

N° 20 / July 2015

# research

Observatoire social européen

# paper

**What Policy  
Innovation for Youth  
in the Era of  
Prolonged Austerity?  
The Case of Greece**



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ISSN 1994-2893

### **Citing this Working Paper:**

Petmesidou M. and Polyzoidis P. (2015) 'What policy innovation for youth in the era of prolonged austerity? the case of Greece', *OSE Paper Series*, Research paper 20, July 2015, Brussels, European Social Observatory.

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## Summary

Greece is experiencing a prolonged crisis that has brought record unemployment across the entire labour force. Youth unemployment is a structural problem predating the crisis, but has been deeply aggravated by it. The first part of this working paper examines various facets of youth joblessness in Greece, in comparison to other European countries. It disaggregates unemployment incidence by gender and level of qualification and traces the labour market and poverty risks for youth, against the backdrop of increasing labour market flexibility and insecurity. The second part provides a concise overview of the institutional context and policies in respect to transitions from education to the labour market. The focus is on barriers to a (more or less) systematic process of evidence-informed policy making. In the light of this discussion, and in the context of the bailout-instigated reforms, the third part briefly reviews policies for tackling youth unemployment. The Youth Guarantee programme is singled out as an intervention that can potentially trigger innovation in policy management, though it is far from resolving the youth employment crisis.

**Key words:** Active labour market policies; Greek crisis; path dependence; policy-process innovation; unemployment; vocational education & training; Youth Guarantee; youth transitions

## 1. Introduction <sup>(1)</sup>

This working paper undertakes an empirical investigation of unemployment, poverty and social exclusion among young people in Greece in the context of a deep and protracted crisis. The worsening “youth problem” is approached from a policy perspective. We draw upon the literature on policy dynamics and change and particularly on Hall’s distinction between first-, second- and third-order policy changes (1993), according to whether change is incremental or more extensive, so as to significantly transform the basic policy instruments and policy goals <sup>(2)</sup>. Walther & Pohl’s (2005) typology of school-to-work transition regimes is also useful for setting the “youth problem” in Greece in a comparative context.

We start with an overview of the deteriorating situation of young people in the Greek labour market and the faltering education-to-work channels, over the last few years. We bring in data from different sources (the “Labour Force Survey” and the Eurostat “Youth” data base, the Hellenic Statistical Authority, the Greek Labour Inspectorate Office, and relevant national and EC official reports), and carry out an analysis informed by the existing literature on youth labour markets in Greece. The second section provides a short account of the policy machinery. Given the high jobless rate among youth in Greece even before the Great Recession and the following sovereign debt crisis, the analysis attempts to trace the main (and persistent) predicaments of policy-making in the country. In the light of this discussion, the fourth part develops some tentative thoughts on the potential positive impact, policy-wise, that could flow from an EU-initiated (and funded) programme targeted at vulnerable young people (the Youth Guarantee Programme and accompanying reforms in the structure and functioning of the public employment service and vocational training). Specific characteristics of this programme, such as its targeted and time-bound nature, as well as the fact that it is premised upon comprehensive interventions, combining effective activation with individualised plans for labour market entry, present significant challenges for policy learning and innovation.

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1. An earlier version of this paper was presented at the workshop on “Child Poverty, Youth (Un) Employment and Social Inclusion”, jointly organized by CROP (Comparative Research Programme on Poverty), the Department of Social Administration and Political Science of Democritus University of Thrace and the Observatory on Economic and Social Developments of the Institute of Labour of the Greek Confederation of Labour (Athens 19-21 November 2014). The working paper also draws on an FP7 research project, currently in progress, which examines “Strategic transitions for Youth Labour in Europe (STYLE, project number 613256, see <http://www.style-research.eu>)”
  2. The Europeanisation literature provides a similar typology (see for instance Radaelli 2003) that distinguishes between inertia, absorption/accommodation in a piecemeal way, of new elements into domestic policies without significant change in the overall institutional context, and transformation involving wholesale changes in policy structures and processes. Other authors, such as for instance Hacker (2004) and Thelen (2004), focus on how incremental changes taking place over long periods, and/or the redeployment of existing measures and institutions to new functions, can significantly change the trajectory and content of institutions. For the purposes of our analysis Hall provides a significant, all-encompassing insight into policy learning and practice.

## 2. Youth Unemployment and Poverty in Greece

Since 2008 Greece has been in a deep and prolonged economic crisis. From 2009 to 2013, GDP contracted by a quarter, and unemployment tripled (from 9.6%, it rose to 27.5% in late 2013) <sup>(3)</sup>. It fell slightly to 26.5% in late 2014, as GDP grew at an anaemic rate of 0.7%. Between 2009 and 2013, close to one million jobs were eliminated (the same as the number of jobs that were created within a period of 17 years from 1993 to 2008). Youth unemployment (among those aged 15 to 24 years) stood at about 25.7% in 2009. It reached 58% in 2013, and dropped slightly to 52.3% in 2014. Equally alarming is the doubling of the rate of young people not in education, employment or training (NEETs) between 2009 and 2014 (from 14% in 2008 to about 27% in 2014 among those aged 15 to 29 years), as well as the high percentage of people in this age-bracket who are at risk of poverty (31% in 2013).

### 2.1 Facets of the Youth Unemployment Problem

#### 2.1.1 Unemployment Indicators and Risk Factors

Figure 1 depicts the trends in the unemployment rate and ratio of the youth cohort (15-24 years) and of those older than 24 years (as a percentage of the active and total population in each of these two age-groups respectively) in Greece and the EU-15 <sup>(4)</sup>. Even before the crisis, the youth unemployment rate was higher in Greece, compared to the EU-15 average. Yet it has risen dramatically during the crisis (see also European Commission 2014: 16).

The unemployment ratio for the youth cohort provides an alternative reading of youth unemployment, which may be more realistic, given the fact that only a small number of youngsters aged 15 to 24 years are in the labour force (in 2013, about 28% in Greece; EU-15 average, 45%). The unemployment ratio is calculated on the basis of the total population in this age-bracket (and not with reference only to active youth). This measure, also, shows an abruptly rising trend in Greece, since the eruption of the crisis. But the magnitude of the problem remains smaller than that characterising the rest of the active population. This diverges from the EU-15 average unemployment ratio for the youth cohort (15-24 years), which more or less overlaps with the unemployment trend for the population over 24 years, without any significant changes during

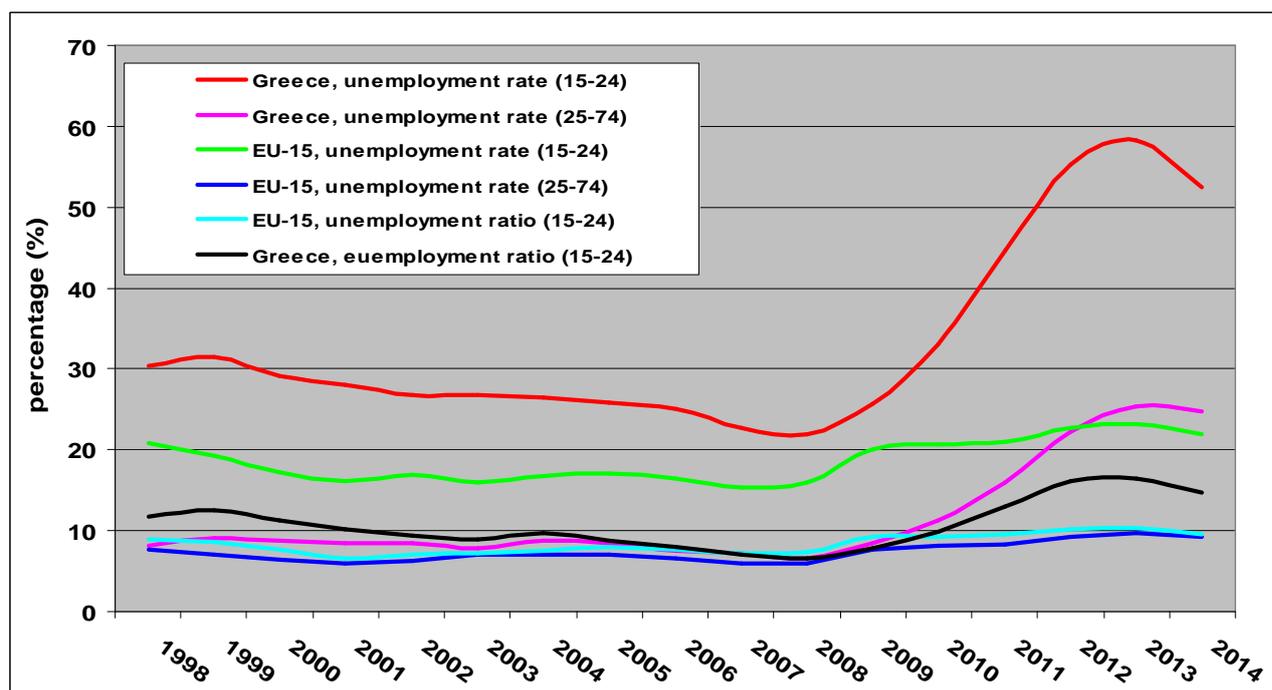
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3. Unless otherwise stated, all statistics are taken from the Eurostat webpages at <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>.

4. In Eurostat and national statistics, the youth cohort to which youth unemployment refers is the 15-24 years group. However, in various studies on youth, this age-bracket is broadened in order to include young people up to 29 years. Our analysis focuses on the above youth cohort, but we also refer to the broader age-bracket 15 to 29 years (divided into two sub-groups: 15-24 and 15-29 years).

the Great Recession. The above finding for Greece is closely linked with the diminishing salience (in relative terms) of youth unemployment vis-à-vis joblessness among workers 25 years and over (see Figure 2). In the late 1990s, the young unemployed below 25 years made up nearly 40% of the total number of the unemployed; this figure declined to about 20% in 2008, and fell further to 12.6% in 2014. This is the lowest share in the EU, in marked contrast with some other EU countries (e.g. the UK) where the Great Recession hit young people disproportionately hard (Figure 3; see also Bell and Blanchflower 2010).

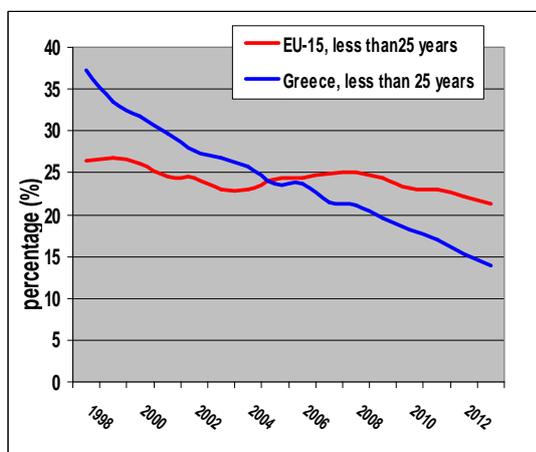
**Figure 1. Unemployment rate and ratio**



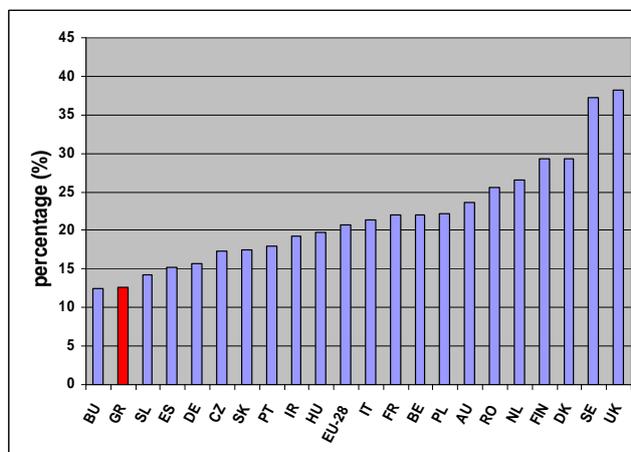
**Source:** Eurostat LFS data accessed at <http://ec.europa.eu/eurostat/web/lfs/data/database>

Another indicator, presented in Figure 4 (the odds ratio, which is the youth to total unemployment-rate-ratio), clearly reflects this distinctive trend in Greece. We compare the odds ratio in the early 1990s (which was a period of economic downturn), with the Great Recession and following years. In the countries shown in Figure 4, except Greece (and, to a lesser extent, Spain), the odds ratio was significantly higher in 2009 than in 1993, and further increased in 2013. This means that the crisis of the late 2000s had a stronger adverse effect on the young in these countries than the economic downturn of the early 1990s. The opposite trend is manifest in Greece, as the odds ratio significantly fell in 2009, compared to 1993, and further decreased in 2013, due to the dramatic rise in unemployment across the whole range of the working-age population.

