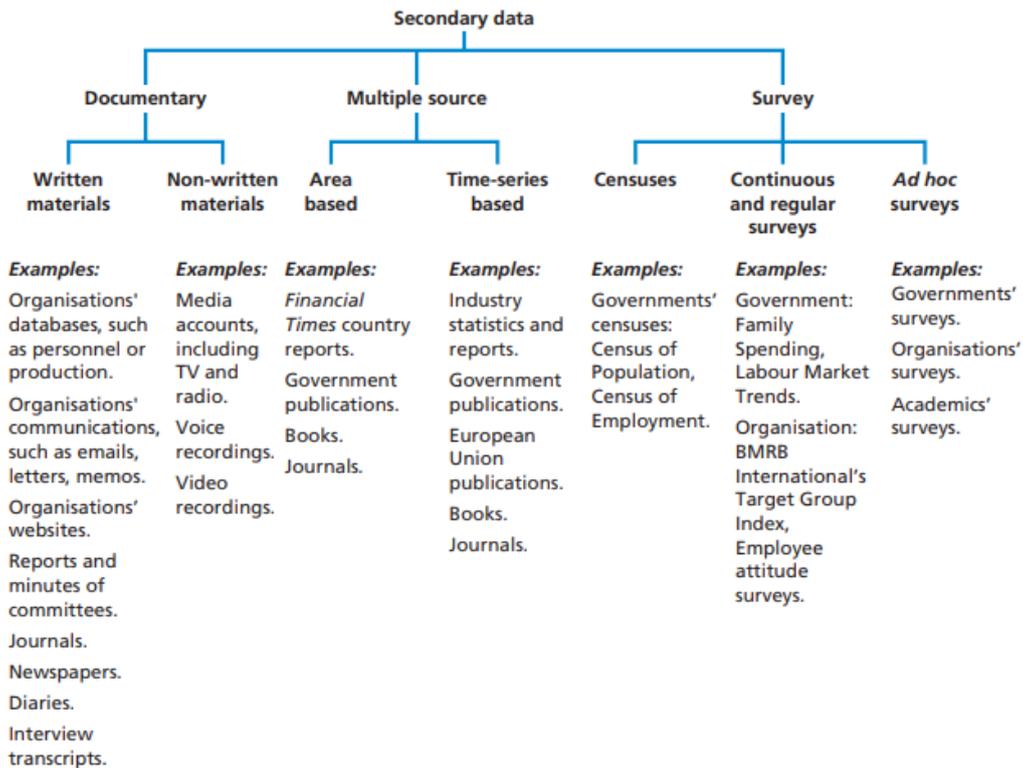
### **Disadvantages**

- The availability, accessibility and suitability of gathered documents and information may prove their purpose of use inadequate or improper.
- Data collected often cannot prove worthy of applying them in situations where we need to make general assumptions or conclusions. This could lead in case studies that are not always relevant or particular useful.
- As case studies are generally conducted by one individual, can lead to biased data collection and therefore results may be influenced

## **4.3 Data collection**

Initially, literature research was conducted so as to gain deeper understanding of the thesis question. In this academic research, a comparative case study was conducted, while the data collection was gathered by several different sources. The data collected (secondary data as mentioned in literature) represent data that have been collected analysed and presented by other researchers. However, they consist valuable sources that can provide important answers to the research question (Saunders, et al., 2007).

The three main types of secondary data are documentary, survey and those from multiple sources, as shown in Figure 4.1.



**Figure 4.1: Types of secondary data (Source: Mark Saunders, Philip Lewis and Adrian Thornhill, 2007 (Saunders, et al., 2007))**

For the purposes of this study, the main way of acquiring information was through documentary secondary data, which include books, journals and magazine articles, newspaper, reports to shareholders, transcripts of public speeches, administrative and public records, notices, correspondence (including emails), diaries, DVDs, CD-ROMs, video recordings, pictures, drawings, films and television programs, as well as organization's databases. (Saunders, et al., 2007).

In the present study, the following secondary data have been gathered and used:

- Documentary: written materials such as books, journal and magazine articles, and newspapers.
- Multi-source: web sites of the four companies from the international dairy industry, data present on the authorized companies web sites.

# Chapter 5

## Analysis and discussion of the case studies

### 5.1 Case study on the international milk industry

In the present master thesis cases from the international milk industry will be presented. Especially the cases of four characteristic companies will be studied and analyzed in order to understand the implications and the methods followed on the topics of leadership and management.

In recent years it has been evident that all business organizations face difficulties because of the world economic crisis and the more recent Covid-19 pandemic happening and affecting the normal operations of their activities. Companies from the milk industry could not be an exception to this crisis, and according to Knips Vivien (Knips, 2005) they do face many changes and challenges that are forcing many of them to alter their strategic operations. Of those challenges, the most crucial, not necessarily tied to the pandemic and the economic crisis directly, is the ever-growing demand of dairy products, which gets as high as 2 percent per year and the slow growth rate of milk supply, which is less than the growth rate of the demand. If we take into consideration that most organizations in this industry operate in big and mature markets, and the competition rates are skyrocketing, we can understand that the margin for profit is at minimum levels. That is why most companies are almost always in search of new markets to enter so as to balance their sales and growth.

As some reports from the Information Resources International (IRI) show, the yogurt retail market in the U.S. declined for the fourth consecutive year in 2020, with an annual decrease of 1.1% in yogurt sales. At the same tone were the market sales of yogurt in the U.K., where a decrease in sales of 5.1% was evident between 2018 and 2019. Even in markets as Italy where

the sales had been increasing the total rise in 2019 was less than 0.5% from the year 2018 (iriworldwide.com, n.d.).

