

## **Chapter 4: Scope of work, advancement, training and career development of executives in the banking sector**

### **4.1 Introductory Remarks**

In this chapter we will deal with issues that make up the framework of conditions in which an executive in the Greek banking sector is called upon to offer his services.

In particular, we have recorded estimations by the banks, the enterprise-level unions and executives themselves, with reference to:

- ❖ The requirements for existing executive jobs, and the direction taken by the changes that have been noted and that may well affect the profile of tomorrow's banking executive.
- ❖ The qualifications, abilities and skills an executive must have in order to meet the needs of his job and the requirements of the enterprise.
- ❖ The policies implemented in the Greek banking sector, in the framework of an overall, integrated system of human resource management. In this section the existence and evaluation of executive development, evaluation, motivation and training are recorded.

The analyses and descriptions presented in this Chapter are based both on the findings of the survey conducted among the banks and enterprise-level unions, and on the responses given by executives in the branch who participated in the special workshop held in July 2000. In addition specific bibliographic references are given wherever deemed necessary.

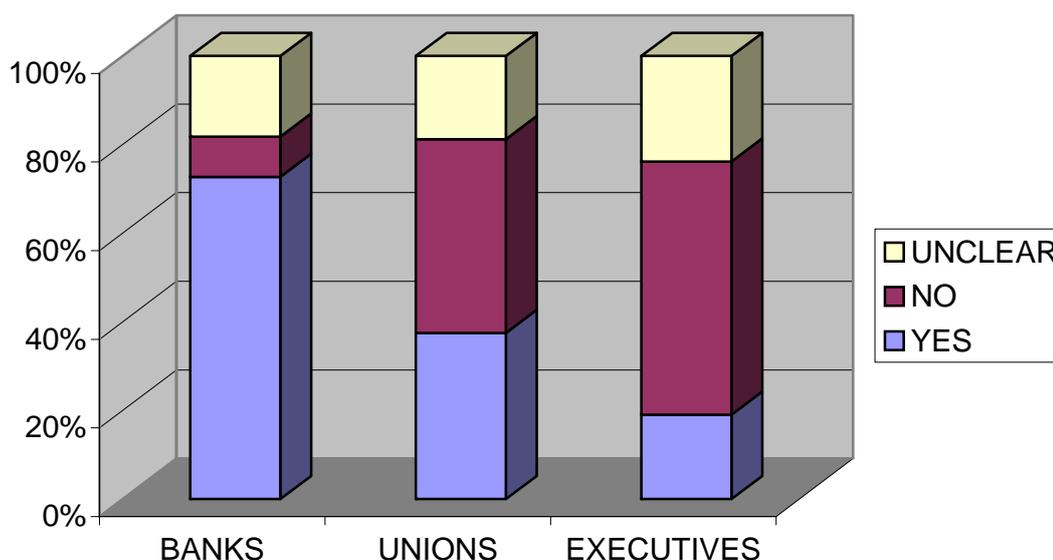
### **4.2 Executive job specifications and required qualifications**

If we agree to define "job specifications" as a system describing:

- ❖ The role and function of the job,
- ❖ The relationships (horizontal and vertical) of the specific job within the organisational web of the enterprise
- ❖ The job-holder's requisite qualifications

(the definition given to the executives taking part in the workshop) and examine the responses that were collected, we find that only 50% of executives are aware of the existence of such a system in their bank.

This also explains the executives' views on the question of whether current job specifications are in congruence with the qualifications of the executives holding the jobs. This same question appeared both on the questionnaire given to the executives and on the questionnaire given to the banks/unions. The responses are shown in the following Graph.



Graph 4.1

An analysis of the findings reveals the following:

- ❖ Only 9% of banks see a congruence between job specifications and the actual qualifications of jobholders. Among the unions, 44% see such a congruence.
- ❖ In the expected difference of opinion between the banks and the unions, the opinion of the executives themselves acquires considerable importance: 57% are aware that holders of executive jobs lack the necessary qualifications. Although, due to the small number of participating executives, these findings are of no statistical value with regard to executives in the banking sector as a whole, as we have pointed out in other parts of this presentation, the qualitative dimension of such findings is still significant.
- ❖ Finally, the percentages of the banks and of the enterprise-level unions who state that they have no clear picture of the situation are deemed to be of considerable magnitude. For the banks this percentage is 18% and for the unions 19%. The 24% of executives who state that they have no clear picture of the congruence

between qualifications and job specifications is considered to be completely justified.

By analysing the findings of the survey with regard to executives' qualifications, we will attempt to describe the existing situation together with the profile of the ideal executive sought by banks in Greece.

We will begin by presenting the arguments put forward by both the banks and the unions, which they have used to contend that promotion of executives from within the bosom of the enterprise is more advantageous than recruitment of "ready-made" executives from the market.

Thus in the banks' view the advantage offered by promotion of executives from within is based on the following characteristics – qualifications – of such executives (in order of frequency of occurrence):

- ❖ Knowledge of the enterprise and the mentality governing its operation
- ❖ Experience in the business carried out by the enterprise
- ❖ Acceptance by co-workers
- ❖ Real interest in developing the business of the enterprise
- ❖ Self-motivation, since promotion to an executive position acts itself as an incentive to increase productivity

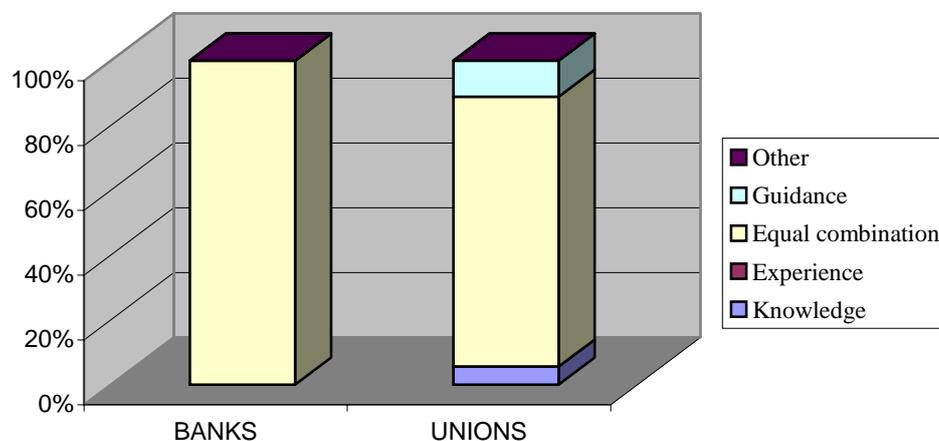
The corresponding position of the enterprise-level unions includes the following characteristics (in order of frequency of occurrence):

