

“BANKING SECTOR EXECUTIVES IN GREECE: CONDITIONS OF PAY AND WORK, ROLE AND PROSPECTS ”

1. Introduction

1. Purposes and objects of the survey

The survey whose results we present in this publication constitutes an original approach, by both national and European standards, with particular reference to the concept of banking sector executives, their pay and working conditions, role, problems and prospects.

Our purpose was to take a first-hand look at the aforementioned with reference to:

- the overall trends and basic characteristics of the executive labour market in Greece
- the international and especially the European developments in the sector with regard to banking executives, in conditions of globalisation, increased restructuring of organisations and businesses, the introduction of labour market flexibility and the heightened competition among businesses to adapt to the new conditions of EMU.
- current and emerging policies to highlight and make use of executives in the sector's enterprises, in view of the aforementioned developments and changes.

More specific purposes of the research included the following:

- to examine the **concept**, the **basic categories** and the **functions** of executives in the specific conditions prevailing in the Greek banking sector, through an interdisciplinary approach which is at the same time economic, administrative and legal
- to identify and evaluate executives' **basic characteristics** (age, sex, level of education, etc.) and **their existing conditions of pay and work**, as a distinct and important category (over 25%) of workers in the sector

- to examine the **prospects for development of the aforementioned conditions of pay, working time and working conditions** in general, as well as the **special part played by executives in conditions of intense business restructuring, introduction of flexibility and other changes**, in conditions where the general conditions in the banking sector labour market and labour relations in the banking sector are being re-examined and/or brought into question
- to highlight the specific **problems** and the **prospects** for executives as a special interest group for the sector's trade unions, in order to formulate appropriate **proposals** for the necessary intervention by the unions in this specific area. It is obviously important for the banking sector unions to approach executives, since executives are regarded as basic agents for making/specifying and implementing decisions involving efforts to change business structure, management methods, work content and quality of labour relations in the sector
- finally, to identify any **open questions and new issues to be examined**, which could constitute a separate subject for future research on executives in the banking sector or in Greece as a whole.

2. Methodological approach and documentation.

Since there has been no similar research or special bibliography in Greece on this specific subject – or on the executive labour market in general, our approach had to combine a variety of methods and sources, with emphasis on the approach to and analysis of pre-eminently qualitative data and characteristics.

Thus, apart from the secondary utilisation of the available international bibliography and national data (for an introductory adumbration of the executive labour market in Greece, which we believed to be necessary), the documentation of the research was based on:

- **processing of data from the Employment Observatory for the Banking Sector** with regard to the basic characteristics (sex, age, level of education, etc.) of executives in the sector. Unfortunately, the latest data available from this source date from 31.12.1997.
- **international research and comparable material from bodies and foreign unions in the sector.**
- **Processing and utilisation** of relatively recent **data from research on executives' pay carried out by private firms of consultants.**

- **The creation and completion of a questionnaire including closed and open questions.** Identical questionnaires were submitted to the banks and to the respective workers' associations; they were completed between October 1999 and April 2000. Taking part in the research were 13 banks and related enterprises employing about 50% of the manpower in the sector, and 16 primary unions in similar areas. We believe that this participation provides adequately representative coverage of all the basic categories of banks operating in the sector, i.e. commercial and investment banks, both state-owned and private.
- **Thematic meetings- workshops for executives in the banking sector,** to thoroughly examine the results arising from the completion of the general questionnaires, as well as to cover special issues of working conditions, career advancement and executives' role and attitude towards the developments taking place. During these meetings which were held in July 2000, the research team asked participating executives, who by and large represented all the areas included in the survey, to complete a special questionnaire. Some of the questions it contained were the same as those included in the questionnaire completed by the banks and the primary unions and some were special questions for the workshop participants. Needless to say, these results are of value only as an indication of the attitude and views of banking sector executives as a whole, since we cannot claim that the conditions for representativity were met on this issue. However, they are a good basis for new considerations and possible expansion of this survey using a broader and more representative sample of executives.

3. Composition of the research team and content of the study.

The following people took part in the research team designed and created for the project presented here, with the material and administrative support of the INE/OTOE:

- **V. GEORGAKOPOULOU**, PhD in Economics, Mediator/Arbitrator with the Mediation and Arbitration Service (OMED) and special advisor to the OTOE and the INE/OTOE on labour issues, as **scientific officer** for the research project..
- **I. IOAKIMOGLU**, M.A. in Economics, scientific collaborator with the INE/GSEE, as **researcher**
- **M. MYZITHRA**, M.A. in Economics, executive at the National Bank of Greece, as **researcher**

- **M. DOTSIKA**, Attorney at Law, PhD in Law, Mediator/Arbitrator with the OMED (specifically for the chapter on the legal approach).

The study presented here includes the following chapters, which were composed by the member of the research team mentioned in each instance:

Chapter 1: The executive labour market in Greece – general approach (by *I. IOAKIMOGLOU*)

Chapter 2: Concept, role and individual categories of banking sector executives (by *M. MYZITHRA*)

Chapter 3: Basic data on banking executives in Greece (by *V. GEORGAKOPOULOU*)

Chapter 4: Scope of work, advancement, training and career development of executives in the banking sector (by *M. MYZITHRA*)

Chapter 5: Executives' working time (by *V. GEORGAKOPOULOU*)

Chapter 6: Banking sector executives' pay in Greece (by *I. IOAKIMOGLOU – M. MYZITHRA*)

Chapter 7: Changes and restructuring in the banking sector: executives' role and problems (by *V. GEORGAKOPOULOU*)

Chapter 8: Executives and trade unions (by *V. GEORGAKOPOULOU*)

Chapter 9: Legal status of the labour relation of executives in the banking sector (by *M. DOTSIKA*).

Chapter 10: Summary of conclusions and basic findings of the survey (by *V. GEORGAKOPOULOU*).

