

Employment & Labour - Greece

Law increases flexibility of employment

Author

Contributed by [PotamitisVekris](#)

[Alexios Papastavrou](#)

March 09 2011

[Main changes](#)

[Termination procedure](#)

[Comment](#)

Article 17 of Law 3899 (December 17 2010) significantly modifies Greek labour law. As the government stated before the Parliament, it is aimed at "maintaining and increasing jobs and enhancing the competitiveness of Greek businesses". For this reason, it seriously increases the flexibility of employment relations.

Main changes

In the past, if employees with part-time employment agreements (ie, those that work fewer than eight hours a day) were employed for less than four hours a day, they received an automatic 7.5% increase on their payment. This has now been cancelled. Consequently, employers have an added incentive to turn to part-time workers for work of less than four hours daily. Additionally, if part-time employees were required to work overtime, they were previously paid at a 10% increased rate. This has also been cancelled. Consequently, employers have an added incentive to ask their part-time employees to work overtime (eg, for 10 hours a day), rather than have employees with regular employment agreements work overtime.

In order to avoid redundancies following a reduction in business activity, employers are now entitled unilaterally to implement a system of 'rotative employment', under which employees would work fewer (than five) days a week, or fewer (than four) weeks a month or fewer (than 12) months a year, although under full-time employment agreements. The maximum duration of such a system would be nine calendar months for each calendar year, giving employers a true alternative to redundancies.

The new law defines 'temporary employment' as the loan of one or more employee's services from a direct employer (that loans the services) to an indirect employer (that receives the services), when the direct employer engages in such activity on a professional basis. The maximum duration of such temporary employment, which had previously been reduced from 18 to 12 months, is now increased to 36 months in total. Consequently, employers have an added incentive to turn to temporary employment, rather than to further burden their own payroll.

If an employee is employed for up to 12 months, he or she may be made redundant without severance. The law used to provide for severance equal to 1/12 of the annual salary, but this has been cancelled. Consequently, employers have an added incentive to hire employees and make them redundant before the completion of their first year.

Termination procedure

The severance for cases of dismissal without notice is given in the following table:

Seniority	Severance, if dismissed without notice
0-12 months	0
1-4 years	1/12 of yearly salary x 2
4-6 years	1/12 of yearly salary x 3
6-8 years	1/12 of yearly salary x 4
8-10 years	1/12 of yearly salary x 5

10 years	1/12 of yearly salary x 6
11 years	1/12 of yearly salary x 7

For seniority of more than 11 years, compensation increases by 1/12 of yearly salary for each additional year of seniority in the business, up to a maximum total of 24 x 1/12 of yearly salary. Such legal severance is reduced by half when timely notice of termination is given.

The law continues to provide for notice of termination. The notice periods used to be completely unrealistic, extending up to 24 months, but have now been significantly reduced. Notice period is a function of seniority, as follows:

Seniority	Notice period
0-12 months	0
1-2 years	1 month
2-5 years	2 months
5-10 years	3 months
10-15 years	4 months
15-20 years	5 months
More than 20 years	6 months

Comment

With the introduction of these changes, Greek employment law has become much more investor-friendly, allowing for increased employment flexibility, with the aim of saving and creating jobs.

For further information on this topic please contact [Alexios Papastavrou](#) at [PotamitisVekris](#) by telephone (+30 210 338 0000), fax (+30 210 338 0020) or email (alexios.papastavrou@potamitisvekris.com).

The materials contained on this website are for general information purposes only and are subject to the [disclaimer](#).

ILO is a premium online legal update service for major companies and law firms worldwide. In-house corporate counsel and other users of legal services, as well as law firm partners, qualify for a free subscription. Register at www.iloinfo.com.

Online Media Partners