**Figure 2. Unemployed youth (less than 25 years) as a percentage of the total number of unemployed (EU-15 average & Greece, 1998-2013)**

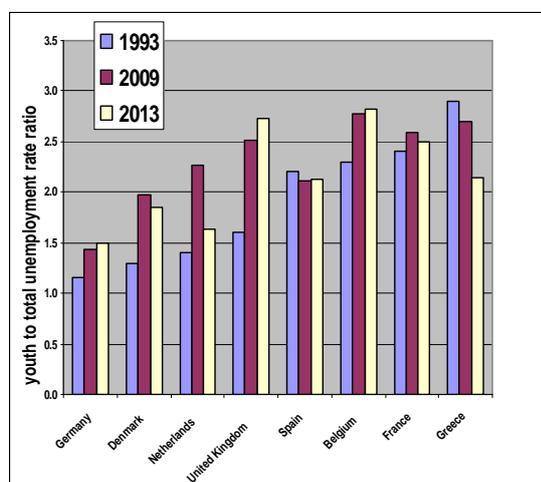


**Figure 3. Unemployed youth (less than 25 years) as a percentage of the total number of unemployed (EU countries, 2014)**



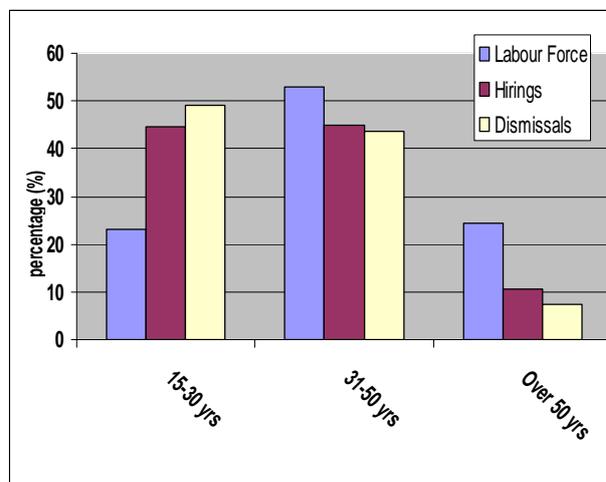
**Source:** (Figures 2, 3): Own calculations on the basis of Eurostat LFS data accessed at <http://ec.europa.eu/eurostat/web/lfs/data/database> [Note: We refer to the EU-15 average when examining trends that go back to the 1990s]

**Figure 4. Odds ratio in selected EU countries (2009, 2011, 2013, 2014)**



**Source:** Eurostat LFS data (own calculations)

**Figure 5. Worker flow characteristics (percentage share of the total, 3rd quarter 2008 & 2011)**



**Source:** Kanellopoulos 2012, Table 1 & Coquet 2014, Figure 5.

The above trend is also corroborated by the worker flow characteristics shown in Figure 5. Young workers (15-30 years) were severely affected by layoffs, but differences are not very pronounced, if compared with prime-age workers (31 to 50 years). Between the 3rd quarters of 2008 and 2011, the share of young workers in the total number of dismissals was only slightly higher than that of prime-age workers, while the share of both of these age-groups in total hiring was equal. The dualism of the labour market accounts for the difference, with young people overrepresented in temporary, precarious and other forms of flexible employment. Nevertheless, as we show below,

dualisation of the labour market is not age-related in Greece, to the same extent as it is in some other European countries (e.g. in Spain).

It is important to stress also that, as shown in Figure 2, in Greece the declining salience of youth unemployment started much earlier than the Great Recession and the following sovereign debt crisis, namely during the 1990s, when total unemployment rose from about 7% in 1990 to 12% at the end of that decade. This was the combined effect of de-industrialisation, the continued shrinking of the agricultural sector, women's increasing engagement in the labour market, (formal) labour market rigidities and low competitiveness in the markets for goods and services (see Mitrakos and Nikolitsa 2006: 10; and Lyberaki 2005). Also, long-term unemployment among the young (15 to 29 years) increased from about 40% in the period 1990-94 to 53% in the early 2000s.

Strikingly, even when labour demand was dynamic, unemployment among young people, particularly with upper secondary and tertiary education, was comparatively high in Greece: about 20% in the mid-2000s (double the rate of EU-28, see Table 1 below), mostly affecting young men with tertiary education; while among young women unemployment was comparatively high throughout the 2000s. Hence, youth unemployment has been a structural problem for a long time due to macro-economic trends, institutional rigidities / weaknesses in school-to-work transitions (STW) as well as education/labour market mismatches. Apparently these conditions have a cumulative impact, as young cohorts get older.

The mismatch between educational qualifications and jobs is largely due to a degree structure that has persistently oriented graduates to the public sector, mostly as teachers and public administrators. University degrees (through the general upper-secondary education path) were sought after as a passport to public sector jobs preferred to the private sector because of better working, remuneration and social insurance conditions, until the 1990s, when public sector expansion started decelerating <sup>(5)</sup> In addition, for those at the higher end of educational attainment, the inability of businesses to provide jobs that require high qualifications is an important structural cause of unemployment (Petmesidou & Polyzoidis 2015). Reliance on family support has for a long time sustained a prolonged transition period by young graduates in their search for a job that could fulfil their expectations. But the crisis has deeply corroded this ability of the family.

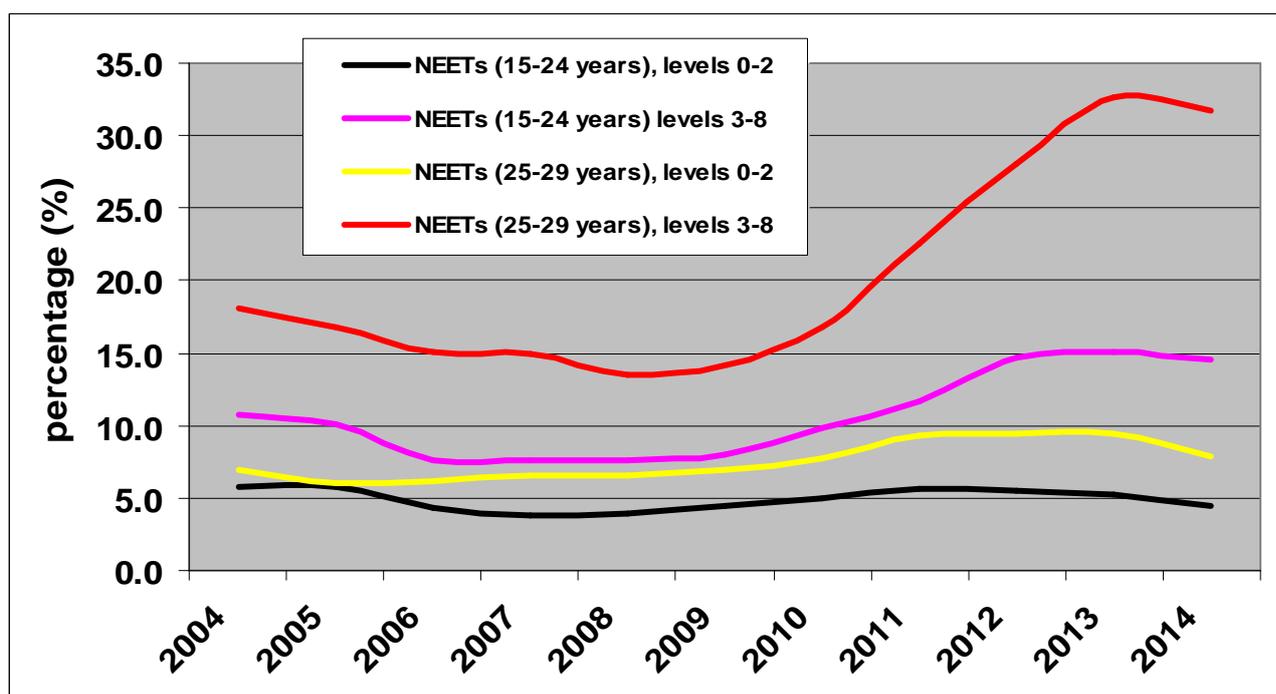
The cumulative effect of youth unemployment has intensified since the late 2000s. For instance, when the crisis hit, those who are today 24 to 29 years were at the point of making the transition

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5. Rolling back public employment is a major condition of the bailout deal that the country signed with its international creditors in spring 2010.

from school to work, but faced significant difficulties that have been aggravated by the deepening recession. The same may be replicated for those currently aged 15 to 24 years (if the recession/anaemic growth persist). In absolute numbers, the unemployed of the age-group 25-29 years were about 221,000 persons at the end of 2014 (and about 150,000 persons in the age-group 15 to 24 years were without a job). Moreover, in the 4th quarter of 2014, about 68% of the unemployed in the age-group 24 to 29 years were long-term unemployed (the respective rate for the younger cohort was 59%)<sup>(6)</sup> Equally high is the rate of NEETs in the age-group 24-29 years: particularly among young people with secondary or higher levels of educational attainment, from 14% in 2008, the rate rose to over 30% in 2014 (Figure 6). This is a rather dramatic increase, compared to the younger cohort (15-24 years) with a similar level of educational attainment. Among young people of both of the above cohorts with lower than upper secondary education, the number of NEETs has remained low and almost steady from 2004 through to 2014. If we take the NEETs rate for the broadly defined youth group (15-29 years), Greece ranks highest among the EU-28 countries (Figure 7).

**Figure 6. The NEETs rate (15-24 & 25-29 years) by level of educational attainment**

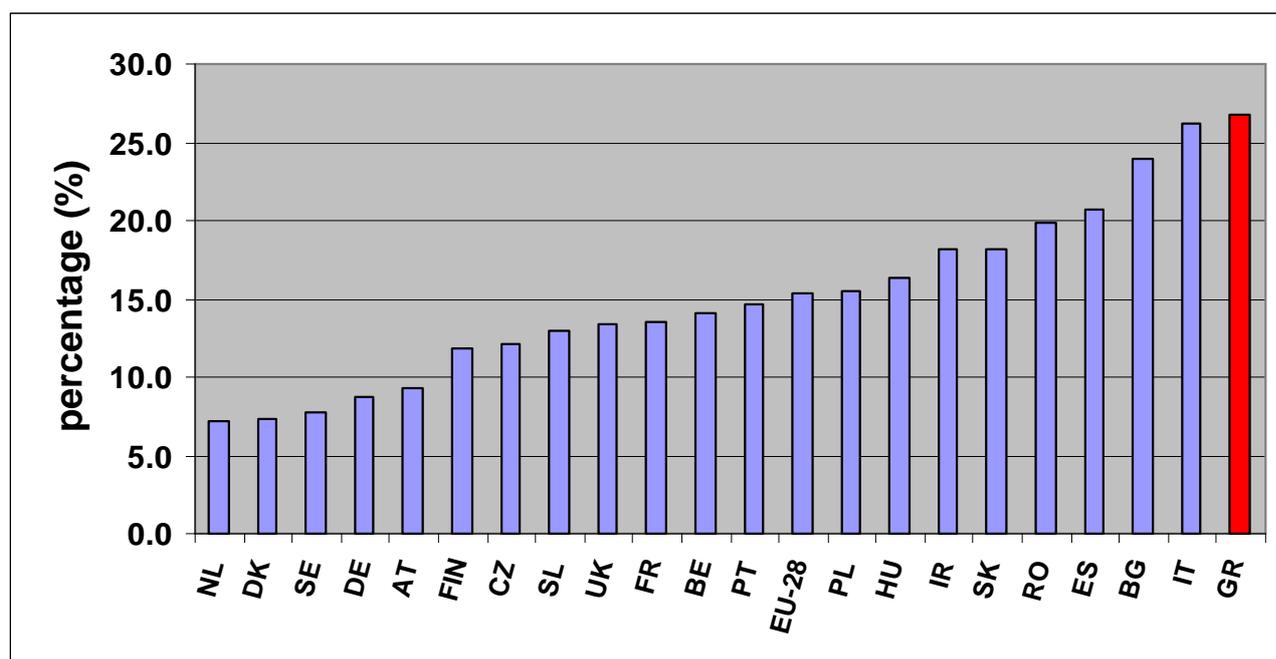


**Source:** Eurostat data accessed at <http://ec.europa.eu/eurostat/web/youth/data/database>

[Note: Levels 0-2= less than primary, primary and lower secondary education

Levels 3-8= upper secondary, post-secondary, non-tertiary and tertiary education]

6. Data obtained from ELSTAT, accessed electronically at [http://www.statistics.gr/portal/page/portal/ESYE/PAGE-themes?p\\_param=A0101](http://www.statistics.gr/portal/page/portal/ESYE/PAGE-themes?p_param=A0101) on 20 April 2015.