Therefore, these companies will be looking to redirect their strategies and resources into more profitable markets and products. This can deliver changes in the management and leadership styles for some of them. Some of them may be able to retain their position firmly despite the aforementioned challenges and reinforce their position in the market. Several others may seek their future in new markets as their chance to sustain their companies in competitive levels.

Consequently, this highly competitive environment, among milk companies, requires adaptable management methods and leadership, because these companies might be fighting not only for their growth but for their survival as well.

In the following manuscript the four companies selected for the present research will be presented in order to understand the difficulties they face and how they are led into the future.

## 5. 2. The case of FAGE



Image 5.1: FAGE Logo

The company is a leading international dairy company and Greece's leading yoghurt company, producing milk, cheese, and yoghurt for customers worldwide. It's a family-owned company and also strategically led by the Philippou family since its founding in 1926, FAGE has a portfolio of a variety of dairy products with the traditional-style Greek yoghurt known for its

famous taste and texture being the most famous of them. FAGE has been distributing its products in many markets, the largest of them being the U.S., the U.K. markets and the Italian market along with the Greek. Including the ones already mentioned, FAGE is distributing its products in 39 countries from all over the world.

FAGE began its journey from a small dairy store in Athens in 1926 and managed to become a leading international dairy company specializing in yoghurt. At the time being, FAGE products are distributed in around 300 food chain chains, which supply about 50,000 stores in approximately 40 countries, mainly in the US and Europe. In addition, the company made agreements to sell its products in smaller shops, bakeries, pastry shops and dairies to help meet the growing demand and enlarge their supply chain. FAGE has succeeded in creating products that lovers of good food love around the world. Its success is due to high quality standards, multi-generational know-how, innovative products and dedicated employees. Today, more than ever, the company puts emphasis on creation, leadership, innovation and growth. All of its actions are directed towards achieving the absolute quality.

Now the company is enjoying state-of-the-art facilities in the regions of operation, whereas the US plant in New York, began to produce their products in 2008 and is currently the largest of the organization's factories producing yoghurt products for the US market as well as the rest of the markets in the USA. FAGE owns two factories in Greece which serve the rest of the international markets outside of the US continent and have expanding production capabilities to serve the growing demand in the markets of the United Kingdom, Italy, Germany and other countries.

In October 2012, the company announced that it will transfer its headquarters from Greece to Luxembourg. The reasons for the move include more favorable tax conditions, better access to bank finance and reduced exposure to the Greek financial crisis. At the same time, the company underwent an internal restructuring which aimed to enhance the efficiency of its corporate structure and to reflect better the increasingly international nature of its business. The consequence of the changes was the founding of FAGE International, with headquarters as already mentioned in Luxemburg, beneficially owned and controlled by Mrs. Ioannis and Kyriakos Filippou. The FAGE International company is the parent company for all of its subsidiaries. FAGE's operations in Greece are conducted through its Greek subsidiary, FAGE

Greece (the former parent company) in connection with the restructuring, FAGE International S.A., the new parent company, is now one of the two primary obligors (together with FAGE USA) on the Senior Notes.

The company, now, is aiming to grow their business in the United States, believing there is growth potential for their products in that market, by introducing a range of new products while increasing the product penetration and distribution. The company also believes they are in a good position to meet the demand of the US market in yogurt products due to their newly founded factory.

Moreover, the enterprise has set the goal of expanding their production capabilities and subsequently aim to grow their business in Europe and other international markets. The company complementary of retaining their share of the European and international market already operating, aims to grow its activities both in the markets its already in and expand its business to other countries and/or regions. For this reason, the organization has decided to supplement their production capacity at their Greek facilities by constructing an additional production unit in Luxembourg with the same standards as the facility in the U.S. Moreover, the company is already on the wait for the new facility in Greece to be completed. These two new facilities along with the existing ones will contribute significantly in fulfilling the objective of keeping up with the growing demand internationally. The company insists that they will be continuing this kind of investments in order to streamline the production and distribution of their products internationally.

*FAGE's key products are:*

- Yoghurt. In 1974 the current FAGE factory was built. In 1975, FAGE perfected the yoghurt preparation standardization which radically changed the Greek market. This made yoghurt have a consistent taste and longer life. New varieties and flavors were introduced a little later. In 1981, exports to the European market began. Total was introduced and made tremendous success.
- Cheese market: In 1991 FAGE entered the cheese market, mainly manufacturing traditional Greek cheese. It produces, packs and supplies to the consumers in Greece and abroad a variety of cheeses. FAGE has a wide range of cheeses such as Graviera, Trikalino, Trikalino Light, Gouda, Edam, Playa, Regato and Flair.



Image 5.2: FAGE traditional Greek yogurt

- Milk: In 1993 FAGE entered the fresh milk market by introducing FAGE Fresh Milk to all of Greece. In the same year, the company created new plans exclusively for fresh pasteurized milk, a new line of pasteurization, homogenization, new machinery and packaging. Moreover, after a significant investment in research and machinery, FAGE presented a new innovative product in the Greek market, High Pasteurized Milk, which created a new milk category.

It is important to mention that Philippou, the founder, had a great contribution to the business and the industry in total, showing great leadership and innovation. He discovered how to inactivate yogurt, which enabled it to be standardized, but also to increase its shelf life. Thus, he mechanically designed the modern method of industrial yogurt production, and obtained a patent for this invention (pronews.gr, 2021).

It is crucial to mention, that according to Antonopoulos A. (Antonopoulos, 2018) FAGE as a company has an important aspect, which is the fact that it can operate in a global level without losing its traditional heritage and traditional taste. Also, another important fact to mention, is that FAGE is worldwide known as the Greek ambassador of Greek yogurt around the world. Somehow, FAGE is identified as the worldwide producer of Greek yogurt.

