Social protection of non-standard work in Greece

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Abstract
This brief paper aims to describe key aspects of employment in Greece, to provide some information on levels of, and trends in, non-standard work in Greece, to elaborate on the nature and characteristics of different types of such work, to analyse existing social policies to protect the workers concerned, and to speculate on future developments.

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1. Employment in Greece
A quick look at key indicators reveals that the poor performance of the Greek labour market in terms of low employment and high unemployment is something affecting not so much male breadwinners but so-called secondary earners. In fact, according to figures published in the “Employment in Europe 2009” report, employment rates in Greece for men aged 25-54 in 2008 were high: 90.2%, compared to 87.6% in the EU-15 (and 86.9% in the EU-27). In contrast, female employment was rising (from 40.5% in 1998) but still low (48.7% of all women aged 15-64 in 2008, compared to 60.4% in the EU-15 and 59.1% in the EU-27). Moreover, unemployment was high among the young (22.1% in the 15-24 age group) or among women (11.4% vs. 5.1% for men), and highest among young women (28.9% in the 15-24 age group).

Youth (non-)employment
Young workers fare badly in the Greek labour market. As discussed later on, youth unemployment is projected to rise sharply under the impact of the current crisis. Naturally, most persons aged 15-24 are in education or training rather than in the labour market. However, according to the OECD “Jobs for youth: Greece” 2010 report, the proportion of those in the 15-24 group not in employment nor in education or training (termed “NEET”) in Greece was 13% in 2007, above the OECD average of about 11% but down markedly from 18% in 1997.

Data from the European Union Labour Force Survey, analysed in Ward et al. (2006), show that, even at older ages, poor employment prospects combine with various other factors to cause the proportion of youth living in their parental home in Greece to rise steadily over the last decades: from 35.5% in 1985 to 48.8% in 1995 and 57.8% in 2005 in the 25-29 age group; and from 21.3% in 1985 to 24.7% in 1995 and 31.6% in 2005 in the 30-34 age group. At age 30 to 34, a staggering 43% of not-so-young Greek men still lived in the parental home in 2005 - a performance exceeding even that of their Italian counterparts (38.3%). While this phenomenon has not received the attention it deserves, the low probability of finding a good job (defined in terms of pay as well as security), even after a prolonged period of study and the accumulation of a string of formal qualifications, is often cited as a key factor.

Labour market segmentation
A key feature of the Greek labour market is the very deep divide that exists between hyper-protected insiders, under-protected “mid-siders” and un-protected outsiders. On the one hand, jobs in the public sector provide family wages, generous social benefits, lax work practices and absolute employment protection. According to the 2008 Labour Force Survey, the public sector employed 1,018,000 workers in 2007, or 35.1% of all wage earners. Until recently, state-controlled banks and public utilities offered employees a similar deal. However, as a result of partial privatisation and liberalisation of the respective sectors, the degree of hyper-protection is being
reduced (especially for younger and/or newly-hired workers).

On the other hand, for the overwhelming majority of Greek workers, typically employed in small firms, jobs pay on average less, and come with less generous benefits and reduced employment protection. What is more, in certain sectors of the economy (such as the construction industry, tourism and other services) informal employment is the norm, allowing many employers to flout regulatory constraints in the form of dismissal protection, minimum wage and social insurance.

Both pay and conditions are much better in the public sector, whereas labour productivity is widely perceived to be lower. In terms of job security, civil servants and most other public sector workers enjoy tenure. In the private sector, older employees who have been with large firms for a long time are offered considerable protection against dismissal and, in the event, substantial severance pay (though not as substantial as in the public sector). Elsewhere, job security is much reduced or non-existent.

In terms of pay, a recent study (Mitrakos et al. 2010) found that the public-private sector pay gap (adjusted for skills and other worker characteristics) for recent university graduates grows wider with time, and is larger for women than for men. Furthermore, social rights (including, crucially, pension rights) are much more favourable for public sector workers, at least under current arrangements: other things being equal, private sector workers can expect to retire later, and on lower retirement benefits, than their counterparts in the public sector.

Because of this divide, public sector jobs are much coveted, especially by young persons in general and university graduates in particular: 5 to 7 years from graduation, an estimated 40% of university graduates are in fact employed by the public sector (Karamessini 2008).

Nevertheless, it would be wrong to imply that non-standard work is entirely absent in the public sector: according to estimates of the union-affiliated Labour Institute, 11% of part-time workers and 28% of those temporarily employed in 2009 worked in the public sector.

