

# How labour inspectorates have responded to the crisis in the worst affected countries – the example of Greece

Severely affected by the fiscal consolidation measures in Greece, the labour inspectorate has been struggling against all odds to stimulate the development of a health and safety culture in the world of work. However, the priority given to the fight against undeclared work has had the effect of pushing the question of working conditions to the background.

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**The rate of occupational accidents has plunged since the crisis, primarily owing to the collapse of the construction sector.**  
Image: © Belga



The collapse of the Lehman Brothers bank was the turning point that gave many European countries, at least those in the South that were not prepared for it, a sense of the changing and challenging austerity environment in which they had to operate.

The global financial crisis that erupted in 2008 revealed Greece's underlying fiscal and structural imbalances. It also revealed the "time bomb" caused by a multitude of factors, such as excessive expenditure, mismanagement in the public sector, an unregulated labour market, a predominance of self-employed workers, an obsolete pension system, a tax evasion mentality and a culture of clientelism.

Today, after five consecutive Greek governments and more than three consolidation programmes, Greece's working class is still negotiating its labour relations, pending additional reforms aimed at reducing labour unit costs in order to improve Greece's economic competitiveness. A further reduction of the minimum wage to bring it into line with salaries in Eastern Europe has been revealed as a key policy priority in the agreement with the International Monetary Fund (IMF).

### Impact of the crisis on the labour market

Greece is probably the country that has been worst hit and it has remained in a deep recession for over eight consecutive years (2008–2016), accompanied by high unemployment. The cumulative decrease in GDP between 2008 and 2013 is estimated at 23.5%, almost a quarter of GDP. The biggest reductions

occurred in 2011 and 2012, with decreases of 7.1% and 7% respectively, while in 2013 the reduction was 3.9%.<sup>1</sup>

In the same period (2008–2013), the labour market saw an explosion in unemployment: from 7.8% in 2008 to 26.5% in 2014. Unemployment rates are higher among women (rising from 11% in 2008 to 30.2% in 2014) than among men (23.7% in 2014), while youth unemployment has increased dramatically (from 21.9% in 2008 to 58.3% in 2013, although this figure fell to 52.4% in 2014). The economic crisis is like a black hole, engulfing enterprises, employees and human lives.

This economic and social crisis has had a significant impact on the labour market and resulted in a complete reformation, both in the private sector and in the public sector. Far-reaching changes to labour legislation have paved the way for a dramatic increase in "flexible" employment agreements. Despite that, undeclared labour has taken new, very troublesome dimensions and forms in an environment of expanding recession, given that one in three jobs is wholly undeclared.

If we take a more macroscopic look at the impact of the economic slowdown by investigating the Greek paradigm, it can be seen that economic slowdown has had a major impact on eight critical areas for Occupational Safety and Health (OSH): legislation, OSH in employers' organisations, OSH management and economics in enterprises, OSH from the point of view of employees, OSH from the point of view of employees' organisations, employer and employee participation, public expenditure, and the role and resources of the labour inspectorate.

1. [www.eurofound.europa.eu](http://www.eurofound.europa.eu)

The response to the economic slowdown has included a number of structural reforms that have already been carried out and some that are yet to come in most sectors of the economy and public administration. The financial crisis has to date affected OSH primarily in areas such as: training, purchasing of new work equipment and innovation. In addition, sales of personal protective equipment have fallen dramatically in sectors hit by the recession i.e. the construction sector, according to the major production and retail firms. Nevertheless, even at the toughest stage of the financial crisis some businesses have been striving to survive and seeking to purchase better equipment for their employees. This is a consequence of the positive OSH culture that was embodied in previous years and the fact that employers have a better understanding of the consequences of a potential labour injury on the fragile economic state of their companies.

This continuously changing environment is also challenging the National Labour Inspectorate, which needs to redefine its role and operate in a new environment, accompanied by a significantly reduced budget. The Greek labour inspectorate consists of two major divisions: one that deals with labour relations and another that specialises in occupational safety and health (OSH). Budget cuts and retirements resulted in a 25% reduction in the number of inspectors from 2008 to 2014. The National Legislation covering OSH is fully aligned to the European Directives,

and Greece is an active member of the European Agency for Safety and Health at Work (EU-OSHA) and participates in targeted campaigns.

