

**Review of the
Hellenic Observatory of Corporate Governance
(HOCG)**

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Editorial

The current issue presents findings that extend and enrich the previous report that was published in December 2008 by HOCG. It illustrates issues regarding the Board of Directors in the Greek State Owned Enterprises (SOEs) or “DEKOs” for the period 2002-2008. We continue collecting data from the “Official Governmental Gazette” (FEKs) and the SOEs’ annual reports, wherever were available.

We consider the particular report vital and important for Greece due to the fact that Corporate Governance practices (like the roles, power and responsibility of the Boards, structure and composition, tenure, Directors’ remuneration, etc.) have been attracting considerable attention from the academic and corporate policy makers worldwide.

Historically, SOE were based on the European socio-economic model that was developed after World War II, in an attempt to ensure “public interest, social equality, cohesion, and solidarity” (OECD, 2005). In the global economy, a number of forces have led to a more demanding environment, characterized by increased competition, financial sector liberalization, restructuring and privatization of state-owned enterprises, technological advances, and budgetary reforms. In response to these developments, many countries embarked on wide-ranging corporate governance reforms of their state-owned sector, aiming at enhancing their performance.

I consider it as a major challenge to continue generate revised, extended and enriched- year after year- research outputs, focusing on the management of public organizations as an attempt to shed some light on the status of this extremely significant and sensitive part of the Greek economy.

I reckon that in the years to come, an informed debate should emerge regarding the Public Sector Governance. The HOCG aims at contributing substantially to issues related to Corporate Governance in Greece, by providing independent research findings which will be hopefully form and assist all stakeholders in their decision making process.

I hope that you will be enjoying reading our latest work and findings.

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Boards in State Owned Enterprises (SOE): Findings from the Second Annual Research

1. Introduction

In the public sector, the term “Corporate Governance” introduced in 2005. The board has been deemed as an “independent operating body”, being governed by the “Corporate Governance Code of Conduct” as enforced by the law No. 3429/2005.

The Law specifies that the board of directors should consist of executive, non-executive and independent members, (similarly to the Law 3016/2002, for S.A companies). Furthermore, the Law sets a restriction in the number of Board Members on each board (up to 9) as well as in their remuneration. In addition, each SOE should establish a “code of conduct” in which apart from the structure of the company, the procedures for assessing the performance of the Board should also be clearly stated. Finally, every public company should set internal control procedures. The internal audit department ought to consist of at least one internal auditor, appointed by the general meeting of the shareholders. Internal auditors are independent and not subordinated to any department of the SOE.

Corporate governance of state-owned enterprises is a major challenge for the State but also an area of high interest for academic research. The OECD (2005) states that “the boards of state-owned enterprises should have the necessary authority, competencies and objectivity to carry out their function of strategic guidance and monitoring of management”, thus, recognizing that boards can play an important role to the performance of these organizations.

In this issue, we extend the research findings that have been presented in December 2008 and continue our effort to fill in an important gap in this field, by presenting updated research findings on Greek SOE, which particularly focus on Boards of Directors and Corporate Governance.

2. Methodology

2.1 Sample

The current study focuses on the board characteristics of the SOEs and extends the research carried out and published last year (Issue 3, December 2008). **Table 1** presents all SOEs from 2002-2008, while **Diagram 1** illustrates the number of SOEs included in the National Annual Budgets (for years 2002-2008). Data was collected from the Issues B, NPDD, YODD and Chapter SA – Ltd of the Governmental Gazette, published in the National Printing House (www.et.gr), while the Athens Stock Exchange website (www.athex.gr) was also consulted in case of a listed SOE.

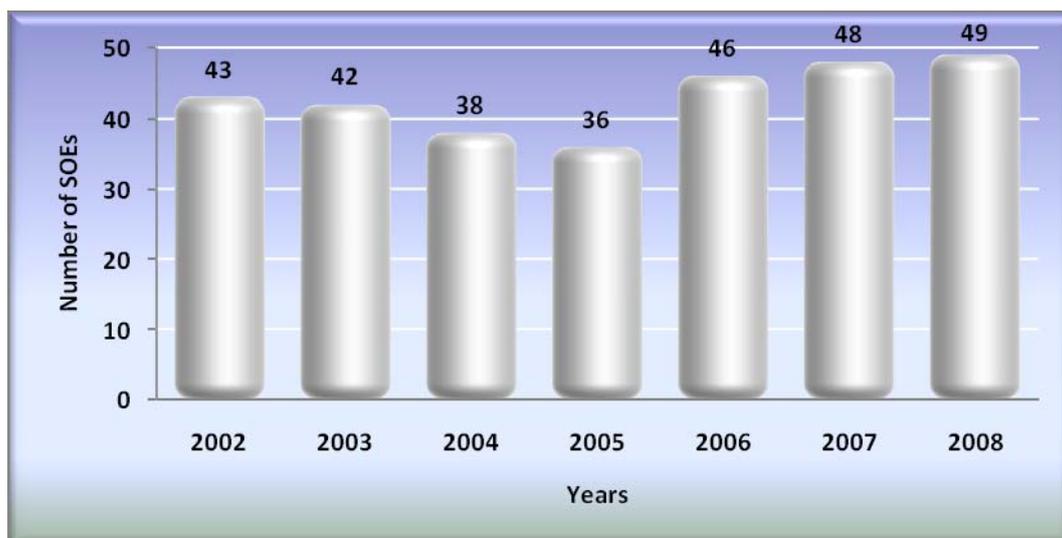


Diagram 1: Number of Greek SOEs (2002 – 2008)
(Source: National Budgets)

Data collection took place during the second quarter of 2009. The analysis is based on SOE's included in the annual budgets of the Ministry of Economy and Finance for the years 2002-2008. The study based on 75 SOEs that were included (at least for one year) in the annual budget for the years 2002-2008. However, the findings are based on 56 SOEs for which full data was obtained.

2.2 Variables analyzed

The study examined the following variables:

Total Board Memberships was captured by the absolute number of all directorships through the years.

Total Female Board Members was captured by the absolute number of females that served the Boards through the years. The exact number was ascertained by examining their names and surnames.

Total Male Board Members was captured by the absolute number of males that served the Boards through the years. The exact number was ascertained by examining their names and surnames.

Average Board Members served per year (board turnover), was calculated by dividing the Total Board Membership by the number of years that each company was a SOE (based on the Ministry of Finance and Economics budgets for all the years).

