

# Job retention schemes in Europe

## Greece

Horen Voskeritsian<sup>1</sup>

**Note on ETUI classification of job retention schemes (JRSs):** All job retention schemes (JRS) share the objective of preserving the ties between companies and their employees in times of temporary economic difficulties. They support incomes of workers who keep their employment contract even if the work is fully suspended. Depending on the primary objective and the nature of support, three different categories of JRS can be distinguished:

**(1) Short-time Work Scheme (STW):** The key objective of STW schemes is to provide support to companies to retain their employees in times of economic difficulties. The company receives financial support for the employees' wages paid for the time not worked. The extent of working time reduction can vary, including also a full work suspension.

**(2) Furlough Scheme (FS):** FSs can be best understood as temporary unemployment. The financial support is thus paid directly to the worker for the period of partial or full working time suspension. The aim of a FS is to enable companies to reduce their wage bill by temporarily laying off (parts of) their workforce. While retaining the ties with the employer, workers on the FS scheme are available to seek alternative employment. Integrated into the existing system of unemployment insurance, FSs can be seen as a tool to facilitate the transition towards a new job.

**(3) Wage Subsidy (WS):** The main objective of WS is to preserve employment through subsidizing companies' wage bills. For this purpose, a company in temporary financial difficulty receives financial support per employee, regardless of whether or not working time of specific employees is reduced. The employees keep receiving their wages. Permissible wage adjustments are not directly related to working time reductions.

## Key characteristics of the job retention scheme

<b>ETUI classification of the job retention scheme (JRS)</b>	Short-time work scheme (STW)
<b>Name of the scheme</b>	<ul style="list-style-type: none"> <li>• <b>Syn-ergasia</b> (the main STW scheme)</li> <li>• Various other provisions that are STW-related (but may not be legally classified as STW provisions)</li> </ul>
<b>Start date of the implementation of the special Covid-19 JRS rules</b>	<p>Greece went into its first national lockdown as a result of the Covid-19 pandemic on 23 March 2020. Five days earlier (18 March 2020) all shops were instructed to shut, followed by hotels and hospitality on 22 March 2020.</p> <p>To support companies and employees during the pandemic, the government introduced a series of measures to protect employment and to alleviate the financial burden on employers as a result of suspension of operations during the lockdown:</p> <ol style="list-style-type: none"> <li>1. Enabling employers unilaterally to implement <b>teleworking</b> (Legislative Order 11/3/2020, Law 4682/2020).</li> <li>2. Establishing <b>parental 'special purpose leave'</b> for working parents in the private and public sectors, to support childminding over the lockdown (Legislative Order 11/3/2020, Law 4682/2020). Both parents have to be in employment to be entitled to the leave; if only one of them was employed they were entitled to this leave if they cared for an ill partner due to Covid-19 or for a disabled partner.</li> <li>3. Allowing companies that have used up their legal overtime allowance to implement <b>additional overtime</b> without seeking approval from the Ministry of Employment (Legislative Order 14/3/2020, Law 4682/2020) (note: in Greek Labour law there is a maximum limit on overtime. If a company needs to go above this limit, it must seek approval from the Ministry of Employment).</li> </ol>