- ❖ Knowledge of the enterprise
- ❖ Knowledge of the difficulties an executive will encounter in carrying out his duties
- ❖ Self-motivation
- ❖ Experience in the business
- ❖ «Forming bonds» with the enterprise
- ❖ Attention and sensitivity
- ❖ Facility in strategic decision-making
- ❖ Retention of intrinsic corporate culture

We can see that the dominant traits in the above set of qualifications/characteristics of executives who are promoted from within the enterprise are experience, knowledge and ties with the enterprise. By contrast, from the answers given by the banks and the unions, the qualification “specialisation” would appear to describe executives who are hired “ready-made” from the market. In fact, it may also explain the reason they were hired.

It is interesting to see the response given by the banks and unions as a whole to the question of what an executive needs in order to successfully carry out his duties. A total of 11 banks and 17 enterprise-level unions answered the question, and, as shown in Graph 4.2 below, there is practically a concurrence of opinion that a successful executive must have “an equal combination of knowledge and experience”. This answer was chosen by 100% of the banks and 83% of the unions. The answers “appropriate knowledge” and “appropriate guidance” received 6% and 11% respectively.

### 1. Graph 4.2



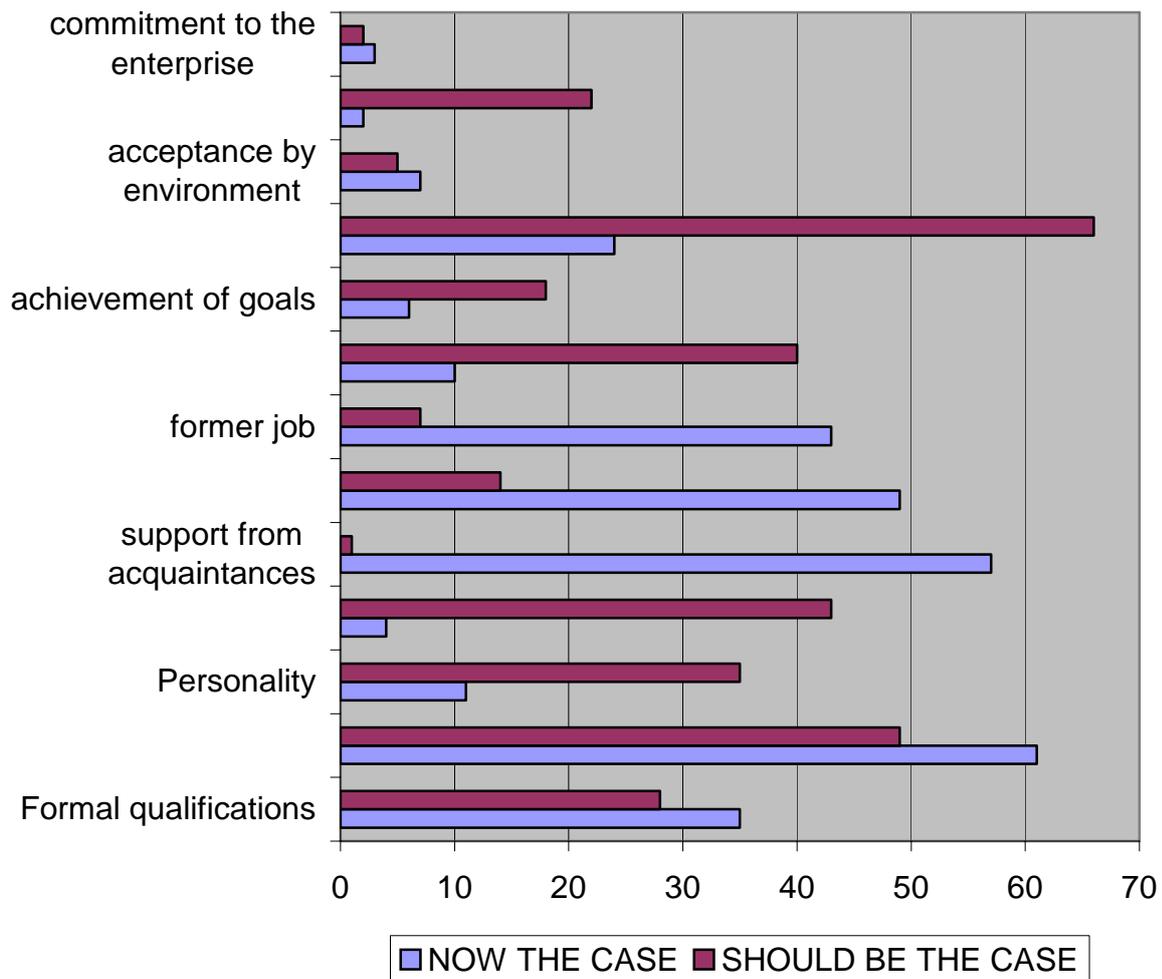
Just where do executives themselves stand with regard to the major issue of the qualifications an executive must have in order to successfully perform his duties in the Greek banking sector?

We asked them to indicate, by choosing from a wide range of qualifications, abilities and skills, the five most important, with regard to the part they currently play in executives’ upward mobility in the hierarchy. They were asked to rate them on a scale of 1 to 5 (where 1 = most important and 5 = least important).

Then we asked the executives to evaluate the same characteristics, on the same scale, but indicating the 5 that should be the most important.

It is worth commenting on the picture created by the executives' responses shown in Graph 4.3 on the next page.

