



Impact of Austerity Policies on the Correlation Between Public Sector Wages and Sustainable Productivity in Public Service



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Abstract: The Greek financial crisis erupted in 2009 led to unprecedented austerity policies in the public sector. This study examined how crisis-driven wage cuts were perceived to have affected the motivation and self-reported productivity of public employees. Building upon equity theory, fair wage–effort arguments, effort–reward imbalance, and public service motivation (PSM), the research developed a perception-based framework linking compensation fairness to motivation and performance in a post-crisis public administration context. These theoretical insights were combined with a cross-sectional survey of 112 employees working in the Greek public sector. Descriptive statistics summarized respondents’ demographic profiles and perceptions, while Likert-scale questions gauged the impact of the crisis on income, job satisfaction, and exposure to new management practices. Results demonstrated that 98.2% of the respondents experienced income reductions during the crisis and an overwhelming majority sought additional sources of income. Low compensation was widely perceived as a major impediment to productivity, with 74.1% identifying pay as a primary productivity driver and 80.2% affirming its key role in job satisfaction. Nearly all respondents (99.1%) agreed that job satisfaction enhanced productivity. Austerity-era reforms yielded mixed outcomes as performance evaluations were viewed ambivalently. While a novel employee mobility scheme was considered potentially productivity-enhancing, its effectiveness was viewed as contingent on fair and transparent implementation. The study contributes to debates on post-crisis European public administration by illustrating how compensation reforms are experienced from below and by outlining implications for other austerity-affected systems in Southern Europe and beyond.

Keywords: Greece; Economic crisis; Public sector; Wages; Productivity; Motivation

1. Introduction

The sovereign debt crisis in Greece triggered in 2009 led to a steep economic downturn and a series of austerity measures in the public sector. The gross domestic product (GDP) in Greece contracted by roughly 25% during the years of the crisis, a peacetime decline comparable only to wartime scenarios (Stiglitz, 2016). To restore fiscal stability under the joint European Union (EU)/International Monetary Fund (IMF) bailout programs, the government enacted successive laws imposing stringent austerity conditions. In particular, wages and allowances in the public sector were substantially cut by around 7% in base pay and 30% in bonuses; hiring was frozen as mandated by crisis legislation. A series of legal measures in 2010–2015 formalized these cuts and reforms (Greek Law 3845/2010; 3861/2010; 4046/2012; 4093/2012; 4336/2015). These austerity policies were accompanied by social unrest as numerous general strikes and protests by civil servants occurred in reaction to wage reductions and deteriorating working conditions. The public sector encountered the dual challenge of cost containment while

maintaining service delivery that confronted extraordinary pressure on its workforce.

Reforms in public administration also accelerated under austerity. Structural changes aimed to improve efficiency and accountability: for example, the “Diavgeia” transparency program was introduced to publish all government decisions online (Law 3861/2010), and new performance evaluation and employee mobility systems were implemented. These reforms sought to modernize a traditionally rigid bureaucracy, aligning it with principles of New Public Management with emphasis on efficiency and results. However, reforms occurred in a climate of fiscal stress and reduced resources, which may have limited their effectiveness.

Wage cuts and hiring freezes have well-documented adverse effects on employee morale and motivation. According to the fair wage-effort hypothesis, workers reduce their effort if they perceive their wage as unfairly low (Adams, 1965; Akerlof & Yellen, 1990). In Greece, sudden pay reductions likely breached employees’ sense of a fair reward, potentially provoking demotivation and withdrawal of discretionary effort. Classic equity theory similarly posits that perceived inequity (for instance, seeing one’s pay cut while demands remain unchanged) generates dissatisfaction and lower performance (AlMarzooqi et al., 2025; Meyer-Sahling et al., 2017). These theories predict that austerity-driven inequities in compensation would undermine the productivity of employees in the public sector. Furthermore, research on effort–reward imbalance revealed that high effort for low reward could lead to stress and reduced work effectiveness (Featherstone & Papadimitriou, 2017; Pollitt & Bouckaert, 2017). Thus, it is expected that the drastic wage cuts in the Greek public sector eroded employee motivation and thereby productivity.

It is important to note that, in normal circumstances, employees in the public sector often place relatively less emphasis on pay and more on intrinsic rewards or mission, compared to employees in the private sector (EUPAN, 2020). High levels of public service motivation (PSM) could drive public employees to value serving society over financial gain (Guo et al., 2024). However, the context of a severe crisis with deep salary cuts may shift priorities. Indeed, prior studies on Greek public organizations discovered that extrinsic incentives (e.g., salary increases) became the dominant motivator for employees during times of hardship (Hasnain et al., 2021; Judge et al., 2010). Manolopoulos (2008) observed that in the Greek public sector, extrinsic rewards exerted a stronger influence on work motivation than intrinsic factors, including altruistic motives. Similarly, a survey of a Greek regional administration revealed that higher pay was the top factor for improving staff motivation. These findings suggested that under the strain of austerity, even inherently service-minded public servants became highly concerned with pay as a basic need, in line with Maslow’s hierarchy in which financial security is fundamental (Koronios et al., 2017).

Beyond compensation, job satisfaction is another key determinant of performance. Satisfied employees tend to be more productive, creative, and committed. Conversely, dissatisfaction often induced by low pay or poor working conditions could impair organizational performance. Research on public management has long stressed that improving job satisfaction and morale in government agencies could yield better service outcomes (Maslow, 1943; Meyer-Sahling et al., 2017). Job satisfaction of Greece public employees likely fell when facing the economic crisis, due to increased workloads, job insecurity, and wage cuts (Miloni, 2017). Nearly all respondents in our study affirmed the intuitive link between job satisfaction and productivity. This aligns with broad evidence that higher satisfaction correlates with improved performance and lower turnover (Guo et al., 2024; Marcinkowski et al., 2024).

This study focused on the dual role of wages in the public sector during the economic crisis: first, as the target of fiscal cuts, and second, as a potential lever (or barrier) for productivity. We empirically assessed the perceptions of Greek public servants on how the crisis-induced wage reductions affected their motivation and output of work. We examined related factors such as workload, fairness of compensation, career prospects, and new management practices (evaluation and mobility) to paint a comprehensive picture of productivity drivers in the austerity-hit public sector. While prior literature has examined motivation in public service and general job satisfaction in government, few studies have explicitly investigated the productivity implications of compensation changes during a crisis. Our research addressed this gap in the context of Greece’s historic economic downturn. The findings provided insights to policymakers in designing equitable HR strategies that could safeguard morale and productivity even under fiscal tightening.

In the following sections, we detail our methodology and data, present the results of survey, and discuss their implications in light of theory and comparable experiences elsewhere. We maintain the structure of a standard empirical study: Methods, Results, Discussion, and Conclusions.

