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JOINT STUDY OF THE EUROPEAN SOCIAL PARTNERS

“THE IMPLEMENTATION OF FLEXICURITY AND THE ROLE OF THE SOCIAL PARTNERS”

NATIONAL FICHE:

GREECE

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Preface

This national fiche is part of the EU Social Partners’ Study “The implementation of flexicurity and the role of social partners” carried out in the context of the EU Social Dialogue Work Programme 2009-2011, which includes “*Jointly monitoring the implementation of the common principles of Flexicurity, notably in order to evaluate the role and involvement of the social partners in the process and to draw joint lessons*”.

To implement this task in the best possible way and to involve national member organisations actively in the gathering of data and information, the study applies a methodology that consists of multiple levels of analysis using a variety of instruments to be implemented with the help of a team of experts:¹

- The expert team, with the advice of European Social Partners, agreed on a *set of selected statistical indicators* in the field of employment and economic and social development with labour market relevance.
- National social partners were asked to participate in a *questionnaire-based survey* focussing on the relevance of the flexicurity concept within national labour markets, the role of the social partners in policy implementation and their views of the flexicurity concept. To complement the research, the expert team visited a number of countries and carried out interviews with national social partners.²
- Based on the two sources above and a review of available written materials and information, the expert team prepared 29 national “*fiches*” on the implementation of the flexicurity principles and the role of social partners in the respective national contexts.
- Results of the questionnaire survey and main findings of the national analyses were discussed at four “*country cluster seminars*” that were organised by the European Social Partners with the help of national sections in Warsaw (November 2010), Lisbon (December 2010), Paris (31st January-1st February 2011) and The Hague (8th February 2011).
- In the light of the overall study results and the comments received by national social partners in the contexts mentioned above, the expert team has prepared a *comparative synthesis report* on “Social Partners and Flexicurity in Contemporary Labour Markets” that was presented and discussed at a *EU-level synthesis seminar* on 31st March and 1st April 2011 in Brussels.

This national fiche aims to present a broad overview on the economic and social context and the state of play with regard to flexibility and security in the labour market and current social security arrangements (sections one and two). Secondly, the report describes the role of the social partners and social dialogue in the implementation of policies and practices that can be considered under the broad umbrella of “flexicurity” (section three), also summarising inputs provided by national social partners to the questionnaire, from interviews carried out and other contributions made in the context of the study. Section three also presents brief descriptions of cases of good practice as has been indicated by the national social partners.

The text was originally prepared as draft report in the autumn of 2010 in order to facilitate the discussion at the cluster seminar on 22nd and 23rd November 2010 in Warsaw. The original dossier has been reviewed and revised to take into account the comments and discussions that took place during the seminar or received afterwards.

However, it should be stressed that this report is presented as an “independent expert report”. It represents the views of the individuals involved in its preparation and does not purport to represent the views, either individually or collectively, of the social partners’ representatives that contributed to it, or those of the European level social partner organisations that were responsible for its commissioning.

¹ Expert team: Eckhard Voss (coordinator), Alan Wild, Anna Kwiatkiewicz and Antonio Dornelas.

² The following countries were visited in the context of the project between May and July 2010: Denmark, France, Ireland, Italy, Czech Republic, Poland, Germany, Portugal and the Netherlands.

1 The economic and social context

Economic crisis and recovery

The public sector has an important share in the Greek economy (approx. 40% of GDP). The composition of the economy is the following: services - 76%, industry – slightly over 20% and agriculture - almost 3.5%. Tourism is one of the most important pillars of the Greek economy: it generates 15% of the GDP. Greece is a major beneficiary of the EU financial support, which equals to approx. 3.3% of its GDP.

Between 2003 and 2007 the Greek economy grew by 4%. An important stimulus for growth was the organization of the 2004 Athens Olympic Games and an increased availability of credits, which encouraged consumer spending. Despite these relatively favorable conditions Greece is famous for notorious violation of the Maastricht deficit criterion of 3% of GDP.

The economy went into recession in 2009 and contracted by 2%; sectors hit the most are construction, maritime and SMEs. Public finances have worsened much beyond expectations and the government deficit reached the level of 13.6% in 2009. Eroding public finances and a credibility gap stemming from inaccurate and misreported statistics prompted major credit rating agencies in late 2009 to downgrade Greece's international debt rating, which has led to increased financial instability. While recent deterioration in public finances shall be seen in the context of the crisis, it is clear that fiscal imbalances in Greece have been high and persistent for many years. The crisis has proven that these imbalances are unsustainable in the medium-term and have serious negative consequences for financing of internal and external public deficits.

