3. Human resources and social policies

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3.1. Recent developments in key labour market variables

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3.1.1. Introduction

In the last quarter of 2018 unemployment increased while, unsurprisingly, employment decreased, due to the seasonal fluctuation of economic activity. However, the situation in the labour market seems to have improved, at least compared to 2017. On an annual basis, employment continues to recover although at a slower pace. On average, the labour force consisted of 4,714.8 thousand individuals over the age of 15 in 2018; hence, it has shrunk by 0.8% since 2017, for various reasons. On the other hand, there were 75.4 thousand more employed (approximately 2%) in 2018, while the number of the unemployed decreased by 10.9% (i.e., 112 thousand people). These facts represent positive developments, but leave no room for complacency. For example, despite the decrease in the number of underemployed individuals in 2018, their number actually increased in certain age groups. Moreover, full-time hires in paid employment represented fewer than half of the overall hires. Regarding unemployment, university graduates face a decreasing unemployment rate, although the drop seems to be slowing down. On the other hand, upper technical vocational education graduates and post-graduates seem to do relatively better.

3.1.2. Employment

The number of the employed decreased in the last quarter of 2018 by almost 60 thousand, which is no surprise given the seasonal fluctuation of economic activity; hence, it reached 3.828 million individuals. However, compared to the last quarter of 2017, there were approximately 97 thousand more employed. Thus, the Greek economy continues to create jobs. However, the rate of job creation has slowed compared to 2017. In particular, there were 75.4 thousand new jobs in 2018 compared to 79.1 thousand new jobs in 2017. Note, though, that there was a similar decline in 2015-2016. Back then the number of new jobs was 63 thousand compared to 74.4 thousand in period 2014-2015. Therefore, it would be unwise to jump to conclusions.

Despite the steady annual increase in the number of the employed since 2014, the employment rate is still very low and only marginally above 51% for males and approximately 33.5% for females, for individuals over 15. Overall, the employment rate in the last quarter of 2018 stood at 42%. Nevertheless, it should be noted that even when the economy was growing in the past, the employment rate never exceeded 50% (over 60% for males and below 40% for females). Moreover, the employment rate for age group 25-64 is below 63%, which is very low compared to most European countries. Note that the EU-28 average employment rate was over 75% in the last quarter of 2018.

The decline in the number of the employed in the last quarter of 2018 involved primarily females (35.3 thousand); in relative terms, the decline in the number of employed females was double that of males (2.2% vs. 1.1%). Moreover, the annual increase in the number of employed males was bigger (57.5 thousand or 2.6% vs. 17.9 thousand or 1.1% for females). This means that males are more favoured by employment recovery, while short-term fluctuations hurt females more, perhaps due to more job insecurity associated with female employment choices (temporary job contracts and employment in more seasonally volatile industries).

Seasonal volatility is also more pronounced amongst younger individuals. In particular, in the last quarter of 2018, the number of employed youth aged 15-29 decreased by 4.6%, while the number of the employed over 30 decreased by 1.1%. On the other hand, on an annual basis the increase is bigger for the latter group (2% vs. 1.5%). Similar to females, employed youth aged 15-29 prove more vulnerable to short-term employment fluctuations than the employed over 30 who seem to benefit more from the upward employment trend. These findings verify that female and youth employment move in a similar manner. Another interesting observation is that the group of youth is more heterogeneous than usually perceived. A closer look reveals that the increase in the number of employed youth in 2018 involved the age group 25-29 (+9.7 thousand). On the contrary, in period 2016-2017 the exact opposite was true; this was the only age group to exhibit a decrease in the number of employed individuals.