#### *Covid-19 virus pandemic influence*

The covid19 affected the company's sales. According to [www.1voice.gr](http://www.1voice.gr) (1voice.gr, 2020) the sales have been dropping throughout the 2020 and are marked as disappointing, despite retail sales and consumption during lockdown conditions should have invigorated the sales even in some amount.

According to their annual report of 2020 FAGE International recorded, in the first quarter, sales marginally increased in value by only 1%, while in the second quarter the picture was not better, as according to the financial report of Fage International, sales in value amounted to \$ 129.4 million, translated to a decrease of 0.8% compared to the corresponding period of 2019.

One of the things that looks positive for FAGE, is that the group, despite the difficulty in transportation and exports, especially in the previous period that most companies experienced, is the marginal increase in sales outside Greece, in countries of activity such as Britain, Italy and the USA, by 2.8%, 6.2% and 0.8% respectively.

However, the course of the company in the pandemic, but also the general situation has created uncertainty and a cautious attitude on the part of the group, which sees the effects continue due to health crisis.

It is evident from what has been mentioned above for FAGE that the company is founded and grown all these years holding up the family principles of the founder. These principles have brought the organization in the modern business environment, however the continuous growth of the company all these decades forced changes in the management model. The family management model gave its place to a corporate/family management type evidenced by the owners and the growing operations of the FAGE Group in international markets. The most significant change occurred in 2012 when the company, as already mentioned underwent a significant change in structure in order to facilitate the needs of the organization in the present and the future.

The Group seems to be managed in a way that ensures the success of the objectives set, most importantly the aim of the company is to tackle the two most significant problems of the international dairy industry, the growing demand in products and the insufficient supply-chain. The company has programmed investments in facilities in order to meet up with these problems. The family is leading the company into the future and despite recent obstacles emerging in the form of economic crisis a decade ago and the form of the pandemic which is more recent, their investments show the vision they have for the company.

### 5.3. The case of CHARALAMBIDES CHRISTIS

Charalambides-Christis is the number one dairy company in Cyprus. The company strives to produce its products with the quality of international standards and subsequently presenting itself as a leader in the food and distribution sector. The quality of Charalambides Christis is internationally recognized, as can be evidenced by the exportation of the company's products in more than 32 countries (approximately 30% of its turnover is for exports of halloumi and UHT cream) worldwide, a fact meaning that the organization is one of the largest exporting companies in the island (CharalambidesChristis, 2021).



Image 5.3: Charalambides Christis Logo

The organization as a leader in the Cypriot market, has been investing in recent years over 32 million euros, for growing facilities and renewal of technological equipment. Moreover, the company aimed to begin upgrades on infrastructure and implementation of safer packages. According to the official web site of the company, the company has also invested in operating with standardized processes which are based on quality certifications.

*Charalambides-Christis key products are:*

- Full range of Fresh Pasteurized White and flavored milk, while the company produces Milk and UHT long-lasting cream from 100% Fresh Milk.
- Yogurt production includes the all-known white yogurt and yogurt with fruit flavors.
- Big variety of cheese including traditional halloumi.
- Imports and distributes refrigeration and freezing products from Greece and England.

The organization is employing more than 600 people in dependence of the season and the fact that the majority of the working force works closely together, is viewed as an opportunity

to empower collectiveness and tighten the relationships between them. Moreover, as of 2012, there is a new share structure set in the ownership of the company which saw the company returning to Cypriot hands, created a new dynamic within the staff, a dynamic that allowed in engaging in more personal contact between each staff member and company owners. By this move on behalf of the ownership and the management of the company it seems that they wish to create a new environment and culture within the company, one that the employees will feel valued and heard and one that the company will look to continually aim for the development and progress of all of its employees. As stated in their website, CHARALAMBIDES CHRISTIS is relying on the dedication, hard work and love that its employees show towards the company.

In this context the organization, since 2012 with the new management, is trying to build a tight relationship with its employees, on that the employees will be sharing their concerns and the company will be appreciating their hard efforts, while simultaneously showing its appreciation for the love and passion they demonstrate towards their work.

The management of the company aims to grant the employees the opportunity to establish a successful working relationship. This can only be reached by creating a trusting environment characterized by sincere communication and respect. Consequently, the management of Charalambides-Christis has engaged itself in achieving the organizational objectives by enhancing the motivation and effort of the workforce through the establishment of a caring culture as stated above. Working in harmony with good communication and giving priority to the common goals is the guiding force towards success. In this relationship, management/leadership and employees embrace their responsibilities and the company provides the necessary support to the employees, recognizing their co-dependence. Employees are motivated to work effectively and efficiently towards the common goals set by leadership.

#### *Covid-19 virus pandemic influence*

The company is acknowledging the circumstances that the pandemic of COVID19 has caused not only in Cyprus but in the whole globe, and subsequently engaged with all the necessary protective mechanisms in order to maintain the company's position but at the same time to

retain the physical, emotional and mental health of every member of the company for the duration of the pandemic. The organization is also aiming to hold on to the knowledge and experience gained up to now and enforce it to maneuver safely into the post-pandemic period.

The organization of Charalambides-Christis is a company that, at least, after the structural changes that led to new management and leadership back in 2012, has engaged in a model of management that wants to bring the management and the employees at proximity, setting the tone for the establishment of an environment of togetherness and respect. Through this practice, the management is trying to grant the employees the environment to feel safe, respected, and heard. This can lead to motivational enhancement regarding the workforce and elevate efficiency and effectiveness towards the fulfillment of the common goals. Moreover, the company during the Covid-19 virus pandemic, is aiming to create an atmosphere, where employees will feel safe in order to proceed into the future together.