The situation on the labour market has worsened significantly. Unemployment rate grew to 9.5% in 2009. It was caused by lower labour market demand from the retail, wholesale and construction sectors. Fewer employment opportunities in the private sector, along with the recruitment freeze and short-term contracts, are likely to cause further increase of the unemployment rate in 2010.

According to the European Commission Economic Spring Forecast 2010 Report real GDP will further contract in 2010, then it will start to slowly improve in the second half of 2011, but will still remain negative. This ‘not-so-bright’ economic forecast can be attributed, among others, to relatively low economic activity due to increased tax burden, declining public spending and expensive and limited access to financing. Additionally, falling employment and more modest disposable income will most likely hinder real demand. The perspectives for business activity remain poor. Investment is predicted to decline in 2010; weak domestic demand and financial conditions will influence investment decisions. Additionally, on-going strikes and protests make any investment decision more difficult.

GREECE - MAIN ECONOMIC INDICATORS AND OUTLOOK

	2007	2008	2009	2010	2011
GDP	4.3	1.3	-2.3	-4.2	-3.0
– annual percentage change					
Employment	1.7	0.2	-0.7	-2.8	-2.6
- annual percentage change					
Unemployment rate	8.3	7.7	9.5	12.5	15.0
(Eurostat definition)					
General government balance	-6.4	-9.4	-15.4	-9.6	-7.4
(as percentage of GDP)					
General government gross debt	105.0	110.3	126.8	140.2	150.2
(as percentage of GDP)					

Source: European Commission: Autumn 2010 Economic Forecast.

In response to the crisis and as a part of the coordinated EU-approach, a recovery package for the banking sector as well as special support measures for SMEs sector have been introduced. Pushed by the EU and international institutions the Greek government has adopted a medium-term austerity programme. It includes cutting government spending, reducing the size of the public sector, decreasing tax evasion, introducing healthcare system reform, modernizing pension system and labour market and improving competitiveness. In April 2010, a leading credit agency assigned its lowest possible credit rating to the Greek debt; in response, the International Monetary Fund and the EU pledged more than 110 billion EUR in support of Greece over the next three years. According to The Economist ‘the bigger worry for Greece is not its immediate funding hump, but that investors are starting to lose faith that the country will be able to sustain its growing indebtedness’³.

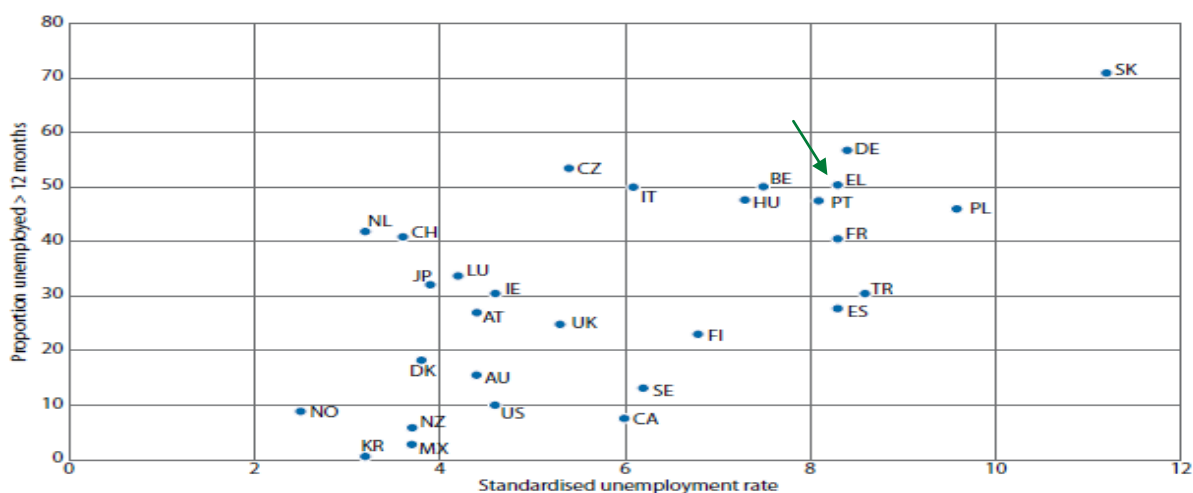
Labour market indicators and trends

In 2008, the employment rate in Greece was almost 62%; Greece was one of the EU countries with the biggest gender gap: employment rate for men was at the level 75%, while employment rate for women was slightly below 50.0%. Additionally, Greece was over 10 percentage points short from the Lisbon target of 70% for total unemployment rate. The employment rate of older workers is 3 percentage points below the EU27 average; fewer older women are employed than men. In 2008, the majority of the Greek workers was employed in services (almost 70%), followed by industry (18.9%) and agriculture (almost 11.8%). Greece is famous for a very high self-employment rate: it is more than two times bigger than the EU27 average (35.4% compared with 15.7%).

