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ORGANIZATIONAL WEAKNESSES  
OF THE GREEK MANUFACTURING INDUSTRY: A CASE  
STUDY OF FOOTWEAR

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## SUMMARY

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This thesis is concerned with those factors influencing the present performance of Greek manufacturing industry and the ways in which improvements could be realized after Greece joins European Communities. Detailed examination is made of the Greek footwear industry and its problems as the country emerges from a semi developed state to a position approaching parity with Western European countries. Particular attention is paid to the technology employed, capital deployment, industrial structure and managerial performance. In order to illustrate the path of development of the Greek footwear industry a comparison is undertaken with the British footwear industry which has a longer history and has employed larger scale methods since the 19th century. This comparison illustrates the opportunities and pitfalls likely to face the Greek industry in coming years. One section of the thesis is also concerned with trading relationships between the U.K. and Greece and identifies the market opportunities available to Greek industrialists.

A detailed analysis is undertaken of the available secondary sources of information particularly official statistical data relating to production, capital expenditure, imports and exports, employment and consumption. Use is also made of various surveys of trade and production in footwear undertaken by trade associations and other bodies. The field research study has been largely directed towards practicing managers in companies of various size and is concerned with exposing standards of management and of relating efficiency to organization structure.

The thesis is also concerned with the many wide issues affecting the development of manufacturing industry in Greece including the influence of social structure and social institutions, the values of modern Greek society and the complex organizational problems which Greece needs to overcome in order to take its place amongst the more established states of Europe.

Key Words: Greece, industry, footwear, trade, management.

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CHAPTER I  
INTRODUCTION

## A. RESEARCH OBJECTIVES

The general purpose of this thesis is to establish a number of criteria by which it is possible to judge the efficiency of Greek manufacturing industry. Since the circumstances of industrial industries vary enormously general criteria would have limited practical value. Accordingly, it is proposed to focus on the peculiar problems of the Greek footwear industry since this will provide a framework for wider analysis in subsequent research. It is felt that the circumstances of the Greek footwear industry will be thrown more clearly into relief by a comparative analysis with the British footwear industry which is in a more mature state and will furnish evidence of success and pitfalls. The thesis will examine, therefore, the current state of the Greek footwear industry, its level of development and limitations. It will also identify those environmental factors which have assisted the growth of the industry and the rise in its efficiency, and also those factors retarding its contribution to the whole of the Greek economy. More particularly, it will examine the following factors:

- The relationship between the structure and comparative strength of the footwear industry.
- The relative size of the Greek industry and its contribution to the overseas trade of Greece.
- The relationship between the quality of management and the performance of the industry.
- The extent to which the industry is constrained in its pursuit of profitability and efficiency by factors associated with the social context in which it operates.

The general hypothesis of the thesis is that, notwithstanding the level of success already attained, substantial improvements could be introduced by more skillful management and by gearing efforts to the need of foreign markets particularly those in the U.K. It is also considered likely that improvements in structure and in governmental assistance could be very effective. The thesis will examine the validity of this hypothesis.

Other objectives which will also be considered in the thesis include:

- To rectify substantial deficiencies in the existing literature relating to the management of Greek manufacturing industry.
- To examine the ways in which the trading relations between the U.K. and Greece could be improved and developed.
- To suggest the contributions that footwear could play in meeting the challenge facing Greek industry as a whole when Greece becomes a member of the European Communities.
- To examine whether resources are being effectively used in this industry and how one measures effectiveness in this context.

## B. FOOTWEAR INDUSTRIES IN DEVELOPING COUNTRIES

In a study by the Industrial Development Organization of United Nations<sup>1</sup> it was found that most developing countries have

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<sup>1</sup>United Nations, The Growth of the Leather Industry in Developing Countries: Problems and Prospects, (UNCTAD, 1972), pp.5-30.

various problems in the development of their industry.

The abundance of raw materials, cheap labour, traditional skills and, above all, an ambition and need to exploit these assets in order to meet the demands of their rapidly growing populations provide the stimulus for development. Footwear working in many developing countries is essentially a cottage industry, a craft that has been plied for generations by the same families in widely scattered villages. Living and working conditions for the others are poor, and the level of education is very low. Moreover, for many of them there is insufficient work in the industry to provide full-time employment, and the labourers work part-time on agriculture to support their income. Most of these craftsmen live a hand-to-mouth existence and are deeply in debt to middlemen and money lenders.

There are also social barriers within the trade. The shoemaker, for instance, considers himself superior to the tanner, who in turn considers himself above the flayer. These prejudices are deep-rooted and cannot be changed easily by law. It is scarcely surprising, then, that at times the flayers simply refuse to continue with this kind of work and abandon valuable hides that have been left with them for treatment. Overcoming these long-standing prejudices and making the work attractive is a major problem.

It is inevitable that the old cottage industries will someday give way to large, modern factories. These modern factories will survive only as long as the older generation survives; as the younger people become educated they naturally look for more pleasant work in clean surroundings. However, the problem

remains of finding ways to assist the cottage industries while they last; ways to make better use of the skills of the tanners and other workers in the industry. Finally, it is important to find ways to introduce modern technology at this level so that the hides and skins will be better utilized, all of which will improve the economic position of both the tanner and the community. Few developing countries have either a plan defining the goods and objectives for the development of a footwear industry or a positive policy to back it up. Many such countries export a good deal of their raw material. In many countries small tanning units predominate, but in a few cases an organized, mechanized tanning industry exists side by side with the small and cottage units.

Many developing countries are ignorant of the domestic and overseas market possibilities that exist for their products. These countries do not know the market trends, the competitive position of the country in relation to the world market, where and how their products are being sold or used, and avenues through which they can find their own special niche in the world market.

Another major problem faced by developing countries is the poor structure, the management and the scattered nature of the footwear industry.

It is very difficult to organize the cottage, small-and-large-scale sectors. The cottage or village unit is a unit using traditional skills and employing the immediate members of the family. The definition of "small-scale" varies from country to country. The criteria are based on the number of workers, size of investment, type of machinery, or production capacity.



But the essential characteristics of small-scale industry is that the management is in direct contact with the workers. In any plan for the development of the footwear industry the following questions are bound to arise:

- How can the existing industry be reorganized?
- Should new units be established in the large or small-scale sector?
- What is the ratio of large to small units and what relationship exists between them?
- Do the small units need protection?

The problems that exist in production include:

Choosing the appropriate technology, machinery and management methods; establishing effective quality control, pricing, cost accounting and packaging department. Knowledge and experience in business and production practices are very limited in developing countries, and this lack is felt acutely in the footwear sector. The problem is especially difficult in a traditional industry that resists change.

In some developing countries there are no effective trade channels; in others, marketing is in the hands of a few firms which have their own agents or branches all over the country to collect and cure raw hides and then transport them to a major port of the country or of a neighbouring country. Sometimes, the same foreign exporter has tanneries of his own in the country or in a neighbouring country. In yet other countries trading in hides and skins is controlled by legislation, and permits and licenses are required. Transport plays a major role in marketing. In many developing countries

some inadequate means of transport cause a great deal of problems particularly to raw hides and skins.

Factors that affect prices of raw material are: quality; yields and grades obtainable when the raw material is converted into leather; and supply and demand. In most developing countries there is no market information service, the primary producer does not receive an adequate price, and thus there is no incentive for him to prepare flayed and cured hide or skin. The small units lack funds and holding capacity. They do not have enough capital to buy when the raw materials are cheap and the capacity to hold till selling prices are favourable. They are often in debt to the middlemen and money lenders. Institutional and organizational facilities are necessary to eliminate these financial risks and to improve conditions in this sector. The market for hides, skins and leather fluctuates sharply, according to the demand, the season and changes in fashion. This is particularly true for hides and skins. How to counter these fluctuations is a major international problem to which no solution has yet been found.

It is a fact that the technological gap between the developed and the developing countries is ever-widening. However, the developing countries have realized that the only solution which can bring in a faster rate of economic growth is the application of modern science and technology.

The Greek footwear industry suffers from many of the above characteristics. While not displaying all these primitive features, its advance towards large scale production methods has been severely retarded by its traditions and recent conditions of undevelopment, and, as will be explained later, by

poor quality management.

Before we proceed to the main analysis we will first examine the content of existing literature on this subject and summarize our existing knowledge of this industry.

#### C. PUBLISHED LITERATURE ON FOOTWEAR

The literature on this subject falls into two main classes. First, there are statistical reports and official governmental records relating to production and trade. One of the basic statistical records is that published by O.E.C.D. concerning production, import and export figures in member countries; it is possible to identify the data relating to footwear, raw hides, skins and leather for the years 1975/1976 but not, unfortunately, later. A work of more general application is that relating to the five year plan relating to the Greek economy. The latter covers in detail particular sectors of Greek industry and its statistical information is brought up to date by annual adjusted figures. Reports covering quantitative factors as well as statistics also exist. The most notable is the report of the Footwear Industry (1977) potentially covering market conditions in British and international footwear markets, and throws a great deal of light on the problem which the Greek industry finds itself up against. The 'Anatomy of the Greek Industry' provides a good deal of supplementary information relating to the performances of Greek industry in general and, therefore, provides a valuable backcloth to the present study.

The literature also contains a variety of articles (specified in the bibliography) illustrating both the technical process

and the organizational features of the footwear industry. Studies have also been undertaken on the development programmes of a variety of countries for their industries, including footwear, and also on the trading and other collaborative arrangements between footwear industries in developed and undeveloped industries. The Greek market for footwear has also received some treatment and also the organization of tanning and the production of leather products. Finally, the Commerce Department of the Greek Embassy in London has undertaken a research project on Anglo-Greek footwear trading relations which, in particular, emphasizes the market potential in the U.K. for Greek exports of footwear.

This thesis has drawn freely from all these sources and due acknowledgement has been made in various footnotes. A detailed list of these works is displayed at the end of this thesis.

#### D. METHODOLOGY OF THE RESEARCH

The research embodied in this thesis consists of three main parts:

- 1) Study of secondary data
- 2) Survey of the opinions of knowledgeable persons in the industry
- 3) Case study analyses

##### 1. Study of secondary data

The most useful sources that were used for the collection of information were the books, newspapers, government documents, trade journals, professional journals, company records, reports on previous research projects, and data collected by trade associations related to the footwear

industry and previously described and listed at the end of this thesis. The paucity of this information, however, necessitated having reliance upon field research, as follows.

2. Interviews with individuals in the industry

A good deal of the non-published information in this thesis was secured from both structured and non-structured interviews with authorities in the Greek and British footwear industries. These authorities in the footwear industry were found in widely diversified groups. Twenty chief executives from the Greek footwear companies and twenty chief executives and marketing managers from the British footwear companies were interviewed. In addition to these, the training managers in two technical schools were interviewed in London and the general secretary of the Greek Association of Footwear Manufacturers in Athens also provided first hand information. It should be stated that a significant number of Greek companies were reluctant to cooperate with the interviewing process but sufficient information was secured to provide substantial evidence on the points raised.

3. Analysis of selected cases

In some instances, detailed case analysis of a few organizations in footwear industry have been particularly helpful in gaining ideas about possible relationships. The basic advantage of the case analysis is that it describes a real event or situation; this could be considered as a disadvantage due to its reliance on investigator's subjectivity rather than objectivity, but most of the effort

has been directed in eliminating such bias.

The methods used to collect data for this project were the following:

- a) Personal interview: This method was carried out for the 90% of the Greek and British footwear companies out of the selected 40 units.
- b) Telephone interview was used for the remaining 10% of the sample and in addition to that, to clarify some points that were discussed in the personal interview.
- c) Mail interview, only for the collection of supplementary data, which in the event did not prove to be an efficient method.

a) Personal Interview

In this thesis the basic advantages of this method were that

- the interviewer had the maximum control over sequence of questions
- the interviewer was able to use "unstructured" questions, and able to supplement interviews with personal observations, etc.
- interviews carried out were longer than those by the telephone

b) Telephone Interview

Personal interviews had to be supplemented by telephone interviews for purposes of economy. Moreover, it was found that the telephone commanded greater attention than the doorbell or the other direct means of confrontation.

c) Mail Interview

This interview was used only in very limited cases and only for the collection of supplementary information.

E. STRUCTURE OF THESIS

After the introductory chapter where the objectives of the thesis are defined and the methodology of the research is analysed, we proceed to a chapter analysing the Greek industrial sector, with its strengths, and weaknesses. The footwear industry operates within the industrial sector and makes a significant contribution to it. Thus, we establish a picture of where this particular industry stands. The last part of this chapter assesses the labour market in Greece, and the problems it presents to the footwear industry.

The next chapter is that dealing with the Greek footwear industry. This chapter also examines the conditions that exist in the footwear market, the strengths and the weaknesses. Another chapter is presented dealing with the British footwear industry which is considered in this thesis for comparative purposes.

Finally, trading relationships between Greece and the U.K. are considered and the possibilities of the development of the British market for Greek footwear are examined. The thesis deals with some of the important underlying factors encouraging and inhibiting the development of the Greek industrial sector and the challenges it will be likely to meet in the years to come.

CHAPTER II

GREEK MANUFACTURING INDUSTRY: ITS ORGANIZATIONAL AND  
STRUCTURAL STRENGTHS AND WEAKNESSES



## A. INTRODUCTION

The purpose of the present chapter is to provide a broad analysis of the organizational structure of the Greek manufacturing industry. The analysis will attempt to bring in focus the growing strengths of Greek industry, but more particularly the weaknesses which are presently inhibiting Greek industry from strongly supporting the Greek economy as a whole.

The performance of the Greek economy particularly within the framework of the EEC will depend in no small measure and efficiently structured and managed industrial sector. Indeed Greece's progress from a semi-developed to a highly developed economic status cannot possibly be achieved except on the foundation of its manufacturing industry. At the moment manufacturing contributes 19% of the gross domestic product, as it is presented in the table II.1.

TABLE II.1

### GROSS DOMESTIC PRODUCT AND NATIONAL INCOME

	Estimated figures in million drs. at current prices	
	1978	% contribution to the GDP
Manufacturing	191,200	19%
Agriculture	173,550	17%
Trade-Banking, etc.	159,950	16%
Mining and quarrying	14,000	1.6%
Electricity, gas and water works	16,100	0.8%
Construction	90,250	9%
Transportation and communication	78,800	7.8%
Ownership of dwelling	64,000	6.6%
Public administr. and defence	95,700	9.7%
Health and educational services	53,950	5.6%
Miscellaneous services	67,850	6.9%
GROSS DOMESTIC PRODUCT	1,005,350	100%

Source: Ministry of Coordination, Provisional National Accounts of Greece for 1978, (National Accounts Service), May 1979, p.67

This chapter will, therefore, be concerned with an analysis of those structural features associated with capital funds, the size and distribution of capital assets, profitability and productivity, trade with other countries and problems concerning the organization of the labour market.

Most of the material used is from officially published statistical information. The data are generally regarded as being reliable and therefore it is not necessary to qualify heavily the evidence that the data present.

The analysis of the Greek manufacturing industry, as a whole, however, is bound to be relatively generalized. Many circumstances will vary considerably from one industry to another and to obtain a meaningful picture it will be necessary to do a detailed study across the full spectrum of industry. This is clearly not practical within the resources allowed for this thesis and therefore it is proposed in later chapters to concentrate on the peculiar features of footwear. For the moment, however, we will consider the general backcloth of manufacturing industry as a whole.

The data <sup>2</sup> gathered are concerned with the financial and capital fund structure of companies and come from the balance sheets published in an issue of the Greek government gazette. The 1976 analysis refers to 1,931 industrial companies which represent the largest part of the industrial activity. The basic conclusions to this analysis are the following:

- a) The number of industrial companies either in form S.A. or Ltd. increased substantially in the 1970's eg. by 204 units

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<sup>2</sup> Greek Industrialist Federation, The Structure of the Greek Industry, (SEB, 1978), pp. 2-30.

in 1976, (see in appendices, table 1).

- b) 2/3 of the new units concentrated in five out of twenty branches of the industrial activity.
- c) 80% of the investments made in 1976, represented expansion in the ratio of existing industrial companies.
- d) In 1976, net worth to foreign investments increased, while there was a decrease in long-term capital loans for investment financing.
- e) Little improvement in net worth efficiency, as well as, total capital remained in low levels compared to the decade 1965-74.

#### B. RELATIVE IMPORTANCE OF THE VARIOUS PARTS OF THE MANUFACTURING INDUSTRY

The number of industrial companies (appendices, table 2) either S.A. or Ltd. concentrating on machinery equipment and with capital funds above 500,000 drachmas, reached to 1,931 units in 1976, against 1,727 in 1975 and 1,651 in 1974. This means that in 1976 the number of companies of this category increased by 204 units against the previous year or by 11,8%. The relative increase in 1975 was only 76 units or a percentage of 4.6% against the previous year.

Noteworthy is that in 1976, there was again an increase of Limited industrial companies reaching 495 units against 460 units of the previous year and 510 units by 1974. Nevertheless, the largest part of the newly established companies is in the form S.A. In 1976, the number of S.A. industrial companies reached 1,436 units against 1,267 units in 1975 and 1,141 units in 1974. From the 1,931 (S.A. and Ltd.) which issued balance

sheets in 1976, 310 were "new" which means that they issued balance sheets for the first time in 1976. The remainder "old" companies reached 1,621 units. From these figures it is derived that from 1,721 units which issued balance sheets in 1975, 106 units either stopped functioning, were amalgamated with others, or for various reasons, they did not issue balance sheets for 1976.

In the last few years it is observed that there was a tendency for capital expansion in companies and this not including new small companies. This resulted from the analysis of the 204 additional units of 1976 and the 76 additional of 1975, into subdivisions of net worth and foreign capital. The analysis follows in table II.2.

TABLE II.2

THE 1975-76 STRUCTURE OF INDUSTRIAL UNITS

<u>SIZE</u>	<u>1975</u>	<u>1976</u>
Up to 10 million drachmas	-67	-17
10-50       "       "	+33	+53
50-100     "       "	+43	+67
Above 100   "       "	+67	+101
	<u>76</u>	<u>204</u>

The above indicates that for the ~~second~~ consecutive year, 1976, a decrease was observed in the number of industrial units having total capital up to 10 million drs. with a parallel increase of the number of relatively larger companies.

It is worth mentioning that these "new" companies, that is, those issuing balance sheets for the first time, invested an average capital of 63,6 million drs. The respective figure for 1975 was 44,4 million drs. In other words, there is an increase in the average new company, in the bracket of 43%.

No change was noted in 1976 in the branch selection of companies

to concentrate in only five branches of the industrial activity. Of the 310 "new" units, 203, that is, 65.5% of the total, concentrated in only five industrial branches. These companies totalled (net worth and foreign) capital funds in the level of 12,2 billion drs. which represented the total of the 310 new companies and which reached 19,7 billion drs. The table II.3 includes the branches which gathered the biggest amount of the new companies, with the respective percentages for each branch by number of new companies and the amount of their total capital.

TABLE II.3  
ALLOCATION OF BRANCHES IN THE INDUSTRY

	No. of companies	Total Capital
	%	%
Textile	17.4	14.9
Food Products	14.2	19.2
Chemical	9.7	5.7
Clothing	8.4	4.9
Minerals(non-metallic)	8.1	17.3
Metal products(exc.machinery)	<u>7.7</u>	<u>4.0</u>
Total	65.5	66.0

C. STRUCTURAL FEATURES

In 1976, fixed assets of the whole industry remained constant, thus interrupting the decrease which appeared from 1972 onwards. The proportion of fixed assets (minus depreciation), to the total assets of S.A. and Limited industries was 45% in 1976, in other words the same as the previous year. In certain branches of consumer and intermediate goods where during the last years a relatively higher trend to automated production is observed,

the increase of fixed assets degree continued in 1976. In this case, it refers to beverages, tobacco, paper, printing, and electric machines and appliances. Parallely, in certain branches of several high technology or heavy industries, a substantial tendency of decrease in fixed assets appeared in the last years, however this started to change in 1976. Such change was noted in the branches of wood and cork, furniture, basic metallurgy and machines and appliances excluding electric. Finally, the fixed assets degree in the branches of chemicals and petroleum, marked a decrease again, continuing the trend observed in these branches from 1972 and on. It is worth mentioning that the fixed assets in petroleum industry reached 45% in 1976, from 77% in 1972, while in the chemical industry they reached 47% from 57% in 1972. In the other branches except the above mentioned, the fixed assets did not mark any considerable changes.

The total gross of fixed capital investments of industrial companies either S.A. or Ltd., came up to 58.726 million drs. in 1976 against 35,400 in 1975 and 37,642 in 1974. A 40% from the investments of 1976 amounting to 23,536 million drs. represented substitution of depreciated capital. The respective amount for 1975 was 37.6%. These new companies issuing balance sheets for the first time in 1976, accomplished gross consolidated investments of 11,418 million drs., representing 19.4% of the gross total investments of all S.A. and Ltd. companies, against 15.3% in 1975.

Net fixed investments (minus depreciation) of the total S.A. and Ltd. companies was 35,190 million in 1976, from which the 9,106 million drachmas or 25.9% were investments realized by

310 new companies. The corresponding percentage in 1975 was 21.4%. The old companies accomplished 47,308 million drachmas gross fixed investments in 1976, from which only 55.1% related to an expansion against a corresponding 57.9% in 1975. The balance related to replacement of depreciated capital. It is worth mentioning that 55% of total gross investments in 1976 concentrated in four branches: food, textiles, chemicals and non-metal minerals. These branches have absorbed 53% of the industrial investments in 1975 and 44% in 1974.

The relation between net worth capital to the total capital funds of industrial S.A. and Ltd. companies remained almost at the same level, in other words it reached 32,5% against 32.1% in 1975. This small increase is owed to the increase in 1976 of net worth capital per company at a rate of 16,6 against the increase of borrowed capital increase per company at a rate of 14.3% at the same period. The proportion of net worth to borrowed capital was 48.1% in 1976 against 47.2% in 1975 and 52.8% in 1974. More than 60% proportion between net worth and long term liabilities was observed in 1976 in the branches of beverages, furniture, printing, leather and furs, plastics, chemicals, basic metallurgy and various non-specified branches. Nevertheless, a proportion of net worth to long term liabilities less than 40% was observed in 1976 in food, tobacco, paper and chemical. In 1976, the same capital covered 72.8% of net value of fixed assets (minus depreciation) against the respective 71% in 1975 and 75% in 1974. It is worth mentioning that in five branches the proportion of net worth to fixed (minus depreciation) remains greater than 100%. These branches are tobacco, clothing and shoe, leather and fur, machinery and appliances manufacture. except electric and non-specified in-

dustries. Nevertheless, the proportion of long term liabilities (borrowings) to fixed assets (minus depreciation) of the total industry was reduced to 49,8% in 1976 from 54% in 1975. This considerable reduction is due to the fact that whereas the increase of fixed equity of the total industry reached 35,190 million drs. in 1976, the net increase of long term borrowings (new loans minus payments) was 12,178 million drs., that is, it did not surpass 35% of net fixed assets. The respective percentage for 1975 was 80%. The result from the above developments was a decrease in 1976 of fixed assets with long term capital (net worth and long term liabilities) to 122.6% against 125,0% in 1975. A decrease in this proportion was noted in the most industrial branches. There were exceptions in the branches of tobacco, wood and cork, furniture, non-metal minerals and transportation equipment. The concentration of mandatory depreciation, as well as its adjustment to the cost of living index of fixed assets elements, resulted to a high liquidation degree of fixed property. For the total industry, the ratio of current depreciations to the average of fixed capital was 15.5% in 1976 against 11% in 1975 and 12.2% in 1974. The formation of the liquidation rate of fixed assets has already reached the highest levels from 1958 until today, from the reasons mentioned above. The average was 13,1% in 1974-76 against 8,5% in 1971-73 and 7,5% in 1968-70. This average liquidation degree of 1974-76, despite of its general increase tendency, did not result in any essential cash flow for investment financing, due to serious devaluations in all categories of fixed elements and especially those of imported machinery. According to the investment figures of National



Accounts, the following average price increases were noted for capital goods between 1974-76:

a. Building installations	16.9%
b. General works and constructions	18.5%
c. Transportation Equipment	14.4%
d. Other mechanical equipment	18.5%

The depreciation adjustment resulted in a slight increase of the covering percentage of new (net) investments with equity from self-financing. The ratio of depreciation to net investments between 1974-76 was formed as follows:

1974	44.4%
1975	59.3%
1976	65.2%

However, in spite of its increase this ratio still remains lower than 1973 (69%). Nevertheless, the income retained from undistributed profit, reserves and various surcharges (except depreciation) covered the following percentages in net investments.

1974	25.4%
1975	23.1%
1976	19.2%

Thus, the decrease observed in this case is due to the increased possibility of depreciation financing, as well as, decrease of investments, which limited the need to cover investments with self-financing. Overall, capital flow from self-financing governed the following percentages of investments.