#### **5. 4. The case of Ellinika Galaktokomeia–Hellenic Dairies S. A.**

Ellinika Galaktokomeia - Hellenic Dairies S.A. is a company with significant share in the Greek dairy market and is considered as one of the largest Greek dairy companies. The company was created with the merger of the three historic companies Rodopi, Tyra and Olympos. The emerging company in today's business world has a global presence and continuous development of its products. Its operations include the markets of Greece, Bulgaria, Romania with physical presence (factory facilities) and exports to 42 countries. Its employee force sums up to more than 1000 employees and has revenues of over 300 million euros (HELLENICDAIRIES, 2021).



**ΕΛΛΗΝΙΚΑ ΓΑΛΑΚΤΟΚΟΜΕΙΑ Α.Ε.**

(a)



(b)

Image 5.4: (a) Hellenic Dairies Logo and (b) Olympos Logo

According to their official website (HELLENICDAIRIES, 2021) was established in 1965 when the cooperative milk company Olympos was founded, based in Larisa city. Until 1997 the main force of the company is the consumers of the prefecture of Larissa, an area in which it holds about 37% of the market, while soon it expands its network to the market of the neighboring prefecture of Pieria. Up to 2000 the company operates locally in the region of Thessaly, with a larger distribution in the local market of Larissa. In the next year the company begun selling its products throughout Greece and in more than 42 countries abroad.

The history of the group begins in 1985, when brothers Dimitris and Michalis Sarantis founded the cheese company TYRAS in Trikala. In 1999 they acquired TYROM in Romania and in 2000 the cooperative dairy company "Olympos" in Larissa, while in 2003 they acquired a company in Bulgaria. In 2005 the company entered the product category of natural juices. In 2008 the brothers Dimitris and Michalis Sarantis acquired another cooperative dairy industry, "Rodopi". Now the group, after the acquisitions of the companies "Kliafa" and "Doumbia - Malamatina", had seven factories in Greece, Bulgaria and Romania.

The vision and goal of the company is the production and supply of a wide variety of cheese and dairy products of excellent quality and taste. Its philosophy is to always look ahead, to constantly evolve and to conquer new goals, constantly offering products of excellent quality and unique taste.

Ellinika Galaktokomeia – Hellenic Dairy S. A. has a vast range of products, such as:

**TYRAS:**

Milk, long lasting UHT milk, High pasteurization ESL milk, Chocolate milk, pdo cheeses, strained yogurt full 10%, strained light yogurt 2%, yogurt dish, butter.

**Olympos:**

Fresh milk 3,7%, fresh milk light 1,6%, organic milk whole 3,7%, organic milk light 1,5%, milk with vitamin D, goats milk whole 3,5%, goats milk 1,5%, organic milk without lactose, organic milk bio from goats milk, Choco Cool chocolate milk without lactose, Choco Cool chocolate milk from goat's milk, kefir, cream 35%, cream 20%, cream 12%, yogurt, strained yogurt full

10%, strained yogurt light 2%, 2% strained yogurt without lactose, 2% strained yogurt dessert without vitamin D, Probiotic yogurt breath 2%, organic yogurt, Goat yogurt, Traditional yogurt, cheeses pdo (Barrel feta, Feta, Organic Feta, Kaseri), Soft cheeses (Village, Village Light, Lactose Free Cheese, Goat, Rural Semi-Hard, Hard cheeses (Graviera, Village Hard Cheese, Kefalotyri), Long ripening cheeses (Kefalotyri, Graviera, Kasseri, Smoked), Fresh cheeses (Fresh cheese NIBATO 10%, Light NIBATO 4%), butter, butter with vitamin D, almond drink, nuts drink ecc, orange juice, apple juice, 9 fruit juice, carrot juice ecc.

According to the company's official web site (HELLENICDAIRIES, 2021) for the year 2020, they had a turnover of over 400 million euros, recording an increase of 8.31%. The growth of the company even in this particular and peculiar situation with the pandemic has allowed the group to proceed this year with the expansion to two more food categories, those of soft drinks and bottled water, through two acquisitions (Manifava, 2020).

It is worth noting that 50% of the turnover, concerns sales of exported goods or products made in the facilities outside Greece. In fact, overseas sales increased in 2020 compared to 2019 by 18.13%. Profits before taxes amounted to 24 million euros compared to 23.6 million euros in 2019, recording an increase of 1.69%. Profits before interest, taxes, depreciation and amortization increased by 6.12%, reaching 52 million euros in 2020, from 49 million euros in 2019.

It is worth noting that the group has in 2020 went on to invest 37 million euros, which involved two acquisitions (as mentioned before), of Kliafa SA and Doumbia - Malamatina SA. It is noted that the group acquired 100% of the shares of Kliafa SA. and 77.88% of Doumbia - Malamatina SA.

Moreover, in 2020, the group issued two equal joint bond loans with Alpha Bank and Eurobank, worth 10 million euros each, with the guarantee of the Business Guarantee Fund COVID-19 of the Hellenic Development Bank.

According to Entersoft S.A. (ENTERSOFT, 2017) due to the rapid growth of the company, Hellenic Dairies SA required a solution to help mainly Sales, Marketing and Customer Service, to organize and control their processes in Greece, Bulgaria and Romania. This was made a

necessity specifically for supervising the sales inspectors (supervision on the shelf), since up to that point the process of distribution and ordering was mainly on MS Office files (Excel, Word) that made them extremely prone to individual errors. These mistakes in communication, restricted the achievement of the objectives set by the management. The company had to overcome this challenge. And it did so by acquiring the services of Entersoft. Entersoft Mobile CRM / SFA was selected to automate processes in supermarkets, wholesalers and retailers, such as order taking, returns, merchandising, checks, promotions, inventory counting, questionnaires and price monitoring. It was also preferred to facilitate the back-office sales strategy such as visit planning, approvals, customer acquisition and competition analysis. The company's executives and salespeople responded positively and "embraced" the new solution, observing at the first contact, how significantly it improves the way they worked. At the same time, employees have at their disposal the full picture of their statistics in a reliable data, while the management has a clear picture of the performance of each employee and consequently of the team. Finally, based on the real and complete data available, decisions within the company are made faster and more accurately.

