

Chapter 2: Concept, role and individual categories of banking sector executives

1.1. Introduction

In order to identify the population to be covered by this survey, we were faced with the need to define the content and dimensions of the term “executive”.

In seeking bibliographic references for this purpose, we discovered that although it is mentioned and used extremely often, no specific description of the term executive exists, for the banking sector at least.

By contrast, the concept, basic characteristics, profile, role, work behaviour and general functioning of executives in their business environment appear to be determined in each case by different parameters, which could be grouped according to:

The origin of the executives themselves

The formal structure of the employment relationship

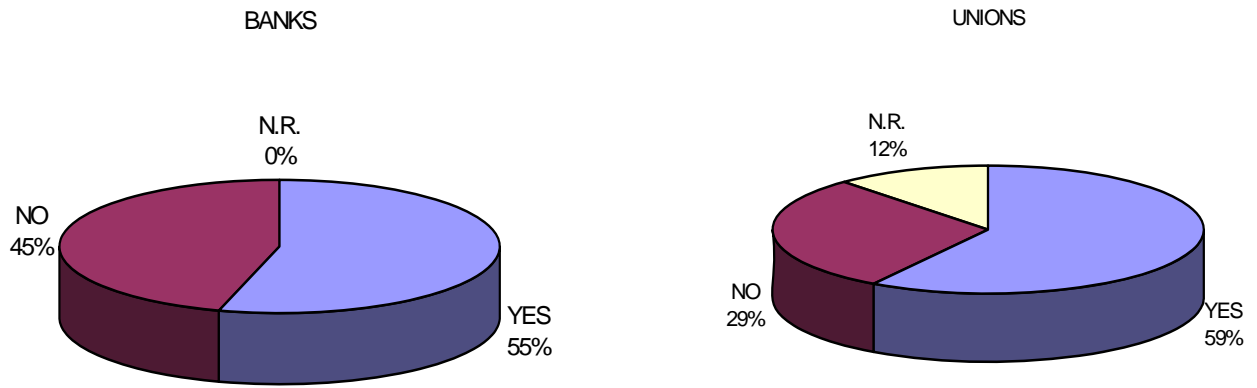
The overall structure, organisation and culture of the enterprise

The most systematic reference to the term “executive” is that contained in the banks’ Social Progress Reports, where an empirical definition is adhered to which differentiates employees from executives, who are divided into three categories, as described in detail in Chapter 3 below.

Due therefore to the objective impossibility of using a monosemantic definition of the survey population, we decided to include questions to the banks and the trade unions which would help confirm or reject hypotheses leading to the formation of a definition. The findings of the survey in this context are presented in detail herebelow.

Institutional use of the term “executive”

To the question whether or not there is an institutionalised definition within the enterprises, only 55% of banks and 59% of enterprise-level unions answered in the affirmative. Thus it is obvious (see Graph 1.1) that in about half the banks taking part in the survey there is no institutionalised definition of the term “executive”.

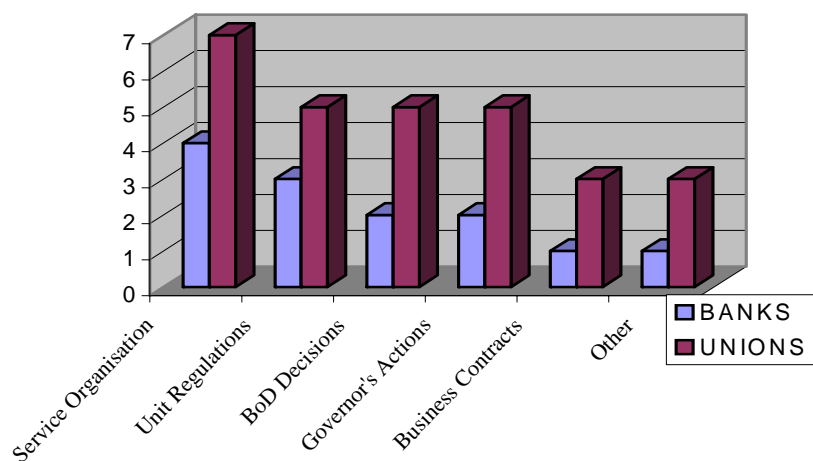


Graph 1.1

The picture is completed with an analysis of the answers to the next question, to which those banks and unions that had answered yes to the previous question were called upon to respond. The institutional texts mentioned as containing the term “executive” show significant dispersion: only a third of the answers mention the text which represents, or should represent, the statutes or by-laws of every enterprise.