Conceptual Framework and Research Questions

Our theoretical approach integrated several complementary perspectives on compensation, motivation, and performance in the public sector. Equity theory and the fair wage–effort hypothesis posit that when employees perceive their compensation as unfair relative to their inputs or relevant comparison groups, they tend to reduce effort or withdraw discretionary contributions (Adams, 1965; Akerlof & Yellen, 1990; AlMarzooqi et al., 2025; Kalogiannidis et al., 2022c). Effort–reward imbalance theory similarly predicts negative attitudinal and behavioural consequences when high effort is met with low or uncertain rewards, including stress, disengagement, and reduced effectiveness (Perry et al., 2017; Siegrist, 1996). Meanwhile, research on PSM suggested that many

public employees were driven by non-material motives such as commitment to the public interest, compassion, and attraction to policy making (Guo et al., 2024; Perry & Wise, 1990). In “normal” contexts, this might attenuate the centrality of pay. However, under severe economic strain, when wages are sharply reduced and living standards deteriorate, financial security may become a dominant concern, particularly for middle-aged employees with family responsibilities (Hasnain et al., 2021; Judge et al., 2010; Koronios et al., 2017; Manolopoulos, 2008). In such circumstances, extrinsic rewards and perceptions of distributive and procedural justice in pay systems are expected to strongly shape motivation and self-reported performance.

Drawing on these strands of literature, we focused on the following guiding research questions:

RQ1: How do Greek public employees perceive the impact of crisis-induced wage cuts on their motivation and self-reported productivity?

RQ2: To what extent do employees view compensation as a primary driver of productivity and job satisfaction, compared with other factors such as workload, working conditions, and career prospects?

RQ3: How do employees assess the perceived fairness and effectiveness of austerity-era management reforms, specifically with performance evaluation and mobility schemes as mechanisms that could potentially restore or reinforce the link between effort and rewards?

These questions informed the design of the survey instrument. Items on income reductions, need for additional earnings, and access to supplementary compensation operationalized equity and concerns of effort–reward imbalance. Questions on the perceived importance of compensation and job satisfaction for productivity captured core assumptions from motivation theories, including Herzberg and Maslow’s hierarchy of needs. Items on performance evaluation and mobility probed whether the newly introduced systems were seen as credible vehicles for re-establishing effort–reward linkages and “putting the right person in the right place”. While the study was descriptive and did not test formal causal hypotheses, the theoretical framework provided a structured lens for interpreting the observed patterns in respondents’ perceptions (Kalogiannidis et al., 2022a).

2. Methods and Data Collection

The questionnaire was distributed electronically via an online survey tool. Invitations to participate were sent through professional mailing lists and internal communication channels of several public organizations, including central government ministries, regional administrative units, and municipal services. The selection of agencies was based on accessibility and prior collaborative networks, resulting in a convenience sample commonly used in research on the perception of public sector. Participation was voluntary and anonymous. Although not randomly sampled, the distribution across diverse administrative bodies helped mitigate the risk of agency-specific bias. Respondents were informed about the purpose of the study and provided consent before completing the survey.

Study Design: We conducted a cross-sectional questionnaire survey targeting public sector employees in Greece. The survey was designed to capture both quantitative and qualitative aspects of employees’ experiences during the economic crisis, with a particular focus on changes in compensation and perceived productivity. We employed a structured questionnaire with predominantly closed-ended items, including multiple-choice and 5-point Likert-scale questions to gauge respondents’ levels of agreement on or satisfaction with various statements. The study design followed a descriptive research approach, suitable for exploring perceptions in a specific population at a particular period (Mourmouras, 2015).

Sample and Data Collection: The target population was civil servants and public employees across different government agencies in Greece. Using an online platform, we distributed the questionnaire electronically and collected responses anonymously. A total of 112 valid responses were obtained. Despite the diverse professional backgrounds of Greek public employees, all shared common employment conditions defined by the unified public pay structure and recent austerity measures. The demographic and occupational characteristics of the sample are summarized in Section 3. Notably, 64.3% of the respondents were female and 35.7% male, with over half aged 46–55 which reflected an aging workforce in the public sector. The vast majority (83.8%) were married, and 81.2% held a university degree or higher, indicating a highly educated cohort. Most participants (76.6%) were permanent staff (tenured civil servants), and a significant portion (64.3%) had over 20 years of work experience. These details in the profile suggested that respondents had long tenure and substantial exposure to the pre-crisis and post-crisis public service environment.

Variables and Measures: The survey included key questions on: (a) the impact of the economic crisis on personal income (e.g., “Did your earnings decrease due to recent economic crises?”); (b) coping mechanisms (need for additional sources of income and access to supplementary pay); (c) factors affecting productivity (nine potential factors such as low pay, increased workload, low morale, poor conditions, etc., in which respondents could indicate the relevant ones); (d) direct questions on whether respondents view compensation as a primary factor for productivity and for job satisfaction; (e) perceived extent of contribution made by compensation to productivity (on a scale from “not at all” to “greatly”); (f) opinions on new management initiatives like performance evaluation, its impact on productivity, and whether effort–performance rewards correlation exists in their organization); and (g) opinions on the employee mobility scheme (whether mobility helps place the right people in the right positions).

and improves productivity). Most of these items were measured on dichotomous scales (Yes/No) or 5-point Likert scales (e.g., ranging from not at all to very much). The questionnaire was developed based on literature and context; for example, items on motivation drew on prior studies of public employee motivators (Hasnain et al., 2021). A pilot test ensured clarity of questions.

Analysis: Descriptive statistics covering percentages, frequencies, and distributions on Likert-type items were primarily used to summarize responses to the survey, given our goal of highlighting prevalent perceptions and patterns among Greek public employees. The results were organized around major thematic areas of the questionnaire, i.e., impact of the crisis on earnings, perceived productivity drivers, and attitudes toward evaluation and mobility.

In line with the exploratory and perception-focused nature of the study, we did not estimate multivariate models or conducted formal hypothesis testing. This was partly due to the non-probability sample and the modest sample size ($N = 112$), which limited the robustness and generalizability of inferential statistics. Instead, we treated the analysis as a theory-informed mapping of perceived relationships between compensation, motivation, and self-reported productivity. Though constituting a limitation of the study, this points to a clear avenue for future research with larger and probability-based samples and more extensive inferential techniques (e.g., regression or structural equation modelling).

Reliability and Validity: All respondents were assured anonymity and data would be used purely for research, in order to improve honesty in the responses. Since the survey was administered during a post-crisis period (after 2015) but reflecting on the impact of the crisis, there might be some recall bias. We attempted to mitigate this by phrasing questions clearly about the “recent economic crises” period. The use of established constructs (like job satisfaction and productivity perceptions) and alignment with earlier surveys in Greece (Hasnain et al., 2021; Judge et al., 2010) supported validity of the content. While our sample was not randomly drawn, its demographic makeup (e.g., age distribution and gender ratio) corresponded reasonably to the profile in Greek public sector, hence implying that our findings could be indicative of broader tendencies in the public service.

In summary, the methodology provided a snapshot of Greek public servants’ views on how the crisis-induced wage developments affected their work. The combination of quantitative Likert data with qualitative observations from open comments, if any, allowed us to triangulate our understanding, though the emphasis here was on the quantitative results presented next.

3. Results

3.1 Demographic and Occupational Profile of Respondents

Table 1 presents the demographic and job-related characteristics of the sample ($N = 112$). A clear majority of respondents were female (64.3%), reflecting the significant participation of women in Greece’s public administration. The dominant age group was 46–55 years (53.6%), followed by employees aged 56 and above (21.4%), while only 9.8% were younger than 36 years. This distribution indicates an aging workforce, likely associated with long-term hiring restrictions in the public sector.

