

# 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

Key labour market variables improved in the third quarter of 2023, and the subsequent two months seem to extend those improvements. The number of the employed went up while the unemployment rate dropped on a year-on-year basis. Moreover, the labour force participation rate remained practically constant. The number of the employed is still below the pre-crisis level, but the employment rate for the 15-64 age group has reached a maximum. This is partly due to the reduction of the population, which should cause concern, mostly because an increase in the participation rate, which could compensate for the declining population, has not been accomplished; hence, the labour force is shrinking. This is a real problem given personnel shortages that seem to dominate the public discourse lately. On the other hand, the number of paid employees increased in 2023 by 116 thousand, and most of the hires involved full-time job contracts. Lastly, despite the reduction in the number of the unemployed over the past year, the number is still way above the minimum recorded in the 2000s. Moreover, despite the reduction of the unemployment rate for the general population, it is still the second highest in the European Union (EU27). Henceforth, there is no room for complacency.

### 3.1.2. Population and labour force participation

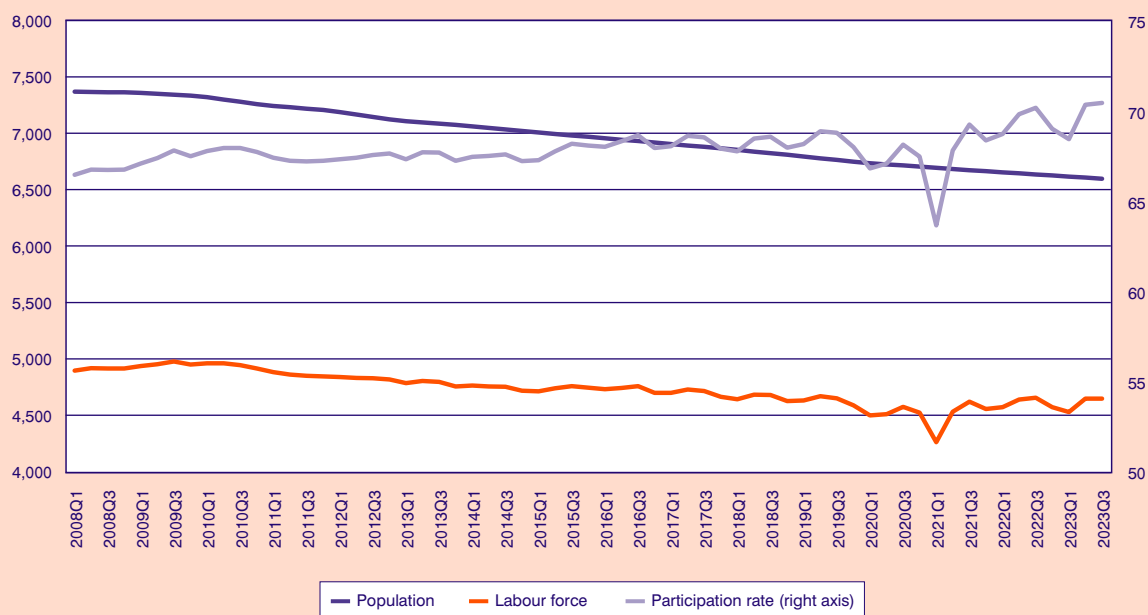
The population in Greece has been declining over the past years (see Graph 3.1.1), according to the Labour Force Survey (LFS). Focusing on annual changes due

to seasonality, thus comparing the 15-64 population in a specific quarter with that of the respective quarter a year before, it is evident that the decline started in the first quarter of 2009 and has continued since. The average annual rate of decline in period 2009-2023 was 0.7%, while the overall reduction of the population has reached 768.4 thousand people. The question is, why should we care about the population when discussing the labour market? To answer that, one must consider the role of people as a factor of production, i.e., labour. The number of people willing and able to work across age brackets, i.e., the labour force, is directly related to the population and constitutes an input in the production function. Recently, personnel shortages in various industries, like tourism and ICT, have become a hot topic in public discourse. These shortages may have an adverse impact on firms and the economy, since without the necessary (and suitable) personnel, the ability to provide enough goods and services is compromised. Hence, in a growing economy, i.e., one that increases its output in terms of goods and services, the labour force must also expand.<sup>1</sup> The expansion can come from two sources: an increasing population and an increasing share of people willing and able to work, which is known as participation or activity rate. When the population is decreasing, to keep the labour force constant, the participation rate must increase. In other words, more and more people must be willing to join the labour force and ultimately get a job.

