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# Employment Flexibility and Industrial Relations Reforms in Greece of Memoranda

Eleni Rompoti, Alexis Ioannides, Theodoros Koutroukis\*

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## Abstract

*This article elaborates on the concept of employment flexibility and its types, making a thorough reference to the stormy ‘reforms’ – the deregulations of the labour market and industrial relations – during the period of the economic crisis and Memoranda from 2010 to 2018 (end of memoranda), both in the public and private sectors in Greece. The most important effects of the economic crisis and of the austerity policies, as well as of the reforms in the labour market and the industrial relations in Greece include wage reductions, the drop of full-time employment and the take-over by part-time employment and the rapid expansion of flexible employment forms and contracts. Furthermore, overall employment has dropped, unemployment has increased, and social benefits as well as individual and collective rights have marked significant shrinkage.*

*Keywords:* Industrial Relations, Public Sector, Private Sector, Economic Crisis, Flexibility.

## 1. Introduction

Neoliberal reforms of labour markets and industrial relations in the EU is not a new phenomenon; on the contrary it can be traced back to the 1980s. However, labour market reforms and austerity policies imposed during the recent financial crisis under the Economic Adjustment Programmes (memoranda) underpin further reforms as well as flexibility

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and industrial relations' deregulation in both the public and private sectors in Greece. The aim of the memoranda (signed as follows: 1<sup>st</sup> 2010-2012, 2<sup>nd</sup> 2012-2015, 3<sup>rd</sup> 2015-2018), imposed by the International Monetary Fund (IMF), the European Central Bank (ECB) and the European Commission (EU), has been the "internal devaluation"<sup>1</sup>. In Greece, flexibility policies and the deregulation in the labour market and industrial relations are taking place through the dramatic reduction of wages, the alteration of the wage determination system, the reduction of full-time and stable employment and the spread of flexible forms of employment. Also, in times of crisis, individual and collective redundancies are facilitated to the detriment of the employees' protection, the "more favourable regulation" to the benefit of the employee is abolished, the decentralization of sector-level collective agreements prevails and the business-level collective agreements concluded with "associations of persons" under unfavourable working conditions for employees are strengthened (i.e. individualization of industrial relations prevails). In particular, the role of collective bargaining as a foundation of the national labour law and as a way of shaping quality industrial relations is questioned. In addition, the role of the state, as well as the power of trade unions and of the social dialogue are limited and the role of arbitration is set aside or is drastically shrunk<sup>2</sup>.

The objectives of this article are: Firstly, to analyse the concept of employment flexibility and its types, given that flexibility is considered in times of crisis as a European policy to promote employment, fight unemployment and increase the competitiveness and productivity of enterprises (the theoretical framework). The second objective is the detailed reference to the reforms of the labour market and industrial relations during the period of the memoranda from 2010-2018, both in the public and private sectors in Greece as well as the effects of these austerity policies during the period of the economic crisis both to the value of labour power and to unemployment in Greece (the empirical framework).

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<sup>1</sup> S. Mavroudeas, Development and crises: The turbulent path of Greek capitalism in the collective volume *The Map of crisis. The end of delusion*. Athens: Topos, 2010, p. 81-113.

<sup>2</sup> T. Koutroukis, The Greek Labour Market after the 2008 Crisis: Deregulation, reenactment and Decentralization. *Social Policy*, 2017, Vol. 7, 43-52.

J. Kouzis, The Crisis and the Memoranda flatten labour. *Social Policy*, 2016, Vol. 6, 7-20.

E. Rompoti, & A. Feronas, The impact of the economic crisis on the labour market of countries under the economic adjustment regime: A comparative analysis, *Social Policy*, 2016, Vol5, 38-63.

In order to achieve these goals, primary research is carried out regarding the Greek laws and the national labour legislation, as well as with regard to secondary international literature sources and databases (e.g., Eurostat).

## 2. Definition and Types of Flexibility

It is commonly accepted on a global level that the definition and concept of labour market "flexibility" is covered by extensive, multidisciplinary literature. These disciplines include several scientific fields, such as Political Economy, Labour Economics, Labour Relations, Industrial Relations, Business Administration and Industrial Sociology. However, regardless of the scientific field studied and the definition set in each one of them, labour market flexibility is a major topic of discussion in modern societies and economies.

As R. Boyer<sup>3</sup> characteristically points out, flexibility can be defined in so many ways that seem as being totally unrelated at first, except from the use of the very word flexibility.

A widely accepted definition of flexibility in the international literature is: The ability of a system, a company, an employee or an entire workforce to adapt to internal or external changes in the labour market, to the technological developments and to globalization. In particular, according to Philpott<sup>4</sup> it is the ability to change employment and wages based on the changing market conditions (labour supply-product demand). In other words, it is the ability of companies to adapt employment and workforce to the changing conditions of demand for products / services but also to the new conditions that prevail in the markets.

Labour market flexibility is considered by European policies to be important for increasing employment and reducing unemployment<sup>5</sup>. In particular, according to the Neoclassicists, flexibility must be applied, because it is seen as the solution to many problems faced by the markets, such as tackling unemployment or reducing labour costs (wage and non-wage), etc.

As far as flexibility in practice is concerned, it encompasses many aspects and has multiple forms and types. It has numerous applications and consequences both on a macroeconomic and microeconomic level, both

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<sup>3</sup> R. Boyer, *La flexibilité du travail en Europe*. Paris, La Decouverte, 1986.

<sup>4</sup> J. Philpott, *Social Europe*. London: Employment Policy Institute, 1999.

<sup>5</sup> J. Kouzis, Flexibility of employment and quality of work. Karamessini & Kouzis (ed.). *Employment policy. Scope for the coupling of economic and social policy* (p. 173-206). Athens: Gutenberg, 2005.

in the short and long term. Employers can use one or more forms of flexibility, which may sometimes work complementary and other times contradictorily to each other.

Literature on flexibility is very rich (see for example Atkinson<sup>6</sup>, Philpott<sup>7</sup>, Dedousopoulos<sup>8</sup>, Theocharakis<sup>9</sup>, Georgakopoulou & Kouzis<sup>10</sup>, etc). The following types of flexibility can be found in the literature:

First, numerical / quantitative flexibility, which is divided into “external” and “internal”. In external numerical flexibility, employers adjust the number of hires or layoffs using as their primary criterion the demand for business products or services or based on the technological changes. Suspension of employees (temporary redundancies) due to the reduced demand for the products of the companies in which they work is also part of the external numerical flexibility. External numerical flexibility includes some of the reforms adopted in the private sector of the Greek labour market. More specifically, with regard to collective dismissals, see section 4.3 (Collective redundancies). In the public sector, some reforms concern the suspension of employees through the method of placement on reserve (1-2 years in suspension, meaning indirect dismissals). For more details, see Section 3 (Flexibility and reforms in labour relations in the Greek public sector).