**Figure 7. The NEETs rate in the EU countries (15-29 years), 2014**

**Source:** Eurostat data accessed at <http://ec.europa.eu/eurostat/web/youth/data/database>

Disaggregation by age-bracket and level of education indicates that disengagement from the labour market (education and training) occurs more frequently among skilled young people. This corroborates the argument about education and labour market mismatches and a shortage of jobs for skilled workers (see, for instance, Pouliakas 2014 and ILO 2014). Protracted unemployment and inactivity exacerbate the scarring impact on future employment prospects as younger cohorts enter the prime working ages (Bell and Blanchflower 2015: 24).

Early school leaving is linked to an increased NEET risk (European Commission 2013). However, in Greece, the early school leaving average rate significantly improved over the 2000s. It stood at 10.1% in 2013 (EU-28 average 11.9%; EU2020 target less than 10%). It was a little higher, though, among males (12.7%), particularly in secondary vocational-technical schools and lyceums. On the other hand, between 2009 and 2013, performance in the Europe-wide PISA test scores of literacy in reading and mathematics fell considerably (Pouliakas 2014: 7). In parallel, from 2007 to 2011, education spending per young person fell in real terms by 20% (European Commission 2014: 69-70). Greece also exhibits a very low rate of participation in lifelong learning (2.4% in 2011; compared to an EU average of 8.9%; EU 2020 target 15%)<sup>(7)</sup>. These characteristics and trends combined with comparatively low spending on active labour market measures (according to

7. Among EU countries, "evidence supports the view that there is a positive relationship between lifelong learning and tackling unemployment", e.g. in Sweden and Estonia, which exhibited large increases in the proportion of unemployed participating in lifelong learning, and a significant decrease in unemployment rates between 2010 and 2013 (European Commission 2014: 81).

OECD data for 2010/2011, ALMP spending stood at a tiny 0.22% of GDP in Greece), and even a decreasing trend of ALMP expenditure on training (in real terms, between 2007-2011, European Commission 2014: 81) negatively affect the labour market integration prospects of the jobless.

## 2.2.2 The Structure of Youth Unemployment and Precarity

Table 1 presents the structure of youth unemployment in Greece (for the 15-24 and the 25-29 age-groups) disaggregated by gender and level of education between 2008 and 2013. At the time of the eruption of the crisis, men with up to secondary level education (in both age-brackets) experienced rather low rates of unemployment compared to the EU-28 average. This group has been hit particularly hard by the crisis. Between 2008 and 2013, the rate of unemployment among men in the age-group 15 to 24 years quadrupled, while it increased even more among those aged 25 to 29. This is mostly due to the collapse of demand in the construction, manufacturing and retail trade sectors (where activity fell by 70%, 26% and 34% respectively, between 2008 and 2013) <sup>(8)</sup>.

**Table 1. Youth unemployment rate (%), by sex and level of education attained (2008-2013)**

	2004						2008						2013					
	Levels 0-2		Levels 3-4		Levels 5-8		Levels 0-2		Levels 3-4		Levels 5-8		Levels 0-2		Levels 3-4		Levels 5-8	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
EU-28 (15-24 yrs)	20.5	22.9	18.3	17.8	12.1	13.4	20.7	22.2	12.7	13.4	11.7	11.7	30.9	31.1	21.1	20.4	19.2	18.6
Greece (15-24 yrs)	17.8	34.9	19.7	35.3	15.2	38.2	14.7	30.2	18.5	28.4	17.2	26.6	58.2	62.2	55.9	67.2	30.4	57.4

	2004						2008						2013					
	Levels 0-2		Levels 3-4		Levels 5-8		Levels 0-2		Levels 3-4		Levels 5-8		Levels 0-2		Levels 3-4		Levels 5-8	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
EU-28 (25-29 yrs)	15.2	19.8	10.6	12.1	7.8	8.6	14.9	18.2	7.0	8.8	5.5	6.3	27.4	29.8	12.5	14.0	10.3	11.1
Greece (25-29 yrs)	9.0	25.8	10.8	22.4	15.2	18.0	8.7	20.9	8.0	17.2	14.7	16.1	44.9	49.8	39.1	48.4	40.2	44.1

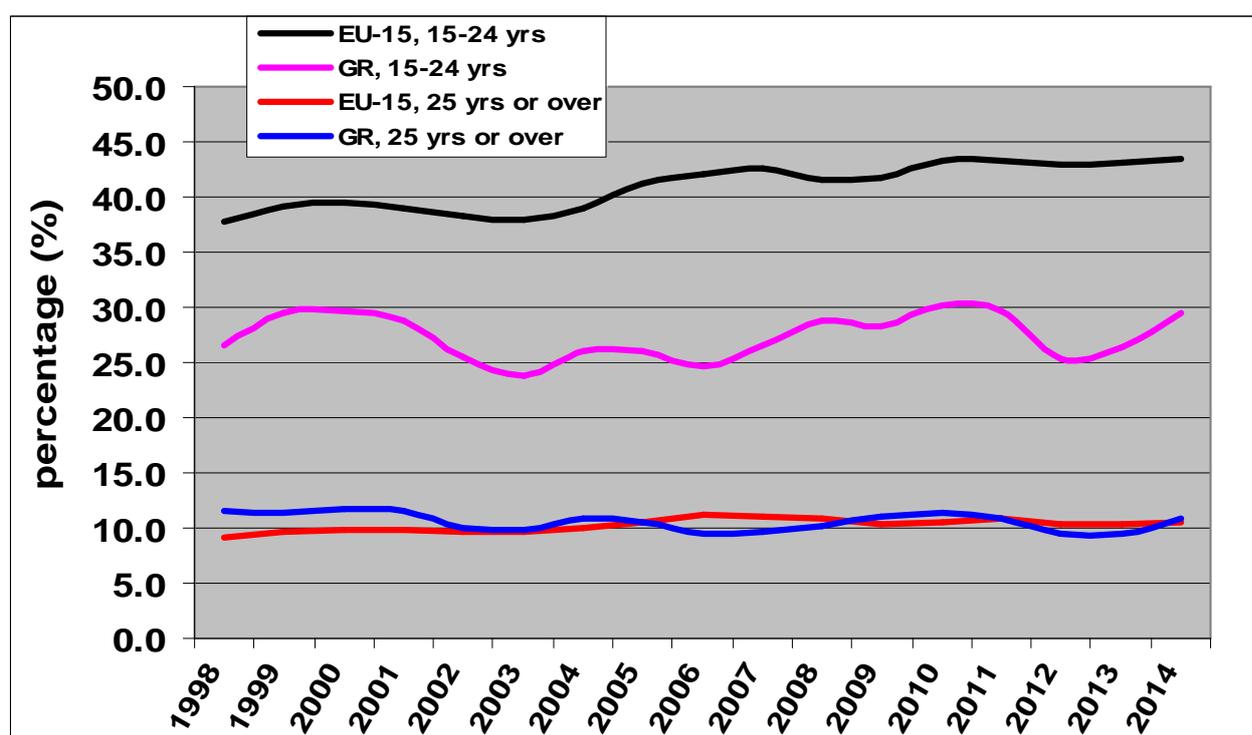
**Source:** Eurostat, LFS data accessed at <http://ec.europa.eu/eurostat/web/lfs/data/database>

[Note: M, males; F, females / Levels 0-2 = less than primary, primary and lower secondary; Levels 3-4 = upper secondary and post secondary non-tertiary; Levels 5-8 = Short cycle tertiary, bachelor or equivalent, master and doctoral or equivalent]

8. Data obtained from ELSTAT.

Women exhibited higher unemployment rates than men at all three levels of education and in both of the above age-groups even before the crisis. Particularly for those with an educational attainment up to secondary (and post-secondary, non tertiary) level, the rates of unemployment among women were double those of men (mostly in the age-group of 24 to 29 years). The crisis has aggravated unemployment among women, but the gap with regard to men has diminished. This is because of the rapid rise of unemployment among young men belonging to both age-brackets, rather than because of an improvement in women's employment conditions (see also European Commission 2014: 29).

**Figure 8. Temporary employees as a percentage of the total number of employees by age**



**Source:** Eurostat, LFS data accessed at <http://ec.europa.eu/eurostat/web/lfs/data/database>

Temporary employment as a percentage of the total number of employees is not strongly age-related, as in some other European countries (e.g. Spain, see Gutiérrez, Guillén and Alonso 2014). Since the 1990s, the rate of temporary employees in Greece aged 15 to 24 years has fluctuated between 25% and 30%, and remained steadily well below the EU-15 average, which rose to 44% in 2014 (Figure 8). Also, among the entire working-age population, temporary employment has persistently been below the EU-15 average. In 2009, it stood at 12% (EU-15 average 14%), and has slightly decreased during the crisis (11.6% in 2014; the EU-15 average remained stable). In contrast to some other South European countries (mostly Spain and Portugal), where, since the 1980s, deregulation of employment protection at the margin through a rapidly increasing number

of temporary employees has marked the process of labour market dualisation (<sup>9</sup>), in Greece dualisation concerns mostly the formal-informal labour market divide. In 2006, according to estimates, 39% of employees were working without any contract in Greece, compared to 15% in Portugal and 10% in Spain (see Schneider 2012: 54).

The fall in the share of temporary employment, during the crisis, is strongly noticeable in the youth cohort aged 15-24 years: from 28.8% in 2008, it fell to 26.4% in 2013, while part-time employment has significantly increased (from 13% to 21%, see Table 2; see also Gavroglou 2014 and Bell and Blanchflower 2015: 18-19). Among young workers aged 24-29 years, temporary employment has remained stable at about 17%, but part-time employment has more than doubled (from 5% in 2005, it rose to 12% in 2013). Yet over two-thirds of young people in both of these age-cohorts are employed part-time involuntarily.