One look at the LFS data reveals that this is not happening, at least to the necessary extent. Instead, the participation rate over the past year has remained almost stable (it increased by 0.3%) at 70.4% for the entire population (see Graph 3.1.1), 78.3% for men and 62.6% for women. Therefore, given that the population has been shrinking, unsurprisingly, the size of the labour force aged 15-64 has also decreased by 8.7 thousand over the past year. This decrease came mainly from men, whose number dropped by 17 thousand, while participating females increased by 8.4 thousand, counterbalancing the losses to some extent. Moreo-

1. In practice this is not accurate. Increasing production, given that the stock of other factors of production is held constant, could come from either increasing the labour force or from increasing the labour productivity. In the latter, technological advancements play a crucial role. For the sake of the argument though, that is ignored.

**GRAPH 3.1.1**  
**Population, labour force and participation rate, 15-64 y.o. (in thousand)**



Source: Labour Force Survey, ELSTAT, KEPE processing.

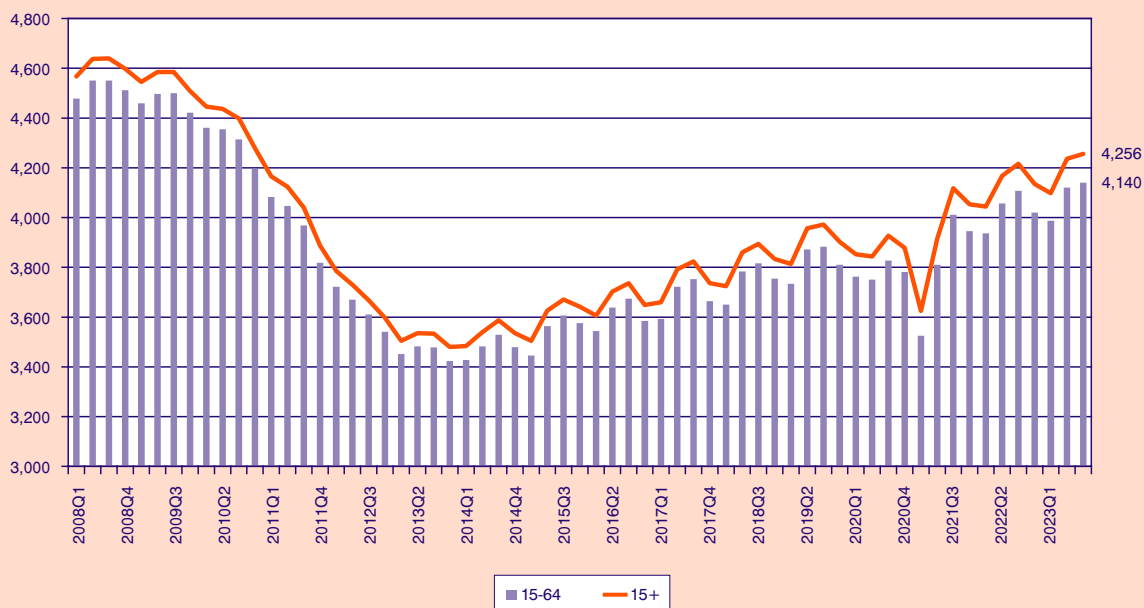
ver, looking into the native-foreign composition of the labour force reveals that the decrease comes from native men. More detailed analysis by age and gender also shows that men aged 25-29 and women aged 20-24 and 30-34 are the groups that exhibited the biggest decreases—a problem that must be addressed. An in-depth analysis of the data could shed light on the reasons that led to these specific decreases and, consequently, reveal whether they are temporary and whether there are ways they can be reversed. A simple comparison with other member countries of the European Union (EU27) shows that there is room for higher participation rates, especially amongst women, since in 2023Q3 their participation rate was 7.8 percentage points lower than the European average.

### 3.1.3. Employment

Even though the labour force shrank, the number of employed over the age of 15 increased by 40.2 thousand over the past year, i.e., between 2022Q3 and 2023Q3, and by 19.7 thousand over the past quar-

ter, i.e., since 2023Q2. Most of that increase involved employed women, with an increase of 39 thousand, representing 97% of the total increase. Unsurprisingly, the employment rate also increased. On a year-on-year basis, that increase reached 0.5 percentage points for individuals 15+ and 0.9 percentage points for individuals 15-64. Clearly, even though the number of the employed has been increasing since 2014, it is still below the pre-crisis level (see Graph 3.1.2). On the contrary, the employment rate for the age group 15-64 surpassed the one in 2008Q3, reaching 62.8%. However, it is still below the pre-crisis level by 2.1 percentage points for the group 15+. This is the result of decreasing population.<sup>2</sup> It is interesting that this increase is driven by women, since the employment rate for men is below the 2008Q3 level. Moreover, there is a sharp increase in the employment rate of women aged 15-64 compared to 2008Q3 (4.5%). On the other hand, the employment rate for women continues to be much lower compared to men (53.5% vs. 72.1% in group 15-64), while the gender differential has been stable at around 18.5 percentage points since the beginning of the upward movement of employment back

2. When calculating the employment rate, the population is the denominator. Therefore, a decrease in the population increases the employment rate even if the number of the employed has not changed.