According to [kathimerini.gr](http://kathimerini.gr) webpage (Manifava, 2020) the Ellinika Galaktokomeia – Hellenic Dairies S. A. went from milk to juices, then to tea, now to soft drinks and deep down even energy drinks. It is the evolution of "Hellenic Dairies", under the umbrella of which are the companies "Olympos", "Tyra", "Rodopi", from a dairy industry to a food company with the emphasis in recent years on various categories of beverages.

The group network of Ellinika Galaktokomeia – Hellenic Dairies S. A. includes three production units in Greece as well as two production units abroad (Romania, Bulgaria).

The group also has two large branches in Thessaloniki and Athens as well as milk recipients in the peripheral units of Xanthi and Kavala. In terms of overseas, in addition to production units in Romania and Bulgaria, the group has trading companies in Great Britain, Germany, Italy, and the USA.

According to Sakalakis P. and Sakalaki S., (Σακαλάκης & Σακαλάκη, 2018), the company, has emerged and claimed its position in the dairy industry by being committed to the Greekness of its products and maintaining the original philosophy of providing support to the Greek

producer. These principles nurtured by the company are certified by the Greek state itself as the brand with a heart and the Greek flag can be seen on the company's products. This mark is awarded to companies that produce products in Greece and only from Greek raw materials and is an initiative of the Greek Ministry of Infrastructure, Shipping & Tourism.

#### *Covid-19 virus pandemic influence*

What is important to mention at this point is the fact that Ellinika Galaktokomeia – Hellenic Dairies SA, received COVID19 shield certification. According to their official website (HELLENICDAIRIES, 2021), the group received the shield certification, at Principal level, from the organization TÜV AUSTRIA for its operation and facilities. As noted in a relevant announcement, it is essentially the recognition and reward of all prevention and hygiene policies implemented by the company, by an international company of recognized prestige and is committed to their faithful and continuous implementation in order to limit the spread of coronavirus.

Also, to the set of strict measures that Ellinika Galaktokomeia - Hellenic Dairies S. A. already applied in its production units, supply centers and offices, a new, innovative, prevention process was added, through the use of Rapid Test Surface Ag 2019-nCov, by the Greek biotechnology company Prognosis Bitech which concerns the control of busy points and surfaces, so that it is possible at any time to assess the degree of disinfection of common objects and furniture. The design, development and production of the Rapid Test surfaces of PROGNOSIS BIOTECH is done by applying strict quality systems (ISO 13475: 2016, ISO 9001: 2015).

Additionally, Ellinika Galaktokomeia - Hellenic Dairies S.A. has contributed since the beginning of the pandemic to ease the struggle of fellow citizens by creating twenty (20) fully equipped Intensive Care Units (ICU) in four hospitals in Greece, with over 1 million euros cost.

## **5. 5 The case of THESGALA cooperative**

The fourth case that will be presented in the present master thesis is the case of THESGALA cooperative. This case is unique and completely different from the other three cases

mentioned before, because it is not a company but a cooperative that gained worldwide attention due to its innovative market entry.



Image 5.5: THESGALA Logo

The THESGALA cooperative was formed in 2011 from a small group of dairy farmers from Larissa, when they were considering the production volume of their farms, and decided to investigate the possibility of cooperating. It was a cooperation of a small group of farmers in the beginning, but the cooperation grew and grew up to 102 members right now.

In their time of operating, the cooperation achieved to produce products of high quality and at the same time they achieved good terms for their milk to sell. There is a very strict milk quality control system. The cooperative imposes severe penalties on members if it does not meet the quality requirements.

*"We have to ensure quality in order to create added value in a product that is not competitive, it does not have any particularity. For us, its exceptional quality is this peculiarity",* says Mr. Vakalis, President of the cooperation, in an interview on [bostanistas.gr](http://bostanistas.gr) webpage (Tahiaou, 2013)



Image 5.6: Vending machine point of THESGALA fresh milk and other products

The establishment of the cooperation coincided with the search for suppliers in Greece by FrieslandCampina (NOUNOU) which is a Dutch cooperative. Thus, the cooperation not only achieved to sell to the large dairy companies their milk in good terms but in addition to that they were able to sell it to the Dutch cooperative. Therefore, the cooperation is now providing its members milk to Friesland, FAGE, Olympos, DELTA, cooperative factories and the Tositsa Foundation for the metsovone it produces.

The cooperation had to overcome obstacles to enjoy today's success. One of the most important issue the members had was the costly feed they needed to purchase each year, which resulted in less earnings. The cooperation leadership, in order to reduce costs, resorted into making mass purchases of feed, which in turn resulted in a reduction of 10-15% in costs. In extend to this, recently, the ThesGala cooperative helped to set up two more cooperatives; the first one for sheep farmers (GALA HELLAS) and the second one for farmers (THES GI), making contracts with them for the supply of animals and cereals. Therefore, the members of the cooperation will benefit from these deals in livestock and feed for them. Moreover, the cooperation recognized that the production units of its members should be equipped with modern and state of the art machinery to make milk production more effective and efficient. Thus, an ongoing effort is being made to modernize said units.