**Table 2. Youth temporary and part-time employees**

	Youth temporary employees as percentage of the total number of employees						Part-time employment, as percentage of the total employment for young people					
	15-24 years			25-29 years			15-24 years			25-29 years		
	2005	2008	2013	2005	2008	2013	2005	2008	2013	2005	2008	2013
<b>EU-28</b>	40.0	40.1	42.6	20.9	21.0	22.3	24.7	26.2	32.1	12.9	13.1	16.7
<b>Greece</b>	26.1	28.8	26.4	17.6	17.8	17.4	11.1	13.4	21.1	5.8	6.1	12.2
<b>Greece</b> (% of involuntary part-time employment)	-	-	-	-	-	-	48.7	43.6	68.4	67.9	66.8	75.4

**Source:** Eurostat, LFS data accessed at <http://ec.europa.eu/eurostat/web/lfs/data/database>

Significant changes in labour relations account for this shift towards increasing involuntary part-time employment. Legislation passed since 2010 has facilitated the unilateral (by the employer) conversion of indefinite contracts to part-time or rotating employment. Also, it has significantly reduced overtime pay and extended the probation period of new appointees from two months to one year (<sup>10</sup>). Moreover, businesses often avoid controls by the Labour Inspectorate (which itself is

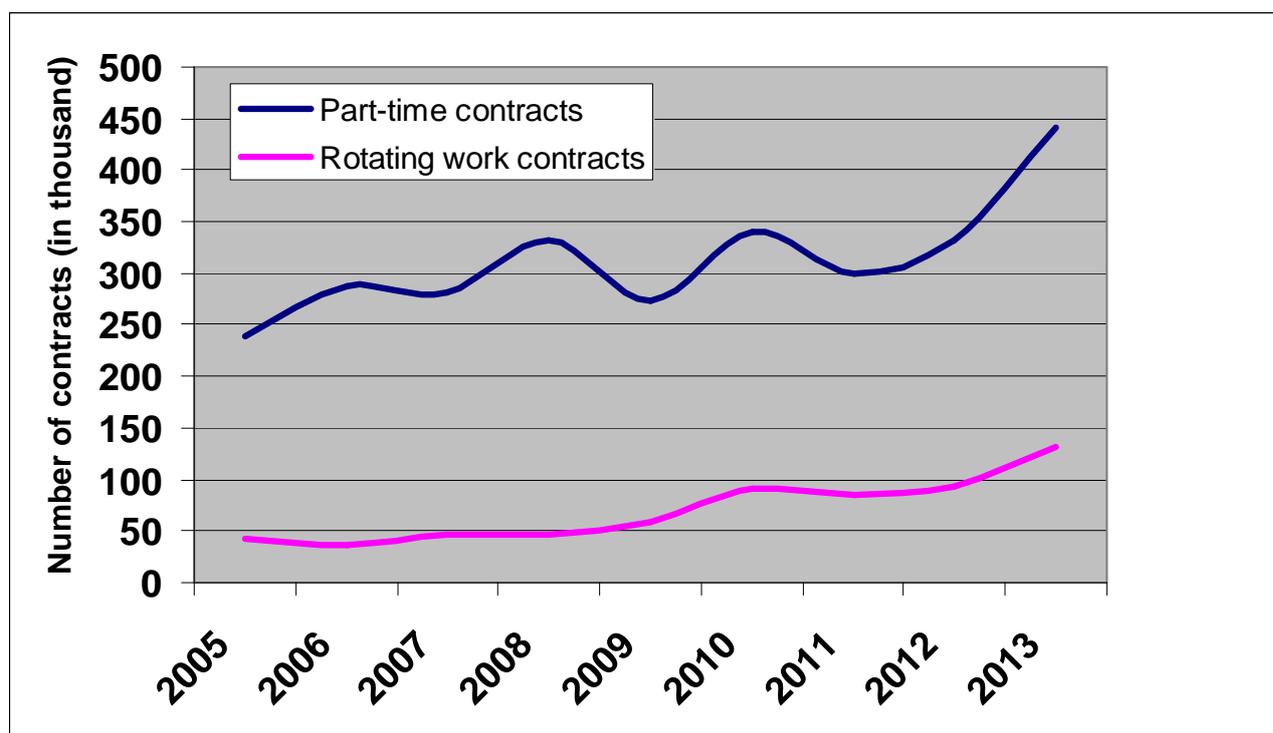
9. In 2007, temporary employees constituted 34% of the total number of employees in Spain and 20% in Portugal, but only 10.8% in Greece; EU-15 average 15%.

10. Also severance payments were reduced by 50% and the upper threshold for collective dismissals was increased.

understaffed), and implement illegal forms of flexibility. They do not pay wages and salaries regularly, there is a significant increase in non-paid overtime (two thirds of those working overtime receive no payment), and employers often do not abide by statutory hours and days of work. Uninsured labour increased between 2010 and early 2013: from 25% to about 40% in 2012 (among Greek natives it climbed from 22.6% to 34%, while among immigrant workers from 32% to 55%). But it decreased (to about 20%) in mid-2014, as a result of more intensive checks by the Labour Inspectorate and higher fines (on all these issues, see Labour Inspectorate 2012 & 2013).

In 2011, the share of part-time and job rotation contracts in the total number of new appointments was 40%. In 2012, it increased to 45%, and rose further to about 50% in 2013 (Labour Inspectorate 2013: 65). Also, since 2010, a significant number of full-time contracts have been converted into part-time or job rotation agreements each year (either unilaterally by the employer or with the consent of the employee).<sup>11</sup> The rate of conversion from full-time to part-time employment contracts slightly declined in 2013, but conversions involving a move from full-time employment to job rotation (unilaterally imposed) continued to rise. Figure 9 depicts the sharp increase in part-time contracts and a considerable increase in rotating work contracts.

**Figure 9. Part-time and rotating work contracts**



**Source:** Labour Inspectorate 2013: 61

11. Between 2009 and 2012 the conversion rate of full-time into part-time contracts increased by 55%, and into rotating employment (unilaterally decided by the employer) by about 80% (Labour Inspectorate 2012).

The term “flexi-carity”, coined as the opposite to “flexi-curity”, implying increasing flexibility and insecurity (see Hansen 2007), aptly depicts these labour market trends. The changes introduced under the Memorandum of Understanding (MoU) that Greece signed with its international lenders, under the bailout deal, dismantled collective negotiations (see Box 1). Ensuing reforms have facilitated enterprise labour contracts and the individualisation of employment relations. In 2011, the suspension of the application of industry-wide and occupational agreements for all employees in a sector or occupation prompted a downward flexibility of wages across a wide range of pay grades. In February 2012, a significant blow was dealt to collective agreements: the General Collective Agreement reached by the social partners in 2010 (and still in force at that time) was abolished by law, as were also the sectoral collective labour agreements. Legislation provided that from then onwards minimum wages would be set by law, nullifying thus the role of autonomous negotiation between the social partners. Moreover, a 22% reduction in the minimum wage was imposed and a sub-minimum wage for youth was introduced at 87% of the adult rate (<sup>12</sup>).

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12. The minimum wage fell from 751 euros (gross) to 586 euros (gross) and the sub-minimum wage for youth was set at 510 euros (gross). The new coalition government formed after the 25 January 2015 elections (between the “Coalition for Radical Left [SYRIZA]” and a small right-wing party, “Independent Greeks” [ANEL]) has pledged to restore the minimum wage to the level before the 2012 reform, abolish sub-minimum wages for the young and reinstate collective bargaining and the institutional framework of labour protection in force before the MoU instigated reforms. As recently announced by the Minister of Labour, restitution of the minimum wage may take place in two instalments (the first in October 2015 and the second in July 2016). Yet, under the strong pressure exerted on the new government by its three international creditors (the European Union, the International Monetary Fund and the European Bank), so that the government will not overturn reforms introduced by its predecessors under the bailout plan, it is highly likely that restitution of the minimum wage and of collective bargaining may be significantly postponed.

**Box 1.** Social conditionality under the first and second MoU (signed in May 2010 and March 2012), which limited the social partners' power to regulate working conditions and weakened workers' rights

- Reduction in pay rates for overtime, increased flexibility in the organisation of working time, and a three-year wage freeze (private sector) – Seniority and long service allowances (defined under collective agreements) were suspended until the unemployment rate falls to 10% or below.
- Reduction of severance payments and relaxing of thresholds for individual and collective dismissals
- Extension of fixed-term contracts (by the same employer) from two to three years
- Extension of probation period from two months to one year
- Decentralisation of collective bargaining, from the national/sectoral to the company level - Suspension of the application of industry-wide and occupational agreements for all employees in a sector or occupation
- Lower-level bargaining outcomes (e.g. at the local/company level) are allowed to deviate from more favourable protection provided by higher level collective agreements or even statutory legislation
- Abolition of the "after-effect" principle: namely, if a collective agreement expires but a new one is not concluded within a maximum of three months, pay reverts to the "base wage" (instead of remaining at the level of the previous agreement)
- Enforced dissolution of the General Collective Agreement (signed by the social partners in July 2011) and reduction of the minimum (private sector) wage (which is the benchmark for all higher wage rates, unemployment benefit and maternity benefit) by 22%, and by 32% for young workers below 25 years of age.
- Abolition of unilateral recourse to arbitration (it must be triggered by a joint request of both "parties" (employer and employee), and restriction of its scope to basic wage demands only
- (Broader public sector) Permanent contracts that could not be terminated by the employer were changed into collective agreements of indefinite duration (and can be terminated under relevant legislation) – A pay freeze, followed by reduction of salaries and benefits and the setting of a ceiling on maximum earnings in the broader public sector – Hiring freeze, suspension/mobility and dismissal schemes (For a detailed overview of the reforms in industrial relations in Greece see Dedoussopoulos et al. 2013)

The decrease in the minimum wage led also to a decline in the rate of unemployment benefit, from 430 to 360 euros per month (for up to 12 months). In parallel, stricter eligibility criteria significantly reduced the number of the jobless receiving unemployment benefit. While, in 2010, 40% of the unemployed were entitled to benefit, currently only about 10% satisfy eligibility criteria. Similarly, take-up of a recently introduced extra benefit of 200 euros (for up to 12 months) for the long-term unemployed has been very low (1.5% of the registered long-term unemployed - data obtained from OEAD) due to highly restrictive eligibility conditions (13). For young workers (20-29 years) entering the labour market, the only available support is a meagre benefit of 73 euros (for up to five months), provided that the young new entrants are registered as unemployed

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13. In 2014, a new regulation entered into force, expanding unemployment benefit provision to self-employed persons (insured under the Insurance Organisation for the Self-Employed, OAEE) who have ceased their occupational activity (but are not eligible for a pension, and if they are, they have not applied for it). Claimants must apply within three months from the closure of their business, they must fulfil certain income requirements and, if they are in arrears on social insurance payments, they must have entered into an arrangement with OAEE. Yet, only a tiny minority of the unemployed fulfil the eligibility criteria. Besides, all those self-employed who ceased their occupational activity from the eruption of the crisis until the passing of this law were barred (primarily because they do not satisfy the stipulation that they must apply within three months of the closure of their business).

for 12 months. Indicatively, in 2013, only 4,800 young unemployed received this benefit (data obtained from OAED).

Unilateral recourse to arbitration was banned and the scope of arbitration was limited to the minimum wage threshold per bargaining level (issues concerning allowances and a range of institutional aspects were removed from arbitration) <sup>(14)</sup>. By allowing employment agreements to be drawn up at business level, even in very small enterprises, and by informal associations of workers, legislation under the MoU extensively dismantled the collective regulation of working conditions. It also set up barriers to striking and significantly weakened the role of unions (see Petmesidou & Glatzer 2015; and Dedoussopoulos et al. 2013).

Overall, protection of young workers entering the labour market was meagre even before the crisis in Greece. Increasing labour market risks, in tandem with the MoU instigated reforms, have further aggravated the conditions, which in comparative studies are defined as a “sub-protective” education-to-work transition regime, with young people lacking a clear social status in welfare and labour market terms (Walther & Pohl 2005: 40; see also Math 2011). Young people (even with higher education degrees) experience long transition periods, often caught in the “revolving door” of precarious employment to unemployment (or one precarious job after another) with lasting impacts on their career paths. They lack adequate statutory welfare protection, relying thus on family resources for support.

## ***2.2 Poverty and Social Exclusion***

Equally dreadful is the magnitude of the poverty and social exclusion among the young (affecting about 45% of young people 15-29 years in 2012; the second highest rate in the EU after Bulgaria, Figure 10). Also, between 2008 and 2012 the rate of young people in the above age-bracket experiencing severe material deprivation more than doubled (from 12.5% to 25.8%, Figure 11). An equally sharp increase is evident with regard to the percentage of youngsters living in households with very low work activity (the rate shot up from 7.9% in 2008 to 17% in 2012, Figure 12).