Board Size as of December of each year was measured by capturing the absolute number of directors.

Average Board Size was measured by calculating the average of each SOE's board size for all the years.

Average Tenure of the Board (in months) was measured by calculating the fraction of the sum of the serving period (in months) of all directors (Chairman, CEO and members) and divided by their total number for each SOE.

Average Tenure of Directors (in Months excluding Chairperson and CEO) was measured as the "Average Tenure of the Board" but excluding the Chairpersons and the CEO(s).

The number of Chairpersonships and CEO positions was calculated by counting the absolute number of Chairpersons and CEO's respectively through the years.

Average Tenure of Chairpersons and Average Tenure of CEOs was measured by calculating the fraction of the sum of the serving period (in months) for the Chairpersons or CEOs of each SOE, divided by the total number of Chairpersons or CEOs that served in each of the SOEs.

The gender of Chairpersons and CEOs was identified by their full names.

CEO Duality, as of 31st of December of each year, was captured by examining whether the CEO was also the Chairperson of a SOE or whether the two positions were separate or not.

Cross Directorates: the directors that were serving in more than one board have been identified and recorded along with the corresponding companies.

3. Findings

3.1 Total Board Memberships and gender issues

The total number of directorships during the years 2002-2008 was 927, while the total number of directors was 857 - if we exclude the cross directorships and the directors who served in different Boards throughout the years.

On average, there were 16.5 directorships on each SOE for this period. **Diagram 2** illustrates the number of directors that served the sampled SOEs throughout the years. For example, as it can be seen each one of the 35.7% SOEs have employed up to 10 directors on their Boards. Notably, in nearly 9% of the SOEs, more than 30 directors have been offering their services to the boards. In addition, the standard deviation was 8.7, which is quite high.

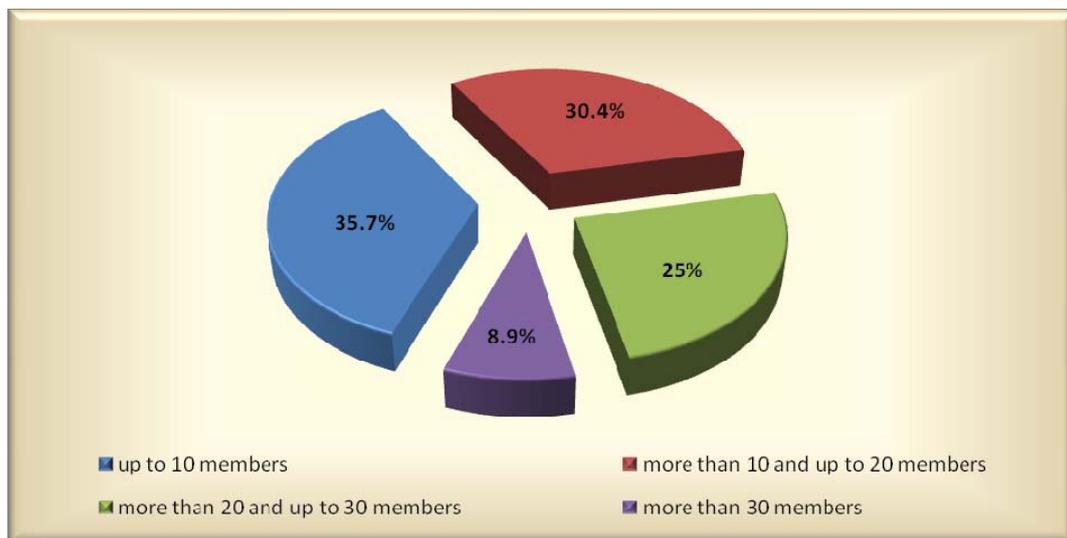


Diagram 2: Total Board Members Served in each SOE for the period 2002-2008

Females in the boards are underrepresented. More specifically, 99 (10.7%) directorships are held by women with an average of 1.76 per SOE and a standard deviation of 1.97. **Diagram 3**, portrays the distribution of female board members in SOEs.