1974	69.8%
1975	82.4%
1976	84.4%

The rest of long term capital (equity and long term liabilities after the deduction of real property in fixed elements, decreased in 1976 to 19.4% of current assets in S.A. or Ltd. industrial companies, against a respective percentage of 21,8% in 1975. This evolution resulted in an increase of the dependance of industrial companies to short term liabilities to cover the working capital. The current ratio increased in 1976 to 86,6% against 84,3% of the previous year. The gross profit(appendices, tables 3 and 4),(before the deduction of operating, administrative and financing expenses) of 1,931 industrial companies, either S.A. or Limited, reached 80,304 million drachmas, that is, a 21,7% of total capital (equity and long term liabilities) in 1976. Respectively, the average for 1975 was 19,5%. The operating and financing expenses of the above companies, reached 71,693 million drs. in 1976 or 89,3% of gross profit as it was the previous year. It must be noted that this average is the highest since 1958. The operating expenses (and financing expenses) per company, including depreciation, reached 37,1 million drs., against 29,1 million drs in 1975, in other words an average rage of increase of 27,5% against 19,3% in 1975 and 14,6% in 1974. During 1972-76, these expenses marked the following changes per company:

1972	15.2 million drachmas
1973	21.3    "    "
1974	24.4    "    "
1975	29.1    "    "
1976	37.1    "    "

From these figures, it is evident that the operating expenses and financing expenses in industrial companies have increased

in the last four years to an average rate of 25% per year, The acceleration to this increase of operating expenses is due mainly to the increase of depreciation. The current depreciations reached 11,9 million drs. in 1976, against 7,6 million drs. in 1975, marking an increase of 56.6% against 8.6% in 1975. As already mentioned, this increase in 1976 is due to the adjustment of depreciation to the new accounting value of fixed assets, which resulted from their readjustment to the index of cost of living. After the deduction of current depreciation, the remaining operating and financing expenses noted an increase of 16.2% in 1976, against 23.6% in 1975. Administrative expenses in industrial companies showed a substantial increase in 1976. These expenses reached 12,6 million drs. per company, against 10,2 million in 1975. This increase is 23,5% against a 17,2% of the previous year. Contrary to the previous expense categories, a substantial slow-down appeared in the rate of increase in sales and financing expenses. The sales expenses per company reached 5,9 million drs. in 1976 or an average increase of 13.5%, against a 23.8% in 1975. The financing expenses which reached 6,7 million drs. in 1976 per company, marked a yearly increase rate of 9.8% against a 35,6% of the previous year. In summary, the structure of gross profits (table II.4) of the industrial companies S.A. and Ltd. between 1974-76 was as follows (total gross profit:100):

TABLE II.4  
STRUCTURE OF GROSS PROFITS OF THE INDUSTRIAL  
COMPANIES

	1974	1975	1976
A. Expenses	78.8	89.3	89.3
1. Financing	14.5	18.6	16.0
2. Sales	13.5	15.9	14.3
3. Administrative	28.1	31.5	30.4
4. Depreciation	22.7	23.3	28.6
B. Net Profit	21.2	10.7	10.7
A+B	100.0	100.0	100.0

Source: Greek Industrialist Federation, The Structure of the Greek Industry, (SEB,1978),p.25.

From 1,931 industrial S.A. or Ltd. companies(appendices, table 5) the 606 or 31.4% showed loss or did not make any profits. The 1975 average was 34.3% and for 1974 25.9%. For companies which did not make profit or had loss, the average loss per company was 8,7 million drs. against 6,7 million in 1975, or an increase of 29.9% against 67.5 in 1975.

Nevertheless, for companies which did note profits, net profits per company was 10,5 million drs., against 8,8 million drs in 1975, and 10,2 million drs. in 1974. In this case, an increase of 19.3% was observed against a decrease of 13.7% in 1975 and an increase of 3.8% in 1974. The average net profits, for the total

of industrial companies (with profits and losses), was 4,46 million drs., against 3,48 million in 1975 and 6,55 million drs. in 1974. In other words, there was an increase of 28.2% following the serious decrease, against a 46.9% in 1975. For the total of 1,931 industrial companies, either S.A. or Limited, the return in net profit (after the subtraction of depreciation) reached 7.1% of equity, against 6.5% in 1975. Regardless of the small increase of net return on equity, the average in 1977 was noticeably lower in comparison with the immediate following years, as follows:

1972	12.8%
1973	18.5%
1974	13.31%
1975	6.5%
1976	7.1%

However, an increase in the average of net profits before depreciation of equity, was noted in 1976 of 26.2%, from 20.7% in 1975, whereas from the total (equity and long term liabilities) this average was 8.5% against 6.6% in 1975.

Finally, the return of total (equity and long term liabilities) capital, which clearly includes net profits, current depreciation and financing expenses, as an average, reached to 12.0% against 10.3% in 1975 and 12.7% in 1974.

In companies accomplishing profits in 1976, 48.6% of the net profit was held as stock and balance carried forward for the next issue. Respectively the average was 51.2% in 1975 and 52.6% in 1974. There was dividend distribution of 37.7% of net profit in 1976, against 37% in 1975, and 12.4% in 1974.

Industrial production (appendices, table 6) has noted serious slow down in its upward rate during 1977. The year 1977 was characterized as stagnant. The causes of this substantial withdraw must be searched in the branch development of the sector. These developments were differentiated according to the influences of holding back factors such as export decreases, low productivity, labor problems, etc.

Although it is not possible to sustain that this stagnation is due to the influence of just only one factor, it appears that the main reason for this withdraw was the weakness of export activity which caused a decrease in production in the industrial sectors, dependent intensively on foreign markets. Nevertheless, in spite of production decrease and in contrast to the development of other European countries, the industrial level has presented upward trends, although this fact had unfavorable consequences in productivity. The relatively high wage increases continued in 1977, resulting in an increase of pressure in industrial product cost. This increase produced substantial acceleration in comparison with 1976.

Regarding the transformation, the average yearly increase of the industrial production index in 1977 was only 1.3% whereas in 1976 it reached 10.6%. This serious slow down is due to the production decrease of certain branches and the withdraw of the ascending rates in most of the other branches. The production of investment goods has shown an absolute decrease of 2%. There was a serious slow down in the production of continuous and immediate consumer goods. Analytically, the production developments during 1977 were as follows:

A slow down in the production of consumer goods from March 1977

until the end of the year, with a slight seasonal interruption in September. Thus, the yearly increase of production of consumer goods averaged 2.2% in comparison to the increasing rate of 12% and 8.4% in 1976 and 1975 respectively.

In this slow down contributed as a decisive factor, the decrease of production in food stuff (-0.7%), in textiles (-2.7%) and leather goods (-9.2%). Nevertheless, in the general slackening contributed the serious slow down (from 21.5% in 1976 to 1.1% in 1977), of the increasing rate of production in the shoe and clothing branch. The unfavorable developments in the consumer goods industries were the results of the decrease in export activities. On the contrary, the domestic demand presented small increase in relation to 1976, therefore it must not be considered as a contribution to the production decrease.

Moreover, exports are presented as substantially weak even though this weakness has not been recorded distinctly in the Exchange Statistics, for two reasons: First, there is a significant time gap between the accomplishment of exports exchange settlement, second, the value modifications in exports which express demand intensity from abroad but simultaneously reflect price fluctuations. Surely, the decrease in exports is clearly derived from the results of the monthly research of Economical Coincidence, conducted by the Institute for Financial and Industrial Research. According to research data, in the textile industry, 37% of such companies, total demand was the main factor of productivity in 1977. From statistical data of total demand, exports presented special weakness. Respectively, the percentage for 1976 has not passed the 19%. Also, continuous consumer goods presented a slow down. Average yearly rate, in

this category surpassed the respective of 1976 by 3.6% whereas the year before it reached 12.8%. This decrease derived from serious slow down in production in the summer months, which was impossible to be covered by the slight increase which followed. An important role in the slow down of production of continuous consumer goods, played the yield of the electric branch which reflects the total. However, a second important branch in this category, furniture, showed an intensive decrease. The yearly ascending rate of furniture production decreased from 11.2% in 1976 to only 0.1% in 1977. The main reason being, the weakness of demand and especially from abroad.

The production of capital goods in 1977 decreased considerably, both in comparison to the previous year, and in relation to the development of the other two categories. The production index of investment goods averaged throughout the year in the lower levels in comparison to 1976 figures, resulting in an average yearly production of this category of 1.9% compared to the average level in 1976. Worth mentioning is that after a steady 1975, the production of continuous goods showed an increase rate of 7% in 1976. The decrease was a result of the serious withdrawal in the branch of basic metallurgy production, which raged 17.3% and thus being lower than the average level of 1976.

However, there was a decrease in the branch of machinery and appliances, at a rate of 2%, compared to the slight increase in 1976. On the contrary, the ascending rate in non-metal minerals appeared stabilized in 1977 with only slight tendencies of a slow down (1976/1975+15.1% and 1977/1976+13%). Somehow more serious was the slow down in the upward trend of production of metal products which from 20.5% in 1976, reached 16.3% in 1977.



The various developments in the branches of this category reflect to a certain degree the differentiation of demand for continuous products. Thus, the continuing increase in building construction, creates augmented demand pressures for construction material as well as metal products. On the other hand, the decrease in basic metallurgy resulted mainly from the withdraw of nickel-ferrous nickel, steel and steel sheets exports. These products cover the main part of this category. Finally, it should be considered that the unfavorable influence of extended strikes in nickel ferrous nickel, hurt mainly the production of continuous goods in the first three months of the year.

The fact that transformation activity absorbs more than 50% of the produced electric energy, the fluctuations in industry influence indicatively the electricity demand. Thus, after the serious slow down of the industrial production presented above, during 1977 a yield is indicated in the increase rate of production in electric energy. The average yearly increase of the electricity production index was 6.5% in 1977, compared to an increase of 11.7% in 1976. Simultaneously, a small decrease (-1.6%) was observed in gas production which in 1976 remained stable.

Regarding the mine production after a decrease in 1975 and a clear increase in 1976, it increased in 1977, but at a considerably lower rate than the previous year. The average in the mine production index increased by 4.1% in 1977, while in 1976 the increase reached 8%. This slow down is mainly due to the serious decrease (-35.3% of sulphuric mixtures) and baritin production

which in 1976 showed an increase of 69%. As well, a decrease showed in the production of iron and nickel minerals(-6.9%) in comparison to 1976 when there was an increase of 11.8%.

The decrease of production activity (export) in basic metallurgy and the successive yield in the manufacture of this branch, influenced surely the demand for iron and nickel minerals and contributed to the slow down of the upward rate of their production. On the contrary, boxite, chromium and manganese production which showed a decrease in 1976, increased in 1977 by 12.9% and 11.4% respectively. Finally there was an acceleration from 2.4% in 1976 to 11.4% in 1977, in the production of mining and construction materials. This faster trend is connected directly with the reinforcement for building construction activity which took place during 1977.

The average yearly price rate of industrial products in 1977 reached 12.5%, meaning that it was faster than the previous year, during which the prices increased by 10.8%. By that year, the price of industrial products continued to be slower compared to the developments in the general wholesale price index (appendices, table 7) which showed an increase of 13.8%. The rate of industrial prices was not uniform during the year. This increase appeared more intensive between April and September whereas a slow down was indicated in the last three months of 1977. The increase of labour cost between January and September 1977, played a role in the increase of wholesale prices of industrial products. It is believed that the average wages in industry increased by 22%. On the other hand, the increased pressures in production cost derived from raw material prices, faded considerably during the year. The increase of cost index

of raw materials and semi worked out products appeared with a considerable increase in the beginning of the year which in the last three months turned out to a pure decrease. Thus the prices of raw materials increased by 7.8% in the year in comparison to the ascent by 21% which was observed in the previous year.

Especially important was the acceleration of food prices which increased by 18.8% in 1977 compared to 11% in 1976. There are faster than average increases observed in wood and cork (16%), printing and publishing (16.1%), non metal mineral products (14.3%), machines and appliances (16.3%) and transportation equipment (20.7%). The prices for leather products remained stable in the levels of 1976, while in the other branches, the price increase rate averaged from 12.6% in beverages to 3.3% in paper products.

#### D. THE LABOUR MARKET

Due to the fact that there is a movement towards the "industrial democracy", it is considered as of importance to examine the standing of the labour market which is indispensably connected to the Greek industrial environment.

The whole sector of labour employment<sup>3</sup> and productivity in Greece poses one of the most serious problems to the country's economic future. The situation today in the business field for instance, is one in which a few large and very sophisticated companies contrast sharply in labour productivity (and perhaps

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<sup>3</sup> J. Demetrokallis, "The Labour Market in Greece", Business Finance, (1979), pp.9-18.

more importantly in management acumen) against the large number of smaller concerns where labour productivity, management-labour relations and management ability in general are of a very basic quality by European standards. Greece's forthcoming entry into the EEC and the increased competition from abroad that will inevitably ensue, will only serve to aggravate this serious situation, but on the positive side could force the introduction of new labour productivity and management methods which must appear if Greek industry, and in the longer term the country's economy, is not to be severely restricted by archaic labour and management practices.

It must be said at the outset that the renowned entrepreneurial ability undeniably possessed by many Greeks in business, either in the shipping field or through the better-known industrialist families in Greece, indicates that the potential in the management field has in some areas already blossomed. The same could be said to a lesser extent of the labour side since there is every reason to believe that the average Greek worker can work as hard and as productively as his European counterpart. What, then are the problems which currently restrict the productivity of the Greek labour force?

The most serious is lack of capital investment for purchasing equipment which could improve productivity? Are there also problems of a more general organizational nature? It is not altogether clear cut although there is evidence to suggest that organizational constraints are significant. The accompanying tables are produced to give some overall picture of the labour market in Greece and the increase in labour costs which have taken place over the last years. In appendices, table 8 the

average hourly earnings were for both sexes 12.74 drs in 1967 and 44.66 drs in 1976; it indicates a relative increase of 250%.

However, in appendices, table 9, we can notice in the leather industry-where our concern lies- that from 14.30 drs in 1967 the figure became 47.34 in 1976; in other words a relative increase of 231%.

The question, though, behind these figures is to what extent productivity has increased in this period. In an era of such large rates of increase in inflation in the western world, which have been particularly severe for Greece in the last few years, the critical balance between increase in costs of production (in Greece still in many areas principally made of labour cost) and in similar increase in productivity is of obvious importance. Many of the statistics provided in the tables in this article are obtained from international organization sources but within those sources there is an unfortunate and conspicuous lack of productivity statistics which apply to Greece.

The trade union movement in Greece is perhaps one of the weakest in any country in Western Europe and for this reason grievances held by workers are often brooded upon through lack of available channels through which they might be aired. The autocratic nature of many establishments in Greece (which is further commented on below) makes it very hard for workers and management to liaise on organisational and other problems. The most important event which may see things change drastically over the next few years is Greece's EEC accession and more particularly the effects of EEC legislation on safety matters in

general which has been, and is continuing to be, passed through the European Parliament if often very hard to abide by, even for the more developed countries of the existing Nine. The seriousness which Europe now attaches to both health and safety at work matters and to the protection of the environment can be clearly seen through the repercussions of the recent introduction of the Health and Safety. Such strict legislation will shortly be applicable to Greece and the speed with which industries can adapt to the new standards will to a certain degree dictate their survival potential.

After a careful examination of the organisation development in Greece we can conclude that the industry is dominated by short term considerations. The reasons behind this are threefold. Firstly, these enterprises are mainly preoccupied with the daily production of goods and services as the result of short term demands by local and domestic markets. Secondly, the managers do not feel the necessity of planning as an integral part of their managerial function. Thirdly, there is a shortage of qualified managers and employees with adequate business and managerial education and training.

The end result of the above, is that "objectives, policies, strategies and operational plans are either non-existent or limited in value".

It must also be appreciated of course that organizational plans are perhaps harder to implement because of the smaller nature of Greek enterprises. According to certain figures, the majority of Greek companies employ fewer than 20 people, the percentage for Italy, France and West Germany are 35 per cent, 25 per cent and 18 per cent respectively.

The small size of these enterprises tends to impede for the development of the efficient of organisation. More specifically:

- Delegation of authority and responsibility does not take place because one or two persons have complete authority and perform all the managerial functions themselves.
- Only the top managerial level is extant whereas the middle and operational ones are missing.
- The Functional Organisational Structure prevails because employees have more than one direct supervisor since the organisational structure is not clearly defined.
- There is no flexibility and balance in the organisational structure because it is centralised and controlled by one or two individuals.

To improve efficiency organisational development must be directed towards the mergers of a number of selected enterprises in order to create new ones whose size will be compatible with that of large EEC firms.

On the other hand, small but healthy enterprises must accelerate their internal growth and development as a result of serious efforts by their managers and owners". Finally, some fundamental truths are itemized about labour management relations and problems which really lie at the heart of the current problems in Greece. The first relates to staffing. Figures show the gulf between the academic qualifications of Greek and other countries' management. For example, the fact that only 19 per cent of the managers in small firms and 35 per cent in large

ones in Greece are university graduates. In Italy, France, Germany and Great Britain the combined percentages are 78 per cent , 87 per cent and 45 per cent respectively. The same situation, the author points out prevails among employees. Further, only a small percentage of Greek managers (21 per cent) have studied economics and business administration whereas their EEC counterparts range from a minimum of 30 per cent in Germany to a maximum of 50 per cent in Great Britain (interesting figures in themselves). Other points to be mentioned include the importance of establishing a more comprehensive formal and informal managerial and business education because the time had come to demand adequately educated personnel. Up to the present time, Greek industry had failed to produce such a product. Also important is the very evident lack of any job descriptions in most enterprises. This does not provide Greek employees and managers with the necessary guidelines to perform their work. As a result of this, work standards, and corrective actions are limited and vaguely defined.

Higher degrees of motivation are very limited. Praise is a very rare occasion to the point employees are begging for it. These may seem like harsh words and it might also be added that it is very easy to criticise the situation in a developing country whose manpower, academic and financial resources themselves restrict the adoption of more progressive management methods. But at the same time if change is to come about, as it must, then the basic philosophy behind business administration as a whole in Greece must be put on a different footing and the individualistic approach traditional to all walks of Greek life, must be transformed before the practical problems of improving



management, productivity and the like can be brought about. The single-mindedness of the Greek entrepreneur is one of the country's most valuable assets but it could also in future be a serious liability if the manager's autocratic nature cannot suitably adapt to a labour force which, through reaching greater levels of prosperity, are dissatisfied with the autocratic system in which they so often find themselves.

#### E. IMPORTS-EXPORTS

It is a fact that Greece relies heavily upon imports, which particularly for the first four months of 1979 rose 30.7% compared with a rise of only 14.8% in 1978 as a whole, put on a further spurt in May and June, when they were more than 48% above the level of those two months in 1978. As a result, in the first half of this year, they rose 36.5% and although exports rose even faster in this period, namely 38.1%, the fact that imports are roughly two and a half times as high as exports meant that the trade gap was 35.5% larger than in the first half of 1978, reaching a record high of \$2,891 million. This is larger than the trade deficit for the entire year in either 1975 or 1976.

In the table II.5 that follows below, we can easily see the enormous increase in the current deficit in the first half of the year, bringing it to a level above the registered for the entire twelve months in recent years. This was due, in addition to the record trade deficit, to the comparatively modest growth in the net invisible surplus.

TABLE II.5  
GREECE: BALANCE OF PAYMENTS

	Jan.-June '79		
	1978	1979	% increase 1979/78
Exports	1,373	1,896	38.1
Imports	3,506	4,785	36.5
Trade Deficit	-2,133	-2,891	35.5

Source: Economist Intelligence Unit, Economic Review of Greece, 1979, pp.9-12.

While the increase of foreign receivables was for 1977 higher from the previous year, exports of industrial products seemed to yield. It is estimated that during 1977, the increase of industrial exports was weaker from that of 1976, in many cases net decrease.

For the period of January-November, for which there exist data, foreign income from industrial and technical products reached 1,195,5 million dollars, that is they increased in relation to the respective period of the previous year by 13.5% whereas the increase of last year was 18.3%. This slow down was a result of the decrease in export rate of others. Thus, exports of unfulminating products are presented as seriously decreased (-38.4%), for the second consecutive year. The same with nickel (-9.8%), metal and mineral (-1.5%). Payments with foreign exchange were decreased as far as iron sheets (-26.2%), electrical appliances material (-3.1%) and other (-6.5%). Also decrease in textile exports (76/75:44.9%, 77/76:19.5%), machines and

transportation equipment (76/75:74.9%, 77/76:9.2%) as well as shoe and leather goods (76/75: 49.1%, 77/75:49.1%, 77/76:5.1%). Export activity appeared intensive in certain products. Based on the foreign exchange payments, cement exports increased by 15.5% while last year they showed stability. Chemical and pharmaceutical products export, after the decrease of 1976, increased by 56.1%, aluminum-alumina by 66.9% and furs by 21.1%. From the above, it is derived that the industries faced slackening in their production activities limiting working hours. Indeed, the average weekly employment in industry between January and September, 1977, dropped to 40,98 hours from 41,85 hours in 1976 or a decrease of 2%. The above developments and especially the continuous slowdown of industrial increase which was not accompanied by increase in labour, had unfavorable consequences in the productivity factor. The relative production index per laborer moved from March and on, in lower levels from the perspective ones of the previous year, resulting in a 3% decrease of the average level in 1977, while last year it increased 4%. Wage increases were given to the industry laborers in 1977. The National Collective Agreement, signed, determined increase man wages to 294 drs. vs. 15% and women 285 vs. 18.3%. In many cases the adjustments made overpassed this percentage resulting to faster increases of average wages. From January to September the average salary of the employees reached 16,537 monthly. compared to 1976, an increase of 20%. In the nine month period, the increase of consumer prices was slower. Thus there was a noticeable improvement in wages of the industry. The improvement of actual weekly wages was rated at the same level. The unfavored course of productivity described above, in combination with the

increase in salaries and wages had a respective influence in labor cost. It is estimated that cost of labor increase per product unit passed 20% in 1977, in relation to the 15% and 18% increases of 1975-76. These intensive increase pressure in labor cost will have serious consequences in the overall production cost and as a result in the final prices of industrial products.

As mentioned herein, the rate of investment financing to the private sector of the economy kept at the 25.5%, same as 1976. After an important acceleration in increasing rate, the last two months of the year, the new credits to transformation reached 41,780 million drs. or they were increased in relation to the levels of 13.12.1975.

#### F. CONCLUSION

We have seen in the present chapter that Greek industry is still struggling to organise itself on a footing which will enable it to compete effectively with longer established Western-European industry. Such characteristics as a lack of capital investment, management unversed in techniques now commonplace in more developed parts of the world, a structure of business institution well below what would generally be regarded as the optimum size, all contribute to the problem. Two factors in particular, seem to be permanent in sustaining weakness in Greek industry: The first is the absence of marketing skills, particularly those required to enable Greek products to penetrate foreign markets; the second is the virtual absence of personnel management and manpower planning. In the long run, Greek manufacturing industry will depend for its success on the skills of its management and on the sense of identification and motivation of its labour force.

The country cannot rely much longer on the energies of its entrepreneurial and largely opportunist, management and on the lack of organisation of its manpower. The trends now familiar in Western Europe are most likely to assert themselves in the 1980's in Greece. Not all the signs are discouraging, however, political stability and rising living standards have made the country very receptive to the organizational and managerial innovations of western industry. The question is the speed and the willingness with which Greek industry can shake off its undeveloped characteristics.

The next stage of the thesis is to focus on the particular problems of one industry. Thus in the next chapter we proceed to the case study part of the thesis relating to the footwear industry.

CHAPTER III  
THE GREEK FOOTWEAR INDUSTRY

## A. INTRODUCTION

This chapter sets out to analyze the industry's problems and opportunities and suggests some broad lines of strategy

recommended to the industry, government and other concerned.

It is intended as a set of general recommendations which if followed successfully would contribute to the industry's ability to play a substantial role in the economy by generating sound profits, providing well paid stable employment and contributing to the nation's balance of payment.

According to the National Statistical Service of Greece, the leather and footwear industry includes the large and small industries of leather (units of production for upper leather, synthetic leather).

As it appears in Table III.1 there are certain comparisons which were derived from the only available census of Industrial Units-National Statistical Service of Greece- for the years 1969 and 1973.

TABLE III.1

UNITS OF PRODUCTION, EMPLOYMENT AND HORSEPOWER  
FOR LEATHER AND LEATHER PRODUCTS

Sector of activity	Units of Production		Average Annual Employment		Horsepower	
	1969	1973	1969	1973	1969	1973
1. Leather Industry	435	369	2,361	2,332	16,119	18,547
Upper leather and leather soles	411	361	2,219	2,248	15,057	17,467
synthetic leather	4	2	55	72	572	1,066
2. Leather products or substitutes	735	792	2,523	3,160	812	1,658
3. Footwear	4,264	2,590	13,442	13,175	8,837	11,927

Source: Statistical Service of Greece, Census of Industrial Units, 1969, p.70

We can see that the number of production units in the labor industry has decreased by 16%, the average annual employment 1%, while the horsepower has an increase of 15%. It is clearly evident from these figures that there has been a move towards bigger units of production.

However, the footwear industry seems to have more dramatic figures. The units of production have decreased by 60% with only 1% relative decrease in the average annual employment, while the horsepower has a remarkable increase of 35%. These figures indicate that the rate of increase is following a progressive trend which correlates with the 20% rate of increase of the consumers disposable income.<sup>4</sup>

We should point out that the information about the disposable income may have been affected, if we take into consideration the correct economic situation of the country. It is a fact that Greece along with other Western European countries is facing difficult economic problems. Among these problems the most difficult are:

- Difficulties in the balance of payments (trade deficit)
- Decrease in investment rate
- A new development in rising unemployment
- Two digit rate of inflation (25%, the 1979 figure)
- Considerable repercussions of energy crisis
- Unfavorable psychological climate in the business environment
- Unstable and difficult to predict consumer behavior.

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<sup>4</sup>O.E.C.D., Economic Survey Greece , June 1977, p.43



Thus, the above factors have created some negative aspects in the environment. Furthermore, we should also point out that the small units are still the basic characteristic of the footwear industry if we consider that the 38% of the total production value is coming from 9,564 small units. As appears in the table III.2, the industrial production has shown an increase for the last 10 years, with an average annual rate of 15.2%. The increase in the footwear production was calculated to be approximately 18%.

TABLE III.2

INDEX OF INDUSTRIAL PRODUCTION

1970=100	1972	1973	1974	1975
1. Leather soles and upper leather	106.7	97.0	107.2	123.3
2. Synthetic leather	87.3	141.0	170.0	158.9
3. Footwear	135.1	132.9	152.9	153.1
Source: Statistical Service of Greece, <u>Industry Surveys</u> , 1976, p.43				

The total value of imports in the leather and footwear industry is increasing with an average annual rate of approximately 30% while the rate of increase of other imported industrial goods is approximately 15.2%. On the other hand exports have an upward trend representing approximately 8% of the total exports in the leather industry, the footwear represents 93%, which indicates a remarkable export activity with encouraging prospects for the future. Furthermore, the total value of raw material consumed by the leather and footwear industry for packaging, spare parts, fuel,

machinery and electricity was approximately 2,764 million drs in 1973 or 70% of the gross production value. The electricity and fuel expenditure did not seem to cause any problem in the leather and footwear industry due to the fact that the percentage in the total expenditures was insignificant. However, we cannot accept this aspect today because the energy problem has become an acute issue.

#### B. THE FOOTWEAR INDUSTRY

The manufacturing of shoes in different styles and quality has achieved remarkable progress during the last 10 years and has been a dynamic activity with a promising future development.