Table 1. Demographic and occupational characteristics of respondents ($N = 112$)

Characteristic	Categories (Percentage of Respondents)
Gender	Female: 64.3%; Male: 35.7%
Age	≤25 years: 0.9%; 25–35 years: 8.9%; 36–45 years: 15.2%; 46–55 years: 53.6%; ≥56 years: 21.4%
Marital Status	Married: 83.8%; Single: 16.2%
Education Level	Postgraduate degree: 47.3%; University/Technological degree: 33.9%; Secondary diploma: 8.9%; Doctorate: 8.0%; National School of Public Administration graduate: 1.9%
Work Experience	Up to 5 years: 6.3%; 6–10 years: 10.7%; 11–20 years: 18.8%; >20 years: 64.3%
Employment Status	Permanent (tenured): 76.6%; Indefinite contract: 17.1%; Fixed-term contract: 6.3%
Position Level	Non-supervisory staff: 67.9%; Supervisory/management: 32.1%
Job Type	Administrative staff: 58.0%; Other support staff: 30.4%; Teaching faculty (DEP): 4.5%; Special/technical educational staff (e.g., EEP/EDIP/ETEP): 7.1%

Note: DEP = university teaching faculty; EEP/EDIP/ETEP = categories of special teaching, laboratory, or technical staff in education.

Most respondents were married (83.8%). Educational attainment was notably high: 47.3% held postgraduate degrees and 33.9% held a university or technological institute degree, whereas only 8.9% had a secondary-level diploma.

Regarding professional experience, 64.3% had more than 20 years of service and 18.8% had 11–20 years, while only 6.3% had less than five years of experience. Concerning employment status, 76.6% were permanent civil servants, 17.1% worked under open-ended contracts, and 6.3% held fixed-term contracts.

Approximately one-third (32.1%) held supervisory or managerial positions, while 67.9% were non-supervisory

staff. Most respondents worked in administrative roles (58.0%), followed by support roles (30.4%), with smaller proportions in educational positions (4.5% faculty and 7.1% special or technical educational staff).

Overall, the sample consisted mainly of experienced public employees with long tenure, high education levels, and family responsibilities, making them particularly vulnerable to wage reductions and income insecurity during the economic crisis.

3.2 Impact of the Economic Crisis on Earnings and Income Security

The vast majority of respondents reported a negative effect of the economic crisis on their earnings (Table 2). Specifically, 98.2% stated that their income had been reduced due to the crisis, while only 1.8% reported no impact. Similarly, 93.8% indicated an increased need for supplementary income following salary reductions.

Moreover, 89.3% believed that public employees did not have equal access to additional compensation opportunities such as overtime, allowances, or secondary employment. Only 10.7% perceived access to supplementary income as equal. This perception of inequality suggests internal fairness concerns in the public sector compensation system.

These findings indicate substantial financial pressure on employees. The need to seek additional income sources, combined with unequal opportunities to obtain them, likely contributed to dissatisfaction and reduced morale, consistent with equity theory (Featherstone & Papadimitriou, 2017).

Table 2. Perceptions of the impact on compensation and income during the economic crisis ($N = 112$)

Item of the Survey	Distribution of Response (Percentage of Respondents)
Earnings reduced due to recent economic crises	Yes – 98.2%; No – 1.8%
Need for additional income due to crisis	Yes – 93.8%; No – 6.2%
Do all public employees have equal access to additional compensation?	No, not all do – 89.3%; Yes, all do – 10.7%

Note: “Additional compensation” includes overtime pay, bonuses, stipends, second job opportunities, etc.

These findings highlight a severe financial strain on public servants. Nearly all respondents not only experienced pay cuts but also felt compelled to seek additional income, suggesting that base public salaries had fallen below a level perceived as economically sustainable. The fact that a very large majority of employees reported unequal access to supplementary compensation further indicates perceptions of distributive injustice within the public sector. When some employees are able to offset income losses through overtime, allowances, or secondary employment while others cannot, compensation is evaluated comparatively rather than absolutely.

3.3 Compensation, Job Satisfaction, and Productivity

A key objective of the study was to examine whether compensation influences productivity. When asked directly, 74.1% of respondents considered compensation a primary determinant of their productivity, whereas 25.9% did not. Additionally, 99.1% agreed that job satisfaction affects productivity. Furthermore, 80.2% stated that compensation plays a crucial role in their job satisfaction. These findings suggest a strong relationship between pay, satisfaction, and performance, consistent with Herzberg’s two-factor theory. When rating the contribution of compensation to productivity, 55.4% indicated that it contributed significantly or greatly, while only about 10% considered it to have little or no effect.

Overall, compensation was perceived as a foundational factor influencing both satisfaction and performance. The findings support expectancy theory, as employees perceived weak links between effort and reward during the austerity period.

These findings highlighted a severe financial strain on public servants. Nearly all respondents not only suffered pay cuts but also felt compelled to find extra income, suggesting that base public salaries fell below a comfortable living standard for many. The fact that most viewed access to supplements as unequal further implies a morale problem: if some colleagues could mitigate their income loss via allowances or other channels while others could not, it likely bred resentment. This scenario is consistent with equity theory: employees who cannot obtain the same rewards as others for similar effort will feel unfairly treated (Colquitt et al., 2001). The crisis appears to have introduced or exacerbated an internal equity problem in the compensation system of Greek public service.

The human impact of these statistics is significant. In open-ended comments (widely in the Greek media during the crisis), many public employees described difficult trade-offs such as postponing retirement, taking on evening jobs (tutoring, farming, etc.), or relying on family support to cope with salary reductions (Perry & Wise, 1990). The stress of financial insecurity also likely affected their concentration and engagement at work. Indeed, as we will see below, respondents linked low compensation to various negative work outcomes.

Compensation as a Driver of Productivity and Satisfaction: A central question of our study was whether public servants perceived compensation to be a lever for improving productivity. When asked directly, “Is compensation

a primary factor in your productivity at work?”, about 74.1% responded Yes, and 25.9% said No. Thus, three out of four employees considered pay to be the main driver of their work performance. This underscores the notion that monetary incentives matter even in the roles of public service, contrary to a traditional view that public employees work hard regardless of pay. In fact, this finding aligns with earlier results from Greece, showing that many civil servants were significantly motivated by financial rewards (Hasnain et al., 2021). Moreover, nearly all respondents (99.1%) agreed that job satisfaction affected productivity, reflecting a strong consensus that happier employees were more productive, a relationship well-supported by organizational research (Marcinkowski et al., 2024; Randma-Liiv & Kickert, 2017).

We inquired whether compensation played a key role in job satisfaction itself. Here, 80.2% replied Yes, indicating that pay was seen as a major component of their overall job satisfaction (with the remaining 19.8% thinking otherwise). This suggests that for a majority of these Greek public employees, adequate compensation is crucial for feeling satisfied at work, which in turn ties to their productivity. It resonates with Herzberg’s two-factor theory, where salary is typically a “hygiene factor” that could cause dissatisfaction if inadequate (Koronios et al., 2017). Indeed, the high percentage linking pay to satisfaction implies that the pay cuts likely cause widespread dissatisfaction.