We believe that the survey presented here covers, in a rather innovative manner and to an adequate extent, a wide range of issues of direct interest both to the social partners and to banking sector executives. In fact, it may be possible to deepen and expand it, both in the banking sector and in other sectors of the economy, on a national or even a comparative international level.

In presenting its basic findings, as set out in the present publication, for the reader's consideration, we must express our heartfelt thanks to:

- the management of the banks and the unions who responded and participated in our research,
- the executives in the sector, who gave a great deal of their valuable time to discuss and closely examine the initial results
- the executive and staff of the INE/OTOE for their valuable support while the survey was being carried out, and Ms. Papangeli in

particular, for her help in sending out and completing the questionnaires

- the Presiding Board and the OTOE Executive in general for their encouragement and solidarity while this survey was being carried out.

Needless to say, any errors or omissions are the primary responsibility of the research team and to a much greater extent of the undersigned Scientific Officer in charge of the research.

Vassiliki N. GEORGAKOPOULOU
Dr. of Labour Economy

Chapter 1: The labour market in Greece on the basis of data from the National Statistical Service of Greece (ESYE)

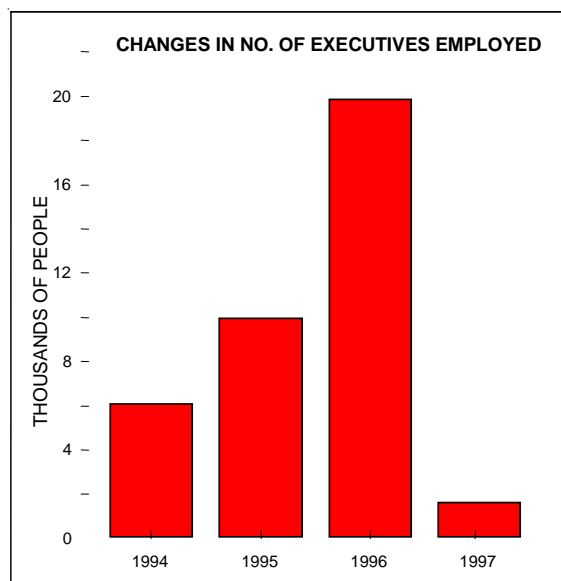
On the basis of the ESYE definitions, we may consider the following categories of employed people to be executives:

1. Members of parliamentary bodies and senior administrators in public administration and special interest organisations.
2. Managers and senior administrators in large public and private enterprises and organisations (employing 10 or more people).
3. Managing entrepreneurs and directors of small public and private enterprises (employing fewer than 10 people).

The following analysis is based on data from the ESYE and on the acknowledgement that executives are designated in the ESYE Labour Force Surveys as consisting solely of the aforementioned categories of employees.

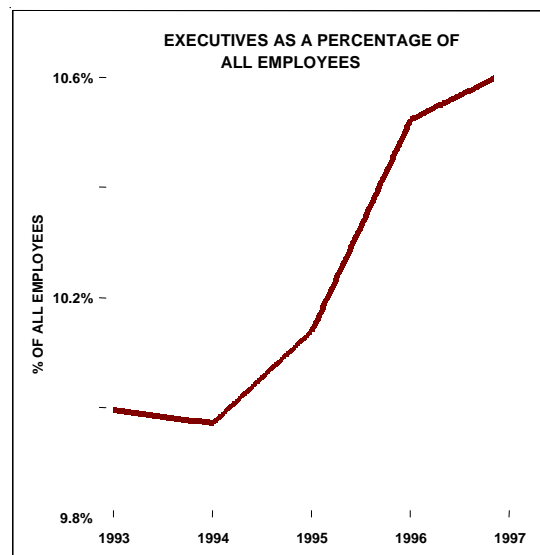
2. Longitudinal trends in employment of executives

From a longitudinal point of view, the number of executives employed in Greece rose over the last five years (1993-1997). In 1994 the number of



executives employed was 378,000, representing an increase of 1.6%, followed by an increase of 2.6% in 1995. In 1996, the increase was much higher than in the preceding years, of the order of 5%. Finally, there was no significant change in 1997, with an increase of only about 0.5%, lower than in any of the three previous years. Thus by 1997 the number of executives employed had risen to about 410,000. The following diagram shows these changes in employment of executives, in thousands of people.

Also of interest is the trend shown by the occupational category of executives in relation to other occupational categories. In 1993 and 1994 executives' share in total occupations was 10%. In 1995 this figure increased very slightly, to 10.1%. The biggest change was seen in the following year, 1996, when the category of executives represented 10.5% of all occupations. In the last of the five years under examination (1997) there was a very small increase of 0.1%, bringing the proportion of executives up to 10.6%.

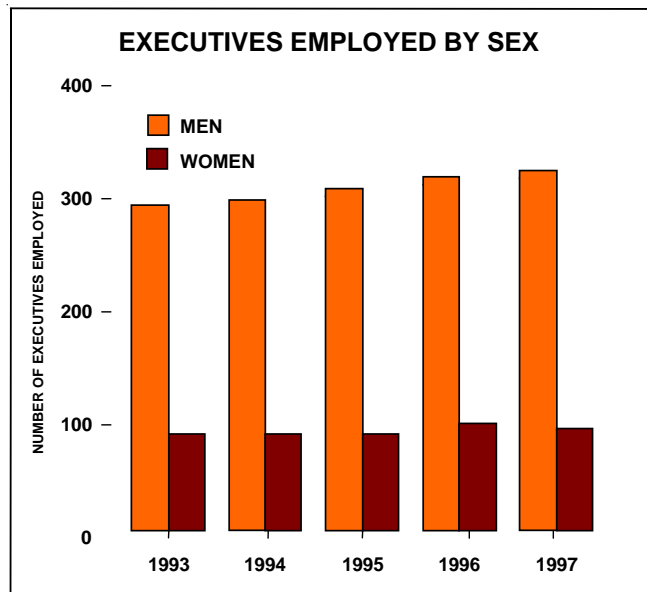


This analysis of the data shows that the occupational category of executives constitutes a rather large part, i.e. 10%, of total individual occupations in Greece. Moreover, this percentage is very slowly increasing.