2. Levels and trends of non-standard work

Non-standard work in Greece is, as elsewhere, widely thought to be on the rise. Nevertheless, in spite of some recent interest in “the new précatariat”, and the abundance of anecdotal evidence, not much is available by way of hard data. I attempt to summarise below what we do know about the levels of, and trends in, non-standard work in Greece.

Part-time work

According to the “Employment in Europe 2009” report, part-time employment in Greece corresponded to 5.6% of total employment in 2008. This compared to 21.0% in the EU-15 (18.2% in the EU-27). Part-time work was significantly more prevalent among women (9.9%) than among men (2.8% of total employment). Compared to a decade earlier, part-time employment seems to be stable, as it also stood at 5.6% in
Moreover, there was little variation in intermediate years.

**Fixed-term work**

The “Employment in Europe 2009” report provides data on the share of employees on fixed-term contracts. In Greece, 11.5% of all employees were on fixed-term contracts in 2008. This was lower than, but closer to, the respective figures for the EU-15 (14.4%) and the EU-27 (14.0%). Fixed-term contracts were more common among women (13.7%) than among men (9.9% of all employees). Compared to a decade earlier, fixed-term work seems to have actually declined: it was 12.5% in 1998, with little fluctuation in intermediate years from a high of 13.5% in 2000 to a low of 10.7% in 2007.

On the evidence presented above, non-standard work does not seem to be very widespread, at least compared to the rest of the EU, nor increasing over time. Nevertheless, there is some, mostly indirect, evidence that reality is a bit more complex. Beyond fixed-term contracts and part-time employment, other (one is almost tempted to call these “non-standard”) types of non-standard work are often observed in the Greek labour market. Below I list some of the most common.

**Dependent work disguised as self-employment**

While self-employment has always been widespread in Greece (34.4% of all employment in 2008, compared to 14.1% in the EU-15), some of it involves “self-employed workers providing services to a single work provider in a continuous manner, hence acting de facto as employees” (OECD 2010).

Although their exact number is unknown, some recent studies have attempted to throw light on this phenomenon. For instance, Karamessini (2008) estimated that 5 to 7 years after graduation approximately 12% of Greek university graduates worked on a temporary project or service agreement with a single employer. Also, Athanassouli (2003) found that 27% of engineering graduates from the prestigious National Polytechnic of Athens worked as disguised self-employed on graduation, most of them in full-time activity based on regularly renewed contracts with a single employer. Furthermore, Mouriki (2010) put their number at 270,000, to which she added another 70,000 workers doing piece-rate work at home as sub-contractors (in 2008 the total number of employed workers in Greece was 4.76 million). These workers, to all intents and purposes dependent employees, can apparently only find work on condition that they register as self-employed, thereby allowing their employers to save substantially on labour costs. As explained later, the implications of this arrangement for the workers themselves are job insecurity, no or very limited legal protection (e.g. in case of unfair dismissal), and reduced social rights - especially in case of sickness, maternity and unemployment.

**Agency work**

In line with Directive 91/383/EEC of 25 June 1991, temporary agency work can be defined as “a temporary employment relationship between a temporary work agency,
which is the employer, and a worker, where the latter is assigned to work for and under the control of an undertaking and/or establishment making use of his or her services (the user company)."

In Greece, law 2596/2001 establishes that agency workers must enjoy equal rights in terms of pay and conditions, as defined under collective agreements, and limits the maximum duration of such contracts to 12/18 months. In practice, these provisions are often ignored by employers. The number of agency workers fluctuates seasonally: estimates cited by Mouriki (2010) range between 10,000 and 30,000.

**Vocational training**

Vocational training in Greece, supported by various EU initiatives, includes the controversial Stage programme, originally intended to facilitate the employment of young workers in private firms. In its Greek version, an estimated 40,000 university graduates were until recently employed in public sector organisations and local authorities. Most of those concerned hoped their contracts would be converted to full tenure, even though explicitly fixed-term, as had happened before. The practice of using funds under the programme to create temporary jobs in the public sector was terminated by the incoming government in November 2009, amidst accusations of clientelist selection of beneficiaries under the previous government. The Stage saga is indicative of the key pathology of the labour market in Greece, namely the insider-outsider gap discussed earlier.