Respondents were asked to rate how much compensation contributed to their productivity on a scale from “not at all” to “greatly”. The distribution (Table 3) was as follows: 0.9% said not at all; 8.9% said it contributed a little; 34.8% said somewhat; 28.6% significantly; and 26.8% greatly. Combining the top categories, 55.4% believed compensation contributed significantly or greatly to their productivity. Only about 10% considered it contributed little or not at all. This nuanced view shows that while not everyone places maximum emphasis on pay, over half see a strong link, and most of the rest (around one-third) still see a moderate link. Virtually no one entirely dismisses the importance of pay.

Table 3. Perceptions on compensation, job satisfaction, and factors of productivity (*N* = 112)

Item of the Survey	Key Findings (Percentage of Respondents)
Is compensation a primary factor in your work productivity?	Yes – 74.1%; No – 25.9%
Does job satisfaction affect your productivity?	Yes – 99.1%; No – 0.9%
Does compensation play a key role in your job satisfaction?	Yes – 80.2%; No – 19.8%
Perceived contribution of compensation to productivity (self-rated)	Not at all: 0.9%; Little: 8.9%; Somewhat: 34.8%; Significantly: 28.6%; Greatly: 26.8%
Factors by which low compensation affects productivity (multi-response) ¹	Low pay reduces motivation – 68.5%; Increases workload (need for extra work) – 58.6%; Lowers morale/satisfaction – 57.7%; Poor working conditions (with low pay) – 53.2%; Unequal extra pay distribution – 50.5%; No access to supplementary income – 43.2%; Job tasks not interesting – 35.1%; No career advancement – 35.1%; Hinders professional development – 29.7%

Note: ¹Respondents could select multiple factors for the last item, so percentages can sum to over 100%.

To probe into why low compensation might reduce productivity, we listed several potential consequences of low pay and asked which one of the respondents experienced them (multiple responses allowed). The most common responses were: “low compensation reduced motivation or willingness to be productive” (chosen by 68.5%), “it increased workload due to overtime or extra jobs, thus leaving less energy for primary job” (58.6%), and “it lowered morale and job satisfaction” (57.7%). Just over half (53.2%) said that low pay combined with poor working conditions affected productivity, as many public offices during austerity had a shortage of resources, when coupled with low pay, rendered work more difficult. Half (50.5%) pointed to the unequal distribution of additional compensation (such as bonuses) as a factor because an unfair system could demotivate employees even if their own pay was unchanged (AlMarzooqi et al., 2025). About 43.2% mentioned the lack of access to supplementary income likely limited their productivity because those who could not earn extra were more financially stressed. A substantial fraction (35.1%) noted mismatch between job tasks and personal interests as an issue, and equally 35.1% cited the lack of opportunities for career advancement, reflecting that beyond pay, stagnation in one’s role could curtail motivation. Lastly, 29.7% commented that low pay hindered their professional development (perhaps by limiting ability to pursue training or simply discouraging initiative). These responses illustrated that while compensation was central, it interconnected with other factors, i.e., fairness, career growth, and work environment all played a role in productivity.

Overall, Table 3 confirms a strong perceived linkage among pay, satisfaction, and productivity. The Greek public employees in our sample largely viewed compensation as a foundational element: insufficient or unfair pay undermined their morale and effort, whereas adequate pay was seen as motivating. This aligns with global evidence that while pay is not the sole motivator in the public sector, it is an essential one, particularly when cuts make pay fall below a threshold of acceptability (EUPAN, 2020; Judge et al., 2010). It also reflects expectancy theory:

employees are willing to exert effort if they expect that effort could be rewarded in outcomes they value (Siegrist, 1996; Stiglitz, 2016). In the austerity period, the “expectancy” might have been broken down since hard work was not leading to rewards. In fact, the pay for everyone was cut regardless of performance, thus potentially creating a cynical workforce. A notable 56.3% of the respondents stated that there was no correlation among effort, performance, and rewards at any level of administration in their organization (see the evaluation below), indicating a collapse of performance-based incentives.

3.4 Performance Evaluation and Reward Systems

Performance Evaluation and Reward Systems: The survey next explored employees’ views on the new performance evaluation system introduced in the public sector as a reform measure during the crisis. Respondents were divided on its effectiveness for productivity. When asked how performance evaluation had impacted productivity, responses varied: only 10.7% said evaluations had no effect on productivity, 33% commented evaluations contributed significantly to productivity, 14.3% considered they contributed greatly, and 10.7% believed they had a very large impact, summing to about 58% perceiving at least a significantly positive impact. Conversely, 31.3% thought evaluations had only a slight impact on productivity. It appeared many employees were skeptical or only mildly convinced that performance appraisals improved outcomes. In a separate item, respondents were asked whether the current system established a clear link among effort, performance, and rewards: a majority 56.3% answered, “No, no such correlation exists at any level”. Only 24.1% believed that effort and performance were correlated with rewards “at all levels” of administration. The rest pointed to isolated cases: a few thought such a link existed only for top managers (general directors 6.3% and directors 4.5%); only for subordinates (1.7%) and only at the level of immediate supervisors (7.1%). The predominant view was that meritocracy was lacking; good performance was not systematically rewarded in their organizations. This sentiment was critical: if employees perceived the evaluation system as decoupled from rewards or career progression, it could breed disillusionment (Vroom, 1964; Weibel et al., 2010). The qualitative comments of our respondents echoed that the evaluation introduced was often seen as a “tick-box” exercise with little tangible consequence, thus failing to incentivize extra effort. Some even feared it could be used punitively or politically, rather than constructively.

When asked explicitly whether performance evaluation affected their productivity positively, negatively, or not at all, the plurality (49.1%) said it had no impact. Meanwhile, 43.8% reported it had a positive effect on their productivity, and 7.1% perceived a negative effect. Thus, nearly half reported no noticeable change in their work output due to evaluations. The significant minority noting positive effects might reflect cases where evaluations helped clarify goals or provided feedback, while the small negative group might have experienced the process as demotivating or unfair. The absence of a clearly positive consensus suggests the reform has not yet achieved widespread credibility or influence on day-to-day performance. This finding resonates with international studies that performance-related pay and appraisal in the public sector could have mixed outcomes, sometimes yielding minimal gains or even reducing intrinsic motivation if perceived as unjust (Hellenic Republic, 2020; Zhu et al., 2023). In Greece, the rushed implementation of evaluation in a context of pay freezes meant that performance appraisal was not linked to any rewards, promotions, or meaningful development plans in reducing its perceived utility. As one respondent noted, “Why strive for an ‘excellent’ rating when it won’t increase my pay or chances of advancement?”

Mobility and Workforce Reallocation: The civil service mobility scheme, launched in 2016, allows transfers of staff across departments to address imbalances (especially understaffing in some services) (Wartenberg et al., 2023). We gauged opinions on whether mobility helps productivity by placing the right people in the right positions. 61.6% agreed that mobility contributed to strengthening understaffed agencies and aligning employees to suitable roles, while 38.4% disagreed (Table 4). Furthermore, 60.7% believed that if applied properly, mobility would increase overall productivity in the public sector, versus 39.3% who witnessed nil benefits in this aspect. These majorities indicated a generally positive outlook on the concept of mobility: respondents recognized that reassigning personnel could improve efficiency and service delivery by resolving mismatches. For instance, moving surplus staff from overstaffed offices to those with shortages, and allowing employees to transfer to roles in which their skills are better utilized (Vroom, 1964; Weibel et al., 2010). This is consistent with broader public management expectations that flexibility in deployment could enhance performance outcomes.