GREEK SOEs 2002-2008

<i>ΑΝΩΝΥΜΗ ΕΤΑΙΡΕΙΑ ΜΟΝΑΔΩΝ ΥΓΕΙΑΣ Α.Ε.</i> <i>HEALTH UNITS SA</i>	<i>ΕΛΛΗΝΙΚΟ ΚΕΝΤΡΟ ΚΙΝΗΜΑΤΟΓΡΑΦΟΥ (ΕΚΚ)</i> <i>GREEK FILM CENTER</i>	<i>ΕΠΑΓΓΕΛΜΑΤΙΚΗ ΚΑΤΑΡΤΙΣΗ (ΕΠΑΚΑΤ)</i> <i>VOCATIONAL TRAINING SA</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΔΙΕΞΑΓΩΓΗΣ ΙΠΠΟΔΡΟΜΙΩΝ ΕΛΛΑΔΟΣ (ΟΔΙΕ)</i> <i>HORSE RACING ORGANIZATION OF GREECE</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΛΙΜΕΝΟΣ ΗΡΑΚΛΕΙΟΥ (ΟΛΗ)</i> <i>PORT AUTHORITY OF HERAKLION SA</i>
<i>ΕΛΛΗΝΙΚΕΣ ΑΛΥΚΕΣ (ΑΛΥΚΕΣ)</i> <i>HELLENIC SALTWORKS SA</i>	<i>ΕΛΛΗΝΙΚΗ ΒΙΟΜΗΧΑΝΙΑ ΝΟΣΟΚΟΜΕΙΑΚΟΥ ΥΛΙΚΟΥ (ΕΛΒΙΟΝΥ)</i> <i>GREEK INDUSTRIES FOR HOSPITAL SUPPLIES SA</i>	<i>ΕΤΑΙΡΕΙΑ ΤΟΥΡΙΣΤΙΚΗΣ ΑΝΑΠΤΥΞΗΣ (ΕΤΑ)</i> <i>TOURISM DEVELOPMENT Co</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΕΚΔΟΣΕΩΝ ΔΙΔΑΚΤΙΚΩΝ ΒΙΒΛΙΩΝ (ΟΕΔΒ)</i> <i>PUBLISHING ORGANIZATION OF EDUCATION BOOKS</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΛΙΜΕΝΟΣ ΚΑΒΑΛΑΣ (ΟΛΚ)</i> <i>KAVALA PORT AUTHORITY SA</i>
<i>ΑΤΤΙΚΟ ΜΕΤΡΟ ΕΤΑΙΡΕΙΑ ΛΕΙΤΟΥΡΓΙΑΣ Α.Ε (ΑΜΕΛ)</i> <i>ΑΤΤΙΚΟ ΜΕΤΡΟ OPERATION COMPANY S.A</i>	<i>ΕΛΛΗΝΙΚΟΣ ΟΡΓΑΝΙΣΜΟΣ ΚΑΠΝΟΥ (ΕΟΚ)</i> <i>NATIONAL ORGANISATION OF TOBACCO</i>	<i>ΕΛΛΗΝΙΚΗ ΡΑΔΙΟΦΩΝΙΑ ΤΗΛΕΡΑΣΗ (ΕΡΤ)</i> <i>HELLENIC BROADCASTING CORPORATION</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΚΕΝΤΡΙΚΗΣ ΑΓΟΡΑΣ ΑΘΗΝΩΝ (ΟΚΑΑ)</i> <i>ATHENS CENTRAL MARKET ORGANISATION SA</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΛΙΜΕΝΟΣ ΚΕΡΚΥΡΑΣ (ΟΛΚΕ)</i> <i>CORFU PORT AUTHORITY SA</i>
<i>ΑΣΠΡΟΦΟΣ ΑΕ</i> <i>ASPROFOS ENGINEERING</i>	<i>ΕΚΟ ΕΛΔΑ ΑΕ</i> <i>EKO ELDA SA</i>	<i>ΕΤΑΙΡΙΑ ΥΔΡΕΥΣΕΩΣ ΑΠΟΧΕΤΕΥΣΕΩΣ ΘΕΣΣΑΛΟΝΙΚΗΣ (ΕΥΑΘ)</i> <i>THESSALONIKI WATER SUPPLY AND SEWERAGE Co.</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΛΙΜΕΝΟΣ ΘΕΣΣΑΛΟΝΙΚΗΣ (ΟΛΘ)</i> <i>THESSALONIKI PORT AUTHORITY SA</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΛΙΜΕΝΟΣ ΛΑΥΡΙΟΥ (ΟΛΛ)</i> <i>LAVRION PORT AUTHORITY SA</i>
<i>ΓΑΙΑΟΣΕ</i> <i>GAIOSE</i>	<i>ΕΛΛΗΝΙΚΟ ΚΕΝΤΡΟ ΑΡΓΥΡΟΧΡΥΣΟΧΟΪΑΣ (ΕΛΚΑ)</i> <i>HELLENIC CENTER OF GOLD SILVERSMITHS TRADE</i>	<i>ΕΤΑΙΡΙΑ ΥΔΡΕΥΣΕΩΣ ΑΠΟΧΕΤΕΥΣΕΩΣ ΠΡΩΤΕΥΟΥΣΑΣ (ΕΥΔΑΠ)</i> <i>ATHENS WATER SUPPLY AND SEWERAGE COMPANY</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΛΙΜΕΝΟΣ ΠΕΙΡΑΙΩΣ (ΟΛΠ)</i> <i>PIRAEUS PORT AUTHORITY SA</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΛΙΜΕΝΟΣ ΠΑΤΡΑΣ (ΟΛΠΑ)</i> <i>PATRA PORT AUTHORITY SA</i>
<i>ΔΗΜΟΣΙΑ ΕΠΙΧΕΙΡΗΣΗ ΗΛΕΚΤΡΙΣΜΟΥ ΑΕ</i> <i>PUBLIC POWER CORPORATION SA</i>	<i>ΕΛΛΗΝΙΚΑ ΑΜΥΝΤΙΚΑ ΣΥΣΤΗΜΑΤΑ (ΕΑΣ)</i> <i>HELLENIC DEFENSE SYSTEMS</i>	<i>ΗΛΕΚΤΡΟΚΙΝΗΤΑ ΛΕΩΦΟΡΕΙΑ ΠΕΡΙΟΧΗΣ ΑΘΗΝΩΝ-ΠΕΙΡΑΙΩΣ (ΗΛΠΑΠ)</i> <i>TROLLEY BUS IN ATHENS-PIRAEUS AREA SA</i>	<i>OLYMPIC CATERING</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΛΙΜΕΝΟΣ ΡΑΦΗΝΑΣ (ΟΛΡ)</i> <i>RAFINA PORT AUTHORITY SA</i>
<i>ΔΙΕΘΝΗΣ ΕΚΘΕΣΗ ΘΕΣΣΑΛΟΝΙΚΗΣ (ΔΕΘ)</i> <i>THESSALONIKI INTERNAL FAIR</i>	<i>ΕΛΛΗΝΙΚΟ ΚΕΝΤΡΟ ΑΡΓΙΛΛΟΜΑΖΗΣ</i> <i>GREEK CENTER OF POTTERY</i>	<i>ΗΛΕΚΤΡΙΚΟΙ ΣΙΔΗΡΟΔΡΟΜΟΙ ΑΘΗΝΩΝ-ΠΕΙΡΑΙΩΣ (ΗΣΑΠ)</i> <i>ATHENS – PIRAEUS ELECTRIC RAILWAYS S.A</i>	<i>ΟΛΥΜΠΙΑΚΗ ΑΕΡΟΠΛΟΪΑ (ΟΑ)</i> <i>OLYMPIC AVIATION</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΣΙΔΗΡΟΔΡΟΜΩΝ ΕΛΛΑΔΟΣ (ΟΣΕ)</i> <i>HELLENIC RAILWAYS</i>
<i>ΔΗΜΟΣΙΑ ΕΠΙΧΕΙΡΗΣΗ ΑΕΡΙΟΥ (ΔΕΠΑ)</i> <i>PUBLIC GAS CORPORATION</i>	<i>ΕΛΛΗΝΙΚΟ ΚΕΝΤΡΟ ΔΕΡΜΑΤΟΣ (ΕΛΚΕΔΕ)</i> <i>HELLENIC LEATHER CENTRE</i>	<i>ΙΝΣΤΙΤΟΥΤΟ ΓΕΩΛΟΓΙΚΩΝ & ΜΕΤΑΛΛΕΥΤΙΚΩΝ ΕΡΕΥΝΩΝ (ΙΓΜΕ)</i> <i>INSTITUTE OF GEOLOGY AND MINERAL EXPLORATION</i>	<i>ΟΛΥΜΠΙΑΚΗ ΑΕΡΟΠΟΡΙΑ (ΟΑ)</i> <i>OLYMPIC AIRWAYS</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΣΧΟΛΙΚΩΝ ΚΤΙΡΙΩΝ (ΟΣΚ)</i> <i>SCHOOL BUILDING ORGANIZATION</i>
<i>ΔΗΜΟΣΙΑ ΕΠΙΧΕΙΡΗΣΗ ΑΝΕΓΕΡΣΗΣ ΝΟΣΗΛΕΥΤΙΚΩΝ ΜΟΝΑΔΩΝ (ΔΕΠΑΝΟΜ)</i> <i>PUBLIC HEALTH INFRASTRUCTURE DEVELOPMENT COMPANY</i>	<i>ΕΛΛΗΝΙΚΑ ΠΕΤΡΕΛΑΙΑ</i> <i>HELLENIC PETROLEUM</i>	<i>ΙΝΣΤΙΤΟΥΤΟ ΦΑΡΜΑΚΕΥΤΙΚΗΣ ΈΡΕΥΝΑΣ ΚΑΙ ΤΕΧΝΟΛΟΓΙΑΣ (ΙΦΕΤ)</i> <i>INSTITUTE OF PHARMACEUTICAL RESEARCH AND TECHNOLOGY</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΠΡΟΓΝΩΣΤΙΚΩΝ ΑΓΩΝΩΝ ΠΟΔΟΣΦΑΙΡΟΥ (ΟΠΑΠ)</i> <i>GREEK ORGANIZATION OF FOOTBALL PROGNOSTICS SA</i>	<i>ΟΡΓΑΝΙΣΜΟΣ ΤΗΛΕΠΙΚΟΙΝΩΝΙΩΝ ΕΛΛΑΔΟΣ (ΟΤΕ)</i> <i>HELLENIC TELECOMMUNICATIONS ORGANIZATION SA</i>