As it has been already stated, Greece faces a serious problem of high unemployed rate, which was further aggravated by the economic crisis: in 2008, the unemployment rate in Greece corresponded to the EU27 average, but in 2009 it was already 9.5% and still growing.

Long-term unemployment is above the EU27 average, while long-term unemployment for women is even more pronounced – almost 60% of the long-term unemployed were female workers. Greece also faces a serious problem of a high unemployment rate among young people (aged 15-24). In 2008, it was at the level of over 22%, and exceeded the EU27 average by over 6 percentage points. As a result of the crisis employment has contracted much more noticeably than GDP; this suggests a particularly strong reaction of employment to economic contraction⁴.

INCIDENCE OF LONG-TERM UNEMPLOYMENT AND THE UNEMPLOYMENT RATE, 2007



Source: *Employment in Europe Report*, p. 73, based on OECD figures.

³ Greece's deepening debt crisis. *The wax melts*, The Economist, 10 April 2010, p. 68.

⁴ European Commission, *Employment in Europe 2009 Report*, Brussels 2009, p.28.

Immigrants make up nearly one-fifth of the workforce, mainly in agricultural and unskilled jobs. They are numerous in the informal economy sector. According to available data, the size of the shadow economy is much bigger than the OECD average: in 2007, it accounted for over 25% compared to the 21 OECD countries average of approx. 14.0 %. It is likely that the share of undeclared work has further increased during the crisis.

GREECE - MAIN LABOUR MARKET INDICATORS 2009 IN COMPARISON TO EU27

	Greece	EU27
Employment rate – % population aged 15 – 64	61.2	64.6
Employment rate older people – % population aged 55-64	42.2	46.0
Self employed - % total population	35.4	15.5
Employment in services - % total employment	69.3	70.4
Employment in industry - % total employment	18.9	24.1
Employment in agriculture - % total employment	11.8	5.6
Unemployment rate - % labour force 15+	9.5	8.9
Youth unemployment rate - % labour force 15-24	25.8	19.6
Long term unemployment rate - % labour force	3.9	3.0
Inequalities of income distribution (2008)	5.9	5.0

Source: Eurostat, *Employment in Europe Report 2010*.

According to the European Commission Annual Progress Assessment 2010 the main challenges, the Greek government is facing, are: the modernisation of the employment protection system to make labour market more responsive to a rapidly changing business environment, the reduction of non-wage cost on the low paid, the improvement of ALMP as well as the of reform education and training systems. The Commission has suggested transforming undeclared work into legal employment, increasing participation in lifelong learning initiatives as well as facilitating transition to labour market, especially for the young⁵.

Flexicurity in the labour market and labour market policy

Educational attainment is an important factor as it determines to a large extent the professional career perspectives. In 2007 in Greece the largest number of people had below upper secondary education (40%), closely followed by those with post-secondary non-tertiary level of education (37%). The proportion of those with tertiary education was 23%.

According to the European Company Survey 2009 Greece is the EU country that uses to the smallest extent flexible working time arrangements with the possibility to accumulate hours (only approx. 30% establishments). These arrangements mostly are limited to flexible hours of starting and finishing work. There is a peculiarity related to the use of flexible working time arrangements in Greece: among Greek enterprises there is a low incidence of establishments with flexitime schemes, but once they are implemented there is a high proportion of people benefiting from them. The use of arrangements for accumulating working hours has not changed in Greece over the last four years. Overtime is reported to be compensated mainly by payment, with very few cases of compensating it by extra time off.

The dominating form of contract is full-time employment. Part-time is not often used: 5.6% in Greece in 2008 compared with 18.2% for the EU27 average in the same period. According to the NRP Annual Progress report 2010 part-time employment was estimated at 6% and was nearly the same as in 2007. The main reason for taking up part-time employment (40% of answers) is a lack of full-time opportunities. The share of female part-time workers is higher than male par-timers. Only approx.

⁵ European Commission, Annual Progress Report, December 2009, Brussels, 2009, pp.21-22.