However, respondents had caveats. When asked if the mobility program would be effective if extended universally across the public sector, 75.5% said Yes, as it would improve performance by ensuring each position was filled by a well-suited employee, but 24.5% said No, possibly because they felt certain categories (perhaps specialized or political appointees) were currently exempt; including them might not be feasible and mobility could disrupt organizational continuity. In Greece, initial mobility schemes excluded some sectors and faced resistance; our data suggested employees believed mobility should be more uniformly and fairly applied for maximum benefit. A recurring comment was that mobility should be merit-based and not driven by favoritism to truly place the “right person” in the “right job”. If done transparently (e.g., with open postings of vacant positions), mobility could also

serve as a non-monetary incentive by offering employees a chance for a more favorable placement or role.

Despite the generally positive sentiment, about two-fifths of the respondents remained unconvinced of the benefits of mobility. Some might fear that forced transfers could be used arbitrarily or lead to personal disruption without organizational gain, a concern not unfounded given the history of politicized transfers in Greece. Yet the majority view aligned with the official rationale that mobility could tackle uneven distribution of human resources (Vroom, 1964; Weibel et al., 2010). For instance, many agencies experienced acute understaffing after a wave of retirements and the hiring freeze. As mentioned in the introduction, retirements increased from 2019 onward, exacerbating staff shortages in critical areas (Xanthakis, 2020). Mobility, in principle, allows redeployment of existing staff to fill these gaps, potentially boosting productivity by alleviating overburdened units. Our respondents seemed to recognize this logic.

Table 4. Attitudes toward performance evaluation and mobility reforms ($N = 112$)

Item	Distribution of Response (Percentage of Respondents)
Impact of performance evaluation on productivity (perceived effect)	Very large: 10.7%; Greatly: 14.3%; Significantly: 33%; Slightly: 31.3%; Not at all: 10.7%
A clear correlation exists among effort, performance, and rewards	No, at no level – 56.3%; Yes, at all levels – 24.1%; Only at top levels – 6.3% (general directors)/4.5% (directors); Only at supervisory level – 7.1%; Only for subordinates – 1.7%
Effect of performance evaluation on your productivity	Positive effect – 43.8%; No effect – 49.1%; Negative effect – 7.1%
Does the employee mobility scheme put the right person in the right place?	Yes – 61.6%; No – 38.4%
Does mobility contribute to increased productivity?	Yes – 60.7%; No – 39.3%
If mobility were applied universally, would it improve performance?	Yes – 75.5%; No – 24.5%

3.6 Overall Interpretation of Findings

In summary, the results painted a picture of a public sector workforce under strain but was keenly aware of the importance of both extrinsic and intrinsic factors for productivity. The crisis-induced wage cuts had had a profoundly negative impact on employee finances and morale. Nearly all respondents felt the pinch of reduced pay and saw income inequality widen, leading to decreased motivation. A large majority identified pay as a crucial motivator and a key component of job satisfaction, which aligned with the observed drop in productivity when wages were cut. In the meantime, respondents acknowledged other factors like workload, career stagnation, and organizational justice (fair distribution of rewards) as significant for productivity, hence suggesting a holistic view that while pay was fundamental, it was not the sole determinant.

Regarding reforms, the new performance evaluation system has not yet convinced a majority of employees of its value. Many could not see the link between performance and reward, which likely stymied the system's effectiveness as a motivational tool. On the other hand, the mobility scheme was seen more optimistically as a way to enhance efficiency and productivity, provided it was implemented broadly and fairly. This indicates that employees are receptive to reforms that are transparently linked to improving organizational performance, but they are disillusioned by those that appear disconnected from tangible outcomes or fairness.

4. Discussion

The findings demonstrated that austerity fundamentally reshaped the motivational landscape of the Greek public sector. Instead of reiterating statistical outcomes, the discussion focused on how these patterns aligned with established motivational theories and the broader context of crisis-era public administration. The severe wage reductions appeared to have disrupted foundational psychological contracts, validating predictions from equity theory and the fair wage–effort hypothesis. Employees interpreted wage cuts not only as economic hardship but also as a signal of diminished institutional support, which in turn undermined their willingness to exert discretionary effort. Furthermore, perceptions of arbitrary access to supplementary earnings intensified feelings of organizational injustice, suggesting that austerity policies produced secondary morale costs beyond the initial fiscal tightening. The mixed attitudes toward the performance evaluation system reflect deeper structural limitations. The skepticism of employees stems from the absence of meaningful consequences associated with appraisal outcomes. Without tangible links to rewards, career progression, or developmental opportunities, evaluations are perceived more as administrative exercises than effective management tools. This interpretation aligns with international findings that performance systems introduced during fiscal restraint often failed to motivate employees when they were decoupled from organizational incentives. Rather than simply restating percentages in the survey, this suggests that the evaluation framework in Greece has not yet succeeded in establishing credibility

or fostering a performance-oriented culture. Taken together, these findings indicated that the erosion of motivation under austerity was not the result of a single factor, but rather the cumulative effect of intertwined material, psychological, and institutional mechanisms. To unpack these dynamics more systematically, the discussion now turns to four interrelated dimensions emerged from the analysis: the primacy of pay under austerity conditions, the central role of job satisfaction for productivity, perceptions of fairness and equity, and the effectiveness of key austerity-era administrative reform.

(1) **Primacy of Pay under Austerity:** Our results clearly indicated that compensation became a primary concern and motivator for Greek public employees during the crisis. Traditionally, literature on public administration often highlighted intrinsic motivators and public service ethos as key drivers for public employees, suggesting that they might tolerate lower pay in exchange for job security or mission fulfillment (EUPAN, 2020; Guo et al., 2024). However, during the Greek crisis, pay cuts were so deep that they threatened employees' basic economic security, hence elevating pay to a critical motivator. This is consistent with Maslow's hierarchy of needs, from which financial remuneration fulfills lower-level needs (physiological and safety) that must be met before higher-level motivations (esteem and self-actualization) could energize behavior (Koronios et al., 2017). When salaries were slashed, many public servants struggled to pay mortgages or support families, and thus financial need predominated over any altruistic motives. Based on our findings, 74% of the respondents viewed pay as a primary factor in productivity and 80% linked it to job satisfaction; this underscored that "hygiene factors" could not be taken for granted. When pay fell to unsatisfactory levels, it became a salient source of dissatisfaction that hampered performance.

This finding aligns with Manolopoulos (2008), who in pre-crisis Greece already noted that extrinsic rewards exerted a stronger influence on motivation in the Hellenic public sector than often assumed (Judge et al., 2010). During the crisis, the effect amplified. It also mirrored experiences in other countries under austerity: for example, in some Central/Eastern European administrations, severe pay freezes and cuts after 2008 led to plummeting morale and "brain drain" of skilled staff. Our results are in line with Meyer-Sahling et al. (2017), who warned of hidden costs of austerity such as demotivation of civil servants. Indeed, the effort-reward imbalance experienced by Greek public employees by working as hard or harder for significantly less pay likely eroded their commitment. This is evident from the 68.5% who said low pay directly reduced their motivation (Table 3).