ΔΗΜΟΣΙΑ ΕΠΙΧΕΙΡΗΣΗ ΠΟΛΕΟΔΟΜΙΑΣ & ΣΤΕΓΑΣΗΣ (ΔΕΠΟΣ) <i>PUBLIC CORPORATION OF URBAN PLANNING AND HOUSING</i>	ΕΛΛΗΝΙΚΟΣ ΟΡΓΑΝΙΣΜΟΣ ΤΥΠΟΠΟΙΗΣΗΣ (ΕΛΟΤ) <i>HELLENIC ORGANISATION OF STANDARDIZATION</i>	ΚΕΝΤΡΙΚΗ ΑΓΟΡΑ ΘΕΣΣΑΛΟΝΙΚΗΣ (ΚΑΘ) CENTRAL MARKET OF THESSALONIKI SA	ΟΡΓΑΝΙΣΜΟΣ ΕΞΩΤΕΡΙΚΟΥ ΕΜΠΟΡΙΟΥ (ΟΠΕ) <i>HELLENIC FOREIGN TRADE BOARD</i>	ΤΑΜΕΙΟ ΕΘΝΙΚΗΣ ΟΔΟΠΟΪΑΣ (ΤΕΟ) <i>NATIONAL ROAD CONSTRUCTION FUND</i>
ΔΙΑΧΟΝ ΑΒΕΕ	ΕΛΛΗΝΙΚΑ ΤΑΧΥΔΡΟΜΕΙΑ (ΕΛΤΑ) <i>HELLENIC POST SA</i>	ΚΤΗΜΑΤΙΚΗ ΕΤΑΙΡΕΙΑ ΤΟΥ ΔΗΜΟΣΙΟΥ (ΚΕΔ) <i>HELLENIC PUBLIC REAL ESTATE CORPORATION</i>	ΟΡΓΑΝΙΣΜΟΣ ΒΑΜΒΑΚΟΣ HELLENIC COTTON BOARD	ΤΡΑΜ ΑΕ TRAM SA
ΕΛΛΗΝΙΚΗ ΑΕΡΟΠΟΡΙΚΗ ΒΙΟΜΗΧΑΝΙΑ (ΕΑΒ) <i>HELLENIC AEROSPACE INDUSTRY SA</i>	ΕΜΠΟΡΕΥΜΑΤΙΚΑ ΚΕΝΤΡΑ (ΕΜΠΚΕΝΤΡ) SHOPPING CENTERS	ΚΕΝΤΡΟ ΕΛΛΗΝΙΚΗΣ ΓΟΥΝΑΣ (ΚΕΕΓ) <i>HELLENIC FUR CENTRE</i>	ΟΡΓΑΝΙΣΜΟΣ ΛΙΜΕΝΟΣ ΑΛΕΞΑΝΔΡΟΥΠΟΛΗΣ (ΟΛΑ) <i>ALEXANDROUPOLIS PORT AUTHORITY SA</i>	ΤΡΑΙΝΟΣΕ ΑΕ TRAINOSE SA
ΕΘΝΙΚΟΣ ΔΙΑΧΕΙΡΙΣΤΗΣ ΣΙΔΗΡΟΔΡΟΜΙΚΗΣ ΥΠΟΔΟΜΗΣ (ΕΔΥΣΙ) <i>NATIONAL MANAGER OF RAILWAY INFRASTRUCTURE</i>	ΕΛΛΗΝΙΚΟΣ ΟΡΓΑΝΙΣΜΟΣ ΜΙΚΡ. ΕΠΙΧΕΙΡΗΣΕΩΝ & ΧΕΙΡΟΤΕΧΝΙΑΣ (ΕΟΜΜΕΧ) <i>HELLENIC ORGANIZATION OF SMALL AND MEDIUM SIZED ENTERPRISES AND HANDICRAFT</i>	ΜΕΤΑΛΛΟΥΡΓΙΚΗ ΒΙΟΜΗΧΑΝΙΑ ΗΠΕΙΡΟΥ (ΜΕΒΗ) ΙΠΙΡΟΣ METALWORKS INDUSTRY	ΟΡΓΑΝΙΣΜΟΣ ΛΙΜΕΝΟΣ ΒΟΛΟΥ (ΟΛΒ) <i>VOLOS PORT AUTHORITY SA</i>	ΠΑΡΑΤΗΡΗΤΗΡΙΟ ΑΠΑΣΧΟΛΗΣΗΣ – ΕΡΕΥΝΗΤΙΚΗ ΠΛΗΡΟΦΟΡΙΚΗ Α.Ε. (ΠΑΕΠ) <i>EMPLOYMENT OBSERVATORY – RESEARCH INFORMATICS S.A.</i>
ΕΤΑΙΡΕΙΑ ΘΕΡΜΙΚΩΝ ΛΕΩΦΟΡΕΙΩΝ (ΕΘΕΛ) <i>THERMAL BUS COMPANY</i>	ΕΛΛΗΝΙΚΟΣ ΟΡΓΑΝΙΣΜΟΣ ΤΟΥΡΙΣΜΟΥ (ΕΟΤ) GREEK NATIONAL TOURISM ORGANISATION	ΟΡΓΑΝΙΣΜΟΣ ΑΣΤΙΚΩΝ ΣΥΓΚΟΙΝΩΝΙΩΝ ΑΘΗΝΩΝ (ΟΑΣΑ) <i>ATHENS URBAN TRANSPORT ORGANIZATION</i>	ΟΡΓΑΝΙΣΜΟΣ ΛΙΜΕΝΟΣ ΕΛΕΥΣΙΝΑΣ (ΟΛΕ) <i>ELEFSINA PORT AUTHORITY SA</i>	ΠΡΟΑΣΤΙΑΚΟΣ Α.Ε. <i>NATIONAL SUBURBAN S.A.</i>