**Precarious work**

This is a different analytic category, partially overlapping with non-standard work. Mouriki (2010) cites estimates putting the number of workers in short-term, insecure and low-paid jobs in the formal sector at 400,000. To that she adds part-time and temporary workers (273,000 and 355,000 persons respectively in mid-2009), plus another 1 million undeclared and uninsured workers in the informal sector. Taken together, she reckons precarious work accounts for 40% of all employment. Even though this may seem excessive, and is not always well-documented (for instance, it is unclear if undeclared work is added to the denominator as well as the numerator), there can be no doubt that precarious work is widespread, disproportionately affecting foreign workers, the young, and women.

3. **Nature and characteristics of non-standard work**

On the whole, non-standard work is often characterised by lower unionisation, lower pay, lower job protection, and lower social protection. The disadvantage of most non-standard workers in terms of job protection is almost self-evident, since ease of dismissal is what makes these jobs attractive to employers in the first place. Social protection is discussed in the next section. In this section I discuss low unionisation and low pay.
Unionisation

As I have discussed elsewhere (Matsaganis 2007), an analysis of membership composition, both at the grassroots and at leadership level, shows that the typical union member - and especially union leader - is a tenured public sector worker, member of a special social insurance scheme, predominantly male, middle-aged and exclusively Greek. In contrast, the typical worker is younger, employed (often “flexibly”) by private firms, insured with the general social insurance scheme, in an increasingly feminised and multi-ethnic work force. Compared to their European counterparts, Greek unions appear to be more unevenly spread between different segments of the labour market, and to have suffered a steeper fall in union density over recent years. Outside the enclaves of civil service, banking and the public utilities, in other words in the private firms employing the overwhelming majority of all wage earners in Greece, union density is very low: it was a mere 15.6% in 2004, and may have fallen below 10% in the meantime.

In view of the above, many non-standard workers are exposed to what can only be called open exploitation on the part of employers. Anecdotal evidence shows that unpaid overtime work has become the norm, even in major banks and other reputable firms. Weaker workers (such as immigrant women) are required to sign a statement on being hired that they receive pay at the statutory minimum plus bonuses and other benefits as set out by labour legislation, whereas in fact none of this is true. At an extreme, those refusing to accept such terms, or attempting to organise their fellow workers in any sort of union activity, are known to have suffered dismissal, intimidation or worse.\footnote{One case in particular has become emblematic: “Konstantina Kuneva, a Bulgarian migrant worker and trade union leader, aged 45, was severely injured in the Greek capital, Athens, on 22 December 2008 after being subjected to a sulphuric acid attack by unknown men, as she returned home from work. She lost her sight in one eye, has limited vision in the other, and her larynx, oesophagus and stomach were seriously damaged. A history teacher by profession, Konstantina Kuneva moved to Greece in 2001 to earn money for medical treatment for her son. While working as a cleaner, she participated in trade union activities, eventually becoming Secretary of the Attica Union of Cleaners and Domestic Workers. The attack followed a period of rising tension between Konstantina Kuneva and her employer, during which she had received anonymous threats by telephone.” (Amnesty International; see http://www.amnesty.org/en/individuals-at-risk/write-for-rights/konstantina-kuneva). Her case remains unsolved. Note that her employer was a firm providing contracted-out cleaning services to the state urban railways ΗΣΑΠ.}

Pay

According to Labour Force Survey data (elaborated in INE 2008), 57.5% of wage earners were paid less than €1,000 a month in 2007, while 26.3% were paid less than €750 (and 5.5% less than €500 a month). Note that the statutory minimum wage for an unskilled worker, with no work experience, no dependants, working full-time in 2007 was €657.89 per month.

Setting the low-pay threshold at monthly earnings of €750, the share of low-
paid workers was 36.3% in the private sector compared to 8.7% in the public sector. Among permanent workers, the incidence of low pay was 33.1% in the private sector vs. 5.3% in the public sector. On the other hand, 55.7% of all temporary workers, and as many as 86.4% of all part-time workers, earned less than €750 a month, almost irrespective of whether employed in the private or the public sector.

4. Policies to protect non-standard workers

The excessive reliance of the Greek welfare state on contributory social insurance translates labour market disadvantage into reduced access to social protection. In other words, social insurance, rather than compensating for their difficulties in the labour market, actually penalises non-standard workers. As a matter of fact, while social insurance is perfectly suited to fordist norms of long, uninterrupted careers, it has little to offer those with atypical, non-standard employment trajectories. As discussed earlier, the resulting dualism is very severe in Greece, where a true polarisation exists between hyper-protected insiders, under-protected “mid-siders” and un-protected outsiders. The latter includes women and youth trying to enter or re-enter the labour market, precarious workers employed on a temporary or part-time basis, immigrants in the shadow economy, as well as the long-term unemployed and others who lack access to secure jobs and therefore tend to lose out heavily in terms of welfare entitlements.