16% of companies use part-time⁶. Greece is also the country with one of the lowest share of working atypical hours: only 39% of establishments employing over to people uses Saturday work, and 15% - Sunday work. On the other hand, Greek companies often employ freelance workers: more than three out of ten establishments do so. That places Greece together with Poland and Portugal very high in the ranking related to the incidence of freelance work. As mentioned before, the high rate of self-employment (34.4%) is a very characteristic feature of the Greek labour market. According to the NRP 2008-2010 the share of self-employed without employees accounts for over 21%. According to available estimates the size of the shadow economy almost doubles the OECD average (in 2007 it exceeded 25%). It is usually the case in countries where the labour market is characterised by a low level of participation of certain groups, a low incidence of part-time work and a large number of microenterprises⁷.

Together with Italy, Greece is the country with one of the lowest turnover rates (below 30%); the turnover rate is higher for women and for employees with higher skills. Greece together with Poland, Belgium and Germany is the country with one of the lowest transition rates from unemployment to employment (below 25%). Additionally, in Greece, this rate registered continuous deterioration over the last decades. Transition rates from inactivity to employment are also low for Greece, and have been deteriorating recently as well. Greece is also an example of those countries experiencing the narrowest ‘education gap’ in the EU – the correlation between education level and ability to find employment.

During the crisis the following trends were observed on the Greek labour market: hiring freeze, growing number of redundancies and replacement of full-time contracts with part-time or interim contracts. Already in the second quarter of 2008 part-time employment increased from 11.5% to 12.1%; there was also a bigger number (almost 48%) of people claiming that part-time work was a result of the inability to obtain full-time contract.

Only 14% of the Greek employees participate in CVTS (compared to 33% in the EU27); lifelong learning participation is also very low – just over 3,3% of the total workforce. According to the European Company Survey 2009 not more than 60% of establishments employing more than 10 employees were conducting regular training need analysis; Greece was ranked as second last before Lithuania.

The protection level in Greece is higher than the EU27 average (2.73% compared to 2.1%). Protection of regular employment is much higher than protection of temporary employment (2.75% compared to 1.25%). This significant difference makes employment contracts much more attractive and explains the relatively low interest in flexible contractual arrangements. The level of job satisfaction in Greece is extremely low compared with the EU average (63,2% for Greece compared with 85% for the EU27 in 2005)⁸. The disparity is even more striking when compared with ‘job satisfaction leaders’ as Denmark (94,9%), Austria (90,8%) or Germany (88.3%).

GREECE - FLEXICURITY INDICATORS IN COMPARISON

	Greece	EU27
Total population having completed at least upper secondary education (population aged 25-64, %), 2009	61.2	72.0
Part-time employment - % total employment, 2009	6.0	18.8
Fixed-term contracts - % total employees, 2009	12.1	13.5
Access to flexitime, % total employees aged 15-64, 2004	15.1	31.3

⁶ European Foundation for Living and Working Conditions, *European Company Survey 2009*, p.14.

⁷ Aritake-Wild, *Greece National Dossier*, report drafted by A. Dornelas and A. Wild within the framework of the II Joint Project of the European Social partners organisations, *Restructuring in EU15*, January 2008, p. 9.

⁸ European Foundation for Living and Working Conditions, *Measuring Job Satisfaction in Surveys – Comparative Analytical Report*, Dublin 2007, p. 5.

Percentage of employees (all enterprises) participating in CVT courses , 2005	14.0	33
Lifelong learning participation – percentage of the population aged 25-64 participating in education and training over the four weeks prior to the survey, 2009	3.3	9.3
Job satisfaction – percentage of workers that are either very satisfied or satisfied with working conditions in their main paid job (EWCS 2010)	63.2	84.3
Strictness of employment protection – regular employment, 2008	2.33	2.11*
Strictness of employment protection – temporary employment, 2008	3.54	2.08*
Strictness of employment protection – collective dismissals, 2008	3.25	2.96*
Public expenditure on <i>passive</i> labour market policies (categories 8-9) - % of GDP, 2008	0.46	0.96
Public expenditure on <i>active</i> labour market policies (categories 2-7) - % of GDP, 2008	0.14	0.46
Persons at-risk-of-poverty after social transfers - % of total population, %, 2009	19.7	16.3

Source: Eurostat; *Employment in Europe Report 2010*; Eurofound (*European Working Conditions Survey 2010*); OECD. *OECD average

The unemployment rate and the average length of unemployment are important indicators for the analysis of the labour market policy effectiveness. In Greece, the standardized unemployment rate is 8.3%. According to the *Employment in Europe 2009 Report*, in Europe the incidence of long-term unemployment is estimated at 45% compared with 10% in the USA. From this perspective Greece scored quite negatively - the proportion of those unemployed for longer than 12 months was 50.3% (2008).