3. Distribution of executives employed by sex, age and level of education

3.1. Distribution of executives by sex and level of education

Within the occupational category of executives significant differences can be

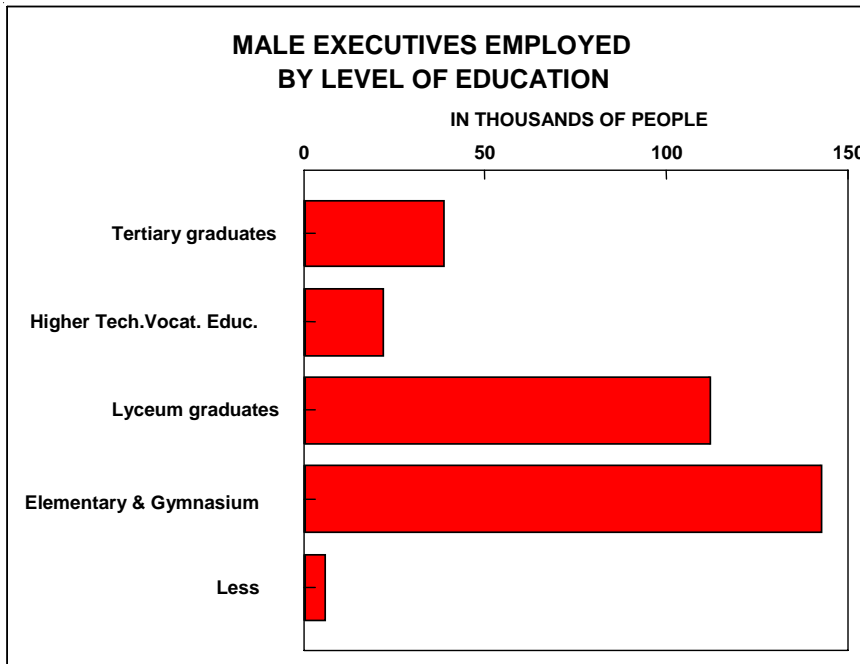


seen with regard to the percentages of total executives who are men and women. In 1993 women executives represented about 23% and men 77% of all executives. In 1994 there was an insignificant drop of 0.1% in the percentage of women and a corresponding rise in the percentage of men. In 1995 there was a somewhat larger decrease of 0.7%, that is, only 22% of people in executive jobs were women. By contrast, in 1996 the percentage increase of women was 1.2%, which was, however, completely cancelled out in 1997.

The above diagram shows in absolute numbers the proportions of men and women out of total executives employed. It is obvious that men retained their dominant position throughout the 1993-1997 period, and the changes in the proportion of women were very small to negligible.

In conclusion, three out of every four executives are men, and as demonstrated by the statistical data regarding all occupations comprising the general category of "executives" in 1993-1997, this ratio has not changed.

The unequal proportions of the two sexes in the occupational category of executives may be due to different levels of education between the two sexes. To determine whether this is actually the case, we refer more exhaustively to the distribution of executives according to level of education and sex. The diagram below shows the educational level of male executives in 1997.

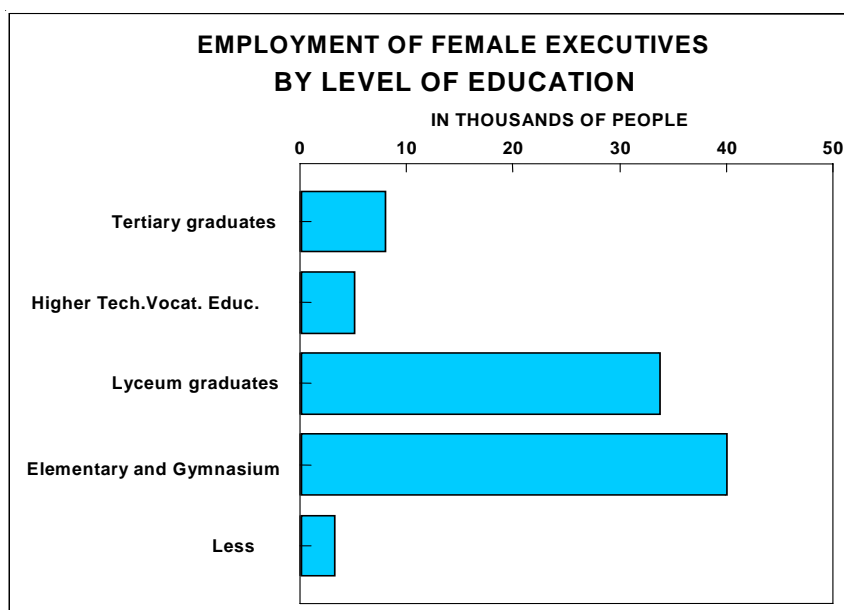


Because the distribution of male executives by level of education between 1993 and 1997 did not undergo any major change, the diagram above includes only 1997 as a year representative of the whole period. The largest proportion of men employed as executives had completed elementary school only. They represented around 40% of all executives in 1993 and 36.5% in 1994. In 1995 35.9% of men had completed elementary school only, a figure which fell to 34% in 1996. To be sure, there has been a gradual decrease in this percentage, along with an increase in the percentage of executives who are lyceum graduates. Nevertheless, the lowest educational level occupied first place until 1997, when the proportion of male lyceum graduates moved into first place at 35%, compared to 33% for elementary education graduates.