The key issues here are lack of insurance, reduced access to unemployment allowances and other (so-called “short-term”) social benefits, and pension rights.

Undeclared labour

According to the Labour Force Survey, when asked of their social insurance coverage, approximately 4% of respondents tick the “no social insurance” box. Nonetheless, the real extent of uninsured labour must be much larger. A statement of the Minister of Labour and Social Insurance in response to a recent parliamentary question (12 May 2010) revealed that the proportion of uninsured workers in 22,000 private firms inspected by the Labour Inspectorate in the three months from February to April 2010 was approximately 25%.

Needless to add, undeclared workers can rely on few non-contributory benefits in case of need; perhaps little more than emergency treatments in public hospitals - and, if they happen to be undocumented migrants, not even that.

In an attempt to encourage private individuals occasionally employing undeclared workers (such as nannies, elderly persons’ companions, home helpers etc.) to insure them, new legislation provides for the introduction of a voucher scheme. Under the provisions of the scheme, occasional employers will be required to buy (e.g. at kiosks) a voucher incorporating both daily pay at the minimum wage and social insurance contributions. The worker will then be able to cash in the voucher, at the same time securing the equivalent of one work day worth of contributions.
Access to unemployment and other benefits

Because of institutional fragmentation, social insurance benefits vary widely in terms of generosity between different segments of the labour market. Even though the general picture is quite complex, systematic cleavages can be identified between groups of workers. In general, current entitlements are more favourable for the liberal professions compared to wage earners, for public sector employees relative to private sector ones, for unionised rather than precarious workers. For instance, sickness and maternity benefits are more generous for civil servants than for workers in private firms. Moreover, even though less generous, provisions as set out by law are often ignored by employers, or result in de facto discrimination even in the formal labour market. This is the case of young married childless women who, as likely candidates for costly maternity leave, are considered by many employers as unemployable.

As mentioned earlier, dependent workers disguised as self-employed are forced by employers to register with the social insurance organisation for independent workers (OAEE) rather than with the general scheme for private sector employees (IKA). In the typical case, the employer will pay a given sum and the worker will be left to bear the cost of social insurance or choose to remain uninsured. More rarely, the employer might agree to pay the equivalent of contributions to OAEE on top of what passes as normal remuneration. From the point of view of employers, both options result in significant reductions in non-wage labour costs relative to what would have been the case had they insured their workforce with IKA. Moreover, by disguising their employees as freelance workers, employers are not bound to unfair dismissal legislation nor are liable for severance pay. Obviously, from the point of view of workers, being forced to disguise as self-employed leaves them ineligible for unemployment insurance, for sickness and maternity leave, and for severance pay.

Workers losing their job can claim unemployment benefit if they were insured for at least 80 work days per year over the past two years and at least 125 work days over the previous 14 months. Benefit is paid for a minimum of 5 months and a maximum of 12 months, depending on contributory record. In 2009, unemployment benefit was €454 per month, approximately 30% of the average wage. About 254,000 workers claimed unemployment benefit in 2008.

Moreover, young persons aged 20-29 are eligible for a less generous allowance of €73 per month for a maximum duration of five months, provided they have been in the unemployment registries for at least one year. The number of beneficiaries in 2008 was just over 1,000 persons. OECD estimates, based on the European Union Labour Force Survey, show that only 6% of unemployed Greek youth received unemployment benefit in 2008.

Unemployment assistance, aimed for the long-term unemployed, was introduced in 2002. However, because of very stringent eligibility conditions, the number of beneficiaries is extremely low: a mere 733 persons in 2008, corresponding to 0.5% of the long-term unemployed. Moreover, the benefit rate (€200 per month for a total period of 12 months) has remained unchanged in nominal terms since its introduction 8 years ago.

Overall, as Karantinos (2006) has observed, the coverage of temporary workers
with unemployment benefits in Greece (38.1% in 2003) is the lowest among the EU countries for which comparable data exist.

Pension rights

As a general rule, non-standard work is penalised by social insurance in terms of pension rights, by virtue of the fact that interrupted careers, spells of part-time work, long periods of unemployment and/or informal work and so on result in reduced pension entitlements. This is even more so in the case of Greece where, as mentioned above, pension benefits for hyper-protected insiders are more generous by design relative to those for under-protected “mid-siders” and unprotected outsiders.