Table 1: Greek State Owned enterprises for the period 2002-2008

Note: SOE's in bold and italic are used in the analysis

It is worth mentioning that 16 SOEs had no females in the Board, while 19 had only one female director. In addition 96 (11.2 %) out of 857 directors were female. It is worth mentioning that 16 (28.6%) SOEs had no female directors at all, while 19 (33.9%) SOEs had boards with only one female director.

Although the criteria and the method of appointing members to the board are different between the listed companies and SOEs, a similar pattern is observed. The presence of women in the boards of the listed companies was 11.5% (2006), 10.8% (2007) and 10.6% (2008), according to the annual studies of the HOCG.

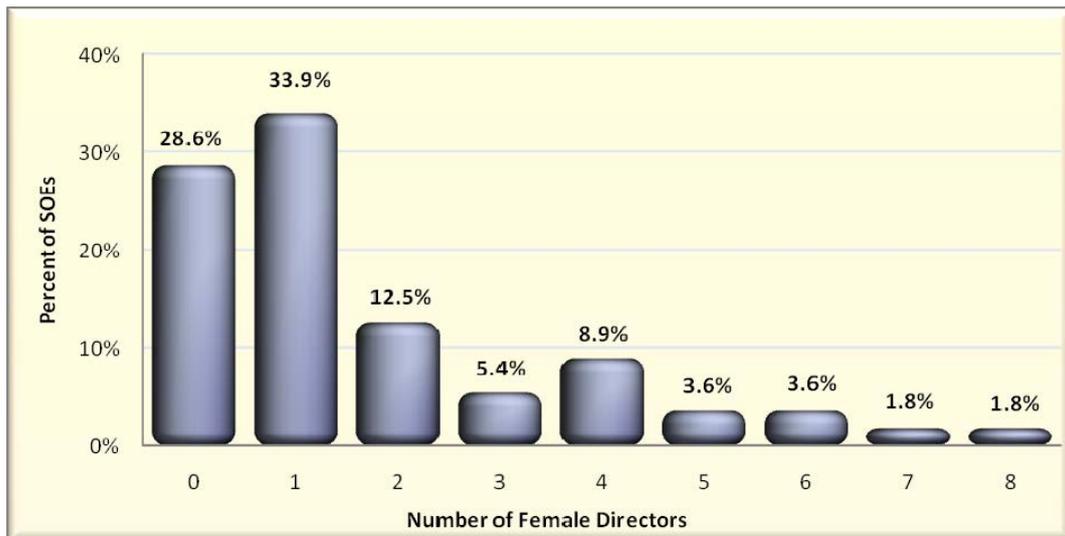


Diagram 3: Female Directorships for the period 2002-2008

Males comprised the vast majority in SOEs' Boards. For the period of 2002-2008 there were 828 (89.3%) out of 927 directorships held by men with an average of 14.78 per company and a standard deviation of 7.9. Expanding our analysis, there were 761 (88.8%) male directors out of 857 directors. In the following table (**Table 2**), descriptive statistics for the Total directorships served are illustrated, revealing a striking discrepancy in the board composition between male and female directors.

	TOTAL DIRECTORSHIPS	MALE DIRECTORSHIPS	FEMALE DIRECTORSHIPS
MEAN	16,55	14,78	1,77
STD. DEV	8,74	7,86	1,98
MIN	3	3	0
MAX	38	33	8
SUM	927	828	99

Table 2: Total Memberships, Men and Women Served in Boards (n=56)

3.2 Directors and the Turnover

In order to capture the turnover of the directorships (yearly) the variable named as "Average Board members served (per year)" was calculated. The mean of the "Average Board members served (per year)" is 5.43 and the standard deviation is 3.21.

Diagram 4 depicts that the majority of SOEs' boards (37 or 66.1%) changed up to 5 members on a yearly basis, while in almost one third (19 or 33.9%) of the SOEs more than 5 members serve through.

Notably, there were 7 SOEs or 12.5% in which more than 9 board members changed. For statistical purposes, we excluded all these companies that were SOEs for 2 years or less and found a mean of 3.72 and a standard deviation of 0.99, which revealed that the mobility in the Boards was high. The reason for such calculation was to exclude companies that created distortion in the results.