1. Birkbeck College, University of London.

	<ol style="list-style-type: none"> <li>4. Providing <b>support to self-employed, freelancers and owners of small businesses by suspending social insurance contributions and other tax-related issues</b> (Legislative Order 20/3/2020, Law 4683/2020). This was later amended to introduce a reduction of 25% on insurance contributions for the aforementioned categories (Legislative Order 30/3/2020, Law 4684/2020).</li> <li>5. Providing <b>financial aid to self-employed, freelancers and owners of small businesses</b> (employing up to 5 employees) (Legislative Order 13/4/2020) up to €800. From 16 June 2020 until December 2020 this financial aid was changed to €534 or €300, depending on the applicant's financial circumstances.</li> <li>6. Allowing companies to <b>furlough</b> part or all of their staff, and introducing <b>state financial aid</b> (€800 for 45 days) to furloughed staff (Legislative Order 20/3/2020, Law 4683/2020; Law 4690/2020; Law 4756/2020). This was later adjusted to €534 or €300, depending on the applicant's financial circumstances.</li> <li>7. Introducing the <b>'Syn-ergasia' mechanism</b> (Law 4690/2020) on 15 June 2020. The purpose of the mechanism was to protect full-time jobs from the impact of the pandemic through <b>partial state-funding of STW</b>. Under this mechanism, eligible companies may reduce the weekly working time of part or all of their staff by 50%. This reduction does not change their employment status.</li> </ol>
<b>Eligibility</b>	<ol style="list-style-type: none"> <li>1. <b>Furlough scheme:</b> <ol style="list-style-type: none"> <li>a. companies that have suspended their economic activity as a result of state decisions;</li> <li>b. companies in certain areas of economic activity (as determined by their Activity Code Numbers) and whose business activity has suffered significantly as a result of the pandemic.</li> </ol> </li> <li>2. <b>'Syn-ergasia' mechanism:</b> <ol style="list-style-type: none"> <li>a. any company may participate in the mechanism if its total or gross revenue has been reduced by 20% over a specified period (as laid down in the various Legislative Orders);</li> <li>b. eligible employees are those in full-time employment;</li> <li>c. companies may use this mechanism for part or the whole duration of the programme; they may implement it for part or all of their staff.</li> </ol> </li> </ol>
<b>Exceptions (category of workers or companies excluded from support)</b>	The exceptions include all these companies and categories of workers that are not eligible for participation in the schemes (see above).
<b>Duration of support (maximum duration for which JRS support is paid)</b>	<ol style="list-style-type: none"> <li>1. <b>Furlough scheme:</b> the scheme and the respective state financial aid was extended until the end of November 2020. Moreover, companies that furloughed part of their staff could place the remainder of their staff under the 'Syn-ergasia' mechanism.</li> <li>2. <b>'Syn-ergasia' mechanism:</b> introduced on 15/6/2020 and originally intended to last until 15/10/2020. It was later extended until 28/2/2021 (Law 4764/2020).</li> <li>3. <b>Support for the self-employed etc:</b> this was extended until January 2021.</li> </ol>
<b>Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)</b>	<ol style="list-style-type: none"> <li>1. <b>Furlough scheme:</b> €800 for 45 days (first period of application). Thereafter €534 or €300 per month, depending on the applicant's financial circumstances. The amount is adjusted accordingly, based on the number of days an employee has been furloughed. Social security contributions covered by the state.</li> <li>2. <b>'Syn-ergasia' mechanism:</b> Employees receive 60% of their net wages for the reduced hours through state funding. If the resulting total net wage is below the national minimum wage, the difference is covered by the state. For June, social security contributions were covered in full by the employer. Law 4764/2020, however, stipulated that from 1/7/2020 until 28/2/2021, 100% of the social security contributions for the period an employee was on STW, would be covered by public funds.</li> </ol>
<b>Cap on support (maximum amount of JRS support payable)</b>	<ul style="list-style-type: none"> <li>• 800 for the first period of the furlough scheme (March–April 2020); €534 or €300 per month thereafter;</li> <li>• No cap for the 'Syn-ergasia' mechanism.</li> </ul>
<b>What share of the support is covered by the state and by the employer?</b>	<ol style="list-style-type: none"> <li>1. 'Syn-ergasia' mechanism: financial aid fully funded by public funds;</li> <li>2. Furlough scheme: fully funded by the state.</li> </ol>
<b>Dismissal protection</b>	<ul style="list-style-type: none"> <li>• Companies participating in the furlough scheme or in the 'Syn-ergasia' mechanism must not dismiss employees during the duration of the programme; any dismissals implemented shall be considered void.</li> <li>• Moreover, companies participating in the furlough scheme are obliged to retain the same amount of jobs and the same type of employment contracts for a period equal to the period they furloughed their employees.</li> </ul>

**Role of collective bargaining in the adoption and implementation of JRS support**

- The measures themselves were designed and adopted by the state without any contribution from the social partners. The peak-level social partners were informed about the first wave of measures, in March 2020, at a meeting at the Ministry of Employment.
- Collective agreements (sectoral, occupation and company-level) signed between March and December 2020 do not contain further regulations on Covid-19 or further specification of government policies.

**Special conditions for support to avoid misuse of the system (for instance, ban on paying out dividends or bonuses; ban on share buybacks or operating from tax havens)**

Two measures were introduced to avoid abuses:

1. On 9/4/2020 the government introduced a fine of €1 200 on employers who continue employing furloughed employees.
2. On 23/12/2020, Art. 117 Law 4764/2020, introduced sanctions on employers who claim and receive part or the full amount of the special furlough compensation for their employees. The sanctions include 6 months' imprisonment and a maximum fine of €5,040.

**Special provisions as regards training/ requalification/ reorientation of employees on JRS**

No such provisions were included in the scheme or as a condition of entitlement.

## Quantitative data

**How many workers were on JRS each month? (Please indicate whether these are applications for JRS or the actual numbers of workers on JRS)**

Methodological note:

- The data in Table 1 refer to the number of new part-time and flexible employment hirings during the specified months (that is, all non-full time employment).
- The data in Table 2 refer to the number of full-time employment contracts that have been transformed into part-time or flexible contracts (with or without the employee's consent).
- Neither table directly captures the effect of the furlough scheme or of the Syn-ergasia' mechanism, however. We hope that this data will become available at some point.