Another initiative of the cooperation to help its members is the decision to prepare a veterinary clinic. This clinic will grant the members the opportunity to shorten the expenses for veterinarians and drugs used on their animals. In addition, they have already submitted a

proposal to the Department of Veterinary Medicine of the University of Thessaly (based in Karditsa) for a research project that will concern the investigation of DNA and the resistance of animals to heat stress. This project will help them understand the kind of animals are more resistant to the effects of heat stress and therefore more productive for them to breed or acquire.

Although the cooperation sums up to 10% of domestic production, they reached a turnover of 30,000,000.00 euros an achievement they wouldn't probably thinking almost 10 years ago when they were at the beginning. To speak the truth back then the partnership was aiming to provide a secure income on the one hand and set up a sustainable cow's milk cooperative in the short term - the first in Greece.



Image 5.7: Vending machine point of THESGALA fresh products

Even though the promising start the cooperative THESGALA faced problems. When milk vending machines appeared in Larissa in 2013 and it became known that this was not an innovation of a multinational, but an activity of a cow breeders' cooperative, there were many who thought that - in the midst of a deep crisis - there is good and optimistic news. This is because from the cooperatives of the previous decades that were mainly engaged in subsidy management - at best - a cooperative with business activity, investments and innovation appeared. Some years after its foundation, in 2011, "THESGALA" is perhaps at the most critical turning point in its short history. Even if it is completely viable, as its members claim, in a short time it may no longer be a cooperative, but has passed into the control of private investors.

According to kathimerini.gr webpage (Manifava, 2019), it is claimed that the cooperative has three roads to choose and continue its course of operations, without one excluding the other. First of all, negotiations are underway with the three creditor banks (Piraeus, Eurobank and Cooperative Bank of Thessaly) for the restructuring of the cooperative's lending and in particular the conversion of its short-term borrowing, amounting to approximately 6 million euros, into long-term. If this is achieved, then "THESGALA" will be able to meet the obligations it owes to its suppliers. In recent months, "THESgala" has returned to operating profitability, but carries the burdens of previous years, the accumulated losses from 2015 onwards. The second scenario is the entry of a private investor. Market sources claim that the discussions of "Thesgala" four private investors that battling one another to acquire a share of the cooperation.

From the side of the cow breeders - members of the cooperative, there is a restrained optimism that a solution will be found and "THESGALA" will continue to exist and in the medium term will acquire the required capital adequacy for the implementation of its plans not only in the domestic market, but also abroad borders. In any case, any development will probably lead to a new public limited company, having marked the end of a cooperative experiment.

Ambitious plans and risk are considered key components of the business. But they can also boomerang, especially in times of crisis, when consumption is low, there are restrictions on the movement of capital and the tap on bank financing is closed. In the financial year 1 July 2012 - 30 June 2013 the turnover of "THESGALA" was 23.04 million euros and the year profitable, with net profits reaching 773,607 euros. In the next fiscal year, the turnover increased further, reaching 24.73 million euros and the net result was 439,212 euros. In the fiscal year from 1 July 2014 to 30 June 2015, the turnover amounted to 23.14 million euros, but the profit before taxes was now 37,332 euros. The following years were loss-making, with the last one, that of 2017/2018, closing, according to information, with losses of approximately 150,000 euros, the fiscal year 2016/2017 with losses of 500,000 euros and that of 2015/2016 with losses of 1.7 million. euro. In 2018 the cooperative proceeded to reduce its operating costs, but there are accumulated losses.

Since 2013, when the first milk vending machines appeared, the growth of "THESGALA" has been very fast. In 2015, the vending machines expanded in Thessaloniki, while the great expansion of the network took place with the entry of the cooperative in Attica, in 2016. In 2017, the management of the cooperative announced a new plan, which some consider to have played an important role in current developments. Investments of approximately 10 million euros were required over a period of 2.5 years, which were financed mainly by short-term bank loans, with all that entails for the cost of money. The new plan included the expansion of points of sale through franchising and at the same time the conversion of some of them into shops selling other products, except dairy, produced by agricultural cooperatives. These are the "THESGALA plus" stores.

Things did not go as planned. Thus, while in June 2017 "THESgala", which had 30 points of sale in Attica, had the intention to create another 30 in 2018 in neighborhoods that did not have a presence at the time, this did not happen. Today it has 32 points of sale in Attica, 18 in Larissa and 9 in Thessaloniki. The cooperating farms are 32 out of 35 initially, while the cooperative supplies milk to FAGE, Friesland, "Kolios", as well as the cheese dairy of the Tositsa Foundation in Metsovo.

The example of "THESGALA" with the milk vending machines found many imitators, without, however, any of the efforts to acquire the size of this Thessalian cooperative. Some companies - also cooperative - have completely abandoned the activity through milk vending machines, while others have a limited presence locally.

In 2015, the Eastern Peloponnese Cow Breeders' Association, which operates in the market under the "Moria Milk" brand, proceeded with the installation of a milk vending machine in the center of Athens. This cooperative, founded in 2011 by Argolida breeders, no longer has milk vending machines, but its products (milk, yogurt and desserts) are on the shelves of supermarkets in the Eastern Peloponnese, in the islands of the Saronic Gulf, but also in selected locations. in Attica.

In the city of Kozani, the activity of the group of producers who created the dairy products with the brand "First hand" is limited. The group has a small number of milk vending machines in Kozani.