In internal numerical flexibility, employers regulate the working time of the company's existing workforce depending on product demand, without proceeding to dismissals (e.g., part-time, overwork or overtime, shift-work, work every other day etc). Internal numerical flexibility contains some of the reforms in the Private sector of the Greek labour market, with regard to the extension of flexible forms of employment and the management of working time. See Sections 4.4 (The extension of flexible forms of employment) and 4.5 (The management of working time).

Second, functional or quality flexibility, in which the employees of the company, who are already employed, undertake multiple tasks. Employees are trained through various educational, training and lifelong learning programmes to be more productive aiming to elevate the business profits.

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<sup>6</sup> J. Atkinson, *Flexibility, Uncertainty and Manpower Management*. Brighton: Institute of Manpower Studies, 1984.

<sup>7</sup> J. Philpott, *op.cit.*

<sup>8</sup> A. Dedousopoulos, *The crisis in the labour market: Regulation, flexibilities, deregulation*. Typothito. Athens, 2000.

<sup>9</sup> N. Theocharakis, "Labour Market Flexibility and Unemployment." Institute of Urban Environment and Human Resources-Panteion University of Athens, 2002.

<sup>10</sup> V. Georgakopoulou, & J. Kouzis, "Flexibilities and New Labour Relations-Employers' and trade union views-the perspective of social dialogue". Athens: INE/GSEE, 1996.

Therefore, this investment in "human capital" will yield profits for the company, given that they employ specialized and productive staff. At this point it is worth noting that functional flexibility is classified as "aggressive" flexibility, while numerical / quantitative flexibility is classified as "contingency or defensive" flexibility.

Third, wage flexibility or monetary flexibility. This refers to the flexibility of wages depending on the supply and demand variations. In particular, during the crisis, wages move flexibly downwards due to: reduced demand for a company's products, oversupply of employees, as well as due to the recent reforms and effects of the economic crisis, such as the decentralization of collective bargaining and the increase of individualized employment contracts, the lowering of minimum salaries, the abolition of three-year consecutive employment bonuses and of the extra salaries in the public sector.

Wage flexibility contains some reforms that took place both in the public and private sectors of the Greek labour market with regard to wages and benefits. For more insight, see Section 3 (Flexibility and reforms in the industrial relations of the public sector in Greece). For more details about the private sector, see section 4.1 (Minimum wage and its determination system), and 4.2 (Collective Bargaining).

Fourth, flexibility as to transfers and changes of posts/departments. Employers use to their advantage this type of flexibility and ask employees to move posts/departments and working places in order to meet the employer's needs. Flexibility includes some reforms pertaining to the public sector of the Greek labour market. A characteristic reference is made to the transfers of civil servants. For more details, see section 3 (Flexibility and reforms in the industrial relations in the Greek public sector).

Fifth, geographical flexibility, which means that workers even change geographical places to cover the needs of their employers, as these change from time to time.

Sixth, Employment Protection Legislation flexibility. Specifically, it refers to the freedom of companies-employers for recruitment-dismissals based on the labour legislation, usually measured by the Employment Protection Index, developed by the OECD. This index is based on three tools: a) protection of workers against individual dismissals, b) specific requirements for collective dismissals, and c) legislation on temporary forms of employment. It is worth noting that the flexibility in the Employment Protection Legislation complements the external numerical / quantitative flexibility with quantitative indexes. The Employment Protection Legislation flexibility contains some of the reforms in the

Private sector of the Greek labour market, with regard to collective dismissals and the extension of flexible forms of employment. For more details, see Sections 4.3 (The Collective redundancies) and 4.4 (The extension of flexible forms of employment).

Seventh, business or organizational flexibility. The goal is the high-quality management of human resources, which in turn will result in high productivity and profits for the company. Business flexibility is the entrance to the post-Fordism production model and is similar to operational or quality flexibility.

The recent economic crisis that has resulted in rising unemployment, declining full-time employment and increasing flexible forms of employment in the EU and Greece has reinstated the use of the term "flexicurity". The term "flexicurity" first appeared in Denmark in the mid-1990s, which is considered a model country for the rest of the EU member-states. "Flexicurity" is viewed as an optimal practice that seeks to combine flexibility for employers with protection for employees. In particular, the advocates of "flexicurity" support that flexibility and security are not opposite but complementary concepts. In particular, the term provides flexibility to employers-companies but at the same time protects the existing employees (e.g., quality job, salary, employee mobility, benefits, etc.). Moreover, unemployed people are offered security through unemployment benefits and reintegration into the labour market through Active Employment Policies.

According to Withagen and Tros<sup>11</sup> as well as to Andersen et al<sup>12</sup>, the protection of workers is ensured in the following ways: First, job security. In particular, security for the employee to work for the same employer and to remain in the same job post. Second, employment security. In other words, the employee remains in the labour market even if not working for the same employer. Third, income security. This includes generous unemployment benefits paid to the employees in the event of loss of employment, or they receive income in the event there is need to be absent from work for a certain period of time. Fourth, combination security. The employee is given the opportunity to stop working for a period of time in order to attend a training programme with the possibility of returning and re-entering the labour market within a reasonable period

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<sup>11</sup> T. Wilthagen and F. Tros, "The concept of flexicurity: A new approach to regulating employment and labour markets". *Transfer*, 2004, vol. 10, n. 2, 166-87.

<sup>12</sup> F. Andersson, et al, "*Temporary help agencies and the advancement prospects of low earners*". National Bureau of Economic Research. Massachusetts Avenue, 2007.

of time. Moreover, employees must feel secure in order to balance personal (e.g., family) with their professional life.

### **3. Flexibility and Reforms in the Industrial Relations in the Greek Public Sector**

Flexibility policies and the restructuring of labour relations were initially carried out in the Public Sector, with the aim of converging the public with the private sector.

In general, the policy of limited recruitment prevails. In particular, during the crisis, employment in the public sector is dramatically reduced and the rule of 1:5 and 1:10 between hiring and dismissals applies. Moreover, jobs are radically eliminated or reduced. In particular, from 2012 to 2015 it was decided to reduce the number of civil servants by 150,000. It is worth mentioning the substitution of employees in the public sector with employees through Public Benefit Work Programs<sup>13</sup>.

There have also been changes in the way wages are determined and with the implementation of the Unified Wage Scale salaries have dropped. To be noted that from 2010-2015 salaries dropped by 12% -55%, namely 12-20% in 2010, up to 17% in 2011-2013 and up to 55% in the period 2010-2015<sup>14</sup>. Also, bonuses and special allowances, such as the 13<sup>th</sup> and 14<sup>th</sup> salaries for civil servants and pensioners have been abolished. There have also been significant cuts in the pensions and retirement lump-sum payments of civil servants and an increase of the retirement age. In addition, mobility of those employed in the public sector, due to transfers to different departments/posts as well as due to placement in suspension/compulsory leaves, prevails: In particular, this takes place through labour reserve (article 34 of Law 4024/2012, as amended pursuant to article 37 of Law 3896/2011, 1-2 years suspension of the employees, in practice through indirect dismissals), pre-pension suspension, transfers to other departments and suspension of employees<sup>15</sup>, etc.