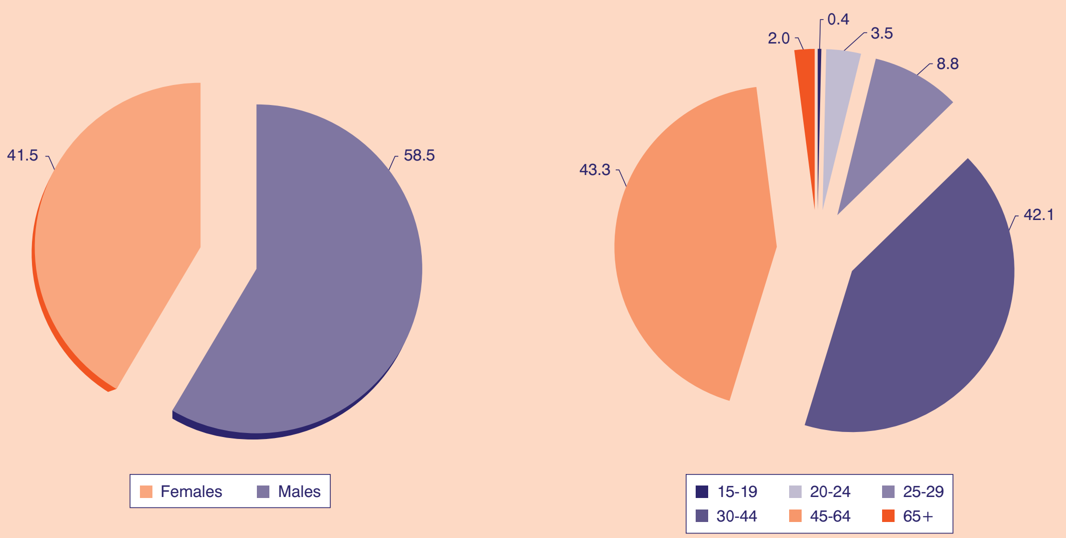
Exploring changes in the number of the employed since employment began to recover in 2014, it is worth mentioning four facts. First, the number of employed individuals over 65 (42.2%) exhibited the biggest increase, especially females (72.2%). Second, the smallest increase was reported for employed individuals aged 30-44, which is the most active population group, and it also involved primarily females (just 0.8% decrease). Third, the percentage change of employed females was slightly bigger than that of males (9.8% vs. 8.4%). Fourth, the number of employed females aged 15-19 and 20-24 exhibited a noticeable increase compared to their male counterparts (34.2% vs. 3.5% and 22.5% vs. 3%, respectively).

Employment composition

Three graphs that follow present the employment composition in 2018 (on average) in terms of gender, age, educational attainment and industry. Nearly six out of ten employed individuals are males (Graph 3.1.1), reflecting the higher male participation rate and better employment prospects, since the population shares of males and females over 15 years old are almost identical. Moreover, most of the employed belong to the age group 45-64; the second group consists of individuals aged 30-44, while the share of youth and, particularly, persons younger than 25 represent a very small share of the employed. Taking into account the age composition of the population, there seem to be three age groups that are under-represented amongst the employed and another three age groups that are over-represented, i.e., their share amongst the employed is smaller than their share amongst the population and vice versa. The first category involves individuals aged 15-19, 20-24 and 65+, while the second group consists of the remaining three age groups. This finding comes as no surprise given the extensive participation of younger individuals in education, which is usually not consistent with employment, and the retirement of persons older than 65. Note, for instance, that the employment rate for persons aged 15-19 was 2.5% in 2018 and for persons over 65 it was 3.3%. On the contrary, the employment rate for people aged 30-44 was as high as 71.7% in 2018, but still nearly nine percentage points lower than 2008 (80%).