## 2. Graph 4.3



According, therefore, to the executives' responses:

- ❖ Commitment to the enterprise does not play an important part in executives' advancement nowadays and should not be a distinctive feature of the ideal executive
- ❖ Contrary to what should be the case, having creative ideas does not effectively help an executive in his career advancement

- ❖ Acceptance by one's environment plays no important role nowadays, nor is it a necessary characteristic
- ❖ On the contrary, an executive's leadership and administrative skills should, again in the opinion of the executives themselves, play a much more important role than the one it is seen to play today.
- ❖ Executives express the same view in their choices regarding "ability to achieve goals" and "ability to deal with people and circumstances", but these characteristics are selected less frequently
- ❖ The significance of executives' original jobs and seniority are recognised as important characteristics in the present-day situation of the Greek banking market, although they should not be.
- ❖ Worth stressing is the estimation of a large number of the executives taking part in the survey that the second most important role for executives' career advancement nowadays is played by their acquaintances, who may lend them support. They also note their opposition to this phenomenon, by rating this characteristic close to zero when asked "what should be the case?".
- ❖ The ability to achieve awareness and constant development, along with everything that might be included in an executive's personality, are indicated as characteristics that should be important when evaluating executives, although this is not the case today.
- ❖ Finally, a significant number of respondents indicated that experience and formal qualifications, both at present and in an ideal situation, should play an important role in advancement of executives in the sector.

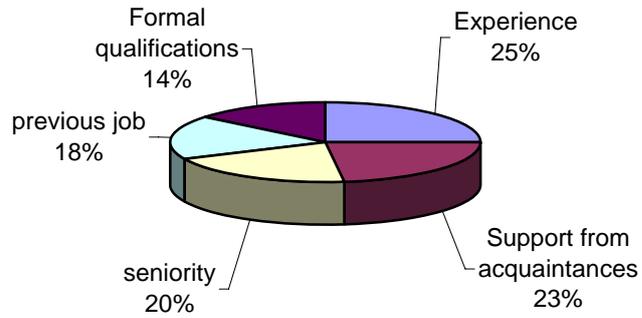
Based on the frequency of responses and the respective evaluation of importance, we arrived at the five characteristics making up the present-day picture of an executive, which we set out on the following page along with the five corresponding characteristics making up the ideal image an executive should present.

Relative to this are Graphs 4.4 and 4.5

### 3. Graph 4.4

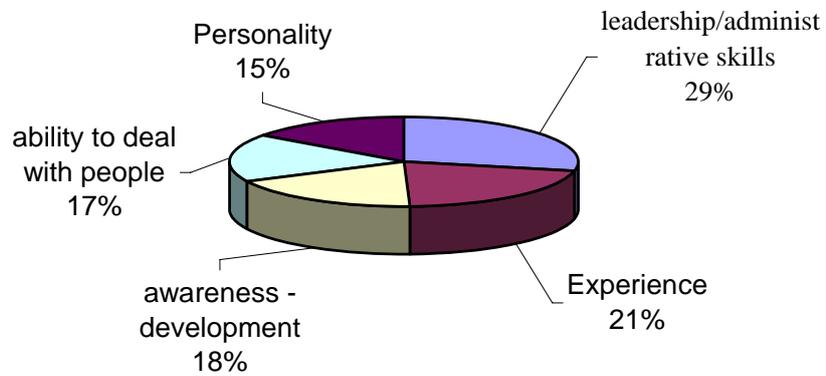
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#### CURRENT SET OF QUALIFICATIONS



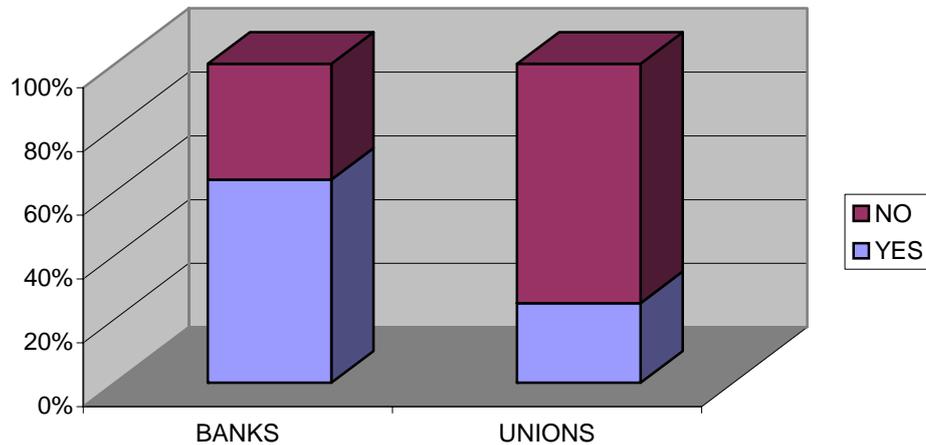
Graph 4.5

#### IDEAL SET OF QUALIFICATIONS



### 4.3 Executive development policies

To the question of whether a specific policy regarding the development of executives is implemented in the enterprise, 11 banks and 16 enterprise-level unions responded. Their responses form the picture shown in Graph 4.6 below.

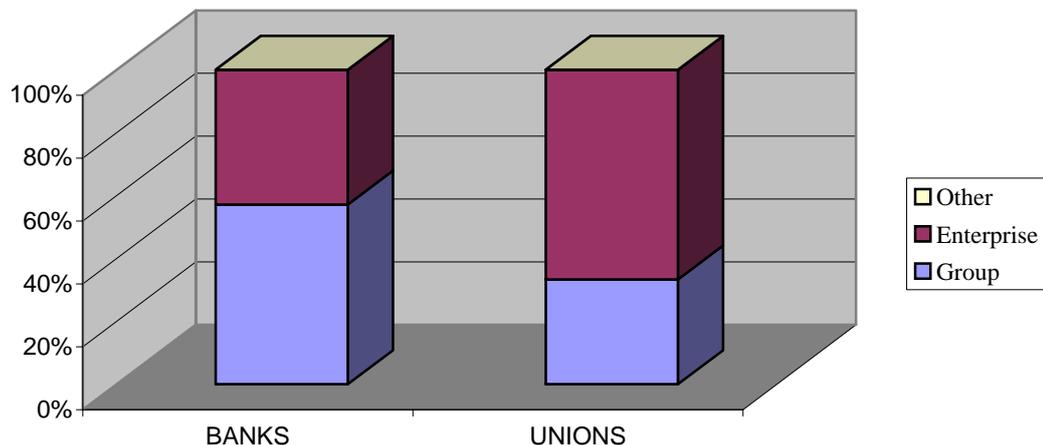


#### 4. Graph 4.6

Thus according to the answers given to this question, only 64% of the banks implement an executive development policy. The proportion of affirmative answers among the enterprise-level unions is only 25%. The paradox that became apparent from a thorough analysis of the questionnaires is that  $\frac{3}{4}$  of the affirmative answers by unions referred to banks that had answered that they do not implement such policies.

