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

Labour Force Survey (LFS) data show that labour market conditions improved further in the first six months of 2023. The number of employed individuals continued to rise while the number of the unemployed dropped. Although the employment rate reached an historical high, the number of employed individuals still falls short compared to 2008 due to the declining population; this is highly relevant when it comes to the labour market. The increase in employment seems to have favoured mostly women, youth, and foreigners. The biggest increases in the number of the employed are reported in Central Macedonia and Sterea Ellada. Over the past year, i.e., from the second quarter of 2022 until the second quarter of 2023, three small industries in terms of employment stood out: *transportation and storage*; *human health and social work activities*; and *financial and insurance activities*. Moreover, the number of the part-time employed declined, also as a share of total employment, while under-employment shrank over the past year. Regardless, it is still a bigger problem for women than men.

Paid employment, which involves two-thirds of the employed, continued to expand in the first seven months of 2023, according to the ERGANI reports. The decline in the number of conversions of full-time job contracts to flexible types of job contracts, especially the drop in the number of conversions to work-in-shifts job contracts without the consent of the employee, is a bonus. Finally, the unemployment rate is still higher for women and youth, but the differences between groups has gotten smaller. North Aegean Islands, South Aegean Islands, Sterea Ellada, Thessaly, West Macedonia and Central Macedonia exhibited consistent reductions in the unemployment rate. Recent legislative interventions are expected to impact the labour market. The direction and size of that impact is unclear yet as it is associated with the size of the reactions caused and the effectiveness of the monitoring mechanism.

3.1.2. Employment

The number of the employed aged 15-64 reached 4.121 million in the second quarter of 2023, an increase of 144 thousand compared to the first quarter and 64.3 thousand compared to the second quarter of 2022. Hence, we can safely conclude that employment continues to expand, staying the course that began in 2014, despite the temporary fall in the first quarter of 2021 due to the coronavirus (see Graph 3.1.1). Similarly, the employment rate for people 15-64 reached 62.4%, which is the biggest rate of the last twenty years. While the employment rate was bigger than it had been before the 2009 crisis, the number of employed individuals still fell short of 2009 levels by 376 thousand.

This discrepancy is justified if we examine the evolution of the population aged 15-64; it has been declining consistently following the maximum value reached in the first quarter of 2008 (7.368 million). In particular, the size of the population has shrunk since 2008 by 10.3%, which is equal to 762 thousand fewer persons. This means that while employment is expanding, and that is a good thing, we should probably start considering the evolution of the population when discussing labour market prospects. The fact that over the past year the decrease in the size of the population has come from Greek citizens is alarming, because it is probably harder to reverse. Given that what matters for the labour market is the size of the labour force,[1] a reduction in the population must be compensated for by an increase in the participation rate. However, par-

1. The size of the population is an important determinant of aggregate demand for goods and services and, consequently, of GDP, especially in a country like Greece where demand heavily depends on private consumption. (Panagopoulos, Y. and Loizos, K. [2023]. The evolution of aggregate demand components as we return to normality. KEPE, *Economic Outlook* 51: 7-14).

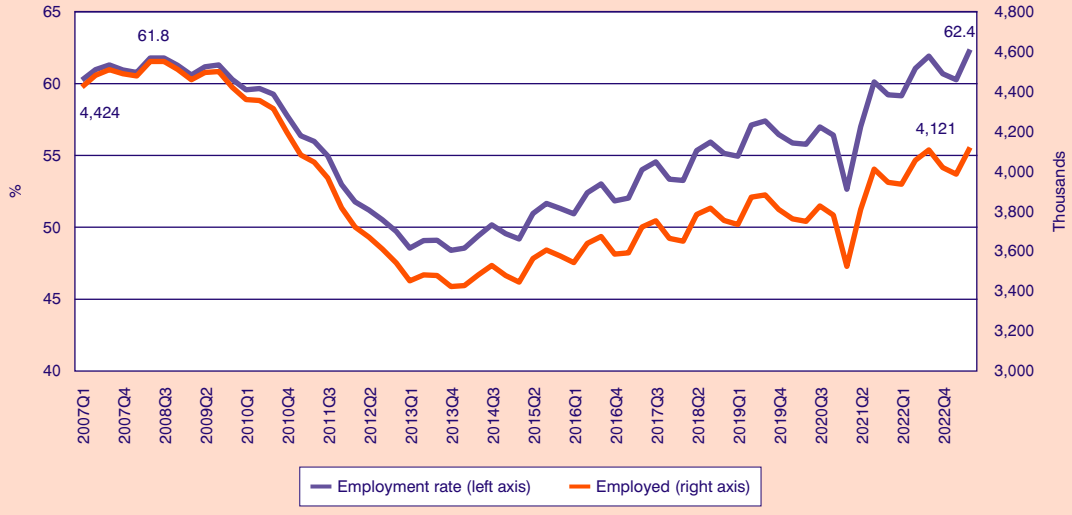
ticipation rates are typically low in Greece, especially amongst women.[2]