Implication: Policymakers must recognize that while fiscal adjustments may necessitate temporary pay restraints, sustaining public service productivity in the long run requires a credible commitment to fair and adequate compensation. If employees do not expect their efforts to be fairly rewarded (56% of our sample believed, noting no effort–reward correlation), their incentive to perform diminishes. Restoring expectancy in the system by linking performance to meaningful rewards (pay raises and promotions), once fiscal conditions allow, will be crucial to reinvigorate the workforce. In Greece, some steps have been taken in recent years (e.g., modest salary restorations and bonus schemes for specific targets), but our findings suggest these have not yet fully convinced employees of the positioning of meritocracy.

(2) **Job Satisfaction and Productivity:** The near-unanimous agreement on the importance of job satisfaction for productivity (99% in our survey) highlighted a critical point: employee well-being was not a soft issue, but a core component of organizational performance. This aligns with evidence from extensive research that job satisfaction correlated positively with productivity, quality of work, and lower turnover (Marcinkowski et al., 2024; Randma-Liiv & Kickert, 2017). In our context, the dramatic drop in satisfaction caused by austerity (due to pay cuts, heavier workloads as hiring froze, and uncertainty) likely had adverse effects on service delivery and efficiency in government. One could infer that a demoralized employee is less inclined to go above and beyond or to proactively solve work problems. Indeed, international surveys (e.g., Eurofound's employee surveys) indicated Greek public employees reported low morale and high stress compared to pre-crisis (Milioni, 2017).

Our data showed a tight link between compensation and satisfaction (80% said pay influenced their job satisfaction). This suggests that improvements in pay or at least ending further cuts could yield disproportionate gains in morale. It also indicates that non-monetary efforts to boost satisfaction like improved work conditions, recognition, training opportunities, though valuable, might not compensate for the loss of income during austerity. That said, respondents did mention factors like lack of career advancement and poor conditions as affecting their productivity (35%+ mentioned these in Table 3). So, a holistic approach was required: competitive pay was necessary but not sufficient for high productivity. Public management should also address career development, ensure a supportive work environment, and maintain a sense of mission and purpose among employees. These intrinsic aspects could amplify the effect of any pay restorations by re-engaging employees' professional pride and PSM. Research on PSM suggested that employees with high PSM derived satisfaction from serving the public well and could maintain effort even when extrinsic rewards faltered (Meyer-Sahling et al., 2017; Randma-Liiv & Kickert, 2017). However, even those employees would become disillusioned if austerity measures were perceived as unfair or excessively punitive (e.g., doing the same job for much less pay violated their sense of organizational support). Thus, reconnecting extrinsic rewards with performance and reigniting PSM would both be essential in post-crisis recovery.

(3) **Perceptions of Fairness and Equity:** A striking result was the large majority (89%) who felt that not all

employees had equal access to additional compensation during the crisis. This hints at divisions and a sense of inequity among public employees. In practical terms, some employees (perhaps in certain ministries or those with political patronage) might have continued to receive bonuses, travel allowances, or overtime, whereas others did not. Additionally, certain groups (e.g., uniformed personnel or judges) eventually had some pay restored by court decisions, which may have bred resentment in other civil servants. Such perceptions of inequity are toxic for teamwork and morale; they can engender what organizational psychologists call “organizational cynicism”, a feeling that the system is fundamentally unfair or broken. Equity theory (Adams, 1965) predicts that employees who feel unfairly compensated relative to others will decrease their inputs (effort) to restore balance (AlMarzooqi et al., 2025). Our findings support this: half of the respondents cited “unfair distribution of additional compensation” as a factor hurting productivity (Table 3). In the discussion, many employees essentially expressed with grievance, “Why should I work harder if my colleague in another department gets the same pay (or even more through bonuses) for doing less?” This horizontal injustice could be as demotivating as the vertical pay cuts.

The lesson for public sector managers is that transparency and fairness in human resources practices are paramount, especially in times of constraints. Ensuring that opportunities like overtime or training are allocated based on clear criteria (merit or need) rather than favoritism could mitigate feelings of injustice. Greece’s “Diavgeia” transparency initiative is a step in the right direction, making decisions public. Our study suggested more could be done internally in agencies to communicate how limited resources (e.g., a small pool of bonus funds, or transfers) were allocated. A return to collective bargaining and involving employee unions in crafting equitable solutions during the crisis might also help lessen perceptions of arbitrariness. Going forward, policies to equalize opportunities, for example, offering all employees some professional development or secondary earning opportunities could improve morale. The finding that so many had to seek external income (94% needed additional income) also implies their primary salaries are insufficient; addressing that through gradual pay increases (now that the economy is recovering) is critical to restore focus on their main public duties.

(4) Efficacy of Austerity-Era Reforms: The survey revealed mixed views on the two major administrative reforms implemented: performance evaluations and the mobility scheme. For performance evaluation, a key insight was that over half of the respondents saw no clear link between effort and reward in the system. This highlighted a classic implementation gap: while a formal evaluation process was introduced (annual rating), it did not translate into meaningful consequences or incentives. The literature on performance management in the public sector indicated that if appraisals were not tied to tangible outcomes (pay increments, promotions, and training opportunities), they risked becoming ritualistic and demotivating (Zhu et al., 2023). Our findings echoed that many employees likely perceived the evaluation as merely fulfilling a requirement, with uniform or politically influenced ratings, yielding “no effect” on their daily work. A considerable 43.8% did feel a positive effect, which perhaps indicated that in some cases, evaluations provided useful feedback or goals. Nearly the same portion (49%) saw no effect, implying rooms for improvement. Interestingly, a small group (7%) said evaluations had a negative effect on their productivity; this could be due to increased stress or perceived unfairness in ratings causing disengagement. Indeed, if high performers did not obtain any rewards or recognition (since pay could not increase and promotions were frozen), they might feel discouraged, while low performers did not fear consequences, a recipe for moral hazard in any organizations.

To address this, Greek public administration may need to refine the evaluation system to include performance-based incentives when fiscally feasible (even if small bonuses or non-monetary recognition for top performers). Also, ensuring the evaluation criteria are fair and role-appropriate is crucial; otherwise, employees may view them as irrelevant or biased. One should also consider organizational culture: the public sector culture in Greece historically did not emphasize individual performance differentiation as everyone advanced mostly by seniority. Introducing an appraisal system in the midst of a crisis, without positive incentives, likely felt punitive. A reform strategy might involve training supervisors in effective and fair evaluation as well as gradually building a performance-oriented culture, while coupling evaluations with capacity-building (e.g., identify training needs, then follow up by training, to turn evaluation into a developmental tool rather than purely judgmental).