The field in which executive development policy is implemented, in those banks where it is implemented, appears to be divided between the limited space of the banking enterprise and the group of enterprises to which it belongs. In particular, 4 banks stated that these policies are implemented on the level of the group of companies and 3 banks on the enterprise level.

The responses are illustrated in the following Graph.



## 5. Graph 4.7

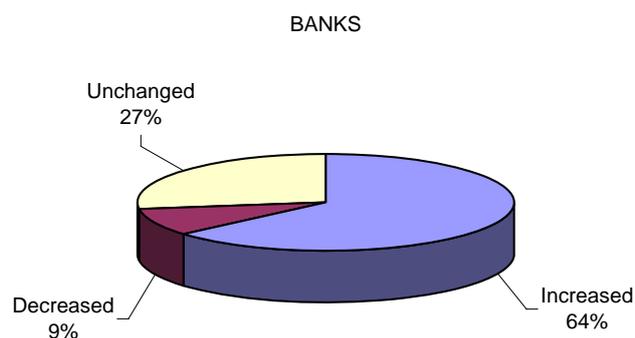
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The percentages of answers given by the enterprise-level unions are the reverse of those given by the banks. Sixty-seven per cent of the answers place the field in which executive development policies are implemented within the narrow bounds of the enterprises. This differentiation obviously arises from the paradox which arose from the analysis of the previous question.

When looking for the effects of implementing an executive development policy, we asked both the banks and the enterprise-level unions to estimate the change in the number of executives in their enterprises. Responses were provided by 11 banks and 16 unions. Most of the responses indicated that the number of executives had increased in the last 3 years.

In detail, the percentages making up the banks' and the unions' estimates are those shown in the following Graph..

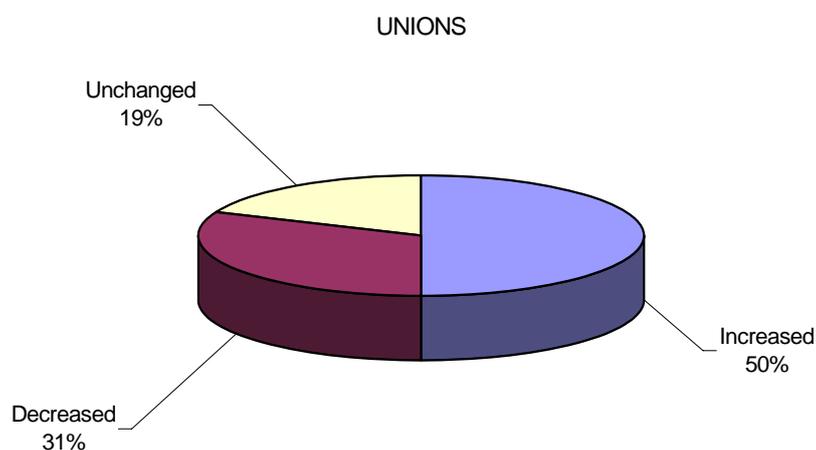
Of the banks, 64% estimate that the number of executives has increased. Only 9% of the responses indicate an estimated decrease in the number of executives. Finally, 27% of the responses express the opinion that the number of executives in the banks has remained unchanged for the past 3 years.



### 5.1. Graph 4.8

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Fifty per cent of the enterprise-level unions agree that the number of executives in their enterprises has increased. The unions' responses are differentiated from those of the banks mainly in the proportion (31%) that believe there has been a reduction in the number of executives.



6. As part of the same question, the participating banks and unions were asked to state by what percentage they believed the number of their executives to have changed. Only two of the banks gave estimates: one was accurate to within one-tenth of a percentage point. These figures were +18.3% and +20%.

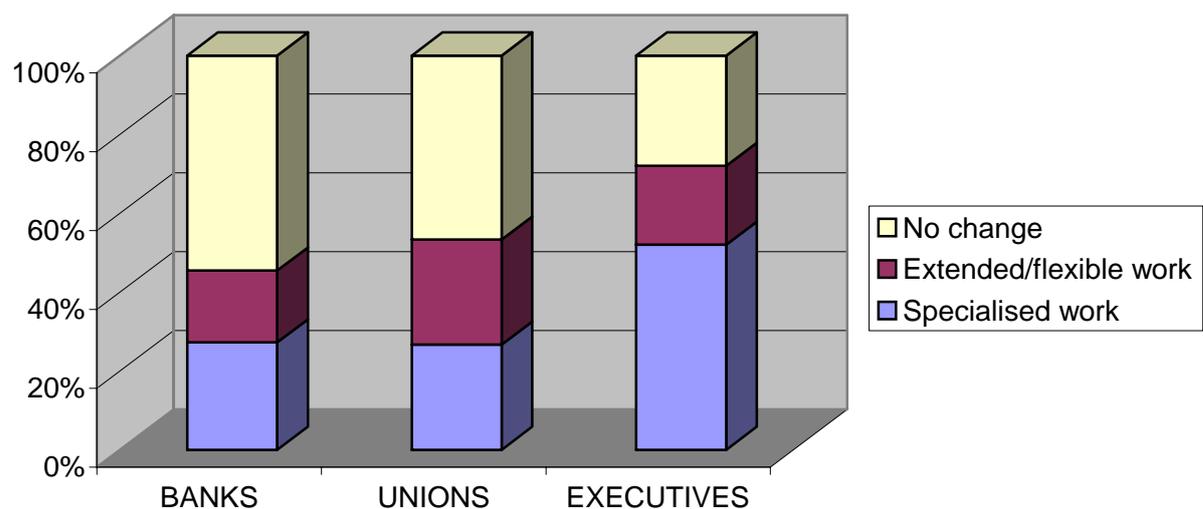
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By contrast, the unions appeared more willing to make quantitative estimates of the change in the number of executives in their enterprises. Six unions indicated changes ranging from 8% to 50%; most estimates were around 20%. Therefore on this point their estimates approximated those of the banks.

The 5 unions that believed that the number of executives in their enterprise had decreased indicated figures between 5 and 60%. The responses were considerably dispersed, and in such a way that it was impossible to calculate an average percentage.

Finally, it is also worth noting that the proportions of responses, 27% by the banks and 19% by the unions, that favoured the view that the number of executives had remained unchanged represented 3 banks and 3 enterprise-level unions respectively.