The annual increase in employment was not spread equally between men and women. Of the total 64.3 thousand new jobs, 82.7% were occupied by women, which corresponds to more than 53 thousand new jobs since the second quarter of 2022, while men barely occupied 11 thousand new jobs. As a result, the employment rate for men is still higher than for women in the second quarter of 2023 (71.3% vs. 53.5%), but the gap has narrowed by one percentage point compared to 2022. Likewise, youth aged 15-29 occupied 40.8 thousand new jobs while persons aged 30-64 occupied only 23.5 thousand new jobs. This is equal to a 7.6% increase in the number of employed youths vs. only a 0.7% increase in the number of the employed aged 30-64. Even though the employment rate of the latter group is still double that of youths, mostly because youth tend to study full-time until at least the age of 24, the age gap declined by one percentage point over the past year (35.5 percentage points).

With respect to ethnic origin, while most new jobs were occupied by natives (76.9%), the increase in the number of employed foreigners was eight times bigger than of natives (10.4% vs. 1.3%) over the past year. The number of employed foreign women exhibited the biggest annual increase (21.4%) since the second quarter of 2022, leading to a considerable increase in their rate of employment by 4.5 percentage points. Moreover, the difference between foreigner's and natives' employment rates continued to be wider amongst men (approximately 20 percentage points) compared to women (4 percentage points). Therefore, Greek men constitute a potential pool of labour force participants (additional to women of all ethnic groups) even though that could possibly involve providing motives to prolong their stay in the labour market.[3]

Total employment includes employed people over the age of 15. Their number expanded on an annual basis by 69.3 thousand people.[4] Most of those new jobs were created in Central Macedonia (15.7 thou-

GRAPH 3.1.1
The evolution of the employment rate and the number of the employed aged 15-64



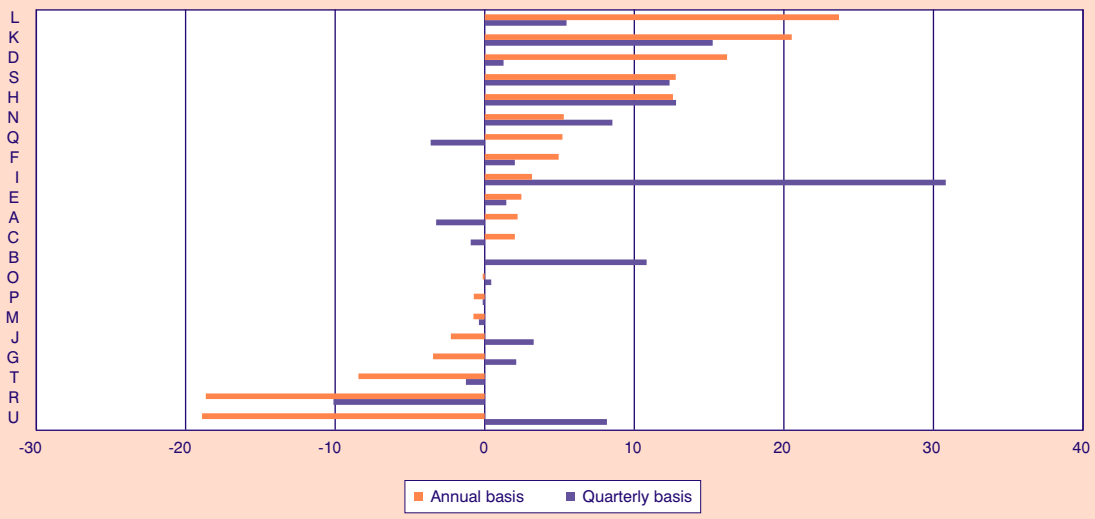
Source: Labour Force Survey, ELSTAT, KEPE processing.