Table 1 **Number of new part-time and flexible contracts**

	2020	2019	diff
March	45,270	109,417	-64,147
April	16,110	124,168	-108,058
May	44,213	162,277	-118,064
June	119,567	163,871	-44,304
July	Comparative data not available for these months.		
August			
September			
October			
November			
December			

Source: Ministry of Employment, ERGANI Monthly Reports.

Table 2 **Number of full-time contracts transformed into part-time and flexible contracts**

	2020	2019	diff
March	7,990	3,340	+4,650
April	8,497	3,204	+5,293
May	2,283	4,325	-2,042
June	3,981	3,743	+238
July	Comparative data not available for these months.		
August			
September			
October			
November			
December			

Source: Ministry of Employment, ERGANI Monthly Reports.

**Which sectors were most affected at the beginning of the pandemic in March/April and towards the end of the period studied in November/December? (as a percentage of overall number of workers on JRS)**

No data available at the time of writing this report

<b>Is there any data on how many workers lost their jobs after JRS expired?</b>	<ul style="list-style-type: none"> <li>• At the time of writing the JRS support programme was still in operation.</li> <li>• We note, however, that prior to, and at the beginning of the implementation of the measures (March 2020), the number of dismissals spiked. These are crude data that show a labour market trend, but require a more detailed econometric analysis to yield more precise results.</li> </ul>
<b>Is there any data on how much money the state spent on JRS and over time? (in absolute figures and as a percentage of GDP)</b>	<ul style="list-style-type: none"> <li>• In March 2020, the government announced a stimulus package of €4.7 billion (2.5% of GDP) to cover the costs of the measures to support employees and non-standard workers during the Covid-19 pandemic. In November 2020, the government announced a further stimulus package of €3.3 billion to the same end.</li> <li>• Out of this package, €3,903 million were directly directed to the various JRS's (2.4% of GDP) by the end of December 2020.</li> <li>• The schemes were funded by the EU SURE funds and by the state budget.</li> </ul>

## Information on non-standard workers and JRS<sup>2</sup>

<b>Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed?<sup>3</sup></b>	<p>For the purposes of this report I will differentiate between two categories of non-standard workers:</p> <ol style="list-style-type: none"> <li>1. non-standard workers (that is, those in an employment relationship): part-time workers, temporary agency workers, workers in short-time work or in flexible employment;</li> <li>2. self-employed (either bogus or not), freelance workers, small business owners (those whose business employs 1–20 employees).</li> </ol> <ul style="list-style-type: none"> <li>• Category [1] and [2] workers do not have access to the 'Syn-ergasia' scheme, as this is only intended for full-time employees, that is, employees with a full-time employment contract.</li> <li>• Category [1] workers can claim compensation under the furlough scheme, and are also eligible for parental 'special leave'.</li> <li>• Category [2] workers can claim compensation under the provisions for supporting the self-employed, freelancers and so on.</li> </ul>
<b>What are the eligibility criteria?</b>	<ul style="list-style-type: none"> <li>• For the participation of Category [1] workers in the furlough scheme and in the parental special leave scheme, the same eligibility criteria apply as for full-time workers.</li> <li>• For Category [2] workers, to be eligible for compensation and reduced social insurance costs, they must fall within the occupational categories set out by the Ministry of Finance (note: these categories have been changed and adjusted at regular intervals since March 2020).</li> </ul>
<b>How is the financial support for non-standard workers calculated?</b>	The same method as for full-time employees: a percentage of days lost as a result of being furloughed.
<b>Which sectors were most affected in terms of providing support to non-standard workers?</b>	Data not available at the time of writing.
<b>Are there any measures for training/ requalification/ reorientation for non-standard workers?</b>	<ul style="list-style-type: none"> <li>• Eligibility for participation in the compensation scheme for freelancers, self-employed, small business owners etc is not dependent on any obligation to retrain, requalify or reorient. The decision on whether someone is entitled to receive this compensation depends on the type of economic activity they are engaged in, whether this has suffered as a result of the pandemic and the lockdown measures, and on other financial criteria.</li> <li>• An exception to the above rule was the decision to provide a €600 voucher to certain categories of scientists or professionals (lawyers, doctors, engineers, economists, accountants, researchers and teachers) in April 2020 to participate in certain online training courses. The cost of this initiative was covered by EU structural funds. After a number of scandals regarding the quality of the online training offered by private providers, however, the scheme was abandoned. From May 2020 the above categories fell under the aforementioned categories of non-standard workers and, if they satisfied the conditions, they were entitled to benefit from the government's special compensation scheme.</li> </ul>

2. Non-standard workers include workers with a temporary work contract, platform workers, temporary agency workers, multiparty employment, disguised employment/dependent self-employment, freelance workers, etc.
3. The following questions refer to any existing schemes for non-standard workers.