Conclusion

According to the 2008-2010 NRP Annual Progress assessment of the European Commission Greece should address its macro-economic imbalances and structural weaknesses. In order to enhance its competitiveness Greece should continue fiscal consolidation and speed up reforms. More investment in human resources is needed as well as elaborating a coherent strategy for continuing vocational training and lifelong learning. Other important issues that need to be addressed are: improving the effectiveness of ALMP, ensuring effective transition to work, especially for young people, and modernise employment protection legislation. There is also need for ensuring closer relation between wages and productivity.

2 Flexibility and security in recent labour market and social policy reforms

Introduction and overview

Flexicurity is a relatively new concept on the Greek labour market; social partners have not officially addressed this issue in their positions. The present economic difficulties of Greece do not create a favorable environment for discussing flexicurity, especially in the context of wage cuts and acute need to reduce public spending. Moreover, the Greek discussion of flexicurity is conditioned by a relatively low proportion of salaried workers, a relatively fragmented labour market with a high share of SMEs and a significant share of the informal sector. A serious threat to flexible contractual arrangements is undeclared work –the main reason for taking up an informal job was the level of salaries being too low (Eurobarometer 2007)⁹. Like in many other European countries there is a lack of coherent approach to flexicurity and different elements corresponding to the concept can be found in different pieces of legislation. Main developments promoting flexicurity in the Greek labour

⁹ European Commission, *Undeclared work in the European Union*, Eurobarometer 2007, p.36. (http://ec.europa.eu/public_opinion/archives/ebs/ebs_284_en.pdf).

law are: adjustment of working time and reduction in the cost of overtime (Law 3385/2005), part-time work expansion in the public sector (Law 3250/2004), changes in the employment status in state-run utilities and enterprises (Law 3429/2005) as well as modifications in social security¹⁰.

Lifelong learning and the mobility of workers

Greece scored very low in CVTS3. This low score concerns both employee participation in training and incidence of training needs analysis. The share of Greek employees participating in lifelong learning initiatives is also low. An important development in this field was passing the law 3369/2005 on lifelong learning and establishing the National Committee for Lifelong Learning. The Developing Accreditation System for Vocational Training Programme is important for improving its transparency. The government also plans to join lifelong learning and continuing vocational training efforts and to seek for synergies.

The Greek trade unions point out that the current approach to vocational training does not have a continuing character, it is organised rather on the basis of ad hoc interventions depending on the available state subsidies. At the same time vocational training organised at the initiative of employers is not sufficiently developed. Trade unions believe that this poses serious questions both to the quality of training programs and their financial sustainability¹¹.

In the PES reform of 1998 there were some provisions on promoting geographical mobility, i.e. introducing “local employment pacts”, but they hardly ever became operational. Mobility is a big, practically non existing subject in the Greek debate on flexicurity. Trade unions believe there are not any support mechanisms to mobility.

External/internal flexicurity and contractual arrangements

According to NRP 2008-2010: ‘the European flexibility challenge is met in Greece by satisfactory national legal framework, encompassing all forms of flexible employment. However, these flexible forms of employment currently do not appear sufficiently attractive to either employees or employers’¹². While analyzing the share of regular employment contracts and the use of temporary contracts it is clear that the full time traditional contracts prevail in practice.

According to trade unions internal flexibility is mainly achieved by intensifying work at the expense of workers. Moreover, social dialogue is not developed in this sphere. Trade unions also criticize the current approach to external flexicurity.

In the 1998 reform of PES, there were some provisions introduced related to contractual arrangements. The law introduced for the first time Private Employment Agencies, flexible and part-time contracts, also in the public sector. It seems that in order to promote flexible contractual arrangements it is necessary to ensure appropriate social security guarantees for temporary workers. This development is in line with an overall need to revise social security system.

Active labour market policy

After a very long time of no-reforms, a series of reforms on the labour market took place (1998, 2001, 2003 and 2006). The reform of the OAED – the Organisation of Employment of Labour Force - was perceived as crucial for improving Greek employment policy. Some believe these changes were the result of the pressure exercised by the European institutions and by the conditionality for

¹⁰ EIRO on-line, *Greece: Industrial Relations Profile*, updated on 26 October 2009, (http://www.eurofound.europa.eu/eiro/country/greece_3.htm)

¹¹ All trade union opinions were taken from the questionnaire filled in May 2010.