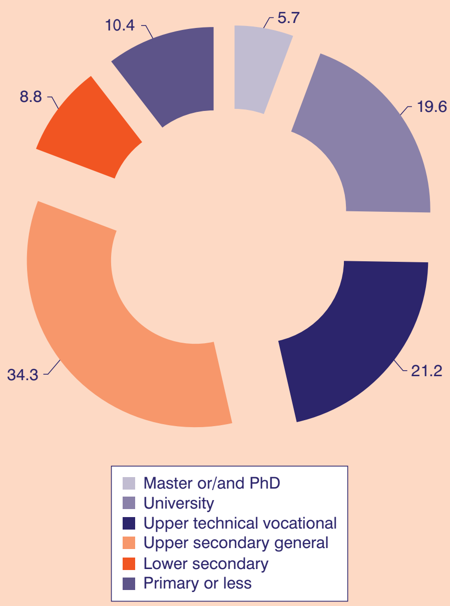
Most of the employed over the age of 15 were secondary education graduates, i.e., lyceum graduates (Graph 3.1.2). The next biggest group consisted of upper technical vocational education, which includes TEI graduates, while the third biggest group consisted of university graduates. The smallest group was

GRAPH 3.1.1
Share of the employed by gender and age group in 2018



Source: Labour Force Survey, ELSTAT, KEPE processing.

GRAPH 3.1.2
The employed by level of educational attainment in 2018

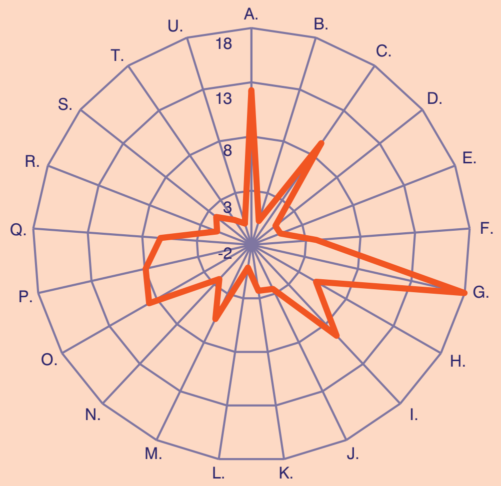


Source: Labour Force Survey, ELSTAT, KEPE processing.

made up of Master and/or PhD holders. However, when population shares are considered, the last group exhibits the smallest deviation, meaning that the largest percentage of this group (approximately 80%) was employed in 2018, contrary to, for example, secondary education graduates (approximately 30%). More than 60% of university and upper technical vocational education graduates were employed in 2018; the respective shares were close to 75% in 2008.

The distribution of the employed amongst industries continues to be uneven. Most individuals –approximately one out of four, in particular– were employed in Wholesale and retail trade (G) in 2018 (Graph 3.1.3). Agriculture (A) was the second biggest employer, offering jobs to 12% of the employed, followed by Tourism (I), Manufacturing (C) and Public administration (O) with a share close to 8% each. The recovery in employment that started in 2014 has been changing these shares over time depending on which industry has been performing better. It is interesting that almost all industries have increased the number of their employed individuals since then, with the exception of four industries: Agri-

GRAPH 3.1.3
The employed by industry in 2018



Source: Labour Force Survey, ELSTAT, KEPE processing.

Note: A. Agriculture, forestry and fishery, B. Mining and quarrying, C. Manufacturing, D. Electricity, gas, steam and air conditioning supply, E. Water supply, sewerage, waste management and remediation activities, F. Construction, G. Wholesale and retail trade, repair of motor vehicles and motorcycles, H. Transportation and storage, I. Accommodation and food service activities, J. Information and communication, K. Financial and insurance activities, L. Real estate activities, M. Professional, scientific and technical activities, N. Administrative and support service activities, O. Public administration and defence, compulsory social security, P. Education, Q. Human health and social work activities, R. Arts, entertainment and recreation, S. Other service activities, T. Activities of households as employers, U. Activities of extraterritorial organizations and bodies.

culture (A), Construction (F), Financial services (K) and Households as employers (T). On the contrary, the biggest industries in terms of the number of employed that expanded even more include Manufacturing (C) by 10%, Wholesale and retail trade (G) by 9%, and Other service activities (S) by 40%. The remaining industries have increased the number of persons they employ, some of which, quite impressively, represent only a small fraction of total employed individuals.