2. According to Eurostat data the participation rate for women (men) aged 15-64 stood at 61.4% (77.5%) in Greece vs. 69.5% (79.4%) in the EU-27 in 2022.

3. An analysis of the employment rate could reveal that this is associated with the retirement age of every group. However, the data used here do not allow such an analysis.

4. Notice that this number is slightly different than people aged 15-64 since people over the age of 65 are also included.

GRAPH 3.1.2
Annual and quarterly evolution of the number of employed by industry, 2022Q2-2023Q2, 2023Q1-2023Q2 (in thousands)



Source: Labour Force Survey, ELSTAT, KEPE processing.

Note: A. Agriculture, forestry and fishing, 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; undifferentiated goods- and services-producing activities of households for own use, U. Activities of extraterritorial organisations and bodies.

sand or 22.7% of total new jobs) and Sterea Ellada (11 thousand or 15.9% of total), while new jobs in Attica amounted to barely 2.3 thousand. The biggest relative increase was recorded in West Macedonia (8%), but due to its small size, the contribution to the total of new jobs was limited, i.e., just 10.1% of the total. On the contrary, the number of employed persons declined in two regions over the year; approximately 1000 jobs were lost in Thessaly and 300 more in the North Aegean islands. Attica is still the biggest employer with 37.1% of total employed residing there in the second quarter of 2023, while the North Aegean and the Ionian islands are the smallest regional labour markets, accounting for less than 2% of total employment. The employment rate decreased in two regions over the year (the North Aegean and Thessaly) while the biggest increases were recorded in the South Aegean and West Macedonia. Finally, the South Aegean and the Ionian islands are the two regions most affected by seasonal fluctuations of economic activity, mostly tourism. The former region reported a 42% increase in the number of the employed since the first quarter of 2023, corresponding to 45.3 thousand new jobs, while the latter region reported a 25.2% increase, which equals 16 thousand new jobs. On the other hand, the number of the employed fell since the first quarter of 2023 in Attica and West Greece.

None of the big industries in terms of employment, like agriculture or manufacturing, exhibited a significant increase over the past year. *Accommodation and food service activities*, the fourth biggest employer, exhibited the biggest increase in the number of employed people, which, however, did not exceed 3.2%. Due to its size, though, this small increase translates into 30.8 thousand new jobs (see Graph 3.1.2). Amongst the industries that contributed the most new jobs are *transportation and storage* with 26 thousand new jobs (37.5% of total), *human health and social work activities* with 14.8 thousand new jobs (21.4% of total) and *financial and insurance activities* with 14.6 thousand (21.1% of total). On the other hand, since the second quarter of 2022, 25.1 thousand jobs were lost in *wholesale and retail trade, repair of motor vehicles and motorcycles* and 10.9 thousand more in *arts, entertainment, and recreation.* As a result, the share of the employed in

trade decreased by 0.9 percentage points over the past year to 16.5% of the total.

Focusing solely on the evolution of the number of employed people ignores qualitative aspects of employment. Working hours are one of those aspects. The share of full-time employed people increased compared to the second quarter of 2022 by 2.8%, i.e., faster than the increase in the number of the employed (1.7%). As a result, the share of part-time employment in the second quarter of 2023 shrank to 7.4%, an entire percentage point lower than the respective quarter in 2022. Another aspect that is associated with part-time employment is underemployment, i.e., people who work fewer hours than desired. The number of underemployed persons declined to 126 thousand from 160 thousand in the second quarter of 2022. This number represents a decline of more than 20%, which is a good thing. The number of underemployed men was bigger, reaching 34%, or 23.8 thousand persons. Since the majority of the underemployed consists of women (63.3%), the faster reduction of underemployed men led to a widening gender differential; it also calls for more thorough research on the reasons behind this imbalance.

3.1.3. Paid employment

The Labour Force Survey records an annual increase in the number of the employed by approximately 38.2 thousand people, which equals a 1.3% increase.[5] This means that the number of employed individuals is smaller than the maximum number reported in the second quarter of 2008 by only 76.6 thousand people, while their share of total employment has been almost constant at 70%. We use the reports of the Information System ERGANI to investigate the most recent changes in paid employment. At the time of writing, the most recent published data involved July; hence, the discussion that follows refers to the first seven months of 2023.