The Greek footwear industry covers both the domestic market and the export market. The basic factor of the increase in domestic consumption has been the increase in the standard of living of the average Greek family. However, the important move in the industry was given by the international market demand which plays a vital role in the future development of the industry.

With the available data, the footwear production(value added) during 1973 was 2,041 million drs and contributed 2.3% in the formation of the total value added of the manufacturing sector. It should be noted that the product of the small size industry, which in the case of the footwear industry has a significant percentage of the total activity, was calculated to be 1,181 million drs during 1973, covering 58% of the total value added in the manufacturing sector. The labor force in the footwear industry is 13,325 representing 2.3% of the total labor force in the manufacturing sector of the total industrial goods.

The footwear exports in 1963 were 0.2%, 1.8% in 1970 and 3.6% in 1975. In other words the value of exported shoes in 1975 represents 1,770 mill.drs versus the total value of exported industrial goods which is 49,638 million drs.

From the following table III.3 it is realized that between 1969 and 1973 the number of industrial shops was reduced by 50% approximately: the number of employees remained stable and the horsepower (HP) increased by 3.5%. These changes occurred because of the decrease of shops with less than 10 persons, increased from 210 to 250, the labor as well as the horsepower increased by 39% and 59% respectively.

TABLE III.3  
INDUSTRIAL SHOPS

1. Actual figures

No. of employees	Shops		Employment		Horsepower	
	1969	1973	1969	1973	1969	1973
Total	4268	2601	13462	13325	8838	11927
0 to 4	3763	2084	5874	3718	2676	2845
5 to 9	295	275	1993	1949	1591	1795
10 to 19	196	138	1883	1915	1461	1879
20 to 49	48	69	1367	1959	1368	1939
50 and over	26	35	2345	3784	1742	3469

2. In percentage

Total	100	100	100	100	100	100
0 to 4	88.2	80.1	43.6	27.9	30.0	23.9
5 to 9	6.9	10.6	14.8	14.6	18.0	15.0
10 to 19	3.2	5.3	14.0	14.4	16.5	15.7
20 to 49	1.1	2.7	10.2	14.7	15.5	16.3
50 and over	0.6	1.3	17.4	28.4	19.7	29.1

Source: Statistical Service of Greece, Census of Industrial Units, 1969-73, p.68.

It should be mentioned that in 1973 approximately 45% of the total production units were in the Greater Athens area, while this figure was only 30% during 1963. However the footwear

units employing 20 persons and over-as it is mentioned in the previous table-have increased during the 1963 -1973 period which means that their establishments are located in the Greater Athens area. The sectors representatives believe that this is because the units producing raw material are located in the big urban areas which facilitates the transportation and eliminates the relative cost.

In conclusion it can be said that there is a clear tendency of establishing and developing footwear units which can be considered satisfactory from the point of view of size. In fact, a footwear unit employing an average 70 persons with a daily production of 800 pairs of shoes, is considered to be an efficient unit of production.

According to data given in the table III.4 which follows, the gross production value of footwear units was 2,346 million drs in 1973, versus 392 mill.drs in 1963, which indicates an average annual increase of 19.6%. The footwear development during this period is considered to be accelerating compared to the entire manufacturing sector.

TABLE III.4  
GROSS PRODUCTION VALUE (in million drs  
current price)

	Total manufacturing sector (a)	Footwear (b)	Percentage of Participation (b):(a)=
1963	41,805	392	0.9%
1964	45,418	439	1.0%
1965	53,182	535	1.0%
1966	60,467	579	1.0%
1967	64,310	712	1.1%
1968	69,822	863	1.2%
1969	79,682	843	1.1%
1970	98,567	1,188	1.2%
1971	110,012	1,389	1.3%
1972	127,203	1,878	1.5%
1973	177,744	2,346	1.3%

Source: Statistical Service of Greece, Industry Surveys, 1976, p.50

The footwear value of exports and imports during the period 1964 to 1974 was as it is presented in the table III.5 that follows below.

TABLE III.5  
FOOTWEAR IMPORTS-EXPORTS

	Total Industrial Goods		Footwear	
	Imports	Exports	Imports	Exports
1964	20,912	1,422	2,3	6,9
1965	26,204	1,833	2,8	18,9
1966	27,934	2,771	5,9	34,3
1967	28,130	2,865	4,5	34,3
1968	29,795	4,588	4,3	40,8
1969	34,496	7,176	3,4	114,1
1970	39,015	9,665	3,4	174,6
1971	42,893	9,771	4,5	288,9
1972	53,531	14,531	4,6	511,7
1973	76,519	28,870	8,0	735,7
1974	86,010	40,730	6,6	1,067,8

Source: Statistical Service of Greece, Monthly Bulletin of Imports-Exports, 1976,p.40

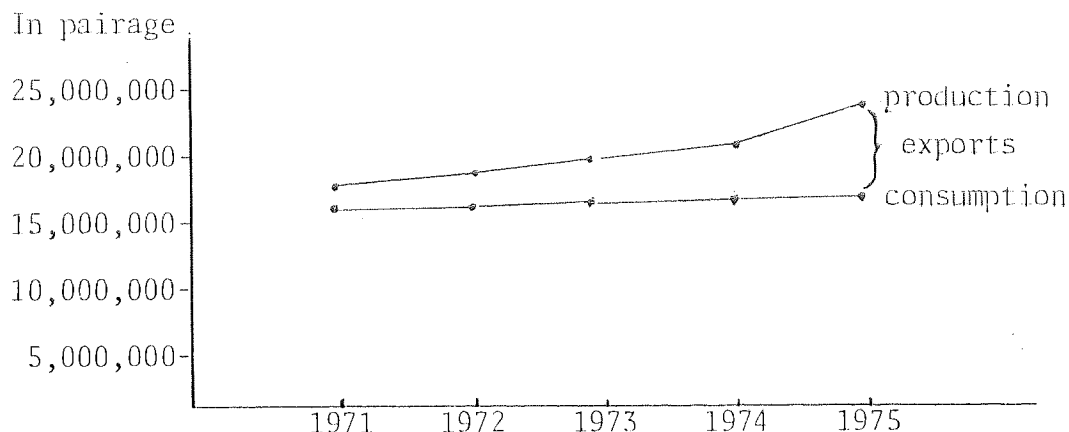
From the above mentioned data, it is realized that the footwear exports faced successfully the most basic problems regarding the product quality and have already achieved a remarkable inroads in the export activities with a galloping rate of increase which proves, that the Greek shoes, from the point of view of quality and price are highly competitive with the big European manufacturers. It should be mentioned as well, that the footwear exports were representing the 31.4% of the gross production value in 1973, verus 1.6% in 1964.

The production, the exports and the consumption of the footwear sector was as follows (table III.6) during the period 1971-75.

TABLE III.6  
FOOTWEAR PRODUCTION-IMPORTS-EXPORTS AND CONSUMPTION

YEAR	PRODUCTION A	IMPORTS B	EXPORTS C	CONSUMPTION A+B-C
1971	17,500,000	a few	1,450,000	16,050,000
1972	18,600,000	"	2,500,000	16,000,000
1973	19,200,000	"	3,000,000	16,200,000
1974	20,960,000	"	4,260,000	16,700,000
1975	23,400,000	"	6,600,000	16,800,000
Source: E.T.V.A., <u>The Anatomy of the Greek Industry</u> , 1977, p.249.				

1971-1975 FOOTWEAR  
PRODUCTION-EXPORTS AND CONSUMPTION



Source: E.T.V.A., The Anatomy of the Greek Industry, 1977, p.249.

According to the data of Table III.6 and the curves' evolution presented above, the footwear consumption appeared to have a relative increase for the last years which was finally stabilized at the level of 16-17 million pairs annually. This must be basically, due to the restricted net increase of population, the increase in the footwear prices and in the relative weakness of the consumers' buying behavior due to inflationary trends. However, the increase of the shoe-repair

shops is an indication that during the last years, the consumers are rather conservative in buying shoes. We should always bear in mind the difficult and economic situation as it has been outlined in the beginning of this chapter.

However, the demand from the international markets for the Greek footwear industry had an increase and gave an urge to the establishment and development of production units which already started competing satisfactorily with similar companies from the developed countries. Almost the total annual increase of production during the last years, is directed towards the foreign markets, which have to be considered as of vital importance for the future development of the sector. The upper leather represents the basic raw material in footwear and it is produced domestically. The imported quantities of processed leather is basically of a special quality.

The quality of the upper leather which is produced in Greece is considered to be satisfactory for the production of middle or upper quality shoes. The quality for the production of luxury shoes is not so good when compared to the foreign ones. The other raw materials used by the footwear manufacturers have not as yet followed the development of the footwear industry which distracts the basic functions leading to a relative increase in the production cost. It should be mentioned that in the competitive countries, all the raw material is produced by well organized, highly specialized "satellites".

Table III.7 presents a picture of expenditures for raw material during the period of 1970-1973, which clearly takes the biggest proportion in the formation of expenditures, as it is indicated in the table with percentage figures.

TABLE III.7  
FORMATION OF RAW MATERIALS EXPENDITURE

	(In Million Drs)			
	1970	1971	1972	1973
Raw Materials	689,0	800,0	1093,2	1349,7
Packaging Material	15,9	19,0	28,1	36,1
Spare Parts	10,5	13,6	15,0	22,9
Various	11,4	12,7	13,0	19,3
Transportation cost	3,9	4,2	6,1	8,6
Payments	17,1	24,6	31,1	49,9
Fuel	0,2	0,1	0,2	0,2
Electricity	5,8	6,5	7,1	9,3
TOTAL	754,0	880,0	1195,0	1486,0
	( In Percentages)			
Raw Materials	91.4	90.1	91.5	90.6
Payments	2.3	2.8	2.6	3.4
Rest	6.3	7.1	5.9	5.0
TOTAL	100.0	100.0	100.0	100.0
Source: Statistical Service of Greece, <u>Industry Survey</u> , 1976, p.42.				

During the 1964-1973 period the investment in the footwear industry (Table III.8) had an annual rate of increase of approximately 18.2%. While the entire manufacturing sector had an annual rate of increase of 21.5%.



TABLE III.8

## GROSS INVESTMENT OF FIXED CAPITAL

	(IN '000 drs)					
	Total	Machinery	Fields	Buildings	Tranpor- tation	Rest
1964	22,937	16,168	762	2,240	1,710	1,057
1965	19,838	16,258	88	2,356	506	635
1966	20,972	14,871	2,946	336	1,850	979
1967	25,632	19,261	--	3,897	927	1,536
1968	41,838	26,881	1,557	11,401	347	1,652
1969	44,380	24,511	1,740	13,643	2,964	1,522
1970	68,353	36,873	2,603	18,957	1,440	8,480
1971	59,005	35,137	4,709	8,653	1,916	8,590
1972	118,609	77,844	12,323	16,627	4,738	7,077
1973	103,301	58,396	12,388	18,770	4,794	8,416
	(in percentages)					
1964	100	70.5	3.3	18.5	3.1	4.6
1965	100	81.9	0.5	11.9	2.5	3.2
1966	100	70.9	14.1	1.6	8.8	4.6
1967	100	75.2	-	15.2	3.6	6.0
1968	100	64.3	3.7	27.2	0.8	4.0
1969	100	55.2	3.9	30.7	6.7	3.5
1970	100	53.9	3.8	27.8	2.1	12.4
1971	100	49.5	8.0	14.7	3.2	14.6
1972	100	65.6	10.4	14.0	4.0	6.0
1973	100	57.1	12.0	18.2	4.6	8.1
Source: Statistical Service of Greece, <u>Survey on Large Size Industries</u> , 1976, p.20.						

From the data given in the table III.8 it is clear that the investment on machinery, fields and buildings represents 87.3% of the total investment.

The labor force in the footwear industry is approximately 13,300 persons. Specialization does not seem to cause any problems for the present, whilst middle quality shoes are produced. However, luxury quality products face basic problems in proper organization and orientation of the production procedures. Efforts are made towards the development of specialized personnel, particularly at the technical level.

## C. CONCLUSIONS

The conclusion which can be derived from this chapter relates to the factors influencing the behaviour of Greek and foreign consumer demand for Greek footwear. These factors are classified as follows:

1. Reinforcing domestic consumption
2. Reinforcing exports
3. Restraining development of the footwear industry in general

We shall analyze the above factors, since they constitute the basis for forecasting the future development of demand.

### 1. Factors Raising Consumption in Greece

During the last ten years, the most fundamental factor reinforcing the development of footwear consumption is the high income elasticity, of demand. A second major factor is the marked increase of consumption of the products in question, was the general rise of the standard of living in Greece, reinforced by the increase of international tourist movement and fashion trend towards imitation which resulted in further stimulating the demand. Furthermore, the investments made by the Greek manufacturers in this branch and the technological developments which took place particularly during the last five years, should be reorganized. From these and other factors there was a resulting rise in productivity which caused a trend of lowering prices or improving products in the market, placing in the market products of high quality but "reachable" by the lower economic consumer levels of the population. These, in conjunction with the existing duty protection

constituted a major reinforcement factor promoting the use of such products in Greece.

2. Factors Raising Exports

Of factors which stimulated Greek exports, particularly those of footwear, the most important is deemed to be the economic policy followed by the more developed countries. These countries largely reduced their dependence on labor intensive activities and directed their activities to capital intensive which requires high technology.

In addition to the above, the most important factors which stimulated exports of Greek footwear to the countries of Western Europe were the good quality and the satisfactory prices of the Greek products.

Eventhough there are certain doubts in the minds of Greek manufacturers when wages and salaries are, in fact, as low as in Greece, they are lower than the corresponding wages and salaries of more economically developed countries, particularly those towards which Greek footwear exports are geared today and for the future.

This is the case even after taking into consideration:

- a. the various contributions of employers for the Social Insurance Fund (I.K.A.) and various other charges (Christmas and Easter bonuses, paid vacation, idemnities, etc.)

but mainly,

- b. the relatively low productivity due to lack of training and industrial tradition in Greece,

and finally,

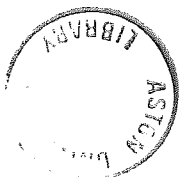
- c. the mentality of the Greek employee-worker;  
the comparative advantage of lower wages and salaries, as long as they last, shall be the basic factor for the development of the industry.

Furthermore, the continuous rise of demand which is observed in the domestic market is similarly observed in the consumer countries abroad, on account of the rise in income, in the rising standard of living, and the increase in population as well as the trend towards fashion. These are some of the factors which have contributed to the significant rise of Greek footwear exports in the last ten years.

3. Factors Restraining the Development of the Footwear Industry

Contrary to the above positive demand factors which contributed to the rise in domestic consumption of footwear and the development of exports, a great number of factors restraining progress had negative effects on the development of the industry in the last decade. Problems discussed earlier in the section on raw materials include,

- a. the insufficient local production of processed raw material of large animals, i.e., cattle,
- b. the production of processed leather, leather upper and leather sole of unsatisfactory quality,
- c. the lack of tanneries for complete processing of abundant and excellent quality raw material (raw



skins of goats and sheep), a fact which obliges the footwear industry to import goat leather which often is processed abroad from Greek exported raw skins,

- d. the lack of uniformity of quality, colours, etc., of the local manufactured leather, and
- e. the non-timely sampling of leather, etc.

In addition to the negative effects of the above on the development of the footwear industry, the following factors (some of which constitute the basic problems of all Greek industry) were obstacles to further development of this branch:

a. Disintegration of Production

There is considerable disintegration of production and also unfair competition to organized industry and craft industry by "pirate" home and craft type industries.

The basic characteristic of the footwear industry is the craft and family type of enterprise, as only very few may be considered as industries.

This obviously does not contribute to the rise of productivity, decrease in costs or improvements in quality, all of which assist in developing the industry. In addition, this problem is aggravated by the unfair competition created by the numerous small craft and home type enterprises to the detriment of the organized industry and craft industry. Specifically, the craft and home type enterprises, are not subject to any social insu-

rance contributions; they buy and sell without invoices, they are subject to no regulations regarding working hours, they keep no official records, they are not taxed, etc. Thus they are able to sell freely their products at reduced prices, causing great harm to the conscientious craft and industry entrepreneurs who abide by the above laws and regulations.

Another similar example showing the lack of the suitable climate in Greece for the development of a healthy industry and craft industry was mentioned to us by one of the most important footwear manufacturers. He was faced with the following problem: A small footwear craft manufacturer used the name of a well-known international firm "X" by selling his shoes in his store's showroom, as "type X" footwear. This caused confusion to the consumer and a loss to the Greek manufacturer who had concluded a license agreement with this international firm for the use of the name "X" along with the know-how, etc, and ways paying royalties for such rights. When this case of unfair practice (use of product name without owner's permission) went to court, the judge said that there was no relevant legislation to cover the infringement in question by the small footwear craft manufacturer.

b. Technological Equipment

Although large part of the equipment and machinery installed in the footwear industry is up-to-date, the impression of the physical layout given to one visiting the plants is that their installation, as well as the organisation of the work involved, is not conducive to efficiency or to applying modern methods and techniques of production. Thus, notwithstanding the use of modern equipment there is insufficient increase of productivity as could otherwise be expected. Furthermore, the Greek industries and craft industries face the problem of spare parts when machinery imported from abroad breaks down. In most of these cases, due to the distance from foreign suppliers and the fact that the Greek importers do not carry sufficient supplies of spare parts, serious delays arise with negative effects but on cost and delivery, especially for those products to be exported.

c. Lack of Specialized Workers and Personnel

There is a lack of specialized working personnel particularly at the foreman and designer levels. This is due to the following main reasons: a) to the mentality of the Greek employee worker who becomes independent when he feels he has mastered his trade, b) to improper handling by most employers of their employees increase of human relations because of lack of organization in the firms, and

c) to the lack of necessary technical schools to supply trained workers to the developing leather industries and craft industries.

Furthermore, the serious lack of middle and higher technical and administrative personnel in the leather industry which is typical of most Greek industries is and will continue to be a negative factor in the industry's growth during the following years.

d. Lack of Organization in Enterprises

Basic findings of this study in the footwear industry are that a) the general level of organization of firms of footwear is exceptionally poor. Thus, even in the largest firms, the Managing Director, who is often the owner, performs many tasks which would normally be dealt with by middle or lower administrative personnel in a well organized enterprise, b) the general level of the employee-worker, with few exceptions, is again low from the point of view of professional training and experience, c) no firm has person responsible (scientifically trained) as personnel manager (as this function is known today in Greece in well-organized middle or large size firms) to follow and solve the numerous daily problems of human relations and to create and maintain a pleasant work atmosphere which in turn increases the productivity of workers. This problem arises because, with few



exceptions, firms are managed by the owner-entrepreneur who may be capable and experienced from a technical point of view, but who often has a very low educational background and commercial orientation.

Finally, as we shall see in more detail below there lacks the competent staff to assist the management of the company in taking the right and appropriate decisions.

Concerning the marketing/sales departments specifically, it was determined that, with few exceptions, the services of planning, forecasting, research, statistical analysis, advertising, sales promotion and public relations are totally non-existent.

Thus;

- There are no annual, monthly and in some cases, no weekly analytical sales plans by product, by area (in Greece and abroad where there is export activity), dealt with by a person responsible for sales in quantity and value; and no action is taken according to firms' market planning of short and long term policy simply because such policy does not exist.

- Basic economic indicators outside the firm and in the Economy are not followed closely, e.g., increases in income, construction activity, imports and exports of products of the in-

dustury and other many basic economic indicators as well as, statistical data and information closely tied with consumption growth for the products in question.

-There are no monthly analytical advertising and sales promotion programmes according to means and manifestation, e.g. participation in many of the numerous international fairs (except for the larger fairs) which annually take place abroad and from which Greek representatives are usually absent. Furthermore, there is a lack of public relations programmes.

-There are no organized purchasing departments that follow international development in supply and demand of leather products, prices, substitutes, etc., nor are there soundly organized commercial export departments.

-No significant analysis of the company's statistical data is available; no programmes of fixed and proportional expenses is established and cost analysis takes place by other methods and on a very casual and approximate basis.

-No specific programmes for the development of the distribution channels is laid out.

-None of the firms in the industry have research and development programmes. In addition, as far as we were able to determine, no Greek tanner, footwear or leather manufacturer has concluded a joint venture agreement with a foreign firm providing capital, technical assistance or a commercial network for distribution. Thus Greek firms receive no real assistance for improving the quality of domestically produced leather upper as they are not timely informed about the designs and colours to be used for the next season, the choice of types and models of footwear and handbags, etc., and therefore they are in a disadvantageous position vis-a-vis their foreign competitors.

The organizational weaknesses which became evident during our study of the firms in the leather industry some of which were mentioned above, have negative effects on the firms' financial performance. In any case, if these problems are not cured in time, they shall hold back future development of the three leather branches, particularly for the export oriented firms. This problem confronting our particular industry is a more general problem which more or less preoccupies all

of the industrial branches and is characteristic of a developing economy. However, it still remains a serious problem which affects mainly the export enterprises vis-a-vis their competitive position in the international market.

e. Weaknesses in the Public Sector

Weaknesses noted in Public Administration and bureaucratic machinery hinder the development of the industry. As examples, we mention the following: a) the lack of adequate legal protection of companies using trademarks of foreign firms, b) the existing general climate of over-protection of the employees, c) the bulk of paper work required due to the complicated bureaucracy causing delays to exporters in refunds of duties, taxes, stamp duties, etc., d) the fact that charges effecting exports "outside the firm" are not constant, e) the lack of analytical statistical data concerning the leather industry, which hinders the precise examination of problems and the attaining of proper solutions, and the luxury tax on leather goods which has turned supply and demand towards plastic raw materials.

f. Lack of a Real Fashion Market in Greece

The fact that there is no real fashion market in Greece to use designs for a season's production needs and that designs, etc., must come from

abroad, hinders industrial production because production time allowed for any particular season is limited, with all the natural ill effects. Footwear, in fact, are particularly fashion items. The designs, colours, materials, etc., change constantly and the lack of Greek fashion per se is clearly a negative point.

g. Lack of Organized Branch Federations

The branch federations in question in Greece are in essence non-existent, and as a result they offer their members no real service neither in the form of advice nor in the form of data and information on the development of the leather branches in Greece and abroad. The matters that confront the branch federations at present pertain mainly to tax, duties and price control matters. In any case they could not deal with more matters since the average number of professional persons employed in these federations is only one person. In order to realize the extent of the weakness of the footwear industry even in this area, it is worth knowing the internal organization of similar branch federations in more developed countries and the type of services they offer to their members.

D. POLICY RECOMMENDATIONS

The footwear industry has achieved remarkable progress during the last years. But the future development of the industry is associated with the ability of the footwear representatives to

create a tradition of buying Greek shoes by foreign purchasers. There has been an improvement in that direction but it needs a continuous and intensive effort for the better organization of production, further improvement in quality of manufactured products, and the flexibility of the firms in meeting easily the fashion trends.

It should be mentioned here that the footwear industry, has attractive development prospects arising from Greek entry into the EEC. It is expected to grow into a dynamic manufacturing activity.

#### 1. General

- a) It is recommended that the close cooperation of manufacturers and state authorities should be shared by establishing a permanent committee with the job of watching the industry's development and of consulting responsibly on every problem.
- b) An in-depth study on analysis of the foreign markets and more specifically comments on consumers' trends and attitudes.

#### 2. Incentives for Development

- a) To study and implement incentives for modernization of small size units up to the acquisition into larger units.
- b) To support the branches towards specialization for the production of improved quality for footwear secondary material.

#### 3. Incentives for Exports

- a) To simplify the state's export procedures.

b) To expand the possibilities for further support of footwear export activities, by reactivating incentives that have been out of use for a long time.

4. Marketing

Providing organizational and financial assistance for the establishment of continuous product shows, as well as, promotion activities for the footwear industry.

5. Labor Force

Restructuring of existing programmes for the development of technical staff for production and administration.

6. Financing

a) Supporting special financing facilities and delegating more authority to assist the footwear industry, to improve flexibility.

b) To study the possibility of supporting exports through financial assistance (e.g, credit) based on the companies' proved activity in the market.

An analysis has been made in this chapter of some of the ways in which the footwear industry could improve its performance. However, an appraisal of the Greek industry would be more meaningful if it were compared with a similar industry longer established elsewhere.

Accordingly, an analysis of the British footwear industry is undertaken in the next chapter. It is hoped that in this way it will be

possible to show more clearly the most promising lines of development for the Greek industry.

Comparisons between similar industries in different countries can sometimes in national characteristics and circumstances have to be taken into account. Nevertheless, the analysis undertaken in the following chapter will help to place the problems of the Greek footwear industry in perspective.



CHAPTER IV  
THE BRITISH FOOTWEAR INDUSTRY

## A. INTRODUCTION

The following analysis of the British footwear industry relates to a situation in which the industry is old established and more commercially oriented than in the case of Greek industry. The British footwear industry which had been well established in overseas markets particularly those in the Commonwealth since the 19th century, is today experiencing problems of re-orientation from foreign competition particularly that from Western Europe. However, its struggle for survival and to maintain an effective penetration of foreign markets is being undertaken in a somewhat different context from the Greek industry.

The British industry is organized in larger units and more heavily capitalized than the Greek industry. The sense of craftsmanship has disappeared more fully than in Greece and the problems of management in large organizations more severely encountered.

Nevertheless, it is possible to make some interesting comparisons between the British and Greek situation. The industries in both countries have a substantial domestic market; they both have good market opportunities in Europe and these have been particularly improved by membership of the EEC.

The management of the British industry has been more heavily constrained by the more effective organization of labour and higher wage levels in the U.K. On the other hand, the ideals of industrial democracy and of collective bargaining are now spreading rapidly in Greece and wage levels are also rising rapidly in that country.

The following provides a comparative analysis of the two industries and will help to expose issues arising in the policy questions facing the Greek footwear industry.

## B. COMPETITIVE STRENGTH AND OUTPUT PERFORMANCE IN THE BRITISH FOOTWEAR INDUSTRY

It is a fact that the U.K. pairage production has fallen by some 15% between 1971 and 1975. Indeed this gives a misleading impression of the change in the real output of the industry because there was some improvement in the "mix" of output over this period, that is to say, and as will be shown later, there was a shift towards products of a higher unit value. The index of industrial production, which measures changes in real output, is a more appropriate indicator of the volume of production and allows comparisons to be made with other industries.