On the other hand, the smallest percentages were of holders of PhDs or other post-graduate diplomas and of people who had never attended school (the percentage who had attended university but had not completed their university education was negligible, because very few people who enter tertiary education fail to graduate).

A similar development may be seen in the case of women: those who had completed elementary education only represented about 40% of executives in 1993 and 1994. In the following years, this ratio gradually decreased: in 1995 it fell to 39.2% and in 1996 it fell further, to 34%. In 1996 for the first time the percentage of female lyceum graduates was higher than the percentage of

those who had completed elementary education (35.6% compared to 34.6%), and the gap widened further in 1997.



As can be seen from the distribution of executives by sex and level of education, the differences between men and women are small. It therefore appears that the inequality observed in the share of the two sexes in the occupational category of executives cannot be attributed to differences between women's and men's educational levels.

3.2. Educational level of executives compared to that of the population as a whole

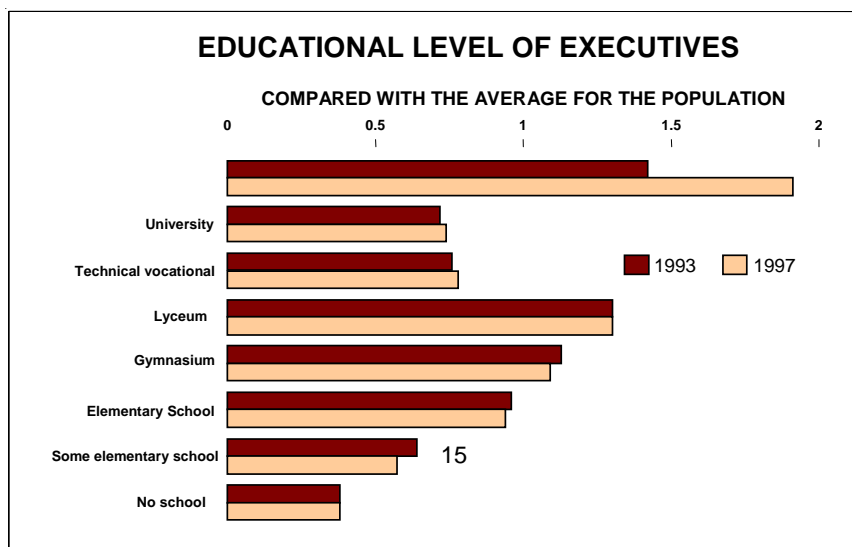
The share of each educational level in executives' occupations, as described above for both sexes, may be traceable to the distribution of the labour force over the various levels of education, rather than to the requirements of the occupational category of executives. Thus, for example, the fall in the percentage of executives who are elementary school graduates may merely reflect the overall rise in the educational level in Greece, and not some greater requirements for knowledge for the occupation of executive. That is why we have used an index that compares the percentages of the various educational levels among people in executive jobs with the corresponding percentages among of the working age population. (Index I: Ratio of the

percentages of the various educational levels among people in executive jobs to the corresponding percentages among the working age population). When index I is larger than one, then the occupation of executive, in the specific educational level under study, is attracting a greater portion of the labour force to that specific level than the average, i.e. all occupations. When the index is equal to one, this means that executives' occupations attract a portion of the labour force on the educational level under examination equal to that of all occupations.

We use i to represent the aforementioned index, which equals the ratio f_e / f_s where f_e represents the proportions of educational levels among people in executive jobs and f_s represents the proportions among the working age population. Thus, for the doctoral educational level, the index was 1.4 in 1993. This means that the occupational category of executives attracts from the working age population as a whole a greater part of the labour force who hold a doctorate than the average (i.e. all occupations). In 1997 the index was 2. In this case, as before, the same conclusion can be drawn (the large increase in the index may be fortuitous, since the category of PhD holders is very small and thus statistical errors may be large).

Continuing the examination of the index by level of education, we can see that for graduates of university-level education the index was 0.7, both in 1993 and in 1997. Among graduates of higher technical education the index was 0.75 in 1993 and 0.79 in 1997. Among lyceum graduates, the index remained unchanged at nearly 1.3 throughout the period under examination, and among gymnasium graduates it stood at around 1.1. For elementary school graduates, the index approached one (0.96). For those who had completed part of elementary education the index was 0.6 and for people who had never attended school it was 0.4.

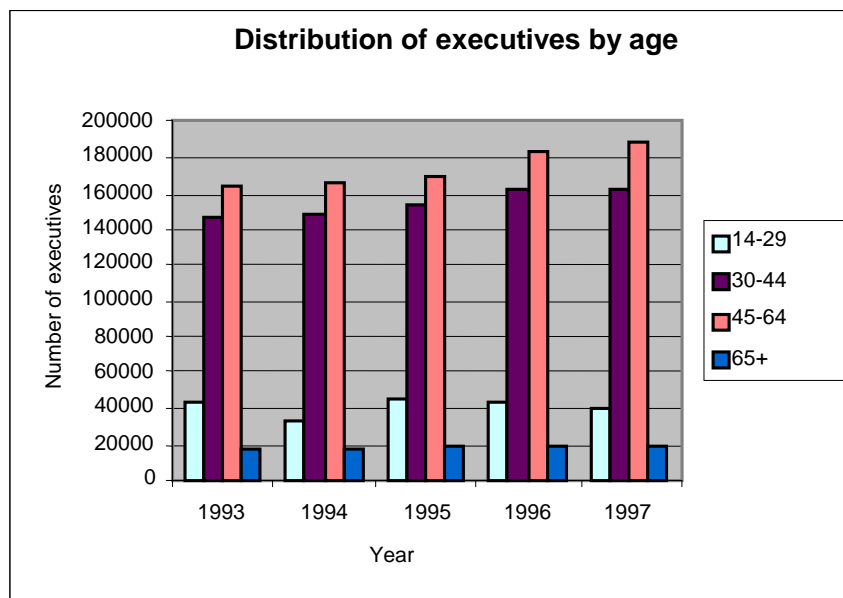
One observation we can make about the index we have analysed at the various levels of education is that the occupation of executive attracts people who hold doctorates as well as lyceum (and secondarily gymnasium) graduates. By contrast, the percentage of university graduates in the



occupation of executive is only 60% of the percentage in all occupations. This discontinuity in the distribution of executives on the basis of their educational level is indicative of a dualism in the executive labour market.