Underemployment and part-time employment

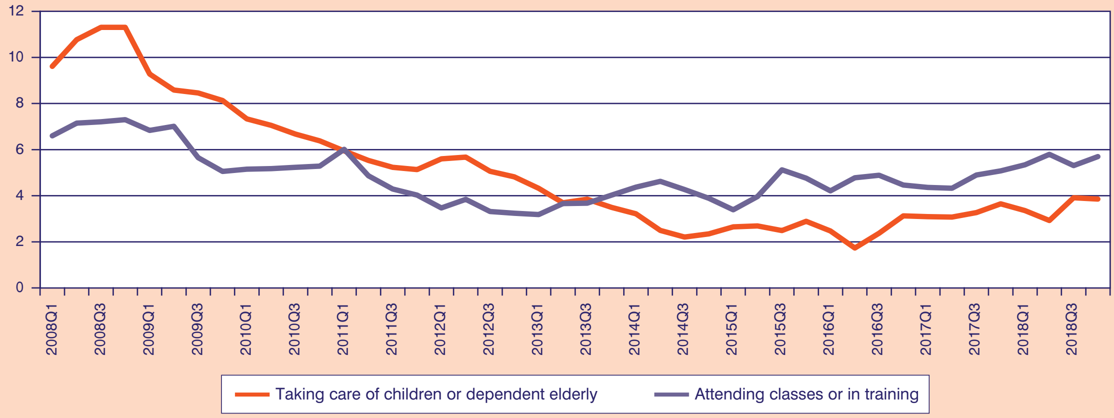
The number of the underemployed, i.e., those who wish to work longer hours but cannot find a job, increased in the fourth quarter of 2018 by 8.4 thousand or 3.6%. Therefore, this share went up from 6% in 2017Q4 to 6.3% in 2018Q4. The number of underemployed males increased faster than that of underemployed females (5.4% vs. 2%). On an annual basis, i.e., for the entire 2018, the number of the underemployed decreased by 14 thousand compared to 2017 (i.e., 5.4%). The reduction was not uniform across genders and age groups. In particular, the biggest decrease was reported amongst females (7.6% vs. 2.7%). Regarding age, the number of underemployed people aged 45-64 exhibited the biggest decrease (14%), followed by individuals aged 20-24 (11%). On the other hand, the number of the underemployed aged 15-19 doubled. This big increase is driven by the increase in the number of underemployed males. Therefore, despite the fact that underemployment seems to decrease for the majority, showing an improvement in labour utilization, the situation seems to worsen for the young (15-19). However, it should be noted that there was a similar increase recorded in period 2016-2017; hence, more analysis would be necessary before drawing any solid conclusions.

The share of part-time employment, which is a type of underemployment, remained stable at 8.7% in the last quarter of 2018 (compared to 2018Q3), despite the decrease in the number of part-timers, but it was smaller than the last quarter of 2017. There are two interesting points to stress with respect to the composition of the part-timers (Graph 3.1.4). The first is that the share of those who report participating in education as the primary reason for working part-time has been increasing; the share reached 4% in the last quarter of 2018, very close to the 2008 figure. So long as this is a personal choice, it is particularly promising for the future because it signals that more and more of the employed are looking to improve their qualifications and, thus, improve their employability. The second point is the increasing share of part-timers who report taking care of children and elders as a reason for working part-time; note that during the crisis the importance of this reason decreased considerably. The increase could signal the return of people with children and elderly people in their household to the labour force, which would be a positive development, or the increasing importance of such problems due to income constraints and fewer options available, which would be a negative development.