Table 1 gives the industrial production index by sector (orders) for UK manufacturing including indices for footwear and total manufacturing. It can be seen that the output of the footwear industry declined by 7.0% over the period 1971-75- about half the rate of decline in pairage- although total manufacturing output grew by 1.8% over the same period. Between 1972 and 1973 the footwear industry shared in the general expansion of manufacturing output. In this period, output in footwear grew less rapidly than the average and in the downward phase of the cycle after 1973 its output also fell slightly less than the average. Between 1973 and 1975, output in footwear fell by 7.0% compared with a decline of 8.5% for manufacturing output as a whole and as much as 9.9% in vehicles and 21.4% in metal manufacture (Table 2). The 1973-75 decline in footwear output was, in fact less severe than in some "growth" industries such as electrical engineering. It is true to say, therefore, that the footwear industry has not suffered an exceptional decline in output in the present recession although over the longer period since 1958, it has as will be shown, been an industry in relative decline.

The latest figures for industrial production and orders show some signs of recovery in footwear output in line with manufacturing output as a whole. Table 1 shows that on a seasonally adjusted basis, the 1975 trough was reached in the second quarter. Since then output has improved although the recovery levelled off in the fourth quarter and orders in hand remain at very low levels by historical standards.\* General opinion in the trade seems to be that the recovery has been sustained beyond the period covered by the official statistics, although domestic demand is not rising strongly and may to some extent reflect a reversal of destocking by the retail trade.

#### 1. Employment

The proportionate decline in employment in footwear over the period 1971-75 has been close to that in pairage production, over 14% or 13,000 persons. This is much more severe than the general decline in UK manufacturing employment which was 6.4% over the same period. Table 3 shows, in fact, that the decline in employment in footwear exceeded that of any of the main sectors of manufacturing. The decline of 14.3% in footwear employment compares with 13.3% in textiles, 11.6% in leather and fur and 10.2% in coal and petroleum. Since 1958 employment in the UK footwear industry has fallen by 27%, or 29,200 persons.

#### 2. Unemployment

Over the period 1971-74 the unemployment rate in footwear remained at just over half the average for all manufacturing industries in Britain (Table IV.4). As in industry as a whole,

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\* Orders in hand have not proved in the past to be a reliable short-term indicator.

TABLE IV.1

UK: OUTPUT AND ORDERS IN HAND IN FOOTWEAR AND OUTPUT  
IN TOTAL MANUFACTURING 1973-75

Footwear			Total Manufacturing
	Index of output 1970 = 100	Orders in hand (end period) Million pairs	Index of output 1970 = 100
Seasonally adjusted			Seasonally adjusted
1973	108	44.7	110.9
1974	107	50.7	107.8
1975 P	100	36.9	101.4
1975 1st Q R	106	35.2	106.1
2nd Q R	95	40.8	100.0
3rd Q R	101	32.8	99.9
4th Q P	100	36.9	99.8
1976 Jan R			101.7
Feb P			101.4

Source: Business Monitor PQ450, Footwear Monthly  
Digest of Statistics, March 1976  
Department of Trade and Industry.

TABLE IV.2

## UK INDEX OF INDUSTRIAL PRODUCTION 1971-75

1971=100

Industry	1972	1973	1974	1975
Food, drink & tobacco	104.3	108.6	109.2	107.0
Coal and petroleum	99.2	106.4	102.5	89.0
Chemical and allied	105.7	118.5	124.9	113.1
Metal manufacture	100.0	109.4	100.3	86.0
Mechanical engineering	94.9	103.3	103.3	101.9
Electrical engineering	107.8	122.4	117.7	111.3
Shipbuilding	95.0	98.4	102.9	107.0
Vehicles	105.3	106.7	100.1	96.1
Metal goods n.e.s.	102.6	110.5	110.0	99.7
Textiles	102.4	107.8	98.5	93.0
Leather and fur	101.5	98.1	92.1	89.5
Clothing & footwear	102.3	108.8	106.5	105.9
Bricks, pottery, glass	106.0	118.7	109.0	100.7
Timber, furniture	110.2	128.8	109.2	107.5
Paper, printing & publishing	105.5	115.2	111.8	99.5
Other manufacturing	103.6	115.8	113.6	103.4
Total manufacturing	102.8	111.3	108.2	101.8
Footwear	96	100	99	93

Source: National Income & Expenditure 1963-73  
Monthly Digest of Statistics, March 1976  
Business Monitor PQ450. Footwear, Third Quarter 1975

TABLE IV.3  
EMPLOYMENT IN MANUFACTURING INDUSTRY, 1971-75

Great Britain

	June 1971	June 1975	000's Total %
	Employment in thousands		Decline 1971-75
Food, drink & tobacco	743.5	714.0	4.0
Coal and petroleum	44.3	39.8	10.2
Chemical and allied	435.2	425.3	2.3
Metal manufacture	556.4	500.3	10.1
Mechanical engineering	1038.5	949.3	8.6
Electrical engineering	799.3	770.4	3.6
Shipbuilding	183.3	176.6	3.7
Vehicles	807.1	750.7	7.0
Metal goods n.e.s.	571.8	542.3	5.2
Textiles	581.2	503.8	13.3
Leather and fur	46.5	41.1	11.6
Clothing & footwear	429.1	389.4	9.2
Bricks, pottery, glass	301.5	277.8	7.9
Timber, furniture	264.2	261.5	1.0
Paper, printing & publishing	588.8	561.9	4.6
Other manufacturing	331.3	322.3	2.7
Total manufacturing	7886.3	7378.6	6.4
Footwear	91	78	14.3

Source: Monthly Digest of Statistics, March 1974,  
March 1976. Department of Employment Gazette

the rate fell quite sharply between 1972 and 1974 but it rose much more rapidly than the average between 1974 and 1975 almost tripling to 2.9% in footwear compared with the 90% increase to 3.4% for manufacturing in Britain as a whole. Figures for January and February 1976 indicate that the unemployment rate increased further to over 4%, still somewhat faster than the continued increase in unemployment in manufacturing as a whole in that period. There are quite marked differences in the regional pattern of unemployment. In general, unemployment rates are highest outside the main concentrations of the footwear industry. The highest rate of unemployment in footwear in 1975 was in Scotland where unemployment generally in manufacturing was low but before 1975 there was persistently highest unemployment in the industry in Wales. However, Scotland and Wales only have under 4% of the footwear industry's labour force so the numbers involved are absolutely very small. The West Midlands and the South East come next. In the largest footwear employment regions, the East Midlands, the North West and the South West, unemployment is below the national average for footwear and well below the regional averages for manufacturing as a whole. The sharpest increases in unemployment in footwear between 1974 and 1975 occurred in the West Midlands, where the unemployment rate increased by  $5\frac{1}{2}$  times, and in the South West and Scotland where it increased by 4 times and 3 times respectively.

### 3. Foreign Trade

Since 1970 UK imports of footwear have increased much more rapidly than total imports of manufactures and the proportion of home consumption accounted for by imports is now high in



TABLE IV.4  
GREAT BRITAIN, MID YEAR UNEMPLOYMENT RATES, FOOTWEAR AND ALL MANUFACTURING BY REGION 1971-75  
% at June

Region	Footwear					All manufacturing				
	1971	1972	1973	1974	1975	1971	1972	1973	1974	1975
South East	2.2	3.2	2.7	2.3	4.8	2.0	2.1	1.3	1.2	2.5
East Anglia	1.3	2.4	0.9	1.0	2.2	2.9	2.3	1.4	1.3	3.1
South West	1.1	0.6	0.9	0.5	2.0	2.5	2.6	1.7	1.8	3.5
West Midlands	1.3	2.2	0.8	1.2	6.7	2.7	3.4	1.7	1.6	3.5
East Midlands	1.3	1.4	0.7	0.7	2.0	2.3	2.4	1.4	1.5	2.9
Yorkshire & Humberside	3.3	3.1	1.4	1.6	3.0	3.4	3.6	2.1	1.8	3.1
North West	1.6	2.3	1.3	0.9	2.3	3.5	4.4	2.8	2.3	4.0
Northern	2.2	3.1	2.0	1.5	4.0	4.7	5.8	3.7	3.1	4.4
Wales	10.1	6.9	4.2	2.8	5.1	11.7	12.8	8.0	6.1	8.4
Scotland	3.9	4.5	2.6	2.5	8.1	1.7	1.9	1.1	1.1	2.1
Great Britain	1.7	1.9	1.2	1.0	2.9	3.0	3.4	2.1	1.8	3.4

Source: Unemployment figures provided by Department of Employment. Employment figures from Department of Employment Gazette, July 1975, June 1974 and October 1973. For 1975 the regional employment figures were estimated from the known total on the crude assumption that the breakdown was the same as in 1974.

pairage terms-in 1975 over one third of the total-  
about the same level of penetration as passenger car  
imports. As already shown, however, a rapid expansion in  
footwear imports has been common to all the advanced  
countries, except Italy, and in fact import penetration of  
the UK footwear market is quite low compared with other  
EEC countries. What is exceptional by EEC standards is the  
UK industry's low export ratio. Since exports of goods and  
services account for 26% of the GNP the footwear industry's  
export ratio of 10% (in pairage terms) is clearly well  
below the national average and would be further below the  
average for manufacturing industry.

Table W5 compares the growth of footwear exports with all  
UK exports of manufactured goods. It can be seen that,  
since 1970 the increase in footwear exports has only been  
one third as great as the increase in total exports.  
Exports of footwear to the EEC countries have increased  
somewhat faster than total UK exports to the EEC and the  
industry has in fact pulled up its EEC export ratio from  
15% of its total exports in 1970 to 35% early in 1976, a  
little above the average for exports of UK manufacturing  
industry as a whole. (However, exports to Ireland account  
for a major proportion of the EEC total). The UK footwear  
industry, however, has not increased its exports of footwear  
to either EEC countries or the rest of the world sufficiently  
fast to keep its export performance in line with that of  
British industry as a whole.

#### 4. Labour Productivity

It has already been mentioned that employment in footwear fell faster than output between 1971 and 1975. In fact output per man increased by 9.1% over the period compared with 8.8% in manufacturing as a whole (making no allowance for changes in hours worked). As will be shown later, footwear manufacturing is a relatively labour intensive industry and even much of the capital employed is tied up in stocks and work in progress. The scope for increasing labour productivity by substituting machinery for human effort is almost certainly less than manufacturing on average so that the increase in output per man between 1971 and 1975 seems a very creditable performance.

Table IV.6 shows that over the longer period since 1958, net output per man in footwear has increased more slowly than the manufacturing average, although productivity in some branches of the clothing industry has kept up with the average. As might be expected the absolute level of net output per head in footwear is much lower than the average; at £2374 per head it was only 68% of the average for manufacturing, although it compares quite favourably with the clothing industry.

#### 5. Conclusion

The footwear industry in Britain has contracted in output and employment over the last five years at a time when manufacturing industry showed some overall growth in output (though not in employment). The real value of footwear

TABLE IV.5

## UK EXPORTS OF FOOTWEAR AND ALL MANUFACTURING 1970-76

	£'000				
	Footwear			All manufacturing	
	Total	EEC	%	Total	EEC
1970	35,511	5,432	(15.3)	8,062,750	2,356,273 (29.2)
1971	36,334	6,477	(17.8)	9,175,535	2,660,615 (29.0)
1972	32,265	8,089	(25.1)	9,745,682	2,939,721 (30.2)
1973	35,555	11,810	(33.2)	12,455,110	4,030,165 (32.4)
1974	47,315	16,065	(33.8)	16,494,315	5,507,954 (33.4)
1975	52,914	17,637	(32.8)	19,762,403	6,388,620 (32.3)
Jan, Feb, March 1976	15,582	6,290		5,818,087	1,999,870
% increase 1970-75:	49	225		145	171

UK IMPORTS OF FOOTWEAR AND ALL MANUFACTURING  
1970-76

	Footwear			All manufacturing		
	Total	EEC		Total	EEC	
1970	40,574	16,657	(41.1)	9,051,466	2,438,557	(26.9)
1971	54,556	22,718	(41.6)	9,833,942	2,645,613	(26.9)
1972	62,389	26,780	(42.9)	11,155,418	3,521,861	(31.6)
1973	84,387	37,496	(44.4)	15,854,443	5,197,124	(32.8)
1974	109,288	53,421	(48.9)	23,116,718	7,722,356	(33.4)
1975	123,304	59,005	(47.9)	24,028,143	8,801,315	(36.6)
Jan, Feb, March 1976	46,256	22,028	(47.6)	6,820,399	2,504,166	(36.7)
% increase 1970-75:	204	254		166	261	

Source: Overseas Trade Statistics of the UK.

TABLE IV.6  
NET OUTPUT PER HEAD IN SELECTED INDUSTRIES, 1958, 1963, 1968, 1970, 1971, 1972

	£ per head									
	Per cent increase									
	1958	1963	1968	1970	1971	1972	1973	1958-72	1963-72	1968-72
Footwear	700	956	1305	1539	1751	1925	2374	175.0	101.4	47.5
Leather goods	631	830	1103	1296	1359	1568	n.a.	148.5	88.9	42.2
Mens and boys outerwear	523	669	955	1135	1321	1437	n.a.	174.8	114.8	50.5
Womens and girls outerwear	647	843	1159	1335	1498	1658	n.a.	156.3	96.7	43.1
Dresses, lingerie and infants wear	535	679	1007	1210	1305	1455	n.a.	172.0	114.3	44.5
All manufacturing	1009	1368	1957	2305	2536	2935	3485	190.9	114.5	50.0

Note: All figures are at current prices

Source: UK Census of Production, various years.

output, however, has fallen less than the average in the current recession and the unemployment rate remains below average. Employment in footwear nonetheless fell faster and unemployment increased faster than the average for manufacturing between 1974 and 1975. Net output per head in footwear is below average and over the last decade has increased more slowly than in manufacturing as a whole. In the last five years, however, productivity in footwear has increased faster than the average.

What seems therefore to be happening is that, in common with most other advanced countries, the footwear industry is contracting and UK resources are being shifted out of footwear manufacture into the production of goods with a higher added value. This appears to be a quite desirable process in normal circumstances for a country faced with imports from countries with lower labour costs than its own, but it is not desirable when employment in manufacturing industry as a whole is in prolonged decline and alternative uses for unemployment resources are not available.

#### C. LONG-TERM TRENDS IN OUTPUT AND SALES

Before any examination of the industry's current position it is instructive to set this against long term trends. Data for output and sales, together with imports, are shown in Table IV.7 following and are again presented in the Chart. Starting with apparent consumption it can be seen that up to the two most recent years the trend was clearly upwards. The sharp fall in demand in these two years reflects the recession in the economy as a whole and must therefore be taken as cyclical. At its peak,

TABLE IV.7

UK: FOOTWEAR APPARENT CONSUMPTION 1960-75 AND PRODUCTION, EXPORTS  
AND IMPORTS 1946-75 BY PAIRAGE

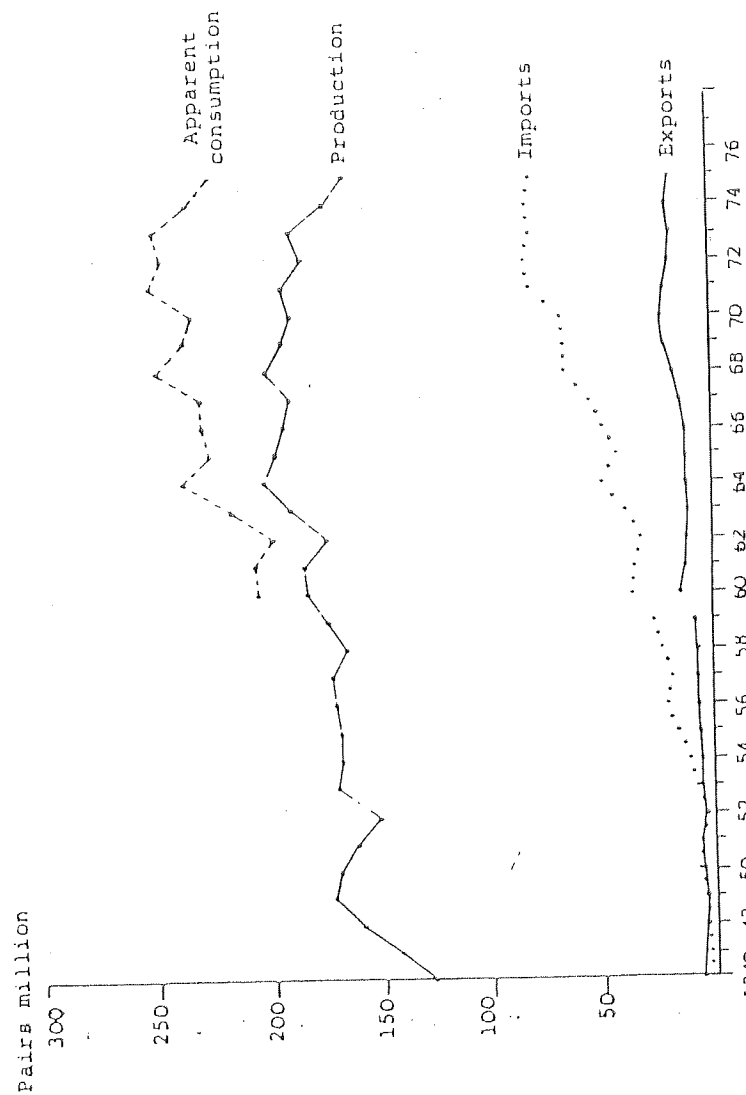
Year	Production	Exports <sup>a</sup>	Imports <sup>b</sup>	Pairs million
				Apparent consumption
1946	127.2	6.3	2.4	-
1947	142.2	6.0	3.6	-
1948	159.4	5.2	4.8	-
1949	172.1	3.9	4.8	-
1950	170.4	5.4	7.2	-
1951	161.8	6.2	6.0	-
1952	150.8	4.8	3.6	-
1953	170.6	5.5	7.2	-
1954	169.2	5.1	12.0	-
1955	169.1	5.3	15.6	-
1956	170.3	5.7	20.4	-
1957	171.9	6.3	18.0	-
1958	166.1	6.4	22.2	-
1959	174.1	7.5	25.4	-
1960	182.6	13.6	36.1	205.1
1961	184.3	12.4	35.7	207.6
1962	179.4	12.2	32.5	199.7
1963	190.4	11.7	39.3	218.0
1964	202.0	12.3	49.6	239.3
1965	197.8	12.3	42.1	227.6
1966	193.7	12.3	48.9	230.3
1967	190.1	13.3	53.9	230.7
1968	200.8	16.1	65.4	250.1
1969	194.1	20.5	65.4	239.0
1970	190.5	21.0	65.9	235.4
1971	194.2	20.6	79.7	253.3
1972	184.3	17.6	81.9	248.6
1973	189.3	16.9	79.6	252.0
1974	173.5	18.7	81.4	236.2
1975	164.1	17.0	78.1	225.2

Notes: a Data for 1946 to 1959 inclusive; apply to footwear wholly or mainly of leather.

b Data for 1946 to 1959 inclusive; exclude slippers and house footwear.

Source: Annual Abstract of Statistics, Business Monitor PQ450 and BFMF.

UK: FOOTWEAR APPARENT CONSUMPTION 1960-75, PRODUCTION, EXPORTS AND IMPORTS  
1946-75 BY PAIRAGE



Note: Break in series for exports and imports which exclude slippers, etc. prior to 1960.  
Source: Table 7



per caput consumption of footwear in Britain has been around 4.5 pairs per annum and it is expected that consumption will return to this level.

Imports, after a fairly steady increase since 1940, levelled off in the 1970's. Exports have also been level for the past five years.

The industry's current problems therefore are primarily short term, and largely attributable to the fall in demand, over which it has no control, coupled with the failure to export, over which it has some control. The level performance of imports at a time of falling demand is partly explained by the fact that a large volume of these are at the cheap end of the market and therefore become more attractive to consumers at times of economic recession.

The data therefore confirm that if imports and exports continue at their steady levels of the past five years, production will automatically improve as demand picks up.

Taking the long term data and noting the experience of the footwear industries of many other developed economies, it is hard to resist the conclusion that the British industry reached its peak in the mid 1960's and that the underlying trend is now downwards. However, because real wages in Britain are falling behind those of most of our European neighbours there is more prospect in this country for the decline of footwear production to be slowed.

#### D. ~~RECENT~~ RECENT TRENDS IN OUTPUT AND SALES

##### 1. Production

Total pairage output of the UK footwear industry was 15%

below the 1966 level in 1975, most of the decline having taken place in 1974 and 1975 (appendices, table 12).

In leather footwear the decline was greatest in women's, especially over the longer period since 1966. The output of children's and men's footwear declined less rapidly and there were clear upward trends in the production of safety and sports leather footwear.

Pairage production of synthetic footwear more than doubled between 1966 and 1971 but declined again from 1973 onwards as consumer taste swung back to leather. UK pairage of footwear with textile uppers and other types fell fairly steadily throughout the period 1966-74 mainly because of import competition although, as will be shown later, total consumption fell between 1972 and 1974 and both consumption and output rose in 1975.

The output of protective footwear recovered in 1975 to near 1971 levels and the division of output between rubber and plastics has remained roughly equal over the period. As might be expected, in a period in which the general price level rose increasingly fast, the current value of output did not fall over the period for any of the types of footwear given in the tables (appendices, table 13).

In real terms the total value of footwear fell somewhat less rapidly than total pairage, indicating that there was some compensating improvement in the mix of production towards products with higher unit values. The improvement in average unit values was not very great, however, because these increased most rapidly for leather footwear where

losses of sales to imports have increased more than in synthetic footwear.

## 2. Imports

Tables 15 to 17 (in appendices) set out the official data on imports. In pairage terms, imports increased for all classes of footwear over the period 1966-75 and, with the exception of synthetic footwear and slippers, also over the shorter period since 1971. ~~App~~Table 16 brings out the sharp 1975 increase in imports of sports footwear with uppers of textile (i.e., plimsolls and tennis shoes) which had actually declined over the period 1971-75 and also the increase in imports of light wellingtons. Unit values, except for leather sports footwear, have been lower than those for domestically produced footwear but have increased much more rapidly, on average. The average unit value of imported footwear was 46% of that of domestically produced footwear in 1971 and 61% in 1975.

By far the largest source of imports is Italy which, in 1975 accounted for 33% by value and 19% by pairage. In value terms Italy is followed by Spain(11%), France(9%) and Hong Kong (8%). The ranking is very different in terms of pairage: Hong Kong leads as the largest exporter to the UK with 23% of import pairage followed by Italy (19%) and the Korean Republic (6%).

Individually, none of the Eastern European exporters of footwear are as important as any of those other countries so far mentioned. Czechoslovakia, Poland Rumania and Hungary (in that order of importance) however, collectively account

for over 11% of the value of imports and over 10% of import pairage. Other countries exporting over 4 million pairs to the UK in 1975 were Malaysia and Pakistan, but in value terms imports from Taiwan, Brazil, Portugal, Austria, Ireland and West Germany were more important (appendices, 18 and 19).

UK imports from the advanced countries are mainly of a relatively high average unit value, ranging from £11 for Switzerland to around £2.50 for France, Germany and Belgium. Italy and Spain occupy a low-intermediate position with average unit values of £2.68 and £2.87 respectively in 1975. Unit values of imports from the Eastern European countries range from £1.35- £1.82 for Poland and Czechoslovakia to around £2.80 for Hungary. Imports from Brazil now have similar unit values to those of Spain and Italy, although they were in the past substantially lower. The imports from the remaining developing countries have very low unit values of, for example, only 52p for Hong Kong and 38p for Pakistan (appendices, table 20).

Of the UK's large foreign suppliers of footwear, imports from Korea and Spain have risen most rapidly. In pairage terms, imports from Italy levelled off in 1975 while those from France fell sharply. Imports from Hong Kong have been declining throughout the period 1971-75 shown in App. Table 18, although the decline levelled off in 1975. Imports from Eastern Europe have risen fairly steadily during the last five years.

### 3. Exports

Although showing a 39% increase in pairage over 1966, UK footwear exports in 1975 were well below 1971 levels in pairage and also somewhat down in value at 1970 prices. There were clear upward trends in exports of slippers and children's shoes as well as in leather sports and safety leather footwear, although in these last two categories the absolute export volumes were not very great. In the three largest categories of exports, men's, women's leather and synthetic footwear, women's declined somewhat less rapidly than men's and synthetic do not show a very pronounced downward trend (appendices, Table 21). The unit values of UK exports are on average nearly twice those of UK imports (appendices, Table 23 and 19) although they are not increasing as rapidly.

### 4. Apparent Consumption

Tables 24, 25 (App) show the apparent consumption of footwear in the UK over the period under review. These figures were calculated by subtracting exports from UK production and adding imports. Now allowance was made for stock changes. These are considered in the following section. As might be expected, overall footwear consumption levels reveal some sensitivity to changes in the general level of real incomes and rose up to 1973 and then fell off in the 1974-75 recession. There are, however, some interesting variations in the pattern of consumption of different types of footwear. These are best revealed in the unit value and consumption per head calculations in App. Tab. 26

to 27. The consumption of men's leather footwear in pairs per head declined slowly throughout the period, although unit values increased somewhat faster than average. The pairage consumption of women's leather footwear per head which was, in 1966, 58% above that for men declined much more sharply than for men and was below it by 1973. The current unit values of women's leather footwear consumption also rose less rapidly than for men's, although the trend was reversed in 1975. The pairage consumption of children's leather footwear per head also declined throughout the period 1971.-75. Pairage consumption of synthetic footwear per head more than doubled between 1966 and 1971 and has since shown an irregular downward trend. Consumption per head of footwear with textile uppers etc., and slipper has remained very stable.

The share of imports in total apparent consumption by pairage jumped by 45% between 1966 and 1971 to 31% of the total and, with the exception of 1973, the trend continued gently upwards to 1975 (appendices, Table 29). For leather footwear the import share is highest for women's and has increased more rapidly than for men's. The import share for children's leather footwear has also increased although much less rapidly than for men's or women's since 1972. Imports of both safety and sports leather footwear appear to have levelled off in the period 1974-75. For synthetic footwear, where consumption per head is declining, the import share has tended gently downwards. The apparent consumption of footwear with textile uppers, etc. is largely supplied by imports

and this share has shown some downward tendency since 1972. Finally, the import share of the domestic market for slippers now appears to be stabilizing at around 10-11%, some way below 1966 levels.