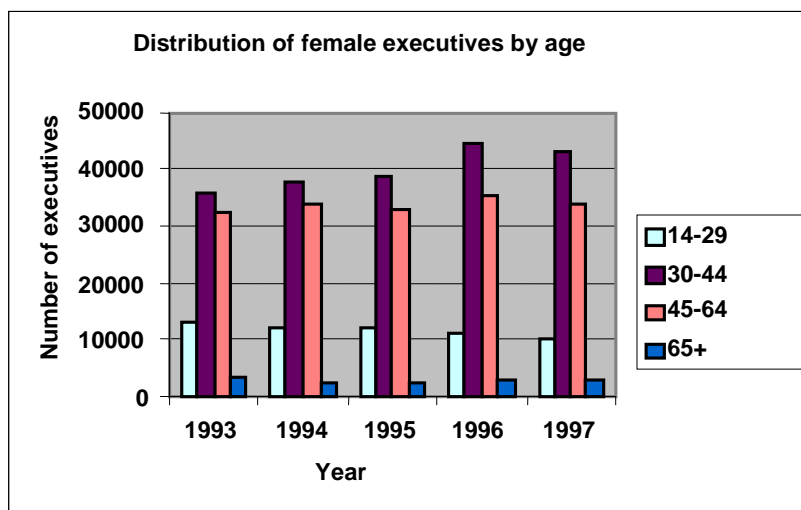
3.3. Distribution of executives by sex and age

This analysis would be incomplete if we did not also examine distribution of executives by age and also by a combination of age and sex. As can be seen from the diagram below, in the five years under examination, the biggest percentage of executives were between the ages of 45 and 64. In 1993 and 1994, 44% of executives were between the ages of 45 and 64. This figure rose in 1996 to 45% and in 1997 to 45.9%. Thus we can see that people aged 30-64 hold the biggest share of executive jobs, and that the 14-29 age group holds a smaller share of about 11%.



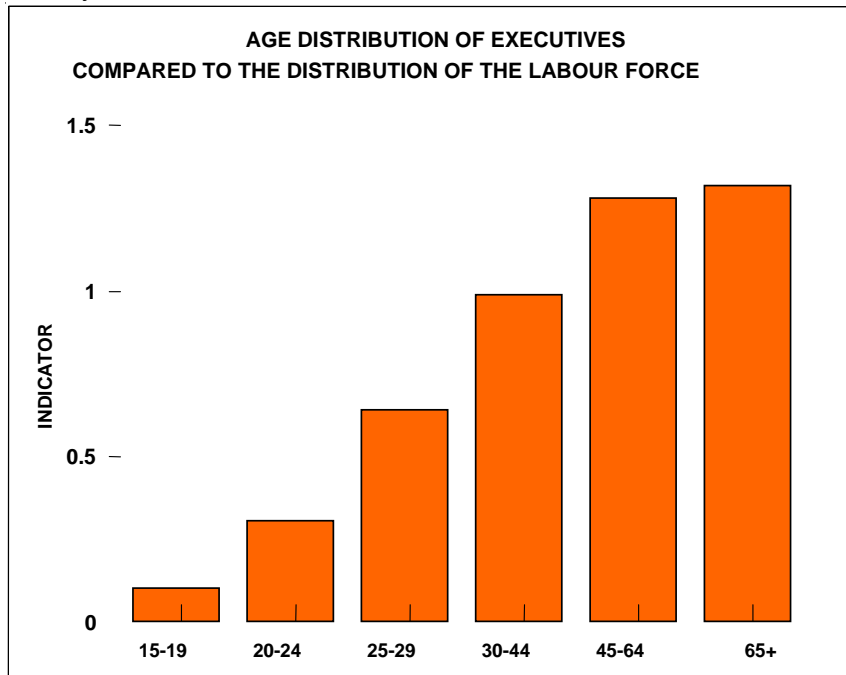
We will next examine distribution of executives by sex and age, in order to identify the dominant groups. Among men, the 45-64 age group is the biggest, percentagewise. The proportion of men was around 46% in 1993 and 1994, but the corresponding figure for women of the same age was about 38%. Among women, the 30-44 age group held the largest proportion in 1993 and 1994. The fluctuations that occurred over the next three years (1995-1997) show that on average the percentage of men aged 45-64 oscillates around the level of 47%, and the percentage of women between the ages of 30 and

44 is also in the area of 46%-47%. In other words, among men the 45-64 age group is dominant and among women the 30-44 age group is dominant.



Because again it is difficult to tell whether the greater percentages of certain age groups is due to changes in the requirements for the occupation of executive or whether they merely reflect changes in the age composition of the population, we use an index which compares the proportions of different age groups in the category of executives with the proportions in the labour force as a whole. Let us call this index j : it will be the ratio of the proportions of

various executive age groups to the respective proportions among the whole working age population. We will call the former proportion f_a and the latter f_{sa} . Thus $j = f_a / f_{sa}$.