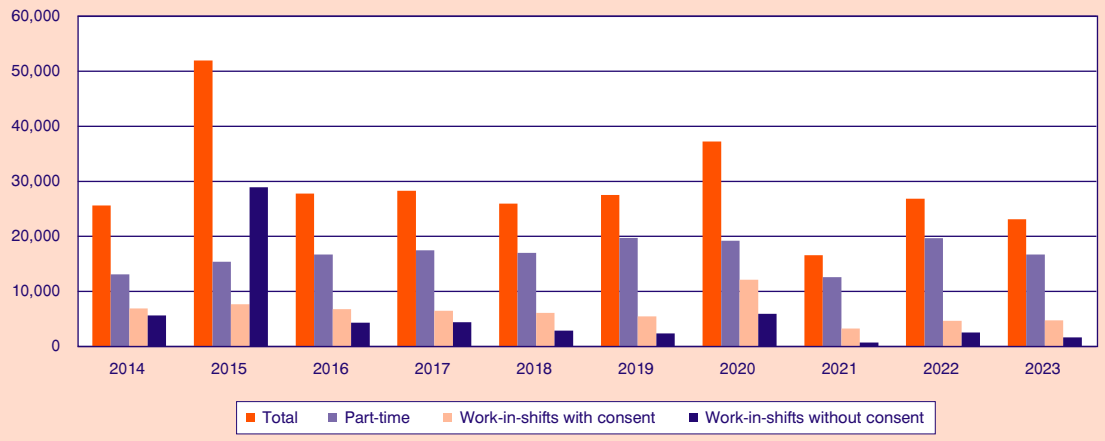
In accordance with the systematic increase that was discussed above, the number of paid employees increased by 296 thousand until July; at least, this is the number of new jobs (positive balance) that were created since January (see Graph 3.1.3). This is the best performance since 2001, from when there is available data. Compared to 2022, significantly more new jobs were created in February (circa 8 thousand), March (27.5 thousand) and June (9.6 thousand). Moreover,

GRAPH 3.1.3
Flows and balance of paid employment from January to July, 2019-2023

Source: Information System ERGANI, Ministry of Labour and Social Affairs, KEPE processing.

5. The annual increase in the number of self-employed individuals with no employees reached a remarkable 4.7%. However, it should be noted that starting a business activity does not necessarily mean income. Conversely, the number of self-employed persons with employees (firms) went down by 2.6%.

GRAPH 3.1.4
Number of conversions from full-time to flexible types of employment



Source: Information System ERGANI, Ministry of Labour and Social Affairs, KEPE processing.

labour market mobility was strengthened, since hires reached 1.93 million (203 more than 2022), while employee turnover stood at 1.63 million persons (176 thousand more than 2022). Finally, about 40% of new jobs were occupied by women, a share that has been quite stable over the past three years. The monthly paid employment balance has been positive for men until July, except for January, while women have been facing a negative balance in January, but also in June and more often in July over the past three years.

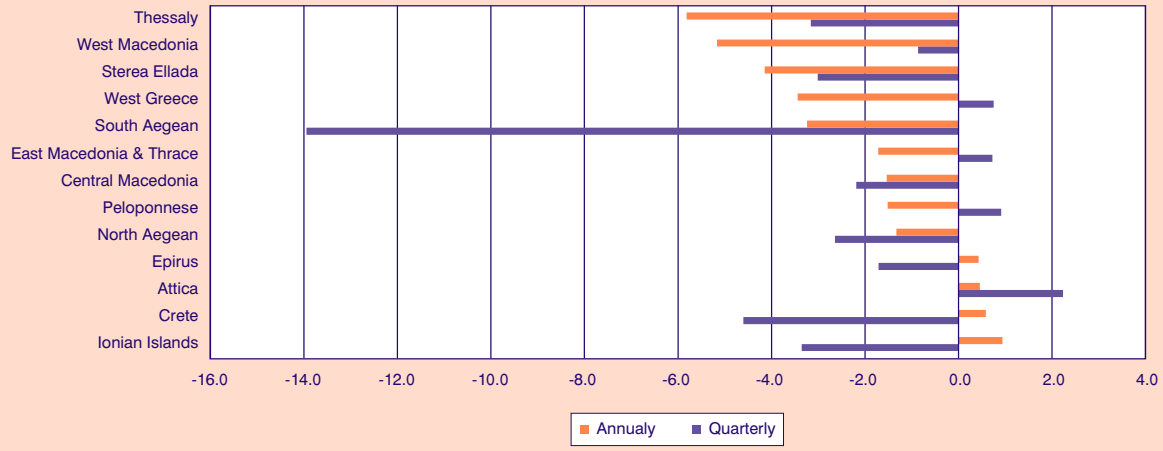
Most new hires involved full-time job contracts. The biggest share was reported in April (60.3%), while in July the respective share was 48.9%, which is almost equal to June. In the first seven months of 2023, the number of hires that involved full-time job contracts represented 53.3% of the total, which is almost identical to 2022 (53.7%) and approximately 4 percentage points smaller than 2021 (57.4%); however, the 2021 performance was the best over the last ten years. Moreover, conversions of full-time job contracts to flexible types of employment contracts were 14 thousand fewer compared to the respective period of 2022 (see Graph 3.1.4), but more compared to 2021. Most conversions involved part-time job contracts (over 70%) and another 7% involved conversions to work-in-shifts job contracts without the consent of the employee. Except for 2021, this figure is the smallest in the past years.