Paid employment-ERGANI

The balance in paid employment was positive in 2018; overall, there were 141 thousand more hires than sep-

GRAPH 3.1.4
Reasons for part-time employment, 2008Q1-2018Q4 (%)



Source: Labour Force Survey, ELSTAT, KEPE processing.

arations (quits and layoffs). This is one of the best performances of the past few years, except for 2017, which means that the creation of new paid-employment jobs may be slowing down. Fewer than half of the hires involved full-time contracts (45.7%), 41.7% involved part-time contracts and the remaining 12.7% involved work-in-shifts contracts. The composition of the hires was similar to that of 2017 (new work-in-shifts contracts were marginally fewer), which suggests that it is becoming a norm. Regarding contracts that were converted to a different type in 2018, the number of full-time contracts converted to part-time contracts increased compared to 2017, while the number of the other two types, especially conversions to work-in-shifts contracts without the employee's consent, decreased (by 3.3 percentage points).

The most recent data on paid employment at the time of writing refer to March 2019. The number of paid employees increased in the first quarter of the year by approximately 48.9 thousand persons, fewer by 6.7 thousand compared to the first quarter of 2018. This means that since 2014, when the employment recovery began, this is the second biggest increase in paid employment. Typically the number of employees decreases in January, while it increases in February and March, with the exception of period 2009-2013. Moreover, approximately 46% of new hires involved full-time contracts, 41% part-time contracts and 13% work-in-shifts contracts. These shares are similar to those for the first quarter of 2018. However, the share of full-time contracts in the first quarter of 2019 increased compared to the respective period in 2018 while the shares of both other types of job contracts decreased.

The biggest share of paid employment hires in the first quarter of 2019 is recorded in Attica, where one out of three new jobs was created. One out of five new employees was hired in the South Aegean islands, while one out of three was hired in Crete and Central Macedonia (15% each). Compared to the first quarter of 2018, the share of new hires remained almost unchanged in Attica, the South Aegean islands, Continental Greece and the North Aegean islands (the decrease was smaller than 0.5 percentage points), while it increased by 1.6, 2, and 3.5 percentage points in East Macedonia and Thrace, West Greece, and Central Macedonia, respectively. On the other hand, new hires declined in Crete (>5 percentage points). Given that it is the start of the year, it is too risky to draw conclusions concerning the evolution of paid employment in the following months. The only thing certain is that some regions performed better than last year.

3.1.3. Unemployment

The unemployment rate increased slightly in the last quarter of 2018 to reach 18.7% for individuals over 15. Despite the recovery of economic activity, approximately one out of four persons who participates in the labour force is still unable to get a job. The total number of the unemployed reached 881.1 thousand persons. However, the unemployment rate was smaller than in 2017Q4, since the number of the unemployed decreased by 125.7 thousand persons. The decrease was driven primarily by males; the number of unemployed males decreased by 15.3% or 70 thousand persons. Unsurprisingly, the biggest share of the decrease (almost 60%) was due to males. The difference between young individuals aged 15-29 and those aged over 30 was limited (close to 1.7 percentage points). However, since the number of the unemployed over 30 is much bigger, they represented over 70% of the annual reduction in the number of the unemployed. These observations are in accordance with those regarding the number of the employed.