**GRAPH 3.1.2****Number of employed individuals aged 15+ and 15-64 (in thousand)**

Source: Labour Force Survey, ELSTAT, KEPE processing.

in 2014. Compared to the EU27, the employment rate in Greece is low (62.8% compared to 70.7%), especially for women (53.5% vs. 65.9%). Therefore, with the right policies, it could be increased.

The number of employed youth, i.e., aged 15-29, increased faster than the number of the employed aged 30-64. Over the past year, the number of the former increased by 18.2 thousand and the number of the latter went up by 14.1 thousand. Those numbers correspond to an increase of 3.4% in the first case and 0.4% in the second case, showing how dynamics differ between these age groups. Between the second and the third quarter of 2023, increases reached 1.8% and 0.3%, respectively. However, the employment rate for youth stood at 35.9% in 2023Q3 when the respective rate for individuals 30-64 was 71.7%. There is an obvious difference between age groups evidently because many youths are still in education, and they often prolong their studies beyond the statutory duration.

The number of employed foreigners over the age of 15 increased faster over the past year than the number of employed natives. Even though the latter increased by 25.3 thousand and the number of employed foreigners increased by 14.8 thousand, in terms of percentage change, the number of employed natives increased by 0.6%, while the number of employed foreigners increased by 9.1%. Moreover, employed native men are

the only group that exhibited a decrease on a year-on-year basis, while employed foreign women exhibited the biggest percentage increase (15.5%). However, in absolute terms, employed native women increased by 28.6 thousand and constituted the main driver of increasing employment over the past year, followed by employed foreign men.

At the time of writing this piece, the LFS data for the last quarter of the year had not yet been published. However, one can get a good idea of what is coming based on the monthly data for October and November. Relying on those data and comparing the figures to those in the respective months of 2022, it turns out that the number of the employed went up by 139.1 thousand in October and 12 thousand in November. On a monthly basis, the number of employed individuals increased in October (compared to September) by 52.3 thousand but decreased in November (compared to October) by 87.8 thousand. There were similar movements in previous years, so there is nothing extraordinary there.

### 3.1.4. Paid employment

The LFS data shows that the share of paid employees in 2023Q3 reached 69.1% of total employment, slightly smaller than the share in the second quarter of the

year (69.7%), since the number of employees dropped by 8.8 thousand on a quarterly basis and by 22.3 thousand on an annual basis. These figures do not match those of the ERGANI information system, which point to an increase in the number of employees in 2023Q3 by 7.2 thousand. However, what is important here is that about two-thirds of the employed in Greece are employees, a share which is lower than the European average but has been increasing over the years, especially since the crisis.

ERGANI has published data on paid employees until the end of the year. Therefore, we can get a solid view of how paid employment evolved throughout 2023. Over the year, net new paid employment jobs, i.e., hires minus layoffs and quits, exceeded 116 thousand. This number is better than the respective one in 2022, but it falls short when compared to previous years in period 2013-2022. The balance was negative (more jobs lost) in January, July, August, October, and November, while all the other months had a positive balance (more hires than layoffs and quits). There were significantly more losses in October and November compared to 2022, but without setting any records. For example, the balance was negative in July in the years 2015, 2018 and 2019. Similarly, the negative balance in October was not significantly wider than October 2019 (131.5 thousand vs. 125.7 thousand). The same goes for the months with a positive balance. Therefore, the overall result is not driven by any specific month. There were more quits and layoffs in 2023 compared to previous years, especially layoffs. However, the wide positive balance in December, the second widest since 2013, could signal favourable developments in 2024. Having said that, we should not jump to conclusions, since there is typically a negative balance in January.

Throughout the year, most hires involved full-time job contracts. Overall, 3.2 million hires took place, of which 1.6 million, i.e., 51.4%, involved full-time job contracts. The second most common type of job contract involved part-time: 1.3 million hires or 39.2% of total. The number of work-in-shifts new job contracts marginally exceeded 303 thousand, representing 9.4% of the total. The composition of hires does not exhibit considerable deviations from past years. There are some differences, though, compared to 2019 and earlier. Back then, hires that involved full-time job contracts were fewer than half of the total, while hires that involved work-in-shifts represented more than 12% of total, signalling instability in the labour market and a “wait and see” attitude on the side of firms who did not want to commit to full-time job contracts. Hence, hires seem to have become more stable over the past years, favour-

ing full-time job contracts. The fact that almost 40% of hires in 2023 involved part-time employment could reflect the consolidation of flexible forms of employment in the Greek labour market.