Contributory minimum pensions require a contributory record of 4,500 days (15 years). In 2002, a lower-rate minimum pension was introduced for contributors who failed to meet the standard requirement, provided they had a contributory record of at least 3,500 days (11 years and 8 months).

For elderly persons with an inadequate contributory record, a non-contributory social pension is available on a means-tested basis. In 2008, its value was €330 per month, and the number of recipients was approximately 66,000.

A new pension bill was approved by a narrow majority on 8 July 2010 as Law 3863. The new law provides for a radically reformed pension system from 2015, with a first-tier basic pension and a second-tier proportional pension.

The basic pension, fixed at €360 per month in 2010 prices, paid 12 times a year, will be available with no means test to all recipients of a proportional pension with a contributory record of at least 15 years. The full rate will be payable at age 65, reduced pro rata (by one thirty-fifth a year) for those who have been resident in the country for less than 35 years between the ages of 15 and 65. In cases of early retirement, the basic pension will be paid at a lower rate, reduced by 6% per each year short of age 65. Those with a shorter contributory record will still be eligible for the basic pension, but only if they pass a means test: personal income must be below €5,400 per year, family income below €10,800 per year (in 2010 prices). Neither the means-tested version of the basic pension nor the proportional pension for those with less than 15 years of contributions are payable before age 65.

With respect to the proportional pension, accrual rates vary by length of insurance period. The return on contributions will range from 0.8% per year for a contributor with less than 15 insurance years, to 1.5% per year for one with 40 insurance years or more. While the new provision eliminates the blatant inequity of the previous one, the risk that low-paid workers with uncertain career prospects and insecure attachment to the labour market might see little incentive to pay pension contributions is still there, albeit in less severe form.

To allay fears that the new structure may eventually not amount to much, a further safety net has been introduced in the form of a minimum pension. Specifically, those retiring with an insurance record of at least 15 years will have a guaranteed minimum pension equal to the equivalent of 15 minimum daily wages (as stipulated in the National Collective Labour Agreement for 2015). At present, this
would be worth €496 per month.

Even though the provision of a quasi-universal basic pension sets the conditions for a more effective safety net in old age, it is feared that workers with interrupted careers and low earnings could face an increased risk of poverty in old age.

5. Future developments

From the beginning of 2010 Greece has been at the centre of financial turmoil due to its burgeoning €300 billion public deficit. The first austerity measures were announced on 3 March 2010. As these failed to placate the markets, the government announced further measures on 2 May 2010, in order to secure a €110 billion three-year bailout package from the EU and the IMF. The measures include pay cuts to the tune of 13% in the public sector, a progressive levy on pensions, and a 3-year freeze on pensions and public sector salaries; also, higher taxes and a more determined effort to combat tax evasion.

While it is difficult to estimate the full effects of the crisis and the austerity measures on the economy and the labour market, it is clear that these will be severe. The OECD forecasts negative GDP growth in 2009 and 2010, a sharp rise in youth unemployment to 28.3% in 2011 (from 22.0% in 2008), and an equally significant increase in rates of unemployment among prime-age workers (i.e. in the 25-54 age group) from 6.6% in 2008 to 9.1% in 2011.

As the celebrated economist and Nobel Prize winner Paul Krugman has put it:

“If Greece were a highly cohesive society with collective wage-setting, a sort of Aegean Austria, it might be possible to [confront the crisis] via a collectively agreed reduction in wages across the board - an ‘internal devaluation’. But as today’s grim events show, it isn’t.”

Clearly, in these conditions, as more and more employers seem determined to resort to non-standard work in order to soften the impact of the crisis, the chances of a negotiated improvement in pay and conditions for non-standard workers, possibly in the context of a relative relaxation of employment protection for core workers, are pretty remote. None of the necessary conditions for a successful exit strategy, and for a fair allocation of the costs of responses to the crisis, (trust between social partners, trade unions intent to promote the interests of all workers, employers prepared to respect the law) are in place, at least for the time being. Whether the crisis itself will induce a change in behaviour on the part of social partners, rendering everyone more public-spirited and responsible, is too soon to tell.

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2 The “grim events” he was referring to was the murder of three workers by demonstrators setting fire to a bank in the centre of Athens. His comment appeared in an entry to his New York Times blog “The Concience of a Liberal” dated 5 May 2010 and (ominously) titled “Greek End Game” (http://krugman.blogs.nytimes.com/2010/05/05/greek-end-game/).
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