Another visible effect of the implementation of a specific executive development policy is the change it can bring to executives' job specifications. We asked the banks, the enterprise-level unions and the executives themselves to indicate the trend shown by this change.



Graph 4.9

A total of 11 banks, 15 unions and 25 executives responded. As Graph 4.9 clearly shows, 27% of both banks and unions felt first of all that there had been a change in executives' job specifications, and that it was a change in the direction of specialisation. The proportion of executives who shared this view was 52%.

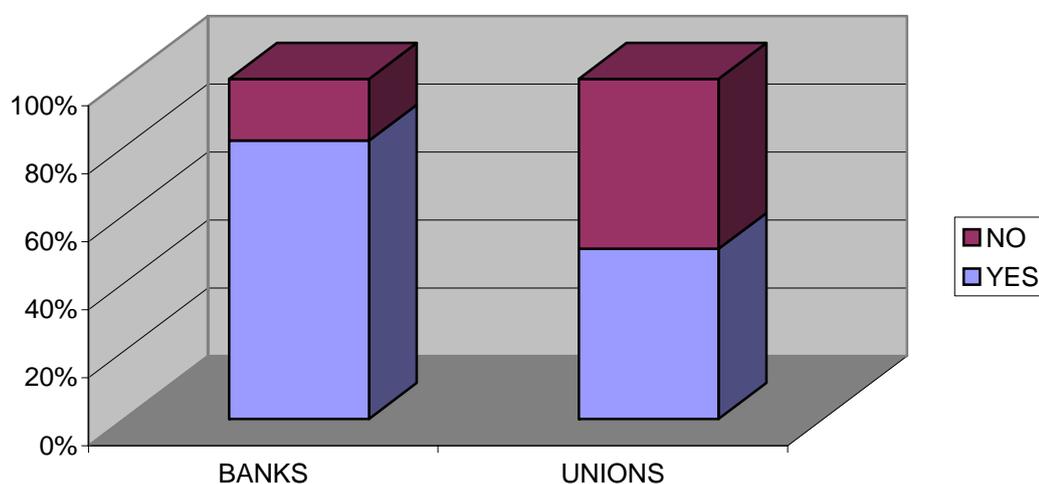
The view that the change in specifications creates jobs that are more extensive and more flexible was expressed in the responses of 18% of the banks, 27% of the unions and 20% of the executives.

Finally, 55% of the banks, 47% of the unions but only 28% of the executives themselves felt that there had been no significant change in executives' job specifications.

#### 4.4 Executive evaluation systems

Is there any systematic evaluation of executives in the Greek banking sector? From the banks' side, 88% of the 11 responding banks answered yes. Only 50% of the 16 responding unions answered in the affirmative. The results are shown in the following Graph.

#### 7. Graph 4.10



In some of the questionnaires, comments were appended to this question. We retained the following which we felt were worth mentioning:

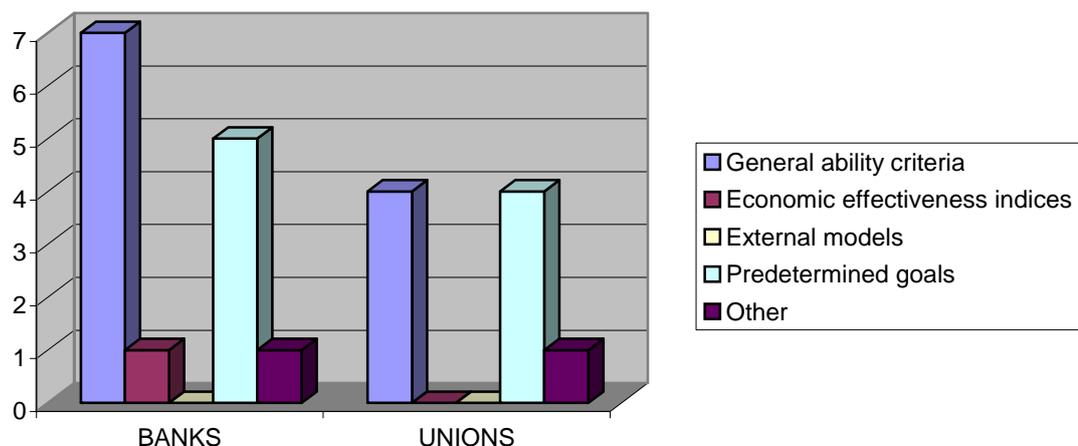
- ❖ In some banks, top executives are excluded from the evaluation system. However, it was not made clear whether they are evaluated in some other way.

- ❖ Certain unions have pointed to time lags in the implementation of (adopted?) evaluation systems or even that in their bank such systems are still in the planning stage.

Next we asked the participants in the survey to indicate the criteria according to which executives are evaluated in their enterprises.

Graph 4.11 describes their responses.

## 8. Graph 4.11



With regard to evaluation systems, it would appear that the criterion “general ability and behaviour” was chosen by most of the banks (50%) and unions (44%). Next in frequency came the criterion relating to the achievement of predetermined goals, which was indicated by 36% of the banks and 44% of the unions. The existence of internal indices of economic effectiveness for evaluating executives was noted only in the response of one bank. Finally, we should note that the choice “other” includes a combination of all or (in one case) none of the proposed criteria.

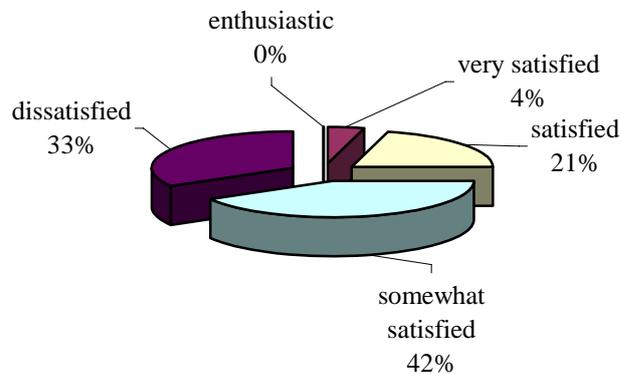
To complete the picture regarding the executive evaluation systems, we must also present executives’ own estimations, both with regard to whether evaluation systems exist in the enterprises in which they work, and with regard to their degree of satisfaction with the operation of such systems.

Thus the survey recorded that only 64% of the executives are aware of the existence of evaluation systems in the banks where they work. As regards their degree of satisfaction, on a scale of 1-5 where 1 = enthusiastic and 5 = dissatisfied, their responses form the picture shown in Graph 4.12.