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<sup>13</sup> J. Kouzis, *op.cit.*

<sup>14</sup> INE/GSEE-ADEDY, (Institute of the Federation of Trade Unions), *The Greek Economy and the Employment: Annual Reports*, Athens, 2012. ETUI, *The crisis and national labour law reforms: a mapping exercise. Countries Reports*. Brussels: ETUI, 2015.

<sup>15</sup> E. Rompoti and A. Feronas, *op.cit.*

C, Karakioulafi, M, Spyridakis, E, Giannakopoulou, and others, *From new public management to changes in industrial relations in the public sector in Europe and Greece during the crisis*. INE-GSEE, Policy Texts/13, Athens, 2015.

It is worth noting the policy related to the suspension and mobility for certain categories of civil servants, pursuant to Law 4173/2013 (e.g., technical education teachers, school guards, municipal police officers, etc.), who were suspended for nine (9) months during the period 2013-2014 and if they were unsuccessful in finding another department of the public sector to move to, they were dismissed. Their number was not very high; however, it was the first time since the restoration of the democracy that the issue of dismissal of civil servants was raised.

In addition, voluntary unpaid leave for a period up to five years is granted to civil servants with the possibility of employment in the private sector. Special reference must be made to Law 3845/2010, which provides that the public sector can “hire” employees through Temporary Employment Agencies for a period up to three years. Also, Law 3845/2010 provides for OAED [Hellenic Manpower Organization] to subsidize Temporary Employment Agencies for the recruitment in the public sector of unemployed people aged 55-64 years, so that they can work until reaching the retirement age<sup>16</sup>.

Moreover, working hours in the public sector have increased from 37.5 to 40 hours/week (Law 3979/2011)<sup>17</sup> but without a corresponding wage increase<sup>18</sup>. However, under the condition that employees give their consent, it is permitted to convert full-time to part-time employment for five years; and this applies throughout the public sector. This practice results in the decrease of working time and of the income by 50% (Law 3986/2011)<sup>19</sup>. Finally, public corporations are merged and privatized<sup>20</sup>.

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J, Zisimopoulos & G, Economakis, Industrial relations in Greece, the impact of public sector restructuring. *Thesis*, 2013, Vol. 122, 13-53.

INE/GSEE-ADEDY, *The Greek Economy and the Employment: Annual Reports*, Athens, 2012.

<sup>16</sup> Law 3845/2010 (Government Gazette 65/A) "Measures for the implementation of the mechanism for the support of the Greek economy by EU Member States and the IMF". E. Rompoti, and A. Ioannides, "Temporary agency workers" and economic crisis in the European Union and Greece". *Social Research Inspection*, 2019, Vol. 151, 99-135.

<sup>17</sup> L. 3979/2011(Government Gazette A' 138/16-06-2011). On eGovernment and other provisions.

<sup>18</sup> J. Kouzis. "Labour in the whirlpool of the economic crisis and memoranda", in S. Zambarloukou, M. Kousis, (ed.), *Social aspects of the crisis in Greece*, Athens: Pedio Publisher, 2014, p. 231-246. J. Zisimopoulos, & G. Economakis, *op.cit.*

<sup>19</sup> L. 3986/2011 (Government Gazette 152 /A). "Emergency Measures for the Implementation of the Medium-Term Financial Strategy Framework 2012-2015".

<sup>20</sup> J. Kouzis, *op.cit.*

#### **4. Flexibility and Industrial Relations Reforms in the Private Sector in Greece**

Private sector industrial relations reforms under the three memoranda are categorized into the following 5 axes, which relate to: the minimum wage and its determination system, collective bargaining, collective redundancies, increase and extension of flexible forms of employment and working time management policies.

##### ***4.1 Minimum Wage and its Determination System***

Flexibility policies and minimum wage reforms are based on the following Greek laws: L. 4046/2012<sup>21</sup>, L. 4093/2012<sup>22</sup>, L. 4127/2013<sup>23</sup>, L. 4172/2013<sup>24</sup>.

With regard to the minimum wage reforms in Greece, according to Law 4093/2012 "Approval of the Medium-Term Fiscal Framework Strategy 2013-2016, Urgent Implementation Measures of the Law 4046/2012 and the Medium-Term Fiscal Framework Strategy 2013-2016", the national minimum wage is now set by law (since 1.3.2012, L.4093/2012), provided that the National General Collective Agreement or the Tripartite Labour Agreement are abolished as a means for the determination of the minimum wage (which applied up to 29.2.2012, pursuant to Law 1876/1990, replaced by Law 4093/2012).

In particular, from 1.7.2011 to 29.2.2012 the minimum wage in Greece was 751.39€ (gross) per month, determined by the National General Collective Agreement. Since 1.3.2012, as already mentioned, the minimum

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T. Koutroukis, Labour Offer, Industrial Relations and Trade Unionism in the Tertiary Sector in the collective volume *The Enlargement of the Services Sector*, Athens: Kritiki, 2011, p. 167-194.

<sup>21</sup> Law 4046/2012 (Government Gazette 28/A) "Approval of the Draft Financial Assistance Facility Agreements between the European Financial Stability Facility (E.F.S.F.), the Hellenic Republic and the Bank of Greece, approval of the Draft Memorandum of Understanding between the European Commission, the Hellenic Republic and the Bank of Greece and other urgent provisions for the reduction of the public debt and the rescue of the national economy".

<sup>22</sup> Law 4093/2012 (Government Gazette 222/A) "Approval of the Medium-Term Fiscal Strategy Framework 2013-2016. Urgent measures for the implementation of Law 4046/2012 and the Medium-Term Fiscal Strategy Framework 2013-2016".

<sup>23</sup> L. 4127/2013 - GG 50/A/28-2-2013. "Approval of the Update of the Medium-Term Fiscal Strategy Framework 2013-2016".

<sup>24</sup> Law 4172/2013 "Income taxation, emergency measures implementing Law 4046/2012, Law 4093/2012 and Law 4127/2013 and other provisions.

wage in Greece is set by law. More specifically, from 1.3.2012 to 31.1.2019 for full-time employees over 25 years old it was set at 586.08€ (gross) per month and 3.66€ per hour (22% reduction) and for craftsmen the minimum wage was 26.18€ (gross) per day (22% reduction). Especially for employees up to 25 years old, the sub-minimum wage was 510.95€ (gross) per month and 3.19€ per hour (32% reduction) and for craftsmen the subminimum wage it was 22.83€ (gross) per day (32% reduction).