During the reference period, the number of occupational accidents, including fatal accidents, decreased by 17.5%, from 6 657 (2008) to 5 497 (2014). While this seems normal in absolute terms (due to the high unemployment figures), the same applies to the relative rates (accidents per 1 000 employers), giving some interesting results that warrant investigation. This trend does not mean that OSH has improved; on the contrary it reveals previous inefficiencies in OSH management and public enforcement. The reduction in occupational accidents during periods of economic slowdown could be justified by the fact that high-risk economic sectors such as construction had shrunk significantly. In addition, high unemployment rates indicate a trend towards keeping more experienced workers and avoiding recruiting workers with little experience (unemployment among the younger generations is almost 60%), a practice that is quite common in cases of booming construction and tight deadlines. Furthermore, there has been a dramatic increase in the under-reporting of non-serious occupational accidents due to the fear of dismissal, while undeclared (illegal) work is rising at a worrying rate.

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At the same time, there are a number of additional risk factors such as psycho-social issues. Job insecurity is reducing job satisfaction, disrupting social relations and breaking down organisational commitment. These factors form an unpleasant environment in which employees have to live and perform. Job insecurity has been cited by almost 85% of employees as the main contributing factor to these kinds of issues, while burnout has been cited by 70%. Even though no previous data are available (pre-2009), those figures are higher than the average European figures.

Furthermore, cardiovascular diseases have increase by more than 20% compared to the pre-recession period. This rise is mainly attributed to increased stress for both employees and employers in their professional and everyday lives. However, little attention is paid to such issues by stakeholders i.e. employees, employers, trade unions, labour inspectorates, etc. since the fear of unemployment is much more prevalent.

### **The labour inspectorate's responses**

This complex, hostile and dynamic environment makes the role of the Greek labour inspectorate more challenging and demanding than ever and it has to cope with threats old and new. The situation is made even worse because of the major cuts in personnel and budget. In order to cope with that changing environment, the labour inspectorate has had to change too in order to operate in the modern dynamic labour landscape, shaped by transformation and emerging issues such as the posting of workers. As a response, several measures have been taken to improve the labour inspectorate's performance and capacity, either by providing services with added value of ensuring strict enforcement.

Specifically, a number of innovations, good practices and reforms have been carried out or are going to be in the future. Some of them have proved to be effective and added value while others have proved problematic.

The basic concept was that the labour inspectorate had to improve its performance, producing more outcome with fewer resources. This initially involved targeting

OSH inspections according to priorities (e.g. high-risk sectors, SMEs, etc.). A number of national campaigns have been run or are currently running in order to focus on high-risk sectors. Special attention has also been given to more vulnerable enterprises such as SMEs that lack a well-defined and structured OSH management system. The labour inspectors have attempted to promote proactive measures that raise public awareness in an attempt to further cultivate the safety culture that was developed in previous years.

Further partnerships have also been developed with other stakeholders and interested parties. The national labour inspectorates are a key cog in the mechanism that supports OSH and have the ability to interact and affect all other stakeholders, such as unions, employers' organisations, etc. In that regard, the labour inspectorate has attempted to create new competences and raise public awareness in order to further cultivate the safety culture. Close collaboration/development of partnerships with social partners, employers' and employees' organisations, research institutes, etc. could expand new competences, pinpoint major issues that need special attention and create a collaborative environment to cope with the latter. Through on-site inspections and the use of a variety of communication channels (such as media, printed material, etc.), the Greek labour inspectorate has attempted to promote proactive measures, information dissemination and technical advice, e.g. improving access to OSH information and raising awareness of the need for compliance with legal rules at a relatively low cost, thereby increasing effectiveness. This has also included the organisation of events such as "Open Days".