3.1.4. Unemployment

The number of the unemployed aged 15-64 declined in the second quarter of 2023. The decline equaled 14.9 thousand compared to the first quarter of 2023, reflecting the strengthening of economic activity, and 56.5 thousand compared to the second quarter of 2022, which is consistent with the increase in the number of the employed discussed in the previous section. Consequently, the unemployment rate dropped to 11.3% in the second quarter of 2023. Another positive development was the decrease in the share of the long-term unemployed, which dropped to lower than 60%, albeit marginally. The number of the long-term unemployed (≥12 months) decreased by approximately 51 thousand persons annually, even though in the short-term, i.e., compared to the first quarter of 2023, it increased by 29.2 thousand persons. A similar discrepancy was reported in 2021.

The unemployment rate decreased to 14.8% for women and 8.5% for men. Over the year, the reduction of the unemployment rate was faster in the case of women. That led to the narrowing of the gender gap to 6.1 percentage points compared to 7.4 percentage points in the second quarter of 2022. The narrowing of the gender differential was possible partly due to the faster decrease in the number of unemployed women, by 10.9% (or 37.9 thousand), when the number of unemployed men decreased by 7.9% (or 18.6 thousand). Even though the share of women in the pool of the unemployed declined to 58.5% because of the above, they still constitute the majority in the second quarter of 2023. The reduced unemployment rate for women is particularly important since the number of females in the labour force increased annually by 15.5 thousand (or 0.7%), while

GRAPH 3.1.5
Changes in the unemployment rate by region on an annual and quarterly basis (2022Q2-2023Q2, 2023Q1-2023Q2), in percentage points



Source: Labour Force Survey, ELSTAT, KEPE processing.
Regions are ranked from smallest to biggest annual change.

the number of males in the labour force declined by 7.7 thousand (or 0.3%).

The unemployment differential between age groups also narrowed. Typically, persons aged 30-64 face a lower unemployment rate (9.3%) compared to those aged 15-29. The latter group, in the second quarter of 2023, was facing an unemployment rate almost twice as big (21.3%) as that of the general population. However, the differential shrank to 12.4 percentage points, smaller than what it was in the second quarter of 2022 by 1.1 percentage points. These changes were accompanied by an annual increase in the number of youths in the labour force of 31.8 thousand (or 4.5%) and a reduction in the number of persons aged 30-64 in the labour force of 24.1 thousand (or -0.6%).

There were also differences in the fluctuations of the unemployment rate across regions, even though in most of them it declined over the year and since the previous quarter (see Graph 3.1.5). Regions that exhibited a strong decrease in the unemployment rate between the second and the first quarter of the year enjoyed a seasonal boost in economic activity, e.g., due to tourism. Crete, the North and South Aegean islands, and the Ionian islands are examples of that. Moreover, regions that exhibited an increase in the unemployment rate since the second quarter of 2022 and a decrease between the first and the second quarter of 2023, like Crete, the Ionian islands and Epirus, should be closely monitored because the short-term fall may be reversed in the following months. On the other hand, the labour market seems to be doing well in the North and South Aegean islands, Sterea Ellada, Thessaly and Central Macedonia. The developments in Attica do not allow for optimism since the unemployment rate increased over the past year and between the first and second quarters of this year. It is the only region with an upward movement in the unemployment rate in both spans of time.