Also, during the period of the "Medium-Term Fiscal Strategy Framework 2013-2016" there has been suspension or freezing of any increase in the basic salary, including allowances or any increase associated with continuous service employment (e.g., grade, allowance for continuous employment). This measure will continue to apply until unemployment falls below 10%. However, according to the estimations of INE / GSEE-ADEDY<sup>25</sup> this is something not expected to occur before 2036.

#### **4.2 Collective Bargaining**

Flexibility policies and reforms for collective bargaining are based on the following Greek laws: L. 3845/2010, L. 3899/2010, L. 4024/2011, L. 4093/2012, L. 4046/2012, L. 4472/2017 and L. 4475/2017.

The Collective Agreement is signed between the employers' organizations and the employees' unions. The initial Greek law, Law 1876/1990<sup>26</sup> on "Free Collective Bargaining" was amended by the laws of the memoranda, i.e. Law 4024/2011, Law 4093/2012 and Law 4046/2012. More specifically, Laws 1876/1990 and 1767/1988<sup>27</sup> were regulating issues that impact directly the industrial relations such as: conclusion, terms of operation and expiry of the individual work contracts that fall under its scope, the exercise of the right to unionism, social insurance, the exercise of the business policy, the interpretation of the regulatory terms of the collective agreement, the rights and obligations of the contracting parties, the meetings of the business employees and finally the terms and the procedures of the collective bargaining, mediation and arbitration (L. 1876/1990, L. 1767/1988).

<sup>25</sup> INE/GSEE-ADEDY, *The Greek Economy and Employment: Annual Reports*, Athens, 2016.

<sup>26</sup> Law 1876/1990 (Government Gazette 27/A) "Free collective bargaining and other provisions"

<sup>27</sup> Law 1767/1988 (Government Gazette 63/A) entitled "Workers' Councils and other provisions-Ratification of No. 135 International Labour Agreement".

Regarding the system of collective bargaining during the period of the financial crisis and the memoranda, pursuant to Law 4024/2011<sup>28</sup>, stricter criteria are established for the development of collective bargaining and the suspension of the extension of sectoral and co-professional collective labour agreements (SSE in Greek) is promoted.

Law 4046/2012 (Memorandum II) sets the duration of fixed-term collective agreements between one (minimum) and three years (maximum)<sup>29</sup>. However, the application of these restrictions practically abolishes the collective agreements signed for an indefinite period of employment.<sup>30</sup>

Also, the principle of "more favourable regulation" for the employee is weakened or "catalysed"<sup>31</sup> for as long as the Medium-Term Fiscal Strategy Framework lasts and for as long as the business-level collective agreement is in force, in the event of co-existence with a sector-level collective agreement. In more details, the decentralization of sectoral collective agreements is promoted and priority is given to business-level collective agreements with less favourable employment terms. In particular, in 2012, a period when the crisis culminated, 975 business-level collective labour agreements were signed (Organization of Mediation and Arbitration, - O.ME.D<sup>32</sup> in Greek-). It is worth noting that most business-level agreements are concluded with "associations of persons" rather than with trade unions<sup>33</sup>. In addition, most of the business-level employment

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<sup>28</sup> L. 4024/2011 (Government Gazette A 226/27-10-2011). "Retirement arrangements, unified wage Scale, labour reserve and other provisions implementing the medium-term fiscal strategy framework 2012-2015".

<sup>29</sup> L. 4046/2012 (Government Gazette 28/A) *op.cit.*

<sup>30</sup> L. 4046/2012 (Government Gazette 28/A) *op.cit.*

Eurofound, *Impact of the Crisis on Industrial Relations and Working Conditions in Europe*, Dublin, 2014. A. Dedousopoulos, *Promoting a balanced and inclusive recovery from crisis in Europe through sound industrial relations and social dialogue: The case of Greece*. ILO, Geneva, 2012.

<sup>31</sup> Law 3845/2010 (Government Gazette 65/A), *op.cit.*

<sup>32</sup> OMED. Organization for Mediation and Arbitration, (2013). *Annual Report 2012*.

Athens: O.ME.D. Available at

<http://www.omed.gr/sites/all/themes/icompany/pdf/TelikoApologismos2012.pdf>.

<sup>33</sup> L. 4024/2011 (Government Gazette A 226/27-10-2011). *op.cit.*

L.4472/2017 (Government Gazette A' 74/19-5-2017). State pension provisions and provisions amendment of the Law 4387/2016, measures for the implementation of budgetary objectives and reforms, social support measures and labour regulations, Medium-Term Financial Strategy Framework 2018-2021 and other provisions. L. 4475/2017 (Government Gazette A' 83/12-6-2017). Ratification of the amended Agreement for the establishment of the General Fisheries Commission for the Mediterranean, State pension arrangements and other provisions.

agreements signed with "associations of persons" of employees promote the reduction of wages and of labour rights. However, business-level agreements are not permitted to provide workers with working terms that are less favourable than the working terms provided in the national general collective agreements. The terms of the national general collective agreements, based on Law 1876/1990 concern the minimum non-salary working term and the statutory minimum salary and minimum wage, and they apply to the workers all over Greece.

More thoroughly, "associations of persons" are permitted to conclude business-level collective agreements, where they act as representatives of the employees. A precondition for such an agreement is that these associations of persons represent at least 3/5 of the company's staff and under the condition that there is no business-level union. Also, "special business-level collective agreements" may be signed, concluded with companies with even less than 50 employees, as long as when no business-level union of employees is in place, the respective primary branch or the corresponding branch federation raise no objections<sup>34</sup>. However, in the process, the "special business-level collective agreements" are abolished in favour of a generalized and excessive prevalence of even worse terms of business-level collective agreements to the detriment of sectoral collective agreements<sup>35</sup>. Undoubtedly, the scale is said to be tilting in favour of employers and companies and against employees.

Still, pursuant to Greek Law 4024/2011, the time for post-termination obligations is reduced from 6 to 3 months. The restriction includes terms of the collective agreement which apply to the basic salary/basic wage and four allowances. These allowances concern: children, education, continuous service and dangerous or unhealthy work.

More specifically, "post-termination effects" of the collective agreements mean the extension of the terms for another three-months following the expiry of their term, so as to permit the required time for the completion of the collective bargaining that will end up to the signing of a new collective agreement. Even after the three-month period elapses, in the event that no new collective agreement is signed, the existing working terms continue to apply until the individual relation/work contract is terminated or amended.

The initial Law 1876/1990 provided that post-termination effects were applied globally, meaning that they concerned the entirety of the

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<sup>34</sup> Law 3899/2010 (Government Gazette 212/A) "Emergency measures for the implementation of the supporting programme for the Greek economy".