## 9. Graph 4.12

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### DEGREE OF EXECUTIVE SATISFACTION with evaluation and promotion criteria



The survey data show low to no satisfaction on the part of the vast majority of executives. Just 25% indicate a positive degree of satisfaction with the operation of these specific systems.

To be sure, it must be taken into consideration that the effectiveness of each individual system of human resource management - and this is particularly true of evaluation systems - is to a large extent dependent on the existence and effective interaction of the other systems. To give some indication of this, we would point out that the usefulness of a reliable staff evaluation system is not evident without the existence and interaction of a similarly reliable and fair system of promotion and executive placement, or even a system of extra compensation.

In this survey, we looked for such a system in the Greek banking system, the need for which has been established by academic research and the literature. We present it herebelow.

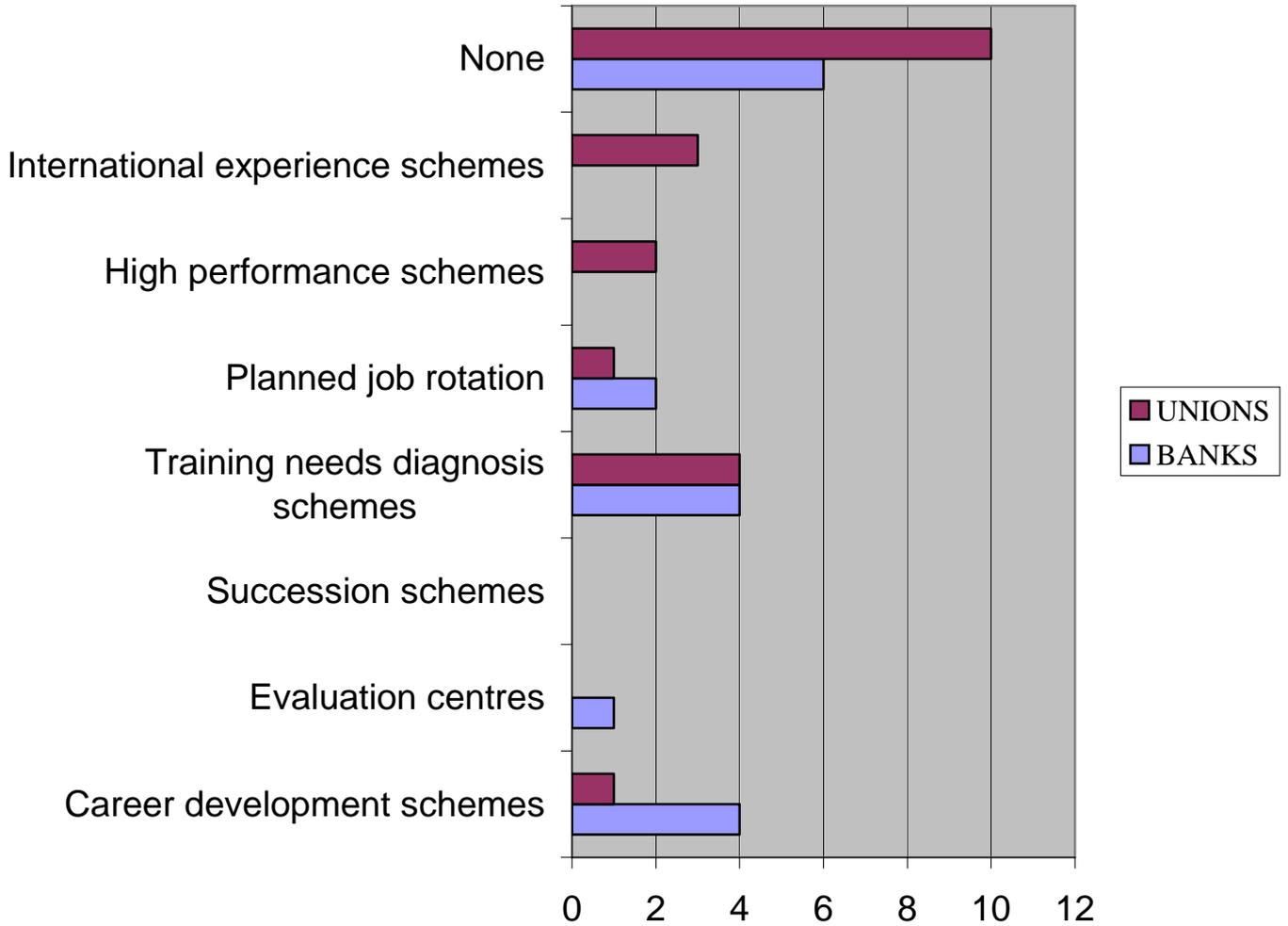
#### 4.5 Existence of integrated systems of human resource management

We asked the banks and the unions if an executive management and development scheme is used in their enterprise, and in particular:

- ❖ Official career development schemes
- ❖ Executive evaluation centres
- ❖ Succession schemes
- ❖ Systems for diagnosing training needs
- ❖ Planned job rotation

- ❖ High performance schemes for executives
- ❖ International experience schemes for executives

The responses are shown in the following Graph.