Worth noting is the difference in responses between the banks and the unions – something that will come up in most parts of the survey and probably should even be expected. In this particular question, however, it acquires special importance because the existence or non-existence of an institutional text setting the definition of executive within the enterprise is not a question of conjecture but of knowledge.

Graph 1.2 below gives a detailed description of the relevant findings of the survey.



Graph 1.2

It is characteristic that in cases where Unions select “Other”, the responses describe the procedure for promotion of an ordinary employee to an executive position, more or less as a title conferred, which is entirely at management’s discretion.

Executives’ role

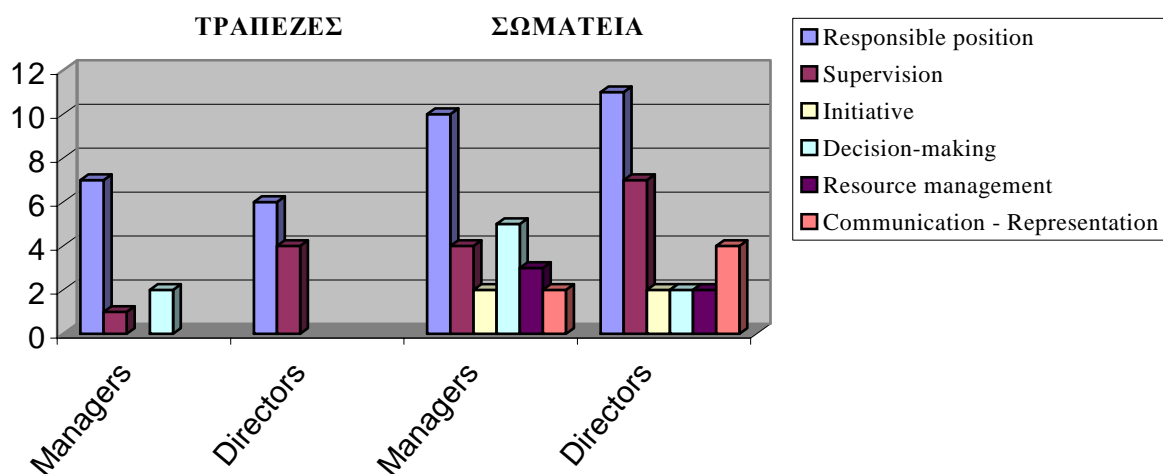
To determine the role of executives in the Greek banking sector, basic business organisation and administration reports were used as hypotheses, in combination with the empirical separation of executives into administrators and directors which, as already mentioned, is used in banks’ social progress reports.

The relevant findings are shown in Graph 1.3.

Worth noting is the concentration of responses, both by the banks and by the unions, indicating “responsible position”.

Also noteworthy is the broader range of responses given by the unions compared to those given by the banks.

Graph 1.3



Only two of the participating banks chose “participation in decision-making” as one of the factors determining the role of top executives, but none chose this factor as applying to directors.

It is also important to note that only one of the banks states that, although the concept of “executive” is not defined in any of its institutional texts, the function of executives is determined by the set of characteristics cited in the questionnaire and is based on job descriptions of specific executives. The correlation of this information with the other answers in the same questionnaire (in an attempt at multivariate

analysis) would help us to discover the effects of such a practice, which in effect reveals the existence of flexibility in the management of executives within an enterprise. Unfortunately however the small number of responses received does not permit us to draw any conclusions of more general interest for the sector.

If we now evaluate the responses from the unions, we will discover that their choices show a much greater dispersion than those of the banks. We see that the role of executives is recognised as consisting of “taking initiatives” and “resource management”, to an important degree of “participation in decision-making” and of course of “communication and representation”. At this point it is worth noting that the unions recognise this latter, very important, role of communication and representation of the enterprise to a greater degree in directors than they do in top executives. We would venture to interpret this phenomenon by saying that directors, who are executives lower down in the hierarchy, may be closer than managers to the enterprise-level unions.