<sup>35</sup> L. 4024/2011 (Government Gazette A 226/27-10-2011). *op.cit.*

regulatory terms of the Collective Agreement that expired. Article 2 of the Ministerial Council Act 6/2012, published pursuant to Law 4046/2012 (Memorandum II), not only narrows down the duration of the compulsory extension (from 6 to 3 months), but also converted the post-termination effects from global to partial. This means that only the following regulatory terms continue to apply: First, the minimum salary or wage, and secondly, the benefits related to maturation, children, studies and hazardous work. Consequently, any other salary-related or other term ceases to apply. Thus, it is at the discretion of the employer to unilaterally abolish or not the rest of the terms.

Clearly, the terms that have post-termination effect continue to apply until a new Collective Agreement is signed. In this case, the terms of the new Agreement may be either more or less favourable. In addition, these terms may be then abolished or amended in a subsequent agreement signed between the employer and the employee.

During the period of the financial crisis and the memoranda, the role of the trade unions is limited, since there are no collective agreements; the role of the Mediation and Arbitration Organization (O.M.E.D in Greek) is downgraded and the role of employers in resolving collective disputes is strengthened. Arbitration now deals with issues of the basic salary, whereas in the past this institution was responsible for a much wider range of issues. Consequently, a dramatic limitation of the role of arbitration in the collective bargaining system is observed. This means that the institutional mechanism that had been formed exactly for this purpose, is driven either to elimination (in some years) or to minimization of arbitral decisions compared to the past. This results in vast branches and sectors of production remaining unregulated in terms of payment and working conditions. Finally, it is worth noting the dramatic cut in the funding of the Organization for Mediation and Arbitration which limited de facto its ability to intervene in collective bargaining and in issues pertaining to employment in general.

### ***4.3 Collective Redundancies***

Flexibility policies and reforms for collective redundancies are based on the following Greek laws: L. 3963/2010<sup>36</sup>, L. 3863/2010<sup>37</sup>, L. 3845/2010<sup>38</sup> and L. 3847/2010<sup>39</sup>.

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<sup>36</sup> Law 3963/2010), adopted in order to harmonise the Greek legislation with Directive 75/129/EEC on the approximation of the laws of the Member States relating to collective redundancies.

In particular, the institutional framework for protection against dismissals has been lightened. Also, the notice period for dismissal of employees who are under an indefinite contract is reduced, from twenty-four (24) to four (4) months. That is, the notice period is shortened to 1/6. There is also a reduction in the amount of compensation paid due to dismissal, up to 50%, which now corresponds to twelve (12) salaries compared to twenty-four (24) salaries in the past. In addition, the immediate payment of the full amount of the compensation is abolished and a minimum advance payment equal to 2 instead of 6 months is established. In particular, the number of instalments increases and the amount of the instalment paid decreases.

Pursuant to Law 3863/2010 (Article 74), which amended the initial Law 1387/1983, the limit of collective redundancies rises from 4 to 6 collective redundancies per month, for companies employing from 20 to 150 people (compared to the initial 20-200 people). Also, 5% of employees in larger companies can be dismissed, namely companies with more than 150 employees (compared to the previous 2% or 3% of dismissals in companies employing more than 200 people). This measure favours collective redundancies, thus leading unemployment upwards.

#### ***4.4 The Extension of Flexible Forms of Employment***

Flexibility is characterized by flexible forms of employment, which appear in deregulated and flexible markets. The categorization of new flexible forms of employment includes fixed-term, part-time contracts, shift-work, “genuine lending” or “borrowing of employees”, “non-genuine” or “professional lending of employees” through TAW (temporary agency work), contract work, provision of work off the employer’s premises, by piecework, teleworking, provision of services in the form of outsourcing etc.

Reforms for flexible forms of employment are based on the following Greek laws: L. 3899/2010, L. 3863/2010 and L. 3986/2011.

More specifically, the maximum duration of temporary employment and successive fixed-term contracts is extended from twenty-four (24) to

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<sup>37</sup> Law 3863/2010 (Government Gazette 115/A). "New Insurance System and related provisions, arrangements in industrial relations".

<sup>38</sup> Law 3845/2010 *op.cit.*

<sup>39</sup> L. 3847/2010 (Government Gazette 67/A/11-5-2010). 'Redefining Christmas and Easter holiday allowances and the leave allowance for pensioners and public servants'.

thirty-six (36) months (from 2 to 3 years<sup>40</sup>), as is the case of "temporary agency workers" through TWAs with the maximum duration being tripled, from 12 months to 36 months (from 1 to 3 years<sup>41</sup>). Also, the number of successive fixed-term contracts is no longer limited, as long as the reasons for concluding them are considered to be objective. In our opinion, the increase of flexible employment forms results in the reduction of indefinite term work contracts.

Furthermore, in times of crisis, "rotating employment" (i.e. the employment of a salaried person for fewer days per week or fewer weeks per month or fewer months per year, or a combination of the above, however for the entire daily shift, increases from 6 (L.1892/1990) to 9 months a year (L.3846/2010<sup>42</sup>, L.3899/2010).

In addition, employers have the right to suspend their staff for up to 3 months a year, as well as to convert the employee's contract from full-time to part-time, upon the employee's consent. In Greece, from 2010-2012, the conversion of full-time to part-time contracts sky-rocketed to 370% and to shift-work to 14,000%. The size of the informal labour market, which is already large, seems to be out of control during the crisis period<sup>43</sup>.

It is worth noting the abolition of the 7.5% increase of the hourly wage for part-time workers employed for less than 4 hours of work per day (less than 20 hours per week, L. 3899/2010) as well as the abolition of the 10% of the hourly wage for those working over 4 hours per day. Thus, part-time employment during the crisis increases due to the fact that it is a cheap form of employment for employers.

Also, according to Law 3863/2010 (article 74)<sup>44</sup> entitled "New Insurance System and related provisions regulations in industrial relations" regarding individual agreements and specifically apprenticeship agreements for young people aged 15-18, the following apply: The duration of these agreements extends up to one year (12 months) and the amount of salary corresponds to 70% of the minimum wage. Young apprentices in this category are not protected under the labour legislation, but are covered for health and safety. It is not permitted to engage employees aged 16-18

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<sup>40</sup> L. 3986/2011 (Government Gazette 152/A). "Emergency Measures for the Implementation of the Medium-Term Financial Strategy Framework 2012-2015".

<sup>41</sup> Law 3899/2010 (Government Gazette 212/A) *op.cit.*

<sup>42</sup> Law 3846/2010 (Government Gazette 66/A). "Guarantees for job security and other provisions".

<sup>43</sup> INE/GSEE-ADEDY, *op.cit.*

<sup>44</sup> Law 3863/2010 (Government Gazette 115/A). *op.cit.*

for more than 8 hours a day and 40 hours a week. Also, 15-year-old apprentices can work for maximum 6 hours per day and 30 hours a week. Apprentices cannot work night shifts (10pm-6am). Young people aged 18-25 who enter into an employment contract receive 80% of the minimum wage.