¹² The Greek government, *National Reform Programme 2008-2010*, p. 53.

receiving the EU funds¹³. One of the Greek government main objectives is further modernization and improving the administrative capacity of public employment services (PES). It is to be achieved by: growing number of PES beneficiaries, organizing single contact-points (one-stop shop, KPA-2, which provided integrated services for OAED clients¹⁴) and introducing innovative counseling tools. The aim is to create a comprehensive information system that would be tailored to ‘digital reality’ and would provide personalized ‘services at hand’ (e-training, electronic applications for benefits etc.).

Targeted services are to be offered to young women and older workers; also there is to be a targeted system of SMEs support. A special programme was introduced for people aged 16-25, who finished education early or dropped out of schools. Through subsidized employment they can gain work experience with full salary and social insurance entitlement, profit from training and/or re-training in ICTs and job counseling. There are also subsidies foreseen for up to 2 years to finance employment of young workers (up to 30 years old).

Promotion of female entrepreneurship as well as promotion of employment in the SMEs is supported.

During and after the crisis active labour market policies (ALMP) were also to support employment in specific sectors; for example in construction and tourism sectors (see Example One at the end of the fiche).

According to trade union representatives ALMP in Greece are mainly aimed at subsidizing labour costs, partially or to their full amount. Social partners participate in this activity via special cashier, but the achieved results cannot be regarded as substantial.

Supportive social security system

In Greece any employee who is affiliated to the health insurance scheme of any social security institution is automatically covered by unemployment insurance. The conditions for being entitled to unemployment benefit are the following: the dismissal was not due to professional misconduct, the unemployed is willing to work and is at least 16 years old, he/she has registered with the employment service and is able to prove unemployment insurance for a minimum period of 125 days in the 14 months preceding the unemployment, not counting the last two months. There are additional requirements in case of the first application for the unemployment benefit. The unemployment benefit comprises a base amount plus supplements for each dependant in the family. The basic allowance is 40% of the last salary; employees receive 50% of their last pay, provided that this is not less than two-thirds of the wage rate for unskilled labour. The basic allowance is augmented by 10% for each dependent family member. The unemployment benefit duration depends on the number of insurance days in the most recent 14 months and varies from 5 to 12 months.

Recently unemployment benefit has been changed into employment subsidy (art. 74 of law 3746/09) which links it more to active job search. Another recent change in the social security system was giving each person social security number - this was to introduce more control on the labour market and combat undeclared work. Labour inspections were also to be more frequent. An EU-sponsored project is implemented to assess the size of the informal sector and its drivers. It seems that appropriate social measures are missing for those employed on contracts other than indefinite length full-time ones.

There was an attempt to create forums - National Committees on Employment and Social Insurance, where social partners and the government officials would discuss the National Action Plans on

¹³ S. Zartaloudis, *Follow the money: Tracing the Europeanization of Greek Employment Policy with regard to Public Employment Service's Reform*, paper Presented at ECPR's Fifth Pan-European Conference on EU Politics, Porto, Portugal - 23-26 June 2010, available at: <http://www.jhubc.it/ecpr-porto/virtualpaperroom/129.pdf>, p.2.

¹⁴ Each KPA-2 has three departments: support, insurance and employment department.

Employment and Pension (Law 3144/2003 titled “Social Dialogue for employment promotion and social protection and other provisions”). These Committees were to be initiated by ministerial decrees and do not function on permanent basis; after the first couple of meetings they stopped to gather¹⁵. According to trade unions there are no appropriate measures that would support flexicurity.

High quality and productive workplaces

Between 1995 and 2006, Greek productivity per person employed and per hour worked over-doubled productivity growth in the EU15 area; it was related to an increase of human resources and total productivity. Since 2001 however, the productivity improvement gap has reduced as Greek levels have fallen¹⁶.

According to the Greek NRP 2008-2010 productivity was to be further increased by reforms in the operation of the markets, investment in human capital, promoting a Knowledge-Based Economy and eliminating structural weaknesses of the public administration¹⁷. Moreover, initiatives for Digital Strategy 2006-2013 were implying the use of new technologies to further improve productivity. Specific support is foreseen for SMEs as the use of information technology and Internet is concerned. Quality and productivity at work are seen as one of the major conditions for eliminating undeclared work.