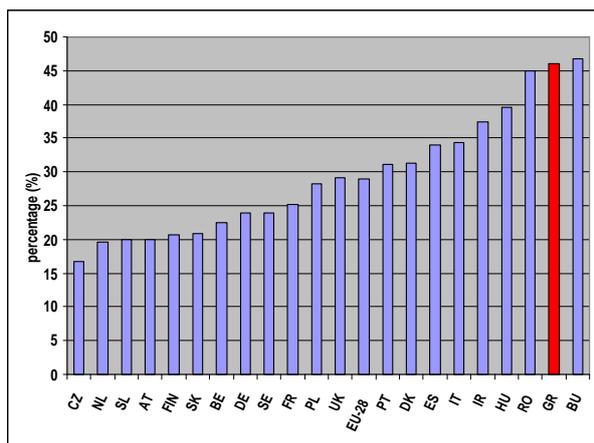
Figure 13 disaggregates the poverty and social exclusion risk among young people 18-24 years old by level of education and gender. The rate of poverty and social exclusion has increased sharply among young men with lower secondary (or lower level) educational attainment. Young women

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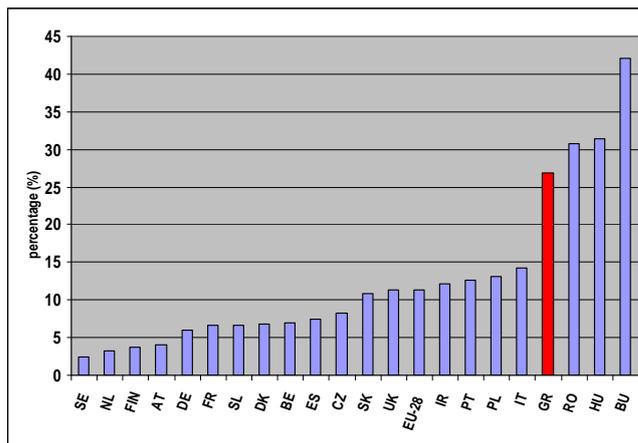
14. Some months ago the Council of State ruled that the restrictions on arbitration were unconstitutional. However, it rejected the appeal against the entire spectrum of reforms seriously limiting labour rights. But the previous government only partly complied with the judgement.

with a low level of education were much more at risk of poverty and social exclusion even before the crisis, and in the last few years this condition has been aggravated. The crisis has particularly affected young women with upper and post-secondary (non-tertiary) education, who seemed to be less at risk of poverty and social exclusion than men with the same level of education before the crisis.

**Figure 10. Young people 15-29 at risk of poverty and social exclusion (2013)**

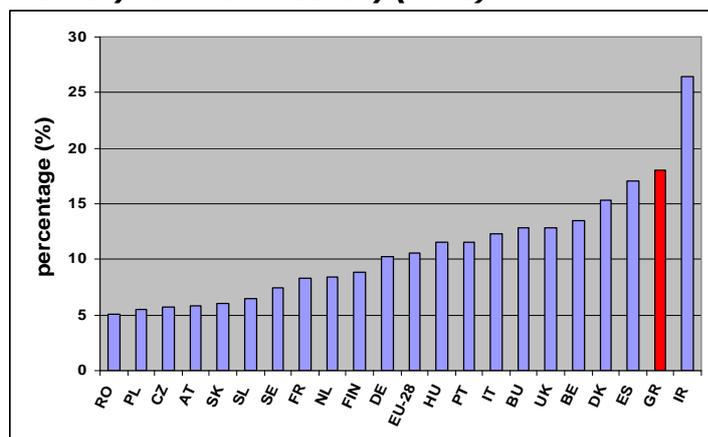


**Figure 11. Young people 15-29 experiencing severe material deprivation (2013)**



**Source:** (Figures 9, 10 & 11): Eurostat data accessed at <http://ec.europa.eu/eurostat/web/youth/data/database>

**Figure 12. Young people living in households with very low work intensity (2013)**



Strikingly, the risk of poverty and social exclusion was higher among young women with tertiary education, compared to young men with the same level of education. Since 2009 the risk has increased for both sexes but gender differences remain: among young women there has been a steady upward trend; while among young men the rapid increase in the poverty and social exclusion rate in the first years of the crisis has recently been followed by a slightly declining trend.

Gender differences are also evident with regard to in-work poverty among the young (15 to 29 years). The rate slightly increased for men (from 11.4% in 2009 to 13.1% in 2012; compared to the EU-28 average of 9.8% in 2012), but more than doubled for women (from 6.3% to 15.8%; compared to the EU-28 average of 9.1% in 2012). Moreover, almost all young people in this age-bracket with incomes below the poverty line (92.1%) are overburdened by housing costs (compared to about 42% on average in EU-28).

As shown by comparative studies (among others, see Iacovou & Aassve 2007; Walther & Pohl 2005; Ayllón 2009; and Eichhorst and Neder 2014), youth unemployment and poverty may have long-term “scarring” effects in Greece, as in the other Southern European countries. In stark opposition to Southern Europe are the countries of the social-democratic welfare regime (Scandinavian countries), where young people’s experience of poverty is short-lived, because of the generosity of social provisions and a dynamic labour market. In Southern Europe, poverty experienced by young people is persistent in nature, negatively affecting employment opportunities and wages in later stages of the life-cycle. It also lessens the chances of young people being able to live independently <sup>(15)</sup>. Continental Europe (and the UK) are found to lie in-between these two contrasting groups of countries.

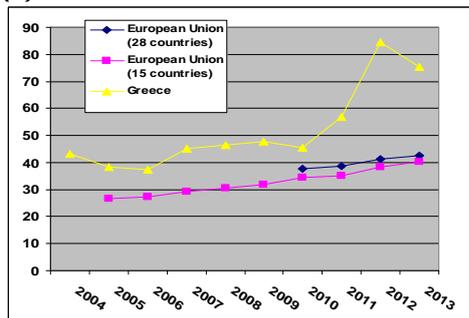
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15. The share of young people living with their families increased between 2008-2013 (see European Commission 2014: 64).

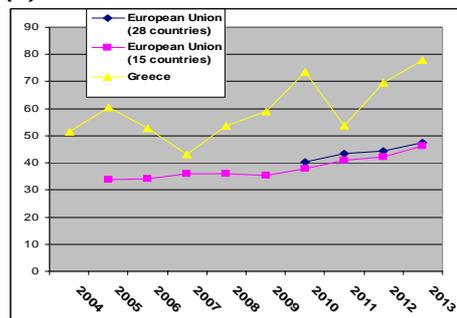
**Figure 13. Poverty & social exclusion rates (18-24 years), by level of education and gender**

*Lower secondary education and below (levels 0-2)*

(a) Men

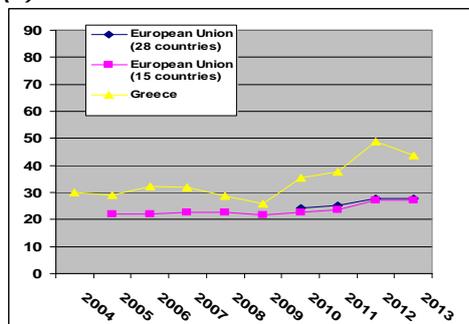


(b) Women

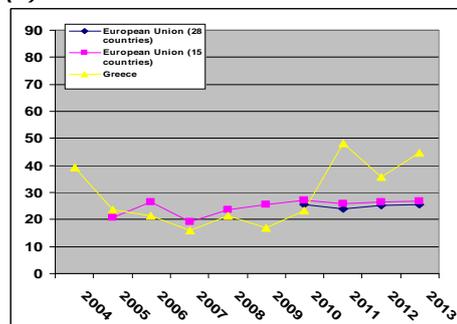


*Upper secondary and post-secondary non-tertiary education (levels 3 & 4)*

(a) Men

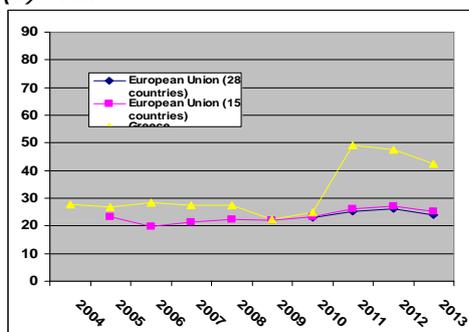


(b) Women

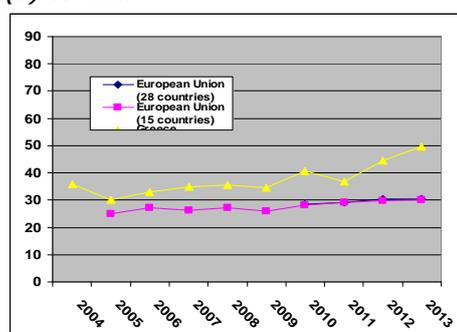


*Tertiary education (levels 5 & 6)*

(a) Men



(b) Women



**Source:** Eurostat data accessed at

<http://ec.europa.eu/eurostat/web/youth/data/database>

Moreover, Bell and Blanchflower (2009), and Sullivan and von Wachter (2009) point to health effects even twenty years after the experience of unemployment, while Helgesson et al. (2013) provide evidence of health and income consequences of even relatively short periods of unemployment.

A glance at the data on self-reported health among young people 16-29 years old, in the bottom income quintile, indicates an increase in the rate of those reporting "bad or very bad" health between 2008 and 2012 (from 0.9% to about 4% in Greece; EU-28, 2.8% in 2012). Over the

same period, in Greece, we also observe a doubling of the share of young people, in the bottom income quintile, with self-reported unmet needs for medical examinations (for reasons of access barriers: “too expensive, too far to travel or waiting lists”) (6% in 2012; EU-28 average 1.9%). It may be too early to identify any serious effects of the protracted crisis on health conditions and the employment trajectory of youth cohorts. We should stress, however, that failure to reduce unemployment and deprivation, particularly among young adults, can result in increased financial, health and social costs for many years to come (<sup>16</sup>).

In the following sections we briefly review the institutional context regarding STW transitions, highlight major policy-making deficiencies, and raise questions regarding the innovative potential of EU-influenced policy measures for tackling youth unemployment.

### **3. Institutional Context, Deficient Planning and Inadequate Education-to-Work Transitions**

A two-fold classification is illustrative of the institutional context in Greece. First, from the “varieties of capitalism” perspective, Greece diverges both from the liberal market model of Anglo-Saxon countries and from the co-ordinated market model of North-Western Europe. It can be classified as a mixed-market economy with fragmented interest representation and limited capacity for corporatist coordination and (social) concertation processes (Jackson & Deeg 2006).

Second, from the perspective of youth transitions (Walther & Pohl 2005), it diverges from the three “regimes” identified in the Scandinavian, Anglo-Saxon and Continental countries (i.e. “the universalist transition”, “the liberal transition” and the “employment-centred transition” regimes, respectively). Over the last few decades Greece has exemplified a “sub-protective regime” for young people, with comprehensive schooling, but restricted routes to training, long and unstable transitions and limited access to benefits. Gender differences with regard to unemployment risks are also pronounced. In this context, protective “rules” in the formal labour market (e.g. strict rules for dismissals, high reservation wages and strict work demarcations) have been largely counterbalanced by a highly flexible and sizeable “informal economy” encouraging fragmentation of the labour market. Family support has traditionally been used to cushion the effects of unemployment among young people and to supplement the scant statutory welfare provisions. But, as referred to above, this capacity of the family has been drastically undermined by the crisis. It is outside the scope of our analysis to delve deeply into the characteristics of the Greek welfare state. It is sufficient to stress, here, that the above characteristics are part of a social protection

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16. According to a recent estimate by the European Foundation for the Improvement of Living and Working Conditions (Eurofound 2013) youth unemployment causes costs of about 153 billion euros annually in the EU.

system that for a long time had at its core a male breadwinner / family care model<sup>(17)</sup>. Moreover, in Greece, a configuration of rent-seeking statist-clientelistic structures and practices have dominated socio-political integration for a long-time, making access by households, individuals and businesses to “political credentials” a central means of income generation and distribution (Petmesidou 2006: 30). Closely linked to this is a welfare pattern “in which the family has traditionally played a crucial role in pooling resources (from various sources, e.g. the formal and informal labour market, welfare benefits, access to public employment and others) and providing support at times of hardship, as well as care services, to its members” (Petmesidou 2013: 600).