How executives are categorised

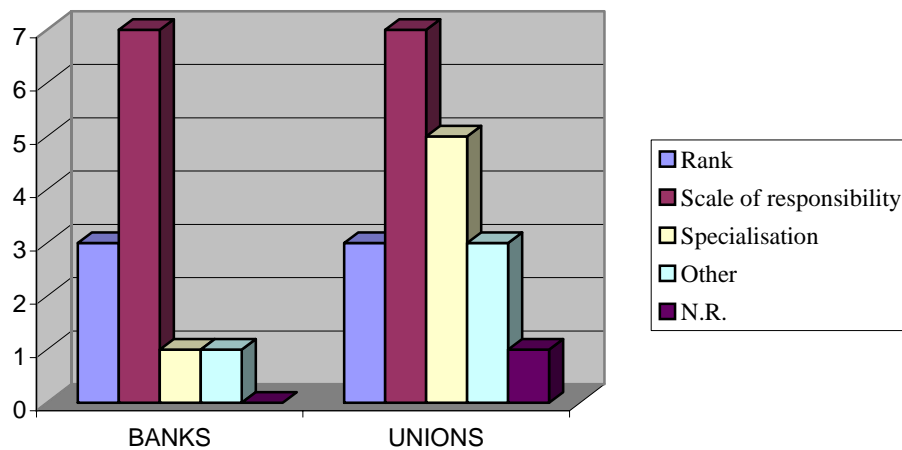
Through the questions in the survey an attempt is made to form a picture of how executives in the Greek banking sector are categorised, from three different points of view:

The formal characteristics of their position in the enterprise, such as rank, scale of responsibility and specialisation.

Their function and the part they are called on to play, as it is expressed through their position in the hierarchy, the supervision they perform, the privileges or other benefits they receive, their participation in decision-making, the responsibility for resource management entrusted to them by the enterprise and their need for better formal and real qualifications necessary for the effective performance of their duties

Their origin, i.e. whether their promotion to an executive position came from within the enterprise, on the basis of a system of executive advancement/placement, or whether they were hired directly from the external market – domestic or international – to fill an executive position.

The picture presented by the findings of the survey concerning the first way executives are categorised, based on formal job characteristics, is shown in Graph 1.4 below.



Graph 1.4

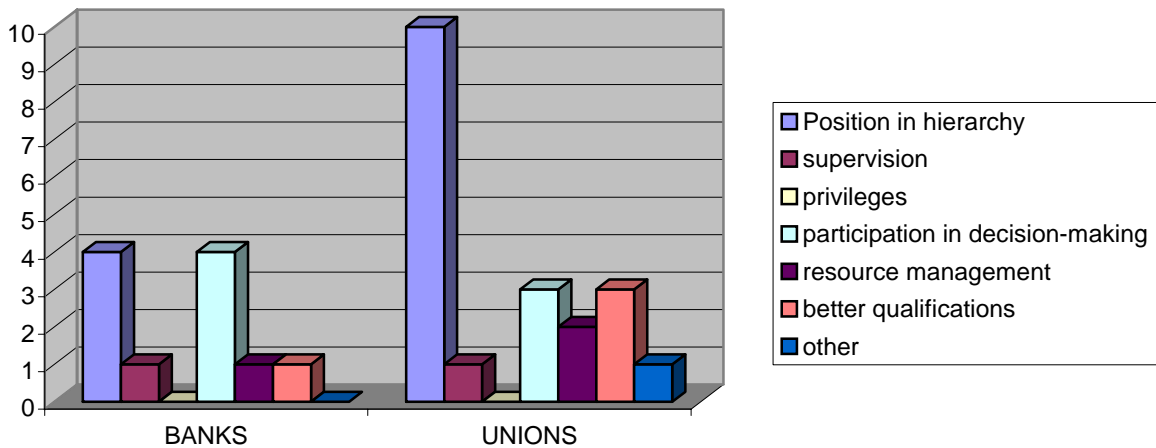
As shown in the Graph, the characteristic chosen most often, both by banks and by unions, was “scale of responsibility”, which refers directly to a correlation between categorisation of executives and the existence of a system of “executive placement”, that is, implementation of that scale of responsibility. Similarly, the choice of the characteristic “rank” describes a system of executive organisation and development whose justice and transparency depend directly on the justice and transparency of the system of ranking staff.

