How does GREECE compare?
September 2014

OECD Employment Outlook 2014

The 2014 edition of the OECD Employment Outlook reviews recent labour market trends and short-term prospects in OECD and key emerging economies. It zooms in on how the crisis has affected earnings, provides country comparisons of job quality, examines the causes and consequences of non-regular employment, and estimates the impact of qualifications and skills on labour market outcomes.

For further information: www.oecd.org/employment/outlook

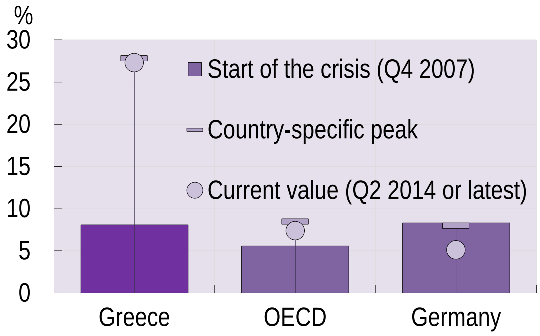
DOI: 10.1787/empl_outlook-2014-en

Unemployment in Greece remains at its highest level since the onset of the crisis

Despite moderate signs of recovery across many OECD countries in 2014, the unemployment rate in Greece remains stuck at close to its highest level since the onset of the economic crisis (27.2% as of May 2014). OECD projections suggest that the expected joblessness rate in Greece will remain high (around 27%) through to the end of 2015.

Unemployment rate

Percentage of total labour force

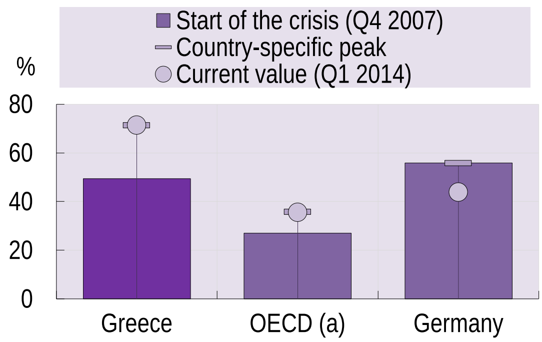


Source: *OECD Short-Term Labour Market Statistics* (database), (http://dx.doi.org/10.1787/data-00046-en).

As of the first quarter of 2014, more than one in three unemployed persons had been out of work for 12 months or more across the OECD. The sharpest increases in long-term unemployment occurred in countries where labour markets were hit particularly hard by the global financial crisis. Greece shows one of the highest shares of long-term unemployment in the OECD. This has increased from 49% to 71% between Q4 2007 and Q1 2014. This trend is particularly worrisome for the hardship it imposes on the individuals concerned and their families. It also potentially contributes to a rise in structural unemployment as a result of skill depreciation and declining motivation to find a job. This could have potential 'scarring' effects on the long term career prospects of those experiencing long spells of unemployment.

Long-term unemployment

Percentage of total unemployment



a) OECD is the weighted average of 33 OECD countries excluding Chile.

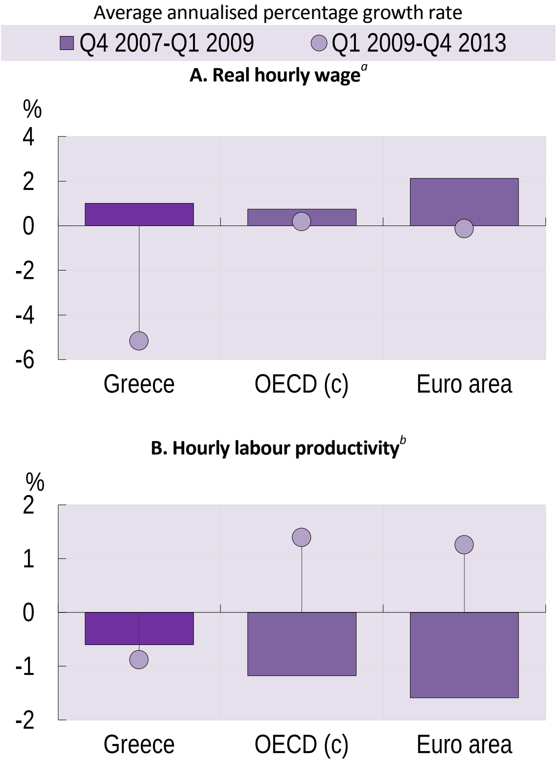
Source: OECD calculations based on quarterly national Labour Force Surveys

Sharp wage cuts were not coupled with increases in productivity

Greece experienced one of the largest falls in real wages across OECD countries (more than 5% per year on average since the first quarter of 2009). The private sector was hit hard by wage cuts (-3.4% per year) but these cuts were also experienced in the public sector (-1.9% per year). While the sharp decline of wages contributed to partially reverse the gap in unit labour costs with Germany, and restore external competitiveness, hourly labour productivity growth has remained stubbornly negative since the onset of the crisis.

Real wage and productivity growth

Average annualised percentage growth rate



a) Total compensation of employees divided by total hours worked by employees in real terms (deflating using the consumer price index).
b) Real GDP divided by total hours worked.
c) OECD is the weighted average of 26 OECD countries (excluding Chile, Iceland, Israel, Korea, Mexico, Luxembourg, Switzerland and Turkey).
Source: OECD calculations based on quarterly national accounts.

These wage adjustments may have caused considerable financial hardship among Greek low-paid workers and their families. Further wage adjustments may be difficult to achieve and could increase the number of working poor. Therefore, more should be done to enhance competition in product markets and to promote labour market policies favouring the transition of workers between sectors.

Job quality and the risk of unemployment remain crucial challenges

The 2014 *OECD Employment Outlook* provides information about the 'job quality' across OECD countries by considering i) earnings quality (the level or earnings and its degree of inequality); ii) labour market security (the risk of being unemployed and the availability of temporary income support) and iii) the quality of the working environment (the nature of work, working-time arrangements and relationships). Despite showing levels of earning quality close to the OECD average, Greece poorly performs in terms of labour market security and quality of working environment. The overall risk of being unemployed, and the expected duration of the unemployment spell, are amongst the highest while unemployment insurance mechanisms (e.g. coverage and generosity of benefits) are among the weakest across OECD countries.

Labour market insecurity

Share of previous earnings, 2010

Note: Unemployment risk: the probability of becoming unemployed times the expected duration of unemployment. Unemployment insurance: the effective net replacement rate of unemployment and social assistance benefits in terms of previous earnings. Labour market insecurity: unemployment risk times one minus unemployment insurance which may be interpreted as the average expected earnings loss associated with unemployment as a share of previous earnings. See (www.oecd.org/employment/outlook)

Source: OECD Employment Outlook, 2014.

The quality of the working environment is at the lowest levels. Greek workers face excessive job demands with insufficient resources to meet their work requirements. This situation not only hinders productivity but can have strong negative effects on workers' health.

OECD Employment Outlook 2014 is available to journalists on the **password-protected** website or on request from the Media Relations Division. For further comment on Greece, journalists are invited to contact Mark Keese (+33 1 45 24 87 94; mark.keese@oecd.org) or Fabio Manca (+33 1 45 24 99 84; fabio.manca@oecd.org) from the OECD Employment Analysis and Policy Division.