The share of imports in the current value of UK footwear consumption is much lower than their share in pairage consumption reflecting the relatively low average unit value of imported footwear. However, the unit values of imports are rising faster than the unit values of domestically produced footwear.

Table 21 (in appendices), gives the ratio of the apparent consumption shares of imports in terms of value to those in terms of pairage. These ratios measure the extent to which the import share of the value of apparent consumption falls short of the import share of pairage: for men's leather footwear for example the 1975 import share in terms of value is 0.69 or 69% of the import share in terms of pairage. If imports had the same unit values as domestically produced footwear the ratios would be unity or 100%, as is nearly the case for footwear with textile uppers. The value-penetration ratios have increased for all types of footwear over the period 1971-75. This supports the view that product acceptability as well as price has been a factor in increasing import penetration. Two other significant features emerge from the table. The first, is that in leather footwear the value-pairage penetration ratio is highest for women's footwear, where imports have cut deepest into domestically produced sales, suggesting that here in particular product acceptability is more important than price. The second interesting

feature of the table is that since 1973 the ratios have generally been falling (with the exception of synthetics). This could indicate that domestic manufacturers have strengthened their position at the top end of the market and that competitive pressures on imported footwear have increased. Unfortunately, more detailed figures by type of footwear and price class are not available for this conclusion to be verified.

#### E. STRUCTURE OF THE INDUSTRY

##### 1. Number of Size of Firms

The precise number of enterprises in the UK footwear industry in 1975 is not known, but it is probably well under 400, employing 78,000 persons. Table IV.8 sets out the available census data on the total number of enterprises (units of financial control), establishments (factories), and employment. Our 1975 employment figure is based not upon these census data but upon the Department of Employment estimates given in Section B.

TABLE IV.8 NUMBER OF ENTERPRISES, ESTABLISHMENTS AND EMPLOYMENT IN UK FOOTWEAR MANUFACTURING								
	1958	1963	1968	1971	1972	1973	1974	1975
Establishments (No. of)	1,025	938	863	1,622	586	n.a.	n.a.	n.a.
Enterprises (No. of)	804	695	581	1,587	522	n.a.	n.a.	n.a.
No. of Establishments per enterprise ( '000)	1.27	1.35	1.49	1.06	1.12	-	-	-
Employment ( '000)	107.4	102.3	95.3	92.1	87.8	85.4	83.9	78.2 <sup>a</sup>
Note: a Estimate. Source: UK Census of Production, various years and Business Monitor. Data for the new series of annual censuses beginning in 1971 are not comparable with those for earlier years.								



Table IV.9 below shows the geographical distribution of the UK footwear industry. Almost half of all establishments are concentrated in the East Midlands and this region, the South East and the North West account for over 80% of all establishments. These three regions account for a much smaller proportion of net output, however (66%). This is explained by the greater concentration of smaller establishments in these areas.

TABLE IV.9 REGIONAL DISTRIBUTION OF FOOTWEAR IN BRITAIN, ESTABLISHMENTS, EMPLOYMENT AND NET OUTPUT 1968

Region	Establishments (No.)	%	Employment ( '000s)	%	Net output (£m).	%
North	15	( 1.8)	4.9	( 5.3)	5.8	( 4.8)
Yorks & Humber- side	29	( 3.4)	2.4	( 2.6)	3.3	( 2.7)
E. Midlands	414	(48.5)	39.1	(41.9)	50.0	(41.1)
E. Anglia	36	( 4.2)	6.9	( 7.4)	7.8	( 6.4)
S. East	154	(18.0)	8.8	( 9.4)	13.3	(10.9)
S. West	39	( 4.6)	8.6	( 9.2)	14.5	(11.9)
W. Midlands	23	( 2.7)	4.7	( 5.0)	6.1	( 5.0)
N. West	119	(13.9)	14.3	(15.3)	17.1	(14.1)
Wales	7	( 0.8)	1.6	( 1.7)	1.5	( 1.2)
Scotland	18	( 2.1)	1.9	( 2.0)	2.3	( 1.9)
GB TOTAL	854	(100.0)	93.2	(100.0)	121.7	(100.0)

Source: UK Census of Production, 1968. Vol.157: Area Analyses

Because of changes in the coverage of the census data, accurate comparisons over the whole period 1958-75, shown in Table 8, cannot be made. Between 1958 and 1968 the number of footwear enterprises fell by 223 or 28% and the number of establishments by 162 or 16%. The decline has certainly continued in the period up to 1972 and in fact the data after 1968 overstate the number of enterprises and possibly also the number of establishments compared with the earlier years. It will be noted that the number of enterprises has declined more rapidly than the number of establishments: this is the result both of mergers and because some of the more successful firms have continued to open new establishments rather than expand existing ones. They have done this both mainly because of shortages of labour in certain areas but also in some cases because of a belief that diseconomies set in once factories in this industry grow beyond certain limits. As a result the number of factories per enterprise has increased over the period, although the average number of employees per establishment has risen from 105 in 1958 to 110 in 1968 and 154 in 1972.

Because of the existence of multi-plant firms, actual production in footwear is even more heavily concentrated in small and medium-sized factories. Establishments employing between 50 and 749 persons accounted for 76% of total employment in footwear in 1968, 59% of employment was in establishments employing between 50 and 399 persons (Table IV.10).

As in all manufacturing, the decline in the number of establishments and enterprises between 1963 and 1968 in

TABLE IV.10  
NUMBER OF ESTABLISHMENTS, EMPLOYMENT AND NET OUTPUT IN FOOTWEAR, 1958, 1963, 1968, 1971 AND 1972

Size of group - employees	Number				Employment ('000s)				Net output (£m)						
	1958	1963	1968	1971	1972	1958	1963	1968	1971	1972	1958	1963	1968	1971	1972
1-10	182	153	127	133	125	0.9	0.7	0.6	0.6	0.6	6.0	3.2	n/a	19.4	18.7
11-24	162	147	150	150	142	2.8	2.6	2.7	2.7	2.4					
25-49	135	117	103	42	42	5.1	4.4	3.9	1.6	1.6	21.4	11.3	4.8		
50-99	192	168	147	89	78	13.8	12.2	11.1	6.6	5.7	32.6	19.6	25.3		
100-199	155	152	147	101	93	21.3	21.5	20.4	13.8	13.1	25.3	13.8	16.1		
200-299	68	60	55	38	38	16.3	14.5	13.1	9.6	8.9	23.5	11.6	17.2		
300-399	39	37	35	19	20	13.5	12.8	12.0	6.7	6.5	12.7	8.1	7.5		
400-499	20	20	13	13	11	8.7	8.9	5.8	5.6	5.1	15.9	10.3	12.4		
500-749	17	17	16	20	19	10.0	10.8	9.9	11.7	10.1	9.6	3.9	4.0		
750-999	8	5	4	5	5	6.7	4.1	3.2	3.8	4.4	12.6	9.9	17.4		
1000 +	5	5	8	12	13	7.5	7.7	11.0	29.4	31.7	1.3	1.9	n/a		
Unsatisfac	42	57	58	-	-	0.8	2.0	1.6	-	-	170.0	97.6	124.4	161.2	173.8
Total	1025	938	863	622	586	107.4	102.3	95.3	92.1	90.3					
1-10	17.8	15.3	14.7	21.4	21.3	0.8	0.7	0.6	0.7	0.7	3.5	3.3	n/a	12.0	10.8
11-24	15.8	15.7	17.4	24.1	24.2	2.6	2.5	2.9	2.9	2.7					
25-49	13.2	11.5	11.9	6.8	7.2	4.7	4.3	4.0	1.7	1.8	12.6	11.6	10.8		
50-99	18.7	11.9	17.0	14.3	13.3	12.8	11.9	11.6	7.2	6.3	19.2	20.1	20.3		
100-199	15.1	16.2	17.0	16.2	15.9	19.8	21.0	21.4	15.0	14.5	14.9	14.1	12.9		
200-299	6.6	3.4	6.4	6.1	6.5	15.2	14.2	13.7	10.4	9.9	13.8	11.9	13.8		
300-399	3.8	3.9	4.1	3.0	3.4	12.6	12.5	12.5	7.3	7.2	7.5	8.3	6.0		
400-499	2.0	2.1	1.5	2.1	1.9	8.1	8.7	6.1	6.1	5.6	9.4	10.0	10.0		
500-749	1.6	1.8	1.9	3.2	3.2	9.3	10.6	10.4	12.7	11.2	5.6	4.0	3.2		
750-999	0.8	0.5	0.5	0.8	0.1	6.2	4.0	3.4	4.2	4.9	7.4	10.1	14.0		
1000 +	0.5	0.5	0.9	1.9	2.2	7.0	7.5	11.5	31.9	35.1	0.8	1.9	n/a		
Unsatisfac	4.1	6.1	6.7	-	-	0.7	2.0	1.7	-	-	100.0	100.0	100.0	100.0	100.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0					

Source: UK Census of Production, various years

footwear has been accompanied by an increase in overall concentration, but less rapidly. The number of enterprises employing 2,000 and over in footwear fell from nine to seven over this period but their share of employment rose from 27.9 to 28.2%. In manufacturing, the share of the largest enterprises rose from 54.5 to 58.6%. At the other end of the scale, the share of enterprises employing less than 200 persons also declined both in footwear and manufacturing as a whole. In sharp contrast to all manufacturing, however, the share of medium-sized enterprises in footwear (employing between 200 and 1,999 persons) actually rose from 46.4% to 48.0%. The establishment data suggest that these trends may have continued up to 1972 (Table IV.10).

One other important structural characteristic of the footwear industry should be referred to. This is the high average age of companies. Very few new footwear companies have been formed since the second world war and the majority of the medium and large companies date from the nineteenth century. In the made-to-order sector, in particular, this has resulted in a relatively high average age of managements in family business, much of which is in its second or third generation. This conclusion is based upon observation, there being no statistical evidence, but we understand that it is generally accepted in the industry as being correct. An ageing structure of enterprise and management is, it appears, a general characteristic of UK industry, but it may be exceptionally pronounced in the footwear industry, where in the nature of things, technological change has

been relatively slow.

## 2. Economies of scale

Part at least of the explanation for the lower pace and level of concentration in footwear compared with manufacturing as a whole, appears to be in the fact that production economies of scale level off somewhat earlier in footwear. Table IV.11 indicates that in footwear, net output per head has a much less clear tendency to rise with size of establishment than in manufacturing as a whole. In 1968, for example, net output per head in footwear establishments employing 300-399 persons was less than 10% lower than in establishments employing over 1,000. In manufacturing as a whole the difference was over 15%. In 1972, net output per head was actually higher for footwear establishments employing 500-749 persons than for any of the other size categories. This table also bears out the point already made that net output per head in footwear, is substantially lower than in manufacturing generally.

Net output per head by size of establishment is not, of course, an unambiguous indicator of efficiency since it does not take into account differences in the amount of capital employed in firms of different sizes. There are also other problems in interpreting data of the kind given in Table IV.11, not the least of which is that firms of different sizes are not necessarily making the same products or the same mix of products.

It seems to be generally agreed that production economies

TABLE IV.11  
NET OUTPUT PER HEAD IN ESTABLISHMENTS BY SIZE OF ESTABLISHMENT, FOOTWEAR INDUSTRY 1963,  
1968, 1971 AND 1972, IN ALL MANUFACTURING, 1963 AND 1968<sup>b</sup>  
£ per employee head

Size of establishments (employees)	Footwear					All Manufacturing	
	1958 <sup>a</sup>	1963	1968	1971	1972	1958 <sup>a</sup>	1968
1-10		970	n/a	1691	1798	1214	n/a
11- 23		970	n/a	1691	1798	1214	n/a
25- 49		909	1244	1691	1798	1180	1705
50- 99		926	1202	1691	1798	1170	1697
100-199		912	1244	1597	1812	1212	1750
200-299		952	1228	1672	1886	1301	1840
300-399		906	1433	1618	1863	1301	1840
400-499		910	1291	1484	1601	1351	1865
500-749		954	1250	1554	2124	1357	1982
750-999		951	1236	1471	1651	1476	2100
1000 and over		1286	1584	2064	2066	1530	2169
All establishments	700	956	1305	1751	1925	1363	1957

Notes: a Net output by size not available for 1958

b 1971 and 1972 figures for all manufacturing not yet available

Source: UK Census of Production, various years

of scale, particularly in leather footwear, are not very great beyond about 1,200 pairs a day (that is an establishment employing about 150) and that at much beyond this level diseconomies may set in. An economic study published some years ago estimated that the minimum efficient scale of production for a typical mix of products was 300,000 pairs per year per establishment but that, even at half this level of output, costs would only be 2% higher than the minimum.<sup>5</sup> The study found that an important factor in determining costs was the length of run and that this factor became of prime importance in determining unit costs in establishments producing more than 1,200 pairs a day.

### 3. Exports

Table IV.12 presents further data on the U.K. footwear companies. Our particular interest is drawn on the data regarding exports. It can be seen that the smallest firms have the highest export ratio and although the export ratio is somewhat erratically related to size of firm, the firms in the highest turnover group have the lowest export ratio. The final column of the table gives the gross profit for firms in each size group. It can be seen that there is some tendency for there to be a positive relationship between profitability and export ratios and that in particular medium sized companies tend to have above

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<sup>5</sup> Pratten, C.F., Economies of Scale in Manufacturing Industry, (Cambridge University Press), 1971.

TABLE IV.12  
UK FOOTWEAR MANUFACTURERS BY SIZE OF TURNOVER, PAIRAGE PRODUCTION, EXPORTS AND PROFITABILITY '75

No. of companies	Size by turnover in 1975 £000	Pairage production '000	Average production per company '000	Pairage exports '000	Exports as % of production	Pre-tax profits as % of turnover
17	0- 499	1,877	110.4	270.2	14.4	8.87 <sup>a</sup>
20	500- 999	5,028	251.4	533.3	10.6	5.21
17	1,000-1,999	6,915	406.7	782.5	11.3	10.43 <sup>b</sup>
10	2,000-3,999	6,727	672.7	837.2	12.4	4.52
7	4,000-7,999	10,666	1,523.7	610.0	5.7	6.26
6	8,000 +	48,836	8,139.3	4,239.0	8.9	7.20 <sup>c</sup>
84	TOTAL	99,578	1,185.0	9,452.0	9.5	6.97 <sup>a</sup>

Notes: a Calculated on the basis of only 74 companies who provided profit data.

b Calculated on the basis of only 16 companies who provided profit data.

c Calculated on the basis of only 5 companies who provided profit data.

Source: EAG Manufacturer's questionnaire survey.



TABLE IV.13  
 UK FOOTWEAR MANUFACTURERS. AVERAGE PAIRAGE PRODUCTION,  
 EXPORTS AND IMPORTS, SPECIALISTS FIRMS 1975

	Average pairage per company pairs '000			Exports as % of production
	Production	Exports	Imports	
50 made-to-order	715	43	10	6.01
13 in-stock	2,316	170	23	7.34
19 mixed	1,590	267	603	16.79
82 all firms	1,214	115	150	9.49

Source: EAG Manufacturers questionnaire survey

TABLE IV.14

UK FOOTWEAR MANUFACTURERS. EXPORT PERFORMANCE OF  
SPECIALISTS, 1975

	Number of companies	Per cent of production	
		Per cent	<u>Export production</u>
TOTAL manufacturers of which specialists in:	84		9.5
- men's footwear	20		15.4
- women's footwear	34		6.6
- children's footwear	11		13.4
- adults' footwear (wellingtons, plimsolls and safety)	7		16.4
- sports footwear	4		12.7

Note: A 'specialist' has been defined as a manufacturer who produces more than 75% of his output in one particular category of footwear.

Source: EAG questionnaire survey.

average export and profitability ratios. It would not be wise to conclude from this that the two are causally related, however, since as will be demonstrated further below, size and profitability tend to be inversely related. Table 13 shows that made-to-order companies have lower than average export ratios and, surprisingly that mixed companies have the highest export ratio.

In the following section on profitability, we show that specialist companies had profit records which were better than average. The same holds good for the export performance of specialist companies in 1975. Taking exports as a per cent of production, Table IV.14 shows that all specialist companies except for women's footwear performed significantly better than average. This result again supports the earlier finding that specialization is desirable in footwear manufacture.

However, specialization within a category must emphatically not be at the expense of flexibility. To illustrate the point, we know of one well-known Italian producer making 7,000 pairs a week of high quality women's shoes. The firm has a range of 400 styles each season which are seldom repeated into a second season. The company is prepared to make to order three pairs of one style and colour, and it is demonstrably successful.

## F. MANAGEMENT

### 1. Introduction

The natural division in the industry between the branded and made-to-order manufacturers largely determines the perceived

problems and expressed attitudes and opinions. The two types of business are fundamentally different, each with characteristics which affect the attitude of management towards marketing, design and financial matters. In the report, reference is made to "family businesses" ; this term is used to mean businesses which have been owned and managed for several generations by the same family or close relations. Such companies have usually been established at a particular site for most of the time. The majority of made-to-order firms visited ,are such businesses whilst only about half the branded manufacturers visited have a family background. As will be seen this was established as a significant factor.

## 2. Quality of management

Management turnover : In the majority of firms the turnover of management staff is extremely low. In family firms in particular, owners pride themselves on retaining staff for much of their working lives with apprentices eventually becoming production managers, or, in a few cases, directors. The general exception to this is finance staff, where there is a bigger turnover.

Large firms, those employing over about 600 staff, are more likely to have a management staff turnover with recruitment from outside. Only the very largest branded manufacturers have an intake of graduates or management trainees.

## 3. The British Boot and Shoe Institution

The BBSI is principally concerned to set and maintain high

standards in footwear production and management. Its activities include the setting of examinations for associateship and an associate member must have completed this examination and have had approved experience for an aggregate period of not less than four years since the age of 21. Fellows of the Institution must be at least 30 years of age and have been engaged at least five years in the footwear or allied trades since election to Associateship. They must also satisfy the Council that "they have made a substantial contribution to the industry's knowledge and/or otherwise rendered meritorious service to the industry". Membership consists of some 3,000 individuals (including ordinary members). There is no corporate membership. About one fifth of membership is abroad in some 45 countries.

The Institution publishes a journal, organizes conferences and seminars, arranges group travel to shoe fairs, exhibitions and pre-selections. It also runs an appointments service. The unsuccessful attempt by the BBSI to introduce a fashion service is referred to later under Design. We were told that the appointments service reveals that a disturbing number of senior executives in the industry are seeking appointments abroad.

Management training: Only the very largest firms have any formal policy towards management training. In these companies, management development is fully planned and implemented.

General attitudes: Specific attitudes in areas such as marketing and finance are discussed below and a more general

comment is appropriate here. A great many of the smaller companies (up to about 200 employees) give distinct impressions of apathy and resignation to the position in which they find themselves. This is particularly pronounced in the family concerns visited where owners seem to be most concerned with simply keeping their firm going until their retirement.

Symptoms of this apathy and resignation are mentioned elsewhere in this volume, e.g. the complaints about lack of communication with BFMF, the unquestioning acceptance of the Italian industry as leaders in fashion as of right and the frequent reference to the inability of component suppliers to meet manufacturers' requirements.

#### 4. Financial Aspects

Sales forecasting and stock levels : The difference between made-to-order and branded manufacturers is most pronounced in this area. As noted earlier, branded manufacturers have to make for stock a catalogue range for forthcoming seasons. This inevitably involves a considerable investment in stock prior to the opening of each new season. This is a basic requirement of the branded firm's business and most have evolved reasonably effective forecasting and planning systems. These meet the need to provide: sales forecasts, production schedules, stock level forecasts, and hence cash requirements. This investment leads firms to be cautious in setting sales targets and to select fairly safe designs. However, most firms have had some experience of lines which simply did

not sell as expected resulting in slower stock movements and hence cash inflow, creating short-term difficulties. Branded manufacturers nearly always have good sales analysis systems based on several season's movements of lines or ranges and seem to use these statistics to good effect. The use of automatic data processing techniques is perhaps most valuable in this area. Most firms have developed some facilities which, though elementary by modern computing standards, seem effective although limited in their scope.

The made-to-order side of the industry does not face the same stock problem. Most firms manufacture only to specific orders and carry stock only in a limited number of designs. Whilst this is a distinct advantage from the financial point of view, this business method has led to some firms neglecting to provide sufficiently comprehensive recording systems for use as simple trend-detecting mechanisms which in turn provide some market forecast. This, coupled with the reluctance to accept small orders which is discussed later, leads to a degree of inflexibility and slow reaction to good selling lines.

Production control: Management accounting in the shoe industry is made complex by the number of different production operations. Furthermore, the work content of each operation can vary enormously depending upon the style. Batch control, costing, control of wastage, etc., are all areas where profits can be lost.

Comprehensive shop floor control is costly to install and operate but most firms have formal systems of some sort. The smaller firms still, however, rely very much on the declining continued presence of the proprietor on the shop floor to maintain throughput and efficiency. Large firms have fuller control systems and well-organized supervision and it is in medium-sized firms, between about 300 and 700 employees, where inefficiency seems to be most prevalent. This is because the firm is too big to be run solely by the proprietor or senior management and too small to justify comprehensive systems and supervision. It is noticeable that many firms in this intermediate category have not understood this need and their production efficiency, work in progress levels and lead times, suffer accordingly. These companies are often the least profitable.

Product profitability. Branded manufacturers have rather fewer costing problems since their production can be better planned and co-ordinated than that of made-to-order firms. This enables them to take a slightly more leisurely and systematic approach. Also, as has been mentioned, branded products may be less adventurous in terms of design and, therefore, more straightforward to cost. An obvious exception to this is the traditional men's brogue. A further distinct advantage is that the branded manufacturer can determine, or greatly influence, the retail price. The made-to-order firm on the other hand has generally to make to meet a final price ticket. This latter aspect has major significance. The made-to-order firms are competing for fewer and fewer orders and are continually faced with the



need to reduce their prices by a few pence in order to secure an order. This happens after the shoe has been designed and the manufacturer, therefore, often finds himself filling orders at tiny profit margins or at cost. Company profitability. A very important factor to emerge is the declining profitability of made-to-order, compared with branded manufacturers. A large number of firms visited are not using good financial controls. Whilst they seek to make a fixed percentage margin on individual lines which represent the contribution to overhead and profit, there is little attempt to monitor the total effect regularly and in detail. This is shown in Table IV.15 which indicates that only 37% of companies responding to the questionnaire produce monthly profit and loss accounts and balance sheets. Indeed, at least 46% of both made-to-order and in-stock firms do not calculate profits on a monthly basis.

TABLE IV.15  
FREQUENCY WITH WHICH BRITISH FOOTWEAR MANUFACTURERS  
CALCULATE PROFITS

	% of respondents	
	In-stock	Made-to-order
	(13)	(50)
Twice a year	17	30
Quarterly	33	19
Monthly	50	38
More frequently	0	13
	100	100

Note: Figures in brackets are number of responses.

Source: EAG questionnaire to manufacturers.

Financial resources: Surprisingly, few interviewees expressed much anxiety about their liquidity position although a few did admit to being aware of living off their reserves.

When questioned about their investment intentions if adequate profits or chep money was available, it was noticeable that few firms had given the matter very much thought. Most had no clear plans or ambitions for investment. Those making a clear response generally had minor plant replacements to make, two or three referred to new or enhanced computing facilities, one wished to extend his warehouse to provide a better in-stock service and one branded manufacturer expressed an interest in buying retail outlets.

Made-to-order firms are very much more concerned about the provision of working capital. This reflects the declining profitability of made-to-order companies compared with branded makers as already illustrated in the Finance section of this chapter. Made-to-order companies are also much less ready to invest in new plant or to consider takeovers and mergers. This can be interpreted as showing lack of confidence in their future and confirms their unpreparedness to invest.

##### 5. Flexibility

Table IV.16 shows an analysis of question, namely, "For made-to-order footwear, what is the average elapsed time from receipt of firm order to delivery in the following cases?"

TABLE IV.16

## AVERAGE DELIVERY TIMES FOR MADE-TO-ORDER FOOTWEAR

	weeks
Initial order, existing moulds existing lasts	6.8
" " new lasts	10.5
" " new moulds	13.6
" " new moulds new lasts	13.8
Repeat order	5.8

Source: EAG manufacturer questionnaire.

It will be seen that the average response time is between 5.8 and 6.8 weeks for designs where mould already exist. Where new designs are involved the elapsed time from receipt of order to delivery is nearly fourteen weeks. These are lengthy periods for an environment in which a major requirement is to react quickly to a new fashion trend or product idea. Manufacturers relate this problem to difficulties of component supply, discussed later. Companies offering an in-stock service do, on the whole support their claim with a 'by return' delivery. The smallest orders acceptable to manufacturers is dealt with in question 3 of the questionnaire and an analysis of the response is shown in Table IV.17 following.

TABLE IV.17  
MINIMUM ACCEPTABLE ORDERS FOR UK FOOTWEAR  
MANUFACTURERS

	Pairs	average order
In-stock, initial order	60	264
" " repeat order	35	97
Made-to-order, initial order existing moulds		
" " " " existing lasts	137	542
" " " " new lasts	4991	13134
" " " " new moulds	16640	26188
" " " " new moulds		
" " " " new lasts	18890	31450
" " repeat order	440	3135

Source: EAG manufacturer questionnaires.

These levels appear to be very high and are important deterrents to prospective buyers, especially from overseas, who seek limited initial orders for test marketing.

#### 6. Marketing

There are major differences in the approach to marketing dictated by whether a firm is made-to-order or branded. Within the branded group, however, there is also a difference in approach which reflects the size of the concern. Whilst a few large firms advertise in consumer papers, the smaller ones restrict their advertising to the trade press. Made-to-order companies appear to adhere rigidly to their established customers with few attempts to diversify or take the initiative in seeking new outlets.

The industry is characterized by the lack of initiative and dynamism shown in marketing. Whilst there are notable exceptions, firms are predominantly orientated towards reacting to enquiries rather than generating new markets

and new business ideas. Demand has fallen off and consumer preference has drifted towards foreign products yet there has been no attempt to arrest the swing by increased marketing activity such as special promotions or dealer schemes. In fact, many respondents stated that they had cut advertising and sales budgets as revenue declined.

This lack of marketing skill, energy and professionalism is especially marked in the industry's approach to exporting.