3.1.5. Institutional changes in the labour market

Important changes in the labour market have been recorded over the past few months. Some of them are included in the recent legislation put forth by the Ministry of Labour and Social Affairs to incorporate the Directive (EC) 2019/1152 into national law. The discussion that follows is not exhaustive and the reader should refer to the reforms themselves to study the details.[6]

Possibly one of the most important reforms is the acknowledgement of an employee's right to work for more than one employer, i.e., to work two jobs, one full-time and the other part-time, without violating the

6. <https://www.taxheaven.gr/news/64569/se-diaboyleysh-to-ergasiako-nomosxedio-oles-oi-allages-analytika>

minimum resting hours (11 hours per day). Until today, that would probably lead to uninsured and undeclared work since there was no legitimate way to work two jobs (except if both were part-time jobs). However, this provision could risk some employees being exploited if they are forced to work longer hours without overtime pay. Moreover, it would be wise to investigate the reasons why some people feel compelled to get a second job and work for more than 8 hours per day, especially when such a practice is not temporary.

Other changes involve the definition of a probation period at work: it should not last longer than six months, and it should be considered as tenure in case the employee continues to work for the same employer after the end of the probation period. This means that the employee enjoys all the perks of an open-ended job contract sooner than in the past. It is also provided that the employer must supply the employee with a written job contract or at least a written and detailed description of key working conditions within a week of hiring. Moreover, additional provisions are introduced to protect the employee in case of an unexpected workload; the work/effort must be supplied within a specific time frame, i.e., defining both hours and days of supply, while the employee must be notified by every available means and within a reasonable time frame (at least 24 hours before the start of the work), unless specific circumstances are at play.

As far as in-firm training is concerned, when it is mandatory by law, it should be considered as paid working hours. Moreover, the new provisions safeguard that Collective Agreements could stipulate more favourable provisions than the general ones and that a layoff is considered invalid if proven to be vindictive. The fine for underreported work has been equalised to that of undeclared work, i.e., set at 10,500 euros per employee, based on the digital work card information, while any obstacles that prevented the arrangement of working time between the employer and the employee have been lifted; any arrangement could be settled with an individual job contract. Note that the employee could be in danger of accepting an unwanted working time arrangement to keep his/her job. The same is true for the right to work six days a week under specific conditions and for designated types of firms. At the same time, within the Information System ERGANI II, a digital platform has been set up, branded 'Rebrain Greece' and aimed at creating a modern interface node for monitoring the supply and demand of high-skilled persons living in Greece or abroad.

Perhaps one of the most controversial provisions that is expected to cause the reaction of workers, since it seems to restrict the right to strike, is the one that stipulates at least six months in jail and a fine of at least 5,000 euros in the following cases: a) when someone obstructs the free access or departure from work, or b) when someone does not allow employees to work contrary to their own will, or c) when someone exerts physical or psychological violence against employees who wish to work, or d) when someone takes part in squatting at workplaces or firm entrances during a strike or regardless of it.

Finally, the provision for tri-annuals is an important step;[7] it provides for their reactivation on 1st January 2024 and the re-examination of this regime in 2027. The initiative to open the discussion before the unemployment rate drops below 10%, as was initially stipulated, could possibly limit uncertainty in the labour market and, hence, it is considered positive. In practice, the fact that the provision considers the period from 14/2/2012 to 31/12/2023 as void is probably wise since any retrospective effect would lead to increases in the cost of labour, even as high as 30%, overnight; the consequences of that for firms and then, the employees, are very hard to predict.

Overall, the above provisions could solve or create additional problems and friction points between the employees, the employers, and the government. In any case, before any reform is introduced, all stakeholders should be thoroughly informed and extensive dialogue should take place to achieve maximum consent; this is the best way to minimise resistance. Moreover, it is necessary to closely monitor the labour market to prevent arbitrary practices and any misreading of the provisions. Political will is a necessary requirement for this, coupled with a competent and efficient Labour Inspectorate.

7. <https://www.euro2day.gr/news/economy/article/2207964/h-telikh-diataxh-gia-tis-trieties-pote-mporei-na-x.html?utm_source=e2drelated&utm_medium=textlinks>