There is a sizeable critical literature on the deficiencies of planning processes in Greece (see among others Sotiropoulos 2004; Petmesidou 2006; Featherstone 2008; and Monastiriotes and Antoniadis 2009). These are accounted for by: the fragmentation of organised interests and the tradition of statist-clientelist political exchanges; the weak social dialogue and consensus building processes; and the “path-dependent” implications of the above socio-political characteristics for reform efforts during the previous decades. Barriers to developing an effective policy-making machinery and process could, thus, be summed up as a “failing reform technology” in the country, or in other words as the absence of a (more or less) systematic process of evidence-informed policy-making, particularly regarding what Hall (1993) defines as “first- and second-order policy changes” (namely, more or less piecemeal changes in the policy process informed by past experience, and strategic changes embracing new policy instruments, respectively)<sup>(18)</sup>.

Since the late 1990s, EU policies, programmes and funding have significantly influenced national policies. Nevertheless, “reform pathologies” and “path dependency” were highly evident until the outbreak of the crisis (see, among others, Sotiropoulos 2004, Featherstone 2008, Zartaloudis 2013 and Petmesidou 2013 on Greece’s low response in implementing EU-initiated policy ideas and options, e.g. through “soft policies”, such as the guidelines of the EU employment and social OMCs). Even though the idea of promoting a more diversified mix of passive and active labour market policies has been embraced by policy-makers and politicians since the late 1990s, no significant changes have been recorded until fairly recently<sup>(19)</sup>. ALMP spending has remained comparatively low, as mentioned above, and the supply of training has been driven by the

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17. In the mid-1990s Ferrera (1996) described the main features of the “South European welfare regime” by stressing the pension bias crowding out resources for support to families at earlier stages of the life cycle, undeveloped social safety nets, high labour market segmentation, and great inequalities in social insurance coverage. Yet over the last two decades “South European welfare capitalism is becoming increasingly dissimilar in the four countries, putting into question the existence of a distinctive ‘model’” (Petmesidou & Guillén 2015: 9).

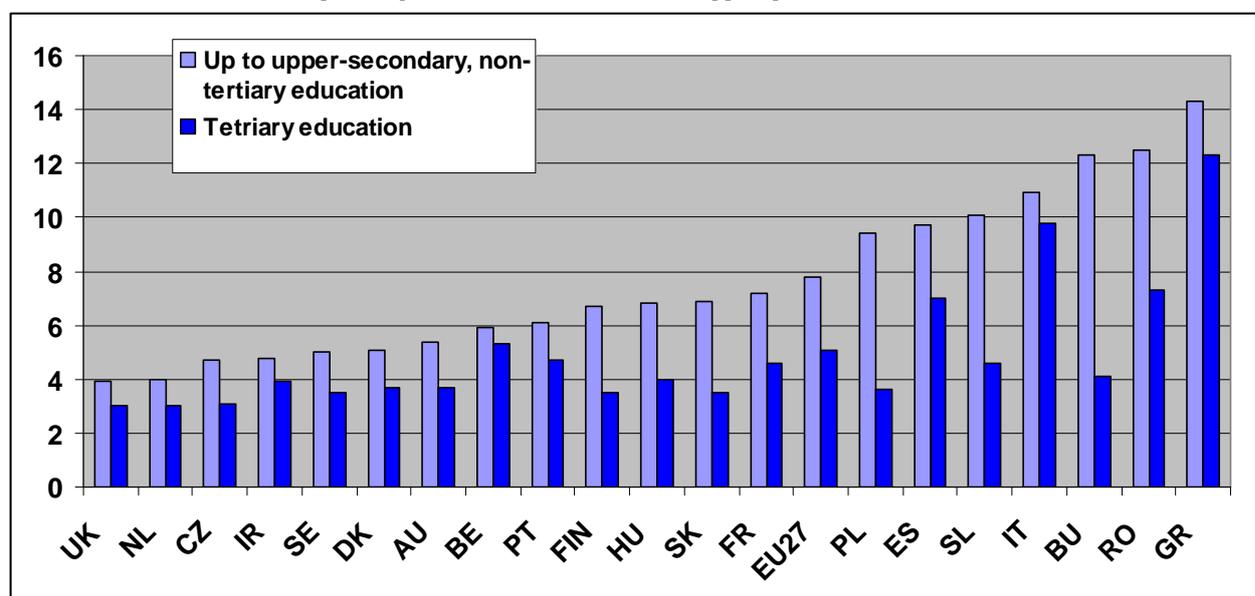
18. Monastiriotes and Antoniadis (2009) aptly describe reform processes in Greece as “reform activism with little change in policies and outcomes” (p. 3), and Greek reform pathologies as “non-evidence-based policy” and “design without knowledge” (p. 12).

19. As stressed in an OECD report on jobs for youth (2010, pp. 157): “none [of the previously implemented] activation programmes.....has been the object of a rigorous evaluation and even data on participants’ outcomes upon programme completion are rarely available.”

availability of EU funding rather than by any expressed needs by businesses, and more often than not active measures have been a substitution for meagre income support to the unemployed (as very few unemployed are eligible for - the flat rate - unemployment benefit, and additional social assistance is unavailable) <sup>(20)</sup>.

In this context, institutional structures linking education to the labour market have persistently been weak, and work-based training opportunities rather limited. The other side of the coin is the scant appeal of vocational and technical upper secondary education for young people (still about 75% of young people choose general upper secondary education). Moreover, transition lengths for young people with different levels of educational attainment have been comparatively long (Figure 14). According to the 2009 Eurostat ad hoc STW transition survey, the average time needed by young Greeks, 18-34 years of age with up to upper-secondary level of educational attainment, to find their first "significant" job <sup>(21)</sup> was approximately 14.2 months (double the EU27 average). Equally long was the average transition period for young people of the same age-bracket with tertiary level education (12.2 months; EU-27 average, 5.1 months). Moreover, about a third of young people (age-bracket 15-34 years, all levels of educational attainment) stated that they found their first "significant" job only after four years (Pouliakas 2014: 11).

**Figure 14. Average time (in months) between leaving formal education and starting the first "significant" job (for young persons 18-34 years of age who left education within the last five years prior to the 2009 survey), by level of educational attainment**



**Source:** Eurostat data (LFS, ad hoc STW transition survey)  
accessed at <http://ec.europa.eu/eurostat/web/lfs/data/database>

20. A minimum income guarantee scheme was introduced in November 2014 on a pilot basis (see below).

21. The first significant job is defined by Eurostat as non-marginal employment of at least 20 hours per week that has lasted at least six months and started after leaving continuous education.

Another study by Mitrakos, Tsakoglou and Cholezas (2010), based on labour market data for 2004-2007, found that unemployment among tertiary education graduates may be comparatively high in the years following graduation, but “drops to acceptable levels” a few years after. While among young people with less than tertiary education “the pace of this decline is substantially slower and unemployment rates converge to higher levels” (p. 33). Karamessini et al. (2007: 33-35) present similar findings for graduates of an earlier period (1998-2000): five to six years after graduation roughly about 84% of graduates had entered the labour market. But close to 30% of them were found to be precariously employed. The crisis adds further strains to a slow and insecure transition.

The numerical size of vocational paths (i.e. the size of enrolment on a vocational course) vis-à-vis general education has remained small over time. The number of students in formal and post-secondary non-formal vocational education dropped gradually over the 2000s (by more than 35% in formal vocational education institutions, CEDEFOP 2014). Also no substantial dynamic of partnership frameworks (between various relevant stakeholder institutions – trade unions, employers’ associations, local authorities, the Greek Manpower Employment Organization [OAED] offices, and others) for designing, implementing and managing STW transition policies emerged in the previous decades. Equally, there has been little development of institutional mechanisms for systematically forecasting and addressing skills needs, which could act as triggers for innovation in knowledge and skills supply (embracing both quantitative and qualitative targets) <sup>(22)</sup>.

The establishment of the Employment Promotion Centres (KPAs) under the auspices of OAED, at the turn of the century, constitutes a major development influenced by EU initiatives and funding <sup>(23)</sup>. These were designed with the aim of providing vocational counselling, guidance and job search support. Yet, their initial aim to develop comprehensive services and individualised support and activation plans to the unemployed has scarcely been met, because, among other reasons, of a lack of sufficient trained personnel. According to information obtained from OAED, the ratio of employment advisors at KPAs to those registered as unemployed is 1 to 1,000, while the average among EU countries is approximately 1 to 100 unemployed. Fragmentation of interventions at the local/regional level remains high, welfare benefits provision is not systematically linked to activation conditions (including for young people); while a minimum income/social (and labour

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22. The Organisation for Vocational Education and Training (OEEK) established in 1992 for overseeing the operation of both public and private Vocational Training Institutes (IEKs) was also responsible for monitoring labour market needs at the regional and local level (the task was assigned to tripartite advisory committees with the participation of social partners). Nevertheless no regular and continuing activities linked to early identification of skills needs have been in place until lately.

23. At the same time, also, OAED underwent an organisational restructuring, which however stopped short of putting in place effective coordination, monitoring and evidence-based policy techniques. Hence the need for “re-engineering” the system, which has been pending for some years.

market) integration scheme is at an incipient stage and does not embrace any measures specifically targeted at the young (<sup>24</sup>).

Youngsters opting for vocational training can follow either formal or non-formal education paths. The former consists of upper-secondary (public) vocational lyceums and schools, while the latter includes a number of public and private Vocational Training Centres (KEKs) and post-secondary VET schools (IEKs), and lifelong learning colleges. These provide varying mixes of class-based and in-work training. Their curricula are certified by a relevant certification organisation (National Organisation for the Certification of Qualifications and Vocational Guidance, EOPPEP) and are overseen by the General Secretariat for Lifelong Learning.

According to a survey on non-formal VET carried out by the Centre for the Development of Educational Policy of the General Confederation of Greek Labour (KANEP-GSEE) in late 2012, the effectiveness of KEKs and IEKs in securing the labour market integration of VET students is disappointing: of the cohorts studied (those who completed courses in 2008-09) only a small number reported that they found a job within six months of finishing vocational training; while after 18 months over two thirds of them had lost their job. Strikingly, less than a third of the sample stated that the knowledge and skills acquired were relevant for the job they found (KANEP-GSEE 2013). On the other hand, formal vocational training (particularly at OAED's apprenticeship schools) is considered to be more effective in securing labour market entry.

Since the 1990s, piecemeal reforms expanding formal and non-formal VET, promoting activation and introducing individualised guidance and job searching techniques have been initiated by EU programme-funding priorities, as mentioned above. Indeed, over the last two decades about 50% of EU-funding flowing into the country (from the European Social Fund, the three Community Framework Programmes and the National Strategic Reform Framework 2007-13) has been geared to the development of human resources. Yet available evaluation reviews (see ELIAMEP – Hellenic

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24. In November 2014, the piloting of a minimum-guaranteed-income scheme (GMI) was launched in 13 localities in the country, addressed to individuals and families in "extreme poverty". The extreme poverty line (defined in a rather ad hoc way) ranges from 2,400 euros annually for a single person to 6,000 euros annually for a family with four (or more) children. The benefit covers the difference between the "extreme poverty" lines and the beneficiaries' income (eligibility criteria also take into account the real estate assets owned by the beneficiaries). The pilot programme has a budget of 20 million euros, and in early 2015 there were about 25,600 beneficiaries. Yet, according to the latest EU-SILC data, in 2013 there were about 900,000 households (2,529,000 people) below the poverty line (defined at 60% of the median equivalised income after social transfers). The SYRIZA-ANEL coalition government announced that it will decide about whether to go ahead with the nationwide implementation of the GMI after an evaluation of the pilot scheme in due course. Meanwhile, recently, the government has put through parliament a new scheme for addressing the "humanitarian crisis" in the country. Income thresholds defining eligibility criteria under this scheme are similar to those for the pilot GMI. The scheme contains measures such as free electricity (up to 300 kWh per month), and rent- and food-allowances, and it is estimated to benefit about 100,000 to 153,000 households (the budget is set at 200 million euros for 2015).