Graph 4.13

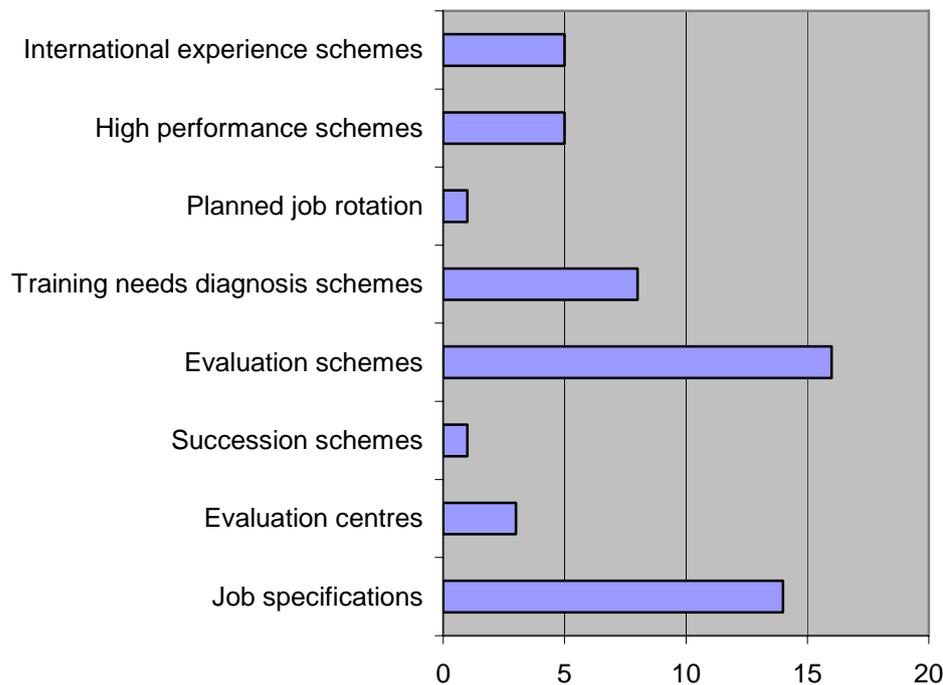
It can be seen that according to the banks' responses the systems most often used are the Career Development Scheme and the Training Needs Diagnosis Scheme. A corresponding number of enterprise-level unions also agree that the latter exist. Next, appearing with a lower frequency, are Planned Job Rotation Schemes and Executive Evaluation Centres. It is also worth noting that only a small number of enterprise-level unions are aware of the existence of Executives' High Performance and International Experience Schemes, since no banks state that they use such schemes.

The most important finding, however, in this part of the survey, is the fact that 6 banks (about half the number taking part) and 10 enterprise-level unions state that none of the suggested executive management and development schemes are used in their enterprises.

We addressed a similar question to the meeting with the executives. Their estimations are shown in **Graph 4.14 below**.

#### 10. Graph 4.14

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We could note the following as conclusions of the survey on the very important issue of executive management in the Greek banking system:

- ❖ None of the banks taking part in the survey implemented an integrated system of executive management and development.
- ❖ The most frequently implemented of the schemes we encountered in the findings of the survey were the evaluation schemes, followed by training needs diagnosis schemes.
- ❖ Even in cases where banks implement some of the individual schemes, there seems to be a need for communication and awareness among the enterprise-level unions involved as well as the executives themselves, regarding the operation and of course the goals of these particular schemes.

- ❖ The issue of adoption and implementation of executive management schemes and of human resources in general could serve as a point of reference for collective bargaining.

In the relevant literature it is often stated that the existence of properly structured, fair and reliable human resource management schemes makes a decisive contribution to increasing workers' degree of satisfaction, resulting in their more active and effective participation in efforts to improve the enterprise's operating results.

We will now show, with regard to the degree of executive satisfaction in the Greek banking sector, that the foregoing theoretical approach is confirmed by the findings of the present survey.

#### **4.6 General degree of executive satisfaction**

We asked the executives taking part in the survey to indicate their degree of satisfaction with a broad range of factors making up the work environment at large. In particular, they were asked to rate their degree of satisfaction on a scale of 1-5, where 1 = enthusiastic and 5 = dissatisfied.

In this chapter we will present the analysis of the responses with regard to the following factors:

- ❖ Employment stability
- ❖ Stability of conditions of employment
- ❖ Training and information available
- ❖ Organisation and operation of their specific sector of responsibility
- ❖ Organisation and operation of the other departments in the enterprise
- ❖ The course taken by and prospects for the enterprise
- ❖ The goals and effectiveness of top management

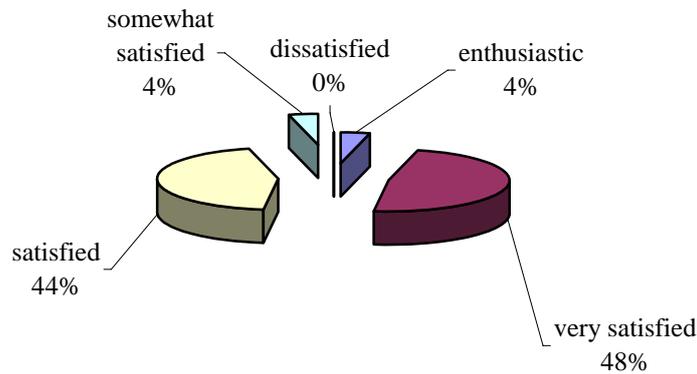
In the other chapters of this presentation, we set out the responses from the executives regarding factors such as:

- ❖ The career opportunities created in the enterprise (Chapter 1)
- ❖ The criteria for evaluation and promotion of executives (Chapter 4, above)

- ❖ Pay (regular emoluments), bonuses and other extra benefits,, in relation to those in effect among the competition (Chapter 6)
- ❖ The goals and effectiveness of the unions in the sector, as well as the relations of the executives themselves with the unions (Chapter 8)
- ❖ Executives' working hours and available leisure time (Chapter 5)

In more detail, the findings of the survey are as follows:

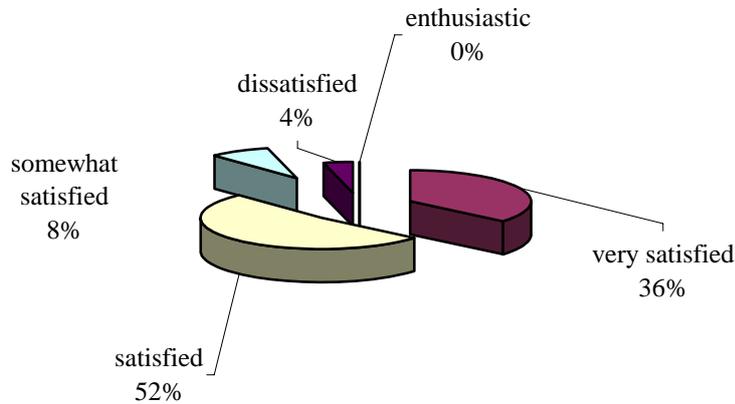
### **DEGREE OF EXECUTIVE SATISFACTION with employment stability**



Graph 4.15

The two factors directly associated with the framework of labour relations, employment stability and stability of working conditions, as perceived by the executives taking part in the survey, appear to create high levels of satisfaction. Therefore the two sides in collective bargaining, who create the framework of labour relations, should take account of the fact that changes that could lead to instability of the work environment could quite possibly lead to a corresponding reduction in satisfaction among executives in the sector.