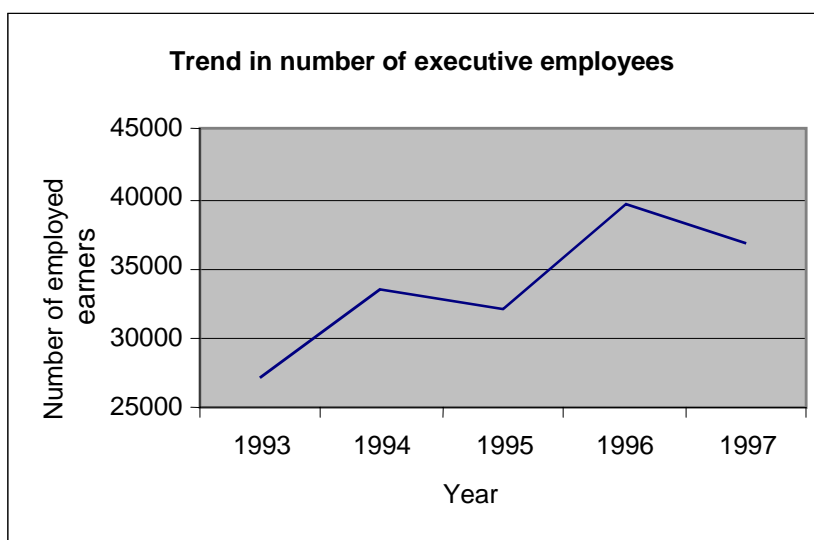


We can see from the diagram above that for the 45-64 and 65 + age groups, the age distribution index of executives is greater than one, and also that this index increases with age. A possible explanation for these phenomena is that experience, which usually accompanies age, is a significant factor in executive job performance. In other words, the requirements of the occupational group under examination are such that people over 45 are preferred for executive jobs. The fluctuations of the index in the 1993-1997 period were very small.

These observations regarding the taking on of executive jobs by older people are true both for men and for women (because the relevant indices j increase with age).

4. Employees and self-employed people

Within the category of executives we must make the distinction between employees and self-employed people. During the five-year period from 1993 to 1997, no linear changes occurred, that is, there were no increases or decreases. In 1993 the total number of executive employees was 27,161, and in 1994 this number rose to 33,530. In 1995, however, the number of executive employees decreased by 3.9% to 32,213. There was a new increase of 23.2% in 1996, bringing the number of executive employees to 39,688, whereas in 1997 it fell again to 36,836. The annual changes described above are large, probably because the absolute number of executive employees is small. When a group is small in size, any statistical deviations due to sampling may cause high percentage changes from year to year. Nevertheless we can see an upward trend in the number of executive employees. The following diagram gives a more precise picture of the fluctuations in the number of executive employees.



The trend in the number of employed earners differs from that of executive employees in that it shows a constant increase. The number of self-employed executives was 323,471 in 1993, 331,027 in 1994, 350,130 in 1995 and 366,300 in 1996. The increases in 1995 and 1996 were 5.7% and 4.6% respectively. Finally, in 1997 the number of self-employed executives increased by just 1.4% to 371,372. In other words, while there was an

increase in the number of self-employed executives, this increase slowed down, up to 1997 at least. The trend in the number of self-employed

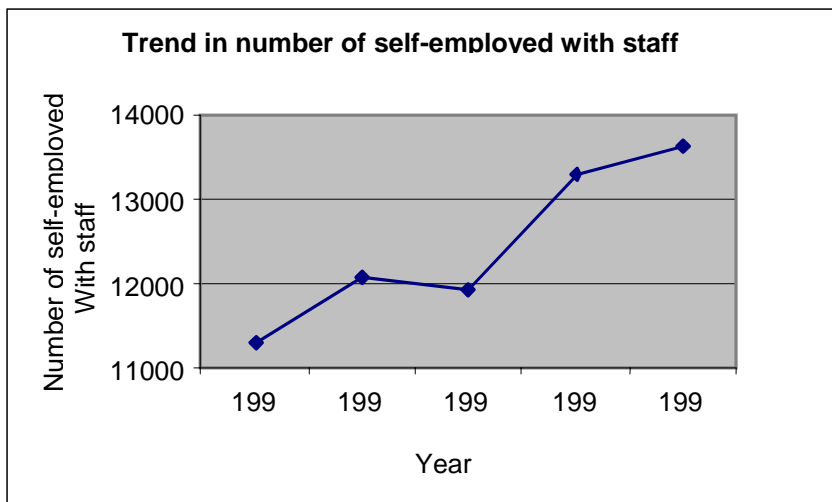


executives can be seen in the diagram below:

Another interesting distinction within the category of self-employed executives can be made between self-employed people who employ staff and those who do not. The number of self-employed people employing staff was 113,202 in 1993, 120,788 in 1994, 119,487 in 1995, 133,125 in 1996 and 136,297 in 1997. On the other hand, self-employed people not employing staff numbered 225,233 in 1993 and 210,239 in 1994.

Thereafter, in 1995, their number increased (unlike that of self-employed people employing staff) to 230,643, then to 233,175 in 1996 and finally to 235,075 in 1997. The first observation we can make at this point is that self-employed people who employ staff are fewer than those who do not.

The following diagrams show the trends in the number of self-employed people with and without staff:





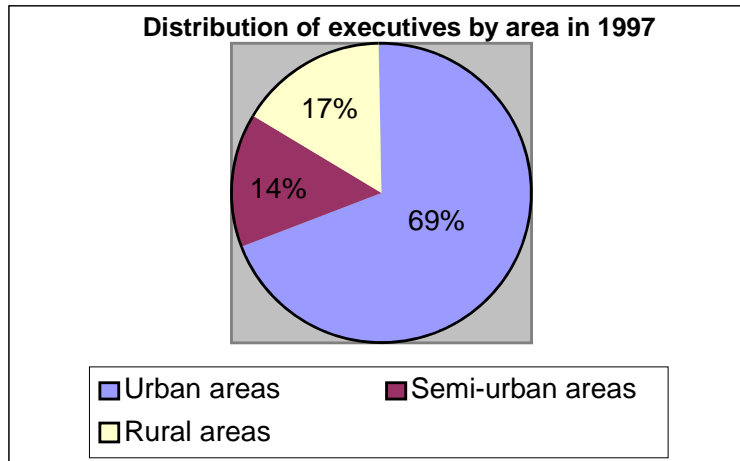
Another observation we could make regards the ratio of self-employed executives to executive employees.