Foundation for European and Foreign Policy- 2013) indicate poor results in this respect: a high dead weight of policies, low positive effects on the unemployed, and ineffectiveness regarding job creation. More often than not a “path-dependent” accommodation of new policy measures was followed, along clientelistic lines: for instance, vocational training funding was distributed as (more or less) unconditional subsidies to businesses or a substitute social safety net, given that the social protection system provides poor coverage to people in need (the unemployed, the working poor and others). This stifles policy change and innovation. It is particularly inimical to a comprehensive change in the policy-making machinery, which could encourage a deliberate attempt to adjust goals, techniques and instruments “as a response to past experience and new information” (Hall 1993). Hence the fragmented introduction of measures and programmes: e.g. new institutions for VET without a rigorous evidence-base as to what works, and no effective collaborative channels among major stakeholders for tracking skills needs and targeting youth labour market problems. Early school leaving has not been well addressed either: it is not sufficient to set goals for reducing ESL without putting in place the required basic support and monitoring arrangements (i.e. school psychologists, social workers and other support staff, as well as monitoring and coordination mechanisms).

As clearly stated by a number of policy experts in Greece, who were interviewed in the context of the STYLE project (see note 1 above): “the EU provides copies, exerts influence and imposes commitments. All these constitute the dominant channels for new programmes. But for these to yield results in terms of effective policy innovation in Greece, substantial changes in institutional settings and policy processes are required that need to draw upon a thorough knowledge of the Greek reality” (Petmesidou & Polyzoidis 2015: 26).

#### **4. Can the Crisis Be a “Trigger” for Policy Learning?**

For some time after the outbreak of the crisis, labour market policies aimed to enhance job retention and the adaptability of workers and enterprises in the face of a dramatic recession, with no specific targeting of young people <sup>(25)</sup>. Subsequently, new legislation provided for the conversion of unemployment benefits into “reintegration vouchers”, paid as a subsidy to potential employers (particularly to SMEs for hiring unemployed people under 30 years of age). In a context of fast rising unemployment, facilitating the integration of the unemployed into the labour market became a key priority. The targeting of programmes at young people was prompted particularly by increasing concern about youth unemployment at the EU level and the launching of specific EU

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25. For a brief review of the employment maintenance schemes implemented during 2010-2012 see Karantinos 2014. As he stresses, the programmes were found to have a high deadweight (fluctuating around 50%) and modest results. See also OECD 2010.

initiatives and funding - such as, in 2011, the EU Youth Opportunities Initiative, which is part of the EU2020 flagship education and employment initiative "Youth on the Move", and the following actions of the "Youth Employment Package" in 2012, and the "Youth Guarantee" initiative adopted by the Council in April 2013 (<sup>26</sup>).

Until recently, the great bulk of the resources (mostly through EU-funding lines) destined for labour market integration measures (covering the young as well), have been channelled into three major interventions: the labour market entry voucher (<sup>27</sup>), the community-service programme (Public Works of Social Benefit) (<sup>28</sup>), and the entrepreneurship programme (a start-up incentives scheme). The standard policy so far has been to divide funding for a specific programme into two or more identical sets of measures addressed to different age-groups of the jobless, with no specific consideration given to tailoring policies to the needs of disadvantaged youth. Moreover, within the context of increasing labour market flexibility pushed through under the MoU, labour-market entry programmes have been accompanied by a significant reduction of entry wages (even below the minimum wage level, in the case of the community-service scheme) and weak labour protection (for instance, trainees on the voucher programme of labour market entry are not covered by social security).

Most of the above actions were included in the Youth Guarantee Plan drafted in 2013 and further revised in 2014 with the aim of bringing together pre-existing and new measures addressed at young people (Box 2). These are also linked to a raft of measures for reducing school drop-out rates, improving educational/training attainment levels and driving up, standardising and

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26. See <http://ec.europa.eu/social/main.jsp?catId=1036&langId=en>

27. The programme aims at providing job experience opportunities to new labour market entrants and older unemployed workers. It is divided into two parts: for those aged up to 29 years, and for the older unemployed. It offers school- and firm-based training, guidance and educational mentoring. It is overseen by OAE, but it is implemented by private Centres of Vocational Training (KEKs) which provide 80 to 100 hours of theoretical training combined with apprenticeship work in a firm of a maximum of 500 hours, within a period of up to six months. Firms providing traineeship must not proceed to any dismissal of regular employees until the completion of the programme, and also must employ the trainees for at least another six-month period in the firm, after the completion of the programme. KEKs play the role of "of an unofficial employment service, by bringing together job offers and job demand" (for a detailed description see <http://ec.europa.eu/social/main.jsp?catId=1080&langId=en&practiceId=38>)

28. Five-month employment schemes in the public sector (in construction activities, promotion and maintenance of cultural infrastructures, as well as in services – e.g. guarding archaeological sites and museums, social services etc.). It is addressed to young unemployed aged less than 30 years and to the long-term unemployed 30 years and over. Beneficiaries aged 25 to 29 years are paid less than the minimum wage, and those under 25 less than the sub-minimum wage for youth. Under the National Strategic Reference Framework 2007-2013, of a total of about 2.8 billion euros of public funding for the Operational programme "Human Resource Development", EU financial support amounted to 2.4 billion. Of these about 700 million were channelled to active labour market policies, such as the labour market entry voucher, the community-service programme, local actions for vulnerable groups, local employment plans and social economy initiatives (information obtained from the Ministry of Economy, Infrastructure, Shipping and Tourism).

accrediting qualifications acquired through different education and vocational training channels. A number of policies under way include: new legislation for monitoring early school leaving (establishment of an Observatory for the Monitoring of ESL, systematically recording and analysing truancy); activation of the provisions of a pre-crisis law (Law 3518/2006), in tandem with the “Re-engineering Programme” for OAED (and restructuring KPAs), in order to promote local co-operation on integrated interventions, as briefly stated above; and implementation of the provisions of recent legislation (Law 4186/2013 on “Restructuring Secondary Education”). The latter law introduces the dual system across the full range of vocational education and training institutions: for instance, the curricula of vocational lyceums will embrace a fourth (apprenticeship) year; and two-year vocational training schools for all specialties (SEKs) a third (apprenticeship) year, with a 28 hours per week apprenticeship in business (<sup>29</sup>).

**Box 2.** The Youth Guarantee Implementation Plan (YGIP, 2014-2015)\*

*Budget: 260,000,000 euros (European Social Fund & Youth Employment Initiative)*

*Estimation of the number of beneficiaries: 180,950 young people 15-24 years*

- The main aim of the Youth Guarantee, at the EU level, is to ensure that, in all EU Member States, “a good-quality offer to all young people up to age 25 of a job, continued education, an apprenticeship or a traineeship” can be made within four months of leaving formal education or becoming unemployed.
- In Greece, in mid-2013 there were about 240,000 young people aged 15-24 years who were not in education, training or employment (of those about 150,000 were unemployed and the rest were “disengaged” youth). This is the target group of the Youth Guarantee implementation plan.
- A number of institutions are involved in the programme (Ministry of Labour, Ministry of Education, Ministry of Rural Development, Ministry of Development & Competitiveness, Ministry of Shipping, Ministry of Tourism, Ministry of Culture, the social partners, the National Youth Council, and private Vocational Training Centres).
- The main implementation agency is the Manpower Organisation, which, thus, faces a major challenge in locating the hard-to-reach and developing a comprehensive, outcome-focused approach – The plan has five major strands (early intervention, supportive measures enabling labour market integration, rapid implementation of actions, assessment and continuous improvement of the scheme, and building-up partnership-base approaches).
- Major stumbling blocks in implementation: key reforms and initiatives required in order to meet the main aims of the above five strands and ensure early intervention and activation are still pending (the “re-engineering” of OAED, and a regulatory framework for traineeship/apprenticeship); insufficient number of skilled personnel for an integrated intervention; lack of a permanent monitoring mechanism and evaluation actions; little progress in networking and cooperation between the various stakeholders.
- So far, the only action pursued under the Youth Guarantee programme concerns the continuation of the labour entry voucher programme for the age-brackets 14-24 and 24-29 years. Obviously this is far from meeting the main aim of the Youth Guarantee, stated above.

*\* Information obtained from the Ministry of Labour*

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29. Reforming vocational education is an obligation included in the second MoU that Greece signed with its three international lenders in early 2012. Promoting synergies between the Youth Guarantee implementation plan and the reformed apprenticeship system is of utmost importance.

Strengthening the role of the National Organisation for the Certification of Qualifications and Vocational Guidance in creating and maintaining a comprehensive and effective policy framework for the accreditation of non-formal (and lifelong) learning is also key in the reform process of improving vocational training. Other supporting reforms include the restructuring of the Labour Inspectorate (with expert-advice from the ILO), the pilot implementation of a means-tested basic social safety net (see note 26 above), and better targeting of welfare benefits (OECD 2013).

These reform plans are still at an incipient stage. There have been great delays in launching the implementation of the Youth Guarantee, which so far avails itself of previously used measures strongly criticised as ineffective – i.e. the above-mentioned “voucher scheme”, which has been heavily criticized by policy experts and beneficiaries “as a mechanism for managing the ‘jobless recovery’ of the bailout plan, or, in other words, as a way of temporarily ‘soothing unemployment’, while spreading the model of the working poor, without labour rights and livelihood opportunity for a decent living” (Petmesidou & Polyzoidis 2015: 36) <sup>(30)</sup>. Also, even though it was planned that in 2014 twelve experimental Employment Promotion Centres (KPAs) would start implementing a comprehensive approach to tackling unemployment, only one such centre in Athens launched an experimental approach as late as in September 2014.

Clearly, youth joblessness has been a structural problem in Greece for a long time, and the extent to which it can be resolved is closely dependent upon macro-economic prospects. No significant labour market policy breakthrough can be achieved, if the economy does not recover. Moreover, for the economy to generate sufficient employment growth, recovery should go beyond the trodden path of a “tourism-based economy supplemented by food manufacturing”, towards a more robust industry structure based on a well-functioning innovation system (see on this issue the analysis by Herrmann & Kritikos 2013).

The Youth Guarantee and related measures cannot solve the youth unemployment problem. Yet they do have innovation potential with regard to the policy-making process needed to address the “failing reform technology” problem briefly discussed above. Development of rigorous tools for evidence-based policy management, such as scoreboards, regular monitoring and performance analysis, could be a significant innovation policy-wise. The more so as a major policy challenge ahead, with regard to the Youth Guarantee, and related active labour market measures, is how to reach the most disadvantaged groups in terms of age, gender, skills, length of unemployment etc. – particularly those groups that the existing policy radar has not been able to detect.