#### 7. Exporting

It is clear that successful exporting demands on investment in both marketing and production. Individual markets have to be carefully researched to establish their structure and unique consumer tastes. Products must be specifically designed for that market. Above all, exporters must be prepared to react quickly to prospective buyers' demands for samples, design changes, delivery dates, etc.

Table IV.18 following shows that only 10% of designs are prepared expressly for export markets. Although this figure corresponds closely to the proportion of production exported, it is too low, given that export orders are generally smaller than those for the domestic market.

TABLE IV.18  
ANALYSIS OF QUESTIONNAIRE RESPONSES COVERING  
DESIGN INTENTIONS

	%
Expressly for the home market	24
Primarily for the home market	37
For the home and export markets equally	29
Primarily or expressly for the export market	10

Source: EAG manufacturer questionnaires

The investment needed in these respects may be substantial especially since, unlike the organisation of British distribution, most European markets are geographically diffuse with no major buying centres such as Leicester and the immediate vicinity. Manufacturers have, as a general rule, been quite unprepared to make the investment in any sound and professionally-organized marketing forays abroad.

There are examples which support the view that a proper approach to exporting can lead to great rewards. Amongst the firms visited was a small manufacturer who, despite financial pressures and risks thoroughly researched a particular export market, produced designs specifically for that market and, after two hard selling trips now has an expanding and profitable export business.

#### 8. Conclusions

The lack of new management blood has been particularly pronounced in smaller, family-owned firms. This is a direct cause of the introspection, lack of marketing energy,

poor financial controls shown by most firms and the failure of the industry to react to change.

The general quality of management in the industry is poor, except in the few very large manufacturers where it is professional, trained and competent.

Amongst the smaller family concerns, there is a pre-occupation with the task of making the business simply provide a living for its owner which shuts out all thoughts of new investment and a new aggressive approach to marketing and re-organization.

Many firms are living off their reserves and made-to-order companies have particularly been forced into this situation. Yet despite the fact that these firms will fail if the position is allowed to continue, nothing is done to attempt to correct matters. Management is very reluctant to attempt changes in the business which involve investment.

Strategies which they could consider are, inter alia :

- made-to-order firms establishing brand lines with a sales force
- specialization on particular products or styles
- contraction of volume by moving into smaller premises

Whilst accepting the principle of narrowing product ranges and reducing capital employed, manufacturers consistently refer to the need to sell more of fewer lines in order to maintain their turnover, which in turn, dictates their profit. Management will not accept the prospects of reducing the scale of their operation accordingly in order to make the same percentage return on a reduced capital employed. This is especially so in the case of family

concerns where such a change would mean leaving the original premises.

One family concern visited which has successfully undertaken all these changes is now comparatively profitable. There is doubt, however, whether many managements in the industry have the skill successfully to manage such an extensive change.

Financial controls are weak both at individual product and at company level. The latter aspect is more serious and must be considered as one course of declining profitability.

Branded manufacturers have a very distinct advantage in being closer to the market than made-to-order firms. Their sales statistics provide a sound base for forecasting, product planning and production scheduling. Such firms are generally organized to take advantage of this.

With most made-to-order firms, provision of financial aid would only extend their period of survival. Firms have no investment intentions or aims.

The industry feels itself to be responsive to demand. EAG's findings suggest, however, that its reluctance to undertake unprofitable short runs has been a significant factor in failing to clinch export enquiries.

Marketing is the area where most companies, except the larger, branded ones are grossly deficient. This is particularly true in the case of export business.

Whilst there is every indication of the availability of export potential, firms have simply not been sufficiently



energetic in seizing or generating these opportunities. Whilst it might not have been possible to prevent the industry from declining, we feel that a more dynamic management approach would have at least controlled the reaction of firms to this decline. Appropriate action could, in most cases, have steadied the decline or even reversed it in some cases.

The present chapter has highlighted the most important factors influencing the prosperity of the footwear industry and has indicated by example the comparative state of the Greek footwear industry and the problems that will face as it grows to maturity.

The next chapter will deal with the factor governing trading relations between the two countries and will show in particular the opportunities which exist and which might develop in trade in footwear between the two countries.

CHAPTER IV  
ANGLO-GREEK TRADE

## A. INTRODUCTION

As it has been already stated earlier in this thesis our basic aim is to make suggestions to improve the performance of the Greek footwear industry; this will ultimately lead to a more successful export activity by Greece to UK.

However, before we enter the detailed analysis of the trade potential in footwear between these two countries, we suggest that it is worthwhile examining their current general trade relations.<sup>6</sup> This will enable us to become acquainted with the problems and the prospects for the future; particularly in a period where exports are of a critical and vital importance for Greece, taking under consideration the widening trade gap due to the fast acceleration of imports. Because of her severe problems relating to her balance of payments, the Greek authorities are trying to introduce specific measures to inhibit the growth of imports, although this would admittedly run counter to the spirit of broader policy aims and commitments (especially accession to the EEC). However, exports<sup>7</sup>, far from stagnating in the last quarter of 1978, increased by an unprecedented 50.4% over the level reached in the corresponding quarter of 1977. This development took not only observers by surprise, but even participants in the struggle. Thus it has become even more imperative in recent years for Greece to build up a healthy export trade, and to find markets and

<sup>6</sup> J.G. Demetrokallis, "The Anglo-Greek Trade Relations", Business Finance, November 1978, pp.9-18.

<sup>7</sup> E.I.U., 2nd Quarterly Economic Review of Greece, (Economist, 1979), pp2-7.

products to enable this to be achieved. Trade cannot, however be one-sided. Greece should be able to utilize profitably foreign capital and technical and managerial expertise. It would be a gross over simplification of the problem in terms solely of raising exports. A thorough analysis of improving performance entails a detailed consideration of mutual trading and commercial relations with foreign countries.

#### B. THE SIGNIFICANCE OF TRADE BETWEEN GREECE AND THE UK

British commercial presence in Greece is one of the kingpins of the Greek economy, spanning the gamut of trade, manufacturing, investment, and participation in key private and public construction projects. Moreover it is generally believed that there is confidence about further expanding the United Kingdom's role in the country's economic future. A prime hurdle hampering British trade and business ventures here is the Greek government's monetary policies which, although intended primarily to fight inflation, are contributing to low productivity and slow investment. The government's ban on repatriation of profits generated by foreign firms, and its recent restrictions on imports with rising prices were cited as two of the major drawbacks facing not only British investment but commercial activities of other foreign nations as well.

Despite these problems, which stem in large measure from the government's efforts to conserve foreign exchange reserves, Greek-British trade relations are reaching record levels. British exports to Greece in 1977 grew by 51%, placing the U.K. fifth among all the world's nations in the annual value of exports, while imports from Greece jumped by 145%, pushing

Britain to third place in the list of customers for Greece figures. Plans are reportedly underway to promote further Greek exports to Britain with the hope that the additional sterling revenues will offset a widening trade deficit and make British goods more attractive to Greek importers.

With Greece's entry into the European Communities by 1981, business sources expect that the subsequent elimination of trade barriers will clear the way for still greater exchange between the two countries, and will make it easier for British manufacturers operating here to import from their home offices the capital equipment necessary to improve productivity and expand their markets in Greece. Manufacturing by subsidiaries of British-owned firms covers a full spectrum of goods including recorded music, household cleaners, pharmaceuticals, farm machinery, processed food, footwear. Major British banks are active in the financial field here, and some of London's largest insurance companies have provided coverage for shipping fleets in Piraeus for decades. Shipping has been one of the stringest traditional ties between the two nations. Nearly one-half of all Greek shipping firms operating abroad are headquartered in London, according to British Embassy sources.

The Anglo-Greek trade in 1977 posted record levels. The value of Greek exports was increased by 145% in 1978 to \$178 million, while British goods for Greece climbed to \$394 million, a 51% increase from 1976 annual figures, according to Bank of Greece. Key gains were posted in all major categories of Greek exports- fresh and processed foods, textiles, and ores-and in the main

lines of British products, which include steel, ships, cars, synthetic fibres, and capital equipment. Despite thriving Greek exports, the country's annual trade deficit with Britain widened by 15% in 1977 to a total shortfall of over \$215 million. Figures for the first four months of 1978 suggest a troubling trend as exports declined by 3% from the same period last year while imports from the U.K. increased by nearly 20%. In an effort to pare down Greece's trade shortfall and boost its sterling reserves, the British-Hellenic Chamber of Commerce is expanding its campaign to attract British importers and investors to the Greek market.

"Opportunity Greece", is the one-day conference designed to provide British businessmen with more information on the advantages-and difficulties- of commercial ventures in Greece. One of the circumstances limiting Anglo-Greek trade relations is the comparatively high price of many British products which compete for the Greek market with similar goods from eastern Europe, according to Chamber sources. Although many established Greek importers prefer to "buy British" in order to insure a top-quality product, the lack of sufficient sterling reserves often forces other firms and the Greek government to seek less expensive goods from East block countries on a barter rather than a cash basis.

It has been suggested that such bartering arrangements, which, for example, exchange Greek tobacco for east European machinery, require the country to "mortgage" at current prices certain crops which might secure a better price in the near future. Unlike Germany and other European nations which have provided credit to Greek importers, the British government does not

offer financing that would enable importers to afford higher quality goods from the UK, according to Embassy officials. Private British exporting firms can certainly arrange bank financing to promote sales to Greece, through private financing "if they are made more fully aware of the opportunities" in the Greek import market. An additional damper on buying British goods, trade sources claim, is the Greek government's reluctance to grant import licences for products whose prices have increased by more than 10% since last year.

On the other side of the trade coin, Greek exports to Britain have their fair share of problems. Because of poor packing techniques, Greek agricultural goods, which comprise roughly half of total exports to Britain, have on occasion arrived in the U.K. in a damaged condition, British sources claim.

British importers now require guarantee bond on fresh Greek foods, and have expressed hope that increased mechanization of farming here will help eliminate much of the damaged produce bound to Britain. Cotton yarns and other Greek textile goods, which had been a primary field of exports to Britain, have recently suffered what many view as a major setback as the result of quotas on exports to EEC countries enacted this summer by the Greek government and the Common Market Commission. British trade sources, who claim that Greek textile exports cover only one percent of total EEC consumption, argue that the quota has harmed the Greek economy more than it has benefited Community procedures.

In its campaign to stimulate Greek exports to Britain, the Chamber of Commerce is paying particular attention to canned

foods and juices which are expected to attract growing demand in British markets once Greece becomes a full member of the EEC. Sources said that Britain used to depend on Commonwealth suppliers for unrestricted imports of canned goods, and is now looking towards Greece as an inexpensive source of juices and foods under EEC customs union agreements.

Sales of Greek foods and beverages to Britain in 1977 doubled over the previous year, according to Embassy sources. Fresh produce shipped to Britain include sultanas, grapes, citrus fruits, olives and peaches. Raw cotton exports have developed only in the past few years, reaching a total of more than two thousand tons in 1976.

The value of tobacco shipments, which remained at insignificant levels for decades, began to show promises in 1977 and blossomed to \$307,000 during the first quarter of this year. Greek mineral exports to the U.K. have been developing at a steady pace in recent years, spurred by a demand for pearlite ore used in steel processing, according to Embassy spokesmen.

A new prospect in Anglo-Greek trade opened recently in the field of military equipment. The Greek government this year began negotiations with the British Vickers Company on a plan to buy army tanks which would be assembled and repaired at a plant in Greece, according to British press sources. Britain, which refused to sell military equipment to Greece during the junta's reign from 1967 to 1974, would import the tank's engines, guns, armour, and electronic equipment to the Greek plant which would add about 50% to the full value of each tank in the assembly process, the Financial Times of London reported recently. The assembly and repair facilities here would enable Greece to save



a large portion of foreign exchange which would otherwise be spent on importing the finished equipment from abroad. In addition, the factory would generate employment opportunities and would probably purchase some parts and equipment from Greek manufacturers. The press report did not include information on the cost of setting up the plant or on the number of tanks, estimated to cost \$1 million each, that the government would demand over the next years. Britain is anxious to regain ground lost to French, Germany, and Italian military equipment firms during the dictatorship years, according to the Times.

Since the present thesis is concerned primarily with the footwear industry we now undertake a detailed analysis of the trade in footwear products and the role of trade in promoting growth in production.

#### C. THE ANGLO-GREEK FOOTWEAR TRADE

Greek footwear is one of the few products of the country with an international reputation. But its current penetration of the British market is relatively low. The following analysis (Table V.1) shows the details.

TABLE V.1  
THE BRITISH FOOTWEAR INDUSTRY

	Production (pairs million)	Imports (pairs million)	Apparent Consumption (pairs million)	Exports (pairs million)	Import Penetration % of apparent consumption
1971	194.2	79.4	253.1	20.4	31.3%
1972	184.3	81.1	248.0	17.4	32.7%
1973	189.3	78.1	250.6	16.7	31.1%
1974	173.5	80.2	235.6	18.3	34.0%
1975	164.1	78.1	225.2	17.0	34.7%
1976	n.a.	96.0	n.a.	n.a.	n.a.
1977	n.a.	107.0	n.a.	n.a.	n.a.

Source: UK Dept. of Industry, Economists Advisory Group and Greek Embassy London, 1978.

The import penetration (% of apparent consumption) in the British market varies in the range of 30-35%. In pairage terms the most important group of suppliers to the U.K. are six low-cost countries in Asia and the Far East: India, Hong Kong, the Korean Republic, Malaysia, Pakistan and Taiwan. These countries collectively supplied 49 million pairs of footwear to the UK in 1976<sup>8</sup> or 51% of the total imports.

By far, the most important supplier within the OECD group and indeed in total, is Italy, who alone accounts for 32% of UK's imports by value and 18% by pairage. Imports from Italy cover a wide product spectrum; the predominant element is women's footwear. Spain is the next most important overseas supplier to the UK within the OECD group, and in value terms is the second largest of all UK suppliers.

Greece started concentrating and emphasizing footwear export activities to the British market during 1974 and 1975. As a matter of fact, during that time their exports-as it is shown in the Table V.2, were quite satisfactory.

TABLE V.2		
GREEK FOOTWEAR EXPORTS TO THE U.K.		
YEAR	QUANTITY IN PAIRS	VALUE IN £
1972	36,221	97,728
1973	55,913	200,381
1974	190,341	536,927
1975	324,000	889,000
1976	200,805	709,101
1977	271,212	1,422,691
Source: Foreign Affairs Office, Reporting on the Anglo-Greek Footwear Trade Relations, (Greek Embassy, 1978), pp.15-20.		

<sup>8</sup>U.K. Dept. of Industry, Report of the Footwear Industry Study Steering Group, (Dept. of Industry, 1977), p.40.

As far as the value is concerned there was an upward trend, which is due to the increase of the average price of shoes. Thus, whilst the average price for a pair of Greek exported shoes was £3.50 in 1976 and £5.20 in 1977. This obviously led to a dramatic increase of the export value between 1975 and 1977 as it is shown in the previous table. However, these results should not be considered as satisfactory, if we take into consideration the fact that during that period the footwear imports in the UK increased by 15 million pairs. The British footwear imports for 1977 amounted to 107 million pairs with a value of 212 million pounds. The Greek participation to these figures represents 0.3% and 0.7% respectively. The reasons for this insignificant participation is due to the fact that the Greek footwear industry has not shown great interest in opening this large market but instead concentrated on the markets of U.S.A., France, W. Germany and Sweden which absorb most of the export output.

#### D. CONCLUSIONS

##### 1. General Trade

It is a fact that in this chapter, there are some elements which are discouraging the future foreign investment in Greece:

- The Government's monetary policies intended to fight inflation but at the same time contributing to low productivity and slow investment
- Ban on repatriation of profits generated by foreign firms
- Measures to reduce the fast acceleration of imports

- The price for British products is higher than similar ones coming from the eastern block countries
- Greek Government's reluctance to grant import licences for products whose prices have increased by more than 10% since last year

However, it is strongly believed that these obstacles will be overcome and the Anglo-Greek relations will continue to be excellent. The figures in the Table V.3 are prominent of the current state of trade among these two countries.

TABLE V.3  
GREECE'S TRADE WITH THE U.K.

(In thousand dollars)			
YEAR	IMPORTS	EXPORTS	BALANCE
1975	244,513	63,676	-180,837
1976	259,635	72,746	-186,889
1977	393,479	178,165	-215,314
Source: Statistical Service of Greece and Bank of Greece			

## 2. The Footwear Trade

In assessing section C of this chapter, it can easily be concluded that the Greek footwear industry must place its emphasis on developing footwear exports to the British market by taking under careful consideration the following;

- The British market is having a high import penetration which ranges between 30 and 35% of the apparent consumption.

- The so far important group of suppliers from Asia and Eastern block are facing difficulties, as far as, the import tariffs are concerned.
- Greek shoes are excellent as far as quality, and bad as far as innovative design are concerned.
- The 8% import tariff for Greece has been withdrawn, due to the fact that as of January 1981, Greece will officially become the 10th member of EEC.
- The Greek footwear manufacturers should introduce regular contacts with those importers in the U.K. interested for Greek shoes.
- A research project should be carried out regarding the consumers' preference in the U.K.
- Taking under consideration the Table V.4, it is clearly apparent that the large British market is having a very high rate of per capita consumption, among the EEC countries. These figures are very encouraging for the Greek footwear exports.

TABLE V.4

EEC FOOTWEAR INDUSTRY: CONSUMPTION PER CAPITA  
Pairs

	1966	1971	1972	1973	1974	1975
Belgium	3.58	4.47	4.64	4.18	4.44	4.27
France	4.13	4.17	4.61	4.33	4.42	4.51
W.Germany	3.74	4.42	4.50	4.05	4.24	3.78
Italy	2.14	2.24	2.20	2.17	2.15	2.15
Netherlands	3.32	3.61	3.21	3.03	3.04	2.87
U.K.	4.15	4.55	4.44	4.48	4.21	4.02
TOTAL	3.54	3.87	3.93	3.75	3.75	3.59
Index Total <sup>a</sup>	0.91	1.00	1.02	0.97	0.97	0.93
Index U.K. <sup>a</sup>	0.91	1.00	0.92	0.99	0.93	0.88
Note: a 1971=1						
Source: Economists Advisory Group from National Sources						

It is clear that organizational weaknesses seriously impede the exporting performance of the industry, particularly in respect of the British market. That the Greek industry has failed to capture a reasonable share of the British market can be largely attributed to weaknesses in marketing. Greek firms have notably failed, in comparison with other foreign companies to identify the essential features of a successful marketing campaign and to capitalize on the design and price advantages which they possess. In particular a successful penetration of the British market requires a well planned distribution system. This would incorporate the employment of agents and distributors in key positions who would be prepared to undertake selling operations in the various market centres of the country. Furthermore, a direct approach to the substantial British wholesalers and other intermediaries would almost certainly bring substantial success. However, because of the fragmented structure of the Greek footwear industry it might be necessary to form an exporting consortium of Greek footwear companies. As already indicated earlier in the text, this would present a major organizational problem perhaps presently beyond the capabilities of Greek management. The role played by Chambers of Commerce or even the Greek government in inducing Greek companies to sink their differences could well be significant in this respect. A further feature of a successful marketing operation in the U.K. would entail a substantial advertising campaign to make the various brand names of Greek footwear acceptable to the British consumer. Such campaigns have been successfully pursued by French and Italian manufacturers. However,

at the present moment the marketing efforts of Greek companies are proving rather ineffectual even in the Greek domestic market. Thus, the Greek industry is seriously lacking in highly skilled marketing managers compared with those in other European countries.

As an interim measure, Greek manufacturers could well explore the opportunities with the British footwear industry for joint ventures in the British market, since Greek firms would benefit considerably by an infusion of British capital and technical and managerial expertise. Until the leaders of the Greek footwear industry come to realize their needs in this respect, no substantial penetration of the British market can realistically be expected.

CHAPTER VI  
CONCLUSIONS



## A. FINDINGS

### 1. Greek Footwear Industry

From the review of the Greek footwear industry, it is concluded that:

There are some factors influencing the behaviour of Greek and foreign consumer demands for Greek footwear. As far as, the domestic consumption is concerned, it is clearly evident that both the rise in the standard of living in Greece and in the productivity which resulted in lower prices, have reinforced a better sales performance in the domestic market.

The developed countries followed an economic policy which was aimed at less dependence on labour intensive activities and more to capital intensive ones. In addition, the good quality and the satisfactory prices contributed to remarkable export activities for the Greek footwear manufacturers. However, there have been some weaknesses which have seriously impeded the growth and development of footwear manufacturing. The insufficient local production of processed raw material; the lack of tanneries for complete processing of raw material, which is exported for this purpose and then re-imported; and, the lack of uniformity of quality and colours of the local manufactured leather.

In addition to the above mentioned, there have been some obstacles in the further development of this branch:

- There is considerable "disintegration" of production and also unfair competition to organized industry and craft industry by "pirate" home and craft type industries.
- There is a lack of real legal climate for the development

of healthy industry (e.g., a small footwear craft manufacturer used illegally the name of a well-known international brand).

- The technological equipment is not modern; thus, there is lack of efficient methods and techniques of production.
- The lack of specialized working personnel is another drawback due to the mentality of the Greek employee-worker who becomes independent when he feels he has mastered his trade. The lack of organization in the firms, as well as, the lack of middle and higher technical and administrative personnel, has resulted in an improper handling of employees as far as, the human relations concept is concerned.
- The general level of organization of firms of footwear is exceptionally low. Thus, the Managing Director, who is often the owner, performs many tasks which would normally be dealt with by middle or lower administrative personnel in a well organized enterprise.
- No firm has a person responsible (scientifically trained) as personnel manager to follow and solve the numerous daily problems of human relations and to create and maintain a pleasant work atmosphere which would in turn increase the productivity of workers.
- As far as marketing and sales are concerned, with a few exceptions, the services of planning, forecasting, re-

search, statistical analysis, advertising, sales promotion and public relations are totally non-existent. Thus, there are no annual and monthly analytical sales, plans by product, by area dealt with, by a person responsible for sales in quantity and value.

Basic economic indicators outside the firm and in the economy are not followed closely, e.g., increases in income, construction activity, imports and exports of products of the industry and other many basic economic indicators, as well as, statistical data and information closely tied with consumption growth for the products in question.

- There is no significant analysis of the company's statistical data; no programme of fixed and proportional expenses is established and cost analysis takes place by other than accounting methods and on a very casual and approximate basis.
- None of the firms in the industry have research and development programmes.

The organizational weaknesses which became evident during our study of the firms, have negative effects on the firms' financial performance. In any case if these problems are not cured in time, they shall hold back future development of this particular industry.

## 2. British Footwear Industry

After a careful assessment of the chapter with regard to the British footwear industry, it is concluded that the industry has not suffered an exceptional decline in output in the present recession although over the longer period since 1958 it has been an industry in relative decline.

Over the period 1971-74 the unemployment rate in footwear remained at just over half the average for all manufacturing industries in Britain. Figures for January and February 1976 indicate that the unemployment rate increased further to over 4%, still somewhat faster than the continued increase in unemployment in manufacturing as a whole in that period.

Since 1970, UK imports of footwear have increased much more rapidly than total imports of manufactures, and the proportion of home consumption accounted for by imports is now high in pairage terms.

What is exceptional by EEC standards is the UK industry's low export ratio. Since exports of goods and services account for 26% of the GNP the footwear industry's export ratio of 10% is clearly well below the national average and would be further below the average for manufacturing industry. The British footwear industry, however, has not increased its exports of footwear to either EEC countries or the rest of the world sufficiently fast to keep its export performance in line with that of British industry as a whole.

As far as management is concerned there seems to be a

natural division in the industry between the branded and made-to-order manufacturers which largely determines the perceived problems and expressed attitudes and opinions.

In the majority of firms the turnover of management staff is extremely low. Large firms, those employing over about 600 staff are more likely to have a management staff turnover with recruitment from outside. Only the very largest branded manufacturers have an intake of graduates or management trainees.

The largest firms have a formal policy towards management training. In these companies management development is fully planned and implemented.

The branded manufacturers have to produce a catalogue of the stock range for forthcoming seasons. This inevitably involves a considerable investment in stock prior to the opening of each new season. This is a basic requirement of the branded firms' business and most have evolved reasonably effective forecasting and planning systems. These meet the need to provide: sales forecasts, production schedules, stock level forecasts, and hence, cash requirements. This investment leads firms to be cautious in setting sales targets and to select fairly safe designs.

Branded manufacturers nearly always have good sales analysis systems based on several season's movement of lines or ranges and seem to use these statistics to good effect.

Comprehensive shop floor control is costly to install

and operate but most firms have formal systems of some description.

Branded manufacturers have rather fewer costing problems since their production can be better planned and coordinated than that of made-to-order.

A very important factor to emerge is the declining profitability of made-to-order compared with branded manufacturers. A large number of firms visited do not use satisfactory financial controls. Whilst they seek to make the contribution to overhead and profit, there is little attempt to monitor the total effect regularly and in detail.

#### B. A COMPARISON OF GREEK AND BRITISH FOOTWEAR INDUSTRIES

It has already been mentioned that the British footwear industry is more commercially orientated than the Greek industry.

Nevertheless, it is possible to make some significant comparisons between the British and Greek situation. The industries in both countries have a substantial domestic market; they both have good market opportunities in Europe and this has been particularly improved by membership of the EEC.

It is strongly believed that the Greek footwear industry can derive some constructive elements which will contribute to the future development of that particular industry.

It is evident that large-size firms should be encouraged. The latter operate on a professional basis with an intake of graduates or management trainees. In addition, these firms have a formal policy towards management training, fully planned and implemented. It is also worthwhile mentioning that detailed

attention is paid to problems of human relations in the British footwear industry, and this is considered as an essential element contributing to the smooth future development of that particular industry. Such elements are largely absent in Greek industry.

In short, the British industry is more effectively managed and more substantially capitalized than the Greek industry.

Nonetheless, the British industry also has shortcomings which the Greek industry should avoid. In particular, British manufacturers have allowed a proportion of their markets to be captured by foreign companies which have been able to meet the challenge of modern manufacturing and marketing circumstances.

