
How Greece Can Unite its People



By [Henrich Greve](#) , INSEAD Professor of Entrepreneurship

Divisions and distrust are keeping Greece from bouncing back. Uniting the people for the sake of the nation, not of its politicians, could help.

Much has been written about the aftermath of the Greek crisis, but key points raised in a recent [Wall Street Journal](#) article are the significant distrust of politicians and the divides among people following the contentious politics around the referendum on the bail-out package offered Greece by the EU (but actually withdrawn before the vote date). Greeks on the left and far right don't trust the EU, and many would like to leave the Euro, while Greeks along the political spectrum believe their politicians cannot be trusted to govern competently.

Distrust and divisions matter because the Greek recovery will largely be determined by how much Greeks believe in their country - as currently, others do not. To make matters worse, many of the wealthiest Greeks have moved their money abroad and may well decide to keep it there until they see how the economy is doing. An economic recovery requires people to invest in business. Will the citizens of a nation with distrust and divisions invest?

In stock market returns, we trust

A useful comparison for Greece might be Kenya, for two reasons. First, Greece is now a developing economy, and Kenya has been one for a while. Second, while the distrust and divisions in Greece are recent, Kenya has long been divided ethnically and politically, and distrust of the state runs deep. In [recent research published in *Administrative Science Quarterly*](#), Chris Yenkey examined the spread of stock market investment in Kenya. Stock market investments are now widespread after the exchange in Nairobi opened, and it is spread nationwide but with some areas seeing more investment than others.

What drives investment under these conditions? Success. The strongest driver of investment by a Kenyan is how much profit others have made from their investments. This is not surprising, but there are many other results that are very interesting, and informative for Greece. First, divisions have strong effects. The investment results of others matter much more if they belong to the same ethnic group. People pay more attention to similar others, even if they are looking at objectively the same thing – stock market gains. Second, distrust matters. People living in towns with political leadership from a rival ethnic group paid less attention to the profits of those from different ethnic groups.

Equally important, these divisions can be bridged. In Kenya, people who lived in neighborhoods, or worshiped in religions, with a mix of ethnicity paid more attention to those who were different from themselves. People who saw much national (rather than ethnic-political) advertising were less likely to see only the gains of same-ethnicity others. Division and distrust are in the minds of people, and differences can be thought of as harmful division or helpful diversity.

The result is some old fashioned advice for Greece. Do whatever is necessary to bring the people together. Do whatever is needed to help them think of the nation rather than its politicians. The new part is that these actions are not just for reducing conflict and increasing confidence in life. They also help investment, and will be important drivers for improving the economy.

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