As the following diagram shows, a much higher proportion of executives are self-employed than are employed earners. Specifically, the overwhelming majority, i.e. 90% of executives, were self-employed during the five years from 1993 to 1997.

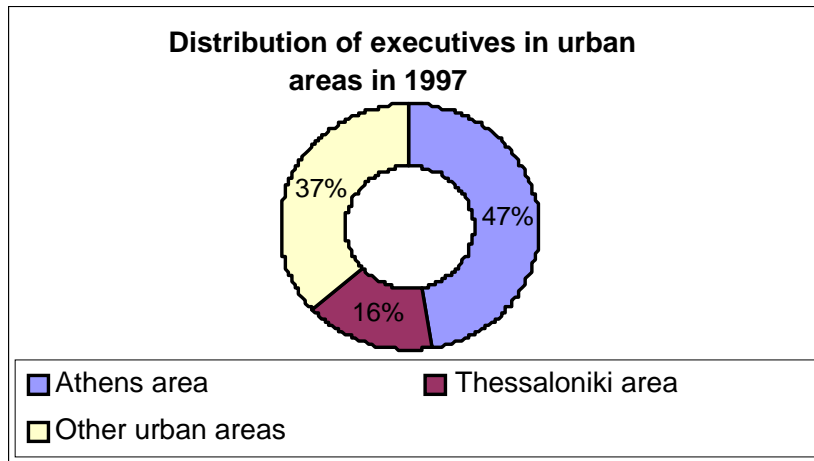


5. Distribution of executives by area

Also interesting is the distribution of executives by area on the basis of statistical data for the year 1997. The areas under examination are urban, semi-urban and rural in relation to the country as a whole.



According to the above percentage distribution, the greatest percentage of executives – 69% of their total number – is in urban areas. In more detail, the following graph shows how executives are distributed in the Athens, Thessaloniki and other urban areas. They are distributed as follows:



The above graph shows that about 50% of all executives were employed in the Athens area. However, since different areas have different densities, the

fact that the Athens area has the biggest proportion of executives may be due to the fact that Athens has the biggest population and the highest percentage of the labour force. The same can be said for the comparison among urban, semi-urban and rural areas. That is why we use an index that compares the distribution of the country's executive force with the distribution of the labour force.

We call this index (u). It is the ratio of the percentage of executives in the various areas of the country to the percentage of the labour force in these areas.

We will call the first percentage f_c and the second f_{rc} . So the index is written as follows: $u = f_c / f_{rc}$. Therefore if $u > 1$, that means that $f_c > f_{rc}$, which means that a greater part of the labour force will be employed in executive occupations in relation to the total area under examination. Likewise, the opposite is true if $u < 1$. Finally if $u = 1$, then $f_c = f_{rc}$. From the values of the index we can conclude that in 1997 the executive sector employed more people in the semi-urban areas in relation to those employed overall. Next were the rural areas, followed by the urban areas, both of which produce an index of less than one. This phenomenon can most probably be explained by the comparatively low percentage of self-employed people and the bigger units of production in the urban areas.

6. Employment of executives by *two-digit* occupation code and by two-digit sector of production

The various occupational categories can be divided into more detailed groupings. The occupational category of interest to us is called “the sector of parliamentary bodies, senior administrators and managers in the public and private sectors”. This occupational category can itself be divided into three smaller categories:

- Members of parliamentary bodies and senior administrators in public administration and special interest organisations.
- Managers and senior administrators in large public and private enterprises and organisations (employing 10 or more people).
- Managing entrepreneurs and directors of small public and private enterprises (employing fewer than 10 people).

The third category has the highest percentage of executives of the three, and has undergone constant increases. By contrast, the first and second categories show fluctuations. In some cases there have even been reductions in employed earners. By category, the following trends have developed: In 1994 the third category increased by 2.4%, in 1995 by 1.2%, in 1996 by 2.1% and in 1997 again by 2.1%. The second category decreased by 2.4% in 1994, compared to 1993. In 1995 there was an increase of 17%, which completely offset the previous decrease. Then in 1995 there was an even bigger increase, of 33%. However, in 1997 employment in this category fell by 13%. Finally, disproportionately large fluctuations were seen in the first category of executives (members of parliamentary bodies).

With regard to the ratio between the three categories of executives, the third category is the one with the biggest percentage: the predominant sector is that of managing entrepreneurs and directors of public and private enterprises employing fewer than 10 people.

Analysis of employment of executives in the primary, secondary and tertiary sector of production shows that out of all executives working in the sector, i.e. 409,058 people, 5,441 work in the primary, 51,072 in the secondary and 352,547 in the tertiary sector. The great majority, i.e. 86,2% of executives work in the tertiary sector, a figure that surpasses by far their contribution to GDP.

However, to make a more correct comparison, we need to examine the proportion of executives in the various sectors of production using an index that will compare the share of each sector of production in the occupational category of executives with its respective share in the labour force as a whole.

We call this index (I); it represents the ratio f_g / f_{gs} , where f_g is the proportion of sectors of production among executives and f_{gs} is their proportion of the labour force as a whole.