Above all foreign companies have been able more effectively to keep their costs under control and to much the styles to rapidly changing market conditions. In contrast, British companies have been excessively conservative and have failed to raise labor productivity to keep down their costs. The result has been that many British footwear products are overpriced and old fashioned. Thus, Greek manufacturers should take careful heed of the opportunities to introduce modern financial, marketing and production techniques but at the same time avoid the traditional overconfidence about Greek management and the traditional complacency of British management.

#### C. IMPLICATIONS FOR THE DEVELOPMENT OF TRADE BETWEEN UK AND GREECE

In the previous chapters we made an attempt to become acquainted

with the problems and the prospects of the footwear industry between these two countries.

It is of utmost importance that Greece develops its export activities within the British market, particularly during a period when the widening trade deficit-the outcome of fast import acceleration-is weakening the Greek economy as a whole.

The import penetration-% of apparent consumption- indicates that the UK is a very significant market with high potential. This opportunity must be tackled by the Greek footwear manufacturers if, in addition to the above, they take under consideration the fact that the most important group of suppliers from Asia and Far East are facing some import barriers in the British market.

Furthermore, the development of trade could be encouraging for Greece in view of its accession to the EEC and taking into consideration the fact that the UK is having a very high rate of per capita consumption.

The development of Greek exports to the British market will contribute significantly to the strengthening of the Greek economy which has been badly affected-along with all the other European nations-from the energy repercussions. In addition to this, the Greek footwear manufacturers will derive some constructive organizational elements which will help that particular industry to adopt modern techniques of management and production in order to cope with the inroads of the European competitors.

Finally, the development of trade between these two countries will create a discipline for the Greek footwear manufacturers. This is greatly needed in a situation in which the primary



objective of every company is zero growth.

It is now imperative for the Greek authorities-namely Commercial Department of the Greek Embassy in London, Anglo-Greek Chamber of Commerce and the Organization for Promoting Exports-to adopt a positive and a more professional approach. A carefully designed programme is desperately needed particularly in a period where consumerism is a vital issue.

- Marketing is definitely needed to be considered as carrying the major weapons for exploiting the various market conditions.
- Emphasis should be placed on long term profitability through customers' satisfaction. This is inexistent in the Greek market.
- Greater authority should be accorded to those with professional expertise in modern management methods.
- Attention should be drawn carefully to the quality factor, which is the major weakness of the Greek manufacturing industry and in particular of the footwear sector.

Furthermore participation in the local exhibitions, advertising activities in the local media, reasonable export prices and commitment on deliveries of the ordered quantities in due time are now essential. These constitute the ground for a profitable invasion of the British footwear market.

By examining all the above mentioned thoroughly, and taking advantage of the incentives granted by the government for export activities, the Greek footwear industry could have a very promising future.

D. GENERAL IMPLICATIONS FOR THE PROMOTION OF THE  
DEVELOPMENT OF GREEK MANUFACTURING INDUSTRY.

In Chapter II it was pointed out that Greece's progress from a semi-developed in to a high developed economic status can be achieved on the foundation of its manufacturing industry. Manufacturing is the first factor contributing to 19% to the formation of Gross Domestic Product.

The labor market has been thoroughly examined due to the fact that human relations issues have become prevalent in the other European countries. Therefore, a careful and constructive handling is strongly suggested to the Greek manufacturers, with the recruiting and enrichment of their management and with professionals to deal with employee affairs.

Finally, all manufacturing sectors should stress heavily their activities in order to increase the export activities and to contribute significantly to the balance of payment which recently has been badly affected by the acceleration of imports.

The three significant factors for the survival and success of Greek manufacturing industry in the European Economic Community are:

- a) An improved structure which would arise from the amalgamation of the many inefficient small companies into a smaller number of large, stronger organizations.
- b) An increase in the application of working and fixed capital which would enable innovations to be more

easily introduced; this factor will be particularly important in view of the micro electronic revolution affecting all manufacturing industry.

- c) High quality management and introduction of the more specialized techniques of functional management particularly those of manpower planning and human relations management. Nothing short of a complete and radical reorganization of the established pattern of present Greek management methods will suffice. A perpetuation of present shortcomings of Greek management would most likely spell for the annihilation of Greek manufacturing industry in competition with the industries of Western Europe.

## APPENDICES

TABLE 1  
SIZE OF INDUSTRIAL COMPANIES S.A. AND LTD.

Code No.	Total Capital Per company in thous. of drs.		Index (Average of Total in 1976=100)		Comparison of New to Old	
	New	Old	New	Old	New	Old
20	85.909	160.416	135,1	74,1	53,6	100,0
21	292.428	236.280	459,8	109,1	123,8	100,0
22	264.000	1.301.000	415,1	600,7	20,3	100,0
23	54.204	240.648	85,2	111,1	22,5	100,0
24	37.115	75.879	58,4	35,0	48,9	100,0
25	25.600	156.718	40,3	72,4	16,3	100,0
26	133.000	61.258	209,1	28,3	217,1	100,0
27	30.375	308.567	47,8	142,5	9,8	100,0
28	26.200	63.583	41,2	29,4	41,2	100,0
29	22.200	96.538	34,9	44,6	23,0	100,0
30	28.850	103.408	45,4	47,7	27,9	100,0
31	37.733	204.457	59,3	94,4	18,5	100,0
32	—	1.654.250	—	763,9	—	100,0
33	136.520	238.240	214,7	110,0	57,3	100,0
34	—	1.934.500	—	893,3	—	100,0
35	33.333	167.703	52,4	77,4	19,9	100,0
36	53.385	82.159	83,9	37,9	65,0	100,0
37	47.555	225.516	74,8	104,1	21,1	100,0
38	93.000	485.421	146,2	224,1	19,2	100,0
39	21.143	45.657	33,2	21,1	46,3	100,0
Total 1975	44.402	186.285	69,8	86,0	23,8	100,0
1976	63.600	216.565	100,0	100,0	29,4	100,0
Variance 1976:1975	+43,2 %	+16,3 %	+43,3 %	+16,3 %	—	—

RELATION OF FIXED ELEMENTS(MINUS DEPRECIATION) WITH TOTAL ASSETS

Year	Number of Industries	% of Assets
1972	1.311	49 %
1973	1.435	47 %
1974	1.651	46 %
1975	1.727	45 %
1976	1.931	45 %

Source: Greek Industrialist Federation, The Structure of the Greek Industry, (SEB, 1978), p.16.

TABLE 2

CAPITAL FUND STRUCTURE OF 1.931 INDUSTRIAL  
SA AND LIMITED COMPANIES, BY BRANCH

Branch code No.	Nbr. of SA and Ltd. Cies	ASSETS			LIABILITIES	
		Fixed Assets (less depreciation)	Current Assets and Available Funds	TOTAL Assets and Liabilities	Net Worth	Long Term Liabilities
20	284	15.348	26.932	42.280	11.517	30.763
21	57	8.002	5.859	13.861	5.399	8.462
22	6	1.390	5.379	6.769	1.492	5.277
23	324	29.201	38.701	67.902	20.954	46.948
24	109	2.033	5.230	7.263	2.270	4.993
25	44	2.713	3.527	6.240	2.291	3.949
26	35	1.108	1.323	2.431	929	1.502
27	45	7.362	4.298	11.660	2.285	9.375
28	58	1.782	1.532	3.314	1.708	1.606
29	18	312	1.054	1.366	531	835
30	123	4.381	6.847	11.228	4.215	7.013
31	194	16.119	18.544	34.663	14.573	20.090
32	12	9.011	10.840	19.851	4.284	15.567
33	146	21.126	11.114	32.240	11.040	21.200
34	14	11.786	15.297	27.083	10.593	16.490
35	169	10.862	14.255	25.117	8.521	16.596
36	76	1.863	4.007	5.870	2.006	3.864
37	109	7.532	13.846	21.378	6.795	14.583
38	66	12.821	15.685	28.506	8.345	20.161
39	42	699	1.047	1.746	733	1.013
1976	1.931	165.451	205.317	370.768	120.481	250.287
1975	1.727	130.261	158.111	288.372	92.441	195.931
1974	1.651	108.172	126.686	234.858	81.165	153.693

Source: Greek Industrialist Federation, The Structure of the Greek Industry, (SEB, 1978), p.17.

TABLE 3

## INCOME STATEMENT OF SA AND LTD INDUSTRIAL COMPANIES

Million of drachmas								
M I N U S								
Year	No. of Companies	Gross Profit	Financing Expenses	Sales Expenses	Adminis. Expenses	Depreciation	Total Expenses	Net Profit
1970	1.009	19.149	2.641	2.674	5.654	3.611	14.580	4.569
1971	1.123	20.239	3.103	3.319	6.011	3.708	16.141	4.098
1972	1.311	25.743	3.643	4.150	7.725	4.454	19.972	5.771
1973	1.435	41.577	5.209	5.403	10.985	8.959	30.559	11.018
1974	1.651	51.075	7.401	6.911	14.373	11.583	40.268	10.807
1975	1.727	56.236	10.494	8.933	17.711	13.092	50.230	6.006
1976	1.931	80.304	12.865	11.463	24.417	22.948	71.693	8.611

OPERATING EXPENSES AND NET PROFIT PERCENTAGES  
OF GROSS PROFIT

Year	Operating Expenses	Net Profit
1968	85,7%	14,3%
1969	80,5%	19,5%
1970	75,3%	24,7%
1971	79,2%	20,8%
1972	76,9%	23,1%
1973	70,9%	29,1%
1974	76,3%	23,7%
1975	89,3%	10,7%
1976	89,3%	10,7%
3 Year Terms		
1968-70	80,0%	20,0%
1971-73	76,1%	23,9%
1974-76	86,4%	13,6%

Source: Greek Industrialist Federation, The Structure of the Greek Industry, (SEB, 1978), p.19.

TABLE 4

OPERATING EXPENSES DISTRIBUTION OF SA  
AND LTD INDUSTRIES, 1965-1976

YEAR	FINANCING EXPENSES	SALES EXPENSES	ADMINISTR. EXPENSES	DEPRECIATION	TOTAL EXPENSES
1965	15,8 %	16,5 %	48,1 %	19,6 %	100,0
1966	16,6 %	16,0 %	48,1 %	19,3 %	100,0
1967	20,1 %	15,3 %	44,9 %	17,9 %	100,0
1968	21,1 %	17,3 %	40,1 %	21,5 %	100,0
1969	18,1 %	17,3 %	39,9 %	24,7 %	100,0
1970	18,1 %	18,3 %	38,8 %	24,8 %	100,0
1971	19,2 %	20,6 %	37,2 %	23,0 %	100,0
1972	18,2 %	20,8 %	38,7 %	22,3 %	100,0
1973	17,1 %	17,7 %	35,9 %	29,3 %	100,0
1974	18,4 %	17,1 %	35,6 %	28,7 %	100,0
1975	20,9 %	17,8 %	35,2 %	26,1 %	100,0
1976	17,9 %	16,0 %	34,1 %	32,0 %	100,0
3 Year terms					
1968 - 70	19,3 %	18,0 %	40,4 %	22,3 %	100,0
1971 - 73	17,9 %	19,3 %	37,1 %	25,7 %	100,0
1974 - 76	19,0 %	16,8 %	34,8 %	29,4 %	100,0

Source: Greek Industrialist Federation, The Structure of the Greek Industry, (SEB, 1978), p.22.



TABLE 5  
APPROPRIATION OF SA AND LTD COMPANIES

In million of drs.

ANALYSIS	1972	1973	1974	1975	1976
1. Total Industries each year	1.311	1.435	1.651	1.727	1.931
Net Profit of the above industries	5.771	4.018	10.807	6.006	8.611
2. No. of industries with losses	295	278	427	592	606
Losses	1.160	937	1.723	3.974	5.267
3. No. of industries with profits	980	1.125	1.224	1.135	1.325
Profits	6.931	11.955	12.530	9.988	13.877
Distribution of above profits					
- Stock to be transferred	4.819	7.655	6.597	5.110	6.746
- Shares	1.781	2.834	4.386	3.692	5.229
- Taxes, etc.	331	1.466	1.547	1.178	1.902
Percentage distribution of profits					
- Stock to be transferred	69,5 %	64,0 %	52,6 %	51,2 %	48,6 %
- Shares	25,7 %	23,7 %	35,0 %	37,0 %	37,7 %
- Taxes, etc.	4,8 %	12,3 %	12,4 %	11,8 %	13,7 %

Source: Greek Industrialist Federation, The Structure of the Greek Industry, (SEB, 1978), p.27.

TABLE 6  
INDUSTRIAL PRODUCTION INDEX

Indices	(Basis: Average monthly production 1970= 100,0)				
	JANUARY-DECEMBER				1977:
	1974	1975	1976	1977	1976
- Industrial Production (branches 20-39).....	144,2	150,5	166,4	168,5	1,3%
- Electricity and Gas Production....	152,5	162,5	181,3	193,1	6,5%
- Industrial production of Electrical and Gas branches.....	144,9	151,6	167,7	170,7	1,8%
- Mine Production.....	136,0	132,8	143,0	148,9	4,1%
- General Index of Industrial Production in Electrical, Gas and Mine branches.....	144,5	150,7	166,5	169,6	1,9%
Special Indices					
- Food- beverages-tobacco.....	116,8	118,9	135,9	143,6	5,7%
- Other branches.....	150,5	157,9	173,4	174,2	0,5%
- Consumers goods.....	138,3	149,8	167,7	171,4	2,2%
- Continuous goods .....	176,4	157,0	177,1	183,5	3,6%
- Investment goods.....	149,1	151,1	161,4	158,3	-1,9%

Source: E.S.Y.E., Industrial Production Index

TABLE 7

INDICES OF WHOLESALE PRICES OF END PRODUCTS OF  
INDUSTRIAL PRODUCTION FOR DOMESTIC CONSUMPTION  
1975-77

(1970= 100)

Branches	1975	1976	1977	Variation %	
				1976:75	1977:76
20. Food Products .....	165,1	183,2	217,7	11,0	18,8
21. Beverages .....	194,0	212,3	239,1	9,4	12,6
22. Tobacco .....	134,4	168,5	176,0	25,4	4,4
23. Textiles.....	167,5	172,6	212,9	3,0	10,5
24. Shoe, clothing .....	153,0	175,7	195,5	14,8	4,3
25. Wood and Cork .....	189,2	224,4	260,4	18,6	16,0
26. Furniture.....	168,9	195,7	215,1	15,9	9,9
27. Paper.....	229,5	229,2	236,8	-0,1	3,3
28. Printing, Publishing.....	185,3	210,5	244,4	13,4	16,1
29. Leather.....	179,7	185,2	185,7	3,1	0,3
30. Rubber and Plastic.....	178,4	191,6	211,5	7,4	11,4
31. Chemical.....	154,8	163,2	179,5	5,4	10,0
32. Petroleum by-products .....	440,7	463,1	511,0	5,1	10,3
33. Non metal minerals.....	158,3	172,6	197,3	9,0	14,3
34. Basic metallurgy industries...	192,3	210,5	226,8	9,5	7,7
35. Metal products.....	182,2	200,0	222,5	9,8	11,3
36. Machines and appliances.....	180,7	205,1	238,6	13,5	16,3
37. Electric Machinery.....	153,2	172,0	186,5	12,3	8,4
38. Transportation Equip. Industry...	168,0	214,2	258,5	27,5	20,7
39. Other Industries.....	126,0	132,8	140,6	5,4	5,9
Total Field	185,6	205,7	231,4	10,8	12,5

Source: E.S.Y.E., Wholesale Price Index

TABLE 8  
WAGES IN MANUFACTURING, ALL INDUSTRIES, IN GREECE, AVERAGE HOURLY EARNINGS IN DRACHMAS

<u>Year</u>	<u>Males</u>	<u>Females</u>	<u>Total</u>
1967.....	14.50	9.74	12.74
1968.....	15.43	10.56	13.67
1969.....	16.88	11.68	15.06
1970.....	17.93	12.19	15.95
1971.....	19.70	13.04	17.35
1972.....	21.42	14.39	18.94
1973.....	25.12	16.46	22.04
1974.....	31.84	21.30	27.87
1975*	39.26	27.29	34.74
1976 .....	50.46	35.45	44.66

\*Sampling design revised

Source: International Labour Organisation

TABLE 9

## WAGES IN MANUFACTURING, BY INDUSTRY, IN GREECE, AVERAGE HOURLY EARNINGS IN DRACHMAS

	Food	Beverages	Tobacco	Textiles	Clothing	Leather	Wood	Furniture	Paper	Printing
1967	12.78	13.10	11.67	12.14	12.06	14.30	11.93	12.24	11.64	16.45
1968	13.56	13.74	12.99	12.94	12.66	15.15	13.31	13.85	13.48	18.60
1969	14.69	14.65	13.73	14.39	14.49	15.91	14.05	15.52	14.83	19.20
1970	16.02	15.12	14.29	15.12	14.89	17.46	14.60	16.45	16.38	20.92
1971	16.23	16.08	15.62	16.45	16.89	18.34	15.92	18.28	17.18	22.75
1972	17.02	17.14	15.72	17.83	17.73	19.34	16.75	19.62	18.69	23.61
1973	19.29	22.16	18.89	20.26	17.26	21.65	20.73	21.31	19.86	29.34
1974	26.69	29.36	24.57	28.59	23.96	29.71	27.25	27.47	29.37	37.48
1975	34.81	34.95	37.11	36.05	31.21	36.57	37.06	35.36	38.91	46.29
1976	43.01	43.05	43.42	45.21	38.53	47.34	44.96	41.57	50.41	58.58

Source: International Labour Organisation

TABLE 10  
INDUSTRIAL AND HANDICRAFT EXPORTS  
1976-77

PRODUCTS	1 9 7 6		1 9 7 7		Variations(%)	
	Thousands of dollars	%	Thousands of dollars	%	1976: 1975	1977: 1976
1. Textile mills...	369.511	31,9	442.641	33,9	59,2	19,8
2. Cement.....	131.118	11,3	155.778	11,9	— 0,3	18,8
3. Antifulminates	13.661	1,2	8.968	0,7	—29,9	—34,4
4. Chemicals, Pharm....	65.130	5,6	96.872	7,4	— 0,7	48,7
5. Aluminium, alumina..	59.525	5,1	88.987	6,8	3,0	49,5
6. Nickel, iron nickel..	35.935	3,1	32.674	2,5	—37,8	— 9,1
7. Sheet iron(black)...	36.873	3,2	29.620	2,3	29,3	—19,7
8. Other metal products.....	139.637	12,0	134.337	10,3	1,5	— 3,8
9. Machinery, Transport equip. ....	36.645	3,1	40.746	3,1	48,6	11,2
10. Leather, fur.....	59.478	5,1	71.322	5,5	— 9,9	19,9
11. Shoes, leather goods..	54.506	4,7	55.764	4,3	54,6	2,3
12. Popular Art prod....	6.867	0,6	8.814	0,7	—17,3	28,4
13. Electrical equip....	14.514	1,3	14.163	1,1	21,3	— 2,4
14. Miscellaneous.....	136.760	11,8	124.498	9,5	101,1	— 9,0
TOTAL	1.160.160	100,0	1.305.184	100,0	22,8	12,5

Source: Bank of Greece, "Foreign Exchange of Greece Bulletin"

TABLE 11  
INDUSTRIAL AND SEMI-MANUFACTURED EXPORTS  
1973-1977

In million of dollars					
	1973	1974	1975	1976	1977
A. EXPORT VALUE					
1. Industrial and crafts.....	496,8	851,5	944,6	1.160,2	1.305,2
2. Oil refinery products.....	46,4	123,5	87,0	73,6	102,4
3. Semi-manufactured industrial..	47,0	59,0	59,0	59,9	67,7
4. Finished food products.....	132,8	134,0	146,0	157,2	202,9
Total (1,2,3,4).....	723,0	1.168,0	1.236,6	1.450,0	1.678,2
TOTAL EXPORTS.....	1.230,5	1.774,1	1.959,6	2.227,5	2.522,4
B. PERCENTAGE OF TOTAL EXPORTS					
1. Industrial and crafts.....	40,4	48,0	48,2	52,1	51,7
2. Oil refinery products.....	3,8	7,0	4,4	3,3	4,1
3. Semi-manufactured industrial..	3,8	3,3	3,0	2,7	2,7
4. Finished food products.....	10,8	7,6	7,5	7,1	8,0
Total(1,2,3,4).....	58,8	65,9	63,1	65,2	66,5
TOTAL EXPORTS	100,0	100,0	100,0	100,0	100,0
C. RATE OF YEARLY INCREASE					
	%	%	%	%	%
1. Industrial and handicrafts...	+ 56,6	+ 71,4	+10,9	+22,9	+ 12,5
2. Oil refinery products.....	+177,3	+166,2	-29,6	-15,4	+ 39,1
3. Semi-manufactured industrial..	+ 35,3	+ 25,5	0	+ 1,5	+ 13,0
4. Finished food products.....	+ 76,1	+ 0,9	+ 9,0	+ 7,7	+ 29,1
Total(1,2,3,4).....	+ 62,8	+ 61,5	+ 5,9	-24,2	+ 15,7
TOTAL	+ 47,3	+ 44,2	+10,5	+13,7	+ 13,2

Source: Bank of Greece "Foreign Exchange of Greece Brochure"

TABLE 12  
UK: PRODUCTION OF FOOTWEAR BY PAIRAGE  
1966, 1971-75

	Pairs million						Per cent	
	1966	1971	1972	1973	1974	1975	1971	1975
Footwear with leather uppers:								
Men's	33.6	30.9	29.3	27.4	22.9	22.7	15.9	13.8
Women's	55.7	32.5	30.2	24.1	20.1	19.9	16.7	12.1
Children's	30.2	29.5	28.7	28.0	23.6	22.8	15.2	13.9
Safety	1.7	2.1	2.1	2.3	2.8	2.8	1.1	1.7
Sports	1.8	3.2	3.3	3.2	3.2	3.8	1.7	2.3
Footwear with uppers of rubber, plastic & other synthetics incl. industrial, protective & sports	22.5	50.7	45.6	57.2	54.5	48.5	26.1	29.6
Slippers and house footwear	38.3	38.1	38.7	41.0	41.5	38.2	19.6	23.3
Footwear with uppers predominantly of textiles & footwear n.e.s.	9.9	7.2	6.0	6.1	4.9	5.4	3.7	3.3
TOTAL PAIRS	193.7	194.2	184.3	189.3	173.5	164.1	100.0	100.0

Source: Business Monitor, PQ 450



TABLE 13

UK: PRODUCTION OF FOOTWEAR BY CURRENT VALUE, 1971-75

	£ million					Per cent	
	1971	1972	1973	1974	1975	1971	1975
Footwear with leather uppers:							
Men's	71.9	76.7	86.2	89.9	103.3	25.1	24.7
Women's	73.7	70.9	68.7	68.6	81.1	25.8	19.4
Children's	38.2	40.7	48.0	50.1	56.0	13.3	13.4
Safety	4.7	5.4	7.1	10.8	13.1	1.6	3.1
Sports	5.0	6.2	6.8	8.9	10.4	1.7	2.5
Footwear with uppers of rubber, plastic and other synthetics incl. industrial, protective and sports	64.3	64.4	93.7	106.9	109.5	22.5	26.2
Slippers and house footwear	22.8	24.7	28.7	35.8	37.9	8.0	9.1
Footwear with uppers predominantly of textiles & footwear n.e.s.	5.6	4.8	5.4	5.4	6.7	2.0	1.6
TOTAL (current value)	286.2	293.8	344.6	376.4	418.0	100.0	100.0
Total 1970 prices <sup>a</sup>	268.0	252.2	265.9	252.4	241.6	-	-

Note: a Deflated by the wholesale price index for footwear, 1970= 100

Source: Business Monitor, PQ 450

TABLE 14

UK: PRODUCTION OF FOOTWEAR BY UNIT VALUE, 1971-75

						£
	1971	1972	1973	1974	1975	% increase 1971-75
Footwear with leather uppers:						
Men's	2.33	2.62	3.15	3.93	4.55	+95.3
Women's	2.27	2.35	2.85	3.41	4.08	+79.7
Children's	1.29	1.42	1.71	2.12	2.46	+90.7
Safety	2.24	2.57	3.09	3.86	4.68	+108.9
Sports	1.56	1.88	2.13	2.78	2.74	+75.6
Footwear with uppers of rubber, plastic and other synthetics incl. industrial, protective and sports	1.27	1.41	1.64	1.96	2.26	+78.0
Slippers and house footwear	0.60	0.64	0.70	0.86	0.99	+65.0
Footwear with uppers predominantly of textiles and footwear n.e.s.	0.78	0.80	0.89	1.10	1.24	+59.0
TOTAL	1.47	1.59	1.82	2.17	2.55	+73.5

Source: Table 12

TABLE 15

UK: IMPORTS OF FOOTWEAR BY PAIRAGE, 1966, 1971-75

	Pairs million						Per cent	
	1966	1971	1972	1973	1974	1975	1971	1975
Footwear with leather uppers:								
Men's	4.8	7.5	8.0	8.1	9.5	9.2	9.4	11.8
Women's	6.7	8.0	8.3	6.7	8.7	10.2	10.1	13.1
Children's	1.6	2.8	3.4	2.0	3.0	3.0	3.5	3.8
Safety	n.a.	-	-	-	0.1	0.1	-	0.1
Sports	n.a.	1.0	1.2	1.2	1.1	1.3	1.3	1.7
Footwear with uppers of rubber, plastic & other synthetics incl. industrial, protective and sports	10.9	29.9	23.5	29.1	28.3	21.6	37.8	27.7
Slippers and house footwear	5.9	2.9	3.9	4.5	4.8	4.1	3.7	5.2
Footwear with uppers predominantly of textiles and footwear n.e.s.	19.0	27.2	32.7	26.4	24.7	28.6	34.2	36.6
TOTAL PAIRS <sup>a</sup>	48.9	79.4	81.1	78.1	80.2	78.1	100.0	100.0

Note: a Totals may not sum owing to rounding

Source: BFMF

TABLE 16

UK: IMPORTS OF FOOTWEAR BY CURRENT VALUE  
1966, 1971-75

	1966	1971	1972	1973	1974	1975	£ million	
							Per cent	
							1971	1975
Footwear with leather uppers:								
Men's	4.7	9.1	12.4	16.4	20.4	24.7	16.8	20.4
Women's	8.1	14.0	15.3	18.0	24.1	32.8	25.8	27.1
Children's	0.8	2.1	2.9	2.2	3.8	4.5	3.9	3.7
Safety	n.a.	0.1	0.1	0.1	0.3	0.5	0.2	0.4
Sports	n.a.	1.9	2.5	2.9	3.2	4.7	3.5	3.9
Footwear with uppers of rubber, plastic & other synthetics incl. industrial, protective and sports	3.8	17.7	16.0	27.6	36.4	30.5	32.6	25.2
Slippers and house footwear	1.0	0.9	1.5	2.0	3.1	2.9	1.7	2.4
Footwear with uppers predominantly of textiles and footwear n.e.s.	3.9	8.4	10.4	12.5	15.7	20.4	15.5	16.9
TOTAL <sup>a</sup> (current value)	22.3	54.1	61.1	81.7	106.9	121.1	100.0	100.0

Note: a Totals may not sum owing to rounding.