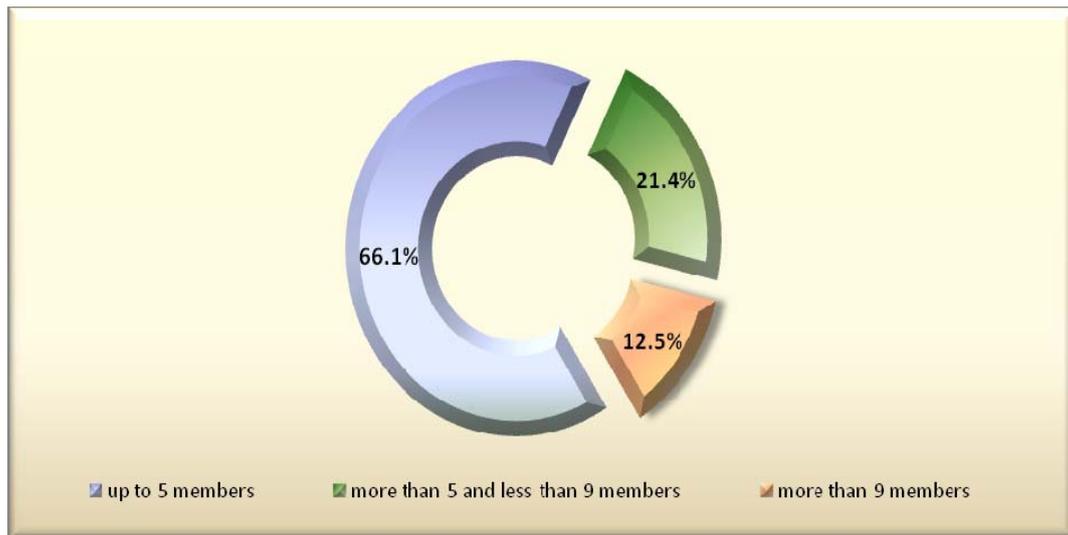


Diagram 4: Average Board members served (per year)

3.3 Average Tenure of Directors

The average tenure of all directors on a board was 21.66 months with a standard deviation of 9.39. In 21 out of 56 SOEs (37.5%) the directors served the board for less than 18 months, while there were 12 SOEs (21.4%) in which the members served the board for more than 18 months, but they quit or got replaced in less than two years.

Finally, there were 13 (21.5%) companies, in which their directors stayed in the board for more than two but less than two and a half years, and 10 companies (19.6%) that their members served the board for more than two and a half years (**Diagram 5**). Based on our findings the minimum time that a board member had served was 7 months.



Diagram 5: Average Tenure of the whole Board in Month Intervals (n=56)

3.4 Average Tenure of Directors (excluding Chairpersons and CEOs)

The average tenure of all Directors (excluding Chairman and CEO) was 22.42 months with a standard deviation of 10.75. We noticed that after the exclusion of the Chairpersons and the CEOs of the Board of each SOE the average tenure of the Board was slightly higher.

3.5 Number of Chairpersons

The total number of Chairpersonships was 137, with an average of 2.49 and a standard deviation of 1.41 for each company.

However, the exact number of Chairpersons was 119 due to cross directorships and mobility of Chairpersons in SOEs.

Specifically, in 19 SOEs (34.5%) there was no change of Chairperson throughout the years 2002-2008 while in 10 (18.2%) the Chairperson changed only once. Additionally, 26 companies (47.3%) have changed their Chairperson at least two times (**Diagram 6**).

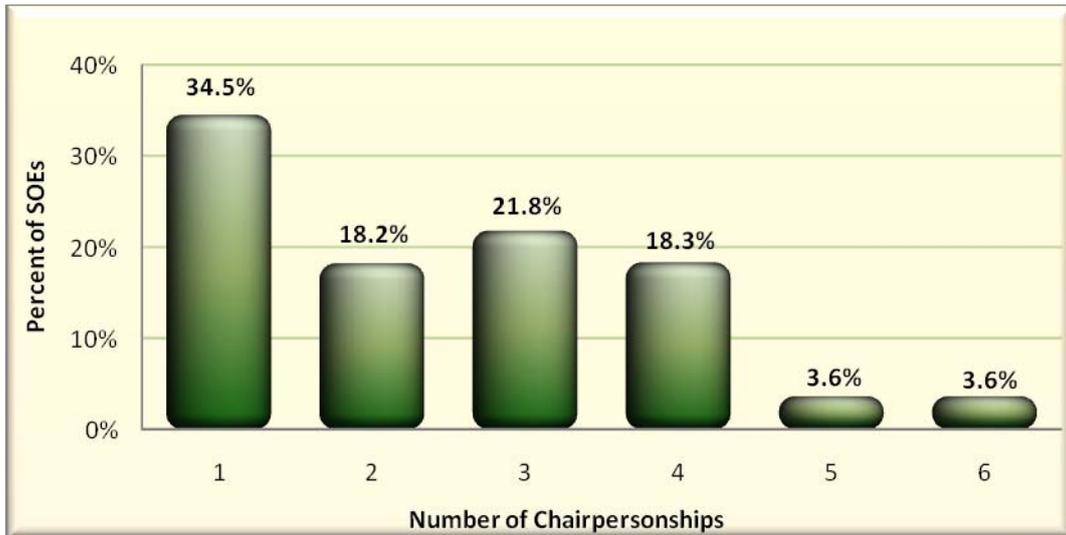


Diagram 6: Chairpersonships in SOEs for the period 2002-2008 (n=55)

3.6 Number of CEOs

The total number of CEOs' positions that had served in SOEs' boards was 111, with an average of 2.17 and a standard deviation of 1.26. The exact number of CEO persons served was 100 due to cross directorships. There were 19 SOEs (37.3%) that didn't change their CEO, 14 (27.5%) that had changed the CEO only once and 12 (23.5%) that had replaced their CEO twice. Finally, 6 companies (11.7%) had changed their CEO at least three times (**Diagram 7**).

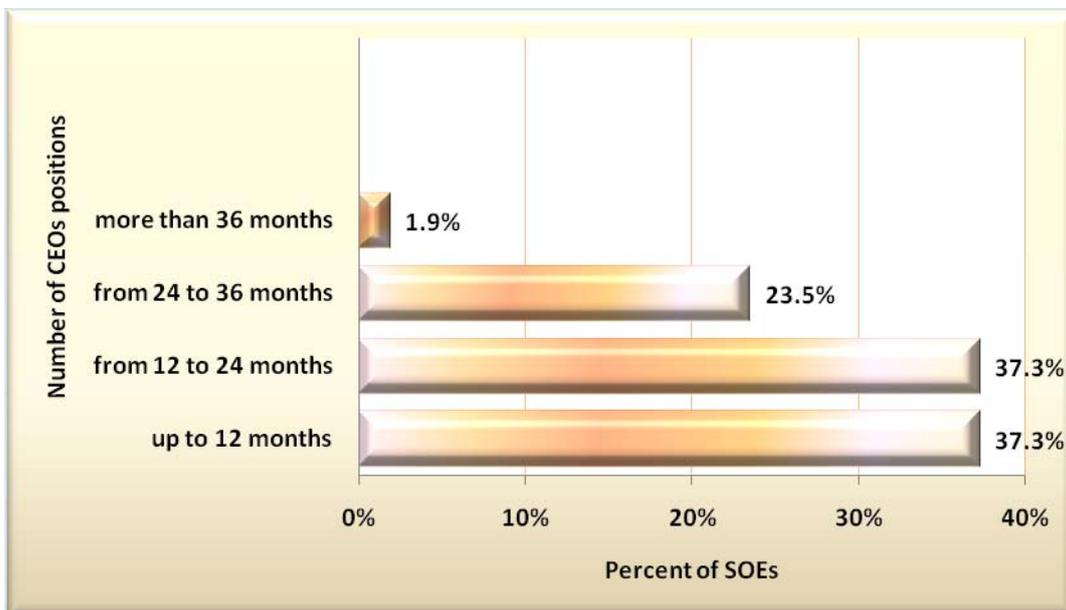


Diagram 7: CEOs in SOEs for the period 2002-2008 (n=51)