Another issue worth noting is the special agreement for gaining professional experience. Law 3986/2011 (article 43) provides for the conclusion of an employment agreement for the acquisition of professional experience. This type of agreement concerns employees who have completed their 18<sup>th</sup> year of age and are up to 25 years old. The contract for the acquisition of professional experience is for a fixed term which can extend up to 24 months. Regarding remuneration, the employees under such a contract are paid lower salaries compared to the employees hired for the first time, without previous service and who are subject to the Collective Agreements related to their speciality. The reduction of remuneration amounts to 32% according to the Act of the Ministerial Council in 2012.

Finally, the probationary period is extended from two (2) to twelve (12) months, without notice of dismissal or entitlement to compensation in case of dismissal.

#### ***4.5 The Management of Working Time***

Flexibility policies and working time management reforms are based on the following Greek laws: L. 3986/2011, L. 3863/2010, L. 3385/2005, L. 2874/2000 and L. 1892/1990.

According to L. 3863/2010 (article 74, par. 10), "New Insurance System and related provisions, regulations in industrial relations", as amended by L. 3385/2005<sup>45</sup>, a new system concerning working time is established, with special reference to overwork (Law 3385/2005, article 1 paragraph 1) and overtime (Law 3385/2005, article 1 par.2).

Specifically, the increases in hourly rates paid for overwork or overtime are reduced by 20% (L.3863/2010). Overwork is defined as the employment of an employee for one additional hour on a daily basis to cover the needs of the company (i.e. 9 working hours per day). In particular, when companies apply conventional working hours, up to 40 hours / week and five-day employment, they can engage the employee for

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<sup>45</sup> Law 3385/2005 (Government Gazette 210/A) "Regulations to promote employment, strengthen social cohesion and other provisions".

5 additional hours on a weekly basis (i.e. from the 41<sup>st</sup> up to the 45<sup>th</sup> hour as overwork). For those employed up to 40 hours per week and in six-day employment overwork amounts to 8 additional total hours per week (i.e., from the 41<sup>st</sup> up to the 48<sup>th</sup> time as overwork). Overtime is defined as the employment of an employee for more than 45 hours per week working in companies that follow the conventional hours of up to 40 hours / week and five-day work. Also, it means the work of the employee for more than 48 hours per week, in companies that apply the six-day employment. Overtime hours are remunerated with the corresponding hourly wage increased by 20% (meaning reduced by 25% provided in Law 3385/2005), regardless of the number of overwork hours and overtime during the year. Overwork is not taken into account when calculating overtime. Employees who work up to 120 legal overtime hours per year are remunerated with the hourly wage increased by 40% (compared to 50% pursuant to Law 3385/2005). Employees who exceed 120 legal overtime per year receive for each overtime the hourly wage increased by 60% (compared to 75% pursuant to Law 3385/2005). It is worth noting that, in the event that the overtime employment of the employee proves to be illegal<sup>46</sup> or an overtime not meeting the legal requirements (L. 3385/2005, Article 1 par. 4), then for each hour of such overtime the employee is entitled to the hourly wage increased by 80% (L. 3863/2010, article 74 par.5, compared to 100% pursuant to Law 3385/2005).

Also, during the period of the memoranda, it is observed that permissions for overtime are not obtained and in fact it is noted that the role of S.EP.E. (Hellenic Labour Inspectorate) is completely downgraded.

Furthermore, in the arrangement of working time according to the most recent Law 3986/2011 (article 42, amending Law 1892/1990<sup>47</sup>, article 41) the increased working hours of one period (period of increased employment) are offset with the fewer working hours of another period (period of reduced employment and more days off). In particular, in a period of increased employment the employee may work 2 extra hours in addition to 8 hours / day. That is, if their conventional working hours are up to 40 hours / week (or less than conventional hours), they may work up to total 10 hours / day, provided that these additional hours are deducted from the period of decreased employment. The duration of the two periods of increased and decreased employment may not exceed a

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<sup>46</sup> Law 2874/2000 (Government Gazette 286/A) "Promoting employment and other provisions".

<sup>47</sup> Law 1892/1990 (Government Gazette 101/A) "For modernization and development and other provisions".

total of six (6) months in a period of twelve (12) months. Undoubtedly, arranging working time can be a practice of working time flexibility, however an average of 40 working hours per week or any fewer hours is ensured, if the company applies less conventional working hours. Therefore, the salary of the employees is not affected, as long as the average weekly employment is preserved. This practice of arrangement of working time is not very widespread in Greece, compared to the rest of Europe. This practice applies to all employees either in a certain branch or part of the enterprise, or in a category or specialty of employees. It is a policy that mainly favours employers in times of increased production and demand for products. Therefore, employers use this practice to ensure competitiveness and sustainability of the company by reducing labour costs in periods of reduced productivity and low demand for products. Thus, flexible adjustments of the total working time are applied with fluctuations of the hours depending on the needs of the company.

Another practice is the abolition of five-day employment in stores and the adoption of six-day employment with 40 working hours per week. Attempts are made to apply this practice in all sectors. Moreover, it seems that the measure for stores to be open on Sundays tends to be adopted. Also, daily rest is reduced to 11 consecutive hours instead of 12 for every 24 hours.

The reforms mentioned above, both in the public and the private sector, were abruptly and violently introduced in Greece and set the tone for the Greek experiment. The adoption of overwhelming reforms in the period 2010-2018 was not simply an initiative of the governments, but often a blind and indiscriminate adoption of the recommendations issued by international bodies. Consequently, the legislative “initiatives” were echoing more or less the opinions and positions of the institutions (ECB, EU, IMF), which “supported” and supervised Greece during the period of the three memoranda.

The unprecedented violence of the most extreme neoliberal measures that were recorded historically in the Greek labour market in such a short period of time, resulted in abrupt working degradation and to dramatic impacts on human and working rights, which had been established in the European Social Charter. Undoubtedly, the recommendations of the Troika violated the European Social Charter and the European social status quo. The European Social Charter has been ratified by tens of member-states of the Council of Europe, among which is Greece, who signed it in 1984. These countries are bound by supra-legislative validity.

The General Confederation of Greek Workers (GSEE), addressed during the period of the financial crisis to the Council of Europe and the ILO

several times regarding violation of labour rights and social status quo, reduction of salaries in the public and private sector, abolition of the collective bargaining and the domination of the individualized work contracts, the increase in dismissals and the expansion of flexible forms of employment, the impoverishment of the employees and the total deregulation of the industrial relations that the memoranda anti-labour measures brought in Greece.

The victory of the GSEE and the vindication of the workers' fights came through the European Committee of Social Rights, of the Council of Europe on 23.3.2017, when it was unanimously ruled that the measures of the memoranda violated articles of the European Social Charter-ESC (see for example Article 1§2, Article 2§1, Article 4§1, Article 4§4, Article 7§5, Article 7§7 of the ESC).