The number of full-time job contracts converted to job contracts that involve flexible forms of employment was smaller in 2023 (46.9 thousand) compared to past years, except for 2021 (38.5 thousand) and 2014 (45.8 thousand). Most of those involved conversions to part-time job contracts, also in 2023 (73.5% of total), while conversions to work-in-shifts contracts without the consent of the employee, the most harmful for the employee’s welfare, decreased to 4.4% from 6.5% in 2022. This figure is low compared to past years. It exceeds only the respective figure in 2021 (3.3%), which is not representative of the market due to the measures taken to support employment and entrepreneurship against the pandemic. Hence, there seems to be no change regarding conversions in 2023.

### 3.1.5. Unemployment

The number of unemployed individuals aged 15-64 reached 506.3 thousand in 2023Q3, while that number increases to 514.6 thousand if the unemployed over 65 are added. The decrease over the past year reached 41 thousand people, and it was equally distributed between men (20.9 thousand fewer) and women (20 thousand fewer unemployed). There were 28.9 thousand fewer unemployed in the age group 30-44 over the past year, most of whom were women (26.1 thousand). Consequently, the unemployment rate decreased to 10.9% for people aged 15-64, which was 0.4 percentage points lower than the second quarter of the year and 0.9 percentage points lower than 2022Q3. Monthly LFS data show a further de-escalation of the unemployment rate in the first two months of the last quarter to 9.4%. This means that, with each passing month, the unemployment rate gets closer to the pre-crisis level. For instance, the unemployment rate in 2008Q3 stood at 7.4%, i.e., 3.5 percentage points lower than the unemployment rate in 2023Q3. Alternatively, there were 143.4 thousand more unemployed people in 2023Q3 compared to 2008Q3. The gradual de-escalation of the unemployment rate should not lead to complacency, since it is still the second biggest in the EU27, surpassed only by Spain (11.9%), and almost 5 percentage points above the European average.

Typically, different population groups face different employment prospects, hence different unemployment rates (Table 3.1.1). The unemployment rate for women, for example, was 14.5% compared to 8%

for men. Similarly, the youth unemployment rate in 2023Q3 stood at 21.5%, which means that one out of five people aged 15-29 could not get a job, while the respective unemployment rate for people aged 30-64 stood at 8.9%. More years of education are associated with better employment prospects. For example, people with a PhD or master's degree faced an unemployment rate of 5.9% in 2023Q3, when primary education (at most) graduates faced double that rate. Moreover, foreigners are less likely to find a job compared to natives, since their unemployment rate stood 3.5 percentage points higher than the natives. This difference is smaller amongst men of different ethnic backgrounds (1.3 percentage points) than women (5.6 percentage points).

Over the past year (2022Q3-2023Q3), the unemployment rate went up only for graduates of primary education (at most). The size of the decrease varies across groups of graduates, and it ranges from 0.2 percentage points for Higher Education Institutions (HEI) graduates to 3.8 percentage points for foreign women. The slow pace at which the unemployment rate for HEI graduates has been de-escalating should probably be addressed, even though the fact that it is already low compared to other education groups could be some explanation. On the other hand, due to seasonally volatile economic activities, the unemployment rate dropped compared to 2023Q2, except for people with a PhD and/or master's degree, HEI graduates and foreign men.

**TABLE 3.1.1 Unemployment rate by population group**

	2022Q3 (%)	2023Q2 (%)	2023Q3 (%)	2022Q3-2023Q3 (percentage points)	2023Q2-2023Q3 (percentage points)
Total	11.8	11.3	10.9	-0.9	-0.4
Men	8.7	8.5	8.0	-0.8	-0.5
Women	15.6	14.8	14.5	-1.0	-0.3
15-29	22.2	21.7	21.5	-0.7	-0.2
30-64	9.8	9.3	8.9	-0.9	-0.5
PhD and master's degree	7.2	4.1	5.9	-1.3	1.8
HEI	9.7	8.5	9.5	-0.2	1.0
Upper Technical Vocational	11.6	11.9	10.6	-1.0	-1.3
Upper Secondary	13.2	12.4	12.3	-0.9	-0.1
Lower Secondary	13.1	12.2	11.1	-2.1	-1.1
Primary or less	11.3	14.7	11.8	0.5	-2.9
Natives	11.4	10.9	10.6	-0.8	-0.3
Men	8.6	8.4	7.9	-0.7	-0.5
Women	15.0	14.1	14.1	-0.9	0.0
Foreigners	16.5	16.9	14.1	-2.5	-2.8
Men	10.8	9.1	9.2	-1.6	0.2
Women	23.6	25.6	19.8	-3.8	-5.8

Source: Labour Force Survey, ELSTAT, KEPE processing.