

MANAGING EMPLOYMENT RELATIONS IN GREECE

Dr. Christos A. Ioannou

A guide for foreign managers



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I N T R O D U C T I O N

The World Bank, in its ‘Doing Business 2009’ report, investigates and ranks the regulations of business in 181 economies by using 10 stages of a business. One of these stages is the function of ‘employing workers’, and in this function Greece ranks rather low at the 133th position.

This ranking is based on the quantitative ‘Employing Workers Indicator’ that consists of four sub-indicators concerning a) the ‘Difficulty of hiring index’, b) the ‘Rigidity of hours index’, c) the ‘Difficulty of firing index’ and d) the ‘Firing cost’.

Researchers have the luxury of commenting, analysing and, ultimately, revising this type of indicators and accordingly Greece, may deserve a much higher rating if only one alternative reply is adopted in a single answer of the questionnaire. In any case the full set of the ‘Employing Workers Indicator’ is being fully revised by the World Bank researchers and analysts.

Managers having the responsibility, and the joy, to design and implement

policies and make decisions, might be negatively predisposed by the low 'Employing Workers Indicator' ranking on the regulatory approach they encounter while running businesses in Greece.

This low ranking of the labour market is markedly different from other 'Doing Business' indicators (e.g. dealing with construction permits, registering property, getting credit, paying taxes, trading across borders, enforcing contracts and closing a business) that rank Greece at a median position among the 181 countries in the regulation of other business functions and markets.

Debating further the validity of the 'Employing Workers Indicator' as a tool is of no use, as the indicator, its methodology and its use, are being revised. However, managers in Greece and especially foreign managers in Greece, have to manage by having in their eyes and in their mind the full picture and the crucial details of the national regulatory approach.

One of the important factors of this approach is the regulatory framework for the labour market and employment relations in Greece. Not surprisingly in many cases the regulatory approach that dominates the Greek labour market and national employment relations appears as a modern-day labyrinth because of country specific factors.

Such factors are, first, the fact that the labour regulation approach, although increasingly influenced by European Union legislation and practices, still remains national, and second, that the regulation mechanisms are fragmented and the relevant legislation remains uncodified. And, indeed, there is very little information available in English on employment law in Greece.

These conditions make the professional life of managers and especially of managers having to deal with employment regulation issues more challenging. In this context on 'Managing Employment Relations in Greece' guides foreign managers and their Greek colleagues out of the labyrinth by providing a broader, though concise, picture of the national regulation approach regarding employment relations. For managers have rights and responsibilities, as do their employees.

The art of managing and of dealing with people at the workplace requires that the manager —apart from knowing employee rights and responsibilities, and indeed employer rights and responsibilities— understand and be able to exert his/her own rights in full when shaping appropriate policies and decisions. In a nutshell, the art of managing employment relations in Greece calls for well prepared and balanced policies.

Chapter I

C O N T R A C T S O F E M P L O Y M E N T

1.1 General

Employment law is based on the concept of an employment relationship and on a contract of employment between an employer and an employee. The employment contract may be explicit or implicit, oral or in writing.

The explicit terms of an employment contract are those terms that have been specifically agreed upon between the employer and employee in a written or oral agreement. This might include the nature of the job, the pay and hours of work, the place of work and additional social security provisions beyond the statutory regime.

The implicit terms of an employment contract derive from common law and place a set of duties on both employer and employee, and are considered to be present in every contract of employment. For example, health and safety standards and equal treatment are implied terms in any contract of employment.

The employment contract may be written as a formal document or a let-

ter of appointment. Equally, it might be an informal oral agreement between the employee and employer. In some specific cases, such as a part-time employment contract, a renewed fixed-term employment contract, or a temporary agency work contract, law requires that the contract be in written form.

In most cases, an employment contract for dependent work (which is legally differentiated from a contract for independent work or a contract for predefined work) is a mixture of the above elements.

1.2 Formation of the dependent employment relationship and contract

A dependent employment relationship and an employment contract, formal or informal, are established when an offer is made by an employer and is accepted by an employee. For the contract to be valid:

- ▶ there must be an offer and acceptance;
 - ▶ there must be provision of work by the employee under the management of the employer;
 - ▶ there must be remuneration for the work provided – anyone who works for a wage thus has a contract of employment;
 - ▶ it must be lawful in its purpose;
 - ▶ it must be registered with the public employment service within eight days of its conclusion; and
 - ▶ there must be legal ability for both sides to create a legal employment relationship.
-

1.3 Types of dependent employment contract

The contract of dependent employment may be:

- ▶ for open-ended employment – such a contract may be terminated only by legal procedures followed by either party, resignation, dismissal or retirement; or
 - ▶ for fixed-term employment – such a contract may be terminated at a certain pre-defined time, although legal procedures still apply and the employee may resign.
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To foreign managers in Greece that wish to manage by having in their eyes and in their mind the full picture and the crucial details of the national regulatory approach, the Greek labour market and the national employment relations framework often appear as a modern-day labyrinth because of country specific factors.

The regulation mechanisms are fragmented, the relevant legislation remains uncodified and there is very little information available in English on employment regulation and law in Greece. These conditions make the professional life of managers –and especially of foreign managers having to deal with employment regulation issues– more challenging.

Managing Employment Relations in Greece guides foreign managers and their Greek colleagues out of the labyrinth by providing a broader, though concise, picture of the national regulation approach regarding employment relations. For managers have both rights and responsibilities, as do their employees.



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