It is worth noting that in 2011 Mr. Juan Somavia, Director-General of the International Labour Organization stated that:

Respect for fundamental principles and rights at work is non-negotiable, not even in times of crisis when questions of fairness abound. This is particularly important in countries having to adopt austerity measures. We cannot use the crisis as an excuse to disregard internationally agreed labour standards (ILOs' Director-General address to the European Parliament, 2011).

Consequently, the European Committee of Social Rights of the Council of Europe along with the ILO dynamically criticized the memoranda measures in Greece that have had a negative impact on labour, on the dignity of workers and on the economy in its entirety. The fundamental social and labour rights must be always respected and not to be sacrificed on the altar of austerity policies.

## **5. The Impacts of the Economic Crisis on the Labour Market and Industrial Relations in Greece of Memoranda**

The acute economic crisis has had a number of social and economic consequences and has caused rapid reforms at the core of labour law. The most important effects on the labour market and industrial relations are as follows: There is a total degradation in industrial relations in both the public and private sectors during the period of the crisis. In particular, as already mentioned, the public sector abolishes its role as active employer and employment conditions and industrial relations are converging with the working conditions of the private sector. Significant reductions in salaries and allowances in both the public and private sectors are noted. In

addition, an overall decentralisation of collective agreements, collective bargaining and their negotiation at company level is observed in Greece. Also worth noting is the abolition of the "principle of more favourable regulation" for workers, and the limitation of their industrial and social rights. In particular, the individualization of industrial relations, low trade union participation, the degradation of the role of arbitration and limited social dialogue are dominant features.

During the period of economic adjustment, there was a decrease in employment and an increase in unemployment. Specifically in Greece, according to Eurostat, in 2014 employment rate was 53.3% (63.8% in 2010). In particular, the national target in the national reform programs in the context of "Europe 2020" for 70% of employment was not achieved. On the contrary, employment from 2010-2014 decreased by 10.5%. In the EU-28 member-states, the employment rates were 68.8% in 2014 (68.5% in 2010). Regarding unemployment, it was 27.5% in 2013 in Greece, whereas in the EU-28 members it was as low as 10.8%. Unemployment rates for young people under the age of 25 were 58.3% in 2013 in Greece and 23.6% in the EU-28 members. Similarly, rates in Greece for young people (15-24 years old) N.E.E.TS (Not in Employment, Education or Training) in 2013 are high, 20.6%, while in the EU-28 members it amounts to 13.0%. Also, long-term unemployment for the year 2014 was 19.9% (5.7% in 2010), compared to 5.1% (3.9% in 2010) in the EU-28 members in 2014. In particular, the long-term unemployed young people aged 15-24 in 2014 increased to 61.9% (36.7% in 2010), while in the EU-28 members it was only 34.8% (30.0% in 2010, Eurostat, 2010-2014).

The acute economic crisis as well as labour market reforms in Greece have increased unemployment, labour insecurity, instability and "in-work poverty". Regarding unemployment benefits, both the amounts paid and their duration have dropped (360€, 5-12 months). The number of beneficiaries has also reduced. Since 2014, the total days of the unemployment subsidy should not exceed 400 days in a period of four years, before the starting payment date of the allowance. Also, from 2012-2016 there has been a significant reduction in salaries, ranging from 15%-60%. Other aspects that marked increases include: uninsured work from 22%-40%, homeless population by 27%, while there have been 4,000 suicides. It is also worth noting the dramatic increase in Greeks with higher education qualifications that have decided to immigrate. This leads

to the country losing specialized human capital, as Greece becomes a host country for unskilled immigrants<sup>48</sup>.

The downgrading of full-time employment and the increase of flexible forms of work such as temporary, part-time and “rotating employment” result in reduced wages and limited rights for workers. Specifically, in 2013, 28,410 contracts were converted from full-time to part-time and 29,644 from full-time to “rotating employment”<sup>49</sup>. Individual and collective redundancies were also facilitated by reducing the notice period as well as the amount of employee dismissal compensation. Specifically, from 2007-2018, temporary employment has marked various fluctuations. On the contrary, part-time employment in Greece from 2007 to 2018 followed a constant upward trend. Specifically, temporary employment for 2018 was 7.6%, while in the EU-28 it is 12.1%. Part-time employment in Greece was 9.1% in 2018. There has been an increase by 3.7% from 2007-2018. In the EU-28 for 2018, part-time employment amounted at 19.1%. Despite the fact that the rates of flexible of employment are low in Greece compared to the average rates in the EU, these forms started expanding and tend to become standard practice for Greek employers as well.

Also, the impact of the crisis and the memoranda led to increased relative poverty rates of people. Specifically, in Greece in 2018 the relative poverty is 31.8%, while in the EU-28 it is 21.9%. As far as the material and social deprivation are concerned, Greece in 2018 was at 33.6% while the EU-28 at 13.1%<sup>50</sup>.

The vision of "Europe 2020" for inclusive growth aimed at reducing poor population by 20 million has already been forgotten. Dafermos and Papatheodorou<sup>51</sup>, Ioannides, Papatheodorou and Souftas<sup>52</sup>, Rompoti and Feronas<sup>53</sup>, Guillen, Gutierrez and Pena-Casas<sup>54</sup> rightly argue that a high

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<sup>48</sup> J. Kouzis, *op. cit.* INE/GSEE-ADEDY, *op. cit.*

<sup>49</sup> S.E.P.E (Labour Inspection Body) (2014). Report of Acts for the year 2013. Athens. Ministry of Labour, Social Security and Welfare. Available at: <http://www.ypakp.gr/uploads/docs/7702.pdf>.

<sup>50</sup> Eurostat (2020). Online database. [www.ec.europa.eu/eurostat](http://www.ec.europa.eu/eurostat).

<sup>51</sup> Y. Dafermos and C. Papatheodorou, Working poor, labour market and social protection in the EU: A comparative perspective, *International Journal of Management Concepts and Philosophy*, 2012, Vol. 6, n. 1/2, 71-88.

<sup>52</sup> A. Ioannides, C. Papatheodorou and D. Souftas, *Workers and yet poor*, Athens: INE/GSEE, 2012.

<sup>53</sup> E. Rompoti, & A. Feronas, *op.cit.*

rate of poor people comes from insecure European workers, as approximately half of them live below the poverty line.

## 6. Conclusions

The objectives of this article were on the one hand to define the concept and types of flexibility, and on the other hand to make a detailed reference to the reforms and the impact of austerity policies on the labour market and the industrial relations during the period of the memoranda from 2010-2018, both in the public and private sector in Greece.