Despite the above actions and activities, the labour inspectorate has not changed its fundamental approach to inspection/investigation and continued with its existing enforcement policies. On-site inspections have been stepped up while new legislation has been introduced.

Apart from the new European Directives that were transposed into national legislation on OSH, the sanction levels have been reformed. In September 2013 a joint ministerial decision was issued, according to

which all labour inspectors (for both working relationships and OSH) were forced to impose huge fines (10 500 euros) for each undeclared worker that was discovered during their on-site inspections, in an attempt to fight undeclared work, which had taken on worrying dimensions, rising from 25% in 2008 to 31.7% in 2013. This practice seemed to work since the level of undeclared work fell to 13.85% in 2014, even though the real extent of undeclared work cannot be accurately calculated. However, a survey recently published by the general employees' union (GSEE) revealed that both employers and employees believe that these types of huge fines are not the most appropriate way to fight undeclared work, and that it would be more appropriate to focus on lowering social security costs, ensuring financial development/growth, carrying out more frequent inspections, etc. In addition, these kinds of inspections contradict the very nature of workplace OSH inspections and the way in which they are carried out.

### Need for a better OSH culture

Over and above strict enforcement, OSH inspections are usually carried out in a cooperative manner, where employers and employees can participate constructively and help to identify potential risk factors and processes. Occupational safety and health does not apply to specific individuals and should cover everyone, instilling instead a suitable culture. However, refocusing the labour inspectorate's missions on tackling undeclared work has dramatically increased the tension surrounding inspections, since employers' main issue is now the huge fine (10 500 euros) imposed for each undeclared worker, thereby undermining the importance of OSH. Taking into account the high rates of undeclared work, this kind of concern is quite common and dismantles any attempts at cooperation. Finally, a recent court decision has called into question this joint ministerial decision and the final court decision is due to be handed down in the next few months, which will likely lead to further disputes with the labour inspectors.

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The public administration reforms have also affected the labour inspectorate since a new organisational structure was proposed and implemented at the end of 2014. This has included a reduction in the Inspectorate's organisational units throughout the country. Additional pressure has come from the significant cuts in the labour inspectorate's budget, accompanied by cuts in inspectors' salaries and a substantial reduction in personnel, since there has been no new recruitment to fill the posts of those who have retired. However, the total number of inspections has not changed significantly, revealing an actual increase in performance, which would suggest that the remaining personnel have to some extent dutifully absorbed some of the pressure.

Finally, a new Management Information System (MIS) has recently been implemented and put into operation by the Greek labour inspectorate. It seeks to enhance the targeting of inspections, reduce the time inspectors spend recording their work, reduce operational costs and provide a clear picture of OSH performance in a geographical region or economic sector. In that regard, performance could be measured more easily and accurately, while analysis and extended studies of work injuries could be facilitated in an attempt to learn from the past and determine good or bad practices with a view to shaping a safer future.

Nevertheless, there have also been a number of limitations that have posed a significant obstacle to all of those attempts as

well as a number of other potential aspects that have not been fully explored. No specialised training programmes were implemented to prepare labour inspectors to deal with the new environment and emerging risk factors. They were mainly acting on their own initiative and on the basis of their own experience. Nor was there any kind of motivation, with cases of aggression in the workplace rising significantly.

In this changing world and changing society with new emerging risks, the labour inspectorates have to evolve in order to become more effective, improve working conditions, tackle emerging risks and safeguard human lives. This requires structural changes, organisational programmes and the application of good practices. However, there are cases where this can be a reaction in the inspectors' attitudes. During the current crisis in Greece, considering the prioritisation of financial objectives, OSH considerations are not at the forefront of national policies or business strategies. In addition to enforcing compliance with the labour law provisions, it is crucial that Greece's labour protection policy succeeds in stimulating a better occupational safety and health culture. OSH investments are undoubtedly paying off but they focus on the long term. Even though such investments may be a luxury for enterprises operating in a hostile environment, they must protect themselves by fostering a sound OSH culture, since an "unfortunate event" could mean disappearing into a black hole. ●