ThesGala cooperation is based on membership and the election of a Board of Directors that operate based on the association articles. The cooperation although it started very impressive in 2011, and made its course up to 2015 with very promising indications, from that point on started to decline. This is basically due to the decision making of the Board of Directors. Their management of the cooperation led them in significant economic openings and the acquisition of loans which year by year they were a burden on the cooperation. Now, despite the efforts of the management, in creating the best possible conditions for the members to overcome their difficulties, lower the costs and increase their earnings it may not be enough. Evidently, after years of losses the cooperation returned to earning last year, but possible investors/buyers and the loans are still making things extremely difficult for ThesGala. Future will tell how the cooperation will proceed but they would probably need a change in their management model in order to turn things around.

#### *Covid-19 virus pandemic influence*

As already mentioned, the bad management decisions and lack of stable leadership drove the THESGALA cooperative in a dead-end. We were unable to find sufficient information for ThesGala regarding the case of COVID19 but we can assume that in the predicament circumstances the cooperation has set itself in recent years the situation of pandemic surely does not help lessen its problems but instead it maybe increases them despite the reversal of losses to earnings last year.

# Chapter 6

## Conclusion

In the present master thesis four cases of milk industries were studied and analyzed. The strategies on management and leadership were presented and we identified that a stable policy was more or less followed from the three industries (FAGE, CHARLAMBIDES CHRISTIS and ELLINIKA GALAKTOKOMEIA – HELLENIC DAIRIES S. A.) so that these companies can develop and face the financial crisis and the pandemic, but also a specific way of operating within their home-based borders. On the contrary, the THESGALA cooperative tried to modify its strategy and establish its distribution channels in more cities of Greece than the initial one, (Larisa). Those three companies (FAGE, CHARLAMBIDES CHRISTIS and ELLINIKA GALAKTOKOMEIA – HELLENIC DAIRIES S. A.) consider management and leadership in a similar way, due to the fact that they are companies with international presence and similar managerial characteristics. On the other hand, regarding the THESGALA cooperative, it seems that the cooperative spirit is stronger than the management approach and, in many cases, as we already mentioned, the decisions for the company are made due to that fact. The main feature of the group of the companies we studied was the entry into foreign markets. FAGE as a company actually chose to change its base and moved from Greece abroad. Ellinika Galaktokomeia – Hellenic Dairies S. A., also has strong international presence with various facilities away from the Greek borders. We identify the need for expansion in foreign markets as based on percentages, higher profitability rates are recorded and greater growth margins.

The investment part is particularly important for the group of companies (FAGE, CHARLAMBIDES-CHRISTIS and ELLINIKA GALAKTOKOMEIA – HELLENIC DAIRIES S. A.), as there is the creation of new production units abroad in order to communicate more directly with the markets there. According to the financial analysis of the group of companies studied (FAGE, CHARLAMBIDES CHRISTIS and ELLINIKA GALAKTOKOMEIA – HELLENIC DAIRIES S.A.), the percentages of revenues from foreign markets are constantly increasing and the forecasts for the future are particularly promising. The information given shows that extroversion was a key pillar for those companies (FAGE, CHARLAMBIDES CHRISTIS and ELLINIKA GALAKTOKOMEIA – HELLENIC DAIRIES S. A.) in managing to cope with the difficult economic

situation in which the country finds itself and they try to place themselves in positions where they can create opportunities they can exploit for growth.

Although the three international organizations consider management in similar ways, they do not follow the same model or orientation. This is because they do not have the same needs, targets and goals. Each of these companies operate in various markets, which signifies the organizational complexity of them and in consequence the complexity of the management approach and the leadership tools used.

We acknowledge that in monetary terms and terms of market involvement and growth, FAGE is the organization that stands out of the selected four. The management and leadership of the company shows consistently that they want to grow the company and this is why FAGE moved its base of operations from Greece (although maintaining their established factories) to Luxemburg a few years back. The resulting success of the company in recent years shows that the vision of its leaders was well communicated throughout the workforce of the organization, consequently being motivated to work for the success of the company effectively and efficiently. Therefore, it can be said that the FAGE organization is one with highly performing management and leadership.

In the case of CHARLAMBIDES CHRISTIS, the leading company in Cyprus in the milk industry, they have been showing signs of positive managerial and leadership tools implementation. The change of management that occurred just a little less than a decade ago, in the midst of the world economic crisis, force the company to change their way of management. The company itself proclaims now that they want to maintain the best possible relationship with their employees based on cooperative culture and trust. Since that change in managerial status, the company has maintained its position in the Cyprus market. However, the organization has invested significantly in growing facilities, renewal of technological equipment and investing in new markets in recent years. The results suggest that the company, implemented successfully its new vision for the company, the communication between the management and the employees is maintained at optimum levels and the employees show in practice their trust, respect and loyalty to the organization by following that vision towards the success of the company. It can be suggested that the company of CHARALAMBIDES CHRISTIS successfully tries to enforce tools from the coexisting relationship

of management and leadership, recognizing the co-dependence of the organization and the well-being of their employees and the motivation that can add to the employees a positive organization culture.

ELLINIKA GALAKTOKOMEIA – HELLENIC DAIRIES S.A proves that good leadership and management can achieve great economic results in terms of profitability and market share. Good leadership and management can be explained as the organization has international physical presence with factory facilities and exports in a number of foreign countries, while the employee force sums up to more than 1000 employees. The organization turned out to be one of the fastest growing dairy industries in the Greek market, and one of the leaders, after the local milk cooperative, was merged by the promising company of the family Sarantis. Consequently, good management and leadership played their role in growing the organization to what it is today.

In regard with the Thesgala Cooperation on the other hand, the cooperation elements and in general the cooperation idea immensely affect the management and leadership approaches implemented by the elected board. Although the cooperation started as a promising and interesting business project, with innovative ideas and high motivation to enter the market of Greece milk industry, a few years down the road, the cooperation, for many reasons, including external (economic crisis, pandemic) and internal (bad decisions from management) led them into the difficult today's position, with many debts and many investors ready to take the opportunity of gaining control of the cooperation. It can be suggested therefore, that the cooperation failed to manage its initial success in the right manner and entered a race to maximize profitability for its members, which led to decisions that left the cooperation exposed to dangerous circumstances.