According to trade unions high quality and productive workplaces are not rule on the Greek labour market and point out that employers are often offering work for those with low-skills and poorly paid.

Gender Equality

According to Eurostat (2008) the gender pay gap in Greece is estimated at 20% and is above the EU27 average. The pay gap together with low women participation makes the gender equality issue an important challenge for the Greek labour market. According to NRP 2008-2010 measures worth 10 million EUR were planned within the view to strengthen gender equality policies in the whole range of public administration; one of them was the creation of an Observatory/National Committee for Gender Equality in order to follow up, evaluate, coordinate and enhance mechanisms supporting gender equality and the national and regional levels. In order to promote women participation on the labour market, childcare facilities such as “Social care units” or ‘All-day-schools” are supported. Moreover, promoting women employment has become one of the specific areas of interest and efforts of the 2008-2010 employment policy.

Financial sustainability

Common practice of subsidizing employment is now seriously threatened by budget deficit. In general, all measures that have already been implemented and the ones that were planned to be implemented are seriously threatened by current economic situation.

Conclusion: Strengths, weaknesses and challenges

Implementing any reforms on the Greek labour market seems to be a challenge at the moment. The country is in a difficult economic situation, but at the same time, quick and deep reforms are inevitable. Greece faces such structural problems as a high unemployment rate, a significant share

¹⁵ S. Zartaloudis, op.cit. p. 9.

¹⁶ Aritake-Wild, *Greece National Dossier*, op.cit., p. 14.

¹⁷ Greece NRP 2008-2010, p.5.

of undeclared work, low participation rates, especially among women, young and older workers and an urgent need to modernize social security system.

There are shortages in all four flexicurity pillars. Lifelong learning and mobility are not yet everyday reality. Full-time indefinite contracts prevail, while more flexible contracts are rare. PES have been reformed, but need further reform to modernize and to offer more integrated and personalized services. The questions arise also around effectiveness of subsidies and their rationale. Social support needs to be developed to offer an appropriate level of assistance to all employed, independent on the contract.

According to trade unions there is lack of sustainable approach to financing flexicurity and supporting measures. For trade unions the core of attention is security; for employers – flexibility and increasing productivity. It is important to point out the positive influence of the EU-funded projects that contribute to developing different elements of labour market policy.

3 The role of the social partners

General remarks on the role of social partners

In Greece it is possible to conclude more favorable agreements at the enterprise level than it is stipulated by law. At present the major trend characteristic for industrial relations is its decentralization.

There are two main Greek confederations: the Greek General Confederation of Labour (Γενική Συνομοσπονδία Εργατών Ελλάδας, GSEE) and the Confederation of Public Servants (Ανώτατη Διοίκηση Ενώσεων Δημοσίων Υπαλλήλων, ADEDY). Both organisations are affiliated at the EU level – they are ETUC members. There are significant differences between union membership in private and public sectors, the latter being much more highly unionised, even up to 90%. Low trade union density in the private sector can mainly be explained by a significant share of SMEs.

There are three main employers organisations in Greece: the Hellenic Federation of Enterprises (Σύγχρονες Επιχειρήσεις, Σύγχρονη Ελλάδα, SEV), the National Confederation of Greek Traders (Εθνική Συνομοσπονδία Ελληνικού Εμπορίου, ESEE) and the General Confederation of Professional Craftsmen and Small Manufacturers of Greece (Γενική Συνομοσπονδία Επαγγελματιών Βιοτεχνών Εμπόρων Ελλάδας, GSEBEE). Two out of these three organisations are affiliated at the EU level: SEV to BUSINESSEUROPE and GSEVEE to UEAPME. CEEP also have their representatives in Greece¹⁸.

Despite the fact that since 1990 the Greek bilateral social dialogue enjoys a better environment, joint recommendations are rarely incorporated into legal drafts prepared by the government. For Greek social dialogue different opinions and interests are more typical than compromise and joint positions. Traditionally, employers focus more on increasing effectiveness and competitiveness, while trade unions are militants for more security and protection.

Social partners' role is very limited: trade unions being against flexicurity do not want to legitimize any developments of this approach by participating in them. They are present in concluding Local Employment Pacts, but it is pretty much the limit of their involvement¹⁹.

Main instruments and levels of influence

The Greek social partners sit at the tripartite Economic and Social Council.

¹⁸ Based on EIRO on-line, *Greece: Industrial Relations Profile*, op.cit.