The banks’ responses show less dispersion; they are mostly restricted to the characteristics “rank” and “scale of responsibility”, unlike those of the unions which categorise executives on the basis of specialisation on the one hand and of characteristics such as seniority or external needs on the other (included in “other”).

One response from a bank states that there is a direct correlation between rank and position of responsibility.

By combining the responses to questions 3 and 4, we discover that most banks categorise executives on the basis of their scale/position of responsibility, thus suggesting the importance of executives’ role in the organisational and functional effectiveness of administration.

The categorisation of executives on the basis of the role attributed to them both by the banks and by the unions is shown in Graph 1.5.

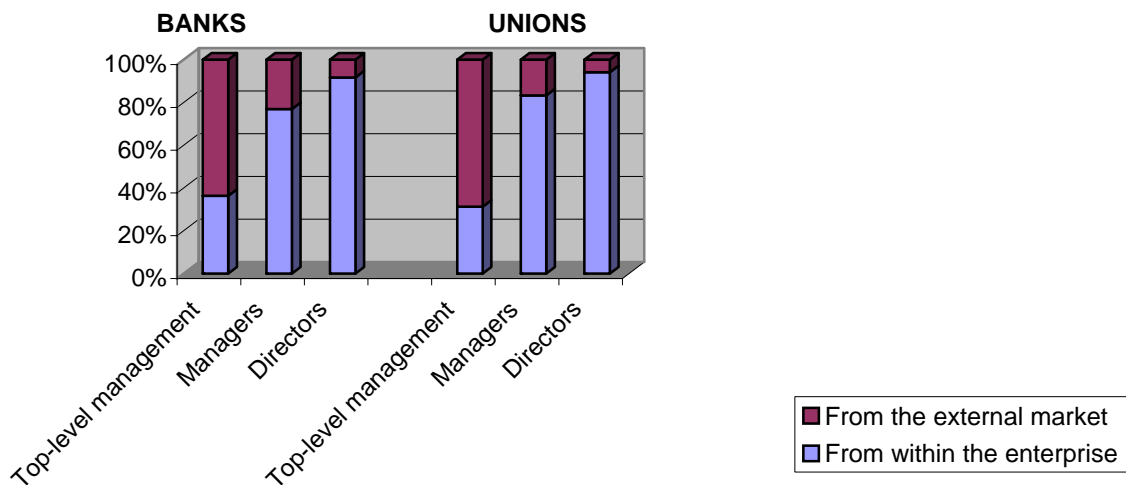


Graph 1.5

We see that from the banks' side the function the executive is called on to carry out is recognised equally from the position he holds in the company hierarchy and from his ability/obligation to participate in decision-making. By contrast, in the unions' view the role assigned to executives due to their placement in a specific position in the hierarchy is predominant.

It is worth noting that in none of the responses, either from the banks or from the unions, recognises the granting of additional privileges as a characteristic of executives. This indicates either that such privileges are not granted to executives or that this is not or is not perceived to be a privilege solely of executives.

Finally, with regard to the categorisation of executives according to their origin (from within the enterprise or from the external market), the picture of the Greek banking system, as assessed at least by the heads of the banks' personnel departments of the banks and by the enterprise-level unions, is shown in Graph 1.6.



Graph 1.6

The most important conclusions drawn from the above presentation could be described as follows:

The vast majority of directors, according to all estimates, emerge from within the banks. This view is supported by 94% of the unions' responses and 91.7% of the banks' responses.

The picture regarding top executives is a similar one. In the banks' view, only 23% of management positions are filled through external recruitment. The relevant estimate by the unions gives an even lower percentage, that 16% of managers are recruited externally.