3.7 Average Tenure of the Chairpersons

The Chairpersons' average tenure was 20.55 months with a standard deviation of 10.42 months. More specifically, 18 (32.7%) SOEs had Chairpersons that served for up to 12 months, while 23 (41.8%) had Chairpersons that stayed for more than 12

and up to 24 months. Moreover, in 10 (18.2%) SOEs the Chairperson had been leading the board from 24 to 36 months. It is noteworthy, that there were only 4 (7.3%), SOEs where a Chairperson was leading the Board for over 3 years (**Diagram 8**).



Diagram 8: Average Tenure of Chairpersons (n=55)

3.8 Average Tenure of the CEOs

The average tenure of CEOs was 19.48 months, with a standard deviation of 9.5 (based on valid data from 51 SOEs). For 19 (37.3%) SOEs the CEO served the company for up to 12 months. There were also 19 SOEs (37.3%) in which the CEOs served the board for more than 12 and up to 24 months. Finally, for 12 companies (23.5%), the CEO remained in his position from more than 24 months and up to 36 months. It is worth mentioning that in only 1 (1.9%) SOE the CEO served for 3 years or more (**Diagram 9**).

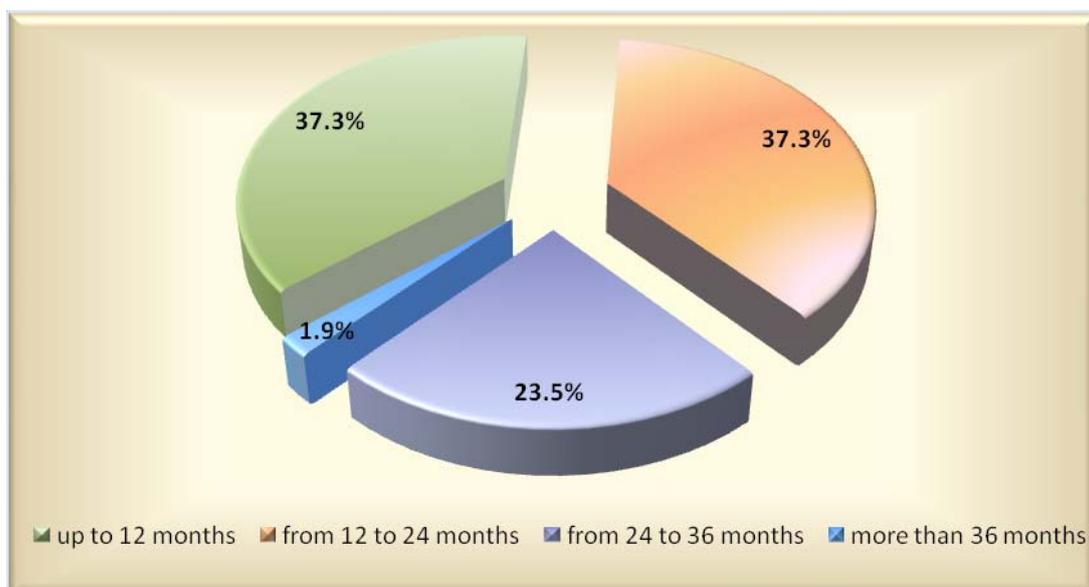


Diagram 9: Average Tenure of CEOs (n=51)

3.9 Gender issues of Chairpersons and CEOs

It is noteworthy that during the period 2002 – 2008 only 3 (2.5%) female served as Chairpersons (in different SOEs) while 116 (97.5%) were male. Similarly, there were only 3 (3%) female as CEOs while 97 (97%) were male.

3.10 Board size

The average of the board size as of December of each year for the 56 SOEs is between 8 and 9 members (**Table 3**), which is relatively similar to the average of the Board Size of the Greek listed companies, which is 7.8 for 2006 and 7.9 for both 2007 and 2008 (see HOCG 2007; 2008; 2009).

The average of the board size for each year is compliant with the new law about SOEs (3429/2005), which clearly states that the number of board members in SOEs should not exceed 9. However, we notice that after the enactment of the Law the average board size is slightly lower.

	BOARD SIZE 2002 (31 DEC.)	BOARD SIZE 2003 (31 DEC.)	BOARD SIZE 2004 (31 DEC.)	BOARD SIZE 2005 (31 DEC.)	BOARD SIZE 2006 (31 DEC.)	BOARD SIZE 2007 (31 DEC.)	BOARD SIZE 2008 (31 DEC.)
N	26	24	25	24	37	37	46
MEAN	8,8	8,5	8,2	8,6	8,5	8,7	8
ST. DEV.	3,3	3,2	3,2	3,3	2	3	1,9
MIN	3	3	3	3	4	3	3
MAX	17	18	18	18	13	20	12

Table 3: Board Size and descriptive statistics for the period 2002-2008

3.11 Average Board Size

The Average Board Size of the 56 SOEs is 8.2 with a standard deviation of 2.2. As it can be seen in **Diagram 10**, the majority of SOEs - 36 (64.3%) - had a preference for boards with up to 9 members, while 20 (35.7%) preferred Boards with more than 9 directors.