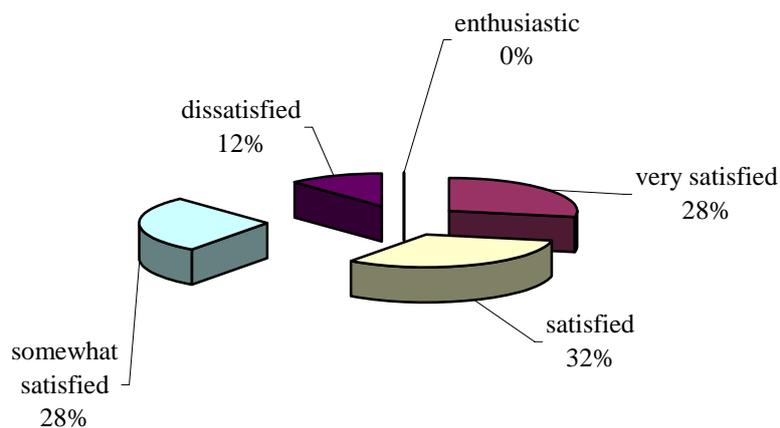
**DEGREE OF EXECUTIVE SATISFACTION  
with stability of working conditions**



Graph 4.16

From the survey data we find that most banks have schemes for diagnosing training needs. But how much do the training programmes themselves, which are expected to result from such diagnoses, and primarily the manner in which they are placed at the disposal of executives, contribute to executive satisfaction? The answer is given by the findings of the executive working group, on the basis of which the following Graph was created. Of the participating executives, 60% showed some degree of satisfaction.

**DEGREE OF EXECUTIVE SATISFACTION  
with the training/information available**

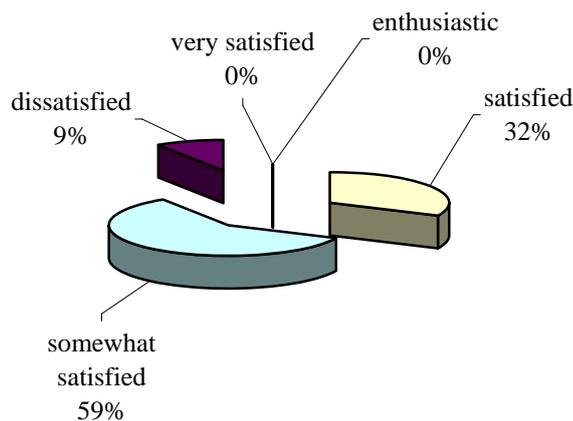


Graph 4.17

On the other hand, of course, the fact that 40% of the executives are somewhat or not at all satisfied by the training/information provided to them increases in importance when seen together with the opinion expressed by 52% of the executives regarding the change they have seen in their job specifications. In fact, this change is leading, in their view, to more specialised jobs and therefore to jobs which have been proved to have greater requirements for training/retraining.

It has become clear in recent years that the banks have been making important efforts to improve their organisation and modernise their systems. In fact, these efforts are reflected in the considerable funds allocated for this purpose, as shown in the banks' balance sheets. In our survey we tried to record the success of this undertaking from the viewpoint of the very people who are called on every day to use and exploit the tools that this modernisation should have made available to them.

**DEGREE OF EXECUTIVE SATISFACTION  
with the organisation of the enterprise**

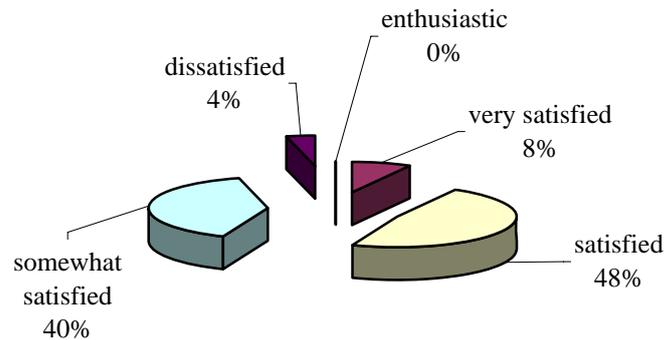


Graph 4.18

As we can see from the data shown in the foregoing Graph, the vast majority of executives (91%) rated their satisfaction somewhere around the middle of the scale of 1-5 that they were given. Nine per cent stated they were dissatisfied with the organisation of the enterprise in which they work.

The slight improvement in the picture presented in the following Graph, which refers to the organisation of the department where the responding executive works, incorporates, as was to be expected, executives' assessments of their personal contribution to the effectiveness of their department, despite the lack of modern organising tools.

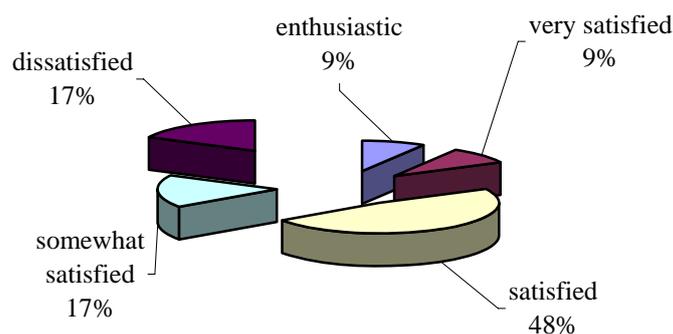
**DEGREE OF EXECUTIVE SATISFACTION  
with the organisation of their own department**



Graph 4.19

Basing ourselves on the hypothesis that the degree of executive satisfaction increases in direct proportion to the feeling of security created by the good course taken by and the prospects for development of the enterprise in which the specific executive works, we asked the executives taking part in the survey to rate their satisfaction with the course taken by the enterprise. Only 17% of the participants expressed dissatisfaction, and a similar proportion (18%) was very satisfied to enthusiastic (in other words, the percentages at either end of the scale were the same).

**DEGREE OF EXECUTIVE SATISFACTION  
with the course and prospects of the enterprise**



Graph 4.20

A very significant proportion of the executives, however (as large as 70%) does not recognise the contribution of their bank's top management to this favourable course taken by the enterprises in the sector. We reach this conclusion if we accept that, to

make an effective contribution to a success, a person must prove that he had set the appropriate goals and that he effectively managed the process and course of their achievement. Therefore the modus operandi of top management in banks creates satisfaction among only 30% of the executives in the sector.

**DEGREE OF EXECUTIVE SATISFACTION  
with the goals and effectiveness of top  
management**