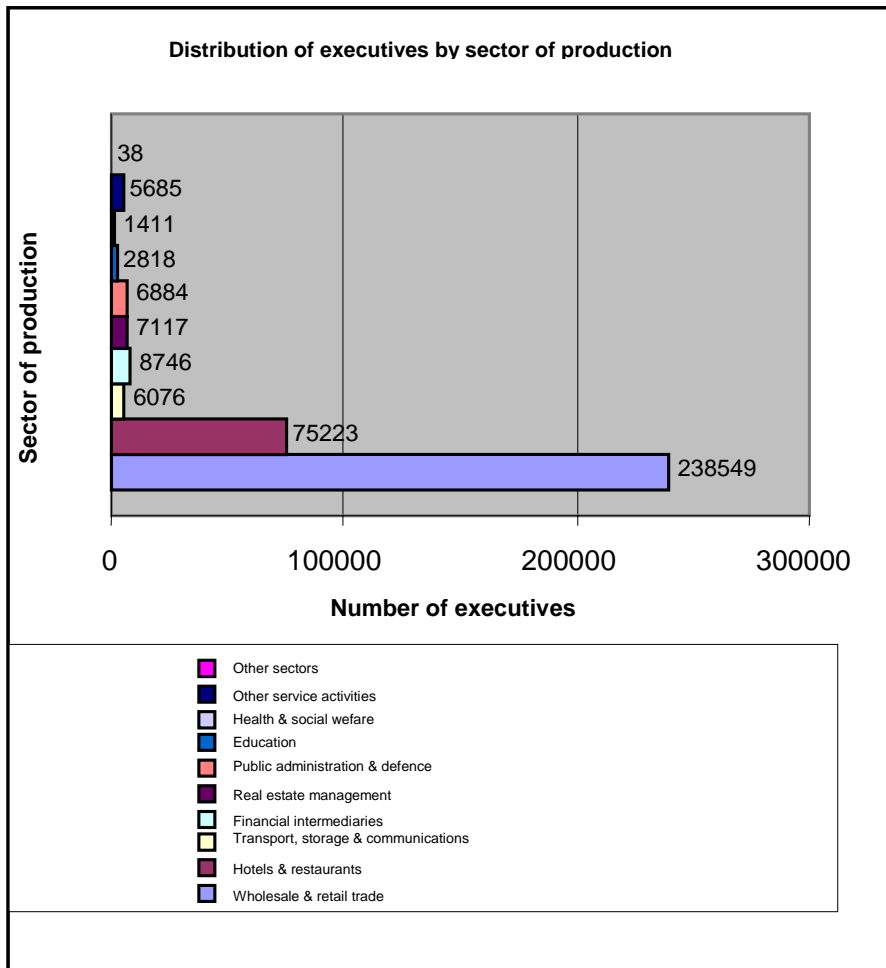
The following table shows the index for each sector of production.

	Primary Sector	Secondary Sector	Tertiary Sector
Number of executives	5441	51071	352547
Proportion of executives	1,3%	12,5%	86,2%
Index I	0,1	0,6	1,5

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Because it is greater than one, the index for the tertiary sector shows that it is indeed the one that absorbs a greater proportion of the labour force than the whole.

A more detailed distribution of executives over the sectors of production serves to show us which specific sector is the predominant one. The tertiary sector is analysed, because we have already concluded that it is the sector employing the most executives.



As shown in the diagram above, the predominant sector is that of wholesale and retail trade. In absolute numbers, it employs 238,549 executives out of a total of 409,058 employed in these occupations. In other words, it represents around 60% of the total employed workforce of executives.

The sector of agriculture, animal production, etc. (which is not referred to in the diagram because it is part of the primary sector) does not employ a large proportion of executives. The percentage employed is only 1.3%.

The distribution of executives by sector of production changes perceptibly in the case of executive employees. Manufacturing, trade, financial institutions and public administration each employ around 6,000 executive employees. Thus out of 37,000 executive employees, 24,000 are employed in these four sectors.

7. Conclusions

The occupational category of executives, which includes around 410,000 people, is growing at a rate slightly higher than the growth rate of employment as a whole. Thus, between 1993 and 1997 the total number of executives increased by about 30,000, and the proportion of executives out of all occupations was 10% in 1993 and 10.5% in 1997.

An analysis of the ESYE data might support the hypothesis that the executive labour market shows 1) a strong dualism based on the distinction between paid employment and self-employment, and 2) strong gender-based distinctions. The labour market for executives in paid employment consists of only 37,000 people (1997 data), whereas the overwhelming majority of executives, i.e. around 370,000 people, are self-employed.

The dualism between paid employment and self employment may justify the fact that compared to all occupations the occupation of executive shows the following particularity: on the one hand, it attracts/needs people with a high level of education (doctorate), and on the other large numbers of lyceum (and secondarily gymnasium) graduates: in all likelihood the former are employed by big enterprises and the latter are self-employed (either as managers of small enterprises with employees or merely isolated self-employed people without employees). The fact that graduates of higher education appear to be a rather small portion of the population of executives is due to the fact that there are large numbers of secondary education graduates.

This same dualism probably also explains the small proportion of executives in the urban areas of the country in comparison to the proportion of the labour force concentrated in such areas: urban areas have a relatively small proportion of self-employed people and larger units of production.

Another aspect that strengthens the hypothesis of a dualism between paid employment and self-employment is the fact that employed earners working as executives are employed mainly in four sectors of the economy: manufacturing, the financial sector, trade and public administration. By contrast, a large proportion of executives who are self-employed are concentrated in the sector of trade (in the ratio of approximately 2/3). It is also very likely that secondary education graduates are also concentrated in this sector.

A second distinctive feature of executives is their differentiation by sex. Three out of four executives are men, and the proportion is even higher among those in paid employment. On the basis of data for the 1993-1997 period, this situation appears to have remained unchanged. This gender divergence cannot be explained by differences in the educational level of males and females. With regard to age, the predominant age group among men is 45+, whereas among women it is 30-45. This difference is probably due to the fact that women have entered the executive labour market more recently, so that what we are seeing is merely a time delay phenomenon.

A factor that does not appear to enter into the differentiation between the two sexes is the effect of age on the occupation of executive: the older a person is (regardless of gender), the more likely he/she is to work in an executive position. This may mean that experience is a decisive factor for performing executive duties.