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30. See the criticisms by OAED staff at <http://www.oyoaed.gr/2013-11-25-09-30-30/anakoinwseis/98-omospondia-ypallilon-oaed-katargisi-programmaton-voucher-proklitiko-to-neo-programma> (in Greek)

As a targeted plan with a specific (two-year) timeframe, the Youth Guarantee could provide fertile ground for effective innovation in this respect. Given its emphasis on integrated policies for matching “youth” to “education/training and employment solutions”, it involves challenges on various fronts: tackling fundamental “pathologies” of policy management by reinforcing monitoring and analyses that feed into the policy process; addressing the “guidance” challenge (that OEAD, demonstrably understaffed, may be unable to deal with), which is pivotal for successfully incorporating a great number of the young into its various schemes; and raising the effectiveness of vocational and professional education. In parallel with planned changes in the organisation and management of the Public Employment Services (and a pending wholesale reform of the Manpower Labour Organization that oversees them), it could contribute to capacity building. A key challenge is to put in place a comprehensive policy management system which issues and evaluates relevant evidence and feeds it back into the policy process, precisely identifies and documents problems (reaching out to the most disadvantaged groups), calibrates programmes on this basis and avoids wasting resources on rather vague targets, often functioning as a cover for pursuing clientelistic exchanges. Adopting Hall’s view about policy change (1993), we would frame this challenge as a wholesale, strategic change embracing policy goals, instruments and implementation; namely the shift from clientelistic exchanges towards policy management (first-order change) that requires new instruments and application processes for a clear articulation of integrated, result-oriented measures and programmes (second- and third-order change).

The policy objectives set out by the EU for the Youth Guarantee, specific regulations and eligibility criteria set by the Commission for this programme, and expert advice from international organizations and EU-wide networks can be crucial channels of “policy learning” with regard to integrated, result-oriented interventions <sup>(31)</sup>. Whether these will add up to an effective “breakthrough” in policy management remains, however, an open question. The severe delays in launching the Youth Guarantee and in proceeding with a raft of required reforms do not allow for much optimism so far.

Disappointingly, an initial evaluation of the YGIP (Coquet 2014) indicates that the plan more or less follows the well-trodden path of poor documentation. It suffers from similar weaknesses to previous ALMP programmes. Labour market diagnosis and data analysis are considered insufficient. Information shortage appears to be a persistent obstacle in assessing the relevance of policy measures for vulnerable groups and their effective targeting. It hardly facilitates prioritising of actions and fine-tuning of costs.

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31. See for instance the “mutual learning” platform under the European Employment Strategy (<http://ec.europa.eu/social/main.jsp?catId=1047>)

Assessment of previous measures, adopted under the YGIP, is rather poor, with few references to successes/failures of programmes. Policy measures such as, for instance, subsidies for youth entrepreneurship, although budgeted for by two previous programmes (the Youth Action Plan [YAP] of 2012 and the Employment Action Plan [EAP] of 2013), have either not been used, or have been only marginally implemented, thus blocking money that could be used for other actions. Without examining why there has been such a low degree of implementation of these measures (or why some of them have not been activated at all) under previous programmes, the YGIP repeats them, once more risking failure of policy delivery. It also adopts the same (comparatively high by international standards) average unit costs for youth “entrepreneurship” subsidies as in YAP, as well as their unconditional provisions that incur the risk of “creating business against the market” (<sup>32</sup>).

At the strategic level, social collaboration among the various stakeholders is considered key for a significant shift in policy direction. Yet, as stressed above, social dialogue and consensus-building in the field of policy-making have traditionally been weak in Greece. The bailout deal and ensuing reforms, dismantling labour relations, dealt a further blow to social dialogue (social partners and, often, democratic procedures have been bypassed, Petmesidou 2013). These conditions gave rise to disappointment and mistrust. Restoring confidence, promoting cooperation and experimenting with a “bottom-up” approach are crucial conditions for breakthrough development in the policy-making process.

There are two other crucial components of the innovation experiment under the Youth Guarantee: the reform of the Manpower Organization and of vocational education and training. The former reform is paramount for tackling fragmentation of interventions: namely, to promote co-operation between education/training providers, career guidance providers, municipalities, youth services etc.; facilitate partnership working, and support evidence-based decisions (track integration rates of youth, and particularly track “what works best” for youngsters with deficient educational attainment levels, and for employers to offer opportunities). The pending reform will address the structure and operation of the advice centres, apprenticeship and vocational education provided by OAED, as well as focusing on information systems and skills forecasting (<sup>33</sup>).

When fully deployed, the workload for the Youth Guarantee will be rather high. It is estimated that it will be about double that which the OAED could deal with, particularly in respect to guidance and support, and in the efforts required for identifying the hard-to-reach NEETs who do not appear on OAED’s records. Presently there are about 600 educational advisors in the whole country. According to estimates by Coquet (2014, pp. 47-48), successful implementation of the YGIP

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32. Other measures related to the support of “youth entrepreneurship”, that proved to be successful under the YAP, are surprisingly not retained in the YGIP (see on these issues Coquet 2014, pp. 60-62).

33. No comprehensive skills’ forecast for the medium or long-term has so far been carried out in Greece.

requires that each of these advisors “must take care of more than 2,200 jobseekers”. OAED staff do not have the required skills to deal with demanding active labour market programmes addressed at different age-groups and requiring “tailor-made” solutions. A range of alternative solutions for upgrading the institutional structure are currently under discussion. They include the establishment of “youth offices” as spin-offs of OAED; the creation of a new, specific public youth employment service or a private service supervised by the Ministry of Labour; or a combination of both of the above options, which could encourage competition but will increase the need for regulation and monitoring by the Ministry. However, decisions in this respect do not seem to be forthcoming.

Regarding the vocational education and training component, one reform in progress is the experimental introduction of the “dual system”, combining class-based education and in-firm apprenticeship <sup>(34)</sup>. Some important factors requiring attention here are the following. Apprenticeship qualifications linked to vocational profiles should be standardised, certified and regulated by a central body with representatives from all major stakeholders. Most importantly, these must acquire wide social recognition among businesses and young people in order to become effective means for labour market integration. Boosting apprenticeship requires a systematic forecasting of skills needs by the economy, a clear model of how apprenticeship will be financed (how much funding should be allocated to guidance and training, to educational institutions, employers and apprentices). Attracting firm participation is crucial for developing an apprenticeship system. Engagement of most major employers is vital (so as to avoid phenomena of “free riding”). Equally important is the role of trade unions in ensuring that firms do not “exploit” apprentices or substitute them for regular workers, and of both social partners in assuring quality in training (on the implementation problems of the dual system see Paidousi 2014).

Extremely severe economic conditions do not favour demand for apprentices. Even before the crisis, opportunities for formal on-the-job training were rather limited in Greece. This raises serious questions as to whether the “dual system” can be effectively developed so as to provide real opportunities for the young. The reasons often stated by policy experts, trade unions and other major stakeholders are: the very small size of firms (about 96% of firms have 0 to 4 employees), which raises doubts as to the quality of training to be provided; the absence of an in-firm training culture and of a clear demarcation and accreditation of skills acquired; and the lack of commitment by enterprises with regard to the governance, funding and implementation of the dual system

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34. This has been spurred on by the European Commission’s launch of the European Alliance for Apprenticeships (in June 2013) to support the aims of the Commission’s “Youth Guarantee”. The Alliance provides a platform that brings together relevant stakeholders in order to increase the attractiveness and quality of apprenticeships in the EU. It specifically encouraged bilateral co-operation between Germany and six other countries (including Greece, Spain, Portugal and Italy) so that the dual vocational system can be strengthened in the latter countries, with a main emphasis on developing quality apprenticeship training schemes and other forms of work-based learning.

(Petmesidou & Polyzoidis 2015: 26-27). These conditions contrast sharply with the apprenticeship tradition, for instance in Germany, where enterprises take on a large part of the training cost and actively participate in standardising and monitoring the quality of training content. In Greece, however, training is largely subsidised by public funding, and firms are inclined to substitute regular workers with trainees (e.g. in the case of the “voucher scheme” mentioned above) <sup>(35)</sup>.

Moreover, the issue of the skill profile of the young and how to boost investment in human capital are controversial issues. In a study undertaken in the context of the STYLE project, representatives of the General Confederation of Greek Labour (GSEE, which is the highest, tertiary-level trade union body in Greece) and of the confederation of small businesses and merchants (Hellenic Confederation of Professionals, Craftsmen and Merchants, GSEVEE) stressed that there is no shortage of skills in Greece. Rather, the Greek economy and businesses have limited skill-needs and cannot absorb the highly-skilled young workforce. As put by a GSEE respondent: “If there were a supply-side problem - namely, a shortage of skilled labour force-, the phenomenon of “brain-drain” would not have emerged” (Petmesidou & Polyzoidis 2015: 22-23). Besides, it is estimated that about 200,000 persons younger than 35 years have left the country and are currently employed abroad. These are skilled and highly educated people pursuing a career mostly in EU countries (70% of them), and in sectors such as medicine, finance, engineering and high-tech (Endeavour-Stavros Niarchos Foundation, 2014). On account of this, a predominant stance among representatives of the above organisations is that without dynamic growth, there can be no significant return for Greece on investment in human capital. Instead, such an investment will intensify the draws on Greece’s skilled labour by North European countries via immigration.

In contrast to this view, a study by the Centre of Planning and Economic Research (KEPE) <sup>(36)</sup> advises that the low supply of apprenticeship positions be overcome by pursuing partnerships with relevant organisations in other countries (e.g. Germany) so as to expand training opportunities for Greek VET students in firms abroad. The study points out the possibility of a “regulated emigration” of young skilled persons who may stay connected with their country and consider returning if windows of opportunity become available, and presents this strategy as a scenario that can turn “brain drain” into “brain circulation”. Yet, for such a positive scenario to materialise, there need to be clear signs of Greece’s transition into an economy of innovation (e.g. along the lines presented by Herrman & Kritikos 2013).

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35. Although firms providing traineeship must not proceed to any dismissal of regular employees until the completion of the programme, some of them with more than one establishment may register the trainees (of the labour market entry voucher scheme) in the “parent firm” and proceed to dismissals in other establishments (Petmesidou and Polyzoidis 2015: 36-37).

36. An organisation that undertakes applied research projects and provides technical advice to the Greek government and the country’s regional authorities on economic and social policy issues.

In a nutshell, the crisis has exacerbated youth joblessness and poverty, thus increasing the danger of long-lasting scarring effects. However poverty and social exclusion have hit hard across all age groups since the onset of the crisis. This makes the youth problem less specific, and closely intertwined with policies addressed to prime-age workers (for instance, supporting prime-age unemployed, particularly in households with a single bread-winner, may also have a beneficial effect on dependent young people in the household, given that close to one fifth of young people live in workless households). In a context of such high levels of unemployment, the Youth Guarantee may not have a significant effect in drastically reducing the scale of the youth problem. Yet, if accompanied by a raft of required reforms, briefly presented above, it has the potential to introduce changes in policymaking, with longer term beneficial effects on human resource management.

## **5. Concluding Remarks**

In the main sections of this paper we briefly presented and discussed various facets of the youth problem in Greece since the outbreak of the crisis, and highlighted the major predicaments of policy reform with an emphasis on school-to-work transition. Policy-making has so far been non-evidence based. Policy learning - peer-to-peer and among major stakeholders - has also been rare, and piloting of policy measures rather limited.

A number of planned reforms focusing on integrated policies for matching young people to education/training and employment solutions (under the Youth Guarantee programme) present a significant challenge on various fronts: tackling fundamental issues of policy management by reinforcing monitoring and analyses to feed into the policy process; addressing the "guidance" challenge faced by OAED, which is pivotal for successfully incorporating a great number of the young into YGIP programmes; and raising the effectiveness of vocational and professional education (including formal on-the-job training), which, so far, has been rather limited.

It remains to be seen whether the pending reforms will add up to major improvements in policy design, management and implementation. Significant barriers to policy breakthroughs relate to: (a) the serious damage to social dialogue and collaboration among the social partners, which has resulted in a conflictive environment; and (b) the severe deterioration of labour market conditions in the country, which has led to a shortage of resources and tools and makes it very difficult to "experiment" in policy-making, given the fact that there are so many vulnerable groups not only among the young but across many segments of the population. In addition, when labour demand is low and the economic outlook uncertain, conditions are unfavourable for diversifying, improving and expanding opportunities for work-based learning. By and large, the Youth Guarantee

programme and the related (ongoing) reforms could, potentially, act to facilitate a breakthrough in public policy management, but serious barriers remain.

**Acknowledgements:** We would like to thank Denis Bouget and an anonymous referee for their useful comments on draft versions of this working paper.

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