According to our most important conclusions, flexibility is used as a business strategy with the main objective being the reduction of labour costs as well as the general flexibility in the labour market and in industrial relations. Undoubtedly, austerity policies during the recent economic crisis, under the regime of Fiscal Adjustment Programs (memoranda) are strengthening the reforms of recent years in both the public and private sectors in Greece. In particular, deregulation in the labour market and labour relations is taking place through the restructuring-weakening of the wage-setting system, the rapid reduction of wages, the reduction of full-time employment substituted by part-time employment and the rapid expansion of flexible forms and employment contracts. There is also deregulation of the employment protection legislation by facilitating individual and collective redundancies at the expense of employees. Moreover, the dismissal notice period has been shortened and compensation amounts have dropped. Furthermore, the abolition of the "more favourable regulation" for the employee, the decentralization of sectoral collective agreements, the strengthening of business-level collective agreements by "associations of persons" and finally the full customization of employment relations have negatively affected all working conditions. In addition, the role of collective bargaining is being challenged and the role of the state and the power of trade unions are being curtailed.

The above-mentioned catastrophic reforms and austerity policies mentioned in detail in this article have social and economic consequences, such as the reduction of full-time and stable employment, the increase of flexible forms of employment, the increase of unemployment, the reduction of social benefits, the reduction of individual and collective

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<sup>54</sup> A. Guillen, R. Gutierrez and R. Pena-Casas, *Earnings inequality and in-work-poverty*. Working papers on the Reconciliation of work and welfare in Europe. Edinburgh, 2009.

rights of workers, the rise of insecurity, the increase of in-work poverty, the full personalization of labour relations and the increase of multi-speed workers contributing to the fragmentation of the labour market. Also, the invocation of flexicurity leans in favour of the flexibility of companies and against the protection of the employees, since the insecurity of employees and the complete deregulation of industrial relations are dominant.

The flexibilization of labour relations in conditions of economic crisis has been used and is still used in Greece to achieve the reduction of the value of labour power, in a developed economy with relatively strong institutional protection of workers. The combination of elasticity and economic crisis has been proved particularly effective for capital and is therefore expected to be used again at European level.

According to the authors of this article, it is of the utmost importance to reinstate Law 1876/1990 and its terms of operation, which was essentially abolished by the memoranda. More specifically, it is an imperative need to further improve Law 1876/1990 in order to upgrade the collective bargaining as well as the way to solve disputes through the Organization of Mediation and Arbitration (O.ME.D in Greek).

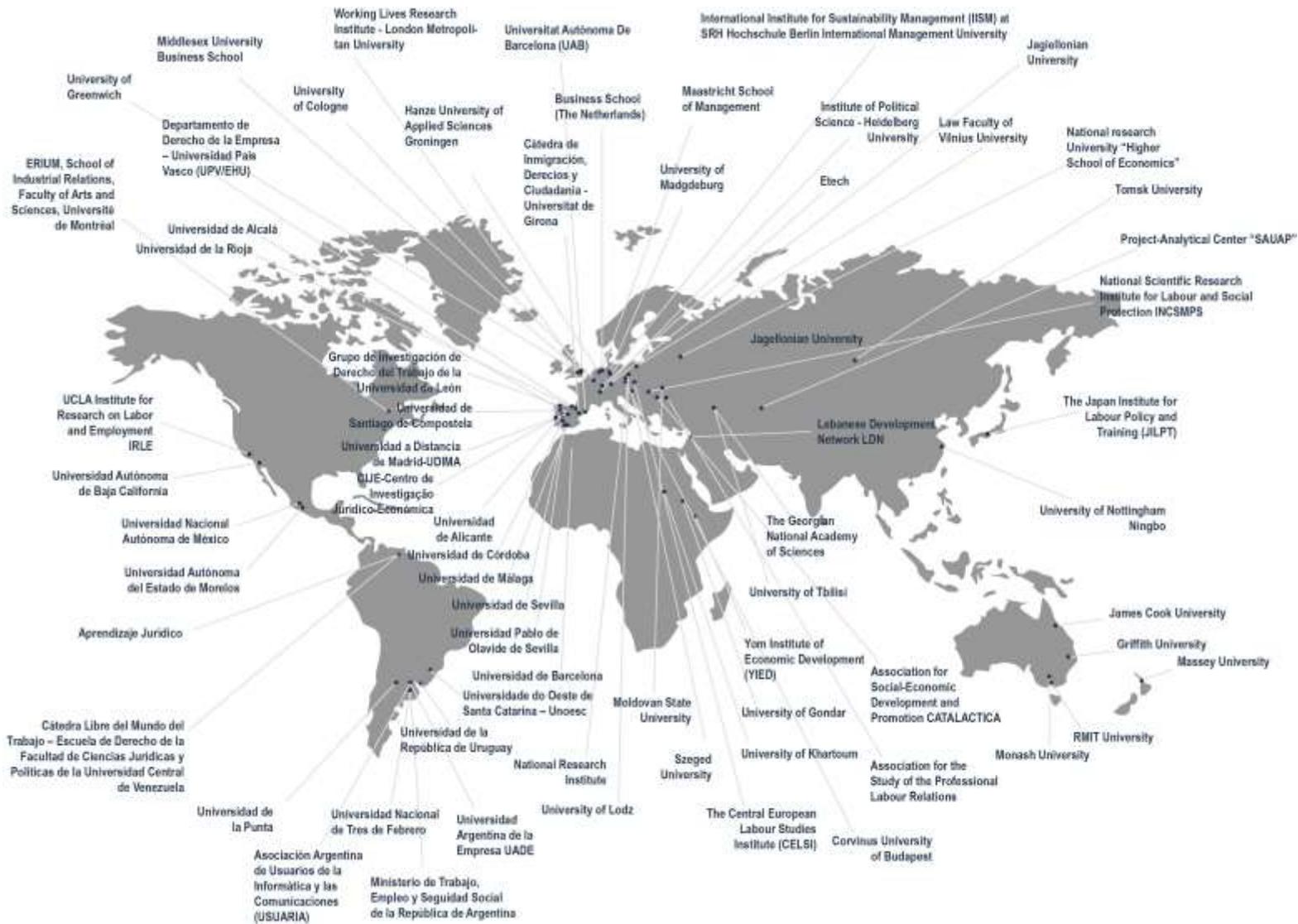
However, reinstating the system of collective bargaining to the provisions of 1876/1990 is not sufficient. The era of the Memoranda undermined the pre-memoranda role of the social partners, causing decollectivization, accompanied by a turn of the employers towards solely employers' bargaining or even the total absence of bargaining. This totally shocked the foundations of the role of unions, leading to the reduction of the union density and the coverage of the workers through collective agreements. Without actions to support the power of workers' organizations, no legislative change will be adequate in order to relive the "status quo ante" in industrial relations. It is undoubtedly necessary to introduce structural and social reforms in favour of the workers and to promote a fairer balance of power in the labour market between employers and trade unions.

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