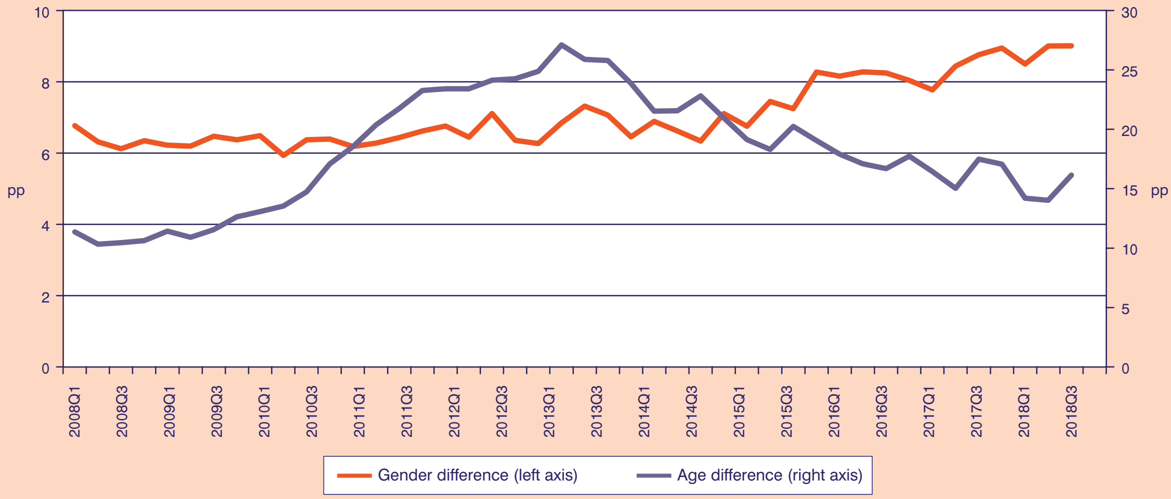
The unemployment rate for females continued to exceed that of males by approximately 9 percentage points, which is similar to the prevailing difference in the last quarter of 2017; thus, the gap has continued to expand since 2015 (Graph 3.1.5). There was a wider difference in the unemployment rate between the young aged 15-29 and individuals over 30 in the last quarter of 2018 compared to the third quarter, but slightly smaller compared to 2017Q4. This means that the difference did not escape the downward trend that started in 2013 (Graph 3.1.5).

The share of the unemployed aged 15-29 increased by 2 percentage points in the last quarter of 2018, faster than that of individuals over 30, and reached 32.4%. Particularly, male individuals aged 15-19 saw their employment chances deteriorate more (the unemployment rate increased by 14.4 percentage points), followed by females aged 20-24 (4.4 percentage points). Unemployment continued to be a very big problem for females aged 15-19 (56.2%), while males of the same age group followed closely (50.3%). In any case, the de-escalation of the unemployment rate (compared to the last quarter of 2017) is also valid for youth aged 15-29. Indeed, the de-escalation is faster: 3.6 percentage points vs. 2.3 percentage points for individuals over 30.

The share of the long-term unemployed in 2018 dropped slightly below 70%. This rate was close to 2013Q4, showing signs of de-escalation, but it was still far from the low point at the end of 2008 (nearly 46%).

GRAPH 3.1.5

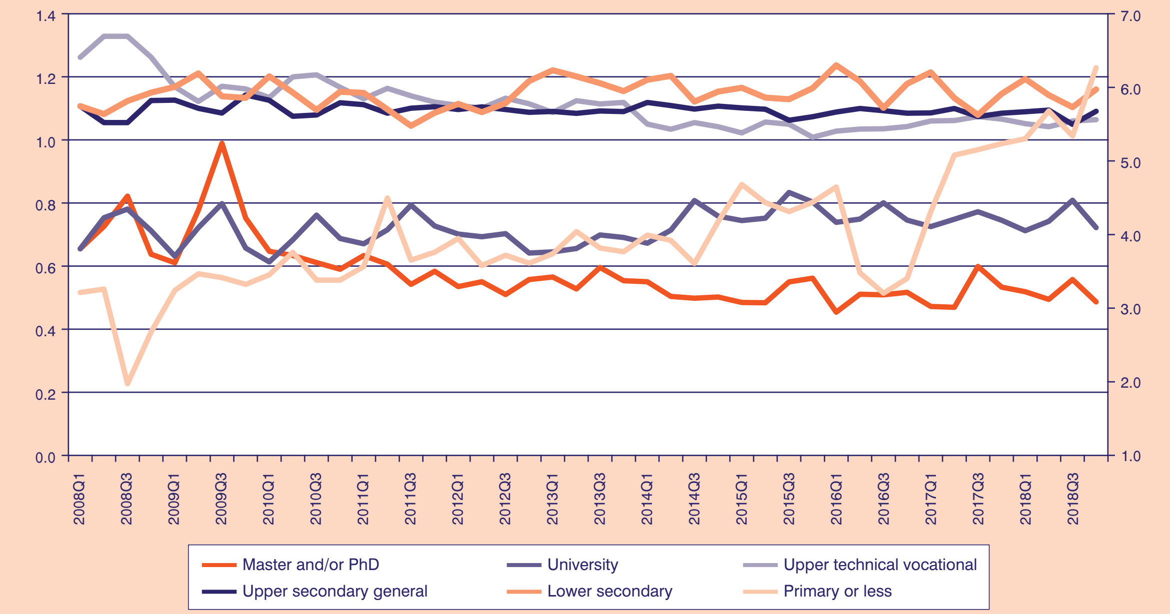
Differences in the unemployment rate by gender and age groups (in percentage points)