The mobility scheme was viewed more favorably, about 60–75% supported its productivity benefits. This is encouraging; it suggests employees themselves see the logic in reassigning staff to where they are needed and in giving individuals a chance to move to positions that fit their skills or preferences for locations. It may also reflect that some respondents personally benefit from mobility (e.g., transferring out of a stagnant post to a more dynamic one). The caveat from the quarters who are skeptical could be due to concerns that mobility hasn’t been fully merit-based. Initially, the scheme had exclusions and allowed managerial discretion in transfers. Over time, it has become more structured (with a digital platform listing openings). The positive majority indicated that continuing and expanding the program with safeguards for fairness could improve public sector performance, as it alleviated mismatches and possibly improved employee satisfaction (someone stuck in an underutilized role could move to a needed role, to gain a sense of purpose). It aligns with evidence from other countries that flexibility of internal labor could enhance efficiency if done right (Vroom, 1964; Weibel et al., 2010). However, to truly yield productivity gains, mobility should be accompanied by ensuring the transferred employees have the skills for their new roles (possibly via training) and by monitoring that receiving agencies indeed get the intended relief in

workload. If employees are simply shuffled without strategic planning, mobility could become disruptive. The belief of having “the right person in the right place” to improve performance is essentially an endorsement of better human resources management (HRM) for ensuring proper matching of skills to jobs. This is a core principle of both classic HRM and newer public management reforms, and our data suggest that Greek public employees desired it (Kalogiannidis, 2021; Kalogiannidis et al., 2022b).

(5) Policy and Managerial Recommendations: Based on the above, several concrete steps emerged for practitioners and policymakers:

- **Gradually Restore and Differentiate Compensation:** As the economy in Greece has been stabilizing in recent years, there is an opportunity to incrementally restore public wages or at least provide targeted increases/bonuses, especially for lower-paid employees who were hit hardest. Our study indicated that this would directly improve motivation and productivity. Importantly, introducing some performance-contingent pay elements (even small bonuses for exceptional performance or team-based rewards for meeting targets) could help re-establish the effort-reward linkage that is currently missing. However, this must be done carefully to avoid perceptions of favoritism. Lessons from other contexts show that if performance pay is perceived as unfair, it can backfire. Thus, any differentiation in pay must be transparent and based on credible evaluations.
- **Enhance Organizational Justice:** The government should ensure that policies are applied uniformly and that any necessary disparities (e.g., specific allowances for specific dangerous jobs) are well justified and communicated. Internal communication should emphasize fairness; for instance, explaining that everyone had to take a cut, and if any reimbursements were given (like to judiciary after court rulings), the government might pursue leveling measures for others as fiscal space allows. Furthermore, HR units could implement recognition programs that acknowledge good performance publicly, which costs little but improves the sense of fairness (so that non-monetary contributions are also valued). Our findings on inequality of extra income highlighted an area for immediate action: if overtime or bonus budgets still exist, distribute them in a way perceived as equitable (e.g., rotate opportunities or base them on clear criteria such as needs or past distribution).
- **Focus Non-Monetary Motivators:** While pay is crucial, other factors should not be neglected. Opportunities for career progression and skill development could motivate employees by fulfilling higher-level needs (esteem and self-actualization) (Manolopoulos, 2008). Even if promotions are frozen during austerity, now there is room to conduct overdue promotions or open competitions for higher posts, giving hope to employees that effort can lead to advancement. This addresses the 35% who cited lack of advancement as hurting productivity. Training and professional development programs can also re-engage staff and improve their effectiveness (addressing the ~30% who felt their professional growth stunted). Moreover, improving the work environment by providing adequate tools, staff, and manageable workloads will alleviate some of the stress. Our respondents cited increased workload and poor conditions as hindrances; tackling these by filling critical vacancies (via new hiring permitted now under more lenient fiscal targets) and upgrading infrastructure could remove productivity bottlenecks.
- **Revamp Performance Management:** To salvage the performance evaluation system, the government might need to reframe its purpose. If pay raises are not immediately tied to it, use it as a developmental tool: ensure employees get feedback and evaluations inform training or internal reassignments (for example, low performers might need support or a better job fit—mobility could help by moving an employee to a role they perform better). Moreover, in the medium term, tie evaluations to something employees value, perhaps priority in mobility transfers, eligibility for specialized training scholarships or future pay could increase when they become possible. This would lend credibility to the system. The process itself should be continuously improved through consultation with employees and managers, to increase buy-in and perceived fairness. The fact that 44% did see positive effects suggested that with tweaks, more could find it useful.
- **Strengthen PSM:** The crisis undoubtedly shook the traditional narrative of a secure and honorable public service career. Restoring pride and commitment is partly a leadership task. Agency leaders should communicate a clear mission and acknowledge employees’ sacrifices during the crisis, thus tapping into their intrinsic motivation. Recognizing those who continued to perform admirably despite adversity could reinforce a culture of service. Since our survey indicated employees knew satisfaction led to better performance, managers should actively work to boost satisfaction through making decisions inclusively, celebrating small wins in service improvement, and maintaining a supportive climate. When employees feel their work is meaningful and valued by society (core of PSM), they are more likely to be resilient even if pay is not optimal. Public trust in government also hinges on civil servants being motivated and ethical; rebuilding that trust post-crisis could be aided by a motivated workforce.
- **Leverage Mobility and Manage Change:** The positive outlook on mobility is a boon: it means there is employee acceptance for more flexible deployment. The state should continue expanding the mobility program and ensuring transparency (vacancies posted publicly, and selection criteria made clear) to

maintain trust. It should also monitor outcomes: if a department consistently loses staff to transfers, perhaps it has management or morale issues that need addressing. Mobility should not be a band-aid for complicated organizational problems. Instead, it should be part of a strategic HR plan to realign talents to needs. One practical recommendation is to integrate the evaluation system with mobility: high-performing employees who are stuck in low-demand positions could be encouraged or fast-tracked to transfer to agencies where they could contribute more (this not only helps the receiving agency but also rewards the employee with a more engaging role). In essence, creating a synergy between the two reforms implies using performance data to inform decisions of mobility.

(6) Limitations and Further Research: While our study provided valuable insights, it had limitations. The sample size ($N = 112$) and non-random sampling mean findings should be generalized cautiously. It was possible that those who chose to respond were particularly affected or particularly motivated, thus introducing self-selection bias. Future research could use a larger and randomized sample across multiple ministries to validate these trends. Additionally, our data were self-reported perceptions, not direct measures of productivity (e.g., we did not measure output or performance indicators). Thus, while employees believed productivity fell due to wage cuts, objective data like processing times, error rates, etc. would bolster the case. Researchers could attempt to correlate changes in public service output with the timeline of austerity measures; such analysis could quantify productivity impacts beyond perceptions.

Another avenue is qualitative research. In-depth interviews with public employees could explore nuanced feelings about motivation and commitment in crises, potentially uncovering coping strategies or sources of resilience. Given that a minority maintained that pay was not their main motivator, understanding their perspective (maybe strong PSM or external support) could inform them how to foster such resilience in others.

Comparative studies would also be enlightening. Greece was among the hardest hit by austerity, but other countries (Spain, Portugal, and Ireland) also cut public wages or jobs. Cross-country comparisons of how the productivity and morale of public servants fared under austerity could identify common patterns or unique factors (cultural and institutional) that buffered or exacerbated the impact. For instance, did countries that engaged unions in designing pay cuts (e.g., Ireland) see less of a motivation drop due to a greater sense of fairness?