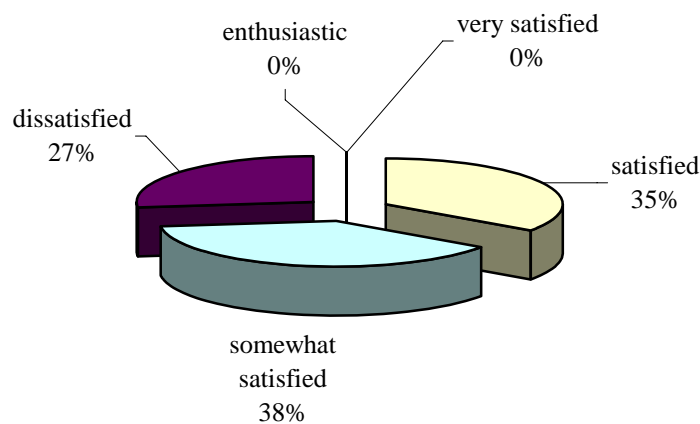
According to all estimates, the opposite is the case as regards top administrative positions in banks. The banks state that around 64% of the members of top administration have been appointed or recruited directly to their positions from the external market. The unions place this figure at around 69%.

Finally, it is important to note the concurrence between the banks and the unions in these specific estimations. This is a phenomenon not often encountered, at least in the findings of this survey.

There is certainly no need to point out the importance of the aforementioned findings, particularly to those charged with the study and planning of executive advancement programmes aimed at motivating bank staff with the incentive of bettering their positions and the prospect of a career aimed at the top executive positions.

How attractive is the situation described above to bank executives themselves?

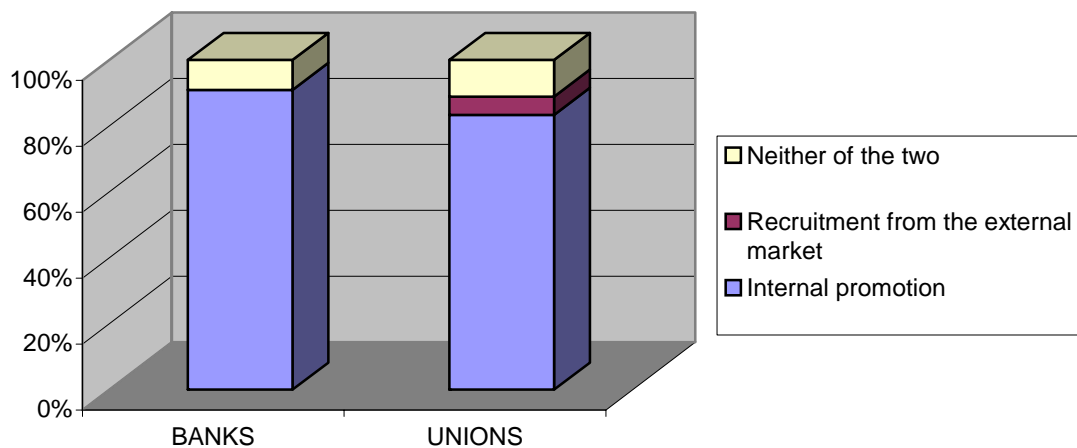
**DEGREE OF EXECUTIVE SATISFACTION
with the career opportunities in the enterprise**



Graph 1.7

The illustration above gives the analysis of part of the findings of the workshop held with executives from the sector, during which a structured questionnaire was used to guide the discussion. From a statistical standpoint, the meeting's findings are of little value, because only a few executives took part. However, the qualitative dimension they can lend the findings of the main survey is very useful, mainly as they can help clarify issues such as the effectiveness of executive management systems (motivation, evaluation, etc.) and indicate the degree of satisfaction of the executives themselves.

For the purpose of evaluating the two aforementioned sources of executives, we asked the banks and the enterprise-level unions to indicate to us which case ("promotion from within the enterprise" versus "recruitment from the external market") is more advantageous. The picture we arrived at is presented in Graph 1.8 below.



Graph 1.8

Seen in more detail, the findings of the survey at this point show that:

None of the banks, or at least none of those participating in the survey, found it more advantageous to hire executives from the market. By contrast 6% of the enterprise-level unions believed it to be more advantageous to hire executives from outside than to promote them from inside the enterprise. The reasons given for this choice, according to the findings of the survey, are based on the fact that "ready-made" executives recruited from the market have been found to be more specialised.

Nine per cent of the banks and 11% of the unions feel that the two choices present equal advantages and disadvantages.

Finally, although most of the banks (91%) and enterprise-level unions (83%) agree that promotion of executives from within the enterprise is more advantageous, the composition of the executive workforce in the banks in the Greek market is that shown in Graph 1.6 above, i.e. top-level management is hired rather than promoted.