Source: Labour Force Survey, ELSTAT, KEPE processing.

GRAPH 3.1.6

Ratio of the unemployment rate to the national average, 2008Q1-2018Q4



Source: Labour Force Survey, ELSTAT, KEPE processing.

There is no doubt that this is a positive development, since, despite the implementation of active labour market policies, reducing long-term unemployment is not an easy task. The reasons behind the decrease are also difficult to explore. Moreover, the share of the newly unemployed, i.e., those who are categorised as unemployed for the first time, was close to 20% in 2018, a rather stable share over the past few years.

The unemployment rate changed in the last quarter of 2018, but the change was not uniform across education groups. Master and/or PhD holders and university graduates saw their unemployment rate decrease by 1.1 percentage points and 1.3 percentage points, respectively; at the end of 2018 it stood at 9.1% and 13.1%, which is quite satisfactory compared to individuals over 15 with fewer years of education. Although the unemployment rate increased for all education groups, the increase was stronger for lyceum (upper secondary general) and gymnasium (lower secondary) graduates. Compared to the same period in 2017, the unemployment rate decreased more amongst upper technical vocational education graduates, lyceum and gymnasium graduates. The annual average rate of unemployment decreased by approximately 2.5 percentage points for the last three groups of graduates; the smallest decrease was reported for Master and/or PhD holders.

Graph 3.1.6 above presents the ratio of the unemployment rate for each group of graduates to the national average and shows how it has developed over the past eleven years. A ratio smaller than one indicates that the specific group of graduates face an unemployment rate lower than the national average, while a ratio bigger than one indicates that the group faces an unemployment rate higher than the national average. It seems that only Master and/or PhD holders and university graduates have managed to maintain an unemployment rate lower than the national average. During period 2008-2013 graduates from the three upper education levels saw their unemployment rate increase at a slower pace than the national average, while graduates from the three lower levels of education saw their unemployment rate increase faster than the national average. On the other hand, during the subsequent years (2013-2018) the reduction in the unemployment rate has been faster for Master and/or PhD holders followed by upper technical vocational education and gymnasium graduates. For the remaining groups, including university graduates, the unemployment rate has been dropping at a slower pace than the national average, while for primary education graduates, the unemployment rate has been increasing. These changes reflect the development of demand for and supply of labour, as well as phenomena such as the substitution between employed individuals with various educational qualifications.

3.1.4. Conclusions

The conclusions from the descriptive analysis presented seem to be once again unclear. On a quarterly basis, the situation in the labour market worsened, which was expected given seasonal fluctuations of economic activity. On an annual basis, the situation seems to be improving, at least based on the variables discussed. Even so, improvements in the labour market are slow and seem to be slowing further. The unemployment rate is still unacceptably high, while the employment rate is far from its historical high. Moreover, the size of the labour force is shrinking as a result of the emigration of natives and immigrants who are looking for a job abroad and the stable participation rate. Given the ageing of the population in Greece, there is no room for complacency.

More solid conclusions on the development of labour market conditions could be drawn only after using richer and more detailed data with information on wages, the quality of the matching between demand for and supply of labour, vacancies, working hours, working conditions, etc. However, this is beyond the scope of this article.