Moreover, regarding the Covid-19 circumstances, the three organizations with international character, were led by leadership that on one hand they felt the need to continue their growing path, deciding to continue investing in new facilities and markets. On the other hand, this decision from each of those companies seems it was not taken lightly due to the unexpected nature of the coronavirus outbreak. So the main drive of these investments were focused more or less for all three organizations in the same aspect, which was finding the ways to secure their positions in their respective market or expand into another market in order to

acquire a share of that market. Thus, the aforementioned investments for these companies regarded mainly the maintaining or improving the supply chain towards their respective markets and creating facilities in order to meet the increasing demand. In the case of ThesGala Cooperation, as already mentioned, the decisions prior to the emergence of the COVID-19 outbreak led to the inability of the cooperation to be flexible enough in order to cope with the difficulties the virus brought with it.

In a more general scope and taking into consideration of the case studies presented here, we can say that modern organizations need to follow new management and leadership tools, that promote the flexibility of any company to deal effectively with emerging problems in periods of crisis. Both the world economic crisis several years back and the most recent outbreak of COVID-19, suggest that companies need to address this aspect. By implementing management approaches to deal with the unexpected, the whole business should be well positioned to deal more successful with almost every circumstance they face. To set up these management approaches organizations need to rely on individuals that will communicate effectively the need of this change to the workforce in a meaningful way and promote the creation of a culture based on respect and trust. In this way organizations are strongly positioned to deal with both the expected and unexpected, because the workforce of the company will be willing and motivated to go the extra mile in order to help the organization they respect, trust and provides for them.

Additionally, organizations should demonstrate decisive leadership in crucial moments such as the circumstance with the COVID-19 outbreak. In these situations, the management is forced to take immediate action and, in most cases, when dealing with unexpected phenomena there is no go to rulebook in order to take advice. Therefore, in these cases, the leadership should consider both the short- and long-term survival of the company. This means that any decision taken should be balanced enough to take the company as unscathed as possible to the future, ensuring their continuity and success. A leader in a modern organization is known to be able to take daring initiatives that can lead to a stronger organization, such as providing training in the job subject, providing development prospects, the right planning and in general the right organization, setting fair rules and practices, recognizing the employee's efforts and rewarding them materially and ethically, as well as the manager's effort to see things from the employee's point of view. However, in the case of an unexpected crisis, there

would probably not be enough time or resources to achieve all the aforementioned. Consequently, the effectiveness of a manager or a leader is shown in periods of crisis for the effort he or she put before that happens. Indeed, companies that are led and managed with good decision making are more often those that succeed in long term.

## **6.1 Epilogue and Suggestions**

The case study showcased the four companies from the dairy industry and revealed the management each of them is following at the moment. We revealed that the three organizations are managed and led in a way that allows stability and growth, which is an indication of the appropriate working environment within the companies to effectively motivate all employees to collaborate not only for their prosperity but for the prosperity of the organizations they work for. By this both the ownership and the workforce acknowledge that they need not only to engage in a coexisting relationship but to efficiently collaborating with respect and trust with one another in order to achieve the goals of the organization and their personal ones. On the other hand, the Cooperative organization despite the good managerial signs that were evidenced by their initial success after they were founded, in more recent times they are in a position that they possibly need to undergo several changes in regard the management and leadership practices they implement. By doing so, and by embracing a new vision for the Cooperation, they might be able to move towards the future safely while being optimistic.

### **6.1.1 Limitations of the present study**

Although many information was gathered from different sources both internally and externally from the companies studied for the purpose of the present master thesis, some limitations are present that in case they are addressed they could strengthen the results we provide in this manuscript.

Namely, these limitations originate first from the fact that we studied organizations from the same industry. The results we provide cannot be accepted for all types of businesses because every industry could exploit tools such as management and leadership differently.

Second factor of limitation could be that for our study we drew information from various sources, namely; scientific articles, newspaper articles, the website of the four companies and the annual economic reports of the companies, however we had no information directly from employees of the organizations regarding the processes the use for management and leadership. Considering this we can suggest that despite the usefulness of the gathered information presented here, our results would be strengthened if direct communication with the businesses under study occurred.

In the same context, it is my belief that significantly more information would be gathered for the processes and approaches on leadership and management tools the organizations we studied are implementing in regard to the COVID-19 pandemic if we could contact them directly.

### **6.1.2 Recommendations for future work**

Although, the present study, managed to provide at some extent insight to the approach of management and leadership used in modern businesses with this case study, there were important limitations as already mentioned that could be addressed in future work.

To address these limitations, we recommend that in the future a survey should be conducted in order to gain insight for management and leadership practices and what influenced the decisions behind them in these organizations. Moreover, as the present study aimed to find information regarding any changes were made in regard to the outbreak of COVID-19, for future work, we can suggest to study the implication of the COVID19 in the business management and leadership of the international dairy industry companies. In the present master thesis, an initial study and research on the topic was made, but more can be unveiled. For instance, the survey could try to address the approaches and practices before and during the COVID19 period for the organizations we presented here. Additionally, the survey could aim to unveil only practices that occurred during the pandemic, or it could be addressed to other organizations in order to widen the sample range and diversity of companies. Consequently, we could record what they faced during the pandemic, how it has affected their organization, their production and its personnel, and how they dealt with it. Furthermore, we

can compare the research findings on the topic with other recent studies and identify what is done in the global business environment.

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