Finally, as Greece moves beyond the crisis, it will be important to study how quickly (or whether) motivation and performance of public employees rebound once normalcy returns. Some damage may be long-lasting, e.g., loss of high-skilled young entrants during hiring freeze might create a competence gap. Longitudinal studies tracking employee attitudes as reforms (like mobility, digitization, and re-hiring) unfold would be valuable to guide ongoing administrative reform. Taken together, the results indicated that austerity weakened the fundamental drivers of employees' motivation: fair compensation, perceived equity, and trust in organizational processes. These dynamics helped explain the broader administrative challenges Greece faced during the crisis, including reduced productivity and declining morale. The findings also suggested that reforms were more likely to gain employee acceptance when they were perceived as transparent and merit-based, as demonstrated by the relatively positive attitudes toward the mobility scheme. Rebuilding public sector capacity thus requires a dual strategy that addresses both material conditions through gradual salary restoration and institutional fairness, and by reinforcing consistent and credible performance-reward mechanisms.

5. Conclusions

This study explored how the economic crisis and associated austerity measures were perceived to have affected employees' wages, motivation, and productivity in the public sector in Greece. The analysis suggested that salary reductions and prolonged pay freezes were widely experienced as demoralizing and were associated, in employees' own accounts, with declines in their willingness and ability to sustain high levels of effort. Respondents overwhelmingly reported that the crisis-induced wage cuts forced them to seek additional income and adversely affected their morale and job satisfaction. Low pay, when combined with heavier workloads and limited career growth, was perceived as creating a work environment where many employees felt less inclined to exert discretionary effort. In our survey, three-quarters of the respondents identified compensation as a primary driver of their productivity, i.e., a striking figure that underscored the perceived centrality of fair pay in maintaining an effective public service.

While intrinsic factors such as commitment to serving the public and personal accomplishment remain important in principle, our findings indicated that these motives were severely strained under austerity. From the perspective of many respondents, there was currently no strong performance-reward linkage in the Greek public sector: a majority perceived the evaluation system as ineffectual, leaving effort largely decoupled from recognition or advancement. This perceived lack of meritocracy could further dampen productivity, as talented staff might feel that extra effort went unnoticed and unrewarded. Besides, unequal opportunities for supplementary income and a sense of unfairness in how austerity measures were implemented introduced internal inequities, potentially harming teamwork and trust within the public workforce.

On a more positive note, certain reforms, notably the employee mobility scheme were viewed relatively

favorably by employees, suggesting a possible lever for improvement. By reassigning personnel to where they are most needed and better suited, mobility is seen as a tool that could improve efficiency and, for some, re-motivate staff by placing them in roles that match their skills. The comparatively high acceptance of mobility implies that public servants may support efforts of modernization that are transparently targeted at improving organizational performance.

Overall, the Greek case illustrated the risks for public sector productivity when fiscal consolidation measures focused primarily on across-the-board cost-cutting without fully considering how employees experienced changes in their compensation and work conditions. Although the cross-sectional and perception-based data in the present study could not establish causal effects, they highlighted mechanisms through which employees believed austerity had affected their motivation and self-reported performance. As Greece moves further into a post-crisis phase, there is an opportunity to rebuild its public sector human capital by gradually restoring competitive and equitable wages, reinforcing a credible link between performance and rewards, and improving non-monetary aspects of work such as career development, organizational justice, and leadership quality.

For policymakers in other austerity-affected systems, especially in Southern Europe, the findings underline the importance of integrating considerations of human resources and motivation into fiscal and administrative reforms. For scholars, the study points to the value of further comparative and longitudinal research on how motivation and perceived productivity of public employees evolve before, during, and after crises, and how different institutional choices could mitigate or exacerbate the long-term consequences of austerity on public administration capacity.

Suggestions for Further Research

Building upon the findings of this study, several avenues for further research are proposed:

- **Longitudinal Analysis:** Future studies could track the same cohort of public employees over a long period to observe the impact of economic conditions or policy interventions (e.g., gradual pay increases or new incentive schemes) on motivation and productivity. A longitudinal approach would help establish causal relationships between policy changes and employee outcomes, beyond the correlational evidence provided in this study.
- **Comparative Studies:** As Greece was one of the several countries implementing public sector austerity, comparative research across different national contexts (e.g., Southern Europe or other countries that underwent IMF programs) would be valuable. Such studies could examine whether the impacts on motivation and productivity observed in Greece occurred elsewhere, or if different institutional frameworks led to different outcomes. Cross-country comparisons could offer insights into best practices for mitigating negative effects on public servants during fiscal crises.
- **Qualitative Research on Employee Experience:** In-depth qualitative research (interviews and focus groups) on public sector employees would complement our survey by providing a richer context of how wage cuts and reforms affected their daily work life, identity, and coping strategies. Themes such as stress, burnout, and engagement in the austerity period could be explored to deepen understanding of the human impact behind the numbers. Moreover, qualitative work could uncover nuanced views of performance evaluation and mobility (e.g., what are specifically about these processes employees find useful or problematic).
- **Productivity Metrics in Public Services:** While our study relied on self-reported productivity effects, future research could attempt to gather objective performance metrics from public organizations. For instance, output indicators like number of cases processed per employee, error rates, and citizen satisfaction scores. By correlating these with the timeline of wage changes or with the survey data of employees, one could more directly measure the changes in productivity. This would strengthen the business case for or against certain human resources policies. For example, did departments with larger pay cuts see larger declines in output or quality? Did those implementing robust internal recognition programs fare better?
- **PSM under Austerity:** The interaction between economic hardship and PSM deserves specific attention. Surveying and analyzing public employees' PSM levels before, during, and after the crisis could reveal whether high-PSM individuals were more resilient to pay cuts (maintaining effort out of commitment), or conversely, if disillusionment eroded PSM in the aggregate. Understanding this could help provide guidance on how to rekindle the intrinsic motivation of public servants post crisis, possibly through interventions like re-socialization of public service values or narratives that re-emphasize the importance of their work for society.
- **Effectiveness of Post-crisis Reforms:** As Greece and other countries implement public administration reforms (e.g., digital government initiatives, new training programs, and revised pay scales), research should evaluate how these influence employees' morale and performance. Do digital tools reduce workload and improve job satisfaction? Does introducing a modest performance bonus system yield improvements or unintended consequences? Continuous evaluation would fine-tune policies to support public employees effectively.

In summary, further research should aim to integrate human factors more thoroughly into evaluations of public sector reforms and economic policies. By doing so, we could better inform policymakers on how to balance fiscal responsibility with the need to maintain a motivated and high-performing public workforce, to ensure that

sustainable productivity growth in the government is sustained not by pushing employees to their breaking point, but by empowering and engaging them to deliver their best in public service.

Author Contributions

Conceptualization, E.T. and K.S.; methodology, E.T.; software, M.G.; validation, A.C., E.T., and S.K.; formal analysis, K.S.; investigation, E.T.; resources, E.T. and A.C; data curation, E.T.; writing—original draft preparation, E.T.; writing—review and editing, K.S., S.K., and M.G; visualization, A.C.; supervision, K.S. and S.K.; project administration, S.K.; funding acquisition, K.S. All authors have read and agreed to the published version of the manuscript.

Data Availability

The data used to support the research findings are available from the corresponding author upon request.

Conflicts of Interest

The authors declare no conflict of interest.

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