Source: BFMF

TABLE 17

UK: IMPORTS OF FOOTWEAR BY UNIT VALUE  
1966, 1971-75

	1966	1971	1972	1973	1974	1975	% increase 1971-75
Footwear with leather uppers:							
Men's	0.98	1.21	1.55	2.02	2.15	2.68	+121.5
Women's	1.21	1.75	1.84	2.69	2.77	3.22	+84.0
Children's	0.50	0.75	0.85	1.10	1.27	1.50	+100.0
Safety	n.a.	2.00	1.75	2.50	3.00	5.00	+150.0
Sports	n.a.	1.90	2.08	2.42	2.91	3.62	+90.5
Footwear with uppers of rubber, plastic & other synthetics incl. industrial, protective and sports	0.35	0.59	0.68	0.95	1.29	1.41	+139.0
Slippers and house footwear	0.17	0.31	0.38	0.44	0.65	0.71	+129.0
Footwear with uppers predominantly of textiles and footwear n.e.s.	0.21	0.31	0.32	0.47	0.64	0.71	+129.0
TOTAL	0.46	0.68	0.75	1.05	1.33	1.55	+127.9

Source: Tables 15 and 16

TABLE 18

UK: IMPORTS OF FOOTWEAR BY PRINCIPAL  
COUNTRIES OF ORIGIN, BY PAIRAGE, 1971-75

Supplying country						Pairs million	
	1971	1972	1973	1974	1975	Per cent of total 1975	Per cent change 1971-75
EEC:							
Belgium/Luxembourg	0.1	0.3	0.5	0.5	0.4	0.5	+300.0
Denmark	0.4	0.1	0.1	0.2	0.3	0.4	-25.0
France	3.6	3.3	4.4	6.7	4.5	5.8	+25.0
West Germany	0.4	0.4	0.6	0.6	0.7	0.9	+75.0
Irish Republic	1.5	1.6	1.8	2.2	1.8	2.3	+20.0
Italy	10.0	11.3	11.9	14.9	14.9	19.1	+49.0
Netherlands	0.2	0.1	0.2	0.5	0.3	0.4	+50.0
TOTAL EEC	16.2	17.1	19.5	25.6	22.9	29.3	+41.4
EFTA:							
Austria	1.5	1.3	0.9	1.2	1.2	1.5	-20.0
Portugal	1.2	1.4	1.0	1.3	1.4	1.8	+16.7
Sweden	0.1	-	-	-	0.1	0.1	0
Switzerland	0.2	0.2	0.2	0.2	0.1	0.1	-50.0
Others	0.2	0.1	0.1	0.1	0.1	0.1	-50.0
TOTAL EFTA	3.2	3.0	2.2	2.8	2.9	3.7	-9.4
Canada	0.1	0.1	0.2	0.2	0.1	0.1	0
USA	0.1	-	0.1	0.1	0.1	0.1	0
Spain	2.7	2.9	3.0	4.2	4.6	5.9	+70.4
Japan	2.7	2.7	2.2	1.9	1.0	1.3	-63.0
TOTAL OECD ABOVE	25.0	25.8	27.2	34.8	31.6	40.5	+26.4
EASTERN EUROPEAN:							
Czechoslovakia	1.4	1.8	2.3	3.0	3.2	4.1	+128.6
Hungary	0.2	0.2	0.3	0.3	0.4	0.5	+100.0
Poland	2.5	2.5	2.4	3.4	3.8	4.9	+52.0
Rumania	1.3	1.1	0.7	0.8	0.8	1.0	-38.5
Yugoslavia	-	0.1	0.3	0.2	0.1	0.1	-
TOTAL EASTERN EUROPEAN	5.4	5.7	6.0	7.7	8.3	10.6	+53.7
FAR EAST:							
China	0.4	0.2	0.2	0.1	0.2	0.3	-50.0
Hong Kong	38.3	31.8	26.8	18.3	18.1	23.2	-52.7
India	3.4	3.6	2.2	3.8	1.6	2.0	-53.0
Korean Republic	-	0.7	2.8	4.2	4.7	6.0	-
Malaysia	0.3	2.7	2.1	2.0	4.1	5.2	+1266.7
Pakistan	2.2	4.7	3.9	3.4	4.0	5.1	+81.8
Taiwan	2.1	2.4	2.7	2.4	3.0	3.8	+42.9
TOTAL FAR EAST (excluding Japan)	46.7	46.1	40.7	34.2	35.7	45.7	-23.6
Brazil	0.1	0.4	0.8	0.8	1.1	1.4	+1000.0
Others	2.0	2.9	3.5	2.8	1.8	2.3	+15.0
TOTAL ALL COUNTRIES <sup>a</sup>	79.4	81.1	78.1	80.2	78.1		-1.6

Notes: a Totals may not sum owing to rounding.  
- Insignificant.

Source: BFME.

TABLE 19  
UK: IMPORTS OF FOOTWEAR BY PRINCIPAL COUNTRIES  
OF ORIGIN, BY CURRENT VALUE, 1971-75

Supplying country						£ million	
	1971	1972	1973	1974	1975	Per cent of total 1975	Per cent change 1971-75
<b>EEC:</b>							
Belgium/Luxembourg	0.3	0.6	1.2	1.3	1.0	0.8	+233.3
Denmark	0.1	-	0.1	0.1	0.1	0.1	-
France	4.4	4.1	7.1	12.8	11.1	9.2	+152.3
West Germany	0.6	0.8	1.1	1.4	1.7	1.4	+183.3
Irish Republic	2.7	2.9	3.7	4.7	4.5	3.7	+66.7
Italy	14.4	18.0	23.7	32.0	39.9	32.9	+177.1
Netherlands	0.3	0.2	0.3	0.6	0.4	0.3	+33.3
<b>TOTAL EEC</b>	<b>22.8</b>	<b>26.6</b>	<b>37.2</b>	<b>52.9</b>	<b>58.7</b>	<b>48.5</b>	<b>+157.5</b>
<b>EFTA:</b>							
Austria	2.4	2.4	2.2	3.0	3.9	3.2	+62.5
Portugal	1.1	1.6	1.7	2.1	2.5	2.1	+127.3
Sweden	0.2	0.1	0.1	0.1	0.4	0.3	+100.0
Switzerland	1.0	1.1	1.4	1.3	1.2	1.0	+20.0
Others	0.3	0.2	0.2	0.2	0.3	0.2	-
<b>TOTAL EFTA</b>	<b>5.0</b>	<b>5.4</b>	<b>5.6</b>	<b>6.7</b>	<b>8.3</b>	<b>6.9</b>	<b>+66.0</b>
Canada	0.2	0.3	0.5	0.6	0.3	0.2	+50.0
USA	0.1	0.1	0.2	0.4	0.5	0.4	+400.0
Spain	3.0	4.0	6.2	9.4	13.2	10.9	+340.0
Japan	1.5	1.0	0.7	0.9	0.5	0.4	-66.7
<b>TOTAL OECD ABOVE</b>	<b>32.6</b>	<b>37.4</b>	<b>50.4</b>	<b>70.9</b>	<b>81.5</b>	<b>67.3</b>	<b>+106.4</b>
<b>EASTERN EUROPEAN:</b>							
Czechoslovakia	1.4	1.9	3.4	4.8	5.8	4.8	+242.9
Hungary	0.3	0.4	0.7	0.7	1.1	0.9	+233.3
Poland	2.0	2.1	2.7	4.3	5.2	4.3	+160.0
Rumania	1.4	1.5	1.5	1.6	1.7	1.4	+21.4
Yugoslavia	-	0.3	1.0	0.5	0.2	0.2	-
<b>TOTAL EASTERN EUROPEAN</b>	<b>5.1</b>	<b>6.2</b>	<b>9.3</b>	<b>11.9</b>	<b>14.0</b>	<b>11.6</b>	<b>127.5</b>
<b>FAR EAST:</b>							
China	0.1	0.1	0.1	0.1	0.1	0.1	0
Hong Kong	12.2	11.0	11.8	9.9	9.4	7.8	-23.0
India	0.9	1.0	0.7	1.5	0.9	0.7	0
Korean Republic	-	0.2	1.5	3.1	3.7	3.1	-
Malaysia	0.1	0.6	0.6	0.9	1.6	1.3	+1500.0
Pakistan	0.5	1.1	1.1	1.4	1.5	1.2	+200.0
Taiwan	1.1	1.3	1.9	1.9	2.5	2.1	+127.3
<b>TOTAL FAR EAST (excluding Japan)</b>	<b>14.9</b>	<b>15.3</b>	<b>17.7</b>	<b>18.8</b>	<b>19.7</b>	<b>16.3</b>	<b>+32.2</b>
Brazil	0.1	0.7	2.2	1.5	3.1	2.6	+3000.0
Others	1.5	1.6	2.5	3.4	2.9	2.4	+93.3
<b>TOTAL ALL COUNTRIES<sup>a</sup></b>	<b>54.1</b>	<b>61.1</b>	<b>81.7</b>	<b>106.9</b>	<b>121.1</b>		<b>+123.8</b>

Note: a Totals may not sum owing to rounding.

Source: BFMF.

TABLE 20  
UK: IMPORTS OF FOOTWEAR BY PRINCIPAL COUNTRIES  
OF ORIGIN, BY UNIT VALUE, 1971-75

Supplying country	1971	1972	1973	1974	1975	% Change 1971-75
<b>EEC:</b>						
Belgium/Luxembourg	1.74	1.81	2.48	2.71	2.51	+44.3
Denmark	0.13	0.38	0.53	0.51	0.32	+146.2
France	1.22	1.25	1.61	1.91	2.44	+100.0
West Germany	1.32	1.81	1.95	2.36	2.50	+89.4
Irish Republic	1.76	1.79	2.00	2.11	2.54	+44.3
Italy	1.43	1.59	1.98	2.15	2.68	+87.4
Netherlands	1.27	1.63	1.41	1.16	1.66	+30.7
<b>TOTAL EEC</b>	<b>1.41</b>	<b>1.56</b>	<b>1.91</b>	<b>2.07</b>	<b>2.56</b>	<b>+81.6</b>
<b>EFTA:</b>						
Austria	1.61	1.85	2.34	2.53	3.34	+107.5
Portugal	0.89	1.13	1.74	1.63	1.77	+98.9
Sweden	2.07	1.99	2.72	2.56	4.08	+97.1
Switzerland	4.27	5.44	6.05	7.62	11.00	+157.6
Others	1.50	2.00	2.00	2.00	3.00	+100.0
<b>TOTAL EFTA</b>	<b>1.56</b>	<b>1.80</b>	<b>2.55</b>	<b>2.39</b>	<b>2.86</b>	<b>+83.3</b>
Canada	2.01	2.17	2.22	2.71	2.98	+48.3
USA	2.33	2.68	2.74	3.32	4.27	+83.3
Spain	1.12	1.38	2.05	2.24	2.87	+156.3
Japan	0.55	0.36	0.32	0.49	0.52	-5.5
<b>TOTAL OECD ABOVE</b>	<b>1.30</b>	<b>1.45</b>	<b>1.85</b>	<b>2.04</b>	<b>2.58</b>	<b>+98.5</b>
<b>EASTERN EUROPEAN:</b>						
Czechoslovakia	1.03	1.05	1.49	1.59	1.82	+76.7
Hungary	1.57	1.53	2.58	2.07	2.73	+73.9
Poland	0.81	0.83	1.14	1.27	1.35	+66.7
Rumania	1.08	1.38	1.97	1.90	2.15	+99.1
Yugoslavia	2.36	2.41	3.61	3.29	3.10	+31.4
<b>TOTAL EASTERN EUROPEAN</b>	<b>0.94</b>	<b>1.09</b>	<b>1.55</b>	<b>1.55</b>	<b>1.69</b>	<b>+79.8</b>
<b>FAR EAST:</b>						
China	0.34	0.64	0.69	1.11	0.62	+82.4
Hong Kong	0.32	0.35	0.44	0.55	0.52	+62.5
India	0.25	0.27	0.30	0.39	0.56	+124.0
Korean Republic	0.83	0.29	0.55	0.73	0.81	-2.4
Malaysia	0.17	0.22	0.30	0.48	0.40	+135.3
Pakistan	0.24	0.24	0.29	0.41	0.38	+58.3
Taiwan	0.53	0.56	0.69	0.84	0.82	+54.7
<b>TOTAL FAR EAST (excluding Japan)</b>	<b>0.32</b>	<b>0.33</b>	<b>0.43</b>	<b>0.55</b>	<b>0.55</b>	<b>+71.9</b>
Brazil	1.06	1.81	2.60	1.98	2.67	+170.8
Others	0.75	0.55	0.71	1.21	1.61	+114.7
<b>TOTAL ALL COUNTRIES</b>	<b>0.68</b>	<b>0.75</b>	<b>1.05</b>	<b>1.33</b>	<b>1.55</b>	<b>+127.9</b>

Source: BFMF



TABLE 21  
UK: EXPORTS OF FOOTWEAR BY PAIRAGE,  
1966, 1971-75

	Pairs million						Per cent of total	
	1966	1971	1972	1973	1974	1975	1971	1975
Footwear with leather uppers:								
Men's	4.0	5.9	4.9	3.8	4.1	4.1	28.9	24.1
Women's	2.4	4.1	2.7	2.4	3.0	2.8	20.1	16.5
Children's	1.0	1.0	1.1	1.2	1.5	1.4	4.9	8.2
Safety	n.a.	0.2	0.2	0.3	0.3	0.3	1.0	1.8
Sports	n.a.	0.5	0.6	0.6	0.6	0.7	2.5	4.1
Footwear with uppers of rubber, plastic and other synthetics incl. industrial, protective and sports	1.8	4.5	3.9	4.6	4.5	4.1	22.0	24.1
Slippers and house footwear	1.4	2.4	2.1	1.9	2.6	2.8	11.8	16.5
Footwear with uppers predominantly of textiles and footwear n.e.s.	1.6	1.8	1.8	1.9	1.5	0.8	8.8	4.7
TOTAL PAIRS	12.2	20.4	17.3	16.7	18.1	17.0	100.0	100.0

Source: BFMF

TABLE 22  
UK: EXPORTS OF FOOTWEAR BY CURRENT VALUE,  
1966, 1971-75

	£ million						Per cent of total	
	1966	1971	1972	1973	1974	1975	1971	1975
Footwear with leather uppers:								
Men's	8.7	16.3	14.4	13.3	16.7	19.7	45.4	37.7
Women's	4.2	9.0	6.3	6.8	9.4	11.5	25.1	22.0
Children's	0.8	1.1	1.4	1.9	2.7	3.0	3.3	5.7
Safety	n.a.	0.5	0.5	0.8	1.2	1.2	1.4	2.3
Sports	n.a.	1.0	1.2	1.6	1.9	2.3	2.8	4.4
Footwear with uppers of rubber, plastic and other synthetics, incl. industrial, protective and sports	1.2	4.8	4.6	6.4	8.0	9.4	13.3	17.9
Slippers and house footwear	1.0	1.8	1.7	1.8	3.4	3.8	5.0	7.3
Footwear with uppers predominantly of textiles and footwear n.e.s.	0.6	1.4	1.8	2.6	3.0	1.4	3.9	2.7
TOTAL (current value)	16.5	35.9	31.9	35.2	46.3	52.3	100.0	100.0
TOTAL 1970 prices <sup>a</sup>	n.a.	33.6	27.4	27.2	31.1	30.2	-	-

Note: a Deflated by the wholesale price index for footwear 1970=100.

Source: BFMF and Business Monitor, PQ 450.

TABLE 23

UK: EXPORTS OF FOOTWEAR BY UNIT VALUE  
 1966, 1971-75

							£
	1966	1971	1972	1973	1974	1975	Per cent increase (decrease) 1971-75
Footwear with leather uppers:							
Men's	2.18	2.76	2.94	3.50	4.07	4.80	+73.9
Women's	1.75	2.20	2.33	2.83	3.13	4.11	+86.8
Children's	0.80	1.10	1.27	1.58	1.80	2.14	+94.5
Safety	n.a.	2.50	2.50	2.67	4.00	4.00	+60.0
Sports	n.a.	2.00	2.00	2.67	3.17	3.29	+64.5
Footwear with uppers of rubber, plastic and other synthetics, incl. industrial, protective and sports	0.67	1.07	1.18	1.39	1.78	2.29	+114.0
Slippers and house footwaer	0.71	0.75	0.81	0.95	1.31	1.36	+81.3
Footwear with uppers predominantly of textiles and footwear n.e.s.	0.38	0.78	1.00	1.37	2.00	1.75	+124.4
TOTAL	1.35	1.76	1.84	2.11	2.56	3.08	+75.0

Source: Tables 21 abd 22

TABLE 24  
UK: APPARENT CONSUMPTION OF FOOTWEAR  
BY PAIRAGE, 1966, 1971-75

	Pairs million					
	1966	1971	1972	1973	1974	1975
Footwear with leather uppers:						
Men's	34.4	32.5	32.4	31.7	28.3	27.8
Women's	60.0	36.4	35.8	28.4	25.8	27.3
Children's	30.8	31.3	31.0	28.8	25.1	24.4
Safety	n.a.	1.93	1.94	2.04	2.60	2.60
Sports	n.a.	3.70	3.90	3.80	3.70	4.40
Footwear with uppers of rubber, plastic and other synthetics, incl. industrial, protective and sports	31.6	76.1	65.6	81.7	78.3	66.0
Slippers and house footwear	42.8	38.6	40.5	43.6	43.7	39.5
Footwear with uppers predominantly of textiles and footwear n.e.s.	27.3	32.6	36.9	30.6	28.1	33.2
TOTAL	226.9	253.1	248.0	250.6	235.6	225.2

Source: Tables 12, 15 and 21

TABLE 25  
UK: APPARENT CONSUMPTION OF FOOTWEAR BY  
CURRENT VALUE, 1966, 1971-75

	£ million					
	1966	1971	1972	1973	1974	1975
Footwear with leather uppers:						
Men's	n.a.	64.7	74.7	89.3	93.6	108.3
Women's	n.a.	78.7	79.9	79.9	83.3	102.4
Children's	n.a.	39.2	42.2	48.3	51.2	57.5
Safety	n.a.	4.3	5.0	6.4	9.9	12.4
Sports	n.a.	5.9	7.5	8.1	10.2	12.8
Footwear with uppers of rubber, plastic and other synthetics incl. industrial, protective and sports	n.a.	77.2	75.8	114.9	135.3	130.6
Slippers and house footwear	n.a.	21.9	24.5	28.9	35.5	37.0
Footwear with uppers predominately of textiles and footwear n.e.s.	n.a.	12.6	13.4	15.3	18.1	25.7
TOTAL (current value)		304.5	323.0	391.1	437.1	484.7
TOTAL 1970 prices <sup>a</sup>	n.a.	285.1	277.3	301.8	293.2	280.2

Note: a Deflated by the wholesale price index for footwear, 1970=100.

Source: Business Monitor, PQ 450 and Tables 15, 16 and 22

TABLE 26

UK: APPARENT CONSUMPTION OF FOOTWEAR BY  
UNIT VALUE, 1966, 1971-75

	1966	1971	1972	1973	1974	1975	Per cent increase 1971-75
Footwear with leather uppers:							
Men's	n.a.	1.99	2.31	2.82	3.31	3.90	+96.0
Women's	n.a.	2.16	2.23	2.81	3.23	3.75	+73.6
Children's	n.a.	1.25	1.36	1.68	2.04	2.34	+82.2
Safety	n.a.	2.23	2.58	3.14	3.81	4.77	+113.9
Sports	n.a.	1.59	1.92	2.13	2.76	2.91	+83.0
Footwear with uppers of rubber, plastic and other synthetics incl. industrial, protective and sports	n.a.	1.01	1.16	1.41	1.73	1.98	+96.0
Slippers and house footwear	n.a.	0.57	0.60	0.66	0.81	0.94	+64.9
Footwear with uppers predominantly of textiles and footwear n.e.s.	n.a.	0.39	0.36	0.50	0.64	0.77	+97.4
TOTAL	n.a.	1.20	1.30	1.56	1.86	2.15	+79.2

Source: Tables 24 and 25

TABLE 27  
UK: APPARENT CONSUMPTION OF FOOTWEAR PER CAPITA  
BY PAIRAGE, 1966, 1971-75

							Pairs
	1966	1971	1972	1973	1974	1975	Per cent increase (decrease) 1971-75
Footwear with leather uppers:							
Men's	1.73	1.62	1.60	1.56	1.39	1.36	-16.0
Women's	2.74	1.65	1.62	1.28	1.16	1.22	-26.1
Children's	2.41	2.34	2.31	2.15	1.89	1.87	-20.1
Safety							
Sports							
Footwear with uppers of rubber, plastic & other synthetics incl. industrial, protective and sports	0.58	1.37	1.18	1.46	1.40	1.18	-13.9
Slippers and house footwear	0.78	0.69	0.73	0.78	0.78	0.71	+2.9
Footwear with uppers predominantly of textiles and footwear n.e.s.	0.50	0.58	0.66	0.55	0.50	0.59	+1.7
TOTAL <sup>a</sup>	4.15	4.55	4.44	4.48	4.21	4.02	-11.6

Notes: Men's and women's averages are based on population aged fifteen and over, averages for children are based on the 0-14 age group. All other averages are based on total population.

a Totals include safety and sports footwear with leather uppers.

Source: Monthly Digest of Statistics and Table 24.

TABLE 28  
UK: APPARENT CONSUMPTION OF FOOTWEAR PER CAPITA  
BY VALUE, 1966, 1971-75

	1966	1971	1972	1973	1974	1975	Per cent increase (decrease) 1971-75
Footwear with leather uppers:							
Men's	n.a.	3.22	3.70	4.40	4.59	5.28	+64.0
Women's	n.a.	3.56	3.60	3.60	3.74	4.58	+28.7
Children's	n.a.	2.93	3.15	3.60	3.85	4.40	+50.2
Safety							
Sports							
Footwear with uppers of rubber, plastic & other synthetics incl. industrial, protective and sports	n.a.	1.39	1.36	2.06	2.42	2.33	+67.6
Slippers and house footwear	n.a.	0.39	0.44	0.52	0.63	0.66	+50.0
Footwear with uppers predominantly of textiles and footwear n.e.s.	n.a.	0.23	0.24	0.27	0.32	0.46	+100.0
TOTAL <sup>a</sup>		5.48	5.79	7.00	7.80	8.66	+58.0

Notes: Men's and women's averages are based on population aged fifteen and over. Averages for children are for the 0-14 age group. All other averages are based on total population.

a Totals include safety and sports footwear with leather uppers.

Source: Monthly Digest of Statistics and Table 25.



TABLE 29  
UK: IMPORTS OF FOOTWEAR AS A PERCENTAGE OF  
APPARENT CONSUMPTION BY PAIRAGE, 1966, 1971-75

	Per cent					
	1966	1971	1972	1973	1974	1975
Footwear with leather uppers:						
Men's	14.0	23.1	24.7	25.6	33.6	33.1
Women's	11.2	22.0	23.2	23.6	33.7	37.4
Children's	5.2	8.9	11.0	6.9	12.0	12.3
Safety	n.a.	1.6	2.1	2.0	3.8	3.8
Sports	n.a.	27.0	30.8	31.6	29.7	29.5
Footwear with uppers of rubber, plastic and other synthetics, incl. industrial, protective and sports	34.5	39.3	35.8	35.6	36.1	32.7
Slippers and house footwear	13.8	7.5	9.6	10.3	11.0	10.4
Footwear with uppers predominantly of textiles and footwear n.e.s.	69.6	83.4	88.6	86.3	87.9	86.1
TOTAL	21.6	31.3	32.7	31.1	34.0	34.7

Source: Tables 15 and 24.

TABLE 30

UK: IMPORTS OF FOOTWEAR AS A PERCENTAGE OF  
APPARENT CONSUMPTION BY VALUE, 1966, 1971-75

	Per cent					
	1966	1971	1972	1973	1974	1975
Footwear with leather uppers:						
Men's	n.a.	14.1	16.6	18.4	21.8	22.8
Women's	n.a.	17.8	19.1	22.5	28.9	32.0
Children's	n.a.	5.4	6.9	4.6	7.4	7.8
Safety						
Sports						
Footwear with uppers of rubber, plastic and other synthetics incl. industrial, protective and sports	n.a.	22.9	21.1	24.0	26.9	23.4
Slippers and house footwear	n.a.	4.1	6.1	6.9	8.7	7.8
Footwear with uppers predominantly of textiles and footwear n.e.s.	n.a.	66.7	77.6	81.7	86.7	79.4
TOTAL		17.8	18.9	20.9	24.5	25.0

Source: Tables 16 and 25.

TABLE 31

UK: PER CENT IMPORT PENETRATION OF UK  
 APPARENT CONSUMPTION BY VALUE AS A RATIO  
 OF PER CENT IMPORT PENETRATION BY PAIRAGE,  
 1971-75

	Ratio				
	1971	1972	1973	1974	1975
Footwear with leather uppers:					
Men's	0.61	0.67	0.72	0.65	0.69
Women's	0.81	0.82	0.95	0.86	0.86
Children's	0.61	0.63	0.67	0.62	0.63
Footwear with uppers of rubber, plastic and other synthetics, incl. industrial, protective and sports	0.58	0.59	0.67	0.75	0.72
Slippers and house footwear	0.55	0.64	0.67	0.79	0.75
Footwear with uppers predominantly of textiles and footwear n.e.s.	0.80	0.88	0.95	0.99	0.92
TOTAL	0.57	0.58	0.67	0.72	0.72

Source: Tables 29 and 30.

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