¹⁹ Based on EIRO on-line, *Greece: Flexicurity and industrial relations*, (<http://www.eurofound.europa.eu/eiro/studies/tn0803038s/gr0803039q.htm>)

an important instrument shaping industrial relations in Greece is general multi-industry agreement (referred to by the acronym ΕΓΣΣΕ, EGSEE). It is signed between GSEE and two employer organisations - the Federation of Greek Industries and General Confederation of Greek Small Businesses and Trades, which are responsible for its country-wide extension. The scope of the EGSEE was widened in the 1990s.

Collective bargaining takes place at the national, sectoral, occupational and company levels. The agenda focused traditionally on wages and working time. Recently new topics appear such as modernizing the social security system and employment protection. Work organization-related issues are not the subject of collective bargaining; if they are written into collective agreement, these are company level collective agreements.

GREECE - MAIN SOCIAL DIALOGUE INDICATORS

	Greece	EU25
Collective bargaining coverage - % of employees covered by collective agreements, 2006	70.0	63.0
Trade union density - % of dependent employees who are trade union members, 2005	23.0	25.3
Employer organization density - % of employees employed by companies that are members of an employer organization, 2006	75.0	n.a

Source: Source: Eurofund EIRO Country Profiles, EU Industry EU Industrial Relations Profile 2008.

Recent changes and challenges

Recently a joint document of the government and social partners has been published. It is called ‘Green Bible’ and gives orientations for implementing a labour market policy corresponding to flexicurity approach. The document stipulates that the major challenges are:

- extending employment protection to informal employment;
- defining dependent labour by clarifying the ‘grey areas’ between employed labour and self-employment;
- combating undeclared work;
- facilitating transition between various forms of employment and unemployment.

Major objectives of the proposed changes are guaranteeing full and high quality employment for all, safeguarding employment and social security rights.

The economic situation, the indebtedness of the Greek economy and the need for increasing productivity are immediate challenges for the labour market. Challenges are linked to discussing flexicurity in difficult external conditions and taking into consideration very different social partners’ interests. The discussion was challenging even before the crisis. According to trade unions, there is no agreement as to the notion of ‘flexicurity’ among the Greek social partners. Trade unions stress that employers are interested in increasing flexibility, while trade unions are convinced that flexibility should be reduced and more protection should be offered. Establishing grounds for discussion is now the biggest challenge: in 2007 GSEE twice pulled back from the discussion on the integrated approach to flexicurity being convinced that participation in it is already accepting the notion²⁰.

Cases of good practice in the field of labour market flexibility and security

No cases of good practice were mentioned in the response to the questionnaire survey. However, among good practices observed on the Greek labour market, the use of EU-funds to support key sectors of the economy seems to be a worthwhile example.

²⁰ S. Michalaki, *Flexicurity. Different perceptions through major European newspapers*, Hellenic Foundation for European and Foreign Policy, April 2009, p 12.

Example One: Support to economy key sectors in Greece In order to dynamise employment creation assistance was offered to the key sectors of the Greek economy, which, by the way, were the ones the most hit by the crisis.

- Construction sector: a training programme worth 86 million EUR was implemented to train 7 000 unemployed, 30% of the programme participants were granted employment in construction companies.
- Tourism sector: a training programme worth 45 million EUR was implemented to train 3 500 unemployed, of which 30% are to be employed in the tourist sector. An additional programme allowed for transferring seasonal unemployment benefit into employment subsidies. Hotels that employed the same number of seasonal workers in April and May 2009 received subsidy that equaled to unemployment benefit. The programme’s budget amounted to 50 million EUR and was to assist 50 000 jobs.
- Green economy: a training programme worth 94 million EUR is to train 7 000 unemployed, of which 30% will be employed mandatory in the “green economy” sector.
- Social economy: a programme worth 25 million EUR is implemented to support creation and operation of social enterprises.

Source: Report on the Implementation of the National Action Programme 2008-2010, Thessaloniki, October 2009, p. 25.

4 Key points arising

From the point of view of the author of this report the following key points are arising with view on flexicurity in Greece:

- *How to find common positions or common interests for trade unions and employers organisations that can be developed despite quite different approaches to flexibility and security on the labour market?*
- *Is there a place for flexicurity during economically difficult times? If no, why not? If yes, how can it contribute to stimulating economic growth?*
- *Low participation rates and significant share of undeclared work are phenomena of the Greek labour market. What measures shall be implemented to eliminate these weaknesses?*

Sources and references

Questionnaire replies

A questionnaire reply was received from one trade union confederation (INE/GSEE--ADEDY).

Further resources

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