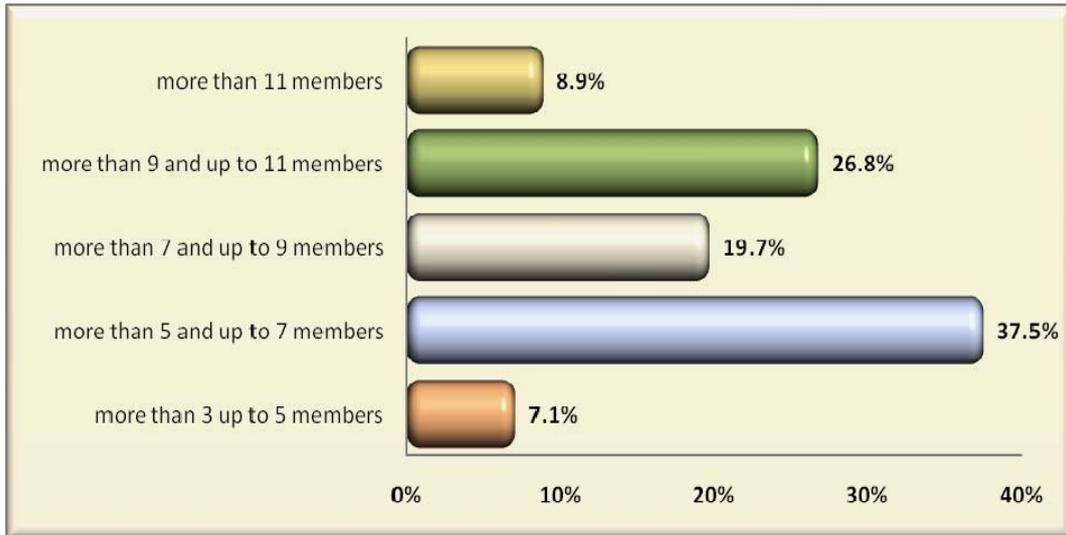


Diagram 10: Average Board Size for the period 2002 - 2008

3.12 CEO Duality

The CEO Duality was examined as of December of each year for the period 2002-2008. **Diagram 11** illustrates the duality vs. separation between the roles of the Chairperson and the CEO. The year 2005 was the 'turning point' on this issue with the establishment of Law 3429 which clearly stated not only the separation of the CEO - Chairperson but also the professional qualifications of a CEO. More than 95% of the Greek SOEs adopted the Law's mandates.



Diagram 11: Duality vs. Separation for the period 2002 - 2008

3.13 Cross directorships

Out of the 927 directorships, 93 were held by 42 directors who possessed simultaneously positions in two or more different SOEs' Boards for the same period during their tenure. Additionally, there were 19 directors who served in different Boards throughout the years. These 42 (4.9%) directors- out of 857- served in 34 out of the 56 SOEs (60.7%).

More specifically, 37 (4.4%) directors (out of 857) held positions in 2 different boards, two (0.2%) directors served in 3 SOEs, two (0.2%) directors served in 4 SOEs and one (0.1%) director served in 5 SOEs (**Diagram 12**). The elite (16) of these 42 directors was holding 11 (10%) CEO positions out of 111 and 18 (13.1%) out of 137 Chairperson positions.

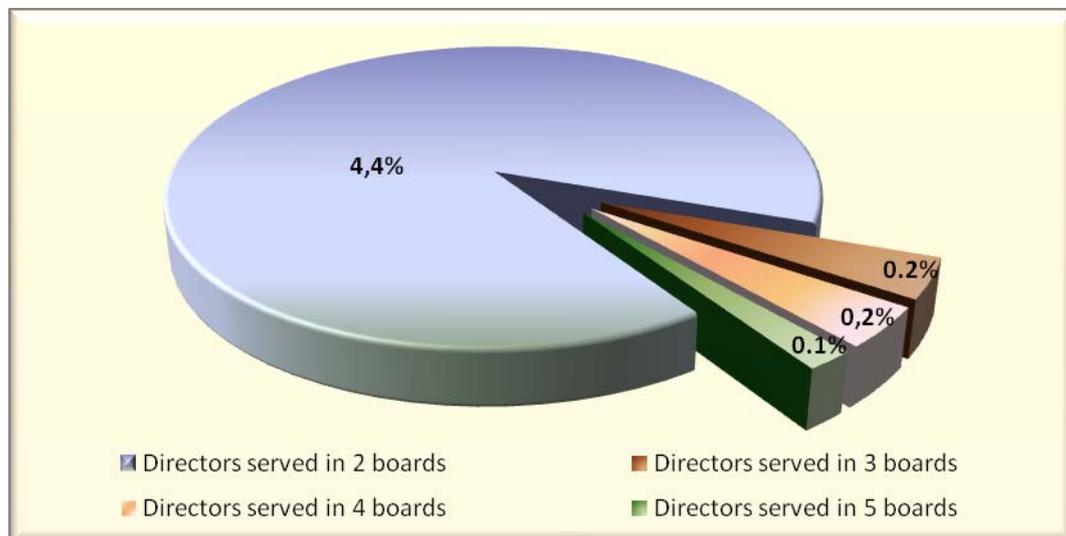


Diagram 12: Cross Directorships in Greek SOEs for the period 2002 - 2008

4. Summary

Poor corporate governance practices and financial losses of the Greek SOEs in the previous decades, had led to a need for drastic action. The year 1996 was a milestone for the history of Greek SOEs as a new law named “Operation and Management of State Owned Enterprises” 2414/1996 was voted and transformed the Greek SOEs to public limited liability companies. Since then, boards of directors of the SOE companies have the managerial and financial responsibility, as well as the accountability to monitor the management of the organization. In addition, in 2005 the Greek State attempted to change the managerial system of SOEs with the introduction of the law 3429/2005. The main objective of this law was to improve the operations of SOEs, by introducing the EU’s corporate governance standards. However, academic studies and business reports have shown that Greek SOEs continue to face administrative and financial problems.

This study’s main aim was to shed some light in the status of the Greek SOEs’ board characteristics, during the period 2002-2008. The results show that during these years there was a significant turnover of board members, who on average held their board positions for less than 2 years, while the average tenure of both Chairpersons and CEOs was even lower than 21 months. On the other hand, the presence of women was poor in all positions through the whole period. The average board size of Greek SOEs hasn’t changed dramatically through the years, although a slight decrease has been documented, attributable to the law requirements.

Moreover, duality was dramatically decreased mainly after the Law 3429/2005 which advocated clearly the separation of the role between the Chairperson and CEO. Finally, cross directorates were significant since 4.8% of the directors served in 60.7% of the SOEs.

The study describes the current state of board characteristics and governance issues of the Greek State Owned Enterprises that admittedly have a significant role to the welfare of the Greek economy.

Note: *It is essential to clarify the terms of “directorship” and “director”. When we refer to a “director” we mean the individual who serves the Board, while by using the word “directorship” we state the position held by the director.*

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